



Property demand expected to spike on investors' interest

The new HOC sees heightened demand particularly for good products and locations that are offered by the more reputable developers, says Knight Frank

by FARA AISFAN

THE short-term National Economic Recovery Plan (Perjana), which includes various incentives that could spur the growth of the property market, has created more space for cash-rich property buyers to manoeuvre for quick profit.

Knight Frank Malaysia Sdn Bhd MD Sarikhan Subramaniam said the new Home Ownership Campaign (HOC), which is part of Perjana, saw heightened demand particularly for good products and locations that are offered by the more reputable developers.

"Developers with good products at good locations are certainly having good sales today because they are offering attractive packages following the HOC."

"The buyers are mostly investors — even if they are first home buyers — which means people who already have the cash and are able to do it," he told *The Malaysian Reserve* (TMR).

Among the short-term schemes under Perjana are the reintroduction of HOC, Real Property Gains Tax (RPGT) exemption for disposal of up to three properties and the lifting of 70% margin of financing limit for the third housing loan onwards.

Under the HOC period — from June 2020 to May 2021 — stamp duty exemption is given on the first RM1 million of a property's value on the memorandum of transfer for properties priced from RM300,000 to RM2.5 million, and 100% stamp duty exemption for the financing agreement.

Sarikhan said "first home buyers" mainly refers to people who are financially struggling to buy a property compared to investors who are cash rich and ready to splurge on properties in their portfolio.

The scheme has, somehow, resulted in encouraging sales for several new projects. For instance, IJM Land Bhd recently announced



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that Phase 1 of its Starling project in Bandar Rimbasu, Selangor, was sold out within 24 hours.

It is the first of the four phases of the 22.94ha residential development with a gross development value of RM500 million.

During the launch of Phase 1,

more than 500 homebuyers signed up for the project which consisted of 125 available Type A units offering 20' x 60' landed flexi homes.

Mah Sing Group Bhd's latest high-rise residence project, M Lana, in Kepong, Selangor also recorded

an overwhelming response last week.

In Phase 1A, which comprises 300 units, saw a 90% take-up rate in just two days. The most affordable unit for M Lana has a built-up space of 700 sq ft and cost RM385,000.

CCO & Associates (KL) Sdn Bhd ED Chan Wai Seen said developers' sales are mainly driven by reasonable pricing and incentives, including the ones under HOC.

"It is a good time to buy properties for owner-occupancy, but it very much depends on the pricing and locations."

"Landed homes can be located further away from the Kuala Lumpur city centre, while serviced apartments and condominiums need to be located closer to the city centres or established locations," he added.

The low interest rate is also expected to keep real estate agents and negotiators busy.

IQI Realty Sdn Bhd real estate negotiator Natasha Gideon said more buyers are currently on an aggressive house-hunting mode as a result of the recently lowered Overnight Policy Rate (OPR), along

with government's incentives that are offered via Perjana.

"Sellers are more keen on selling with RPGT waived and at lower prices due to competition."

"Buyers are also looking for good deals now. The 70% margin of financing limit for the third housing loan onwards bode well for property investors," she told TMR.

Natasha said recent clients are from the M40 (middle 40%) income group who are looking for houses priced at RM600,000 and below.

Natasha said the demand is for both the secondary and primary markets, which is evident from the number of prospective buyers who have been visiting various sales galleries.

In the first half of this year, Bank Negara Malaysia has cut the OPR three times from 3% to 2% as global economic conditions weakened.

Malaysian Institute of Estate Agents president-elect Chan Ai Cheng said the Perjana announcement has certainly created some activities on the ground.

"The fact that sales galleries are full with people goes beyond the announcement as some selected projects are in good demand due to their pricing, location and concept, among others."

"There is movement in the current market, which is good," she said.

PropertyGuru Malaysia saw the highest increase of web traffic for properties priced RM501,000 to RM500,000 and RM301,000 to RM300,000 at 10.4% and 12.7% respectively in May.

It said pre-crisis asking prices were on the uptrend, with the PropertyGuru Malaysia Property Market Index rising by 0.63% to 9946 in the first quarter of 2020, along with strong interest in the central region.

Similar increases are seen in condominiums (23.5%), service residences (19.2%), 3.5-storey terraced homes (28%) and SOHO (small office/home office) units (20%), indicating healthy demand for these property types as the property sector bounces back post-crisis.

However, PropertyGuru said search patterns moved away from the central region, with Johor (22.5%) and Penang (19.3%) as prime beneficiaries.