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Integrated property database key to address market concerns

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This will serve as a launch pad for future policy direction — experts

STORIES BY TAN XUE YING & ARJUNA CHANDRAN SHANKAR

KUALA LUMPUR: Malaysia will need an integrated property database that could serve as a launch pad for future policy direction and actions by both the government and private sector players.

This was suggested by experts at the inaugural “Constructing and Financing Affordable Housing across Asia Conference” on Affordable Housing, jointly hosted by Cagamas Bhd and the World Bank Group here, yesterday.

Speaking during a panel session, Cagamas president and chief executive officer Datuk Chung Chee Leong said while there has been clear success in the promotion of home ownership, as observed in the rate of Malaysian home ownership at over 70%, there is a prevailing issue of a supply and demand mismatch.

He also lamented the increase in housing prices, which have grown at a faster pace than the growth of income levels of individuals or households.

“[It is] the lack of big data that facilitated this mismatch of supply and demand. But another issue that should be debated is whether the Millennials are really looking to own houses. There is a real need to understand the needs, especially among millennials who are going to enter the market as purchasers,” said Chung.

World Bank senior adviser of finance, competitiveness, and innovations Loic Chiquir stressed that an inclusive property market database will work in the government’s favour.

“It (the government) can have a fully-integrated vision of the housing market with real solid data. This data could be the base of many further actions,” he explained.

Chiquir added that the development of the Malaysian rental



(From left) Harrison, Chiquir, Chung, Gwinner, and World Bank finance expert Simon Walley at the closing session of the conference yesterday. Photos by Mohd Izwan Mohd Nazam

market is another area the World Bank could look into discussing with the government.

He also stressed that the rental market should not be confused with rent-to-own (RTO) schemes. RTO schemes, he said, are “one very powerful and potential vehicle for home ownership”.

“It is a different ball game for the rental market. We need, as the minister has said, a solid tenancy act, and maybe some packages — call [them] subsidies or incentives — for both landlords and tenants, [together with] tax treatments, and long-term finance,” said Chiquir.

“What we really believe in is the use of big data to help leapfrog the way of aggregating data, and how we can turn that data into something that is helpful for the government,” said World Bank senior housing specialist Dao Harrison.

In addition, more efforts could

be made to integrate existing home ownership subsidy programmes, which Harrison sees as a complex supply-side issue.

She also cautioned that measures taken should be able to strike a balance in ensuring private developers are not crowded out of the market.

Nevertheless, Malaysia remains a sophisticated market with plenty of opportunities, according to International Finance Corp principal operations officer of housing finance William Britt Gwinner.

“There are a lot of elements in Malaysia — institutional investors, professional property builders, professional property managers — that we can work with here, more than a lot of the other markets that we’ve looked at.

“The RTO scheme is something we could take a look at supporting, alongside Cagamas, depending on

the needs and structure,” he added.

The RTO scheme is said to have garnered foreign agencies’ interest, according to Housing and Local Government Minister Zuraida Kamaruddin on Tuesday.

She said Cagamas can act as a conduit for investors by undertaking administration and distribution roles of funds parked under the institution.

While Chung said Cagamas has yet to discuss with any parties on the matter, he agreed that the institution could be the best body to act as an intermediary — other than government agencies — as it is the country’s largest issuer of corporate debts and has issued bonds in foreign currencies.

Over the past three decades, Cagamas, also known as the National Mortgage Corp of Malaysia, has cumulatively issued RM323 billion worth of bonds and sukuk.