

## **HOUSING**

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**November 30, 2010**

1. In the 1980's and early 1990's there was a great construction boom in Tokyo. Land was sold at USD 3,000-00 per sq foot. Everyone was rushing to buy expensive land because the market for apartments and office space seem to be forever.

2. Then suddenly the market dried up. The boom became bust. Since then Japan has not been able to really recover.

3. It was the same with Hong Kong. The economy collapsed because of overbuilding.

4. In a way the sub-prime crisis which triggered the financial and economic collapse also had to do with the building industry. 5. I once thought that the tower crane should be included in the coat-of-arms of KL City Council because they were all over the city. KL grew at a rapid pace and the skyline changed almost every day. 6. KL is still growing. New high-rise apartments, condominiums and office buildings are mushrooming everywhere. It is really amazing. We really look like a newly developed country. 7. Can this growth go on forever? True, KL's population and that of Greater KL (including non-Wilayah areas) have been growing fast. At independence, the population was only 350,000. Today Klang Valley has a population of almost 6 million. Obviously the businesses and the workers at all levels need space to live and work. 8. But it is not impossible that the provision for these would not outstrip the rise in population and their spending power.

9. Shopping complexes are being developed sometimes next to each other. Surely it will cause the shoppers to be divided between them. There will not be enough to support all the complexes. Some will survive, some will die.

10. Already we have seen a few hyper-market chains going out of business. Will this not happen to a few of the shopping complexes? Will this not happen to the other major development projects?

11. And we are told of new giant projects. The Sungai Buloh KL City Centre, the new KL Financial District and the 100-storey Merdeka Tower Project.

12. Some people say that even the Petronas Twin Towers are empty. Well they are not fully occupied. This is because of a policy to allow only prestigious corporations and institutions to have the Twin Towers as their address. In any case, Petronas has enough requests for space to decide to add extra space for the shopping complex and a forty-storey tower.

13. I should really be advising Petronas to abandon its current project. But here I am talking about overbuilding in KL. Really I shouldn't. But I am really concerned over the possibility of the bubble bursting.

## **12 Comments**

By 'Manusia Biasa' Author Profile Page on November 30, 2010 12:46 PM

YABhg Tun is so excited with the privatisation and development but he is more concern on the

economics benefit that is carried out from the initiatives. He is more substance and realistic in nature by taking into accounts of histories and track records. I take his opinion as it is really important to the nation development.

Manusia Biasa

By faudziAuthor Profile Page on November 30, 2010 12:37 PM

Salam TUN dan semua

Saya pun ada menulis tentang harga rumah pada sekarang ini yang dikira amat tinggi, ibarat beli rumah sekarang untuk harga 10 tahun akan datang. Saya bersetuju dengan pandangan TUN mungkin berlaku bubble dalam property market kerana kelihatan ianya oversupply dan waktu yang sama harga melambung agak tinggi.

Cadangan saya juga agar pandangan TUN agar rakyat Malaysia beranak lebih sikit dengan populasi sekitar 70 juta menjelang 2020 boleh di galakkan kerana ianya penting untuk menggerakkan ekonomi domestik.

<http://pantausblog.blogspot.com/>

By Jentayu Emas TradingAuthor Profile Page on November 30, 2010 12:32 PM

Salam Ayahanda Tun,

Thanks for highlighting this issue.

I agree and fully support the build for the new City Center, Financial District and the 100 storey Merdeka tower but the site should be elsewhere and not focused in Klang valley only.

By nazrimalikAuthor Profile Page on November 30, 2010 12:30 PM

Tun, you worry too much. Bad for your health.

Anyway, i truely agree with Tun regarding the said topic.

Take care Tun.

By mazlanAuthor Profile Page on November 30, 2010 12:22 PM

Assalamualaikum.

Gelembung harga dan penawaran harta tanah sememangnya amat membimbangkan ahli ekonomi kerajaan dan swasta. Ianya akan mengwujudkan kesan berganda kepada kejatuhan ini. Sememangnya terlalu banyak projek harta tanah komersil dan kediaman sedang dan akan dilaksanakan dalam masa terdekat ini. Kita telah melalui keadaan banyak projek terbengkalai pada masa lalu terutamanya semasa krisis 1997/98. KLCC berjaya disiapkan walaupun pada masa itu keadaan amat tidak memberangsangkan. ALHAMDULILLAH sebaik siap kita berjaya mengharungi kegawatan ekonomi dan KLCC berjaya mendapat penyewa sehinggakan ianya begitu meriah pada hari ini.

Saya berpendapat projek warisan merdeka PNB ini seharusnya diteruskan kerana PNB sendiri memerlukan ibu pejabat baru bagi menggantikan yang lama. Ini dengan sendirinya menjadikan projek ini berdaya maju kerana sudah ada penyewa walaupun PNB membinanya untuk

kegunaan sendiri. Dengan kekuatan kewangan PNB saya percaya INSYAALLAH projek ini berjaya disiapkan sepertimana yang dirancang. Pelaksanaan projek ini memberi saingan yang hebat kepada pemaju dan pemilik bangunan sedia ada untuk menarik pembeli atau penyewa bangunan mereka. Ini tentunya menjadikan mereka lebih kreatif dalam pemasaran dan peka terhadap keperluan penyewa, seterusnya menjadikan Malaysia sebagai pusat operasi serantau kerana sewa bangunan bermutu yang tidak terlalu tinggi disokong pula oleh kos sara hidup yang sederhana, kualiti kehidupan yang tinggi, kestabilan politik serta keselamatan dan keharmonian sosial.

