

Survey: Developers expect better times in first-half 2018

PETALING JAYA: The majority of Malaysian property developers are neutral or pessimistic about the property market's performance for the second half of the year (2H17), but the level of optimism is higher for the first half of 2018 (1H18).

According to a survey carried out by the Real Estate and Housing Developers' Association Malaysia (Rehda) among its members, 44% of the 153 respondents indicated a neutral outlook while another 44% indicated a pessimistic outlook with only 8% indicating an optimistic outlook.

However, sentiment seems to be better for 1H18 with 26% indicating an optimistic outlook on the property market's performance. The number of respondents who are neutral and pessimistic about property market performance in 1H18 is slightly lower at 37% and 34% respectively.

In terms of residential sector growth for 2H17, a whopping 51% indicated a neutral outlook while 28% are pessimistic about the sector and 16% are optimistic.

While a majority of respondents (49%) remain neutral about residential sector growth in 1H18, more respondents (26%) are optimistic while 20% are pessimistic.

For 2H17, 48% of these developers are planning to launch 17,535 units comprising 7,386 landed homes, 9,647 strata units and 502 commercial units. However, 76% of respondents with planned future launches expect take-up rates of 50% or lower.

In 1H17, only 31% of respondents had launches, reflecting a 12% drop from 2H16 whereby 43% of respondents had launches. A total of 9,089 units were launched in 1H17 with an overall sales performance of 48%, compared with 13,276 units launched in 2H16 with 45% sales.

In 1H17, respondents had actually planned to launch 21,899 units but launched only



9,089 units compared with 13,276 units launched out of 14,611 units planned in 2H16.

"This is the biggest discrepancy we have ever had, which is more than 50%. This is due to several factors including market conditions, financing issue and new conditions imposed," said Rehda president Datuk Seri FD Iskandar (pix).

In terms of property type, sales of two- and three-storey terrace homes increased to 1,702 units in 1H17 from 1,666 units in 2H16. Sales of serviced apartments rose to 1,079 units in 1H17 from 1,033 units in 2H16. This is despite the lower number of units launched in 1H17 compared with 2H16, for both types of property. Most of the terrace homes and serviced apartments sold are located in Selangor.

However, sales of apartment/condominium units decreased drastically to

731 units in 1H17 from 1,840 units in 2H16. FD attributed the drop to locality, selling price and difficulty in securing favourable margin of financing.

Meanwhile, survey respondents said high construction cost, high land cost/non-availability of suitable land and lack of incentives are the top three challenges in providing affordable housing.

The number of respondents who provide affordable housing rose only marginally to 63% in 1H17 from 60% in 2H16.

The number of respondents with unsold units, both residential and commercial, remained high at 72% in 1H17. The top three reasons for unsold units are end-financing and loan rejection, low demand or interest and unreleased bumiputra quota.

Aside from adopting cost-cutting measures, respondents said they have taken initiatives to boost sales, including helping buyers with the 10% downpayment, reviewed selling prices and enhanced product innovation and creativity. - by **Eva Yeong**