



# A moment of respite

The property overhang situation in Malaysia is improving, but it is not because of an increase in demand but a reduction of incoming supply as developers continue to slow down their property launches.

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# HOME OWNERSHIP CAMPAIGN

As the leading property portal, StarProperty has always been abreast with the latest and cardinal information of the property industry. With the advent of the Home Ownership Campaign, the time is never more auspicious to get potential home buyers to own a home.

We have the reach to bring **awareness** to your organisation, **build solid branding**, spark the necessary **excitement**, and ultimately, usher the **right crowd to your product**. Come **advertise** with us, and **be heard** like never before.

**#ourgoalssince2019**

- ✦ To support particularly first-time homebuyers looking to purchase property
- ✦ Encourage the sales of unsold properties in Malaysia's housing market.



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# Five things to do before you apply for a loan

Contributed by CTOS

**T**HE Covid-19 pandemic has resulted in economic challenges that have left many people needing financial assistance. Are you considering applying for a loan but are not sure if you are eligible? Before applying, here are five things to do to improve your chances of loan approval:

## Review your latest credit report

Check your updated MyCTOS Score report to know your current CTOS Score and how your credit health is doing. This way, you can take steps to improve your score or fix any errors you find, such as a low credit score or missed payments, so that banks and lenders will be more likely to approve your loan application.

## Avoid taking on new debt within a short time frame

Every time you apply for credit, the record will appear in your CCRIS and your credit score usually takes a hit. Multiple applications in a short span could suggest to the banks and lenders that you are a riskier borrower and desperate for credit. So try not to apply for any other credit for at least six months before applying for new credit.

## Improve your debt-to-income ratio

The debt-to-income ratio indicates the percentage of your gross monthly income that goes towards your monthly debt



payments. Try to keep all your monthly loan commitments to not more than 40% of your net monthly income.

Lower your ratio by reducing your debts and increasing your income. For instance, you could make extra payments to pay off your debt faster and take on an

extra job or start a small side business to increase your income.

## Compare terms and rates of different loan providers

Different lenders will offer different rates because they all have their own different risk appetites. Do enough research to identify lenders with the best loan rates and terms, and check if there are any hidden fees.

## Obtain and organise income documentation

Whether you are self-employed or work for someone else, you will need to have the right documents handy as proof of

your income. Generally, you will need your latest three months' salary slips / EPF statements (if employed by a company) or the latest three month's bank statements (if self-employed).

Each lender has a preferred way of doing business and is likely to request a different set of documents. The faster you can provide the required documentation, the quicker they can process your loan application.

CTOS aims to empower you with the right tools and knowledge to make good financial decisions, especially during these tough times. More than 1.3 million Malaysians have already signed up for the CTOS self-check to better manage their financial health. Sign up and claim your FREE MyCTOS Report with CCRIS now at <https://ctoscredit.com.my/ctos-cares/>

- What can you learn from your report:
- Missed payments
  - All loans, credit card and non-bank debts
  - Legal and bankruptcy cases
  - Directorships and business interests, and more.

### How to calculate your debt-to-income ratio:



*Established in 1990, CTOS is a leading credit reporting agency under the ambit of the Credit Reporting Agencies Act 2010. Its three-digit CTOS Score will show your creditworthiness. It is an evaluation of an individual's credit history and capability to repay financial obligations. The higher the score, the higher your chances of securing a loan.*



## EVENT HIGHLIGHT

# A fair to fit a new lifestyle

**O**MNI-channel platform StarProperty and its sister company Perfect Livin have joined forces to host a brand new fair that combines the best of property development and home furnishing and appliances.

Leveraging on each other's strengths, the lifestyle fair will give home buyers and home shoppers a more holistic experience as most homeowners would need to furnish their new homes.

What better way than to put both products under the same roof so buyers can enjoy the full spectrum from start to end, especially if they take advantage of a home that is covered by the recently extended

Home Ownership Campaign (HOC).

These HOC-related homes are completed units, so the waiting period to move in is cut short as buyers need not wait for the property to be completed.

This marks a new beginning for the StarProperty and Perfect Livin. Last year's StarProperty and Perfect Livin fairs drew thousands of potential buyers, and hundreds of developments, projects and home merchandise were exhibited.

The date for the launch of this first-time collaboration will be announced soon, so keep yourself updated on the StarProperty and Perfect Livin Facebook pages. If you would like to be notified, please fill in your details here -

[Form for Exhibitors](#) and [Form for Visitors](#).



# Residential property overhang seen easing

Improvement is due to a reduction of property launches as developers hold back projects



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**T**HE Malaysian residential property market is seeing a slight improvement in its overhang situation, thanks to the Covid-19 pandemic. This oxymoron scenario of a negative situation having a positive impact on the residential overhang is ironically common sense at play.

