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Property market should not be over-regulated

Sector should be allowed to grow at normal pace

by **Yen Ne Foo**
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KUALA LUMPUR: The Malaysian property market, which saw cooling measures instituted in Budget 2014 to arrest steep property price increases, should not be over-regulated by the government but be allowed to grow at a normal pace.

Making the call, Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector president Lim Lian Hong said a price increase of between 5% and 7% annually is justified.

"I think the central bank is also very careful that they don't kill the market ... We want to practice free market so that foreign investors will feel more at ease to come into the system to buy and sell.

"If you have a very restrictive market, foreign investors will feel that this market is artificial on the whole," he said at a press conference in conjunction with the Seventh Malaysian Property Summit 2014 yesterday.

Lim said if the local property market is highly regulated, it may pose a problem to foreigners if they want to resell their units. "We have to balance the laissez-faire, which is the free market," he added.

Rahim & Co managing director Choy Yue Kwong said Bank Negara Malaysia (BNM) regulations on housing loans are most effective in regulating the Malaysian property market as the regulations are targeted at speculators.

"Speculators are people who make use of the banking system, take out very little money, [use] 95% loan to buy and speculate. These are the people the system should target at.

"The main reason why there was so much speculation in the past was because loans were so easily available. Some developers would price it at a certain level, give discount and then sign the agreement at the gross level effectively."

Choy said new BNM guidelines that stipulate that loans will be based on the net price, rather than the gross price, will take out a large segment of customers who depend on loans to speculate.

However, he is doubtful that the imposition of real property gains tax (RPGT) will have any significant impact on sales of houses.

"I think house prices have gone up so much in the the last few years. No doubt, RPGT has its effect but the effect is not much anymore. If you had RPGT three or four years ago, then it would have had more effect because at that time the prices hadn't gone up so much."

Choy is also sceptical about the effectiveness of the government's intention to stop bulk-buying of properties by investors by imposing restrictions on the number of properties bought by an individual.

"You can't stop people from buying if they have the money," he noted.

Choy said there are methods other than government regulations that can be utilised to control the property market.

He argued that housing planners have a role to play in ensuring that developers are not "carpet building" or overbuilding to feed the speculative market.

"Government planners [should] become more proactive. Let's say if the developer wants to build 9,000 units in a certain place, the planners should step in even though the guidelines allow it. If they know that 9,000 are too many, they may say, tone it down to 5 phases [or] 10 phases," Choy explained.

He said property developments now have an excess of investors but not enough occupiers, leaving many units empty years after the development has been completed. The scenario could also apply to the Iskandar Malaysia development.

Malaysia misses 2013 tourist arrival target

by **Vasantha Ganesan**
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KUALA LUMPUR: Malaysia has missed its 2013 tourist arrival target, clocking in only 25.73 million, despite a last-minute downward revision to 26 million from an earlier goal of 26.8 million.

Tourism and Culture Minister Datuk Seri Nazri Aziz over the weekend indicated that Malaysia had only managed to welcome some 700,000 more tourists in 2013. In 2012, a total of 25.03 million tourists to Malaysia contributed to receipts of RM60.6 billion.

While the increase only represents a 2.8% rise in arrivals from 2012, Malaysia fared better in terms of tourism receipts. If the per capita spend in the first nine months of 2013 of RM2,474 is anything to go by, tourism receipts for the year could be around RM66.66 billion, representing a 10% jump over the 2012 figures.

The country planned to lure 26.8 million foreign holiday makers in 2013, ahead of a much higher arrival targeted during Visit Malaysia Year 2014 (VMY14) at 28 million and receipts of RM76 billion. Tourists are distinguished from excursionists or day trippers, as the former stay for at least one night.

Even as recent as November 2013, the minister had voiced his confidence and given his assurance that Malaysia was on track to achieve the 26.8 million arrival target.

Tourist arrivals in Malaysia & receipts

Year	Arrivals (mil)	Receipts (RM bil)
2009	23.65	53.4
2010	24.58	56.5
2011	24.71	58.3
2012	25.03	60.6

Source: Tourism Malaysia

But in January, Tourism Malaysia director-general Datuk Mirza Mohammad Taiyab was quoted as saying that the 2013 target had been revised downwards due to the delay in the completion of klia2, the 13th general election as well as the haze.

The delay in the opening of the airport and the haze, which had reached critical levels, had affected the overall growth in tourism, he said.

The Edge weekly in December 2013 reported that based on the arrivals in the first nine months of 2013, at 18.76 million, the task of achieving 26.8 million for the year would prove to be a tall order. Data posted by Tourism Malaysia, in cooperation with the immigration department, revealed that in the first three quarters of 2013, 15 out of the 46 top markets experienced a drop. Malaysia hoped to see a 7.7% jump over the 2012 arrivals, but only managed an increase of 3.3% in the January to September 2013 period.

THE EDGE FILE PHOTO

Mirza was quoted as saying that the 2013 tourist arrival target had been revised downwards due to the delay in the completion of klia2, the 13th General Election as well as the haze.

