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FREEHOLD



SETIA
SERAYA
— RESIDENCES —

PRESINT 15, PUTRAJAYA

The Future of Sustainable Metropolitan Living is here

Created for discerning city dwellers, Setia Seraya Residences represents the city's fashionable address. It houses a range of superbly designed condominiums, optimising comfort & convenience with a unique modern elegance. A harmonious and refreshing environment to live, in style.

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Landscape



What Louis Vuitton is to the international trunk industry is what S P Setia Group Bhd is to the Malaysian property field. The top developer has proven itself as a sharp visionary capable of identifying ideal locations where, coupled with its expertise and pursuit of excellence, it churns out sought-after and highly-valued products.

In an exclusive interview with TheEdgeProperty.com, its Divisional General Manager of Niche Development of S P Setia and also CEO of Setia Putrajaya Sdn Bhd, Paul Soh Hee Pin, affirms that the reputable brand has a strong following of repeat buyers.

Guided by the principle to be the best in all it does, its exceptional designs and innovative products have earned it several accolades including as nine-time winner of the FIABCI Malaysia Property Award, seven-time winner of the FIABCI Prix d' Excellence Award, eight-time winner of The Edge Top Property Developers Award, Reader's Digest Asia Trusted Brands Award, QCLASSIC Excellence Award and many others.

Its track record is backed by successful eco townships such as Setia Alam, Setia Eco Park and Setia Ecohill in Selangor, and integrated developments such as SetiaWalk in Selangor, as well as luxury residences such as Setia Sky Residences and Setia Sky Seputeh in Kuala Lumpur, besides iconic developments in Penang and Johor. Overseas, the developer's mark of quality is noted in housing projects in Melbourne and the Battersea Power Station in London. It also has a presence in Singapore with its Eco Sanctuary and 18 Woodsville projects, as well as as in Vietnam where it is developing its expertise of developing eco-townships to EcoLakes and EcoXuan.

Amidst current unfavourable conditions, S P Setia's mettle remains proven. Its recently launched Setia Eco Templer was 100% sold and its double-storey homes in Setia Alam, launched on Aug 27, drew a long queue with an outstanding 85% take-up.

The appeal of Putrajaya

Thus, when S P Setia steps into Putrajaya, industry watchers know there are good reasons. Though better

known as the federal administrative centre for government bodies rather than a vibrant economic hub, it is precisely its tranquility that makes Putrajaya an appealing residential sanctuary.

Based on the "Garden City Intelligent City" concept, Putrajaya has been planned to conserve its existing wetlands and tropical rainforest into purpose-gardens, recreational lakes and parks. According to Soh, out of the 11,320ha, 650ha has been allocated for Tasik Putrajaya (Putrajaya Lake) which includes 197ha of wetlands. When completed, the city's landscaped framework will be formed by 12 thematic parks with ample facilities for social, recreational and educational activities for both young and old. Ranging from a 92ha botanical garden to an equestrian park, a comprehensive sports site, an extreme sports park and adventure playgrounds, there are exercise stations, jogging tracks, gazebos and amphitheatres for picnicking, photography and bird-watching, as well as fishing, water rafting, boating and canoeing.

"Residents get to enjoy beautiful parks within a short drive," Soh points out.

Birthered more than 20 years ago, Putrajaya has been purposefully planned as a liveable city with controlled density and restricted against over-development. Under the regulation of Putrajaya Corporation (PJC), the administrative agency under the Federal Territories Ministry of Malaysia, the whole area has been carefully mapped out with allotted sites for government departments, public utilities, recreational areas, government and public residences, community services, infrastructure, modern amenities and even security features.

The eco-tourism destination is also a world-class venue for international events such as the Hot Air Balloon Fiesta, Light and Motion Festival, Islamic Art and Culture Festival, Power Man Asia Championships, Royal Floria and Ironman 70.3.

In addition, Putrajaya is strategically located next to Cyberjaya, the MSC-certified city of Malaysia. "In fact, Putrajaya itself is also MSC-certified," highlights Soh.

The prestige of being part of Putrajaya

S P Setia has been playing a major role in Putrajaya's



"The best time to invest is yesterday," Soh quips.

formation, when it was commissioned in a joint-venture with Putrajaya Holdings to build the Prime Minister's office and residence back in 1996. Thereafter, the JV company, Setia Putrajaya developed Precinct 9 with government quarters and public units of double-storey terrace houses, which is now a fully completed cosy township.

Viewing it as a privilege, Soh says: "S P Setia is proud to be associated with Putrajaya".

Another township underway is Precinct 15. A stratified project with 119 units, named Alam Desa, was completed in 2011 and fully sold. A recent project dubbed Dwipu-

S P Setia stamps its mark of excellence in Seraya Putrajaya



*Artist's impression.

SETIA
SERAYA
RESIDENCES
PRECINCT 15, PUTRAJAYA



Relish the breathtaking view of Putrajaya at the Sky Garden.

tra Residences, has also achieved 100% sale. Phase 1 of Dwiputra Residences has already been handed over while phase 2 will be delivered end of this year.

“A large majority of the buyers are owner-occupiers,” reveals Soh.

The potential of investing in Putrajaya

Soh stresses that as a liveable city, the value of properties in Putrajaya will not diminish. “I see only upside as development continues.”

“The best time to invest is yesterday,” he quips. “Land and construction cost is always going up. If you don’t purchase now, it will definitely be higher later.”

Soh says properties in Putrajaya has seen a steady demand with high appreciation and good rental yield. “Though tapered down within these couple of years, there is strong potential to grow. There is no oversupply in Putrajaya. Projected returns are about 20% to 30%. Our projects, delivered in 1Q 2016, have appreciated and has gained 30% appreciation. Dwiputra Residences has been garnering RM2psf rental. There is no sign of slowing down and we are confident of steady increase,” Soh opines.

“Residences grow organically. The masterplan has been established from the beginning. There is tight control of development. Backed by the government, it is riding on ready-built infrastructure. As the population increases, all investments will experience tremendous growth. Based on the original masterplan, the projected population is 330,000 with about 67,000 residences when it’s fully completed,” Soh elucidates.

“Putrajaya already has excellent accessibility with additional large infrastructures such as MRT (Mass Rapid Transit) 2 and HSR (High-speed Rail) to be built,” Soh adds. “It is a safe and secure city, with CCTVs all around, monitored by the city control centre. The main roads are well linked to the highways.”

Putrajaya is also next to the matured township of Kajang with established amenities.

The draw of Precinct 15

Precinct 15 is a township of 812 acres, including a 340-acre Rimba Alam Park. It is a showcase of urban forestry combining a tropical ecosystem, nature trails and viewing platforms for camping and jungle trekking.

Located to the east of Putrajaya, Precinct 15 is adjacent to the diplomatic precinct, which is targeted for embassy development.

Complete amenities are close by, such as the Alameda Shopping Centre and the IOI City Mall; Serdang Hospital and Putrajaya Hospital; Nexus International School, Universiti Putra Malaysia (UPM), Heriot-Watt University and Uniten; Putrajaya International Convention Centre, Putra Mosque and IOI Resort which houses a golf course.

It is linked via the Maju Expressway (MEX), New Putrajaya Link, B15 Highway, South Klang Expressway (SKVE), Kajang Traffic Dispersal Ring Road (SILK), Damansara



Spacious lanai area of a Type C unit.



Olympic-sized swimming pool.



Barbeque space.



Living and dining space of a Type B unit.



Puchong Expressway (LDP), Cheras Kajang Expressway, Shah Alam Expressway (KESAS), Sungai Besi Highway (Besraya), North South Expressway and Elite Highway. KLCC is 30 km away while KLIA is 35 km away.

Public transportation is available by the Putrajaya Express Rail Link (ERL) and Nadi Putra bus.

The luxury of Setia Seraya Residences

Setia Seraya Residences represents the city’s fashionable address. The company states that they are “superbly designed condominiums, optimising comfort and convenience with a unique modern elegance” within “a harmonious and refreshing environment”.

The low-density freehold luxury residences has 363 units. Priced from RM696,000, Type A has 1,002 sq ft with three bedrooms and two bathrooms, where all rooms enjoy balcony views of either the forest reserve, swimming pool or Putrajaya city. Type B measures 1,202 sq ft and comprises four bedrooms and three bathrooms, tagged from RM805,000. Type C boasts 1,420 sq ft and has three bedrooms and two bathrooms. Sold from RM1.001 million, it offers a spacious lanai area and a breathtaking view.

Situated on high ground and standing 143m with 40 storeys, Soh is certain that Setia Seraya will be the tallest residential tower in Putrajaya. Thus, its sky garden on level 22 will display unobstructed spectacular views.

As in all S P Setia’s developments, Setia Seraya is designed on the philosophy of live, learn, work and play. The full-facility condominium adopts much of S P Setia’s signature where it houses a swimming pool, wading pool, kindergarten, clubhouse, water feature, reflexology path, children playground, nursery and BBQ area. The inclusion of a ladies pool offers extra privacy by a landscaped partition. The lobby holds a hanging lounge and reading lounge. Each unit has two car parks.

Soh says Setia Seraya is the last public apartment in Precinct 15. Attractive sales packages are offered, and S P Setia’s Triple A Gold promotion is open until year-end, where there are substantial discounts to assist buyers through easy payment schemes. Bumiputeras get a 7% discount.

To be launched end of November, the registration of interest has already exceeded 1,300.

Setia Seraya targets those who live in the surrounding suburbs, those who work around the areas, investors and the international market, says Soh.

With a gross development value of RM280 million, it is slated for completion at the end of 2020.

“It is an amazing place to live in and S P Setia is happy to be here,” Soh enthuses.

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SERAYA**
— RESIDENCES —

PRESINT 15, PUTRAJAYA



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Sky Garden with
Spectacular Views

Hanging
Lounge

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Developer License No : 7403-13/09-2018/0706(L) . Advertisement & Sale Permit No : 7403-13/09-2018/0706(P) . Validity Period : 09/09/2016-09/09/2018 . Land Tenure : Freehold . Land Authority Approving Plan : PPJ/PER/KKB/2015/P15-165(24). Perbadanan Putrajaya . Expected Date Of Completion : Dec 2020 . Encumbrances : N/A . Type Of Development : Condominium . Development Name : Setia Seraya Residences . Carpark-2units . Type A-1,002 sqft, Type B-1,202 sqft, Type C-1,420 sqft . Total Unit-363 units, Type A-249 units, Type B-110 units, Type C-4 units . Price RM696,000(Min) - RM1,215,600(Max) . 7% Discount For Bumiputera.

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HOW TO BRING PROPERTY PRICES DOWN

Homebuyers are griping about high housing prices and shrinking affordability, but can prices be reduced? Industry players tell us how at **TheEdgeProperty.com Roundtable on Budget 2017. See Pages 10 to 15.**

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KENNY YAP | TheEdgeProperty.com



Phase 1A of Impression City rakes in RM461 mil in sales

Tourism and cultural property developer Yong Tai Bhd has recorded en-bloc sales of RM461 million from Phase 1A of mixed-use development Impression City.

The group said in a statement on Wednesday that it has entered into a Sale and Purchase Agreement with Orient Venture Properties Bhd on the en-bloc sale.

Group chief executive officer Boo Kuang Loon said the company has also locked in a RM412 million fit-out contract with Orient Venture Properties to carry out renovation works on the property.

"The RM461 million property sales and RM412 million fit-out contract are expected to contribute positively to our 2017 financial results," Boo added.

Yong Tai has also entered into five separate agreements with Golden Bridge, HuaXin PuHui Asset Management Co Ltd, Orient Venture Properties, the 6th Engineering Bureau of China City Construction Holding

Group Company, Apple Impression Sdn Bhd, GTC Travel & Tours Sdn Bhd and Guangxi Gulf Culture Star Co Ltd to kick start the RM5.4 billion gross development value Impression City project. The signing ceremony was witnessed by the Yang di-Pertua Negeri Melaka Tun Utama Mohd Khalil Yaakob and Chief Minister of Melaka Datuk Seri Idris Haron.

Noh Omar: Study being conducted on utility tariffs for SoHo homes

The government is studying the need to have standardised electricity and water tariffs for residential units in all housing projects with the SoHo (Small-office Home-office) concept in the country.

Urban Wellbeing, Housing and Local Government Minister Tan Sri Noh Omar said at present the housing units in these premises are subjected to the same tariffs as commercial units which are higher than ordinary residential units.

"Many housing developers mix residential (units) with commercial, in the end those who live in the SoHo units have to pay commercial rates.

"So people who live in these apartments are asking why they have to pay commercial rates, when they live in a home ... there have been many complaints to us," he said in a press conference held after the launch of Ceylonz Suites on Tuesday. The 39-storey building in Jalan Raja Chulan, Kuala Lumpur was jointly developed by Koperasi Amanah Ikhtiar Malaysia Bhd and Exsim Group of Companies.

