



31 OCT, 2019

Rehda begins talks with state governments

The Star, Malaysia



REHDA

Page 1 of 3





31 OCT, 2019

Rehda begins talks with state governments

The Star, Malaysia



REHDA

Page 2 of 3

Rehda begins talks with state governments

Lower pricing threshold for foreign buyers is up to each state

By THEAN LEE CHENG
starbiz@thestar.com.my

PETALING JAYA: The Real Estate and Housing Developers' Association (Rehda) has started talks with various state governments to reduce their pricing threshold for property purchases among foreign buyers in order to fall in line with the federal government's Budget 2020 proposal.

In the recent budget, Finance Minister Lim Guan Eng proposed that the RM1mil threshold be reduced to RM600,000 to help reduce the country's huge residential overhang, including serviced apartments and small office home offices, which exceed some RM34bil.

Rehda Selangor chairman Zulkifly Garib said: "Land is a state matter and the final decision is still up to each individual state.

"The federal government can only suggest and the states themselves decide ... the various Rehda branches are in discussion with their state governments to discuss what is the best price. It is only for one year anyway," he said.

He was speaking at a press conference to announce two coming Malaysia Property Expos for Ampang/Selayang and Shah Alam/Klang on Nov 1-3 and Nov 14-17, respectively.

He said that so far, only Penang has reduced its threshold from RM1mil to RM800,000.

Each state practises different pricing thresholds and policies for foreign buyers. Selangor has a cap of RM2mil and foreigners can only buy strata properties, including landed strata, but not landed non-strata properties.

Penang has a minimum threshold of RM1mil, likewise Johor. Melaka has a threshold of RM500,000.

Zulkifly said the number of foreign property buyers in the country is very small. Even then, most of them are limited to the Klang Valley, Johor and Penang.

"There is no reason to be concerned that developers would raise their prices to meet the RM600,000 threshold. Our prices are subject to the approval of the Local Government and Housing Ministry. So, developers cannot simply raise prices.

"Secondly, this suggestion by the federal government is limited to unsold completed units. It is limited to strata developments. It is only valid for one year, from Jan 1, 2020."

He said the state governments are looking at the federal government's suggestion, its mechanism, and the pros and cons of a similar ceiling price.

"It is still status quo as far as the states are

concerned (for now), but it is good to lower it. It is a good (temporary) policy because it would enable developers to reduce their inventory.

"But really, it depends on each state (if they view it as such). It is just to encourage foreign buyers to buy to help absorb the overhang."

He said if this move could spur foreigners to buy, it would indeed help the property sector because a lot of the developers' resources are now tied to the huge stock of unsold but completed units.

Zulkifly said Selangor had a RM2mil threshold, so different states would put (in) different conditions.

He said official meetings with the respective state authorities have yet to begin.

Rehda Selangor deputy chairman Datuk Ho Hon Sang said: "It is a good move for property developers. As far as property developers are concerned, most of them have (tried) to sell these properties over a period of time already.

"So this is one avenue – opening it up to foreign buyers. This may motivate them to come and unlock (these unsold units) into cash. So far, we are glad that Penang has made a change. So, we are seeking the states to lower the floor price. We have not made an official representation."



31 OCT, 2019

Rehda begins talks with state governments

The Star, Malaysia



Page 3 of 3

SUMMARIES

Lower pricing threshold for foreign buyers is up to each state

PETALING JAYA: The Real Estate and Housing Developers' Association (Rehda) has started talks with various state governments to reduce their pricing threshold for property purchases among foreign buyers in order to fall in line with the federal government's Budget 2020 proposal. In the recent budget, Finance Minister Lim Guan Eng proposed that the RM1mil threshold be reduced to RM600.