

Property hotspots: considering DNA PART 1



> Characteristics associated with good buys

WE constantly hear about those making it big investing in real estate and land. Property prices never drop some claim. Yet there are cases of abandoned projects ... partially completed developments left deserted and dilapidated with their purchasers having to wait, some for years, others more than a decade, with their life savings tied up in "bad investments".

This moots us to examine the characteristics of what some call "land with potential" or as property guru Tan Hwa Chuan refers to as "good land DNA".

SEEK

Before we discuss what makes for land with good DNA and uncover the hot spots in the market, let us ruminate the factors that cause a certain parcel of real estate to soar or dip/drop in value. Factors to consider include components already in or around the location, as well as those on the drawing board or in the pipeline. As a safety precaution, one should not discount the previous "components that were sure things". As an example, the Proton plant mega-deal which was approved, signed and sealed but (somewhere along the lines) abolished. Many speculated

property prices in nearby Lembah Beringin to soar once the project took off. Instead, many who bought into this development did not get to see the light of day on their investment.

From a macro view, we first need to seek out the regions and areas that are thriving. Those with positive migration numbers and a healthy population growth.

Generally, these would point to the big/bigger cities or those that have been specifically selected for development i.e. government's national development framework and mega-corporations' plans.

With the Malaysian population at the 30 million mark, we need to determine:

- 1) where the majority are settled in;
- 2) we need to be clued-in to the country's infrastructure development plans (new major highways, transportation links/hubs, etc.);
- 3) we must study the areas the big boy developers are exploiting (new townships, communities, neighbourhoods, etc.);
- 4) we have to be updated on the government's transformation plans, vision and mission (The 11th Malaysia Plan); and
- 5) we ought to be aware of the projects, plans and directions of



mega corporations (plantations, manufacturing, oil & gas) - new set-ups, expansion plans, etc.

In short, we need to have our antennas up and on the alert as to what is happening all around us, including neighbouring countries.

SEARCH

Having inquired and done some basic homework, we should now be aware of the DNA or characteristics (some at least), that would make a good property investment. Here are some essential features and characteristics that would most likely make for a good investment.

► Big cities/matured townships

- These areas usually come fully equipped and well facilitated with readily available catchment of potential buyers looking for second properties to stay or to invest in. Purchasing new property and selling them off is easier within these locations

where there are schools, banks, hospitals, shops, parks, etc.

► **Accessibility** - Easy entry and exit, convenient connectivity ... linking such areas to other big cities and matured townships. Strategically located areas provide smooth access into other catchment areas. Many benefits as these are populated centres that come with many advantages and property here hardly drops or dips.

► **Prominent developers** - There are projects handled by the big boys and others, fly-by-night unknown operators. Rest assured, the more significant property developer's projects usually come with a higher price tag and fetch a better bargain when investors sell too. By investing in property from a more renowned developer, the chances of being faced with an abandoned project is less likely.

► **Universities/colleges/international schools** - Places of higher education and those that offer international schools for expats already give investors a one-up as rentals usually thrive in such areas. Take Subang, Sunway, Taman Melati - high in student population, and Bangsar, the Duta and Mont' Kiara areas which cater to the expatriate community where accommodation is in demand.

► **Traffic jams and bustling**

areas - Districts like Bukit Bintang, Ampang, Cheras, USJ, Ara Damansara, Petaling Jaya, etc - these congested areas with *mad traffic* draws the crowd. Places such as these are like the heartbeat of a city, with shops, entertainment and F&B outlets and many thriving businesses, where there is a constant hive of activities.

► **Transportation systems** - At a recent property investment seminar, a speaker suggested that buyers simply consider the nation's LRT, Monorail and major highway plans before deciding on a property to invest in. It also doesn't take rocket science to realise that property located near such amenities will be some of the first to be taken/rented/bought.

Once you have considered all the above, take time to investigate and do research to learn of the future plans of a particular area you intend to purchase your property in.

Follow our property feature during the next few weeks, exploring "hot spots" according to some of the nation's renowned industry professionals.

*[*Note: Some of the information is taken from Tan Hwa Chuan's book "Make BIG Money via Land".]*

► **Email your feedback and queries to: propertyqs@thesundaily.com**

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Price: from RM798,000

Phase 2.7A(1) artist impression

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WHILE the feature last week delved into the characteristics to look out for before purchasing or investing in a piece of property, over the next few weeks we highlight hot spots (deemed by industry professionals).

