

House ownership amid price hikes

A HOUSE is a necessity for humans. It is indeed everyone's dream to own their own house or a place where they can call home.

But in tandem with development, the price of real estates in the country has gradually increased and spiked after the COVID-19 pandemic hit.

According to the senior lecturer of the Economics and Business Faculty, Universiti Malaysia Sarawak (UNIMAS) Dr Nur Zaimah Ubaidillah, during the pandemic, global shutdowns had caused outages, halting property investment projects and driving up costs.

Given that the supply chain delays had also increased early construction prices, affecting developers and other industry experts, she said the price patterns of building materials 2022 onwards are more difficult to predict than before.

"Many building materials have increased in price as a result of the COVID-19 pandemic which results in them being at their highest levels in years.

"All of this adds up to greater expenses for a number of building projects. Hence, it will indefinitely affect various stakeholders including the developers, estate agents, contractors, and homebuyers," she told the New Sarawak Tribune.

When asked on whether the spiralling cost of real estate and materials may lead to a high homeless rate here, she stated that further evidence or studies were required to prove if an increase in the cost of productions in the real estate industry was a factor.

On the same note, an economist, Nur Zaimah emphasised that the government should enhance the financial literacy among the society from an early age.

"With ample financial education, this will allow the younger generation to be well prepared when it comes to real estate and how their financial aspects (savings, eligibility, loan details) may influence their homeownership," she said.

She added this should also be applicable to people living in the rural areas.

While data shared by the **Department of Statistics Malaysia (2021)** showed that 580,000 of M40 households had fallen into the B40 category during the COVID-19 pandemic did not specify the level of homeownership, she said such insights would assist policymakers to enhance the current homeownership strategies and provide suitable or targeted assistance.

"Moreover, stronger collaborations and partnership between the government and developers are essential to boost homeownership in the long-run," she opined.

With the harsh reality hitting the homebuyers, based on data from the National Property Information Centre (NAPIC) as reported by the Economic Planning Unit under the Premier of Sarawak's Department, the housing prices in Sarawak are the third highest in Malaysia.

The residential house first quarter 2022

It revealed that Sarawak's average house price in the first quarter of 2021 was RM482,592 just slightly lower than Selangor's at RM482,061 while Kuala Lumpur's average residential price was RM763,234.

However as the country moved towards the endemic phase, NAPIC reported that the average selling price of residential properties in Sarawak stood at RM365,712 in the first quarter of 2022 – making it the sixth highest in Malaysia.

For this, Sarawak Housing and Real Estate Developers' Association (SHEDA) president Augustine Wong said that by all indications, the fundamentals of a growing market were intact, showing a healthy balance between the desire to build and the aspiration to purchase still existed.

"However, purchasers are simply unable to afford purchasing existing supply and are choosing to defer their borrowing in the hope that the economic situation will become more favourable.

"The catalyst for breaking the deadlock is dependent on the ability of purchasers to afford to buy property and their ability is affected by all the issues that we have now," he said.

He said the housing developers were also affected, adding:"During the pandemic lockdown, Malaysia experienced an unprecedented exodus of foreign labour.

"The cautious reopening of our borders and revised labour policies by source countries have delayed the restoration of our foreign labour workforce to pre-pandemic levels."

However, he pointed out SHEDA was confident that the Sarawak government would find a way to address this dilemma.

Meanwhile, for SHEDA Kuching Branch chairman Datuk Sim Kiang Chiok, he said the developers' survival depended on the recovery and vibrancy of the economy after the COVID-19 pandemic.

In the current situation, he disclosed that most of the building materials had increased from 15 per cent to almost 100 per cent.

"This increase is due to several factors such as supply chain disruption, low ringgit, Ukraine/Russian war affecting oil and gas price, and increase in minimum wages.

"While we are still recovering from the COVID-19 lockdowns, these issues along with the high inflation have caused our developers to take cautious moves when launching new developments," he said.

As reported by the **Department of Statistics Malaysia (DOSM)** on the Building Materials Cost Index between March 2020 to June 2022, a single storey reinforced concrete (RC) has increased about 24 per cent while two to four storey (pitched roof) has increased about 17.5 per cent.

On the other hand, the percentage increase of building materials for a single storey RC and two to four storey (pitched roof) during the same time frame were 19 per cent and 17 per cent respectively.

However, in light of this, he said that even though the new increase in building cost would be reflected in the newly launched houses, those houses that were completed or near completed with the cost set would still be sold at pre-COVID-19 price.

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