

## **Property players anticipate more incentives to spur growth**

IN LIGHT of the Budget 2023 tabling on Oct 7, several property players have put forward their budget wishlist, calling on the government to increase incentives to the property sector to spur growth.

The sector is also hopeful that appropriate incentives from the government will provide Malaysians with the right support to embark on their homeownership journeys.

Property marketplace PropertyGuru Malaysia expressed that the upcoming Budget 2023 should be aimed at making homeownership more attainable for lower- to middle-income groups.

Citing its Consumer Sentiment Study (CSS) for the second half of 2022 (2H22), country manager Sheldon Fernandez said the issue of affordability continues to loom as 51% of the respondents feel that they are unable to purchase a home without government assistance.

He said this was while 69% of the respondents have indicated plans to buy a home if the Home Ownership Campaign (HOC) is revived.

“We applaud the government’s move to launch the Malaysia Home Ownership Initiative (i-MILIKI) earlier this year, providing stamp duty exemption for first-time home- buyers.

“However, based on recent findings in the Malaysian Property Market Report for the third quarter of 2022 (3Q22), rental demand made a massive 96.83% year-on-year jump, indicating that potential homebuyers have resulted to rent- ing in the interim, amid concerns of the rising inflation and Overnight Policy Rate increase.

“Economic uncertainties on the back of the overall recovery in the endemic have made potential homebuyers put a pause on their homeownership plans, while many others have raised affordability concerns,” he added.

Sheldon also highlighted that amid affordability issues, the HOC has been a great help for many first-time homebuyers and has successfully encouraged activity in a slowed property market.

On top of its continuation, he said the marketplace saw that people may also benefit from the continuation of HOC extending its terms to the secondary market as well.

“This would help to create demand and further encourage homeownership, providing more options and price points for potential homebuyers if sub-sale properties were included. As part of this, we also hope that the government can consider reducing or removing the stamp duty for residential properties of RM500,000 and below for all Malaysians — to further boost the market,” he said.

Meanwhile, Sheldon also pointed out that the overhang issues continue to be a concern in Malaysia, where a recent study by Malaysian Industrial Development Finance Bhd said residential overhang units increased to 35,592 units in 1Q22 compared to 27,468 units in 1Q21.

He noted that while the government is working towards providing targeted subsidies to the people, aspiring homeowners would benefit from more schemes similar to the MyHome Scheme, which is aimed at allowing first-time buyers in Malaysia to attain low-cost housing through government subsidies.

“To address the property over-hang issue and further promote an inclusive property market, now is an opportune time for the government to look into providing more schemes with offered subsidies for each home sold.

“This can be done by giving an upfront subsidy to developers that is inclusive of buyers’ deposit fees and any qualifying payment amount needed to reduce the monthly repayments for home-buyers, and ultimately encouraging them to resume their delayed homeownership plans,” he said.

Touching on environmental and natural disasters, Sheldon expressed that the government should not lose sight of ongoing environmental issues, preparedness in facing natural disasters, and the equally crucial long-term agenda of promoting sustainable urban living as well.

He highlighted that amid post-pandemic recovery, people were struck by severe floods nationwide, negatively impacting thousands of Malaysians’ livelihoods, savings and living quarters.

The flooding resulted in approximate losses of up to RM6.1 billion, based on the findings from the **Department of Statistics Malaysia**, with RM1.6 billion of housing damages recorded.

“These events have highlighted a new factor of consideration among Malaysian homebuyers, who according to the CSS 2H22, are now worried about how natural disasters and environmental issues will affect their homes in the future.

“Some 92% of the respondents in the study highlighted flooding as their main concern, while 83% marked landslides as a particular concern,” he noted.

Additionally, Sheldon also urged the government to consider incentivising developers to adopt accredited green certification tools to promote green development in the country and continue to push different industries to do their part in becoming more environmentally friendly.

He said while the impacts of global warming are irreversible, it is the opportune time for organisations and individuals to come together to slow down the effect and reduce the risk of flash floods and landslides resulting from climate change.

“However, we note that the cost of constructing green buildings may be higher than traditional buildings, which might deter potential homebuyers from making the purchase.

“Hence, the government may also consider providing stamp duty exemption for homebuyers who purchase green-certified properties to encourage demand,” he added.

Meanwhile, property developer Mah Sing Group Bhd called the government to ease financing schemes for first-time homebuyers on properties up to RM500,000, in its budget wishlist.

Founder and group MD Tan Sri Leong Hoy Kum hoped the government will implement additional measures aimed at first-time home- buyers, specifically in home financing, to increase homeownership.

He also urged the government to reduce and standardise the mini- mum threshold for foreign property ownership to RM600,000.

“The current minimum threshold for foreign property ownership varies according to states. We hope the government can review and standardise the minimum threshold to RM600,000 across all states.

“With the current currency rate, it will attract foreigners to invest in tangible investments,” he noted.

Additionally, Leong hoped that the government would consider lifting the taxes and levies imposed on imported construction materials, as well as look into expediting the process of bringing in foreign labours and ideally, accelerating the process of migrant worker approval in a more effective manner to help local businesses grow.

He also said the government should continue to support and expand green building development and consider providing small grants to developers to encourage industry participants to incorporate more green features into their developments and to use renewable energy sources such as solar panels.

“We also hope the government will consider extending attractive incentives to property developers who adopt Industrialised Building System and Building Information Modelling when constructing developments, particularly affordable residential developments.

“This will encourage more property developers to adopt IBS and BIM, resulting in higher quality developments, reduced labour dependence, increased site neatness, and increased productivity,” he said.

Recently, Bernama reported that the Housing and Local Government Ministry hopes its application for 100% stamp duty exemption for ownership of first-time homeowners of properties priced above RM500,000 and RM1 million would be approved at the tabling of Budget 2023.

Minister Datuk Seri Reezal Merican Naina Merican noted that for now, full stamp duty exemption is only for first-time homeowners of properties priced RM500,000 and below through the i-MILIKI initiative, while houses priced above RM500,000 to RM1 million are given a 50% stamp duty exemption.

He hoped that the Finance Ministry will consider giving a 100% stamp duty exemption for houses priced above RM500,000 to RM1 million because property buyers in this price range usually comprise those from the middle 40% income group.

On top of that, Reezal Merican also hopes that the “Skim Jaminan Kredit Perumahan” (SJKP), which provides financing guarantees totalling RM2 billion under Budget 2022, would be continued under Budget 2023.

He said the SJKP plays a vital role in boosting the property market, as it enables those who can afford to buy but do not have official income documents (payslips) or fixed income to obtain mortgage financing of up to 100% from selected financial institutions.

The upcoming Budget 2023 is themed on “Strengthening Recovery, Facilitating Reforms Towards Sustainable Socio-Economic Resilience of Keluarga Malaysia”.

It indicates a focus on elevating Malaysian’s wellbeing, income and social protection, and strengthening the nation’s resilience against future shocks, among others.

<https://themalaysianreserve.com/2022/10/04/property-players-anticipate-more-incentives-to-spur-growth/>