

TheEdgeProperty.com

FRIDAY, JUNE 2, 2017 . ISSUE 2423/2017 . PP19055/06/2016(034530)

ONLINE + OFFLINE

TEP4 NEWS
Gradual recovery ahead, says IJM Land



TEP4 NEWS
SMD to roll out RM800 mil worth of projects in Kundang



TEP5 FEATURE
Location mantra out the window in London



Why rent? Why not?

Many of us want to own a home of our own, but have you ever considered just renting instead?

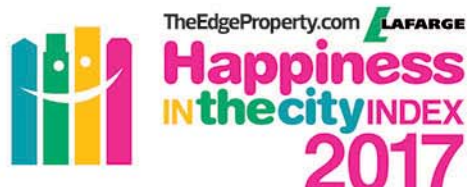
See Pages 6 and 7.



RENT

Where do I get a copy of this weekly pullout?

Go to **TheEdgeProperty.com** to download for free



ARE YOU HAPPY?
Find out the survey results **ON JUNE 16!**



NEWS HIGHLIGHTS from TheEdgeProperty.com



The Edge Property
Malaysia



Publisher and Group CEO
Ho Kay Tat

THEEDGE
PROPERTY.COM

MAKE BETTER DECISIONS

The Edge Property Sdn Bhd (1091814-P)
Level 3, Menara KLK, No 1 Jalan
PJU 7/6, Mutiara Damansara, 47810
Petaling Jaya, Selangor, Malaysia

TheEdgeProperty.com

Managing Director/Editor-in-Chief
Au Foong Yee

EDITORIAL

Editor Lam Jian Wyn
Contributing Editor Sharon Kam
Deputy Chief Copy Editor
James Chong
Copy Editor
Geraldine Tan
Senior Writer Tan Ai Leng
Writers Rachel Chew, Natalie Khoo,
Shawn Ng, Lum Ka Kay
Art Director Sharon Khoh
Design Team Nurul Aida Mohd Noor,
Maisarah Ali

For New Launches/Events/
Press Releases/News Tips
email: propertyeditor@bizedge.com
Tel: 03-7721 8211 Fax: 03-7721 8280

ADVERTISING & MARKETING

Associate Account Director,
Advertising & Marketing
Heidee Ahmad (019) 388 1880
Senior Account Managers
Cecilia Too (012) 319 7666
Jayne Law (016) 929 3309
Account Managers
Megan Chee (011) 2433 4363
Marketing Support & Ad Traffic
Madeline Tan (03) 7721 8218
email: mkt.tep@bizedge.com

NEGOTIATOR ADVISORY SERVICE

Senior Manager Elizabeth Lay
Senior Associate Stanny Tan
Associate Karen Wong

For enquiries and listings
email: propertysupport@bizedge.com
GL: (03) 7721 8175/ 8172

TheEdgeProperty.com pullout is published by The Edge Property Sdn Bhd. It is available with *The Edge Financial Daily* every Friday. The pullout is also distributed at more than 200 offices, shopping complexes, condos, medical centres, F&B outlets and LRT stations in the Klang Valley. You can also download it for free at www.TheEdgeProperty.com

The Edge Malaysia

EDITORIAL

Editor-in-Chief Azam Aris
CORPORATE
Chief Operating Officer Lim Shiew Yui
ADVERTISING & MARKETING
Chief Commercial Officer
Sharon Teh (012) 313 9056
General Manager
Kingston Low (012) 278 5540
Senior Sales Managers
Fong Lai Kuan (012) 386 2831
Gregory Thu (012) 376 0614
Kamaleesan Parama (012) 394 4855
Michael Tan (012) 213 0252
Creative Marketing
Chris Wong (016) 687 6577
Head of Marketing Support & Ad Traffic
Lorraine Chan (03) 7721 8001

MRCB ropes in EPF to develop Bukit Jalil land

Malaysian Resources Corp Bhd (MRCB) is partnering its largest shareholder, the Employees Provident Fund (EPF), to jointly develop three parcels of leasehold land in Bukit Jalil, Selangor into an integrated development, which will have a potential gross development value (GDV) of RM21 billion over a 20-year period.

MRCB said its 85%-owned subsidiary Rukun Juang Sdn Bhd has signed a subscription and shareholders' agreement with EPF's wholly-owned unit Tanjung Wibawa Sdn Bhd to form a joint-venture company called Bukit Jalil Sentral Property Sdn Bhd to jointly develop the combined 76.14 acres (30.81ha) of land.

Rasma Contractors Sdn Bhd, a private vehicle controlled by former Federal Territories Minister Datuk Seri Raja Nong Chik Raja Zainal Abidin, holds the remaining 15% stake in Rukun Juang.

MRCB plans to develop the land into an integrated project comprising commercial and residential properties such as serviced apartments, shop offices, small office-home office, office towers, apartments, retail malls and a hotel.

Number of homes put up for auction rose 14% y-o-y in 1Q2017

The number of residential properties that went under the hammer in 1Q2017 surged 14.4% to 6,225 cases worth RM1.78 billion from 5,442 cases worth RM1.375 billion registered in the same period a year ago, according to data compiled by AuctionGuru.com.

Mah Sing expands landbank, plans RM1.9 bil worth of launches

Mah Sing Group Bhd is expanding its landbank as the property developer plans some RM1.9 billion worth of launches in 2017. With a focus on affordable housing, Mah Sing group managing director Tan Sri Leong Hoy Kum said the company is targeting 73% of residential sales, priced below RM700,000.

"With our two recent land acquisitions in the Klang Valley, coupled with our existing landbanks, we are in



a better position to meet the market's demand for affordably priced homes in strategic locations.

"We are also looking out for more landbank. Of course, any new land acquisitions will need to be strategic and we will adhere to our prudent financial policy of maintaining a healthy net gearing ratio," Leong said.

