Limelight on former RRI land project

943ha Kwasa Damansara township finally taking shape

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JUST as the property segment is seemingly losing its lustre compared with the booming period it had a few years back, the Employees Provident Fund (EPF) has announced that it will finally call for tenders to develop the first phase of the 943ha township in Sungai Buloh this February.

Some think that the announcement may not be the timeliest given the multi-pronged cooling measures that were introduced last year, while others see this as a catalyst that creates sparks in the otherwise tepid property market when most people are taking a "wait-and-see" approach.

Industry observers, however, note that the property launches will only be rolled out in another one to two years as it takes time for the state authorities to grant approvals while the tender process for the first phase will be called for next month.

The excitement revolves not just around the whopping RM50bil gross development value (GDV) projected, but more importantly, the large piece of land that is adjacent to maturing neighbourhoods on top of its connectivity edge, aptly the two mass rapid transit (MRT) stations that sit in the tract as well as two proposed highways.

Composition of the Kwasa Damansara township

As the master developer for this rare parcel, EPF's wholly-owned subsidiary, Kwasa Land Sdn Bhd, has a big role to play.

How successful the development will be, is heavily reliant on how the master plan is crafted.

Experts also expect private developers to share their input with Kwasa Land in the planning process.

The master developer envisions the concept of green, connectivity and inclusiveness for the land, in which it allocates 42% for residential, 23% for infrastructure, 11% for commercial, 11% for green and open space and 6% for community facilities.

The previous owner, Rubber Research Institute (RRI), has retained 216.5ha for its own use.

Development starts from the northern part?

The estate that sprawls across the jurisdiction of two local councils – the Petaling Jaya City Council (MBPJ) and the Shah Alam City Council (MBSA) – serves as a nice canvas for development.

According to Kwasa Land, the first three developments that will take place for the first two years falls under the jurisdiction of MBSA although the master developer had yet to spell out the actual plot for phase one.

The whole parcel of the former RRI land is divided by Jalan Sungai Buloh.

Google Maps shows that the upper part of the parcel falls under MBSA and that is where the proposed Sungai Buloh MRT depot lies. The Kota Damansara and Taman Industri Sungai Buloh MRT stations are also situated in this portion of the Kwasa Damansara township, which will be developed into eight precincts.

Kwasa Land managing director Mohd Lotfy Mohd Noh says in a statement that the development will evolve naturally around the two MRT stations that have been planned.

Interestingly, the master developer indicates that the first 26ha parcel will be developed into a modern state-of-the-art town centre and transport hub via a partnership with tier-one developers. The town centre will be made up of 70% commercial components while the remaining 30% is residential, of which tenders of its development will be called for in February.

In order to attract corporate players and government agencies to set up or relocate there, the EPF will consider allotting another 12ha to build a corporate park in a garden setting with the first phase for its corporate office.

Research and property marketing company Ho Chin Soon Sdn Bhd director Ho Chin Soon tells *StarBizWeek*: "The northern part of the development with the MRT stations will be good for investment."

On the other hand, the southern part will be served by the proposed Damansara-Shah Alam Highway, which will also enhance its connectivity, he adds.

The question of affordability

As the initiative is primarily spearheaded by the Government, some industry experts *StarBizWeek* spoke to express their disappointment that the land is monetised for commercial purposes more than it is developed for social interest, specifically for affordable housing.

The pension fund bought the land from RRI in 2012 for RM2.28bil. In the latest announcement, the master developer says it is projecting a revenue of some RM11bil from the land sales of 546.32ha to developers.

The land cost for EPF is about RM22.50 per sq ft (psf) while the average selling price will be at RM187 psf, which is a new benchmark price for that area, according to HwangDBS Vickers Research.

Besides that, the new GDV is also five times the value of the RM10bil estimated about four years ago.

Many years back, there was talk that the Government had earmarked some 404.7ha to build up to 10,000 affordable homes on the land but the plan was never heard of again.

Ho says the area is suitable for affordable housing due to its connectivity.

Zerin Properties chief executive officer Previndran Singhe quips: "This is a fantastic piece of land. The Government should use it to build affordable housing but based on the projected numbers, the property prices will not be cheap or the component of affordable housing will not be significant."

He also opines that there should be a higher percentage of residential components for this project.

Based on Kwasa Land's statement, approximately 50 million sq ft of commercial space will be created.

While Kwasa Land highlighted the socio-economic inclusivity of the development with potential value homes for all segments of society, it also says there will be residential enclaves that cater to exclusive lifestyles and attractive leisure and recreational space including golf courses.

An industry player notes that for township development, developers are required to allocate 20% for low-cost, 20% low-to-medium-cost and 10% medium-cost housing under regulative guidelines.

