

PRESS STATEMENT

Petaling Jaya, 3 March 2009

REHDA Hails Ministry's Announcement to Stimulate the Property Market

Real Estate and Housing Developers' Association Malaysia (REHDA) welcomes the announcement by the Ministry of Housing and Local Government to stimulate the property market and help ease burden of house buyers and developers who are now hit by the contracting economic condition.

Applauding the much awaited news, REHDA President, Datuk Ng Seing Liong, JP, said that the Ministry's decision to getting the banks reschedule payments and reduce interest rates will make housing loans more affordable and hence avoid the occurrence of non - performing loans in the housing and construction sectors. "Such a move will create greater financing for the housing sector and the reduced rate will attract potential buyers who have been adopting a wait-and-see attitude." Datuk Ng said.

Government's decision to subsidise the construction or purchase of land for building 25,000 low-cost houses is seen as a positive step towards providing more affordable housing for the low-income earners. At the same time, the subsidies will help lift the burden of private developers on the rising cost of constructing low-cost houses, he added.

He further stated that the revision of stamp duties and taxes for developers will ease the industry's burden. The reviewed rates of stamp duties can attract buyers to buy and ultimately reduce developers holding costs while the lower taxes will enable developers to reinvest to generate further market activities.

Meanwhile, REHDA also expressed hope that the Government will further consider its following proposal to mitigate the weakening demand in the industry as a result of the current global economic crisis: -

- i. The Bumi quota policy should be reviewed to promote transparency and consistency; the release mechanism must be structured and standardised throughout the country. Quota should not exceed 30% and discount is to be capped at a maximum of 5% for houses RM250,000 and below;
- ii. The need for adequate financing to sustain private investment in the property sector where banks should come in and continue to provide easier and affordable financing for both bridging and end financing;
- iii. Creating better affordability among potential home buyers to stimulate the market by:
 - Higher Treasury Housing Loan eligibility for government staff;
 - First Home buyers grant of RM10,000 to be given to all first time house buyers;
 - EPF withdrawal for a second house without having to sell off the first house.
- iv. Allow tax deduction on housing loan interest incurred for houses as the tax deduction will reduce the financial burden for buyers in this market segment since inflation has eroded their spending power;
- v. Government via their State Development Corporations should undertake the task of developing low cost houses as the state governments are the biggest landowners while private sector developers should be allowed to focus more on market driven products;
- vi. 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 to help minimize mismatch in supply and demand;
- vii. Malaysia My Second Home (MM2H)
 - The relevant authorities should promote the Malaysia My Second Home as a property investment destination and at the same time promote the development of Malaysia Economic Corridors.

REHDA feels that such moves will not only impact the industry positively during economic downturn, but will also provide the much-needed lever to generate and stir interest towards property purchases.

Issued by:

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