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## Focus shift will not push sales for Home Ownership Campaign

The Malaysian Reserve, Malaysia



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*Targeting to sell properties below RM300,000 will not resolve the industry's persisting overhang*

by FARA AISYAH

THE government's decision to focus on promoting and selling properties below RM300,000 during the remaining six months of the Home Ownership Campaign (HOC) will not likely push the overall sales of houses or alleviate the industry's persisting overhang.

Institute for Democracy and Economic Affairs senior fellow Dr Carmelo Ferlito said if HOC incentives were ineffective on a big scale, they were unlikely to succeed on a smaller scale.

"HOC failed to reduce the number of unsold units, which means the proposed incentives did not stimulate enough demand.

"Those incentives targeted all price ranges, including affordable homes. If we take out incentives from the high-end segment, I do not see how the situation will change for affordable homes," he told *The Malaysian Reserve* (TMR).

However, he did not think the government should propose any further stimuli, as demand and supply can better meet each other without interference.

The number of overhang units in Malaysia continues to rise, according to the latest National Property Information Centre data for the first quarter of 2019 (1Q19).

The country recorded 58,078 over-



Residential properties make the bulk of the overhang situation with 32,936 units worth RM19.9b, followed by serviced apartments (13,013 units at RM10.2b) and shops (5,472 units at RM4.5b)

hang units worth RM37.23 billion as at 1Q19, an increase of 5.5% by units and 4.1% by value from last year.

Residential properties made the bulk of figure with 32,936 units worth RM19.96 billion, followed by serviced

apartments (13,013 units at RM10.18 billion), shops (5,472 units at RM4.5 billion), SOHO (1,537 units at RM707.82 million) and industrial properties (1,120 units at RM1.87 billion).

A total of 20,863 homes — valued at

RM17.59 billion — from the 32,936 overhang residential properties are priced above RM300,000.

The high-end units also made up most of overhang serviced apartments with 12,372 units worth RM9.38 billion.

VPC Alliance (KL) Sdn Bhd MD James Wong said the government should not change the HOC focus to only low-cost houses.

This is because the main objective of HOC was to clear the tremendous oversupply of all housing categories.

"HOC will not help developers clear the oversupply if it is just focused on affordable homes.

"The first half of HOC was a failure, so there should be more concerted marketing efforts in the second half to sell the remaining units," he said.

Wong said the government should come out with plans to increase sales of houses among foreigners, which includes relaxing the Malaysia My Second Home programme.

He also suggested that state governments review their price threshold to attract more foreign buyers.

TMR earlier reported that the Housing and Local Government Ministry is expected to exclude medium-and high-cost housing projects from HOC to meet actual market demand.

Despite various incentives, including the 10% minimum discounts and stamp duty exemptions offered during HOC, the government-backed programme only sold 1,144 property units, valued at RM650.87 million, which prompted the extension of the programme until December this year.

Of the total units sold, 88% were priced below RM300,000 and were mainly government-owned projects developed by Perbadanan PR1MA Malaysia which offered up to 30% discounts for its houses.



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### SUMMARIES

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