
An artist's impression of Westlite Senai II

Good potential in workers' hostels market

> A relatively new market in Malaysia that has yet to be fully explored

BY ***EVA YEONG***
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PETALING JAYA: Property developers and operators could tap into the opportunities within the workers' accommodation market in Malaysia, which has good potential due to continued demand for foreign workers.

"The potential, going forward, is good as demand for foreign workers would continue as Malaysia has a growing manufacturing and construction industry," said JLL Property Services (M) Sdn Bhd associate director of research and consultancy Veena Loh in her research report.

According to Timetric's Infrastructure Intelligence Centre, growth in infrastructure spending in Malaysia is expected to be among the fastest in the world going forward, averaging 15.5% in nominal terms up to 2021.

Loh said workers' accommodation is a relatively new market in Malaysia that has yet to be fully explored but with the amendment to the Employment Act 1955 (Act 265), which is being drafted, developers may consider this as part of their development while landowners could consider this option for recurring income.

"This industry can offer new opportunities for real estate investment trust (REIT) companies. It may be within the industry's interest to expand rapidly. This can be done by selling off the worker accommodation assets to REIT companies and recycle the capital into expansion plans," she said.

Looking at some Singaporean companies that have moved into this business, Loh said their success is driven by understanding the needs of the workers and providing for those needs at a price that is compatible with what the employers want, and in a location that is near to the workplace.

"Apart from the basic facilities such as bed, toilet, good ventilation and electricity, other amenities such as supermarket, food court, internet, sports and recreation, are considered important to foreign workers.

"It is also equally important that there is tight security and that the environment is one where workers feel safe and comfortable living there," she said.

Centurion Corporation Limited is a property developer and one of the largest providers and builders of accommodation for workers and students in Singapore and Malaysia. It owns, develops and manages worker's accommodation assets in both countries, as well as student accommodation assets in Singapore, Australia and the UK.

The group's return on equity for financial year ending December 2017 is 8% while pre-tax profit margin stood at 36% and gross profit margin at 69%.

"We believe that profit margins could potentially be higher given the lower land and operating cost in Malaysia," said Loh.

Centurion established two subsidiaries based on different business namely, Westlite, focusing on workers' accommodation and Dwell, which focuses on student accommodation. Westlite has a total capacity of some 23,700 beds in Malaysia and enjoys a healthy occupancy rate.

Westlite's dormitory operations in Johor comprises seven workers' accommodation projects that are already in operation now. There are also two projects under construction in Penang.

The seven operating assets in Johor have a current capacity of 23,900 beds while the two projects in Penang are expected to have about 6,000 beds each. The operational assets have been achieving occupancy rates of about 82%.

The larger assets are able to have many facilities including basketball, volleyball and badminton courts, recreation room, food court, mini-market, supermarket, internet room and an outdoor exercise corner.

Loh said there are also possible solutions and opportunities for developers and operators who wish to take up the gap and current challenges faced by local workers by providing accommodation for them near their workplace.

"With the current shortage of affordable housing and bad traffic congestion, especially in Kuala Lumpur, there could be a potential for building and operating this type of accommodation for local workers or for employers in Kuala Lumpur," she said.


Westlite Desa Cemerlang

Workers' accommodation in Malaysia

PERBADANAN KEMAJUAN Negeri Selangor (PKNS), a statutory corporation created and owned by the state of Selangor, is building hostels for Western Digital workers. The hostels are included in Phase 1 of the Datum in City project and comprises three blocks of nine-storey apartments.

These apartments can accommodate 10,000 workers and there are 5,000 parking bays. The total land area is 6.08 acres and the 432 apartment units come in three sizes, 475 sq ft, 865 sq ft and 971 sq ft.

The project is located at Jalan SS8/6, next to Lebuhraya Damansara-Puchong and the Federal Highway, and PKNS will build a pedestrian bridge to give workers easy access to the Western Digital factory.

The building incorporates elements of eco-sustainable architecture to achieve maximum Green Building Index ratings. The project is already halfway completed.

Meanwhile, Construction Labour Exchange Centre Bhd (CLAB) will operate and rent out the units previously built by Mass Rapid Transit Sdn Bhd (MRT) to house workers involved in the construction of the Sungai Buloh-Kajang Line.

Centralised Labour Quarters (CLQ) are built for small-to-medium construction companies that are unable to build their own labour quarters and could instead, rent the units for their workers.

CLQ, located near the MRT Depot along Jalan Sungai Buloh, will comprise six blocks with 144 rooms each and will be able to support up to 864 workers in total.

There will be facilities such as surau, cafeteria, kitchen, sports facilities, assembly area, sundry shop, laundry shop and sick bay.

Construction of three of the eight CLQ blocks will start this year while the other five will be completed by the fourth quarter of 2020.

