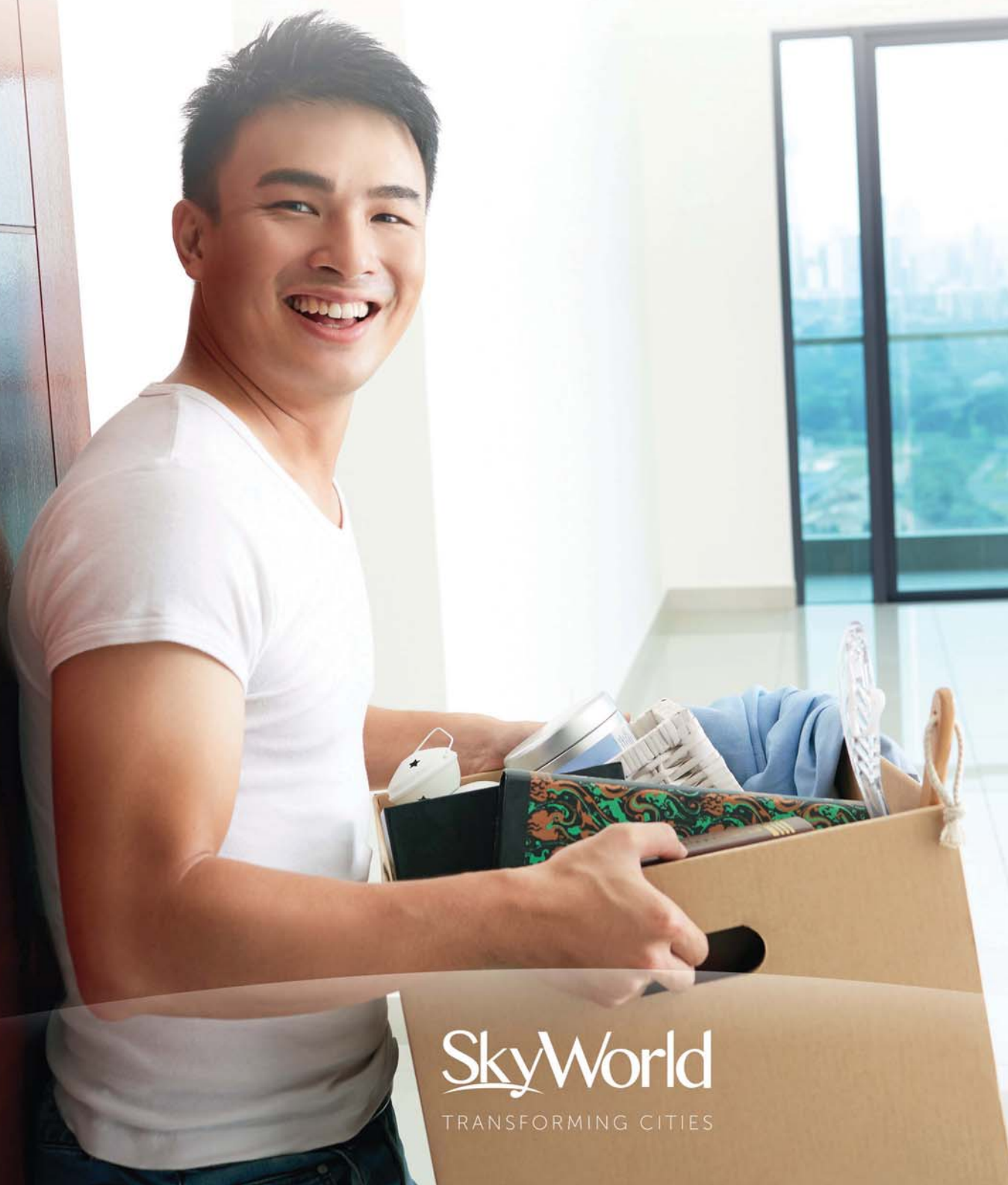


## TAKING DELIVERY OF YOUR NEW HOME?

Visit the SkyWorld Quality Centre for all the tips  
and guidance that will make it your dream home.



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# SKYWORLD BOLD QUALITY COMMITMENT

All too often, we hear of new homeowners complaining about the poor workmanship they experienced in their newly handed-over homes, but particularly, their frustrations in not knowing how to examine the quality of their home during hand-over.

The process of defects assessment is one that must always be carried out when the property is newly completed and ready for handing over to the owner. The procedure is intended to protect the interests and rights of the owner, especially in making sure that their new property is of good quality and finishing. Once home renovations begin, it would be difficult and inconvenient to correct any defect caused by poor workmanship or by the developer.

In Malaysia, it is a little known fact that every year, approximately 7,600 projects and developments are built. Surprisingly, of this total, only 4.1% of homes have been certified to QCLASSIC standards, and a mere 0.75% certified to CONQUAS standards.

At SkyWorld, we believe in building responsibly and delivering a quality Sky Living experience in a sustainable environment. More important, we believe that everyone can and should be able to afford a quality home.

This is something that's very close to our hearts, and it is for this reason that we've invested RM3.8 million in building our SkyWorld Quality Centre. The centre is the first of its kind in Malaysia, and represents our values and the standards we uphold.

This centre will be where we nurture our own people to pay even closer attention to the quality of our homes, so that we can continue to raise the bar for building excellence. It is also where we welcome our valued homeowners, business associates and the public who wish to learn about the quality of certified workmanship in Malaysia.

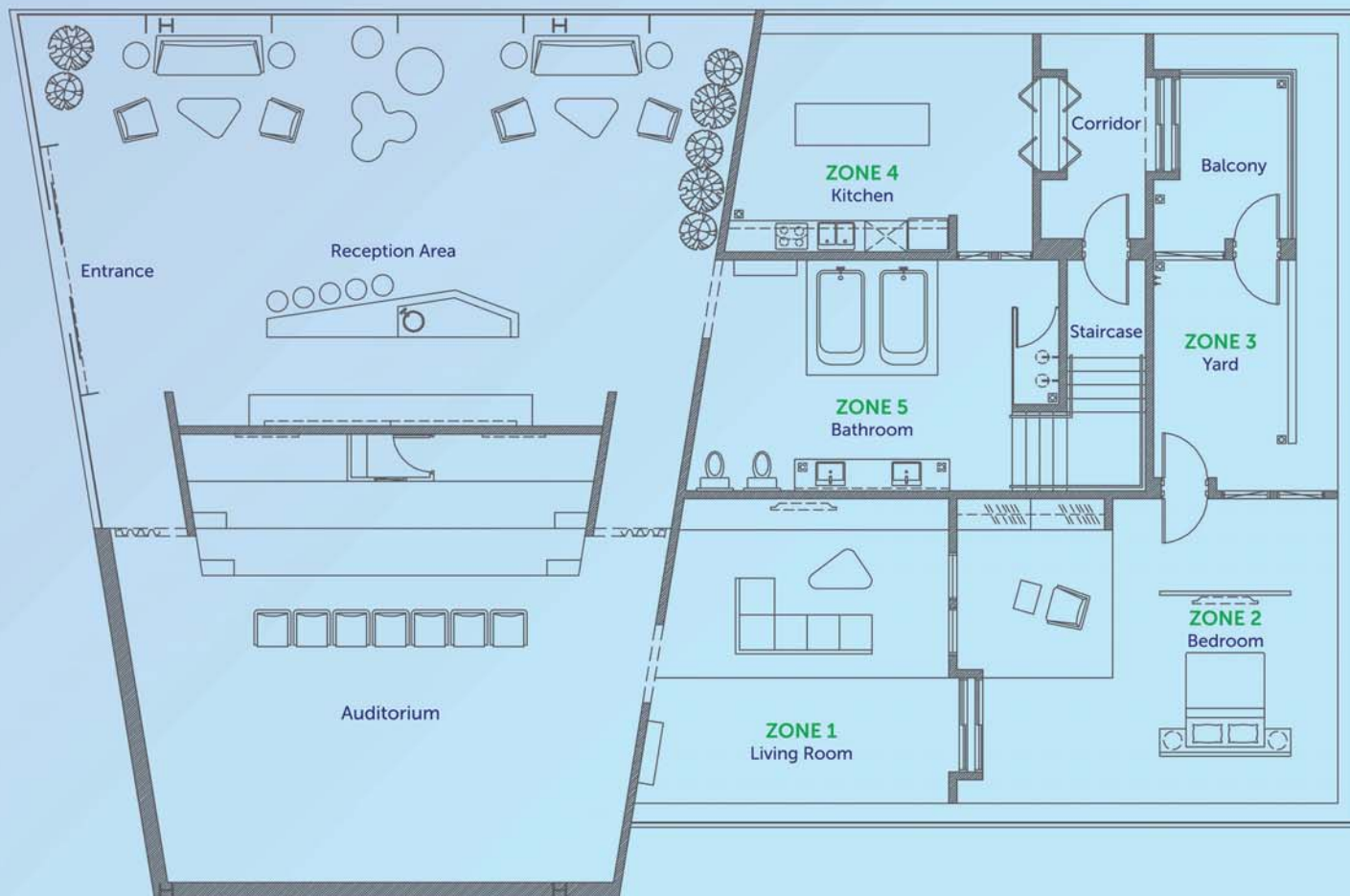
At the SkyWorld Quality Centre, each tour will begin with a SkyWorld presentation at the auditorium before proceeding to the eight areas. A series of tutorial video have been specially produced to assist the Quality Experts in helping visitors understand what to look out for in each area. The SkyWorld Quality Centre is open to visitors strictly by appointment only, on a first-come, first-served basis. Each tour is estimated to take 1.5 hours to complete.

