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## Developers to launch more projects due to HOC

*Sales in secondary market may improve due to RPGT exemption and lifting of 70% margin of financing limit*

by FARA AISYAH

**PROPERTY** developers are expected to launch more new developments this year on the back of the reintroduction of the Home Ownership Campaign (HOC).

VPC Alliance (KL) Sdn Bhd MD James Wong said the HOC is a catalyst to do so, particularly in the affordable housing category of below RM500,000.

"In the first quarter of 2020 (IQ20), there were very few housing projects launched. With the Movement Control Order (MCO) on March 18, 2020, there were hardly any new launches.

"Hence, we expect more new housing projects to be launched by developers as the MCO (has been) gradually eased and when it is finally lifted," he told *The Malaysian Reserve* (TMR).

TMR previously reported the number of new developments are expected to decline this year as a result of the lingering property overhang, as well as the weaker economy due to the Covid-19 pandemic.

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 2018.

The overall sales performance rate, however, improved to 40.4% last year due to the government-backed HOC, compared to 34.6% in 2018 and 32.6% in 2017.

The overhang in the residential property market segment in the country stood at 30,664 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 in 2018

valued at RM19.86 billion.

The commercial property segment recorded 25,044 overhang units worth RM20.81 billion, an increase of 40.9% and 49.6% in volume and value respectively against 17,769 overhang units worth RM13.91 billion in 2018.

Knight Frank Malaysia Sdn Bhd MD Sarkunan Subramaniam said it is a good time to sell properties, particularly in the secondary market.

"I believe sales in the secondary market will improve due to the Real Property Gains Tax (RPGT) exemption and the lifting of the 70% margin of financing limit. It is a good move to boost the residential market."

The reintroduction of the HOC, the RPGT exemption for disposal of up to three properties and the lifting of the 70% margin of financing limit for the third housing loan onwards are part of the measures under the short-term National Economic Recovery Plan.

CCO and Associates (KL) Sdn Bhd ED Chan Wai Seen said it may not be a favourable time to sell secondary homes partly due to weak market sentiments and competition from the primary market.

"However, if the owners are forced to dispose of the homes due to unemployment, for example, they would do it and might be at lower price."