

Market to be more active after GE13

BY WONG KING WAI

The performance of the residential property market in the Klang Valley in 1Q2013 was satisfactory, although transactions were slow in the run-up to the 13th general election (GE13). With the election over, transactions in the coming quarters

are expected to be more active. "Overall, the housing market performed steadily during 1Q2013 and over the past year, although transaction activity was somewhat muted ahead of GE13," says Nabeel Hussain, CB Richard Ellis Malaysia's vice-president of research and consultancy, when presenting *The Edge*/CB Richard Ellis 1Q2013 Klang Valley

Housing Property Monitor.

"Many buyers appeared to have taken a 'wait-and-see' attitude towards the property market at that time, although this should change over the coming quarters," he says.

The three property types covered in the monitor mostly recorded positive price growth, both on a y-o-y and q-o-q basis.

"Properties in all areas performed well, perhaps due to the fact that the areas covered by the monitor are among the most mature in the Klang Valley. As a result, they all benefitted from strong demand," Nabeel says. "The condominiums covered in the monitor are all older developments — their psf prices tend to be lower than that of new launches in similar areas. As a result, most areas saw growth in prices with the exception of the KLCC (Kuala Lumpur city centre) area where prices are still the highest in the city."

for 1-storey terraced houses in Bandar Sri Damansara to remain strong, although capital appreciation is likely to be slower on a percentage basis than that in more affordable areas in the Klang Valley, such as Bandar Kinrara and areas in Shah Alam."

Bandar Kinrara in Puchong achieved a 5.9% growth for its 1-storey terraced homes. This mature area continues to draw those looking for affordable homes in good locations.

"Bandar Kinrara is one of the more mature neighbourhoods in the Klang Valley where 1-storey terraced houses are still available at a reasonable price," says Nabeel. "Additionally, the area benefits from good accessibility and nearby facilities and amenities, in addition to being freehold. These houses also perform well because they are the most affordable landed properties and as such, tend to be compared with condominiums in the minds of those purchasing them."

Prices of the property type in Bangsar Park and Puchong Perdana were unchanged from the previous quarter. However, Nabeel is optimistic about the future of these areas.

KLANG VALLEY capital values (1Q2010–1Q2013)

TYPE OF HOMES	CAPITAL VALUE (RM/UNIT '000)												
	1Q10	2Q10	3q10	4q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
1-storey terraced houses (land area 1,300–1,920 sq ft)													
Bandar Sri Damansara	250	260	260	300	320	340	350	380	400	420	420	440	470
TTDI (Openg)	470	480	480	500	550	600	650	660	660	660	660	680	700
Bangsar Park	560	580	600	620	640	680	680	800	850	880	880	900	900
Lucky Garden	560	580	600	620	620	650	720	750	770	770	780	780	800
Bandar Kinrara (1,400sf)	180	190	200	200	200	230	250	280	300	320	340	340	360
Puchong Perdana (1,300sf)	155	170	170	175	175	175	180	180	180	180	180	200	200
2-storey terraced houses (land area 1,200–1,900 sq ft)													
Bandar Sri Damansara (SD7)	430	470	480	500	550	600	650	670	670	700	720	750	800
TTDI (Athinahapan)	710	750	750	850	850	900	950	1,000	1,000	1,100	1,100	1,200	1,200
Bandar Utama (BU1)	560	610	650	730	730	800	800	880	900	920	1,000	1,000	1,000
Bangsar Baru	1,000	1,100	1,150	1,200	1,200	1,300	1,300	1,350	1,350	1,350	1,350	1,500	1,600
USJ (USJ 6)	250	270	280	320	320	340	350	380	420	440	450	460	480
Bandar Puchong Jaya (1,500sf)	300	320	320	350	350	375	400	430	430	500	520	550	550
Pusat Bandar Puchong (1,400sf)	310	320	320	360	370	380	400	450	480	500	520	550	550

