



ACCORDING to a recent report by the globally renowned real estate company specialising in services and investment management Jones Lang LaSalle (JLL), 2016 ushers in a range of opportunities in the Malaysian residential property market. These are mainly due to the government's cooling measures that have affected market sentiment, persistent market demand, industry game changers and its offerings in Greater KL, not forgetting the recent impact of the United Kingdom's (UK) decision to leave the European Union (EU).

With that, *theSun* examines these circumstances, this week, the effects of Brexit, a boon for those who have ready cash and a plan at hand.

JLL'S VIEW

JLL experts say Brexit will bring short-term opportunity for international investors but weaker occupier demand and subdued capital flows. For Brits, there is a considerable amount of uncertainty and no real precedent but for investors, the quick ones have already acted fast in seeking opportunities in property investment since the pound plummeted to a 31-year low recently.

Like a coin which has two sides (some say three), the London housing market will be further affected, like it or not.

"Paradoxically, investors may well identify opportunities in this market over the short term,

Favourable circumstances

> Brexit brings windows of opportunity in real estate

PART 1



of the vote on house prices, at the same time considering how Brexit will affect their own job security.

Ft.com also reported private London residential developer Galliard Homes' sales

director David Galman as saying: "I anticipate that we may get a small number of deals falling out of bed ... All domestic end users are spooked by the Brexit drama. But a few calls have come in from investors thinking they may get the deal of the century ..."

Then again, analysts at Bank of America Merrill Lynch predict a 10% price correction in the year stating that the market had already slowed in the month preceding the vote ... "Besides, initial uncertainty and worry among consumers will likely lead to an immediate stalling of the housing market, although it will take much longer to see the full economic effects of Brexit," the

particularly international purchasers that can benefit from the currency arbitrage that has opened up due to a weaker pound sterling," said JLL head of residential research Adam Challis (pix). A boon for us and other foreign property investors and unfortunate for the Brits. On the other hand, it really depends on

how one views the circumstances. While independent experts suggest a cumulative loss to UK output and incomes, ranging between 3% and 10% over the next five years, post-Brexit, there will be fiscal savings from the country's exit from the EU. "But these are likely to be offset by the costs of lower growth," say JLL experts.

BUSINESS PERSPECTIVE
Business and economy online website ft.com reported that the Brits are in a dilemma, whether to proceed with house purchases set in train or not. Estate agents and mortgage brokers claimed that an initial wave of buyers recently pulled out while other home buyers are assessing the potential impact

TURN TO PAGE 24 ▶

Bandar SERI BOTANI
翠林城

New Launch
Double Storey Terrace Houses
Built-up area: from 2,225 sq.ft Price: from RM373,000

20'x75'/80'

Phase 7.3(1) artist impression

Ipoh Bon Odori 2016
Date: 09.07.2016
Time: 5.00pm - 9.30pm
Venue: Main sponsor booth @ Shen Jai High School

Nature in the
Midst of living

Phase 7.3(2) artist impression

Double Storey Terrace Houses
Standard lot size: **24'x80'** Price: from RM480,000
Built-up area: from 2,625 sq.ft

Phase 6.1A(1) artist impression

Double Storey Semi-Detached
Standard lot size: from **40'x90'** Price: from RM798,000
Built-up area: from 3,375 sq.ft

Special Feature

- 1,254 acres of integrated township development
- Freehold virgin land
- Own auxiliary police force
- 2 recreational lake parks (32 acres Eco Park 1 and 24 acres Eco Park 2)
- A green leafy pleasant suburb with Ipoh City's charm
- Security features
- Located approximately 4km from Simpang Pulai interchange
- Practical and functional design with renovation free concept

SHOWHOUSES OPEN FOR VIEWING
Weekday (10am-6pm) • Weekend / Public Holiday (10am-7.30pm)



▶ FROM PAGE 23

analysts add.

Savills director of residential research Lucian Cook was reported as saying that the continuity of this uncertainty will likely pull back price growth and transactions in the short term while Sussex-based mortgage broker with Lyons Finance Gareth Norris said two clients cancelled their purchases since the referendum, leaving him worried about the future. Norris claimed one client said it was because they were worried about negative equity while the other wanted to postpone the deal as they wanted to be in a more stable position before committing.

"If a lot of people start thinking like this, it could be house price re-adjustment day," he added.

ECONOMISTS' SAY

Homes & Property website uploaded an article by Matilda Battersby stating that the plummeting pound is expected to have a ripple effect on the property market, no doubt. She reported that house builders' shares, which indicate the health of the property market, were among the biggest "fallers" on the FTSE 100, tumbling more than 20% on June 25.

She also claimed that analysts predicted that Brexit will impact prices in the short to medium term but they remain upbeat, viewing this as a welcome correction to the market and that the industry will recover.

