

HOUSING SECTOR

'PROPERTY PRICES HIGHER DUE TO LEVY, COMPLIANCE COSTS'

Rehda says members' gross margins have shrunk to about 16pc

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PROPERTY players say rising properties prices are partially due to levy on construction materials as well fees and charges related to compliance costs.

The Real Estate and Housing Developers' Association of Malaysia (Rehda) claims that members' margins have shrunk to about 16 per cent.

Its president Datuk Seri FD Iskandar said actions had to be taken to make house ownership more viable for the people and despite the spike in prices.

"Developers cannot keep on incurring compliance costs and getting new development charges," he said after presenting Rehda's industry survey for the first half of this year and market outlook for the second half, here, yesterday.

FD Iskandar also said it would release its budget wish list either by the end of this month or early next month.

Developers, he said, faced high

construction and land costs as well as the lack of suitable land for development and incentives, particularly in the provision of affordable housing.

"Developers' gross margins have been getting smaller — ranging from 17 to 18 per cent last year to between 15 and 16 per cent now," he said.

Developers have to bear additional construction costs in the form of levy on construction materials.

"We can't do much about the construction costs — it is something the whole market is facing. I think if the levy is lifted then construction costs would become cheaper," he said.

"Developers should also not be charged for development charges, and it must have a lower conversion premium," he added.

Rehda immediate past president Datuk Michael Yam Kong Choy said property prices had been increasing due to the compliance cost of development projects.

"It includes charges and fees that developers pay to the government and the local authority.



Real Estate and Housing Developers' Association of Malaysia (Rehda) president Datuk Seri FD Iskandar (right) with immediate past president Datuk Seri Michael Yam Kong Choy at the presentation of Rehda's industry survey for the first half of this year and market outlook for the second half in Kuala Lumpur yesterday. PIC BY ZULFADHLI ZULKIFLI

Certain states are now reviewing their charges.

"The development charges have kicked in based on the total approved built-up. All these charges are charged upfront before the developers get the approval," he explained.

Urban Wellbeing, Housing and Local Government Minister Tan

Sri Noh Omar said compliance cost was under the authority of state governments.

"I cannot make any comment unless I read the Rehda statement first," he said.

Rehda past president Datuk Ng Seing Liong said it had proposed to the government to reduce the tax on construction materials.