TYPE OF HOMES	CAPITAL VALUE (RM/UNIT '000)												
	1Q10	2Q10	3q10	4q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
High-rises (Residential)													
Menara Damansara	150	150	150	165	180	200	200	210	210	220	230	250	250
Villa Flora	390	410	410	450	475	500	525	525	550	550	565	580	580
Kiara Park	450	450	480	520	530	560	610	640	650	650	660	700	710
TTDI — The Residence	710	720	720	750	750	750	750	750	775	800	830	850	880
TTDI — The Plaza	670	660	660	685	685	720	750	800	855	855	880	880	900
Mont'Kiara Pines	410	410	410	470	490	525	525	520	520	560	580	580	600
Mont'Kiara Sophia	540	550	550	560	570	570	570	560	560	560	600	600	600
Lanai Kiara	440	440	440	440	440	440	450	440	440	480	485	485	485
Goodyear Court 6–10	180	190	190	190	190	205	220	265	265	265	265	270	285
Sri Penaga	680	680	680	700	715	730	730	750	780	780	800	800	820
Cascadium	580	580	600	640	640	640	675	700	730	735	780	785	800
Tivoli Villas	315	320	320	370	390	420	420	440	440	440	480	495	500
Plaza Damas — Mayfair	190	200	200	210	210	220	230	240	245	255	255	260	280
Sri Putramas	295	300	300	330	340	340	375	375	375	400	450	470	490
Marc Service Residence	900	910	920	960	1,000	1,050	1,100	925	925	1,000	1,000	1,000	1,000
Parkview Service Apartment	345	345	365	380	395	395	400	400	400	400	400	400	430
Stonor Park	2,000	2,100	2,100	2,150	2,150	2,150	2,000	1,760	1,760	1,760	1,760	1,760	1,800

KLANG VALLEY gross yields (1Q2010–1Q2013)

TYPE OF HOMES	GROSS YIELD (%)												
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
1-storey terraced houses (land area 1,300–1,920 sq ft)													
Bandar Sri Damansara	3.36	3.23	3.69	3.40	3.19	3.00	2.91	2.84	2.70	2.57	2.86	2.73	2.81
TTDI (Openg)	4.09	4.25	4.25	4.08	3.71	3.40	3.14	3.09	3.09	3.09	3.09	3.00	3.09
Bangsar Park	3.43	3.10	3.20	3.10	3.00	3.18	3.18	2.70	2.54	2.45	2.45	2.40	2.40
Lucky Garden	3.43	3.31	3.20	3.10	3.10	2.95	2.67	2.72	2.65	2.65	2.77	2.77	2.70
Bandar Kinrara (1,400sf)	5.33	5.05	4.80	4.80	4.80	4.96	4.56	4.07	3.80	3.56	3.35	3.35	3.17
Puchong Perdana (1,300sf)	4.26	3.88	4.24	4.11	4.11	4.11	4.00	4.00	4.00	4.00	4.00	3.60	3.60

TYPE OF HOMES	GROSS YIELD (%)												
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
2-storey terraced houses (land area 1,200–1,900 sq ft)													
Bandar Sri Damansara (SD7)	3.35	3.19	3.13	3.00	2.73	2.50	2.31	2.69	2.69	2.57	2.50	2.40	2.25
TTDI (Athinahapan)	3.38	3.20	3.20	2.82	2.82	2.67	2.53	2.58	2.64	2.51	2.51	2.30	2.40
Bandar Utama (BU1)	3.64	3.15	2.95	2.96	2.96	2.70	3.00	2.73	2.67	2.61	2.40	2.40	2.40
Bangsar Baru	3.12	2.73	2.61	2.50	2.50	2.31	2.31	2.22	2.31	2.31	2.49	2.24	2.10
USJ (USJ 6)	4.08	4.00	3.86	3.38	3.56	3.53	3.43	3.47	3.14	3.00	2.93	2.87	2.75
Bandar Puchong Jaya (1,500sf)	3.60	3.75	3.75	3.43	3.43	3.20	3.60	3.35	3.35	2.88	3.00	2.84	2.84
Pusat Bandar Puchong (1,400sf)	3.48	3.38	3.38	3.00	2.92	3.00	3.00	2.93	3.00	2.88	3.00	2.84	2.84

