

Serious buyers 'missing' as retail property mart softens

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DEVELOPERS may face tough times selling commercial and residential blocks with strata titles in the Klang Valley, unless they approach buyers with deep pockets who are willing to hold the assets.

Although there are available properties in the Klang Valley, there have been no serious buyers in the past few months as the retail market softens, said Datuk Mani Usilappan, former director general of the valuation and property services department, Ministry of Finance Inc.

This is despite property prices in prime locations, especially in Kuala Lumpur, dropping by 10-15 per cent since a year ago, he told Business Times on the sidelines of the Rahim & Co property seminar 2009 in Kuala Lumpur yesterday.

"We have small price bubbles happening in the KLCC and Mont' Kiara area, but there is no indication of an asset bubble waiting to burst. There is still some sustainable demand where people with money are buying for their own use," he said.

Asset bubble is a situation where the prices are not underscored by sustainability in terms of income or demand.

Mani does not foresee property prices dropping beyond 30 per cent. During the crises in 1980s, property prices fell by 40 per cent.

Rahim & Co executive chairman Datuk Abdul Rahim Rahman said high-end residential property prices in Kuala Lumpur may come down by 25-30 per cent if the



Abdul Rahim says sales will drop this year, since banks will issue smaller loans.

market worsens.

"The drop, however, will not be as hurt as in Singapore. A prime property in Orchard Road worth S\$3,500 (RM8,365) per sq ft, is now 45 per cent less. I don't think Malaysian properties will go down that much," he told a news conference.

For other areas within the Klang Valley, Abdul Rahim said, there will be a price adjustment of 10-15 per cent as buyers shy away.

Abdul Rahim said sales will also drop this year, attributed largely by banks issuing smaller loans.



Mani says there have been no serious buyers in the past few months.

"Previously, banks were willing to give 85-90 per cent loans. But now, they may lend only 75-80 per cent. People with cash flow problems may not have that much money to put aside for down payment. Due to this, demand will inevitably drop," he said.

Abdul Rahim said landed properties priced less than RM400,000 may move faster this year.

On the commercial side, he expects a downtrend in prices in 2012 as some 8 million sq ft of office space hits the market then.

RM30b-RM40b stimulus package may help bolster economy: MIER

RM30 billion-RM40 billion of fiscal stimulus. It has enough cash reserves of about US\$90 billion (RM333 billion), and savings of 35 per cent of the GDP. These provide a pool of funds it can use to stimulate the economy," Mohamed Ariff said.

"But the allocations must be spent fast to provide a quick positive impact on the economy," he said.

He said the impact of the first package will be felt after March, although it was launched four months ago.

"There is a need for transparency in implementing the package to gain investors' confidence. No matter how skillfully the stimulus package is crafted, it can only do so much. Transparency helps," he said.

Mohamed Ariff believes the second package will focus on helping companies and workers affected by the turmoil.

"Despite the pessimistic outlook, I believe Malaysia still has the drive to grow. The driving quest for long-term sustainability should be focused on resource-based activities, manufacturing and tourism," he added. — By Sharen Kaur



There's 50 per cent chance of a full-blown recession this year, says Mohamed Ariff

THE Malaysian Institute of Economic Research (MIER) said a second fiscal stimulus package of RM30 billion-RM40 billion may help to bolster Malaysia's economy which is at a downward risk.

Executive director Professor Datuk Dr Mohamed Ariff Abdul Kareem said the crises may drag on for three to five years due to liquidity trap and fiscal fatigue.

Since the first stimulus package was launched last November, the global economy has deteriorated. The likelihood of the Malaysian economy going into recession has become more threatening, he said.

Malaysia faces the prospect of not only slower growth but declining inflation with lower commodity prices, rising unemployment, lower export earnings and incomes.

"A lot has happened since January. The situation is far more severe. There's 50 per cent chance of a full-blown recession this year," Mohamed Ariff said.

"All our export markets are down. We may be stuck in this situation for 2-3 years. I don't expect the economy to go back on track until 2012. Until then, we will have only a small incremental improvement," he said when delivering a paper on "Impact of Global Economy on Malaysia Market" at Rahim & Co Seminar 2009 in Kuala Lumpur yesterday.

MIER has revised downwards its gross domestic product (GDP) forecast this year to 0.5 per cent from 3.4 per cent, below the official growth forecast of 3.5 per cent.

In January, it forecast 1.3 per cent GDP growth.

"The government is talking about

Muhyiddin: Chemical control law should not hinder trade

THE need to have chemical control legislation for health and environment reasons should not be deemed to impede the free flow of trade, said Minister of International Trade and Industry (Miti) Tan Sri Muhyiddin Yassin.

He said that such regulations should be simple, harmonised and not incur additional expenses to the cost of doing business in the industry.

Therefore, a government-private sector work plan for the Registration, Evaluation, Authorisation and Restriction of Chemical (REACH) implementation in Malaysia has been initiated with Miti, the Chemical Industries Council of Malaysia (CICM) and other relevant government agencies.

This is to assist the small- and medium-sized enterprises (SMEs) in complying with the European Union-REACH regulation and the Globally Harmonised System of Classification and Labeling of Chemicals (GHS).

Muhyiddin's speech was read by Datuk Liew Vui Keong, the deputy minister of Miti when officiating the International Conference on Chemical Control Legislation and Trade Aspects (ChemCon) Asia 2009 in Kuala Lumpur yesterday.

He said that the world is increasingly becoming smaller due to globalisation and what affects the chemical industry in Europe will have a direct and indirect impact on it in Asia and vice versa.

"Countries are now even more interdependent as evident during this economic downturn.

"It has been noted that in light of this slowdown, which is affecting the chemical industry in a big way, it is now more important than ever to help stimulate recovery in the sector through mobilising resources," he said.

He added that Malaysian manufacturers and exporters can agree that those who comply are at an advantage over those who cannot.

"I am aware that Malaysia does not have laboratories that are certified for Good Laboratory Practices (GLP).

"In that regard, I would like to inform that as part of the government-private sector initiative to assist the chemical industries in complying with the EU-REACH regulation, Miti has approved some funds for Sirim's laboratory at the Environment and Bioprocess Technology Centre to acquire GLP status," he said.

This will enable Malaysian manufacturers, and exporters of chemical products to test their products in a GLP compliant laboratory whereby test results and chemical testing studies data will be accepted and recognised internationally.

"Malaysia is committed to the implementation of the GHS.

"Miti, being the chair for the National Coordinating Council, will continue to promote and monitor its implementation which is meant to enhance competitiveness, reduce the cost of doing business and facilitate international trade," he said.

He added that in order to assist the SMEs in complying with the chemical regulations and mandatory standards and requirement, the government through the Small and Medium Industries Development Corp, also provides a Grant Certification and Quality Management System to assist SMEs for adopting the Responsible Care Programme (RCP).

To date, under the scheme, only one SME had applied for a grant for safety data sheets and none for adopting the RCP.

He said that in 2008, the total trade in chemicals and chemical products was valued at RM84.12 billion, an increase of 10.9 per cent from previously. — Bernama