

LBS' WISH LIST FOR BUDGET 2023 TO STIMULATE PROPERTY SECTOR

Petaling Jaya, 26 September 2022 – LBS Bina Group Berhad (“LBS” or the “Group”) today shared its wish list for Budget 2023 which will be tabled in Parliament on 7 October 2022.

2022 has been widely tipped as the year of recovery as economies slowly re-open following the two tumultuous years of lockdowns and business disruptions arising from the Covid-19 pandemic. However, 2022 has been a rocky year in itself as the country felt the effects of a continued shortage of workers, interest rate hikes and increase in raw material prices. Nevertheless, LBS lauds the government’s efforts to alleviate the burden of homeowners and stimulate the property sector with various initiatives such as the ongoing Keluarga Malaysia Home Ownership Initiative (i-MILIKI) which runs until 31 December 2023, whereby there is a 100% stamp duty exemption for first-time homeowners of properties priced RM500,000 and below and a corresponding 50% stamp duty exemption for homeowners of properties priced between RM500,000 to RM1 million.

LBS is hopeful that more are done and graciously proposing for the government to consider the following measures in Budget 2023 to greater stimulate the property sector which will provide knock-on effects to revitalize the Malaysian economy.

a) Re-introduce and permanent implementation of the Home Ownership Campaign (“HOC”) or first-time homeownership rebates

We applaud the government’s HOC initiative which was introduced in 2019. It was well-received and spurred homeownership while reducing the number of unsold properties within the country. First time homeowners greatly benefited from the 10% reduction in purchase price of homes and full stamp duty exemption. We hope that the Government will consider its reintroduction and permanent implementation. The affordable housing continues to be in demand and the HOC will help to ensure that buying sentiment persists.

Otherwise, the government may wish to consider offering rebates of up to 10% to first-time homebuyers to encourage and kickstart their homeownership plans.

b) Subsidise the rising cost of raw materials

According to a survey conducted by the Real Estate and Housing Developers' Association Malaysia (REHDA), construction costs are anticipated to increase by an average of 19% this year. Developers and contractors alike are faced with increasing cost pressure to sustain profits. House prices may be increased as costs are passed through. Therefore, we are hopeful that the government considers introducing subsidies or implementing a ceiling cap on construction raw material prices to help affordable housing prices remain intact.

c) Lower compliance costs

As the People's Developer, LBS places affordability at the forefront of all its developments. Developers have to bear, amongst others, the compliance costs arising from development charges, land conversion premiums or strata title application. In light of the challenging situation brought upon by the increasing raw material prices, we hope that the compliance costs associated with the development of a property are reduced. Any savings from these measures would be beneficial and can be passed on to homebuyers via more affordable pricing point.

d) Greater environmental incentives for developers

With the increasing importance of environmental and sustainability initiatives, we hope the government can consider providing environmental grants to developers. This would encourage industry players to incorporate more green features into their developments while promoting the adoption of renewable energy. The government may also consider providing additional tax deductions such that building owners can enjoy income tax deductions equivalent to the additional capital expenditure needed to implement the environmental initiatives. Ultimately, this would encourage the adoption and promote efficient use of, amongst others, energy and water throughout a building.

e) Reduce the minimum threshold for residential property purchases by foreigners

With the re-opening of borders, we anticipate the gradual trickling in of foreigners which will prompt property developers to offer attractive packages at the minimum price at which foreigners can buy properties. Currently, foreigners are only allowed to buy properties above RM1 million. We are hopeful that the government will reduce this limit to RM600,000

for all states, thus allowing developers to reduce its existing unsold units while encouraging the entry of foreign ownership.

Commenting on the wish list, LBS Executive Chairman Tan Sri Lim Hock San said, “We are hopeful that Budget 2023 will provide favourable measures for property developers. We believe that the proposals we have put forward would be a timely catalyst in propelling the recovery of the property sector in line with the general consensus of expecting 2023 to be a better year for Malaysia. Moreover, it is an opportunity for the government to assist the general public with alleviating the burden of homeownership.”

He added, “We look forward to the measures that will be announced and are in full support of the government’s efforts in helping more people own their dream homes. With the government taking the important decisions in steering the country towards the right direction, we believe that all industry players will work together to ensure that the incentives proposed will ultimately benefit the home buyers.”

-End-