TYPE OF HOMES	GROSS YIELD (%)												
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
High-rises (Residential)													
Menara Damansara	6.40	6.00	6.00	5.45	5.00	4.50	4.50	5.14	5.14	4.91	5.22	4.80	4.80
Villa Flora	7.38	7.02	6.73	6.13	5.81	5.52	5.26	5.26	5.02	5.02	4.88	4.76	4.76
Kiara Park	6.40	6.40	5.75	5.31	5.21	4.93	4.52	4.31	4.25	4.25	4.18	3.94	3.89
TTDI — The Residence	5.92	5.83	5.83	5.60	5.60	5.60	5.60	5.60	5.42	5.25	5.06	4.52	4.36
TTDI — The Plaza	6.27	6.36	6.36	6.13	6.13	5.83	5.60	5.25	4.91	4.91	4.77	4.36	4.27
Mont'Kiara Pines	7.02	7.32	7.02	6.13	5.88	5.49	5.49	5.54	5.54	5.14	4.97	4.97	4.80
Mont'Kiara Sophia	6.22	6.11	5.89	5.79	5.68	5.68	5.68	5.79	5.79	5.79	5.40	5.00	5.00
Lanai Kiara	6.82	6.82	6.55	6.55	6.55	6.55	6.40	6.55	6.55	6.00	5.94	5.94	5.94
Goodyear Court 6–10	5.33	5.37	5.37	5.37	5.27	4.91	4.30	4.30	4.30	4.30	4.22	4.21	4.21
Sri Penaga	6.71	6.71	6.18	6.00	5.87	5.75	5.75	5.60	5.38	5.38	5.25	5.25	5.12
Cascadium	6.62	6.21	6.00	5.63	5.63	5.63	4.98	4.80	4.60	4.57	4.31	4.28	4.20
Tivoli Villas	7.62	7.50	7.50	6.49	6.15	5.71	5.43	5.45	5.45	5.45	5.00	4.85	4.80
Plaza Damas — Mayfair	6.95	6.60	6.60	6.29	6.29	6.00	6.78	6.50	6.37	6.12	6.12	6.00	5.57
Sri Putramas	5.29	5.20	5.20	4.73	4.59	4.59	4.16	4.48	4.80	4.50	4.00	3.83	3.67
Marc Service Residence	6.27	6.33	6.26	6.00	5.76	5.49	5.24	6.23	6.23	5.76	5.76	5.76	5.76
Parkview Service Apartment	7.65	7.65	7.23	6.95	6.68	6.68	6.60	6.60	6.60	6.60	6.60	6.60	6.14
Stonor Park	5.40	5.14	4.86	4.74	4.74	4.74	4.80	5.45	5.45	5.45	5.45	5.45	5.33

1-storey terraced houses

Bandar Sri Damansara showed the highest quarterly price growth in the sampling at 6.8%. This area has been a consistent strong performer over the past quarters.

"Bandar Sri Damansara has benefitted from its location and proximity to Desa ParkCity and Taman Tun Dr Ismail, where properties are considerably more expensive, hence making those in Bandar Sri Damansara appear reasonably priced in comparison," Nabeel explains.

"Going forward, we expect values

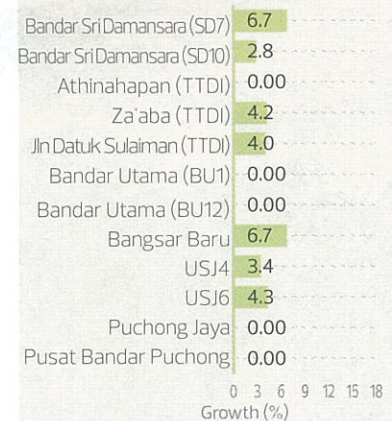
4Q2012–1Q2013 Q-o-q price growth of Klang Valley houses and high-rises



1-storey terraced houses



2-storey terraced houses



"Monitoring property prices on a quarterly basis is not always the best indicator of value, as a number of factors can result in limited price growth — the most common being a lack of transactions. Overall, Bangsar remains one of the most desirable residential addresses in the Klang Valley and we expect demand in this area to remain high, regardless of the age of the existing properties."

