

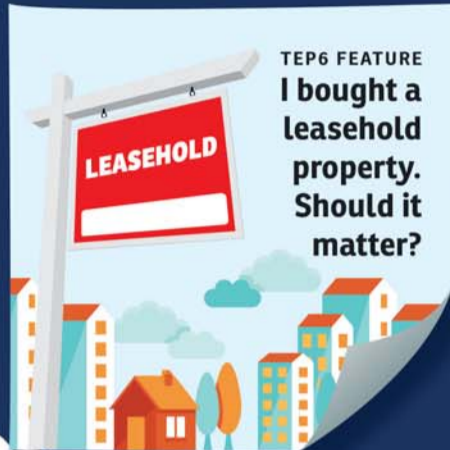
# TheEdgeProperty.com

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**TEP3 NEWS**  
**TAHPS launches first project in Bukit Puchong since 2014**



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## The highs and the lows

Which condominium projects in Kuala Lumpur saw the highest and the lowest price growth last year?  
**See pages 4 & 5.**

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## Real estate valuers are professionally qualified property managers — RISM

Real estate valuers are also professionally qualified property managers, and these two functions of the real estate valuer are stated in the Valuers Appraisers and Estate Agents Act 1981 (Act 242), said the Royal Institution of Surveyors Malaysia (RISM).

RISM was responding to Parti Keadilan Rakyat Member of Parliament Wong Chen who, in a press statement last week, had questioned the relevance of the Valuers, Appraisers and Estate Agents (Amendment) Bill 2017, which is currently being debated in Parliament.

He said the Bill, which intends to have both valuers and property managers regulated under the purview of the Ministry of Finance (MoF), was "illogical" as these were two distinctly separate professions.

Currently, property valuation falls under the purview of MoF while property management, which has to do with the organisation, management and maintenance of buildings, is under the purview of the Ministry of Urban Wellbeing, Housing and Local Government.

## Scientex buys its first land in Klang Valley

Johor-based global packaging manufacturer and property developer Scientex Bhd has purchased 65.3 acres of freehold land in Rawang, Selangor for a mixed development project.

This was its first land purchase in the Klang Valley. The land purchase of RM85.4 million was made through its wholly-owned subsidiary Scientex Park (M) Sdn Bhd, which has entered into a sale and purchase agreement with Medius Developments Sdn Bhd.

"Our venture into the Klang Valley

## D'sara Sentral sees completion of walkway to MRT station

The walkway between Mah Sing Group Bhd's D'sara Sentral development in Sungai Buloh, Selangor and the Kg Selamat MRT (Mass Rapid Transit) station has been completed.

The group said that with the completion of the walkway, the station is now within just four minutes' walking distance to its transit-oriented development D'sara Sentral.

D'sara Sentral has a gross development value of RM937 million. The 6.55-acre project comprises retail units, one tower of Small-office Versatile-office units and four towers of serviced residences.

"We want to bring convenience to our buyers — the best way to achieve this is by offering a development in a strategic location, and D'sara Sentral is situated right opposite the Kg Selamat MRT station.



"With D'sara Sentral, we further enhanced its accessibility by building a covered walkway that shortens the walking distance to the MRT station. We are proud to announce that it has been fully constructed," said group managing director Tan Sri Leong Hoy Kum.

He added that the completion of the covered walkway is very timely as the entire Sungai Buloh-Kajang MRT Line is now fully operational.

property market represents a new chapter in our corporate history and grants us an opportunity to bring our highly efficient property development model here. We are confident of replicating our success in delivering affordably priced yet high-quality homes, especially in a region where home ownership is increasingly a challenge due to high price points.

"With this, our geographical footprint for the property segment extends from the south, central and north peninsula," said Scientex Bhd managing director Lim Peng Jin in a statement.

The newly acquired land is situated near to the town centre of Rawang and is close to matured residential neighbourhoods and amenities such as the Rawang AEON Shopping Mall, KPJ Rawang Specialist Hospital, Anggun City Commercial Hub and a proposed international school.

## 241,595 affordable homes built from 2009 to April 2017

As many as 241,595 affordable homes had been built nationwide from 2009 until April this year, said Urban Wellbeing, Housing and Local Government Minister Tan Sri Noh Omar.

He said the total included 21.7% of the target 1.1 million affordable homes that the government planned to build for the lower-income group.

"A total of 634,295 affordable houses are still under construction, while for 256,138 units, the process of identifying construction sites is still going on," he said when replying to a question by Khalid Abdul Samad (Amanah-Shah Alam) at the

Dewan Rakyat sitting on Aug 9.

In reply to a supplementary question from Datuk Seri Hasan Arifin (BN-Rompin) regarding the eligibility requirements to buy affordable homes, Noh said the ministry was always conducting screening and imposing conditions on affordable housing applicants comprising low-income earners (less than RM3,000 per month).

## IWCity inks deal to swap lands with Johor government

Iskandar Waterfront City Bhd (IWCity) has inked a conditional alienation-cum-development agreement for a land swap deal with the Johor state government.

Under the deal, the state government will compulsorily acquire six plots of agricultural land measuring 121.58 acres in Plentong, Johor Bahru from IWCity for RM222.8 million, according to IWCity in a Bursa Malaysia filing on Aug 9.

In return, the Johor government will alienate plots of underwater land measuring 228.78 acres, which adjoin IWCity's existing coastal land in Plentong to IWCity for RM531.92 million. These parcels are presently completely submerged and located in the Straits of Johor, off Kampung Senibong, about 12km northeast of Johor Bahru city centre.

