

The Star : Drop in house sales worrying

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Weak market conditions and tightening of loans by banks has caused house sales to drop, according to the Real Estate and Housing Developers Association Malaysia (Rehda).

A recent survey by Rehda on the property market showed that a majority of the 1,100 members surveyed reported unsold housing units.

Rehda deputy president Datuk Michael Yam said while most developers' unsold stock levels were still manageable, the industry was facing major challenges.

The cost of building materials has escalated in the wake of fuel price increases, and with pricing pressures intensifying, costs are fluctuating rapidly, resulting in uncertain supply, he told a media briefing here yesterday.

Yam said the increasing pressure of regulatory compliance costs, such as low-cost quota policy, bumiputra quota and discount policy, and build-then-sell (BTS) or 10:90 policy were cramping development.

In order for the BTS policy to succeed, financial institutions have to play a major role in ensuring that financing for housing projects is adequate and forthcoming, he said.

The BTS policy requires house buyers to pay a 10% down payment, with the remainder to be settled upon the completion of the house, putting developers at a dangerous disadvantage.

A proper legislation framework is needed to prevent buyers from backing out on sales and purchase agreements halfway through a project, which could lead to it being abandoned.

He added that buyers, too, must protect themselves from being cheated by unscrupulous developers.

Weakening demand and quality issues had also become a concern to industry players, said Yam.

However, there are pockets of optimism indicated by better sales in certain areas of Selangor, Johor, Malacca, Perak and Penang, according to the survey.

It is all about location. A developer is also a businessman who must make wise decisions in encouraging better reception from buyers, said Yam, who is also managing director of Sunway Bhd.

In the light of the challenges, Rehda is determined to boost the industry by focusing on three key areas - mitigating the cost of doing business, strengthening demand, and continuing professional development of human resources.

This will bring about a level of competency and quality expected by the public. Only then will our industry be able to compete with the world, he said.