

## RED FOCUS

## INVESTMENT MAGNET:

Many favourable factors will converge to push Greater KL into the investment world's limelight, says property consultant

JAN YONG

Greater Kuala Lumpur is poised to be one of the world's top investment destinations within three years, predicts Gavin Tee, an international property consultant and speaker. Citing many favourable factors such as the completion of mega projects, the government's transformation programmes and international investors' big appetite for Southeast Asia, Tee is superbly upbeat about the prospects. The property man in fact is convinced that the property super cycle that he predicted three years ago will experience an upward trajectory after the general election which is to take place before April.

"Many foreigners are on standby to come in. After the election when confidence returns especially in the third quarter, expect a surge in interest from foreigners especially from China, Singapore, Germany, Japan, the Middle East and Australia. Germany and even Japan have identified Malaysia, in particular Greater KL as the best investment opportunity in Southeast Asia. The region itself is emerging as the most compelling growth story in 2013," says a very sanguine Tee. "Before they come in, now is the best time to buy Greater KL. In 2014, you can imagine how fast KL can move," the property consultant adds.

He stresses that some of the biggest advantages Malaysia has over its neighbours are its relative low cost which means tremendous upside potential in terms of cost; world class infrastructure; and a government committed to transform Malaysia into a developed nation by 2020.

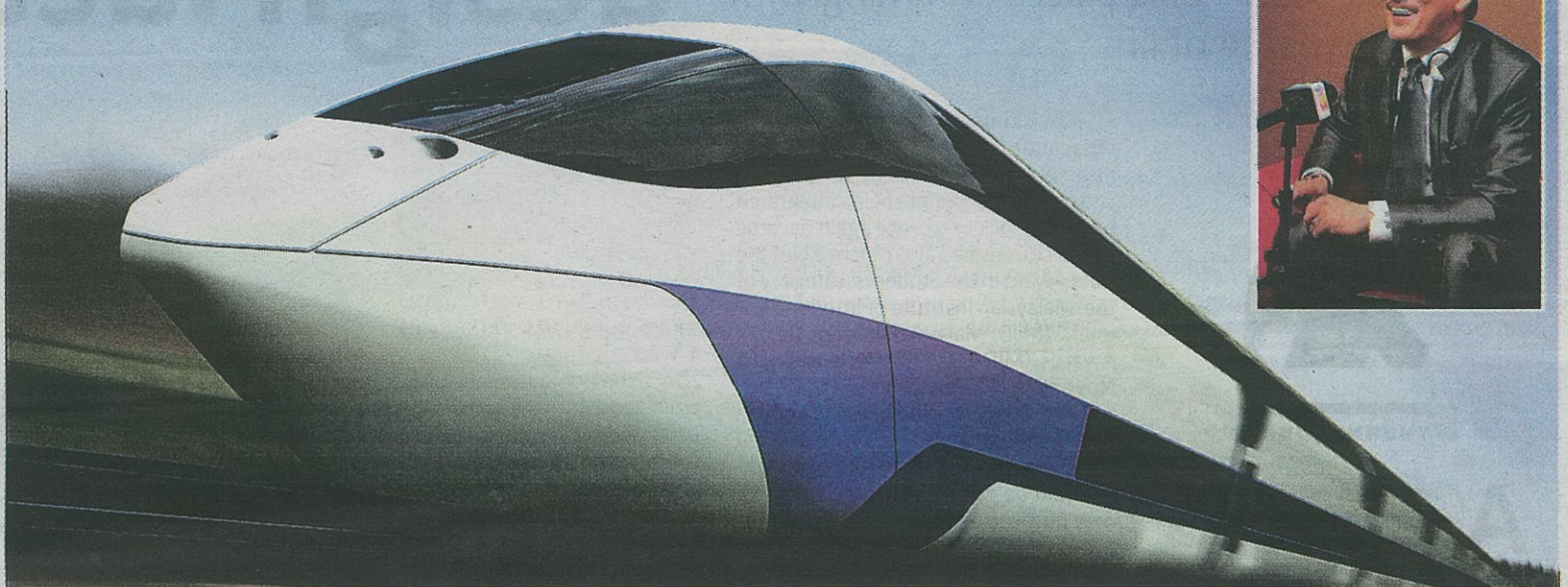
## Asean appeal

Another huge pull factor is the Asean Economic Community (AEC) integration in 2015 which will spur investors to flock into the region. Myanmar's opening up has also in a way focused the world's attention on Southeast Asia as both a tourism and investment destination. This has had a direct positive impact on Greater KL.

While Singapore is tipped to be the biggest draw attracting top talents to its financial, banking and high-end service hub, Malaysia by virtue of its close ties and physical proximity to Singapore will reap massive benefits too.

In particular, the Iskandar region which is often compared to Shenzhen vis-à-vis Hong Kong, will be the beneficiary of many of the spillover effects from Singapore's status as a wealth magnet. In fact, 2013 is the defining year for Iskandar when many of its catalytic projects such as LEGOLAND, Educity and Pinewood Studios are mostly completed and investors are rushing in.

# Greater KL tipped to be world's rising star within 3 years



Property prices in some developments have already reached KL's level with more upside in the coming months.

Singapore, as the largest single foreign investor in Iskandar has many investors planning investments in the region. According to Iskandar Regional Development Authority, total foreign investment in Iskandar rose to RM37 billion in September 2012, from RM22 billion in 2008.