As for Puchong Perdana, which isn't in the same league as Bangsar, the lack of price growth is mainly due to people staying put rather than selling. "Puchong Perdana is the earliest residential township in Puchong and as such, those who are already living here tend to stay since it would be difficult to find something similar at these price levels," Nabeel says.

The y-o-y performance for 1-storey terraced houses in TTDI's Aminuddin Baki and Puchong's Bandar Kinrara registered a 20% increase each.

"TTDI has developed a reputation as a safe, secure and mature township comprising mostly landed properties. Combined with its location, which is close to major highways, retail centres and commercial hubs, it remains a preferred residential location," says Nabeel. "Bandar Kinrara is popular as it is an established neighbourhood with easy access to highways. The extension of the LRT (light rail transit) line to the nearby Bukit Jalil area has also helped increase demand for property in the vicinity."

Moving forward, Nabeel believes that Bandar Kinrara could see further price growth in the future, while TTDI will remain on an even keel.

One-storey homes in Bandar Sri Damansara and TTDI's Burhanuddin Baki both registered 17.5% and 17.1% price growth respectively. The prices of these homes are expected to continue upward.

"Limited supply, high demand and strategic location are among the drivers of increased property prices in both these areas," Nabeel says. "We expect to see continued price growth going forward, although perhaps not at the percentage levels of 20% to 30% per year that we have seen over the past two to three years."

2-storey terraced houses

Compared with the last quarter, 2-storey terraced houses in Bandar Sri Damansara grew 6.7% due to their location and affordability. "Demand for properties here should continue to be strong and the development

of new projects, such as Damansara Avenue and Damansara Foresta, should help grow the catchment in the area."

Homes in Bangsar Baru also saw 6.7% quarterly price growth. "Bangsar Baru offers both accessibility and exclusivity to residents and patrons," says Nabeel. "During the day, Bangsar Baru is a bustling commercial area crowded with office workers and famous eateries. By night, it is one of the most happening areas in the city, especially the areas around Jalan Telawi. The recent upgrade of Bangsar Village and the shoptops surrounding it in the Telawi area has put Bangsar

Baru back on the map as a shopping haven for those who prefer to stay away from the crowded malls."

On the flipside, prices of similar properties in TTDI's Athinahan, Bandar Utama's BU1 and BU12, and Puchong's Puchong Jaya were unchanged. This, Nabeel says, could be due to concerns prior to the election.

Y-o-y price growth was positive except for homes in Bandar Utama's BU12.

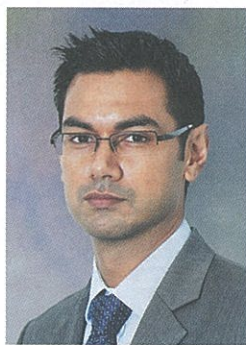
"Price movements in the various areas are driven by different dynamics. However, good location and proximity to highways, retail centres and other facilities and amenities are major selling points, as are safety and security," Nabeel says. "Arguably, BU12 as a location is considered inferior to BU1 to BU10, which are located closer to major amenities and facilities such as the 1 Utama [Shopping Centre]."

The price growth of 27.9% y-o-y for 2-storey terraced homes in Puchong Jaya could be due to their affordability, especially when one considers the relative maturity of the area and proximity to amenities and facilities.

Homes in TTDI's Zaaba recorded a 25% price growth over the year but Nabeel expects some adjustment in the future. "TTDI remains a very popular residential neighbourhood due to the limited supply of terraced houses and lack of space for new development, as well as nearby facilities and amenities including the 1 Utama mall, Ikea and the Curve," Nabeel highlights. "We would expect the area to continue to hold its value going forward, although we may be headed for a period of consolidation."