Johor to impose development charge on developers

The Johor government plans to impose a development charge on property projects carried out in accordance with the provisions of Section 32 of the Town and Country Planning Act 1976 (Act 172).

State Housing and Local Government Committee chairman Datuk

Abd Latif Bandi said on Monday the matter was at the final stage of co-ordination before being presented to Menteri Besar Datuk Seri Mohamed Khaled Nordin.

The purpose of the development charge is to accommodate provisions to provide and improve infrastruc-



SkyWorld, DBKL to upgrade road infrastructure at SkyArena, Setapak

SkyWorld Development Sdn Bhd and Kuala Lumpur City Hall (DBKL) will be upgrading the road infrastructure leading to and from the SkyArena integrated development in Setapak, Kuala Lumpur.

The works include the construction of a new 1km flyover from Jalan Genting Kelang to Jalan Ayer Jerneh and the widening of the Jalan Ayer Jerneh trunk road into a 100ft, four-lane carriageway. The flyover will be built by DBKL while Skyworld will contribute RM30 million for the road widening works.

"On our part, the 100ft four-lane carriageway will cost us about RM30 million and is expected to be completed in the beginning of 2019," said Sky-

World founder and group managing director Datuk Ng Thien Phing. He was speaking to reporters after the topping-off ceremony of Ascenda Residence, the first phase of SkyArena, on Monday.

"With the upgrading and expansion plan, this will definitely improve traffic flow and provide the Setapak community easier access to the DUKE (Duta-Ulu Kelang Expressway) highway," said DBKL executive director of planning Datuk Mohd Najib, who was also present at the topping-off ceremony.

SkyArena is a 28-acre integrated development with a total gross development value of RM2.5 billion.

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ture and public facilities in the area resulting from the approval given to the plan, he said after opening the Guidelines on Serviced Apartment Planning and Mixed Development in Johor 2016 on Monday.

"The matter is still being discussed and we are taking the examples from

other states that have long implemented the charge. We expect it to be implemented next year," Abd Latif said, adding that the charge would not have a big impact on property prices.

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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**.



MCT's OctoberWali

Date: Oct 30 (Sun)
Time: 10am to 5pm
Venue: Cybersouth Property Gallery, Dengkil, Selangor
Contact: (019) 243 5071 or (019) 683 4995
MCT Bhd jointly celebrates Deepavali and Octoberfest with festive food and drinks.

SDB's Spooky Halloween Party

Date: Oct 29 (Sat)
Time: 5pm to 9pm
Venue: SqWhere Show Gallery, Off Jalan Sungai Buloh, Selangor
Contact: (03) 6158 0880 or (016) 849 2650
Selangor Dredging Bhd (SDB) will

be hosting a Halloween party at its SqWhere Sales Gallery which will be transformed into a fun yet spooky place with the highlight being a giant Jack-o-Lantern. There will be exciting activities to participate in like the Zombie Parade, Haunting Scavenger Hunt and trick or treat game. Prizes are up for grabs for the best dressed while there will be lucky draw prizes amounting to RM30,000. RSVP to the numbers above.

Pesisiran Residences Open House

Date: Oct 29 (Sat)
Time: 10am to 5pm
Venue: Pesisiran Residences Site, Bukit Pelindung, Kuantan
Contact: (011) 3129 1616
TH Properties will be showcasing its 2-storey semi-detached show units known as Pesisiran Residences. A minimum down payment of only RM10,000 is required



upon signing the Sale and Purchase Agreement.

Sushi Making Class at Setia Putrajaya Galleria

Date: Oct 29 (Sat)
Time: 11am to 1pm (Session A) and 3pm to 5pm (Session B)
Venue: Setia Putrajaya Galleria, Precinct 15, Putrajaya
Contact: (03) 8861 6500
Learn how to make your own sushi and stand a chance to win up to 15% rebate for the purchase of Setia Seraya Residences. The admission fee for adults is RM15 per person and RM10 for children. RSVP is needed.

Lego games at Setia EcoHill

Date: Oct 29 and 30 (Sat and Sun)
Time: 10am to 6pm
Venue: Setia EcoHill Welcome Centre, No 2, Jalan Ecohill 1, Setia Ecohill, Semenyih, Selangor
Contact: (03) 8724 2255
Join in the weekend of exciting Lego games, fun builds, contests and other activities. RSVP is needed as space is limited.

Launch of Bennington Residences (Tower A)

Date: Nov 5 (Sat)
Time: 11am to 6pm
Venue: SkyWorld Gallery @ Setapak, Kuala Lumpur
Contact: (03) 4031 2999
Bennington Residences is the second phase of SkyArena by Sky World Development Sdn Bhd. Tower A of Bennington Residences comprises 296 units with built-ups ranging from 1,092 sq ft to 1,761 sq ft and is priced from RM600 psf onwards.



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TYPE 7C
 LAND AREA 22' X 80' BUILT-UP 2,688 SF



TYPE 7D
 LAND AREA 24' X 80' BUILT-UP 2,910 SF

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Developer: Eco Majestic Sdn Bhd(1002247-X). Developer's License: 13544-5/01-2018/14(L). Validity Period: 08/01/2016-07/01/2018. Advertising & Sales Permit: 13544-5/01-2018/14(P). Validity Period: 08/01/2016-07/01/2018. Land Tenure: Freehold. Approving Local Authority: Majlis Perbandaran Kajang. Expected Date of Completion: January 2019. Land Encumbrances: Hong Leong Investment Bank Berhad. Restriction in Interest: NIL. Type of property: Terrace House. Total Units: 658 units. Building Plan Ref No.: Size: 20'x 70', Bil (13) dlm. MPKJ 2/P/43/2015, RM866,800 (min) - RM1,213,300 (max). Size: 22'x 70', Bil (13) dlm. MPKJ 2/P/43/2015, RM954,800 (min) - RM1,305,700 (max). Size: 22'x 80', Bil (13) dlm. MPKJ 2/P/42/2015, RM998,800 (min) - RM1,357,400 (max). Size: 24'x 80', Bil (13) dlm. MPKJ 2/P/42/2015, RM1,075,800 (min) - RM1,458,600 (max). Bumiputera Discount: 7%.

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EcoWorld and GuocoLand join forces for Eco World International's IPO

BY LUM KA KAY

KUALA LUMPUR: Eco World Development Group Bhd (EW Bhd) has entered into a strategic partnership with GuocoLand Ltd, a member of Hong Leong Group, for Eco World International Bhd's (EWI) upcoming initial public offering (IPO) on Bursa Malaysia Securities Bhd.

Under the strategic partnership, GuocoLand will subscribe a 27% stake in EWI's proposed listing by the first quarter of 2017. This is equivalent to the stake which will be owned by EW Bhd at the point of listing of EWI.

The aim is to raise more than RM2 billion to fund the development of four EWI projects in total, three in London, UK and one in Sydney, Australia, with an estimated total gross development value (GDV) of £2.4 billion (RM12.2 billion).

"On our own, we will never grow big in London and that's why we need GuocoLand. Property development is a financial game after all where we need financial strength and GuocoLand is the perfect partner," said chairman of EW Bhd and executive vice-chairman of EWI Tan Sri Liew Kee Sin at a press confer-



HARIS HASSAN / TheEdgeProperty.com

(From left) EcoWorld president and CEO Datuk Chang Khim Wah, Liew and Choong at the signing ceremony for Eco World International's IPO.

ence after the signing of the shareholders' agreement yesterday.

He added that, going forward, GuocoLand will be a "full-fledged partner instead of just a strategic investor".

"We have synergies where we combine our expertise and GuocoLand's financial strength. I believe very much in co-branding and not one-man shows.

"Based on our customer base for the London and Australian projects,

only 2% are Singaporean buyers so we hope the partnership with GuocoLand can bring in more Singaporeans.

"GuocoLand also has projects in Shanghai, China so we can also tap into the Chinese market via them," he added.

GuocoLand group president and chief executive officer Raymond Choong concurred. "It's about us tapping into each other's market to have a larger market share," he said.

"Hopefully this [partnership] will give us an advantage over other developers. We are still very Singapore-centric but the Singapore market is extremely challenging.

"So the aim for us is to diversify our earnings to have at least 50% of it coming in from outside Singapore," he said, adding that currently 50% to 60% of GuocoLand's revenue comes from Singapore while China contributes about 30% to 40%.

According to Choong, GuocoLand has been on the lookout for investment opportunities in other markets beyond the four — Singapore, China, Malaysia and Vietnam — that it is currently operating in.

"The UK and Australia markets offer scalability and we believe that with the right products and locations, they offer reasonable returns. Both London and Sydney are dynamic and vibrant global gateway cities with reasonable returns, high level of governance and strong rule of law.

"We believe that the combined strengths of GuocoLand and EW Bhd will provide us with a stronger platform to compete better and more successfully in these two markets," he said.

Meanwhile, under the Shareholders Agreement, both parties have agreed that EWI will continue to focus on property development beyond Malaysia while EW Bhd will focus on Malaysia.

"This clear delineation of geographical areas of operations will mitigate any potential conflict of interest situations which may arise between EWI and EW Bhd," said president and CEO of EWI Datuk Teow Leong Seng.

E&O set to launch Amaris Terraces By-The-Sea at Seri Tanjung Pinang

BY NATALIE KHOO

PENANG: Eastern and Oriental Bhd (E&O) is set to launch its latest project Amaris Terraces By-The-Sea at its Seri Tanjung Pinang development in Penang this November, pending the completion of the project's show unit.

"We are calling this project Amaris Terraces By-The-Sea because some of the units are literally by the sea. There are a total of 29 units which comprise 23 intermediate units while the remaining ones are corner units," E&O head of marketing and sales (Penang) Christina Lau told TheEdgeProperty.com.

Lau noted the group is still working out the details on the pricing and will be sharing it with the public closer to the launch date.

The built-up for a typical intermediate unit is 5,262 sq ft while the corner units start from 6,056 sq ft.



An artist's impressions of Amaris Terraces By-The-Sea.



"These terraced homes come with a built-up of a detached home. They also have a courtyard and a lift," Lau said.

According to Lau, the development, which is scheduled to be completed by 4Q2017, is sitting on a 2.15-acre freehold site and has a total gross development value of RM122 million.

"We will be targeting repeat buyers from our past projects and those with extended families who wish to upgrade their residential units. We have many repeat buyers here whereby they start off by buying terraced homes, then they upgrade to the semi-dees and subsequently the bungalows. Some of them have even proceeded to buy the strata-titled properties here after that. We have quite a pool of followers," Lau said.

Lau added that this project is also suitable for multi-generational living since it comes with a lift.

"There are no rooms downstairs. The master bedroom is located on the top floor. In front of the master bedroom there is another room, whereby you can convert the whole area into a study perhaps, and you will have the whole upstairs to yourself," Lau said, adding that there are three bedrooms on the floor just below the top floor.

"Meanwhile, when you enter the house, you will first enter into the kitchen on the left. Further to your left, you have the maid's room and the laundry area. There is a side door for the maid to go out to hang the laundry. There is a concrete wall at the porch where residents can plant creepers to beautify and make the area look green. Then, at the back of the kitchen is where the living room and dining area are," she noted.

Lau further explained that Amaris is well connected with plenty of amenities nearby.

"It is only a walking distance to the Straits Quay retail marina, the four-acre Straits Green public park and the Tesco hypermarket. Straits Quay is the very first seafront retail marina spanning about 200,000 sq ft of retail space where residents will be able to enhance the experience of living by the sea with its array of dining and retail outlets. Additionally, the public park launched in 2013 is equipped with water features, running tracks and a playground, complete with a composting site where communities and residents can learn how to compost and grow healthy food," Lau said.

Parents with children will also be pleased to know that there are a few reputable international schools within a few kilometres from Amaris such as Dalat International School, Tenby International School and Uplands School as well as established public schools such as the Penang Chinese Girls High School and Phor Tay High School.

On the current slowdown in the property market, Lau believes buyers are very discerning and are looking for properties with strong differentiation and a good location.

"They will take their time to survey the market for good quality products in this current market. Amaris will be able to attract genuine buyers despite the current market condition as it is backed by the tenets of the right product, is located at a prime location, and has the promise of a brand with a proven track record," Lau concluded.

KENNY YAP / TheEdgeProperty.com



Lau: Some of the units are literally by the sea.



I&P to launch RM381 mil worth of homes before year end

BY RACHEL CHEW

SHAH ALAM: I&P Group Sdn Bhd chief executive officer Datuk Jamaludin Osman aims to launch two more projects worth RM381 million in gross development value (GDV) before the end of this year.

