

Zuraida urged to let developers handle their high-end glut

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Forest City is a major property development in Johor, which had 6,000 unsold homes at the end of March. (AFP pic)

PETALING JAYA: Private developers, and not the government, should be the ones to find a solution to the glut of high-end property, says the National House Buyers Association.

“The issue should be left to the private developers as these are private projects,” the association’s secretary-general, Chang Kim Loong, told FMT in response to a plan by housing minister Zuraida Kamaruddin to market unsold high-end homes to foreigners

Chang said any endorsement by the government could impact its credibility and sour relations with other countries should the projects run into trouble.

Zuraida has come under fierce criticisms over her plan for a Home Ownership Campaign

Chang said Australia and New Zealand had similarly tried such an approach before “and they reversed the open policy when the prices of homes spiked from speculative buying from those in China and Hong Kong”.

He urged the federal government to concentrate on affordable segments, rather than promoting high-end units to foreign markets.

An economist, Carmelo Ferlito, of Institute for Democracy and Economic Affairs also advised against direct intervention, saying developers should focus on building more affordable properties instead.

He did not believe that the campaign would affect local buyers, as some had speculated. "It will not affect the middle- and low-price segments of the market if HOC is limited to high-end properties. It is also unlikely for high-end units prices to be lowered such that they become affordable to the middle-class."

He said the government should provide incentives to encourage private developers to build affordable homes instead.

Veteran chartered surveyor Ernest Cheong, however, said foreigners who bought the homes may not necessarily live here, resulting in the properties becoming "ghost towns" just like those in China.

"China's economy is entering a recession now. Many China buyers may not take the bite. Even if some could afford to invest but they will not stay, subsequently, the ghost towns will lead to them becoming prone to crime and social ills."

"Rich foreign buyers of high-end Malaysian homes, especially from China and Taiwan, do not live in these properties."

He said Johor had the highest number of unsold properties, comprising mostly of high-end units.

In July, Johor executive councillor Dzulkefly Ahmad said there were 6,000 unsold units at the end of the first quarter of 2019.

Zuraida recently proposed a Home Ownership Campaign to deal with RM100 billion worth of unsold high-end properties.