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BUY NOW OR WAIT?

It's a buyers' market right now but should one be spending even if there is a great property deal out there considering the uncertain environment? **See Pages 6 to 8.**

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BY **EDGEPROP.MY**

With the current Covid-19 outbreak worsening the economic downturn in Malaysia, people in general are just not in the mood to spend, what more on buying property. Nevertheless, the current buyers' market and low interest rate environment can be tempting.

At the EdgeProp.my Facebook LIVE Fire-side Chat titled 'Undervalued Properties: Opportunities or Risk?' which took place last Friday April 10, several EdgeProp.my's Pro Agents gave their views on the current market environment and some advice for property buyers.

The online event received more than 10,000 views. Selected questions from viewers were answered by the guests namely Propnex principal and chief operating officer Evon Heng, Kith & Kin Realty co-founder Freeman Woo, Rescom Realty & PEHAM (Persatuan Perunding Hartanah Muslim) Exco team leader Mohd Faizal Mohd Ismail and Propstar Realty senior real estate negotiator Kevin Teh. The chat was moderated by EdgeProp Malaysia editor-in-chief and managing director Au Foong Yee.

"We are living in interesting times, a time that is beyond our wildest imagination. Just look at the current economic and investment landscape. Bank Negara Malaysia expects GDP growth in 2020 to range from -2% to 0.5%. World Bank has recently revised its projected growth for Malaysia from 4.5% to -0.1%," said Au, kicking off the session.

She recalled that during the global financial crisis in 2008, despite negative GDP growth, house prices in Malaysia continued to rise steadily.

"Before you think about popping the champagne, getting out of the current economic woes is a lot trickier. Why? Because it involves a life-threatening health crisis that is affecting people all across the globe. Will the Malaysian housing market crash? Is it going to be total gloom? Or are we staring at a once-in-a-lifetime investment opportunity?"

Is it a good time to buy?

Propnex's Heng highlighted that property owners are becoming more realistic in their pricing during tough times and are more willing to reduce their asking prices. She defines undervalued properties as properties with asking prices of at least 10% below bank valuation, are in a good location, units that are easy to secure tenants and offer decent rental yield of around 4.5%.

"The Covid-19 pandemic has impacted



Heng: The Covid-19 pandemic has opened up good investment opportunities as property owners are looking to cash out to conserve cash for their businesses.

every sector but it has opened up good investment opportunities as property owners are looking to cash out to conserve cash for their businesses. Now is the time for serious buyers — those who have done their studies, understood their budget and risk appetite, and most importantly, identified their preferred locations — to seriously consider making their buying decisions," said Heng.

Meanwhile, Rescom Realty's Faizal, who specialises in Bangi, Semenyih and Nilai properties, said prices for landed homes are now "juicy" compared with prices in 2018 and 2019.

Should I buy now? **DEPENDS...**



Before you buy, ask yourself...

Is this the **RIGHT TIME** to buy? Or **WAIT**?

Beyond the brick and mortar, how good is the property's **MANAGEMENT AND MAINTENANCE**?

What **BUDGET** do you have in mind before you go "shopping"?

Are you **FINANCIALLY STABLE**? Do you have the financial capacity to finance your loan?

What is the **PURPOSE** of your purchase?

What is the **RISK** that comes with buying the property — for instance, what if the property is not able to be rented out?

Have you done your **RESEARCH** and spoken to **PROFESSIONALS** such as real estate agents who can give you insights to the property and the development?

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When will prices hit bottom? What if prices go lower after this?

While many anticipate property prices to come down in light of the uncertainties brought on mainly by the Covid-19 pandemic, no one would be able to predict exactly when housing prices will bottom.

"We will never know when prices have hit rock bottom. The more important question an interested buyer should ask is: why am I buying the property in the first place?" offered Kith & Kin's Woo.

"Don't buy because of the property price. Always know why you are buying and the purpose of the purchase. Understand that and your financial status first before looking for a property," said Woo, citing for instance, investors looking for rental returns.

"In Malaysia, we are lucky to gain rental returns for properties which will hold the market value of the property. When the rental yield reaches 5-6%, those who are cash-rich will look at buying and investing in these properties to diversify their savings," he added.

Heng concurred, saying that if one is looking to buy a property for own stay, that property which you have an eye on in the market may not always be available.

"If it is so nice, it will not be there always waiting for you. We can never know when prices will bottom. The longer you wait, the more likely the good deals will be going off. Every property has its uniqueness, and once it goes off the market, you may not get it back."

Faizal reckoned that property prices are unlikely to change much immediately after the Movement Control Order imposed since March 18 until April 28, due

to the six-month loan moratorium which has been introduced by the government effective April 1.

