



Faliq: 'The solution to the oversupply situation has to be a joint effort by all parties involved in order to appeal to buyers.'

Regulate the property market

Naza TTDI calls for measures to stabilise situation

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KUALA LUMPUR: The government needs to urgently take more proactive steps to address and stabilise the current oversupply in the property industry with more regulations to ensure its sustainability, says privately owned bumiputra developer Naza TTDI Sdn Bhd.

"Despite all these (reports of empty office space), the government keeps on releasing more office space in Kuala Lumpur. This is a challenge for us.

"When you have a piece of land and you know there's an oversupply (and) there are no controls in terms of what's coming up next, it's very hard for us to plan ahead," deputy executive chairman and group managing director SM Faliq SM Nasimuddin told *StarBiz*.

Faliq pointed out that the property industry in developed countries is regulated very well to ensure the stability of the market in the longer term.

"If there are a certain amount of controls in place, this would help tremendously in terms of bringing certainty to the industry.

"Controls in terms of land utilisation, conversion of land from one use to another and plot ratio approvals are important," he said.

"In Singapore, Australia and even Britain, it is rare for land conversion to happen.

"The authorities or governing body would not allow it until and unless there is a certain reason for it.

"The minute you allow these changes to happen (so easily), the supply becomes tremendous," he said.

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He added that these controls on land conversion are in place in other property markets for a greater purpose and that it would be wise for Malaysia to follow suit to ensure sustainability in the sector over the longer term.

"It is important for property developers to adhere to government policies and regulations on the development plot ratio to ensure that the purpose of the development is fulfilled and not being further enhanced for the sole benefit of increasing their profits," Faliq said.

"In developed countries, whenever land is purchased, the buyer is told what he can and cannot do and the authorities are quite strict about it.

"So, even before you buy the land, you know what you are able to do with it.

"When the government releases land for sale, they do so based on what is needed and required at that point of time," Faliq added.

He noted that the current situation in Malaysia does not give much certainty for developers to plan ahead.

"Say if you are a residential developer, and you buy a piece of land around a certain locality. The next thing you know, those who have bought other parcels in the same area are able to convert it into residential as well. This doesn't give you the certainty or opportunity," Faliq said.

Another area to be more strictly regulated is plot ratio, he said.

"The solution to the oversupply situation has to be a joint effort by all parties involved in order to appeal to buyers.

"This would help to control the current market condition," he said.

"The higher the plot ratio, the better for the developer.

"So, there have to be more controls when approving plot ratio applications. This will guide and control the market more effectively," Faliq added.

He also said that the balance between supply and demand of office space has to be restored, noting that there are many vacancies in Kuala Lumpur at the moment and landlords are struggling to find the right tenant.

"Even to support the rental we are asking for is a huge challenge," Faliq said.

On corporate matters, Faliq said that he was open to the possibility of listing the company.

He said they have "looked at it" but the trend today is developers privatising their companies "given the discount they are getting to the market value," he said.

"We will explore any opportunities, not just with regards to an initial public offering, but any other exercises that we feel can add value to the group.

"It can be a merger or even injecting the company into a listed vehicle. We are exploring various deals, whatever that can benefit shareholders," he added.