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DURING the movement control order (MCO) period, various online meetings among property consultants, investors and developers have tended to converge on one question.

Will prices drop and by how much? During a webinar, one of Malaysia's top five developers say there will be a dip in price with developers giving additional discounts for completed unsold units. There will be a cutback on launches with no steep drop in price.

"It is just a matter of time (before the market rebounds) as in previous crises," he says.

He did not reveal the quantum of the drop but went on to say the situation will improve when a vaccine is discovered, which may take one to one and a half years.

Although this developer decline to say how much prices will drop, real estate personnel have given some sort of guidance. Opinions differ widely.

There is a need to step back to pre-Covid-19 days to get perspective, Michael Kong Kok Kee, founder of MacReal International says.

He says the market has not been well for some years after its 2012 peak as that will affect the overall property market, including the secondary market.

In February, Kong, who is also Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector president, said a 10% to 15% quantum was expected.

During the MCO, this was raised to between 20% and 40%, depending on location and property-type.

In late April, smack in the middle of the MCO, Ernest Cheong from Ernest Cheong PTL Chartered Surveyors says he expects a 70% decline.

Cheong's forecast can be rather controversial. He has been saying prices will fall for years.

The wide difference underscores the fact that no one really knows. They are making an estimation based on their knowledge, expertise and experience.

"We are really in uncharted territory because what we are experiencing in the property market today is unprecedented," the developer *StarBizWeek* quoted earlier say.

If the national economy is not doing well, it is unlikely the sector

# Buying during the MCO



**Going virtual:** As potential buyers are not able to physically see the show unit during the MCO, developers will have to provide detailed information to pique their interest.

will thrive, the developer and Kong say.

The property market does not exist in a vacuum; it is a subset, or a part of the larger national economy.

If the economy is not doing well, neither will the property sector, and vice versa.

Although the economy narrowly escaped a contraction in the first quarter with a 0.7% growth, it would likely have a deep contraction in the April-June quarter, Bank Negara said on Wednesday when reporting on the country's first quarter gross domestic growth.

Already, countries from China to United States, and those in between, are racing against each other to produce a vaccine.

Until then, people will learn to live with it by wearing masks, working from home and practise social distancing while developers and their agents will focus on virtual reality and hone their digital marketing skills.

This does not mean that the property market is dead.

Far from it. Malaysian Institute of Estate Agents president Lim Boon Ping says things are happening, although the sales galleries may be shut and real estate agencies remain closed.



"Agents are closing deals although they are only allowed to charge clients on execution. So they have to wait for the agreement to be physically signed.

"This means there is a vacuum period, especially during the MCO and agents will have a loss of income.

"Although digital documents were suggested, this is not recognised in court," says Lim.

He says there are agents who have managed to collect bookings and close deals, but arrangements are being done to sign the physical documents post-MCO or earlier, if possible when MCO is relaxed somewhat.

"Effectively you cannot see transactions, but this does mean developers and property agents are doing nothing," he says.

Most of them have gone online, Lim says, adding that there are more than 20,000 agents and negotiators in the country.

MIEA's total membership is about 6,500. There are many virtual tours.

How effective they are is another issue. But these "tours" help to "introduce" projects to potential buyers, says Justin Chang, one of four partners in digital solutions provider JETK Innovative Tech Sdn Bhd.

"It is more user-friendly but at the end of the day, it will still boil down to location and price point," Chang says.

"Tech is just a sales kit, but if the package is not correct, or if the agent is not conveying the message, it will not work.

"People will not pay a booking fee based on tech. They still want to human touch. The advantage of digital solutions, however, is that it enables developers to give a foretaste of what is to come because digital solutions thrust them into the market place with a button click away," says Chang.

Only developers can afford to sell digitally.

When someone buys into a high-rise project, potential buyer may want to know what he can see from a particular unit.

The really tech-savvy developers can take a drone up to that particular floor and give the actu-

al view from the unit.

A drone is not expensive but the developer will have to do a bit of work and estimate the height of the floor and the drone will take view or scenery at that level.

"This would sort of 'hype' up interest for the buyer," says Lim.

Because the potential buyer is not able to see the show unit in person, developers will have to provide as detailed information as possible to pique buyers' interest in a slow, declining and uncertain market.

Today, the MCO has kept buyers house-bound but developers big and small are aggressively offering "MCO package" or "stay-at-home package."

Some of these offers come with a long list of zeroes - zero booking fees, zero down payment, zero legal fees, zero interest charges during construction and zero cancellation fees.

Others have booking fees of a few hundred ringgit and free 24 months instalment plans.

Each package and individual project, though offered by the same developer, has to be assessed critically and individually.

Others offer extended periods to make the initial deposits. Some throw in furnishing and even a brand new car.

So the Covid-19 war is fought on many levels, both at the medical profession to save lives, and among developers as they try to save themselves and their balance sheets.

Although close to 80% of housing transactions is from the secondary or sub-sale market, the focus tend to be on developers' launches.

Buying directly from an owner involves a larger initial outlay. There are advantages. One can see the house and surrounding neighbourhood and the amenities available. In short, you get what you see and there are no worries about developers folding up and abandoning the project.

You may need to spend on renovation. House owners do not need to go to great lengths to market and promote their properties.

A developer has to do that and provide all sorts of freebies and promises to get buyers to sign on the dotted line, especially at times such as today.