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More launches in the pipeline

Developers taking projects out of cold storage

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PETALING JAYA: The Home Ownership Campaign (HOC) which runs until June 30 and which was officiated by Prime Minister Tun Dr Mahathir Mohamad last Friday has spurred developers to take their projects out of cold storage.

Some of them have not launched any projects after the developers interest scheme was banned since 2014. Instead, they focused on "relaunching" previous projects by tweaking incentives and payment terms while others folded their marketing departments to cut

operating costs, preferring to outsource to real estate agencies.

The introduction of the interest bearing schemes between 2009 and end-2013 had enabled buyers to fork out a down payment of as low as RM5,000 for units priced at close to half a million ringgit, with rebates thrown in.

A developer who declined to be named said: "It's been really tough the last few years. We have not launched anything since 2014.

"Instead, we focused on selling stocks launched previously."

His comments were representative of some of his comrades who did roaring business between 2010 and 2014, only to see demand

drying up between 2016 and 2018.

According to Valuation and Property Services director general Ahmad Zailan Azizuddin on Feb 21, transaction volumes have been on a decreasing trend for the first nine months of 2015, 2016 and 2017. It rose in the third quarter of 2018.

New launches decreased by 23.6% for the first nine months of 2018 compared with a year ago. Zailan said at the 12th Malaysian Property Summit 2019 that 50,810 units were launched, of which one-third were sold.

Condominiums and apartments formed

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Housing campaign likely to stir interest in property

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the bulk of the new launches at 35.2%.

Property consultancy Henry Butcher chief operating officer Tang Chee Meng said the housing campaign is expected to stir interest in the property sector.

"This is an opportunity to buy and to sell."

Developer and Real Estate and Housing Developers' Association (Rehda) Datuk Soam Heng Choon said: "This is definitely the best time to buy...there will be substantial savings. We hope to do as much sales as possible."

The campaign has also prompted plantation company Golden Land Bhd to enter the property construction sector. It is making its debut in the Klang Valley with serviced apartment project Anggun in Setia Alam, Shah Alam.

Its previous project was an industrial development in Penang.

Chief executive officer Stewart Yap said: "Despite the soft economic climate, the property market remains resilient. However, as developers, we should pay acute attention to the feasibility of projects and strength of demand in the specific areas we are engaged in."

"Golden Land's outlook is demand-centric and our research showed that there has been strong demand for mid-priced housing in Setia Alam.

"Furthermore, Anggun's target market aligns with the government's own drive to

push home ownership, and many of our units fit into the price bracket that has been earmarked for incentives.

"Overall, we feel we are on the right path in addressing the existing demand here as we have already received some 2,000 early registrants for the project, which is a very positive sign," said Yap.

The company is making its debut in the Klang Valley with Anggun, a 500-unit serviced apartment project with a gross development value (GDV) of RM280mil.

Developer MK Land Bhd is offering 24 units of leasehold three-storey semi-detached units next month.

Head of group marketing Terence Saw said the units would be priced from RM2.7mil.

The project is located in Damansara Perdana, Petaling Jaya.

The company will also be launching its Damansara Damai project known as Tower C, or Suasana.

It will involve 260 units of high-rise units, priced from RM659,000 with built-up starting from 1,000 sq ft.

The company has not launched for a few years. A property consultant who declined to be named said having products to launch is important for developers.

Because buyers are billed progressively according to a project's level of completion, for each year they do not launch new projects will result in depleting unbilled sales.

Another developer who recently took to the

launching trail was Berjaya Land Bhd.

The company launched three projects in 2014 and one each in 2015 and 2016. Its 2017 launch involved an affordable housing project in Bukit Jalil known as Lanai.

"Given we have been quiet for more than two years, a lot of thought has been given to Tropika launched on Feb 23."

"We were encouraged that the event resulted in 60% signed sales and purchase agreements (SPAs) and bookings for our first tower.

"This was particularly important to us because the sale of Lanai stretched out over two years despite having a capped price of RM300,000.

"While the home ownership campaign will benefit young first time buyers, Tropika and Ritz-Carlton, Berjaya flagship project, are not the target markets," Tan said.

During this six month home ownership campaign which started on Jan 1, 2019, the government has allowed a waiver on stamp duties between the buyer and developer when the SPA is signed and when the buyer takes a bank loan.

These exemptions are only applicable when buyers buy directly from developers, and are available to all buyers, irrespective whether they are first time buyers or otherwise.

However, buyers are only allowed to buy one property with the incentives, Tong pointed out.