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Scientex: A glut of homes priced RM500,000 and above

The bulk of affordable homes it will build in next decade will be RM300,000 and below

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: Scientex Bhd, which is looking to accelerate its development of affordable housing units in the next 10 years, has affirmed that there is an oversupply of residential homes priced RM500,000 and above in the market.

Which is why the majority of affordable homes that it will be built now will be priced at RM300,000 and below.

Scientex managing director Lim Peng Jin said the oversupply in the RM500,000 and above price range "is quite true", and pointed to the group's new focus on units priced below RM300,000.

"We are focusing more on the RM200,000 to RM300,000 price range. Out of the 17,500 [affordable housing] units Scientex has completed so far, only a few hundred units are priced RM400,000 and above," he told the media at an event celebrating the group's 50th anniversary yesterday.

He said 75% of the completed units are priced below RM300,000, while the balance are priced up to RM500,000. The group plans to build another 32,500 units over the next decade to meet its 50,000

affordable homes target by 2028.

While some developers have voiced their grouses in developing affordable units previously, blaming high development costs and minuscule margins, Scientex executive director Alex Khaw said the group has been able to deliver affordable units by focusing on productivity, cost efficiency and quality.

"We allow ourselves six to 12 months to obtain all the necessary approvals. On the construction side, we try to deliver within 15 months, instead of the standard 24 months," he said, adding that the shorter development period helps in lowering borrowing costs and management overheads.

He said the group's investment in industrialised building system (IBS) has also allowed for faster construction and lower costs over the long term. IBS, he said, gives rise to an overall construction costs saving of 10% to 15% per project.

While it was costly at first, Khaw said the high volume Scientex develops and the standardised design of its units have provided economies of scale in such developments.

To develop more affordable units, the group is also looking to expand its current landbank of



Lim: The group's investment in industrialised building system has also allowed for faster construction and lower costs over the long term.

PHOTO BY KENNY YAP

3,300 acres (1,333.2ha) that span across Johor, Melaka, Selangor and Perak to other states.

While the group did not reveal details of the upcoming land acquisitions, Lim hinted the group may look at areas such as Seremban, in Negeri Sembilan, or up north in Penang.

Going forward, the group hopes the authorities will provide further assistance to the property sector in order to tackle the affordable housing issue.

"I hope the government will come up with more measures to encourage developers to build more affordable homes as well as for bankers to issue more bank loans to buyers in need," said Lim.

Lim also said he is positive on the measures announced in Budget 2019, which has given a lot of consideration to the affordable segment, such as stamp duty waivers.

'Excited' about crowdfunding for home buyers

He also said Scientex is excited by the proposal that crowdfunding will be allowed as an alternative financing avenue for buyers.

"It is very innovative and it is targeted to address one of the major challenges for us in selling affordable homes, which is for the buyer to secure financing. We are excited about this new scheme but it's still quite new.

"We will see how it develops and see if there are certain commitments that need to be provided to the investors, and which party will be giving the guarantee. We are not involved in the scheme but we are closely monitoring it and seeing how we can participate in the future," he said.