The guidance we provide at the SkyWorld Quality Centre serves as a useful checklist to help our customers, and the public at large, understand what to look out for as well as the rights and responsibilities of the developer and the owner. So, when you consider a SkyWorld home, you can be sure of our quality commitment to you.

To be among the first to visit SkyWorld Quality Centre, kindly register at [www.skyworld.my](http://www.skyworld.my). If you have further queries, please email to [corporate@skyworld.my](mailto:corporate@skyworld.my)



## A GUIDE TO THE SKYWORLD QUALITY CENTRE



### ZONE 1 Living Room

First impressions are important. As such, we have identified several workmanship-related issues common to the Living Room covering flooring, ceiling and swing windows.



### ZONE 4 Kitchen

When examining the Kitchen, pay attention to the kitchen components, such as a sink; various electrical appliances; and kitchen cabinets. The defects here commonly cover fixtures, electrical switches and folding doors. In addition, we have also identified defects related to the staircase.

### ZONE 2 Bedroom

The Bedroom is one of the most important rooms in the home. Here, we have identified several issues related to flooring, walls and sliding doors.



### ZONE 5 Bathroom

The importance of Bathrooms is far greater than we give it credit for. The defects identified here include tiles, shower screen, toilet bowl and basic M&E fittings.



### ZONE 3 Yard

Although the Kitchen Yard is seldom seen by visitors, the built-quality should nevertheless still be of a good quality. Common defects to watch out for would cover ceiling manholes, louvred windows and doors. We have also identified issues related to the balcony in this section.

### TOUR HIGHLIGHTS

Eight areas will be highlighted – Living Room, Bedroom, Yard, Balcony, Corridor, Kitchen, Staircase and Bathroom. Seven elements will be identified – Floor, Walls, Ceiling, Doors, Windows, Components, and Basic M&E Fittings.

Each element will have 5 checkpoints or defaults to take note of. Five tutorial videos have been prepared, covering Living Room; Bedroom; Yard, Balcony & Corridor; Kitchen & Staircase; and Bathroom.

# THE SKYWORLD QUALITY CENTRE

A LEARNING CENTRE FOR YOU  
TO UNDERSTAND THE DIFFERENCE BETWEEN  
QUALITY & POOR WORKMANSHIP IN MALAYSIA

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Given the opportunity, would you invest in a pre-war shophouse or a heritage building?  
See Pages 8 to 10.



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**Political uncertainty negatively impacts real estate market**

With Malaysia's general elections looming, political uncertainty has affected market sentiments and this will have an impact on the general property sector and the commercial property segment in particular.

"Despite the country's GDP for 2017 estimated between 5.2% and 5.7% being higher than 2016's 4.2%, the market sentiments among Malaysians remain weak amid the rising cost of living," said Knight Frank Malaysia managing director Sarkunan Subramaniam, in a press statement on the launch of the fourth edition of its Malaysia Commercial Real Estate Investment Sentiment Survey.

"Respondents have indicated that Malaysia's political uncertainty with the general elections this year will be a major factor that will negatively impact the commercial property market in the short term. Many are hoping that the general elections will be over with as soon as possible," he added.

**Battersea deal sharpens S P Setia's focus on property development**

The record-setting £1.6 billion (RM8.83 billion) deal to sell Battersea Power Station's phase 2 — comprising commercial properties — to Permodalan Nasional Bhd and Employees Provident Fund (EPF) offers some long-term upside to S P Setia Bhd, as it would lighten the developer's balance sheet and sharpen its focus on property development, said analysts.

**First phase of 1 Utama E opens**

1 Utama Shopping Centre has officially opened and launched the first phase of 1 Utama E, the newest extension to the mall which adds an additional 592,015 sq ft of gross built-up area (164,687 sq ft net lettable area) to the mall's existing 5 million sq ft.

In conjunction with the launch, it opened two sports tourism centres — FlowRider (a simulated wave generator featuring sheet wave technology designed in the US for flowboarding, bodyboarding and surfing) and AirRider (an indoor skydiving wind tunnel for simulated sky diving).

"1 Utama E aims to develop our



mall as a multi-sport and entertainment venue in Malaysia by opening up a tremendous range of tourism opportunities to attract both local and foreign visitors. Its name referenced by an E, stands for excite, entertain and exhilarate — which is how you will feel when trying out our two new exclusive sports tourism centres," said 1 Utama Shopping Centre director Tan

Sri Teo Chiang Kok at the launch on Jan 24.

"More shops and services will be unveiled under phase 2 of 1 Utama E, which we target to complete by mid-2019. Aside from FlowRider, the level on the lower ground floor will be styled as an alfresco street of trendy restaurants, cafes, chic bars and bistros," he added.



The 42-acre Battersea Power Station redevelopment in London is being carried out by a consortium comprising EPF, Sime Darby Bhd and S P Setia. The fund holds a 20% stake in the company while the remaining two parties hold a 40% stake each.

Kenanga Investment Bank Bhd

head of equity research Sarah Lim said the potential sale of the commercial assets in phase 2 of the Battersea Power Station is a positive move for S P Setia as it would help the property developer monetise its commercial assets.

Hong Leong Investment Bank an-

alyst Lee Meng Horng said the sale — which will only fully kick in around 2020 when the office and retail portions are completed — will allow the developer to recoup its cash and put it towards subsequent phases of the mammoth rejuvenation project.

**Erratum**

In the article titled "Areas to watch" published in the Jan 19 issue of EdgeProp.my's pullout, the developer that has a joint venture with Gema Padu Sdn Bhd to develop land in Dengkil is Mitrajaya Holdings Bhd, and not as reported. The error is regretted.

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**LAUNCHES + EVENTS**

If you have any real estate-related events, email us at [editor@edgeprop.my](mailto:editor@edgeprop.my). Events listed here will also appear on [www.EdgeProp.my](http://www.EdgeProp.my).

**Learn about fintech at BBCC****Date:** Jan 27 (Sat)**Time:** 1pm to 4pm**Venue:** Bukit Bintang City Centre Sales Gallery, 2, Jalan Hang Tuah, Kuala Lumpur**Contact:** (03) 3270 2525

Join Eco World Development Group Bhd to learn about financial technology (fintech) and how fintech has revolutionised businesses globally.

**Food, Fit, Fun with Glomac****Date:** Jan 27 (Sat)**Time:** 10am to 3pm**Venue:** Menara Glomac, Glomac Damansara, Jalan Damansara, Kuala Lumpur  
**Contact:** (03) 7723 9101

Join Glomac Bhd this Saturday to experience fun activities while enjoying free health checks by KPJ Healthcare. The developer is also giving out attractive incentives to homebuyers, including a free smartphone, upon signing the sale and purchase agreement.

**Quayside Fiesta by Gamuda Land****Date:** Jan 27 and 28 (Sat and Sun)**Time:** 12pm to 10pm**Venue:** twentyfive.7 Property Gallery, Lot 43495, Persiaran Oleander, Telok Panglima Garang, Selangor**Contact:** (012) 257 2527

Make your way to the opening of the twentyfive.7 property gallery and join Gamuda Land at the Quayside Fiesta to enjoy an array of fun activities, such as a lion dance performance, funfair carnival, magic performance and food bazaar.

**Kids' Day Out at One South Street Mall****Date:** Jan 27 and 28 (Sat and Sun)**Time:** 11am to 5pm**Venue:** One South Street Mall, 1231, Jalan OS, Taman Serdang Perdana, Seri Kembangan, Selangor**Contact:** (03) 6188 4488

Bring your children this weekend to enjoy Kids' Day Out organised by Hua Yang Bhd. Many fun activities await, including pony rides, petting zoo and magic performance.

