

Finance Minister II: Indefinite freeze on luxury property projects from Nov 1

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KUALA LUMPUR: The government has frozen indefinitely approvals for luxury property developments from Nov 1, to control the oversupply from adversely affecting the economy.

Finance Minister II Datuk Seri Johari Abdul Ghani said today the Cabinet decided this after scrutinising a detailed Bank Negara's report published in June on the real estate glut.

He said there was an overflow of luxury projects which had outstripped the market demand for affordable homes.

"The Bank Negara report takes into account high-rise condominiums, shopping malls and commercial units, including those that are worth more than RM1 million," he said after distributing over RM250,000 in aid to 1,000 people under the Titiwangsa Umno's "Back to School" programme.

Therefore, Johari said the Cabinet decided to temporarily stop developments of shopping malls, commercial complexes and condominiums which sold their units above RM1 million.

"This will be temporary until we can clear all the the excess supply.

"There is a stark imbalance between supply and demand and we have to review the strategy in real estate development as we do not want such a situation to adversely affect the economy," he said.

He said the government would continue to drive the development of affordable homes, specifically those below the RM300,000 per unit.

"In this sector, there is a disparity between the 48 per cent demand for affordable homes and the supply that only meets 28 per cent of that.

"This is the area that needs to be addressed swiftly," he said.

Asked on the period of the freeze, Johari said it would be indefinite, until there was a rise in market demand for expensive properties.

