



Headline	National policy for property sector needed
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National policy for property sector needed

A COMPREHENSIVE and carefully designed national planning policy is needed for the property market and will help to support the government's aim of delivering more housing, whilst also managing the oversupply of commercial properties.

In its Annual Report 2015, Bank Negara Malaysia (BNM) said the property market is experiencing an undersupply of affordable homes, especially in major urban areas, and an oversupply of office and retail space in several major cities and towns.

"Both of these trends, if left unchecked, may lead to deeper imbalances in the property market, with negative spillovers to other parts of the economy," it said.

It said the conversion and repurposing of underutilised surplus commercial space should be a part of that overall strategy for the property market, with the cost being borne by property owners rather than taxpayers.

In the housing market, ensuring that low- and middle-income households have access to quality affordable housing involves commitment from the government and support of the private sector.

"There is a need for the consolidation of multiple providers of affordable housing across the state and national levels and an equal focus on the rental market," it said.

It added that steps such as the loan-to-value measures, responsible lending guideline, higher real property gains tax and prohibition of developer interest-bearing schemes remain instrumental towards maintaining the long-term

sustainability of the property market and mitigating potential risks to financial stability.

According to the Malaysian House Price Index, the average growth in house prices fell from 9.6% for the period of 2010-2014 to around 8% for the five consecutive quarters since the second quarter of 2014, due to measures introduced to curb speculative activities.

"More recently, slower housing transactions mainly in the higher-priced segments, combined with continued strong demand for affordable home units, have encouraged some rebalancing of housing supply," said BNM.

In the first nine months of 2015, the overall volume and value of housing transactions contracted by 4.9% and 12.7%. In sharp contrast, the volume and value of transactions for houses priced up to RM250,000 continued to record positive growth of 4.9% and 4.7% respectively.

The provision of affordable housing under various programmes for first-time home buyers and a rising share of new launches by private developers in the affordable segment will ease upward pressure on house prices in the future, if the supply materialises.

According to BNM, the government's initiatives, such as the joint initiative with the private sector to build one million units of affordable housing by 2018 as well as plans to focus construction of such homes closer to public transit stations would help alleviate supply shortages.

"However, without a sustained and more significant increase in private sector-driven supply of affordable housing,

demand will likely continue to outstrip supply in the foreseeable future."

Despite slower activities in the non-residential property segment, rental rates remained relatively stable, particularly in the Klang Valley. In the first nine months of 2015, both transaction volumes and values for shops fell by 9.3% and 5.3% respectively.

Average transaction values expanded at a slower pace of 4.5%, considerably lower than the 17.7% rate of increase in 2014.

In contrast, average land prices in major employment centres have maintained a strong upward trend since 2009, recording a compounded annual growth rate of 26.8% for the period up to the third quarter of 2015.

In the office space and shopping complex segments, risks have heightened. The already high vacancy rate in office space rose further to 16.3% amid downsizing by companies in the oil and gas sector.

"Vacancy rates within the Klang Valley have also risen to 20.4%. While rental rates appear to be holding firm at present, supply pressures are expected to worsen with the large planned incoming supply over the next two years.

"This could cause vacancy rates to rise further and rental rates to decline. Rental rates for older office buildings are likely to remain somewhat depressed due to tenant preferences for newer or green buildings with better facilities and transport connectivity," said BNM.

Meanwhile, over 50 shopping complexes are being built across major employment centres in an environment of more subdued consumer sentiment.

Penggubal dasar, penguat kuasa undang-undang dan pelbagai strata masyarakat mesti bersedia menyahut cabaran demi menjadikan kota raya, bandar dan desa selamat dan harmoni untuk kehidupan.

Usaha yang berhati-hati perlu dibuat bagi mengurangkan jenayah, mengurangkan rasa takut kepada jenayah dan menyediakan kotaraya dan bandar yang lebih selamat di mana aktiviti ekonomi dan kehidupan komuniti dapat berkembang.

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