

Property market to rebound in two years

Rahim & Co: Sector likely to weaken further

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KUALA LUMPUR: The property sector in the country is likely to weaken further amid worsening economic conditions with the market expected to rebound in two years, said property consultancy firm Rahim & Co Chartered Surveyors.

Executive chairman Datuk Abdul Rahim Rahman said people were getting more prudent with their spending, adopting a wait-and-see attitude that has resulted in the property market getting softer.

"(The price of) luxury condominiums in Kuala Lumpur City Centre (KLCC) for example are down 15% to 20%," he said. "Apart from that, the ongoing buildings development activities outside the central business district may push down the rental rate for offices when they are ready by 2010 - 2011 as a result of oversupply of office space."

Abdul Rahim said he expected the Malaysian economy to recover in 12 to 16 months but the property market would take another two years to rebound after the economy recovered.

"This all will depend on the Government's strategy and initiatives to strengthen the economy."

"We are not as bad as in 1997 when the property market needed 4-5 years to recover. "We



Robert Ang



Datuk Abdul Rahim Rahman

believe this time around, the property market would be stable again within two years after economic recovery," he said.

Savills Rahim & Co Real Estate Agents' managing director Robert Ang said buyers were now asking for a yield guarantee from developers before buying properties.

"Last year, the yields were 4% to 5%. As the market weakens, buyers want guarantee from developers to give them higher yields at 6% to 7%," he said.

He added that due to weak demand, some of the company's clients were advised to defer their new launches, especially the higher-end projects, to the third quarter.

Nevertheless, the property sector remains relatively well supported at the moment, Rahim noted.

"Banks are still providing loans to buyers and developers. Apart from that, sellers are getting more flexible on pricing their properties."

"However, the demand is not as strong as before," he said.

Rahim & Co will be organising a seminar called "Looking Beyond: Challenges & Opportunities In The Malaysian Property Market" on March 3 at Hotel Istana Kuala Lumpur.

The seminar will feature talks on the property market situation in the country by local and international speakers.

Shell Refining Q4 net loss at RM523mil

PETALING JAYA: Shell Refining Co (Federation of Malaya) Bhd posted a net loss of RM523mil in the last quarter ended Dec 31, caused by a sharp drop in oil prices that resulted in a stockholding loss of RM697mil during the three months under review.

This dragged down its performance for the whole year, as the company posted a net loss of RM330mil, or RM3.30 per share.

Despite the huge loss, Shell Refining announced a final dividend of 30 sen per share, to bring its full-year payout to 50 sen per share.

"On a current cost-of-supplies (CCS) basis, Shell Refining reported an after-tax profit of RM314mil in 2008 compared with RM298mil in 2007," it said in a statement.

In the last quarter, after-tax profit based on CCS was RM174mil versus a net loss of RM4mil made in the previous corresponding period.

During the October-December period under review Shell Refining processed 9.3 million barrels of crude oil and sold 9.9 billion barrels of products.

Dalog Q2 net profit up 5%

PETALING JAYA: Dialog Group Bhd said after-tax profit for the second quarter ended Dec 31 improved 5% to RM23.5mil from RM22mil made in the same corresponding period.

The rise was on a 13.6% gain in revenue to RM241mil versus RM212mil previously.

The better results were attributed to growth in the specialist product and services division "despite pressure on margin," it said.

Dialog is confident of a favourable year ending June 30 in view of "the terms contracts secured for most of our business activities."

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DATUK ABDUL RAHIM RAHMAN

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