Mah Sing has 35 ongoing projects and remaining prime landbank of 2,255 acres. The developer has recently acquired three pieces of land in Sentul measuring a combined 8.5 acres, for RM95.07 million and a 3.56-acre freehold plot in Titivangsa, Kuala Lumpur.

The online auctions listings platform's executive director Gary Chia said abundant supply and low rental yields for residential properties are the most likely contributors to the increased number of foreclosures. "Moving ahead, we expect the excess supply in the market to persist, which will pose further pressure on prices in the overall residential property market," he said.

According to the data compiled by AuctionGuru.com, the central region — including Kuala Lumpur, Selangor and Negeri Sembilan — has recorded the highest number of foreclosures in the residential property segment, with 3,635 units valued at RM1.9 billion in 1Q2017.

Of all the states in the country, Selangor (2,272 cases worth RM784 million), Johor (817 cases worth RM227 million) and Perak (656 properties worth RM61 million) had the highest number of auction properties in 1Q2017.

Anzo Holdings partners Captive Max for commercial development in PJ

Anzo Holdings Bhd, via its wholly-owned subsidiary Harvest Court Properties Sdn Bhd, has entered into a Collaboration Agreement with landowner Captive Max Sdn Bhd for the joint development and construction of a car showroom centre and office tower development in Petaling Jaya, Selangor.

With an estimated gross development value of RM420 million, the proposed car showroom centre and four blocks of signature office towers will sit on a 2.87-acre commercial site in Petaling Jaya along the Federal Highway, said Anzo Holdings in a statement.

According to the developer, the project's estimated gross floor area is 500,000 sq ft, with 70% of its net floor area to be about 350,000 sq ft. The construction cost will be about RM150 million.

Asia-Pacific investors look to home amid policy uncertainties in US, Europe

The Asia-Pacific (APAC) region is expected to benefit from the policy

uncertainties in the US and Europe in recent times where APAC investors may be more comfortable about repatriating their investments back to their home region, said CBRE|WTW in a press release recently.

According to the property consultancy firm's APAC Investor Intentions Survey 2017, investors polled showed stronger interest in developed and emerging Asian markets although they identified North America as their preferred destination for the second straight year in 2017.

Among emerging Asian markets, Vietnam registered increasing interest from South Korea, Japan and China investors.

Malaysia could also stand to benefit from the renewed interest in Asia as strong government commitment in mega developments (such as public transport) and the cheaper ringgit should favour investment activities in the country.

CBRE|WTW noted that the office sector is a market worth exploring in Malaysia as the potential drop in prices in office spaces will present a good opportunity for investors.



LAUNCHES + EVENTS



How do I get past issues of this weekly pullout?

Go to **TheEdgeProperty.com** to download for free



If you have any real estate-related events, email us at propertyeditor@bizedge.com. Events listed here will also appear on **TheEdgeProperty.com**.



Exclusive soft launch of Melbourne Square

Date: June 3 and 4 (Sat and Sun)

Time: 10am to 5pm

Venue: Grand Salon, Level 1, Grand Hyatt, 12, Jalan Pinang, Kuala Lumpur

Contact: (019) 295 5997

OSK Property Holdings Bhd will preview Melbourne's largest integrated development to Malaysian buyers this weekend. The developer has also invited property consultants to speak about the Melbourne property market outlook.

Sneak preview of Eco Business Park V

Date: June 9 (Fri)

Time: 1pm to 4pm

Venue: Eco Ardence Sales Gallery, PT 8, Persiaran Setia Alam, Eco Ardence, Shah Alam, Selangor

Contact: (012) 770 3691

In conjunction with the preview of Eco Business Park V, Eco World Development Group Bhd has invited property investment speaker Dr Renesial Leong to talk on the new wave of industrial properties in Klang Valley. RSVP is required.

Health Food Fiesta @ D'sara Sentral

Date: June 3 and 4 (Sat and Sun)

Time: 10am to 6pm

Venue: D'sara Sentral Sales Gallery, Star Avenue, No. 3, Jalan Zuhal U5/179, Selangor

Contact: (03) 9078 1515

/ (016) 3066000

Join Mah Sing Group Bhd at their Health Food Fiesta this weekend! Enjoy a healthy cooking talk show and make-your-own-salad sessions. There will also be a spine and joint check-up service.

PRIMA open house

Date: June 3 and 4 (Sat and Sun)

Time: 9am to 4pm

Venue: Dewan Orang Ramai Rantau, Jalan Besar Rantau, Rantau, Negeri Sembilan

Contact: (03) 7962 4374

Perbadanan PRIMA Malaysia is showcasing a project in Rantau with 766 terraced homes open for sale to eligible individuals. To apply, interested buyers need to bring along personal and bank documents for verification purpose.

New phase preview of Citra Embun

Date: June 11 (Sun)

Time: 10am to 6pm

Venue: Seri Pajam Development Sales Office PT 9889, Jalan BBN1/3J, Putra Point, Putra Nilai, Negeri Sembilan

Contact: (06) 799 2218

Seri Pajam Development will be previewing the new phase of its Citra Embun development in Nilai. The freehold gated-and-guarded development features an 80,000 sq ft recreational area. Prices start from RM288,900.



livelearnworkplay

Setia

*he*ART
NATURE
WITH SETIA

**THERE IS NO PLACE LIKE HOME.
LET'S TAKE BETTER CARE OF IT.**

TOGETHER, LET'S CELEBRATE WORLD ENVIRONMENT DAY 2017.

We only have one home planet. That's why it's important to take care of it.

At Setia, all our townships are intentionally designed to complement nature and create green spaces that encourage flora and fauna to thrive. By continuously protecting this home that we all share, we are building a better tomorrow.

