

Lower price threshold on property prices will attract foreign buyers

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by FARA AISYAH / pic by RAZAK GHAZALI

LOWERING the price threshold for foreigners to purchase local properties would give a boost to the market and help reduce property overhang in the country.

Glomac Bhd group MD and CEO Datuk Seri Fateh Iskandar Mohamed Mansor (*picture*) said Malaysian properties could be the catalyst to attract foreign funds and improve the country's economy.

"At this moment, the foreigner threshold is very high, some states have a foreigner threshold of RM2 million.

"I appeal to the state governments to allow foreigner buyers to come in since there is global interest in Malaysia now due to our good health system and the country's capability in controlling the spread of Covid-19," he told *The Malaysian Reserve* in an interview recently.

He said the government should grab the opportunity and raise the threshold again when the economy has improved.

Fateh Iskandar, who is also the Real Estate and Housing Developers' Association immediate past president, said Malaysia was previously competing against neighbouring countries including Indonesia and the Philippines in attracting foreign homebuyers.

He added that most people are under the impression that there will be a massive influx of foreign property buyers, which will increase the prices of houses.

"Foreign ownership is less than 2% in the country. Even when we had the Malaysia My Second Home (MM2H) programme, foreign ownership is only at 1.8% from 1.3% previously.

"If we can double up the current foreign ownership to 4%, it will help our national economy," Fateh Iskandar said.

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He thinks the MM2H programme should be reintroduced with better guidelines.

He said Malaysia should not rely heavily on the equity market in attracting foreign direct investments.

According to MIDF Amanah Investment Bank Bhd, (MIDF Research), foreign investors were net sellers to the tune of RM589.38 million in the first week of September, higher than RM485 million in the last week of August.

Cumulatively, in August, it saw a net outflow of RM1.49 billion. MIDF Research said foreign investors net selling has amounted to RM20.94 billion worth of equities on Bursa Securities as at Sept 4, 2020.

Fateh Iskandar said the government's initiatives including the short-term National Economic Recovery Plan (Penjana) and lower Overnight Policy Rate (OPR) could stabilise the economy and property market, but a new catalyst such as foreign homebuyers could enhance them.

As such, he expects the property market to remain challenging towards the end of this year.

"Although Malaysia has shifted to the recovery phase of the Movement Control Order, our economy is only slowly opening up.

"Since a vaccine for Covid-19 is yet to be found, there is absolute uncertainty over the pace of recovery for both the economy and consumer confidence because of the risk that the pandemic may flare up again," he said.