

Property

News



PA International Property Consultants is a registered real estate firm committed to providing a comprehensive range of property solutions to meet the needs of investors, occupiers and developers.

The Research Division provides core real estate information to clients and internal departments in order to ensure accurate real estate decision-making. Our research team has completed market studies and research work for various ongoing development schemes within Klang Valley, providing comprehensive economic analysis, property market information, forecasts and consulting advice based on reliable sources.

We constantly strive to present the most up-to-date market knowledge in order to ensure clients are well-armed with sufficient data to make the right property decisions.



**PA INTERNATIONAL
PROPERTY CONSULTANTS (KL) SDN BHD**

Phone: 03-7958 5933
Fax: 03-7957 5933
Website: <http://www.pa.com.my>
Email: research@pa.com.my



GENERAL ECONOMIC & PROPERTY MARKET

1. Property market still resilient despite challenges (*The Star, 3 January 2017*)

- Rahim & Co: Although the number of launches and sales performance of developers have been declining, there were projects that were performing well due to the nature of the product, concept, location and marketing strategies. The market is leaning towards the affordable market segment. Creative products within the affordable segment are going to be well-received. A rationalization of high-end and branded residences is expected as the global economy remains challenging.
- Knight Frank: The outlook for the high-end condominium segment remains lackluster, impacted by weak sentiment as potential buyers and investors continue to adopt a “wait-and-see” approach. With the widening gap between supply and demand as well as mismatch in product pricing and affordability in the domestic market, more developers are expanding their target catchment by marketing overseas as the weak ringgit translates into attractive pricing and low-entry level for foreigners.
- Meanwhile, the office market in the Klang Valley is expected to remain subdued and face downward pressure due to the strong supply pipeline and lackluster absorption as more firms cut workforce or freeze hiring to consolidate business operations. Owner of newly completed office buildings may offer more competitive rental package while those of secondary office buildings are expected to be more flexible in negotiations to retain existing tenants. However, good grade and dual-compliant office space in good location is expected to remain resilient.
- As for the retail market, the uncertainties following the recent Brexit referendum are expected to further weigh down market sentiments globally and this will not auger well for the local retail industry. The competition will be heightened in view of some 3.36 million sq ft of new retail space scheduled to come into the market in the 2H 2016. The projected sales growth for 2016 has been revised downwards from 4% to 3.5% following the weaker performance last year.
- Axis REIT Managers Bhd: Some 5.8 million sq ft of office space is expected to come onstream in the Klang Valley in the 2H 2016 and the market will continue to be a tenant’s market.

2. World Bank forecasts M’sia economy to grow 4.3% (*The Star, 12 January 2017*)

- The World Bank expects Malaysia’s economy to grow by 4.3% this year, in line with the government expectations to grow by 4% to 4.5% as adjustments to lower energy prices ease and commodity price stabilize.
- Malaysia’s economy expanded 4.3% in the 3Q last year and economists expect gross domestic product (GDP) to grow by 4.2% in 2016.
- A report titled “Global Economic Prospects: Weak Investment in Uncertain Times”, published by The World Bank mentioned that Malaysia’s GDP growth is expected to stabilize this year, driven by a line-up of massive infrastructure projects and backing of firmer commodity outlook.





3. PR1MA aid to own homes (*The Star, 18 January 2017*)

- Prime Minister Datuk Seri Najib Tun Razak announced two policy changes under the 1Malaysia People's Housing (PR1MA) program.
- The changes involve raising the household income eligibility from RM10,000 to RM15,000 and shortening the moratorium on house sale and rental from 10 years to 5 years, so as to increase the number of eligible purchasers and make the houses more attractive to the market.
- Owning a PR1MA home would be made easier for the people under PR1MA's "one roof", which will handle financing, legal matters and choosing a house lot.
- The Government targeted half a million PR1MA units to be built by PR1MA Corporation Malaysia in the future.
- PR1MA Malaysia was set up under the PR1MA Act 2012 to construct and maintain high-quality housing with lifestyle concepts for middle-income households in key urban centres.
- To-date, PR1MA has a total of 24 approved projects throughout Kedah comprising 22,169 units of homes. The PR1MA projects in Kedah accounts for 8% of the total of 231 approved projects nationwide comprising 266,400 units of homes.

