

Property Market Report 2007 – Momentum Regained

The following article is a summary of the Property Market Report 2007 released by the Valuation and Property Services Department, Ministry of Finance. It covers updates on the property market activity for residential, shops, shopping complex, purpose-built office, industrial property and leisure.

Overview of 2007 Property Market Activity

The market saw 309,455 transactions valued at RM77.14 billion in 2007, recording a 9% increase in terms of units. Increase in market activities were across the board, led by the development land sub-sector at 21.2%.

Generally, prices of all property were on upward trends. The Malaysian All House Price Index recorded 124.0 points for 2007 against 118.30 points for 2006. Correspondingly, the price of the 'average all houses' increased to RM173,998 in Q4 2007 from RM170,158 in Q4 2006. Kuala Lumpur had the highest average price level in the country at RM393,211, followed by Selangor and Sabah at RM253,225 and RM236,804 respectively.

Residential Property

The residential sub-sector continued to dominate the market accounting to 64.5% of total volume of property transactions. There were 199,482 transactions worth RM36.49 billion recorded in 2007, an increase by 9.3% and 23.9% in transaction volume and value respectively, against recorded in previous year. However, the performance of the states are mixed. Most states recorded promising growth in the market activity, except for

Negeri Sembilan (-14.2%), Pulau Pinang (-5.3%), Perak (-3.7%) and Sabah (-3.1%).

By price range, houses below RM150,000 continued to be popular, comprising 61.5% (122,820 transactions) of the total market volume. By type, terraced units, condominium/apartment and low cost houses remained popular as represented by 44.5%, 10.1% and 8.4% transactions respectively.

A total of 52,664 new housing units were offered for sale and 23,749 units were taken up, achieving an average sales performance of 45.1%, compared to 40.6% recorded in 2006. Selangor, Johor and Perak accounted for 56% of the country's new units launched.

The number of residential overhang decreased by 6.9% to 23,866 units against 25,645 units recorded in 2006 and overhang value reduced by 8.8% to RM3.82 billion from RM4.18 billion in 2006. The three leading states in the overhang numbers were Johor (6,941 units), Selangor (4,053 units) and Sabah (2,447 units).

On the supply side, the number of completed units increased to 178,608 in 2007 from 171,448 units in the previous year while new building plan approvals decreased by 10.3% from 154,703 units in 2006.

Total and Percentage Share of Properties Transacted by Sub-Sector

	NUMBER OF PROPERTIES				% SHARE			
	2004	2005	2006	2007	2004	2005	2006	2007
Residential	195,243	181,762	182,555	199,482	66.6	65.7	64.3	64.5
Agricultural	53,906	51,868	56,624	60,155	18.4	18.8	19.9	19.4
Commercial	24,212	24,151	25,687	27,900	8.2	8.7	9.0	9.0
Development and Others	12,033	11,584	11,845	13,999	4.1	4.2	4.2	4.5
Industrial	7,818	7,143	7,186	7,919	2.7	2.6	2.5	2.6
Total	293,212	276,508	283,897	309,455	100.0	100.0	100.0	100.0

Source: Property Market Report 2007

Global Uncertainties May Scuttle Positive Outlook

In most economies, house prices and inventories are central to the outlook of the economy. The recently released Malaysian Property Market Report 2007 painted a promising picture for the housing and property sector. With sales reported to be moving upwards and the overhang easing, the property market looks poised for another encouraging year ahead. At least that was the outlook, from a year ago.

Based on real time observations, particularly in the light of global economic uncertainties, sustaining the momentum gained in 2007 may be a major challenge to the industry. The inflationary pressures of rising costs of building materials and fuel have shaved off much of the optimism and margins of many construction and property development companies. The resulting higher cost of living will lower the purchasing power of potential house buyers and weaken demand for housing and property purchases.

In times like these, we all look to the hand that rules us for answers. But the solutions often elude us. For example, despite numerous calls to ensure supply for the domestic market, steel material suppliers continue to disregard the price control system and dictate their own terms rising prices at will. And the authorities appear to be unable to act.

If little can be done to alleviate the global burden of rising costs of building materials, then at least the Government must respond to the industry's appeals for help in creating a more business-friendly and transparent policy environment to reduce other costs of doing business, besides measures to boost demand and sustain growth in the housing and property sector.

Specifically, policies that require private sector developers to share in the role and responsibilities of the Government in housing delivery such as the low-cost and bumiputera housing quota should now be reviewed and changed. REHDA had also urged for incentives to ease house buyers' burden in home acquisition via the reductions in stamp duties and lower taxes on housing loan interest.

Let's hope Christmas comes early this year. ■

Feedback on the Implementation of One Stop Centre (OSC)

In order to assist the Ministry of Housing and Local Government (MHLG) in the smooth implementation of the One Stop Centre (OSC), you are requested to report any problems or delays that have been encountered pertaining to the implementation of OSC.