Be a part of Setia's World Environment Day 2017 campaign.
Visit www.spsetia.com/wed



S P SETIA BERHAD (19698-X)
S P Setia Bhd Corporate HQ, No. 12 Persiaran Setia Dagang,
Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia.
T 603 3348 2255 F 603 3344 3232 E corp@spsetia.com

www.spsetia.com

Malaysia | Vietnam | Australia | Singapore | China | United Kingdom



9-TIME WINNER
FIABCI Malaysia
Property Award





Gradual recovery ahead, says IJM Land

BY LUM KA KAY

PETALING JAYA: Do not expect the property market to experience the kind of boom that it went through in the last cycle — this was IJM Land Bhd managing director Edward Chong's view of the Malaysian property market.

"After a period of abstaining from buying, people are now showing some interest. However, we are not going to take that as a sign of a recovery and expect the market to be as rosy as about four years ago.

"As a developer, frankly speaking, consistent growth is better than rapid growth. We need to pace out to ensure good digestion rate. It's good that we see a gradual recovery ahead," said Chong.

As the Malaysian household debt is still considered high, Chong foresees the current strict lending environment to remain. For a developer, "as long as you do enough market research and are able to craft your product according to market needs, people will buy," he told TheEdgeProperty.com.

The developer is looking to launch Livia double-storey link homes at its 1,879-acre Bandar Rimbayu township, Telok Panglima Garang, Selangor in the middle of this month. The project with a gross development value (GDV) of about RM218 million will be launched over three phases offering 346 units in total. Phase 1 will comprise 118 units with built-ups of between 1,658 sq ft and 1,854 sq ft, with land size of 20 ft x 60 ft. Prices start from RM621,800.

The project has been well received since its preview at end-April. "We have received 90% bookings and are looking to open up the second phase with 130 homes for sale. We are targeting first-time homebuyers and upgraders.

"To cater to the current market demand, we have made the houses more affordable by reducing their sizes," he said.

Last week, Bandar Rimbayu emerged as the World Gold Winner in the Master

Plan category at the Fiabci World Prix d'Excellence Awards 2017.

Seremban 2

At S2 Heights in Seremban 2, Negeri Sembilan, the developer will be launching Rimbun Harmoni link homes and Safira Apartment in 2H2017.

"We started in Seremban 2 with Rimbun Vista, followed by Rimbun Irama, which has been fully taken up. So, now we're looking to launch Rimbun Harmoni by June or July.

"Rimbun Harmoni will have 228 units of 4-bedroom and 3-bedroom double-storey link homes with built-ups of between 1,936 sq ft and 1,984 sq ft. The first phase will have 90 units with prices from RM520,000," Chong said, adding that the GDV of Rimbun Harmoni is about RM139 million.

Meanwhile, affordable apartment project Safira Apartment will be launched in December with 242 homes in a 16-storey block. The 850 sq ft units will start from RM250,000.

"Seremban 2 is a very mature township. So now you can see apartments coming into the market. Our townships are very vibrant; we have been consistently selling the homes in our townships.

Chong: We just have to make sure that the products fit market demand and the market cycle.



LOW YEN YEING / TheEdgeProperty.com



Livia double-storey link homes at Bandar Rimbayu, south of Kota Kemuning will be launched in mid-June.

"Seremban 2 has contributed about RM350 million worth of sales in our previous financial year. We just have to make sure that the products fit market demand and the market cycle," he said.

At an earlier launch in February, Rimbun Vista 2, comprising 187 double-storey superlink homes, has been 65% sold. The project has a GDV of RM130 million.

Unit built-ups are between 2,629 sq ft and 2,721 sq ft with prices from RM620,000.

Austin Duta, Johor

Over in the southern region, IJM Land will be launching phase 4 of Austin Duta in 3Q2017. It will have 182 freehold double-storey link homes with built-ups of 1,600 sq ft to 1,650 sq ft. Indicative selling prices start from RM549,000.

"Although the Johor market is perceived to be gloomy, the reality is if you're doing landed homes, you're still okay, given that you price them appropriately. We have launched phase 5A in April and all non-bumi lots have been taken up, so we are looking to launch phase 4. Despite talk that the market is bad [in Johor], our products are still moving. We target the local market — that's our focus," said Chong.

International portfolio

IJM Land is not particularly aggressive about its overseas projects currently, given Malaysia's weak ringgit. "Our Royal Mint Gardens residential project in London is still under construction. Phase 2 won't be launching soon.

"And in China, we are waiting for the sales permit to launch Yin Hai Complex in Changchun in the later part of this year. It is a 9-storey retail and office tower," he said.

As for Vietnam, the developer is "still waiting for the market there to get better".

"Ho Chi Minh City is getting more vibrant but our project is slightly further from there, so we are monitoring the situation," he added.

SMD to roll out RM800 mil worth of projects in Kundang

BY SHAWN NG

PETALING JAYA: SMD Development Sdn Bhd is planning property launches worth some RM880 million starting mid-2017 to 2019, said its CEO Datuk Jeffery Tan.

First up will be phase two of SMD Kundang Industrial Park in Rawang, Selangor once phase one is fully sold, he told TheEdgeProperty.com.

"We are seeing light at the end of the tunnel for the property market, especially after Chinese New Year as our projects have received strong interest from buyers.

"Many interested buyers have been taking the wait-and-see approach for the past two to three years due to uncertainties in our economic outlook, but they have started to come back after Chinese New Year to look for factories to expand their businesses," Tan added.

He is confident of the industrial property market in Kundang as the area is poised to attract small and medium industries from Rawang, Sungai Buloh, Kepong, Jinjang and Batu Caves. Kundang has become an area with good accessibility and connectivity, with high-



Tan: Many big players are launching their property developments in Kundang.



Yeung: The townhouses under the affordable housing scheme will be tagged at RM250,000.

ways such as the Kuala Lumpur-Kuala Selangor Expressway, Guthrie Corridor Expressway and North-South Expressway,

"In addition, many big players are launching their property developments in Kundang, namely Gamuda Land, Tan & Tan Developments, Mah Sing Group Bhd and Glomac Bhd,

hence I believe Kundang will become a much sought-after area when it is fully developed in 15 to 20 years."

