

# No mechanism yet to control property price increases

BY NURA ZAH ISMAIL

THE Government is concerned over the dramatic increase in property values, especially in the Klang Valley where prices have gone up 30 per cent between the end of 1993 and the middle of last year.

Prime Minister Datuk Seri Dr Mahathir Mohamad said there was, however, no mechanism as yet to control the price spiral.

He said the price increases, especially for residential and commercial properties in the Klang Valley, went beyond the normal yearly increase of between 10 and 20 per cent.

"We can build houses at low cost but the problem of land shortage has caused values to go up," he told reporters after opening Sunrise Bhd's Mont' Kiara Pines, Mont' Kiara Sabana and Mont' Kiara International School at Bukit Kiara in Kuala Lumpur yesterday.

He said the Government could not control the market because property values varied throughout the country.

Unlike places with a lower population, land values in urban areas like Ipoh, Kuala Lumpur and Johor Bahru are high.

Dr Mahathir said some plots situated in urban ar-

reas were owned by those who could not afford to develop them. The land parcels are also small, which could lead to improper planning, if developed.

Factors that have contributed to an increase in property values include:

- Rise in income and purchasing power

- Easy housing loan facilities

- Purchase of houses by overseas

- Home renovations

Dr Mahathir said speculation in the property market by parties taking advantage of the nation's robust economic growth could also fuel property prices.

He urged developers and investors not to take advantage of the situation to make huge profits through the housing sector, even though Malaysia practises free trade.

"Another point which should be given serious attention by housing developers is cost and selling price. House price increases at all levels will fuel inflation," he said.

He said the housing sector had the potential to become a prime mover in Malaysia's economic development.

"Currently, the country's population is about 19 million and will increase to 22.7

million in the year 2000.

"At the same time, our urbanisation rate will increase from 51 per cent in 1991 to 55 per cent this year," he said.

Dr Mahathir said that while the Government controls the prices of low-cost housing schemes as a social

obligation, developers should do the same for middle-cost schemes.

He said between the low-cost and high-cost projects, the middle-income earners were left wanting as they were not eligible to buy low-cost houses but still cannot afford a high-cost house.

"As a result, this group would come up with ploys to buy low-cost houses and do illegal extensions."

To curb this trend, he urged housing developers to come up with more middlecost housing projects priced at between RM80,000 and RM100,000 to meet the demand.

Dr Mahathir also praised Sunrise for having integrated planning with park and recreation facilities, low-rise and high-rise buildings.

"If more housing projects are done that way, Kuala Lumpur will become a well-planned city," he said.