**HouzKEY roadshow at Vista Mahogani @ Saujana Impian****Date:** Jan 27 (Sat)**Time:** 10am to 5pm**Venue:** Vista Mahogani @ Saujana Impian, Jalan Impian Gemilang, Saujana Impian, Kajang, Selangor  
**Contact:** (03) 8733 3326

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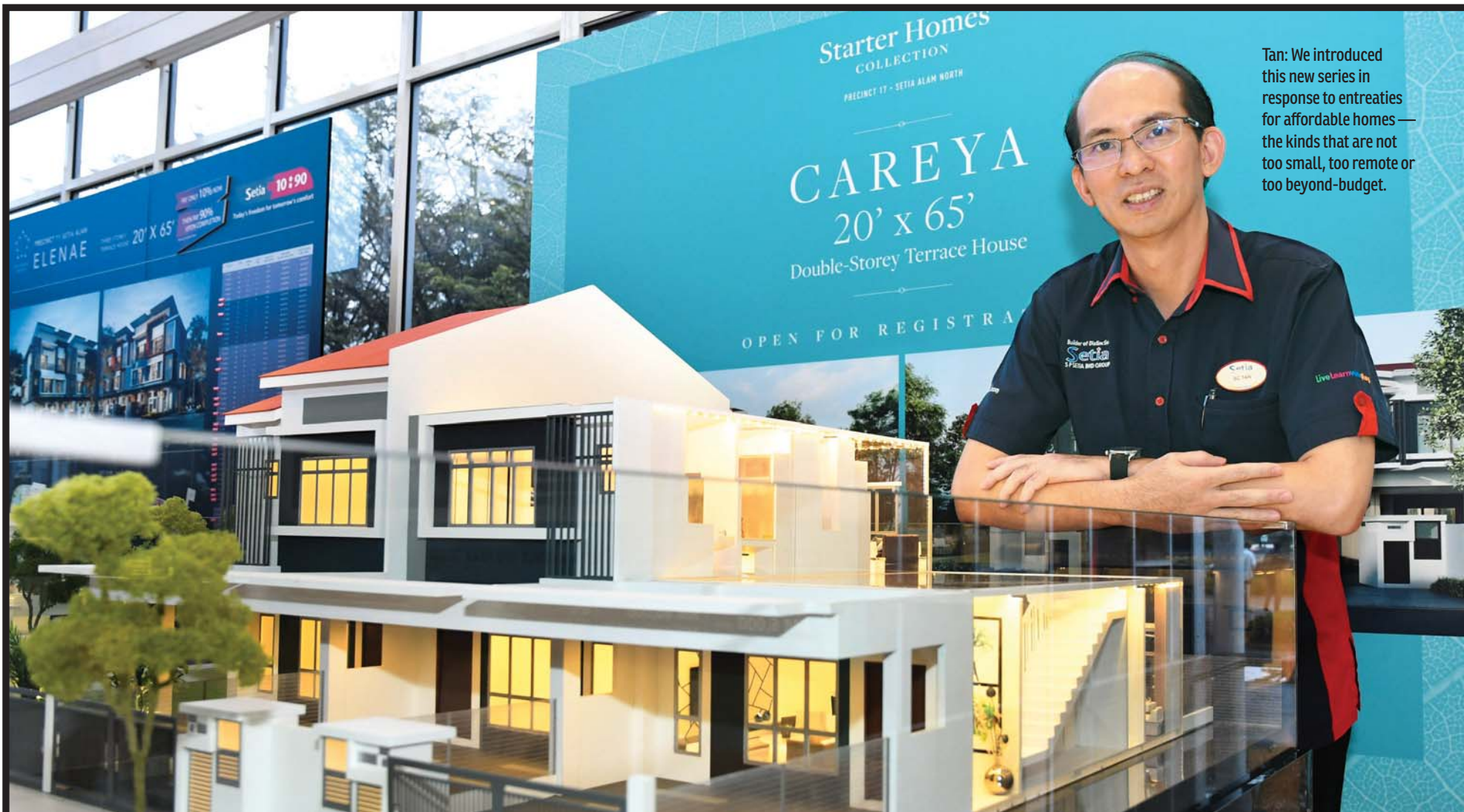
**Learn the Art of Sustenance at BÖN Estates Gallery****Date:** Jan 28 (Sun)**Time:** 2pm to 5pm**Venue:** BÖN Estates Gallery, 57, Jalan Penaga, Taman Bandaraya, Kuala Lumpur**Contact:** (012) 466 6683

Sunflower Organics and Well-ness Sdn Bhd founder Kim Hoi will be sharing some of her best tips on how healthy eating can be delicious, convenient and also easy on the wallet. Her 45-minute talk will be followed by an exclusive food demonstration — so be sure to RSVP to book your spot today!

**Launch of interior fit-out package at The ERA****Date:** Jan 27 (Sat)**Time:** 10.30am to 6pm**Venue:** The ERA Sales Gallery, 238A, Jalan Segambut, Segambut, Kuala Lumpur  
**Contact:** (03) 6195 1600 / (1700) 81 80 81

Join JKG Land Bhd at the launch of the Auspicious Collection of interior fit-out package for homeowners comprising Signature Kitchen, Teka, Daikin and Rubine.





Tan: We introduced this new series in response to entreaties for affordable homes — the kinds that are not too small, too remote or too beyond-budget.

LOWYEN YENG | EdgeProp.my

# SETIA ALAM'S STARTER HOMES SERIES TARGETS SAVVY HOMEOWNERS

Setia Alam has become well known for catering to people from all walks of life. Developed by Bandar Setia Alam Sdn Bhd, a subsidiary of S P Setia Bhd, this thriving township in Seksyen U13 in Shah Alam, Selangor now adds landed series starter homes to its comprehensive range of products.

Bandar Setia Alam Sdn Bhd general manager says: "We introduced this new series in response to entreaties for affordable homes — the kinds that are not too small, too remote or too beyond-budget for loan approvals."

For RM500,000 plus, newlyweds or young families seeking their first or second homes can now own freehold landed residences in an amenity-rich township. "We want to make homes more accessible to the market," Tan states.

Comprising 711 units of double-storey terraced houses in 43 acres (plus a 5-acre waterway), Setia Alam's Starter Homes series is "something that has not been seen for many years [in the local real estate scene]."

"It is an underserved market in Setia Alam. With manageable built-ups that come with four bedrooms and three bathrooms, it is very affordable to purchase and maintain," Tan adds.

To make it as easy to own as possible, the developer provides an attractive promotional package together with a 36-month Easy Payment Plan for which the company will absorb the interest fees.

## A TOWNSHIP WITH EVERYTHING

As part of the 2,525-acre self-contained township of Setia Alam, Starter Homes' residents get to enjoy all the amenities within, developed since 2004.

Designed as a holistic community embodying the LiveLearnWorkPlay credo, it offers myriad employment opportunities, schools and recreational facilities. Plotted in its all-inclusive master plan are Setia City Mall, Setia City Convention Centre 1 and 2, and Setia City Park.

The Setia City commercial hub has been a popular hotspot for denizens both within and without. The spectrum of shopping, dining and entertainment will be further enhanced when the second phase of Setia City Mall is completed by end-2019.

With more than 70% of the township already up and running, residents do not lack basic essentials, as it contains petrol kiosks, offices, neighbourhood shops and hypermarkets.

The potential of the thriving township has been drawing large corporations and multinational companies. Top Glove Corp Bhd, one of the world's largest glove manufacturers, has set up its corporate headquarters here. Another firm planning to establish its headquarters in Setia Alam is Kossan Rubber Industries Bhd, another leading glove manufacturer. Meanwhile, the National Institute of Health occupies 41 acres, housing 5,000 personnel from the Ministry of Health.

The two convention centres will likely also attract hotel establishments. All these spell ample employment and business opportunities for Setia Alam dwellers.

Supporting the educational demands is a host of public and international schools including SJK(C) Pin Hwa, SJK(T) North Hummock, SK Bandar Setia Alam, SM Bandar Setia Alam, Tenby International School, Idrissi International School and the upcoming Peninsula International School Australia.

Regarding the township's recreational component, Tan says: "We don't sting on landscaping." In line with the township's vision statement,

"In Touch with Nature", Setia Alam boasts more than 400 acres of green areas, which include the award-winning Wetland Park and Urban Park as well as the Setia City Park.

To ease accessibility, the top developer built the NKVE-Setia Alam Link. Coupled with other major links via the Federal Highway, Jalan Meru, Shapadu Highway and Shah Alam Expressway, the township is well-connected to Shah Alam, Subang, Damansara, Putrajaya and Kuala Lumpur, as well as other parts of Greater Klang Valley. A new road to Seksyen U10, Shah Alam will soon allow access to the upcoming Damansara-Shah Alam Elevated Expressway. Additionally, the proposed West Coast Expressway connected to Setia Alam will provide an alternative to the now traffic-heavy North-South Expressway.

The conscientious efforts earned the RM20 billion Setia Alam the World Prix d'Excellence Award for Best Master Plan Development by The International Real Estate Federation in 2013.

