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MRT 3 game changer

It is undeniable that MRT Lines 1 and 2 have significantly impacted the real estate industry, especially in value. With the MRT 3 Circle Line back in the picture, stakeholders are scrambling to find out where the stations will be built.

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Back in the picture

The MRT 3 Circle Line has sparked renewed excitement in the property sector

By **JOSEPH WONG**
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THE mass rail transit (MRT) and light rail transit (LRT) system in the Klang Valley today offers many opportunities. It has improved connectivity together with the existing monorail lines as well as the KTM Commuter (KTM) lines.

When the MRT Lines 1 and 2 were first introduced, the property market went into a frenzy, with properties residing near the stations experiencing an increase in property value.

This was on top of the two LRT line extensions to Putra Heights, followed by the LRT 3, which would connect Klang residents to the Kuala Lumpur City Centre. What was missing was the connection that would link all of the rail lines together.

But with the MRT 3 Circle Line coming back into the picture after it was temporarily shelved, the eyes of homeowners who are residing close to the proposed stations are sparkling.

With 26 stations and 10 interchanges, Mass Rapid Transport Corp Sdn Bhd (MRT Corp) anticipates scheduling the tender for the MRT3 Circle Line in August, according to its chief executive officer Datuk Mohd Zarif Hashim.

The tentative route for the Circle Line underlines 50km, with 40% of the route being underground.

After all the recent challenges the property market has experienced in the last few years, from a slowdown to the Covid-19 pandemic, the revived third MRT line is a big booster for the sector, not to mention the multiplier effect it will have on the local economy.

The MRT 3 Circle Line would be a unique selling point for home buyers and investors, not just for the primary market but also for sub-sale properties.

Where to buy

The question on every homebuyers' lips now is this: Where to buy or invest?

"Follow the infrastructure," said Ho Chin Soon Research chief executive officer Ishmael Ho.

Catalytic mega projects like the MRT 3 Circle Line, which analysts estimate is to cost between RM20bil and RM30bil, will always have an impact on property, he said.

This is because such projects will connect the areas of high economic activities, which in turn will help the property market boom.

"The Circle Line works as a connector. So there is a lot of interchanges," he said, pointing out as an example that the proposed MRT 3 Bukit Kiara interchange connects to the MRT 1, which would connect to the LRT 3 line at Bandar Utama.

"So even if you stay all the way in Puchong or Klang, MRT 3 affects you," he said.

ABOVE
MRT 3 Circle Line will bridge the gaps.

Greater KL is growing, said Ho.

Follow the infrastructure, said Ishmael.

Moreover, there is a lot of encouraging news regarding the property market following the roll-out of the vaccine, Ho said.

"Sales have been picking up. With the MCO (movement control order), many people have taken a good look at their own houses. The space, the parts of the house that is not optimised.

"So buyers start to look around for other houses. That's why in Q4 (2020), there was an uptake in the property market," he said

He reasoned that this was part of the changing needs of homeowners, which became more acute during the MCO.

Growing population

In addition, Greater KL is growing at 2.4% per annum and will have an additional 2.7 million residents by year 2030, said prominent cartographer Ho Chin Soon, who is also the founder of Ho Chin Soon Research.

This has two main impacts, namely the need for more housing and the need for a better transportation system that will help alleviate traffic congestions.

This is why the MRT 3 Circle Line is creating major excitement, he said, pointing out that the Circle Line interchanges will shorten trips if a rider were to travel from one destination on MRT 1 to another destination on MRT 2 for example.

To date, commuters can already experience a different landscape as connectivity becomes an interesting reality with the completion of MRT 1 complementing the various connections between the LRT, monorail and KTM lines.

Not to mention, the rapid bus transit (BRT) has also made its presence in Sunway City Kuala Lumpur, connecting the LRT with the KTM.

The MRT 2, which will be partially operating this year, will eventually connect to Putra Jaya when fully completed. The LRT 3 line will connect the Sungai Buloh-Kajang MRT line and lead to destinations like i-City Golden Triangle, Klang and Bukit Tinggi.

Shopping malls in the Klang Valley are among the biggest beneficiaries as most of the stations are at their doorstep while others are a shuttle ride away. The 1 Utama Shopping Centre is a prime example where the station is just outside its doors.

Others like Starling Mall has free shuttles to the respective MRT stations. This has indeed improved connectivity and mobility. The connectivity to public transport has improved foot traffic to the malls as well.

The positive impact seen with the existing MRT, LRT, monorail and KTM lines is convenience. Commuters would be able to move easier once the MRT 3 comes to fruition.