4. Rising supply of retail and office space worrying (*The Star, 23 January 2017*)

- Comments by Malaysian REIT Managers Association (MRMA): Malaysian REITs will give an average distribution yield of 6.3% this year, despite the escalating supply of office and retail space in the country, particularly in the Klang Valley.
- The total existing retail space within purpose-built retail centres stood at 59.89 mil sq ft with average occupancy rate of 80.1% in 3Q 2016. A number of fairly large malls were also completed late last year and some will be completed this year, adding to the retail space over supply situation.
- In the office space segment, a huge incoming supply of about 13.32 mil sq ft is scheduled for completion by the end of 2018 bringing the total Klang Valley's stock to well more than 100 mil sq ft. Existing office stock stood at 114.4 mil sq ft in the 3Q 2016. The demand for office space is expected to be "limited" in the short term due to various challenges internal and external issues. More are expected in the pipeline with the completion of projects like Bandar Malaysia, Tun Razak Exchange and Bukit Bintang City Centre.
- Comments by Axis REIT: Meanwhile, industrial space is not over supply but the poor economic outlook is not helping.

SIGNIFICANT TRANSACTIONS AND PARTNERSHIPS

5. Gadang enters into JV deal (*The Star, 12 January 2017*)

- The indirect wholly owned subsidiary of Gadang Holdings Bhd, Tema Warisan Sdn Bhd (TWSB) has entered into a joint-venture (JV) agreement with Perikatan Progresif Sdn Bhd (PPSB), the landowner for the proposed townhouses development on a parcel of leasehold residential land, measuring approximately 17.5 acres, located at Taman Putra Perdana, Puchong. The proposed development has an estimated gross development value of RM160 mil.
- According to Bursa Malaysia's filing, PPSB shall be entitled to 32% of the net development value or the entitlement sum of RM42.688 mil, whichever shall be lower upon agree to the JV.
- On the other hand, TWSB as the developer will be responsible to procure all the development approvals from the relevant authorities, as well as to undertake all the activities to complete the development, which include among others, marketing, construction, funding of the development and delivery of PPSB's entitlements.





6. Sunway REIT to acquire land and buildings for RM91.5 mil (*The Star, 12 January 2017*)

- Sunway Real Estate Investment Trust (SunREIT) has entered into a conditional sale and purchase agreement with Champion Edge Sdn Bhd to acquire a piece of land and buildings in Shah Alam for RM91.5 mil in cash.
- The buildings include a 2-storey office with an annexed 1-storey factory with a mezzanine floor, a 3-storey office together with an annexed 1-storey warehouse and an integral 2-storey office together with a 2-storey factory-cum-warehouse with an adjoining mechanical and electrical building and other ancillary buildings.
- The property is an income-generating property with an unexpired lease term of 18 years.

7. PNB buys SILK highway for RM380 mil (*New Straits Times, 19 January 2017*)

- Permodalan Nasional Bhd (PNB) signed an agreement with SILK Holdings Bhd (SHB) to buy 37km-Kajang Traffic Dispersal Ring Road (SILK Highway) for RM380 mil.
- According to a joint venture statement yesterday, SHB has signed a conditional agreement to dispose of 100% in its sole tolled highway business to PNB, which plans to enhance its existing portfolio of highway infrastructure assets.
- PNB currently operates Ampang Kuala Lumpur Elevated Highway, Guthrie Corridor Expressway and Lebuhraya Kemuning-Shah Alam through subsidiary Projek Lintasan Kota Holdings Sdn Bhd.