High rise

Among high-rise residential prop-



Nabeel: Transaction activity was somewhat muted ahead of GE13

KLANG VALLEY rents per month (1Q2010–1Q2013)

TYPE OF HOMES	RENT PER MONTH (RM/UNIT)												
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
1-storey terraced houses (land area 1,300–1,920 sq ft)													
Bandar Sri Damansara	700	700	800	850	850	850	850	900	900	900	1,000	1,000	1,100
TTDI (Openg)	1,600	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,800
Bangsar Park	1,600	1,500	1,600	1,600	1,600	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Lucky Garden	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,700	1,700	1,700	1,800	1,800	1,800
Bandar Kinrara (1,400sf)	800	800	800	800	800	950	950	950	950	950	950	950	950
Puchong Perdana (1,300sf)	550	550	600	600	600	600	600	600	600	600	600	600	600
2-storey terraced houses (land area 1,200–1,900 sq ft)													
Bandar Sri Damansara (SD7)	1,200	1,250	1,250	1,250	1,250	1,250	1,250	1,500	1,500	1,500	1,500	1,500	1,500
TTDI (Athinahan)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,150	2,200	2,300	2,300	2,300	2,400
Bandar Utama (BU1)	1,700	1,600	1,600	1,800	1,800	1,800	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bangsar Baru	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,600	2,600	2,800	2,800	2,800
USJ (USJ 6)	850	900	900	900	950	1,000	1,000	1,100	1,100	1,100	1,100	1,100	1,100
Bandar Puchong Jaya (1,500sf)	900	1,000	1,000	1,000	1,000	1,000	1,200	1,200	1,200	1,200	1,300	1,300	1,300
Pusat Bandar Puchong (1,400sf)	900	900	900	900	900	950	1,000	1,100	1,200	1,200	1,300	1,300	1,300
High-rises (Residential)													
Menara Damansara	800	750	750	750	750	750	750	900	900	900	1,000	1,000	1,000
Villa Flora	2,400	2,400	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Kiara Park	2,400	2,400	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
TTDI – The Residence	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,200	3,200
TTDI – The Plaza	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,200	3,200
Mont'Kiara Pines	2,500	2,500	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Mont'Kiara Sophia	2,800	2,800	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,500	2,500
Lanai Kiara	2,500	2,500	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Goodyear Court 6–10	800	850	850	850	850	900	900	950	950	950	950	950	1,000
Sri Penaga	3,800	3,800	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Cascadium	3,200	3,200	3,000	3,000	3,000	3,000	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Tivoli Villas	2,000	2,000	2,000	2,000	2,000	2,000	1,900	2,000	2,000	2,000	2,000	2,000	2,000
Plaza Damas – Mayfair	1,100	1,100	1,100	1,100	1,100	1,100	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Sri Putramas	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,400	1,500	1,500	1,500	1,500	1,500
Marc Service Residence	4,700	4,700	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Parkview Service Apartment	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Stonor Park	9,000	9,000	8,500	8,500	8,500	8,500	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Note: The gross monthly rents shown above are for unfurnished units only

erties, Sri Hartamas' Plaza Damas recorded the strongest quarterly growth of 7.7%. "Plaza Damas is a bit of a niche product as it offers small studio units that are attractive for young professionals living alone. Additionally, rental demand and returns for such products are quite attractive," says Nabeel. "The opening of the Taylor's University College branch in Plaza Damas has also led to an increase in demand for such rental units nearby."

KLCC's Parkview Serviced Apartments achieved 7.5% growth from the previous quarter, an encouraging sign, although its smaller-sized units could have created a demand that larger units are missing out on. "Compared to the nearby Kirana Residence and Marc Service Residence, Parkview is cheaper and offers smaller units that tap into a different segment of the market. In particular, Parkview would be best suited for individuals planning a short-term stay in the KLCC area," Nabeel explains.

