

# 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.



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## GENERAL ECONOMIC & PROPERTY MARKET

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### 1. HouzKEY now open to secondary market (*News Straits Times, 18 May 2018*)

- Maybank Islamic Bhd's Rent-to-Own (RTO) scheme, HouzKEY, is now open to the secondary market.
- Maybank Islamic Bhd said in collaboration with the Malaysian Institute of Estate Agents, it recently briefed 200 real estate agents based in the Klang Valley about the HouzKEY scheme for secondary market.
- HouzKEY, which was launched for the primary market on January 15, is the country's first bank-initiated RTO scheme, which enables customers to kick-start their home ownership journey with no down payment and only three months of rental deposit.
- It is the first such RTO product in the country and is fully enabled on a digital platform.
- Once the customer chooses a property on the online portal and applies under HouzKEY, the bank will provide a decision within one working day, following which the customer must make the three-month rental deposit and sign the lease agreement within 14 days.
- After the lease agreement is signed, the bank will purchase the property from the seller and the price is locked in.
- Through the HouzKEY portal, the bank would facilitate the linking of customers with pre-screened property agents and properties in the market to better match the demand and supply.

### 2. Consumer Price Index rises 1.4pc in April (*News Straits Times, 24 May 2018*)

- The Consumer Price Index (CPI) which measures headline inflation, increased by 1.4 percent last month compared with the same period last year.
- According to the Statistics Department major groups that recorded increases were the indices for food and non-alcoholic beverages (+2.6 percent), restaurants and hotels (+2.2 percent), health (+2.1 percent), housing, water, electricity, gas and other fuels (+2.0 percent), furnishings, household equipment and routine household maintenance (+1.8 percent) and education (+1.1 percent).
- The CPI for the January-April 2018 period increased 1.7 percent on year-on-year (y-o-y)
- The overall index was affected by the 0.4 percent increase in transport compared with the 1.5 percent decrease in March.
- In terms of overall CPI, Federal Territory of Kuala Lumpur surpassed the national CPI rate with +1.9 percent, along with Selangor and Federal Territory of Putra Jaya (+1.6 percent) and Penang (+1.5 percent).

## DEVELOPER'S NEXT MOVE

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### 3. SP Setia Unit To Build DBKL Project (*New Straits Times, 8 May 2018*)

- SP Setia Bhd, via its 50 percent-owned Retro Highland Sdn Bhd, has entered into a privatization agreement with Kuala Lumpur City Hall (DBKL) to construct a Quality Sustainable People Housing (QSPH) project in Cheras.
- Tradewinds Corp Bhd owns the other 50 percent stake in Retro Highland.
- Retro Highland signed the agreement for the planning, design, construction and commissioning of the QSPH project. The QSPH project entails the construction of 3,971 residential units, 112 units of shops, a market and public facilities.
- The QSPH development is in line with the government's intention to encourage the private sector to form partnerships with DBKL to undertake urban renewal initiatives under the Kuala Lumpur Structure Plan 2020.





- The privatization will be undertaken in two phases. Phase 1 involves the development of 1,192 residential units. Phase 2 will have 2,779 residential units, 112 shops, 244 market lots and public facilities.
- SP Setia said the initial phases will involve the renewal of the 3,971 units under Taman Ikan Emas cluster houses, Sri Melaka low-cost flats, Sri Pulau Pinang low-cost flats and longhouses, Sri Johor low-cost flats under the government's public housing scheme, common facilities, shops, stalls and a market.
- Phase 1 will cost RM344.79 million while Phase 2 will cost RM835.12 million. There will also be cash consideration of RM14.99 million from DBKL if the construction cost of the development is lower than the cost estimated for both phases.
- In addition, Retro Highland will also be awarded 21ha of leasehold land in Cheras by DBKL in return for the QSPH development. The RM1.19 billion exchange land is planned for a mixed-development project with a gross domestic value of about RM11.03 billion over 11 years.

## SIGNIFICANT TRANSACTIONS AND PARTNERSHIPS

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### 4. Boustead Plantations to buy Sandakan land, mill (*New Straits Times, 9 May 2018*)

- Boustead Plantations Bhd plans to buy 5,531.25ha of plantation land and a mill in Sandakan from Sit Seng & Sons Realty Sdn Bhd.
- The mill has a production capacity of 60 tonnes of fresh fruit bunches (FFB) per hour.
- The indicative market value of the assets amounted to RM433 million.
- While the deal is subject to a due diligence that could take up to 60 days, Boustead Plantations has paid RM7.56 million in refundable deposit to Sit Seng & Sons Realty.
- The acquisition of approximately 5,500ha of prime plantation land together with a palm oil mill in Sabah, follows the Company's recent acquisition of 11,579ha in Labuk and Sugut in Sabah from Dutaland Bhd for RM750 million.
- When the deal with Sit Seng & Sons Realty materializes, it will boost Boustead Plantations' existing plantation landbank to 98,948ha.

### 5. SimeProp in JV with Mitsui and Mitsubishi Estate (*New Straits Times, 18 May 2018*)

- Sime Darby Property Bhd (SimeProp) is partnering Japan's Mitsui & Co Ltd and Mitsubishi Estate Co Ltd to develop and lease built-to-suit industrial facilities with a gross development value of RM530 million at the Bandar Bukit Raja integrated township in Klang, Selangor.
- SimeProp holds a 50 percent stake in the joint-venture company called Sime Darby MIT Development Sdn Bhd, with the balance held by Mitsui through its Malaysian subsidiary, MIMI Development Sdn Bhd.
- Mitsubishi Estate is expected to participate in the joint venture through its 40 percent holding in MIMI Development, subject to approval by regulatory authorities.
- This key venture in the industrial logistics development will allow for increase recurring income, act as a catalyst in attracting more economic activity in the township developments, increase employment in the local communities and spur demand for housing projects.
- SimeProp said the built-to-suit industrial facilities, comprising warehousing and logistics facilities, offered tailored features to suit operational requirements of business tenants.





## INFRASTRUCTURE AND FACILITIES

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### 6. Damansara Realty to jointly bid for Johor Baru-Singapore Rapid Transit System (*New Straits Times, 9 May 2018*)

- Damansara Realty Bhd has teamed up with China State Construction Engineering (M) Sdn Bhd (CSECM) to tender for the 4km Johor Baru-Singapore Rapid Transit System (RTS) railway project.
- Damansara Realty has signed a memorandum of understanding with China State Construction Engineering Corp's subsidiary CSECM to jointly bid for the RTS project, which connected the Bukit Chagar station in Johor Baru to Woodlands in Singapore. The project is slated for completion by end 2024.

### 7. HSR to be scrapped (*New Straits Times, 29 May 2018*)

- Citing no benefit for Malaysia, Prime Minister Tun Dr Mahathir Mohamad yesterday announced that the Kuala Lumpur-Singapore High-Speed Rail (HSR) project will be dropped.
- Dr Mahathir said the move to axe the project would take some time "because we have an agreement with Singapore" and Malaysia might have to pay a penalty to Singapore.
- Dr Mahathir said the HSR project which is going to cost RM110 billion, was not beneficial as it would not make money.

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