

03 MAY 2001

PROPERTY-REACTION

REHDA HAILS NEW PROPERTY GUIDELINES

KUALA LUMPUR, May 3 (Bernama) -- The Real Estate & Housing Developers' Association of Malaysia (REHDA) today expressed support for the relaxation of FIC guidelines to encourage more foreign and local investments as announced by Prime Minister Datuk Seri Dr Mahathir Mohamad.

"The new guidelines which allow foreigners to own all types of residential and commercial properties costing more than RM250,000 each, without having to set up a company with local equity, is a step in the right direction," said Datuk Eddy Chen, REHDA's president.

"To promote foreign investments in our country, we must make the process as friendly and hassle-free as possible," he said in a statement.

"Attracting and retaining foreign and local investments in the country must rank high on our economic agenda as we strive to pull the nation out of the current economic malaise," he stressed.

REHDA, he said, believed that by making foreign ownership of property hassle-free and straightforward, coupled with the additional incentive of local funding to foreign purchasers there would be renewed foreign interest in the local market.

"By limiting foreigners to properties costing RM250,000 and above, local interests are also protected. This ensures that affordable housing and properties below RM250,000 can only be bought by Malaysians."

Chen said REHDA strongly believed that with new influx of foreign interest in the local property market, there would also be substantial spin-off benefits to the national economy.

"Foreign investors who buy properties in Malaysia will not only be investing in the properties alone, but will also bring with them purchasing power for other services and goods within the country," he said.

Meanwhile, Franklin Tan, head of research at OCBC Securities (Melaka) Sdn Bhd, said the relaxation of the FIC rulings would be good for the long-term but would not help much for short or medium term.

"This is because currently foreigners are not coming to Malaysia because of factors such as higher labour cost," he said.

At the same time, Tan said they were generally frustrated with the constant changing of the rules as had happened in the past and would rather adopt a wait-and-see attitude for now.

"However, it is better to have a relaxation of the rules than not having any relaxation at all", he added.

The relaxation was good with respect to the current property glut which was quite huge, he said.-- BERNAMA

TM SHY