PROPERTY LISTINGS in *Subang Jaya*

Project: ***Lot 15***
Type: ***Serviced apartments***
Price: ***From RM593,888***
Developer: ***Sime Darby Property Bhd***

Located in SS16, Subang Jaya, these serviced apartments are targeted at first-time house buyers and young professionals. The freehold project comprises 361 units housed within two 20-storey blocks, offering units sized from 624 sq ft to 1,001 sq ft.

Project: ***The Grand Subang Jaya***
Type: ***SoHo***
Price: ***From RM478,000***
Developer: ***Mediaraya Sdn Bhd***

The Grand Subang Jaya is located in SS15, on the site where Asia Cafe used to be located. The project is targeted at investors and is suitable for young adults and students, with universities within the vicinity. The freehold project comprises 483 units sized 563 sq ft, housed within two towers.

Project: ***Paisley @ Tropicana Metropark***
Type: ***Serviced residences***
Price: ***From RM528,000***
Developer: ***Tropicana Corp Bhd***

Paisley is the newest phase within Tropicana Metropark, a freehold, 88-acre mixed development. The project offers 587 units housed within two blocks, with built-ups ranging from 601 sq ft to 1,491 sq ft.

PROPERTY TAKE

Bandar Rimbayu to launch SWANS in Q4

PETALING JAYA: Bandar Rimbayu is in the midst of planning for the launch of SWANS – a double-storey link house project with a starting price of RM850,000 and each unit comes with four bedrooms and four bathrooms.

Bringing in features of the future, the homes in this phase will come with an Internet of Things (IoT) infrastructure to satisfy the current needs of today's generation. Tentatively to be launched in the fourth quarter of 2018, the SWANS project will only come with 195 units available for sale.

Taking a leap towards tightening the bonds of its community, Rimbayu Clubhouse was announced to be tentatively opened by January 2019. With a number of amenities and activities such as an infinity Olympic-size swimming pool, a children's wading pool with water play equipment, a jacuzzi, a sauna, four badminton courts, two squash courts, a karaoke room, a gaming room, a double-storey gym, a linear park and a cafeteria, families and friends are bound to enjoy the living area.

Not only that, two other drive-thru outlets – Wendy's and Starbucks – will also be available at the clubhouse by the second half of 2019.

Bandar Rimbayu is a premier township development by IJM Land. Set in tranquil green surroundings on 1,879 acres, Bandar Rimbayu is set to be an iconic mixed development of residential, commercial, recreational and parkland components.

With a gross development value in excess of RM11 billion, Bandar Rimbayu will be an integrated township with residential, commercial and recreational components spread over four precincts: Flora, Fauna, Bayu and the Commercial Hub.

Alan Hamzah Sendut is flanked by Foo (right) and CBRE-WTW deputy managing director Danny S K Yeo during a press conference on the en masse sale of Desa Kudalari in 2016.

Mixed views on en bloc strata sales

> House Buyers Association say majority should not rule, whereas property agents think they should

BY **EVA YEONG**
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PETALING JAYA: Property and housing experts are divided on the issue of en bloc strata sales, after the Department of Director General of Land and Mines said it was looking at changes in legislation to facilitate strata property renewals.

Earlier in May, it was reported that the department, under the Natural Resources and Environment Ministry, had set up a task force to study and come up with proposals that would ensure the efficient implementation of strata redevelopment.

The task force, which was set up last year, proposed to establish a tribunal to hear disputes or complaints from any stakeholder on any strata renewal plan and one of the initial suggestions was to have consent from a simple majority of 51% of owners before hearing out redevelopment plans submitted by the public or property developer.

The redevelopment plan would then be assessed by external valuers before proceeding to a second voting session, which may require 70% to 85% majority consent.

Presently, only en masse sale is practised as there is no legal provision for en bloc sales of strata properties.

Under en masse sale, 100% consent from all unit owners is required before the sale can go through.

Recall that the en masse sale of Desa Kudalari fell through when some of the owners refused to sell.

The condominium, which is over 30 years old, is strategically located close to KLCC. The low density project has 186 units and had attracted interest from 12 bidders.

CBRE-WTW managing director Foo Gee Jen said there is a need to change the law to allow the majority of unit owners to sell, similar to what is practised in Singapore where buildings aged 10 years and above only need 80% consent from owners.

"In the future, there may be old properties in slum areas that may need to be redeveloped.

"Let's say there are old flats with 100 units, it could be very run down and 99% of owners want to sell but under the current law, if just one person doesn't want to sell, it would deprive the other 99% of sellers," he told *SunBiz*.

"There are concerns over manipulation by developers but if it is done according to procedure, I doubt it will be a hindrance to the buyers and sellers," he said.

Foo, who is also president of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia, said that a transparent process is key to the successful implementation of en bloc strata sales.