Kumpulan Prasarana Rakyat Johor Sdn Bhd (KPRJ) has a 27% stake in Iskandar Waterfront Holdings Sdn Bhd (IWH), the controlling shareholder of IWCity. IWH and IWCity are in the midst of a merger exercise, under which swathes of land measuring some 3,593 acres owned by tycoon Tan Sri Lim Kang Hoo — who controls IWH — and KPRJ will be injected into the merged IWCity.

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## LAUNCHES + EVENTS



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### Setia's CSRU Open Day

Date: Aug 13 (Sun)  
Time: 11am to 4pm

Venue: Setia Seraya Galleria, Lot 14124, Jalan P15H, Presint 15, Putrajaya  
Contact: (03) 8861 6500  
S P Setia Bhd is organising an open day for civil servants where the Setia Seraya Residences show unit is open for viewing. A 25% rebate is available for civil servants. The first 100 visitors to RSVP will get free Baskin-Robbins ice cream.

### KPMM / MAPEX 2017

Date: Aug 11 to 13 (Fri to Sun)  
Time: 10.30am to 7pm  
Venue: Shah Alam Convention Centre, No. 4, Jalan Perbadanan 14/9, Shah Alam, Selangor  
Contact: (03) 7880 8000



The Real Estate and Housing Developers' Association and the Ministry of Urban Wellbeing, Housing and Local Government are jointly organising this inaugural Affordable Housing Carnival (KPMM), which will also feature property talks and fun activities for the whole family.



### UMLand's Opal 2 launch

Date: Aug 12 (Sat)  
Time: 9am to 9pm  
Venue: Gravity Green, Jalan Suria, Bandar Seri Alam, Masai, Johor  
Contact: (07) 388 1111  
United Malayan Land Bhd (UMLand) will be organising a Dinosaurs Return Alive show this Saturday, along with other

activities such as children's colouring contest and movie screening, in conjunction with the launch of Opal 2 cluster and semi-detached homes in Bandar Seri Alam, Johor. Prices start from RM788,000.

### Launch of Hon Residensi

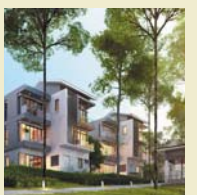
Date: Aug 12 and 13 (Sat and Sun)  
Time: 10am to 6pm  
Venue: Hon Residensi Sales Gallery with Show Unit, 1-B 3A, City Garden Commercial Centre, Jalan Nirwana, Taman Nirwana, Ampang, Selangor  
Contact: (03) 920 2366 / (016) 227 8900  
Sri Seltra Sdn Bhd will be launching its serviced apartment project Hon Residensi in Taman Nirwana, Ampang. Buyers will



enjoy 6%+6% rebate as well as free kitchen fittings at the launch. There will also be a property investment talk.

### A Glittering Nightfall Amongst the Stars

Date: Aug 19 (Sat)  
Time: 6pm to 10pm  
Venue: Paramount Property Gallery, Jalan Universiti, Section 13, Petaling Jaya, Selangor  
Contact: (03) 7931 8091  
Join Paramount Property Development Sdn Bhd at this glamorous event featuring Ning Baizura and Jo Kukathas. This event will be held in conjunction with the developer's new launches at its Sejati Residences in Cyberjaya and at Sekitar26 in Shah Alam. RSVP is required.





# TAHPS' new project launch in Bukit Puchong since 2014

BY SHAWN NG

**PETALING JAYA:** TAHPS Group Bhd will be unveiling 140 units of 2- and 3-storey link villas dubbed Andira Park at its Bukit Puchong township development in Puchong, Selangor on Aug 19 and 20.

The launch on Aug 19 will be open for existing buyers of TAHPS and registrants while the Aug 20 launch will be open to the public.

With a gross development value (GDV) of about RM100 million, Andira Park is a gated-and-guarded stratified development covering 8.33 acres on a freehold site, TAHPS group CEO Eugene Khoo told TheEdgeProperty.com.

It is the first project launch for TAHPS since the developer launched Epic Residence — a serviced apartment project in the township in April 2014. Epic Residence is a RM180 million project that houses 300 serviced apartments in two 21-storey buildings. The project is more than 70% sold and is being handed over to buyers.

Besides the low-density and well-planned landscaping, Khoo said the design of the Andira Park link villas is unique as each is a hybrid between a traditional town villa and a traditional landed house, resulting in a wide living area for residents to enjoy.

To be priced from RM650,000 or about RM400 psf, Andira Park consists of 2- and 3-storey link villas with a built-up of 1,583 sq ft and 1,789 sq ft, respectively, and five units of 3-storey terraced houses with a built-up of 2,347 sq ft.

The project is expected to be completed by August 2020 and will have facilities



LOW YEN YEING | TheEdgeProperty.com

Khoo: The company is of the view that now is the right time to roll out the project.

such as a playground, multipurpose room, BBQ area, jogging path, multipurpose sports court and an acre of open space for residents.

TAHPS has been planning and waiting for the right opportunity to launch Andira Park, said Khoo. "The company is of the view that now is the right time to roll out the project as it will complement the products that have been launched in Bandar Bukit Puchong."

"Based on our market study and research, we believe that there is demand for this type of product [in today's market]. We are targeting people in their late 20s to 30s, young dual-earner families and upgraders," Khoo offered, adding that Andira Park has garnered more than a hundred registrants in a one-week period since it opened for registration of interest.

## Rebranding

"For many years, we were a conservative developer, and we have been taking our time launching projects. That had been the development model and strategy for us previously," said Khoo.

However, the developer has decided to adopt a more aggressive approach in the development of its 1,290-acre Bukit Puchong township, which still has some 600 acres of land to be developed.

"We are working on redesigning the master plan of Bukit Puchong and hope to launch it in the later part of this year. At the same time, we are also working on a rebranding exercise for the group.

"Given that the property market is a bit slow now, it is a good time for us to do some planning and to position ourselves so that when the market turns, we are ready to launch our projects," he said.