## PHASE 1 LAUNCHES SOON

At the end of January, Careya, the first of the Starter Homes series, will be launched. The 93 units of 20ft by 65ft double-storey terraces have a total GDV of RM58 million. With built-ups from 1,677 sq ft, Careya comes with two configurations — three rooms or four rooms and three baths.

With a choice of two contemporary designs, the properties feature pragmatic layouts with maximum usable space. The seamlessness of the open-plan living and dining areas further enhances the sense of spaciousness.

Each house has an 8ft backyard that can be used as a drying area as is or as part of an

extension. "We have helped make future extension easy to implement by preparing the foundation and slabs, thus reducing a lot of preliminary work. No additional piling is needed," Tan explains.

The enclave is safeguarded by perimeter fencing and natural barriers of hedges and streams around the entire parcel. The single entry/exit is closely monitored by security guards stationed at the security checkpoint.

Careya is targeted for completion in February 2020. With only two parcels allocated for the Starter Homes series, the company expects these limited editions to be well received. The next phase, Tan reveals, will feature 18ft by 65ft double-storey houses.

## VISIT OUR SALES GALLERY

**BANDAR SETIA ALAM SDN BHD**

(566140-D)

**Setia Alam Welcome Centre**  
2, Jalan Setia Indah AD U13/AD  
Setia Alam, Seksyen U13  
Shah Alam, 40170 Selangor  
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# Gamuda Land to launch first non-landed residences at twentyfive.7 by mid-2018

BY LUM KA KAY

KOTA KEMUNING: Gamuda Land is looking to officially launch the first non-landed homes, The Amber Residence, in its twenty-five.7 township in Kota Kemuning, Selangor by mid-2018.

With a GDV of RM313 million, The Amber Residence is a mixed-development comprising two 30-storey serviced apartment blocks and 32 units of 2-storey retail shops.

A preview of the project will be held this weekend (Jan 27 and 28) in conjunction with the official opening of twentyfive.7's new property gallery.

Situated on a 4.3-acre leasehold tract, The Amber Residence will offer 596 residential units with built-ups between 552 sq ft and 1,000 sq ft. Tower A will have 275 units while Tower B will have 321 units. Prices start from RM417,800.

According to Gamuda Land chief operating officer Ngan Chee Meng, The Amber Residence is targeted at young families and working professionals who prefer a compact home with minimal upkeep.

"We feel that younger homebuyers emphasise a lot on affordability and prefer vertical living with less maintenance," he told EdgeProp.my.

The Amber Residence facilities include a swimming pool and wading pool, gymnasium, multi-purpose court, barbecue deck, yoga deck, children's playground, herb gardens, jogging track and sky garden.

"We are giving homebuyers of The Amber Residence full-fitted wardrobes as well as kitchen hob and hood, so it's really convenient for homebuyers as they can move in with just a few pieces of basic furniture," said Gamuda Land project director Aw Sei Cheh.

To create vibrancy in the new township, the developer is banking on the township's waterfront commercial hub known as Quayside.



Ngan: We feel that younger homebuyers emphasise a lot on affordability and prefer vertical living with less maintenance.

"When a place lacks vibrancy, it's very hard to attract people to stay in non-landed homes. At twentyfive.7, we have Quayside to make this a place where people want to be while offering them convenience," said Ngan.

With a net lettable area of 300,000 sq ft, which is able to fit about 110 retail shops, Quayside's key tenants are MBO Cinemas, Tai Thong Restaurant, Jaya Grocer, Mr DIY, B.bap, Caring Pharmacy, Guardian Pharmacy, Watsons Pharmacy, Poliklinik Shaik and Ooi & Khor Dental Surgery.

The commercial hub also features a Designer District for young designers and start-ups, as well as an Event Plaza, a boardwalk, a cantilevered Skydeck over the lake and a running track. It is expected to be completed by the end of 2019 or early 2020.

The 257-acre twentyfive.7 is an integrated landed strata township. It was launched in July 2017 with 181 units of superlink homes and 98 units of semi-detached homes. Ngan said about 30% of the landed homes have been sold.

The township is accessible via the Shah

Alam Expressway, North-South Expressway Central Link (ELITE Highway), South Klang Valley Expressway and Kemuning-Shah Alam Highway. The leasehold development has a GDV of RM4 billion.

"We had launched [twentyfive.7] without a property gallery [at the actual site], so when the sales gallery was completed at end-November, sales started to pick up.

"For us, it's about placemaking and fostering a community that will be proud of living here. We want to make sure that we get things right for this township, so we put in Quayside, which would play a role in giving vibrancy to the township. We envisage Quayside to be a placemaking hub for the residents.

"On top of that, all amenities are connected, where they are walkable or can be accessed via cycling. We would like homebuyers to come home to a relaxing environment," he said.

Besides The Amber Residence, the developer is planning a few other launches this year, including at the 1,500-acre Gamuda Cove. According to Gamuda Bhd's 2017 annual report, the township has an estimated GDV of RM19.3 billion and is located opposite the Cyberjaya/Putrajaya interchange along the ELITE Highway.

On the property market, Ngan said he is "cautiously optimistic" about its outlook for the year.

"Many people are talking about being cautious but I'd like to add the word optimistic here because it's about getting things right.

"2017 has been good [to us], which is to our surprise as well. We have achieved record sales for our last financial year with about RM2.4 billion sales. So for this year, we are targeting RM3.5 billion sales.

"The location, connectivity, design and planning — homebuyers can tell if any of these things is not right. To us, sustainability is the key and the overarching theme for all of our townships," he added.

## Half of new high-end homes supply to come from KL city centre

BY RACHEL CHEW

KUALA LUMPUR: A further 6,176 units of high-end condominiums are expected to come onstream this year, with half of that number from the city centre, said property consultancies Edmund Tie & Co (SEA) Pte Ltd and Nawawi Tie Leung Property Consultants Sdn Bhd.

However, completions for last year have fallen below expectation. Out of the 9,693 units of high-end residential units that were slated for completion in 2017, only 5,315 units — slightly over half of the projected number — were completed, said the firms in a report titled "Kuala Lumpur Q4 2017: Retail sector was undergoing stress test".

Of this number, three high-end residential projects in the city centre were completed in 4Q17, adding 1,432 units to the market.

While prices of high-end condos re-

mained stable at RM726 psf in 2017 — representing a slight annual increase of 2.7% — rents have dipped by 2.3% to RM3.06 psf.

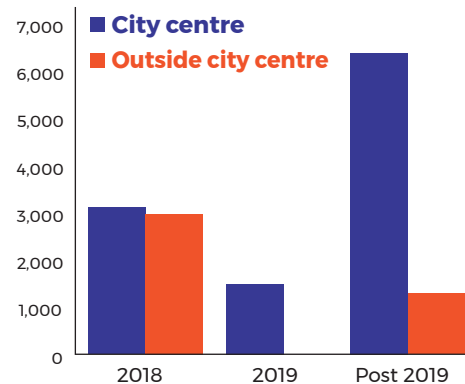
On the residential market performance for 2017, the consultants said buyers and developers remained highly cautious in 2017, as sales and new launches continued to slow, especially for high-end and luxury properties.

"This is largely due to the increasingly saturated market amid a challenging marketing environment and a mismatch in price expectations," they said.

The general weak outlook for the residential property market is likely to extend until at least the second half of 2018, said the firms.

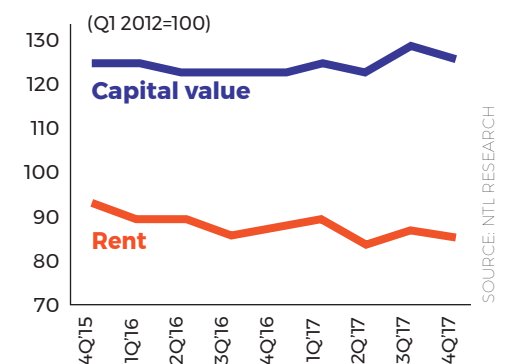
"Concerns over the affordability of private homes will be a persistent theme for the housing sector and a source of political discontent especially for those living in urban areas.

### Future supply of high-end condominiums in Kuala Lumpur



"Separately, the glut in the high-end residential market may lead to a downturn in price, which could have a wide-ranging impact on the economy. The residential market is expected to remain subdued

### Rental and price indices of high-end condominiums in Kuala Lumpur



throughout 2018," they added.

Moreover, growth in home prices are also expected to moderate, if not weaken, as property developers and speculators alike unload their unsold, completed stock.

# Market performance in 2018 expected to be like last year's, says JPPH

BY SHAWN NG

KUALA LUMPUR: The Malaysian property market's performance in 2018 is expected to be similar to its performance in 2017 in terms of transactions, said Valuation and Property Services Department (JPPH) director-general Nordin Daharom at the 11th Malaysian Property Summit today.

