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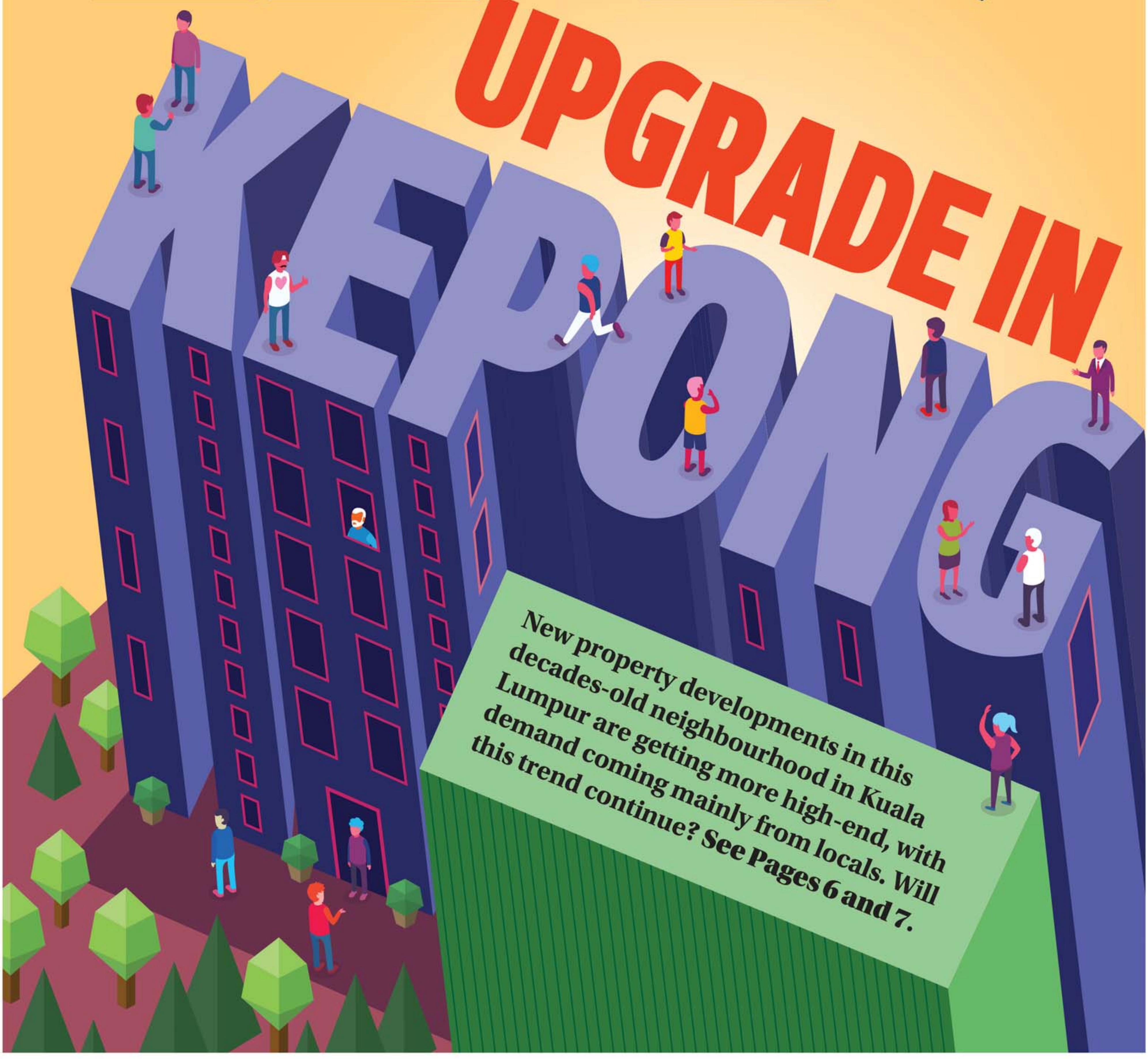
UPGRADE IN KEPONG



New property developments in this decades-old neighbourhood in Kuala Lumpur are getting more high-end, with demand coming mainly from locals. Will this trend continue? **See Pages 6 and 7.**

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Two Putrajaya Grade A office buildings worth RM600m up for sale

Two Grade A office buildings in Putrajaya valued at RM600 million have been put on sale as their owner — a US-based private equity fund — is unable to pay its debt, reported The Edge weekly.

Menara Tulus and Menara Ikhlas in Precinct 3 came into receivership just five years after their completion as they were unable to get satisfactory occupancy or yield, sources said.

Menara Tulus, which consists of two towers of 10 storeys and 15 storeys each, has a gross floor area (GFA) of 558,059 sq ft, a net lettable area (NLA) of 335,695 sq ft and 246 parking bays.

Menara Ikhlas, comprising two buildings of 11 storeys and 15 storeys each, has a GFA of 1.04 million sq ft and an NLA of 594,200 sq ft, and comes with 436 parking bays. Both buildings are freehold.

Menara Tulus is held by TRW Boulevard Square Sdn Bhd while Menara Ikhlas is held by Boulevard Plaza Sdn Bhd.

KL office market struggles but co-working space demand on the rise

A stronger performing economy has not helped the Kuala Lumpur office property sector as it continues to struggle with an oversupply of new buildings amidst subdued leasing activities, said global consultancy firm Knight Frank.

In its "Asia-Pacific Prime Office Rental Index 4Q17" report, Knight Frank has projected Kuala Lumpur office market rentals to be on a downward trend in the next 12 months.

"The growing mismatch between supply and demand continues to exert pressure on overall rental and occupancy levels.

"On a positive note, with rising demand for co-working space catering to the growing millennial workforce, 2018 will see active enquiries and leasing activities from co-working operators," said Knight Frank Malaysia executive director of corporate services Teh Young Khean in a press release.

Overall, the index has increased 0.7% q-o-q and 1.1% y-o-y in 4Q17. The increase in the index was the result of rising rents in 12 of the 20 markets tracked over the quarter, with rental declines experienced in four markets.

Housing loan rejection rate below average

The rejection rate of housing loan applications has declined to below average, said Bank Negara Malaysia (BNM) in its "Financial Stability and Payment Systems Report 2017".

The report stated that the rejection rate of housing applications currently stands at 23.1%, below the 2012-2016 average of 26.1%.