Your feedback or complaints together with supporting information/documents may be forwarded to:

Pam: Email: info@pam.org.my Fax: 03-2692 8782
REHDA: Email: secretariat@rehda.com Fax: 03-7805 1206

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- April 2008 **11**

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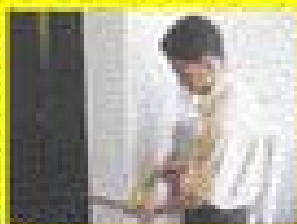
Quality Assessment System In Construction

QLASSIC is a method to measure the quality of workmanship of a construction work based on the approved standards. QLASSIC enables the quality of workmanship between construction projects to be objectively compared. QLASSIC assessment is performed by qualified and independent assessors, through site inspection. The quality of workmanship of a construction work is assessed according to the requirement of the relevant standard and marks are awarded if the workmanship complies with the standard. These marks are then summed up to calculate the QLASSIC Score (%) for a construction project. Construction works that are rectified after an assessment will not be re-assessed. Assessment samples are determined prior to carrying out the assessment.

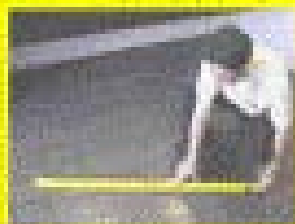
Construction Industry Standard (CIS 7:2006 – Quality Assessment System for Building Construction Work) specifies requirements on quality of workmanship and assessment procedures for building construction work. The requirements in CIS 7 are divided into four main components:

1. Structural Work
2. Architectural Work
3. Mechanical and Electrical Work (M&E) work
4. External Work

CIS 7 also specifies the sampling guideline and the weightage allocated for each component according to the category of building.



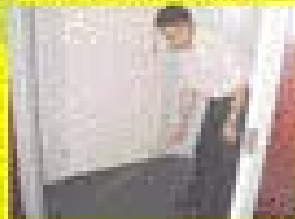
Checking appearance of internal wall



Checking flat of floor above stairs



Checking flatness of internal wall



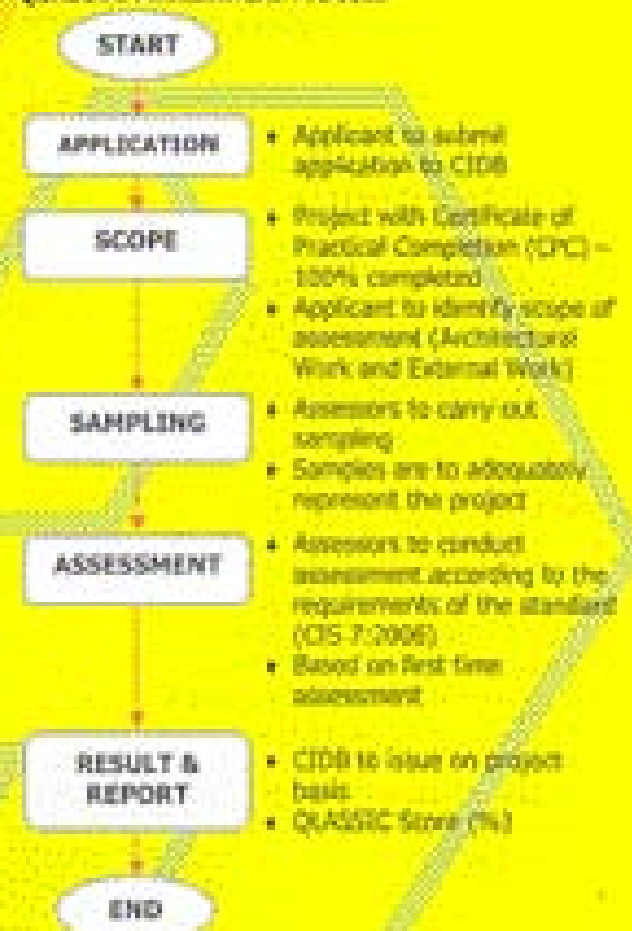
Checking flatness of steel floor

- No charges for assessment and processing fee for the time being.
- Enables you to benchmark the quality of workmanship of your construction project.
- Provides you a standard assessment system for quality of workmanship of construction work.
- Enhances quality control of your construction work.
- Specified as a quality criterion for contractor's performance scorecard.

Who should apply for QLASSIC assessment?

- Projects owner
- Real estate and housing developer
- Contractor
- Others

QLASSIC Assessment Process



For further information or to download the application form, please visit our website www.cidb.gov.my

Please contact us should you need further clarification:

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DO THINGS RIGHT THE FIRST TIME AND EVERY TIME

Significant Changes to Housing Act (Part 2)

LAST month, we examined some of the significant changes made to the statutory sale and purchase agreement for a housing accommodation comprising land and building. In part two this month, we look at significant changes made to the statutory agreement for a housing accommodation comprising a building or land intended to be subdivided into parcels held under strata titles, brought about by the recently amended 1989 Regulations, which came into operation on 1 December 2007.

Agreements for Buildings or Land Intended for Subdivision into Parcels (Schedule H)

The title to the Schedule H agreement has been changed to “Building or land intended to be subdivided into parcels”. A recent amendment to the Strata Titles Act, 1985, has permitted land with buildings of not more than four storeys to be subdivided into land parcels to be held under strata titles. This new strata scheme will meet the needs of a new housing development concept referred to as Gated Community Schemes.