ALL THE RIGHT INGREDIENTS

If there is one place with all the "right ingredients," it has to be Pengerang, which is located on the south eastern coastal tip of Johor, adjacent to Singapore. Known to many Singaporeans for its seafood and a cycling destination, the town also has a small customs and immigration post, many religious temples, along with a World War II heritage trail near Tanjong Pengelih. There might not be much happening in this "relatively unpopulated" sleepy town that is home to mostly fishermen and farmers but all this will soon change, looking at the mega development projects on the drawing board and some that have already begun.

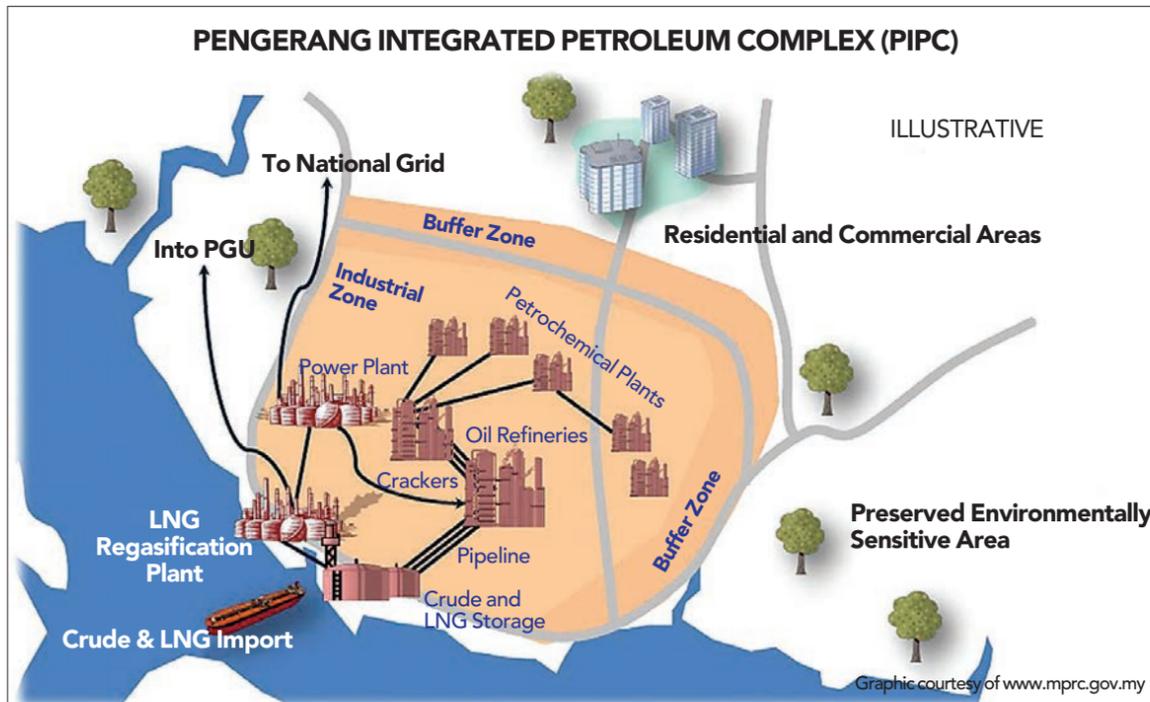
For those who attended the talk by Ryan Khoo (co-founder of Alpha Marketing) at a PropertyGuru seminar, you would be aware of the few projects (as named below) that place Pengerang under the "good DNA" category. "Pengerang is definitely a hot spot for property investment today. In fact, there has been a flurry of activity there in the past one year, especially with regard to land transactions. This is driven by the large RM89 billion Rapid project (the biggest infrastructure project in the whole of Malaysia) by Petronas and the upcoming tourism projects by Khazanah in nearby Desaru," reasons Khoo. Moreover, the large under-supply of infrastructure and real estate in the area has also led to high rental yields.