8. Eco World partners EPF for third time (*The Star, 24 January 2017*)

- Eco World Development Group Bhd and the Employees Provident Fund (EPF) are teaming up to jointly develop 2 townships in Batu Kawan, Seberang Prai with a combined gross development value of RM7.76 bil.
- The land will be developed by Eco Horizon Sdn Bhd, a unit of Eco World into two complementary townships known as Eco Horizon and Eco Sun on 375 acres of prime land.
- Under the agreement, the EPF will subscribe to 4,000,000 shares or 40% in Eco Horizon and will provide shareholders advances to the latter to fund the proposed developments. Eco World will own the remaining 60%. Eco World Project Management Sdn Bhd (EWPM), a unit of Eco World, will be appointed as the development manager for the projects.
- Eco Horizon Sdn Bhd will also enter into a brand license agreement with EWPM to enable Eco Horizon and Eco Sun to be marketed as Signature Eco World developments.
- The 300-acre Eco Horizon is just off the primary interchange linking the second Penang Bridge to the North-South Highway opposite the proposed Ikea development. Eco Sun covers 75 acres is along Lebuhraya Bandar Cassia close to the Penang Bridge.
- Both projects are accessible from the Batu Kawan Interchange of the North-South Highway via an expressway linking to the second Penang Bridge and thence onto Lebuhraya Bandar Cassia. Alternatively, it is accessible from the Bukit Tambun Interchange of the North-South Highway via Jalan Bukit Tambun, Jalan Batu Kawan and thence onto Lebuhraya Bandar Cassia.

9. Greenyard enters into SPA with MKH Bhd to acquire property (*The Edge Property, 24 January 2017*)

- Greenyard Bhd's wholly-owned subsidiary, Gim Triple Seven Sdn Bhd has entered into a sale and purchase agreement (SPA) with Serba Sentosa Sdn Bhd in which is a wholly-owned subsidiary of MKH Bhd, to acquire a 6-storey shop office in Kajang for a total cash consideration of RM5.7 mil.
- The property is intended to be used as a new corporate head office for Greenyard Bhd and its subsidiaries.
- The property has a total built-up of approximately 10,421 sq ft.





10. IHH Healthcare unit buys land, buildings in Perak for RM63mil (*The Star, 27 January 2017*)

- IHH Healthcare Bhd's indirect subsidiary, Pantai Medical Centre Sdn Bhd (PMCSB), which is currently leasing a 5-storey building with 384 surface car parks from YNH Property Bhd to operate Pantai Hospital Manjung in Perak, is buying the building as well as the 19,986-sq-m freehold land where it sits on for RM63 mil.
- The healthcare service provider told Bursa Malaysia that PMCSB had signed an agreement with YNH Property units, YNH Hospitality Sdn Bhd and Kar Sin Bhd, yesterday to acquire the freehold land in Seri Manjung and purpose-built private hospital with 384 surface car parks erected on it.
- PMCSB has been leasing the property since 2014.

11. MRCB, 2 builders tie up on Bandar Malaysia deal (*New Straits Times, 31 January 2017*)

- Malaysian Resources Corp Bhd (MRCB), Wondrous Vista Development Sdn Bhd and Bandar Malaysia Sdn Bhd are collaborating to acquire, construct and operate the transportation hub on 24.28ha of land in Bandar Malaysia.
- The MoU will remain valid for a period of six months or may be terminated by mutual consent.
- Bandar Malaysia holds a 100% stake in Omega Cartel Sdn Bhd, which owns 196.67ha of land in Bandar Malaysia.

12. Hua Yang stake buy in Magna paves way for more tie-ups (*The Star and Bursa Malaysia, 31 January 2017*)

- Hua Yang Bhd acquired a 10.84% stake in Magna Prima Bhd last week for RM66.6 mil or RM1.85 per purchase share and will become the second-largest shareholder in Magna Prima Bhd.
- Magna Prima has some prime parcels of land, including the Lai Meng School land along Jalan Ampang, a 20-acre plot of land in Shah Alam, 7 acres of freehold land in Jalan Gasing and 5 acres opposite Kelab golf Sultan Abdul Aziz in Shah Alam.
- On the other hand, Hua Yang Bhd has excess of 1,000 acres of freehold and leasehold land scattered in Johor, Perak, Negeri Sembilan and Penang, in which 459 acres are yet to be developed.

13. Dancomech acquires land in Perak (*New Straits Times, 4 January 2017*)

- Dancomech Holdings Bhd has acquired a 99-year leasehold industrial land measuring 11,838.247 square metres in Perak from Chun Khong Engineering Works Sdn Bhd for a total consideration of RM4.5 mil.
- The valuation carried out by Raine & Horne International Zaki +Partners Sdn Bhd has indicated the market value of the property at RM4.5 mil.

