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Bashed-up housing market expected to rebound

► 'Robust players will last, price correction on the cards'

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PETALING JAYA: The property market is taking a severe beating during the Covid-19 pandemic, with transactions coming to an abrupt halt due to the movement control order (MCO).

Despite this economic onslaught, it is a resilient industry where the more robust players will bounce back, industry experts said. They ruled out a crash in the housing market but said a price correction is on the cards.

"There are many uncertainties but based on past experiences, the property market will rebound," accounting and professional services provider McMillan Woods president Datuk Seri Raymond Liew said.

"Investors are always more judicious in their investments in brick and mortar, more than gold investment. The only question is when the market will rebound."

The industry was on a downturn before the pandemic struck as many developers were

slowing down their projects in late 2019, Liew said.

"Some bigger developers continued with their development probably due to financial and contractual commitments."

On what the government could do to give the property market a shot in the arm, Liew suggested that a group be set up to formulate workable strategies with industry stakeholders and players to better understand the factors affecting the supply chain, starting from construction stage to completion.

He urged the government to do away with the the Real Property Gains Tax (RPGT), which is hammering the market, as investors are generally unwilling to sacrifice their hard-earned gains to high tax rates.

"Alternatively, the government should consider reducing the tax rates and/or do away with the RPGT after five years of ownership to prevent speculation, which can artificially inflate prices in the long term.

"In the 2020 budget, although the threshold for foreigners to purchase urban high-rise

properties was reduced from RM1 million to RM600,000, this may not be good enough to clear the overhang in the high-end property sector. The ideal solution is to remove this threshold altogether and to extend the purchases to offices and commercial buildings."

PropertyGuru Malaysia country manager Sheldon Fernandez concurred, saying Malaysian properties, being fundamentally stable as an asset class, will rebound with sharp recoveries.

He predicted a correction to an upper limit of 10% in price decline, given that house prices dropped by 9.4% during the 1998 recession and Nipah virus outbreak.

"While actual transactions will take time to materialise as many property decisions are still expected to be delayed, we don't foresee the housing market crashing," Sheldon said.

"Web traffic to for-sale home listings on PropertyGuru dropped substantially by 41.3% during the first week of the MCO.

"Interest in residential listings, measured in terms of property enquiries, also fell by 43.5% as focus was on bread-and-butter issues. Traffic and enquiries on PropertyGuru increased by 12.3% and 79.6% respectively by mid-April, five weeks after the MCO was initiated."