Here are some of the mega projects said to boost real estate and the economy down south:

- 1) Pengerang Integrated Petroleum Complex (PIPC) - arising from the Economic Transformation Programme for a more progressive and dynamic oil and gas industry. The 20,000-acre project will house oil refineries, naphtha crackers, petrochemical plants, a liquefied natural gas (LNG) import terminal and a regasification plant. All these will create jobs which will require workers (100,000 estimated), and workers will need housing. Total investment for the PIPC project is approximately RM97 billion.
- 2) Pengerang also has easy access to existing major international shipping lanes; for example Middle East - Singapore - China.
- 3) It also is adjacent and in close proximity to Singapore, an existing major trading hub.
- 4) Pengerang Deepwater Terminal - a RM5 billion project scheduled for completion in 2017. The deepwater jetty facility comes under the government's "Entry Point Projects" and spreads across 500 acres. It is said to have the potential to transform Pengerang into "Asia's Rotterdam Port" upon completion.
- 5) Petronas Rapid Project - major contracts and awards have been signed, sealed and some started. Apparently, already RM89 billion has been spent on this gargantuan undertaking, with more expected as the project is established. This

Property hot spots: Good buys **PART 2**

> Exploring residential property with positive DNA



project comes under the Pengerang Integrated Complex (PIC), which is part of the larger PIPC (graphic). The Rapid project is estimated to cost RM57 billion while the associated facilities will cost a further RM40 billion. This project alone expects to employ some 70,000 workers during construction. It estimates creating approximately 4,000 new jobs upon completion. Many projects within this project will help spur economic growth in the region, as well as attract domestic and foreign investments.

- 6) Malaysia-Singapore high-speed rail (HSR) project - the RM40 billion project is said to create a new line connecting Jurong East to the Malaysian capital in Kuala Lumpur.
- 7) Rapid Transit System (RTS) which is an MRT line that links Singapore to JB city centre.
- 8) Desaru tourism projects - "Quite a long story here as well," says Khoo.

[* Note: Both the HSR and RTS projects will not impact Pengerang directly but it will help in promoting the greater Iskandar-Pengerang



locality overall, as it will improve connectivity between Singapore and Kuala Lumpur.]

Looking at the huge amounts to be spent on the mentioned gargantuan projects over the next five years, Khoo says: "Land prices have already started to move up quite a fair bit as investors have begun to move in since the Rapid project started. It is not easy to find good land to purchase in Pengerang today ... buyers will need to do their 'homework'."

SURROUNDING PROJECTS

With the limited choices of property to buy in Pengerang at this time, the few that are available are in the Pengerang/Desaru vicinity include "Sebana Cove by IJM and Desaru Utama by Mahabuilders," Khoo informs.

"More projects are expected to be launched in the coming months as demand is simply outstripping supply. Moreover, more investments are being pumped in and the working population is growing quickly in the area," Khoo adds.

While the media has been quite negative on Iskandar Malaysia in recent months, those in the know are actually quite pleased with economic activity in Iskandar, which include:

- ▶ Opening of Gleneagles Medini in July 2015. The first major private healthcare provider in Nusajaya with an estimated capacity of 300 beds and CPF Medisave enabled. This has a big market for both Singaporean and Indonesian market. A few international healthcare providers are also doing market studies and looking to enter this market here.
- ▶ Opening of Raffles American School main campus in end 2015, together with the University of Reading and MDIS Iskandar main campus. Expected to add some 2,000 to 3,000 student population to Nusajaya. We are also awaiting more announcements on Educity Phase 2 and more institutions coming into the east at Bandar Seri Alam as well as the vocational schools planned in Kulaijaya.



- ▶ Johor is now the No 1 state in Malaysia attracting manufacturing investments in 2013 and to date in 2014. A big point considering Klang Valley and Penang are the usual winners. Jobs in this sector expected to be seen in full by 2016/2017 once these factories are completed.
- ▶ Angry Birds opens on 31st Oct 2014 and we await the announcements on Sunway Iskandar's own theme park. Also good progress on the theme parks in Desaru and in Austin

Heights. We also await some potential good surprises on other theme parks and the ferry service to Singapore currently in negotiation at Puteri Harbour.



- ▶ Pinewood Studios has a full schedule in 2015 - Astro, Imagica and its own productions are heavily in the list, creating thousands of jobs in 2015 and beyond. More space apparently is required for expansion.
- ▶ Pengerang's Rapid project is on full swing - RM90 billion is pouring into the local economy and Iskandar is the nearest urban hub, likely to see some spillover from it especially into east Johor.
- ▶ High Speed Rail and Rapid Transit System - The HSR and RTS are likely to be announced in early 2015 with works to start in end 2015, giving further impetus to those on the fences. We expect this to be the biggest "buy" or "investment green go" signal and have further big push impact to Iskandar.
- ▶ Comprehensive Development Plan 2 (CDP 2) - IRDA should be ready to announce this in early 2015, providing clearer insights to land use and future plans for Iskandar Malaysia and triggering some parties to make decisions here.