An excerpt from her article reads: "The weeks running up to the referendum saw the average price of a London home drop by £971 (RM5,282) [0.2%] to £643,117



(RM3,495,432). Nationwide house prices rose in the same period on average by £2,320 (RM12,621) [+0.8%], meaning that even before the results were in London was

already lagging behind the rest of the UK by a full percentage point. The Treasury has predicted that house prices could crash by between 10% and 18% over the next two years."

Housing market analyst and director of Rightmove Miles Shipside however claimed Brits have become so accustomed to the rising prices of London property and now that the pace has slackened, it's easy to forget that the price of property coming to market is still higher than it was six years ago.

Over in the US, economists are celebrating as real estate investment trusts (REITs) headed the opposite direction of the Brexit-bashed US stock market. In fact, Brexit will accelerate the pace at which foreign investors are pouring in money into the US office, retail and apartment space, claim REIT analysts. "The UK's decision to exit the European Union underscores the US investment thesis and could trigger a new wave of foreign capital inflows to high-quality, well-located assets," said Chandon Economics founder and chief economist Sam Chandon.

London estate agent company Stirling Ackroyd reported a £50,900 discount Eurozone buyers have gained on average London house prices since the EU referendum result.

ON THE WHOLE

That said, JLL's Challis expects the cooling effect to be chillier in London than elsewhere in the UK. "The interconnected trading relationship between London and the rest of Europe means the implications are more complex. This will exacerbate the uncertainty for London's home owners," he said, adding that the company expects price falls of three to five per cent in both 2017 and 2018," he said.

Most times what is advantageous or favourable for one may not be the same for the other. However, with Brexit, there has been a surge in inquiries and interest in UK property, a hot topic in the industry around the globe.

While property sellers in the UK can celebrate as all eyes and ears (and real estate investments) are on UK, Malaysians among others can revel in the plunging pound. Says Chinese property website Juwai.com president for UK, Europe and the Middle East markets Bernie Morris: "Developers and estate agents point to Brexit as an opportunity for offshore buyers to snap up

**SIX PROPERTY MARKET IMPLICATIONS FOR THE UK PROPERTY MARKET.**

1. Occupier demand will weaken in line with economic growth and declining business sentiment. The impact on rents may be limited by tight supply, but activity will be adversely hit.
2. Investor sentiment will deteriorate, further subduing capital flows in the short to medium term.
3. There is likely to be a negative capital value adjustment over next two years (estimated at up to -10% with yields moving around 50bp). London sectors remain most vulnerable to correction given current keen pricing and their multinational occupier base.
4. The residential market is expected to cool despite lower interest rates, but any correction will be mild, except in London where values are higher, making the market more exposed.
5. For property markets, the initial correction will be most severe but this will be followed by an upturn as opportunities re-emerge in UK core markets and the benefits of a weaker sterling are recognised. Sentiment and relative pricing will be key to shore up demand.
6. Much will depend on the speed of negotiation, the wider political picture and whether a clear and favourable direction of travel is established early on.

properties at bargain prices. And if the fall in the pound persists and if local buyers continue to sit on their hands to some degree, that will create a more appealing environment for international investors."

Some years ago, there was news of Malaysian conglomerate YTL Corp going on a property "shopping spree" in UK. With Brexit, comes another opportunity to snap up assets at lower prices. Follow our column over the next few weeks on real estate and the market in the UK.

[Note: Content above is taken from a few online websites, including a report by JLL.]

For an eco-nature lifestyle

IMAGINE the scenes of Thomas Hardy's book *Far From The Madding Crowd* and one can somewhat envision the lush greenery, expansive estate grounds and spacious parklands, the very essence of Bandar Seri Botani in the south of Ipoh City,

This fully integrated township thrives with nature, at the same time offers residents extensive landscaping in its Eco Park that consists of a viewing deck, outdoor gym, gazebo/lotus pond, children's playground and jogging park.

GREEN ACRES

A mixed development project under the Taiko Group of Companies, Bandar Seri Botani sprawls across 1,254 acres to offer eight phases of real estate that consists of semi-detached, link and town houses, plus bungalows. There are more than 6,000 residences appended to the 57 acres of land reserved for recreational facilities.

ENHANCE SECURITY

An auxiliary police force has been established, called Polis Bantuan Pinji Botanics. These personnel will join the Polis Di Raja Malaysia (PDRM) and undergo more than two months



of police training at Pulapol. They will be assigned to patrol the township and help maintain public order, prevent and detect crime, as well as conduct criminal arrest if and when the need arises. With this and the newly set up police station at Eco Park 1, residence can delight in a safer and more secured living environment, apart from enjoying the facilities with one less thing to worry about.

NEWLY LAUNCHED

The recently launched Seri Beringin phase 7.3 (i) offers double-storey terrace houses

that come in three different lot sizes to choose from.

