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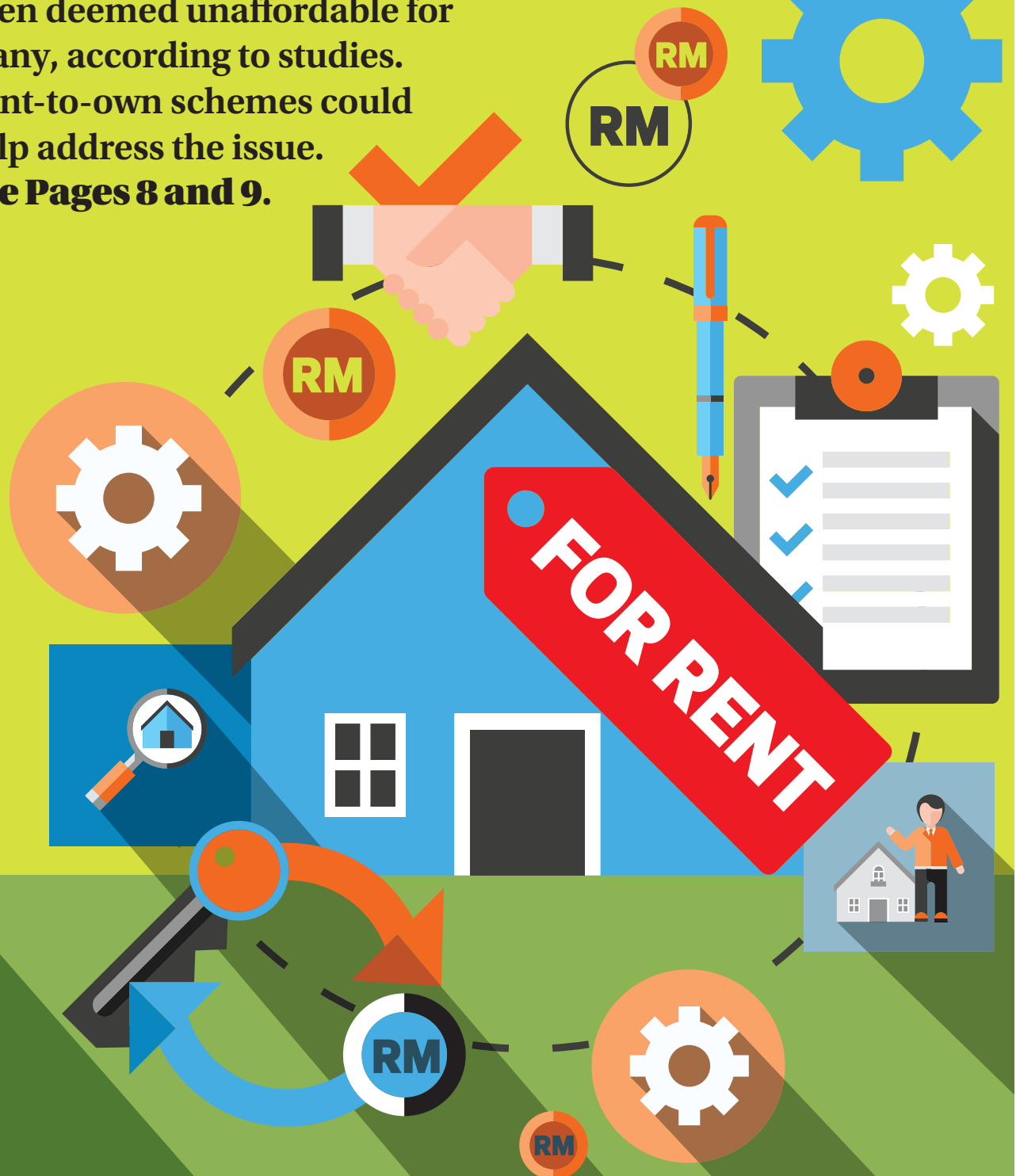
KL's condo rental yields decline but market remains positive

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House prices in Malaysia have been deemed unaffordable for many, according to studies. Rent-to-own schemes could help address the issue. **See Pages 8 and 9.**



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sells 164 acres to
Country View**

UEM Sunrise Bhd, via its wholly-owned subsidiary Bandar Nusa-jaya Development Sdn Bhd, has inked a sale and purchase Agreement with Country View Bhd's subsidiary Country View Resources Sdn Bhd for the sale of 163.9 acres of land in Iskandar Puteri, Johor at RM310 million.

The commercial land disposal leaves UEM Sunrise with landbank of 10,000 acres in the southern region, with a GDV of RM94 billion, according to UEM Sunrise managing director and chief executive officer Anwar Syahrin Abdul Ajib.

Anwar said the land disposal will help UEM Sunrise to further invest in Puteri Harbour's infrastructure as well as to conduct landbanking in the Klang Valley.

"We have over 13,000 acres of landbank across Malaysia. This [land disposal] gives us more flexibility to look at landbank outside of Johor," he added.

According to Country View, the commercial parcel will be developed into a mixed-use development with a GDV of RM1.26 billion. The development will comprise resort-linked villas, shopoffices and commercial plots.

**Homebuyers
lost RM6.2m in
affordable housing
scams**

The Urban Wellbeing, Housing and Local Government Ministry has es-

**The Mews sees completion
with over 75% take-up****Eastern & Oriental Bhd's (E&O) newly-completed upmarket residential project, The Mews Serviced Residence at Jalan Yap Kwan Seng, Kuala Lumpur has seen a take-up rate of more than 75% despite the prevailing weak sentiment in the local property market.****"We have less than 25% units left to be sold. Buyers are predominantly foreigners, but we do have a good spread of 25% to 30% local buyers as well," said E&O managing director Kok Tuck Cheong in a media****conference on the completion of The Mews on Oct 31.****The Mews comprises two towers of 38 storeys each and is jointly developed by E&O and Mitsui Fudosan Co Ltd, Japan's largest property developer.****The project has a GDV of RM469 million, and offers 256 units with built-up sizes ranging from 925 sq ft to 2,615 sq ft.****The units are selling at an average price psf of RM1,800. The Mews was launched in early 2014.**

tablished a special committee to investigate affordable housing scams, which has caused homebuyers to lose RM6.2 million to unlicensed housing developers.

Minister Tan Sri Noh Omar Noh revealed this on Oct 30 when responding to a parliamentary question by Setiu Member of Parliament,

Datuk Che Mohamad Zulkifly Jusoh, who asked about property purchase fraud cases in the country.

According to Noh, the National Housing Department received a total of 192 complaints related to property purchase frauds between Jan 1, 2013 and Oct 30, 2017. Of that, 107 cases have been resolved.

**trending
now**How do I get past issues of this weekly pullout?
Go to www.EdgeProp.my to download for free**LAUNCHES + EVENTS**If you have any real estate-related events, email us at editor@edgeprop.my.
Events listed here will also appear on www.EdgeProp.my.**Kidz Rule the World at
Setia Eco Glades****Date:** Nov 4 and 5 (Sat and Sun)**Time:** 10am to 6pm**Venue:** Setia Eco Glades Lifestyle Gallery, Persiaran Setia Eco Glades, Setia Eco Glades, Cyber 1, Cyberjaya
Contact: (03) 8008 2228

Take your kids on a weekend of adventure at Setia Eco Glades where Kidz Rule the World! Organised by S P Setia Bhd, the event will see kids enjoy role-playing as firefighters, news presenters, car experts and many more. Call to RSVP.

**TAHPS' Clay Art Workshop
for kids****Date:** Nov 4 (Sat)**Time:** 1pm or 3pm**Venue:** Bukit Puchong Sales Gallery, Lot 59244, 15, Jalan BP 6/7, Bandar Bukit Puchong, Puchong, Selangor
Contact: (03) 8068 3388

Let your children's imagination come to life. Sign them up for TAHPS Group Bhd's

free Clay Art Workshop at its Bukit Puchong Gallery. Guided by an experienced instructor, they will learn how to make cool miniature clay crafts and bring home a masterpiece of their own.

**Check Out for Children
2017****Date:** Nov 12 (Sun)**Time:** 12pm to 3.30pm**Venue:** Four Points by Sheraton Puchong, 1201, Tower 3, Puchong Financial Corporate Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, Puchong
Contact: (1800) 18 1220, (03) 5891 8888

In partnership with UNICEF, IOI Properties Group Bhd's Four Points by Sheraton Puchong and Le Méridien Putrajaya are hosting "Check Out for Children" to raise funds to provide clean drinking water and proper sanitation facilities for children all over the Asia-Pacific region. Enjoy a fun-filled day of food and games with family and friends.

**BUMI Property & Lifestyle
Expo 2017****Date:** Oct 30 to Nov 5 (Mon to Sun)**Time:** 10am to 10pm
Venue: Aeon Mall Shah Alam, Jalan Akuatik 13/64, Seksyen 13, Shah Alam
Contact: (012) 3388 286, (012) 2526 523

The seven-day expo will feature new launches and the latest affordable developments from leading and well-known builders. There will be special deals, rebates, and lucky visitors will get a mystery gift from Walkabout Clowns between 3pm and 5pm.

**Brisbane property
investment talk****Date:** Nov 4 and 5 (Sat and Sun)**Time:** 10am to 6pm**Venue:** Westin Hotel Kuala Lumpur, 199, Bukit Bintang Street, Bukit Bintang, Kuala Lumpur
Contact: (03) 2095 5811, (010) 899 3485

Real estate consultancy Jordan Lee & Jaafar will be hosting a talk about investing in properties in Brisbane, Australia. Call to RSVP.

