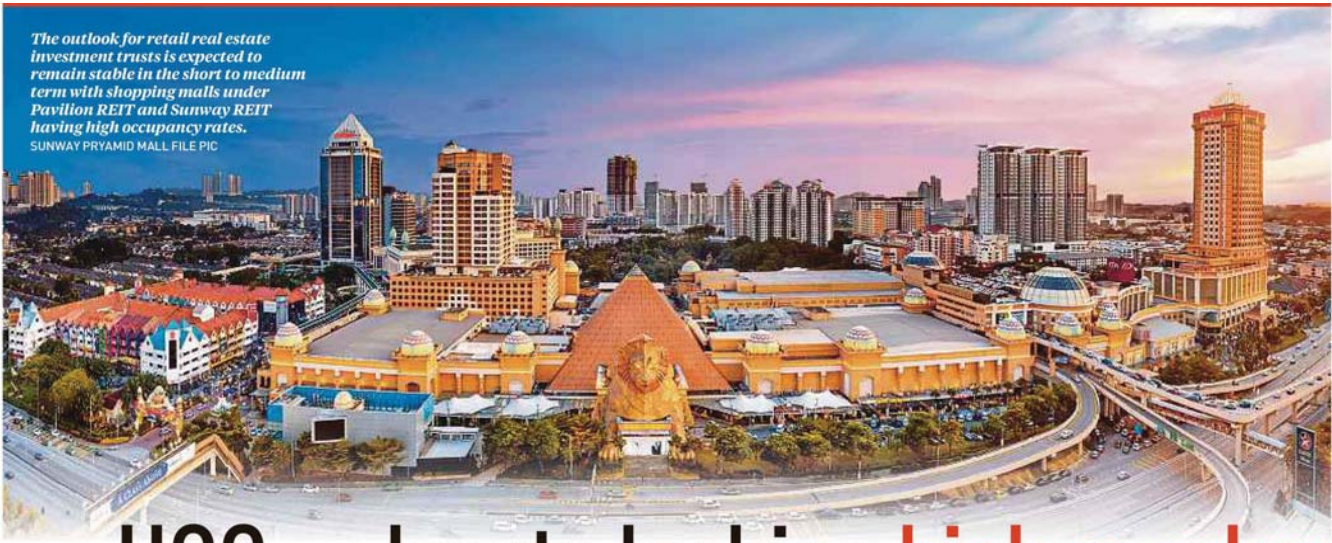


25 JUL, 2019

HOC — key to locking higher sales

New Straits Times, Malaysia



The outlook for retail real estate investment trusts is expected to remain stable in the short to medium term with shopping malls under Pavilion REIT and Sunway REIT having high occupancy rates. SUNWAY PYRAMID MALL FILE PIC

HOC — key to locking higher sales

KATHY B.

REAL Estate and Housing Developers Association Malaysia (Rehda) president Datuk Soam Heng Choon expects the Home Ownership Campaign (HOC) to play a key role in boosting property transactions this year.

"The market is still soft but based on a survey by Rehda, property developers are more optimistic with HOC. Developers are also optimistic because there is a sign of pick-up in the economy."

"The issue of access to financing must be addressed. If people don't have right access to margin, that is when the problem will come. We hope banks will give the right margins for financing," Soam told NST Property.

Strict conditions imposed by banks on home loan applicants remain the biggest hurdle in the property market, even as the government seeks to encourage home ownership by waiving stamp duty fees for buyers under the HOC, which ends on December 31 this year.



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DATUK SOAM HENG CHOON
 Real Estate and Housing Developers Association Malaysia President

The HOC was initially slated to end by June 30 this year but because of strong interest during the first half of this year, the government had decided to extend the home ownership campaign to encourage more people to buy.

The campaign is to help Malaysians own their first home at a lower price and cost, while also addressing the property supply overhang.

HOC offers stamp duty waivers for properties priced between RM300,000 and RM1 million, and three per cent stamp duty for properties priced between RM1 million and RM2.5 million. It also offers 0.5 per cent stamp duty on bank loans for properties up to RM2.5 million.

Soam said Rehda expects the HOC performance in the second half of this year to be better than the first six months as more people are aware of HOC.

"A lot of people realise that this is the best time to buy. Developers have a lot of stock and they will give minimum 10 per cent discount and a lot of freebies," he said.

Soam advised buyers to look at location, pricing and product before buying.

"If you have chosen the location, then you must get the property from a renowned developer. In terms of pricing, it must be right for the buyer where they can afford downpayment and get the right margin for financing. For product, if you want landed property, then you must be willing to go to the outskirts of the city."

Soam, speaking for Rehda, advises developers to be cautious when launching properties.

He said developers should also do a lot more robust registrations before entering to the market.

"At least they can gauge the demand and from there decide what number of units to launch," said Soam.

AmInvestment Bank Bhd said the local residential market has been challenging in the past three years, mainly due to high property prices, stricter lending policies, volatile macroeconomic conditions and weaker consumer sentiment.

It said most developers under its coverage reported lower new sales year-on-year.

Only Sunway Bhd achieved stronger new sales year-on-year, while IOI Properties Group sales were similar to the previous year level with both developers being supported by strong take-ups in China and Singapore.

AmInvestment Bank is also not expecting surprises in earnings for the next 12 months with the current local market conditions.

"The outlook for the Malaysian property sector remains subdued in the near term on the back of a slow residential market, as developers work to address the overhang issue. The last 12 to 18 months have seen some changes whereby the residential property market has been adjusting to mass-market affordable housing while developers have slowed down their launches and are working hard to clear unsold units to reduce the overhang situation," it said.

AmInvestment Bank said developers are more aggressive in clearing unsold units by offering discounts and the inventory level is on a declining trend.

INDUSTRIAL PROPERTIES AND REITS UP

AmInvestment Bank said demand remains stable for industrial properties, driven by the logistics and warehousing segments which are largely supported by the emergence of e-commerce.

It said the preference for logistic warehouses will likely continue to be within the Klang Valley, largely in Shah Alam, where there is a large concentration of manufacturing activities and distribution centres.

As for retail real estate investment trusts (REITs), this segment remains resilient and the outlook for retail properties, especially shopping malls, is expected to remain stable in the short to medium term.

"This is demonstrated by Pavilion REIT and Sunway REIT, where both have high occupancy rates in their shopping malls. We believe the high occupancy rates are also due to strong management and brand names of the REITs, in addition to shopping complexes becoming one-stop centres for the Malaysian lifestyle, providing food and beverage and entertainment options," said AmInvestment Bank.

The outlook for the office sector, however, will be negative in the medium term due to oversupply. AmInvestment Bank said in the next three to four years, 20 million sq ft of additional office space are targeted for completion in Greater Kuala Lumpur.

"Market absorption remains slow," it said.



Pavilion REIT is doing well due to its strong management and brand name. PAVILION MALL PIC



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SUMMARIES

ReAlestateandHousingDevelopers Association Malaysia (Rehda) president Datuk Soam Heng Choon expects the Home Ownership Campaign (HOC) to play a key role in boosting property transactions this year. “The market is still soft but based on a survey byRehda,propertydevelopersaremoreoptimistic withHOC.Developersarealsooptimisticbecause there is a sign of pick-up in the economy.”The issue of access to financing must be addressed. If people don’t have right access to margin, that is when the problem will come.