Parcels Free from Encumbrances Before Vacant Possession

In the event the land upon which the development is taking place is encumbered to any bank, the amended Schedule H requires the proprietor/developer to deliver to the purchaser or his financier, a copy of the redemption statement and undertaking issued by such bank, in respect of the purchaser’s parcel, immediately after the date of the agreement. Previously, the time period to deliver such redemption statements and undertakings was not specified.

Loans

The purchaser’s financier is now required to furnish to the developer an unconditional undertaking to pay the loan sum and in return the developer will undertake to refund the loan sum in the event the transfer of the parcel cannot be registered in favour of the purchaser for any reason that is not attributable to the purchaser.

Right to Initiate and Maintain Actions

The purchaser may now initiate and maintain any action or suit in any court or tribunal

provided that his financier is notified of the action or suit within 14 days after the action or suit has been filed.

Defaults by Purchasers

A new event of default has been added. If the purchaser fails to pay any sum or sums payable (other than any installment payable and any interest thereon) for any period in excess of 28 days after the due date, the developer may take steps to annul the sale of the parcel.

Strata Title and Transfer

The duty and obligation of the proprietor/developer is to execute an instrument of transfer in favour of the purchaser, within 21 days upon issue of the strata title to the parcel that has been extended. The executed instrument of transfer shall now be forwarded to the purchaser together with the strata title. This is, of course, subject to full payment of the purchase price and observance of all terms and conditions by the purchaser.

Position and Area of Parcel

The purchaser is entitled to an adjustment of the purchase price if the area of the parcel shown in the strata title is less than the area shown in the building plan by more than 2% instead of 3%.

Infrastructure and Maintenance

Under the new Building and Common Property (Maintenance and Management) Act, 2007 (Act 663), a Joint Management Body (JMB) is to be established if the management corporation is not in existence at the time of delivery of vacant possession.

The purchaser will contribute to the infrastructure maintenance costs, until they are taken over by the appropriate authority or the JMB and the developer shall provide to the purchaser a list and description of the infrastructure and the expenditure incurred in the maintenance thereof.

Service Charges

The purchaser shall pay to the developer service charges for the maintenance and management of the common property and for services provided by the developer until the establishment of the JMB. Thereafter services charges shall be payable to the JMB.

In respect of such service charges, the

purchaser will pay four months’ in advance instead of one month’s deposit and three months in advance.

All services charges received by the developer shall be paid into a Building Maintenance Account established under Act 663. The service charge statement prescribed in the Fifth Schedule has been slightly modified. Service charges shall be paid within fourteen days, instead of seven days.

Sinking Fund

From the date the purchaser takes possession of his parcel, he is liable to contribute a sum equivalent to 10% of the services charges to a sinking fund established under Schedule H. All funds accumulated in this sinking fund, which is maintained by the developer, are held in trust for all purchasers, and the developer is required to transfer any accumulated funds into a sinking fund established under Act 663.

It is pertinent to note that before the establishment of the JMB, the contribution to the Schedule H sinking fund is a separate and additional payment. Once the JMB is established, the sinking fund established under Act 663 will comprise such portion of the contribution to the Building Maintenance Fund as may be determined by the JMB and the purchaser is no longer required to make a separate and additional payment to such sinking fund.

Delivery of Vacant Possession

The purchaser may now occupy the housing accommodation when the certificate of completion and compliance has been issued, water and electricity supply are ready for connection, and the purchaser has paid all monies payable and due. The certificate of fitness for occupation is no longer required.

Defect Liability Period

The defect liability period has been increased from 18 months to 24 months and a purchaser may make a claim before the expiry of 18 months or 24 months after he takes vacant possession. Once a notice of claim by a purchaser has been made, the developer’s solicitors may not release the monies held by him until the developer’s architect has certified that the defects, shrinkage or other faults have been repaired and made good by the developer.

Budget 2009 Consultation: “Enhancing Resilience for Sustainable Growth and Shared Prosperity”

REHDA submitted strategic proposals for Budget 2009 Consultation to the Ministry of Finance to strengthen the enabling conditions and to improve transparency of governance in ensuring continued promotion of home-ownership and sustained private sector investment.

REHDA highlighted that with the current high fuel prices and a commodity boom worldwide, all Malaysians are not spared of a rising cost of living. The resultant reduced propensity to save has contributed to the overall caution and reluctance to commit to a long-term capital debt of housing. Developers' woes are amplified by a fast rising cost of delivery that cannot be passed off into the pricing system of a generally weak housing market. In this respect, both the homebuyers and developers would need the Government's help at these current difficult times.

In furtherance to these objectives, REHDA has proposed several measures that the Government could implement to steer the housing sector and reduced the homebuyers and developers burden.

REHDA's proposals include:

Transparent and Consistent Bumiputera Quota Policies

- a) The Bumiputera quota release mechanism must be standardised, structured and transparent.
- b) Quota should not exceed 30% and
- c) States' approval for automatic release of unsold Bumiputera units to the open market shall be given upon:
 - The project **reaching at least 50% of completion**, according to the architect's certificate.
 - The developer **having advertised in major Bahasa Malaysia newspapers** at least 3 times each.
 - Blanket release for all **completed unsold** Bumiputera lots.
 - Developers **should not be penalised with any form of levy or payment to any authorities or their agencies** as a result of these quota not taken up by the target group.