Given the positive growth in the country's GDP and improving market sentiment, Nordin believes that the total transaction volume and value in 2018 will maintain at levels similar to 2017.

Data from JPPH's National Property Information Centre (Napic) showed that although the total transaction volume had continued to drop in the first nine months of 2017 (9M17) with 229,529 recorded in the period, 4.3% lower than in 9M16, it was a lower rate of decline than the 11.9% and 6% y-o-y dip recorded in 9M16 and 9M15, respectively.

Meanwhile, the total transaction value has increased after two years of contraction, Nordin noted. The transaction value in 9M17 stood at RM102.29 billion, an increase of 6.7% compared with the same period in 2016. The transaction value has registered a y-o-y drop of 16% and 8.3% in



Nordin: On the residential property front, more construction activities were seen in 9M17, indicating optimism among developers.

9M16 and 9M15, respectively.

"2017 [was] better. The increase in transaction value [in 9M17] was contributed by several major land deals involving some major developments, such as Bandar Malaysia," he said, adding that the transaction volume in 2017 is expected to be 300,000 when the whole year's

figures are eventually collated.

"The transaction volume [in 2018] will also come around at the 300,000 level. And it seems like the value keeps increasing and there is no sign that it will drop, so I think overall, the market will maintain," he added.

On the residential property

front, more construction activities were seen in 9M17, indicating optimism among developers.

Napic's data showed that 73,971 homes were built during 9M17, an increase of about 85.9% compared with the 39,791 units recorded in the same period in 2016.

The summit, organised by the

Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS), was officiated by Deputy Finance Minister II Datuk Lee Chee Leong.

In his keynote address, he said the positive economic growth in 9M17 has gradually reinstated confidence among industry players.

He added that the government is taking all steps and measures to ensure the property market remains competitive and resilient with the allocation of RM2.2 billion in Budget 2018 as the housing sector continues to top the national agenda.

"There has been much discussion on the decision by the government to freeze new developments involving shopping complexes, office buildings, condominiums and serviced apartments worth more than RM1 million.

"This bold decision is undertaken to ensure the sustainability of the property market in the long run. Nevertheless, considerations will be given to developers which may wish to undertake developments worth more than RM1 million," he said.

EdgeProp.my was the event's media partner.

*Go to [www.EdgeProp.my](http://www.EdgeProp.my) for more reports from the summit.*

## CBRE|WTW: Homeownership not the be-all and end-all

BY LUM KA KAY

KUALA LUMPUR: Perhaps it is high time for a paradigm shift where the absence of homeownership does not imply welfare deprivation, said managing director of CBRE|WTW Malaysia Foo Gee Jen.

"We have first-time homebuyers who are finding difficulty in forking out the down payment or upfront cost to purchase their first homes. Perhaps, the ultimate priority is to have a shelter, be it rented or owned," he said.

Foo, who is also the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) president, was speaking on the residential market performance and outlook — with an emphasis on affordable housing schemes in Malaysia — at the 11th Malaysian Property Summit organised by PEPS.

EdgeProp.my is the media partner for the event.

According to Foo, affordability is a relative concept where its absolute value varies with income



**"Affordability needs to be market-driven because market forces cannot be suppressed coercively; market prices can only be influenced through a demand-supply mechanism."**  
— Foo

level and wealth.

"Affordability needs to be market-driven because market forces cannot be suppressed coercively; market prices can only be influenced through a demand-supply mechanism.

"Unless a segregated market and system are created for affordable housing, price movement of all residential properties will be dictated by activities in the open market," he said.

Citing case studies in Hong Kong and Singapore, where most of the

population of these countries are residing in public housing schemes, Foo said the Malaysian government should be seen as a gap-stopper in the issue of affordable housing, not the provider.

"The market must correct itself and perhaps the best long-term approach is to elevate the income level of Malaysians.

"The success factors of these schemes [in Hong Kong and Singapore] are: under a single-appointed agency, there is a strong support and facilitation from the

government; comprehensive and flexible schemes; equal priority to rental housing — where it's not all about owning a home; a closely regulated and segregated market; as well as quality public housing," he added.

Among the solutions for affordable housing policy in Malaysia suggested by Foo are giving more incentives for private developers by the release of state lands, co-sharing of infrastructure costs, centralising policy-making and delivery of affordable housing to eliminate

hidden or hindrance costs, streamlining and simplifying application procedures, one-stop data centre to provide information on the market, step-up provision and promotion of rental housing as well as creating a database of tenants' and landlords' profiles to protect both parties in the rental market.

"Our current tenancy system is in favour of the tenants instead of the landlords — landlords are being held responsible for the fees unpaid and damages to the property. With the database, you can blacklist irresponsible tenants, which is fair for both sides," he added.

On a related note, Foo also noted that there is a lack of transparency when it comes to city-planning as the last gazetted plan for Kuala Lumpur was in the 1970s, which resulted in an unresponsive supply of homes in the housing market.

"There is a lack of political will in terms of the enforcement of zoning plan. Our KL City Draft Plan 2020 remains a draft," he said.

*Go to [www.EdgeProp.my](http://www.EdgeProp.my) for more reports from the summit.*

## NEWS



Judges, supporters and partners at the awards handshake ceremony. From left: Chur Associates founder and managing partner Chris Tan, Panasonic Malaysia deputy managing director Hiroyuki Muto, MRMA vice chairman Datuk Hisham Othman, BMAM treasurer Prof. Venkateswaran, Lee, Iskandar, Osman, Lim, Nippon Paint Malaysia general manager of sales Tay Sze Tuck and Au.

# EdgeProp Malaysia's Best Managed Property Awards back with new categories!

BY SHAWN NG

PETALING JAYA: EdgeProp Malaysia's Best Managed Property Awards, which aims to raise the bar on property management practices in the country, is back with two new categories this year.

Organised by EdgeProp.my, the awards' partners are Nippon Paint Malaysia and Panasonic Malaysia, and also supported by the Malaysian Institute of Professional Property Managers (MIPPM), the Malaysian REIT Managers Association (MRMA), the Building Managers Association of Malaysia (BMAM), the Real Estate and Housing Developers' Association Malaysia (Rehda), Architect Centre, the Institute of Landscape Architects Malaysia (ILAM) and the Singapore Association of Property and Facility Managers (APFM). A handshake ceremony with partners and supporters was held on Jan 24.

The call for entries, which ran for over a month, closed on Jan 22. The results will be made known at an awards ceremony in May.

The awards, which made its debut last year, has been made even more comprehensive with the introduction of two new categories — the EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award 2018 and the EdgeProp-ILAM Malaysia's Sustainable Landscape Award 2018.

"The new categories are aimed at boosting our bid to benchmark top-of-class managed real estate in Malaysia — an attribute that would certainly help put Malaysia on the global map as a preferred property investment and live-work destination," said EdgeProp.my managing director and editor-in-chief Au Foong Yee.

"It is through this awards that EdgeProp.my aspires to create awareness and drive home the message of responsible building and the need for top-in-class management practices in Malaysia," she added.

Entries are open to all strata and non-strata buildings managed in-house or by any property manager. The main awards cover residential, office, mixed development, specialised and retail segments in two divisions based on the age of the building — less than 10 years and more than 10 years.



Sarkunan: Getting awards like this helps to enhance the yields and values of our buildings further.

Rehda president Datuk Seri FD Iskandar Mohamed Mansor said EdgeProp Malaysia's Best Managed Property Awards is something that will add value to the reputation of developers of winning projects. It will also help educate the general public about strata living.

"The buildings in Malaysia — especially in major cities such as Kuala Lumpur — are not only physically astute but their design and innovativeness have also captured the eyes of the world.

"But when it comes to maintaining [the buildings], we can see that only a small fraction of them are well maintained, so this is something we need to educate our buyers or tenants — to be proud of their workspace, office space, retail space and others.

"I would like to congratulate the EdgeProp.my team for initiating this awards. With this awards, I hope more people and corporations will pay more attention to the maintenance and management of properties throughout Malaysia," he said.

## Raising professionalism

Meanwhile, MIPPM president Sarkunan Subramaniam said the awards highlight the importance of good property management and how it can enhance values and yields.

"In fact, I've spoken to property management teams — they say getting awards like this helps to enhance the yields and values of our buildings further," he said.

According to MRMA chairman Datuk Jeffrey Ng, the areas for improvement in the property management industry should be viewed from the demand and supply perspective.

"From the supply perspective, there is an urgent need to improve

the level of competency in the property management profession, especially in closing the gap between the leading and smaller property management firms.

"On the other hand, there is a need to continue educating building owners, especially stratified property owners, on the importance of engaging professional property managers to ensure that the properties are optimally managed and maintained. In this regard, the awards are timely in achieving these objectives," he said.

BMAM president Tan Sri Eddy Chen concurs, noting that priority has to be given to training and raising awareness about good building management practices among stakeholders.

