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Property market to stabilise this year

Preliminary data gathered by Naptic indicates a 5.1% gain in value for 1Q19

by ALIFAH ZAINUDDIN

THE Valuation and Property Services Department (JPPH) has projected a more stable property market in 2019 as preliminary data suggests that the value and volume of transactions are on an upward trend.

JPPH director Md Badrul Hisham Awang said preliminary data gathered by the National Property Information Centre (Naptic) indicates a 5.1% year-on-year (YoY) increase in value for the first quarter of this year (1Q19) to RM36.97 billion from RM35.17 billion in 1Q18.

The volume of transactions has also risen by 6.9% over the same period. However, reasons for the uptick have not been determined.

Speaking to reporters after the launch of Naptic's 2018 Property Market Report in Kajang on Tuesday, Md Badrul Hisham said the increase could be attributed to the government's initiatives, such as the



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Home Ownership Campaign 2019 and stamp duty waivers for first-time homebuyers.

Citing Naptic's annual publication, Md Badrul Hisham said the decline in new launches that was recorded in 2018 could have also contributed to the improved figures.

The report showed that the

number of new launches in 2018 contracted by 14.9% to 66,040 units compared to 77,570 units in 2017, with Kuala Lumpur (KL) recording a major decline of 56.1%. Conversely, the state of Johor recorded an increase of 17.3% in new launches from the previous year.

Construction activities tapered slightly in 2018, with completed units reduced by 0.7% to 93,547 units against 94,198 units in 2017.

Naptic stated that the property market had also gradually improved in 2018 with total transactions for the year increasing to 313,710 transac-

tions worth RM140.33 billion — a marginal improvement of 0.6% in volume and 0.3% in value compared to 2017.

Nevertheless, it said the country's residential overhang situation persisted with the figure standing at a total of 32,313 units valued at RM19.86 billion in 2018.

High-rise residential houses formed the bulk of the overhang units, representing 43.4% (14,031 units) of the total. Most overhang units were concentrated in Perak at 20.7% (2,905 units) and KL at 19.2% (2,692 units).

The report also highlighted that house prices continued to see a steady increase. The Malaysian House Price Index in 2018 stood at 193.3 points, up by 3.1 points from 2017.

House prices in Johor and Selangor were higher by 5.6% and 3.3% respectively over the course of the period. By type, the terrace house price index continued to record the highest increase.

Finance Minister Lim Guan Eng earlier in his speech urged for the difference in property values derived from the public and private sectors to be pared down.

Lim argued for the use of a cost valuation method instead of the comparison method as a way to streamline property values between the two sectors.

"If there are clear standard operating procedures, then the gap in property prices will not be so wide," he said.

JPPH DG of valuation and property services Ahmad Zailan Azizuddin said the cost approach to valuation may be practical in valuing affordable homes, where the government could intervene on cost-related matters.

However, in the case of private development, Ahmad Zailan said there is a need for transparency on costing by developers.

"We cannot go by cost if it is not transparent and if the parties concerned do not reveal their costs."

He was referring to a recent statement made by National Housing Department DG N Jayaselan who claimed that the lack of disclosure by developers on the detailed costs of their development had deterred efforts to address the country's housing affordability issue.