



Time to stop piling on the housing stock

ALTHOUGH the overall property market is correcting itself, progress will be slow because of the huge overhang volume.

Socio-Economic Research Centre executive director Lee Heng Guie says the overhang number continues to grow with every quarter.

"The Covid-19 pandemic will add more pressure on the sector, further prolonging the slowdown, especially for the high-end units and those which are in excessive oversupply," said Lee, a panelist at the Property Market Outlook for 2020 - Beyond Covid-19.

SERC is the research arm of the Associated Chinese Chambers of Commerce and Industry of Malaysia.

The overhang will take years to clear as it has been in existence for many years. So, it is crucial to plan current and future housing development properly and avoid adding to the already high unsold stock, he says.

A single authoritative body comprising the regulator, township planner, developers, financiers and relevant agencies is needed. Its aim: to oversee all housing matters in the country.

This includes having a centralised depository data. Data must be timely and regular for

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planning, demand and supply dynamics in terms of pricing, location and type of property, Lee says.

In the meantime, stamp duty exemptions would help to improve buyers' sentiment, supported by the current historic low mortgage rates. Foreign ownership price threshold should also be reviewed, although it is a short-term intervention measure.

Any measures to revive the sector must be balanced between the demand and supply dynamics.

Lee, however, added that the overhang and over building are largely structural. So structural change in housing development and supply, as a whole, is needed if it is to climb out of its current malaise.

Positive and negative factors affect a prop-

erty boom-and-bust cycle. Positive drivers include population growth, demographics, urbanisation, sustainable economic and income growth, financing availability and investment.

Negative forces include prolonged slowdown or a deep recession, oversupply, high unemployment and income loss.

But other equally important factors like capital contributions to utility providers like Tenaga Nasional Bhd, Syabas, Indah Water Konsortium and Telekom Bhd, compliance costs like development charges, Improvement Service Fund, infrastructure contributions, all of which are imposed on developers, also play a part.

These different charges are passed on to house buyers, leading to higher house prices and reducing affordability, he said.

Today, Lee believes the sector may see some support. Home loan interest is at its lowest, there is availability of choice inventory, sweeter deals and other incentives.

However, that does not mean "closing your eyes and ears and just buy."

"Buy only when you have income and job stability," he says. — **By Thean Lee Cheng**