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We will be taking a break next Friday, July 8. We wish all our Muslim readers

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Tropicana and PanaHome Malaysia to build 272 units of semi-dees

Tropicana Corp Bhd and PanaHome Malaysia Sdn Bhd, a subsidiary of Japan's PanaHome Corp, have entered into a collaboration to build 272 semi-detached innovative eco homes at its Tropicana Aman township near Kota Kemuning, Shah Alam.

The third phase of Tropicana Aman, the Cheria Residences, which has a gross development value of RM358 million is expected to be launched in mid-July. The units have built-ups ranging from 3,200 sq ft to 3,670 sq ft. Prices start from RM1.35 million.

Besides having energy-efficient and eco-friendly features, Cheria Residences will also utilise the reinforced concrete panel technology construction method to ensure a high and consistent quality building structure, said Tropicana group CEO Datuk Yau Kok Seng during a media briefing after the signing ceremony on June 28.

As the housing subsidiary of Panasonic Corp, PanaHome has built a total of 470,000 homes in Japan.

Tropicana Aman is an 863-acre township which comprises residential and commercial developments. The first phase, Arahsia Residences, has been fully taken up since its launch in May last year while its second phase, the Bayan Residences, has been 90% taken up since its launch in August.



JAKS Resources aims to sell Evolve Concept Mall within a year

JAKS Resources Bhd aims to divest its newly opened Evolve Concept Mall near Ara Damansara, Selangor within a year to further enhance its financial position.

"We are in initial discussions with several parties in relation to the disposal of the mall," said JAKS senior corporate strategy manager Steven Ang Si Eeng, declining to reveal the parties involved.

"The vendors are from various industries including the property sector," he added.

The divestment came amidst the property sector slowdown, which has eroded property developers' profits. Ang is, however, optimistic that the group can find a buyer for the asset.

Ang said 80% of the mall's tenants are committed to opening their stores by year-end.

According to JAKS's latest quarterly report, Evolve Concept Mall's fair value stood at RM390 million. The mall has a net lettable area of 460,000 sq ft with a retail mix of fashion brands, such as LOGO Fashion Lounge & Gallery, H&M and F.O.S, and Jaya Grocer and Guardian pharmacy.



BERNAMA

Noh Omar is new Urban Wellbeing, Housing and Local Government Minister

Former Agriculture and Agro-based Industry Minister Tan Sri Noh Omar is now the Urban Wellbeing, Housing and Local Government Minister following a Cabinet reshuffle on June 27.

He replaces Datuk Abdul Rahman Dahlan, who is now Minister in the Prime Minister's Department in charge of the Economic Planning Unit, announced Prime Minister Datuk Seri Najib Razak.

Abdul Rahman who is also Strategic Communications Director, took over Tan Sri Wahid Omar's portfolio following his decision to end his tenure as senator and return to the corporate sector.

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LAUNCHES + EVENTS



If you have any real estate-related events, email us at propertyeditor@bizedge.com.
Events listed here will also appear on **TheEdgeProperty.com**.



Festive Pit Stop at Southville City

Date: July 2 to 5 (Sat to Tues)
and July 9 and 10 (Sat and Sun)
Time: 10am to 6pm

Venue: Southville City
Sales Gallery, Bangi
Contact: (017) 273 8888/
(012) 235 1808
Mah Sing Group Bhd's Southville City Sales Gallery and Show Village in Bangi will be turned into a temporary pit stop during the festive travelling period to provide travellers an alternative venue to the busy rest stops on the North-South Expressway. Visitors who register at Southville City's Sales Gallery will be given complimentary F&B take-aways.

Melbourne property investment opportunity

Date: July 2 and 3 (Sat and Sun)
Time: 11am to 5pm

(Seminar at 2.30pm)
Venue: Vistana Hotel, Room 1,
First Floor, Bukit Jambul, Penang
Contact: (03) 2783 9678/
(017) 223 3965

Resimax Property Group will be showcasing a series of property investment opportunities in Melbourne and introducing a unique "5-10-20-year" guarantee scheme to investors.

Showcase of Alamaia Homes @ Kemuning Harmoni



Date: July 1 to 3 (Fri to Sun)
Time: 10am to 6pm
Venue: Alamaia Sales Gallery,
No 5, Jalan Kemuning Harmoni
33/159, Kemuning Harmoni,
Seksyen 33, Shah Alam
Contact: (016) 631 9966
/ (019) 625 9966

This event is organised by Kualiti Kinta Sdn Bhd. Situated in Kota

Kemuning, Alamaia Homes offers 20 units of 3-storey semidee villas with a built-up size of 4,580 sq ft. The project is slated to be completed by October this year.