He expects the property market to bottom out in 2017 and to pick up in 2018.

Meanwhile, TAHPS is also mulling a plan to lease vacant plots of land in Bukit Puchong to food and beverage outlets, educational institutions, healthcare and recreational operators to generate rental income and raise greater awareness of the township.

"We also want to venture beyond Bukit Puchong and are open to joint-venture and land acquisition opportunities," said Khoo, adding that the company is in good net cash position to allow it to do so.

To date, the township, which is being developed by TAHPS subsidiary Bukit Hitam Development Sdn Bhd, has rolled out some 5,400 residential properties, over 500 commercial properties and about 441 industrial properties.

PICTURES BY TAHPS GROUP



Andira Park is a low-density gated-and-guarded development with well-planned landscaping.

# MRCB's 1060 Carnegie in Melbourne 70% sold

BY NATALIE KHOO

**PETALING JAYA:** 1060 Carnegie, Malaysian Resources Corp Bhd's second residential development in Melbourne, Australia, has been 70% sold since its launch in January this year. Sitting on 4,147 sq m of land, the project is 10 floors high and has a gross development value of A\$107 million (RM364.75 million)

MRCB Land (Australia) director Alex Lim told TheEdgeProperty.com that the project is named according to the exact address of the project — 1060 Carnegie.

"The project is in a very strategic location. For one, we are on a major arterial road, the Princess Highway, and our project is only 250m away from the Carnegie train station. We are also only about 10km to 12km from the city centre.

"On top of that, we are also within walking distance from the Monash University Caulfield campus. Just 10 minutes' drive away is Chadstone, the biggest shopping



01

centre in Australia which features more than 500 stores," said Lim. 1060 Carnegie comprises 173 units of apartments with built-ups from 500 sq ft onwards. There are 50 units of 1-bedroom units (A\$430,000-A\$480,000), 114 2-bedroom units (A\$570,000-A\$720,000) and nine 3-bedroom units



02

(A\$735,000-A\$780,000). Each unit will be entitled to one parking lot. The project offers a panoramic view of Port Philip Bay and the Dandenong Ranges.

"To date, we have sold out all our 3-bedroom units. We only have 19 1-bedroom units and 11 2-bedroom units left. From the selling view point, the 2-bedroom

units are the popular ones especially for investors because it is not too difficult to rent out," said Lim, adding that the units there can fetch a 5% annual rental yield.

Among the amenities future residents will be able to enjoy are a landscaped roof top garden, barbecue pits and a secured children play area. There will also be retail

01. Lim: MRCB is currently looking for more landbank in Melbourne and Sydney.

02. 1060 Carnegie comprises 173 units of apartments with built-ups from 500 sq ft onwards.

outlets on the ground floor where MRCB is looking to bring in food and beverage outlets.

The first project by MRCB in Melbourne is The Easton Burwood apartments, which were completed earlier this year.

"Melbourne and Sydney are the two fastest-growing cities in Australia. In fact, Melbourne has been voted as the world's most liveable city for several consecutive years. There are so many people moving into the city because the good educational institutions are attracting students here, while the professionals are coming to work here. There are even those who are migrating here because of the healthcare system. All the people who are coming need housing, so I honestly don't see an oversupply situation," he said.

According to Lim, MRCB is currently looking for more landbank in Melbourne and Sydney. "MRCB Land is aggressively looking for land to provide good-quality housing, but at the same time, we will remain prudent in our spending," said Lim.



**A**midst the cloudy market climate, 141 of 507 condominiums in Kuala Lumpur that recorded sale transactions last year had enjoyed positive price growths ranging between 2.1% and 14.9%, according to the Kuala Lumpur Property Market Report 2016 by the National Property Information Centre (Naptic).

Among those 141 projects, five saw year-on-year (y-o-y) double-digit growth in their average absolute transacted prices. Topping the list was One Menerung in Bangsar with a 14.9% hike, followed closely by Intan Apartment in Setiawangsa with a 14.5% growth and Sang Suria Condominium in Sentul with a 13.5% growth. Putra Apartment in Setiawangsa and Desa View Towers in Melawati both achieved a 10.5% and 10.1% rise respectively.

At the opposite end, 78 condos saw sale prices drop from 2.2% to 11.7% y-o-y. The five steepest dips were experienced by Platinum Lake PV10 in Setapak at 11.7%, Abadi Indah Apartment in Taman Desa at 9.2%, G Residence in Desa Pandan at 8.9%, Seringin Residences in Kuchai Lama at 8.4% and Idaman Residence @ KLCC at 8.2%.

Meanwhile, prices at 164 condos remained unchanged, while another 124 condos did not have any comparison as there were no transactions the previous year.

The report also showed five condos exceeding RM1 million selling price per unit: 202 Desa Cahaya in Ampang, Kiara Park in Taman Tun Dr Ismail, Ceriaan Kiara in Mont'Kiara, OBD Garden Tower in Taman Desa and The Northshore Gardens in Desa ParkCity.

The residential property market had eased in 2016 with 11,252 transactions worth RM8.97 billion, a decrease of 19% in volume and 13.3% in value y-o-y. Within the residential category, non-landed properties made up 23.2% of the residential transaction volume.

#### Selling factors

Based on the findings of the condos that enjoyed high growth, consultants say affordability and proximity to KL city centre (KLCC) are the main factors that spur the demand of these properties.

PA International managing director Jerome Hong observes that the properties that registered high growth were all below RM500,000, except One Menerung. This evi-

# KL condos that defied the slowdown in 2016

BY TAN AI LENG

dently shows that affordability is the main attraction.