**Hi-tea by the lake at
Sunway Serene****Date:** Nov 5 (Sun)**Time:** 11am to 6pm**Venue:** Sunway Serene Sales Gallery, Kelana Jaya, Petaling Jaya**HSR public
inspection begins
Nov 1**

Public inspection on the Kuala Lumpur-Singapore High-Speed Rail (HSR) project which began Nov 1 will focus on the existing alignment featuring seven local stations, without the proposed station at the Forest City property development in Johor.

MyHSR Corp Sdn Bhd project delivery group director Mark Loader said the Public Land Transport Commission is still reviewing the application made by the Forest City project's developers. If the Forest City station is approved, a second public inspection will be convened.

In the meantime, Loader said the three-month public inspection till Jan 31, 2018, would showcase the seven locations as agreed in the bilateral agreement between Malaysia and Singapore last December.

Public inspection booths will be set up at 43 venues with high footfalls including shopping malls and local councils in cities along the HSR alignment. Information to be displayed include the overall alignment map and the land acquisition plan. The public can check the schedule of the booths and locations via the MyHSR website.

**Contact:** (017) 964 0788
Sunway Property invites you to experience a refreshing new

lakefront living experience at Sunway Serene Sales Gallery. Nestled within lush green surroundings, the gallery has a serene lake and breathtaking views of a golf course.

**3D Flower Jelly Art
Workshop at 16 Sierra****Date:** Nov 5 (Sun)**Time:** 11am to 1pm

and 2pm to 4pm

Venue: IOI Galleria @ 16 Sierra, Persiaran Sierra Utama, Bandar 16 Sierra, Puchong, Selangor
Contact: (03) 8944 9999

Learn how to make a fanciful jelly for your family at the upcoming 3D Jelly Art workshop organised by IOI Properties Group Bhd. Register now to secure your seat.






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THEEDGE *Top Property
Developers Awards*
2017

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S P Setia stays in the lead

MOHD IZWAN MOHD NAZAM | THE EDGE MALAYSIA



(From left) Sunway deputy managing director (property division for Malaysia & Singapore) Tan Wee Bee, Sime Darby Property chief operating and transformation officer Datuk Wan Hashimi Albakri Wan Ahmad Amin Jaffri, IGB executive director Tan Boon Lee, IOI Properties chief operating officer (property development) Teh Chin Guan, Ho Kay Tat, Ong, Khor, Au, City & Country editor Rosalynn Poh, UOA alternate director Stephanie Kong, Tropicana deputy group CEO Datuk Dickson Tan, Mah Sing chief executive officer and executive director Datuk Ho Hon Sang, EcoWorld president and chief executive officer Datuk Chang Khim Wah, IJM Land managing director Edward Chong and UEM Sunrise managing director Anwar Syahrin Abdul Ajib at TEPEA 2017

BY LAM JIAN WYN & TAN AI LENG

KUALA LUMPUR: S P Setia Bhd bagged the top spot in The Edge Malaysia Top Property Developers Awards (TPDA) 2017 for the second consecutive year.

Sunway Bhd is in second place this year. The rest of the top 10 are Sime Darby Property Bhd (No 3), IJM Land Bhd (No 4), Eco World Development Group Bhd (No 5), UOA Development Bhd (No 6), Mah Sing Group Bhd (No 7), IGB Corp and IOI Properties Group Bhd (both No 8), UEM Sunrise Bhd (No 9) and Tropicana Corp Bhd (No 10).

The Edge Malaysia Top Property Developers Awards' Best in Quantitative Attributes went to IOI Properties Group and S P Setia while the Best in Qualitative Attributes was won by Sunway.

President of the Malaysia-China Business Council & The Prime Minister's Special Envoy to China Tan Sri Ong Ka Ting, who was the guest of honour, was awarded The Edge Malaysia Property Excellence Award for his outstanding contribution to the housing industry.

Notably, Ong — who was Housing Minister from 1999-2008 — was the first guest of honour for TPDA, whose first awards luncheon was held in 2004.

The top 10 developer rankings are part of The Edge Malaysia Property Excellence Awards (TEPEA) 2017, which also featured The Edge Malaysia-PAM Green Excellence Award, The Edge Malaysia-PEPS Value Creation Excellence Award, The Edge Malaysia Affordable Urban Housing Excellence Award, The Edge Malaysia Outstanding Property CEO Award, The Edge Malaysia Outstanding Property Entrepreneur Award, The Edge Malaysia Property Development Excellence Award, and The Edge Malaysia Pioneer Development Award.

The 15th TPDA anchors TEPEA 2017, which were presented at a gala dinner on Oct 30 in Kuala Lumpur.

In his speech, The Edge Media Group publisher and group CEO Ho Kay Tat noted that the objective of TEPEA is to recognise and celebrate excellence in the real estate industry, starting with the ranking of the country's top property companies which have shown consistent financial strength and delivered quality products to their customers to be used as a home or as an investment asset.

"We wanted to set a benchmark to guide homebuyers and investors. In the process, we believe it has also become a benchmark for property companies too.

The end result, I believe, is that it has led to the overall improvement of the industry," he said.

Also at the gala dinner to present the awards was managing director and editor-in-chief of EdgeProp.my Au Foong Yee.

Presented by *City & Country*, the weekly property pullout of *The Edge Malaysia*, the awards is supported by EdgeProp.my.

Partners of TEPEA 2017 are Hansgrohe, Jotun Paints Malaysia, USG Boral and Volvo Car Malaysia.

The Edge Malaysia-PAM Green Excellence Award,

which was jointly created with Pertubuhan Arkitek Malaysia (PAM), went to Heriot Watt University Putrajaya by Putrajaya Holdings Sdn Bhd, with the revitalisation of Chowrasta Market in Penang by Majlis Bandaraya Pulau Pinang receiving an honorary mention.

Meanwhile, The Edge Malaysia-PEPS Value Creation Excellence Award 2017 winner is Horizon Hills (Phase 2C) by Horizon Hills Development Sdn Bhd, while a merit prize went to KU Suites @ Kemuning Utama by Paramount Property Development Sdn Bhd.

This award was created in partnership with the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector (PEPS) to recognise developments that have provided outstanding rewards to their purchasers in terms of capital appreciation.

The Edge Malaysia Affordable Urban Housing Excellence Awards 2017, which honours affordable housing projects undertaken by Malaysian private developers, was awarded to Seri Mutiara apartment by Bandar Setia Alam Sdn Bhd, a subsidiary of S P Setia, while Bayu Nusantara by Nusajaya Heights Sdn Bhd, a subsidiary of UEM Sunrise, took home the merit prize.

S P Setia Bhd president and CEO Datuk Khor Chap Jen and Sunway Bhd property division for Malaysia and Singapore managing director Sarena Cheah received The Edge Malaysia Outstanding Property CEO Award, which honours CEOs whose leadership have grown their companies to new heights.

Khor said the group's various awards that night belonged to Team Setia as it was a team effort by passionate people working together to move the company forward.

"I felt delighted, honoured and humbled to receive this," he told reporters after receiving the awards.

The Edge Malaysia Outstanding Property Entrepreneur Award was presented to Matrix Concepts Holdings Bhd group managing director Datuk Lee Tian Hock and Sunsuria Bhd executive chairman Tan Sri Ter Leong Yap.

The Edge Malaysia Property Development Excellence Award went to five winners — Mid Valley Megamall by IGB REIT Management Sdn Bhd, 1 Utama Shopping Centre by Bandar Utama City Centre Sdn Bhd, Sunway Pyramid by Sunway REIT Management Sdn Bhd, Pavilion Kuala Lumpur by Kuala Lumpur Pavilion Sdn Bhd, and the regeneration of George Town by Think City Sdn Bhd, in recognition of their positive contribution to the vibrancy of the surrounding areas.

Last but not least is The Edge Malaysia Pioneer Development Award, which recognises innovators in the property industry whose development concepts initiated new trends in the property field. It went to KDU University College by Paramount Corporation Bhd, and Sunway University by Sunway Bhd.

This story first appeared on www.edgeprop.my. Read more of *The Edge Malaysia Property Excellence Awards 2017* in the Nov 6 issue of *City & Country*

The Edge Malaysia Top Property Developers Awards 2017

Top 10

- | | |
|------------------------------------|-------------------------------|
| 1. S P Setia Bhd | 6. UOA Development Bhd |
| 2. Sunway Bhd | 7. Mah Sing Group Bhd |
| 3. Sime Darby Property Bhd | 8. IGB Corporation Bhd |
| 4. IJM Land Bhd | 9. IOI Properties Group Bhd |
| 5. Eco World Development Group Bhd | 10. UEM Sunrise Bhd |
| | 11. Tropicana Corporation Bhd |

Best in Qualitative Attributes:
Sunway Bhd

Best in Quantitative Attributes:
IOI Properties Group Bhd, S P Setia Bhd

The Edge Malaysia Outstanding Property CEO Award

Datuk Khor Chap Jen
President & Chief Executive Officer
S P Setia Bhd

Sarena Cheah
Managing Director
Sunway Bhd Property Division
for Malaysia and Singapore

The Edge Malaysia Outstanding Property Entrepreneur Award

Datuk Lee Tian Hock
Founder, Group Managing Director
Matrix Concepts Holdings Bhd

Tan Sri Ter Leong Yap
Executive Chairman
Sunsuria Bhd

The Edge Malaysia-PAM Green Excellence Award 2017

Winner:
Putrajaya Holdings Sdn Bhd -
Heriot-Watt University Putrajaya

Honorary Mention:
Majlis Bandaraya Pulau Pinang -
Revitalisation of Chowrasta Market

