

PKR: 'Crazy' for NFC to invest in soft luxury condo market
The Malaysian Insider
November 14, 2011
By Shannon Teoh

KUALA LUMPUR, Nov 14 — PKR today labelled as “crazy” Khairy Jamaluddin’s claim that a RM10 million condominium purchased by a federally-funded cattle project was a “strategic investment”, given the softening property market in recent years.

Its strategic director Rafizi Ramli also said that if there was spare cash while waiting for more satellite farms around the Gemas-based National Feedlot Centre (NFC) project, it should be placed in “liquid investments like the money or equity markets” instead of being locked into property.

“It’s a crazy decision. It is unheard of and bizarre to invest in a luxury condo as a short-term investment especially in a soft market,” he told a press conference today.

Umno Youth chief Khairy said on Friday that the condo was bought as an investment when the National Meat and Livestocks Corporation (NMLC), a company wholly-owned by Datuk Seri Shahrizat Jalil’s family, found itself with excess funds.

PKR had said the luxury apartment at One Menerung, Bangsar, was recorded by NFC as part of a RM83 million “loan” to NMLC.

But the Rembau MP, who has staunchly defended the women, family and community development minister over the NFC controversy, said NMLC was left with surplus funds that when the government ran out of funds to develop satellite cattle farms.

Khairy added that the condo has since been rented out and also appreciated in value since it was purchased. He did not, however, specify the rental yield.

Many real estate experts have concluded that Kuala Lumpur is facing a glut of luxury properties, with rental yields falling as much as 50 per cent in some cases.

Today, Rafizi said the Valuation and Property Services Department (JPPH) found at the end of 2010 that 66,328 luxury condominiums remained unsold.

He said the JPPH also found that 20 per cent of condominiums valued at RM1 million or more built in the third quarter of this year were unsold, amounting to a total of RM549 million.

“International real estate experts DTZ Research also said on November 10 that ‘the risk of falling prices for luxury properties will continue to increase’ and ‘the oversupply of luxury properties will lower rental yields,” Rafizi added.

Allegations of financial impropriety have dogged the company owned by Shahrizat’s family after the Auditor-General revealed last month that the NFC had failed to meet production targets for 2010, despite benefiting from a RM134.72 million soft loan from the government.

The Auditor-General’s Report released last month had criticised the NFC, pointing out that it was now “in a mess”.

The report said production in 2010 was only 3,289 head of cattle or 41.1 per cent of the target set.

But Agriculture Minister Datuk Seri Noh Omar responded on October 31 that the project is a success and had met its targets.

He said a total of RM250 million was earmarked for the NFC project and placed in a special loan account (SLA) in Maybank that was controlled by the Finance Ministry.

RM181 million from that account has already been disbursed to NFC based on its claims, he explained.

Rafizi also challenged Khairy today to an open debate "anywhere and anytime the Umno Youth chief prefers."

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