



Developers baffled by overhang

Units priced RM300,000 and below form the largest unsold segment

By THEAN LEE CHENG
starbio@thestar.com.my

PETALING JAYA: Developers are scratching their heads as to why the most affordable units priced RM300,000 and below form the largest segment of total unsold residential units.

Real Estate and Housing Developers' Association (Rehda) Malaysia vice-president Zulkifly Garib said: "The overhang is an accumulation of many years. We need to understand the kind of products that comprise the overhang."

He said developers have sought the Valuation and Property Services Department and the Selangor Housing and Property Board

PROPERTY

to understand the residential overhang better.

"We want to dissect the figure to better understand the situation," he said.

Zulkifly said besides Rehda Selangor, other state Rehda offices have also sought to understand the situation.

Rehda Malaysia president Daruk Soam Heng Choon said some issues afflicting developers are due to the pandemic, and some are not.

The latest National Property Information Centre results showed the housing overhang resembles a triangle, with units priced

RM300,000 and below occupying the bottom of the triangle, accounting for 31.7% of the total residential overhang, excluding serviced apartments and tolls.

Next comes the RM300,001 to RM500,000 segment at 25.3%, followed by RM500,001 to RM1mil segment at 27.6%, while units priced RM1mil and above formed 12.5%.

Soam was speaking to the media about this weekend's Malaysia Property Expo (Mapex). About 25 developers are participating in Mapex 2020, which will run from Oct 2 to 4 at the Mid-Valley Exhibition Centre in Kuala Lumpur.

About 8,000 units, valued at about RM12.83bil, will be offered for sale. Soam said this is based on information from 42% of par-

ticipating developers. Financial institutions and government agencies will be among the exhibitors.

On the property market sentiment today, Soam said the coming months would "definitely" see a pick-up in sales.

Despite the conclusion of the moratorium, incentives are being given on "a targeted basis", so barring a second wave of the coronavirus Covid-19 pandemic, he is "cautiously optimistic."

The low interest rates will also help.

"We hope things will pick up in the first half of next year. Last year, we did RM37bil sales and have 57,000 transactions, which is unusually high. With the incentives in place, we should do well," Soam said.