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Mixed views on market recovery

By EUGENE MAHALINGAM
eugenicz@thestar.com.my

THE uncertainty in the current property market certainly has experts up in arms on how long it would take for the segment to recover.

Some feel that signs of a recovery are already in works while others are of the opinion that it could take years for the local property market to return to its former glory days.

That was essentially the recovery range estimated by the panel of speakers at a property forum hosted by the Real Estate and Housing Developers' Association (Rehda) earlier this week.

The forum, titled "Property Market 2017: Status Quo or Road to Recovery?" was moderated by Rehda deputy president and IJM Corp Bhd CEO and managing director Datuk Soam Heng Choon.

One of its speakers, MIDF chief economist Kamaruddin Mohd Nor believes the property sector had already bottomed out in the second half of 2016.

"Over the last six months, we have seen improvement in sentiments and real data. Our trade has increased and according to the Malaysian Institute of Economic Research's (Mier) business confidence index, there is an indication that businesses are optimistic.

"Therefore, we believe that the property sector will pick up either by this year or the next."

Kamaruddin says the upcoming general election should have a positive impact on the local property sector.

Malayan Banking Bhd consumer finance head Abdul Razak Mohd Nordin was also optimistic about the near-term property sector outlook.

"We've seen growth in loans, especially within the Klang Valley, Penang and Johor. We think the property sector will bottom out by the end of this year," he says.

Citing available statistics, Jones Lang Wootton executive director Malathi Thevendran feels the local property market may

continue to remain in a glut for the remainder of this year.



Ahyat: 'I don't think we have seen the worst yet.'

"Looking at statistics, we don't see much of an uptake for 2017."

She says the oversupply situation within the commercial sub sector is showing no signs of abating.

"For the commercial sector, we don't see an improvement in the near future due to the oversupply. As at the first quarter of 2017, there was 115 million sq ft of space within the Klang Valley.

"Rentals will also drop," she says, adding that the retail market is also experiencing an oversupply in net lettable space.

Meanwhile, property investor and consultant Ahyat Ishak says the Malaysian property market could take up to a decade to recover.

"I don't think we have seen the worst yet and I believe we're running on thin ice."

He says a similar slowdown took place from 2000 to 2009 and it is possible that the local property market may be starting another cycle.

"In 2000, no one could tell the market will remain sluggish until 2009.

"Also today, there are geopolitical issues such as threats of a possible thermonuclear war between North Korea and the US. When was the last time we even talked about a potential war?"

Opportunities in a downturn

Nevertheless, Ahyat assures that there are still opportunities to be reaped, even during a slowdown.

Commenting on where he would "put his money", Ahyat says a good place to focus on is where there are "mega projects" coming up.

"It's like the old saying, 'a rising tide lifts

all boats'. When there is a tide, boats, be it big or small, will be lifted by the water.

"With property, where there is a mega project, I would invest in properties within the surrounding locations, which will gain from the appreciation of the nearby larger development."

Another tip on property investment, says Ahyat, is to put your money in developments that are physically closer to where you stay.

"If you're going to buy a property for investment purposes, get one near where you stay or were brought up, or near to where you work.

"If you're staying in Bangi or Rawang, and you're renting a property in Shah Alam, there is a huge distance to travel when you need to deal with tenants directly or anything that requires you to be physically present."

Ahyat also advises potential investors to invest in properties that "people will use".

"I would put my money in the middle segment. In a downturn, the people above may consider downgrading, while in good times, the people below may want to upgrade."

Malathi concurs that there are opportunities in the market, especially within the residential sub sector, as people are always looking to own land.

"There will be launches as there is demand, and there always will be upgraders. Also, foreigners will look at Malaysia as a location to either buy to invest."

She says Malaysia needs to do more to market itself better to foreign buyers and investors.

Similarly, Ahyat feels that Malaysians "aren't doing enough" to prepare themselves for the tough times ahead.

"Malaysians are just not changing their lifestyles. Many of them are oblivious to the surrounding situation and are more interested in pursuing a hedonistic lifestyle. They are more interested in fulfilling their wants rather than their needs.

"Many do not worry about saving for retirement."



Malathi: 'Looking at statistics, we don't see much of an uptake for this year.'