"Given current uncertain market conditions, we are studying the market closely and carefully," he said, adding that at least one launch will be taking place before 2016 ends.

"We are planning to have more launches next year, especially new

products within our existing townships such as Alam Impian and Bandar Kinrara," Jamaludin told TheEdgeProperty.com.

One of the projects targeted for launch soon comprises terraced houses in Alam Impian, Shah Alam.

"We are aiming to launch a new housing type in the Alam Impian township. The 127 double-storey terraced houses have a total GDV of RM89 million. It has smaller built-up sizes of 22ft by 75ft, so the selling price will be slightly cheaper at between RM600,000 and RM700,000. Previously, we offered bigger built-ups with selling prices at between RM800,000 and RM900,000," he said.

Jamaludin: I&P Group is also looking to launch a new serviced apartment project called 10 Kinrara at its Bandar Kinrara township in Puchong.

We are planning to build more smaller houses for small families. It is a 2-tower mid-range project featuring 380 units and 39 strata shop offices. The project has a GDV of RM292 million.

"We are now open for registration and once we get the approval, we will open one tower for sale first. We hope we will get the approval soon so we can launch this before the end of this year," said Jamaludin.

On the current market slowdown, he believes offering products that the market wants is the key to a developer's sustainability.



01

"As a developer, we see that demand [of housing] has not gone down even when the market is down and financing is difficult. While we [developer] cannot do anything on end-financing, we can provide products that the masses can afford and fulfil their needs.

"Landed homes have always been the hot property type but most buyers cannot afford these. So we are planning to build smaller houses that are just right for small families that need no luxury living space to fulfil their needs and bring down the price," he said.

Moving forward, landed properties will still be the focus of I&P, said Jamaludin.

"We have more than 4,500 acres

of land in the Klang Valley and Johor Bahru. We also have many existing townships that have yet to be fully developed such as Alam Impian that we launched 10 years ago. It is a 1,235-acre township in Shah Alam and thus far only 40% of it has been developed. We can afford to build more landed homes in mature townships in the future. This is our niche at this point in time," he said.

Besides Bandar Kinrara and Alam Impian, I&P Group is also the developer of Temasya Glenmarie, Alam Damai, Bandar Baru Seri Petaling, Alam Sari, Bukit Damansara in Klang Valley, as well as Taman Perling, Taman Pelangi Indah and Taman Rinting in Johor Bahru.



02

01. 127 double-storey terraced houses will be launched in Alam Impian before 2016.

02. Artist's impression of the sky lounge of 10 Kinrara.

Jamaludin reckoned I&P Group has enough landbank that could keep the group busy for a "very long time". However, it remains open to any potential land acquisition opportunities.

"We will not push away a good deal if it comes to our doorstep, but we are not actively looking for it. We will remain focused on Klang Valley and Johor Bahru," he said.

I&P Group recently bought 327.55ha of land in Semenyih for RM428.8 million from Sime Darby Bhd.

"Yes, the initial plan for this piece of land is to develop another township. However, nothing is concrete yet so I don't want to share too much about the plan," Jamaludin said.

The 5th LafargeHolcim Awards opens for entries

BY TAN AI LENG

PETALING JAYA: The 5th International LafargeHolcim Awards competition for projects and design concepts that focus on smart solutions for cities and the built environment is now open for entries from architects, urban design planners and engineers.

Organised by the LafargeHolcim Foundation for Sustainable Construction, the Awards offers US\$2 million (RM8.35 million) in cash prizes.

Projects and concepts from the fields of architecture, landscape architecture, urban design, planning, technology, and civil and materials engineering are eligible for entry. Online submissions close on March 21, 2017.

Lafarge Malaysia Bhd president and CEO Thierry Legrand said the Awards is the most significant worldwide competition in sustainable design as it recognises innovative projects and future-oriented concepts on the regional and global levels.

He noted that the competition seeks projects that go beyond balancing environmental performance, social responsibility and economic growth.

"Projects should, in addition, exemplify architectural excellence, a high degree of transferability, and thereby extend notions



LafargeHolcim Awards

of sustainable construction and design throughout all stages of a project's lifecycle.

"We proudly support the Awards, and look forward to receiving winning entries from Malaysia," Legrand added.

In 2012, Malaysian architect Datuk Ken Yeang's ecologically-designed retail and commercial building in Putrajaya won the bronze award in the Asia-Pacific region, and was one of 15 finalists to compete for the Global Holcim Awards.

The LafargeHolcim Awards offers two categories — the main category and the Next Generation category.

The first category is open to architects, planners, engineers, students of related disciplines, project owners, builders and construction firms that showcase sustainable responses to technological, environmental, socio-economic and cultural

issues within contemporary building and construction.

Projects must have reached an advanced stage of design, have a high probability of execution, and may not have started construction before July 4, 2016.

For the Next Generation category, the organiser is looking for "blue-sky" solutions by students and young professionals aged below 30 years old.

Participants are encouraged to submit their visionary concepts and bold ideas, irrespective of the probability of actual implementation.

LAFARGEHOLCIM AWARDS



LeGrand: The Awards recognises innovative projects and future-oriented concepts on the regional and global levels.

Projects are evaluated according to the region which they are to be built, and are measured against five target issues for sustainable construction, namely progression (innovation and transferability), people (ethical standards and social inclusion), planet (resource and environmental performance), prosperity (economic viability and compatibility) as well as place (contextual and aesthetic impact).

Held every three years, the competition is divided into five geographic regions — each with its own jury of renowned specialists from science, business and society.

The juries are headed by Harry Gugger from Swiss Federal Institute of Technology (EPFL Lausanne), Switzerland (for Europe); Ray Cole from The University of British Columbia, Vancouver, Canada (for North America); Angelo Bucci from Universidad de São Paulo, Brazil (for Latin America); Nagwa Sherif from American University in Cairo, Egypt (for Middle East, Africa); and Donald Bates from University of Melbourne, Australia (for Asia Pacific).

The regional winners will be announced at a series of five consecutive Awards ceremonies in the second half of 2017.

The 15 projects that receive Gold, Silver or Bronze in the regional level will automatically qualify for the Global Awards, which will be presented in mid-2018.

IT'S ALL IN THE PLANNING

Gamuda Land's development philosophy is to start with a strong master plan. This is reflected in the many award-winning townships that the developer has built in Malaysia and overseas.



A sustainable township is one that emphasises a comfortable living environment that endures into the future. It is one that aims to fulfil the desires of the people for a place they can call home. Planning a sustainable township therefore requires an insight into the needs of the people or its future residents, and this takes a special developer – one who can commit its expertise and efforts into carving out a true master-planned development from barren lands.

The importance of good master planning in townships are often overlooked and consequently affects the residents' quality of life. A comprehensive master plan is essential to provide a long-range vision for the built environment of a community. It involves vital issues like laying out the streets, the intersections, the bike lanes and sidewalks; providing good accessibility to the area while allocating a hierarchy of community spaces and amenities such as landscaping as well as parks and recreational centres in suitable locations for easy reach by the residents. Amenities such as lifestyle and retail centres, schools and medical centres are also included in the master plan.

Strong master planning is also about having the foresight to create flourishing townships from an undeveloped area. Such foresight involves the various processes of anticipating development needs, balancing competing community building goals, and coordinating local and nation-scale interests on a sustainable basis thus building up and growing the area.

Apart from providing adequate infrastructure to support the daily and commercial needs of the community, strong master planning also ensures the sustainability of the quality of life of the township's residents. The strategy of mixing commercial, recreational, educational, healthcare and public amenities in urban neighbourhoods has proven successful towards the sustainability of a township.

A strategic location with superior road accessibility plays an important role in every successful, self-sustaining township. The socio-economic development and subsequent economic growth of any community is strongly linked to its transport infrastructure. Careful planning is involved in the design stages to choose the best layout for the township's streets, walkways and road interchanges that enable easy entry and exit. The efficient and sustainable use of resources in a settlement can also be achieved by spatial and strong master planning.

Enhancing quality of life through master-planning

For the past 20 years, Gamuda Land, the property development arm of construction giant Gamuda Bhd has maintained its philosophy of practising comprehensive master-planning



Village Square at Valencia, Sungai Buloh.



Homes overlooking the golf course at Horizon Hills, Iskandar Puteri.

across all its developments. It has built a track record in delivering innovative developments and creating holistic, sustainable communities since 1995. This comes as a natural progression as Gamuda Bhd which emerged Builder of the Year at the Malaysian Construction Industry Excellence Awards 2016 had long emphasised on product differentiation and excellence, value-creation as well as sustainability which includes talent development — all attributes which are similarly reflected in the way Gamuda Land works.

Creating a master plan may only be the beginning of a township's creation but for Gamuda Land, it is one of the most crucial aspects in the development process. This is because a good master plan requires the developer to draw up a plan that anticipates and accommodates potential development issues that may arise in the future phases of the township's growth. Hence a logical phased growth plan needs to be outlined, in order to develop the site to its fullest potential.

With a well-established reputation for strategic foresight, innovative design and value creation in developing a portfolio of projects (completed, under construction and future projects) worth about RM73 billion, Gamuda Land has the resources and experience to develop large scale townships not only throughout Malaysia but globally.

According to Gamuda Land Managing Director, Chow Chee Wah, "Smart development takes forward planning and a vision. Comprehensive master planning lays the foundation for any development to move forward in building a complete and sustainable community where the right mix of components are placed at the right places — residential, commercial, retail, recreational and entertainment as well as schools and other public amenities. In building sustainable developments with emphasis on strategic locations, fortified with comprehensive master-planning and beautifully crafted environments, we are able to ensure that our properties continue to grow in value time after time especially in terms of investment growth."

Initially focusing its interests in Klang Valley and its outskirts, Gamuda Land has successfully expanded its investments into Singapore, Vietnam and Australia, with a portfolio comprising over 13,000 residential units and a growing list of retail and commercial property projects.



Above: Aerial view of Kota Kemuning, Shah Alam.



Canals of Kota Kemuning.

Premier planning outcomes

Kota Kemuning, Shah Alam

Gamuda Land's emphasis on holistic master-planning has resulted in a number of award-winning projects including Kota Kemuning in Shah Alam, Selangor. The 1,800 acre mature township used to be a palm oil estate when it was first acquired by the developer in 1995.

When first unveiled in its early years, Kota Kemuning was considered to be in a place in the middle of nowhere. However, the area was greatly transformed

with the construction of the Shah Alam Expressway (Kesas) by Gamuda in 1996 and the highway has since become one of Klang Valley's major highways.

Kota Kemuning is now considered to be strategically located due to its highway accessibility. It has since become a self-sustaining township which is supported by a network of highways and roads, commercial and business precincts with over 1,000 stores, a wide variety of public amenities, community spaces and facilities that ensure that

CONTINUES NEXT PAGE

Ambang Botanic in Bandar Botanic, Klang.





Clubhouse at Botanic Resort Club in Bandar Botanic, Klang.



Kota Permai Golf Course.

FROM PREVIOUS PAGE

all the lifestyle needs of its residents are taken care of. Commercial precincts are strategically placed near different residential enclaves to conveniently serve the needs of the residents.

The houses and amenities in the township are set within a well landscaped environment filled with lush greenery. Walkways and open spaces are weaved into the neighbourhood's residential clusters. The township's central lake and parks have become meeting points for residents and brought them out of their homes to enjoy the great outdoors. Another central point of the booming township is the Kota Permai Golf & Country Club that provides residents with a full service club house. Gamuda Land also built Gamuda Walk, the first neighbourhood lifestyle mall in the township to serve the needs of the residents. All these make for a comfortable living environment which are not found in normal township developments.

Innovative solutions have also been applied to deliver beautiful yet useful outdoor features. For instance, Gamuda Land built canals that became recreational features instead of the usual concrete drains. Their designs not only provide aesthetic values but represent a unique blend of form and function. The Kota Kemuning Wetland Park has successfully incorporated form and function by creating a value-enhancing wetlands area that manages the storm water for flood mitigation and at the same time, plays host to a great diversity of flora and fauna in and around it.

Kota Kemuning had received the Best Property Development title at The Edge Malaysia Property Excellence Awards 2015 as well as The Edge Malaysia-PEPS Value Creation Excellence Award in 2012 and 2013. These awards are testament to what Gamuda Land stands for when it comes to township development namely strategic location underpinned by comprehensive master-planning and beautifully crafted environment which accumulatively translates into value creation.

Bandar Botanic, Klang

Meanwhile, Gamuda Land's Bandar Botanic in Klang is based on a parkland-waterfront concept. It spans over 1,247 acres of freehold land with a total gross development value (GDV) of RM5 billion. The low-density development which began in year 2001

stayed true to Gamuda's practice of incorporating maximum green spaces. It also won multiple awards. The bungalows, semi-detached houses, linked houses, and shop offices are set within more than 100 acres of generous green lungs including parks, lakes and open spaces.

