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Unreleased Bumi lots contribute half of property overhang

by FARA AISYAH

THE unreleased Bumiputera lots contribute to about 40% to 50% of the country's overhang numbers, according to Real Estate & Housing Developers' Association (Rehda) Malaysia president Datuk Soam Heng Choon.

Many completed houses in certain states were unsold because the state governments do not want to release the Bumiputera lots.

"For example, Johor has a 40% Bumiputera quota. Assuming the developer sold 10% of the quota, it still has 30% unsold, and the overhang units get accumulated over time," he said at the Home Ownership Campaign—Malaysia Property Expo October 2020 press conference yesterday.

The National Property Information Centre's (Npic) Property Market Status Report for the first half of 2020 (1H20) showed there were 31,661 overhang residential units worth RM20.03 billion, an increase by 3.3% in volume and 6.4% in value from the 30,664 units worth RM18.82 billion recorded in 2H19.

Johor retained the highest number and value of residential overhang in the country with 6,166 units worth RM4.74 billion, accounting to 19.5% and 23.7% respectively of the national total in the period.

It also maintained its reign as the highest serviced apartment overhang state in 1H20 with 73.7% share in volume (15,986 units) and 76.7% share in value (RM14.67 billion), with almost all of these overhang



Pic by Mohd Amin Nathaniel
The state govt controls the release of unsold Bumi lots, so the state govt needs to come in and help the situation, says Soam

units were in Johor Baru district. The overhang in the serviced

apartment subsector continues to rise and form the bulk of commercial property overhang, recording a total of 21,683 units valued at RM18.64 billion, up by 26.5% in volume and 24% in value against 17,142 units worth RM15.04 billion recorded in the June to December 2019 period.

"Everybody needs to play their roles in trying to resolve this issue. The state government controls the release of unsold Bumi lots, so the state government needs to come in and help the situation. As for government agencies, please don't build houses in lousy locations," Soam said.

He added that the divergence between location, type of property and prices contribute to the high overhang number as well.

He said the right product with the right pricing but built at a wrong location could not attract buyers.

Likewise, a wrong product and pricing at the right location would contribute to the mismatch in demand and supply.

By type, Npic said, condominium/apartment formed 51.4% (16,274 units) of the national's overhang, followed by terraced (29% at 9,187 units) in 1H20.

By price, property between RM200,000 and RM300,000 (6,151 units) formed 19.4% of the unsold units, those priced in the RM300,000-RM400,000 range (4,128 units) accounted for 13% of the unsold stock and units priced above RM1 million (3,966 units) formed 12.5% of the total residential overhang in the period.