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There's no shortage of demand for homes in Iskandar Malaysia, but the demand cannot reach supply due to connection barriers, says expert

by FARA AISYAH / pic by BERNAMA

UNCERTAINTIES in policies, including the postponement of Johor Baru (JB)-Singapore Rapid Transit System (RTS), have prevented Iskandar Malaysia from realising its true potential, said Datamine founder and head of research Jerren Lai.

"Developers saw the demand that was going to come into JB with the development of the RTS, but no one expected that the project would be delayed for so long.

"We cannot afford any more delay. Even if there is a sign that construction works have commenced, people will still start buying houses in Iskandar Malaysia," he told *The Malaysian Reserve* recently.

He said the delays of Singapore-Kuala Lumpur high-speed rail and ferry connection from Puteri Harbour to Singapore Harbour Front contribute to the high overhang figure in the city.

Lai said there is no shortage of demand for homes in Iskandar Malaysia, but the demand cannot reach the supply due to connection barriers.

He added that demand for Iskandar Malaysia properties from Singapore would be contributed by Malaysian blue-collar and white-collar workers in the neighbouring country, Housing and Development Board (HDB) homeowners whose leases are expiring, and ageing population, among others.

Lai said there are 350,000 of Malaysian blue-collar workers and 300,000 white-collar workers who are residing in Singapore.

He said a nominal 20%, who decides to relocate to Iskandar Malaysia, would have already fully absorbed the oversupply of homes.

He also said Iskandar Malaysia's properties are expected to be the main beneficiary of HDB's lease decay issues in Singapore.

Some 100,000 HDB flats crossed 50 years' lease period in 2019. By 60 years, its value will drop significantly as banks no longer offer loans for them. In addition, 900,000 Singaporeans are above the age of 65 in 2019.

Lai said Iskandar Malaysia opens the avenue to monetise the elderlies' HDB units, lower cost of healthcare and living, and escape the HDB lease-decay issue.

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Data from the National Property Information Centre's Property Market Status Report for the first half of 2020 (1H20) noted that Johor retained the highest number and value of residential overhang in the country, with 6,166 units worth RM4.74 billion, accounting to 19.5% and 23.7% respectively of the national total in the period.

It also maintained its reign as the highest serviced apartment overhang state in 1H20, with 73.7% share in volume (15,986 units) and 76.7% share in value (RM14.67 billion), with almost all of these overhang units were in JB.

Meanwhile, Lai said the blanket policy of a 40% Bumiputera quota in the JB property market is misguided.

"The state government should allocate more quotas for Bumiputera lots, or even Malaysian buyers, on landed properties because a lot of Malaysians actually prefer landed homes.

"Whereas, give a high quota for foreigners on high-rise properties because they, particularly the Singaporeans, are comfortable living in that environment," he said.

Meanwhile, CCO & Associates (KL) Sdn Bhd ED Chan Wai Seen believes that the government should emphasise on the economic growth first, followed by property developments.

"Demand for high-end properties correlates with economic growth. The government should emphasise on economic growth, followed by property developments. Not the other way round," Chan said.

“With improved connectivity, yes, it can help encourage Malaysians working there to stay at Iskandar Malaysia. It helps reduce the overhang, the supply and demand. Improved connectivity is not a new issue that caused the overhang at Iskandar Malaysia.”

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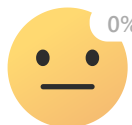
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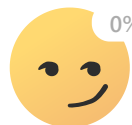
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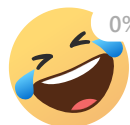
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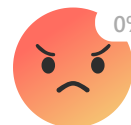
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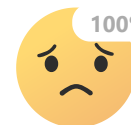
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