Although property prices have gone up quite a fair bit in Pengerang, it is still quite affordable compared with Iskandar Malaysia or Klang Valley being a location that is in the midst of developing. "Iskandar Malaysia will also benefit from the Pengerang/Desaru boom as it is the nearest urban city to Pengerang/Desaru. Much of the investments and population at Pengerang will flow from Iskandar. Besides, there are many operations / set-ups in Iskandar as well. Most notably, the industrial parks in Pasir Gudang - as they are the nearest existing industrial zones to Pengerang ... and both Johor Port and Tanjung Langsat Port are there, the two nearest ports to Pengerang. In fact many of the suppliers/manufacturers supporting Rapid will be from

Singapore and Kuala Lumpur, and will likely operate at least partially out of Pasir Gudang," shares Khoo. Industrial property in Iskandar is said to have long term potential due to the rising cost of labour and land in Singapore, which is slowly pushing many Singaporean manufacturers out to Malaysia. Follow our article next week to learn of another hot spot in the peninsula.

▶ Email your feedback and queries to: propertyqs@thesundaily.com

BY DATO' STEWART LABROOY

Property hot spots

> The forgotten gem of Greater KL – Klang

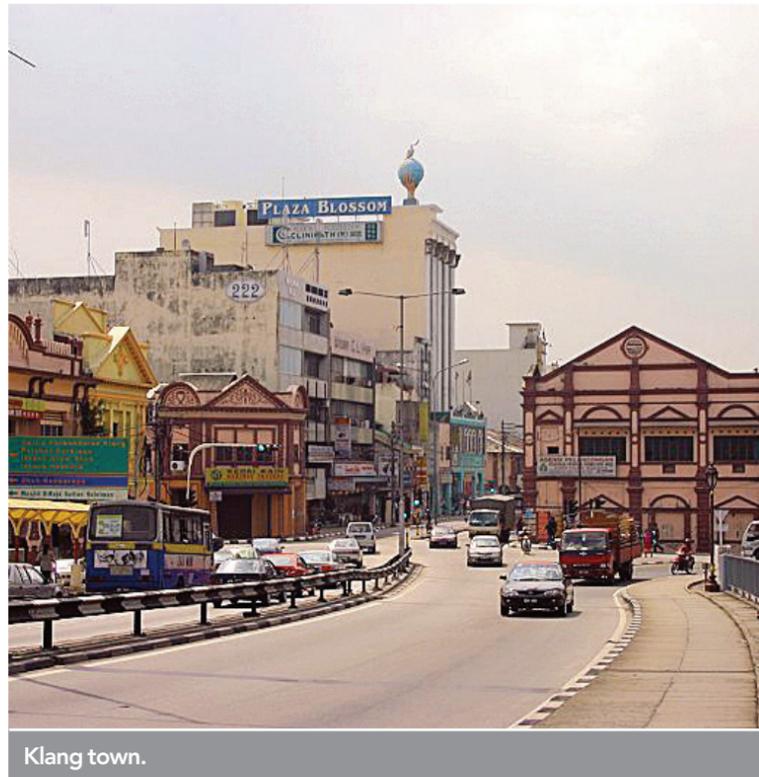
THIS is the second time I have been asked to write about Klang, partly because I can lay claim to being a bit of an expert, having grown up and lived here most of my life.

Klang unfortunately still remains a municipality [i.e. a town] – albeit the Royal Town of Selangor. What many people do not realise, however, is that Klang is the fifth largest town in Malaysia (by population), boasting a population of 744,000. When combined with Port Klang, this figure rises to 861,000 (2010 Census). I have always felt that this town, which I have loved all my life, has been short-changed over the past decades. It has an incredible history and a larger population than Shah Alam (541,306) or Petaling Jaya (613,000), which have, for reasons unknown to me, been granted city status ahead of this town, which is steeped in history.

HISTORICAL KLANG

Yes, Klang's history was established earlier than Malacca [which, for its population of 484,000, was also granted city status]. It was originally part of the colonised territory of the Sri Vijaya and Majapahit government, and is one of oldest cities in Malaysia. According to history, Klang was occupied over 2,000 years ago! The first entry ever written on Klang started from the age of the Majapahit government, approximately 600 years ago. [Sorry Malacca – you come in second!]

