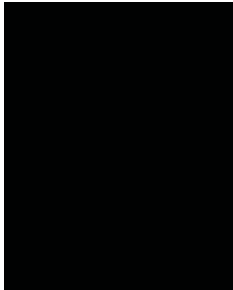


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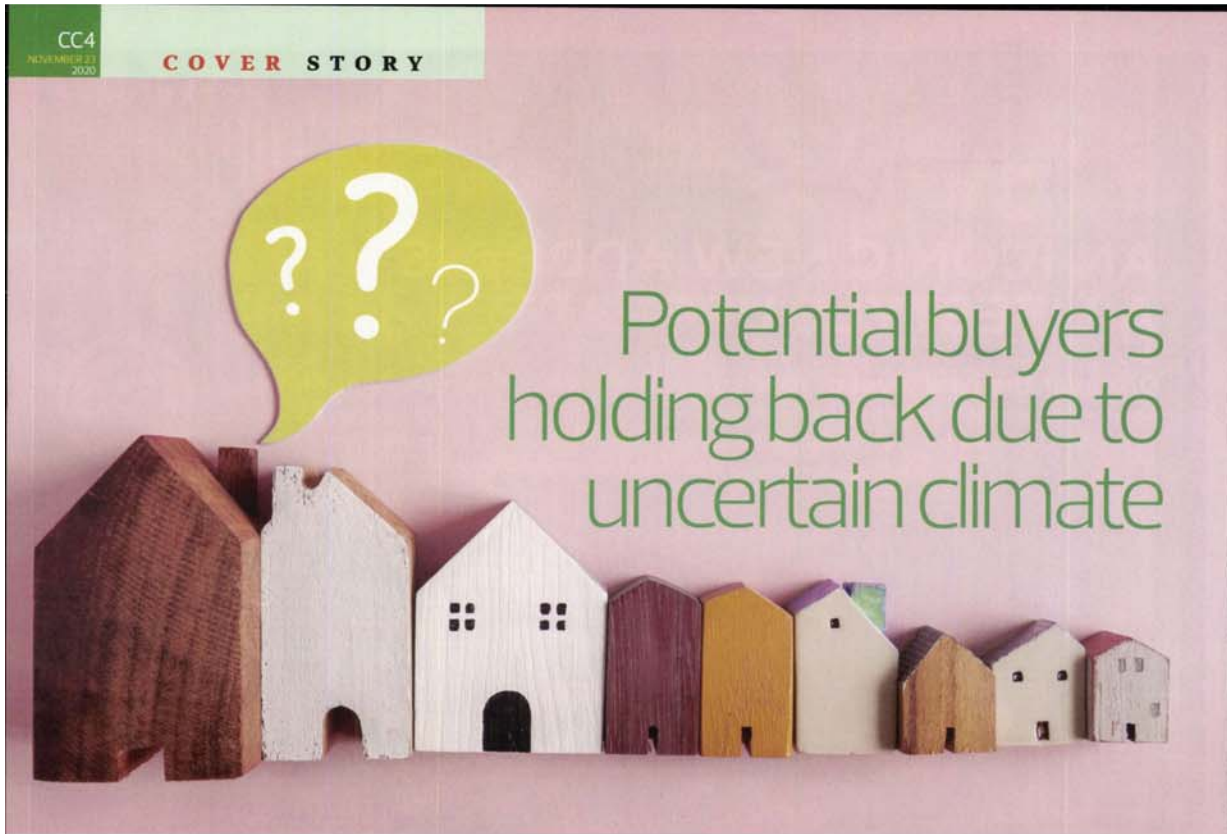
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PURCHASING A HOME POST-MCO

The Movement Control Order and its variations have changed the way most of us live, but have they affected our home-buying preferences? **Ethel Khoo** analyses the results of a survey carried out by *City & Country* and finds out what the property experts have to say. See Page 4.

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Potential buyers holding back due to uncertain climate

BY ETHEL KHOO
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The Covid-19 pandemic has brought about many changes to our daily lives. For some, having to stay home all day and all night — whether alone or with company — during the Movement Control Order (MCO) period was a challenge. Almost everything, from working and studying to eating and exercising, had to be done at home.

In September, *City & Country* conducted a survey to find out whether the MCO had an impact on homebuyers' preferences — such as the size and location of the property — when it came to their next purchase.

A total of 327 people responded and 41.1% of them were in the 31 to 40 age group. The rest were in the 22 to 30 (26.4%), 41 to 50 (23.9%) and 51 and above (8.6%) age groups.

About 46.2% of the respondents were single while 40.6% were married with children. The rest were married but did not have children. Those living with their partner or spouse and children accounted for 36.7% of the respondents while 27.2% lived with their parents. The remaining participants either lived with their partner or spouse (18%), lived alone (10.1%) or with their housemates (8%).

Many (61.5%) owned the property they were living in, and 28.7% of the respondents said they want to move to another house after going through the MCO.

Whether they planned to move sooner or later, about 50.7% said they would remain within the same area they are living in now.

