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# New measures give buyers, developers hope

THE unveiled 2020 Budget has provided hope to developers, house buyers and industry stakeholders, said PropertyGuru country manager Sheldon Fernandez.

He said the revision of the base year of acquisition for real property gains tax (RPGT) from Jan 1, 2000 to Jan 1, 2013 will soften the impact on higher tiers of the market, but its continued application will be a concern for investors and other stakeholders in the property value chain.

He said provisions targeting issues, such as first-time home ownership and the residential property overhang like the extension of the Home Ownership Campaign (HOC), are much needed to restore confidence in mid-range housing and the sector as a whole.

"Labour-centric provisions and reforms, along with macroeconomic boosters, will raise the overall income for Malaysians, tackling affordability from the bottom up. However, this is a long-term play which will take time to impact home seekers," said Fernandez.

He also said the allocation of RM10 billion for rent-to-own (RTO) schemes for first-time house buyers is a step in the right direction as an alternative financing platform.

The RTO scheme offers buyers the option to rent for five years and apply for end-financing to purchase the house in the sixth year based on the price fixed at the time the tenancy agreement is signed.

Knight Frank Malaysia Managing Director Sarkunan Subramaniam said the RTO may be able to address the overhang issue of condominiums and serviced apartments.

He hoped the RTO would help increase home ownership among Malaysians, in particular the lower-income group.

"We applaud the great initiative by the government to continue with the RTO scheme.

However, there is concern that the property sold may include the expected capital gain, which may lead to higher a property price compared with the current market value. This scheme has to be regulated and fairly practised by the public and private sectors."

Sarkunan hopes there will be more ini-



Hoping the rent-to-own (RTO) would help to reduce the burden of young working adults and families, and enable them to own a home.

tiatives to maintain the momentum in the recovery of the housing market.

The Real Estate and Housing Developers Association Malaysia (Rehda) President Datuk Soam Heng Choon said every Malaysian should have a place to call their own.

Rehda welcomes the government's decision to extend the HOC until Dec 31, but hopes there will be more incentives to spur the industry, said Soam.

"We were encouraged by the decision from Bank Negara Malaysia to expand the eligibility criteria for its RM1 billion fund for affordable homes to include household incomes of up to RM4,360

from RM2,300, and with house price set at RM300,000. This will enable more of the B40 group to benefit."

Soam said decreasing the foreign home ownership threshold for strata properties to RM600,000 is positive for the industry.

"Although limited to a one-year period next year and specific to only urban areas, we foresee that it will alleviate the issue of unsold units. We call upon the federal government to ensure the support of state governments in implementing the threshold limit as this is a matter where the states

have the final say."

Titijaya Land Bhd Group Managing Director Lim Poh Yit said the government's initiative to reduce the threshold for foreign buyers will increase the sales of unsold high-rise units.

"Most of our offerings fall in the price range of RM600,000.

We are encouraged by the new developments and shall wait for further details so that we can work towards our common goals together with the government and the nation."

Titijaya Land Bhd deputy group Managing Director Lim Poh Yit.

On the RTO scheme, Lim believes it would help to reduce the burden of young working adults and families, and enable them to own a home.

In addition, waiving the stamp duty for ownership transfer between the developer and bank as well as between the buyer and the bank is a good move to rejuvenate the industry, he added.

Mah Sing Group Bhd founder and group Managing Director Tan Sri Leong Hoy Kum said there is a growing interest in Malaysian properties from foreign buyers and hopes the market will continue to be resilient and maintain a steady growth.

He said Mah Sing will benefit from the reduction in the price threshold as it has properties that appeal to foreign buyers.

He said foreign buyers are a blue-ocean pool of potential buyers who can reduce the overhang of properties in this price point.

"It is crucial that state governments respond to this positively and revise their ceiling prices accordingly. We have recently showcased 10 of our projects which are most desirable to foreign buyers at a private event in Hong Kong, and the encouraging response showed that our properties are competitive at the international level."

Leong said Mah Sing will continue to promote its properties in Kuala Lumpur to overseas buyers.

He said there are also high-rise products in Penang which will appeal to foreign buyers.

"We appreciate the government's willingness in to listen to feedback and improve the RPGT policy. We hope continuous improvements to the RPGT policy will be considered to boost interest and activities in the secondary property market, as many buyers are looking to upgrade." - NST Property