DEVELOPMENT LAND

14. LBS lines up affordable housing in Klang Valley (*The Star, 6 January 2017*)

- LBS Bina Group Bhd is planning 12 launches with total gross development value (GDV) amounting to RM2.3 bil, comprising 5,543 units, of which 4,284 units would consist of affordable homes priced below RM500,000 this year.
- Most of the projects to be launched will be in the Klang Valley which include those in Bandar Saujana Putra, Puchong (D'Island Residence, Langit and Lake and Desiran Bayu) as well as Bukit Jalil, Alam Perdana and CyberSouth, while others will be in Pahang and Johor.
- The company had about 3,532 acres of land as of 2015. The plots of land are in the Klang Valley (45%), Johor (35%), Perak (14%), Pahang (5%) and Sabah (1%).





15. IWCity plans mixed development on Iskandar land (*The Star, 9 January 2017*)

- Iskandar Waterfront City Bhd (IWCity) plans to undertake a mixed-development project on 2 parcels of land located off Jalan Sungai Danga in Iskandar Malaysia.
- The land's strategic location off Jalan Sungai Danga fronting the Johor Baru Coastal Highway would be its strong selling point.
- It is located about 10km north-west of Johor Baru city centre and can be accessed via Jalan Tun Abdul Razak, Skudai Highway and Perling Expressway before heading to Johor Baru Coastal Highway.

16. Putrajaya Ventures seeks partners for RM5 bil Ampang project (*The Edge Property, 9 January 2017*)

- Putrajaya Ventures Sdn Bhd (PVSB), a unit of Petroliaam Nasional Bhd (Petronas), is in talks with potential partners to participate in the planned development of the former French Embassy site in Jalan Ampang.
- The land has been embarked for an integrated development with a gross development value in excess of RM5 bil. The current plans call for an integrated development with condominiums, office, retail and perhaps a small hospitality component. The launch of the project itself will not happen until 2018.
- In late 2014, the French Embassy called for bids for the eight-acre tract in Jalan Ampang. PVSB won the bid and paid RM894 mil or RM2,600 psf for the land. The title was transferred in the second half of 2015, but the French Embassy only vacated the land one year later, staying on as a tenant.

17. RM20 bil projects in Penang S-W district (*The Star, 14 January 2017*)

- The south-west district of Penang island will attract RM20 bil worth of new residential and commercial projects over the next five to ten years.
- About RM13 bil worth of projects are new ones planned by Hunza Properties and Ideal Property Sdn Bhd, which are large-scale schemes expected to generate thousands of fresh job opportunities.
- Projects by Ideal Property Sdn Bhd which will be developed over a 5-year period till 2022 include a RM2.4 bil mixed development on the 75-acre Pulau Jerejak land, the RM520 mil Imperial Grande in Bayan Lepas, a RM300 mil condominium development known as The Rain in Sungai Ara, the RM486 mil Queens Residence 2 at Persiaran Bayan Bay Indah, and a RM1.4 bil landed property scheme in Pulau Balik.
- Projects by Hunza Properties Bhd include the RM8 bil Penang International Commercial City (PICC) in 3 phases, a mixed development comprising condominiums and serviced apartments, a shopping mall, retail outlets, hotels, a business process outsourcing (BPO) tower and a medical centre. The master plan incorporates thousands of residential units within a commercial development which is to be developed in 3 phases.





RESIDENTIAL PROPERTY IN KLANG VALLEY

18. Kwasa Land set to earn RM165.5 mil from Gadang JV (*New Straits Times, 19 January 2017*)

- Kwasa Land's wholly-owned subsidiary, Kwasa Development Sdn Bhd and Gadang Holdings Bhd's fully-owned subsidiary, Elegance Sonata Sdn Bhd signed the deal for the development right of R3-1 in Kwasa Damansara township.
- Plot R3-1 is expected to be launched by January 2019 and includes 780 freehold residential units comprising a combination of high-rise towers and villa. It would take 6 years for the entire project to be completed.
- The project will have a gross development value of about RM700 million and Kwasa Land would receive a total of RM165.5 mil for the development rights and revenue sharing from Gadang Holdings Bhd.
- The development, fronting a lush and extensive 11.7ha green park, is complemented by a 5.5ha lake and near a town park, proposed schools and commercial developments.
- The development is accessible through Persiaran Atmosfera and will in the future be connected to the Guthrie Corridor Expressway.
- The designs will have river views while lower levels will have a landscaped garden deck. Sky gardens will be located at alternating level and roadways will have soft landscapes featuring ornamental flowering trees.
- Kwasa Damansara is within 700m from the Kwasa Damansara and Kwasa Sentral mass rapid transit stations.

