

The Malaysian Budget 2008 as well as other Government initiatives announced many changes to the rules and regulations affecting the property industry. Exemption of the RPGT, growth of REITs, discount of stamp duty transfer and flexible monthly withdrawals by EPF contributors are among these changes.

In this year's WTW CEO Opinion Survey, we asked Malaysian corporate leaders how these experiences would impact the property market.

These are the results of a nationwide survey conducted in November/December 2007 requesting the opinion of CEOs involved in the real estate industry in Malaysia comprising 49% respondents from the central Klang Valley region, 10% from northern states, 18% from the south, 7% from the east coast and 16% from East Malaysia.

What will impact the industry in 2008?

Exemption of RPGT	93	6	1
Flexible monthly withdrawals by EPF contributors	76	21	2
Robust stock market performance	73	19	6
Growth of REIT	72	24	4
50% discount on stamp duty transfer	71	25	4
One-stop-centre	66	27	4
FIC Guidelines	65	28	4
CCC for delivery	53	35	1
BCP Act 2007	47	43	8



Amongst the Government initiatives, the exemption of RPGT will, in the opinion of over 90% of the respondents, have a positive impact on the property industry.

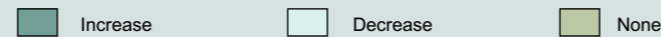
Other factors include flexible monthly withdrawals by EPF contributors, discount on stamp duty transfer, a robust stock market performance and the growth of REITs.

What is to impact price movement in 2008?

Robust stock market performance	76	20	4
FIC Guidelines	67	27	6
Exemption of RPGT	67	30	3
Growth of REIT	65	34	1
Access to competitive funding	56	35	9
Flexible monthly withdrawals by EPF contributors	54	45	1
50% discount on stamp duty transfer	43	55	2
CCC for delivery	25	72	3
BCP Act 2007	22	77	1
One-stop-centre	13	78	9

What is to impact transaction volume in 2008?

Exemption of RPGT	96	4
Robust stock market performance	83	14
Flexible monthly withdrawals by EPF contributors	82	16
50% discount on stamp duty transfer	81	18
Access to competitive funding	72	25
FIC Guidelines	67	27
Growth of REIT	65	34
CCC for delivery	34	64
One-stop-centre	31	69
BCP Act 2007	24	74



However, their impact on the two market indicators, price movement and transaction volume, varies.

While the exemption of RPGT has a major positive impact on the number of transactions, the price movements will be more affected by the stock market performance.

More than 80% of the respondents opine that the transaction volume will increase in 2008 due to the robust stock market performance, the introduction of EPF flexibility, as well as the discount on stamp duty transfers.

For prices, two-thirds felt that the changes in FIC Guidelines, exemption of the RPGT and the growth of REITs will lead to price increase.

The recent amendments to the Strata Title Act 1985 (with effect from 12th April 2007) by the Strata Titles (Amendment) Act 2007 now allow a gated & guarded community to be statutorily created and regulated more effectively like other types of strata schemes.

- Almost 86% of respondents believe that the amended Act will create a larger market for the gated & guarded and 76% foresee many more schemes outside Klang Valley.
- The act has however been unable to overcome all the complaints levelled at the system. There are still concerns that the amended Act does not fully alleviate the problems of collection and the recourse can only be pursued by legal action which could be handled more efficiently by a Commissioner of Strata properties who can act against the defaulter.

The Government has not been content to let the 5-year Malaysia Plans take its course. Opportunities are now created and opened in the Iskandar Development Region (IDR), Northern Corridor Economic Region (NCER) and East Coast Economic Region (ECER) which are all recent incentives to boost the south, north and eastern regions of Peninsular Malaysia.