"Hence, the awards act as a measuring tool to complement real estate that is managed with excellence, so as to stimulate a continual improvement of the industry," he said.

APFM president Dr Lim Lan Yuan also agreed that the priority is to train a qualified and competent pool of managers, particularly those who can utilise technology to facilitate management.

"The inaugural awards last year was a success. The awards this year will further promote interest in and awareness of keeping buildings and developments well maintained and managed," he added.

A partner of the awards, Nippon Paint Malaysia managing director Yaw Seng Heng highlighted that the property management industry functions to create better living conditions, enhance the value of properties and generate a positive image of the neighbourhood and even the country.

"As such, we believe that the property management industry needs to increase the level of professionalism in property manage-



Ng: There is a need to continue educating building owners, especially stratified property owners, on the importance of engaging professional property managers.



Chen: The awards act as a measuring tool to complement real estate that is managed with excellence, so as to stimulate a continual improvement of the industry.



ment, brushing up their skills and knowledge to match the speed of technology and policy, and at the same time educating and raising public awareness on the importance of property management," he said.

Architect Centre accredited architect and trainer Anthony Lee Tee noted that while most of the awards recognise the design, innovation and "wow" factors of properties, EdgeProp Malaysia's Best Managed Property Awards recognises "what happens thereafter" and creates awareness of the importance of good management and maintenance — so that properties remain safe and sound.

## New awards

One of the two new awards, EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award 2018, aims to recognise developers which are committed to building developments that are designed and built for best-in-class property management.

"It may not be obvious to many but, ultimately, it is the developer which decides whether or not a building is designed for sustainable upkeep and management," said Au.

Panasonic Malaysia managing director Cheng Chee Chung said the new award is highly significant as property developers could spearhead sustainability and those which are committed to it should be further encouraged and recognised.

Another new award, EdgeProp-ILAM Malaysia's Sustainable Landscape Award 2018, recognises projects or spaces that are designed, built and maintained for sustainability.

This award is important to ensure that the best quality and sustainable management is being engaged in all the management of the property, including its landscaped areas, said ILAM president Osman Mohd Tahir.

"As the country gears towards becoming a developed and high-income nation, a lot of efforts are underway to ensure that Malaysia becomes one of the most liveable countries.

"It is high time that our properties and surrounding landscaped areas are managed in the best possible manner to ensure the quality of life and well-being of the people. Efforts towards this by the industries need to be recognised accordingly. Hence, this award is timely in recognising their efforts," he added.

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## COVER STORY



Despite their colourful past, none of the old areas in Kuala Lumpur has been gazetted as a heritage zone.

# WHAT ABOUT INVESTING IN HERITAGE BUILDINGS?

BY LUM KA KAY

**W**hen George Town in Penang and Melaka city were inscribed into Unesco's World Heritage List in 2008, it was an international recognition that the nation was proud of. Since then, these two cities have seen a renewed interest in heritage preservation and investment.

Eager to play their roles in the conservation of the unique multicultural traits of these pre-war properties, many have invested money, time and effort in fashioning them into boutique hotels, cafes, restaurants and even museums or galleries.

However, just what constitutes a heritage property? If you are interested in buying one, what should you look out for? In terms of dollars and cents, are they worth putting your money in?

According to Savills Malaysia Sdn Bhd executive chairman Datuk Christopher Boyd, the term "heritage building" is loosely used and generally covers buildings that are at least pre-World War II and have a distinct design or visual appearance.

"Examples are old shophouses with eclectic features including Roman and Greek facades, as well as those built in Art Deco style. You can also find Mughal features and some older residences built in the classic Anglo-Indian style, which I find very attractive," he shares with EdgeProp.my.

## Unique challenges

Boyd notes that Malaysia's built heritage is protected through a number of controls. Hence, a

check with the local authorities is essential before embarking on investing in one.

"Buildings within the Unesco Heritage Zones in Penang and Melaka are stringently controlled as to their use. Changes, both external and internal, must be authentic in design and materials. This obviously makes adaptive re-use challenging and a typical problem is meeting contemporary fire-safety requirements.

"Under our conservation laws, some state governments have gazetted certain buildings as heritage buildings, so they fall under a rigid set of planning and building guidelines. In certain cases, even without gazettal, a local authority can decide to [take] control," he highlights.

Andrew Lee, the founder of VCR Cafe — housed in a pre-war shophouse along Jalan Galloway, off Jalan Pudu, Kuala Lumpur — says that running a business in a heritage building has its pros and cons. Yes, many are drawn to the charms of a pre-war property, but the word to note is "pre-war", which means a lot of refurbishment and continuous maintenance will have to be done.

"There is a lot of upkeep. The first two years of running the cafe business was a nightmare — the roof leaked, things kept falling apart, so we're constantly fixing something in the cafe.

"But it's all part and parcel of investing in a pre-war building. I like the building so much that I just take all the problems in my stride. Having said that, I'm not keen to move into another heritage building in future," he quips.

Nevertheless, despite the challenges that come with its upkeep, the market for heritage property has been sizzling, with George Town and Melaka city centre achieving record-high selling prices in 2017.

**Yes, many are drawn to the charms of a pre-war property, but the word to note is "pre-war", which means a lot of refurbishment and continuous maintenance will have to be done.**

PICTURES BY LOW YEN YEING | EdgeProp.my



## Kuala Lumpur

None of the old areas of Kuala Lumpur has been gazetted or declared a heritage zone despite their colourful pasts, but several buildings have been gazetted as "heritage building" and "national heritage" by the National Heritage Department under the Ministry of Tourism and Culture Malaysia.

In Kuala Lumpur, there are 44 heritage buildings where 28 are within Putrajaya — the Malaysian Police Training Centre — and 27 national heritage status buildings.

Past transactions showed that multi-storey commercial pre-war buildings located in areas such as Jalan Pudu were transacted between RM990,000 and RM12.15 million from December 2012 to April 2017.

For pre-war buildings along Jalan Sultan, which is a stone's throw away from Petaling Street, there are only two transactions in December 2014 and March 2015 where two units of 2-storey shophouses were sold for RM5.2 million and RM4.7 million respectively.

In Jalan Tun HS Lee, the most significant transaction in recent years was the sale of the 5-storey Lee Rubber Building to Singapore-based GF Land Sdn Bhd for RM29 million in December 2015. In the same vicinity, 2- and 3-storey pre-war buildings were transacted between RM1.38 million and RM4.85 million in the period of April 2013 to July 2016.



Love Lane and Chulia Street areas in George Town, Penang



PICTURES BY HENRY BUTCHER MALAYSIA (PENANG)

# Soaring prices in George Town

In the capital city of Penang, investments in pre-war buildings have spiked, pushing prices to an all-time high in 2017.

Many of these new owners help to uplift the image of the city by refurbishing and restoring the old, dilapidated pre-war properties, and both prices and rental rates have escalated.

According to Henry Butcher Penang senior vice-president for asset valuation Shawn Ong, 2017 has seen a new high in transacted price of pre-war properties in Penang.

“As of Oct 31, 2017, there were 37 pre-war property transactions in George Town, with the highest price recorded at about RM2,980 psf or RM3.25 million for a corner double-storey pre-war shop-house at Jalan Kapitan Keling.

“2017 has recorded fewer transactions compared to 2016 but price psf has hit a record high of RM2,980 psf — about 24% higher than the highest transaction price recorded in 2016.

“The average transacted price psf for pre-war properties in 2017 was RM1,600 psf (2016: RM1,700 psf). The average price dropped marginally because some pre-war properties with large compounds (land) recorded lower price psf,” he tells EdgeProp.my.

Ong says pre-war properties beyond the core or at the buffer of the Unesco World Heritage Site are being transacted between RM800 psf and RM1,400 psf. He foresees prices to increase due to limited supply, especially those with unique designs and special characteristics.

Similarly in Seberang Perai or mainland Penang, there are many edifices built prior to 1948 that are classified as heritage properties located in major towns such as Kepala Batas, Butterworth, Perai, Bukit Mertajam, Simpang Ampat, Jawi, Nibong Tebal and others.

However, as these heritage properties are not located within the Unesco World Heritage Site, their demand and capital value are substantially lower than those in George Town.

**Limited supply drives long-term value** Heritage properties within George Town World Heritage Site offer great opportunities for investors seeking high return on investment, says Ong.

“For heritage property lovers, George Town is definitely one of the best destinations in Asia to invest in.

“Since George Town became a Unesco World Heritage Site in 2008, heritage property prices within the core and buffer zones have skyrocketed (more than 300% since 2008).

“The main reason for the soaring prices was the limited supply within the heritage site that was available for sale, coupled with strong demand from both local and foreign investors.

“According to the George Town World Heritage Special Area Plan, the heritage zone in George Town covers 260ha and comprises 2,569 buildings in the core zone and another 2,444 buildings in the buffer zone.