For Sang Suria, its continued popularity is also due to its proximity to the Jalan Ipoh Mass Rapid Transit (MRT) station, which is part of the MRT Line 2 (Sungai Buloh-Serdang-Putrajaya) currently under construction, says Hong. Located at Persiaran Parkview in Sentul, Sang Suria is a freehold development comprising four blocks of 27-storey condos. It is part of YTL Land & Development Bhd's 186-acre Sentul township development that comprises retail commercial, offices and residential components.

TheEdgeProperty.com data showed that five units at Sang Suria were transacted in 2016, at an average selling price of RM583,000, or RM506 psf. No transaction was recorded in 1H2017.

For the other double-digit achievers, Intan Apartment and Putra Apartment located at Setiawangsa and Desa View Towers in Melawati, City Crest Realtors principal Darren Khor says besides the pricing factor (below RM500,000), their proximity to various amenities and KLCC is another point of attraction.

The freehold 4-storey walk-up Putra Apartment is situated at Taman Setiawangsa, located opposite Setiawangsa Sports Complex and Giant Supermarket Setiawangsa. The Setiawangsa LRT station is about 1.7km away while the distance to KLCC is about 7km.

There were five units in Putra Apartment sold in 2016, at an average price of RM418,000, or RM414 psf. No transaction was recorded in 1H2017.

Intan Apartment is situated behind Setiawangsa Sports Complex, and Setiawangsa Business Centre



One Menerung has attracted upgraders who stayed in bungalows nearby.



Sang Suria's proximity to the Jalan Ipoh MRT station is one of its biggest selling points.

is just 1km away. This freehold development comprises six blocks of 5-storey walk-up apartments.

According to TheEdgeProperty.com data, there was one unit in Intan Apartment sold in 1Q2017 with a price tag of RM330,000, or RM337 psf.

Meanwhile, the freehold Desa View Towers, situated next to Bukit Tabur at Taman Melawati, comprises four blocks of 6- to 14-storey apartments. It is located about 4.5km away from Tunku Abdul Rahman University College at Jalan Genting Kelang. It is close to Wangsa Maju and Gombak LRT stations.

Desa View Towers had seen

three transactions in 2016, with an average selling price of RM301,667, or RM302 psf. There was no transaction recorded in 1H2017.

Khor notes that both Setiawangsa and Melawati are close to KLCC. The easy accessibility through highways or public transportation have drawn homebuyers and investors' attention to these areas.

"Both areas are also matured housing estates with various amenities and land is scarce in these two areas, making Setiawangsa and Melawati attractive to people seeking affordable homes near KLCC," he adds.

#### Different kind of upgraders

"As for the high-end One Menerung, its capital appreciation is attributed to its excellent location, compounded by limited supply of similar grade developments in the immediate locality," Hong highlights.

One Menerung is a freehold luxury condo located at Jalan Menerung, Bangsar. It consists of six 28-storey blocks, housing 229 units on an 8-acre site. Bangsar Shopping Centre, Pusat Bandar Damansara MRT station and Damansara City are within a 1km radius from One Menerung.

According to TheEdgeProperty.com data, One Menerung has registered two transactions in 2016 with an average selling price of RM3.95 million, or RM1,257 psf, in 2016. There was no transaction recorded in 1H2017.

RVT Realty head of residential division Lee Teck Han says despite the softening market, Bangsar's high-rise luxury market is still in demand because an increasing number of bungalow dwellers are looking for luxury condos in the same area.

"These buyers are different; they are downsizing their houses as their children leave the nest. But they are still looking for big units that may be smaller than their bun-

HARIS HASSAN | TheEdgeProperty.com



Hong: Education and TOD will be the next pull factors.



Kong: Oversupply issues in certain matured areas have led to price correction.



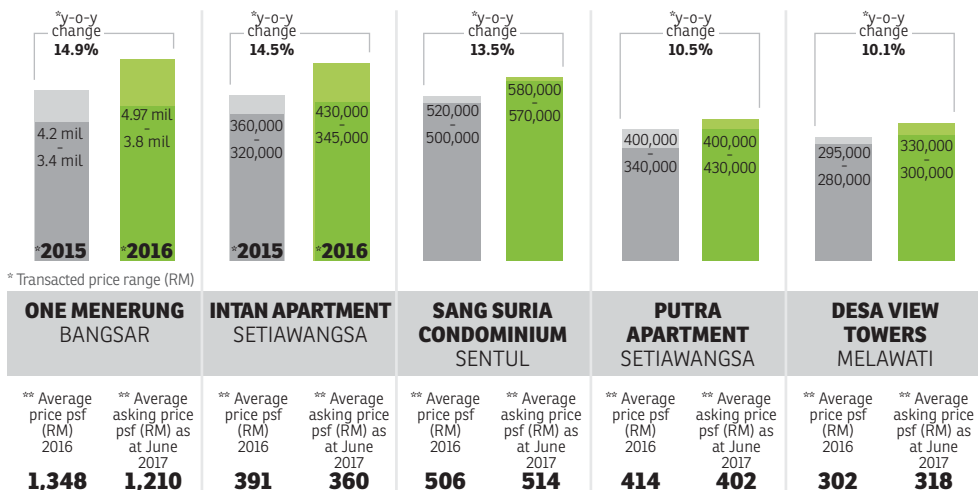
Lee: The rich in the city are looking for good condos with big units.