Officially launched early this year, phase 1 of SMD Kundang Industrial Park consists of 14 semi-detached factory units with a gross development value (GDV) of RM52 million. The freehold development has been 50% sold so far and SMD is targeting to sell the remaining units by end-2017.

The built-ups for the factories range from 7,519 sq ft to 9,849 sq ft, while the land area sizes are between 12,007 sq ft and 17,001 sq ft.

"Prices start from RM3.39 million per unit. They are located within a guarded area and offer 24-hour security service, heat reflective rooftops and water reserve tanks," said SMD sales and marketing manager Gary Yeung. He added that phase 2 will comprise six semi-detached factories and one detached factory with a GDV of RM30 million. Subsequently, SMD plans to launch Serai Murni, a mixed development with an estimated GDV of RM250 million, in 2H2018.

The 10.35-acre project in Kundang will be

a low-density guarded community with an estimated GDV of RM100 million. To be developed over two phases, phase 1 will consist of 40 three- and four-storey shoplots and 46 double-storey terraced houses as well as 12 townhouses under the Rumah Selangorku housing scheme.

The built-ups for the shoplots will be between 4,200 sq ft and 8,400 sq ft, while the terraced houses will range from 2,300 sq ft to 2,500 sq ft. The townhouses will have a built-up of 1,000 sq ft.

"The indicative prices for the shoplots and terraced houses are RM1.5 million and RM500,000, respectively, whereas the townhouses under the affordable housing scheme will be tagged at RM250,000," Yeung added.

Meanwhile, phase 2, which has an estimated GDV of RM150 million, will see the construction of 400 apartments that are planned for launch in 2019.

Further down the road, SMD will be launching its flagship development in Bandar Baru Kundang with a tentative GDV of RM600 million. The 36-acre project was formerly an abandoned project before SMD took over. "We have bought over the land and are revising the plan for the project to fulfil current market expectations," Tan said.

"The integrated development will comprise lifestyle, entertainment, education and office components because we want to ensure the project is self-sustainable. We will roll out the project in 2019 or 2020," he added.



Location mantra out the window in London

BY LUM KA KAY

Location has always been a major factor when it comes to residential developments in all parts of the world. In the capital city of the UK, however, location is no longer the prime driver.

Instead, thoughtful design, efficient layout and the right mix of amenities, services and specifications are now the key elements for maximising buyer demand and value for developers, according to Knight Frank's latest London Development Design Study.

In its exclusive survey of buyers in prime and super-prime new-built developments in London, jointly conducted by Knight Frank and cost consultants Core Five and MSMR Architects, the global real estate firm has found that space, layout, architecture and views are becoming an increasing focus for purchasers.

"Some 88% of respondents to the survey said that specification was an important or relevant factor in their decision-making when buying, while 64% said they would be willing to pay for higher-quality finishes and better specifications," said Knight Frank.

Striking a careful balance

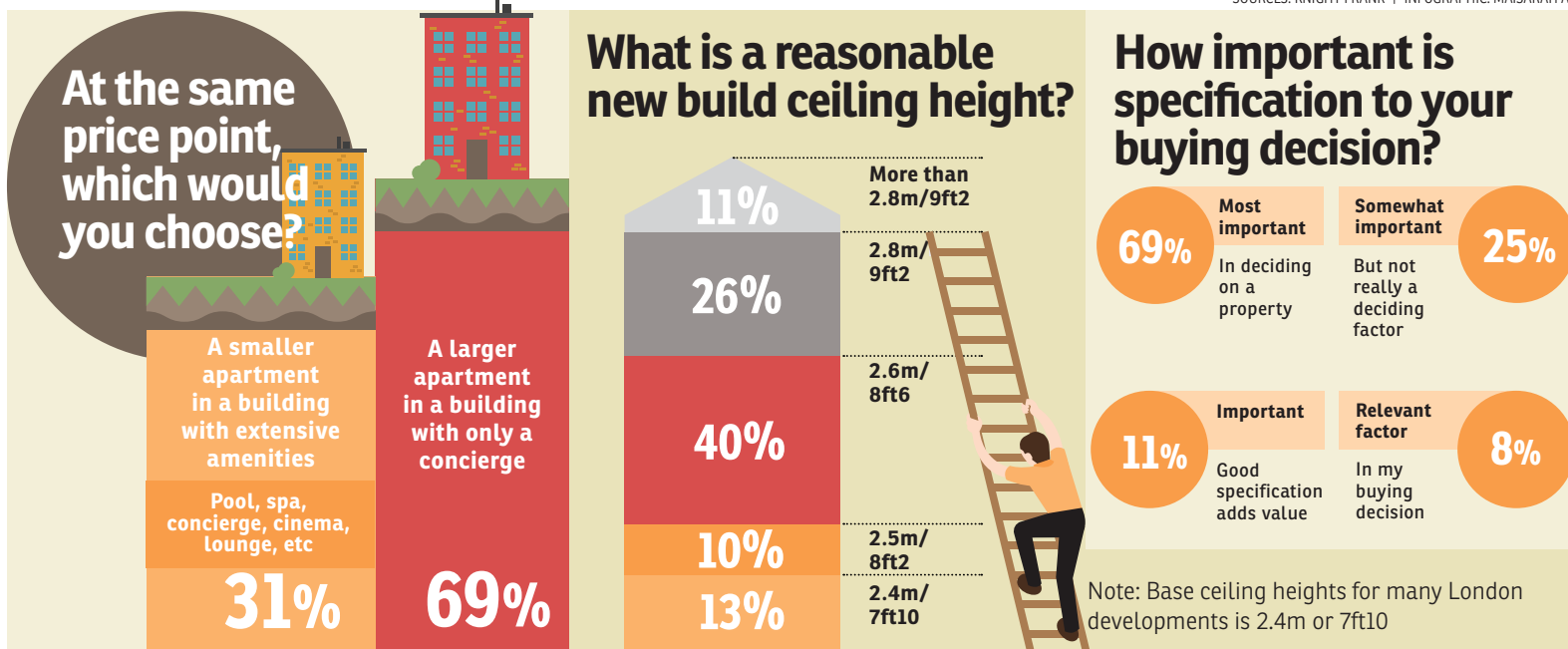
Knight Frank noted that developments need to strike a careful balance between short-term trends, technology and pragmatism.

