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EXTENSION OF MORATORIUM AMIDST COVID-19 CRISIS

Kuala Lumpur, 29 July - As Malaysia's economy enters into the third month of resumption, the economic casualties are surfacing in the labour market and among businesses. Unemployment rate surpassed 5% with fear of further increase. This is a caution to Malaysia's economy which is by and large, driven by domestic consumption. On the retail front, businesses are experiencing slow recovery as anticipated due to social distancing and feeble spending confidence. As far as the financial and property markets are concerned, there were worries of headwinds after September when the moratorium expires.

Today, the government and central bank have rightfully stepped in by granting an extension of moratorium. We welcome this 'sensible and necessary' announcement.

Today's announcement unveils a moratorium extension targeted at individuals who lost their job amidst the pandemic. Adding on to the 6-month moratorium announced back in April, another 3-month of moratorium are now given which means the moratorium period will be in effect until 31st December 2020. Meanwhile, individuals who suffered a pay cut amidst the pandemic will entitle a rebate in their instalments in correspondence to the amount of salary loss. For hire purchase, banks are encouraged to allow for renegotiation of longer repayment term. Besides that, to help keeping SMEs afloat, they will be offered the options of interest servicing and restructuring of repayment term.

Coupled with the downward revisions of OPR, the moratorium extension to individuals will inject the much-needed stability to the housing market as it essentially downplays the risk of default. This will mitigate forced or panic selling that could further distress the property market and restore certainty in terms of value for both the secondary market and the value of property in general.

Acknowledging their role as the pillar of Malaysia's economy and labour market, the government rose to the occasion again to buoy the SMEs. In anticipation of a long drawn-out recovery from the Covid-19 crisis, SMEs will now be accommodated with greater flexibility in their loan repayment structure. This is a timely relief for debt-reliant SMEs to at least, be able to lower operational and asset costs. Better, SMEs who are striving to move on could now afford more liquidity for financial manoeuvring as they re-strategise and reinvest for future gains and bigger market share.

In a nutshell, the targeted extension of moratorium provides the breathing space for individuals who hold assets and cost of doing business for SMEs. Together with fiscal stimulation, this is a step in the right direction to revitalise consumption and investment activities which will ultimately keep the economy rolling.

In view of the new cases of Covid-19 rebounded to double-digit per day in recent weeks which sparked the fear of another wave of infection and lockdown, we would like to take this opportunity to remind all Malaysians to stay vigilant and continue to observe the precautionary measures to stop the spread of Covid-19.

We need healthy Malaysians for a healthy economy.

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CBRE | WTW entered into an agreement in May 2016 to form a joint venture. Connected by a shared history and common vision, CBRE | WTW delivers comprehensive real estate services founded on CBRE's global network and WTW's in-depth local expertise. To find out more about us, please visit our website at www.cbre-wtw.com.my.