“Many investors and property speculators who saw the potential snapped up these heritage properties between 2009 and 2011. They resold their properties after two to three years and enjoyed high capital gains of at least 50% from the initial investment.

“For those investors still holding on to their heritage properties, the capital values of their assets are now at least double the amount of their initial costs,” Ong elaborates.

On rental rates, he notes that heritage properties in their original building condition or without any refurbishment within George Town World Heritage Site are still relatively low with rental yields — usually below 2%.

“Tenants usually negotiate for lower rental rates in view of the fact that they are responsible for the repairs and restorations of the heritage buildings. In general, for those of average size and fully refurbished by the owners, the monthly gross rental rates range between RM5,000 and RM10,000 per unit, depending on the exact location and size of the building,” he reveals.

## Consult the experts

Prior to the restoration of a pre-war property, Ong recommends seeking professional advice and consultation from architects familiar with restoration works or the Penang Heritage Trust, George Town World Heritage Inc, and the Heritage Department of Penang Island City Council (MBPP).

Besides checking the heritage status of the pre-war properties, Ong also advises interested buyers to double-check the building use of the property from the local authority — MBPP. This is because building use may affect the financing package offered by financial institutions as well as the compliance cost that have to be borne by the owner.

“The local council is very strict on the use of a heritage property, so if you want to use a heritage property with residential use for commercial purposes, you’ll have to convert the building use. Not only that, the provision of car park as the requirement for different building uses also varies,” notes Ong.

CONTINUES NEXT PAGE

SUHAIMI YUSUF/THE EDGE



“Buildings within the Unesco Heritage Zones are stringently controlled as to their use. Changes, both external and internal, must be authentic in design and materials.” — Boyd

MOHD IZWAN MOHD NAZAM /THE EDGE



“Since George Town became a Unesco World Heritage Site in 2008, heritage property prices within the core and buffer zones have skyrocketed.” — Ong

## Key figures for Penang pre-war properties

37

Number of transactions in George Town (as at Oct 31, 2017)

RM2,980 psf

Record-high transacted price achieved in 2017 for a corner double-storey pre-war shophouse at Jalan Kapitan Keling

RM1,600 psf

Average transacted price psf in 2017

RM5,000 - RM10,000

Average rent, with an estimated rental yield of about 2%



CBRE/WTW

## Selected transactions in 2017 (as at October 31)

Location	Price (RM mil)	Price psf (RM)
Jalan Kapitan Keling/Lebuh Chulia	3.25	2,980
Jalan Penang	4.05	2,830
Lebuh Armenian	5	2,370
Lebuh Carnarvon	2.1	2,180
Lebuh Carnarvon	1.95	2,130
Lebuh Acheh	1.9	1,800
Lebuh Campbell	2.4	1,760

SOURCE: HENRY BUTCHER PENANG



Demand for pre-war shophouses in Melaka Unesco Heritage Zone will continue in the near future.

FROM PREVIOUS PAGE

## Prices stabilising in Melaka

CBRE|WTW Melaka senior branch manager Teh Hong Chua describes heritage properties in Melaka as a rare commodity that cannot be replicated or reproduced over time. “So, in the long term, it will always appreciate in value,” he opines.

Henry Butcher Melaka branch manager cum director Lim Chow Wah agrees, saying that investors are looking at long-term capital appreciation.

“The limited supply of pre-war shops are attracting people to invest, but the annual return usually hovers around 3%,” he says.

Teh notes that the heritage properties located within the Melaka Unesco World Heritage Site are bounded by the Stadthuys (or more fondly known as the Red Square) and the four main streets in the area — Jalan Hang Jebat (or Jonker Street), Jalan Tun Tan Cheng Lock (Heeren Street), Jalan Tokong and Jalan Kampung, as well as four perpendicular streets — Lorong Hang Jebat, Jalan Hang Kasturi, Jalan Hang Lekiu and Jalan Hang Lekir.

A heritage-status property in the heritage zone must be over 60 years of age; present heritage features for facade, doors and windows; have roofs clad in Chinese clay tiles with distinctive rounded gabled ends; have interiors decorated with carved teak panels; and have doors and window frames, air wells, courtyards and corridors paved with Melaka tiles.

The Melaka state government has formed Syarikat Kemajuan Pemeliharaan Negeri Melaka to facilitate the conservation of heritage properties in the city by providing partial grants and free advisory and mediator services.

Both the city council Majlis Bandaraya Melaka Bersejarah and the local Land and Mining Office provide discounts or exemptions on property tax and land tax, respectively, for a specific period equivalent to conservation cost for such buildings.

“Heritage property is unique and has irreplaceable building architectural artworks, [so] any business that operates in the building will offer different experiences to customers. As such, the business operators perhaps can charge a premium,” says Teh.

Henry Butcher Melaka’s Lim notes that pre-war shops in Melaka are transacted at an average of between RM1,200 psf and RM1,500 psf over 2016 and 2017, which is a record-high price range.

“From 2012 to 2017, transaction volume was quite stable with about 15 to 20 transactions annually. It was in 2012 that we saw a big jump in price, but from 2016 onwards, we see prices stabilising.

“In 2012, pre-war shops in Melaka were transacted between RM600 psf and RM800 psf. Since then, prices have been climbing to the RM1,200 psf to RM1,500 psf range today, so it’s a 100% price growth since 2012,” offers Lim.

Depending on the location and size of the property, the average rent is from RM5,000 onwards, with an estimated gross yield of between 2.5% and 3.5%, he adds.

### Key figures for Melaka pre-war properties

**RM1,200 - RM1,500 psf**

Average transacted price over 2016 and 2017

**RM5,000+**

Average rent, with an estimated gross yield of between 2.5% and 3.5%

**15 to 20**

Number of transactions annually from 2012 to 2017

### Selected transactions in 2017

Location	Price (RM mil)	Price psf (RM)
Jalan Hang Jebat	3	2,039
Jalan Tun Tan Cheng Lock	4.5	1,630
Jalan Hang Lekir	1.448	1,564
Jalan Kampung Pantai	1.2	1,238
Lorong Hang Jebat	3.5	1,238
Lorong Hang Jebat	1.38	1,070
Lorong Hang Jebat	1.37	1,059

SOURCE: HENRY BUTCHER MELAKA

Lim also notes that the lot sizes of pre-war shops in Melaka are very unique, an attractive factor for investors.

“There is no standard size for these pre-war shops. Some may have a 12ft frontage and 100ft depth, while some are 20ft by 100ft, or 20ft by 50ft. You get all sorts of sizes here. So if the tenant or property owner is running a hospitality business, a pre-war unit with a 20ft frontage may be suitable.

“These pre-war shops usually boast built-up sizes between 1,500 sq ft and 2,000 sq ft. There are also some odd ones that are as small as 600 sq ft or as big as 3,000 sq ft,” he says.

According to CBRE|WTW’s Teh, the pre-war shophouses at Jonker Street and Heeren Street are the most popular as they are located in tourism hotspots.

Teh also expects demand for pre-war shophouses in Melaka’s Unesco Heritage Zone to continue due to their scarcity and because Melaka is a tourism state that promises a high volume of tourists.

In the near term, he foresees prices to remain stable with some authentic buildings attempting to reach new highs.



CBRE|WTW MELAKA

“Heritage property is unique and has irreplaceable building architectural artworks, [so] any business that operates in the building will offer different experiences to customers.” — Teh



HENRY BUTCHER MELAKA

“The limited supply of pre-war shops are attracting people to invest, but the annual return usually hovers around 3%.” — Lim



## Guidelines for heritage property owners

- **Retain and restore original facade** of the building. Demolition, alteration and addition to original facade are not permitted.
- **Original materials, designs and finishing** are to be used for restoration/conservation works.
- Colour scheme or paint used shall **match and harmonise** with the typical character of the heritage buildings and streetscape.
- Modern fixtures such as lighting, air-conditioning and plumbing need to be carefully installed and well-concealed so that the **facade appears untouched**.

To learn more, the public can head to [www.penang-shophouse.com.my](http://www.penang-shophouse.com.my), an educational website established by GTWHI and [www.heritage.gov.my/ms/garis-panduan-pemuliharaan-bangunan-warisan](http://www.heritage.gov.my/ms/garis-panduan-pemuliharaan-bangunan-warisan) for a more comprehensive guide on heritage building restoration by the National Heritage Department under Ministry of Tourism and Culture Malaysia.

## Perks and pitfalls of owning a heritage building

### Perks

High capital appreciation due to limited supply

Help uplift the image of the city

Help maintain the historical value of the property

Freehold title

### Pitfalls

High cost of restoration and maintenance

Stringent restrictions in Building By-laws and by local authorities

Compliance cost

# Renting out to students

BY LUM KA KAY

**S**tudent housing rental is a prominent sub-sector of the housing rental market and can bring stable returns for landlords, especially when the rented property is located near colleges or other higher learning institutions.