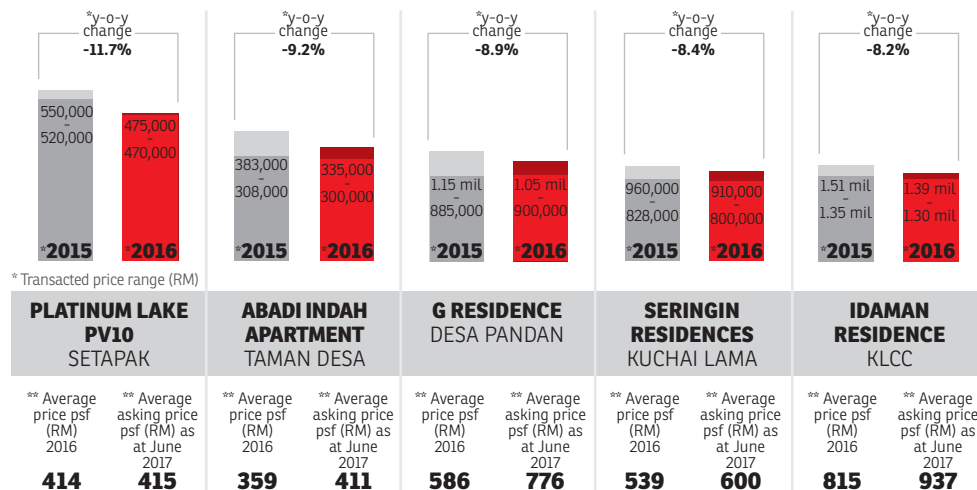
Lai: More China expats are buying properties in Malaysia for own-stay.



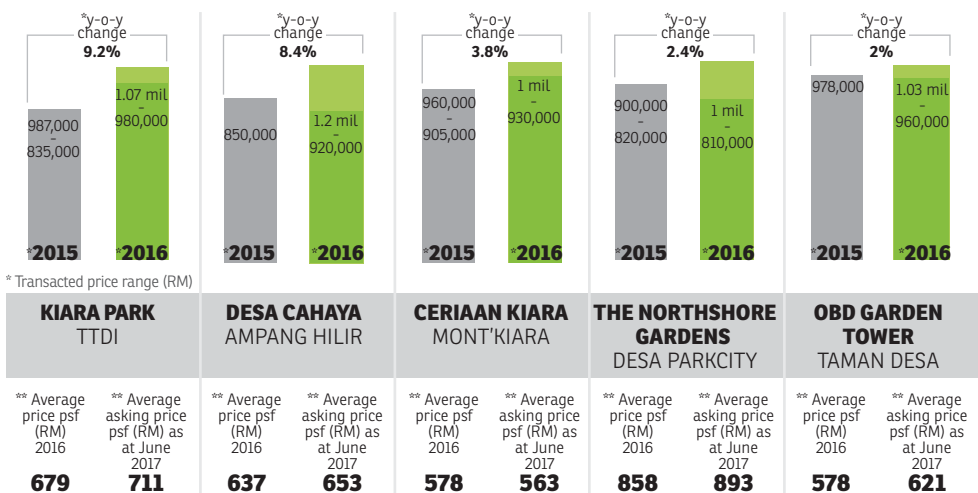
### KL condos that achieved highest price growth in 2016



### KL condos that experienced steepest price dip in 2016



### KL condos that saw selling price exceed RM1 mil in 2016



### Price trend in areas that have seen significant movements

AREA	AVERAGE PRICE PSF (RM)		
	2015	2016	1Q2017
Ampang Hilir	588	513	NA
Bangsar	742	808	830
Desa Pandan	564	567	591
Desa ParkCity	798	812	798
KLCC	1,076	1,095	889
Kuchai Lama	479	475	506
Melawati	424	433	NA
Mont'Kiara	712	704	665
Setapak	382	393	367
Setiawangsa	314	390	354
Sentul	425	458	458
Taman Desa	498	534	578

KL. In addition, there are 50,588 units in the planned supply.

The rising supply may offer buyers ample choices, but it also implies increasing uncertainties on their investment return.

When it comes to non-landed homes, Hong from PA International advises buyers to look at three aspects: the education catalyst, transit-oriented developments (TOD) and integrated developments with various components.

Affordably-priced properties located close to public transportation networks in the form of public bus services, MRT, Light Rail Transit or KTM Komuter will be in demand, he says.

"The presence of university campuses, colleges, or even private or international schools in the area will boost demand for properties within the same vicinity from both tenants and homebuyers," he adds.

Polygon Properties' Lai offers that besides the education factor (schools and universities), medical services could also be a pull factor especially for expatriates and foreigners looking to retire in Malaysia.

He also notes in particular that the mounting growth in construction activities by China contractors and property developers have brought in quite a number of China expatriates from senior management levels who could be looking for rental accommodation or to buy a property in Malaysia.

"In the past, most China buyers consist of investors or speculators, but among the current expat buyers, more are buying for their own use, be it for their children or for retirement purposes," he notes.

Lai says locations that fulfil these two factors such as Mont'Kiara and Kota Damansara stand a good chance in attracting China expats.

Aside from these, RVT Realty's Lee notes that demand for large well-maintained condo units located in affluent areas will draw interest from lifestyle upgraders who are looking for homes they can retire in.

"Condos with full facilities as well as good views and located within familiar communities will continue to see a slow and steady rise in demand," he opines.

galows, but not a small shoebox unit," he elaborates.

Hence, well-maintained luxury condos like One Menerung and Serai could attract this category of buyers who are eyeing lifestyle upgrades.

However, Lee notes that most of these upgraders are looking at properties within areas they are familiar with, which means they might not explore new places far away.

#### Oversupply

On the condos that had seen price drops last year, Hong from PA International notes that the selected sampling by Napic mainly comprises large units with high price tags, which translate into lower rental yields.

Of the five weakest performers, four condos — Platinum Lake PV10, G Residence, Seringin Residences and Idaman Residence — measure an average of between 1,130 and 1,690 sq ft.

Only Abadi Indah Apartment, situated at Taman Desa on Old Klang Road, has an average size of 840 sq ft. It is a leasehold development comprising five blocks of 10 to 12 storeys, housing 754 units.