EcoWorld EWRO Fest @ Eco Ardence



Date: July 2 and 3 (Sat and Sun)
Time: 10am to 6pm
Venue: EcoWorld Gallery @
Eco Ardence, Suite 60, Setia
Avenue, No 2, Jalan Setia
Prima S U13/S, Setia Alam,
Seksyen U13, Shah Alam
Contact: (03) 3342 5522
Organised by Eco World
Development Group Bhd, the
EWRO Fest features fun activities
including Swiss Folk Dances,
Cheese Raclette sessions, a
chocolate-making workshop, a
Swiss cooking demo, an onion

art workshop, and a special
11ft Toblerone Sculpture.

Bukit Kiara Properties Hari Raya Open House

Date: July 16 and 17 (Sat and Sun)
Time: 10am and 5pm
Venue: Verve Suites @ KL South,
Jalan Klang Lama, Kuala Lumpur
Contact: (03) 7980 8999
Bukit Kiara Properties invites
its customers and the public
to celebrate this festive season
at Verve Suites @ KL South.

Archidex 2016

Date: July 20 to 23 (Wed to Sat)
Time: 10am and 7pm
Venue: Kuala Lumpur Convention
Centre, Kuala Lumpur
Contact: (03) 7982 4668
The International Architecture,
Interior Design & Building
Exhibition (Archidex) is a
four-day event showcasing
architectural products,
architectural design materials,
interior design technologies,
building materials and building
decorative equipment. A series
of seminars will also be held in
conjunction with the event.

Setia Sky Seputeh condo launch in September

BY NATALIE KHOO

KUALA LUMPUR: Property developer S P Setia Bhd is set to launch its latest luxury condominium project in Taman Seputeh, Kuala Lumpur this September.

S P Setia divisional general manager of niche development Paul Soh told TheEdgeProperty.com that Setia Sky Seputeh will consist of two blocks housing 290 luxury condo units.

The project sits on a 4.8-acre freehold site and has an estimated gross development value of RM900 million.

The indicative price per unit is estimated to be at an average of RM1,300 psf. Unit built-ups range from 2,300 sq ft to 3,000 sq ft and will come in six types — 3-bedroom units at 2,339, 2,346 or 2,354 sq ft; 4-bedroom units at 2,652 or 2,867 sq ft; and 5-bedroom units at 2,998 sq ft.

Residents will also get a minimum of three car park bays while owners of the bigger units will be given up to a maximum of five car park bays.

Each unit will also have a private lift.

"This project is targeted at up-graders and owner-occupiers who are currently staying in the surrounding Taman Seputeh and Bangsar areas.

"We have many older couples



Soh: It is similar to living in a semi-dee or bungalow in the sky

who are staying in Bangsar whose children have gone to study overseas and are looking for a smaller home. Having lived in a big house previously, Setia Sky Seputeh would be ideal for them because of the bigger built-ups.

It is similar to living in a semi-dee or bungalow in the sky," said Soh.

He added that the residents will be able to enjoy excellent connectivity with plenty of amenities nearby.

"The area intersects several

major highways such as the Federal highway, the New Pantai Expressway, the KL-Seremban highway and the SPRINT highway. It is 7km to the KL city centre, 1km to Mid Valley City and 3km to KL Sentral. From the condo, residents

can take a walk to Mid Valley just about 500m away which makes it convenient for them to get their daily needs," he said.

Among the proposed facilities at Setia Sky Seputeh include a beach podium, swimming pool, sauna, tea lounge, sky lounge and sky gymnasium. There will also be furnishing packages for residents which include kitchen cabinets, electrical appliances such as a fridge and washer, water heater system, air-conditioning system and intercom system. Meanwhile, the maintenance fee is expected to be around 50 to 60 sen psf.

According to Soh, the houses will be sold under the Setia 10:90 programme, where buyers only need to pay a deposit of 10%, with the remainder payable when the property is completed.

"We will be setting aside a number of units for early birds who will get a 2% discount. On top of that, if a loan gets approved within two months, we will give the buyer an additional 2% rebate when the project is completed," he said.

On whether the soft market will impact sales, Soh said he is optimistic as the development is aimed at genuine homebuyers rather than investors.

"We are looking for homebuyers who will actually stay there. Also, this is a niche project with facilities that developments in the area may not have," said Soh.



DEALMAKERS

BY RACHEL CHEW

A first class degree holder in Land Administration and Development from Universiti Teknologi Malaysia (UTM), Teo ZL joined the property industry six years ago as a junior real estate negotiator.

Hailing from Klang, Selangor, Teo had spent his childhood growing up near the Port Klang industrial area.