19. Sime Darby Property to build affordable houses in Shah Alam (*The Star, 27 January 2017*)

- Sime Darby Property Bhd is developing an affordable housing project, Harmoni 1, in the City of Elmina, Shah Alam with a gross development value (GDV) of RM155 mil.
- Managing Director Datuk Jauhari Hamidi said the project would be the first to adopt the divergent dwelling design (D3) concept.

RESIDENTIAL PROPERTY IN SOUTHERN PENINSULAR

20. Paramount Blossom, Chinese firms to build township in Seremban 2 (*New Straits Times, 6 January 2017*)

- China's conglomerates Fujian Hexinyuantong Investment Co Ltd and China Railway Liuyuan Group Co Ltd have teamed up with Paramount Blossom Sdn Bhd to develop a 31.2ha site in Seremban 2, Negeri Sembilan, into a township. This will be the biggest residential development in Seremban 2 in terms of land size.
- The project, with an estimated gross development value (GDV) of RM650 mil is expected to be launched in May, and will comprise 835 units of terraced and semi-detached houses and duplexes.
- Fujian Hexinyuantong will provide the financing while China Railway Liuyuan Group, a subsidiary of China Railway Group Ltd, will undertake the construction. Fujian Hexinyuantong is a unit of Fujian Crown Investment Group.





COMMERCIAL PROPERTY IN SOUTHERN PENINSULAR

21. UMLand unveils Medini Lakeside plan (*New Straits Times, 12 January 2017*)

- United Malayan Land Bhd (UMLand) unveils their latest property development at Medini Iskandar Malaysia known as UMCity Medini Lakeside comprising 2 significant property developments: a multi-storey residential home and commercial business precinct.
- The first project, UMCity Medini Lakeside consists of 213 units of upscale Shama Medini serviced apartments managed by the Onyx Hospitality Group and has a gross development value (GDV) of RM1.2 bil sprawled over a 2.03ha site. The project will pivot on the 5.26ha central lake development, where a lake revitalisation plan will change the surrounding landscape into an ideal community park.
- Other components are the 198-room OZO Medini Hotel, lakefront retail space and food and beverage outlets, ultramodern office blocks and 214 units of Citadines-branded serviced apartments managed by The Ascott Ltd.
- The second project is Viridea @ Medini Lakeside homes, comprising SOHOs, serviced residences and retail shop offices with a RM780 mil GDV. This component is slated for completion by late 2018.

PROPERTY IN SABAH & SARAWAK

22. HSL to launch property projects worth RM160 mil (*The Star, 16 January 2017*)

- Hock Seng Lee Bhd (HSL) has lined up several launches of residential and industrial property projects in Kuching and Samarahan Divisions with combined gross development value (GDV) of some RM160 mil in the coming months.
- Project 1: Precinct Luxe (Phase 1) will be launched in La Promenade, off Kuchong-Samarahan Expressway, and will have 32 double-storey superlink homes with GDV of RM30 mil. Precinct Luxe will have a total of 112 units to be built in phases.
- La Promenade is among the most innovative and exciting mixed developments in Sarawak, featuring a modern lifestyle with two-tiered manned security points, electrical perimeter fencing and distinctive landscaping and parklands, including a man-made lake as well as high-end homes spanning across 200 acres. The project which is slated for development over 10 to 15 years has a GDV of RM2 bil.
- Precinct Premiere (Phase 1 & 2), the first component of La Promenade, which features luxurious homes offered for between RM1.35 mil and RM3.1 mil is currently 70% sold. The phase 1 is expected to be handing over in mid-2017.
- In addition, HSL's new corporate building is currently under construction in La Promenade as well and is expected to be ready for occupation in about 2 years.
- Project 2: 84 units of double-storey terraced and semi-detached houses with GDV of about RM45 mil in Samariang Aman 2 along Kuching-Damau Road. The company has completed 642 units of houses for Samariang Aman 1 and 150 units for Samariang Aman 2.
- Project 3: 22 units of double-storey semi-detached houses with GDV of RM17 mil in Highfields, Batu Kawa Road.
- Project 4: Phase 2 of Vista Industrial Park at Muara Tabuan will have 55 industrial buildings with GDV of RM68 mil. The first phase, which features 56 semi-detached buildings and launched recently, has recorded about 70% in sales. Vista Industrial Park will be developed under six phases and has a GDV amount of some RM250 mil.





