

Developers see a gloomier outlook for 2012
The Malaysian Insider
January 19 , 2012
By Lee Wei Lian

KUALA LUMPUR, Jan 19 — Property developer optimism has slumped according to a poll, due to an uncertain global economy and government tightening measures.

The Real Estate and Housing Developers Association (Rehda) said today that a survey of their members showed the number of respondents who were optimistic about the first half of 2012 fell to 29 per cent from 48 per cent six months ago.

The number of respondents who were neutral rose to 50 per cent from 33 per cent and 19 per cent said they were pessimistic as compared with 14 per cent in the second half of 2011.

The number of developers who said that they were very optimistic also dropped from four per cent to one per cent.

“Rehda members are more cautious toward market conditions due to more compliance requirements, global economic uncertainty and inadequate information and data with regards to on-stream demand and supply,” said Rehda president Datuk Seri Michael Yam in a media briefing.

More than half, or 54 per cent of respondents said that the hike in the Real Property Gains Tax (RPGT) last year would adversely affect the property market.

The RPGT was increased last year from five to 10 per cent for houses sold within two years of purchase, in response to complaints that prices were being driven up by property speculators and short term investors.

The government also imposed a three per cent new license deposit on developers which 80 per cent of survey respondents said would impact their cash flow.

Despite the gloomier outlook however, most of the developers polled felt that prices were on an upward trend with 36 per cent expecting an increase of between 10-20 per cent while 31 per cent felt that prices would increase by more than 10 per cent.

Yam said that the price increase was due to higher construction costs, as well as higher compliance costs and higher market demand.

He pointed out that steel bars for example had increased from RM2,285 per tonne in 2010 to RM2,589 in 2011.

Yam also said that the high holding costs associated with unsold bumiputera units was being passed on to consumers.

Rehda KL chairman, NK Tong said however that while surveys typically showed that members expected a high increase in prices, the actual increase tended to be lower.

"We look more at trends in the survey," he said.

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/developers-see-a-gloomier-outlook-for-2012/>