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Best time to buy houses

FEW will gainsay that the property sector is a vital, very vital cog in the economic machinery of the country. In full gear it can, along with the manufacturing sector, drive economic growth to heady heights of achievements.

The 10 years of unparalleled gross domestic product growth, averaging more than an annual nine per cent, is manifest testimony of the crucial role the property sector plays in the domestic economy. When it splutters, it drags down the economy for the sector has symbiotic tentacles to a host of other industries and business. These brim with activity when the sector is buoyant, closing shop and laying off employees when sales of houses, for one, grind to a halt. And we have seen the effect of a moribund property sector on the economy over the past 11 months.

The Prime Minister, Datuk Seri Dr Mahathir Mohamad, on Saturday, pointed to the enormous stress that burdens the property sector when he said, "We know that property developers have a RM80 billion overhang." This is a colossal sum of money, entangled in properties built and properties being built. No developing economy can countenance such vast funds tied up, if it desires to move on. And moving on is what managers of our economy desire to precipitate. And so the home ownership campaign, that brings together financiers, insurers as well as more than 260 developers, was conceived. Launched by Dr Mahathir on Saturday, the month-long campaign's objective is to sell properties worth more than RM5 billion.

That objective would be a tall order even in the best of times. And these are trying times which call for novel sales strategies. And the organisers have hammered out a clutch of sales-promoting incentives, the best of which is the fact that most of the housing units are already built and ready for occupation. Prospective buyers have, perhaps for the first time, the opportunity to shop around and look at finished residential units, ranging from upmarket terrace houses to condominiums. They can also avail themselves of discounts between 10 and 15 per cent during the one-month campaign. All the 43 banks and 17 finance companies have given the assurance that for properties costing more than RM100,000, the loans would carry only the base lending rate of 8.05 per cent for the first year and an additional 1.5 per cent for subsequent years of the loan tenure.

These lures, plus the waiver of the stamp duty, might push houses within the RM150,000 to RM250,000 price bracket. Developers, however, have units that are priced higher, especially luxury condominiums. These too must be sold. The potential buyers might not be citizens or permanent residents. Dr Mahathir also announced financing incentives that might prompt these buyers to enter the local housing scene.

All these incentives of the home ownership campaign have been thought out to sell a very large number of houses. Hopefully the initial reports of solid response materialise into sales. That is crucial not just to the property sector but also to the economy of the country. When the property sector hums, the economy will be galvanised to roar. The converse is an eventuality that few in the country would want to face. As Dr Mahathir said, a property market collapse could be disastrous for the whole country. Clearly then the campaign must register success. For those who seek houses it is perhaps the best time to buy.

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