

Chapter 5.

Prospects

The Ministry of Finance announced during the 2001 Budget Day in Parliament that the nation's economy is expected and forecast to growth at a rate of 7.5 per cent for 2000 and 7.0 per cent the year 2001. With the recovery of the economy, the property market especially the housing industry is expected to pick up its momentum again amid with much prudent now. If the decade-cycle recessions (1987, 1997) were correct, then the trend is towards growth. When there is growth, there is demand for houses, of course at affordable prices, especially in the urban areas (due to rapid urbanization).

Cities throughout are undergoing vast transformations. In many of the developing countries of the Asia and Pacific, cities have grown and developed far beyond the capacities of many of their city government's resources. By 2010, 4.2 billion of the world's population is projected to be residing in the Asia Pacific region; 43 per cent of the Asian population will live in cities and 33 Asian cities will have populations greater than 5 million. The level of urbanization in Malaysia is estimated to be 73 per cent in the year 2025, with the Philippines at 74 per cent, while 61 per cent of Indonesia's population will live in urban centers and the corresponding figure for Thailand is 39 per cent (Phang, 2000).

The Ministry of Housing and Local Government is planning to set up an R & D institution, MAHSURI (Malaysian Human Settlement And Urban Research Institute) and be operational by 2001. The Ministry has been slow in its R & D activities. There isn't any breakthrough or cutting-edge technology being developed by the Ministry. The CIS1 and CIS2 (Construction Industry Standard 1 and 2) for low-cost terrace and high-rise houses respectively, are controversial. The standards are too high as compared to the current costs of materials, labour, and the fixed price of RM25,000 per unit in rural areas. The modular co-

ordination system has been acknowledged in the Ministry many years ago but unfortunately, until today it has not taken root in the construction practices of the country. This system not only making replacement of parts less troublesome, it would allow small contractors or developers in a small town to build a few houses to the same quality as the large developers. It would also allow large developers to export or build for the overseas market and better stock management. Hopefully, with the establishment and realization of MAHSURI, many of these technology short-comes will be resolved and Malaysia will be able to produce quality houses and its model 'smart-house' at affordable prices, both locally and abroad.

The government has set up the National Property Information Center (NAPIC) to overcome the shortages of information data on properties. Hopefully, with the kind of information it provides, the property market will be better informed; the decisions that the property players make will be of better quality and investment risk reduced.

With the government emphasizes on Information Technology, the future of housing industry will be E-Government, E-Developer, and E-Housing. The Ministry has recently launched its Idaman Web-site (6 November 2000), which will enable interested parties to assess and check information on housing development nation-wide. As Datuk Eddy Chen, President of the Real Estate and Housing Developers Association Malaysia (Rehda), formerly known as the Housing Developers' Association (HDA), expressed this hope in his paper during the National Conference on Housing And Urban Governance.

"HDAM welcomes the move by the government to go completely electronic. We believe this is the right way to go. In future everything from business to domestic management will go that direction. The property developer must take its cue from the government.

To complement the government, HDAM is taking initiatives to develop an E-community of property developers. We would like to work with the

government to the extent that future applications for any approval will be done electronically. Developers can then also track their progress electronically and similarly make up for any shortcomings the same way. And finally, we hope to be able to receive the same approval electronically.

We believe this is the only clean, transparent and speedy way to apply and get approvals with the least chance of being exposed to undesired human interpretation. We hope such a day will come. The Internet has made many things possible, and we believe together with the government we can build a totally E-community dedicated to serve the same community from which we come." (Chen, 2000).

According to an opinion poll conducted by Emasonline Dot Com Sdn Bhd (EDC), which operates the emasonline.com property portal, almost 40 per cent of respondents recommended the use of the Internet to individuals wanting to sell their properties. Another 18.4 per cent of those polled opted for the use of estate agents, while 19.4 per cent preferred newspaper advertisements (*New Straits Times*, 30 September 2000 p. 26).

There is no denying: real estate-related companies are realizing the importance of the Internet and e-Business as part of their business strategy. Not because it is the hottest thing to do but because they are growing more aware of the vast opportunities it offers them...A series of property portals have emerged in Malaysia even as the real estate industry is struggling to stay on its feet and developers are still trying to pull themselves together after the mid-1997 financial turmoil. Following iProperty.com.my's launch in July this year, apanac.com, Lot99.com and istar.com tailed along quickly. Already in the market are sites such as propertyzoom.com, nextplace.com, memylife.com and propertycircle.com. The latest to join the fray is Bumiputra-Commerce Bank (BCB)'s sweethome.com, a home ownership portal which has some 5,000

properties listed for sale, or lease by major developers and real estate agents (*The Star*, 13 November 2000 p. 20).

The Internet is accelerating disintermediation in some industries and creating opportunities for new types of intermediaries in others. In certain industries, distributors with ware-houses of goods, or middleman such as real estate agents may be replaced by new intermediaries specializing in helping Internet users efficiently obtain product and price information, locate on-line sources of goods and services, or manage or maximize the value of the information captured about them in electronic commerce transactions (Hagel III and Singer, 1999).

Another prospect for Malaysia housing industry is to go abroad. Malaysia housing industry should be outward looking and export-oriented. Many WTO members have undertaken commitments on tariff reductions on construction equipment and building materials. Tariff for construction equipment for major market are expected to drop by 60 per cent, where average import duty of more than 10 per cent will now be around 4.2 per cent. Average tariff cuts of more than 30 per cent can be expected for building materials. Malaysian construction companies, which are operating overseas, should take advantage of the improved market access opportunities available. A cluster or package approach could be adopted by Malaysian construction firms that bid for international projects by establishing linkages with the utilization of Malaysian made building materials and Malaysian pool of technical expertise and supporting services (Abdul Razak Ramli, 2000).