Each unit has a built-up area of 2,225 sq ft encompassing four bedrooms and three to four bathrooms. Freehold units are quality-finished and are fitted with individual home alarm systems. Selling price begins at RM373,000.

Visit the new showhouse at GPS Coordinates: 4°31'01.68" N, 101°5'42.43" E, log on to bandarseribotani.com or see the advertisement on the previous page for additional information. The developer for this township is Pinji Botanics Sdn Bhd.

**PROPERTY FAIR**

... iProperty Group launched Rebecca, the industry's first artificial intelligence-powered property chat platform, during its three-day Home & Property Investment Fair at Mid Valley Megamall recently. Rebecca, which stands for "Real Estate Bot with Enhanced CommuniCation", was put under the spotlight, along with its founder Mohsen Damshenas and the many speakers who delivered insightful talks on market and industry issues. Participating developers promoting their attractive developments also pulled the crowd with their offers and bargains, ideal for those looking for dream homes and investments. iProperty Group CEO Georg Chmiel (right) and general manager of marketing Jonathan Adams are captured here launching Rebecca.

▶ Email your feedback and queries to: propertyqs@thesundaily.com



PROPERTY *insights*



Brexit PART 2 > Pros and cons plus insights on UK residential real estate

WHILE last week we featured windows of opportunity Brexit could bring Malaysians, along with views and comments from experts and professionals of the industry in the United Kingdom, this week, we run a report by renowned real estate company Jones Lang LaSalle (JLL) on Brexit impact on the industry. According to JLL, a “vote leave” result could bring an unprecedented new dawn for Britain. Moreover, uncertainty over likely impacts in the short term will bring both risks and opportunities.

PLUS AND MINUS

On the downside, JLL reports that it expects a slowdown in the housing market transactions. This is due to “discretionary purchasers taking stock while vendors delay with their decisions to sell or not”. However, the report also states that

it is still too early to assess the full impact on house price growth due to Brexit.

The good thing about the market is that there is transparency, a robust legal framework and access to professional talent, all which can help protect the UK and London economy during this transition period. In addition, the record-low Bank of England base rates that has benefited the for the past seven years, is set to continue, which will be welcomed by many movers. It will also aid liquidity in the housing market for the next couple of years.

On the other hand, the London housing market, which has been facing a series of policy and tax challenges in the last two years, has experienced a drop in volume. However, paradoxically, international purchasers can benefit from the currency arbitrage of the weaker pound sterling – an opportunity in the market over the short term. This could boost the market, further improving it once there is more clarity around the economic outlook.

For Brits in the UK, while the focus leading up to the Referendum is on the UK’s trading relationships, JLL is concerned that domestic politics will now become a primary risk to the housing market. “Regardless of the Referendum

outcome, addressing the imbalance in the housing supply in UK must be a critical priority,” it stated.

“Moreover, concerted attention from politicians to deliver credible, lasting solutions to the supply conundrum is desperately needed.”

The Referendum has been an unwelcomed diversion from vital domestic policy challenges. An expansion of housing supply, particularly for renters, first-time buyers and retirees, needs sustained policy support, alongside a clearer commitment to the delivery of affordable housing, said the report.

At hand, the UK government is not short of critical housing market issues to see to. JLL claims that focus on solutions is required now, more than before.

HOT SPOTS AND HEAT MAPS

With Brexit, we mentioned last week of how foreigners especially can take the opportunity of the dipped pound sterling and buy UK real estate. As such, we highlight information in an article by Neil Chegiddon on a collaboration between JLL Residential and UK property website Rightmove featuring London’s heat maps and residential market. Also included are places where prices and rents are most expensive and affordable.

