



2019 — the year of HOC

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by S BIRRUNTHA

THE year 2019 was a year the property market in Malaysia got a boost from government's efforts to encourage home ownership and help ease the oversupply of residential homes in the sector.

The Home Ownership Campaign (HOC) started in January this year following the tabling of Budget 2019 last year.

The campaign, jointly organised by the Real Estate and Housing Developers' Association Malaysia (Rehda), ran from Jan 1 to June 30, 2019, but was then extended until Dec 31, 2019, due to popular demand from buyers and builders.

The objective of the campaign was to trim some of the existing property overhang and unsold units in the market.

During the HOC period, Malaysian homebuyers are exempted from stamp duties for the purchase of residential units registered under the campaign, as well as receiving discounts and packages from participating developers.

For properties enrolled under this campaign, the stamp duty on instruments of transfer for the first RM1 million of the property price, and for loan agreements of up to RM2.5 million were waived.

Apart from having the stamp duty waiver, a buyer of a HOC property will also get at least 10% discount off the list price from the developer, as granted by Bank Negara Malaysia.



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The campaign did somewhat lift the property market from the gloominess that it had been wallowing in over the past two years.

The campaign was expected to achieve a total sale of RM15 billion by the end of the year.

Data showed property transactions increased in the first half of 2019 (1H19) for the first time since 1H15.

Developers, in their media events and exchange filings, stated the HOC helped drive sales.

Institute for Democracy and Economic Affairs senior fellow Dr Carmelo Ferlito said the HOC played a role in helping to trim the glut in the property market, but restoring the balance in the residential property market requires

more effort.

"I don't see the HOC as a main driver to the growth of the overall property market. I still think we should be careful with credit, due to the high level of household debts.

"For next year, I can say that I see a further stabilisation and consolidation process in the market. The adjustment will go ahead. We cannot expect a big jump in the market, but at a slow pace," he told *The Malaysian Reserve* yesterday.

He added that more middle-range projects are expected to emerge in the property market in 2020.

"We need to monitor the market as even middle-range properties are also growing in overhang now," he said.

Earlier this month, Rehda stated that the association has sold about RM21 billion worth of properties during the campaign as of early November.

It added that the total value is for about 28,000 homes sold during the period and the association is expecting to achieve a total RM24 billion in sales.

The types of properties sold are a mix of landed and high-rise homes, whereas, in smaller towns, it was mainly landed homes. The Klang Valley saw the major sales of high-rise homes.

Housing and Local Government Minister Zuraida Kamaruddin said the HOC exceeded the projected RM15 billion sales target, with a record of 27,823 resi-

dential units valued at RM17.66 billion sold as of Nov 11, 2019.

She revealed the figure in a parliamentary reply without disclosing the exact breakdown of units sold.

Zuraida stated that the Malaysia People's Housing Programme achieved a good take-up rate under the HOC.

As of Oct 11, Finance Minister Lim Guan Eng revealed about 21,000 homes worth RM13.44 billion were sold under the HOC campaign, surpassing the initial sales target of RM3 billion.

According to Rehda Property Industry Survey for 1H19, properties between RM500,000 and RM750,000 made up the bulk of the sales with 7,704 units, followed by properties between RM300,000 and RM500,000 (4,967 units).

These were followed by the sale of properties in the value ranges of RM750,000 and RM1 million (3,968 units), RM1 million and RM1.5 million (2,410 units), RM1.5 million and RM2 million (450 units), and RM2 million and RM2.5 million (285 units).

The majority of sold-out properties were serviced apartments with 7,080 units, double-storey terrace (5,877 units), condominium (3,132 units), apartment (931 units), SoHo (698 units) and townhouses (496 units), among others.

Selangor topped the sales volume with 8,269 units sold. Kuala Lumpur recorded the second-highest sales volume of 4,775 units, followed by Johor (2,026 units), Penang (1,401 units), Melaka (1,394 units), Negri Sembilan (991 units), Perak (516 units), Kedah/Perlis (361 units), Pahang (48 units), Terengganu (nine units) and Kelantan (four units).