"This means that schemes need to find a position within the market and be capable of delivering a flexible package that allows them to compete against peers," it said.

On technology in new homes, buyers have ranked their Internet consumption, TV, heating, cooling and security as more important than built-in speakers and tablet integration, with more than 43% respondents saying super-fast broadband is the most important technology to them.

Based on the survey results, broadband is the most-used technology for 63% of the respondents, while the least used are built-in surround sound speakers and full home automation systems.

"There are instances where specifications can add to the desirability of a development, but this needs to be balanced against the additional cost.



"Buyers today are increasingly seeking best-in-class products, crucially where they see value, not a specific area or post code. As the market becomes ever more product-led, the importance of getting the unit mix, apartment configuration and quality right has never been more relevant.

"The best-performing developments follow a clear methodology, combining good ceiling heights, quality specification and a considered approach into how individuals use the wider building and its amenities," said Knight Frank's joint head of residential development Ian Marris.

Yes, more ceiling height, please!

Another specification that can add to the desirability of a development is ceiling height, said Knight Frank. Some 90% of respondents said that ceiling height is an important factor when it came to their purchase, with 40% of the total considering it "very important".

When asked how "high was high enough", over 77% of respondents said they would like ceilings at 2.6m or higher, slightly above the traditional 2.4m standard found in many London developments.

Some 63% of respondents said they would like to have some form of cooling in their properties. However, having cooling in an apartment will lead to a higher purchase cost of the property. Moreover, accommodating the cooling units in the design without compromising layouts or

ceiling heights is often challenging.

"Similarly, a total of 55% respondents would prefer to reduce costs by having underfloor heating only in the bathrooms, with radiators or forced air heating in the remainder of the property. This is particularly relevant given the current focus on avoiding overheating in modern apartments," said Knight Frank.

Amenities and service charge

Amenities can also help to differentiate schemes, as 46% of respondents who purchased a building with amenities confirmed that they appreciated having access to them.

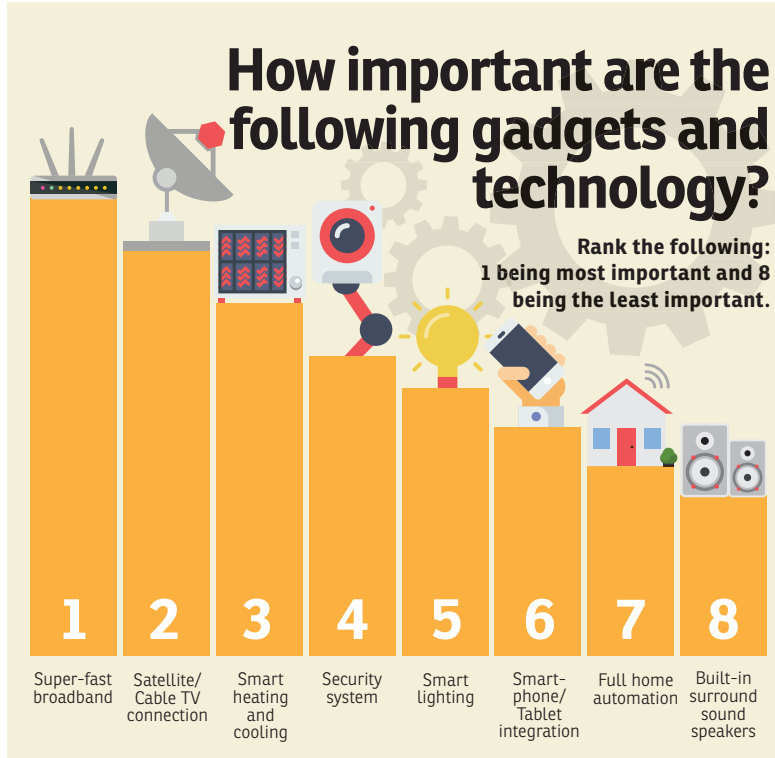
"Security, concierge services and underground parking are judged to be the most important for prime buyers — suggesting a minimum standard needed across developments," added Knight Frank.

Around 69% of respondents said that given a choice between a larger apartment in a building with a concierge only, or a smaller apartment in a building with extensive facilities and amenities, they would opt for the former. This suggests that buyers do not view communal areas and facilities as a substitute for internal living space.

On service charges, a notable proportion of respondents were also willing to sacrifice additional facilities such as a steam room (62%), spa (80%) or wine cellar (84%) in order to reduce service charges.

Market update

According to Knight Frank, proper-



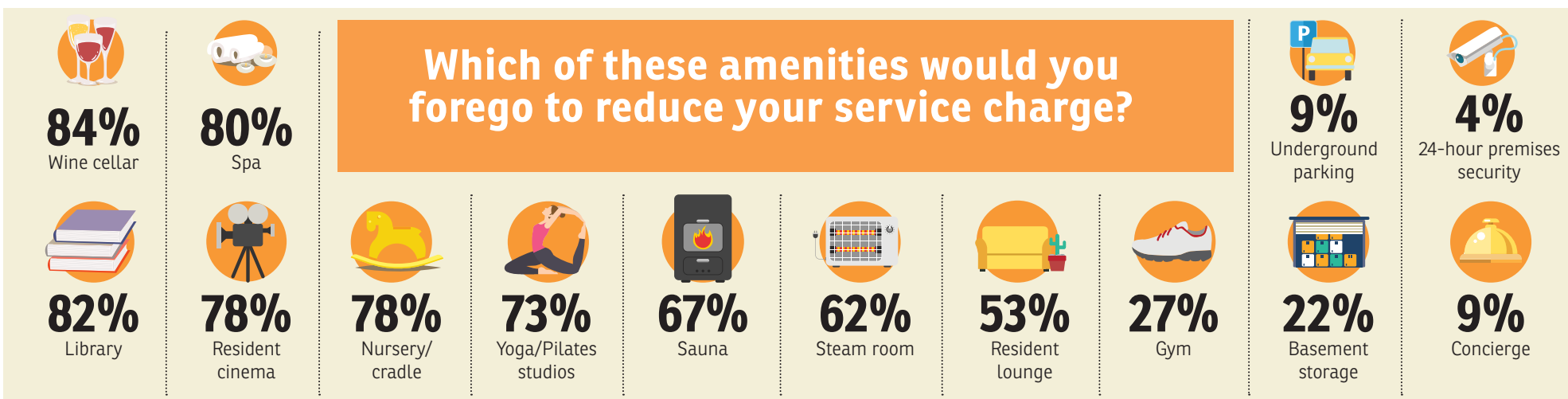
ty prices in prime central London are 24% higher than their previous market peak in 2008, based on the global real estate firm's index.

