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PROPERTY-DOWNTREND

PROPERTY MARKET TO CONTINUE DOWNTURN INTO 1999, SAYS SURVEY

KUALA LUMPUR, Dec 16 (Bernama) -- The market for most properties is expected to continue its downward cycle in 1999, according to the findings of a survey conducted by C.H. Williams Talhar & Wong, a leading international property consultant and chartered surveyor.

With the exception for the conventional and low-cost housing sub-sectors, all other property sub-sectors are viewed with extreme concern for next year, according to findings contained in the "CEO Opinion Survey - Property Sector 1999" which polled 129 chief executive officers from the property sector.

The director of C.H. Williams, Goh Tian Sui said at a press conference, that 80 percent of the respondents, polled nationwide during Oct/Nov 1998, were of the view that the local property market was undergoing a downturn.

The survey showed that 29 percent and 39 percent of the respondents thought that the transaction volumes and values, respectively, among Malaysian investors would decrease by more than 20 percent.

"Forty-five percent of respondents, as compared to 14 percent in 1998, indicated that transaction values and volume among foreign investors will also decrease by the same margin of more than 20 percent," said Goh.

Thirteen percent of the respondents expected a surplus in the conventional housing sub-sector in 1998 but for 1999, 46 percent of the chief operating officers felt that the surplus would continue in this segment.

Other than the demand for low-cost housing, the overall demand for real estate is expected to soften in 1999.

The majority of the CEOs believed that the capital values for all property sub-sectors (except for conventional and low-cost housing) will drop by more than 10 percent in 1999, said Goh.

"More than 50 percent of the respondents say that a drop of more than 20 percent in capital value is expected for the office, resort/golf, condominium and retail sub-sectors.

"For conventional housing, 34 percent are of the opinion that the capital value will either increase or stabilise compared with 68 percent in 1998." he added.

Low-cost housing capital values were expected to remain promising while its rental values, according to 60 percent of the respondents, would stabilise in 1999.

Only 33 percent of the respondents believed that rentals for conventional housing sub-sector would increase or stabilise in 1999 against almost 80 percent in 1998.

"About 40 percent are of the view that rental rates for condominium, office and retail sub-sectors will decrease by more than 20 percent," disclosed Goh.

On the selective exchange controls implemented in September 1998, 45 percent of those surveyed felt that it would have a positive effect on Malaysian investors.

"However, 69 percent felt that it would have a negative impact on foreign investors," said Goh, who pointed out that the survey did not take into account the recent incentives announced by housing developers under the month-long Home Ownership Campaign which was launched by Prime Minister Datuk Seri Dr Mahathir Mohamad on Saturday.

As for the National Economic Recovery Plan that was aimed at steering

the country out of the current financial crisis, 70 percent of the CEOs felt that the measures outlined were considered a success with only 30 percent convinced that the economy could still achieve between five and six percent growth in 1999. -- BERNAMA

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