

Headline	Home-buyer sentiment set to recover in near term		
MediaTitle	The Sun		
Date	03 Apr 2020	Color	Full Color
Section	Letters	Circulation	297,582
Page No	8	Readership	892,746
Language	English	ArticleSize	308 cm <sup>2</sup>
Journalist	N/A	AdValue	RM 7,904
Frequency	Daily	PR Value	RM 23,713



# Home-buyer sentiment set to recover in near term

➤ Currently, Msians are focusing on bread-and-butter issues amid MCO and Covid-19, says PropertyGuru head

**PETALING JAYA:** PropertyGuru Malaysia anticipates home seeker sentiment to be down in the short term due to the movement control order (MCO) amid the Covid-19 pandemic, but noted that this will be short-lived, with prospects for recovery in the near term.

PropertyGuru Malaysia country manager Sheldon Fernandez said income and employment have been adversely affected by the closure of non-essential businesses during the MCO, and many Malaysians are prioritising bread-and-butter issues.

"This dampened sentiment is likely to persist through to the second half of 2020, though measures such as the government's economic stimulus package announcements and Bank Negara Malaysia's (BNM) six-month moratorium on financing payments are laying the foundation for the market to bounce back," he said in a statement.

Sentiment among home seekers was already in decline at the start of the year, with the PropertyGuru Malaysia Consumer Sentiment Study H1 2020 reporting a drop in the Property Sentiment Index to 42

points, from 44 points in the corresponding period last year.

This will likely see a fall in home loan applications, despite catalysts such as BNM's recent revision of its Overnight Policy Rate to 2.5%.

Beyond these short-term impacts, research by property data analytics and solutions provider MyProperty Data Sdn Bhd highlighted the property market's resilience, as transaction volumes and values have remained strong throughout periods of uncertainty.

"The 1998 recession, in conjunction with the outbreak of the Nipah virus, saw volumes and values declining by 32.3% and 47.6% respectively, the largest downturn in recent decades.

"However, the industry still moved forward, with 186,000 transactions worth RM27.9 billion. In addition, house prices as a whole have only continued to grow over the past few decades, highlighting the merits of property as an asset class," said Fernandez.

Whether in terms of price, transaction volume or value, the property market has repeatedly showcased a tendency to

bounce back immediately after a downturn.

"Price growth, as well as transaction volumes and values, have slowed down in recent years, with measures in place to address the residential overhang. This may cushion potential impacts on the market as it rolls with the blow.

"Moving forward, investors tend to restructure their portfolios in uncertain times to manage risk, with property as a potentially lucrative venture. This, along with natural corrective forces as the market regains equilibrium, may account for the sharp recoveries seen in domestic property following crisis years," said Fernandez.

These patterns are set to repeat themselves following the MCO and Covid-19 outbreak, with various initiatives contributing towards significant domestic liquidity moving forward.

"There have already been calls from some quarters for revised loan-to-value ratio caps for third home purchases. This would accommodate demand from property seekers with leverage, driven by developer initiatives to add value for purchasers amid the changing property landscape," Fernandez said.

According to the National Property Information Centre, the national house price index has not exhibited an overall decline since 1999, though its growth moderated to a low of 1.1% in 2001.