Reasons for rejections include insufficient income to support debt repayment, adverse credit history and inadequate income or financial documentation.

"The improvement reflects the greater alignment between bank lending standards and borrowing behaviour, in line with the Policy Document on Responsible Financing," said BNM in the report.

Meanwhile, financing extended to first-time buyers for the purchase of homes priced below RM500,000 made up about 71% of total housing loan borrowers.

Speculative activities in the residential market have been subdued with the number of borrowers with at least three outstanding housing loan accounts — a proxy for speculative purchases — having grown by a mere 0.9% in 2017 compared with 1.2% in 2016 and 15.8% in 2010, making up less than 3% of total housing loan borrowers.

PR1MA launches rewards programme

All Perbadanan PR1MA Malaysia (PR1MA) homeowners and registrants are entitled to exclusive privileges and discounts from a wide range of participating merchants through the newly launched PR1MA HAVEN, a rewards and recognition programme.

PR1MA CEO Datuk Abdul Mutalib Alias said PR1MA HAVEN is an initiative to help reduce the impact of escalating costs of living among middle-income households.

"With PR1MA HAVEN, PR1MA homeowners and registrants can enjoy exclusive privileges from our merchants, to help them create their dream homes faster and at discounted rates," he added.

The benefits offered include discounts on household appliances, furniture, kitchen cabinets, wardrobes and electrical appliances.

The programme was launched March 27 by Minister in Prime Minister's Department Datuk Seri Shahidan Kassim, in conjunction with "Ekspo Jualan Perumahan — Ke Arah Sejuta Impian", the largest nationwide housing expo hosted by PR1MA.

To enjoy PR1MA HAVEN benefits, users simply need to download the mobile application via App Store or Google Play and register.

trending now

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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**.

'A Healthier You' by Beverly Group

Date: March 31 (Sat)
Time: 11am to 6pm
Venue: Equine Residence Sales Gallery, Taman Equine, Seri Kembangan, Selangor
Contact: (03) 2162 4567

Beverly Group invites all to its Equine Residence sales gallery to learn how to kick-start an organic lifestyle. There will be nutrition talks, healthy oats-making demo and health screenings. Admission is free but seats are limited.

Serenia Amani launch

Date: March 31 (Sat)
Time: 8.30am to 5pm
Venue: Serenia City Sales Gallery, Lot 27999, Jalan Pintas Dengkil-Putrajaya (FT29), Bandar Serenia, Sepang, Selangor
Contact: (03) 8760 0505

Serenia Amani is the first residential launch at Sime Darby Property's new township in Sepang, Serenia City. The double-storey linked homes measure 20ft by 70ft.

Sunset Happy Hour

Date: March 31 and April 1 (Sat and Sun)
Time: 4pm to 8pm
Venue: Tropicana Metropark, Jalan Delima 1/1, Subang Hi-Tech, Subang Jaya, Selangor
Contact: (03) 7713 8888

Fancy some gin and pastries?

Tropicana Corp Bhd invites all to have a spectacular time with friends while enjoying a great sunset view at Tropicana Metropark. RSVP for free tickets via Tropicana Corp's Facebook page.

Sukaseni Sunday Art Market

Date: April 1 (Sun)
Time: 11am to 8pm
Venue: Arcoris Plaza, 10, Jalan Kiara, Mont'Kiara, Kuala Lumpur
Contact: (03) 2718 7788

Organised by UEM Sunrise Bhd, Sukaseni supports local entrepreneurs and communities in promoting Malaysian artisan brands and crafts. It will kick off at the monthly art market at Arcoris Plaza this weekend. Besides an array of arts and crafts vendors, there will also be performances.

One Cochrane Residences launch

Date: April 1 (Sun)
Time: 9am to 5pm
Venue: One Cochrane Sales Gallery, Jalan Cochrane, Lot 1246, Kuala Lumpur
Contact: (03) 9200 8008

Boustead Properties Bhd will be

launching condominium project One Cochrane Residences at Jalan Cochrane this weekend. The registration for queue numbers will start at 9am while unit selection will be at 1pm.

Tiaraville property roadshow

Date: March 26 to April 1 (Mon to Sun)
Time: 10am to 10pm
Venue: Aeon Bandaraya Melaka, Jalan Lagenda, Melaka
Contact: (03) 8143 2299

Lion Group is having a week-long roadshow in Melaka that ends this weekend. It will be showcasing its residential development Tiaraville Resort Homes located at the Tiara Melaka Golf and Country Club.

'Gateway to the Global Halal Market' talk

Date: April 5 (Thurs)
Time: 2pm to 4pm
Venue: Level 1, Malaysia International Trade and Exhibition Centre, Jalan Dutamas 2, Kuala Lumpur
Contact: (019) 7276 769 / (011) 3311 7363

Organised by United Malayan Land Bhd, the talk focuses on Johor's Iskandar Halal Park as an ideal investment location for the manufacturing and trade of halal products and halal-related services to serve markets worldwide. Registration is free with limited seats available.

PICTURE FOR ILLUSTRATION PURPOSES ONLY

How you can rent a property and still **make capital gains**

When it comes to growing personal wealth, Malaysians have plenty of opportunities and avenues. But the main objective you should focus on is how to maximise your wealth within your personal capacity. Malaysians are currently not saving enough for rainy days. According to a Khazanah Research Institute report in 2016, each household only saves 1.4% of their monthly income.

While this reflects a low saving culture, Malaysians are also wired to put money in various forms of investments, diversified in several formats to get your money to work for you. And there are plenty of investment avenues such as stock trade, unit trusts, investment accounts, insurance/takaful and property investments.

Among these are a few stellar investment assets that you will likely venture into in your pursuit to maximise your investment returns. Let's view a few comparisons below to give some perspective on popular investment instruments' performance over the mid to long term.

In essence, the highest potential for wealth creation will fall back on property investment. Asians in general are fond of investing in real estate to benefit their future generations and there is no need to question why. With land being scarce and as strategic locations get exponential benefits from urbanisation, property prices will continue to rise and be able to weather strong cyclical movements in the economy.