On the bright side, renting to students requires only basic furnishings where there is no need for fancy decor in order to keep the renting cost low, says One World Realty Sdn Bhd principal and managing director Aine Lee.

City Valuers & Consultants Sdn Bhd head of real estate services and business development Ruben Kelvin also believes that student tenants are less fussy. "They do not require the most modern appliances or nice decor compared with working adults or more matured tenants. This is an advantage for the owners as they get to save money on furniture, fittings and fixtures," he says.

He adds that owning a property that is in the vicinity of educational institutions will give property owners the additional advantage to advertise through student bodies or organisations instead of through paid advertising means or having to go through property agents to secure student tenants.

According to Lee, during the property boom a few years back, student rentals could generate 7% to 8% return on investment (ROI) for property owners in the Klang Valley.

"Now that the housing market has slowed down, the ROI hovers around 5% to 6%," offers Lee, who covers a substantial amount of student rentals in Setapak, Kuala Lumpur, which is home to a Tunku Abdul Rahman University College campus.

She notes that Setapak is a mature township with a lot of amenities, so landlords usually do not have problems getting their units tenanted.

"The students in this area prefer large units when it comes to non-landed homes, as they can share out the cost with their housemates.

"But if given a choice, they would prefer landed homes over non-landed ones because a landed home can fit in more tenants, bringing the cost even lower. However, the supply of landed homes in this area is limited," she says.

Based on Lee's observation, students around Setapak prioritise low rents and do not mind much about facilities and sharing rooms with a few other people.

"The students in Setapak are very practical when it comes to their accommodation. They prefer to share a place with their friends or coursemates so that they can travel to the campus together and the rest of their budget could be spent on other areas such as lifestyle activities or food," she adds.

Meanwhile, based on City Valuers & Consultants' research, Ruben says the monthly rent for student

accommodation in the vicinity of Bandar Sunway, Selangor — where Sunway University, Taylor's University and INTI College are located — can vary from RM450 to RM780 per person for a shared room and RM1,150 to RM1,650 each for a single room.

According to Ruben, demand for student accommodation in certain areas are high but supply is limited. He cites, for instance, the Sunway University area where there is an estimated supply of about 5,000 beds but the annual intake at the university is about 20,000 students.

"Most students choose to rent properties that are in close proximity to their universities or colleges and amenities such as food, public transport, laundry and entertainment outlets that are affordable," he adds.

## The downside

Although it sounds like a safe and stable investment, not all is rosy when it comes to renting to students — and many landlords could attest to that.

One World Realty's Lee shares that a major challenge faced by landlords when it comes to renting to student tenants is late payment of rent. It is also not unusual to encounter problematic tenants who

CITY VALUERS & CONSULTANTS



Ruben: Most students choose to rent properties that are in close proximity to their universities or colleges.

move out of the unit without any notification. There are also those who take it upon themselves to "refurbish" the unit without letting the landlord know.

For City Valuers & Consultants' Ruben, such problems are not surprising as students, being students, may not be as responsible as more matured tenants.

ONE WORLD REALTY



Lee: The students [in Setapak] prefer large units when it comes to non-landed homes.

rampant and carried out without the landlord's knowledge.

"Sub-letting will result in many students occupying a unit that is only meant for a single family, for instance," he says.

## How to minimise risk

However, there are ways that landlords can mitigate risks involving student rentals.

Ruben suggests that to minimise the risk of renting to students and make things clearer, landlords are recommended to tailor their leasing terms to include clauses such as noise, maximum occupancy of the unit and damages or repairs that should be considered.

"For example, the special leasing term could include a clause where servicing of air-conditioners, washing machines, dryers and other appliances is the students' responsibility so that they will be mindful of its usage.

"It is also recommended that the parents should be co-signees to the Tenancy Agreement so that someone other than the student is aware and responsible for prompt monthly repayments and damages," he says.

The property owners, he adds, can also include a clause stating that they would inspect the property on a monthly basis to keep track of the state of the property.

## The pros and cons of having student tenants

### PROs

👍 Landlords only need to provide basic furnishing

👍 Can ride on student organisations to advertise property

👍 Continuous tenancy

### CONs

👎 Late payments of rents and utility fees

👎 Lack of communication with landlord

👎 High rate of "wear and tear"

👎 Overcrowded due to sub-letting

### TIPS for LANDLORDS

➔ Get parents to co-sign leasing agreement

➔ Set limit to occupancy

➔ Set controls to usage and maintenance of facilities

➔ Inspect property from time to time

## FEATURE



# Will anyone rent this apartment for US\$100,000 a month?

BY JAMES TARMY

**P**ier Guerci, the former president of the US division of Loro Piana, wasn't ready to give up his Fifth Avenue penthouse apartment.

He'd bought a warren of nine maid's rooms on top of a prewar building in 2000, gutted the original layout, and spent eight years building a duplex overlooking Central Park.

The finished apartment, for which he had to extend the building's elevator and buy the building's air rights, has three bedrooms and three and a half baths spread across 3,790 sq ft. Just as important, it has an additional 2,760 sq ft of landscaped terrace featuring mature trees, bushes, and flowers.

"It's kind of an oasis," Guerci says in a phone interview. "Like being in the country, except you're in New York. It's a very unique place." The apartment, he notes, has three outdoor showers.

But when he left his job at Loro Piana and "took a sabbatical for a couple of years from [his] working career" to travel around the world, Guerci didn't wish to leave his apartment vacant for several years or sell it. In August, he decided to rent it out through broker Leighton Candler at Corcoran Group.

The price? An even US\$100,000 (RM391,658) a month, or US\$1.2 million a year.

"It's not a replaceable property," he says. "There's a lot of different penthouses in the city, but to have something in this location," he says, "is unique. It's not like your 60th floor, helicopter-views kind of place. It's a different kind of feeling completely."

## A willing tenant

For all that, though, the apartment hasn't found a tenant willing to spend more than a million dollars on annual rent since it was listed. There's been interest, Guerci says, but prospective renters wanted to do short-term leases and couldn't agree to the year-long minimum that the building prefers.

Its vacancy is not, he emphasises, a consequence of its price.

"If you look at some of the high-end rentals at the top hotels, they're substantially higher and not even comparable," Guerci says. "But also, this house has a daily housekeeper, it has fresh flowers every week and a gardener that takes care of the roof."

There's also the decor. Misa Poggi, an Italian architect who has also designed the interiors of Loro Piana stores around the world, worked with Guerci on the house's interior. The home was duly written up in New York magazine, the New York Times Style Magazine, and elsewhere. Writers seem to be par-



The living room (above) and a bedroom (below). The interior was designed by Italian architect Misa Poggi.



**"This house has a daily housekeeper, it has fresh flowers every week and a gardener that takes care of the roof."**



The apartment sits on top of a prewar condominium on the corner of 79th Street and Fifth Avenue, overlooking the Metropolitan Museum of Art.

ticularly taken with the dark blue cashmere panelling that Guerci had installed on his closet doors.

"And then the outdoor space is rather spectacular," he says. "You can have a dinner for 30 outside on the terrace."

## A crowded field

That might not be enough in what is an increasingly crowded field at the very top of New York's rental market, says Jonathan Miller, president and chief executive officer of appraiser Miller Samuel Inc. "There's more luxury competition now than there was a few years ago," he says.

"You have a condo market skewed to the high end and a rental market skewed to the high end, so you have more offerings."

While the number of high-end rentals has ballooned, the number of renters who can afford those rentals has stayed relatively stable, Miller says. "It's just, how many renters are out there at that level?" he asks. "It's certainly very thin, but they're out there."

A cursory look at the city's available stock shows some bloat at the top: Corcoran— whose most expensive rental is a US\$500,000-a-month (US\$6 million annually), six

bedroom apartment in the Pierre Hotel, offers three other apartments in the same hotel that range from US\$75,000 to US\$125,000 a month. Elsewhere, Corcoran has a seven-floor, single family townhouse on offer for a mere US\$70,000 a month.

The realtor Douglas Elliman has apartments in a similar range. At the Plaza Residences, a wealthy renter could lease a three-bedroom, four-and-a-half-bath apartment with Central Park views for US\$85,000 a month; a four bedroom apartment in the Baccarat Hotel in Midtown for US\$75,000 a month; or — for

the budget-conscious billionaire — an entire townhouse in the West Village for just US\$60,000 a month, which would total US\$720,000 a year.

"I'm not commenting if US\$100,000 is the right number," Miller says regarding the rental's price. "But you're in a market that's not forgiving about inaccurate pricing."

Guerci, though, is undaunted. "If it does, it does; if it doesn't, it's OK," he says. "I think, for the right person, it's a fantastic opportunity to enjoy New York in a really nice way." — Bloomberg