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Decrease in number and value of properties sold

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THE property sector experienced a decrease in the total number and value of units transacted for the first quarter of this year which clearly showed a slowdown in the market, Deputy Finance Minister Datuk Wong See Wah said yesterday.

For the first time in 10 years, the property sector registered lesser number and value of units transacted for the period between January to March this year compared with the previous corresponding figure, he said.

Wong added the slowdown in the property market, which started towards the end of last year, could be attributed to macroeconomic factors which point to slower economic growth and difficulty of obtaining financing.

He was speaking after releasing the House Price Index for the period July-December 1997 in Kuala Lumpur.

Wong said for the first three months of the year, the number of units transacted in all properties fell by 23.14 per cent to 50,920 from 66,247 recorded in the previous corresponding period.

The value of these transactions fell by 34.34 per cent to RM8.25 billion from RM12.5 billion.

Residential units transacted fell by 17.91 per cent to 33,596 units from 40,926 units and the value of these transactions fell by 20.03 per cent to RM3.85 billion from RM4.8 billion.

Commercial units sold fell by 30.6 per cent to 3,527 from 5,082 and the value fell by 31.17 per cent to RM1.3 billion from RM1.9 billion.

The report was prepared by the Valuation and Property Services Department.

When asked on the factors which led to the property market's decline, Wong said: "Financing is a major issue as the housing sector is termed as a less productive and there are a lot of restrictions on the loan and credit lines."

"Another point are the macroeconomic factors and slower economic growth which has affected everybody. Also, as interest rates are increasing, this acts as another deterrent against borrowing."

However, he said there were indications of demand for residential houses and condominiums which offered good locality and reasonable prices.

Wong said he hoped the move by the Foreign Investment Committee to relax the conditions for foreign purchases of property worth in excess of RM250,000 would stimulate the property market especially at the higher-end.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said foreigners intending to buy houses costing RM250,000 upwards do not need the FIC's approval but they have to ascertain that the homes they propose to acquire are developed under FIC-approved projects.

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