The Edge Malaysia-PEPS Value Creation Excellence Award 2017

Winner:
Horizon Hills Development
Sdn Bhd - Horizon Hills,
2-storey linked house (Phase 2C)

Merit:
Paramount Property
Development Sdn Bhd
- KU Suites, Kemuning Utama

The Edge Malaysia Affordable Urban Housing Excellence Award 2017

Winner:
Bandar Setia Alam Sdn Bhd
- Seri Mutiara apartment

Merit:
Nusajaya Heights Sdn
Bhd - Bayu Nusantara

The Edge Malaysia Property Development Excellence Award

Mid Valley Megamall, IGB REIT Management Sdn Bhd
1 Utama Shopping Centre, Bandar Utama City Centre Sdn Bhd
Sunway Pyramid, Sunway REIT Management Sdn Bhd
Pavilion Kuala Lumpur, Kuala Lumpur Pavilion Sdn Bhd
Regeneration of George Town, Think City Sdn Bhd

The Edge Malaysia Pioneer Development Award

KDU University College, Paramount Corporation Bhd
Sunway University, Sunway Bhd

The Edge Malaysia Property Excellence Award 2017 – Outstanding Contribution to the Housing Industry

Tan Sri Ong Ka Ting

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Setia

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- **10-time winner, No. 1 The EDGE Malaysia Top Property Developers Awards 2017**
- **Seri Mutiara, Setia Alam, The EDGE Malaysia Affordable Urban Housing Excellence Award 2017**
- **Dato’ CJ Khor, The EDGE Malaysia Outstanding Property CEO Award 2017**



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S P Setia dominates The Edge TPDA

BY NATALIE KHOO

PETALING JAYA: S P Setia Bhd has taken the No 1 spot in The Edge Malaysia Top Property Developers Awards (TPDA) 2017, marking its 10th time in the top spot.

S P Setia's win rate at No 1 is the most for any developer who has participated in the awards, which anchor The Edge Malaysia Property Excellence Awards 2017 (TEPEA 2017).

On top of that, its president and CEO Datuk Khor Chap Jen also bagged The Edge Malaysia Outstanding Property CEO Award 2017, which is presented to CEOs or professionals who have taken a company to an exceptional level under their leadership.

Meanwhile, its Seri Mutiara Apartment, developed by S P Setia subsidiary Bandar Setia Alam Sdn Bhd, was the winner of The Edge Malaysia Affordable Urban Housing Excellence Award, which honours affordable housing projects for the urban middle-income group undertaken wholly by Malaysian private developers.

Khor credits The Edge Outstanding Property CEO Award to Team Setia and expressed his gratitude for the strong and continuous support he had received



Khor (middle) celebrates S P Setia's top spot with The Edge Media Group publisher and group CEO Ho Kay Tat, President of the Malaysia-China Business Council & The Prime Minister's Special Envoy to China Tan Sri Ong Ka Ting, EdgeProp.my managing director and editor-in-chief Au Foong Yee and City & Country editor Rosalynn Poh

throughout his 22 years of service in the group.

"We are elated and proud to be placed among the very best in the industry. Teamwork is definitely the hallmark of our suc-

cess. We are also backed by the dynamic Team Setia which never fails to display a culture of passion that is grounded in being customer-focused, collaborative and innovative. Our team will always deliver

on all promises and commitments made to our stakeholders," Khor told EdgeProp.my.

On S P Setia's acquisition of I&P Group Sdn Bhd, Khor said he is confident that this synergistic acquisition will further strengthen Setia's brand presence in Malaysia and achieve their goal of a market capitalisation of RM18 billion by 2021.

"I&P's landbank totalling 4,276 acres are located in the Klang Valley and Johor Bahru, mainly in the growth areas where S P Setia has established a stronghold with its Setia brand. The acquisition will also facilitate S P Setia to access wider market segments," he said.

The group's other areas of focus will be the integration of about 350 I&P employees into S P Setia, as well as the review of I&P's land parcels to enhance their development potential and value, he added.

Meanwhile, S P Setia will continue to launch properties in its main townships within Greater KL, Johor and Penang, with overseas launches in Singapore and Melbourne.

Moving forward, Khor is convinced that the underlying demand is still strong for mid-range landed units and higher priced units at selective and preferred locations.

This story first appeared on www.EdgeProp.my

EcoWorld moves up the rankings

BY SHAWN NG

PETALING JAYA: Relative newcomer EcoWorld Development Group Bhd (EcoWorld) has ranked fifth in The Edge Malaysia Top Property Developers Awards 2017, following its sixth place last year.

"As a new developer, we are thrilled and humbled to be able to be one of the top 10 again this year as we have put in a lot of effort in establishing our brand name in Malaysia as well as overseas over the last four years.

"It is something that we would not be able to achieve without the strong support from the customers, shareholders, bankers, business associates and, of course, our very own Team EcoWorld," said EcoWorld president and CEO Datuk Chang Khim Wah, who was accorded The Edge Malaysia Outstanding Property CEO Award in 2015.

The secret behind EcoWorld's success, Chang said, can be attributed to Team EcoWorld, which is recognised for its capability in quickly bringing to market highly sought-after developments which meet the lifestyle needs and aspirations of its target customer base.

In addition, the group's strong branding, loyal customer following and its unique value propositions offered by each project have also contributed to its success in consistently meeting and exceeding its sales targets.

Looking ahead, he said the team will continue to strive and deliver their promises to customers and to establish EcoWorld to be among the top-tier developers in not only Malaysia, but overseas as well.

"Our tagline is 'Creating Tomorrow and Beyond' — this is the motivation which drives us to create benchmark products, living and working environments which deliver enduring value for our customers. We make a conscious effort to develop as responsibly as possible because we are



(From left) President of the Malaysia-China Business Council & The Prime Minister's Special Envoy to China Tan Sri Ong Ka Ting, presenting the award to Chang.

building not just for today but also for our future generations," he said.

He added that EcoWorld will continue to push sales and deliver high-quality products as well as excellent customer service despite the current tough property market.

"Customers' access to housing loans remains an issue industry-wide and getting the right pieces of land for the right price to target the right markets [is another challenge]. But we are always evolving to ensure that there is the right product mix and designs to suit market conditions," he concluded.

This story first appeared on www.EdgeProp.my

Customer engagement drives UEM Sunrise to success

BY LUM KA KAY

KUALA LUMPUR: UEM Sunrise Bhd has made it to the Top 10 of The Edge Malaysia Top Property Developers Awards, ranking at No 9 this year.

The developer was placed 10th in 2016 and the secret in being among the top 10 for the past five years is rapid customer engagement, said UEM Sunrise managing director and CEO Anwar Syahrin Abdul Ajib.

"I think what we've done right is that we always like to make sure that we meet customers' expectations.

"As a property developer, we sometimes have problems with our products such as defects but what we are trying to do is that we constantly engage with homebuyers as soon as possible to resolve the issue. The main thing here is to show sincerity," he told EdgeProp.my.

Going on the ground is a key to customer engagement, noted Anwar, who constantly visits sale galleries to check on customers' requests and tries his best to look into each issue.

"The market is a tough one. Homebuyers are spoilt for choice so, serving customers has become more challenging for the industry players. We need to be able to anticipate what they like or don't like.

"I think we have created some form of uniqueness for the UEM Sunrise brand in terms of our service level and product offerings. Teega in Puteri Harbour for example, is a very unique product due to its facilities, location and the view that it commands.

Moving forward, UEM Sunrise will continue to focus on creating exciting products as well as placemaking and commu-



(From left) President of the Malaysia-China Business Council & The Prime Minister's Special Envoy to China Tan Sri Ong Ka Ting presenting the award to Anwar

nity-building initiatives.

"We want to meet the holistic requirements of community living. We don't want to give people just a place to sleep, but we would also like to give them a place to enjoy time with their children, shop or relax.

"So, for us, it's important to understand what the customers want and I would like to give the personal touch in the way UEM Sunrise operates by constantly improving ourselves with our customers in mind," he concluded.

This story first appeared on www.EdgeProp.my

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THEEDGE *Top Property Developers Awards 2017*



www.ecoworld.my

Eco World Development Group Berhad (17773-V)



There is this constant lament among middle-income Malaysians that they just can't afford to own a home within a reasonable time frame. When and how can their predicament be fixed? For genuine homebuyers, one solution could be Rent-To-Own (RTO) schemes.

But first of all, why is it that many Malaysians claim they cannot afford to buy their first home? Executive director of Socio-economic Research Centre (SERC) of The Associated Chinese Chamber of Commerce and Industry Malaysia Lee Heng Guie says the rising cost of running a middle-income household is an often cited reason.

"The low and middle-income households have to cope with higher cost of living with expenses on essentials rising. Child care or even elder-care expenses, transportation cost, food cost and other things are also rising, leaving them with little savings. This means that they can't have large financial commitments such as getting a loan to buy a house," Lee tells EdgeProp.my.

Meanwhile, house prices have risen at a faster pace relative to income growth. According to Bank Negara Malaysia's (BNM) latest data, house prices have jumped 17.6%, outpacing growth in household income of 12.4% during 2012 to 2014.

The housing affordability ratio (the ratio of median house price to the median household income) in 2014 was 4.4, worsening from 4.02 in 2009 — indicating that houses in Malaysia as a whole, were "seriously unaffordable". A ratio of 3.0 and below is considered "affordable".

"There's also a lack of inventory in the market, especially smaller and lower-cost homes, thus exacerbating the supply and demand imbalances, with majority of property launches in the price categories above RM250,000," he adds.

Sunway University Business School economics professor Dr Yeah Kim Leng opines that the widening income-price gap caused by the escalation in house price is a major barrier to home ownership.