"I came from a poor family. I grew up in a busy industrial area and had always known that industrial property was one of the most expensive properties in the field. So since young, I held the ambition of being a specialist real estate agent in industrial property. I believed agents could earn big money in this sector," Teo tells TheEdgeProperty.com.

Holding on to that ambition, Teo joined a real estate agency in Klang upon graduating.

"Certificates mean almost nothing if you want to make selling property your career. That is why I decided to start my career by joining an agency to build my knowledge, network and experience," he shares.

The first part of the journey was difficult for Teo who was only 24 years old then.

"The most-asked question I re-

ceived from clients when I first started was about my capabilities. They thought I was too young to handle multi-million ringgit industrial property deals. But I told them that all I needed was a chance, just like what they looked for when they were young," he says.

His sincerity and hard work paid off as he has since gained his clients' loyalty. The biggest deal he has handled thus far is a factory unit in Shah Alam which was sold for RM55 million.

"I decided to start my own agency

three years ago because I had gained more experience in the field, and had always wanted to build my own company culture, style and future plans," he says.

Teo founded Zilin Properties real estate agency with about 30 agents/negotiators. More than half of them focus on residential property in Setia Alam, Shah Alam while the rest focus on industrial property.

He aims to further expand the agency to

300 agents within five years and to have branches in Johor and Kuala Lumpur.

Teo says the property market has changed a lot in recent years especially buying behaviour.

"Five years ago, there were more passive buyers and although they searched for properties online, they usually did not know what the market price was as there was limited access to such information then," he notes.

"However, the world has changed. We see more property websites like TheEdgeProperty.com providing free and reliable information. Buyers can do their own

Making his mark in the industrial property sector

We see more property websites like TheEdgeProperty.com providing free and reliable information — Teo



KENNY YAP / TheEdgeProperty.com

analysis with this free information. Sometimes, buyers only need the agent to process the deal," Teo says.

However, he says changes in buying behaviour have not impacted industrial property as much as other property types due to its limited supply, especially stand-alone factories. He also foresees large factories covering more than one acre to be in demand due to the lack of supply.

Teo says it takes one or two months to close an industrial property deal, while a residential property deal can be closed in days.

"It doesn't mean that an industrial property agent is more free than a residential property agent. We have more things to take care of because buyers are more cautious in making their buying decision due to the higher price involved. Even if you have invested months into a deal, you could still lose it," Teo notes.

"On the other hand, if you have strong professional knowledge and you know everything about the property listed, including its ceiling height, land size, etc, you could still close a tough deal," he says.

"Never think that being a property agent is an easy job. It involves much more professional knowledge, hard work and time than you can imagine," he adds.



i-City: A proven template

By KH Lim

Exciting times beckon I-Bhd, with the property developer currently laying the foundations of its next level of growth beyond the iconic i-City development. At a recent Bursa Malaysia event, I-Bhd deputy chairman Dato Eu Hong Chew said the company is in talks with various parties over land deals, which will build on the successes of i-City and 8Kia Peng.

I-Bhd is once again readying itself to make another indelible mark on the property scene under the stewardship of its chairman, Tan Sri Lim Kim Hong.

Who would have thought that the land on which the present-day i-City sits, which was purchased back in the 1990s and had a gross development value (GDV) of RM1.5 billion then, would be worth as much as RM9 billion (or more, as anticipated by the group) today. The age-old adage of fortune favouring the brave is epitomised by Tan Sri Lim's foresight in purchasing the land in his personal capacity all those years ago and reaping manifold rewards.

"The next step is the further enhancement of i-City's GDV. We reckon the RM9 billion that we know of today is not the end of the story; there is probably another RM2 billion in the tank," says Dato Eu, who also shared that the group is already looking forward to launching its next project.

"I-Bhd is always on the lookout for land, be it in or out of the Klang Valley, as would most other developers that are hungry for continued successes. We are in no hurry, however, as we will only (and always) do transactions that bring greater value to all our shareholders.

"With the current development in i-City still lasting another 10 years, our shareholders can rest assured that the long-term earnings sustainability of I-Bhd is at the forefront of our minds and will drive us to continue to enhance our intrinsic value. Though plans have not crystallised as yet, we are open to any future projects, being another urban development or even a complete township, if the conditions are right.

"Ideally, we would like to follow the same asset-light strategy and integrated development model, which have been so successfully employed in the development of i-City — namely, doing it as a joint venture rather than just an outright land

purchase, which will obviously be cash-draining," Dato Eu adds.