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FROM PAGE 2

Negative side

However, it is also not without its negatives. Cost is the main one. The other is flexibility. Cost is derived by the ticket pricing. It can actually be more expensive for families to take the MRT or LRT compared to driving and parking their cars.

The total price to and fro for a family or group of friends of four in a train line far outweighs the benefits of not getting stuck in traffic jams and the frustration of finding a car park.

It gets worse when shopping. Shoppers would have to limit their purchases as they would not want to lug the various bags in the train line and thereafter, the walk back or the transport wait before reaching their last destinations. Imagine changing lines as well.

The impact of flexibility is another factor. When riding on one MRT line, it limits the flexibility to make a quick stop or turn within the transport time. One cannot opt to detour but to finish a route. That would take extra time and time also means money since the fare would be increased with every station passed.

As such, the impacts of the LRT, MRT, Monorail and KTM lines for the property sector are both negative and positive.

Flexibility and the inconvenience of switching lines and the transport or walk back to one's home or last destination would become lesser issues if the fare price is reduced.

More often than not, some operators of shopping malls and office towers are not taking advantage of the walkways to the stations. These walkways are uncovered and also not paved wide enough.

At most times, these are just road shoulders. Moreover, the Malaysian climate does not promote walkability, which is vital for every public transportation's success. The MRT, along with the LRT, monorail and KTM lines are opportunities. But every party has to be involved in making it successful.

Four tips to get the best loan interest rates

SHOPPING around for the most attractive interest rates is the obvious move to make for most people looking for a loan. Lower interest rates mean you pay less every month, and you reduce your total debt amount faster.

To that end, we thought it would be useful to share with you some essential tips to follow when looking for the best interest rates for your loan.

1. Know what to shop for

Before you even go looking around for the best interest rates, take some time to really consider the kind of product that suits your situation best.

If the amount you need is only a little more than your current monthly salary, perhaps a credit card would work better. Or, if you're looking for funds to start a business, a business loan would be more appropriate than a personal loan.

Both these options are better alternatives for their purpose because they would be cheaper, have features that suit their intention, and in many cases, would offer more attractive interest rates than personal loans.

2. Know where to shop

Calculating interest rates can be confusing and getting the right information from different lenders' websites can be challenging. What you can do is use a comparison site. Such sites often have a helpful loan calculator for you to find out exactly the kind of loan from which bank that can offer you the best deal for your needs.

3. Don't apply for multiple loans

Each time you apply for a new loan or credit card, it counts as a hard inquiry in your credit report. If too many of these appear too close to each other in your credit report, it might indicate to lenders and banks that you are a high-risk customer, short on cash or getting ready to rack up a lot of debt. This, in turn, may affect the interest rate you'll get when you apply for a loan.

4. Make sure your credit score is healthy

Speaking of credit reports, be sure to check your credit score via CTOS to ensure that your credit health is in good shape. If it does not look that good, lenders and banks might offer you a lower interest rate. Remember to pay all your credit obligations on time and avoid missing payments.

How to check your credit score?

An easy and convenient way to do this is to visit the CTOS website and sign up for a CTOS User ID online or via their mobile app.

If you are not familiar with CTOS, it is a credit reporting agency that helps to compile and provide credit information in Malaysia.

It offers MyCTOS Score report – a comprehensive credit report that can help you understand your credit health better and help identify the areas you need to work on to improve your creditworthiness.

Your updated MyCTOS Score report will contain your personal details, CCRIS records, directorship and business interest details. The number of times you have been searched, as well as your CTOS Score – a credit score that ranges between 300 (lowest) and 850 (highest).