"Housing prices have increased by double-digits during the 2011 to 2014 period while annual income growth averaged around 5% to 6%. The rising cost of living has also contributed to reduced individual savings, thereby accentuating the difficulties faced by first-time homebuyers," he explains.

He stresses that without adequate savings to pay for the remainder of the 80% to 90% loan-to-house value (LTV) and without sufficient income to service the monthly mortgage payments, owning a home is beyond the reach of many low- and middle-income households.

How does the RTO work?

To address this issue, both economists concur that the RTO concept may be a viable way to help middle-income earners purchase their first homes.

Interestingly, the newly announced Budget 2018 has put emphasis on boosting the residential rental market. It proposed a 50% tax exemption on rental income for residential properties up to RM2,000 a month to Malaysian residents residing in Malaysia. The government also proposed the formulation of a Residential Rental Act to protect both tenants and owners.

Yeah believes the current timing is right for the rollout of RTO or similar schemes in view of high housing prices and unaffordability to many Malaysians saving to acquire their first home.

"It will expand the financing channels for more homebuyers and facilitate access to home ownership to a broader segment of the population," Yeah adds.

Meanwhile, Lee says an RTO programme could be a feasible option to help those with little savings for a down payment on a home.

TIME TO ADOPT RENT-TO-OWN?

BY TAN AI LENG

LOW YEN YEING | EdgeProp.my



Foo: RTO scheme could be a catalyst to the current soft market while helping city dwellers to own a home.

HARIS HASSAN | THE EDGE MALAYSIA



Yeah: Current timing is right for the rollout of any RTO scheme in view of the high house prices.

KENNY YAP | THE EDGE MALAYSIA



Lee: The banks are likely to participate in the scheme as long as it does not impair their asset quality.

FAQ

What is Rent-To-Own?
RTO is a way potential buyers can purchase a property by renting for a certain period agreed upon by scheme provider and buyer. The buyer could eventually purchase the unit.

Who decides the rental amount?
The scheme provider will fix the monthly rent. In order to smoothen the home ownership process, the provider will normally allocate part of the rent for the eventual down payment for the purchase of the home upon the end of the rental tenure.

How long is the rental tenure?
Depends on scheme provider, normally it will be a minimum of one year or 12 months.

What happens if we still can't secure a loan at the end of the rental tenure?
Depends on the terms and conditions of the RTO scheme agreement signed by both parties. Normally, the rental contract will be terminated and all the rent (including the allocation for down payment) paid will be forfeited.

BUDGET 2018 BOOSTS FOR THE RENTAL MARKET

- A 50% tax exemption on rental income for residential properties up to RM2,000 a month to Malaysian residents residing in Malaysia
- The formulation of the Residential Rental Act to protect tenants and owners



The RTO mechanism could simply entail a buyer entering into a rent-to-buy contract with a seller (property developer), whereby he or she can rent for a specific period and then, has the option to purchase the property at a pre-determined agreed sales price at the end of the rental period. A portion of the rent is often credited to the sales price.

Such plans are appealing to those who are unable to fork out the initial down payment, as they could slowly accumulate their savings and qualify for mortgages later.

On the feasibility of RTO, the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) president Foo Gee Jen notes that such a concept has its pros and cons for both parties — the companies that introduce the scheme as well as for the buyers/borrowers.

“It would only work when housing prices are trending up. During this time, it could offer an option for the young wage earners who don’t have good credit standing to lock up a unit at current price levels,” he says.

He opines that the current market may indeed welcome the introduction of RTO schemes as the market has ample supply of empty residential units due to the current slowdown brought on by cooling measures and global economic uncertainties.

“There is a need for tenants to come in to fill in the empty houses. However, the majority of us may prefer to own and not just rent, hence the RTO could be a viable

way for potential buyers who can’t secure a housing loan to ‘own’ a house via renting it initially while building up their credit score in the next two to three years,” he explains.

“RTO will be a good initiative to help city dwellers to own a home in the current ‘un-affordability’ situation. But it will be better if it’s government-driven so [that] the majority of the middle-income earners could be taken care of,” he stresses.

Foo adds that an RTO scheme could also be a catalyst to the recovery of the property market.

Although RTO schemes could help identify genuine homebuyers as well as help the middle-income group own a house easier, Foo points out that such schemes could involve heavy financing and may be more effective if it is led by the government.

Government, developers and banks

A few property developers have already introduced RTO schemes to the market, hoping to rope in potential buyers. However, Foo notes that RTO schemes may not be a favourable option for developers as it will impact their cash flow and it could be quite risky to homebuyers, especially if the scheme is introduced by unestablished developers without a good track record.

Lee from SERC suggests that the authorities could possibly work in tandem with the private sector to make an RTO scheme

viable. For instance, the government-initiated affordable housing programme backed by a panel of banks can kick-start the RTO concept as a pilot scheme.

“The banks are likely to participate in the scheme as long as it does not impair their asset quality. Perhaps, the developers with a strong financial balance sheet can work out the RTO scheme with their bankers to help facilitate such a plan to those eligible house buyers,” he says.

However, he also advises all parties, including buyers, sellers and financiers, to protect their interests through legal contracts, by making sure they understand the specific provisions and risks the contracts entail.

In terms of implementation, Yeah from Sunway University says the government, developers and the financial institutions should be exploring RTO programmes, both

individually and in partnership, to see how best they can serve the different market segments and housing needs of the people.

Developers with large capital reserves may be attracted to take part in such a scheme to facilitate sales as well as to fulfil the government’s clarion call for developers and banks to assist in raising the country’s homeownership rate, especially among the low and middle-income groups.

Yeah also notes that the benefits and costs of the RTO option will have to be clearly defined and understood by all stakeholders, particularly the young salary earners.

“A properly designed RTO scheme will enable first-time house buyers to afford homes without exposing them to excessive financial risks and unexpected events that could disrupt their income and spending patterns,” he emphasises.

Dabbling with RTO

A number of government agencies and private developers have already introduced variants of the Rent-To-Own (RTO) concept to facilitate easier home ownership.

Among them are PR1MA’s RTO scheme; the Smart Sewa Programme by the Selangor state government; and Programme Sewa-Beli introduced by the Johor state government last year.

The Smart Sewa Programme is a rental scheme aimed at low-income earners but the homes are not for sale.

“It’s a rental programme that provides city dwellers with temporary roofs over their heads for a set monthly rent. Part of their rental sum will be put aside as savings to help them in their future home purchase,” says a state government officer.

The rental tenure is between two and three years. When the rental matures, the savings will be returned to the tenant and they must move out regardless of whether they have plans to buy a house,” she explains.

However, the other two authorities declined to comment on the progress of their RTO schemes.

Developers’ efforts

On the private sector front, there are some property development companies that provide RTO-like schemes.

They include TAHPS Group Bhd’s “Stay and Own” scheme, Selangor Dredging Bhd (SDB) “Reside and Purchase” (RAP) programme and Khoo Soon Lee Realty Sdn Bhd’s “Rent Now Buy Later” programme.

SDB tells EdgeProp.my that 46 customers participated in its RAP programme which was launched mid-February last year, involving three of its selected completed developments — Windows on the Park in Cheras, By The Sea in Penang as well as Laman & Bayu in Puchong, Selangor.

The 36-month programme enables buyers to move into their chosen unit upon paying 5% of the down payment.

“Some of the unit owners are in the midst of confirming their loans to fully own the property while a majority are still under the three-year RAP tenure. The 36-month period allows them to have more time to secure a loan for the property purchase,” says a company spokesperson.

Moving forward, SDB is looking at refining the programme and plans to roll out a similar scheme soon.

“The government could encourage this method of easier ownership by encouraging banks to fund such schemes with a special loan package, making it more attractive to

developers to promote such schemes such as the RAP programme,” adds the spokesperson.

TAHPS which has introduced its “Stay and Own” scheme in January has seen one customer take up the offer while several more are considering.

According to its group CEO Eugene Khoo, under this scheme, the buyer could move into the house after paying a one-month rental plus three months’ deposit.

“The benefit to buyers is they do not need to fork out a large lump sum of money to purchase the unit as the scheme allows the purchaser to rent the property for 24 months and subsequently purchase the property at today’s price. The rental is used to offset the purchase price of the property,” he notes.

Besides the advantage of being able to lock in the price, the buyer could also enjoy appreciation on the property price while building up credit score to secure a housing loan.

Currently, the “Stay and Own” scheme is offered to buyers of TAHPS’ Foreston semidees and linked bungalows as well as the Epic Residence serviced apartments

The tenancy tenure is for a minimum of 24 months and the monthly rental for Foreston is RM10,000 and RM3,000 for Epic Residence.

Meanwhile, Khoo Soon Lee Realty, a wholly-owned subsidiary of KSL Holdings Bhd has recently unveiled its “Rent Now Buy Later” programme on Oct 3, for its Bandar Bestari development in Klang, Selangor.

The programme allows a prospective buyer to rent a home at a set monthly sum for a period of 12 months. The rental sum can then be converted into the home deposit.

Company project director Patrick Khoo noted that the company hopes to help potential buyers be more financially prepared besides providing an opportunity for them to take the first step towards property ownership.

“It creates a win-win situation for all parties involved with the aim of increasing home ownership by the year 2020,” he said in a press statement recently.

“At this point of time, we are not sure how long the initiative will continue, but if it helps people and make it easier for them to obtain a property, we may just consider offering this concept for the long term,” he said.

For now, KSL’s “Rent Now Buy Later” programme is applicable to buyers of 107 2- and 3-storey semidees (Clermont, Argentine and Prevenche) at its Canary Garden development in Klang with built-ups from 3,400 sq ft to 5,000 sq ft and at prices from RM1.5 million.