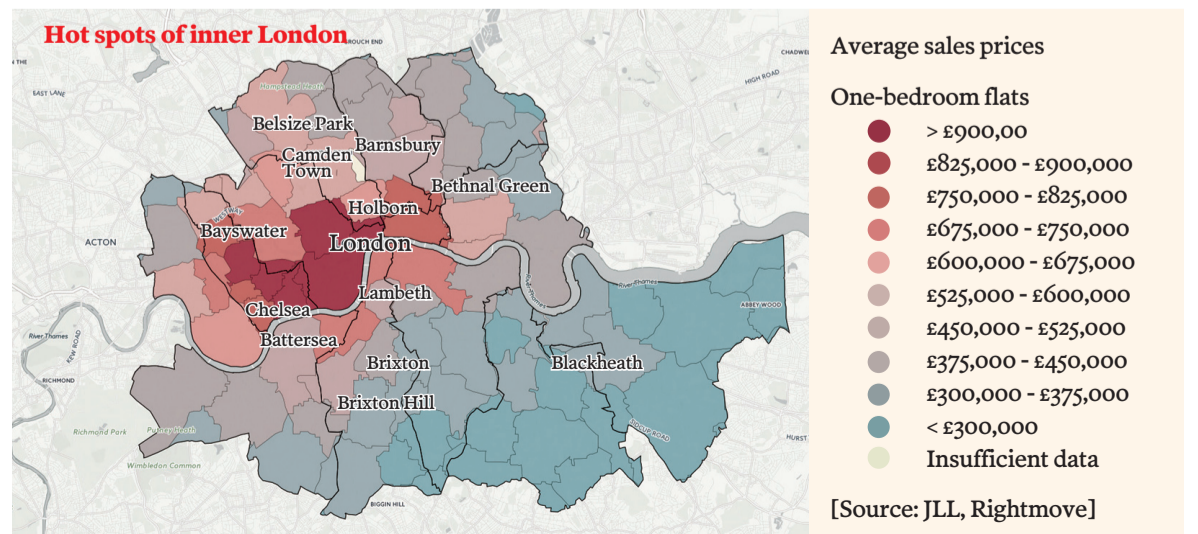
According to the article, the most expensive real estate in London are in Knightsbridge, Kensington, Chelsea, Mayfair and Marylebone, as well as London City, the South Bank, Nine Elms and some parts of East London. For more, see the heat map below or visit JLL’s webpage.

▶ Email your feedback and queries to: propertyqs@thesunday.com



CHEAPEST PLACES TO BUY A THREE-BEDROOM HOUSE IN THE UK

- * Stanley, Durham County
- * Liverpool
- * Leeds, West Yorkshire
- * Belfast and Antrim
- * Sheffield, South Yorkshire
- * Swansea, South Wales
- * Hastings and Bexhill
- * Rhondda, Glamorgan
- * Stoke-on-Trent
- * Newcastle-upon-Tyne
- * Kingston-upon-Hull
- * Birmingham
- * Dumfries
- * Chatham





BY ALYSSA J. OON

WITH Brexit a hot topic over the last weeks, we ran a two-part series and held our monthly article on interior design. So here is our July take on ID, highlighting creativity and imagination on walls, a much neglected area especially in Malaysian homes. While the majority of people seem to go for a "clean slate" using pure whites or creams, slapping them as single-tone wall paint, these walls are often overlooked day in, day out, without anyone batting an eyelid or taking any notice at all.

With that, we share ways one can spruce up and add colour and character to a space by simply decorating walls. Here are some wall decor ideas which are versatile and can be altered to any set theme. Best of all, some can be achieved as a do-it-yourself project that also presents one a chance to express creative freedom.

WALLPAPER

Give your walls that much-needed boost by dressing them in wallpaper of a bright, funky or outrageous type. Wallpapers are second to paint in terms of a quick and easy solution to drabby or plain-looking walls.

Easier said than done, Los Angeles-based wallpaper retailer *Walnut Wallpaper* owner Norinne DeGal advises "wallpaper novices" to do research on designs before heading out to buy wallpaper. In the same *Architectural Digest* interview, Domaine editor-at-large Estee Stanley emphasised the importance of making the room about the wallpaper, adding that, a room should be decorated according to the wallpaper. If using bold prints, the decorations in the room should be simplistic and kept within the same colour palette. Textured wallpapers allow more freedom with decoration.

ACCENT WALLS

An accent wall is much like a "conversation piece" – something which possesses an unusual quality or characteristic that captures attention and makes for a topic of conversation. Accent walls can be



PHOTO: HOMEDIT.COM

achieved through various means and ways. Before attempting to set up an accent wall, it is important to understand the purpose of it, which is to draw attention to an anchor piece or define a space. A current trend uses wallpaper with panoramic views, such as a city skyline, a misty forest or clouds in the sky. These draw attention to the wall, which also helps visually expand the space of a room. This trend is most noticeable in bedrooms, where the panoramic wallpaper sits behind the bed headboard, effectively highlighting the bed as the anchor piece.



PHOTO: HOMEDIT.COM

FUNKY SHELVEING

For avid readers or collectors of trinkets and memorabilia, quirky shelves will serve the dual-purpose of providing a space for public display, while covering up an empty wall. In its own way, shelving that takes up the entire space of a wall functions as an accent wall.

Add a sense of warmth and comfort by using wooden crates, stacked upon each other in randomised horizontal and vertical positions. This style offers a minimalist feast for the eyes.