"In 2014, we did an RM800 million corporate exercise to fund our property investment portfolio and we expect the revenue from this initiative to kick in by 2018. By then, we will have a RM1 billion property investment portfolio, generating RM50 million in additional income for I-Bhd — assuming a conservative yield of 5%. That is going to be another leap for us, earnings-wise."

The ongoing construction of Central i-City, a one million sq ft mall, in collaboration with the Central Pattana Group of Thailand, as well as a four-star hotel by DoubleTree Hilton are just a few of the many exciting developments in this 72-acre freehold ultrapolis township. Various efforts are currently being undertaken to ensure that I-Bhd doubles its current property development revenue and hits a steady state of RM500 million to RM600 million per annum, also by 2018. The RM743 million in unbilled sales at the end of March 2016 are reflective of steps taken in the right direction.

Many other value-enhancing initiatives are in the pipeline, which will likely tip the scales in the company's favour and see its GDV exceed RM10 billion. Moving forward, i-City will not only be about property development but will also be abuzz with leisure-related activities and a property investment portfolio, providing it with rich streams of recurring income.

The full story of i-City is only just unfolding. With a successful track record (in enhancing its GDV as well as creating value for its buyers), the company is going into the current property market, which is facing headwinds, on an extremely strong financial footing. It has zero bank borrowings, providing it with precious landbanking firepower, should the need arise.

i-City: A connectivity success story

I-Bhd is already a key and leading player in the property sector with i-City. Today, a flyover connecting the transit-oriented development and the busy Federal Highway is in operation. Owned by Mentri Besar Incorporated and built by PKNS Infra Bhd at a cost of RM45.9 million, the flyover, which opened early this year, is expected to alleviate heavy traffic entering the area from both Kuala Lumpur and Klang.

As it is, i-City is already pulling in a sizeable number of tour-

ists, making the opening of the flyover timely and especially important to improve its accessibility.

According to Ho Chin Soon, a Malaysian map specialist and researcher, the opening of the new flyover can only mean good things for i-City. "I am excited for the years to come in terms of transport infrastructure and accessibility," he says. "This highway will give people direct access to i-City.

"There are so many new methods of transport. I think there will be even more choices of transport in the future, so much so that we may not even need cars anymore," he adds. i-City, in this respect, is forward thinking in creating a transit-oriented development that will minimise the need for its residents and visitors to possess a car to get around the entire development as well as out of the area.

i-City residents will reap the benefits of an eco-friendly, carless mode of travel once the third line of the light rail transit system (LRT 3) is completed. The RM9 billion line is expected to ease traffic congestion along the Federal Highway and has a total of seven stations — Bukit Raja, i-City, UiTM, SIRIM, Section 14, Persiaran Hishamuddin and Stadium — in the Shah Alam area.

The i-City LRT station will connect commuters to the Padang Jawa KTM station, which is located about five minutes away from i-City. It will also be seamlessly connected to the Klang Valley MRT 1 line at Bandar Utama, the Kelana Jaya LRT line at Station 3 (extended LRT), Bus Rapid Transit (BRT) stations at SIRIM and Stadium as well as the KTM Komuter (Port Klang-Batu Caves) line at Klang station.

That's not all! In addition to the LRT system, commuters to and from i-City can look forward to the 34km-long KL-Klang BRT line, which is slated for completion in 2018. There are plans to build the BRT in the middle of the Federal Highway, which will be widened to accommodate the BRT that will employ all-electric buses at the ground level. About 80% of the KL-Klang BRT line will be connected to the LRT and KTM Komuter rail lines, with all stops linked to other bus services. The closest station to i-City will be located in Seksyen 7, just a stone's throw from the development.

Last but certainly not least, the RM9 billion integrated ultrapolis development is also accessible via many highways, such

The ongoing construction of Central i-City mall targeted to open in 2018 & DoubleTree by Hilton to open in 2019 against the high-rise landscape of i-City

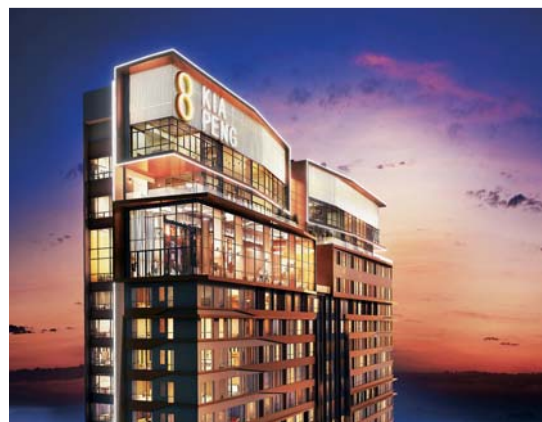


Above: Soon-to-be-completed residences on the western side, comprising of i-Soho, i-Suite, Liberty, Parisien and Hyde Tower

