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PROPERTIES-RECOVERY/BM

PROPERTY SECTOR TO SEE FULL RECOVERY IN FOUR YEARS

By: Roslan Mohamad Ariffin

KOTA BAHARU, Sept 23 (Bernama) -- The property sector, particularly in the Klang Valley, which was affected by the country's economic downturn in 1997, is expected to make a full recovery in three or four years.

During the estimated period, many of the commercial and business office spaces and buildings in the city, currently vacant, would start seeing rental interest from local and foreign businessmen, said executive chairman and founder of real estate company, Rahim & Co, Datuk Abdul Rahim Abdul Rahman.

"We are projecting this healthy growth for the property sector based on the country's current economic pace. When the economy recovers, business would expand and therefore a lot of business space would be required," he said when met here today by Bernama. He was asked for his comments on the Budget 2003 announced by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Rahim & Co is a well known local real estate company based in Kuala Lumpur.

The Prime Minister in his Budget speech last Friday had said that local investors were still indifferent to exploring new frontiers and preferred the faster way to profits.

Dr Mahathir who is also the Finance Minister, had said local investors were still actively interested in the construction of residential and high-rise buildings when the rate of unsold properties has remained very high.

Abdul Rahim said that although the government's budget this year did not directly cover the property sector, the existing healthy policies were good enough to help the sector recover to its pre-1997 crisis level.

He said the current overhang in retail and commercial space was an unexpected predicament as most of the companies involved then had registered very high rates of growth before 1997 and had had their own development plans including the expansion of their business. Among the plans was the move to have their own office buildings.

However, these plans and investments backfired and the situation became more worse as all the buildings that were completed during the economic growth pace were left untaken and without parties interested in renting or occupying the space, he said.

"When business was down, many reduced their staff level and took smaller office premises in the efforts to cut down management costs," he said.

Currently an estimated office space of 15 million sq ft and 15,000 sq ft of commercial space remain unoccupied in Kuala Lumpur.

He said the cost of office floor space in the Golden Triangle area of Kuala Lumpur before 1997 had stood at RM4.50 per sq ft but now it was down to RM2.

Abdul Rahim said the sector had shown some encouraging signs of recovery last year but then again experienced a slight fall following the Sept 11 incident in the United States.

Compared with other neighbouring countries, Malaysia's property policies are still highly liberal and its property prices are competitive enough to attract the interest of foreign investors, he said.

"For an example, in Australia, foreigners are not allowed to own a second property but in Malaysia they can do that but with some specific conditions aimed at ensuring that prices do not get too high to the point

of jeopardising the interest of citizens," he said.

Abdul Rahim said the government could help speed up the growth of the sector by giving the people, specifically the lower income bracket earners, the opportunity to own low cost houses at less than RM40,000. -- BERNAMA

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