

#New* REHDA cautious about full recovery in property sector

Written by Siti Sakinah Abdul Latif
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KUALA LUMPUR: The Real Estate and Housing Developers' Association Malaysia (REHDA) is still cautious about the outlook for the property sector despite some positive signs have appeared, especially among residential properties.

REHDA president, Datuk Ng Seing Liong said on Aug 11 total property transactions declined to 79,149 in the first quarter of this year (1Q09) from 80,163 a year ago. Total value of transactions fell 35% to RM16.92 billion in 1Q09 from RM24.37 billion a year ago.

He said residential property continued to dominate the market in 1Q09, comprising of 50,506 units (63.8%) and RM9.24 billion (55.1%) of the total transactions in volume and value respectively. He said there was a slight increase in the number of housing transactions in 1Q09 at 50,506 from 49,234 units in 4Q08 and 50,806 units a year ago.

"I think we have hit the bottom in June this year, that's my personal feeling (that) we will be moving upwards by second half," he told reporters after delivering his keynote address at the 20th National Real Estate Convention.

"But we're worried about the statistics given to us, whether there can be a good situation... we have to be careful," he said, adding the most important factors for the sector and developers were consumer confidence and location of the particular development.

He added the number of property completions and starts increased in 1Q09, but new building plan approvals dwindled. Ng added the housing market was currently in a supply-led situation with existing housing stocks at 4.23 million units in 1Q09.

"What happens if you build, then nobody stays, that's even worse. So you have to make sure that you have demand," he said.

However, due to the crisis, supply had been shrinking as developers were more prudent in their launches and more concerned on clearing inventory and reducing overhang.

Ng advised developers to be cautious and do their research before any undertaking any big launches.

He said the residential sector was expected to see moderate growth due to weak consumer sentiment, while capital values of office and retail assets are heading towards a downward cycle.

On prices and rental, he says that prices softened between 5% and 10% in certain locations but prices in prime locations were still holding up well.

He said REHDA's property industry survey for the first half of this year, which was conducted in May, covered 105 respondents from Peninsular Malaysia. Of the respondents, 32% launched new projects in 1H while 68% did not have any launches. The survey also showed 30% of the respondents experienced static performance in the launched while 38% reported worsening sales.

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Ng said REHDA's proposed banks to provide easier and affordable financing for bridging and end-financing while restrictions on loan drawdown for developers should be reduced.

"To prevent abandonment of projects, for example, banks should finance the projects up to the completion if the developer faced cash flow problems, especially projects which had started or achieved minimum sales of 50% or breakeven point," he said.