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Most Rehda members expect take-up rate to fall
The Sun, Malaysia

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Likely to go below 50% for first six months from date of launches in second half of 2019, compared with 58% in first half

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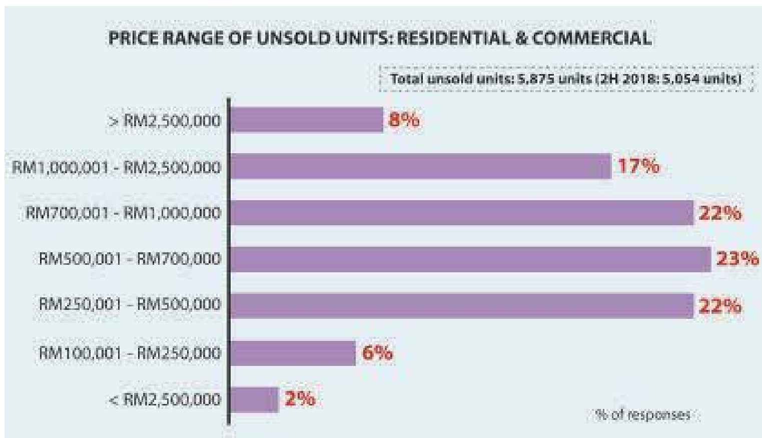
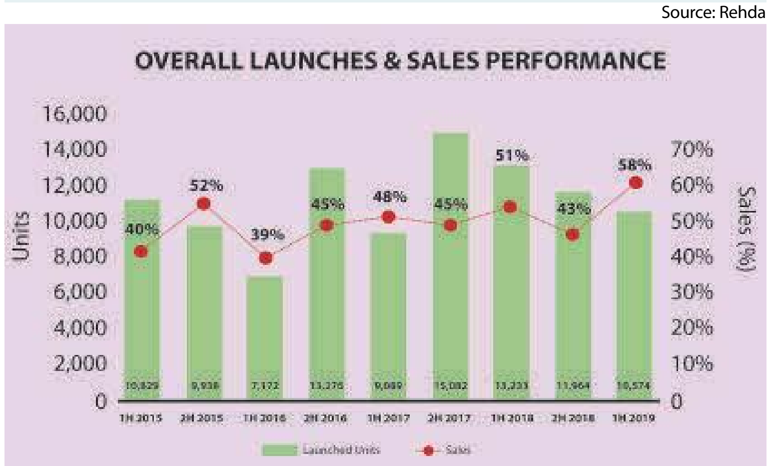


Source: Rehda



PETALING JAYA: Some 75% of Real Estate and Housing Developers Association Malaysia (Rehda) members anticipate a lower take-up rate of less than 50% for the first six months from the dates of their launches in the second half of this year (H2'19). This is based on the association's first-half property industry survey involving 144 members in the Peninsular Malaysia.

In the first half of the year, the take-up rate was 58.2%.

"We need to be reasonable in our expectations," said its president Datuk Soam Heng Choon (*pix*) at a media briefing on the survey results and market outlook.

He said 25 developers expect a sales performance of below 25%, 29 members predict 26-50%, 17 members foresee 51-75% and only four project a take-up rate of more than 75% for the first six months after their launches.

According to Rehda, the incoming property supply in H2'19 is expected to be 19,447 units, dominated by strata property at 11,560 units.

In H1'19, 58.2% or 6,157 units were sold out of 10,574 units launched. This was an increase from the preceding half which saw a sales performance of 43.3% with 5,179 units sold out of the 11,964 units launched. Most launched units are in the RM250,001-RM500,000 price range.

With regard to the property overhang, Rehda reported that those priced in the RM500,001-RM700,000 range account for the bulk (23%) of the unsold units, followed by those priced from RM700,001 to RM1 million (22%) and those from RM250,001 to RM500,000 (22%).

The survey revealed that the top reasons for the property overhang are end-financing loan rejection, unreleased bumiputra units and low demand/interest. The top three factors contributing to loan rejection are ineligibility, lower margin of financing offered and adverse credit history.

The number of developers who were "highly affected" by the current economic scenario increased to 28% in H1'19 from 18% in H2'18. Forty-four per cent said they were "moderately affected" and 18% "minimally affected".

In view of the unfavourable business environment, Soam said, some developers have opted to freeze new recruitment as well as cutting down on benefits and perks for their employees.

"In terms of production, the members have opted to reschedule the launch of their project and doing presale registration to ensure a good take-up before launching a project."

In addition, the developers have opted to reduce the scale of launches.

Aside from the challenging environment, Rehda members said the cost of doing business has increased due to compliance costs, material and labour costs and land costs.

The developers are also calling for incentives to encourage provision of affordable housing, including the reduction of development charges, lower land conversion premium and exemption of capital contribution charges.

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SUMMARIES

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