"As most buyers are looking for smaller units with affordable

pricing, it makes these large units even harder to find new owners," Hong comments.

As a case in point, the smallest unit in Seringin Residences is 1,707 sq ft, while the largest unit measures 2,638 sq ft. Located in Happy Garden, Kuchai Lama, it comprises two 24-storey blocks, offering 542 luxury condos.

Hong says the bigger units generally have a smaller target market, in terms of owner-occupiers and tenants with families compared with smaller or mid-sized units which attract a larger pool of buyers and tenants.

Hong notes that most transactions at Idaman Residence in 2015 were the developer's units on the higher floors that were sold at premium prices.

However, transactions in 2016 were mostly normal units on mid- or low-level floors, thus they might not have fetched the same prices as the previous year.

Meanwhile, oversupply issues have also contributed to their price correction.

Property consultancy MacReal International Sdn Bhd founder Michael Kong says some places may be facing an oversupply situation, thus putting pressure on price growth.

"We observed that the drop in

PV10 is due to an oversupply situation as there is generally an overbuilding of condos in the Setapak area," he opines.

PV10 in Taman Danau Kota is a leasehold project comprising 800 units housed in four 22-storey blocks. It is a popular choice for student tenants especially those from the nearby Tunku Abdul Rahman University College.

Ken Lai from Polygon Properties Sdn Bhd concurs that the properties in Setapak are mostly supported by students and the working class, be it the sales or rental market.

"The transaction performance has remained stagnant since early last year, but I have observed that sales have begun to pick up as the working adults who desire a home in this area have started looking for their ideal properties," Lai says.

He adds that, similarly, Taman Desa is also facing oversupply issues, as many new high-rise residences are coming up there offering full-fledge condo facilities. Thus, older projects such as Abadi Indah Apartment, which is over 15 years old, may not be as attractive as the new offerings.

However, Lai believes the price correction in Setapak and Taman Desa is temporary as these are

\* The price growth data collated by Napic is based on the number of transacted properties selected randomly from the total sales available in a location within the review period.  
\*\* Data from TheEdgeProperty.com

SOURCE: THEEDGEPROPERTY.COM



# I bought a leasehold property, should it matter?

BY LUM KA KAY

**A**s leasehold properties are becoming more commonly available, it would be wise for purchasers to know what that means to owners in the long term. For many people, especially owner-occupiers, they may not mind the common leasehold tenure of 99 years as it seems like a long time away. How many people live for 100 years anyway?

So first things first — should land tenure be a deciding factor when purchasing a property?

Nawawi Tie Leung Real Estate Consultants Sdn Bhd managing director Eddy Wong says land tenure is a major consideration when purchasing a property, but there are also many other important factors to consider such as pricing, location and access to amenities.

“If you are an investor, for instance, who is buying a property for investment vis-à-vis buying for your own stay, you may sometimes prefer to buy a leasehold property because the rental yield of leasehold properties is generally higher,” he tells TheEdgeProperty.com.

## Pros and cons of purchasing a leasehold property

### Pros:

#### • Cheaper house prices!

Assuming two properties are exactly identical where one is freehold and the other is leasehold, then the price of the leasehold property would be lower simply because the market prefers freehold properties.

“I would say it would vary anywhere between 10% and 20% if both are brand-new properties with full lease. As the lease gets shorter, the gap widens up,” says Wong.

#### • Higher rental yields

Assuming that a leasehold property is cheaper than a freehold one, the lower entry cost could mean higher rental yields although one also has to take into consideration other factors such as maintenance cost and the location.

### Cons:

#### • Property loses value as lease shortens

One disadvantage of owning a leasehold property is that its value starts to depreciate as it gets closer to the expiry of the lease.

#### • Tougher financing options

In fact, banks will usually stipulate a certain minimum number of years remaining on the lease before they are willing to accept the property as collateral for financing purposes, meaning that as the property gets older the likelihood of being able to secure financing on the property diminishes.

#### • Transfer needs state consent

The other often cited disadvantage is that the transfer of leasehold properties requires state consent. In other words: bureaucracy.



Wong: As the lease premium is pegged to the valuation of the land, it may be advantageous to renew the lease in a down market.

### Renewing the lease

The tenures of all leasehold land are renewable, unless the land is needed by the state government for public usage such as for building schools, hospitals, roads and public transport like the mass rapid transit and light rail transit.

Wong says that usually a homeowner would file their applications to renew the lease of a leasehold property when there is a major change of circumstances such as when the owner has to sell the property. The owner would then try to renew the lease in order to get a better price with a new or extended lease.

“As the lease premium is pegged to the valuation of the land, it may be advantageous to renew the lease in a down market, provided that you do have the extra cash available to pay for the renewal premium,” he says.

According to Section 103 of the National Land Code 1965, the tenant of a leasehold property has to care for the land as defined by the land legislation and may be responsible for property development and maintenance. If the state deems the tenant unfit to govern the land, the security of the tenure may be compromised. The state can then forfeit the lease for non-performance.

For strata property owners, they would need to do it collectively with other owners as well as the Management Corporation of the development as there is common property involved, adds Wong.

