

Headline	Using Airbnb to settle mortgages		
MediaTitle	The Star		
Date	03 Jul 2019	Color	Full Color
Section	StarBiz	Circulation	175,986
Page No	1,2	Readership	527,958
Language	English	ArticleSize	440 cm <sup>2</sup>
Journalist	EUGENE MAHALINGAM	AdValue	RM 22,144
Frequency	Daily	PR Value	RM 66,432



# Using Airbnb to settle mortgages

## Industry observers call for regulation to prevent abuse

Watch the video  
[thestartv.com](http://thestartv.com) 

By EUGENE MAHALINGAM  
 and TOH KAR INN  
[starbiz@thestar.com.my](mailto:starbiz@thestar.com.my)

**PETALING JAYA:** More Malaysians are relying on Airbnb to settle their mortgages given the property overhang that is engulfing the sector.

According to an Airbnb survey of more than 2,000 Malaysian hosts and guests, half of the Airbnb hosts said it had helped them pay for their

homes while 40% said Airbnb provided a supplementary income for them to make ends meet.

Malaysia is Airbnb's fastest growing country in South-East Asia for the second consecutive year.

It saw more than 3.25 million guests in Malaysia over the past 12 months ended July 1, which translated to a 73% increase from the previous period.

There are more than 53,000 Airbnb listings in the country.

Axis REIT Managers Bhd investment head and former Malaysian Institute of Estate Agents president Siva Shanker many of the Airbnb

hosts were investors and speculators who purchased the properties during the upturn, with the intention of selling them at a higher price.

"However, when the property market started to make a turn for the worse, many of these speculators found it difficult to sell or rent out their units but at the same time they needed income to service their loans," he told *StarBiz*.

Siva said many of the buyers and investors had bought the units on the advice of some people with questionable skills and credentials.

"Many of the people, who claimed

to be experts, gave false assurances that the properties could be sold at a premium of up to 40% within a couple of years, or that they would be able to get high rental yields.

"This is essentially a get rich quick scheme and many people believed in them. But then the market crashed and many of the buyers are saddled with a property that they can't sell or rent out."

Siva said many of the so-called "advisers" had rebranded themselves as Airbnb consultants when the property market slumped.

> TURN TO PAGE 2

Headline	Using Airbnb to settle mortgages		
MediaTitle	The Star		
Date	03 Jul 2019	Color	Full Color
Section	StarBiz	Circulation	175,986
Page No	1,2	Readership	527,958
Language	English	ArticleSize	440 cm <sup>2</sup>
Journalist	EUGENE MAHALINGAM	AdValue	RM 22,144
Frequency	Daily	PR Value	RM 66,432

## MD: The cost and security issue of Airbnb

> FROM PAGE 1

Airbnb is an online booking platform that allows people to rent out their properties or spare rooms to guests.

PPC International managing director Datuk Siders Sittampalam said the concept of Airbnb needs to be regulated.

"It's never been regulated in the past, especially in terms of taxes. How do you determine things such as cost and security?"

Siva concurred that proper regulation need to be put in place to for Airbnb operators.

"You don't know who's going into your apartment. Every other day, your occupants are changing.

"They could be illegal immigrants, running criminal activities, being a nuisance and disturbing the neighbours.

"How is the unit considered 'gated and guarded' when the owner is the one that opens the door to these strangers?"

With no proper regulation in place, Siva said the value of the apartment will deteriorate.

"The owner is running it like a hotel, except he doesn't have the upkeep skills of a hotelier. Within a year, the apartment will look run down. By then, new properties will be up in the market and new owners will be looking to rent them out.

"The owner of the run down apartment is going to have difficulties finding tenants, but he still needs to fulfil his monthly mortgage. Eventually, it becomes a vicious cycle. To stop this, we need to educate the public and get rid of the self-proclaimed property gurus."

Another concern is the Airbnb having a huge impact on the local hotel industry.

According to Impiana Hotels Bhd executive director Azrin Kamaluddin, hotels that have more than four stars will face limited to no impact from the rising popularity of Airbnb.

"The hotels offer distinct product differentiation as they provide experience and service to guests.

"What Airbnb does is offer accommodation as a commodity.

"I believe that owners of four and five star serviced residences that do not lease back their units to operators as well as hotels that are three stars and below would be disrupted by Airbnb.

"It is imperative for hotels that have three stars and below to reinvent themselves to stand out from the competition posed by Airbnb," he said.

On the potential launch of Airbnb Luxe, Azrin said it would not have an impact on four to five-star hotels, given the relatively small volume and higher price tag of US\$1,000 per night.

Siders concurred that Airbnb would only have an adverse impact on budget hotels.

"The four-star and five-star hotels offer different types of services and amenities."