

Headline	Putrajaya's affordable housing target can cause disruption		
MediaTitle	The Edge Financial Daily		
Date	03 May 2019	Color	Full Color
Section	Home Business	Circulation	4,562
Page No	1,3	Readership	13,686
Language	English	ArticleSize	544 cm ²
Journalist	JUSTIN LIM	AdValue	RM 5,963
Frequency	Daily	PR Value	RM 17,889



3 HOME BUSINESS

Putrajaya's affordable housing target can cause disruption

Putrajaya's affordable housing target can cause disruption

These new affordable housing units from the govt are also competing with the private players, says Chen

STORIES BY JUSTIN LIM

KUALA LUMPUR: The government's pledge to increase the supply of affordable housing without first studying the market needs would cause disruption in the housing market, which is already facing a supply overhang issue.

According to 1Malaysia People's Housing Scheme (PRIMA) chairman Tan Sri Eddy Chen, Malaysia has an overhang of 15,000 to 20,000 residential units at any one point, going up to as high as 32,000 units in 2018.

"So, how do you justify the government's plan to build 100,000 units of affordable homes every year beginning 2019 (as part of its target of building one million affordable homes in 10 years)," he told reporters at Rehda Institute's National Property Information Centre (Napic) report overview 2019-cum-Big Data analytics conference yesterday.

"These new affordable housing units from the government are also competing with the [private] market players," Chen said.

He estimated that there are about 100,00 to 110,000 new residential units worth between RM26 billion and RM32 billion that come on the market from property developers each year.

Chen, who is also former Real Estate and Housing Developers' Association Malaysia (Rehda) president from 1998 to 2002, cited PRIMA's own target of 500,000 affordable homes in five years, which has led to issues such as homes being built in less desirable locations, wrong pricing and for the wrong target market.

"PRIMA's main problem is its substantial number of unsold units, most of which are located in less desirable areas. It has been very challenging for PRIMA as its



(From left) Napic deputy director of property market division Norhisham Shafie, Savills Malaysia deputy executive chairman Allan Soo, Chen, and Lau at Big Data analytics conference in Kuala Lumpur yesterday. Photo by Patrick Goh

business model is numbers-driven," he added.

PRIMA's issue of unsold units is exacerbated by its practice of build-then-sell concept. "This is especially so for properties in locations that have less demand," said Chen.

Chen also confirmed that PRIMA may be dissolved, pending the outcome of its due diligence and turnaround plan. "We are working into a turnaround plan. Whether PRIMA will move forward or not, much depends on this turnaround plan."

The turnaround plan is to ensure we can recover money that we paid to contractors, as much as possible, in order for us to meet all our obligations and liabilities, Chen added.

PRIMA was established under the PRIMA Act 2012 to plan, develop, construct and maintain high-quality housing with lifestyle concepts for middle-income households in key urban centres.

Meanwhile, Chen said the establishment of an integrated housing database will help to minimise the discrepancy of supply and demand in the housing market amid a per-

sistent property overhang. Napic's Malaysian Property Market 2018 report showed that Malaysia's residential property overhang increased 30.6% to 32,313 units last year from 24,738 units in 2017. The value of these properties rose 27% year-on-year to RM19.86 billion. The overhang is defined as units unsold nine months after launch.

"Affordable housing is a segment that many developers want to get in, but they first need to do a detailed feasibility study whether their housing projects are located near to the government's," she said.

Lau said the property overhang issue also involves the affordable housing segment, which she attributed the problem to them being located in less desirable locations.

She added that the unprecedented large property overhang will take a while for the market to absorb the new supply before the market can stage a meaningful recovery.