

'Homebuyers deferring purchase to next year for more budget perks'

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PETALING JAYA: With all the favourable measures for first-time homebuyers under Budget 2019 which will kick-start next year, RAM Ratings head of agribusiness, real estate and construction Thong Mun Wai expects property sales to improve early next year.

The measures including the roll-out of the National Homeownership Programme, whereby developers will be offering a 10% discount on existing unsold properties, and exemption of stamp duty of up to RM300,000 on the instruments of transfer and loan for first-time homebuyers.

"I observe that the mortgage loan application between May and August had increased by 6%, but we haven't seen it translate into transaction numbers.

"After the Budget 2019 announcement, we expect people to defer their buying decision to next year for more favourable new measures which they might benefit from. Hence, the market will experience a softer final quarter this year," he told EdgeProp.my after the session titled Sectoral Review on the Aspects of Budget 2019, yesterday.

The session was part of the one-day seminar titled Asian Tiger: A New Journey — Budget Commentary 2019, organised by Real Estate Housing Developers' Association Malaysia Institute.

Thong noted that affordable housing will remain a main theme next year and developers will continue to launch affordably priced smaller units to cater to homebuyers.

On the outlook for the construction sector, he noted that RAM Ratings has given an overall negative outlook on the construction sector as the recently announced Budget 2019 does not have significant allocations to stimulate the construction sector.

The cancellation of major infrastructure developments, such as the Kuala Lumpur-Singapore high speed rail, has also dampened investment sentiment as foreign investors will need some time to build up their confidence in the new government and to get more clarity on the new policies.

He noted that Budget 2019 has seen total spending shrinking, in line with the government's effort to improve the country's financial health through prudent spending.

In terms of construction, instead of building mega projects, Thong said the new government is evaluating the execution of infrastructure development by balancing both cost and benefits of the projects.

"The savings on construction projects are due to the reduction of project size, such as reducing the size of stations, number of trains and cancellation of certain projects," he said.

On the recently announced crowdfunding platform, he said while this is an innovative move to encourage homeownership, it is unlikely to replace mortgage financing.

"The crowdfunding platform could be beneficial to developers but we still need more clarity from the Securities Commission Malaysia on investors and homebuyers protection guidelines."

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