For awhile now, the KLCC high-rise market has been soft but steady growth could be on the cards. "The rental demand for some of the older, larger units is likely to remain

weak for the foreseeable future, but we have seen strong interest in the smaller, newer products as well as those developments that have strong USPs (unique selling points), such as superior property management or facilities," says Nabeel.

Over the years, high rises sampled in the monitor had performed well across the board. One reason may be the age of the properties.

"Most of the properties within our coverage are older and are available on the secondary market for lower psf prices than many new launches in less central areas, making them more appealing from a value standpoint," Nabeel says.

Sri Hartamas' Sri Putramas achieved a strong 30.7% y-o-y growth. "Sri Putramas appears to offer good value for money and it is strategically located near the Kuala Lumpur city centre, Dutamas and Sri Hartamas. The psf prices are 20% to 30% lower than newly launched developments in similar areas," he explains.

Bandar Sri Damansara's Menara Damansara saw a 19% y-o-y price growth. "On a psf basis, Menara Damansara is one of the most affordable developments in the Klang Valley, despite its good location."

Hot spots

Nabeel says that properties along the mass rapid transit (MRT) and LRT lines are places to keep a lookout for, besides the existing and mature townships such as Kota Damansara, Ara Damansara, Subang Jaya, USJ, Bandar Kinrara, Setia Alam, Kota Kemuning, Mutiara Damansara, Damansara Perdana, TTDI, Damansara Jaya and Desa ParkCity.

As for new areas, those along the Elite Highway, New Klang Valley Expressway and Guthrie Corridor Expressway such as Bandar Rimbayu, Putra Heights, Denai Alam, Alam Impian and Cyberjaya are worth considering. Other places include few developments in Semenyih and Rawang and the areas near the Rawang toll.

"For boutique developments, small-scaled developments or integrated developments, there is a lot of activity in areas such as Bukit Jalil, Old Klang Road, Jalan Ipoh, Setapak, Wangsa Maju, Ara Damansara, Glenmarie, Shah Alam Batu 3 and along the Federal Highway towards Subang-Shah Alam-Klang. Even the well-established areas of Bangsar and Mont'Kiara are seeing some new launches."

S P Setia's strong values will hold it in good stead

FROM PAGE 2

"Liew has created a prism and this prism has got everybody on the same page. This prism or lense comprise our work processes, the way we make management decisions, all the things we do — our culture, vision, mission, values — are inside this prism," he explains.

"So any staff member who looks through this prism will see the same things. Tan Sri Liew's legacy is this prism. When Voon takes over, he will look through this prism and he will

make the same decisions and S P Setia will continue on. In any organisation, if you can get the prism in place, everybody speaks from the same page, same language you have integration."

Based on his experience with S P Setia, Wong believes there are three key elements to becoming a successful property developer.

"First, you need a development DNA for all your projects because that constitutes your value proposition. Our DNA is our development philosophy of live, learn, work, play," he says.

"Based on this philosophy, the 'live' component has a symbiotic relationship with the 'work' environment. Subsequently, the working population will have a symbiotic relationship with retailers and so on."

"Secondly, we want to develop properties and a lifestyle that are current. We want to give something we have seen abroad, which we think is good to be replicated or introduced here," he says, adding that the company regularly sends its staff for overseas study tours.

"Thirdly, inculcate the values of the company among the staff. Based on a set of values, you will develop a culture that stays true to those values."

He also stresses the need for "common sense" when solving problems that arise from the normal course of work.

On dealing with younger subordinates he is mentoring or leading, Wong says the new generation is difficult to manage initially, but he has learnt to empathise with this

group to understand where they are coming from.

Wong has some things in mind that he wants to achieve with the niche projects under him. "One thing I would like to do moving forward is future-proof my projects' design and master plan so they don't look tired when they are completed. I want something that is evergreen," he smiles.

After nearly four decades with S P Setia, Wong's verve, experience and stamina continues to see him strive to be the best.