According to property experts, some may hesitate to move due to the economic uncertainty as a result of the pandemic.

The unstable political environment has also led to the wait-and-see approach taken by potential homebuyers, says Laurelcap Sdn Bhd executive director Stanley Toh.

Nawawi Tie Leung managing director Eddy Wong notes that in this uncertain climate and with jobs at risk, it is not surprising that some are choosing to delay their plan to purchase property until there is more clarity in the market direction.



"People are unsure how long it will take for the pandemic to end and for the economy to recover. Moreover, the process of moving house can be a hassle. Also, as long as the virus has not been eradicated, people may not want to take the risk of engaging strangers to do renovations, clean their new house and move their belongings," says Henry Butcher (M) Sdn Bhd chief operating officer Tang Chee Meng.

Reasons for moving

Only a small group of survey respondents were certain that they would move to another house post-MCO. Some said they were thinking about it and may move within the next two years (29.6%) or after two years (19.1%).

One of the main reasons given for wanting to move was the size of the house as the respondents said the one they were currently living in was too small.

"The MCO has resulted in a paradigm shift in the way we work and live. Having experienced working from home, more people may adopt it as an alternative mode of working for, perhaps, part of the week, if not the full week. Thus, a larger and more spacious house with an extra study area would now be an important consideration when making a purchase," says Wong.

Tang believes there are other reasons people may choose to relocate. "There are some who move to a smaller house because they have retired and their children do not want to live with them, or their financial circumstances have deteriorated and they need to cash out of their present house."

This is in line with one of the findings of the survey, which was that a small group of people, mainly in their forties or fifties, were looking to downsize as their children no longer lived with them. Easier maintenance was another reason given for choosing to downsize.

Meanwhile, the many incentives currently available to homebuyers may motivate some to move. "For people who have not been affected financially, they may take advantage of the attractive discounts, easy payment schemes and other incentives currently offered by property developers to buy a house," says Tang.

Toh opines that the low interest rate environment and poor property market sentiment will see people who are financially secure acquiring assets at lower prices. "But generally, most people will wait and see until a vaccine is out and when the economy and sentiment in general start to improve."

Tang believes the MCO has not caused any major shift in house buyers' preference for larger residences. "The major consideration in this instance will more likely be one's financial capability."

Different housing needs

Looking at the survey results from a deeper level, it is clear that people at different stages of their life have different needs, which would influence the type of house they would buy.

Those aged between 22 and 30 were mainly single and did not own the property they were living in. Most were staying in a landed property with their parents. They indicated that when they were ready to move, they would choose a smaller high-rise property in a different area, which is closer to public transport, their workplace or shopping malls.

Other respondents who were single but not staying with their parents were either living alone or with housemates. Most were renting and — similar to the singles who lived with their parents — would prefer a high-rise property in a different area when they were ready to move.

The 31- to 40-year-olds were the most interesting group to study, as they were the most diverse in terms of which stage of life they were in. More than half were homeowners and they said that if they were to move, they would still choose to live in the same area.

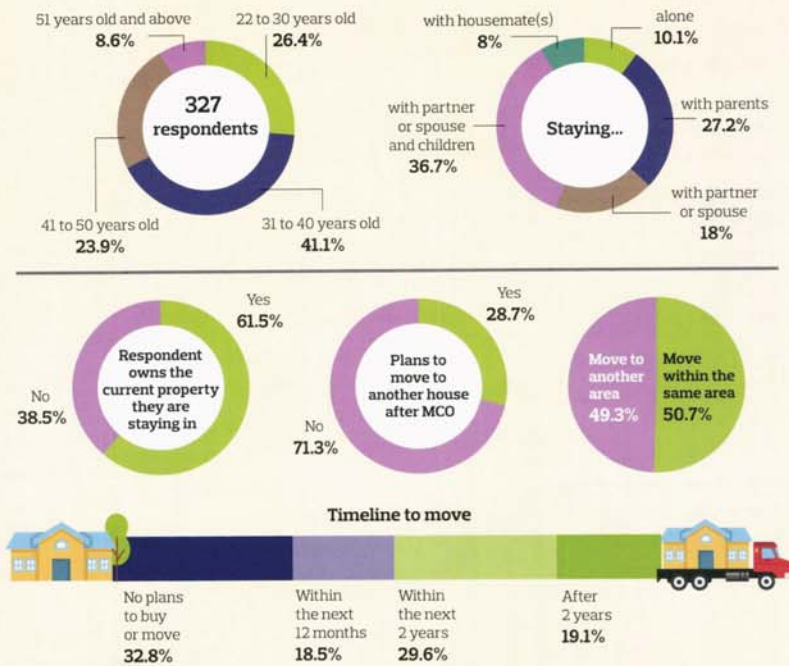
Those who were single were either living alone or with their parents. Most of the respondents who were living alone owned a high-rise property and would prefer to move to a landed property. The ones who were living with their parents were mostly not homeowners and resided in a landed property. If they were to move, they said that they would look at high-rise properties.