- Conditions and limitations should not be imposed on the titles for Bumiputera units. This is because such conditions create restriction in interest on the property and is viewed by the market as un-preferred property, and even result in Bumiputera purchasers preferring to buy Non-Bumiputera units rather than Bumiputera units. It should be noted that Bumiputera housing policy guidelines do not provide enabling provision/ legislature for restriction in interest on title and a payment for dispensation to sell to non-Bumiputera after embargo period.
- Bumiputera quota to be considered achieved in a housing development based on sales, **irrespective of whether the units sold to Bumiputera were the identified lots or not**. In other words, Bumiputera buying Non-Bumiputera lots would count as contributing towards fulfilling the Bumiputera quota. As such, the balance of the unsold Bumiputera units should be released.
- Additionally, Bumiputera discount should be capped at 5% and only applicable for houses RM250,000 and below as purchasers beyond this market segment are more financially secure and as such do not need such discounts. Low cost and low-medium cost houses should be excluded from such discounts, as these are heavily subsidised products.

Create Special Purpose Vehicles (SPV)'s at the State Government Level to Undertake the Provision of Low Cost Public Housing

- a) Drop the term 'low cost housing' and adopt a more appropriate term such as affordable public housing primarily because it's not applicable anymore in today's industry where there is prevalent escalation of material and building cost. It will also serve to remove the derogatory image of the public housing.
- b) Each state has its own State Development Corporation that can undertake this task, as the State Governments are the biggest landowners.
- c) Through their State EPU's and other relevant agencies, the states have the best database as to where the demand for public housing is greatest. Hence, they would be in the best position to plan and provide matching supply.
- d) The State Government has ultimate authority over land matters and are very well versed with all the relevant instruments of Land Law.
- e) Private sector developers should be allowed to focus more on market driven products. Low cost housing should only be enforced on State alienated land and not private converted land.
- f) The low cost segment of the Ninth Malaysia Plan accounts for about 15% of total housing targets. Low cost housing policy applied nationwide should correspond accordingly with such targets.
- g) As an immediate measure, it is timely that the quota requirement for private sector low cost houses be reviewed, particularly in areas where there is poor demand for low cost houses.
 - Such move will help minimize mismatch in supply and demand for low cost houses as well as make low cost housing development more feasible as costs of land is lower for these public sector agencies.
 - With the public sector taking up a more active role in this area, the low cost quota for the private sector could be reduced and scaled down before the entire responsibility of providing low cost houses to the lower income group is eventually assumed by the public sector.
- h) REHDA further proposed that, in the meantime, in order to mitigate the effect of increased development costs, the low cost housing ceiling price be reviewed from the current pricing structure of RM42,000 per unit to RM60,000 per unit.

→ continued from page 1

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Supply of Residential Units in Malaysia

STATE	EXISTING STOCK			COMPLETION			INCOMING SUPPLY			STARTS			PLANNED SUPPLY		
	2006	2007	% CHANGE	2006	2007	% CHANGE	2006	2007	% CHANGE	2006	2007	% CHANGE	2006	2007	% CHANGE
WP Kuala Lumpur	354,544	366,939	3.5	22,457	12,395	-44.8	57,974	54,580	-5.9	14,627	9,001	-38.5	37,333	40,225	7.7
WP Putrajaya	3,857	3,865	0.2	465	8	-98.3	475	467	-1.7	219	0	-100.0	169	712	321.3
WP Labuan	10,497	10,508	0.1	23	11	-52.2	583	754	29.3	14	182	1,200.0	608	484	-20.4
Selangor	1,067,500	1,147,509	7.5	50,022	80,009	59.9	196,783	169,456	-13.9	46,995	52,682	12.1	134,716	124,725	-7.4
Johor	608,795	630,413	3.6	24,805	21,618	-12.8	72,073	63,798	-11.5	22,034	13,343	-39.4	134,530	143,655	6.8
Pulau Pinang	300,827	312,603	3.9	11,571	11,776	1.8	55,373	53,288	-3.8	12,849	9,691	-24.6	31,166	35,711	14.6
Perak	348,967	358,441	2.7	12,588	9,474	-24.7	31,274	29,595	-5.4	9,597	7,795	-18.8	41,529	38,367	-7.6
Negeri Sembilan	220,836	224,699	1.7	9,219	3,863	-58.1	60,232	60,781	0.9	4,031	4,412	9.5	108,981	108,680	-0.3
Melaka	138,533	142,424	2.8	9,342	3,891	-58.3	14,575	14,902	2.2	5,689	4,218	-25.9	26,680	26,738	0.2
Kedah	228,873	238,505	4.2	5,431	9,632	77.4	37,885	36,501	-3.7	10,354	8,248	-20.3	28,082	34,414	22.5
Pahang	188,913	196,681	4.1	6,450	7,768	20.4	28,438	25,724	-9.5	5,451	5,054	-7.3	36,245	37,297	2.9
Terengganu	44,817	46,962	4.8	2,662	2,145	-19.4	11,642	12,133	4.2	2,798	2,636	-5.8	15,056	16,352	8.6
Kelantan	50,363	51,928	3.1	1,836	1,565	-14.8	8,135	8,686	6.8	1,905	2,116	11.1	8,645	8,999	4.1
Perlis	18,028	18,545	2.9	1,194	517	-56.7	2,683	2,409	-10.2	416	243	-41.6	604	1,314	117.5
Sabah	110,283	116,886	6.0	5,355	6,603	23.3	21,951	27,012	23.1	1,430	11,664	715.7	24,797	17,044	-31.3
Sarawak	168,799	176,132	4.3	8,028	7,333	-8.7	19,507	14,755	-24.4	5,859	2,581	-55.9	13,518	12,898	-4.6
MALAYSIA	3,864,432	4,043,040	4.6	171,448	178,608	4.2	619,583	574,841	-7.2	144,268	133,866	-7.2	642,659	647,615	0.8

