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Buyers, sellers stand to gain

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THE recent campaign by Prime Minister Datuk Seri Dr Mahathir Mohamad to encourage home ownership has many advantages.

While helping to clear the significant amount of unsold houses - thereby easing the liquidity crunch of developers - it will also contribute towards a home-owning democracy.

Malaysia has been fortunate in that housing remains an important element of public policy and has acquired a worthy share of annual budgetary appropriation.

The campaign was mooted by Dr Mahathir during a meeting of the National Economic Action Council. He had suggested that there should be a fair or a grand sale of unsold properties such as houses and shop and office lots, nationwide. In order to make it successful, the NEAC is prepared to consider waiving many requirements such as those by the Foreign Investment Committee (FIC) and the need for stamp fees during the sale period.

The NEAC was informed that a considerable amount of completed properties, estimated at RM80 billion, has not been sold. It is estimated that about RM5 to RM6 billion in the form of dwelling places are still unsold. This seems to show that the property market has not been functioning effectively for a number of reasons. Firstly, oversupply exists despite a still big demand for houses especially for the lower and middle income groups. Secondly, there have been too much investment in up market properties compared to the number of potential buyers - the industry should examine the income distribution factor pattern of the country and estimate the extent of the market.

Thirdly, I am not surprised that many developers have unnecessarily factored in the foreign market. Fourthly, there has been too much speculation.

Fifthly, and this is a high probability, that excessive profit has been built into the pricing computations, thereby sending wrong signals to buyers and sellers. In combination, these factors have led to an oversupply of the wrong types of property and which lead to spiralling price levels.

The housing industry has a lot to apologise for this state of affairs. Time and again, the industry has been told by many, including Special Functions Minister Tun Daim Zainuddin in one of his public addresses, that the industry needs to be more cautious and responsible.

In view of the industry's strong link with the domestic economy, particularly in the manufacturing of construction materials, financing, and transport, any undue changes in the parameters of the industry will send various signals to the other sectors.

The state of 1985/86 is now repeated in 1997/98. While in developed countries housing starts are a good indicator of the economic health of the country, in Malaysia, construction investments may be a harbinger of a possible recession, with a lag of two years.

Hopefully, there will be greater professionalism in the planning of the construction industry, especially housing, in the years to come. Having said that, we still see the importance of the industry in the national economy given its many linkages with the other industries.

The industry's areas of contribution to the country are plentiful. Firstly, the development of a housing industry in which Malaysians of all walks of life can have access to decent homes. Secondly, the industry,

with proper pricing policy, can help avoid the development of slums and squatter areas. Thirdly, with greater planning, it can help generate economic activities especially in times of low external demand. Fourthly, it can provide training skills to Malaysians, and lastly it can be a fertile ground for developing modern small-scale entrepreneurship in the field of construction.

It is our hope that the housing industry will develop into a mature industry which will contribute to the economic development of the country as well as delivering more affordable and comfortable homes to the people.

The home ownership campaign will be repeated nationwide and early responses have been very positive especially in Johor.

Let us hope with the many gestures given by the Government, the industry's players will keep their promises and the consumers will get to get their money's worth. Let the New Year usher in greater responsibility on the part of all concerned.

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