



Property market revival hinges on vaccine approval, travel ban lift

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by AFIQ AZIZ

THE property market recovery hinges on Covid-19 vaccine approval which is expected to lift the market that has dipped since the pandemic started, said property consultant firm Rahim & Co International Sdn Bhd.

Its executive chairman Tan Sri Abdul Rahim Abdul Rahman said volume and value of transactions in the property market had declined by 13.6% and 22.9% respectively in the first quarter of 2020 (1Q20) compared to 1Q19, according to data gathered by the National Property Information Centre (Napic).

He added that the weakness

of the property market is expected to persist for another 12-24 months if the resurgence of the pandemic is not controlled.

Malaysian borders that remain closed for travellers are making the recovery more challenging as foreigners looking to own a home in the country are not realised.

"With the contraction of the nation's GDP and slow buying sentiment from consumers due to this pandemic, the property market would remain soft.

"There are not enough buyers for commercial, residential and retail units.

"I personally think Covid-19 is here to stay until a vaccine is discovered and, therefore, we think this will take between 12 and 24 months, but it is anybody's guess for now," he told *The Malaysian Reserve* in an interview recently.

According to Napic, 84,388 units of properties were transacted in 1Q19 compared to only 72,908 units for the same period this year.

The industrial segment contributed to the decline the most, in terms of the number of units sold with a 32.9% dive, followed by commercial (27.9%), agriculture (17%), development and others (13.2%), and residential (9.9%).

In terms of value, some RM37.2 billion of properties were transacted in 1Q19 compared to RM28.6 billion in 1Q20, led by development and other subsectors which declined by 55.5% from January to March 2020.

Malaysia's GDP had grown by a slower pace of 0.7% in 1Q20 from 3.6% in 4Q19. This was the lowest growth recorded since the 3Q09.

The economy contracted by a record 17.1% in the 2Q, the worst in Asean.

Bank Negara Malaysia forecast the country's 2020 GDP to slump between 3.5% and 5.5%, while projecting the economy will recover and post a growth of between 5.5% and 8% in 2021.

The government had imposed the Movement Control Order (MCO) to curb the Covid-19 spread in March, before slowly opening up the economic activities in May and June via the Conditional and Recovery MCO mechanisms.

Abdul Rahim said people have started to show interest in selling and buying properties since May.

However, he said this is yet to determine that the property businesses would be back as the pre-Covid-19 phase as other countries may still impose travel bans.

As an example, it would not encourage foreign buyers despite the government having already

lowered the threshold of high-rise properties to RM600,000 from RM1 million through Budget 2020.

"People still need to come over and see the property although you did send them beautiful pictures," Abdul Rahim said. "The property values may not go up in the coming years."

Last year, 328,647 properties were transacted and valued at RM141.4 billion, a jump of about 4.8% and 0.8% respectively compared to 2018.

He added that government initiatives, like the moratoriums, exemption of Real Property Gains Tax, extension of the Home Ownership Campaign and allowing a better percentage of loans will cushion the impacts.

"However, the market could only be seen to be recovered when a vaccine is found. Hence, it takes time," Abdul Rahim said.