



07 AUG, 2019

Residential overhang growth slows in Q1

The Star, Malaysia



REHDA

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Sales driven by government-led initiatives

PUTRAJAYA: The residential overhang in Malaysia recorded a lower increase of 1.9% in the first quarter of 2019, compared with 7.3% in the fourth quarter of 2018, as sales were driven by government-led initiatives such as the ongoing Home Ownership Campaign 2019 (HOC).

Valuation and Property Services Department (JPPH) director-general Ahmad Zailan Azizuddin is hopeful that the level of overhang will continue to decline, going forward.

"In light of the HOC, which may help improve sales performance, we hope the level of overhang and unsold units will slowly decrease," he told *StarBiz* yesterday.

Last month, Knight Frank Malaysia said the Malaysian property market had been showing signs of bottoming out, underpinned by the HOC.

The six-month campaign, which was initially set to end on June 30, has been extended until the end of the year.

Nevertheless, despite the lower increase in overhang levels quarter-on-quarter, the total number of units and value increased in the first quarter of 2019 compared with the fourth quarter of 2018.

According to JPPH data, the number of residential overhang units stood at 32,936 units in the first quarter of 2019, compared with 32,313 in the fourth quarter of 2018. The



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value of overhang units for both quarters stood at RM19.9bil.

The number of residential overhang units stood at 25,193 units valued at RM15.68bil in the first quarter of 2018.

Ahmad Zailan admitted that the residential overhang conundrum has been a tough issue to resolve.

"If we can solve the mismatch, building the right property for the right market at the right price, the overhang issue may eventually cease.

"For example, certain types of apartments may not be the right development for certain locations."

He said another contributing factor is that developers may not opt to go for different developments that suit the market, such as changes to the property type and number of units launched.

"This requires an in-depth study, which is necessary if we want to avoid the situation in the future."

Ahmad Zailan emphasised that the burden on solving the overhang problem does not lay on the shoulders of the government alone.

"The Federal Government sets the policy at the macro level while the implementation of the policy is at the state level, such as the local authorities.

"At this level, the local authorities play an important role in ensuring only the right development is built at the right location during the building plan-approval process."

Ahmad Zailan also said the committee that reviews the applications for future developments should exercise their authority in determining the property type, the number of units and pricing according to the demographic profile of the area."



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SUMMARIES

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