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THE demand for landed residential properties with affordable prices in Johor is expected to remain fairly steady for this year, underpinned by the reintroduction of the Home Ownership Campaign (HOC).

KGV International Property Consultants (Johor) Sdn Bhd executive director Samuel Tan says the demand for landed residential properties has remained strong compared with high-rise properties.

"This can be seen from the number of landed schemes launched immediately after the movement control order (MCO) in Johor Baru. The real issue of oversupply comes from the high-rise residential properties as a result of the 'mad-rush' to develop high-rise during the boom years.

"In the post-Covid-19 era, the developers may have to resort to a 'rent and buy' scheme or sell with the option to fully furnish and equip the unit with IT-ready connectivity," he tells *StarBizWeek*.

The government reintroduced the HOC in June under the Short-Term Economic Recovery Plan (Penjana).

Under the campaign, stamp duty exemption will be provided on the transfer of property and loan agreement for the purchase of home priced between RM300,000 and RM2.5mil.

Meanwhile, the exemption on the instrument of transfer is limited to the first RM1mil of the home price, while full stamp duty exemption is given on loan agreement effective between June 1 to May 31, 2021.

In addition, the government has announced real property gains tax (RPGT) exemption for Malaysians for the disposal of up to three properties between June 1, 2020 and Dec 31, 2021.

The HOC was kicked off in last January to address the overhang problem in the country.

The campaign, which was initially intended for six months, was extended for a year.

The HOC proved successful, having generated total sales of RM23.2bil in 2019, surpassing the government's initial target of RM17bil.

CBRE|WTW director Tan Ka Leong says the initiatives announced under Penjana will stimulate the currently soft property market in a relatively minimal impact.

"In this challenging market condition, developers are now trying to dispose of their unsold units with higher discount or promo-

HOC to spur demand for landed residential units

They are more popular than high-rises in Johor Baru



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Samuel Tan

tion package.

"The reintroduced HOC would be able to supplement the promotion package and encourage the sales."

He adds that the exemption for RPGT for property bought six years and above would encourage owners to dispose of their residential units.

"This in some way will spur secondary residential market activity. The authorities should re-assess the approval for future developments of certain projects, depending on type and pricing.

"This will allow the market to digest and absorb the overhang properties that are already facing a glut and thus promote a healthier and sustainable growth of the Johor property market."

With all the special incentives provided under the HOC, Samuel says some buyers who have been hunting for a home for own-er-occupation will be incentivised to buy.

"However, the HOC only covers selected new property schemes registered with the Real Estate & Housing Developers' Association Malaysia (Rehda). Secondary properties are not covered.

"To cast the net wide and benefit more buyers and sellers, the HOC should cover the secondary residential market as well.

"There are buyers who prefer to stay in an old house within an established location for a myriad of reasons, such as near a school, workplace, parent's home or just because it's convenient."

Samuel says allowing the incentives such as stamp duty waiver on transaction and loan instruments will help to spur the overall residential market more effectively.

Ka Leong says the sub-sale market for landed residential and high-rise residential softened by 75% and 85% respectively in the first half of 2020, compared with the same period a year earlier.

"We are of the view that in the second half of 2020, market conditions will remain soft and challenging. The transaction volume activity is expected to drop by more than 50% due to lack of spending confidence caused by job insecurity and more stringent lending policies that would further defer residential property purchase.

"In terms of value, landed residential properties with affordable products prices will remain stable whilst the mid-range residential property prices might potentially see a 5% downward adjustment.

"For landed high-end products, the degree of severity is likely to be larger. For high-rise residential units, the price adjustment would definitely be worse than landed houses."

Meanwhile, Knight Frank in its Real Estate Highlights Research for the first half 2020 says the Johor residential sub-sector, targeted at owner-occupiers, is anticipated to remain stable, while projects aimed at investors may be more vulnerable amid this challenging period.

"The volume of transactions is anticipated to be lower this year as earlier measures to contain the spread of the virus had restricted movement.

"During the lockdown period, with no physical viewings, property players were noted to have moved to present assets virtually to investors and relevant stakeholders.

"Nonetheless, the residential sector is expected to get a boost with the reintroduction of the HOC."

Moving forward, Knight Frank remains cautiously optimistic on the overall performance of the property market, as the various initiatives announced by the government is expected to help spur economic activities and the property sector.

"Industry players have also become more creative by looking into alternative sectors such as wellness, aged care, education and co-working."