"The prolonged price growth over this time has been underpinned by the improving UK economy, as well as London's perceived status as a safe haven.

"The current price trend for the top-end of the housing market in London reflects the fact that it is still absorbing the changes to stamp duty introduced in December 2014 and, more recently, April 2016," it said.

The new stamp duty rules have increased the cost of buying properties worth more than £1.1 million (RM6.14 million) in the UK, and added a 3% levy for those buying additional properties. Knight Frank said this is being reflected in some price adjustments, which in turn has been mirrored by more moderate rates of price growth.

"Previous tax changes have been assimilated in recent years and it is expected that the market will, in time, adjust to the most recent changes," it said.



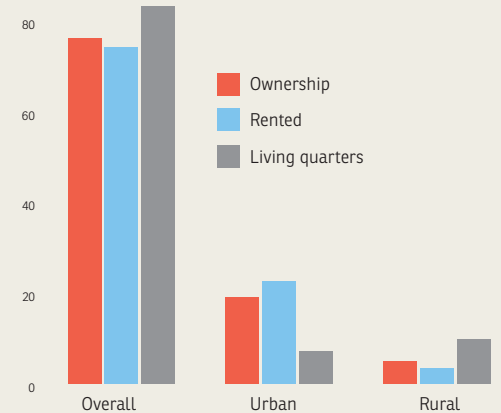
COVER STORY



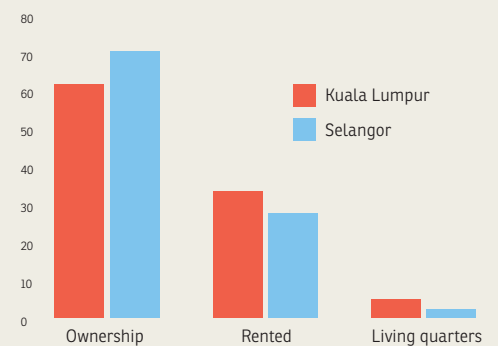
BY LUM KA KAY

BUY OR RENT?

Home ownership rate in Malaysia in 2014 (%)



Home ownership rate in KL & Selangor in 2014 (%)



SHAHIRIN YAHYA | TheEdgeProperty.com



Foo: The belief of "owning instead of renting a home is better" needs to be reassessed.



Lai: It may be a good idea to rent if one wants to live in a coveted area but owning a place there is beyond reach.



Yeah: Malaysians perceive property as one of the most attractive investment assets that provide both rental income and capital appreciation over the long term.

MOHD IZWAN MOHD NAZAM | TheEdgeProperty.com

My aunt and her family of six live in a house they have been renting in Taman Cheras Indah, Selangor, for over 20 years now. She did contemplate buying the house after renting it for five years but concern about not being able to pay the mortgage made her settle for long-term renting. She is paying a monthly rent of about RM1,000, excluding utility charges. The initial rent was RM800 and it was only five years ago that her landlord increased the rental.

"There is no point in buying the house now since I'm not young anymore and most of my children are married or are looking to move out soon. Plus, you cannot get rental like this in the same area anymore. Similar houses like the one I'm renting in this area are asking for a monthly rental of about RM1,300 and above," she said. She is fortunate that the rental for her unit is rather affordable. Little wonder, then, that she had decided to continue renting for so long.

Unlike my aunt, however, many Asians including Malaysians see property ownership as one of their ultimate life goals. Renting a property as a home is generally viewed as something temporary or a transition before they find and move into their own home.

But there is no denying that there are individuals who have no intention of tying themselves to long-term mortgages even if

they can afford them. And many have been renting for more than a decade.

Home ownership

Professor of Economics at the Business School of Sunway University Dr Yeah Kim Leng says home ownership fulfils the basic human need for shelter, while Affin Hwang Capital Research senior associate director for equity research Loong Chee Wei says property ownership is "a cultural thing" in many Asian countries.

"Asians are different. Owning a property is part of the culture and those who don't are somehow stigmatised," he says. Yeah concurs, as tenants are often negatively perceived as being unable to afford their own homes and are therefore seen as less successful.

Property consultancy firm CBRE | WTW managing director Foo Gee Jen also agrees. "Buying property is an established Asian value signifying stability and as extending one's family roots," says Foo.

According to Yeah, Malaysians also view home ownership as a long-term hedge against inflation, considering the long-term average house price increase of 4% to 5% against an inflation of around 3%.

"Malaysians also perceive property as one of the most attractive investment assets that provide both rental income and capital appreciation over the long term.

"This is proven in the higher number and longer periods of housing booms rather than bust periods. The [home ownership] obsession

is therefore not unjustified, given the country's young demographic, housing supply-demand imbalance and sustained economic growth trends," he tells TheEdgeProperty.com.

However, the renting culture is widely practised across Hong Kong and London, where property prices are high, Loong highlights.

