Headline	Completed and unsold properties hit RM41.5bil		
MediaTitle	The Star		
Date	30 Apr 2020	Color	Full Color
Section	StarBiz	Circulation	175,986
Page No	2	Readership	527,958
Language	English	ArticleSize	373 cm²
Journalist	N/A	AdValue	RM 18,772
Frequency	Daily	PR Value	RM 56,316

Completed and unsold properties hit RM41.5bil

More than 45% of overhang in value are residential units

REAL ESTATE

PETALING JAYA: The number of completed and unsold properties from all segments rose to RM41.5bil as at end-2019, with close to 57,000 units sitting on the books of developers, according to the National Property Information Centre (Napic).

More than 45% of the overhang in ringgit value was contributed by the residential housing of all classes, ranging from landed to high-rise units.

The bulk of the unsold units was contributed by high-rise units, Napic research data showed at a virtual launch of its Property Market Report 2019. The 57,000 units unsold completed units in 2019 represents an 11.2% rise in volume, and 16.1% in terms of ringgit value compared to 2018.

Going forward, Napic said: "Finding the right solutions to the property overhang will continue to be the main agenda of the government" and solving the affordable housing would be its main stay, going forward.

Those priced RM300,000 to RM500,000 (7,883 units) formed 25.7% while more than RM500,000 (12,528 units) formed 40.9% of the total residential overhang.

An overhang, defined as completed unsold properties certified fit for occupation, underscores the dire situation in the broader property market, which has been undergoing a deep slump. "High near-term downside risks resulting from the unforeseeable outbreak of coronavirus (Covid-19) worldwide may dampen the anticipated economic growth in Malaysia, particularly for the first half-year of 2020," Napic said.

The Valuation and Property Services Department under Napic will continue to monitor and evaluate the expected impact of the pandemic on the Malaysian property market and provide advisory to the government in ensuring that the market remains sustainable.

"The magnitude of the impact on the Malaysian economy would depend on the duration and spread of the outbreak not only in Malaysia but also in other countries, especially those that are Malaysia's major trading partners," Napic said.

The statement said the government has given many incentives to cushion the impact on the property market.

"However, given the challenging market, coupled with the downside in consumers and business confidence, market activity and absorption are likely to be slow," it said.

"As Bank Negara expects the Malaysian economy to rebound in 2021 in tandem with projected global recovery, the property market is anticipated to move in similar trajectory," it said.

According to Napic, the bulk of the RM41.5bil overhang, or 45.34% of unsold completed units, are from the residential segment, valued at RM18.82bil (30,664 units).

Serviced apartments make up the second largest segment, at RM15.04bil comprising 17,142 units.

Shops, industrial properties and small office, home office (SoHo) make up the remaining RM7.64bil.

According to Napic, Johor retained the highest number and value of residential overhang in the country with 5,627 units worth RM4.7bil, accounting for 18.4% and 25%, respectively, of the national housing total.

Perak came second with 5,024 units worth RM1.52bil, followed by Selangor at 4,687 units worth RM3.75bil. Penang has 3,353 unsold completed housing units worth RM2.59bil.

The overall performance of office sub-sector is not promising as the overall occupancy rate declined to 80.6% in 2019, down from 82.4% in 2018 at a national level.

Private office buildings recorded average occupancy rate at 74.8%; while Kuala Lumpur and Penang secured higher occupancy rate at 76.9% and 76.5%, respectively.

Selangor and Johor saw lower-than-national level rate at 70% and 65.7%, respectively.

Private office buildings in Putrajaya recorded the lowest occupancy rate at 37.6%.

The current Covid-19 pandemic is expected to impact further the local property market, the Association of Valuers, Property Managers, Estate Agents and Property Consultancies in the Private Sector (PEPS) said a day before yesterday's release of the Property Market Report 2019.

PEPS president Michael Kong Kok Kee cited the impending unemployment situation facing the country, coupled with the high household debt, as factors.