For many years, the real estate market in Klang was in the doldrums and for a good reason. There were no major launches and no planned townships that could



Klang town.

rival the rest of Selangor or Kuala Lumpur. Sometimes, I think we were quite content living in our rather untidy but loveable town to bother. Despite the fact that Klang has a large and very wealthy Chinese population that can rival Penang, no top-tier developers ever came to Klang. Then two major events took place.

THE BIG BREAKS

The first was Bandar Bukit Tinggi (BBT), which was launched by little-known developer WCT Bhd in 1997. It was the first major integrated and modern township to be launched in Klang. The RM5 billion self-sufficient township spanned across a total freehold land area of 1,346 acres, serving more



Glory ParkHomes, Bandar Bukit Tinggi 2 by WCT Land.



Laman Greenville, Bukit Tinggi, Klang by WCT Land.

than 80,000 residents and encompassed two large hypermarkets, Tesco and Giant Hypermarket, plus a four-star modern business hotel, the Première Hotel. The development project is also home to AEON Bukit

Tinggi Shopping Centre, the largest AEON (Jusco) store in Southeast Asia. Bandar Bukit Tinggi now consists of three major developed areas, namely Bandar Bukit Tinggi 1 (BBT 1), Bandar Bukit Tinggi 2 (BBT 2) and Bandar Bukit Tinggi 3 (also known as Bandar Parklands).

The residents from Klang had never seen anything like this. Soon, BBT became the most successful and fastest growing township in the royal town.

The second was SP Setia's Setia Alam development in Meru. This RM20 billion township was launched in 2004 by SP Setia Berhad. Formerly known as North Hummock Estate, it was purchased from the See Hoy Chan Group.

Noteworthy features of this development include its excellent infrastructure, extensive landscaping and generous recreational areas set aside for the use of residents. Tight security and a raft of amenities were two other features. As a result, purchasers from Klang piled in to snap up these very upmarket properties, which were denied to them in the past.

What we don't realise is that these Klang developments made SP Setia and WCT the success stories that they are today. Riding on the success of these projects, Mah Sing, Sime Darby, Gamuda and IOI Properties took the cue and launched large scale integrated developments in Klang. Believe it or not, everything that was built was sold, reinforcing the fact that Klang is an immensely rich town.

Don't miss our article next week revealing the phenomenal DNA that puts Klang up the ranks, as a sizzling hot spot in Greater KL.

[Dato' Stewart LaBrooy is CEO and executive director of Axis REIT Managers Berhad.]

Dream home

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Communal facilities are aplenty at Infiniti 3 Residences and include lounges, chill-out



Aerial view.

spaces, sky gardens and entertainment areas with different themes located at each of the three towers. In addition, there are two leisure podiums – Serenity Deck that is designed to offer peace and tranquillity and Vitality Deck which provides for a tennis court, futsal court and a fun pool.

Infiniti 3 Residences is perfectly located

with direct connectivity to various major highways such as DUKE, MRR2 and ALKEH. It is also well served by public transport to the city. This includes the Sri Rampai LRT Station, which is approximately a 300m away via a proposed covered walkway.

While KLCC is only a short 10-minute drive from the development, residents can choose to stay put at home knowing that access to shopping malls, hypermarkets, hospitals and schools, are all just minutes away.

The development is scheduled for completion in 2017. Tower B and C are now open for sale with prices starting from RM645,000. Meanwhile, Tower A is open for registration. Interested buyers can view the two show suites daily from 10am to 6pm. For more information, log on to www.infinitiresidences.com.my



Gourmet kitchen.



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► Email your feedback and queries to: propertyqs@thesundaily.com

PART 4

Property hot spots

INSIGHTS

> A detailed look at Klang ... more than a gem

BY DATUK STEWART LABROOY

CONTINUING from last week's article where we covered the history of this amazing town along with the big breaks it is receiving, we move deeper into this treasure chest, which seems to be slowly but surely filling up with sparkling gems. For many years, I have been telling my friends in the real estate industry that Klang is the next big thing. Before you ask why, here are some reasons that support my claim.