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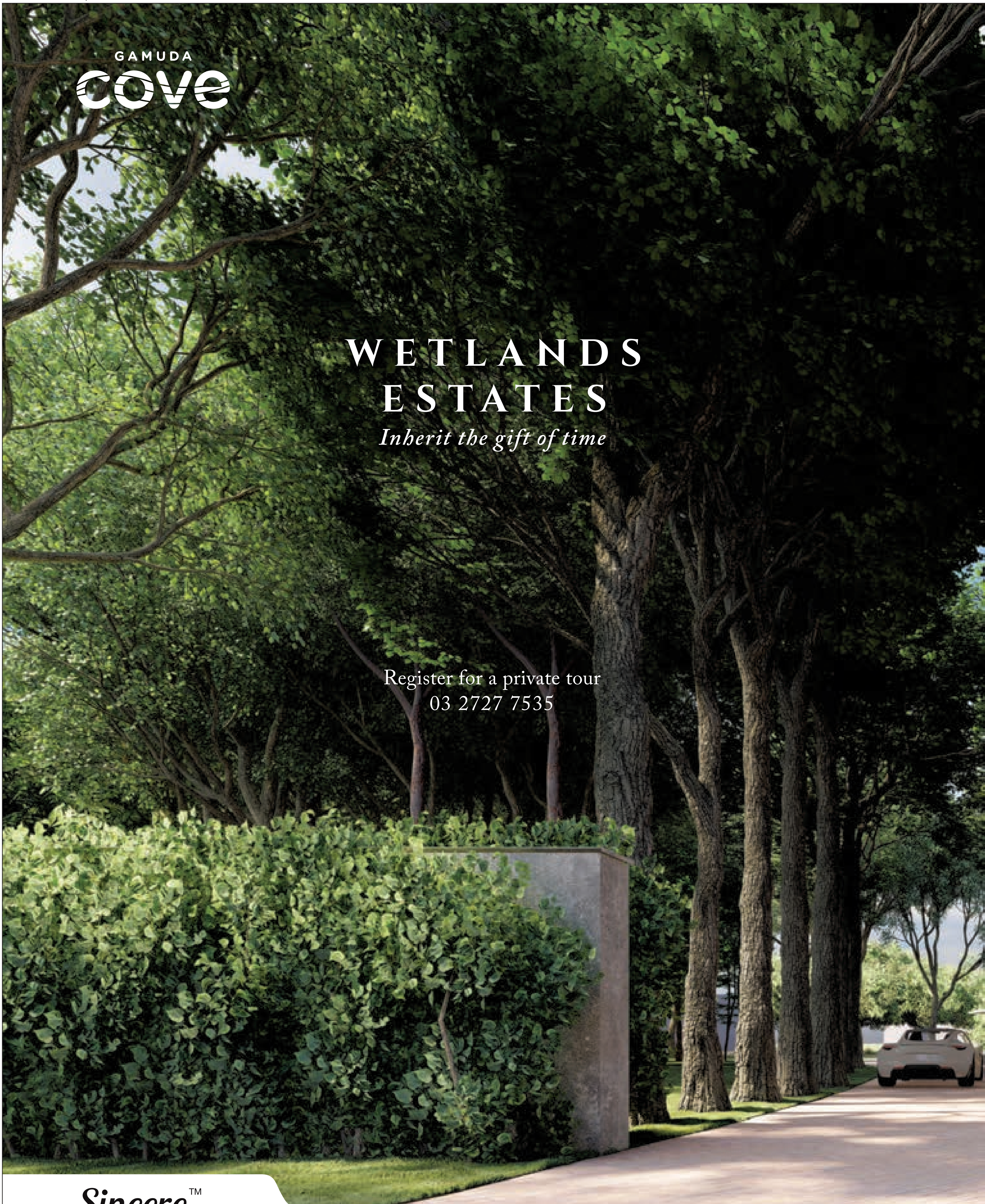
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Is just an extension enough for HOC 2021?

Including the secondary market would make it more holistic

By SULAIMAN SAHEH

ON April 5 this year, the Housing and Local Government Minister Datuk Zuraida Kamaruddin shared that the government is looking to extend the Home Ownership Campaign (HOC) 2020/2021 until the end of the year.

This follows the opinion and concerns that many have shared of the campaign being disrupted due to the second movement control order (MCO) in January to early February 2021. Moreover, it was later compounded by the continued challenges that the Covid-19 pandemic had posed to the market.

The extension will most likely include some revision of the current terms and conditions of the campaign.

On March 30, the Real Estate and Housing Developers' Association (Rehda) had revealed that total sales recorded for the ongoing HOC 2020/2021 between June 1 last year to Feb 28 this year were 34,354 residential units worth RM25.65bil.

The result surpassed the 2019 nine-month sales performance from Jan 1 to Sept 13, which registered 19,784 residential units worth RM15.64bil.

The success of the second HOC, thus far, is highly encouraging given that it was running under pandemic conditions.

The call for an extension was further supported by the fact that the HOC appears to be a much beneficial and helpful campaign aid for homebuyers and contribute to the recovery of a negatively impacted property market.

But running alongside this property campaign dilemma is the resurgence of Covid-19 cases in April 2021, which went up from 1,178 cases on April 1 to 2,875 cases on April 22. The daily count more than doubled in just three weeks.