Abdul Aziz says now that there is a lot more infrastructure, i-City is an ideal spot for property investors

Ho says the opening of the new flyover can only mean good things for i-City

Gambero says Gen Y homebuyers will set their sights on connectivity and safety, which are criteria i-City fulfils on all counts



Above: 8Kia Peng — King of The Hill is a high end development in KLCC by i-Bhd

The completed i-Residence standing tall in i-City

as the Federal Highway, Shah Alam Expressway (KESAS), Lebuhraya Kemuning-Shah Alam (LKSA), the upcoming West Coast Expressway, New Klang Valley Expressway (NKVE), Guthrie Corridor Expressway (GCE), Shah Alam-Puchong Highway (HICOM), Lebuhraya Damansara-Puchong (LDP) and North-South Expressway Central Link (ELITE).

On the cards is the construction of the Damansara-Shah Alam Highway (DASH), which will strengthen the link between Damansara and north Shah Alam, with a proposed allocation of RM4.2 billion announced by the prime minister in his Budget 2016 speech.

Indeed, the number of highways connecting i-City with the rest of Kuala Lumpur attests to its strategic location. Getting anywhere by car from i-City is not only extremely convenient but also comes with plenty of options. It does not matter if the destination is in the east, west, north or south of Kuala Lumpur, or if you follow the proverbial yellow brick road or chase the end of the rainbow, i-City has access to all channels that will bring you right on its doorstep.

According to Abdul Aziz Ahmad, founder of hartanahguru.com, Federal Highway used to be the main highway for drivers in the 1980s. Now that there is a lot more infrastructure, i-City is an ideal spot for property investors. Additionally, as a transport-oriented development, i-City will be highly appealing to Gen Y homebuyers and investors.

Daniele Gambero, CEO of the REI Group of Companies, adds to that, saying that Gen Y homebuyers will set their sights on connectivity, safety as well as a trendy and conducive lifestyle, which are criteria i-City fulfils on all counts.

With the existing transport infrastructure, i-City is a mere 30-minute drive from the Kuala Lumpur International Airport, Westport and Kuala Lumpur city centre, and a 15-minute drive from Sultan Abdul Aziz Shah airport in Subang.

In short, residents of i-City will benefit from a myriad of options for easy access to the rest of Kuala Lumpur and beyond, given the multiple options available.

Accessibility and transport infrastructure will continue to play a huge role in the success of i-City in the years to come. i-City is endorsed as a Tourism Destination by the Ministry of Tourism and Culture. It is also an MSC Malaysia Cybercentre-certified development and a world reference site for Cisco's Smart+Connected Communities. Furthermore, the development is set to become a MICE (meetings, incentives, conferences and exhibitions) hub for business and leisure travellers.

i-City currently sees an average of 90,000 visitors a week to its theme-park attractions, but the number is targeted to swell to 36 million by 2020 with the improved connectivity and its various other ongoing initiatives. One such effort is the RM850 million Central i-City mall with one million sq ft of floor space, which is envisioned to fill a need that is sorely lacking — a modern lifestyle shopping centre and an entertainment hub for people in the Greater KL region.

In anticipation of the higher number of visitors to the area, hotels have been or are in the process of being built. Best Western i-City opened its doors in 2015 while early 2016 saw the groundbreaking ceremony of a second world-class hotel in i-City — the 300-room DoubleTree by Hilton — which will be open for business in 2019.

Purchasers will benefit from an integration of work, play and life in a neighbourhood that provides a 24-hour vibrant lifestyle. For shareholders, it is a combination of potentially vast capital gains and healthy dividend flows in a timelessly dynamic investment. When completed, the entire i-City landscape will be a fully-integrated ultrapolis, comprising a shopping mall, corporate office towers, cyber office suites, residences, hotels, retail and leisure attractions as well as a data centre and convention centre — it will be a landmark and the ultrapolis it envisions itself to be.

So, why not choose i-City, with its offering of a fully-integrated lifestyle township that caters for the maturing and gradually urbanising Klang and Shah Alam folk? Location, location, location!



Are Rent-to-Own schemes the answer to easier home ownership?

BY TAN AI LENG

RENT

RENT

RENT

Owning a house could be a costly dream for the working class, but it is deemed the worthiest investment for most people — even if you can't enjoy capital appreciation, at least you will still have a roof over your head and a place that you could call your own.

But when houses are beyond the affordability of the young working group, they should perhaps consider renting while aiming to eventually own a home.