Investment returns — how they compare

Investment	Employees Provident Fund (EPF)	Amanah Saham Bumiputera (ASB)	Amanah Saham Nasional (ASN)	Property investment
Dividend/ yield	6.02%	8.47%	5.67%	3.77%
Unit appreciation	N/A	N/A	N/A	7.13%

Notes:
1. EPF, ASB and ASN dividends are based on a 10-year horizon, from 2008 to 2017.
2. Property yield is based on Kuala Lumpur location gross yield for 2017 from www.globalpropertyguide.com/Asia/Malaysia/Rental-Yields.
3. Appreciation is based on National Property Information Centre (NAPIC) data on residential property prices in Kuala Lumpur from 1999 to 2015, where CAGR is 7.13% p.a.

How can you do it all?

While the middle-age population has reaped the benefits of the growth in property prices since their first purchase 10 to 30 years back, the new and upcoming workforce in Malaysia is feeling the pinch. Properties are no longer a social need but an expensive commodity that few can invest in.

The traditional way to enter into a home purchase will be to pool all savings and investments as a down payment for a home. Seems like a big sacrifice for a piece of ownership of a home but the burden remains with the need to continue servicing the loan that could stretch for as long as 35 years. To purchase a home of RM500,000 value requires you to save up for that initial RM50,000 to RM60,000 (for down payment and miscellaneous charges), which is not an easy feat and will take years.

The first rule of investment is to never put all your eggs in one basket. If you have started small investments in a few avenues, continue to keep them and be disciplined to grow this investment pool. But how can all these help you to enter into homeownership or property investment? Can you find a better financing solution that addresses your current concern on the large upfront cost which is also in line with your current and future cash flow?

Financial opportunity

The optimal solution for homebuyers and investors is to have an easy entry into a home purchase that eliminates the down payment requirement and also helps to defer all the required upfront expenses such as legal fees, stamp duty on Memorandum of Transfer and so on. In addition, if the living expenses such as rent can be deemed as a monthly commitment for a home purchase, it helps many renters with good payment record to be able to own a home in one to two years' time without additional costs. It may not be a norm in Malaysia but there is a rising need for a "rent first, buy later" scheme to support youths today to attain homeownership.

One of the latest initiatives by Maybank is the introduction of HouzKEY, a "rent first, buy later" programme that allows you to rent with an intention to purchase the homes you choose, at a minimal upfront requirement. Instead of a typical 10% to 15% upfront cost, you only need a 2% commitment as a form of a security deposit that is refundable when you exit the programme.

Imagine being able to own a home without having to part with a chunk of your savings or investments. It's no longer a zero-sum game but a win-win situation for those who want the best of both worlds, without sacrificing their current or future retirement/needs.

Affordability, certainty and wealth creation

One major benefit for HouzKEY customers is that you are shielded from any property price rise in the market. What's more, Maybank allows tenants under this programme to switch to buying the property without a need for down payment after just a one-year period at a price that could be lower than the initial locked-in price.

Apart from a buying option, customers who entered with an investment mindset can exit the scheme by exercising the option to cash out (as soon as after the first one-year rental period) and realise the investment returns from the price appreciation of the property.

How does that work? The participant will first buy the property from the bank on paper, after which the property will be sold to another buyer at the price set by the participant. As the "seller", you gain capital appreciation without even owning the property! From an investment perspective, that sounds good, doesn't it?

If you're looking to own a home or invest in a property but think you can't afford it, think again. This scheme could be what you've been waiting for.

Malaysia tops Airbnb guest arrival growth in Asia

BY **LUM KA KAY**

PETALING JAYA: Malaysia has set the highest growth rate of all Airbnb markets in Asia with a 137% y-o-y growth in 2017 to hit 1.5 million arrivals into the country.

"The 137% inbound guest arrival growth, or 507,100 more guest arrivals, is the highest among all Asian markets. Hospitality is intrinsic to the Malaysian culture, and we see an interest in people wanting to open up their homes to travellers, providing an authentic and local experience," an Airbnb spokesperson told EdgeProp.my.

Malaysia has around 31,900 listings as of end-2017 — 69% more than the previous year. The top five countries where Airbnb travellers to Malaysia originate from are Singapore, China, the US, Indonesia and Australia.

Airbnb listings in Kuala Lumpur alone have reached 11,200 listings — a 65% jump. The most popular areas in Kuala Lumpur are KLCC, Bukit Bintang, Kampung Baru, Brickfields and, interestingly, Taman Desa.

In February, the home-sharing platform launched "Plus" and "Beyond", which saw the platform offering premium lodging options for travellers in 13 cities, including Los Angeles, Toronto, Milan and Shanghai.

The spokesperson said Bali, Indonesia will be the first Southeast Asian city to have Airbnb "Plus" with a launch within 2018.