Source: Property Market Report 2007

Number of Residential Property Transactions



Source: Property Market Report 2007

Shops

This sector recorded 27,900 transactions worth RM16.35 billion in 2007. Selangor, Johor and Perak contributed almost half (49.5%) of the market share. Selangor registered the highest value of sales at RM2.0 billion, followed by Kuala Lumpur at RM1.20 billion and Johor at RM1.03 billion. The shop overhang increased to 4,951 units (2006: 4,819 units) while the overhang value grew to RM1.36 billion (2006: RM1.27 billion).

As at end-December 2007, there were 328,047 units of existing completed shops in the country together with 45,754 units (2006: 46,098 units) in the incoming supply and 54,771 (2006: 51,962 units) where building plan approvals obtained but construction not commenced. Selangor had the most completions (2,835 units); construction starts (3,605 units) and new building plan approvals (4,997 units). Johor ranked second by having 1,524 units new completions, 2,182 units construction starts and 2,399 units new building plan approvals.

Shopping Complex

Total retail space offered in the market stood at 8,563 million m² in 2007, attributed to 579,826 m² of retail space that came on-stream and 531,966 m² (31 new shopping complexes) of newly completed retail space entering the market. All states had additions of newly completed

space except Negeri Sembilan and Kedah.

There were 1.673 million m² of retail space in the incoming supply, with Kuala Lumpur having the most retail space of 466,429 m². This year also saw a marked increase in the new building plan approvals to 391,367 m² as compared to 138,962 m² in the previous year. 36.9% of the national new planned supply was located in Pulau Pinang, Sabah and Selangor.

Unsold Residential Units in Malaysia

STATE	COMPLETED		UNDER CONSTRUCTION		NOT CONSTRUCTED	
	2006	2007	2006	2007	2006	2007
Malaysia	25,645	23,866	59,846	52,232	15,578	17,871
WP Kuala Lumpur	1,718	1,523	6,033	4,408	269	787
WP Putrajaya	NA	0	NA	0	NA	0
WP Labuan	NA	0	NA	66	NA	0
Selangor	5,233	4,053	14,487	10,977	1,463	1,319
Johor	8,215	6,941	13,308	11,466	5,346	5,637
Pulau Pinang	594	310	799	854	241	407
Perak	499	1,379	2,018	5,506	397	997
Negeri Sembilan	1,703	1,452	2,476	866	3,654	3,184
Melaka	1,626	2,294	4,005	3,646	544	654
Kedah	1,578	1,809	5,668	6,629	1,115	1,408
Pahang	469	596	2,485	1,898	1,075	1,440
Terengganu	8	6	370	350	0	0
Kelantan	61	229	1,672	1,257	402	873
Perlis	204	145	364	82	19	0
Sabah	3,294	2,447	3,358	2,318	826	950
Sarawak	443	682	2,803	1,909	227	215

Source: Property Market Report 2007

There were 14 shopping complexes transacted in 2007 against 7 transactions last year. 4 shopping complexes changed hands in Kuala Lumpur, 2 each in Johor and Melaka and 1 each in Selangor, Pulau Pinang, Kedah, Sabah and Sarawak.

Purpose-Built Office

The purpose-built office sub-sector performed well in 2007 with an average occupancy rate of 85.0% compared to 84.4% last year. The annual take up was 292,083 m², as compared to 227,051 m² recorded in 2006.

This year saw 22 buildings being completed, offering 286,427 m² of new office space resulting in total supply of office space in the country reaching 14.78 million m² (2006: 14.50 million m²).

A total of 26 purpose-built office buildings transactions worth RM1.08 billion was recorded (2006: 14 transactions, RM426.45 million), along with 1,919 office lots transactions worth RM789.99 million (2006: RM653.98 million). Selangor had the most office lot transactions (805 units) followed by Kuala Lumpur (740 units).

Industrial Property

Total industrial stock stood at 89,160 units in 2007. Sarawak had the most newly completed units (137 units) followed by Johor (115 units) and Perak (111 units). It was observed that semi-detached units formed the bulk of the completions whilst terraced units dominated both starts and new building plan approvals.

The industrial overhang in the country decreased by 15.8% to 664 units (2006: 789 units) and correspondingly, the value dipped by 12.4% RM339.05 million (2006: RM386.94 million). The unsold under construction units decreased to 424 units (2006: 531 units) while the unsold not constructed units increased to 471 units (2006: 438 units).

