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More reasons to buy (HL)

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KUALA LUMPUR, Sat - Further incentives were announced in the month-long Home Ownership Campaign launched by Prime Minister Datuk Seri Dr Mahathir Mohamad today to boost the property market.

Apart from discounts and low interest on loans publicised earlier, the new incentives include government housing loans for civil servants after one year of service, down from the previous five years of service requirement.

Foreigners also stand to gain - they can secure financing of up to 50 per cent from local financial institutions, and buy an unlimited number of properties costing RM250,000 and above. Those with work permits can get up to 95 per cent in loans, up from the previous 60 per cent.

These incentives, however, are only for the duration of the campaign.

(Under normal circumstances, non-residents without work permits are not allowed to obtain loans from financial institutions in the country while non-residents with such permits are eligible for only 60 per cent margin financing.)

Foreign buyers are exempted from getting approval from the Foreign Investment Committee during the campaign but will have to notify the FIC of all purchases.

The campaign is organised by the Government together with Bank Negara Malaysia, Housing Developers Association Malaysia, the Association of Banks in Malaysia and the Association of Finance Companies in Malaysia.

More than 260 developers are taking part.

The response today in the various states was overwhelming (See Also Page 3).

Dr Mahathir also announced that completed but unsold property under the Bumiputera quota could be sold to non-Bumiputeras during the campaign and to facilitate the transactions State Governments would do away with the levy imposed for such deals.

However, he said this did not include low-cost houses.

In his speech, he said the Government had thought out the incentives to boost the property market.

Other incentives include up to 80 per cent financing for residential properties priced at RM250,000 to RM500,000 and up to 70 per cent for residential property costing more RM500,000.

Dr Mahathir said during the campaign period, developers would give a minimum discount of 10 per cent for properties while Bumiputeras would get an additional five per cent. Stamp duty would be waived for purchases.

He said a property market collapse could be disastrous for the whole economy.

"We know that property developers have a RM80 billion overhang. The previous regime that controlled finance viewed the property market as being not important," Dr Mahathir said. He expressed hope developers would sell more than RM5 billion worth of properties during the campaign.

Dr Mahathir said there was sufficient liquidity in the banking system now to cater for housing loans after the Government imposed exchange controls to bring back the ringgit into the country in early September this year.

"We had brought back RM32 billion," he said, adding that the country had a favourable trade balance of RM44 billion and Bank Negara had released a lot of money into the system.

Dr Mahathir called upon people to co-operate in efforts to help economic recovery as the Government had made a lot of sacrifices.

"One action of the National Economic Action Council is to stabilise the value of the ringgit which is going to remain at RM3.80 (to the US dollar) for a very, very long time," he said, and added it was easier to budget with a fixed exchange rate.

Earlier, HDAM president Datuk Eddy Chen said developers had in their enthusiasm over-built and called upon all developers to exercise prudence to avoid contributing to the situation.

ABM chairman Datuk Amirsham A. Aziz said in the first seven months of the year, commercial banks had on average approved not less than RM3.6 billion in loans per month for economic activities.

This amount was capable of financing 72 per cent of private sector investment in the country.

"Until September this year, the banking sector loans balance was almost RM420 billion, that is 60 per cent more than the country's Gross Domestic Product," Amirsham said.

He said loans to the building sector represented 36 per cent of total loans by commercial banks, and added that this was higher than the 20 per cent given to the manufacturing sector.

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