LAY OF THE LAND

At the end of 2017, the National Property Information Centre (Napic) confirmed that there was a slowdown in the property market, and recent reports from real estate consultancy firm Rahim & Co International and property consultant Knight Frank Malaysia indicate that the property market – especially the luxury market – is expected to be sluggish this year. Suffice to say, it looks to be another worrying year. In an attempt to navigate the market's shrouded path, *The Peak* hears from some of the industry's brightest faces who are helping shape Malaysia's landscape for the future.

TEXT & CO-ORDINATION **KIRAT KAUR** ART DIRECTION **PENNY CHEW** PHOTOGRAPHY **LAW SOO PHYE**

GOH SOO SING
Managing Director, BÖN Estates

What's your outlook for the local property market in 2018?
The property market is in a consolidation mode this year, especially with the new controls by Putrajaya on commercial and residential developments priced at MYR1 million and above. Adjustment of Base Rate (the main reference rate for retail floating rate loans) from Bank Negara Malaysia will also notably affect the lending patterns. However, approval rates have gone up from the banks, indicating their support for property purchases. We will also be seeing more genuine buyers rather than speculators. Therefore, my outlook for the market relatively positive although sales may be subdued.

Despite numerous doomsday predictions of a burst in the property market through the years, it has yet to happen. However, we do see that the market is continually softening. What's going on?
Property prices have been relatively flat for the last three years. If we peel back the layers and look deeper into this issue, the source of the problem is a great mismatch between the supply and demand of the types of properties available and their price points. Prime examples would be the oversupply of offices and residences in the KLCC area and the empty homes in Iskandar Malaysia. The problem is then exacerbated by the lack of economic development around the area and property prices are affected when there are no employment opportunities. A study of population needs and affordability is crucial to support capital appreciation.

Following that, what would you say are the needs of the

market when it comes to property right now?**

We're definitely seeing a trend where units are getting smaller due to land prices in urban centres. But, when it comes to choosing a home, buyers want a space that is convenient and provides a valuable experience to their lives – and this is something that we've picked up on. We study the supply and demand in the market first before selecting a segment to position our product in. It starts with land banking – selecting a location that's in high demand with great growth potential. Thereafter, we cater to the buyer profile for that location based on research studies of the affordability rates.

As you position yourself towards the mid to luxury segment, how has the recent restrictions on approvals for luxury property developments by the government affected your business?

Luxury property has been sluggish for the past few years now. Despite the volatile economic situation, we took a calculated risk in launching our flagship project, The Estate, South Bangsar, in March 2017. The Estate is a two-block, 46-storey high-rise luxury condominium with a starting price of MYR1.8 million. Construction is well underway and I am proud to share that 75 per cent of the development has been sold to date. It is a great achievement for the company's first high-rise project and our success is banked on meticulous research of the locale as well as the product design. We've created a niche product in an area that is overfed with small units and this has greatly contributed to our success.

Being a boutique property developer, how does BÖN Estates help shape the local property market for the future?

As a boutique developer, our approach is far more personal – we build with the mindset of building our own dream homes. We aim to differentiate the company by positioning ourselves as craftspeople, crafting a lifestyle, a home, that one aspires to live in. Hence our tagline: 'Living, Well Crafted.' Our team is highly experienced but still young, dynamic and design-focused. With The Estates, we got the architects and interior designers heavily involved from the get go, and the team and I have personally gone through over 40 iterations of the layouts to create the best-possible living space within the constraints presented. It's about creating a product that can be built at a cost that's financially viable to our buyers while matching their needs.

Moving forward, we are currently in the planning stages for our second project in Mont Kiara. This project will focus on smaller units and lower price points compared to our flagship. I can't say much about the development yet, but we will release more details in due time.

GHAZIE YEOH ABDULLAH

Group Managing Director, Thriven Global Berhad

What are your thoughts on the Malaysian property market as a whole?
A property market 'bubble burst', which has been the talk of the town in recent years, will not 'materialise', the main reason being that the economic growth of Malaysia is supported by strong fundamentals – good infrastructure development, stable trade figures and consolidated financial institutions with strong balance sheets. Property developers in Malaysia are also governed by strict guidelines such as the detailed provisions of the Housing Development Act, a matured banking system with pretty fair value of lending rates, and, most importantly, we are still the cheapest property market in this region. Hence, foreign investment interest in Malaysia is still very strong. Once major infrastructure developments, such as the High-Speed Rail connecting Kuala Lumpur with Singapore and the MRT lines, are fully completed, connectivity will be enhanced, spurring further economic expansion. With all these favourable growth impetuses in place, Malaysia's property market is poised for continuous growth.

How do think the market will fare this year?
The Malaysian General Election will be held in 2018 and, as with past election years, all businesses would experience a slowdown as people adopt a wait-and-see approach before committing to major investment and business ventures. I believe the property market will pick up post-election, with strong demand for housing from population growth and supported by improving economic conditions. It's also important to remember that property is a non-perishable, long-term investment, and historical data has shown that property value always appreciates over time. Hence, property ownership will always be a reliable mode of investment and the safest choice to hedge against inflation.

