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Property investors told not to rely only on traditional instincts in current times

It may not necessarily provide adequate credence in terms of decision-making in the current unprecedented environment of the property market

by FARA AISYAH

PROPERTY investors should exercise adequate due diligence for their purchases so as to mitigate the risks posed by the Covid-19 pandemic, said Jones Lang Wootton ED Prem Kumar.

The Covid-19 outbreak has accelerated the impact of structural issues which are already being faced by the property market, he added.

"As such, it is not just a matter of managing short-term market uncertainties, and it should be kept in mind that other non-real estate factors have a bearing on the market as well," he said in a statement by PropertyGuru Malaysia yesterday.

"Property investors need to be wary of relying on traditional investor instincts which may not necessarily provide adequate credence in terms of decision-making in the current unprecedented environment of the property market."

He added that property market stakeholders are conscious of the global uncertainties, besides the potential negative impact on property prices which have impeded



Visitors looking at models of homes during a property expo last year. Young renters aged 22 to 29 years old are least likely to delay their property purchasing decisions

decisions related to property dealings including purchase, sale or development.

The situation could be evident during the entire moratorium period for loans which ends in September, and subsequent to which the market should have greater clarity.

Prem's views are supported by findings from the "PropertyGuru Malaysia Consumer Sentiment Study", which revealed healthy demand remaining in the second

half of 2020 (2H20) with 37% of respondents citing purchasing intent by year-end, and only a slim majority (57%) preferring purchases in 2021.

Only 16% were not considering property purchases following the pandemic, while 8% of investors said they would defer property-buying decisions by three to five years in the event of a recession.

PropertyGuru Malaysia country manager Sheldon Fernandez said

extended and enforced time at home has perhaps made renters and younger home seekers more appreciative of the benefits of owning their own property, while investors are on the lookout for purchases, though these demographics differ in their approach to purchase timing.

"Financing and affordability will naturally come under scrutiny as many Malaysians prioritise day-to-day survival in the face of a poten-

tial recession," he noted.

"For those with sufficient buffers to capitalise on current market trends, however, there is still room to improve in terms of uptake for programmes and tools developed to address these specific use cases, such as affordable housing and rent-to-own schemes, loan pre-approval solutions and virtual tours."

The PropertyGuru Malaysia Consumer Sentiment Study 2H20 report showed that first-time home seekers and investors are prioritising real estate as Malaysia enters the recovery stage of the government's six-phase plan to tackle the Covid-19 pandemic.

While the national Property Sentiment Index fell from 42 points in 1H20 to 39 points in 2H20, young renters aged 22 to 29 years old are least likely to delay their property purchasing decisions.

About 51% of renters and 47% of respondents aged 22 to 29 years said they would not delay property transactions due to the deadly coronavirus and its impact.

Compared to 23% of respondents aged 60 and above who indicated the same sentiment, this underscores the importance of home ownership to younger groups.

Respondents from lower-income backgrounds are also less likely to delay their purchases, indicating continuing demand for affordable housing amid economic headwinds, the study found.