Socio-economic impact

Not only will the development bring about economic activities that will benefit property developers and construction players, Kwasa Land says the project is expected to be home to more than 150,000 people. It targets to build 28,000 houses of various types over the 20-year span of the whole development.

It stresses that it will maintain parcel sizes to ensure the supply and demand for the properties are kept under control to match market conditions.

Many property players have expressed interest to participate in the development. More than 150 of them had submitted their credentials during the pre-qualifying round and 60 of the best were short-listed by the master developer.

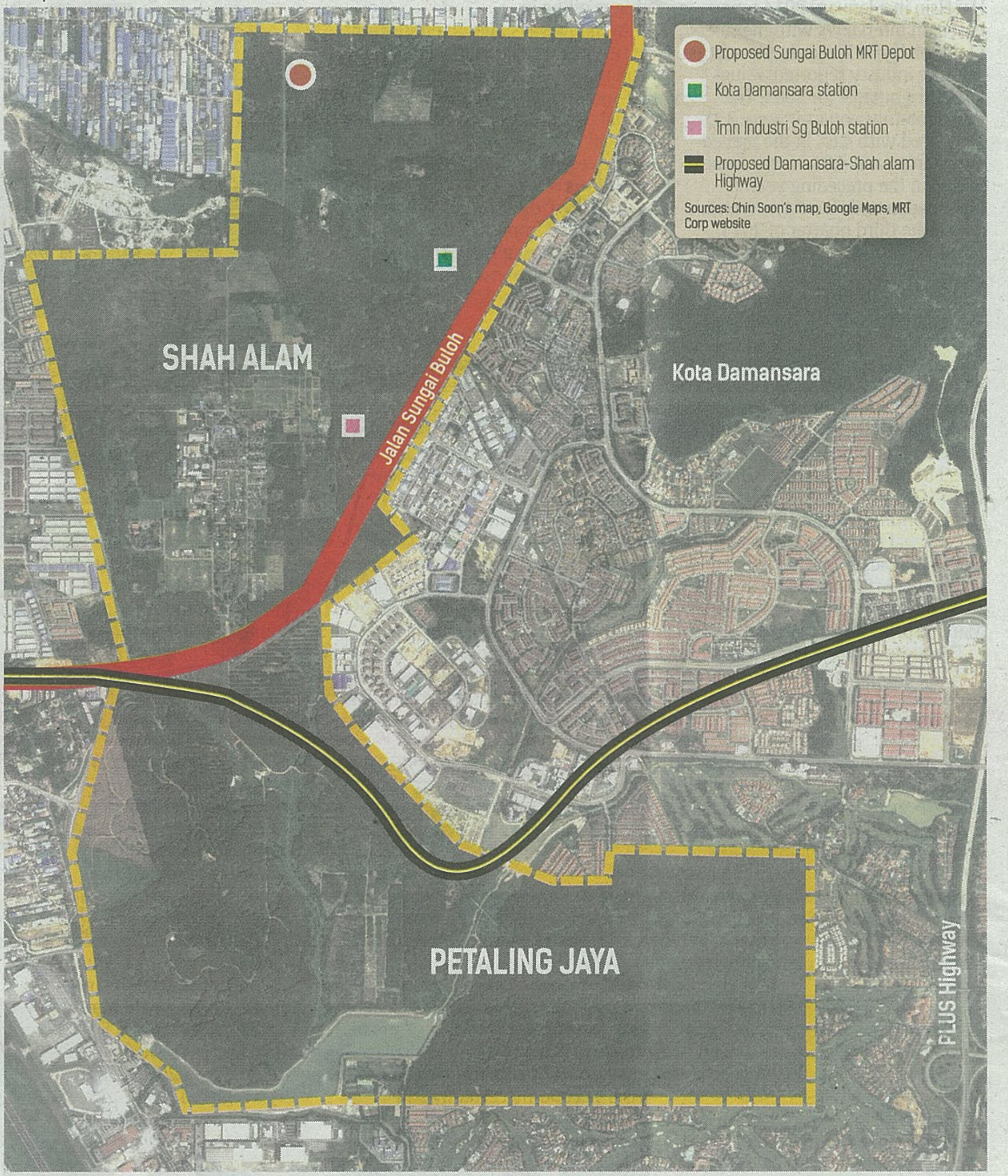
Some of the potential candidates for the jobs include SP Setia Bhd, UEM Land Bhd, Sunway Bhd, Mah Sing Group Bhd, Malaysian Resources Corp Bhd (MRCB) and IJM Land Bhd.

The civil works, estimated to worth RM1bil, could possibly benefit construction experts like WCT Holdings Bhd, IJM Corp Bhd and MRCB.

Due to the significance of this vast project, more details can be expected to be revealed by the master developer soon.

Hopefully, it will be one that strikes a good balance between maintaining social interest and meeting any commercial objective.

Map of Kwasa Damansara



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