

Headline	Developers to give discounts, maintain prices after HOC		
MediaTitle	The Malaysian Reserve		
Date	10 Jan 2020	Color	Full Color
Section	News	Circulation	12,000
Page No	1,4	Readership	36,000
Language	English	ArticleSize	743 cm ²
Journalist	S BIRRUNTHA	AdValue	RM 7,828
Frequency	Daily	PR Value	RM 23,484



Pic by Hussein Shaharudin

EASING THE GLUT: The property market is not at its best right now and there's no reason for developers not to give discounts. Developers expect the property market to remain soft and pricing as the key factor to clear unsold stock.

The market 'will certainly find it difficult to keep up' this year if the discounts are discontinued

by S BIRRUNTHA

PROPERTY developers are expected to continue giving discounts and various offers to attract buyers for Malaysia's RM18.77 billion worth of overhang residential properties still existing following the conclusion of the national Home Ownership Campaign (HOC) 2019 last month.

The Real Estate and Housing Developers' Association Malaysia welcomes developers' efforts to continue offering discounts to homebuyers even after the HOC ended, its president Datuk Soam Heng Choon said.

"In fact, most developers were giving rebates and offering special packages to buyers even before HOC 2019. Some may continue with the effort as part of developers' initiatives to promote or market their projects.

"However, they are not obligated to this and the quantum of discounts to be given are at their

discretions," Soam told *The Malaysian Reserve (TMR)* in an email reply recently.

As property prices appreciate over time, some of the completed properties may see a price increase, he warned.

"This is contributed by factors such as locations, matured surroundings and higher demand.

"However, for under-construction projects, the units' maximum selling price is still restricted to the selling price approved by the ministry in the advertising permit," Soam said.

Property developer MK Land

Holdings Bhd told *TMR* it will continue giving the same discounts to homebuyers for its projects that were included in the HOC last year.

MK Land's two projects that were under the HOC 2019 were Armanee Terrace 2 at Damansara Perdana and Suasana@Damai at Damansara Damai, Selangor.

PPC International Sdn Bhd MD Datuk Siders Sittampalam is also positive property developers will continue providing discounts this year, given the oversupply situation.

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The market "will certainly find it difficult to keep up" this year if the discounts are discontinued, he told *TMR*.

"These are the properties that you would rather sell at a discount, instead of holding. If the developers are not able to give relevant discounts, they won't be able to offload their properties," Siders said on the overhang units.

The property market is not at its best right now and there's no reason for developers not to give discounts, he added.

Siders expects the property market to remain soft and pricing the key factor to clear unsold stock.

"If the developers could keep prices below RM600,000 or RM700,000, we will be able to find buyers and steer the market direction," Siders said.

The national HOC 2019 was initiated by the government in a bid to increase home ownership among locals and address Malaysia's oversupply problem.

The campaign appears to have done some good, as the country's residential overhang stood at 31,092 units worth RM18.77 billion as at the third quarter of 2019 (3Q19).

This represents a 3.8% and 5.5% decrease in units and value respectively from the 32,313 units worth RM19.86 billion as at end-2018, according to data from the National Property Information Centre.

Last Wednesday, Housing and Local Government Minister Zuraida Kamaruddin said the HOC 2019 has cleared some RM23.2 billion worth of houses, surpassing the initial target of RM17 billion.

About 31,415 residential units developed by federal and state governments as well as private builders were sold under the government-initiated campaign, which ran from January to December 2019.

The campaign provided ancillary support and services including financing schemes and legal assistance for homebuyers.

Participating developers were told to sell their houses with a minimum discount of 10%.

Under the scheme, houses with HOC certificates also enjoyed various stamp duty exemptions and attractive discounts.