A significant number of those in the 31 to 40 age group were married with children. Most of them owned a landed property and were looking to move to another landed property within the same area.

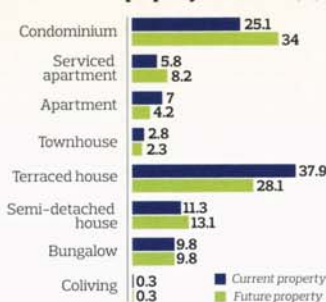
Generally, most people will wait and see until a vaccine is out and when the economy and sentiment in general start to improve [before acquiring assets], — Toh

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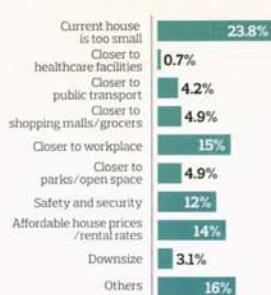
City & Country conducted a survey to find out whether the MCO had an impact on homebuyers' preferences. The findings from the 327 respondents are as follows:



Current property of respondents versus future property to move to (%)



Reasons to move



The reasons given for wanting to relocate were to upgrade for safety purposes and to be closer to parks and open spaces.

A smaller group of respondents were married but did not have children. They were homeowners and about half lived in a landed property while the rest lived in a high-rise unit. Besides wanting to upgrade to a bigger house, they said they would move to be closer to their workplace. This group said they would either choose to remain in the same type of property (landed or high-rise) or upgrade to a larger landed property.

Respondents between the ages of 41 and 50 as well as 51 and above comprised mainly married people with children. Most were homeowners of a landed property and were living with their spouse and children.

Those in the 41 to 50 age group were mainly upgraders and were looking to move to another landed property in the same area. However, there were a few

who were looking to downsize to a smaller landed or high-rise property in preparation for retirement.

The 51 and above age group included upgraders looking to move to a landed property in the same area. But about half were looking to downsize to a smaller landed or high-rise property after they retired as their children no longer lived with them.

From the survey, we may conclude that those who are younger and single are more inclined to relocate to a different area, while those who are older and who have families would prefer to remain within the same area should they choose to move house.

"The younger generation wants more life experiences and are keen to explore. Thus, they are more mobile. Meanwhile, the older generation is more traditional, inclined to a routine-based lifestyle and dislikes changes. Hence, they prefer to be in the same area," Laureicap's Toh explains.

Nawawi's Wong opines that the familiarity factor is the general reason people stay in the same area

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For people who have not been affected financially, they may take advantage of the attractive discounts, easy payment schemes and other incentives currently offered by property developers to buy a house." – Tang

while motivation for moving to a different location includes "upward social mobility, affordability and easy access to public transport".

The affordability factor is most likely a huge consideration for the younger crowd, he says. "For example, a young couple may have grown up in Petaling Jaya but the area is too expensive for them to buy a landed property. So, they have a choice of either buying a high-rise property in PJ or moving to a less expensive suburb if they prefer to live in a landed property."

Henry Butcher's Tang concurs with Wong on the familiarity factor. "People who are married with children may have probably become used to the area that they are living in, as they have built friendships in the neighbourhood and would prefer not to uproot their children from their present schools as it could be upsetting and disruptive."

"Unless the area that they are currently residing in is beset with issues, most people will be less inclined to move to an unfamiliar area."

He notes that younger people who are still single have less of such concerns but there are some who may still prefer to live closer to their parents.

Is now a good time to buy?

With uncertainty on the health, economic and political fronts, those looking to buy property are wondering if they should take the plunge.

The general answer from the property experts is yes. "But this is only if you have a stable job and are financially secure," Tang cautions.

Toh says, "Prices have generally dropped. The market sentiment is weak with the loan moratorium ending and banks have been asked to assist borrowers with their loan repayments, especially those directly affected by the pandemic, such as the tourism sector. Meanwhile, there are some fire sales on the horizon in the secondary market."

With the many attractive discounts and incentives offered by property developers as well as the ongoing Home Ownership Campaign, property experts say there are good deals to be had now. "This is an almost once-in-a-lifetime opportunity to buy something that you like at a reasonable price," says Wong.

"People who are looking to sell their current house to raise money to buy their next house can save on tax under the Real Property Gains Tax exemption. Moreover, it would be beneficial to lock in a loan in this low interest rate environment," says Tang.

Under Budget 2021, full stamp duty exemption on the memorandum of transfer and loan facilities will be given for purchases of first homes of RM500,000 and below. The stamp duty exemption on both documents will also be given to white-knight contractors and original purchasers of abandoned housing projects for an additional period of five years. These exemptions are valid for sale and purchase agreements signed from Jan 1 next year to Dec 31, 2025.

Furthermore, a rent-to-own programme will run until 2022, involving 5,000 units under the 1Malaysia Housing Programme (PR1MA). This is targeted at first-time homebuyers.



This is an almost once-in-a-lifetime opportunity to buy something that you like at a reasonable price." – Wong