



Headline	Bumiputera quota not the cause for property overhang
MediaTitle	The Malaysian Reserve
Date	30 Nov 2017
Section	Corporate Malaysia
Page No	4
Language	English
Journalist	IZZAT RATNA
Frequency	Daily



Bumiputera quota not the cause for property overhang

by IZZAT RATNA

THE Bumiputera allocation for residential developments is not the reason behind the property glut and actions by the government to freeze certain housing and commercial projects.

Second Finance Minister Datuk Seri Johari Abdul Ghani said developers are allowed to apply for the Bumiputera units to be released to other buyers if there is a lack of demand.

"I do not think that the current overhang is the result of

the Bumiputera quota as based on the statistics for the high-end segment. If there is no buyer for the Bumiputera units, they will be released to other buyers," he said at the Real Estate Housing Developers' Association (Rehda) Annual Dinner 2017 in Kuala Lumpur on Tuesday evening.

Johari said the temporary freeze was meant to address the about 130,000 of unsold units comprising office, shopping malls, and high-end residential units priced above

RM1 million.

He said based on the discussions with the Rehda members, a formal proposal will be submitted to the government, seeking exemptions for luxury residential development at strategic locations if there are demands.

"I will bring this matter to the prime minister. But other than that, the government will stick with its decision on the temporary freeze," he added.

Johari said it was also timely for the industry to have a sin-

gular authoritative body to address the many issues related to sector.

He said a single entity could maintain a database that can be utilised by all players, conduct researches on related matters, and streamline regulations.

"We need to do some engagements with the respective ministries to see whether we can have a single authority," he added.

Johari, however, stressed on the importance to manage the current glut as it can impact the

banking industry.

"The free market requires a certain element of intervention when something is going overboard.

"However, I think we are still at the early and manageable stages of the glut. We want to ensure that we are able to control this development moving forward," he said.

The property and construction industry accounts for about 4.5% of the country's RM1.2 trillion gross domestic product.

Rehda president Datuk Seri Fateh Iskandar Mohamed Mansor said based on the National Property and Information Centre valuation on shopping malls and office spaces, the vacancy rates decreased by 87% in 2016 to 83% at present.

"For next year, this figure is expected to be even lower, which is something that the government needs to take necessary measures to overcome this for the free market to prevail," he added.