Given the uncertainty, developers slowed down their launches last year and this year as the daily count of positive Covid-19 cases continues to be high.

As the number of new launches was scaled down, this reduced the pressure on the overhang situation, according to National Property Information centre (Naptic) data audit unit chief assistant director Norazila Saleh.

However, exactly how much it will ease the overhang is difficult to predict as the pandemic continues to disrupt the property industry and the economy, she said.

In the middle of last year, as the number of Covid-19 cases dropped to single digits, many property consultants and experts started to portray a more

positive outlook for the property market.

However, another wave towards the end of 2020 and more recently, the daily recording of thousands of positive cases effectively sent all these optimistic predictions reeling. With this fourth wave of infections, the recent movement control orders (MCOs) and the latest lockdown in Kuala Lumpur and Selangor have again impaired the recovery of the property sector and the economy.

Given the demand for specific housing projects has declined, this led to an overbuilt of the supply of high-rise apartments, mainly from the RM500,000 to RM1mil range. According to Naptic figures, there were a total of 23,606 overhang units of serviced apartments worth RM20.76bil in 2020, up 37.7% in volume and 38% in value compared with 2019.

The primary market saw fewer new launches with 47,178 units in 2020, compared with nearly 60,000 units in 2019.

However, in the last three years developers have switched their tactics and have been focusing on affordable housing, which would comprise units below RM500,000. While many

#### ABOVE

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#### RIGHT

Despite the on-going vaccination campaign, many believe that the market will remain relatively flat.



developers will still focus on launching properties within the RM500,000 to RM700,000 range, they are in smaller quantities.

"There were 29,565 overhang units worth RM18.92bil last year, which was a decline of 3.6% in volume compared with 2019, although value increased by 0.5%," said Norazila during the virtually held Real Estate Data Analytics Conference II

organised by Rehda Institute last month.

According to Naptic, the number of unsold under construction and unsold not constructed units reduced by 1.3% year-on-year (y-o-y) to 71,735 units and down 22.6% to 12,975 units respectively in 2020.

Despite the sluggish property market and cautious buyer sentiment, there was a modest sales performance of 28.7%.

## Positive findings

On a brighter note, first-time buyers account for a larger share of new home transactions than at any time on record, according to the Juwai IQI agent survey. The survey was conducted online in May and June 2021 with a total of 397 Malaysian real estate agent panellists participating.

"They have found support in government stimulus policies and their increased savings due to their lower overall spending. First-time buyers have also been partly motivated by the greater focus on one's home environment – a result of the pandemic and Movement Control Orders," the report said.

First-time buyers account for at least one-third of new home purchases in nearly every state. They have the highest market share in Johor and Sabah, accounting for 42% and 39% of transactions, respectively. Other states with strong first-time buyer activity include Penang, where 37% of new home sales go to first-time buyers. In Kuala Lumpur and Selangor, they account for 35% of new home purchases.

The local investors' and upgrading buyers' market share saw little changed, at 26% of transactions in a new home market. Foreign buyers have fallen to the lowest share of the new development market on record, with just 13% of new home purchases. Foreign buying activity will likely not rebound significantly until the borders reopen.

For foreign buying to regain its pre-pandemic market share, it would need to climb by seven percentage points to 20% of the market.

Nevertheless, the persistent overhang issues will have a continued adverse impact on local developers. Faced with stagnating house prices, developers will have to compete with each other to rid their stock of overhang products.

The Home Ownership Campaign (HOC), which kicked off in January 2019 to address the overhang problem in the country, proved successful, having generated sales

totalling RM23.2bil in 2019, surpassing the government's initial target of RM17bil.

The campaign was initially intended for six months but was extended for a full year. It was then reintroduced in June 2020 and will run until December 31 this year.

The government reintroduced the HOC under the Short-Term Economic Recovery Plan (Penjana) to boost the property market after it was adversely affected by the Covid-19 pandemic.

Earlier in the year, Real Estate and Housing Developers' Association (Rehda) president Datuk Soam Heng Choon revealed that since the HOC was reintroduced last June, a total of 34,354 residential units valued at RM25.65bil had been sold as at Feb 28, 2021.

## Vaccine solution

Overall, many believe that the local property market won't see a drastic improvement in the second half of 2021, despite the massive vaccination campaign that is underway.

