

Headline	Property overhang continues to increase		
MediaTitle	The Star		
Date	01 May 2019	Color	Full Color
Section	StarBiz	Circulation	175,986
Page No	1,2	Readership	527,958
Language	English	ArticleSize	772 cm ²
Journalist	EUGENE MAHALINGAM	AdValue	RM 38,852
Frequency	Daily	PR Value	RM 116,556



Property outlook: (from left) National Property Information Centre director Md Badrul Hisham Awang, Finance Minister Lim Guan Eng and Valuation and Property Services Department director-general Ahmad Zailan Azizuddin at the launch of the Property Market Report 2018.

Property overhang continues to increase

Report: Most of them are high-rise units in Perak and KL

By EUGENE MAHALINGAM
eugenicz@thestar.com.my

KAJANG: The level of residential property overhang in the country continued to rise in spite of fewer launches last year.

According to the Valuation and Property Services Department (JPPH) in its Property Market Report 2018, the year-on-year (y-o-y) residential overhang in Malaysia increased to 32,313 units valued at RM19.86bil in 2018, an increase of 30.6% in volume and 27% in value.

High-rise units formed the bulk of the overhang units, representing 43.4% (14,031 units) of the total.

"Most of them were concentrated in Perak (2,905 units) and Kuala Lumpur (2,692 units),"

according to the report.

Meanwhile, unsold, unconstructed units also increased y-o-y to 19,865 units, up by 57.3%.

Unsold, under-construction units also rose to 80,984 units, an increase of 30.9%.

PPC International managing director Datuk Siders Sittampalam said the level of overhang was "to be expected and not surprising."

"Sales have been declining over the past few years and developers have stopped building. Hence, it's not a surprising figure," he told *StarBiz* when contacted.

Meanwhile, the number of new launches in 2018 recorded 66,040 units, which was a contraction of 14.9% compared with 77,570 units in 2017.

Kuala Lumpur and Selangor showed a

decrease of 56.1% and 9.9%, respectively. Johor recorded an increase of 17.3% as compared with 2017. Sales performance was moderate at 34.6% across the board.

Construction activities also showed a downward trend in 2018, with completed units dropping 0.7% (93,547 units) compared with 2017 (94,198 units).

JPPH said the residential sector saw 197,385 transactions worth RM68.75bil, an increase of 1.4% in volume and 0.4% in value.

Despite seeing a significant increase in market activity, the commercial property sector also saw an increase in overhang.

There were 23,936 transactions valued at

> TURN TO PAGE 2

Headline	Property overhang continues to increase		
MediaTitle	The Star		
Date	01 May 2019	Color	Full Color
Section	StarBiz	Circulation	175,986
Page No	1,2	Readership	527,958
Language	English	ArticleSize	772 cm ²
Journalist	EUGENE MAHALINGAM	AdValue	RM 38,852
Frequency	Daily	PR Value	RM 116,556

Unsold and unconstructed units 16% less year-on-year

> FROM PAGE 1

RM29.51bil in 2018, an increase of 8% in volume and 16% in value.

The shop sub-sector transactions dominated 54% of commercial property transactions and 36.4% of the total value.

The shop overhang situation recorded an increase of 11.2% to 5,055 units valued at RM4.08bil. The unsold under-construction segment recorded a similar upward trend to 7,233 units compared with 5,889 units in 2017, an increase of 22.8%.

On a brighter note, unsold, unconstructed units were reduced by 16% y-o-y.

JPPH said the property sector recorded 313,710 transactions worth RM140.33bil in 2018 an increase of 0.6% in volume and 0.3% in value compared with 2017.

National Property Information Centre director Md Badrul Hisham Awang said residential volume increased 6.9% y-o-y in the first quarter of 2019, while value also increased 5.1% in the first three months of the year compared with the previous corresponding period.

"We attribute the pick-up in the market to the new government policies being introduced," he told a press conference following the launch of JPPH's Property Market Report 2018 here yesterday.

Badrul, however, said the quarterly figures were not final, but admitted that the local residential property market is seeing signs of recovery.

He emphasised that the residential property market is not yet experiencing a "rebound."

When contacted, a property analyst said the government's six-month Home Ownership Campaign (HOC) has helped to spur the local property market, which has been in a glut.

"The discounts and freebies being offered by various developers in conjunction with the HOC have spurred interest, with a number of companies announcing solid take-ups for their products," he said.

Badrul, meanwhile, said that it was too early to determine if the HOC has had a direct impact on the pick-up in transactions in the first quarter of 2019.

"We can only determine the effect of the campaign in the second half of the year," he said.

Siders was hopeful that the HOC would help to boost the local property sector.

"It's unclear if the HOC would help. The initial response has been good, but we're uncertain if it can hold out until June (when the HOC ends).

"End-financiers seem more relaxed now that the HOC is ongoing. Hopefully, this will help, to an extent," he said.

On its prospects for 2019, JPPH expected property market activity in 2019 to stabilise, judging from the increase in volume and value of total transactions in 2018.

"Upward trends in key sub-sectors such as residential, commercial and industrial will attract more business and investment activities," it said, adding that various key government initiatives such as the HOC could further stimulate Malaysia's property market performance for 2019.

To address the country's home ownership and overhang dilemma, the government has announced a number of initiatives in conjunction with the HOC, which kicked off in January.

Among the initiatives include the exemption of the stamp duty for 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, the 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.