

Headline	Striking a balance		
MediaTitle	The Star		
Date	07 Jan 2021	Color	Full Color
Section	StarBiz	Circulation	175,986
Page No	5	Readership	527,958
Language	English	ArticleSize	354 cm ²
Journalist	Thean Lee Cheng	AdValue	RM 17,815
Frequency	Daily	PR Value	RM 53,445



Striking a balance

Solution between overhang and new developments needed

PROPERTY

By THEAN LEE CHENG
starbiz@thestar.com.my

PETALING JAYA: Special focus should be targeted at reducing the current stock of unsold completed units, instead of encouraging new developments with a 50% discount in development charges for developers, say real estate associations.

The Royal Institute of Surveyors Malaysia (RISM) and the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) were commenting on Federal Territories Minister Tan Sri Annuar Musa's remarks on the 50% discount in development charges for the property and construction sector to spur developments hampered by the Covid-19 pandemic.

Annuar told developers last month to submit their application for projects commencing between last June 1, 2020 and May 31, 2021.

He said 36 projects with a gross development value of RM35.9bil were approved under this initiative. Out of this amount, DBKL had granted RM137mil in development fee discounts.

RISM and PEPS said the move will only encourage new developments at a time when there is an over supply across the board in the property sector.

RISM president Datuk Thiruselvam Arumugam said developers have been making money during the good times and the development charges should not be a burden to them.

"New developments with wrong selling

"Developers have to 'come to terms' on reducing the price to reflect the current market."

Datuk Thiruselvam Arumugam

prices will eventually add up to more overhang properties into the market," he said but the focus should be on clearing unsold inventory.

"The unsold and overhang properties should be cleared by the developers themselves. They should carry out their own incentives and offer discounts in order to clear the existing stocks in the market.

"In other words, it is not the state government's revenue that should be cut; the developers should decide to cut on their loss and by doing so, the number of overhang and unsold properties will be reduced," Thiruselvam said.

He said developers have to "come to terms" on reducing the price to reflect the current market, adding that there are currently 3,145 residential units which are still unsold totaling about RM3bil in Kuala Lumpur as at September 2020, with another 52,000 incoming supply.

There are 4,450 units unsold completed serviced apartments worth RM4.15bil, and 278 units of small offices home offices, valued at RM291mil, in Kuala Lumpur.

PEPS president Michael Kong said the government wants to stimulate the property development and construction sector in the

hope that it will have a multiplier effect but this will "aggravate the present over supply situation."

On the FT Minister call to rebuild all flats 40 years and above, including those by private developers, both associations said there must be agreement from owners and tenants.

"It is challenging to undertake a redevelopment. It requires too much effort and may be debatable as can be seen in the attempt of redevelopment of Kampung Baru. Unless if there is a proper legislation governing for the renewal process," Thiruselvam said.

Kong of PEPS said he is uncertain if the FT Minister means upgrading/refurbishment or redevelopment.

"Upgrading and/or refurbishment means adding facilities, amenities and even extra floor space onto the existing development. Redevelopment means tearing down the entire development and rebuild from ground.

He cited Desa Kudalari in Jalan Ampang, Kuala Lumpur as an example in which 100% were needed for an en-block redevelopment exercise.

"Who is to bear the cost of this urban renewal programme?" Kong asked.