



15 APR, 2020

## 'Property market always bounces back after periods of crisis'

New Straits Times



### POST-COVID-19 PANDEMIC

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**KUALA LUMPUR:** Malaysia's property market may not end up with the worst-case scenario post-Covid-19 pandemic, given its much healthier state of financial fundamentals.

PropertyGuru Malaysia country manager Sheldon Fernandez said measures were already in place to manage the industry's decline even before the Covid-19 pandemic started.

"Based on previous crisis years, the upper limit of this decline would be about 10 per cent, as overall house price growth dropped by 9.4 per cent during the 1998 Asian financial crisis and the Nipah virus outbreak.

"This is, however, a worst-case scenario."

Fernandez said the impact on prices for individual property types would vary.

For example, he said the 1998 Asian financial crisis saw detached house prices declining 13.6 per cent, while terraced houses and high-rise properties were relatively resilient, with declines of just 4.8 and 6.2 per cent, respectively.

#### Buying sentiment

Fernandez said the Covid-19 pandemic and the Movement Control Order (MCO) had a downward impact on buying senti-

ment, which was already decreasing prior to these events.

"This was seen in our PropertyGuru Malaysia Consumer Sentiment Study for the first half of this year, which saw Malaysia's Property Sentiment Index dropping to 42 points at the start of the year from 44 points in the first half of last year."

On whether speculation would continue post-MCO, he said while its mechanisms were still under study, the property market had repeatedly demonstrated a tendency to "bounce back" following periods of crisis and short-term decline.

"With market recovery at the

earliest foreseen in the first half of next year, along with Covid-19/MCO impacts on rental rates and moderating growth as the economy matures, this would favour long-term investment, as opposed to short-term speculators or flippers," he said.

#### Reducing overhang

Fernandez also opined that previous requests made by the Real Estate and Housing Developers' Association Malaysia to the government could help address residential overhang in the country.

These include the Home Ownership Campaign, reviewing real

property gains tax, standardising threshold prices for international purchasers and reviewing the loan-to-value ratio cap for third home purchases.

"The review of loan-to-value ratio caps, in particular, may be effective, as traffic data on the PropertyGuru Malaysia portal showed the most queries for apartments, high-rises and condominiums with prices from RM900,000 to RM2 million last month and this month."

On financing for housing, Fernandez said loan applications were expected to grow during the recovery phase as pent-up demand reasserted itself. **Bernama**