

'Property price threshold reduction done to avoid overhang problems'

NDT-16/10/2019 B-5

KUALA LUMPUR: The government's decision to lower the threshold on prices of high-rise condominiums and apartments in urban areas for foreign ownership was aimed at preventing the country from languishing in a national crisis triggered by supply overhang of properties.

Prime Minister Tun Dr Mahathir Mohamad said Malaysia would suffer problems like in Hong Kong and Tokyo if the government did not reduce the foreign ownership threshold on high-rise properties in urban areas.

He said the move, which was announced by Finance Minister Lim Guan Eng when tabling the 2020 Budget on Friday, would help the government reduce the number of supply overhang of condominiums and apartments, subsequently restoring the property market.

"Since there are not enough Malaysians buying (high-rise

condominiums and apartments in urban areas), there is a property overhang.

"We have to sell them or developers will get into trouble. And overhang in property will result in a national crisis, which has happened in Hong Kong and Tokyo due to overdevelopment.

"We have to get rid of this overhang so that the market for property becomes healthy again," he said at the International Medical Device Conference (IMDC), Malaysia Medical Device Expo 2019 (Mymedex) and Medical Innovation Exhibition and Conference 2019 (Medinova) here yesterday.

Lim had said that the decision to reduce the threshold on high-rise property prices in urban areas for foreign ownership from RM1 million to RM600,000 starting next year was to reduce overhang supply of condominiums and apartments.

Dr Mahathir also clarified pre-

vious reports suggesting he was critical on sale of properties to foreigners.

"I was critical because of the development in Johor where the property is said to be freehold and that it is a very luxurious property developed only for foreigners to buy.

"These (overhang condominiums and apartments) are not for foreigners who can afford to buy.

"Obviously there are people who are so rich but they want to have a flat here, they can buy these cheaper flats and apartments."

On the redevelopment of Kampung Baru here, Dr Mahathir said the government did not follow the market price out of fear that the Malays could not afford it and would be wiped out from the oldest Malay enclave.

He said according to the market price, the latest rates could fetch a whopping RM7,000 per sq ft.

"That is why we are offering the

residents a special rate (for the redevelopment plan) so that we can develop apartments for the Malays at affordable prices.

"There are situations, in which the Malays who come from not so well-to-do backgrounds sold their land at a high price and lost ownership because they could not buy it back.

"This (Kampung Baru) needs to be inhabited by residents who are from the Malay community. Should the government follow the market price, the Malays will cease to exist here (in Kampung Baru)."

It was reported that Federal Territories Minister Khalid Abdul Samad said the government would make a new offer to Kampung Baru landowners to make way for redevelopment.

Khalid had said the decision was made following discussions with Dr Mahathir.

He had said Dr Mahathir would be announcing the new rate,

which the former described as last offer from the government to the Kampung Baru landowners.

On the arrests of 12 people, including two DAP assemblymen, under the Security Offences (Special Measures) Act 2012 (Sosma) last week over alleged involvement in the Liberation of Tamil Tigers Eelam, Dr Mahathir said the circumstances were different even though he was previously critical on the use of Sosma.

Responding to the criticism by Penang Deputy Chief Minister II P. Ramasamy, Dr Mahathir reiterated that he was satisfied with the police's explanation.

"Yes, the situation is different. And we (the police) do not arrest people without reason. There are reasons.

"I have received explanation from the police and I am satisfied with it. If Ramasamy is not happy with the action, it is okay. He can say that he is unhappy with it," he said.