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A sure sign of confidence

IT is uplifting to see the crowds that thronged the week-long Malaysian Property Fair in Kuala Lumpur. With more than 50,000 having visited the fair at the Putra World Trade Centre by 5.30pm since the doors opened to the public at 11am on Monday's opening day and again, the packed hall yesterday, it speaks a lot for the response and the people's confidence in the country's economic recovery. The fair is part of the month-long Home Ownership Campaign which began on Dec 12.

Opening the fair, Prime Minister and First Finance Minister Datuk Seri Dr Mahathir Mohamad, visibly moved by the presence of the big crowd, spoke optimistically that sales will increase which should spur the recovery of the economy. The organisers are right not to extend the campaign since other sectors of the economy need attention, too. With another fortnight to go for prospective buyers to take up the attractive offers, they are undoubtedly responding overwhelmingly to the campaign's call on them to move away from the sidelines and to "commit now". With sales for the first week topping RM1 billion, the organisers and the 403 developers are naturally pleased with the response. They hope to dispose of at least half of the available 40,000 units of property worth RM10 billion by the end of the campaign. Residential units make up 80 per cent of the properties. The rest are shops and factories.

Given the importance of the construction industry with its linkages to the services and manufacturing sectors, getting it back on its feet is a priority in the National Economic Recovery Plan. The sector contracted by 21 per cent during the first half of the year and was near collapse under the previous regime of tight monetary policy. Pleas from the sector that the Government take immediate steps to rejuvenate it have not fallen on deaf ears. The easing of the monetary policy in recent months has led to a slew of funds to kickstart this vital industry.

With supply exceeding demand, it has been a buyer's market. The concessions made by developers are unbelievable. Packages to entice buyers include buying back the property of those who are subsequently retrenched or even divorced, as well as subsidising their medical bills. The slogan of the current property campaign "Golden opportunity awaits you" is no empty invitation. Never before in the history of this country have prospective buyers seen such an array of incentives from the authorities and superb services and gifts from developers. For locals, discounts of up to 30 per cent and housing loans of as much as 95 per cent of the property value are unprecedented. A one-stop centre where prospective buyers can get all the information and assistance they need is a luxury. Incentives to foreigners include allowing them to buy any number of properties costing RM250,000 and above and financing of up to 50 per cent from local financial institutions.

With some key factors in place, all signs point to an improvement of the property market which augurs well for the revival of the construction industry. Prices are stabilising. Interest rates, which affect consumers' affordability, are low. Last but not least, foreigners' response is encouraging with significant interest seen in Johor.

The proposal by the Housing Developers' Association to make the property fair an annual event is a sound move and should be a boon for both buyers and developers. By helping buyers, developers and financial institutions are also helping themselves, and in turn the economy.

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