

Rehda optimistic about the market in 2019

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A total of 15,852 units, comprising strata, landed and commercial properties, are expected to be launched in the second half of the year (2H2018) compared with 13,233 units in the previous period, says a property industry survey for 1H2018 conducted by the Real Estate Housing and Developers' Association (Rehda) among its members in Peninsular Malaysia. A total of 152 of its members participated in the survey.

"The majority of the respondents are neutral on the market's outlook for 2018. However, they are optimistic about it in 2019," said Rehda president Datuk Soam Heng Choon at a media briefing on Oct 10.

According to the survey, most of the states will be launching properties in the RM100,001 to RM500,000 range — with the exception of Penang and Selangor (RM500,001 to RM700,000) — in 2H2018.

In 1H2018, properties priced at RM500,000 and below accounted for 65% of total launches compared with 52% in 2H2017, according to the survey.

"The median of the products launched was RM500,000 and below. There should be a wider range of products rather than every developer jumping on the bandwagon for a particular type. There will be customers looking for something that is higher end and those looking for something that is lower end," Soam pointed out.

According to the survey, sales performance grew 6% in 1H2018. "In 1H2018, 2 to 3-storey terraced houses, and apartments and condominiums were the most sold properties," Soam added.

"The number of 2 to 3-storey terraced houses sold during the period was 2,858, the majority of them in Sepang and Shah Alam, while the apartments and condos sold totalled 2,047, mostly in Cheras and Segambut.

"First-time homebuyers continued to make up the majority of the purchasers. About 42% of them were owner-occupiers while 35% purchased for family members."

According to the survey, properties priced at RM500,000 and below remained the most launched for three consecutive periods — 1H2017 (44%), 2H2017 (52%) and 1H2018 (65%). "The selling price in the launches in most of the states ranged from RM100,001 to RM500,000, with the exception of Kuala Lumpur and Selangor (RM500,001 to RM700,000)," said Soam.

As for affordable housing, the percentage of developers that included this component in their developments increased to 47% in 1H2018, according to the survey. A reduction in development charges, lower land conversion premium and exemption of capital contribution were the top

three suggestions from respondents to encourage the provision of affordable housing.

According to the survey, the percentage of respondents with unsold units increased from 66% in 2H2017 to 75% in 1H2018. The unsold units were equally distributed in the price ranges of RM250,001 to RM500,000 (mostly in Kuantan and Alor Setar), RM500,001 to RM700,000 (mostly in Shah Alam and Johor Baru) and RM700,001 to RM1 million (mostly in Puchong and JB).

"End-financing and unreleased bumiputera units remained the two major issues in unsold units," said Soam. According to the survey, respondents facing end-financing problems increased to 89% in 1H2018.

About 39% of the loan rejections were for properties priced RM500,000 and below. The contributing factors included lower margin of financing offered, ineligibility due to buyers' income and adverse credit history, Soam pointed out.

In terms of operations, there was an overall increase of 8% in the cost of doing business in 1H2018 compared with 6% in 2H2017. About 93% of the respondents said they were affected by the current economic scenario

with compliance costs remaining the top factor affecting developers' cash flow in 2H2017 and 1H2018. This was followed by material, labour and land costs.

According to the survey, the top three measures undertaken by the affected respondents to boost sales were aggressive participation in online, social-media marketing and property portals, assisting buyers with the first 10% down payment and enhancing product innovation and creativity.

The top three items on the respondents' wish list for the new government were a review of the bumiputera quota policy (to have a transparent and automatic release mechanism), a reduction in compliance costs and for the government to take on a bigger role in providing social and public housing.

"We have submitted a wish list [for Budget 2019]. It is not an easy thing to manage the budget and we don't expect all our wishes to be granted. However, we would like the government to look into matters such as homeownership and the cost of doing business. Another wish is for the planning authorities to look at more robust planning guidelines," concluded Soam. **E**

REHDA

FUTURE LAUNCHES Residential selling price & location		
STATE	MOST LAUNCHED PRICE RANGE (2H 2018)	LOCATION
TERENGGANU	RM100,001 – RM250,000	Kemaman
KELANTAN	RM100,001 – RM250,000	Pasir Mas
KEDAH / PERLIS	RM250,001 – RM500,000	Pendang, Chuping
MELAKA	RM250,001 – RM500,000	Ayer Keroh
PAHANG	RM250,001 – RM500,000	Karak, Penor
N. SEMBILAN	RM250,001 – RM500,000	Seremban, Seremban 2
WPKL	RM250,001 – RM500,000	Kerinchi (RUMAWIP RM275,000)
PERAK	RM250,001 – RM500,000	Kuala Kangsar, Kamunting
JOHOR	RM250,001 – RM500,000	Kulai (SST RM410,900), Tebrau (Apartment RM300,000)
PENANG	RM500,001 – RM700,000	Seberang Perai, Jelutong
SELANGOR	RM500,001 – RM700,000	Shah Alam, Petaling Jaya (SS13)