With the spotlight on Iskandar this year, Greater KL is expected to be a bit quiet but would rise again in three years' time when it would reach its peak in terms of investment activities. In fact, by the third quarter of this year, KL will start showing life, predicts Tee.

With plans of a high-speed rail between Singapore and KL, the distance between the two cities will further be reduced, thus strengthening their ties. For the past two years, Singaporeans were not active in KL and were focused more on Iskandar. After immersing themselves in the Iskandar heat, Singaporeans are bound to return to KL in a big way. "Once their leaders come to KL to invest, the rest of them [Singaporeans] will follow suit," says Tee, who is also the Founder and President of SwengTee Real Estate Investment Club.

## Top-ranking city

Even before reaching its peak, KL has already secured many accolades; it was ranked the second most liveable city in Southeast Asia after Singapore by The Economist Intelligence Unit Global Liveability Survey 2012, and was ranked third in the world for low cost (in doing business) and 10th in ease of doing business by the 2012 edition of Cities of Opportunity, released by PricewaterhouseCoopers (PwC) and the Partnership for New York City. The report by PwC studied 27 centres of finance, commerce and culture in the world. It also projected that KL will continue its growth to 2025, hence another 12 years of growth which is good tidings for those who are still sitting on the fence with regards to KL's prospects.

There are already many signs within the city itself indicating its huge poten-

tial. Tee has identified Greater KL as the place with the biggest potential in the country, not least because of its status as the capital of the country, hence its special place politically, economically and culturally.

"The government has allocated a lot of development funds to Greater KL such as the MRT (My Rapid Transit), River of Life, TRX (Tun Razak Exchange) and four proposed expressways which will have a huge economic impact and transform this city into a world class city ahead of many of its neighbours. The fact that world class hotel groups such as the Leading Hotels of The World (LHW) and possibly even the upcoming 7-star Harrods Hotel, a first in the world, and top retailers such as Victoria Secret and many others have come to our shores is indicative of the potential they see in this market," says Tee.

Indeed KL has been voted as the fourth best city for shopping after New York, London and Tokyo according to CNN's latest survey. The city is also the second most visited shopping destination in the world after Hong Kong. All these reinforce the widely held belief among many investors that Malaysia is an investment gem yet to be fully discovered.

In terms of tourism, Malaysia is ranked as the ninth most visited country in the world with inbound tourists and receipts increasing every year. It also has the distinction of being the top destination for the Muslim tourism sector.

Other natural advantages include the English language which is widely spoken, a legal system that is based on the English legal system, a transparent

real estate environment with one of the most investor-friendly policies in the world and a skilled workforce.

## The coming boom

More importantly, our low cost now is clearly our biggest advantage, Tee recaps, adding that between 1998 and 2005, property prices were pretty stagnant in KL and there was minimal foreign investment and interest in the Klang Valley. Then the government came up with the Greater KL Plan and made a big effort to invite foreigners to come in.

"A lot of foreigners came to study our market but stayed out for various reasons. However, this time around, after the election, they will very likely come in especially big corporations. They have been waiting for some time. The pent-up demand is so strong that our property market will become one of the most active in Southeast Asia with prices moving correspondingly up. The economy and by extension the real estate market will boom," Tee predicts.

At the same time, major projects like the 118-storey Menara Warisan Merdeka is expected to be completed in 2015 while the RM15 billion (estimated Gross Development Value) KL Metropolis by Naza TTDI is expected to be completed in mid-2015. Superstructure works has already commenced for the Metropolis mixed development which will feature Malaysia's largest exhibition centre measuring an estimated 1 million sq ft and will firmly put Malaysia on the map as one of the top MICE (Meetings, incentives, conferences and exhibitions) destinations in the region.

## Big incentives to set up @ TRX

Tun Razak Exchange (TRX), formerly known as Kuala Lumpur International Financial District (KLIFD) was launched in July 2012 and is set to be an international financial hub especially for Islamic banking and finance. The 15-year project, with an indicative GDV of RM26 billion is expected to attract over 250 global companies to set up shop. It will house 26 buildings (about 9.7 million sq ft of office space) over a 70-acre site in the Imbi area fronting Jalan Tun Razak.

Construction will be spread over four phases comprising office (48 per cent), residence (31 per cent), retail (10 per cent), hospitality (10 per cent) and institutional (1 per cent).

Work on Phase 1 has already begun in July 2012 and is expected to be completed in 2016 while the MRT is expected to link up with it. According to reports, efforts to relocate the Securities Commission and Bursa Malaysia are already underway.

The incentives announced include 100 per cent tax exemption for 10 years, stamp duty exemption on loan and service agreements, industrial building allowance and accelerated capital allowance as well as a 70 per cent income tax break for five years for eligible property developers. TRX is developed by 1Malaysia Development Bhd (1MDB) and Mubadala Development Corporation, the investment arm of the Abu Dhabi government.

## 'Changing face of the real estate world' seminar

Date: 19 Jan 2013 (English)/20 Jan 2013 (Mandarin)

Time: 9.30am - 6.00pm

Venue: Dewan Merdeka, PWTC, KL

Special promo for NST & NST RED readers, please call: 016-202 0001 www.swengtee.com.my/eng2013 (English), www.swengtee.com.my/cn2013 (Mandarin)



KL was ranked the second most liveable city in Southeast Asia.