No impact for those not working with PICs

THE government's recent move to clamp down on bulk sales of property will not hit developers who have no dealings with property investment clubs (PICs), say industry players.

KH Sim, chairman and group CEO of Allstones Group Asia, does not foresee a major impact on his business resulting from the bulk-sales directive. He says this directive will affect only developers with a huge number of units which rely heavily on property clubs to move sales.

"For those of us who have concentrated on individual or genuine buyers, we do not see this as a major issue," he explains, adding that developers should time the release of their products and ensure they are affordable.

When asked if this move will curb speculation, Sim believes a more effective method is the removal of cheap credit.

Another developer, who declined to be named, says most reputable developers do not use the services of PICs, as their property sells itself. He notes that marketing is necessary only when dealing with poor-quality products; in this case housing developments at a poor location, without proper amenities and infrastructure, or by dodgy developers with no track record.

He also discloses that there have been PICs which approach developers with statistics and alleged analyses of potentially poor sales, prompting them to use their services to move sales. In extreme cases, he has also heard of PICs using subtle threats that they will disclose the alleged negative analysis of the project development at their seminars.

He implores developers to have confidence in their development and refrain from using the services of PICs to sell their property.

"Conduct a proper analysis before beginning a development. Everything is based on supply and demand. There is no need to use PICs, as they create false demand by hyping a property project to sell it," he warns.

Mitraland Group general manager Eddie Wong does not expect a drastic impact on its business from the government's recent directive, as most of its customers are end-buyers. Mitraland, he says, does not deal with investor clubs.

Nevertheless, he says as much as the government tries to curtail the activities of PICs, these will circumvent it. Thus, he warns of a whiplash in the event the limit, imposed in the case of purchases of more than four units, deters genuine purchasers buying for personal reasons.

"Some buyers see the potential in our property and they buy for their children as well. We are looking at one property for themselves, and another three to four for the children, parents et cetera. Property sales are already down by about 40%. My fear is this could cause a further dip in the market," he confides.

Wong discloses developers are finding it difficult to secure end-financing for buyers who are very often limited by their income. This is despite removing the frills, which could total about RM50,000, from the original sales price.

"Mitraland's focus is on end-buyers. Most are purchasing for own occupancy. They are usually upgraders who sell their old property to upgrade to our super-link or bungalow units."

Lai Voon Hon, executive director of Ireka Corp Bhd, says they tend not to sell their properties in bulk, although there are occasionally loyal customers who buy multiple units.

These customers tend to buy for long-term investment and rental income as they trust in the quality and value of the properties.

"There are not enough details from the ministry at the moment about this new measure for us to comment on whether it will have an impact on this group of investors.

"We look forward to receiving more information in due course and will then have a better idea of its impact on our company," explains Lai, who is also president and CEO of Ireka Development Management Sdn Bhd.