PROS AND CONS OF RTO

PROS

<p>For buyer</p> <ul style="list-style-type: none"> More time to save money for the property purchase Price of property locked-in at current price level Easy entry level to owning a home without the need to sacrifice short-term priorities Experience the living environment of the property before making a purchase decision 	<p>For scheme provider</p> <ul style="list-style-type: none"> Able to reach out to genuine buyers who are unable to secure a loan in the short term
---	---

CONS

<p>For buyer</p> <ul style="list-style-type: none"> Long term cost of owning the property might be higher Amount of rent decided by scheme provider which means it may be higher than market rate Risky if the scheme provider faces cash flow problems 	<p>For scheme provider</p> <ul style="list-style-type: none"> Higher risk as the buyers will have the option to terminate the purchase agreement when rental tenure matures Challenges in managing cash flow
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BY NATALIE KHOO

PJKita – a community space for the young

For many of our youths, the shopping malls of the Klang Valley are great places to hang out, but their range of retail enticements can deplete one's resources rather rapidly. So, where else can they expend all that energy and have fun with friends or family?

In a transformational move, a new public space in Kelana Jaya, Petaling Jaya, Selangor is being created as a new go-to place for the community, especially the youths. Located along Jalan SS7/15, the project occupies 4.3 acres and is carried out under PJKita, an initiative by the Petaling Jaya City Council (MBPJ). The project aims to engage and bring the community together to learn about their ideas and aspirations in achieving a sustainable, creative and community-driven city.

"What we are trying to get off the ground is a community project by MBPJ and this is the genesis of it. It is to be a new youth centre where part of its aim is to stimulate youth entrepreneurship," says Dr Tan Loke Mun, principal of DrTan LM Architect, the lead architect for the project.

The components of the PJKita community centre include a shopping street zone, a youth and children zone, offices, a food hall and market section, skateboard area and an inclusive sports zone. The project team is also looking to create the shopping street using shipping containers where retail start-ups can rent for a very low price for their boutique businesses.

A piece of street art, literally

The first part of the PJKita project, phase 1A was completed on Oct 28 with the installation of a 122m long public street art, in time for PJ Fair 2017 to be held on Nov 4 and 5. The fair will also mark the beginning of construction works for the community-oriented shoplots at the shopping street, the community centre and the new MBPJ office in the area.

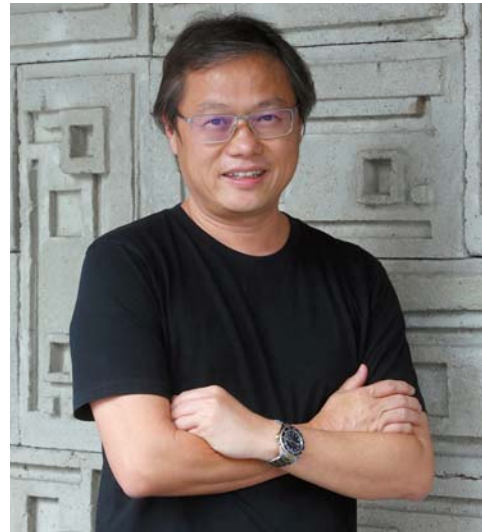
PJ Fair 2017 is a public event to celebrate the diversity of PJ and bring city folk together through a series of music, arts and culture programmes. Among the activities that will be held during the event include a fireworks show, a concert by local artistes, cultural performances, a flea market, HBO movie viewing and others.

"After the PJ Fair 2017, we will move on to phase 2 of the project. The tenders for the project will also be rolled out for the other components. I think what is truly unique about this project is that this is a public project that is facilitated by the private sector,



An artist's impression of PJKita.

SAM FONG | THE EDGE



Loke Mun: This project is more than a corporate social responsibility project as it involves the community.

along with the community," says Loke Mun.

"The public street art is the first public attraction so, it works as a draw to pull the crowd in to enjoy the other components of the community centre. Upon entering, there is the shopping street which will be a gathering space such as the ones you see in Harajuku, Japan, where young people can stroll and shop. We'll have the shipping containers at the shopping street. Then, there is the children's zone, which will be a secured area with a toy library and little rustic mud huts for the children to play in," Loke Mun elaborates.

The street art project is headed by Pamela Tan, one of the architects at DrTan LM Architect. Pamela explains that some of the patterns on the street art were inspired from scenes in the neighbourhood.

"We have to work with five primary colours — green, red, white, yellow and black

— for the painting of the street and wall murals. We are also using a black outline as it is the best way to emphasise the patterns. The murals [on the road] will flow up to the wall and the wall will eventually show the tectonic version of the whole but simplified directory of PJKita," shares Pamela.

Community activation

The project also involves EPIC Communities as the community mobiliser and for space activation, Sunway Construction for the construction works, artist Lisa Foo for the entrance tree art installation and Nippon Paint Malaysia as the street and wall mural paint consultant as well as sponsor for the paint. Other private sector sponsors include Lafarge Malaysia for concrete, Binaform for the crusher run and SQ Engineering for the manpower.

"Every weekend since the beginning of October, members of the public have come together to paint the road and do some bricklaying. We wanted people from all age groups and all walks of life to participate in the process. EPIC Communities provided the training and the rest was all hard work.

"Over the period of one month, we have seen a major transformation taking place. Last month, it was all empty tarmac and today, the mural has been completed," Loke Mun enthuses, adding that some of the volunteers were passers-by who were intrigued when they saw the activity that was going on.

To Loke Mun, this is more than a corporate social responsibility project as it involves the community.

"When the community gets activated and is involved, you get happier people," he says. "When it comes to community initiatives, it is interesting because we don't know what will happen. In the end, it somehow always gets done and ready. When you deal with a community, everyone gives, and they will always give more than what is asked for. That is the beauty of it," Loke Mun concludes.



Volunteers working with recycled items.



Volunteers painting the 122m-long public street.



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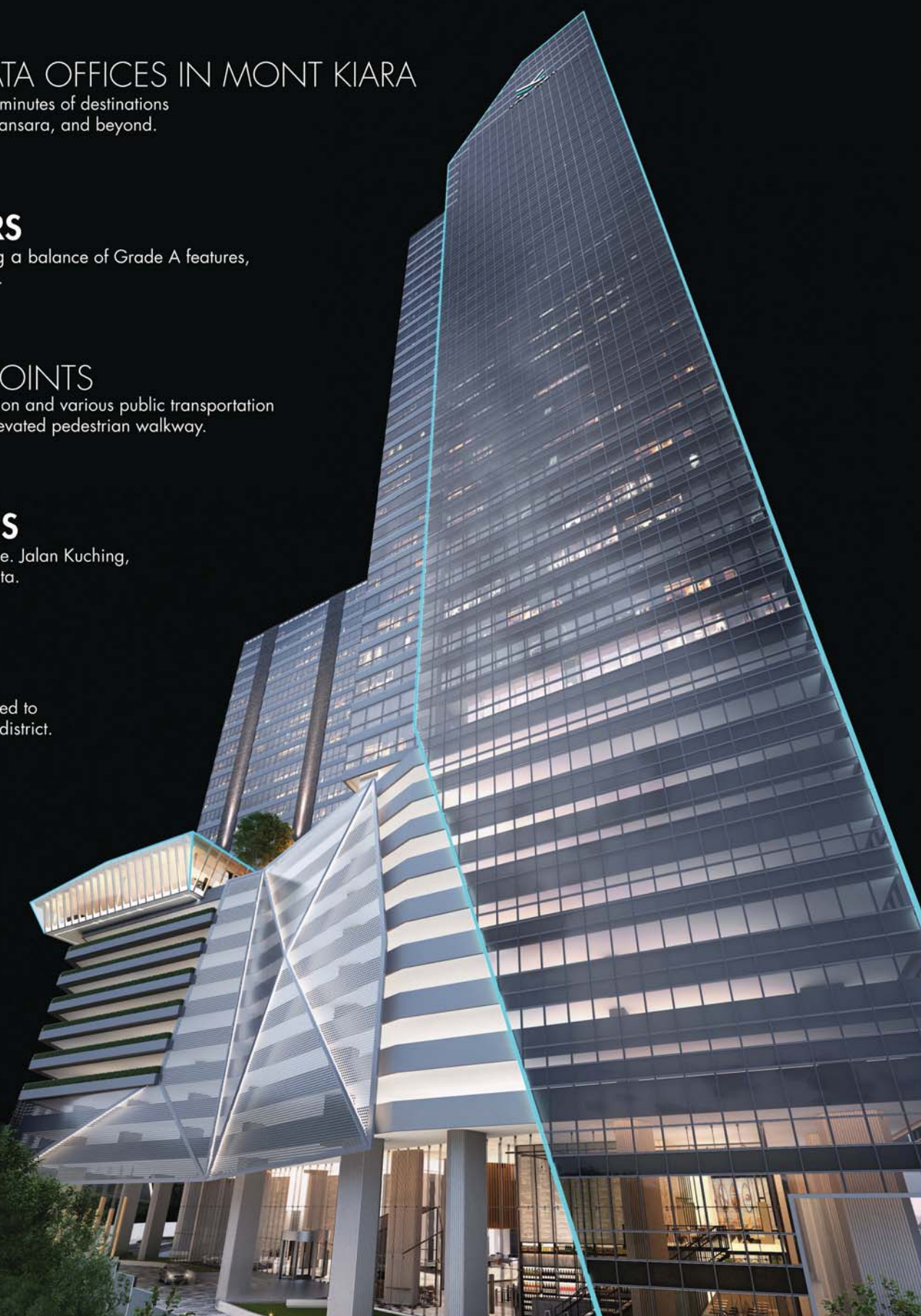
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How to 'use' your property for higher returns

BY CHRIS TAN



This is Part 3 of the 4-part series on my Property Investment Quadrant (PIQ) which examines the four actions you can take with your property investment, namely Buy, Sell, Use

(Rent) and Borrow.

