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Knight Frank: Existing taxation system sufficient to prevent affordable homes speculation

by FARA AISYAH

PROPERTY consultant firm Knight Frank Malaysia Sdn Bhd said the existing taxation system is sufficient to prevent speculation in affordable homes, rather than having the government acquire rent-to-own (RTO) homes under the second National Housing Policy (NHP 2.0).

"While we understand that the Ministry of Housing and Local Government (KPKT) wants to prevent speculation in affordable homes, the government directly intervening

and purchasing homes is not advisable," Knight Frank MD Sarkunan Subramaniam said in a statement yesterday.

"As far as speculation is concern, taxation mechanisms such as real property gains tax and stamp duty are good enough to prevent the situation," he added.

Knight Frank said the RTO scheme is a good initiative by the government as it can increase the eligibility of low-income earners in securing their homes by credit scores.

Moreover, Sarkunan expressed his concern on the

government's recent announcement of providing micro housing for low-income unmarried individuals — such as the proposal by the Kuala Lumpur City Hall to allow single people in the B40 group to rent small capsules at only RM100 per month.

He said properties below 200 sq ft are definitely not an ideal choice even for a single owner, as they also require a reasonable amount of space.

"Even in Hong Kong, which is known for its unaffordable property prices, several developments featuring shoebox flats had failed to achieve

favourable sales results.

"Therefore, proper market research is needed to find out the actual demand for these sort of developments. Furthermore, these types of housing are at risk of becoming ghettos and drug dens," he said.

Sarkunan said Malaysia is not ready for the build-then-sell structure — which KPKT will start to research and review this year — and that it should be free for developers to decide on the model of development.

He said generally, the structure will increase cost on housing units, therefore it is

against lowering house prices and affordability.

Sarkunan said NHP 2.0 should consider creating a standard policy nationwide for Bumiputera quota, in line with current market trends.

"While land is a state matter, the federal government should try to streamline the Bumi quota and the release mechanism on Bumiputera housing units in all states.

"For example, the situation in Johor where the Bumi quota is 40%, the slow release is choking developers on their cash-flow," he added.