This resurgence led to high caution and fear of a possible MCO 3.0 should things worsen. Several states and local areas were placed under MCO and enhanced MCO after reporting critically high cases.

There is the worry that the potential property sales in May and June, or even further, may be affected by this resurgence.

The importance and need for the HOC to be extended is now even more emphasised to allow both developers and homebuyers a fair chance to participate in this campaign safely and timely.

But going back to the possibility of the HOC seeing changes, we now ask if simply an extension is sufficient to ensure a successful and fair running of the campaign or should there be additions or changes to the terms and conditions HOC is currently running under?

A HOC comeback

The re-introduction of the HOC was made as part of the short-term Economic Recovery Plan (Penjana). The recovery plan was launched to reignite the property market that had been negatively impacted by the pandemic.

In an attempt to re-create the success of HOC 2019 had during its running campaign, the current HOC included the same benefits and discounts given to homebuyers such as stamp duty exemption on instruments of transfer and loan agreements and a minimum of 10% discount on the listed property prices by participating developers.

These benefits and exemptions apply to house prices between RM300,000 and RM2.5mil.

When looking at the movement of unsold housing units that had consistently risen in the past few years, quarterly observations from the first quarter to the fourth quarter of 2020 revealed a more stabilised trend, albeit still being significant.

The categories of unsold under construction and unsold not-yet-constructed saw improvement in the decrease of stock. In contrast, the overhang (unsold completed units) continued to rise but showed a decrease between the 3rd and 4th quarter of the year.

This is supported with Rehda's reported statistics of having 78% or 28,045 units of the nine-month total sales figure for HOC 2020/2021 to consist of under construction properties. As at end 2020, overhang numbers showed a slight improvement, reducing to 55,300 units worth RM40.79bil from the third quarter's 57,390 units worth RM42.49bil.

Widening the coverage

It is undeniable that the HOC brings benefits and lends a helping hand to developers who struggle with unsold stock and helps homebuyers who struggle with unaffordable prices.

But while the campaign is currently only focusing on primary stock which are units being sold by the developers, boosting the secondary residential market would also help reignite the market.

In the past decade, the secondary market has been, on average, accounting for 81.2% of the total number of residential transactions. By including this huge segment into the campaign, HOC 2020/2021 would create a more holistic stimulus to the market. Nevertheless, it is critical to note that the HOC should not be the main driver and strategy to spur the residential market as it is not a sustainable means to solve the persisting conundrum of housing affordability. This would require a more cohesive and holistic solution to overcome pre-existing issues of homeownership and unsold stock in the long run.

Keeping it temporary

While it is significant to not end an effective and beneficial campaign prematurely, it is also vital to remember that the HOC should not be seen as a permanent solution to the overarching affordability problem Malaysia has been facing since early-2010s.

The HOC is a form of government intervention to help boost a lagging market with financial incentives to reduce the overall burdening cost. But it is not sustainable in the long run.

In coming up with a more permanent and integrated solution, it is insufficient to only focus on the offerings and construction of housing units by developers.

It must be backed up by up-to-date and comprehensive study research by unbiased and independent consultants. The government and local authorities, banking and financial institutions and other stakeholders must also be involved.

As the issue of supply-demand mismatch continues, so too does the aspect of house prices due to the overall development costs. Since buyers' affordability and income levels run parallel to this issue, it adds more complexity to the overarching housing problem.

While the HOC may positively impact property transactions and homeownership, it brings to question whether the affordability seen in this campaign is genuine or artificial. Are prices only made affordable through the discounts and financial incentives given during such campaigns? If yes, then the issue of unaffordability remains as the gap between house prices to disposable income levels persists.

A systemic solution

This is not to say that HOC is not useful in times of economic hardship - as they are as seen by the sales spurts despite the prolonged pandemic. The number of active Covid-19 cases have been trending in waves.

There is a dire need to further enhance the market confidence and sentiment that had suffered from the pandemic on top of the obvious healthcare measures and provisions needed.

Any financial aid or incentive aimed at reducing the financial burden on buyers at this time will be of great help to boost the lagging market. However, we need to be reminded that the fundamental housing affordability issues cannot be mended with a quick fix; thus, a more systemic solution is required for a more sustainable property market in the long run.

As we acknowledge the role of the Covid-19 vaccine in improving market sentiment and fighting against the virus, pre-existing challenges remain unsolved. Buyers are still faced with the dilemma of affordability and high cost of living, particularly in major urban areas.

Sulaiman Saheh is the director of research for global real estate consultancy Rahim & Co International Sdn Bhd.