In Parts 1 and 2, we discovered how we could "buy" and "sell". We will now examine the "use" in the PIQ. The PIQ is all about what you can effectively do with property as an investment that drives your desired financial goals — whether it is through value appreciation or the yield in terms of sustainable cash flow.

Having learnt about the many new suggestions in buying and selling in the first half of this series, how you use the property that you have invested in is the key to reaching your ultimate and eventual financial return. You are the master in determining the destiny of your property investment. Besides the common concept of rent and lease, here are another six suggestions on how you can use your property in a more profitable way:

1. Smaller space, higher rent

The growth of the "co-working space" trend in the market right now is a testament to the workability and demand for this concept. There is a premium in the renting of a table space compared with a proper office space. While the rate is higher on a psf basis, it is still cheaper in terms of the absolute price, hence making it more attractive to the prospective tenant.

This also explains the mushrooming of the shoebox-sized Small-office Home-office (SoHo)-type residence being offered in urban Malaysia as opposed to the conventional house size. The more "affordable" absolute price would reduce the pressure on the buyer's borrowing capability.

In other words, a property with three rooms will get better financial returns if you individually rent out the three rooms compared with renting out the entire property as a whole. Your skills, time and effort in managing three separate tenants will be rewarded in the form of higher accumulative returns.

2. Flexi tenure

While it is a norm in Malaysia that rental is charged on a monthly basis, whether in advance or in accrual, this remains a commercial practice and not regulated by any hard and fast rule under the law. Therefore, there is absolutely no prohibition in negotiating your property rental from a monthly basis to a quarterly or even an annual basis, to even a weekly or daily basis.

One could consider charging per night like a hotel as it would certainly attract more returns, or to offer student accommodation by the week or by the length of the academic semester, which would be a preferred option for tenants too.

Actual collection of the rental is another matter. You can also offer incentives or rewards to collect a lump sum rental in advance to ease your need to monitor periodic payments from time to time.



3. Renting out the excess capacity

The sharing economy is no longer an emerging model but has become part of the mainstream economic model today. Learning from the start-up unicorns such as Uber, Grab and obviously Airbnb, investors can take advantage of the excess space or capacity in their properties.

Spaces that are not used effectively can easily be used to attract new income instead of being left idle. It is common knowledge that brick and mortar age faster if not put into proper use.

Taking it up a notch further, what about the "idle time" of the property? Let's say your office tenant is not using your premises beyond the normal working hours. With a little innovation, you can actually have two tenants using the same business premises. Malaysia, being a popular business processing outsourcing centre, would have ready tenants looking to use business premises after hours to cater to the markets in different time zones. It is a win-win solution for all parties with tenants paying only a part of the original rent for the exclusive usage while the total rental yield from the two tenants is now higher than the original rental. It is also a valid risk mitigation for the landlord with the rental spread across two tenants instead of one.

Start thinking along these lines if you are a restaurant operator offering only either breakfast or lunch, so you can get another operator that only opens for dinner. This will help you get another source of return from the otherwise idle time of your business premises.

4. Thematic solution for collective management

This is a different take on the classic Malay-

sian concept of "Rukun Tetangga." There are many things that neighbours can "self-help" among each other within the neighbourhood, besides security issues.

They can even consider a collective management of tenants including offering a diversity of usage of their properties but with a common thematic solution to address a specific need. All you need is a leader to gather the wisdom, network and resources of all the neighbours and pull them together for execution.

Some suggestions would be controlled student-housing that are friendly to both colleges and parents alike for collective negotiation, pooling of rentals and sharing them to spread the risks of vacancy; hiring a professional property management to execute the unique theme; offering multiple strata office units to a single organisation with multiple departments or diverse stand-alone business units; or even uniform furnishing to attract like-minded tenants to rent the premises collectively.

5. Expanding the permitted usage

Buildings are not necessarily used according to their original intention due to changing circumstances coupled with the enabling of new technologies. You can expand within the express permitted usage of the property such as changing a warehouse into an office or a co-working space, or turning a SoHo unit into an Airbnb. If it is within the permitted usage under the title, you are allowed to do anything within.

Local council zoning and rezoning could also offer new opportunities for property investors. Some main roads fronting residential properties are now permitted for commercial usage. A commercial showroom

would definitely attract better rental than a residential unit.

6. Tailor-made furnishing

This is a simple strategy in marketing to stand out from your competition especially when there are many similar units in the offering at the same time.

Customised furnishing to a theme would attract a different crowd who would pay more for the effort and ready-made convenience. Joint ventures with popular interior designers and even renowned Feng Shui masters in dressing up the house can also increase the value of the property. In fact, make it an award-winning one too if possible and get it featured in the media.

The points above show that there are many ways you can use the property to enhance the value of your investment. Property usage can be seen in many different perspectives, across all the verticals and horizontals. You are encouraged to do more homework to know what you can or cannot do and work within the legally permitted limits. Of course, make it a point to consult the professionals.

If you have any property-related legal questions for Tan, please go to the Tools section of www.EdgeProp.my.

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

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



‘The internet is my office’

BY LUM KA KAY

Move over, office buildings — connected co-working space is the new beau of office workers. Working in the same, single workspace day in day out isn't all that productive nor does it raise efficiency, says Shanghai Distrii Technology Development Co Ltd (China) CEO and founder Dr Hu Jing.

By connecting facilities, people and the entire team via a single networking platform, one's office can be anywhere — which will eventually enhance efficiency and productivity as well as drive down business cost.

“Cities like Singapore, Kuala Lumpur and Manhattan are developed after industrial revolutions. The first industrial revolution brought us from agriculture to manufacturing. And then we became white-collar workers or executives, work in offices and live in cities. But working in offices and in cities has become a source of suffering for us too.

“With businesses concentrated in the city, traffic conditions have worsened, leading to greater air pollution. The cost of travelling has also increased, and all these have led to huge drops in productivity levels. These are the painful points for those working in the city,” he said during his session titled “The future of work” at the Future Forward Forum 2017 on Sept 7.

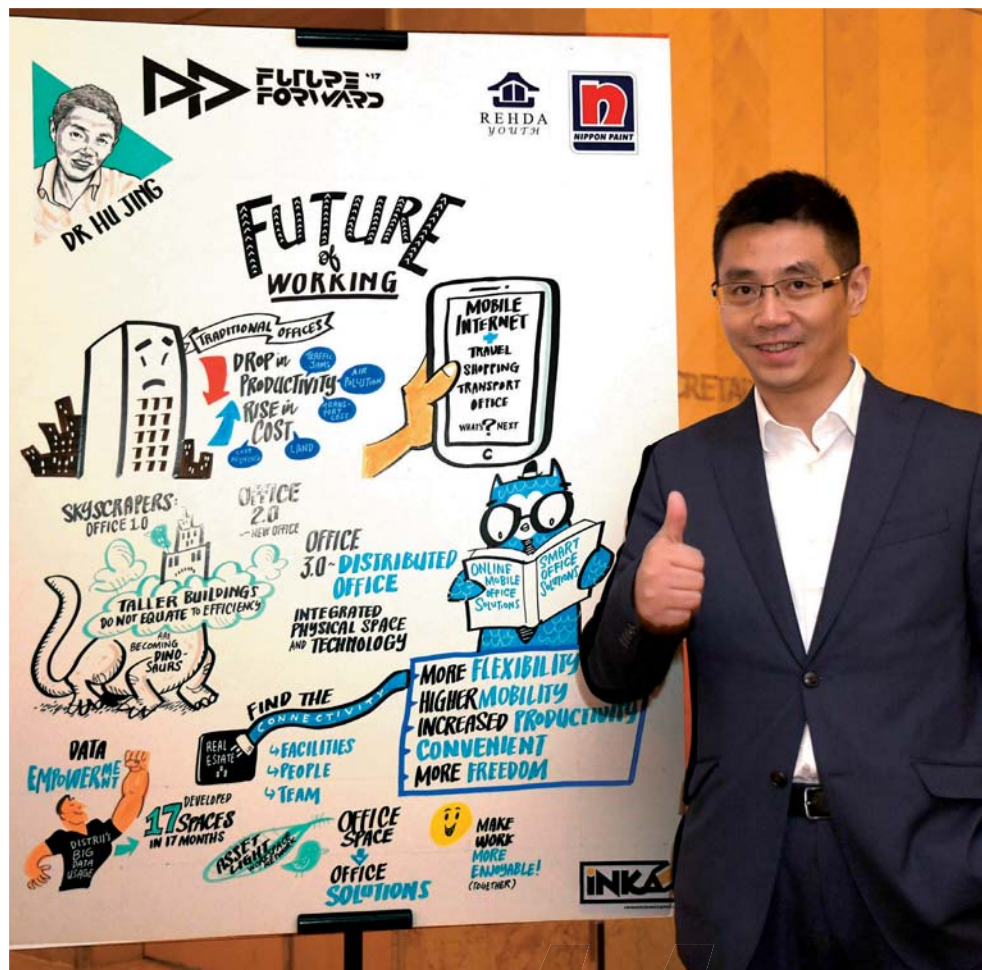
The forum was organised by the youth division of the Real Estate and Housing Developer's Association Malaysia (Rehda), in partnership with Nippon Paint Malaysia. EdgeProp.my was the official media partner.