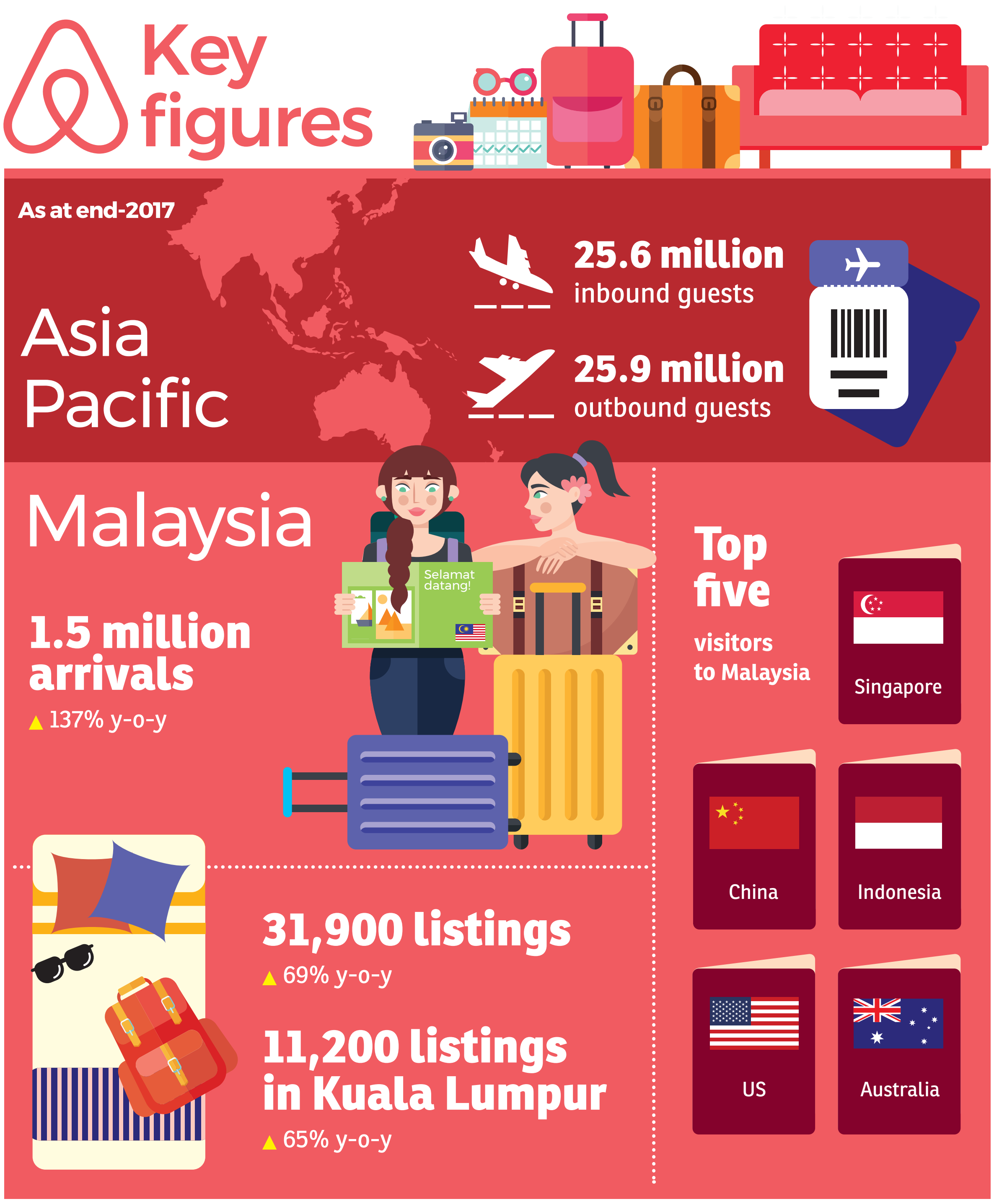
"The Airbnb Roadmap aims to deliver a magical end-to-end trip for every traveller. With this Roadmap, Airbnb ensures that the platform offers a local, unique and authentic way to travel as an alternative to commoditised mass tourism. Looking forward to the next 10 years, we want everyone to be able to experience this way of travelling.

"Bali is a global destination for many travellers, especially in Southeast Asia. We launched Airbnb Experiences in Bali in November 2017, which offers carefully curated activities led by local hosts who will share an insider view of their city with curious travellers.

"[Ever since then] the popularity of Airbnb Experiences in Bali has surged, making it one of the top 15 markets worldwide and the second-most booked Experiences in Asia, trailing behind Tokyo, which was launched a year ago," said the spokesperson.

According to Airbnb, in 2017, there were 25.6 million inbound guest arrivals in Asia Pacific while outbound guest arrivals were 25.9 million.

As of March 20, the home-sharing start-up had launched more than 40 Airbnb Experiences in Kuala Lumpur, joining 60 other global destinations that are going beyond home-sharing and offering local tours and activities.



More education needed on strata management, says Rehda

LOW YEN YEING | EdgeProp.my

(From left) Jeffrey Ng, FD Iskandar and Ngian.

BY **SHAWN NG**

PETALING JAYA: All stakeholders, particularly the public and property developers, need to be educated on their responsibilities in strata living and management.

This is to ensure an orderly and harmonious communal living environment in the country, said the Real Estate and Housing Developers' Association Malaysia (Rehda).

"We have to educate both the public and also our fellow [Rehda] members. We have seen beautiful, award-winning developments that are completed not too long ago — maybe five to six years ago — become an issue about two to three years after their handover," Rehda president Datuk Seri FD Iskandar Mohamed Mansor told reporters after the launch of the Strata Management Handbook on March 29.

"Let's be honest — we are very good at building things, but when it comes to managing them, we are not so good. So this is something we have to change, not only through rules and regulations, but also through education," he added.

The more common problems in strata property management include owners who fail to pay maintenance fees, lift breakdowns, issues with the upkeep of common area, renovation works that do not comply with rules and property owners' reluctance to participate in the management.

The Strata Management Handbook is published by Rehda Institute — the training, research and education arm of Rehda — to provide a guide into the obligations, duties, responsibilities, powers, rights, procedures, expectations, limitations and liabilities of the respective parties involved in strata living and management.

"We have to educate everyone that each person has a duty in making community living a great one. There must be buy-in from everybody for it to work," said FD Iskandar.

The handbook was created with input from various professional bodies and experts including the Malaysian Institute of Architects (PAM), the Department of Survey and Mapping Malaysia, legal firm Chur Associates, as well as feedback from Rehda members.

Rehda Institute chairman Datuk Jeffrey Ng noted that due to land scarcity and higher land costs, strata high-rise living is becoming more common in Malaysia.

"Statistics from the National Property Information Centre showed that as of the third quarter of 2017, there are a total of 1.58 million residential strata units, housing some 20% of the population.

"It is therefore crucial that all parties involved in strata living, from developers and management bodies to owners and residents, be equipped and empowered with knowledge of strata living to ensure harmonious living as well as proper maintenance and management that will enhance their living experience and value of their investments," he said.

Meanwhile, Rehda national council member and editor of the handbook Ngian Siew Siong said there are a lot more that can be done, judging by the current condition of buildings in the country.

"The purpose of this book is to educate strata property owners about what strata management is, so that they can build a cohesive and harmonious community," he said.

The book is available online via Rehda Institute's Facebook page and website for RM58.

Also present at the launch were council member Ng Lip Khong, Rehda Negeri Sembilan branch chairlady Jenny Wang, PAM president Ezumi Harzani Ismail, National Housing Department director-general Jayaselan K Navaratnam, Rehda Institute trustee Tan Sri Eddy Chen and Rehda national treasurer and Rehda Institute trustee Datuk Muztaza Mohamad.

What it takes to be a registered property manager

BY **NATALIE KHOO**

A building that is well taken care of will always look good, keep its users safe and maintain or even gain in value. However, it is often easier to develop a project than to maintain it. Even a world-class building will need enough care to ensure that it maintains its status.