INFRASTRUCTURE AND FACILITIES

23. Bentong bypass to ease traffic (*The Star, 6 January 2017*)

- The 28km stretch Bentong Bypass which starts just after the Bentong toll at the Karak Highway, will allow road users travelling to Raub and other places the option of not having to drive through the town.
- Some RM578.25 mil was approved for the project, which started in November 2015 and will be divided into 3 phases.
- According to Bentong MP Datuk Seri Liow Tiong Lai, the first phase was expected to be completed by October 2018.
- The Bentong Bypass is actually part of the 350km Central Spine Road project that links Bentong all the way to Kota Baru. The entire project will be a dual-carriage road made according to the Public Works Department's R5 specifications, which are federal roads allowing speed limits of up to 90kph.

24. Ekovest unit to undertake road project worth RM6 bil (*The Star, 18 January 2017*)

- Ekovest Bhd's subsidiary will undertake the construction of 72.5km of roads in Kuala Lumpur, which will link with the various expressways at a total project cost of RM6.32 bil (excluding the goods and services tax).
- Lebuhraya DUKE Fasa 2A (LDF2A) has received a letter from the Government on the principle approval of the proposed privatization of the Kampung Baru link, Istana link and Kapar link expressway.
- With a total length of 75.2km, the proposed project is expected to provide vital connectivity and direct linkage for movement in and around Kuala Lumpur city centre and completes the missing link for seamless travelling in and out of Greater Kuala Lumpur and the Klang Valley.

25. SPAD invites request for proposal for KL-Klang BRT busway project (*New Straits Times, 19 January 2017*)

- The Land Public Transport Commission (SPAD) has initiated a request for proposal (RFP) exercise for bids to implement the Kuala Lumpur-Klang Bus rapid Transit (BRT) busway along the Federal Highway.
- The project implementation scope will include comprehensive planning, design, finance, construction, operation, maintenance and upgrade of the Kuala Lumpur-Klang BRT project.
- The proposed BRT Kuala Lumpur-Klang line will span 34km with 25 stations. It is a dedicated busway and will provide easy connectivity to LRT, MRT and KTM Komuter rail lines as well as linked to other bus services.
- The BRT has been identified as one of the key initiatives to transform Greater KL / Klang Valley bus industry under the Government Transformation Program.
- The first BRT was first introduced in June 2015 with the launch of BRT Sunway.





REAL ESTATE INVESTMENT TRUSTS (REITS)

26. REITS remain resilient (*The Star, 14 January 2017*)

- Despite slowing consumption and tourist spending, the KLCC REIT which manages three assets around the Kuala Lumpur City Centre area, Pavilion REIT (Pav REIT) which manages KL Pavilion, among other assets, and IGB REIT, the owner of Mid Valley Megamall, are leading.
- Pav REIT is expected to inject the recently completed Pavilion extension or Pavilion Elite which opened in November 2016, into its portfolio this year. Its inclusion is expected to add 15.7% or RM66 mil to Pav REIT's gross rental income based on 250,000 sq ft of net lettable area (NLA), or 11.8% of Pav REIT's total NLA on an assumed rental rate of RM22 per sq ft a month.
- CapitaLand Malaysia Mall Trust converted the parking space in Sungai Wang to retail space in order to increase the NLA. On the other hand, Subang Summit, under AmFIRST REIT, was refurbished and increased retail space in preparation for competition with Pav REIT's da:men Mall located nearby.

OTHERS

27. A mammoth task (*The Star, 19 January 2017*)

- The sale of Empire Shopping Gallery by Mammoth Empire Group to Pelaburan Hartanah Bhd (PHB) is yet to be completed. Last year, PHB was tipped to acquire the mall for about RM570 mil.
- The Empire Shopping Gallery, which is part of a mixed integrated commercial development comprising SoHo (small office, home office) units and a four-star hotel, has a gross built-up area of 600,000 sq ft and a net lettable area (NLA) of 350,000 sq ft over 5 levels. It is more than 95% occupied and has a rental yield of between 6.5% and 7%.

-END-