The generous botanical parkland area, Botanic West, was carefully designed to create a distinct green identity and its Central Lake and parks have become the community's main recreational hubs. Meanwhile, the waterfront-parkland of Botanic East offers resort-style ambience with its thematic parks and gardens.

Bandar Botanic had also achieved the remarkable feat of winning The Edge Malaysia-PEPS Value Creation Excellence Award for three consecutive years from 2013 to 2015. This achievement is attributed to a combination of factors including its strategic location South of Klang with direct access from KESAS Highway, its award winning landscaping and its detailed master planning, which had previously won the developer an award from the International Real Estate Federation (Fiaeci). All these attributes have attracted the attention of homebuyers to Bandar Botanic thus raising demand and sustaining the capital growth of the properties in the township.

Horizon Hills, Iskandar Puteri

Down south in Johor, Horizon Hills, with a GDV of over RM7 billion, is another low-density integrated master-planned residential township. Located in Iskandar Puteri, it spans across 1,200 acres of land. At Horizon Hills, Gamuda Land has maintained the natural undulating terrain of the land and transformed the lowlands into a golf course of international standards and a full facility club house. Only 30% of the terrain was reshaped while the rest was retained in their natural form. The award-winning international championship 18-hole golf course was designed by Ross Watson.

"Building houses that cling tenaciously to the sides of a hill are more difficult and more expensive than building on a flat ground. Often, developers will take short cuts which damage the natural terrain. We strive to keep the allure of the hillside through dramatic vistas and rugged landscaping. This preserves its natural beauty while enhancing the project's marketability," said Chow.

Also included in the master plan design are securi-

Signature homes at Gamuda Gardens with striking façade.





Sunset at Horizon Hills, Iskandar Puteri.



Yen So Park, Gamuda City, Hanoi.

ty or crime prevention features such as in the form of cul-de-sacs and roads that ensure only one entry and exit point to the residential areas. The placement of perimeter fencing and guardhouses are also detailed in the master plan.

Overseas, strong master planning and sustainable development have also been applied in the creation of Gamuda City, Hanoi. The beautiful Yen So Park in Gamuda City, a world class recreational park is one of the most beautiful developments in North Vietnam. Its inspiration is derived from the diverse historical elements of culturally-rich Hanoi. Gamuda Land has used its experience and expertise in infrastructure construction to transform the old run-down park into a well-maintained, lush landscape with recreational facilities, commercial and residential zones, hotels and office towers. The design dramatically transformed the surrounding environment by retaining the existing natural attributes such as the five lakes, lake sizes and trans-

planting the 2,000 existing mature trees on site. Gamuda City also features two other integrated townships and two vibrant commercial centres.

Moving forward, Gamuda Land stands firm in its belief to create value for residents and investors alike despite the current slowdown in the economy. It stands ready to raise the bar at every opportunity. Its strategy of combining good master-planning with well-crafted environment ensures the creation of sustainable value for its customers, in the form of enhanced quality of life and investment growth.

This will continue to be Gamuda Land's core strength as a developer of outstanding townships that provide long term value appreciation.

Upcoming townships

Gamuda Land will truly distinguish itself through the upcoming launch of an over 900-acre development in North Kuala Lumpur with GDV of RM11 billion. Perfectly located at the intersection of three major

highways — Guthrie Corridor Expressway, LATAR Expressway and North-South Expressway — the development comprises Gamuda Gardens, an 810-acre mixed-use development that ingeniously combines modern lifestyle with nature-rich living and Kundang Estates, an 89-acre boutique residential development that offers modern countryside living. Gamuda Gardens will be launched in the first quarter of 2017 whilst Kundang Estates will be officially launched in November 2016.

Also in the works is twentyfive.7 in South Kemuning, a modern lifestyle development with a vibrant waterfront retail and commercial hub as well as residences with new-to-market designs.

Gamuda Land's strength in master-planning will again be reflected in each of these new developments bringing to fruition, the developer's vision to inspire change in the way people live by providing conducive living environments that are sustainable over time.



COVER STORY THEEDGEPROPERTY.COM ROUNDTABLE ON BUDGET 2017

PATRICK GOH | TheEdgeProperty.com



Check out the Roundtable video snippets at www.theedgeproperty.com

“Will property prices come down?” This is not a new question especially in a time when the property market is soft.

Before one answers that question, panelists at TheEdgeProperty.com's Roundtable on Budget 2017 held on Oct 24 pointed out that industry stakeholders should first ask and find out whether there is any possibility that property prices could go any lower.

The panellists that took time off to take part in a lively discussion following the tabling of Budget 2017 by Prime Minister Datuk Seri Najib Razak on Oct 21 were: Real Estate and Housing Developers' Association Malaysia (Rehda) deputy president Datuk Soam Heng Choon, Rehda deputy secretary general Tan Ching Meng, Rehda Selangor chairman Zulkifly Garib, Rehda Johor chairman Datuk Steve Chong, Rehda Kedah/Perlis chairman Datuk Rick Cheng and Master Builders Association of Malaysia (MBAM) president Foo Chek Lee. The roundtable was moderated by TheEdgeProperty.com managing director and editor-in-chief Au Foong Yee.

Overall, the panellists agreed that it is possible to bring down property prices but developers would not be able to do it on their own. All stakeholders — including the federal government and state governments — have a role to play.

The industry players also stressed that property prices hinge on numerous costs, the major ones being land, construction, compliance and labour.

“If you look at the historical data that we have compiled in Kedah, the compliance cost has been increasing every year since 2008, on existing items as well as fees imposed on new items. So it is impossible to see property prices dropping in the near future,” said Cheng.

He said the compliance cost took up only 5% of construction cost in 2008 for a single storey terraced house in Kedah. But this has increased to 13% this year. For each of these

terraced houses, the compliance cost comes up to about RM20,000. On top of a hike on construction cost, this is 546% higher than in 2008, he cited.

“In urban areas like the Klang Valley, the percentage of compliance cost in a property development can reach 20% to 25%,” said Tan.

Meanwhile, Soam said the government has been made aware about the rising compliance cost. “We are trying to ask the federal government to address this issue and for the National Land Council and National Housing Council to standardise the cost in each state.”

On the cost of labour, MBAM's Foo said it is “impossible” to keep the cost low because Malaysia's construction industry needs foreign labour. We cannot deny that the construction industry needs foreign workers because our youths do not want to do the job, he added.

He also said that the Goods and Services Tax on building materials is another burden to developers and contractors, and they have no choice but to transfer the cost to the end-buyers.

There are other factors that add up to the total construction cost as well such as the lengthy process for development approvals which could take years while requirements imposed on developers, including the requirement to build low-cost housing, also affects the prices of other property types.

“There are already a lot of conditions being imposed [on developers]. For developers, the average net sellable area of their projects is now about 15% to 20% lower than 15 years ago. At that time, we could build 12 to 13 units of terraced houses per acre, but now the number is smaller, so our net sellable area has been reduced,” Soam said.

He also stressed that developers are not making “obscene profits” as they are often perceived.

“If you look at some of the listed property development companies, you can check their profit margins and compare that with companies in other industries. Are we really making obscene profits? I don't think so,” Soam commented.

Property prices can come down if ...

BY RACHEL CHEW, LUM KA KAY + SHAWN NG

(From left) Tan, Foo, Soam, Au, Zulkifly, Chong and Cheng in the roundtable discussion.

Agreeing with Soam, Zulkifly said the focus has long been on the developers and the government when it comes to property prices. “It is possible to bring prices down if everybody plays his or her part,” he said.

Overall, it does not seem likely that property prices will come down anytime soon but considering the current state of the market, some developers may be feeling the pinch and decide to reduce the prices of their properties.

Indeed, there could be good buying opportunities for homebuyers shopping around during this time, said Rehda Johor's Chong, who believes some developers may lower their property prices to ease their cash flow problems.

“It's important to remain positive and send positive vibes to the market. Housing property prices will not come down [for the time being] but there are many choices in the market. It is now a buyer's market and if you see any cheap property, just grab it,” Chong added.

The roundtable also discussed the measures announced by the government in Budget 2017 and the use of Industrialised Building System to bring down the cost of property.



BLOOMBERG

On Budget 2017

What does it do for the property development sector?

Rehda deputy president Datuk Soam Heng Choon: I think most property developers in town are saying that Budget 2017 does not benefit them as it focuses on home ownership among the lower income group.

One of the main arguments today is that people want to buy property, but they can't get the margin of financing. One of the areas the [government] is looking at is how to leverage EPF (Employees Provident Fund) savings to increase the quantum of the loan amount they can get. By using and leveraging the deposit in the EPF, the quantum of the loan amount could increase, and this will help to increase home ownership.

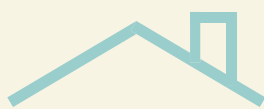
For PR1MA (Perumahan Rakyat 1Malaysia) projects below RM300,000, the government announced the step-up end-financing scheme to help increase home ownership. Rehda hopes that this end-financing could be extended to private projects. In a nutshell, Budget 2017 is mainly for the low-income group to own houses.

Rehda Kedah/Perlis chairman Datuk Rick Cheng: For the smaller states, property prices are lower than Tier 1 cities. With a RM300,000 budget you will have many choices, such as single storey semi-detached houses.

It was announced that property purchases of RM300,000 and below will get zero stamp duty. This is good news to a lot of our buyers. They probably could save about RM5,000 in stamp duty. However, this policy will only take effect on Jan 1, 2017. So I am worried that purchasers will wait out these two months and only make their purchases next year. I think it should take immediate effect so that we can push sales within these two months.

I also foresee some agents telling their buyers to buy now and stamp it in January. I think the move will sufficiently stimulate the property market in smaller towns or Tier 2 cities.

Rehda Johor chairman Datuk Steve Chong: Generally, we are supportive of the government's



We must not build housing in locations that are not favoured by the people. We shouldn't create supply in areas that have no demand. — Soam

efforts to help the lower-income group to own their own homes. However, if the government could consider lowering the percentage of affordable housing in a project, say from 40% to 20%, it will be good news to us.

Johor has many affordable housing projects with low occupancy rates. It is not because people do not want to take them up but some are not located in areas convenient to them.

Some people work in town A but they get the affordable houses in town B. We do not need that many affordable housing in areas where they are not in demand.

Rehda Selangor chairman Zulkifly Garib: Generally, it is a budget with good initiatives. However, the government should study how many affordable houses [in Selangor] have not been taken up before launching more.

To carry out affordable housing schemes effectively, number one, we should plan supply well. Number two, you must have a guideline on how to carry out the scheme; and number three, are these buyers qualified? I believe we are not short of buyers for affordable housing, but if those who actually buy are not the qualified ones, the schemes do not really help those who are in need.

The intention of affordable housing schemes is good, but how to implement them is the key if we want to benefit the people.

Rehda deputy secretary general Tan Ching Meng: Kuala Lumpur is a unique place — it is a high migration area and land is always in short supply. Sourcing land is very difficult for PR1MA so whatever incentives given to building PR1MA homes should be given to private developers as well.

This is also because the middle class in the city are very stressed. They are already trending down to the B40 group (bottom 40% of households with monthly income of RM3,900 and below) and we are talking about helping the B40 to get a house.

In Kuala Lumpur, the government is pumping money to build the infrastructure to develop the city into a world class city. If you want a city to grow, you should also grow talent and develop a strong middle class. The middle class in the urban area should be helped.

This is why I think the stamp duty exemption for property purchases should be extended from RM300,000 to half a million ringgit. Nothing is "one size fits all"; there must be some exemption made for buyers in Greater KL and other big cities.

Cheng: For smaller cities such as Kedah and Perlis, RM300,000 is enough but it may not be enough for big cities like Kuala Lumpur, Johor and Penang. Maybe the government should consider having two tiers of zero stamp duty. For smaller cities, it remains applicable up to RM300,000, but for bigger cities, it can be raised to half a million.

For smaller states, we don't have affordability issues because our houses are affordable. With RM160,000, we can get a house. Certain PR1MA houses in Kedah sell better than normal houses although they are priced higher.

Soam: If you look at the average property price in Malaysia, it does not touch half a million ringgit. However, when we talk about property prices, most of the time we are referring to Klang Valley property prices and tend to forget about the smaller towns.

Yes, property prices are not that high in these smaller towns, but in the Klang Valley, they are. I agree with the two-tier stamp duty suggestion because it could help the people no matter which state they are in.

We must also not build housing in locations that are not favoured by the people. We shouldn't create supply in areas that have no demand. However, in Malaysia, we are facing this problem.

