

Looking
Ahead to
2010

Property players upbeat on signs of economic recovery

PROPERTY developers are upbeat about their business outlook for 2010 as the Malaysian economy is set to recover.

The economy is expected to contract by 3 per cent this year but has been forecast to expand by up to 3 per cent in 2010. Prime Minister Datuk Seri Najib Razak has said he wants to do better and aim for a 5 per cent growth.

Ireka Development Management Sdn Bhd president and chief executive officer Lai Voon Hon thinks the sector could be in for a "mini boom" if the global economy stabilises.

But the availability of attractive

mortgage rates and a low-entry cost to home ownership will be key for the sector in 2010.

"Signs of recovery are beginning to surface, albeit slowly. Buyers or investors who were sitting on the side, waiting for prices to bottom out or looking for distressed opportunities, are now returning to the market," Lai told Business Times.

The implementation of a 4 per cent Goods and Services Tax in mid-2011 could also benefit the sector as people may want to buy before houses cost more with the tax.

YTL Land & Development Bhd executive director Datuk Yeoh Seok

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Kian said having survived 2009, developers would be more bullish about 2010, with many anxious to move forward with their plans.

This means buyers can expect more launches in the Klang Valley, Penang, Johor and Sabah, featur-

ing medium to high-end landed properties and high-rise residential and commercial towers.

But as the market regains confidence, developers may scale back incentives like discounts on down-payments.

Developers were also worried about the Real Property Gains Tax (RPGT) taking effect from January but this is no longer a concern as the policy has been reversed.

Now, only those who sell property within five years of purchase will pay the tax, as announced by Najib on December 23.

TA Global Bhd spokesperson Datin Alicia Tiah said developers will be more creative and innovative

next year and develop products with a unique selling point to move sales.

Mah Sing Group Bhd group managing director cum group chief executive Tan Sri Datuk Sri Leong Hoy Kum said he expects strong recovery in demand for mid-tier to high-end landed properties.

He also expects appetite for commercial properties to improve.

A new scheme that allows Employees Provident Fund contributors to withdraw more from their Account 2 saving to buy their first house would also help the market.

However, the EPF has yet to announce details of this new scheme.

— *By Sharen Kaur*