Industry experts and observers suggest that renting may not be a bad thing and could in fact assist some people to eventually own their own home if it is done in a systematic way, such as in the form of a Rent-to-Own (RTO) scheme.

Real Estate and Housing Developers' Association of Malaysia (Rehda) president Datuk Seri Fateh Iskandar Mohamed Mansor says RTO schemes will definitely assist those interested in owning their own home in the long run, especially for young income earners.

"Young income earners may not have strong financial support which makes it difficult for them to secure loans from banks due to a lack of financial track record or income stability," he tells TheEdgeProperty.com via email.

He notes that the 10% down payment to purchase a house will also be an issue for most young buyers and if there is any RTO scheme offered, it will help to lessen their burden of owning their first home.

According to Rehda, government agencies have already started RTO schemes that focus on low-cost and affordable housing.

Aside from PRIMA (1Malaysia People's Housing Programme), there are also state governments and state agencies providing RTO schemes for affordable housing projects, such as RumaWIP (Federal Territory Affordable Housing Policy) homes, Selangor Smart Sewa Scheme and Program Sewa-Beli Kerajaan Johor.

"I believe if more state governments or agencies play their roles and move in the same direction to promote RTO schemes, it could encourage home-ownership," Fateh says.

Knight Frank Malaysia managing director Sarkunan Subramaniam also lauds the government's initiative to have RTO schemes such as the introduction of the RTO scheme for successful applicants of PRIMA homes whose loan applications have been rejected.

Under this scheme, applicants will be able to rent a PRIMA home for up to 10 years, before deciding to buy them at the end of the fifth and tenth year, at a pre-determined price.

"Whilst this is a laudable initiative, it is also important that the proposed location and type of housing products under the RTO scheme match the housing needs of the younger population — near transportation routes or highways and supported by various amenities," he adds.

How viable is it?

Independent economist Lee Heng Guie notes that RTO schemes are only viable if both the government and housing developers are fully committed in building affordable rental housing and accommodation.

"The availability of homes for rent at below-market rates for a fixed time period will give tenants the opportunity to save up for a deposit and get ready to buy



Seow: There is a need to ensure the RTO scheme will not be misused



Fateh: Some developers have introduced their own RTO schemes as part of their innovative marketing strategies



Sarkunan: It is important that products under the RTO scheme match the housing needs of the younger population



Lee: The RTO scheme is only viable if the public and private sector can work hand-in-hand

their own home," he adds.

Meanwhile, VKA Wealth Planners head of financial planning Lawrence Seow says although RTO schemes encourage home ownership, this concept could only be successful for government joint-venture projects as the funding mechanism requires long-term planning.

He says private developers might be reluctant to offer such schemes as they may have to wait as long as 10 years to collect their profits, unless there is a win-win solution for both developer and buyer.

"I believe the RTO concept could assist young people to own their first home, but

the challenge here is how to implement the scheme and ensure this scheme will not be misused by others for profit," says Seow.

On the developers' initiatives to promote the RTO scheme, Rehda's Fateh says the idea is very subjective to individual industry players, but there are some developers who have introduced their own RTO schemes as part of their innovative marketing strategies.

"The tight lending guidelines by Bank Negara have made some developers come out with creative marketing plans to assist buyers to own their dream home and, at the same time, clear off their unsold properties. Such initiatives will also reduce the holding



cost for developers, which is good for the market," he explains.

On short-term speculation, Fateh says it will not be an issue as such schemes usually come with moratorium periods ranging from five to 10 years where the property is not transferable (sold) to others except close family members, until the "tenure price" is fully settled.

However, there may be some irresponsible owners who rent out their property for a higher rental during the "rental period" when the owner and his/her family are the only ones allowed to occupy the property. "This is something quite difficult to control," Fateh adds.

Developers experimenting with RTO schemes

In Malaysia, Tan & Tan Developments Bhd and Selangor Dredging Bhd (SDB) have introduced their own RTO schemes to some of their buyers.

SDB has introduced the Reside and Purchase (RAP) programme which allows potential homeowners to purchase the prop-

erty after they have moved into the property.

According to a company spokesperson, the buyers could move in immediately after they have paid 5% of the down payment. After that, they have 36 months to secure a loan to purchase the property. Pending the loan approval, the buyer would be paying instalments towards the cost of the home. In the event the buyer is unable to obtain a loan at the end of the 36-month period, the amount that has been paid will serve as rental for the house which is non-refundable and the unit will be returned to the developer.

Properties which are available under the RAP scheme are the completed developments, namely Windows On The Park in Cheras, By The Sea in Penang as well as Laman & Bayu in Puchong, Selangor.