We only have the supply figures; no one cares about demand. We do have the figures on how many houses the nation needs, but it does not go into detail like how many houses and at what pricing each area needs.

We should be clear about what the demand is now and in the future. If every developer jumps in to build houses at RM500,000, what will happen in the future? In five years, it will become a problem when we find that we are in short supply of other housing types.

We also agree to involve more GLCs (government-linked companies) in building affordable housing as GLCs have the landbank and leverage, so they have more flexibility compared with private sector developers. Again, the location of these affordable housing projects should be where the demand is. We do not need more affordable housing with low occupancy rates, affordable housing that ends up being put up for auction and sold to anyone.

Zulkifly: Yes, we should go into the details. In Kuala Lumpur and Selangor, RM200,000 is considered affordable, but in smaller towns, RM200,000 could buy you a nice link house and it may not be considered affordable to the locals.

Chong: I agree with the government's move to get more GLCs to contribute to the affordable housing development but I think the government should open up its landbank for the private sector to build affordable housing as well.

Master Builders Association Malaysia president Foo Chek Lee: Prices of building materials must be stable because it will directly impact the construction cost and eventually affect property prices. Of course, labour cost is another key factor that affects property prices.

On building materials, cement and steel prices are reasonably stable now compared with four to five years ago. Another reason for the relatively stable building materials cost is that many big civil engineering jobs do not compete to use certain materials and building methods as many of them are shifting to the Industrialised Building System (IBS).

The government should encourage the use of the modular type of IBS. This can involve SMEs (small and medium enterprises) producing the components to speed up construction. We urge the government to review the tax imposed on IBS equipment. We do not see many incentives in Budget 2017 for contractors and developers that use IBS. We should encourage the industry more to move towards the use of IBS.

Soam: We have discussed in Rehda internally a proposal that by 2018, industry players in the Klang Valley, Penang and Johor will be required to use IBS in at least 50% of their development projects.

This will put everyone on a more level playing field and raise demand for IBS building components. Higher demand will encourage more suppliers and, eventually, prices for IBS components will come down due to the economies of scale.

I agree with Mr Foo that everyone should go for the modular type of IBS because it has less wastage. Modular is just like Lego bricks, where building blocks will be produced according to the requirement. For example, you don't have to cut tiles at the corners anymore because accurate-sized tiles can be produced under the IBS modular system. Right now, about 25% to 30% of the projects in the country are being built using



ABDUL GHANI AHMAD | TheEdgeProperty.com



"The government should encourage the use of the modular type of IBS"
— Foo

On IBS as the way to reduce cost

Only if there are economies of scale

IBS and these are mainly high-rises.

By using IBS, we can save cost through faster delivery, less labour and less wastage. We also need to change the mindset of buyers. In Malaysia, buyers are still not confident with houses built using IBS. For instance, in Australia, it is common to build homes using particle boards but in Malaysia, we will knock on the wall and if we

hear a hollow sound we think it is of bad quality.

Local authorities need to change their mindsets too. They should be flexible with the materials used in construction as long as they serve the same purpose.

All stakeholders in the industry and buyers must change their mindsets towards IBS as well, only then can IBS work in our country.

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On the cost of construction

Labour remains a major issue

Foo: One major issue is labour. Malaysia's jobless rate is around 3.4%. We have a population of 37.1 million. So slightly more than one million people are jobless. If we do not count the elderly, children and ladies, there are not even a million people left and if all of them work for the industry, it still won't be enough.

So, we cannot deny that the construction industry needs foreign workers. To bring in legal workers will easily take six months. Their contracts only last about 1½ to 2 years, so almost 25% to 30% of them will be gone after two years.

The situation has slightly improved in recent times but it is still too time consuming to bring in foreign workers while the cost of hiring them is high, especially if they are skilled workers.

The government has several training centres to train workers for the construction sector. Most of them have the theoretical knowledge but they lack the practical knowledge. Most of them do not even join the industry after they graduate because they find jobs in the construction sector very difficult and tiring.

Soam: The shortage of skilled workers is the biggest challenge we are facing in the construction industry. All this while, people have been asking us why we do not use local people but the fact is, no locals want to do the job. They say this is a "3D" job — Dangerous, Dirty and Difficult.

Skilled workers today make much more than those working in offices but our youths do not want to do such work.

Foo: Another cost issue is related to the implementation of the GST (Goods and Services Tax).

The government should forego the GST on construction materials. Although contractors can claim back the tax, they have to wait and this is a burden to them in terms of cash flow.

Soam: When developers build residential properties, the construction materials used are GST exempted, so that means we cannot claim back the input tax of the materials. As a result, we have to absorb the cost. For properties that have a fixed price, such as low- to medium-cost houses, it is going to be worse as the amount is going to be subsidised by buyers of other categories of properties.

Foo: Our tax structure is the highest among South-east Asian countries, so I think the government should reduce the GST on construction materials and heavy machinery so that we can bring in better machinery which offer greater productivity and efficiency.

Tan: Implementing a few big projects all at one time is not good for controlling prices of building materials. For example, prices went up significantly when the Mass Rapid Transit 1 (MRT 1) construction work started. The MRT 2 construction work will be starting soon, so we must watch prices carefully, especially so in Kuala Lumpur where the industry is very sensitive to cost.

Local authorities could help keep building costs low by being more relaxed about construction work hours and by providing more dump sites. Of course we appreciate the authorities wanting to keep the city clean and neat but when they get carried away with their mission, it becomes a great burden to contractors.



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On bringing down property prices

'Every stakeholder has to play his or her part, not just developers'



Chong: We really need help from the government to reduce cost and prices. The government should be clear about the purpose of doing certain things, like, asking us to build more low-cost houses in Johor Bahru, but these houses were not welcomed by the locals. Hence, the government should review the measure and reduce the number of units to be built.

Soam: We hope state governments would be more caring and try to solve the problem of people who do not want to live in low-cost units especially the small-sized ones. In Negeri Sembilan, the state government asked developers to build affordable units with built-ups of 800 sq ft as they realised that the small 650 sq ft units were not welcomed by the public. So it makes more sense to both the government and the buyers to have bigger units.

Tan: If the government manages to help the lower income group get rid of poverty and live in better houses, these people will be more optimistic about their future in the long run.

Soam: We are also asking the government not to impose anymore new development conditions on developers given the current challenging environment. There are already a lot of conditions being imposed. For developers, the average net sellable area of their projects is now about 15% to 20% lower than 15 years ago. At that time, we could build 12 to 13 units of terraced houses per acre, but now the number is smaller, so our net sellable area has been reduced. Land input cost has increased.

Furthermore, compliance cost has risen as well, which adds to the cost of doing business. Compliance cost includes contribution to the infrastructure construction fund, road works fund and other tax contribution. In my opinion, the most important thing is to keep the cost of doing business low, given such challenging times.

Cheng: In Kedah, to build a single storey terraced house, the percentage of compliance cost used to account for only 5% of construction cost in 2008. But this has increased to 13% this year. For these terraced houses, the compliance cost per unit is about RM20,000 today. On top of a hike in construction cost, this is about 546% higher than in 2008.

Tan: In urban areas in the Klang Valley, the percentage of compliance cost in a property development can reach 20% to 25%.

Soam: Actually, the government knows about the surge in compliance cost. We are trying to ask the federal government to address this issue and for the National Land Council and National Housing Council to standardise the cost in each state.

Zulkifly: Everyone is saying that house prices are high, but pricing comes from the cost, and the first thing you need to understand, especially the authorities, is about the cost structure and how it

leads to pricing. Normally, half of the selling price of a property goes to construction cost, and we haven't yet factored in the costly compliance cost.

Chong: Everybody thinks that developers are making a lot of money, but they don't know that some of us are not doing well too. Developers are the only ones who have to subsidise the development of low-cost or affordable homes. If all sectors in Malaysia and not just the developers hold hands and contribute towards a fund for the development of affordable housing, I think prices will come down.

Tan: In many cases, the buyers actually make more money than the developer. We will be happy if we can get 10% of the margin but some buyers can easily flip and get a 20% gain.

Soam: Ultimately, as a developer, we are here to make money for ourselves and pay our taxes, so that the government can take our taxes to do social housing. However, if you look at some of the listed property development companies, you can check their profit margins and compare that with companies in other industries. Are we really making obscene profits? I don't think so, we are not making the kind of profits that the banks are making. So the question is, why only single out developers to do all these social work? The banks, for instance, should be responsible as well.

Zulkifly: The government's intention to bring property prices down is good, but the focus has been on the developers only instead of all the stakeholders. If we really want to bring house prices down, every stakeholder has to play his or her part, not just developers.

Cheng: If you look at the historical data that we have, compliance cost has been increasing every year, on existing items as well as fees imposed on new items. So it is impossible to see property prices dropping in the near future.

In a nutshell, we won't be able to bring property prices down because of compliance cost, labour cost and many other reasons, including the efficiency of government departments. For instance, if you want to obtain approvals for a property development, it could take two to three years, and all this waiting time is cost for us.

Tan: The gestation period [to develop a project] is very long. From the time the developer sources for the land until project completion, it will take around eight years, and we just make a 10% profit margin. Don't forget that we are subject to risks and inflation as well.

Zulkifly: Actually, it is possible to bring prices down if everybody plays his or her part.

Soam: According to the Securities Commission Malaysia (SC), in order for a property development company to be publicly listed, one of the conditions is the company must have a 15% profit mar-



It's possible to bring prices down if everybody plays their part.
— Zulkifly



If you look at the historical data that we have, compliance cost has been increasing every year
— Cheng

gin. If you fail to comply with this requirement, the SC will not approve the application as they think this company is not viable. However, it takes at least five years for us to develop one acre of land, and that is considered very fast already, so it is very difficult to get a 15% margin in a short period.

Cheng: There are so many costs involved in property development. For example, we need to fork out RM100,000 to RM200,000 to build electric sub-stations on our land for Tenaga Nasional Bhd in order to get electricity supply for our project.

Actually, when we fund such infrastructure cost, it is subsidised by the purchaser. That is why house prices are increasing.

Over the last 20 years, we have built 100,000 units of low-cost houses in Kedah, but with the cost getting higher, we have to increase the price of other higher-end housing, but then we get blamed by the government for raising house prices. In addition, the price for these low-cost houses has been fixed at RM42,000 to RM45,000 from 15 years ago and it has not been adjusted since then.

Soam: Construction cost was only RM50 to RM60 psf 15 years ago, but today it has gone up 2½ to 3 times to RM150 psf, but we still see prices of low-cost homes being maintained at the RM42,000 level. Land price has also increased 3 to 4 times in the last 15 years.

Chong: I think the authorities should understand all these issues and try to bring the cost down. Look at all stakeholders instead of just focusing on a certain segment, I think this is the most important thing now.

Soam: All stakeholders, from the government to the private sector, should gather to discuss how to reduce cost. However, we also know that the country is facing the challenge of dropping oil prices, so it is probably not the right time for us to ask for this.

The federal government should also be aware that some B40 people are not able to afford any property. What this group of people really need is to rent houses instead.

Cheng: The stamp duty for buying property worth more than RM1 million will increase to 4% from 3% effective Jan 1, 2018. This will push up the cost of doing business also. In 2018, if we buy a commercial property worth RM1 million, it will be subject to 6% GST and 4% stamp duty charge. Let's say we're buying a commercial property of over RM1 million, we have to pay 10% in taxes. The cost of doing business has increased.

Tan: It has been reported that not enough has been done to curb speculation. There's no speculation in the market now. Speculators are all dead. The market is trending down. Who dares to speculate now? I think that the stamp duty shouldn't be raised.

CONTINUES NEXT PAGE



FROM PREVIOUS PAGE

Tan: Right now we have many properties unsold in certain sectors. We should welcome foreigners [to buy them]. We need them and their money to strengthen our currency. Many of them bring in their money and park it here, just like how there are Malaysians who park their money in Australia and elsewhere. This is idle money. So we need that sort of exchange to lift up our ringgit.

Soam: Foreign ownership in Malaysia is very low. No matter how you look at it, it's still low. Even with the Chinese buyers in Johor, their number is still very small despite there being talks about "buy one, free one" to lure them. Compared with the overall number of property transactions in Malaysia, it [sales to foreign buyers] is still very low.

Tan: There are a lot more challenges [for the development industry] in Selangor now. It is also not good for the job market. For instance, there's no need to set a requirement for 30% of SoHo (Small-office Home-office) in a property development. A SoHo is already a free market product but why introduce the 30% requirement?

Soam: To put things into perspective, we're different from Hong Kong and Singapore. In Hong Kong, the construction cost is only 20% to 30% of house prices. The land cost is the big component.