For a more vintage atmosphere, *Old Brand New* founder and interior designer Dabito came up with the idea to use upright twin



PHOTO: OLDBRANDNEWBLOG.COM

Off the wall

> Creative means and ways to dress walls and breathe life into interiors



PHOTO: WALLNUTWALLPAPER.COM

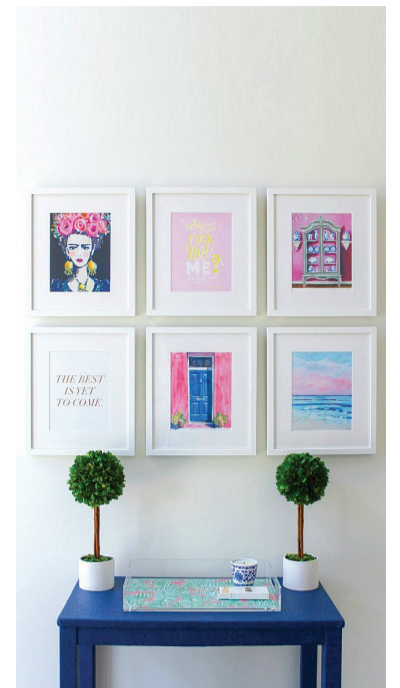


PHOTO: THELIFECREATIVEBLOG.COM

especially if used to decorate walls of homes in bustling cities.

GALLERY WALL

Displaying family photos or art pieces on a wall is the perfect way to display the personality of the home and the family members who live in it. When planning a gallery wall display, online art shop *20x200* founder Jen Bekman suggests trying out a few different layouts before deciding on one.

To do this, outline the size of the wall using tape on the floor, and proceed to lay the framed pieces within the stipulated area. Bekman advises, "Use two to four pieces hung in the centre at the same height to establish your anchor or focal point and fill in from there."

Other important points to remember are to ensure that the pieces are placed at eye level. When hanging up art pieces, use pieces that will complement the room's colour palette. Interior designer Hillary Thomas suggests mixing drawings with photos and paintings for a more eclectic personality to the room.

PROJECT FABRIC

For those who want to add pizzazz to their mundane walls, try using fabric. From small prints to large motifs of all sorts in a variety of colours – try using textured material or even a mix of a few types of materials. Do note that if you are using more than one fabric, matching is required.

Colours and designs on fabric must also complement the surrounding decor style. Online site *Budget Decorating* suggests using starch to attach the fabric to the wall. One can use a paint roller to help paste the starch on before dressing the wall up with cloth. You can even use another roller to smoothen out the material on the wall. With this option, you can create different looks and atmospheres within the home ever so often as costs are quite minimal, depending on the type of material used. There are thousands of other ideas that one can attempt to give a room a fresh new look by playing with wall space. Many DIY tutorials are available online and most are easy to recreate. No matter what one's budget is, there is an idea out there to suit any pocket.

With these, there is no need to beat one's head against the wall when it comes to breathing life into interiors via wall dressing.

tracks, shelf brackets and plywood to create a mid-century desk wall unit. The ingenious DIY is perfect for the study room or bedroom, and the shelving height can be adjusted to suit one's needs, offering a fabulous option to work style within your display of collectibles.

VINYL STICKERS

Vinyl stickers are commonly used to decorate the walls of children's rooms. Sometimes they have educational value. The thing about vinyl stickers is that it is an easy method that is convenient. You can even design your own stickers, adding that personalised touch to the walls in your home.

Vinyl stickers are also easy to stick on and peel off. The principle of vinyl stickers are similar to those of accent walls, which is to choose a wall that needs to be emphasised. Vinyl stickers of quotes are a favourite with many home owners, featuring messages to spur inspiration, laughter or family values to abide by.

For the modern living room, the



PHOTO: CRAFTIFAIR.COM

rising trend of using gold vinyl stickers of geometrical shapes adds a great burst of colour. Antonia Schmitz of *Craftifair*, a DIY blog based in Cologne, Germany, highlighted using masking tape to imitate wall stickers featuring a pair of origami birds. The pair sits above Schmitz's bed, and the attractive washi tape was used to add colour.

NATURE GREEN

Add a breath of fresh air to the home by bringing Mother Nature in. Succulents are a rising trend among members of the gardening community and the ease of caring for them has attracted gardening fledglings into using it. What are succulents? A group of plants that store water in their leaves explains an online site. Hang these succulents in cute mini ceramic pots above the couch or line them up along the walls of the hallway.

Using geometrical-shaped pots in pastel or metallic hues present the perfect decoration for a contemporary-looking room. Mandi Gubler of DIY blog *Vintage Revivals*, used wood to create a plant trellis for an empty wall in a sunny part of her home. Using leather, Gubler created straps to hold the pots securely. The trellis wall delivered a sense of rejuvenation,



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ACCORDING to real estate specialists Jones Lang LaSalle (JLL), the Malaysian residential property market can expect a window of opportunities this year. In fact, some major developers have commented that the market has already bottomed out and a rebound is on its way, if not already.