Hu noted that technological evolution has brought about many changes to modern lives including the way we travel, shop and work.

As the former executive vice-president of Chinese property developer Greenland Holding Group Co Ltd, Hu had built more than 10 skyscrapers around the world.

“Skyscrapers are the culmination of 1.0 workplace trends. Now I realise tall buildings do not necessarily lead to better efficiency. I think the skyscraper era is coming to an end,” he said.

With online mobile office solutions and third-party smart office solutions, coupled



LOW YEN YEING | EdgeProp.my

with serviced offices and co-working spaces, a future workplace has been born.

“There are people who want to work from home to save time on travelling. More flexibility, mobility, productivity and convenience are brought [to us] by technological advancements. These are all part of a step to be smarter and happier,” added Hu.

‘We are like the Airbnb for offices’

According to Hu, future offices will no longer focus on traditional factors such as land cost and construction cost.

“Yes, property developers are usually not IT-trained. Nevertheless, we need to figure things out from a technology perspective in order to stay relevant. So what does it mean to have internet thinking? The first thing is to find the connectivity. The key word here is Internet of Things.

Now I realise tall buildings do not necessarily lead to better efficiency. I think the skyscraper era is coming to an end. — Hu

“It is not just about selling properties online — that's just the surface. Connecting real estate means making a city part of the internet, which is our ultimate goal. We need to convert our wealth or properties from offline to online in order to drive businesses and growth.

“So in terms of smart offices, we need to connect the facilities, people and team via the internet. Solution number one is to combine offices and locations online. As long as you confirm which office you're heading to, you can use your smartphone to unlock the office door, without the need of a physical key. This is the first step — to link all the hardware of an office via internet,” he elaborated.

The second step, he said, is community engagement. Citing his own company Distrii as an example, he said the co-working space operator has over 1,000 members in its network that enables them to engage or network with each other via formal and informal activities shared on the co-working platform.

“The next step is to emphasise or enhance connection within your own organisation to increase efficiency. Our own IT team has developed a solution to help manage time, task and workforce distribution of each company. So, manual workflow management is now [moved] online. A company now can be based online or virtual,” he explained.

Hu added that all the data mined via its co-working space platform will be able to form the base for big data usage and contribute to research on new working styles or methods.

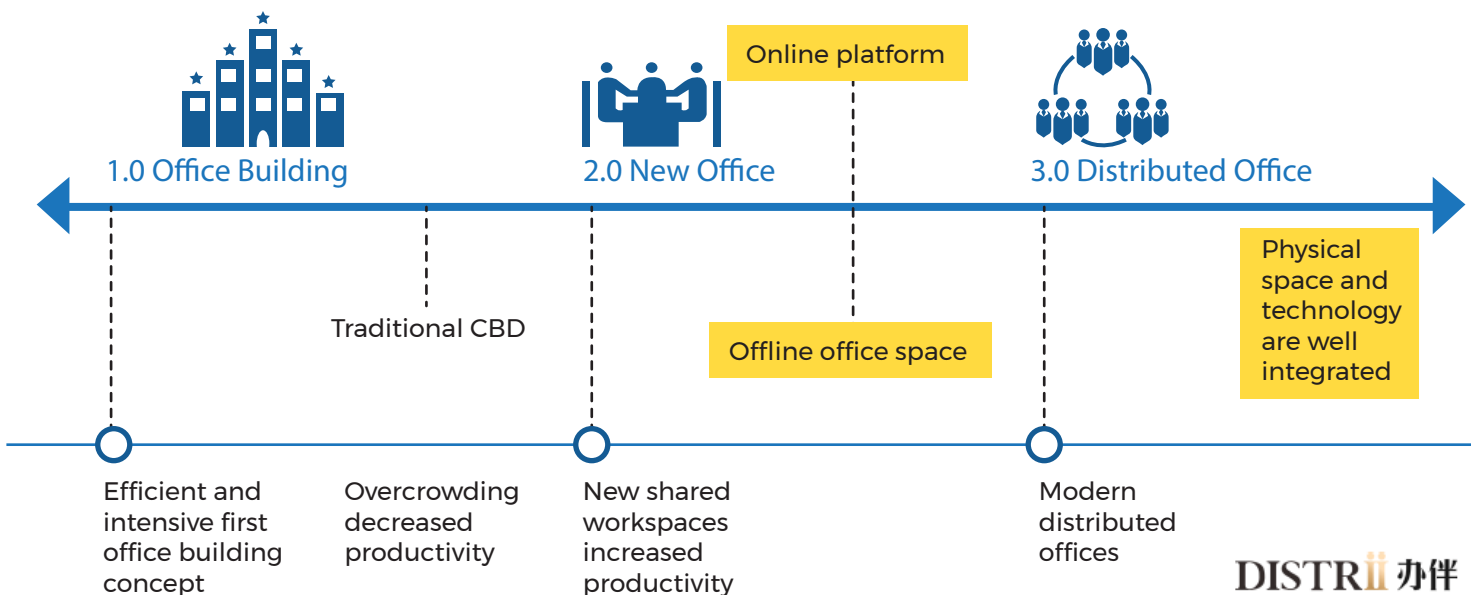
“Big data can be used to help companies drive business growth, acquire talent and identify demand and supply, thereby helping them make informed decisions. All these cannot be done without the internet. You must combine internet technology with smart solutions — that is a must for businesses to move forward,” he said.

In future, an organisation can choose to operate in different cities to save cost and increase efficiency without having to look for a physical office. As a worker, you can choose the nearest location as your workplace, which would make life much easier, Hu added.

As of August 2017, Distrii has 17 co-working spaces across China and more than 5,000 hot desks, and is hosting more than 300 companies. Dubbing itself as the Airbnb for offices, it allows members to opt for different work locations on different days.

The co-working space operator is looking to debut in Singapore in April 2018. Located within Republic Plaza Tower 1 in Raffles Place, Distrii's maiden overseas co-working space will take up seven storeys in the office tower, offering entertainment, F&B and recreational facilities to its members.

Change in Workplace Trends





KL's condo rental yields decline but market remains positive



BY SHAWN NG

Leasing out a property to earn rental income while waiting for its value to grow is a common investment strategy. It allows owners to gain returns on their investment and help offset their monthly instalments. Some of the more fruitful acquisitions may even earn their proprietors some extra income.

Against the current shadows looming over the property market in the country, is this strategy still as rewarding? What is considered decent rental gains in such a climate?

Some clues can be gleaned from the National Property Information Centre's (Napic) data, which showed the best performing non-landed projects in KL garnering yields of 5.5% to 5.8% last year among 15 other condominiums in Kuala Lumpur that enjoyed gross rental yields of above 5%.

These profitable properties are located in areas such as KL city centre, Taman U-Thant, Mont'Kiara, Jalan Ipoh, Dutamas, Bangsar, Brickfields, Wangsa Maju, Cheras and Sentul.

The five condominiums with the highest rental yields recorded last year were Putra Majestik (5.8%) at Jalan Ipoh, St Mary Residences (5.7%) in KL city centre, Hartamas Regency I in Dutamas (5.7%), U-Thant Residence in Taman U-Thant (5.6%) and La Grande Kiara at Mont'Kiara (5.5%).



Lee: Landlords have been slashing their asking rents to attract tenants, which in turn has impacted rental returns.



Foo: The rental yields achieved in 2016 are still considered good compared with returns from other investment choices.



Teh: One of the factors for the sluggish rental market is the downturn in the oil and gas industry.

Lower but still good yields

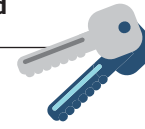
Napic's data showed that the top five highest rental yields recorded last year were lower than those in 2015, when yields ranged from 6.6% to 8.8%. The five best performing condos then were Menara Putra (rental yield of 8.8%), Casa Kiara II (7.5%), U-Thant Residence (6.9%), Seni Mont'Kiara (6.6%) and Mont'Kiara Astana (6.6%).

Although overall rental yields achieved in 2016 were generally lower than in 2015,

Top five condos with the highest rental yields in 2016

No.	Project	Location	Rental range per month in 2016 (RM)	Average gross rental yield (%)
1	Putra Majestik	Jalan Ipoh	1,950 – 2,200	5.8
2	St Mary Residences	KL city centre	7,000 – 8,000	5.7
3	Hartamas Regency I	Dutamas	3,000 – 5,000	5.7
4	U Thant Residence	Taman U-Thant	12,000	5.6
5	La Grande Kiara	Mont'Kiara	4,700 – 6,500	5.5

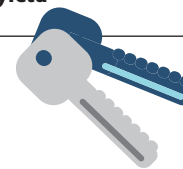
SOURCE: NAPIC



Top five condos with the highest rental yields in 2015

No.	Project	Location	Rental range per month in 2015 (RM)	Average gross rental yield (%)
1	Menara Putra	KL city centre	1,300	8.8
2	Casa Kiara II	Mont'Kiara	5,000	7.5
3	U-Thant Residence	KL city centre	13,500	6.9
4	Seni Mont'Kiara	Mont'Kiara	10,000	6.6
5	Mont'Kiara Astana	Mont'Kiara	4,500	6.6

SOURCE: NAPIC



Indicative rental returns of non-landed residential units in selected areas

Location	Average transacted price range in the 12 months ended on June 30, 2017 (RM)	Asking monthly rent (RM)	Indicative rental yield (%)
Jalan Ipoh	518,453 – 758,000	1,400 – 2,924	3.14 – 4.77
KL city centre	849,873 – 5,243,452	2,894 – 15,000	1.37 – 4.31
Dutamas	732,423 – 1,510,562	2,635 – 4,275	3.4 – 4.81
Mont'Kiara	674,594 – 2,864,643	2,910 – 10,308	4.32 – 5.18

(Note: Taman U-Thant was left out of the analysis as the relevant data were not available.)

