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Campaign a boost for economy: PM (HL)

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THE month-long Home Ownership Campaign, now in its third week, is expected to generate sufficient sales to help spur the property sector and, in turn, the recovery of the economy.

The sales drive has generated some RM1 billion of transactions during the first week, and Prime Minister Datuk Seri Dr Mahathir Mohamad said while he has not received the latest update, the figure would now seem "not a very large amount".

The Housing Developers Association expects 40-50 per cent of the RM10 billion worth of properties offered during the campaign to be snapped up.

Dr Mahathir appeared encouraged by the large turnout at the opening day of the Malaysian Property Fair which he launched at the Putra World Trade Centre in Kuala Lumpur yesterday.

"The response is good. There were more than 50,000 visitors today. I am sure housing sales in Malaysia will increase and improve the economic situation," he told a news conference after launching the week-long fair.

During the campaign, which ends on January 12, 403 participating developers throughout the country are offering discounts and other incentives for some 40,000 units of properties worth a total of RM10 billion. Residential units make up 80 per cent of the properties. The rest are shops and factories.

The Government has also relaxed the loan eligibility conditions for civil servants on permanent employment but who have yet to be confirmed.

Those who have only served a year are also eligible for government housing loans during the campaign period.

Dr Mahathir, who is also First Finance Minister, visited some of the 177 booths at the fair.

A total of 84 property developers, 17 finance companies, 28 banks, seven insurance companies and several government departments are taking part in the exhibition.

Similar fairs are being held nationwide in conjunction with the Home Ownership Campaign, which was also launched by Dr Mahathir on December 12.

The primary objective of the campaign is to encourage prospective house buyers to move away from the sidelines and commit now.

The Prime Minister was also asked about reports that unsold properties had reached RM80 billion.

"It is inaccurate," he said, adding that this figure might have been arrived at by including projects which are still in the planning stage and not yet started up.

The actual figure is closer to RM5 billion, Dr Mahathir said.

"We focus more on completed and half-completed houses," the Prime Minister said, explaining this is because the Government wants to help the developers to to move on to new projects.

"We want the domestic construction industry to get going," he added.

To another question, the Prime Minister said the campaign will not be extended as the one-month period is sufficient to stimulate activity in the construction and property sector.

Asked about the response from foreigners, he said the significant interest can be seen in Johor.

The organising committee is compiling the figures for such transactions, he said when asked how much properties foreigners have bought during the campaign.

Incentives offered to foreigners during the campaign include financing of up to 50 per cent from local financial institutions. They are allowed to buy an unlimited number of properties costing RM250,000 and above. Those with work permits can get up to 95 per cent financing compared with the usual 60 per cent.

Meanwhile, HDA president Datuk Eddy Chen Lok Loi seemed to think that property prices have stabilised.

"I don't see any sharp jump in prices as both developers and buyers are cautious," he told reporters.

Asked to comment on Dr Mahathir's view that housing sales would boost the economy, he said it is a good sign that some developers have experienced sales increases of between 300 and 400 per cent so far during the campaign.

Chen said there are currently a lot of houses priced at about RM140,000 per unit in the market, but those priced at RM250,000 are still in demand in good locations in the Klang Valley.

He said the association plans to launch another campaign at the end of next year, if it could get the support of the authorities. The HDA is also thinking of making it an annual event.

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