



Headline	Rehda: Two reasons for unsold properties
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Rehda: Two reasons for **unsold** properties

> End-financing issues, loan rejection continue to plague market

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PETALING JAYA: End-financing issues and loan rejection remain the top reasons for unsold properties in Malaysia, said the Real Estate and Housing Developers' Association Malaysia (Rehda).

Rehda president Datuk Seri Fateh Iskandar Mohamed Mansor (pix) said end-financing issues have plagued the property market since 2014.

"Demand is still strong but buyers are not getting the desired end financing. Based on feedback from buyers, most banks are giving 75% to 80% today," he told reporters at a briefing on Rehda's Property Industry Survey 1H 2016 yesterday.

Fateh Iskandar said although the 70% loan to value ratio only applies to purchase of third properties and beyond, many first-time home buyers are getting 75% financing from banks.

The top five financing issues faced by buyers are: credit history (CCRIS, or Central Credit Reference Information System/CTOS, a credit reporting agency); ineligibility of buyer's income; lower margin of financing; bank requesting more documents; and limited quota for low-cost/affordable

housing.

Rehda's survey, which was carried out between January and June this year among its members, reported that the majority (24% of respondents) of loan applications rejected by banks were for properties within the RM500,001 to RM700,000 price range.

This is followed closely by properties in the RM1 million to RM2.5 million price range (23%), properties in the RM250,001 to RM500,000 price range (21%) and properties in the RM700,001 to RM1 million range (19%).

Of the total 157 respondents, 71% had unsold units in 1H 2016, an increase from 62% in 2H 2015. In 1H 2015, 78% of respondents said they had unsold units.

The number of first-time buyers fell by 13% in 1H 2016. During the six-month period, first-time buyers made up 34% of all buyers compared with 47% in 2H 2015.

Upgraders made up 45% of buyers in 1H 2016 compared with 39% in 2H 2015 while investors made up 18% of buyers in 1H 2016 compared with 13% in 2H 2015.

In terms of business operations, 52%



of respondents said that their cost of doing business increased up to 10% while 43% reported no changes in cost and 5% reported reduction in cost.

Among the cost-cutting measures implemented were recruitment freeze, less benefits/perks, less working hours, restructuring, retrenchment and salary reduction.

To boost sales, developers have resorted to creative

strategies including freebies, reviewing selling prices (including rebates) and financing/easy payment schemes.

Fateh Iskandar said developers participated aggressively in exhibitions and Rehda's Malaysia Property Exposition reported record number of participants in 2015 and 2016.

Meanwhile, 31% of respondents said they offered affordable housing in 1H 2016 compared with 43% in 2H 2015. Fateh Iskandar said one of the challenges in providing affordable housing is compliance cost, which has grown from 8% about seven years ago to 24-25% today.

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Property launches continue to decline: Survey

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PETALING JAYA: The number of Real Estate and Housing Developers' Association Malaysia (Rehda) members with project launches and the number of units launched has reduced significantly in the first half of 2016 (1H 2016).

According to Rehda's Property Industry Survey 1H 2016 & Market Outlook for 2H 2016, 32% of respondents had project launches in 1H 2016 compared with 42% in 2H 2015 while the number of units launched has dropped to 7,172 in 1H 2016 from 9,938 in 2H 2015.

Rehda president Datuk Seri Fateh Iskandar Mohamed Mansor said this is a worrying trend, as the nation still faces a shortage of homes.

"Based on the assumption of four persons in every household, we need 200,000 new homes per year in Kuala Lumpur alone. However in 2015, only some 80,000 residential units were completed nationwide...with lesser supply, house prices will increase," he told reporters at a briefing on the survey results yesterday.

Data from the National Property Information Centre (Nadic) released earlier in April show that the number of residential units completed has declined to 80,850 in 2015 from 107,747 in 2014.

The sales performance of Rehda's survey respondents have also decreased from 52% in 2H 2015 to 39% in 1H 2016. Of

the 7,172 units launched in 1H 2016, only 2,829 units were sold compared with 9,938 units launched and 5,195 units sold in 2H 2015.

Fateh Iskandar said the trend in new launches has reverted back to landed residential units with majority of these landed homes being affordable homes.

The number of landed homes launched rose to 65% in 1H 2016 from 49% in 2H 2015 while strata homes fell to 35% from 51%

during the same period.

"Launches of landed properties were mainly in Gombak, Sepang and Cyberjaya in Selangor, and Ulu Tiram and Tebrau in Johor," he said.

Two- and three-storey terrace homes were the most popular residential type in 1H 2016, overtaking apartments and condominiums, which were the most

popular in 2H 2015. The latter came in second in 1H 2016.

In 1H 2016, 2,345 units of two and three-storey terrace homes were launched compared with 2,509 units launched in 2H 2015. Sales in this category rose slightly to 1,473 units in 1H 2016 from 1,365 units in 2H 2015.

For apartments and condominiums, the number of launches fell drastically to 1,550 units in 1H 2016 from 3,830 units in 2H 2015 while number of units sold fell to 548 from 1,844 during the same period.

Meanwhile, single-storey terrace homes fell out of the top three popular residential types, replaced by flat and low-cost houses in 1H 2016. The number of units launched in the flat and low-cost houses category rose to 1,022 in 1H 2016 from 914 in 2H 2015.

Commercial units launched declined to 233 in 1H 2016 from 331 in 2H 2015, with 116 and 158 units sold respectively, reflecting investor confidence and weak consumer sentiment.

Moving forward, only 45% of respondents have planned launches in 2H 2016, comprising 6,187 landed homes, 7,613 strata homes and 811 commercial units. The level of confidence remains low, with 68% of respondents anticipating sales performance below 50%.

The survey was conducted among Rehda members between January and June this year, with a total of 157 respondents.