How has the recent restrictions placed on approvals for luxury property developments by the government affected your business?
Despite it being a soft market for both luxury and affordable segments, we are glad to see robust sales for all our ongoing projects. In this buyers' market, discerning purchasers have more options, thus only properties with the right value proposition, good specifications and at favourable locations will be able to ride out the storm. We at Thriven take extra effort and diligence during the planning stage and only develop land in good locations. For example, our key projects in the Central Region are all situated in prime, matured neighbourhoods, with vital infrastructure all in place, such as schools, hospitals and malls. Our eNESTa Kepong serviced apartments and RUMAWIP Residensi Enesta Kepong are linked by an overhead bridge to the under-construction MRT Line-2 Jinjang Station, while Lumi Tropicana at Persiaran Tropicana has a LRT Line-3 station at its doorstep. This strategy has been bearing fruit for us, and we will continue to offer products with high value propositions at prime locations.

Finally, what can we expect from Thriven Global Bhd in shaping the Malaysian property market for the future?
As a responsible developer, Thriven doesn't just focus on building, selling and leaving after handover, but also going through the whole cycle from building to maintaining. Our core businesses form a complete ecosystem, from property development and investment holding of developed projects, to undertaking facility management and providing hospitality services as well as lifestyle retail operations.

This business model is not new in foreign countries, but is a fresh approach in Malaysia. Here, many local developers build and leave after the development is completed, whereas our objective is to stay and ensure long-term facilities management and upkeep. This is an important aspect that has been most ignored in Malaysia, compared to neighbouring countries that have emphasis on the importance of sustainability and maintenance.

Furthermore, we are building communities with lush greenery and providing amenities catered towards different age groups of our purchasers. With all these ingredients in place, there will be more demand in the secondary market once the project is completed. We are confident of seeing this happening with all our projects, with higher capital appreciation compared to surrounding developments.

CHRISTOPHER LIM
CEO, Triterra Metropolis Sdn Bhd

Over the years, a burst in the property market has been consistenty speculated. Do you think it will happen even as the market continues to soften?

For a 'burst' to happen, there first has to be a bubble, and not everyone agrees that this is indeed the reality of the Malaysian property market. To make any sort of meaningful analysis, we must first segmentise the market instead of addressing it in a sweeping fashion under one umbrella. Malaysia has grown by leaps and bounds in recent decades, and it is time for the property market to be divided into zones, especially considering that each region in the country has so much potential and all in different forms. Although I can understand that a holistic outlook is tempting for many, we have to break the trend of generalising the market for such a diverse economy, and asses

the market for each state in Malaysia separately.

What do you think 2018 will bring for the local property market?

We are experiencing a confidence deficit period, which is actually good for discerning investors as it will remain stable and offer good bargains. Overall, I think this is a good situation as we would not want an artificially inflated market. Of course, the highlight for us will be the post-election period as that will provide greater certainty for the next five years in political stability, but the main issue is mismatched properties in terms of concept and sizing.

However, I personally see opportunities for the Malaysian real estate market. Since 2010, our nation has adopted a new economic model, focusing on increasing the participation of small and medium enterprises (SME) and service industries as the backbone of the new economy that will, in turn, result in higher salaries and put us on level with the developed world. With this, I believe the Malaysian real estate will finally catch up in pricing, and we will see a healthy and sustainable real estate market, especially in the Klang Valley.

As Klang Valley tends to be the main point of interest for most buyers and investors in local property, what potential do you see for the region?

Klang Valley is not only experiencing a migration boom locally but is also benefitting from the growing ASEAN region. A healthy population increment is fundamental to stabilising the property market and we can certainly see this in the Klang Valley. The right fundamentals are there, with a growing young population, booming infrastructure and favourable government policies to attract foreign participation in our economy. As the economy and property market grows, naturally some regions within the Klang Valley market will be oversupplied. With the entry of new players into the property market, we are also seeing more developments that are mismatched in concept and pricing. Over time, however, I believe the market will correct itself and this is where savvy developers and investors, who understand the impact of a finely tuned balance of location, concept and pricing, will continue to prosper. I am cautiously optimistic that we are in for another property run, provided the concept and pricing match the location.

What can we expect from Triterra in the years to come?

I am very excited to see Triterra playing a part in shaping the real estate landscape, and also in terms of setting future trends for the corporate office sector and beyond. We pride ourselves as the people's developer, striving to build through the lens of our investors. With a three-generation set-up, we believe we have the credentials to deliver developments that will positively impact the real estate landscape. Blessed with a dream line-up led by industry stalwarts Datuk Seri Michael Yam, Dato' Wira Lim Teong Kiat and Dato' Lim Say Chong, this stewardship pillar is the foundation that the company is built on. Drawing on their illustrious legacy, my brother and Deputy Chairman Daniel Lim leads Triterra as a next generation developer by bridging the three generations to take us into a future laden with possibilities. Then, the third generation is a forward-thinking and innovative execution team, which includes General Manager Lim Yu Siang and COO Shaun Mok. You will soon bear witness to Triterra's planned and steady growth by careful selection of developments focused on our end-users, and building a credible and reliable brand.