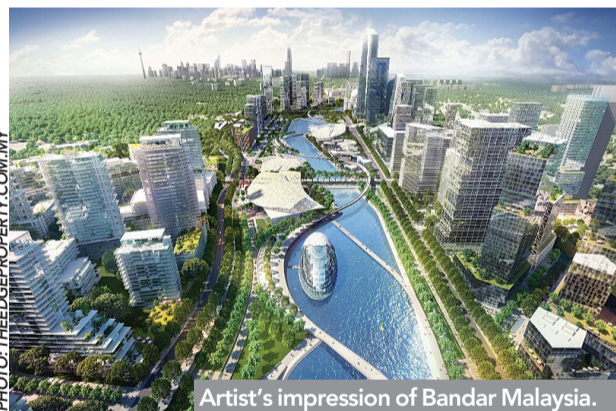
In light of that, we briefly run through the property outlook over the past few years and highlight upcoming development projects expected to change the real estate scene in the country.

PRE-2016

The Malaysian property sector was reported to be “sizzling” after the world experienced a financial crisis. Between 2009 and 2013, prices of houses in some areas of our country doubled within just a few years. As the property market boomed, the government introduced some cooling measures which included:

- ▶ adjustment of the Real Property Gains Tax (RPGT);
- ▶ revision of the minimum purchase price of residential properties for foreigners to RM1 million;
- ▶ abrogation of the Developer Interest Bearing Scheme (DIBS); and
- ▶ stricter rules and guidelines by banks on approving housing loans.

The outcome: the measures dampened speculation, sentiment in residential property remained



Artist's impression of Bandar Malaysia.

Change of scene

> What goes down must come up

PART 1

High Speed Rail (HSR) from Kuala Lumpur to Singapore



poor, and with the growing economic uncertainty the number of transactions and the value of residential properties took a dive (especially in 2015, compared to 2014). This saw developers holding back their launches, citing negative consumer sentiments.

Moreover, a rise in costs further affected the industry as the Goods and Services Tax (GST) was implemented in April 2015.

Adding to the negative impact towards end of last year and early this year, were political

view is based on sentiment rather than fundamentals. “Despite concerns over a potential glut of properties in certain areas, the reality is that demand for housing, especially from young or first-time home buyers, is still very strong.”

However, there was no denying that loan approvals from commercial banks has not kept up with the demand for housing loans.

GAME CHANGERS

As the market has been slowly chugging along, there are several exciting developments that have been taking shape in and around the country. These are expected to be game changers, projects that will alter the property market scene and breathe some life and energy into it.

Below are snippets of information on some of the projects that will alter the real estate and property development scene.

1) MRT line – The 51km MRT line is expected to be fully operational by 2017. It is aimed at improving connectivity within Greater KL.

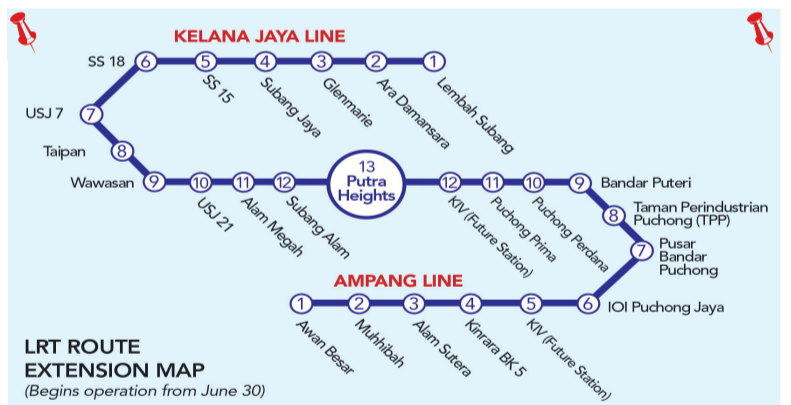
Malaysian terminus will be established in Bandar Malaysia and the route will have five transit locations. The HSR train will pass through the states of Johor, Malacca and Negeri Sembilan.

3) Bandar Malaysia – Planned where the Sungai Besi airport is currently situated. According to Prime Minister Datuk Seri Najib Tun Razak, Bandar Malaysia is slated to become “a modern metropolis providing high quality living and good connectivity ... an exciting prospect”. The township is expected to be fully integrated, above and below ground levels, earmarked as the largest underground development that will include high-rise buildings and waterways.

As the market is slated for change, follow our column next week to learn of JLL’s view on the scene in northern Penang and southern Johor, plus reasons Malaysians should be optimistic.

▶ Email your feedback and queries to: propertyqs@thesundaily.com

Public Transport Network	Completion / Commencement
LRT line Ampang - Putra Height	Completion March 2016
LRT line Kelana Jaya - Putra Height	Completion mid-2016
MRT Sg Buloh - Semantan	Completion December 2016
MRT II from Sg Buloh-Serdang- Putrajaya	Commence 2016
LRT 3 linking Bandar Utama to Shah Alam and Klang	Completion 2022
High-Speed Rail	Commence 2016
Pan-Borneo	Completion 2020
	MoU signed
	Completion 2021



Real estate steals and deals

Until July 31, 2016, purchasers of selected IJM Land properties can fulfil their “dreams”.

