

Property sector likely to rebound next year

By June Ramlee
june@nstp.com.my
2009/12/23

Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) president James Wong Kwong Onn said many property companies are planning a comeback next year after a two-year hiatus that saw them adopting a wait-and-see approach.

"We expect to see an increase (in launches), especially in the residential sector. But it will still remain a buyers' market," Wong told a press conference to announce the Third Malaysian Property Summit 2010, which will be held on January 26, in Kuala Lumpur yesterday.

According to Wong the trend is the properties will be located more in areas where the new LRT line will be coming up as a lot of developers have purchased land around these areas, which are meant for residential development. He expects the residential property market to see a pick-up as more people marry and have children. "Although our property market is not recovering as fast as Singapore and Indonesia but viewed in perspective, our initial drop of 10-15 per cent (in demand) at the end 2008 was less severe as compared with Singapore and Indonesia's 25-30 per cent. As a result, Singapore and Indonesia have subsequently staged a higher percentage rate of recovery whereas the recovery in Malaysia showed a slower rate," he said.

Wong said foreign purchase may be affected by the reinstatement of the real property gains tax (RPGT) in January. Although the projected 5 per cent drop in potential capital gain is relatively small, its repercussions may be more damaging as it has reinforced a perception by foreign investors that government regulations in Malaysia are not consistent and this increases the risks of investments here. He added that this may significantly affect foreign direct investment into the country next year.

"When RPGT was introduced, the objective was to curb speculation. If this is still the rationale for RPGT, then properties purchased and held for more than five years as an investment and not speculative should not be subject to RPGT.

"We strongly urge the government to exempt RPGT for properties held more than five years, and bring forward the base year to January 1 2000," he added.