Tan: In a weak global environment, we do not want to kill the goose that lays the golden egg. Can you imagine if we [the property development sector] were to fall apart, some 140 industries related to the sector will be affected?

Soam: That's why I keep saying that 140 industries are affected [by the economic slowdown].

Tan: What we're experiencing isn't close to other countries which are having negative interest rates like certain countries in Europe and Japan. But we must not tighten and kill the goose. In fact, we should help and maintain it during this period.

Soam: No more golden goose! It's more of a survivor duck now. But it's really affecting everybody across the board. Contractors, suppliers, trans-



On ways to lift the market

'No more goose that lays the golden egg'



"In a weak global environment, we do not want to kill the goose that lays the golden egg."
— Tan

porters, everybody's affected. Even restaurants. Construction is closely related to F&B.

Tan: Some of the Budget 2017 measures are not to buff up the government's coffers. We know that their coffers are stretched but then we are not saying that they should permanently relax some of the measures in EPF. And we're not saying [that they should do this] permanently.

Soam: What the government is trying to do now is to reinvent the money in EPF Account 2 but this money will not be spent. Let's say you have this amount of money there, this money will be used to leverage and to increase the quantum of loan you can get. They're using the money for leverage but you cannot take it out for Hajj pilgrimage, medical and education or other ex-

penses. They're reinventing it this way. So the details are going to be discussed by the Finance Ministry.

One funny thing about the industry is that it's always talking about consumer sentiments and all that. Hopefully with this, the Finance Ministry and the banks can spur consumer confidence. Instead of selling our properties three times over to get the people to actually sign on the dotted line and then get their loans rejected, hopefully now we can afford to sell our units two times over as more people can get loans.

Tan: This will spur jobs. We already have retrenchments in the oil and gas, banking and many other industries. So, if we don't stimulate the property [market], you'll have more joblessness. And more hopelessness and less buyers.



On government building homes in urban areas for rent at below market rate to eligible youths

'Enforcement is key'

Soam: The government is going to build 10,000 houses to be rented to youths in Kuala Lumpur — these are transit homes for those working in the city. After five years, they'll have to move out whether they like it or not. And then another group of people will move in. Because if you're a fresh graduate and only earning RM2,500, you can only afford to rent. But again, enforcement is very important.

The Federal Territories Minister had also mentioned that instead of 1-bedroom apartments, they're going to come up with better unit types and the rental will be RM300 to RM500 and these will be rented to young families. And similarly, five years later, you need to move out.

This model could possibly be viable for private developers as well. Instead of just leaving your unsold houses there, why not rent them out and get some revenue to pay for your maintenance cost?

Don't forget that, under the new Strata Titles Act, any unsold unit will still be charged maintenance fees, even for provisional blocks. So, rather than leave the unit empty why not rent it as a transit home?

The government is undertaking the transit homes under the Youth and Sports Ministry and Federal Territories Ministry. Under the National Blue Ocean Strategy, the Ministry is also building a new township called the Youth Township somewhere in Tanjung Malim. They're trying to look at public transportation and all that.

Good idea, but be reminded that enforcement is key. All the initiatives are good. Even now under the CIDB Act 520, contractors must have centralised labour quarters to be rented out. You can build centralised quarters for the workers so that they can take public transport and commute to work every day. We uplift their living standards instead of them living in shabby places as we see now.



Soam: I think it will be quiet for the rest of this year and next year. Because as I said, there's nothing much in this Budget 2017 for private developers. But overall the government's initiative to promote housing for the B40 category is a noble idea.

Foo: Coming up with a policy is one thing, implementation is another thing. Policy and implementation must be aligned.

Chong: Housing property prices will not come down. So, if you see any cheap property, just grab it.

Tan: It's a good time for first-timers to shop around. It's a good time to buy homes. It's going to be quiet and challenging this year and next. Confidence must be restored and people must not always be worried about being laid off. And the housing industry must be stabilised to support the economy — stabilised in terms of not letting non-performing loans rise and big projects go unrealised.

Soam: It's a buyer's market. And you see, even though the housing sector isn't doing so well, it's different for the construction sector because they have infrastructure projects to attend to. People in certain sectors still have the power to purchase properties. It's not all doom and gloom. Of course each sector has its own challenges.

Chong: If we want to bring housing prices down, all of us need to hold hands together. It's going to be challenging. However, if people find developers who are desperate to ease their cash flow lowering their property prices, please grab it.

Soam: The leverage on EPF Account 2 and step-up financing [to reduce the loan rejection rate] have been discussed in the industry from 10 years ago. The model [that was discussed back then] was slightly different. We don't want a systemic failure in the banking industry as well. Our household debt is 89% so we have to be very careful and patient.



BLOOMBERG

On the property sector's outlook — Is the worst over?

'Prices will not come down but ...'

Cheng: Is the worst over? For Tier 2 states like Kedah and Perlis, I would say the worst is over. Next year could be slightly better than this year due to the incentives given in Budget 2017. We're not majorly affected by all the negative sentiment issues and political issues. Also, a majority of real estate

are owner-occupied, there is little speculation and we're mostly an agriculture-based economy. Hopefully housing transactions pick up slightly next year. Price-wise, I don't expect prices to increase; if we can maintain the current prices, we will be happy. The worse is over so far for Tier 2 states.



"If people find developers who are desperate to ease their cash flow lowering their property prices, please grab it."
— Chong



BLOOMBERG

Wish list for the housing sector

'Compliance cost should be reduced'

Soam: Ease financing for the lower income sector to spur sentiment and maintain the level of input cost — state governments should realise that cost is a subset to selling price. It is important that more government land be used for affordable housing programmes. We hope this can be done fast. We also hope that what's given to PR1MA homebuyers can be extended to others as well.

Foo: For us contractors, we hope the government can reduce the cost for IBS and cut down the GST for building materials and heavy machinery to ease cash flow.

Tan: We have quite a large number of foreigners living here. We shouldn't put a cap for foreigners to buy properties at RM1 million and above because there's ample supply. So I would say that the government should lower the cap amount to encourage foreigners to buy and reduce the red tape. We're being edged out due to land scarcity in Kuala Lumpur city, so we also need incentives such as those given to mega projects such as Bandar Malaysia and the Tun Razak Exchange. If possible, the government should give those incentives to developers in KL.

Cheng: Compliance cost should be reduced. Don't tax us so much. We also need more efficient processing of applications for development.

Speed up the application process when we seek approvals to develop a piece of land. Lastly, this is on financing — whether it is a private bank or government loan, speed up the application and approval process. For smaller states, government loans are important financing sources for homebuyers.

Chong: Reduce the compliance cost and subsidy cost. I also hope that financing for homebuyers can be eased.

Zulkifly: I agree with everyone — that there be easier financing, especially end-financing. I also hope for a lower compliance cost.

Tan: In Kuala Lumpur, we have a very fast-approving authority and developers are very active as the government is encouraging high-density projects in the city. This will act as a stimulus to the market. Do not disturb the local market but encourage foreign buyers. We should lower the cap amount to RM500,000 for foreign buyers.

Cheng: Maybe in Kedah and Perlis, this can be done due to lower property prices.

Soam: I totally agree with Datuk Rick Cheng. In Perlis and Kedah, you can hardly get a RM1 million property.



Property sales dipped further in first half of 2016

BY TAN AI LENG

Market performance remained sluggish in the first half of this year as property transaction numbers in the country continued their downward trend.

According to the National Property Information Centre's (Napic) data for 1H2016, a total of 163,528 properties were transacted averaging 27,255 properties a month, a decrease of 12.3% compared to the same period last year.

In terms of transacted value, the total dropped to RM64.59 billion in 1H2016 from RM76.61 billion in 1H2015.

Among all the segments, residential properties remained the main driver, constituting 62% of total transactions. In 1H2016, a total of 102,096 residential properties worth RM32.7 billion were sold. However, compared with 1H2015, the transacted volume and value for the residential segment had dipped 14.5% and 10%, respectively.

Interestingly, agricultural land emerged the second biggest contributor to total transaction volume in 1H2016 at 23%. There were 36,723 land deals worth RM6.33 billion sealed during the period. Compared with 1H2015, the transaction volume and value had increased

7.3% and 4% y-o-y, respectively.

Meanwhile, development land took up 6% with 10,249 deals worth RM8.56 billion, down 5.34% in terms of volume and 28.8% in value from a year ago.

The third most transacted property type was commercial properties. At 7%, it saw 11,660 properties sold in 1H2016 at a total value of RM11.32 billion. However, its transaction volume and value had dipped significantly by 34.5% and 21.85%, respectively, from the same period a year ago.

Selangor, Johor and Perak ranked top three

Of the various states, Selangor, Johor and Perak held the highest transaction volume in 1H2016 — remaining unchanged from 1H2015 — while Putrajaya, Labuan and Perlis recorded the lowest transactions in the same period among the 16 areas shortlisted by Napic. Selangor saw 32,007 properties worth RM18.2 billion sold in 1H2016, with the highest number of transactions coming from residential properties at 24,839, commercial properties at 2,719 and agricultural land at 2,059.

Johor was ranked the second highest state with 20,680 properties sold, which carried a total value of RM10.87 billion in 1H2016.



Residential properties, agricultural land and commercial properties were the most traded segments in the state with transacted cases of 13,693, 4,242 and 1,583, respectively.

Perak, ranked third in terms of transaction volume, saw 19,782 properties worth RM3.9 billion sold in 1H2016. Residential properties and agricultural land were the most transacted segments in Perak with 11,965 and 5,944 deals closed, respectively.

However, the top three ranking states saw decreasing sales. Transactions in Selangor, Johor and Perak dipped 16.3%, 15% and 17% y-o-y in 1H2016.

On the other hand, Kedah and Kelantan have seen a significant increase in transaction volume.

Transacted properties in Kelantan totalled 6,447 cases, an increase of 38% y-o-y. Agricultural land and residential properties were the most transacted segments in Kelantan with 2,871 and 2,656 deals respectively, in 1H2016.

Kedah's total transacted properties had surged 9.8% to 16,118 cases, with the highest number of transactions coming from the residential segment at 11,965 and agricultural land at 5,944.

Buyers looking for affordable properties

According to Napic's data, 66% of the total transacted residential properties in the country were priced below RM300,000. Transactions of residential properties between RM300,001 and RM1 million stood at 30%, while houses with price tags of over RM1 million and above hit just 4%.

On commercial properties, 36% of transactions were for properties below RM300,000. Most transactions were for properties with price tags between RM500,001 and RM1 million. Properties with selling prices over RM1 million stood at 17%.

For industrial properties, 44% of the properties sold were below RM500,000 while 35% were closed at RM1 million and above.

The data also showed that 84% of the agricultural land were transacted below RM200,000 and most deals (46%) were sealed at below RM50,000.

Under development land, the performance was similar to the agricultural land segment, where 62% of the deals were below RM200,000, while 30% of land plots transacted were below RM50,000. However, 12% of the transactions were priced above RM1 million.