The mortgage-to-monthly income ratio in Hong Kong is on average about 233.22%, while in London, it is about 167.12%, according to Numbeo, an online database of user-contributed city and country statistics. In Kuala Lumpur, the figure is 70.7%, while for Selangor it is 60.43%.

"It is a tenants' market now especially in urban areas, because property prices are high, translating into higher mortgage, so it may not be viable to purchase a property," suggests Loong, adding that an individual's debt commitment against the percentage of income should be capped at 60% in order to ensure one has enough to spend on other expenses. Hence, it comes as no surprise if more Malaysians decide to rent than buy as prices creep up. It is also better to rent if one does not plan to live in an area for the long term, adds Loong.

Why rent

On whether one should rent or buy, Foo says it is a question of the "differential sum between the two options at the point of purchase". Basically, which option makes more sense.

"If monthly rents are below the monthly instalments for housing loans as we see today in urban areas, then perhaps the best option is to rent," he says.

It is a common perception that property investment will most probably offer great capital appreciation but Foo noted that house price growth has slowed in the past few years as Malaysia's economy and infrastructure in the urban areas are peaking.

"We should be aware that rising property values in developing countries have often been driven by massive infrastructure developments as places become more accessible, coupled with the exploding demand from a fast-growing population not just in numbers but with growing disposable incomes.

"As infrastructure development peaks and population growth slows, the growth trajectory of house prices will also slow down. We believe that Malaysia has reached this stage in its economic and infrastructure development.

"While it is reasonable to see house prices doubling and re-doubling from, say, RM30,000 more than 30 years ago, what is the probability of a house currently valued at RM700,000 appreciating to a value of RM2 million in the next 30 years?"

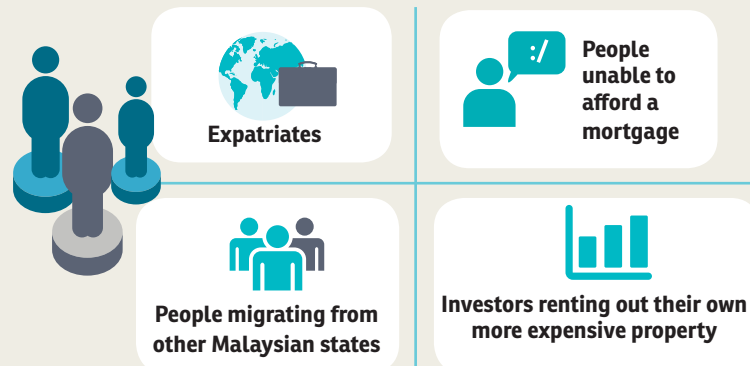
"At the end of 25 years, a housing loan of RM1 million over 25 years at 6% interest would have involved a total loan repayment of RM1,932,904. Any gains from capital appreciation would be minimal, in such a situation. Hence, the belief that 'owning instead of renting a home is better' needs to be reassessed," he expounds.

Possible culture shift

Yeah notes that as the Malaysian population ages, housing supply will catch up with demand and house price growth will become more aligned with income growth. Furthermore, one can assume that more investment alternatives will be available as the financial and economic systems mature. This, he says, will lead to a more balanced buy-rent culture.

"Another reinforcing trend is

Who prefers to rent in the Klang Valley





COVER STORY

SOURCE: HOUSEHOLD INCOME AND BASIC AMENITIES SURVEY REPORT 2014, DEPARTMENT OF STATISTICS, MALAYSIA | GRAPHICS: NURUL AIDA MOHD NOOR

CASE STUDY

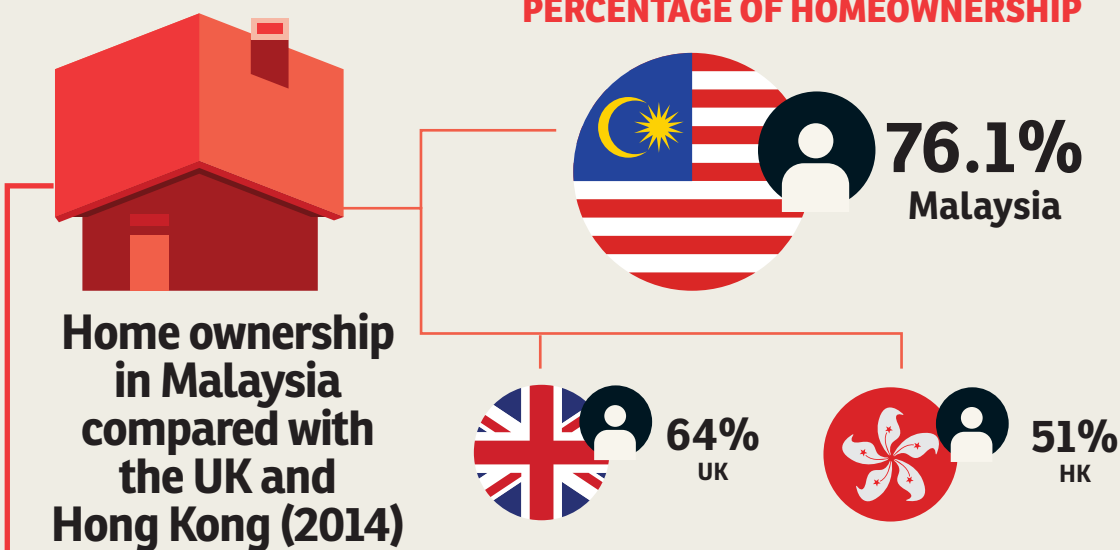
Monthly expenses of owning vs. renting a RM1 million condo in KL (1,828 sq ft, freehold)



