

HOC an immediate catalyst to boost the housing market

NST nst.com.my/property/2020/06/599183/hoc-immediate-catalyst-boost-property-market

9 June 2020

By Sharen Kaur - June 9, 2020 @ 4:05pm

The reintroduction of the Home Ownership Campaign (HOC) under the Short-Term Economic Recovery Plan (Penjana) will act as an immediate catalyst to address the current property overhang, says Knight Frank Malaysia managing director Sarkunan Subramaniam.

Subramaniam said with developers generally focusing on clearing existing stock and holding back new property launches at this moment, the return of the HOC will also help in easing cash-flow worries for the developers.

He expects the primary housing market to move in the second half of 2020 and beyond.

Prime Minister Tan Sri Muhyiddin Yassin unveiled the RM35 billion Penjana last Friday to address the economic challenges of Covid-19 and several measures were introduced to spur the property market.

Besides the HOC which will take effect from June 1, 2020, until May 31, 2021, there is also the exemption of Real Property Gains Tax (RPGT) for disposal of residential units between June 1, 2020, and December 31, 2021.

Stamp duty exemption will be provided on the instruments of transfer and loan agreement for the purchase of residential units priced between RM300,000 and RM2.5 million and limited to the first RM1 million of the home purchase price.

Subramaniam said the exemption of RPGT will provide further traction to the secondary housing market.

He said while concerns on property speculation may rise following the RPGT exemption, it will help to provide added financial relief to individuals who need to liquidate their assets during this trying time.

Subramaniam is also positive on the comeback of a certain category of qualified investors to the property market with the uplifting of the margin of financing limit for the third housing loan onwards for property valued at RM600,000 and above.

"As the Malaysian property market was already in a prolonged slowdown due to economic challenges and political uncertainty, these initiatives will help to restore the confidence of property investors and ultimately contribute to the growth of the economy," he said.

Knight Frank Malaysia executive director of capital markets, Allan Sim is bullish on the outlook of the industrial property market moving forward.

A boost for industrial properties

Knight Frank Malaysia executive director of capital markets, Allan Sim said the tax incentives to attract foreign companies to relocate to Malaysia are timely in capturing foreign direct investments (FDIs) from the US-China Supply chain reconfigurations.

Sim said Malaysia is poised to be a beneficiary of the on-going major restructuring of global supply chains arising from the aftermath of the pandemic, as well as the US-China trade war.

"Post Covid-19, we expect to see more major companies looking for ways to diversify and decentralise their supply chains across countries and regions to mitigate geographical risks on production lines and material sourcing," he said.

Sim is bullish on the outlook of the industrial property market moving forward.

He said there may be a positive spill-over effect in the industrial property market predominantly in larger purpose-built factories/large tracts of industrial lands, with the potential entry/relocation of new global industrial players.

"The logistics and real estate sectors will benefit by way of demand from set-ups of new manufacturing operations," he said.