

Headline	More incentives, awareness needed for IBS
MediaTitle	The Malaysian Reserve
Date	09 Aug 2017
Section	Corporate Malaysia
Page No	4
Language	English
Journalist	NG MIN SHEN
Frequency	Daily



More incentives, awareness needed for IBS

by NG MIN SHEN

MORE incentives and greater awareness are needed to increase the Industrial Building System (IBS) implementation in property development projects, said industry experts.

The lack of economies of scale, absence of an IBS construction ecosystem and negative public perception towards IBS-built homes are among the factors that require more public education to increase IBS usage.

"There are certain types of IBS methods that require higher costs which are difficult to offset since we do not have the economy of scale in Malaysia for IBS. Most construction workers also don't have the skills needed for IBS," Real Estate and Housing Developers' Association Malaysia president Datuk Seri FD Iskandar Mansor said.

He was speaking at a construction and property panel session during the National Chamber of Commerce and Industry of Malaysia Economic Forum 2017 in Kuala Lumpur yesterday.

"There are no incentives for developers and there is no factory available for mass IBS construction. We are not ready for an IBS ecosystem," CBRE-WTW Sdn Bhd MD Foo Gee Jen said at the same panel.

IBS is a construction technique where components are manufactured either on- or off-site, then placed and assembled into construction works.

IJM Corp Bhd MD Datuk Soam Heng Choon added that a mindset change is required, as IBS-built homes are negatively perceived.

He said the benefits of using IBS include cleaner construction with less waste, as well as reducing the need

for foreign workers.

The system also allows for faster completion time and is not affected by changes in the weather.

However, the cost of utilizing IBS remains high as many citizens are averse to purchasing IBS-built homes, hence foreign labour is still the cheaper and more attractive option.

Soam said IBS adoption in the country currently stands at around 30% to 35% and is on track to achieve a 50% rate by 2018.

However, he added that consideration must be given to each phase of implementation, as well as the entire value chain, including workers and factories that supply the pre-fabricated components.

Rising compliance costs for property development projects have led developers to suggest that the costs be shared between them and utility providers.

Compliance costs are the cost that developers have to bear in providing facilities for utilities and public amenities in their development projects. They can range from 15% to 40% of their gross development value, with bigger projects having lower cost due to their economies of scale.

"For developers, we bear all the utility costs and we also have to set aside land for these facilities. Perhaps these utility providers should bear some of the cost," FD Iskandar said.

Foo concurred that a cost-sharing structure between developers and utility providers would help ease the burden on developers.

"This can also be an incentive to encourage developers to build more affordable housing if the utility costs are shared with utility providers," he said.