Behind every well-managed building is a team led by a property manager who works painstakingly to ensure its upkeep.

"The property manager is a qualified professional who is competent and experienced in the management and maintenance of buildings. As a professional, he or she has to abide by all the laws and regulations relating to his practice including Act 242, Act 757, Act 318, the Malaysian Property Management Standards and other relevant regulations," said Burgess Rawson (Malaysia) group managing director Wong Kok Soo at a seminar titled "Being a registered property manager" organised by the Malaysian Institute of Professional Property Managers (MIPPM) on March 14 in Kuala Lumpur. EdgeProp.my was the media partner.

Property managers who manage the common property in strata developments deal with strata management — and this involves financial management, insurance management, implementing by-laws, meetings and administrative management, buildings and facilities maintenance, repairs and refurbishment, security, safety and emergency management, tenancy and lease management and even human relations management, Wong explained.

"As of 2017, Malaysia's population was 31 million, of which 22 million are from Peninsular Malaysia. Of the 22 million, 8.5 million are living in strata schemes. This translates into about 40% of the population in the peninsula," Wong added, hence the rising need for professional property managers in the country.

The amendment to the Valuers, Appraisers, Estate Agents and Property Managers Act was passed and gazetted on Jan 2 this year. Anyone who takes on the role of a property manager is now required to register with the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP). Prior to this, the Board was known as the Board of Valuers, Appraisers and Estate Agents (BOVAEA). This means the Board will now regulate all property managers in Malaysia.

Window period

Following the amendment to the Act, the Board has opened a window period from Jan 2 to Dec 31 this year for any person with property management experience to apply to be a registered property manager. Registration has to be done on an individual basis, following which the property manager can practise via approved property management firms.

Property valuation and consultancy firm W M Malik & Kamaruzaman's joint senior partner Kamaruzaman Jamil — who spoke on the registration process, procedure and requirements for property managers — stressed that the registration procedure during this window period does not require a test, but instead acts as a verification exercise of experienced property managers.

"To date, there are 500 applications for registration. We expect at least 5,000 registrations with us by the end of the year. Every month, the task force will sit down to review the applications. After the 'window period' closes, the requirements to be registered will be tougher," said Kamaruzaman, who is also a senior member of BOVAEP. Thus, he encourages all property managers who wish to practise to use the opportunity to register themselves with the Board during this window period.

BURGESS RAWSON (MALAYSIA)

Wong: As a professional, he has to abide by all the laws and regulations relating to his practice.

W M MALIK & KAMARUZAMAN

Kamaruzaman: After the 'window period' closes, the requirements to be registered will be tougher.

Aside from Wong and Kamaruzaman, the other two speakers during the seminar were David Soosay and Co advocate and solicitor David Soosay who spoke on the professional liability of property managers and Knight Frank Malaysia senior executive director Matthias Loui who talked about conducting building audits. Also present was MIPPM president and Knight Frank Malaysia managing director Sarkunan Subramaniam.

There was also a Q&A session after the presentations. Here are some of the questions raised:

Q: If I am a practising engineer [but I do not have experience in property management], can I still be registered?
Kamaruzaman (KJ): No, you need to have experience in property management. The key word is experience. That experience qualifies you.

Q: One of the criteria is that one needs to have experience at the managerial level. How do you define managerial level?
KJ: You have to display some responsibilities in terms of your work and those who are working under you. In property management, not only are you managing the building but those under you as well. If you have some management responsibilities, we will review it accordingly.

Q: Does this mean that building managers are qualified to apply?
KJ: Yes, they should be.

Q: Do I have to renew the registration?
KJ: Yes, on an annual basis.

Q: Is the registration done under the capacity of an individual or a company?
KJ: You have to register as an individual first. If you would like to provide the service [of managing a building], you have to set up a firm/company. That firm must be approved by the Board.

Q: Is there a format for the letter from the employer to confirm the property management experience?
KJ: No. Basically, the onus is on you to declare truthfully.

Q: What if the employer is the property developer?
KJ: It doesn't matter, as long as the letter [from your employer] confirms your experience [in property management].

Q: Can I be a practising lawyer and at the same time take on the role of a registered property manager?
David: You can only choose to practise one profession at one time. You cannot be a practising lawyer and a practising property manager at the same time.

Q: Can a registered estate agent be a registered property manager?
Sarkunan: If during the years of service, you were a practising real estate agent and if you provided services to your clients in managing your clients' properties and fulfil the requirements of past property management experience, then you should apply to be a property manager [under the Board].

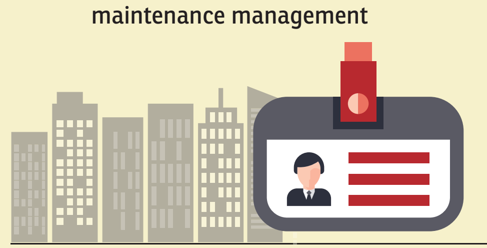
Q: For joint management bodies and management corporations, do they need to register themselves as property managers? If they do not register with the Board, are they allowed to call themselves property managers after the window period?
KJ: The Act says that if you are managing your own property, you are exempted from being registered. You cannot provide this service to another property. You are not allowed to use the name "property manager" if you are not registered with the Board.

Q: During the "window period", if I have a diploma and I pursue a Masters programme after that, can I treat the Masters as a degree in my qualification?
KJ: No, a Masters is not a degree. A diploma suffices for you to apply.