Property transactions in 1H2016



Total transacted volume: **163,528**
Average of **27,255** properties a month
Total value: **RM64.59 billion**

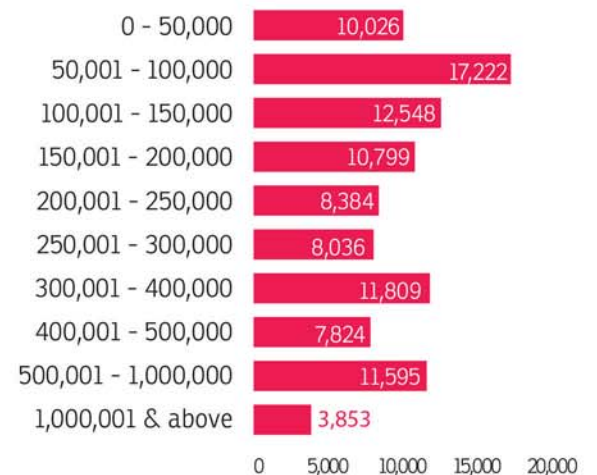
Compared with 1H2015

Volume: **↓ 12.3%**
Value: **↓ 15.6%**

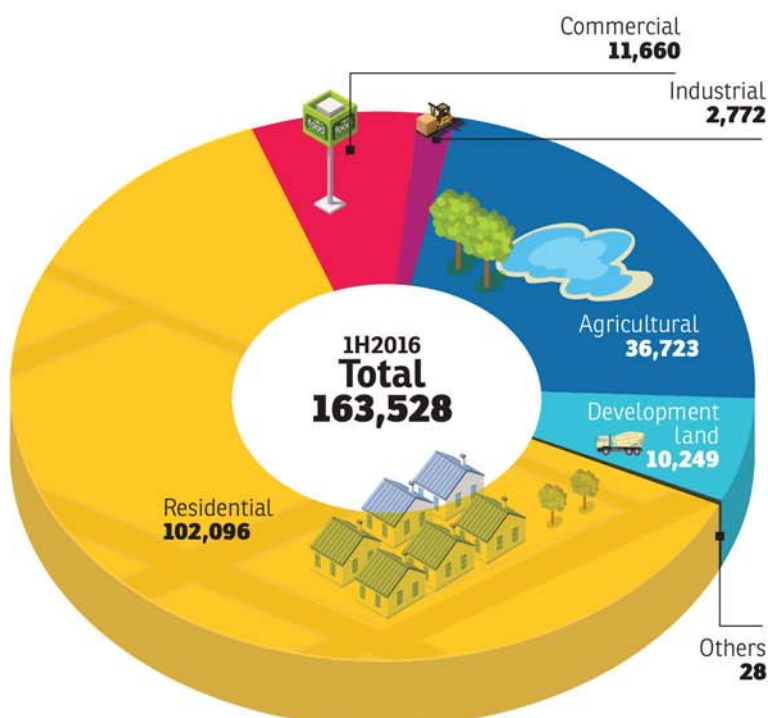
Selangor, Johor and Perak had the highest transacted volume

STATES	TOTAL CLOSED DEALS	Y-O-Y CHANGE (%)
Selangor	32,007	-16.3
Johor	20,680	-15
Perak	19,782	-17
Kedah	16,118	9.8
Sarawak	11,700	-15
Terengganu	10,233	-8.6
Pulau Pinang	9,158	-18
Negeri Sembilan	8,986	-14.8
Pahang	8,528	-10.4
Kuala Lumpur	7,455	-19.8
Melaka	7,222	-12.9
Kelantan	6,447	38.1
Sabah	3,155	-27
Perlis	1,765	-4.9
Labuan	186	-31.6
Putrajaya	106	-46

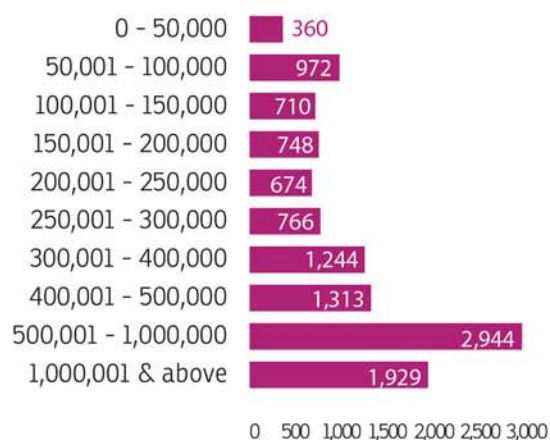
66% of the transacted residential properties were priced below RM300,000



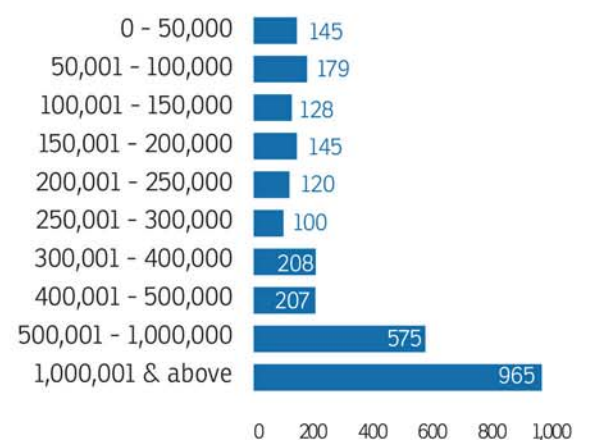
Residential properties remained the main driver with a total of 102,096 properties sold



25% of commercial property transactions were priced between RM500,001 and RM1 million



35% of the industrial properties sold were above RM1 million





A holistic approach to work

BY LUM KA KAY

How often do you hear of a real estate agency that provides an in-house gym in order to promote work-life balance among its staff?

Located in Petaling Jaya, the headquarters of Hartamas Real Estate Sdn Bhd not only has a gym studio but also karaoke facilities for its employees.

"It is not all about work here as we believe a holistic approach produces the best results. As we bond, we can motivate each other and work towards the common goal," says Hartamas Real Estate group managing director Eric Lim.

"Our work culture revolves around producing our best efforts and endeavours. This is easy when we are passionate about real estate.

"We have a strong and dynamic team that does not settle for status quo. While we look to creating a competitive work environment, it is also grounded in a familial bond," he tells TheEdgeProperty.com.

Recently, Hartamas Real Estate bagged four awards — Top Real Estate Firm, Top Commercial Real Estate Firm, Top Project Marketing Firm and Top Commercial Real Estate Negotiator (REN) — at the annual National Real Estate Awards 2016 organised by the Malaysian Institute of Estate Agents (MIEA).

When asked what makes Hartamas Real Estate different from other industry players,



PICTURES BY KENNY YAP / TheEdgeProperty.com

Eric Lim (middle) receiving the Top Real Estate Firm award from the Minister of Finance II Datuk Johari Abdul Ghani (left) and current president of Malaysian Institute of Estate Agents Erick Kho (right) at the National Real Estate Award 2016 gala dinner that was held recently.



Kevin: One very clear characteristic that defines us is professionalism.

its director of marketing and sales Kevin Lim says: "One very clear characteristic that defines us is professionalism."

"Once a buyer sees our name they can be assured and they can afford to do less due diligence because they know they can trust us. That is our trademark and the comments we get from our buyers. And in a soft market like now, some people in the industry resort to shady ways to maintain their sales numbers but for us we definitely do not participate in such things.

"Also, our clients know that we are there for them. These awards are just a reflection of how we have served our clients," he says.

Having grown to five offices across Malaysia and with as many as 250 employees, Eric is looking to expand the agency to the northern

states of Malaysia as well as China in 2017.

"We're currently in Kota Damansara, Overseas Union Garden (OUG), Setia Alam and Johor Bahru. We're looking to expand to Penang and China as we have quite a number of Chinese customers," he says.

On the pull factors for Chinese investors to Malaysia, Eric says the Malaysian property market is one of the most liberal across Southeast Asia.

"If you go to Singapore, you have to pay a higher price for stamp duty and there are also more restrictions. Same goes for Australia.

"While in Indonesia and the Philippines, you cannot buy freehold properties. But in Malaysia, foreign investors can buy freehold as well as leasehold properties.

"We've attracted quite a number of Chinese investors with deep pockets and very low margin of financing," he adds.

On the other hand, Hartamas Real Estate has also been aggressive in selling overseas properties to Malaysians. "We [started] pushing our foreign market sales when we began seeing the local market slowdown here," Eric offers, adding that properties in London and Australia remain popular among Malaysian investors.

According to Kevin, education plays a large role in property sales in London and Australia. "We have many investors who are investing in London so that their kids can stay there when they send them to study there. Not to mention our government agencies who are also investing in London properties. Same goes for Australia," he explains.

Eric also notes that despite the soft Malaysian property market, the agency has managed to maintain its sales growth.

"Our growth is still there. For the following year, we hope to maintain the momentum or push even further," says Eric.

TheEdgeProperty.com

A BREAKFAST CHAT

Date

Saturday,
5th November
2016

Time

9.30am to
11.30am

Venue

The ParkCity
Club, NO 7,
Persiaran
Residen,
Desa ParkCity,
52200 KL

Meet the man who transformed a quarry mine in KL's Kepong into Malaysia's **NEW URBANIST** community,

Mr Lee Liam Chye,

GROUP CEO, Perdana ParkCity Sdn Bhd,
developer of Desa ParkCity (2000 to 2016)

SEATS FULLY BOOKED

Thank you readers for the
overwhelming response.

Look out for TheEdgeProperty.com report on this
event at www.theedgeproperty.com



The mushrooming of co-working spaces

BY LUM KA KAY

The advancement of technology has given rise to more flexible working arrangements and workplace innovations such as remote working, co-working spaces and teleconferencing.

In its "Fourth Industrial Revolution: The Impact on Real Estate in Southeast Asia" research report published in June 2016, international real estate services firm JLL expects flexible working, outsourcing and co-working spaces to accelerate in Southeast Asia in the next five years.

"In developed cities, co-working and serviced office spaces currently take up 1% to 5% of total office stock but could grow between 20% and 30% by 2030," the report noted.

In Knight Frank's 2017 Global Cities report, the firm noted that co-working spaces continue to be an attractive option for tech start-ups — offering flexibility, support and infrastructure for nascent companies.

"The cost savings offered by such a work environment can also be very compelling, with co-working spaces in Asia Pacific offering some of the most significant cost differentials when compared to traditional work space," said Knight Frank Asia Pacific

SAM FONG / TheEdgeProperty.com



Lau: Start-ups undergoing uncertainties and businesses undertaking short-term projects will benefit.



Teh: The open concept in a co-working environment allows for more collaboration among occupiers.

head of research Nicholas Holt.

Kuala Lumpur is one of the key cities to watch in this sector. While demand from oil and gas companies could weaken, financial services, technology and business services are likely to "pick up the slack," said JLL, while Knight Frank thinks that the possibility of working shoulder-to-shoulder with other like-minded start-ups has proven to be a significant draw that appeals to these types of industries.

JLL also expects the office location decentralisation trend to continue over the next five years powered by the improved connectivity and better infrastructure within the Klang Valley.

Looking beyond the pricing factor, TheEdgeProperty.com spoke to JLL Malaysia and Knight Frank Malaysia to find out other factors that prompt business owners to adopt a co-working environment.

Knight Frank Malaysia executive director of corporate services Teh Young Khean said flexibility in tenancy terms is one of the major factors.

"Also, business owners appreciate the feasibility co-working spaces can provide in terms of room for potential growth, without getting locked into a space that may be too large or too small before the lease expires," he said.

JLL Malaysia managing director Y Y Lau concurred, saying that start-ups undergoing uncertainties and businesses undertaking short-term projects will benefit from utilising co-working spaces.

"Foreign or domestic companies which are not based in Kuala Lumpur but want to quickly set up a temporary office may consider co-working spaces as one can move in almost immediately with just a laptop since all the furniture and utilities are already in place," she said.

Teh added that the open concept in a co-working environment allows for more collaboration among occupiers.

"A collaborative environment creates more interaction opportunities for business owners or entrepreneurs and other professionals within or out of their organisation group. It's a networking platform," he added.

Meanwhile, Lau said that businesses may be attracted to co-working spaces because they feel that they can benefit from a communal setting with a trendy office design where they can meet business partners or potential clients.

She added that the address of a co-working space is also a pull factor, citing The Co. in Bangsar as an example.

"The Co. in Bangsar allows start-ups, entrepreneurs and freelancers to be in a business address that might not have been possible to



Pros and cons of co-working spaces

PROS

- Flexibility in tenancy terms
- Communal setting, suitable for networking
- Room for potential growth
- Competitive rental
- Fully-furnished, ready to move in
- Strategic location
- Idea sharing

CONS

- Potential conflicts with other users
- Distractions
- Competition due to open working space
- Security
- Transitory image

Best professions/industries suitable for co-working spaces



IT companies

Marketing companies

Freelancers

Start-ups/entrepreneurs

SOURCE: KNIGHT FRANK RESEARCH

Start-up cost for techies worldwide

RANK	CITY	DISTRICT OR SUBMARKET *	OWN OFFICE COST P.A. ** (US\$)	CO-WORKING PROVIDER P.A. *** (US\$)	COST SAVING FOR CO-WORKING P.A. (%)
1	London	Shoreditch	66,706	28,933	56.6
2	New York	Brooklyn	62,736	28,800	54.1
3	San Francisco	Mid-Market	61,680	24,000	61.1
4	Paris	1st, 2nd and 9th Districts	57,426	21,276	63.0
5	Boston	Seaport District	50,700	25,920	48.9
6	Dublin	Docklands	47,345	34,577	27.0
7	Los Angeles	Playa Vista	47,124	27,600	41.4
8	Hong Kong	Cyberport, Pokfulam	40,488	40,635	-0.4
9	Beijing	Zhongguancun	39,090	10,111	74.1
10	Singapore	One North	39,088	23,105	40.9
11	Washington DC	NoMa (North of Massachusetts Avenue)	39,038	14,400	63.1
12	Sydney	Ultimo	38,607	13,707	64.5
13	Brisbane	Fortitude Valley	38,091	7,833	79.4
14	Miami	Coconut Grove	37,125	27,600	25.7
15	Austin	The Domain	35,280	26,400	25.2
16	Toronto	King & Spadina	35,268	20,832	40.9
17	Seattle	South Lake Union	33,600	24,000	28.6
18	Melbourne	Docklands	33,383	12,461	62.7
19	Amsterdam	City Centre Metropool	31,546	12,501	60.4
20	Chicago	Fulton Market District	28,650	25,200	12.0
21	Seoul	CBD	25,638	19,333	24.6
22	Bengaluru	Whitefield	25,359	7,100	72.0
23	Mexico City	Reforma-Condesa	24,948	12,000	48.1
24	Kuala Lumpur	Bangsar South	23,414	7,024	70.0
25	Bogota	Salitre	22,065	16,320	26.0
26	Shanghai	Zhangjiang Hi-Tech Park	19,640	10,834	44.8
27	Madrid	Julian Camarillo area	18,202	7,978	56.2
28	Bangkok	Thonglor / Ekamai	18,132	6,120	66.2

* The leading tech district or submarket in each city

** Traditional office lease cost includes annual rent of 600 sq ft of office space in addition to start-up costs (fit-out and agency)

*** Co-working cost based on four desks in collaborative open plan environment

lease on their own.

