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The Sun - Johari: Malaysia Needs Property Rental Law

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Johari: Malaysia needs property rental law

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PETALING JAYA: There is a value proposition to establish a rental law in Malaysia to develop a more robust housing rental market, said Second Finance Minister Datuk Seri Johari Abdul Ghani (pbx).

He said rental law is one of the suggestions made by Bank Negara Malaysia and it is something that needs to be discussed with the Housing Minister and the Domestic Trade, Cooperatives and Consumerism Minister.

"We don't have one (rental law). It's important to have rental law. The rental markets in the developed countries are robust. In Malaysia, only 24% of households rent," he told reporters at the 20th National Housing & Property Summit 2017 here last Friday.

"Society has to correct the stigma – renting is not the last resort, it is simply a choice."

Johari said the government remains committed to strengthening the legal and institutional framework of the rental market to kickstart this development. For instance, establishing a neutral third party that protects the tenant's right to deposit recovery, while allowing the landlord to use the deposit

if the tenant breaches the agreement.

He said the UK has a rental law that protects landlords and tenants as well as a platform (tribunal) for both parties to voice their complaints. This ensures that both landlords and tenants do not abuse their positions or they risk being blacklisted, which will affect their future dealings.

"We need to have proper regulations so that it's cheaper for people to refer their disputes. Today, if you go to the courts, legal costs are heavy. This is a 'package' that we need to bring forward to improve our property market," said Johari.

Despite continued growth, he said, Malaysia's commercial property and housing markets are currently undergoing a disproportion; or in certain segments, a glut. Prevailing median house prices are beyond the reach of most Malaysians, attributable primarily to a gross mismatch between housing supply and demand, amid diverging expectations between households and developers.

"The distribution of new housing supply has been concentrated in the higher-priced categories (RM250,000

and above). It is estimated that 80% of new launches in the first quarter of this year were for units priced above RM250,000."

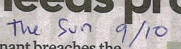
He said the oversupply of higher-end properties beyond what households can afford resulted in a significant portion of these non-affordable properties remaining unsold, where 83% of them are in the above RM250,000 segment.

He added that vacant office space stood at 18% in Malaysia, and 32% in the Klang Valley; while vacant shopping mall space for the first quarter of 2017 stood at 13.4% in the Klang Valley, 36% in Penang and 24.4% in Johor.

"The oversupply is huge. We need to manage this," stressed Johari.

Meanwhile, Johari said the Ministry of Finance is looking into the feasibility of more incentives to promote Industrialised Building System (IBS) adoption such as Goods and Services Tax exemption for IBS construction, stamp duty exemptions from house buyers purchasing IBS projects and more.

The ministry has approved incentives for the import of machinery required in the use of IBS.



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