	BUY	RENT
PRICE	RM1.05 million	RM3,800/month
DEPOSIT/UPFRONT COST	RM105,000 (10%)	RM9,500 (2.5 months)
MISC. FEES (can be added into home loan amount or paid upfront — optional)	Property stamp duty: RM24,500 Loan agreement stamp duty: RM3,225 SPA legal fee: RM9,350 Loan legal fee: RM8,560	N/A
MONTHLY COMMITMENT	Mortgage: RM4,621 x 30 years (4.3% interest) Maintenance fee: RM0.29 psf = RM530.12 Utility (gas, water, sewage, Internet, electricity): RM400 Property assessment tax, payable every six months: RM732/6 = RM132/month	RENTAL: RM3,800/month UTILITY: RM400/month
GRAND TOTAL	RM5,683.12/month*	RM4,200/month

*excluding Mortgage Reducing Term Assurance (MRTA)/Mortgage Level Term Assurance (MLTA)

PERCENTAGE OF HOMEOWNERSHIP



SOURCE: DEPARTMENT OF STATISTICS, MALAYSIA; CENSUS AND STATISTICS DEPARTMENT, HONG KONG; ENGLISH HOUSING SURVEY, DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT, UK

PROS of renting

- Flexibility of location
- No need to pay huge amount of upfront costs
- No maintenance fees/property taxes
- Immediate occupation

CONS of renting

- The home isn't yours
- Societal stigma
- No control over changes of the property
- Rental increase

that, with increased job mobility, the rental market will become more popular as house assets can be highly illiquid.

“Home ownership is welfare-enhancing to the extent that it provides security of tenure and comfort that ranks highly in the hierarchy of human needs. The cost-benefit dynamics will change, however, as income increases,

society becomes more mobile and social safety nets are in place to provide greater flexibility and alternatives to home ownership,” he elaborates.

On the other hand, Foo says, purchasing properties for investment purposes is now best left to high-income families and individuals who can afford to bear the risks.

“If you are in the M40 group or have recently entered into the job market, it may be best to consider renting first as it is more affordable and gives you time to learn about the property market before making such a major investment decision,” he counsels.

The rent option would be the better decision, Yeah says, if rental remains low, interest rate and debt-servicing burden is high, house prices remain flat or are falling and there is ample supply of new houses being built that are better in quality and location.

Rent and buy at the same time

Based on MIP Properties Sdn Bhd real estate negotiator Lai Yan Yin’s observation, generally there are three types of tenants in the Klang Valley: expatriates and people from other Malaysian states moving into the Klang Valley; those who are unable to afford a mortgage; and, interestingly, investors who rent out their own more

expensive property but live in cheaper rental homes.

Lai says it may be a good idea to rent if one wants to live in a coveted area but owning a place there is beyond reach. “I would advise such clients to consider renting a property in the area they fancy. At the same time, I would also recommend that they invest in a property where prices are more affordable, for future gains that would eventually assist them in purchasing his or her ideal home.

“I believe the old adage that ‘buying is better than renting’ is still relevant in today’s world. However, the interpretation needs slight tweaking. There are people who rent a place as [their] home in a more mature or established neighbourhood but invest in up-and-coming areas with high growth potential, with the long-term view of capital gains,” he says.

However, CBRE | WTW’s Foo cautions that the concept of investing in a prospective area to reap capital appreciation is very attractive in theory. “If it requires RM100,000 to RM200,000, the risks may be manageable. However, when more than RM500,000 is involved, the risks are much higher and alternative investment options must be considered.”

LURKING ENEMIES IN YOUR HOME

SOURCE: TheEdgeProperty.com | GRAPHICS: MAISARAH ALI

The flying menace

BY RACHEL CHEW

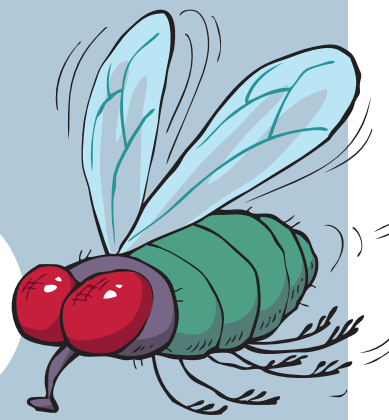
We often assume that our homes are safe from pests. Hence, we would only choose to have our homes professionally treated when they are critically infested.

Pests are often hidden and are able to multiply quickly. Therefore, as more time elapses before treatment, it becomes more difficult to eliminate the problem. Worse, they may threaten your family’s well-being.

For instance, the small

house fly can cause substantial harm.

“A fly feeds by using its mouth. It excretes digestive fluids to dissolve whatever it wants to consume as food, including food waste and faeces, into liquid before ingesting it. When a fly lands on food, it spreads harmful bacteria with its filthy legs and body,” Rentokil Initial Malaysia managing director Carol Lam and technical director Juliana Soo tell TheEdgeProperty.com.



It can carry deadly diseases including salmonellosis, typhoid fever, cholera and tuberculosis.

Health risk

A fly can spread a host of diseases as bacteria and other germs can cling on to its body parts.

How to prevent

- 1 Clear all food waste and clean spills immediately.
- 2 Eliminate its food sources.
- 3 Do not keep organic waste overnight indoors.
- 4 Fit fly screens to windows especially around kitchens.
- 5 Always cover food items.
- 6 Cover rubbish bins to avoid attracting flies indoors.

How to inspect

- Look for small dark clusters of spots (the size of a pinhead) on ceilings and other overhead structures and wall surfaces.
- Check areas that are difficult to clean thoroughly such as drainage channels and drains where waste may accumulate.
- Gully traps and areas around sinks and below damaged floor tiles should also be monitored.

Regular sightings of flies — large number of flies buzzing around garbage dump areas and the base of wheelie bins or other waste containers may indicate a more serious problem.



Waterlogged potted plants may also attract flies.

If you see maggots — these are flies in their larval stage — it could indicate a potential breeding site on your property. You may discover maggots in waste areas and deteriorating food.



C O M I N G S O O N

Malaysia 
**Virtual
Property
Expo 2017**
TheEdgeProperty.com

F I R S T E V E R I N M A L A Y S I A !

Email mkt.tep@bizedge.com or call 03-77218218 for details & partnership opportunities