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Stimulating persuasion

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In Chinese, the word "crisis" is made up of two characters, "wei" and "chi", which can be translated to mean "danger" and "opportunity".

Educators, apparently, love crises because of these two attributes. They are of the opinion that from danger, opportunities can arise to shake a market out of its comfort zone and into a climate that demands fitness and betterment in order to survive.

And so it has come to pass that in our economy's and property industry's time of need, when buying power needs a shot in the arm, a series of inducements have been unveiled for the purpose of turning bricks and mortar into cold, hard cash.

Of course, this magical transformation is the hopeful result that the inducements will boost flagging domestic confidence for housing, as well as foreign interest in our commercial stock.

Now three days old, the government's economic package for the industry is seen more than soft gentle taps on the arm to "come buy me". Rather, they are sharp, precise jabs aimed at getting through the thickest of skulls that "now, you have no more excuses not to buy. The savings you will make; the enticements you will receive, make this the most opportune time for you to land yourself a property and aid in the recovery of the economy".

So, from the crisis comes a raft of opportunities designed to resuscitate the country's commerce through the initiation of measures to shake-up slumberers and create wealth through new sources of growth.

The government, in particular Prime Minister Datuk Seri Dr Mahathir Mohamad, who also holds the Finance portfolio, is no fan of "bail-outs" - more so if it is for an industry that's getting more and more dependent on government aid when the going gets tough.

Nevertheless, because of the beneficial knock-on effect of property on the economy as a whole, doses of positive inducements are required to keep the industry healthy, wealthy - and hopefully wise, if lessons of the past can be learnt.

I first caught whiff of the proposals being considered for inclusion in the economic package for property after a National Economic Action Council meeting held on Wesak day last week, and let out a venerable "Oh, wow".

Indeed, the proposals were the most arousing set of plans ever conceived at any one time.

Unfortunately, their impact became diluted over the days following Wesak due to patchy information that leaked to the media.

As a result, the issue of tax relief for buyers was met with guarded enthusiasm - limited impact, I think was what analysts said, while information on Syarikat Perumahan Negara Bhd enlarging its role to become owner and lessor of residential properties to reduce the country's overhang was too vague to be of much use.

Changes to the foreign investment tapestry were also greeted with blank stares. In fact, the only aspect that got anybody dialoguing was the temporary reduction in contributions to the Employees Provident Fund in an attempt to encourage consumer spending.

As we now all know, these only represented the tips of the iceberg; they were merely the appetisers to the juicy measures that have now surfaced and which are seen as the prime-movers of the industry.

Today, we carry a special report on the stimuli put in place,

calculating its estimated impact on the government's coffers and their benefits to you, the prospective housebuyer.

We reckon this exercise could be described a success if it can manage to turn the bulk of the residential and commercial shophouse overhang worth a total of RM8.69 billion into cash. If half the amount could be converted over the next few months, the country's total overhang would shrink by 15 per cent to the RM25 billion mark. For the balance made up largely of rentable retail and office building premises, a prolonged spirit of well-being in the economy will be required before their impact can be reversed.