"If indeed the arrival number for 2013 was 25.73 million, the number of tourists to Malaysia only rose by 2.8% from 25.03 million in 2012, an indication that tourist arrival growth may have reached a plateau. The last time tourist arrival growth was in excess of 5% was in 2009 with an expansion rate of 7.3%," Institut Rakyat economist Azrul Azwar Ahmad Tajudin said.

"The trend of very moderate tourist arrival growth of less than 5% may persist over the next few years if nothing is done urgently to boost Malaysia's appeal as the main tourist destination in the region given keen competition from neighbouring countries in the battle for tourist dollars," Azrul told *The Edge Financial Daily*.

"Notwithstanding, for VMY2014, 28 million tourist arrivals could prove to be another ambitious target for Malaysia to achieve," he added.

Incidentally, next year has been declared the "Year of Festival" to help keep VMY2014 momentum going, to be able to achieve the 2020 goal of 36 million tourists, with total spending of RM168 billion in Malaysia.

Meanwhile, it is understood that the minister is likely to present the 2013 arrival figures to the Cabinet today before releasing the detailed results tomorrow.

Iris Corp bags RM793.21m contract from Republic of Guinea

GUINEA CONAKRY REPUBLIC: Iris Corp Bhd, the inventor of the world's first epassport and multi-application smart card, has inked a RM793.21 million contract with the Republic of Guinea government in West Africa.

Under the 15-year agreement, Iris will supply and implement secure chip technology solutions in the Republic of Guinea which will include electronic passports, visa, permanent residence identification card and all its related software and hardware.

Iris Trusted Identification Division chief executive officer Datuk Hamdan Mohd Hassan said President Alpha Condé is currently embarking on various policies to reform and revive Guinea's economic growth.

"Iris is the preferred trusted identity solutions provider in 26 countries across various continents, " Hamdan told reporters at the ePassport launching ceremony on Monday by Guinea Prime Minister Mohamed Said Fofana.

The Prime Minister said the ePassport, which is International Civil Aviation Organisation compliant, has numerous security features that prevent fraud and its implementation was a positive step in further improving the lives of their citizens.

Meanwhile, Security and Civil Protection Minister Elhadj Madifing Diane said Iris has delivered a milestone task and he hoped the company could further share its expertise in other sectors for the benefits of the country.

"Iris is in the running to tender for the country's identification card and with the seriousness that has been displayed over the implementation of the ePassports, the company is in the right path and appears to have an advantage over other competitors," said the minister.

Iris has more than 19 years of experience in developing ePassports and multi-application electronic identification cards and was the pioneer in the world's ePassport for the Malaysian government. — *Bernama*

In brief

Jaya Tiasa 2Q earnings soar 587% to RM19.8m

KUALA LUMPUR: Jaya Tiasa Holdings Bhd's net profit jumped 587% to RM19.8 million for its second quarter ended Dec 31, 2013 (2QFY14), from RM2.9 million in its previous corresponding quarter, despite lower revenue of RM286.2 million compared with RM272 million previously.

"The lower revenue was mainly due to 32% and 25% fall in log and plywood sales volume respectively, whereas higher pre-tax profit was contributed by better margins of 22% and 7% increase in the average selling prices of logs and plywood respectively, and lower fresh fruit bunch (FFB) production cost," said the company.

For the six months ended Dec 31, 2013, revenue and net profit stood at RM517.4 million and RM38.9 million respectively, recording a 7.7% dip and 123.5% increase from its previous corresponding period.

Matrix Concepts 4Q net profit at RM40.7m

KUALA LUMPUR: Matrix Concepts Holdings Bhd posted a net profit of RM40.7 million on revenue of RM144.3 million for its fourth quarter ended Dec 31, 2013.

It has declared a fourth interim single-tier dividend of five sen per share for its financial year 2013.

Matrix Concepts said revenue for the October to December quarter was mainly attributed to sales of residential properties at 96.1%, while 3.9% was derived from sales of land. For its full financial year, revenue and net profit were RM574.7 million and RM152.9 million respectively, translating into a net margin of 26.6%.

Magnum FY13 revenue down 15% to RM56.1m

KUALA LUMPUR: Magnum Bhd's net profit rose nearly 15% to RM56.1 million for the fourth quarter ended Dec 31, 2013, on a marginal 0.08% rise in revenue to RM741.2 million, compared with the previous corresponding quarter.

For the full financial year ended Dec 31, 2013, the company's revenue and net profit fell 3.15% and 20.2% respectively to RM3 billion and RM271 million.

"Gaming revenue increased marginally by 0.12% in the quarter, due to better 4D Jackpot sales with the same number of draws in both financial quarters," said Magnum.

JTI 4QFY13 income rises 573% to RM20.15m

KUALA LUMPUR: JT International Bhd's (JTI) net profit rose 573% to RM20.15 million for its fourth quarter ended Dec 31, 2013 (4QFY13), compared with RM2.99 million achieved in 4QFY12. Revenue increased 14% from RM290 million to RM330.8 million.

For its full financial year, JTI's revenue and net profit rose 3.15% and 20% year-on-year to RM1.27 billion and RM121.6 million respectively.