The spokesperson says the programme has received hundreds of enquiries from interested buyers and the curious public since its launch in mid-February this year and, thus far, there are 25 units of SDB homes that have been transacted under this scheme.

She notes that this programme allows the buyer to enjoy the home and lock in the price of the home with a lower down payment.

"At this point in time, we are not sure if this programme will continue, but if it helps people and makes it easier for them to obtain a property, we may just consider having this scheme for a longer term," she adds.

Meanwhile, Tan & Tan Developments introduced a RTO programme for its Park Manor bungalow project in the Sierramas development in Sungai Buloh in mid-May this year.

Executive director Teh Boon Ghee says the company is looking at renting out four bungalow units out of the 40 in Sierramas for a monthly rental of RM10,000.

The company will offer the option for tenants to purchase the unit after staying in it for one or two years. He however, stresses that this is just an experiment for the company.

"As a property developer, our principal business is on development planning and building as well as in selling properties, not in leasing homes," he offers.

Don't rush, try renting instead

According to a Khazanah Research Institute (KRI) report in 2015, Malaysia's housing market is seriously unaffordable. Using median multiples as one of the two methods to assess the situation, KRI noted that median house prices are 4.4 times the median annual household income in 2014. By global standards, an "affordable" market should only have a median multiple of 3.0 times.

In Malaysia, only one state, Melaka, has been classified as having an "affordable" housing market with a mean multiple of 3.0 times. There are four states that have "severely unaffordable" markets — Terengganu, Kuala Lumpur, Penang and Sabah with a mean multiple of above 5.0 times.

VKA Wealth Planners head of financial planning Lawrence Seow concurs that house prices are far beyond the means of most Malaysians as household incomes have not risen in tandem with the cost of living.

"There are many places where the market value of 'ordinary' double storey terraced homes are above RM1 million. At current salary levels, there is no way to afford that kind of property," he says.

From a financial planner's perspective, he urges young salary earners who are planning to own a home to have a financial health check before making any property buying decision.

So if you can't afford to buy a house now, should you consider renting instead?

Economist Lee Heng Guie says renting a house may be a wise move for young working adults or young families as it allows more flexibility, less financial commitment and less investment than buying a property.

"They should rent affordably now, save for a deposit, and then buy a house when they are financially stable and sound," he adds.

He notes that the young can opt to buy a house when they have accumulated some savings or wealth and are in a better financial position to meet the long-term commitment of owning a property.

Knight Frank Malaysia managing director Sarkunan Subramaniam says home-ownership tops the list of financial priorities for Malaysians but unaffordability has priced out the young working group from the housing market.

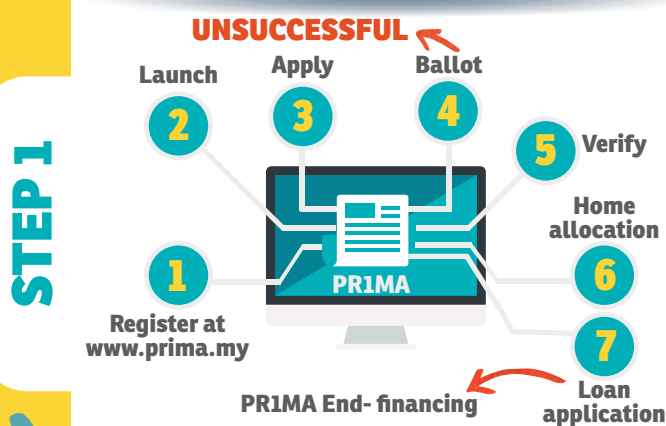
"The current challenging market condition has worsened the situation — the slowdown in the economy, the gloomy job market with higher retrenchment, the higher cost of living and lower disposable income. All these may push more Malaysians to rent instead," he explains.

Most of us may agree that owning a house is better than renting one but whether we have the ability to do so is a different story. There is a long checklist before you can make that decision.

Buying a house is a long-term financial burden which could be a sweet or painful experience, depending on how the homebuyers work out their financial plans.

TheEdgeProperty.com | GRAPHICS: NURUL AIDA MOHD NOOR

PRIMA's Rent-to-Own (RTO) scheme



Why RTO?