For a start, you can live in your “dream home” instalment-free for up to 12 months and receive a luxurious holiday to Club Med Kani in Maldives, courtesy of the property development firm.

Projects that allow purchasers to enjoy the above mentioned perks and benefits include real estate located in:

- ▶ **Negeri Sembilan** – Seremban 2, S2 Heights, Seri Binjai;
- ▶ **Selangor** – Bandar Rimbayu in Shah Alam;
- ▶ **Kuala Lumpur** – Pantai Sentral Park;
- ▶ **Johor** – Epic Residences; and
- ▶ **Sarawak** – Riverine Diamond @ Kuching Riverine Resort.

Another exceptional campaign not to be missed is “Beli Rumah, Jom Umrah”. Ideal for Muslims intending to perform their hajj in

Mecca, bumiputras who purchase selected IJM homes in Seremban can receive an all-inclusive 12-day umrah trip for two. This campaign is a collaboration between the developer and Andalusia Travel & Tour company, famed for its Muslim tour packages and trips. Purchasers who feel they are not ready to carry out this sacred undertaking can also transfer their umrah packages to their parents.

Other benefits to enjoy include easy ownership packages, low down payment, 0% interest instalment schemes for up to 36 months and a Priority Programme that provides cash rebates and rewards. Kindly note that terms and conditions apply.

With only a few days

left till July 31, get more details on the value deals and fantastic campaigns by visiting the developer’s website, its head office or show galleries. If not, take a drive down to Seremban 2 and pop over to the developer’s gallery.



Bandar Rimbayu.



Aerial view of S2’s city park and government precinct



Change of scene **PART 2**

> Infrastructure projects and transportation networks to up the market

LAST week our property column shed light on the 2016 residential market in Kuala Lumpur and Greater Kuala Lumpur, along with the windows of opportunity they will bring. This week, we highlight similar favourable circumstances but in the northern and southern purlieus of Penang and Johor.

NORTHERN HIGHLIGHTS

According to a report by Jones Lang LaSalle (JLL), Penang is on its way to further transformation. Those who often visit the state would have noticed the vast changes both the island and mainland have undergone. However, further transformation is under way, especially with a couple of major developments in progress and in the state's expansion blueprint.

We first look at the 2014 opening of the Penang Second Bridge which has seen economic activity mushrooming. With the bridge connecting Batu Kawan in Seberang Perai on the mainland and Batu Maung on the island, new housing projects have flourished in the once quiet locales of Batu Kawan.

Prices of vacant land also rose on the announcement of the construction of the second bridge in 2006. Prices have increased more than five-fold, hovering between RM40 and RM50 per sq ft. The recently completed Bayan Lepas Expressway - four-lane elevated portion of the Tun Dr Lim Chong Eu Expressway that passes through the Bayan Lepas Free Industrial Zone - can accommodate 70,000 vehicles a day. Built to ease traffic congestion during the construction of the second bridge, it has, at the same time, benefited Queensbay Mall in Sungai Nibong and surrounding hotels.

UP NORTH

Forthcoming developments include the opening of Ikea's third store in Malaysia, this one in Batu Kawan, plus a shared services hub in Bayan Lepas and Batu Kawan, the result of a partnership between Singapore's Temasek Holdings and the Penang Development Corp.

In addition, Penang's first LRT line

Penang Transport Master Plan



Bayan Lepas Expressway



(which is still being considered under the Penang Integrated Transport Master Plan) will connect Komtar with the Penang International Airport in Bayan Lepas. On approval, the areas around the airport and expressway will see more development and construction, boosting economic activity, in addition to a surge in property demand, not to mention rocketing prices and better employment prospects.

Much as all eyes and ears are on the south-eastern part of the island, the JLL report highlights the northern areas, a region already on the drawing board for development. According to the Penang Integrated Transport Master Plan, in the pipelines are more highways linking the northern and southern parts of Penang, along with another to connect Bayan Lepas and Tanjung Bungah, cutting through the central hills via another new highway running somewhat parallel to the north coastal road between Tanjung Tokong and Teluk Bahang.

Another huge project that will change the scene in Penang is the undersea tunnel to link Bagan Jermal on the island and Bagan Ajam in Butterworth. Investors should take note, if not already done their

homework and calculations to benefit from all these developments.

