

# Lower price for foreigners won't impact property overhang

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THE lowering of property's ceiling price for foreign ownership from RM1 million to RM600,000 effective next year is not expected to bring down the country's property overhang substantially.

VPC Realtors (JB) Sdn Bhd Asia Pacific property consultant Bruce Lee said the lower threshold is currently only "an encouragement" by the federal government, and is not a new regulation.

"The initiative by the federal government might not be too impactful as the regulation needs to come from the state governments as land would be state matters.

"The federal government needs to look at other policies to tackle the overhang problem," he told *The Malaysian Reserve*.

While agreeing that the move is a good initiative, Lee said it is now up to the state governments — particularly Kuala Lumpur, Penang and Johor — to also consider lowering the threshold in support of the federal government's decision.

However, he said, it might take time for the state governments to enact the new ruling and any impact on the overhang would not be as immediate.

Sunway University Business School economist Prof Dr Yeah Kim Leng said there is a slight risk of crowding out by foreign purchasers due to the lower threshold.

"Ideally, the threshold should be adjusted according to the supply and demand situation in each locality but this could be a nightmare to implement as well as confusing to both developers and buyers.

"Presently, states are free to set their threshold. That will help ease state governments' concerns on the appropriate threshold given the differing overhang situation in each state," he said.

The lowering of the threshold will help ease the oversupply situation, as well as attract more foreign investments into the country, Yeah added.