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01 APR, 2020

Going under the hammer

The Star



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Property sector could see more auctions from virus



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PETALING JAYA: The state of the current property sector, which has been affected by the Covid-19 crisis, could see a rising number of homes hammered out in the auction market.

PPC International managing director Datuk Siders Sittampalam said the Malaysian economy, which has been affected by the pandemic, will have an impact on people's income levels. "Those that have loans to pay will be affected," he told *StarBiz*.

Knight Frank Malaysia managing director Sarkunan Subramaniam recently said that as buyers and sellers have become more vigilant amid the Covid-19 outbreak, a wait-and-see approach is prevalent as people will try to avoid showrooms and sales galleries during this critical period.

"In light of the current movement control order (MCO), there are also disruptions to the property transaction process, such as difficulties in conducting property viewings, conducting of title searches etc.

"In addition, with potential of more job layoffs due to the challenging business environment, we foresee an increase in non-performing loans (NPLs) that will conclusively

"We expect to see a decline in transactions and pricing, but we don't see it being a drag on the sector."

Datuk Siders Sittampalam



lead to more auctions in the market," he said in a statement on Saturday.

Sarkunan, however, said the central bank's announcement on the automatic six-month moratorium on loan repayments to relieve the burden on businesses and households affected by the Covid-19 outbreak, may help to cushion the impact in the short term.

Siders said the six-month moratorium would be workable, but only if the crisis does not drag out longer than expected.

"Things may be alright for the first six months, but what happens beyond that? Here, the government may need to consider extending the deferment period."

The MCO, which was originally scheduled to end on March 31, has been extended to April 14 due to the growing number of Covid-19 infections in the country.

Siders said once the MCO is lifted, it would take a while for the residential property market to recover.

"We expect to see a decline in transactions and pricing, but we don't see the current situation being a drag on the sector.

"Any prudent bank would not go for disclosure as it won't help. The property sector is the backbone of the economy. You don't want it to collapse."

City Valuers & Consultants Sdn Bhd real estate services and business development head Ruben Kelvin said while realtors will be eager to get back to business and conduct viewings, he reckons that buyers may defer their investments as they would prioritise consolidating and recovering post-MCO.

"In terms of financing, banks may temporarily issue stricter risk assessment guidelines and would be harder for buyers and investors to obtain financing.

"As the option of loan deferment is available, we may see foreclosure due to NPLs."

In a statement yesterday, Malaysian Institute of Estate Agents president Lim Boon Ping said the institute was concerned and worried for the well-being of an estimated 25,000 real estate agents and real estate negotiators in the country.

"The MCO has brought the real estate fraternity to a grinding stop. They are unable to help house-buyers in taking vacant possession of their properties, do any viewings and physically list any properties for sale or rental. Like many Malaysians, the agents and negotiators are also affected morally and many financially, more so because they are mostly commission agents and do not have a basic salary.

"We are also concerned that the market has taken a shift and that new strategies be placed to help balance the shift," he said.