Giving genuine buyers some time to save money for the down payment

Allow home buyers to own a property at the current price although they are only buying the house later

For young families, they could "test" out staying at the house for a period of time before deciding to buy it

If loan is rejected by PRIMA Panel Banks, you may enroll for RTO

PRIMA Basic RTO

Pay a monthly rental part of which is accrued to the Buyer's Savings Account (BSA)

Savings in the BSA could be withdrawn and utilised as down payment for a bank loan in future if applicants choose to buy the PRIMA houses they are staying in, at the fifth or tenth year

If applicants choose to exit without buying, the savings will be refunded after deducting certain charges

PRIMA Zero RTO

Pay a monthly rental without any savings element

If applicants choose to purchase the PRIMA houses which they are staying in, they need to look for full end-financing with the panel of banks

No refund if the applicants choose to exit

Other state government RTO schemes

1 **RumaWIP**
(Federal Territory Affordable Housing Policy) homes

2 **Selangor Smart Sewa Scheme**

3 **Program Sewa-Beli Kerajaan Johor**



Charges and payables by strata building owners

Service charges are a monthly pain to many, especially those who live in strata buildings be they condominiums, serviced apartments, small office home offices (SOHOs) or others. With many other people living under the same development, common areas and facilities like gardens, gyms and pools that are not part of the owner's own parcel are maintained by the building management in their various stages of composition from the Developer to the Joint Management Body and, ultimately, to the Management Corporation (MC).

This is where charges are needed for the purpose of meeting the general expenditure for the maintenance and management of the common property or the limited common property, as the case may be. These charges consist of service charges or maintenance fees. They are paid by the strata owner in proportion to the share units of the owner's parcel and will be collected in advance by the management body. Unlike the previous practice of collection that is based on the per square foot area of the main

BY CHRIS TAN



parcel, share units give the rightful consideration to both the main and the accessory parcels as well as their usage. Keep in mind that a strata property packed with ample facilities may cost more in maintenance fees in the long run.

Sinking fund

Other than the abovementioned charges, strata owners are also required to contribute to the sinking fund which is normally at the rate of 10% of the total amount of charges. A sinking fund is a reserve fund collected from the strata owner for future expenditure which is typically less predictable and cost a lot more than the usual maintenance fee.

For instance, a large-scale, once in a long time paint job, revamping of the interior design of common facilities and roof replacing are paid through the sinking fund. Yet, sometimes it is difficult to generalise just which item specifically should be attributed to the maintenance fee

or the sinking fund. Each estate will eventually draw their own line between the two but, ultimately, the sinking fund serves to keep an estate afloat during times of financial hardship. It is a contingency fund reserved for rainy days.

Unquestionably, part of the powers and duties of management bodies is to determine and impose the charges and sinking fund, collect money from the strata owners and then deposit them into separate accounts. Of course, they must first open the maintenance account and sinking fund account in the name of the respective management body, before any collection of charges and contribution to the sinking fund. During the preliminary period, only the developer, who is the management body then, shall open these accounts in the name of the MC.

Insuring the building

Section 93 of the Strata Management Act 2013 makes it compulsory for the management body of the strata building to insure the building has a damage policy with a licensed insurer. This is to ease the financial hardship of the estate in the event the building is destroyed or dam-

aged by fire, lightning, explosion or any other occurrence.

On the other hand, for developments where a Subsidiary Management Corporation (Sub MC) is formed out of the MC due to the existence of limited common property, both the common property and limited common property shall be insured separately by the MC and Sub MC. This means that the MC will be responsible to insure the building excluding the limited common property whereas the Sub MC will be responsible to insure the limited common property. However, if any area or part of the limited common property cannot be separated from the common property, the said area or part of it shall be insured by the MC under a damage policy and the premiums paid for such insurance shall be apportioned between the Sub MC and the MC, in accordance with the share units of the strata owners constituting the Sub MC against the aggregated share units of the strata owners constituting the MC.

Keeping the accounts

In managing the funds, the management bodies are in a position where they must keep the accounts in true and fair view. The management body in power must appoint an approved company auditor to audit the accounts annually. Not only will this be information for the strata owners but it is also to be filed with the Commissioner.

Hence, a proper record of these

two accounts (one for the charges and one for the sinking fund) including records of every transaction, balance sheet, income and expenditure statement, and profit and loss statement must be properly kept and maintained at all times.

To sum up the above, the management bodies decide on the amount of charges, manage, and use the fund — these are all within the powers of the management bodies. The strata owners are encouraged to join the meetings or even become committee members to have a say not just on the usage of funds but also on other matters related to the estate.

Last but not least, when a strata owner fails to pay the payables, the management body may impose a late payment interest of not more than 10% per annum and the owner shall also be liable to an amount lawfully incurred by the management body to procure the outstanding sum.

Chris Tan is a lawyer, author, speaker and keen observer of real estate locally and abroad. Mainly, he is the founder and now Managing Partner of Chur Associates.

If you have questions that you would like to pose to Chris, please go to the Tips section of www.theedgeproperty.com to pose your questions

Disclaimer: The information here does not constitute legal advice, please seek professional legal advice for your specific needs.

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