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Very good response to house sales (HL)

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KUALA LUMPUR, Mon. - Encouraged by the large turnout at the opening day of the Malaysian Property Fair today, Prime Minister Datuk Seri Dr Mahathir Mohamad expressed confidence that more houses will be sold.

This in turn, he said, would spur the recovery of the economy.

An estimated 50,000 people jammed the Putra World Trade Centre where the week-long fair is being held.

It is part of the month-long Home Ownership Campaign which started on Dec 12 and where 403 developers are offering properties worth RM10 billion.

In the first week of the campaign, RM1 billion worth of properties were sold.

The Prime Minister said he had not received the latest update on the houses sold but the RM1 billion sales was not impossible as it was a nationwide campaign.

"The value of a house is high and so RM1 billion means that the number of houses sold is not large," Dr Mahathir added.

Dr Mahathir, who opened the fair, told reporters there were a number of sales concluded today and many queries received on matters like financing.

The fair features 177 booths with 121 developers participating along with 22 banks and finance companies, seven insurance companies and three government agencies.

The Prime Minister, who described the response to the overall campaign as "very good", was also asked to comment on an RM80 billion figure quoted for total unsold properties in the country. Dr Mahathir said this was not accurate.

The actual figure, he said, was not that high and that the estimate had factored in projects under planning.

"We focus more on completed and half-completed houses," the Prime Minister said.

He said the intention of the campaign was to help get the construction industry going. To another question, he said foreigners too had bought houses through the campaign especially in Johor.

Housing Developers Association of Malaysia president Datuk Eddy Chen said the association had not been able to update the figures, but hoped that some 40 per cent to 50 per cent of the houses would be sold in the campaign.

He was upbeat about the response, saying: "There has been a sharp growth in sales ... those developers without any enquiries in the past 12 months have suddenly sold all their houses."

He said prices would now stabilise as they had bottomed out.

"This campaign serves as a benchmarking exercise," he added.

There had been an unprecedented drop of prices in the primary market and that developers were unlikely to build houses cheaper than prices being offered, he said.

Chen said the association now planned to make the campaign an annual affair beginning with one at the end of next year.

After the current campaign, he believed individual developers will continue to offer incentives.

"In Malacca, a developer is offering one unit for every four units purchased," he said.

The campaign is an effort by the HDA, the Association of Banks Malaysia

and the Association of Finance Companies Malaysia.

The campaign involves residential, commercial and industrial properties.

A 95 per cent finance margin is being provided for houses costing RM250,000 and below, while those costing up to RM500,000 are eligible for an 80 per cent advance.

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