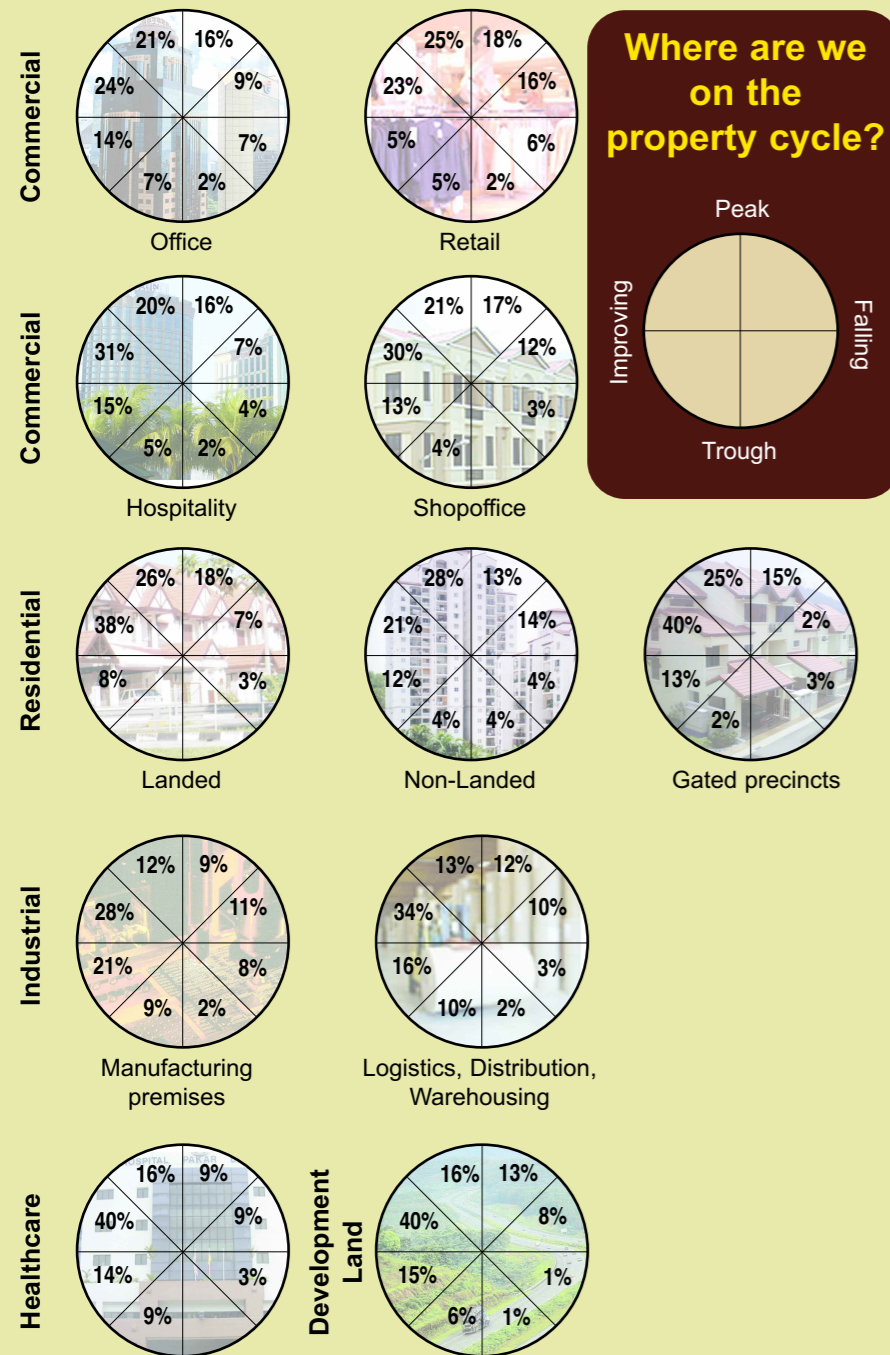
The IDR, NCER and ECER seeks to accelerate economic growth with incentives that are likely to take some time to see any fruition.

While most respondents opine that these initiatives will bring benefits to the respective regions, there are concerns about effective implementation, lack of infrastructure as well as whether the initiatives are sufficient compared to other regional comparables.

WTW CEO Opinion Survey

PROPERTY SECTOR 2008

The WTW annual Chief Executive Officers (CEO) property sector Survey was initiated in 1990 to ascertain the opinions and views of businesses and professions related to the property market



Confidence still exists as the property cycles improve cautiously towards a peak. Industrial properties have still some room to improve before reaching its peak.

2008

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FIC Guidelines

IDR, NCER, ECER

Exemption of RPQT

Growth of REIT in Malaysia

Access to competitive funding

Flexible monthly withdrawals by EPF contributors

C H Williams Talhar & Wong (WTW) is the leading property consultancy with unrivalled market presence in Malaysia. WTW boasts an enviable reputation as the most established and authoritative voice of the Malaysian real estate industry. WTW is a practice of 35 registered property professionals with a cumulative 485 years of experience in the Malaysian real estate market, supported by a multi-disciplinary qualified team of 190; and an additional 180 support staff.

C H Williams & Co was established in Kuala Lumpur in 1960. Today the firm operates with 25 offices with the proven ability in both core and remote geographics of the country.

Property consultancy services provided include Valuation & Advisory Services, Agency & Transactional Services, and Management Services.

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