Criteria for registration

DURING the window period (Jan 2 to Dec 31)

1. **Past property management experience**
   a) Experience at managerial level *(refer to the table below)*
   b) Experience in at least one of these areas:
      i) Financial management
      ii) Building and facilities maintenance management
2. **Declaration of:**
   a) No police record
   b) No cases of mismanagement
   c) No breaches of fiduciary duties
   d) Not blacklisted by the Commissioner of Buildings
   e) Not found guilty by the Strata Management Tribunal
   f) No disciplinary action by BOVAEP



3. **Letter from employer to confirm property management experience**

Education and minimum work experience qualification for registration with BOVAEP

DESCRIPTION		CRITERIA					
Qualification	SPM	Certificate	Diploma	Other diplomas	Degree	Other degrees
Course discipline	Full certificate	Property management, facilities management, building surveying	Property management, facilities management, building surveying, registered estate agent, quantity surveying, architecture, civil and structural engineering, mechanical and electrical engineering	Law and others	Property management, facilities management, building surveying, registered estate agent, quantity surveying, architecture, civil and structural engineering, mechanical and electrical engineering	Law and others
Minimum years of experience	Eight years	Six years	Three years	Five years	Two years	Four years

AFTER the window period

1. Possess a **degree qualification** recognised by the Board
2. Undergo at least **two years of continuous training and experience** under the supervision of a registered property manager
3. **Submit their record** of experience in a work diary and log book
4. Upon completion of the minimum two years of continuous working experience, the applicant will then have to sit for and **pass the Test of Professional Competence** (TPC)

COVER STORY

LOW YEN YEING | EdgeProp.my

KEPONG'S NEW HOMES

Kepong's skyline is undergoing a transformation.

BY **RACHEL CHEW**

Kepong sounds like a tired old place at the edge of Kuala Lumpur, which many would visit once in a while, lured by its variety of Chinese restaurants and food stalls — some which have been there for generations. But lately, property investors and new homebuyers are flocking to Kepong, especially to its old town. It has become one of the "hottest" areas for new high-rise residential developments north of Kuala Lumpur city centre.

Kepong's new property development boom was sparked by the announcement in mid-2016 of the Mass Rapid Transit (MRT) Sungai Buloh-Serdang-Putrajaya Line 2 and that seven of the 26 proposed stations along the route will be located in Kepong, namely Damansara Damai, Sri Damansara West, Sri Damansara East, Kepong Sentral, Metro Prima, Kepong Baru and Jinjang.

"Other than the MRT stations, Kepong and its surrounding areas are seeing more redevelopment efforts and new infrastructure, such as the completion of several new highways and road widening projects, hypermarkets and commercial hubs," says LandServe Sdn Bhd managing director Chen King Hoaw.

"Now with Jalan Kuching and Duta-Ulu Kelang Expressway at the east, the North-South Expressway and Selayang-Kepong Highway at the west and the Damansara-Puchong Highway at the southwest, Kepong has very good connectivity by road to Kuala Lumpur city centre, Petaling Jaya and other parts of the Klang Valley," he tells EdgeProp.my.

The improved infrastructure and connectivity has encouraged a number of developers to build there. According to Metro Homes Sdn Bhd director See Kok Loong, at least eight new high-rise developments have been launched in Kepong over the past three years such as The Henge Kepong by Aset Kayamas Sdn Bhd, United Point Residence by UOA Development Bhd, LakePark Residences by JL99 Development Sdn Bhd and Fortune Centra by Asian Pac Holdings Bhd.

"The new developments are mainly high-rise due to the lack of large tracts of development land available and because of Kuala Lumpur City Hall's density policy," notes See.

LOW YEN YEING | EdgeProp.my

Kang: Kepong has all the factors to attract first-time homebuyers.

See: The secondary market [in Kepong] would be slow, while for higher-end newly completed projects, prices may not appreciate much.

Chin is impressed with the more than 30% average launch price growth within three years and during such a market down cycle.

He believes that the rapid development in Kepong also has to do with neighbouring state of Selangor's foreign property ownership policy. In Selangor, foreigners are only allowed to buy above RM2 million strata properties while in Kuala Lumpur, the threshold is RM1 million. The development plot ratio in Selangor is also much lower than Kuala Lumpur's. This has probably prompted developers to focus on developing new projects in Kuala Lumpur.

"Kepong lies within Kuala Lumpur and is close to Selangor. High-end enclaves Desa ParkCity and Mont'Kiara are nearby, thus making Kepong an attractive location for both developers and homebuyers," he highlights.

New launch price benchmark

Prices of new high-rise residences have been trending up. Some of the units in projects that were introduced over 2016 and 2017 were tagged as high as RM700 psf.

"Condominium units at The Henge with built-ups of 1,100 sq ft to 1,300 sq ft were launched at just over RM400 psf. Subsequently, we saw serviced apartments in United Point Residence with built-ups from 667 sq ft to 1,206 sq ft being launched from RM555 psf. This was followed by

Non-landed residential projects launched in Kepong since 2016

PROJECT NAME	DEVELOPED BY	LAUNCHED IN	PRICE PSF RANGE	DENSITY
The Henge Kepong	Aset Kayamas	2016	From RM440	1,472 units; 6.14 acres
United Point Residence	UOA Group	August 2016	From RM550	2,509 units; 9.33 acres
LakePark Residences	JL 99 Group	August 2016	From RM520	916 units; 5.13 acres
Mizumi Residences	Wawasan Metro Bina Sdn Bhd	2017	From RM430	1,512 units; 6 acres
Three 33 Residence	TSI Group	March 2017	RM650 to RM700	333 units; 1.46 acres
Fortune Centra	ASIAN Pac Holdings Bhd	May 2017	From RM580	462 units; 2.96 acres
Legend Heights	JL 99 Group	Oct 2017	RM450 to RM480	558 units; 2.91 acres
The Herz	Aset Kayamas	2017	RM430 to RM470	329 units + 324 units Rumawip; 1.52 acres
Lemanja	Trinity Group	June 2017	From RM500	583 units; 2.78 acres
East Parc @ Menjalara	Fiamma Holding Bhd	2017	Average RM640	432 units; 3.3 acres
Unio Residence, KL North	Aikbee Development	End of 2017	Average RM600	520 units; 2.32 acres

SOURCE: METRO HOMES, LANDSERVE AND EDGEPROP.MY

East Parc @ Menjalara offering serviced apartments of 600 sq ft to 1,522 sq ft from RM708 psf.

"Generally, the unit size is becoming smaller while the price psf is getting higher. Of course, there are also other factors that contribute to the developer prices," LandServe's Chen shares.

According to Yit Seng Realty team leader Alan Chin, who is a Kepong specialist, existing high-rise projects are very limited in Kepong and are usually in the price range of RM200 psf to RM300 psf while the launch prices of new units have gone up to RM750 psf to RM800 psf," he says, adding that the new projects are definitely on the higher end and offer more lifestyle living.

