

Secondary property market resilient

By EDY SARIF

THE secondary property market in Malaysia has been resilient despite facing some slowdown from the impact of the global financial crisis, industry players observe.

Zerin Properties chief executive officer Previndran Singhe says prices are holding out quite well with the exception of the Kuala Lumpur city centre residences, which have dropped 20%-30%.

"It's a great time to buy now. Interest rates are at historical low in more than 25 years, developers are providing super packages, and sellers are more realistic in their pricing," he says.

For own occupancy, he suggests that buyers consider the secondary market for completed units and if it is for investment or capital appreciation, they should buy from developers as the packages are superb.

"Residential landed properties seem to be the order of the day. Hot spots like Bangsar, Taman Seputeh, Taman Desa, Damansara Heights, Medan Damansara, Taman Tun Dr Ismail and Sri Hartamas are the usual favourites. Condos that seem resilient and are looking up include those in Sentul West, Sentul East and Bangsar," he says.



Previndran Singhe

Previndran opines that real estate investment trusts (REITs) could also be a good option now given the good yields.

"And with REITs, you do not have the headache of managing your properties," he says, adding that, generally, buyers should regard real estate as a medium- to long-term investment.

He says good deals are now mainly from developers and locations that are hard to come by, like the terrace houses in Bangsar.

"There are not many fire sales as we do not have a financial crisis forcing banks to withdraw loans. Our non-performing loans now are only 2.2% compared to 10% in 1998," he adds.

"My advice to buyers is don't rush into deals. Make sure the deal is kosher by using a lawyer and focus on premium locations and premium products," he says.

Asia Move Machine Sdn Bhd, which owns propertract.com, a property portal, also has a positive view on the performance of the secondary property market in Malaysia.

Managing director Stephen Hodgson says currently newly built, ready to move into homes has drawn renewed international buyer interest.

"House prices have fallen dramatically around the globe. Neighbouring countries such as Singapore, Vietnam and China have seen house prices fall between 20% and 30%, whereas Malaysia has seen a less dramatic fall of circa 10% to 15% during the last quarter of 2008," he points out.

Over the first quarter this year, propertrack.com observed some stabilisation in property prices, with a marked increase in both the number of enquiries and sales transactions, primarily from overseas buyers, looking for prime locations, ready built and secondary market apartments to purchase en-bloc.

Hodgson cites the example of a walk-in visitor from the Emirates, who, with a budget of RM15mil, bought 12 apartments in the KLCC area to provide his family with a local base as well as future capital growth and rental income.

He attributes several factors for this renewed interest — the country being recognised as an undervalued market in the region, the abolition of real property gains tax, non restrictive landed property ownership by foreign nationals, the stimulus package, Malaysia My Second Home Visa programme, financial accessibility to low cost international travel, and the political stability within a multi-cultural country with English widely spoken.

For potential first time house buyer, engineer Md Ridzuan Hanafiah, he prefers to buy completed houses direct from the developer as banks are now offering more attractive loan packages given the low interest rate and higher loan margin of up to 100%.

The other advantage of buying a newly-completed house is that it has less defects caused by wear and tear.

First time buyers generally prefer to buy new homes whereas the secondary property market would be the preferred choice for buyers looking for properties as an investment, due to lower prices.

Human resource manager Ainuddin Nazlee Jamal prefers to buy a secondary property in a suitable location for his family.

"I'm looking for a comfortable secondary property within my budget. Although new houses are attractive because of the extra features, they are quite expensive. The lowest price for a new double-storey house that I am interested in is RM350,000.

This is far from my budget. Furthermore, banks are now offering very attractive interest rates with a better repayment package for secondary property," he says.