Secara umumnya jika kita semua faham tugas dan tanggungjawab, kita mampu melakukan perkara yang luarbiasa apatah lagi perkara asas yang sememangnya keperluan dalam kehidupan kita. Untuk mengelakan para peniaga yang tidak bertanggungjawab mengambil untung secara berlebihan maka pelaksanaan GST hendaklah dilaksanakan secepat mungkin. Kecekapan kerajaan memungut cukai dan mengelakkan pembaziran dalam perbelanjaan akan menjadikan ekonomi kita mampu bertahan mengharungi gelombang globalisasi. Kecekapan faktor ekonomi ini seperti buruh, modal dan teknologi beserta insfrastruktur ini memberikan kita kelebihan yang tiada tandingan dalam persaingan ekonomi global masa kini. Terpujanglah kepada kita semua untuk menyahut ataupun menolak cabaran ini.

By KennAuthor Profile Page on November 30, 2010 12:00 PM

Dear Tun,

Adalah walaupun sedikit kena mengena dengan artikel Tun kali ini :-

MENARA BABIL

By dinmonchekAuthor Profile Page on November 30, 2010 11:43 AM

dear tun,

the cost of acquiring property in malaysia keeps on rising, and the wages of employees have been stagnant for ages. the govt initiative to drive malaysia into high income economy is laudable, but i doubt it, simply b'cos the politicians r obsessed with lousy politics which certainly will not bring anything good to rakyat.

By XandelorasAuthor Profile Page on November 30, 2010 11:09 AM

For those who are deeply concerned about the current state of our economy, please read the following books.

The Mystery of Banking by Murray N. Rothbard

The Case Against the Fed by Murray N. Rothbard

What Has Government Done To Our Money? by Murray N. Rothbard

Modern Money Mechanics by Federal Reserve

By Prabagan GopalakrishnanAuthor Profile Page on November 30, 2010 10:51 AM

Dear Tun

Thank You for your posting on the property bubble. Basically Tun is echoing most of the property analyst opinion. My personal opinion is that the bubble is mostly fueled by low interest in credit and clever marketing ploys by the developers.

What does Tun think of the easy credit coupled with low interest being offered by bankers to the working people making them to be deep in debt. I was told not sure if this is true but Malaysians

have the highest household debt in Asia.

Thank You

By Hazman Abu Bakar Author Profile Page on November 30, 2010 9:57 AM

Thank you for highlighting this issue sir. it is a major problem in KL. I'm an architect and I see these problems and the consequences to it. Why must all the project be focused in the central region. We should be expanding elsewhere and maybe the development might have a balanced growth. I support the build for the new City center, financial district and the 100 storey Merdeka tower but the site should be elsewhere and not focused in Klang valley only.

By HBT Author Profile Page on November 30, 2010 8:56 AM

Ayahanda Tun,

1. Property Bubble oledi busted and our DM is Housing Ministry said the average unit price for housing has increased 3.3% only. How he gets this percentage? There are many property in KL are owned by high profile companies, are they doing well really?

2. The bubble is oledi busted but BN will not admit and will try to cover up so that they can build more construction to cover-up their losses after US Sub-Prime Mortgage Meltdown.

3. Malaysian politicians especially our Malays (I am not being racist) are copy cats and they only copied for the sake of copied.

4. Chinese no longer trust MCA because MCA Politicians are more interested to protect their construction contract more then the people.

5. The more BN politicians play politicking to cover-up their losses by building more buildings, the more people are fed-up with increased of living standard with stagnant gaji.

6. Bullet train in Malaysia is viable and affordable?

7. Malaysians are used to owned vehicles/ motorcycles on road once they come out to work especially in urban cities.

8. Bullet train in Malaysia is viable and the pricing is competitive enough to wollaap businesses from airlines through back-door?

9. Even if Bullet Train is built, our people still opt for travelling with vehicles because we love the scenery and the states' cultures traditions in the country.

10. When Housing Minister, Chor Chee Heung, a Kedahan, even though he may know that MCA may not retain its power in Perak, informed The Star Group he estimated that 70% of the population will move to cities, who is he to determine the property market?

11. To Singaporeans, they can adapt to higher pricing with higher salary because PAP Government and Businesses are separated since 1990 when Mr Harry Lee resigned as PM.

12. When PM launched Little India in Brickfield, he gave us the impression to the property buyers that this area is mainly for Indians.

13. KDN will import more Chennai to boost up this area knowing that they cannot afford the property?

Good day Ayahanda Tun. There are many empty buildings in KL and PJ.  
By TuaChengAuthor Profile Page on November 30, 2010 8:51 AM

Mr.Mahathir, from your statement above, honestly speaking I'm suprised.

In fact very suprised, as your days of helming the Captaincy, it was mentioned that Privatised projects not a worry to the government.

It was, the KLCC & Bakun which Private entities were awarded the contracts and funded privately. Not to forget PKFZ, PLUS Highways and etc.

The arguments of that day, it was beneficial to spur the growth of the economy and the nation needs the progress.

The arguments stated, that such development projects increase business,jobs and more positive traits.

But for this case of 100storey complex, so it is not good Malaysia. There are gluts and possible bubble burst per your meaning.

But the true equals that, many Ali Baba's Contractors from UMNO, are short of work currently. In Selangor, Kedah, Kelantan and Penang, they've got no more, sure/guarantee contracts.

PM Najib/UMNO President, has to create jobs for his supporters. How come, it is so unfair now? Many riches was created during your time, why can't PM create such riches to his supporters. In cases, they may be Perkasa members as well.

Source : <http://chedet.co.cc/chedetblog/2010/11/housing.html>