SOURCE: EdgeProp.my

CBRE | WTW managing director Foo Gee Jen feels that the yields of 5.5% to 5.8% achieved in 2016 are still considered good compared with returns from other investment choices, such as the 3.6% average gross dividend yield of companies listed on Bursa Malaysia.

"Furthermore, yields can be higher or lower depending on the location, current market situation and the strategies adopted in attracting tenants," he tells EdgeProp.my.

Currently, the rental market in the five locations where the top five condos are situated is stable although rental yields have generally declined due to the increase in property prices, he says.

Foo attributes the lower returns to the increase in capital values and transaction prices of condos, which have increased at a higher rate than rents.

"Prices continue to rise faster than rents. Inflation, the rising cost of construction and the prices set by developers for new launches have partly contributed to this. However, sales rates have declined significantly, reflecting buyers' perceptions that sale prices are too high compared with existing market rents," he says.

He also notes that most tenants in the respective areas are locals except in KL city centre where more expatriate tenants are found.

Meanwhile, Vivahomes Realty team manager Allen Lee describes the competition in the condo rental market in KL as "rather stiff" although rental demand remains promising.

"Landlords have been slashing their asking rents to attract tenants, which in turn has impacted rental returns," says Lee, who specialises in the KL city centre (KLCC) area.

This is because more new condos have

come up over the past two years, such as Three28 Tun Razak, The Horizon Residences, Pavilion Banyan Tree and Face Platinum Suites, which have prompted tenants to move from the old condos to the new ones, thus impacting rental returns, he adds.

Propstar Realty team manager Kevin Teh, who is also familiar with the area, notes that another factor for the sluggish rental market is the downturn in the oil and gas industry, which has caused some property owners, not only in KL, to endure early termination of tenancies.

"Some property owners had to cut rents. This could be felt strongly especially in the KLCC area, where the expat market is the main tenant group," he says.

Opportunities for good buys

Looking ahead, Foo foresees the KL non-landed residential rental market to remain weak with rental yields being further compressed.

"The KL rental market in 2018 is expected to decline further in the face of more condominiums and apartments nearing completion. While rentals of newly completed condominiums will reflect current rental levels, rentals at older developments may decline substantially," he says.

However, there may be more opportunities to invest in a weak market as more sellers may be willing to compromise on prices, he adds.

Teh concurs that there are good buys in the KL city area at the moment, adding that the market will eventually recover.

He cites KLCC as an example. "If we zero in on the KLCC market, there are still some

condos with good rental yields, especially the small- to medium-sized condos. These types of condo went through a dip last year in both sales and rental, but the situation improved at the turn of the year in 2017.

"There are some good buys around. For instance, you can get a really decent small unit at St Mary Residences at RM1.45 million with a return of 4%. Depending on when you buy a property, yields can increase a few years down the road," he says.

Another example is the Mont'Kiara area, which is a mix of own stay and expat tenant community.

"Mont'Kiara is a much improved market in 2017 compared to 2016. There were only minor or no dips in prices and rentals last year. In fact, demand was strong throughout the period," he shares.

He adds that the slump in rental returns last year was a knee jerk reaction to the oil and gas crash and the overall market will bounce up in the future.

"We also believe rental yields will hover somewhere just above the loan interest rate, unless there are some desperate owners looking to sell their properties below the market price," he says.

"Hence, now is a good time to invest. In fact, anytime is a good time to invest. As a general rule of thumb, the price of a property in a fairly decent location increases by 100% every 10 years. This is witnessed by a client of mine who bought a property in Sungai Buloh for RM1 million in 2004 and the current market price for the property is approximately RM2.6 million. So, it is very fair to say that property prices will only go up in the long run," he concludes.

Tips for investors and landlords

Although the decision to invest in the property market depends on one's risk appetite, preference and expectation of returns, conventional wisdom dictates that investors will remain focused on locations such as the KL city centre, the fringe of the city centre, Mont'Kiara, Sri Hartamas, Bangsar and Damansara Heights, says Foo.

"But more importantly, investors should look for existing developments which currently enjoy higher occupancy rates and therefore are in demand by expatriate and other prospective tenants," Foo suggests.

For newer developments, he advises investors to take note of those by reputable developers and those who have proven their capabilities to establish well-managed condominiums in the long term.

Besides that, new developments with low to medium density; transit oriented developments that are able to provide conveniences and have the potential to attract more tenants; and developments with energy saving features and less extensive common facilities that can potentially lower service charges, should also be looked at.

On the other hand, Lee advises landlords to put in more effort in enhancing their condos to survive in the current market.

"Undoubtedly, rental rate is the first thing people will consider when looking for a property to rent, but the condition of the unit and furnishing also play a part. Hence, they have to do more — from providing premier furniture to putting in nice decorations and finishing, to attract people to stay in their units," he counsels.



PHOTO BY DAN ISTITENE/GETTY IMAGES EUROPE

This US\$132 mil 'palace' in London has a view protected by law

The protected view from Doughty House overlooks the Terrace and Buccleuch Gardens of Richmond Hill, toward the River Thames.

BY SARA CLEMENCE

LONDON: The cost of a priceless view: around US\$132 million (RM559 million).

A historic London mansion that looks out on the only view in England that is protected by an act of Parliament hit the market on Monday for £100 million (RM559 million) — more than six times what part of the property was listed for five years ago.

Still, for that price you get more than an iconic Thames vista, an acre of gardens, and a couple of upgraded bedrooms.

"This is a castle in central London," says Kam Babae, chief executive of K10 Group Ltd, the estate's developers. "This is a palace."

Doughty House is in Richmond, a serene, supremely wealthy part of West London where the Who's Pete Townshend, naturalist David Attenborough, and actress/model Jerry Hall live, or have lived.

Once owned by Britain's third-richest man, 19th century clothing merchant Francis Cook, the mansion has a two-storey, skylit, 125ft-long neoclassical gallery, which Cook adorned with Roman-era mosaic floors and swirling pillars brought from Pompeii. The estate totals 38,000 sq ft, with 10 bedrooms, 48 chandeliers, a dining room that fits 200 guests, a spa, a car museum, and a bowling alley — that is, when it's complete.

Doughty House needs a complete overhaul, which is scheduled to start at the beginning of 2018. The listed price includes all necessary works, which K10 estimates as a US\$39.6 million investment in itself.

The main, four-storey brick mansion was built in 1769 for Sir William Richardson and later bought by heiress Elizabeth Doughty. Cook purchased it in 1849, adding that gallery wing to show off his astounding collection of art, which included works by Rubens, Van Dyck, Rembrandt and Velázquez.

In the early 20th century, Doughty House played a small part in Britain's abdication crisis. The story goes that the Cook family discussed offering it to King Edward VIII as a place to live after he relinquished the crown. But Cook's heirs fell on hard times, and in 1949 the estate was sold to a developer who hoped to turn it into a hotel



01



02



03

and apartments. That scheme failed, and it changed hands again.

From 2013 to 2014, K10's Babae set out to acquire the full Doughty House property that is now on offer. It has been divided into three parcels: the main house, the gallery addition, and between them, a smaller building known as the Dower House.

"It was already rundown," he says. "[The owner] was living in a small part of the house, but the upkeep was quite heavy. He had no heirs or anything." (Babae declines to name the owner.) Photos posted to an urban

PICTURES BY K10 GROUP LTD

exploration discussion board in April showed a house in near-ruin, with missing floorboards, badly damaged walls, crumbling ceilings, and overgrown gardens. The mosaic floors and the iconic, closed-column, stone facade of the gallery wing were blessedly intact.

K10 spent more than two years on planning and permits; Doughty House is a Grade II building, which means it's considered of national importance and is specially protected.

The residence is located at the crest of Richmond Hill, with views over the River Thames that directly inspired painters Turner and Reynolds. The 2,500-acre Richmond Park, where deer roam wild, is near. Despite the bucolic feel, London's Waterloo station is less than 20 minutes' distance by train.

When it's complete at the end of 2019, according to current floor plans and design notes, there will be six family suites in the main house, a formal dining room, music room, drawing room, and grand entrance hall, plus two guest suites in the Dower House. The Victorian era conservatory is being turned into an informal, split-level, family living space that includes kitchen and breakfast areas.

In addition to staff quarters, lower levels will house a bowling alley and a car complex inspired by a repair shop in which the Cook family's Rolls-Royces were maintained. Technicians would work on the cars from a brick-lined well underneath; in the first stages of restoration, K10 discovered the repair depot hidden under flooring. The new version will feature a car elevator and a turntable, affording space for seven cars.

The developer — whose other projects include the former Knightsbridge home of dancer Margot Fonteyn, available for £75 million, and a pedigreed carriage house in Mayfair priced at £35 million — intends to divide the lower level of the gallery wing into a spa, gym, and pool complex. The upper level will be a winter garden that could function as a grand reception room or ballroom/art gallery. There'll also be an 18-seat private cinema, bar, and wine room.

The buyer who moves fast can customise the plans to his or her liking. — *Bloomberg*

01. An interior shot of Doughty House.

02. Doughty House exterior, circa 1949, with the main house on the left and the Dower House on the right, separated by an outdoor reflection garden.

03. Renderings show the two-storey gallery wing and garden with a new, Palladian-style double staircase emerging from the main house. A 15m-long reflection pool, inspired by the one at Chatsworth House, will be the centrepiece of the main lawn.

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