"A co-working space opens up access to the types of offices and locations that smaller companies, freelancers and entrepreneurs want," added Lau.

However, not every business is suitable in a co-working space set-up, noted the consultants.

Knight Frank's Teh pointed out occupiers who require strict privacy will need an enclosed space to keep their sensitive information,

hence would not consider operating in a co-working environment, citing examples like law or accounting firms.

Meanwhile, Lau said more established companies employing a large workforce who want their company branding in their office space may not want to be in a co-working environment.

"Also, some innovative businesses may be fearful that their new ideas and talents may be

poached by competitors. Co-working spaces are probably more suited for IT and marketing companies as well as freelancers, start-ups and businesses working on short-term projects.

"Businesses would need to balance the gains of networking against the distractions, and potential loss of security, intellectual property and talents when setting up business in a co-working environment," she said.

Property development in 100 years' time

In the 19th century, French artist Jean-Marc Côté and other artists produced a series of futuristic artworks called "En L'An 2000" or "In The Year 2000" that depicted scientific advances imagined as achieved by the year 2000. Among them, at a time when mobile homes were unheard of, was a painting of a house on wheels rolling through the countryside, which has become a reality today.

From merely building a roof over our heads, property developers today have come up with lifestyle developments such as high-rise homes that offer a myriad of facilities from rooftop gardens to infinity pools to even jogging tracks and man-made beaches in the sky!

With frontier technology, property marketing has also evolved as developers today have embraced social media marketing to engage with their customers and adopted the latest virtual reality technology to provide 3D virtual reality property tours. In the construction sector, we are seeing more pre-fabricated homes and "smarter" building materials, including smart concrete that heals its own cracks, double glazed glass, and special effect paint coatings like the Nippon Paint Memento Special Effect Paint that takes traditional paint to a whole new level! These are things that people in the past couldn't have imagined.

So what more does the future hold? What would future advances bring about in property development? Here are four leading developers in Malaysia telling us what they see in their crystal balls.

SkyWorld: People – centric developments

SkyWorld Development Group COO Lee Chee Seng foresees that developments would be more people-centric and focused on quality community living.

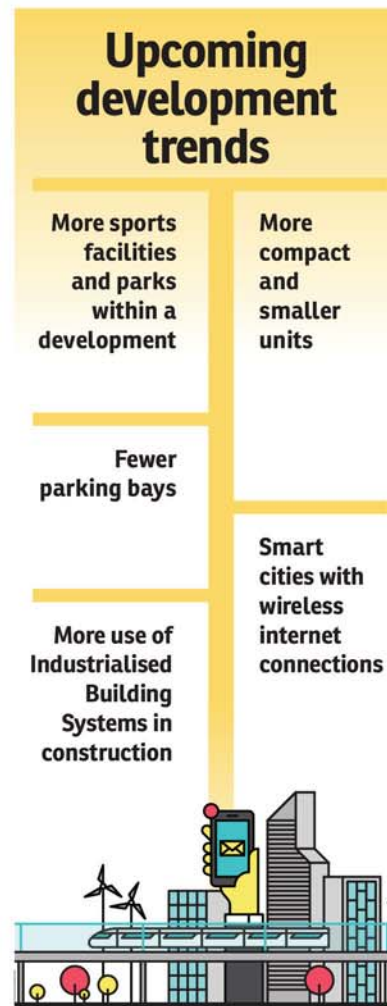
"Technology will play a big part in home living; in enhancing communications, security, conveniences like shopping and others," he muses.

In the construction process, IBS (Industrialised Building System) may regulate how buildings are constructed in the future while green building standards will be the norm. "Adopting the Green Building Index (GBI) is now an optional practice, it will possibly be compulsory in future," he opines.

He expects three current trends to remain in the future — gated-and-guarded developments, healthy and functional living environments, and the adoption of GBI features such as low-emission glass, inverter lifts, energy-saving lights, etc.

"Gen Z prefers smaller, more urbanised and easier-to-maintain homes with better security features, as we now see in Thailand, Australia and Singapore, and it would be a matter of time before Malaysia catches up," Lee predicts.

"Parking bays may be reduced in tandem with the drop in car ownership with better



public transportation in the city such as MRT (mass rapid transit) and LRT (light rail transit) and technologies such as Uber and GrabCar changing the way people travel.

"With the growing awareness of healthy living, we will also see the increase of sports facilities or parks," he continues.

IJM Land: Smart cities

With technology advancing at such a rapid pace, the world will be an entirely different place from today, says IJM Land Bhd managing director Edward Chong Sin Kiat.

In the future, Chong expects building construction to be much more efficient and quicker with less use of natural resources such as land, space and materials.

"Transportation is a major consideration in today's market but will be a thing of the past while flying vehicles or maybe, just maybe, tele-transportation will be the new norm," he visualises.

With driverless cars in testing and car sharing already in the works, car ownership and consequently car parking requirements will be reduced significantly, thus creating a new trend in property development, he adds.

"There will be seamless connectivity wherever you go as cities turn into smart cities where every movement and action can be monitored," Chong says.

Kitchens may have to make way for other uses as food and drinks may be in capsule or tablet form. Shopping may also be different where online stores will enable customers to

touch and feel the products. Virtual reality may also enable you, your family and friends to experience shopping together without leaving your homes or offices.

Nevertheless, Chong believes the human touch and emotional experiences are elements that cannot be replaced despite the rapid growth of technology.

"Without all these fundamentals, humans will be no different from machines. As such, I believe that all trends related to emotional aspects will remain."

Mah Sing: Technologically equipped

A century from today, the property landscape will be very much technologically driven, says Tan Sri Leong Hoy Kum, the group managing director of Mah Sing Group Bhd.

"With new technological innovations emerging almost on a daily basis, homes in the future will be equipped to make lives more convenient. For example, homebuyers nowadays are already looking at keyless options and Mah Sing has incorporated keyless digital locksets at its Cerrado Residential Suites in Southville City @ KL South," he adds.

Leong points out that construction will continue to focus on environmentally friendly systems as developers aim to minimise wastage of raw materials while delivering sustainable homes. With greater awareness of environment protection, Leong expects green developments to be more popular in future.

He shares that small units in strategic loca-

tions that are affordably priced will be in demand as long as they are in key locations near offices, public transportation and facilities. Space utilisation will be an important trend. "Smaller units have to be designed in a way that fully utilises the room's space," he says.

"If we were to develop a dream project, it would be an integrated development with small units and surrounded by superb infrastructure," he says, citing that public transportation will provide added convenience to homeowners and lower carbon footprint.

"Hopefully, we can achieve this project in the near future. We also hope that the Malaysian property sector will continue to incorporate innovations to make lives easier."

Tropicana: Diverse universal locations

Tropicana Corp Bhd group CEO Datuk Yau Kok Seng foresees property development to be more innovative and efficient a century from now with technological advancement and as new lifestyle needs emerge.

With prime land becoming scarce, alternatives like floating cities in the sky, or under the sea and even underground, may be necessary, he says, adding that colonies could possibly even be set up on the moon or Mars.

"Properties will be built at any conceivable location. However, they may not be owned but rented because occupants may choose to live at diverse locations, so owning properties will not be economical," he foresees.

Yau predicts the emergence of properties



Yau: With prime land becoming scarce, alternatives like floating cities in the sky may be necessary.

which are intelligent, interactive and complement the lives and habits of occupants, like smart homes. "They are like a learning ecosystem of the occupants' habits and movements, adapting and changing according to their needs," he explains.

He expects construction methods to change with the introduction of advance intelligent systems which are adaptive and more automated such as 3D printing.

"Buildings could be ordered off the shelves, tailor-made to individual requirements and built in the most efficient manner with less or no human labour," he imagines.

Yau suggests that future developers will play the role of platform providers, integrating technology and lifestyle needs.

"With property development becoming more innovative and efficient, fuelled by the latest technology, it may result in domination by global players who are able to embrace the changes and excel in such conditions," he muses.

Looking ahead, Yau hopes there will be a well-planned and balanced growth within the urban areas in Malaysia.



Lee: With the growing awareness of healthy living, we will see the increase of sports facilities or parks.



Chong: Transportation is a major consideration in today's market but will be a thing of the past.



Leong: Smaller units have to be designed in a way that fully utilises the room's space.

IN COLLABORATION WITH



FENG SHUI



Forming partnerships is part and parcel of entrepreneurship. Entrepreneurs often ask whether a prospective partner is compatible. The basic understanding of compatibility is often seen when two partners “get along” or “bring luck” to each other.

BaZi consultants find that clients often give little consideration to the question as to whether they will have a good partnership with a particular person, or whether the parties can actually profit together and how long the partnership should go on for, or even what form it should take. Most importantly, they also rarely give a thought as to whether they themselves are suitable candidates for a partnership.

Getting a partnership rolling

The first step must really be to ask yourself if you are the kind of person who can handle being in a partnership. Some people simply do not have a collaborative gene in them — working together with someone is not something that comes naturally to them. But often times we rarely consider ourselves in the question, and instead like to put the onus on the other person. In BaZi, a consultant has to consider the question from both perspectives.

You need to ask yourself if you actually need a partner, and the reason for it. Some people don't need a partner but simply want someone on board because they don't want to do all the work. In BaZi, the general rule is that Day Masters who are strong do not need partners as much as Day Masters who are weak, although there are exceptions to the rule.

Assuming the person can engage in partnership, an additional consideration is

Forging formidable partnerships

BY DATUK JOEY YAP



whether or not they are suited for enduring partnerships, or if they should adopt a more freewheeling approach to partnerships. Clients must be open to possibilities in partnerships and also to an appreciation that a partnership can take many forms, with varying degrees of commitment. Partnerships can manifest in many forms, like equity partnerships, joint venture, sleeping partners, relationships of convenience and one-off collaborations.

Assuming your BaZi chart allows you to engage in partnerships, what kind of person should you partner with? A business partner or business partners should complement you based on the “structure” of both your charts. For example, if you are an “ideas” person (Hurting Officer Structure), then your partner should probably be an “operations” person (Direct Wealth or 7 Killings Structure). If your talents lie in interacting with customers or front-facing

tasks, then a suitable partner would be a back-end type. It doesn't matter how well you get along — there can be no lasting success or successful partnership if one party isn't hungry for success and the other party is overly ambitious.

The next big step

Then, we come to the question of timing. Is it the right time for you to embark on a partnership? Here, the individual's luck, as well as that of the prospective partner, is an important consideration in the equation when it comes to the success of a partnership.

When both parties are in favourable Luck Pillars at the time of their partnership, and the Luck Pillars indicate opportunities through partnership, then the partnership is likely to be very successful and profitable. On the other hand, success comes in many forms, and sometimes people achieve success through partnerships simply by betting on the right horse. If you are in not so good luck, but your

chart allows you to use partnerships and you happen to chance upon a partner who is about to enter good luck, riding on the coat-tails of that person makes sense.

Clearly, trust and trustworthiness are but small factors to take into account, everything considered. A person may be very trustworthy but if they are in bad luck, their trustworthiness isn't going to help either of you make money or achieve success, and vice versa.

Smart partnerships do not just involve partnering the right person, in the right kind of collaboration or venture, and at the right time. It also involves managing the partnership so that should it come to an end, it is done in a professional, amicable and minimally disruptive manner. Log on to www.joeyyap.com to see clearly how you can forge your own formidable partnership.

If you have any feng shui-related questions for Yap, please go to the Tips section of TheEdgeProperty.com.

Datuk Joey Yap is the world's leading Chinese Metaphysics consultant and bestselling author of more than 160 books which have sold over four million copies worldwide. He is chief consultant of the Joey Yap Consulting Group and founder of Mastery Academy of Chinese Metaphysics. His nearly two decades of professional consultancy includes working with Microsoft, Sime Darby, UEM, Prudential and Citibank. He has students in more than 30 countries.

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