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PETALING JAYA: The aspiration of hitting RM3bil in sales during the six-month Home Ownership Campaign (HOC) 2019 will be a tall order, in spite of the slew of initiatives being offered by the government and developers, say property consultants.

CBRE|WTW managing director Foo Gee Jen believes that the target might be a little too optimistic.

"There is a lot of affordable properties being offered during the HOC and the government is also playing its part in widening the eligibility bracket. However, it's also important for the buyer to look into his own financial constraints.

"Look at what's your capacity to pay. For investors, they must first determine if the product being offered falls under their investment goals," he tells StarBizweek.

PPC International managing director Datuk Siders Sittampalam also concurs that it will be difficult to hit the RM3bil sales target, given the sluggish property market currently.

"I feel that the RM3bil target will be hard to achieve. How are all these buyers suddenly able to purchase properties?"

At a press conference late last month, the Real Estate and Housing Developers Association (Rehda) said it expects sales of between RM2bil and RM3bil during the six months campaign, which ends in June.

In a bid to promote ownership and reduce the current property overhang, the government has thrown in various initiatives to spur buying interests. At the launch of the three-day Malaysia Property Expo (MAPEX) on March 1, which was held in conjunction with the HOC, Housing and Local Government Minister Zuraida Kamaruddin said the government is looking to halve property overhang.

As at September 2018, the number of unsold homes amounted to 40,916 units valued at RM27.38bil. This includes serviced apartments

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Goal difficult to achieve despite HOC goodies, say industry players

and small office home office.

The HOC was conducted twice for three months each time in 1998 and 1999. The campaigns included waivers for the stamp duty on properties priced at RM250,000 and below, as well as some processing fees such as the memorandum of transfer, to lessen the burden of homebuyers and to encourage homeownership. It should be noted that the previous campaign took place after the 1997/98 Asian Financial Crisis, where income was on the decline and there was poor market sentiment and job uncertainties - just like today.

However, house prices and the level of over-supply of condominium and high-rise units back then are no where near as high compared with today.

Maybank group president and chief executive officer Datuk Abdul Farid Alias says the current HOC is no different from the previous one that was held back in the late nineties, where there was excess supply of homes in the country. "In 1998, the country was very successful in addressing that and there are a lot of initiatives put in place now to help the situation. It's not really a supply-demand imbalance. It's more a supply-demand imbalance on who can afford it. It's an affordability issue.

Maybank community financial services group chief executive officer Datuk John Chong is optimistic that the HOC will be a success. "The

key thing is that it's still new and we would like to see that it succeeds.

"In terms of approvals, industry-wise, primary and secondary transactions, approval rates stood at 70% last year. Ours (Maybank's) is closer to 80%. With this HOC and comparing with how it was in 1998, which was a success, we're hopeful that this one will follow suit similar to how it was in 1998 as well."

While many property consultants feel that it will be difficult to drastically reduce the level of overhang within such a short time-frame, they however agree that the HOC is a step in the right direction.

"The advantage of MAPEX is that it's a one-stop centre for buyers to select and choose a wide range of properties that they're looking for," said Siders.

Foo also says the public now have access to units that were previously exclusive only for civil servants and members of the armed forces. "The HOC is an opportunity for buyers to bargain with the developer. This is something that was not previously possible. Before, you could only negotiate secondary properties. For primary market properties, when you walk into a sales gallery, you can't bargain with the developer to reduce the price. Now, you can.

"Developers are offering discounts and freebies. However, it's also important for the buyer to look into his own financial constraints. Look

at what's your capacity to pay. For investors, they must first determine if the product being offered falls under their investment goals."

The three-day MAPEX featured a total of 180 booths by 51 developers offering more than 17,000 units of homes totalling more than RM11.8bil.

The government has announced a number of initiatives in conjunction with the six-months HOC, such as the exemption of stamp duties residential units priced between RM300,000 and RM1mil.

These are only for properties of developers that are participating in the HOC.

For houses sold above RM1mil to RM2.5mil, stamp duty exemption applies for the first RM1mil, and the rest will be charged at 3%.

Previously, a 1% stamp duty fee was imposed on buyers for the first RM100,000 of the purchase consideration; 2% for RM100,001 to RM500,000 and 3% from RM500,001 to RM1mil.

Stamp duty on loan agreements for properties up to RM2.5mil would be exempted, compared with the previous rate of 0.5%. He added that properties purchased during the campaign would also be offered a minimum 10% discount. All the properties at the HOC will come with a minimum 10% discount and stamp duty waivers on the instrument of transfer and the instrument on loan agreement, as well as additional incentives from participating developers.