Selangor had the most overhang industrial units (242 units), followed by Johor (154 units) and Terengganu (65 units). Selangor contributed 49.3% to the national unsold under construction units whilst 46.7% of the unsold not constructed units were located in Melaka. Terraced factory was prevalent in the industrial overhang (72.1%: 479 units) and unsold under construction units (91.5%: 388 units) whilst detached units dominated the unsold not constructed category (56.5%: 266 units).

There were 7,919 transactions worth RM7.08 billion recorded (2006: 7,186 transactions, RM6.04 billion). Terraced factory/warehouse and vacant industrial plots were most popular totalling 68.9% of the market share while industrial property priced between RM250,001 and RM500,000 were the most sought after comprising 30.6% of the total transactions.

Leisure Property

12 hotels with 1,384 hotel rooms were completed in 2007. As at end-December, the existing supply of hotel rooms stood at 151,904 rooms (2006: 150,578 rooms). Pahang recorded the highest occupancy rate of 79.0%, followed by Kuala Lumpur (72.7%), Sabah (69.2%), Kedah (68.6%) and Putrajaya (67.5%) whilst Negeri Sembilan, recorded the lowest at 51.3%.

A total of 536 transactions involving 31 hotels and 503 service apartments were recorded for the year as well as 7 leisure property transactions recorded in Selangor, Johor, Melaka, Pahang, Terengganu, Kelantan and Sabah. ■

Note:

Members are advised to refer to the 2007 Property Market Report for full details. Copies are available at RM100.00 per copy from NAPIC offices nationwide.

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Significant Changes to Housing Act (Part 2)

Assignment

The purchaser may assign all his rights and interest in his parcel to a third party without the consent of the proprietor or the developer, provided he has fully paid the purchase price and complied with all terms and conditions of the agreement, or if before full payment, the developer and the purchaser's financier have exchanged undertakings mentioned earlier.

Additional Plans

Two additional plans are required to be attached: the layout plan and the common facilities plan.

Transitional Provisions

In the case of Schedule G discussed last month and Schedule H discussed in this part, the amended 1989 Regulations do not affect the validity of any contract for the sale and purchase of a housing accommodation entered into after 12 April 2007, but before 1 December 2007, and such contract shall continue to have full force and effect even if inconsistent with or contrary to any provisions of the amended Schedule G or H. Further, if on 1 December 2007, a contract of sale has been signed in any phase of a housing development, the developer may continue to use the previous Schedule

G or H agreements until all the housing accommodation in the said phase of housing development have been sold. ■

Contributed by **Andrew Wong**

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Budget 2009 Consultation: “Enhancing Resilience for Sustainable Growth and Shared Prosperity”

- Such a move will ease the burden of heavy cross subsidization, particularly in view of increasing cost of housing delivery. As a result, housing prices across the board are expected to better reflect the true market value and become more affordable.
- i) It should be noted that low cost houses in the secondary market are generally transacted at a substantive premium over the ceiling prices.

Tax Incentives for REITs

- a) Real Estate Investment Trusts (REITs) should be further promoted to attract more investors.
- b) The current tax structure for Malaysian REITs is not attractive enough.
- c) Singapore REITs, for instance, has reduced withholding tax for foreign investors to 10% from 20% for 5 years for distribution between 18 February 2005 and 17 February 2010.
- d) The city-state also exempts individual investor REITs dividends from income tax.

- e) In this respect, REHDA proposed that the authority allow **tax-free dividends** at unit holder level to attract more foreign and local investors.
- f) REHDA also proposed that REITs properties be exempted from the requirement of appointing a registered property manager under the Valuers, Appraisers and Estate Agents' Act to enable REITs owners to appoint the best property manager for their REITs assets.

Tax Deduction on Housing Loan Interest Incurred for Houses Costing RM250,000 and Below

- a) The tax deduction will reduce the financial burden for buyers in this market segment as inflation has eroded their spending power.
- b) This will also encourage greater homeownership.
- c) Such tax structure will also help revive the housing industry throughout the country and generate market activities.

Review of Stamp Duty Rates

- a) In order to help keep costs of homeownership at a more affordable level for the general public, REHDA also proposed **a reduction of stamp duty rates.**

REHDA's proposed stamp duty rates for property transfers are as follows:

CURRENT RATE	
TRANSACTION VALUE	RATE
1st RM100,000	1.0%
Between RM100,000 to RM500,000	2.0%
In excess of RM500,000	3.0%
PROPOSED RATE	
TRANSACTION VALUE	RATE
1st RM300,000	0.5%
Between RM300,000 to RM1 mil	1.0%
In excess of RM1 mil	2.0%

* 50% waiver for housing RM250,000 and below – Budget 2008

- b) The review in stamp duty rates will help lower costs of home ownership and/or property ownership, encourage house purchase/property investment among the general public, and
- c) Help sustain home affordability levels.



Teach-in on Conducting Market and Feasibility Studies for Property Developments

REHDA Institute organized a half-day Teach-in Session on Conducting Market and Feasibility Studies for Property Developments on 1 April 2008. Mr Elvin Fernandez, Managing Director of the Khong & Jaafar Group of Companies, conducted the Teach-in. Mr Fernandez in his presentation highlighted analysis of the real estate market and the current market outlook in Malaysia, statistics of the various property sub-sectors as well as the impact of external factors such as the sub-prime crisis, which would form the basis of a market study.

