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# Property sector may take up to two years to recover

Sulaiman: Global uncertainties weaken consumer sentiment

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**KUALA LUMPUR:** The property sector may take two years to recover, contrary to earlier predictions that the market would rebound after the general election last year.

Rahim & Co research director Sulaiman Saheh said uncertainties in the global and local economic environments have weakened consumer sentiment, adding that issues such as affordability and the property overhang in the country would require time to be resolved.

"Earlier, we thought that the market would recover this year. However, looking at the reactions post-election, it might be another year or two before we can see a recovery," he said at the 12th Malaysian Property Summit 2019 here yesterday.

Sulaiman noted that the new government would need firmer policies that can be backed by stringent implementation.

"The number and value of overhang residential units is at its highest. There is an even spread between the number of overhang units priced below and over RM500,000, but the value of the latter is more significant.

"On the national level, the majority of transactions are below RM500,000. Less than 30% of new launches are priced below RM250,000. This is one of the factors contributing to the rising overhang numbers."

According to the National Property Information Centre, the number of unsold houses in the country reached a record high of 30,115 units in the third quarter of 2018, valued at RM19.54bil, which was a 48.35% increase from 20,304 units in the previous corresponding period.

Meanwhile, according to reports, the number of unsold units nationwide of below RM150,000 currently stands at 16,528.

Sulaiman said the number of launches and sales performance by developers have also been declining.

"However, there are projects that still perform well due to product, concept, location, accessibility and marketing strategies. The market sways towards the affordable market segment. Creative products within the affordable segment is going to be well received."

He said continued rationalisation of luxury high-end and branded residences with high prices are necessary, as the global economy remains challenging.

Meanwhile, Finance Minister Lim Guan Eng, who was the guest of honour at the event, said the government had initiated several initiatives this year to address the country's escalating home ownership and overhang dilemma.

Among them were the Housing and Local Government Ministry's National Housing Policy 2.0, Bank Negara's RM1bil Affordable Homes and Rumahku portal fund and the Home Ownership Campaign 2019.



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