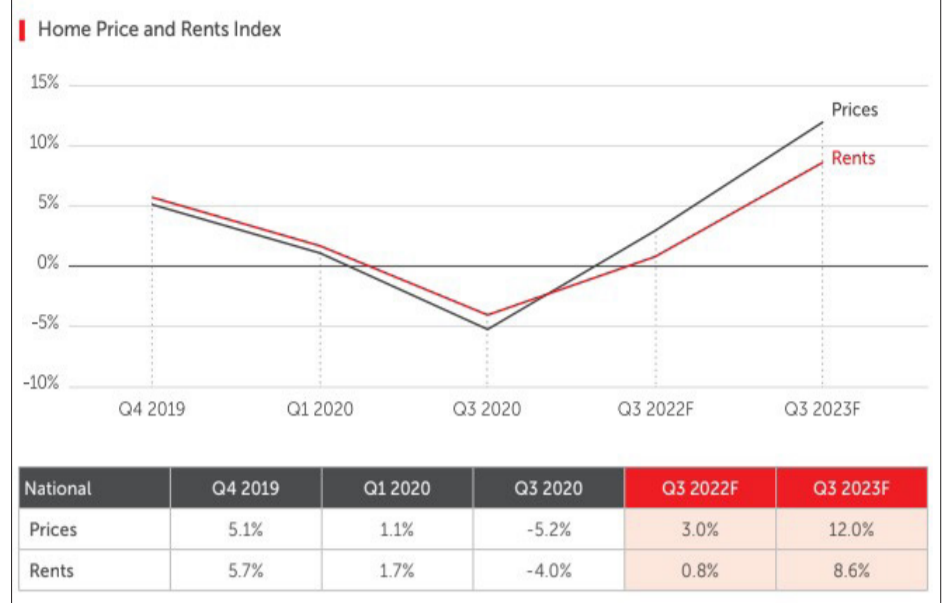
Most property stakeholders believe that even if the vaccination programme has been fully implemented, the local property market will remain relatively flat, although some remain hopeful.

To recap, Rahim and Co International Sdn Bhd real estate agency chief executive officer Siva Shanker said the recovery of the market would hinge on how soon the Covid-19 vaccine will be made available.

"Other countries have already started vaccinating their people. The sooner we can do it, the faster the recovery will be. Our recovery hinges on the vaccine, and it will be a catalyst for the Malaysian property market," he told StarBizWeek recently.

Siva said developers would need to come up with products that are catered to buyers' needs.

"Supply needs to meet demand. If we continue to build the same things again, we will continue to find ourselves in the same situation," he said.



Source: Juwai IQI

# Agents seeing the light

THE outlook of real estate agents across Malaysia continues to improve. A year ago, agents forecasted significant declines in both home prices and rents.

Today, they expect modest growth in prices and rents over the next four quarters. Over the horizon, agents see much more substantial growth and the exciting prospects of a revitalised market.

"Agents expect home prices to climb 3% over the 12 months ahead and then surge by 12% in the following 12 months. Rents over the coming 12 months will show just 1% growth. However, in the year following the third quarter of 2022, growth will bounce up to 8%," said Juwai IQI Group Co-Founder and CEO Kashif Ansari.

"First-time buyers are the real winners in the current market. The survey shows first-time buyers account for a larger share of total purchases than at any time on record. First-time buyers conducted 35% of new home transactions and 31% of sub-sale transactions in the first half of 2021. First-time buyers are benefiting from government stimulus policies.

"They have increased savings and a stronger motivation to purchase their own home because of the pandemic. Many first-time buyers have spent less on travel, entertainment and other living expenses since the pandemic began. These accumulated savings are helping them to purchase their first homes," he said.

In the sub-sale market, first-time buyers have the largest share of transactions in Johor, where they account for two out of every five purchases. They account for 34% of transactions in Sabah and 32% in Sarawak. The state where first-time local buyers have the smallest share of the sub-sale market is Perak, accounting for 26% of transactions.

The market share of foreign buyers has followed the opposite track. From 21% of transactions in the first quarter of 2020, foreign buyers have now plummeted to just 13% of transactions in this quarter's survey.

Foreign buyers' market share is unusually low across all the states. In Perak and Sarawak, where the foreign buyer share is at its highest, it only reaches 15%. Foreign buyers account for just 13% of Kuala Lumpur and Selangor transactions and just 9% in Penang.

The sub-sale market shares of local upgrade buyers and local investors are little changed, at 29% and 27%, respectively. Over approximately the past two years, the market shares of local upgrade buyers and local investors have been stable.

During the same time, first-time buyers have gained six percentage points of market share, and foreign buyers have lost seven percentage points of market share. ↗



Agents see stability and modest growth in the year ahead, said Kashif.



Developers have been slowing their property launches, helping to reduce the overhang.

# The overlooked sidewalks

Many older developments do not even have proper footpaths



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**W**HILE the newer developments see better and more proper sidewalks, jogging pathways, and bicycle tracks, one can not help noticing that the sidewalks are sadly neglected in the older and more mature areas.

Many older property developments have poorly planned sidewalks, and fewer provide for individuals who use wheelchairs or the physically challenged.

Yet, sidewalks have been acknowledged to play a vital role in city life as conduits for pedestrian movement and access.

On the one hand, the government and its agencies encourage more people to use public transportation to alleviate traffic jam woes. But on the other hand, proper walkways are not addressed.