"Property owners will be able to sustain their holding power due to the moratorium. But after September, we will begin to see some changes," said Faizal.

Nevertheless, he believes that for first-time homebuyers, the best time to buy a property is "always now".

"If you want to buy a property and are waiting for the best time, it is now. If you keep waiting for the market to touch bottom, you may just miss the right home," he shared, and added that a first-time homebuyer should never hope for property prices to go down to buy a home.

"In any case, generally, many landed homes on the secondary market have lower asking prices now compared to a few months ago. You should take the opportunity now to really find a home that suits you," he shared.

As for investors, Propstar's Teh reminded them that property is a long-term investment and they must expect to wait for their returns on investment. He said there are a number of interested property investors out there looking for a good deal before the MCO and he expects those with deep pockets to continue shopping for bargains post-MCO.

"If it's for your own stay, you should not really care whether the market is going up or down.

"However, when it comes to your subsequent purchases for investing, the question to ask is: 'can you wait?' If you can't, then buy, provided you are financially stable," he said.



Teh: When it comes to your subsequent purchases for investing, the question to ask is: 'can you wait?'



Faizal: Property owners will be able to sustain their holding power due to the moratorium. But after September, we will begin to see some changes.

The loan moratorium and the property seller

The six-month moratorium on all bank loans from April 1 will benefit most mortgage holders but for investor-owners who are looking to cash out, it may not be such a good idea for them to opt for the loan repayment deferment.

This is because the sale transaction process for secondary properties takes around three to four months to conclude for fully redeemed secondary properties, while for properties that are still serving loan repayments, the transaction may take around six months to complete.

"Time is an opportunity cost especially for those who only have a very short repayment period left and looking to sell. They should list their property in the market and continue to pay their instalments," said Propnex principal and chief operating officer Evon Heng.

"For sellers looking to realise their investment, the earlier they could sell off their property, the earlier they could get the money to reinvest," she noted.

Propstar Realty senior real estate negotiator Kevin Teh concurred, saying

that if those who intend to sell decided to take the deferment and waited until September to list their property, they would have wasted a lot of time to get their property sold.

Even if you could get the buyer immediately after the Movement Control Order, the seller will still need to wait till early next year to get their profit," he said.

Both Heng and Teh were speaking at the EdgeProp.my Facebook LIVE Fireside Chat titled 'Undervalued Properties: Opportunities or Risk?' on April 10.



Property management impacts the value of the property

The quality of a property's maintenance and management could play a decisive role in determining the property's value, said Kith and Kin Realty co-founder Freeman Woo at the EdgeProp.my Facebook LIVE Fireside Chat titled 'Undervalued Properties: Opportunities or Risk?' on April 10.

Speaking from experience, Woo said property management is a major consideration for buyers when they are choosing a property. "For instance, on first impression when walking into a premises, the quality of the management can be observed. Even from the look of the security guards when you first enter the property, you can know whether it is managed well," said Woo.

He added that in the current market where negative sentiments abound and properties may be hard to sell, any value-add could mean a lot.

In deciding whether to buy a property, Woo advised buyers to use the "PPLC" rule which stands for the 'purpose' of buying; the 'price', the 'location' and the 'condition' of the property, both of the individual unit and the common property.



Woo: Even from the look of the security guards when you first enter the property, you can know whether it is managed well.

Looking beyond the property price

In conclusion, EdgeProp.my's Au highlighted that buying a property especially for a first-time homebuyer, is one of the single biggest and most important decision one makes in his or her life, hence it is also a very personal decision close to one's heart.

"If a listing on the market that a person is eyeing is no longer for sale, why should he or she be upset? Then it hit me that people buy because of the familiarity it offers. Maybe it is near to a school or your work place. And if the listing is gone, you may not find a similar listing like this again," said Au.

"Even if there are other listings in the market in the same development, it may not be the one which you really like in the first place, perhaps for the view or the layout or the floor level, for instance," chipped in Propstar's Teh.

Hence, a discerning buyer should not just look at the price of the property alone.

"Instead, they should do their research, talk to the professional real estate agents who can advise them, look beyond the brick and mortar of the property such as its property management and the investment potential including the location, facilities and amenities of the property," said Au.

Although no one knows when the Malaysian housing market will bottom, all agreed that it is a good time now to look out for buying opportunities.

"It is too early to know whether the market has bottomed, but my guess is that it hasn't. The reality is people are losing their jobs. When it comes to tenancies, we can expect vacancies.

"The bottom will come, we don't know when. Are there risks? Yes, of course there are risks. We have to ask ourselves, can we take on that risk before we make this major decision of signing on the dotted line," she stressed.