Mr Fernandez also demonstrated formulas in deriving the internal rate of returns in determining the viability, feasibility and profitability of various types of property developments. ■



Participants paying keen attention to the presentation by Mr Elvin Fernandez.

Selangor Branch

Courtesy Call and Dialogue Session with YAB Dato' MB Selangor

REHDA Selangor Branch Committee Members paid a courtesy call and had a dialogue session with YAB Tan Sri Dato' Abdul Khalid Ibrahim, Menteri Besar Selangor on 10 April 2008 at Pejabat Dewan Undangan Selangor, Shah Alam. ■



Zone Chairman, Mr Ng Boon Chan (front row, 1st from right) raising some of the issues during the dialogue.

Dialogue Session with Yang Dipertua, Majlis Perbandaran Kajang (MPKj)

A dialogue session with Yang Dipertua, Majlis Perbandaran Kajang (MPKj) was held on 9 April 2008 at MPKj to discuss issues and problems relating to application made to MPKj for property development in Hulu Langat district. 14 members developers having development projects in Hulu Langat attended the dialogue session. ■

Courtesy Call on YB Tuan Iskandar Abdul Samad

REHDA Selangor Branch Committee Members paid a courtesy call on YB Tuan Iskandar Abdul Samad, Chairman of Housing, Building Maintenance and Squatters Permanent Committee on 11 April 2008 at Pejabat Exco, Bangunan SSAAS, Shah Alam. ■



Branch Chairman, Dato' Fateh Iskandar Tan Sri Dato' Mohamed Mansor (5th from left) presenting souvenir to YB Tuan Iskandar Abdul Samad (4th from left).

Johor Branch

MAPEX 2008

REHDA Johor organized its 2008 MAPEX at Johor Bahru City Square from 24 to 27 April 2008. 40 developers and 7 banking institutions took up a total of 70 booths. About 10,000 units of properties valued at RM2.30 billion were offered for sale during the three-day exposition. ■



Johor MAPEX 2008 at Johor Bahru City Square.

Wilayah Persekutuan Branch

Dinner Function with Datuk Bandar Kuala Lumpur

REHDA Wilayah Persekutuan (KL) Branch hosted a 'Majlis Makan Malam Bersama Datuk Bandar Kuala Lumpur' held on 18 April 2008 at the Renaissance Kuala Lumpur Hotel in Kuala Lumpur. This inaugural function is held with the purpose of establishing closer interaction, mutual cooperation and better understanding between Kuala Lumpur City Hall (DBKL) and REHDA WPKL. ■



Welcome reception for Dato' Ab Hakim bin Borhan, Datuk Bandar Kuala Lumpur.

Kedah/Perlis Branch

Courtesy Call on YAB Menteri Besar of Kedah



Rehda Kedah/Perlis Branch Committee Members with Menteri Besar Kedah.

REHDA Kedah/Perlis Branch Committee paid a courtesy call on YAB Ustaz Haji Azizan bin Abdul Razak at his office in Wisma Darul Aman, Alor Star on 7 April 2008.

During the visit, YAB Menteri Besar briefed the Branch on the new State Governments proposed policies, namely

- Views and proposals from all relevant quarters in formulating State Government policies and development plans are welcomed.
- Non-interference with developments projects approved by the previous State Government.
- Future development will take into account preservation of padi land in the State.
- New rates will be studied on the drastic increase in Quit Rent imposed by the previous State Government. ■

Melaka Branch

1st MAPEX 2008 11 to 13 April 2008

REHDA Melaka organised its 1st MAPEX 2008 on 11 to 13 April 2008 at Mahkota Parade Melaka. YB Datuk Hj Abdul Ghafaar Bin Hj Atan, the State Housing Committee Chairman officiated the launch. A total of 26 developers, 1 government agency, 2 investment agencies and 3 financial institutions participated in this exhibition. About 3,216 units of mixed development properties, estimating valued at RM546 million were showcased during the 3-day exposition. ■



REHDA Melaka Chairman, Datuk Lim Cheow Seng (2nd from left) presenting the flower basket to YB Datuk Hj Abdul Ghafaar Bin Hj Atan (4th from right) together with Organizing Chairman, Mr Tay Sin Wah (3rd from left) and REHDA Melaka Committee Members.

Courtesy Call on Valuation & Property Services Department

REHDA Melaka Branch Committee Members paid a courtesy call on Pn Hjh Halimatun Pawan, newly appointed Director of Valuation & Property Services Department on 7 April 2008. ■



REHDA Melaka Committee Members with Pn Hjh Halimatun Pawan, Director of Valuation & Property Services Department (seated 3rd from left) and her officers.