BOOSTED DNA

A] The following highways start in Klang/Port Klang:

i) North Klang Valley Expressway (NKVE);

ii) Konsortium Expressway Shah Alam Selangor (Kesas, which connects to the Elite highway that takes you to KLIA);
iii) Federal Highway; and
iv) South Klang Valley Expressway (SKVE).

B] Soon, the West Coast Highway will cut through Klang, with about four to five interchanges.

C] We have a rail connection that takes us to KL Sentral, with seven stations in the town itself.

D] Klang is situated next to Malaysia's major ports – North Port and Westport and is located just 40 minutes away from KLIA.

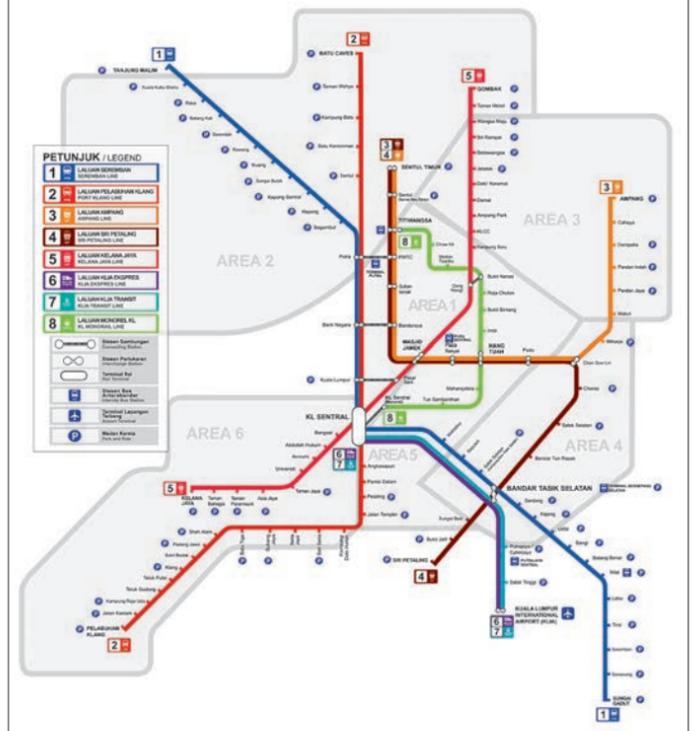
E] LRT 3 is coming through Klang, with stations at Bandar Parklands, Bandar Botanic, AEON Klang, Tesco Bandar Bukit Tinggi, Sri Andalas, Taman Selatan, Klang Railway station, Jalan Meru, Bukit Raja and I-City.

All these (and more) makes Klang the most connected town in the Klang Valley (outside of KL city), if not the country.

ATTRACTIVE RESIDENTIAL PRICES

What is amazing is that Klang is a town with the most affordable housing in the Klang Valley. Browsing through the houses for sale, we can get an idea of how

Klang Valley Integrated Rail System



inexpensive homes in Klang are. Considering the major LRT stops that are coming up, a check on the current house prices near them make an interesting read:

- ▶ Bandar Parklands – RM307 psf
- ▶ Bandar Botanic – RM360 psf (gated and guarded)
- ▶ Bukit Tinggi 1 – RM253 psf
- ▶ Taman Sri Andalas – RM191 psf
- ▶ Southern Park – RM246 psf
- ▶ Klang Town – RM466 (high-end bungalow)
- ▶ Bandar Bukit Raja – RM335 – RM468 psf

fact, is lower than KL's);
• very limited food choices (only known for its *Bak Kut Teh* – you will have to come to Klang to see the amount and variety of food);
• dead bodies in the river (it is really quite clean these days);
• only Indians live there (there is an incredibly balanced population); and
• poor schools (Klang has some of the finest Chinese schools in Malaysia and very good mission schools).

For the real estate investor, please remember the time when Kepong (now Desa Park City) and Kampung Kerinchi (now Bangsar South) were completely off the radar and are now highly sought. One should not discount the fact that Klang is a community with a long and proud history and is the forgotten gem waiting to shine. It will reward the early investor. A second look is definitely warranted.

[LaBrooy is the CEO and executive director of Axis REIT Managers Berhad.]

PUBLIC MISCONCEPTION

What is stopping people from setting up homes in Klang?

Well, it is mainly due to the bad name Klang has been unfairly getting over the years, not to mention the fact that people STILL think it is on the other side of the world. Some common perceptions or misconceptions include:

- It is a gangster town with high crime rate (which in actual

KL-Klang BRT Alignment



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