REHDA

15 JAN, 2020

Unsold residential properties remain high despite HOC success

The Malaysian Reserve

Unsold residential properties remain high despite HOC success

It is hard to predict when the country's property market will achieve equilibrium as new supplies keep coming in

It is hard to predict when the country's property market will achieve equilibrium as new supplies keep coming in

by FARA AISYAH

UNSOLD residential units continue to rise as at September last year, despite the RM19 billion sales recorded under the Home Ownership Campaign (HOC), as new homes enter the already stretched and lacklustre market.

Official figures from the National Property Information Centre showed unsold homes reached 31,092 units at the end of September last year compared to 30,115 units in the third quarter of 2018 (3Q18).

However, the value of the unsold residential units dropped to RM18.77 billion for 3Q19 compared to RM19.54 billion in 3Q18.

The commercial property segment fared even worse with the overhang units jumping to 24,820 units valued at RM19.81 billion as at the end of 3Q19, compared to only 15,600 units worth RM11.64 billion during the same period a year earlier.

see P4 col1

15 JAN, 2020

Unsold residential properties remain high despite HOC success

The Malaysian Reserve

Unsold properties remain high despite HOC success

FROM P1

The bulk of the unsold commercial properties were contributed by the serviced apartments segment which jumped 79.32% year-on-year from 9,736 units to 17,459 units in 3Q19.

Johor tops the list for unsold residential units, totalling 5,470 units. The southern state also contributed the biggest bulk of unsold serviced apartments totalling 12,371 units in 3Q19.

Other states with substantial unsold residential units are Perak with 5,126 units and Selangor (4,872 units).

Condominium, apartment and flat accounted for 46.1% of the total overhang in residential property, followed by two- and three-storey terrace (29.9%) and semi-detached and detached houses (12.8%).

Jones Lang Wootton ED Prem Kumar said the demand and supply parameters for serviced apartments have not reach a point of equilibrium.

"The serviced apartments segment would require more time for market-driven adjustments to take place.

"On the supply side, developers are conscious of the current market scenario and have been exercising restraint in order not to further flood the market. This is extremely crucial to expedite the overall target to achieve market equilibrium," he told *The Malaysian Reserve*.

It is hard to predict when the country's property market will "achieve market equilibrium" as new supplies keep coming in despite the stringent credit conditions for property purchases, he said.

On a quarterly basis, however, the residential overhang declined from a total of 32,810 units valued at RM19.76 billion in 2Q19 to 31,092 units valued at RM18.77 billion in 3Q19.

The overhang of commercial property at the end of September last year also dropped from 25,616 units valued at RM20.31 billion in 2Q19 to 24,820 units (RM19.81 billion).

Prem said HOC had contributed in reducing the unsold numbers, but other catalysts would be required to spur the market.

"The market phenomenon in Malaysia is unique whereby there appears to be a greater preference for newly launched developments as opposed to completed developments, albeit the completed are relatively brand new with greater product visibility.

"The market mindset should be changed that completed units are better value for money with significantly reduced uncertainties in terms of product quality, branding and profile, among others," he said.

Prem said developers should formulate pricing policy and strategies which place completed units on a more attractive platform from the perspective of potential buyers compared to the newly launched and ongoing developments.