"There were no lifestyle elements in past high-rise projects in Kepong old town. The first lifestyle high-rise residential project launched in Kepong old town was The Henge about two years ago. It was the first residential high-rise with full-fledged condominium facilities, and such projects can only be found in the newer parts of Kepong such as Bandar Menjalara and Desa ParkCity.

"The recent condominium launches were only seen from two to three years ago. However, with more than 30% average launch price growth in such a short period and during a down cycle, I think it is impressive," adds Chin.

However, Metro Homes' See notes that prices of new property launches have stabilised, considering the current slow market especially for high-density projects.

According to him, the average selling price for new high-rise homes in Kepong is about RM450 psf to RM500 psf for built-up sizes of 800 sq ft to 900 sq ft with the absolute price between RM400,000 and RM500,000.

"Yes, I believe buyers can absorb new property launches at this price range and built-up sizes. However, I foresee take-up rates of new launch properties to be slow in the first half of 2018 and will only pick up in the second half," he says.

So far, new high-rise home launches in Kepong have been well received, according to Yit Seng Realty team leader Joe Kong.

"From our observation, many new high-rise launches in Kepong were sold out within a year after launch. For example, the most expensive new launch, Unio Residence, KL North — with selling price as high as above RM1 million — is 90% sold with the average selling price of RM600 psf. The leftovers were all loan-rejected units. All of the big units of 1,400 sq ft were sold. The project was just launched at the end of last year," Kong says, adding that he is confident that new projects in Kepong will continue to do well in the near future.

Strong buying power

LandServe's Chen also expects Kepong's overall property market outlook to be positive for both primary and secondary markets.

"Generally speaking, Kepong folks have strong property buying power. The locals would have already accepted the fact that in order to own a new home within a new modern development close to the Kuala Lumpur city centre or Petaling Jaya, that would be the price they'd have to pay," he says.

After all, RM700 psf and above is quite the norm for new launches of high-rise residential developments in Kuala Lumpur and Petaling Jaya. With the proposed MRT stations in the Kepong area, Chen believes homebuyers and investors from adjoining neighbourhoods will be attracted to invest in this area.

"Given time, the take-up would be good. We do not foresee any bubble," he notes.

Yit Seng's Chin wholly agrees with Chen that Kepong's new residential projects are well supported by local buyers.

"Kepong is an old town but in the last 10 years, the younger generation in the vicinity is demanding more high-end homes. Many of them want to stay close to their parents but in a fancier home. The strong demand for modern high-rise developments with full facilities explains the strong take-up and rapid growth of new projects in Kepong," he shares.

Chin says that most of the projects have achieved 70% to 90% take-up rates, and easily 80% of the buyers are locals. Yit Seng Realty is among the appointed agents for some of these new projects.

"Kepong is located 10km to 15km away from Kuala Lumpur city cente but the new project selling price psf is only half of those in the city centre and of the neighbouring Mont'Kiara. It is also a very matured area, so Kepong has all the factors to attract first-time homebuyers," he notes.

Chin and Kong both believe the market is able to take in the current selling price benchmark for high-rise residential projects in Kepong.

"The take-up rate tells the truth. I think the market is comfortable with anything that is selling in between RM500 psf and RM800 psf for now. The projects won't be selling so fast and be so well-received otherwise. I also expect the completion of MRT Line 2, which is expected to be by 2022, to boost prices further," Kong says.

Promising outlook

As thousands of new high-rise homes are being built, is there a concern about oversupply?

Kong is not worried. "What will not change is the location of Kepong. It is a very attractive and convenient area to live and stay in. The MRT Line 2 will be bringing in more traffic. I also foresee people from neighbouring areas — for example, Selayang — to move into Kepong because of the MRT," he says.

LandServe's Chen expects the older projects and landed homes to benefit from the prices of the new projects.

"Our records show that these properties have continued to enjoy steady growth in prices in recent years, with the exception of some apartments and condominiums. We expect this trend to continue.

"Of course, in order for prices of stratified developments such as condominiums and apartments to go up, they must be managed and maintained properly. Otherwise, their prices can never be sustained and are destined to go down," he concludes.

Nonetheless, Metro Homes' See is more cautious about the outlook of Kepong's property market, especially the secondary market.

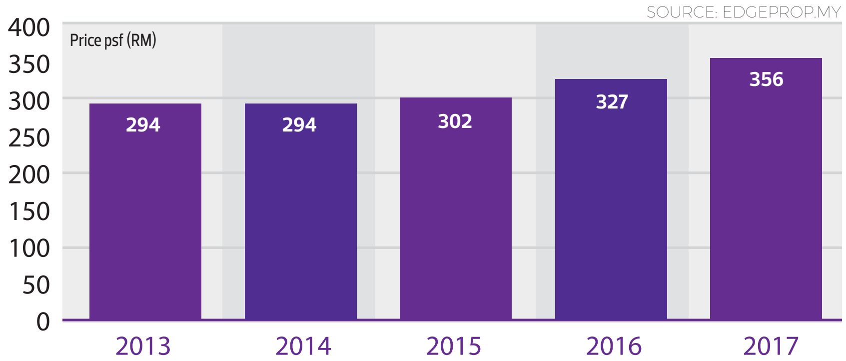
"The secondary market would be slow, while for higher-end newly completed projects, prices may not appreciate much. Yield may be too low to cover loan instalments," he offers.

