

# Overbuilding of affordable homes ‘quite severe’

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KUALA LUMPUR: The overbuilding of affordable housing is “quite severe” as many developers have shifted into that segment to counter high loan rejection rates, with the oversupply exacerbated by a lack of accurate and timely property market data, said the Real Estate and Housing Developers’ Association (Rehda) patron and Rehda Institute trustee Tan Sri Eddy Chen.

“In fact, we are building everywhere — those affordable houses in the range of RM300,000 to RM500,000. Even in the Federal Territories, Rumawip (the Federal Territories Housing Scheme) is putting thousands and thousands of units into the market. On top of that, the quota for affordable housing is being imposed on developers’ projects.

“So, where is the lack of affordable housing now? It is everywhere. And I would say that the overbuilding in the affordable housing category is quite severe,” he said in his welcome remarks at a sales and marketing conference organised by Rehda Institute yesterday.

Chen pointed out that one of the biggest challenges for developers is “putting the right product in the right location with the right pricing to match market demand”, which has not been easy in the past few years due to high loan rejection rates.

Developers can avoid such overbuilding with timely and accurate property market data, he added.

“Other than the slow income growth that is not catching up with house prices and cost of living, there is the issue of access to timely and accurate information.

“In this era of big data, we would like to see the data [on the property market] being collated in such a way that is useful and helpful [to developers]. It is not rocket science to get all these things together and package them altogether into timely and accurate information, which developers can rely on to build all-round products and probably avoid the never-ending overbuilding in the wrong location,” he said.

Nevertheless, he believes some clarity will emerge after the 14th general election, helping the market to stabilise going forward.

“The past few years have been challenging for developers and if we look at the macro-statistics, there seem to be a little chance of significant rebound in the market in the next 12 to 18 months.

“However, some clarity or certainty will emerge after the general election, regardless the outcome. And the market may well stabilise and thus see the light at the end of the tunnel,” he said.