## Private residential lease renewals

STATES	CALCULATION OF PREMIUM
Selangor	i. Pay RM1,000 with the condition that the owner shall not resell the property to someone else. A Registrar Caveat will be lodged to prevent the owner from disposing the land. Should the owner decide to dispose the property later on, he/she shall pay the full premium rate according to market price.  ii. Pay full premium with 30% rebate — the owner is able to dispose the property immediately after obtaining the new title. Formula: $(1/4) \times (1/100) \times \text{land value} \times (\text{new lease term} - \text{balance of existing lease})$
Kuala Lumpur	$(1/4) \times \text{land value} \times (1/99) \times (\text{new lease term} - \text{balance of existing lease})$
Kedah	$(0.5) \times \text{land value} \times \text{land area} \times \text{lease tenure}$
Putrajaya ***	$(1/4) \times \text{land value} \times \text{lease tenure} \times \text{land area}$
Perak ***	10% of land value x lease tenure (non-applicable to kampung baru/new village) New village/kampung baru: 35% of normal housing premium rates
Perlis ***	$(1/2) \times (1/100) \times \text{land value} \times \text{lease tenure}$
Sabah	N/A
Sarawak	Terraced house: RM1,000/unit Semi-detached: RM3,000/unit Detached: RM6,000/unit * The lease is renewed for a term of 60 years, and a 99-year term may be given subject to an additional premium of 30% of the flat rates above.
Wilayah Persekutuan Labuan	N/A
Kelantan ***	$(1/2) \times (1/100) \times \text{land value} \times \text{lease tenure}$
Penang	**Automatic land lease renewal and a 90% discount on the premium for expired lease
Negeri Sembilan	N/A
Terengganu	N/A
Melaka ***	$(1/200) \times \text{land value} \times \text{lease tenure}$
Pahang ***	$(1/2) \times (1/100) \times \text{land value} \times \text{lease tenure}$
Johor	60 years lease — 15% of the market price 99 years lease — 30% of the market price

SOURCE: LAND RULES APPLICABLE TO THE STATES IN MALAYSIA (2002); PERAK LAND AND MINES OFFICE; JOHOR LAND RULES; OFFICIAL PORTAL OF LANDS AND SURVEYS, DEPARTMENT OF SARAWAK; SELANGOR HOUSING AND PROPERTY BOARD; KUALA LUMPUR FEDERAL TERRITORY DEPARTMENT OF LANDS AND MINES; AND SELANGOR LAND RULES 2003 & SELANGOR QUARRY RULES 2003

\* ALL PREMIUMS WILL BE CALCULATED BASED ON THE VALUATION GIVEN BY THE VALUATION AND PROPERTY SERVICES DEPARTMENT, A FEDERAL GOVERNMENT AGENCY UNDER THE MINISTRY OF FINANCE.

\*\* THIS IS BASED ON A LOCAL NEWS REPORT ON JUNE 30, 2016, QUOTING PENANG CHIEF MINISTER LIM GUAN ENG.

\*\*\* ACCORDING TO THE SECOND EDITION OF LAND RULES APPLICABLE TO THE STATES IN MALAYSIA (2002) PUBLISHED BY INTERNATIONAL LAW BOOK SERVICES





# Encounter the 'Sell' in the Property Investment Quadrant

BY CHRIS TAN



This is part 2 of a 4-part series in addressing this unique Property Investment Quadrant (PIQ). The "Sell" quadrant is an exact mirror to the "Buy" quadrant introduced to you in the previous article in TheEdgeProperty.com's pullout on June 16, 2017.

As a smart property investor, you can easily flip the six "Buy" suggestions that you have learned in the past article to "Sell", in addition to these six "Sell" suggestions that

we are addressing in this article. Of course, you can easily switch the "Buy" suggestions to "Sell" too.

These suggestions are by no means exhaustive but they offer you greater options to stay on top of this game of property investment — the investment that rewards most often. After all, it is the fittest that stay on course and complete the race.

Sell is all about exit, but we can certainly stretch the concept of a sale to cover the different "dimensions" related to a sale such as the length of settlement, the mode of payment, the type of financing, and the variation of sales channels to selling in parts and not as a whole. To sell, we could also look at expanding the usage of the property to increase its value and even raising its appeal to a larger market of buyers.

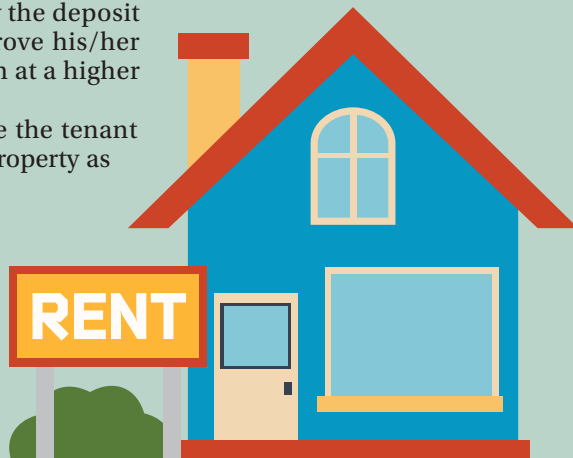
Here are six suggestions on alternative ways you could sell your property.

## 1 RENT TO OWN

An existing user is always the best possible purchaser for your property. Target your tenant as someone who has been in your property for a considerable time, as he/she probably has a certain liking to the property to have rented it in the first place. Besides, human nature is such that no one really enjoys "moving" houses particularly after having established and enjoyed the convenient support system in the location.

By giving the tenant the option to purchase at the end of the tenancy, the owner/investor has effectively secured a committed tenant to see out the entire tenure while allowing the tenant to save up enough during the tenancy period to pay the deposit for the purchase as well as improve his/her credibility to procure a bank loan at a higher margin.

On top of that, it will motivate the tenant to take better care of the rented property as he/she would be the eventual owner. Locking in a pre-determined sale price would reduce the volatility of the market too. It's a win-win formula for the landlord and tenant.



## 2 REPURPOSE THE PROPERTY

Investors love to dispose of their properties at the highest possible price, and one of the ways to do this is to expand the usage of the property, thus adding to its value.

Investors must do some homework in this regard — for example, checking the permitted usage zoning updated from time to time by the local council and work within it. An ordinary residential unit with main road frontage would immediately increase in value if it can be repurposed as a commercial showroom.