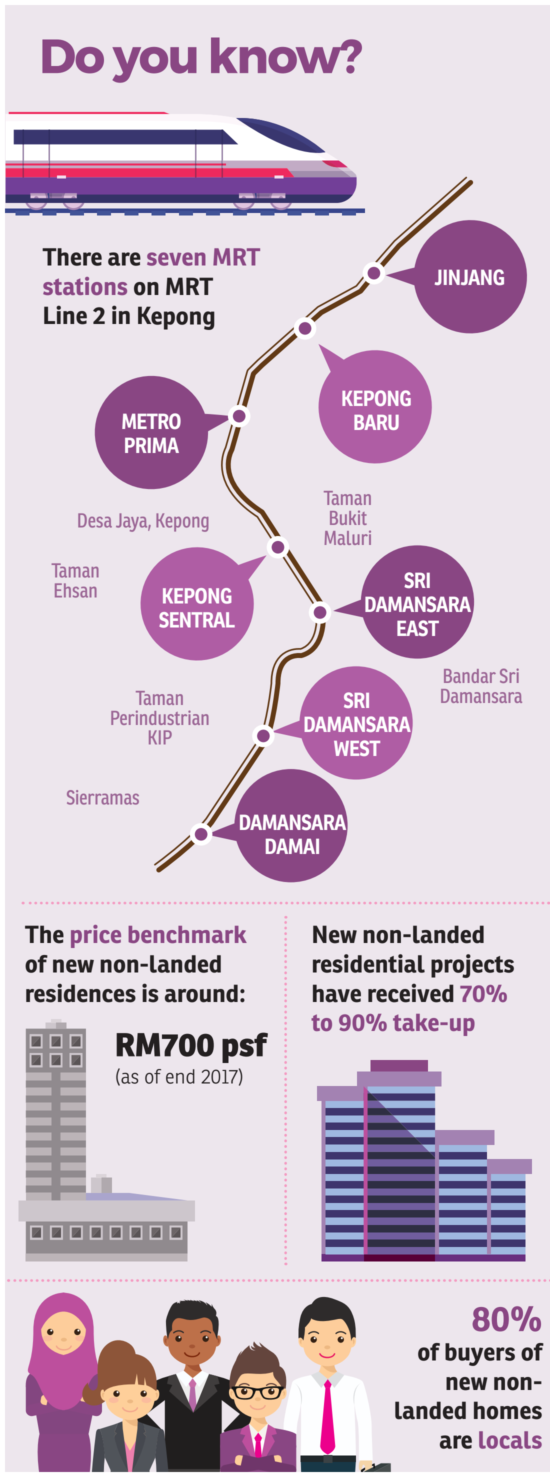
He adds that demand for homes on the secondary market could be affected as more new homes enter into the market over the next few years. He also foresees the rental market for these new units to be very competitive due to the large volume of new supply flowing into the market.

Besides, he points out that uncertainties prevail, which may affect the general property market, such as the upcoming Malaysian general elections, the economy, the potential of another interest rate hike by the central bank and the local authority's poor development planning and approval of more green areas for developments with high density.

Average transaction price psf (RM) of Kepong's existing non-landed projects

SOURCE: EDGEPROP.MY





HARIS HASSAN/THE EDGE

Chen: Generally, the unit size [in Kepong] is becoming smaller while the price psf is getting higher.

LOW YEN YEING | EdgeProp.my

One of the MRT stations that is coming up in the area, across the road from the upcoming Unio Residence, KL North.

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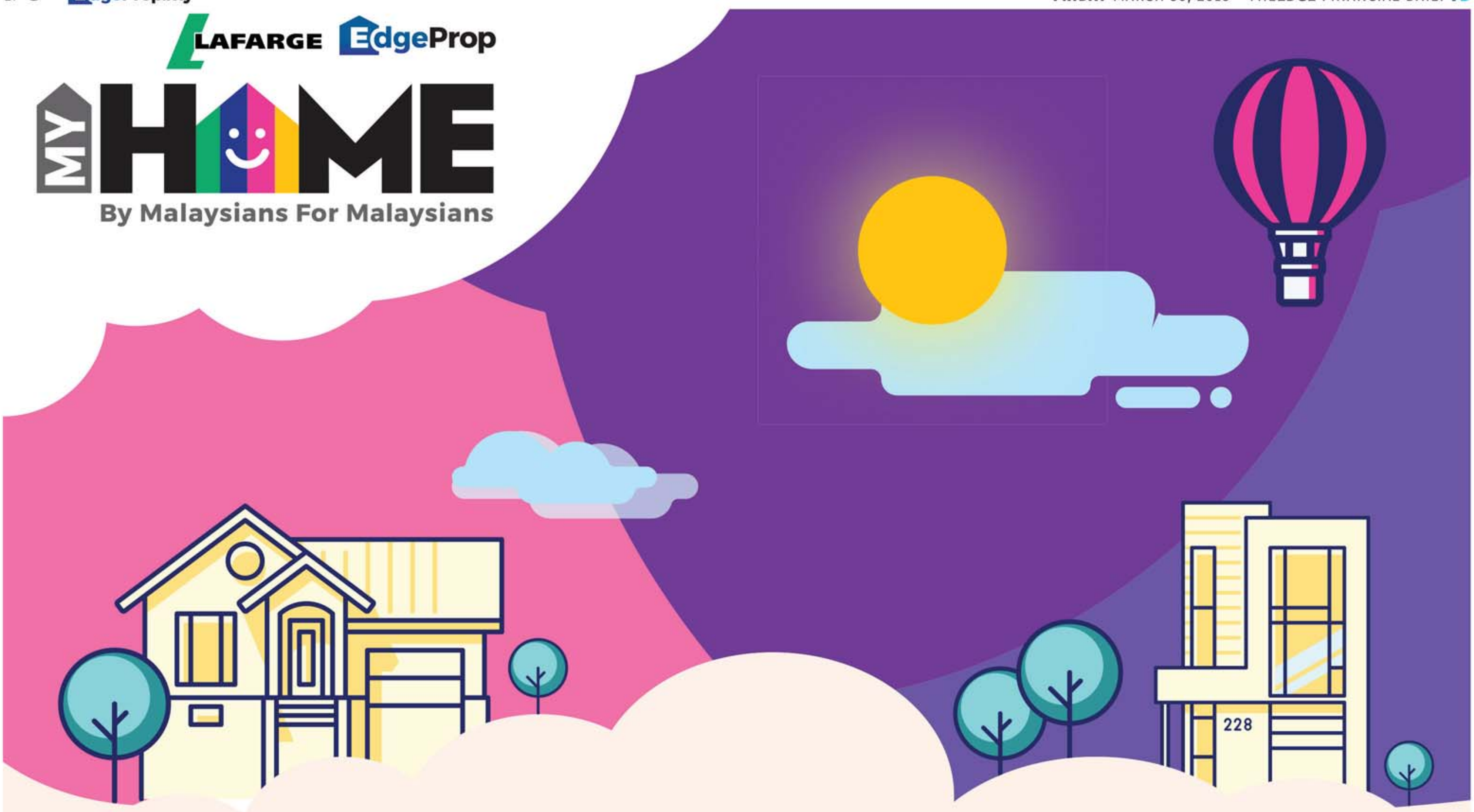

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