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Govt's move won't contribute much to growth, say analysts

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THE Government's move in exempting stamp duty on property transactions will not contribute much to the growth of the property sector in view of the weakening global economy.

Property analysts said foreigners are unlikely to be on a buying spree for property not only in Malaysia but also in other countries in the region.

"The waiver will not make much difference as most developers are already waiving processing fees and such," an analyst told Business Times in Kuala Lumpur yesterday.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad had announced a package of measures aimed at helping the country to weather the US economic slowdown in its exports.

To reduce the property overhang, Dr Mahathir announced with immediate effect the reinstatement of incentives provided during the Housing Campaign.

These incentives include the exemption of stamp duty, waiver of processing fee and higher margin of financing.

To discourage further addition in property stocks, local authorities will be directed not to approve any new construction of office and commercial space in view of the existing large property overhang.

A fund manager said people do not buy property because of the stamp duty.

"They buy because they want to make investments for their future.

"You have to look at the bigger picture. The measures are announced to attract foreign capital inflows such as buying Malaysian property to entice them."

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