

New measures to boost sluggish property sector
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Prime Minister Abdullah Ahmad Badawi today unveiled measures aimed at reducing bureaucracy for housing construction in a bid to boost investment in Malaysia's sluggish property sector.

Key among the measures was a move to speed up approvals by local councils for development applications from the present three to five years, to just six months.

"Shortening the timeframe will have a positive impact on the construction industry, investors and business people, who have long waited for less bureaucracy and the lowering of hidden costs in Malaysia," said Abdullah.

"Today's initiatives will also contribute to improving the performance of the property and construction sectors," he added.

The approval time will be further reduced to four months for certain projects such as those involving foreign investment, and government projects, he said.

Abdullah said the initiatives would see an improvement in the performance of civil servants, often accused of being inefficient and slow.

"If the services that are provided can be sped at the local council level, more than 70 percent of the complaints and grouses from investors, businessmen, consumers and the public concerning the public sector will be answered," he said.

Build and sell

Other measures aimed at encouraging developers to adopt a "build and sell" strategy, where properties are only sold once completed, in order to protect investors from developers who run out of funds before construction is finished.

Malaysia in recent months has announced measures to boost investment in the property sector, which collapsed during the 1998 Asian financial crisis and has seen a lacklustre recovery.

On April 1, the government removed capital gains tax on property, while in December, it relaxed property ownership rules to allow foreign nationals to buy high-end residential properties without government approval.

The Malaysian Institute of Architects, present at the announcement, welcomed the measures.

"The reality is that time wasted in delays to the approval process does not create any wealth for all concerned," it said in a statement.

Research house Aseambankers said ahead of the announcements, that the measures would allow property developers more flexibility.

"Property developers would be able to respond immediately to market demand at prevailing economic conditions," it said in a research note today.

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