

HARTAMAS NOTES FOR THE WEEK

-Make Real Estate A Breeze-

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By **Hartamas**[®]
Research

“Don't wait for the right moment to start, start and make each moment right.”

Roy T. Bennett

(a Zimbabwean politician and an author)

What you need to know this week:



01 Property highlights in revised Budget 2023



02 Napic hopes developers will carry out feasibility study



03 Rate hike pause expected to buoy property sector

Budget 2023 for *real estate*

What's going on here?

The revised national Budget 2023 tabled by Prime Minister Datuk Seri Anwar Ibrahim unveiled the biggest ever allocation of RM388.1 billion.

What does this mean?

For the real estate industry, the only incentive announced was for the housing credit guarantee scheme, where RM5 billion is allocated to help up to 20,000 borrowers with no fixed income from the gig economy to get loans, marking a significant increase from RM3 billion in the October budget. Other related key measures include the construction of low-cost houses, improvement in infrastructure including Subang airport, Penang airport and roads to Cameron Highlands and Melaka, as well as the mention of TRX and Iskandar Malaysia in regard to the special business, economic, financial zone.

Why should I care?

The budget garnered generally favourable response from industry players with the hope that positive domestic demand will stimulate the property sector; and for the key measures to attract more foreign interest in investment, tourism, hospitality and logistics business.

Napic hopes developers will *carry out feasibility study*

What's going on here?

The National Property Information Centre (Napic) hopes that a feasibility study would be made compulsory for every property developer to undertake to help reduce the overhang in the country.

What does this mean?

According to Napic Deputy Director, while developers are currently free to develop their own land without compulsory feasibility study, the unsellable properties end up being every stakeholders' problem, including the political and government counterpart. He hoped a compulsory feasibility study would mean that only certain properties of certain types in certain location could be built to suit the population and geography, or else, the problem of overhang would continue to occur.

Why should I care?

Plagued with chronic issues such as overhang and affordability, a feasibility study might indeed be a sound solution to address the problems of mismatch and misprice in the housing industry.

Rate pause to spur *the property sector*

What's going on here?

TMIDF research states that the pause in interest rate hikes by Bank Negara is expected to spur buying interest within the local property market, especially for affordable homes.

What does this mean?

The pause in the OPR hike provided short-term relief to the property sector, as the four consecutive hikes by a total of 100 basis points in 2022 hurt the affordability of buyers. Data from Bank Negara shows that there had been continued decline in loan applications in 4Q22, which could be due to reduced buying interest as a result of higher monthly instalment following multiple rate hikes.

Why should I care?

The research house is positive that buying interest in property will recover slightly following the pause in the OPR hike, especially the demand of affordably priced properties by first-time home buyers.

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