

# Board: Housing prices may drop

'It depends on market conditions and developers'

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**KUALA LUMPUR:** Although construction costs for residential properties are expected to decrease with the Sales and Service Tax (SST) waiver, it is unclear if this will lead to a reduction in housing prices.

"We have done an overall study and if everyone follows the tax exemption, the construction costs of residential properties are expected to go down by 3% to 5%," Construction Industry Development Board (CIDB) chief executive Datuk Ahmad Asri Abdul Hamid (*pic*) told reporters here yesterday.

However, he said whether or not this reduction would translate into lower house prices depended on market conditions and developers.

"The tax exemption looks like it will cause a high impact but actually, other costs are high.

"Construction materials only represent one component of the overall costs of property development," he said, adding that land and compliance costs also needed to be considered.

Ahmad Asri said the decision to take action against construction and property industry



players if housing prices do not drop might not be the most appropriate thing to do.

He was responding to a statement by Finance Minister Lim Guan Eng on Sept 24 that the SST waiver on construction services would be reviewed if housing prices were not reduced.

Ahmad Asri urged all developers to meet the government halfway by taking active measures to

drive down property prices.

"I was surprised by the announcement of the tax exemption but in a good way, as I see it as a gesture of the government for the people.

"If the exemption is retracted, a lot of parties would lose out," he said.

Ahmad Asri also said the introduction of the RM10,000 foreign worker levy was also aimed at having more equitable pay between local and foreign employees.

"Foreign workers don't have to be paid Socso whereas for local talent, you have to do so.

"So, the government is increasing the cost (of hiring foreign workers), not just for the sake of increasing the cost, but so that this is comparable to the cost of hiring local workers," he added.