Not only do sidewalks enhance connectivity and promote walking, but these pathways also serve as the front steps to cities, activating streets socially and economically.

Safe, accessible, and well-maintained sidewalks are a fundamental and necessary investment for cities and housing estates, having been found to enhance general public health and maximise social capital.

In many of the older housing estates, sidewalks are sadly non-existent. In their place are narrow strips of land, occupied by grass, shrubs and trees, between the road and drainage system.

So pedestrians are forced to walk on the edge of the roads instead.

Currently in Malaysia, there is no uniform standard where sidewalks are concerned.

In some situations, sidewalks can become so narrow that wheelchairs can not be used on them. As a result, it is not uncommon to see wheelchair users transverse on the road as cars whizz

by. Not only is this dangerous, but their visibility is impeded, increasing their risk of accidents.

It is also not uncommon to have sidewalks with utility poles or trees sprouting from the middle of the path lane, effectively reducing the space to cross that even the average pedestrians would have to reangle their bodies to pass.

Moreover, some species of trees have uprooted the sidewalks making them impossible to use.

## Not compulsory

According to the Real Estate and Housing Developers Association (Rehda), developers do not need to create sidewalks. It is voluntary.

And this varies from state to state as construction permits are issued by the state government, so there is no uniformity regarding this issue. On a positive note, some states do address the

necessity of sidewalks.

Sarawak, for instance, takes great pains in ensuring that sidewalks are a given, especially in new developments. This could be due to Sarawak's close ties with Australia, where they have better amenities like sidewalks to encourage people to walk and use public transportation.

However, Malaysian sidewalks are prone to abuse. In many neighbourhoods, residents place rubbish bins on them or pile discarded debris, damaged household items and dead vegetation, effectively blocking pedestrians.

## Additional cost

Maintenance is another issue as these sidewalks are left in the hands of local councils. While funding is allocated to the local authorities, how much is apportioned to the maintenance of sidewalks?

Developers readily admit that

## ABOVE

Sidewalks have to take into consideration the individuals who use wheelchairs.

building proper sidewalks is an added cost, which would raise the pricing of the homes being built. The natural reflex of developers is to develop every single space available and maximise land usage.

"The burden is on the developers to create such amenities. They have to balance the cost of land and maximise the returns from developing it," said a developer.

However, he points out that having better amenities would naturally increase the value of a property and enable developers to differentiate themselves from others, thereby elevating their own status as reputable developers.

The public recognises that communities better thrive in liveable neighbourhoods and buyers are showing a preference for essential spaces for community building.

Dedicated sidewalks make it safer for residents in housing estates. This becomes more apparent when incorporated with public transportation such as the mass rapid transit (MRT), light rail transit (LRT) and monorail.

With the move to encourage public transportation usage, Malaysians are becoming more aware of the need for sidewalks as this concerns their walkability and comfort to be out of the sun and rain.

For people to get to the stations and back home safely and easily, the need for sidewalks is now becoming more apparent as this covers their safety aspects.

But developers, as well as the government and its agencies, will need to study their proposals carefully before carrying them out. Not all sidewalks are well-utilised, as can be seen with the elevated sidewalk linking the Medan Tuanku monorail station to the Sultan Ismail LRT station.

With proper studies, such walkways can be better incorporated as in the case of Sunway City Kuala Lumpur, where the elevated walkways link the various components of the township to one another.

At the end of the day, the question is how well utilised the introduced sidewalks to the housing estates will be and what needs to be done to increase their usage.

## Four kinds of walkways

**F**OR the longest time, Malaysians are used to two types of sidewalks even as the cities and towns crop up around them. The typical five-foot way and the pedestrian walkway are common sights for the general public. But as this nation becomes more developed, the sidewalks are also changing alongside the people. In short, a well-planned sidewalk now comprises four zones.

These include the frontage zone, pedestrian zone, street furniture zone and buffer zone.

Malaysians are used to the frontage zone, better known as the five-foot way.

This section of the sidewalk functions as an extension of the building, whether through entryways and doors or sidewalk cafes.

The pedestrian zone is the pathway that runs parallel to the road. This walkway ensures that pedestrians have a safe and adequate place to walk, out of reach from the passing vehicles. The pedestrian zone also divides the road from the street furniture zone.

Tucked further in, the street furniture zone is that section of a sidewalk where street furniture and amenities like benches, utility poles, tree pits, and bicycle parking are provided.

The final zone is the space immediately next to the pedestrian walkway that may consist of a variety of different elements. These include bicycle lanes or

jogging tracks.

Prime examples of the four zones are more prominent in newer developments where developers aim to create a higher standard of living. Examples of such extended walkways include Damansara Uptown and Desa Parkcity. ↗



A depiction of the many zones which make an effective modern sidewalk.