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Property sector allocations insignificant to curb overhang

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PETALING JAYA: Property players are generally in favour of Budget 2021 allocations for the sector, especially the stamp duty exemption for first-time home buyers and rent-to-own (RTO) scheme for PRIMA housing, but such efforts may still prove little to solve the property overhang issue in the country.

Speedhome CEO Wong Whei Meng said the decision to reduce personal income tax and EPF contributions will increase disposable income, especially for the income group earning between RM50,001 and RM70,000. First-home buyers who have planned and started saving for house downpayment can take advantage of it to accelerate the purchase timeline.

“However, this would only yield a mild effect on the current overhang situation. To curb the problem, the government could instead use the RM315 million allocated for Rumah Mesra to subsidise first-home buyers in buying from the existing housing supply,” he told *SunBiz*.

Wong highlighted that the series of financial reliefs will ease tenants to fulfil the rental obligations – akin to a shot in the arm to stabilise the property rental market. On top of that, the government is expected to announce the Residential Tenancy

► To help B40 and low income households, right homes in right locations need to be built to ease unsold units situation

Act in 2021 to regulate property rental market. These would uplift the current poor investment sentiment, and therefore encourage investors to consider buying a property during this “buyer’s market”.

iProperty.com Malaysia Sdn Bhd general manager Wong Siew Lai said property overhang has been an ongoing problem for several years now.

She said the stamp duty exemption will not only make it easier for first time home buyers to get onto the property market but also stimulate investor activity, noting that the length of stamp exemption is effective until December 2025 which gives plenty of time to benefit buyers.

“First-time buyers are generally the most vulnerable of property buyers, with the least amount of money on hand. Any measure that reduces their costs limits the size of the loans and monthly payments or makes their purchase more affordable would be of great benefit.”

She said the allocation of RM750 million to Pelaburan Hartanah Bhd to



increase the value of Malay reserve land via property development is great potential in the development of these lands especially reserve land in urban and suburban areas. Houses built here could encourage property transactions and at large homeownership among the younger generation.

“The government working with selected financial institutions to provide affordable housing through the RTO scheme could help clear the existing PRIMA housing stock.

“Extending the stamp duty exemption on loan agreements and transfer instruments for rescue contractors and original buyers of abandoned houses for five years will

help inject confidence in the local real estate industry among home buyers and foreign and local investors.”

PropertyGuru Malaysia country manager Sheldon Fernandez said it is imperative to foster job creation and to stimulate economic growth which in result, will also impact the property market.

“With good intentions to help both the B40 and low income households, it is imperative to note that the right homes in the right locations need to be developed to ease the overhang that is currently being faced by the market.”

The National House Buyers Association secretary-general Datuk Chang Kim Loong supports the government’s proposal to promote RTO, except that the threshold should not be extended to cover pricing up to RM500,000.

“This figure is the housing developers’ qualification of ‘affordable housing’ and is on the high side as compared to the official definition by the Housing Ministry,” said Chang, noting that the ministry’s definition of affordable Housing are priced between RM150,000 to RM300,000.

He also pointed out that there was not much ‘further incentives’ as the government had previously announced three initiatives in the Penjana economic recovery plan in June this year.