SOUTHERN SPOTLIGHT

There have been concerns of oversupply down south, especially in high-rise residential projects due to the lack of commercial activity and population growth. However, investors are asked to be patient as there are signs that spell relief. Several high-profile foreign companies are said to be making their mark in Iskandar Malaysia. These include:

- ▶ Microsoft, which has announced developing a data centre in Sedenak;
- ▶ Coca-cola, which is relocating from Tuas in Singapore to Iskandar Malaysia; and
- ▶ China's Alibaba, which is looking to start a logistics hub in Johor.

JLL's report also states that various Korean, Chinese, Russian, US and Japanese MNC's have verbalised intentions to set up facilities in Johor.

PROS AND CONS

There are many reasons to be optimistic but one must remember that property investment is a long-term venture. Moreover, Bank Negara

Malaysia's "Applied Loan for Purchase of Property" figures report an increase for the first time in 16 months. Though miniscule, it is seen as one of the first signs of property demand recovery.

Then again, the abrogation of the Developer Interest Bearing Scheme (DIBS) in Budget 2014 also expects some unfavourable effects, i.e. "housebuyers who face difficulty in getting loans and finding tenants may have to part with their properties", and at prices not to their advantage.

Considering the weak ringgit, which many of us see as unpropitious, it may be a blessing in disguise; attracting foreign investors. On the whole, JLL's report looks at the long-term prospects for property investment in Malaysia and projects that it will remain strong as the country moves towards achieving "developed nation" status by 2020.

All is not bleak especially for property giant Mah Sing, which is reported to have announced its game plan for the second half of the year. The developer is optimistic about the market, which it believes will improve.

Its group managing director and CEO Tan Sri Leong Hoy Kum stated

that Mah Sing will launch "something new every month for the remainder of 2016".

The developer also eyes working with the state and federal governments to build affordable houses for the mass market.

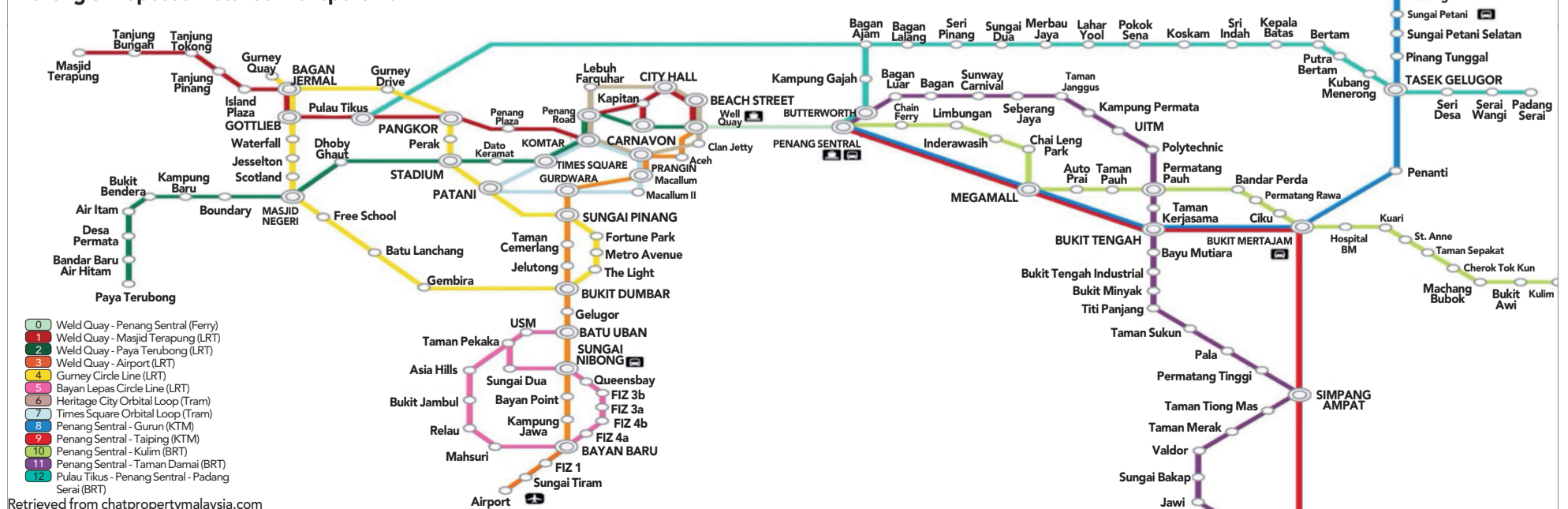
According to the National Property Information Centre (NAPIC), it expects further softening in the residential sub-sector in view of various internal and external uncertainties. However, on the bright side, affordable housing and affordability of home purchases will continue to be a priority in the national agenda.

Napic's report also concluded that the property sector will be able to endure the challenging period, adjusting and correcting as it moves along, from both demand and supply.

It expects several infrastructure projects, including the country's public transport network, to help boost economic activity (especially property and real estate) where these networks run across.

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Penang's Proposed Detailed Transport Plan



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