Hence, investment to convert the permitted usage as well as to refurbish the property is worthwhile, considering the increment in valuation subsequently.



## 3 PARTIAL SALES

It could be that you own a multi-storey shophouse and you effectively only use the ground floor for your business, making the upper floors unnecessary for you especially if the rental return is not desirable.

If the property is owned through a company set up solely for this purpose, you can unlock the value through the sales of shares proportionate to the value of each floor. Of course, you would need to invest in a carefully drafted shareholder agreement to regulate the relationship of the different floor owners who hold a certain number of shares in the company. This could also be a useful remedy to a foreign purchaser who is otherwise restricted to purchasing property below a certain pricing threshold set by the different states.

Having a minority ownership of a company that owns the property and making references to the usage of a part of it is certainly permitted.



## 4 OWNER FINANCING



These days, a lot of sales cannot be completed due to the inability of the purchaser to obtain financing from conventional financial institutions.

If the seller is not in a hurry to get a lump sum purchase price, one can consider stretching the sale completion period for as long as the purchaser, through his own source of funding, is paying the entire purchase price, provided that the seller is compensated with a higher purchase price for the extended period. With a willing buyer and a willing seller, this arrangement could offer better returns to the seller in the long run.

## 6 BEYOND AGENTS

This addresses the issue of sales channels. With today's technologies, you can easily sell a property on your own as the owner instead of going through an agent.

Many property-listing sites are available and you can easily manage your marketing campaigns on different platforms, conventional or digital.

Experiencing selling property on your own by familiarising yourself with the environment through attending viewings and repeated site visits can easily trigger new ideas in selling your property.

Going through these options and suggestions may have tickled your innovative mind. As the old saying goes: There is no right or wrong way to sell as long as the property sells (and not prohibited by law). Now, watch out for part 3 of this 4-part series.



## 5 PROPERTY SWAP



### PROPERTY SWAP

There is a common practice in the car industry called "trade in". The basis of the negotiation is one that facilitates exchange in kind by addressing the differences in the market values of the properties involved in the swap. It could be for an upgrade or even for the ease of management due to their locations. This effectively solves the issue of looking for two purchasers for two properties. Lengthy negotiation is required but it is not impossible and more likely to happen in the secondary market.

*If you have any property-related legal questions for Tan, please go to the Tips section of [TheEdgeProperty.com](http://TheEdgeProperty.com).*

*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.*



# Sharing the art of making furniture without nails

BY TAN AI LENG

**C**arpentry or the art of making wood furniture may be a dying trade, but one lady, Hani Ali, is creating new interest in handmade wood furniture. And it's not just any wood furniture — she uses the wood joinery technique, which does not require the use of nails.

Hani is the founder of Lain Design, or Lain for short — a home-grown wood-furniture making and design workshop that specialises in bespoke wood furniture.

She believes people are going back to basics in terms of their lifestyle as more people are now gaining a new appreciation for nature and things made from natural elements such as wood.

“Each piece of natural wood furniture has its own unique texture and colour depending on the type of wood, and this has attracted people’s attention,” she tells TheEdgeProperty.com. “Plus, wood has natural grain on them and the feel of being solid and real.”

Lain, which means unique or different in Malay, has carved a niche in the industry by making furniture using the wood joinery technique where no nails are used to join pieces of wood together.

“Wood joinery is a basic technique of furniture making. Although it is not often used today, more people are discovering the beauty of wood joinery furniture. It has become a trendy thing now,” says Hani, who graduated from University of South Australia with a degree in industrial design majoring in furniture design.

One of the challenges she currently faces in her business is to source for high-quality wood.

“Most of our local suppliers export high-quality wood overseas, leaving only limited choices for local furniture makers — unlike in Australia, where the supplier will bring you to the timber yard and choose the wood planks that you need,” she says.

Besides using the raw materials she acquires from wood suppliers, Hani is also constantly on the lookout for reusable natural wood materials. For instance, she has turned some fallen tree branches, which she spotted during an evening walk in a park, into the legs of a wooden bench.

“The branches were straight and have a beautiful texture. It will be quite a waste if we had just thrown them away. So I used them as the legs of a wooden bench, using the butterfly joint technique to patch up some of the cracks on the branches and joined the pieces to the bench,” she explains.

Established in 2010, Lain also offers furniture-making workshops or classes to members of the public who are interested to learn how to make their own furniture or wooden decorative pieces using the wood joinery technique. Currently, Lain holds four full-day workshops, from 9am to 6pm, for adults above 18 years old.

“The number of people who participated in our workshops are increasing, reflecting the rising interest among the public. Some of them have wonderful ideas like making their very own wooden headphones and other pieces,” she says.

Moving forward, she is looking at expanding the furniture-making courses to children above five years old. By expanding the workshop to children, Hani hopes to educate and hone their appreciation for the natural beauty of wood while learning to create something on their own by bringing them through the entire process from the idea and design stage to the completed work.

To find out more about Lain, check out the video entitled “Ready to create your own furniture?” on [www.theedgeproperty.com.my/edgepropertytv](http://www.theedgeproperty.com.my/edgepropertytv). The video was aired during TheEdgeProperty.com’s Facebook Live show held in conjunction with the Malaysia Virtual Property Expo 2017 that ran from July 21 to 31.

PICTURES BY LOW YEN YEING | TheEdgeProperty.com



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01. Hani: Wood joinery is a basic technique of furniture making although it is not often used today.

02. Some of Lain Design's handmade furniture

03. The butterfly joint technique used by Hani to repair the cracks on the wood

04. A custom-made wooden chair that fits anywhere at home or in office

05. A simple yet elegant office table made by Hani

06. Unique wooden cake stands