April 2008

DATE EVENTS

- 2 CIDB – Workshop on “Safety & Health Issues & System in Construction”. Attended by En Hashdi Abd. Muid.
Berita Harian Press Interview. Attended by Mr Ng Seing Liong.
MBAM – Forum on “Bridging the Gap between The Construction Stakeholders and The University Academia”. Attended by Mr Eric Chew of Paramount Property Development Sdn Bhd.
- 4 MIP – Planning Excellence Award Dinner “Towards Sustainable Planning.” Attended by Mr & Mrs Ng Seing Liong.
Courtesy call on YB Dato’ Ir Md. Zin Mohamad, Minister of Works. Attended by Mr Ng Seing Liong, Datuk Eddy Chen Lok Loi, Tn Hj Muztaza Mohamad and Pn Aslinda Mohd Noor.
- 9 AAPH Meeting. Attended by Datuk Eddy Chen Lok Loi, Mr Lee Li Shyan, Mr Ng Seing Liong, Tn Hj Muztaza Mohamad, Mr T. Mahesan, Dato’ Prof. Zainuddin Muhammad, Mr Yap Woon How, Ms Ng Kuai Heng, Ms Karen Seow and Ms Ong Hui Tse.
- 10 Universiti Malaya – Discussion on “Investigating the Characteristics of Unsold Residential Properties at Public Auction Sales Using Multiple Regression Analysis (MRA)”. Attended by Mr Che King Tow.
MoF – Pengecualian Duti Setem Melalui Perintah Duti Setem (Pengecualian No. 6/2001). Attended by Mr Ng Seing Liong, Ms Ng Kuai Heng, Pn Rusnani Abd Rahman and Lee Hishamuddin, Allen & Gledhill.
- 11 MAPEX 2008 Meeting. Attended by Mr Teh Boon Ghee, Ms Jessie Ting, Mr Soon Teck Giap and Ms Karen Seow.
- 15 Meeting on REHDA Golf Tournament. Attended by Mr Vincent Khoo, Ms Jessie Ting, Ms Karen Seow and Ms Marina Sern.
Luncheon Discussion between BMDAM and MBAM on Possible Collaboration Between Building Materials’ Distributors & End Users in Importing Materials to Ensure Consistency of Supply in Malaysia. Attended by Mr Ng Seing Liong and Pn Aslinda Mohd Noor.
Bar Council Malaysia – Dinner in conjunction with a special address by the Prime Minister. Attended by Dato’ Michael Yam Kong Choy.
- 18 Dinner with Delegations of the Malaysian Developers’ Council. Attended by Mr & Mrs Ng Seing Liong, Mr Ricque Liew Yin Chew, Tn Hj Muztaza Mohamad, Mr Anthony Cho, Ms Ng Kuai Heng, Pn Rusnani Abd Rahman, Ms Karen Seow and representatives of SHARED A and SHEDA.

DATE EVENTS

- 19 Malaysian Developers’ Council Meeting. Attended by Mr Ng Seing Liong, Dato’ Michael Yam Kong Choy, Mr Ricque Liew Yin Chew, Mr Ng Lip Chong, Dato’ Francis Lee Yew Hean, Mr Cheah Wing Choong, Tn Hj Muztaza Mohamad, Mr Teh Boon Ghee, Mr Anthony Cho Tian Han, Ms Ng Kuai Heng, Pn Rusnani Abd Rahman, Ms Karen Seow and Pn Aslinda Mohd Noor, representatives from SHEDA and SHARED A.
REHDA Golf Tournament 2008.
- 21 MoF – Budget 2009 Consultation. Attended by Mr Ng Seing Liong and Pn Rusnani Abd Rahman.
- 23 NPC – Discussion on Final Draft of Registering Property Guidebook. Attended by Mr Ricque Liew Yin Chew.
- 24 Jabatan Kerajaan Tempatan – *Mesyuarat Perbincangan Teknikal Penambahbaikan Sistem Pengumpulan & Penggunaan Semula Air Hujan (SPA H)*. Attended by Mr Tiah Oon Ling and Ms Yee Chew Ping.
Lunch with Aseambankers. Attended by Mr Ng Seing Liong, Dato’ Jeffrey Ng Tiong Lip, Datuk Eddy Chen Lok Loi, Dato’ Michael Yam Kong Choy and Dato’ Johan Ariffin.
Dialogue with Aseambankers, EPF and Fund Managers. Attended by Mr Ng Seing Liong, Dato’ Jeffrey Ng Tiong Lip, Datuk Eddy Chen Lok Loi, Dato’ Michael Yam Kong Choy, Dato’ Johan Ariffin and Dato’ Jerry Chan Fook Sing.
- 25 MITI – Discussion on “The Asean Framework Agreement on Services (AFAS)”. Attended by Ms Ng Kuai Heng and Ms Yee Chew Ping.
SIRIM – Meeting (No. 02/08) on “Clay & Calcium Silicate Bricks of Special Shares & Sizes Recommendation”. Attended by Mr Tiah Toh Twin.
VAEA meeting. Attended by Ms Ng Kuai Heng and Pn Aslinda Mohd Noor.
- 27 Quality Restroom Association Annual Dinner. Attended by Mr & Mrs Ng Seing Liong, Mr & Mrs Tan Ching Meng, En Nazaruddin and Mr Soon Teck Giap.
SIRIM – *Mesyuarat Technical Committee Meeting on Bricks & Blocks (No. 04/08)*. Attended by Mr Tiah Toh Twin.
SPAN – *Perbincangan Mengenai Kadar Wang Sumbangan Kapital Pembedungan*. Attended by Mr Ng Lip Chong, Mr Tiah Oon Ling and Ms Yee Chew Ping.
- 30 EXCO Meeting.

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