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# Fewer new developments this year

*Launch activities are likely to slow down against backdrop of feeble consumption and job insecurity, notes Foo*

by FARA AISYAH

THE number of new developments is expected to continue its decline this year as a result of the lingering property overhang, as well as the projected weaker economy due to the global Covid-19 pandemic.

Despite the overall sales performance rate improving at 40.4% last year due to the government-backed Home Ownership Campaign (HOC), compared to 34.6% in 2018 and 32.6% in 2017, the property market continues to soften.

The National Property Information Centre's (Napic) Property Market Status Report 2019 noted that new launches declined by 9.2% to 59,968 units in 2019, from 66,040 units in the previous year.

"Launch activities are likely to slow down this year against the backdrop of feeble consumption and job insecurity. Developers would focus on clearing inventory," CBRE-WTW (a CBRE Group Inc and CH Williams Talhar &



Residential sector shall remain as buyers' market, moving forward, with rebates or promotions from developers maybe forthcoming and intensified

By: Mohd Amin Nazrul

Wong Sdn Bhd joint venture) MD Foo Gee Jen said.

He said as an indication of market demand in terms of pricing, properties below RM500,000 cluster fared better in 2019 with aggregated sales rate of 43.8% — which was also higher than the national

sales rate of 40.4% — compared to 32.3% of the above RM500,000 range.

Foo also added that the overhang numbers and Covid-19 may have reduced property sales to almost zero in April 2020 as buyers may have taken hiatus to reassess the

current practice of developers in dictating market prices and current house price level.

"Moving forward, the residential sector shall remain as buyers' market. Rebates or promotions from developers may be forthcoming and intensified, while major price

correction may be impending which will render prices to become more affordable in the long term.

"Low interest rate and the expected further cut on Overnight Policy Rate incentivise residential purchase for those who are financially-sound," he added.

Napic data showed that residential overhang in the country stood at 30,664 overhang units worth RM18.82 billion in 2019, a decline of 5.1% and 5.3% in volume and value respectively against 32,313 overhang units at RM19.86 billion in 2018.

Meanwhile, commercial property recorded 25,044 overhang units worth RM20.81 billion, increased by 40.9% and 49.6% in volume and value respectively against 17,769 overhang units worth RM13.91 billion in 2018.

VPC Realtors (JB) Sdn Bhd Asia-Pacific property consultant Bruce Lee said the decline in new launches has contributed to the lower overhang units last year, in addition to the impacts of HOC.

"Due to the Covid-19 pandemic, many developers will certainly delay or cancel new project launches this year.

"Many of them will take a long time to observe and wait for the market to recover," he added.