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## Better to buy a car or a house first?



Food for thought  
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MANY people kick-start the new year with a fresh set of resolutions.

I always like listening to resolutions from the younger generation and take a peek at their life goals. It is interesting to keep our finger on the pulse.

Buying a new house and a new car usually top the list of the young generation.

I was curious, "Should you buy a car or a house first?" Their answers varied, with most of them, voting for a car instead of a house, due to the need for transportation.

I started this column eight years ago with the first article entitled "Buying a car or a house first?" This is a topic I have been passionate about, and I hope the examples below help people make better decisions.

Eight years ago, a friend bought a brand new car at RM140,000. Today, that car is only worth RM40,000 if he were to sell it. It has depreciated more than 70% since he bought the car!

Another friend purchased an affordable apartment with RM100,000 around the same time eight years ago. That apartment is now worth more than RM250,000! My friend doesn't plan to sell the unit because of its potential for further capital appreciation.

These real-life examples paint a clear picture between "good debt" and "bad debt".

Given a choice, would you prefer to get a loan to buy an item that depreciates over a short period which is deemed as "bad debt"

or commit on a "good debt", which is to purchase a house or asset that will appreciate in the long term?

A car used to be a symbol of freedom and ease of mobility. I could understand the dilemma of having to choose between a house and a car a decade ago.

Even then, we should still have chosen a car within our means to manage our financial position.

Today, with public transportation and the availability of ride-sharing services such as Grab Car, we can now really have the option of buying a house first. This gives us both shelter and value appreciation.

This choice has just been made easier with Budget 2019 and the recent announcement by the Finance Ministry.

The government has rolled out several measures to assist homebuyers, including stamp duty exemptions.

Homebuyers will get a stamp duty waiver for memorandum of transfer (MoT) for the purchase of houses priced up to RM1mil, during the six-month Home Ownership Campaign (HOC) from January to June 2019. In addition, the stamp duty on loan documentation is fully waived up to RM2.5mil.

Besides that, the Real Estate and Housing Developers Association (Rehda) has also agreed to cut the prices of its completed and incoming units by at least 10%.

When I talk to potential homebuyers, they always ask about the right time to own property.

There is no perfect time to buy a house on foresight. If the price is within your means, and you plan to buy it for own stay or as a long-term investment, then anytime is a good time.

However, with the property market at the bottom half of the cycle now, this could be a good time to commit to a house with the attrac-

tive tax incentives rolled out by the government.

Homebuyers can grab the "duty-free" opportunity now to explore the property market. Those living in the Klang Valley will be able to find their dream home during the Homeownership Campaign Expo at the KLCC Convention Centre from March 1-3.

The campaign is jointly organised by Rehda and the Housing and Local Government Ministry. Besides having all developers under one roof, the ministry will also be featuring homes under RM300,000 by PR1MA, SPNB, PNB and others.

The Homeownership Campaign was first held in 1998 to lessen the burden of homeownership and to encourage homeownership. It is re-introduced after two decades now with the same objective.

For homebuyers who don't like the risk of buying a house under construction, there are plenty of completed units for sale in the campaign.

Buying a house can be emotional and uncertain for many homebuyers. However, in the long run, we can rest assured that we are buying an asset that will appreciate.

For homebuyers, always buy within your means as you can upgrade your house in the later stage of your life.

In this auspicious Chinese New Year, I hope you decide to prioritise a new house over a new car. Gong Xi Fa Cai!

Datuk Alan Tong has over 50 years of experience in property development. He was the World President of FIABCI International for 2005/2006 and awarded the Property Man of the Year 2010 at FIABCI Malaysia Property Award. He is also the group chairman of Bukit Kiara Properties. For feedback, please email [bkp@bukitkiara.com](mailto:bkp@bukitkiara.com)