He suggested that a tiered system be established when getting consent for owners for example, 80% consent for buildings more than 30 years old and 75% consent for buildings more than 40 years old.

"In Singapore, 75% consent is required for the en bloc sale of a building that is more than 30 years old. We could use the same model and maybe increase the threshold to 80%," he added.

However, National House Buyers Association secretary-general Chang Kim Loong said it is against the idea of introducing the en bloc strata sale mechanism, which is contrary to the safeguard provided in the Strata Titles Act.

"In Singapore, there is limited land so there is no choice but Malaysia is different. If we are talking about a 50-year-old building, then the scheme can be considered but the building should first be certified condemned by professionals or local councils.

"Otherwise we should never force people out of their houses. If you want to sell your roof, that's your prerogative; but don't sell my roof along with yours," he said.

In addition, strata properties have a sinking fund under the Strata Management Act, which can be used for repairs and refurbishments thus the issue of deterioration should not arise, unless the fund has been depleted.

He said it is unfair to force people out of their homes with the en bloc strata sale, especially when there have been success stories under en masse sale for example, Perbadanan Negeri Selangor's (PKNS) redevelopment of dilapidated low-cost flats and the Razak Mansion walk-up flats in Sungai Besi.

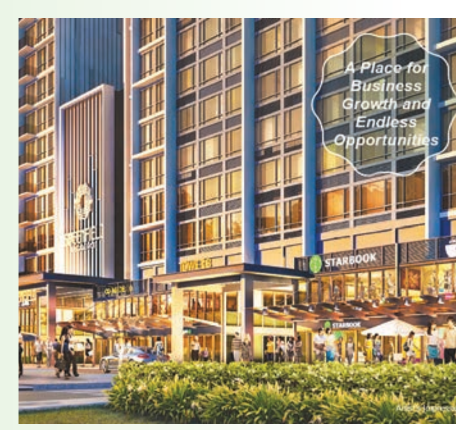
PROPERTY LISTINGS in Bandar Sunway

Project: ***YOLO Signature Suites***
Type: ***Apartments***
Price: ***From RM379,000***
Developer: ***OCR Land Holdings Sdn Bhd***

Located in Sunway Mentari, this project offers 395 units with sizes ranging from 440 sq ft to 1,018 sq ft. The leasehold project is built on 1.72 acres and is served by various highways including LDP, NPE and Federal Highway. Facilities such as schools, universities, malls, theme park and hospitals are nearby while the BRT-LRT interchange station is within five minutes' walking distance.

Project: ***Greenfield Residence***
Type: ***Serviced residences***
Price: ***From RM399,000***
Developer: ***CICET Asia Development Sdn Bhd***

Greenfield Residence is a green and sustainable development that fulfils the Green Building Index requirements. It features six thematic landscapes and a two-acre recreational garden. The leasehold project offers units sized from 581 sq ft to 1,302 sq ft, housed within three towers.



Project: ***Sunway GEOLake Residences***
Type: ***Condominiums and townhouses***
Price: ***RM900 psf (average price)***
Developer: ***Sunway Property***

This leasehold project is the final phase of the Sunway GEO series located within Sunway South Quay. The project offers 420 condominium units and 44 townhouses built on 6.49 acres. It is a low density project with 70 units per acre. Residents will be connected to transportation services such as BRT, LRT and KTM as well as direct connection to Sunway Medical Centre.

Is buying commercial property a good idea now?

> Property consultants say investors should tread carefully and take stock of their investment goals

BY **LEE WENG KHUEN**
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PETALING JAYA: The current slowing property market may not appeal to the house buyers, but are commercial properties something to be considered for those who are bent on property as their investment portfolio?

Buying a residential unit at over RM400,000 does not seem like such a great idea given the rental pressure, with more buyers deciding to sell to avoid forking out a huge sum to make up their monthly instalment.

For instance, a three-bedroom unit can hardly fetch over RM2,000 in rental in most of the residential areas in the Klang Valley, except perhaps where the expatriates are.

Property developers have been adjusting their strategy with rising launches of properties with commercial title and the removal of the Goods and Services Tax (GST) is also a plus point for the commercial property segment.

Nonetheless, it is worth noting that these are properties which are not protected under the Housing Development (Control and Licensing) Act 1966 (HDA).

Some commercial projects are mainly catered for short-term leases such as Airbnb.

On this, CBRE-WTW managing director Foo Gee Jen opined that pricing should not be an issue and main consideration when it comes to buying a commercial property.

"At the end of the day, you have to see whether it is viable – whether this particular locality is able to support the tourism market."

Malaysian Institute of Estate Agents (MIEA) immediate past president Siva Shanker Siva Shanker concurred, saying one must really think about the practicality of those small units.

"The entry level is very low, you can have 400 sq ft for RM400,000. For those who are looking for affordable houses, they will go and buy, but they do not have the concept of what this 400 sq ft unit looks like."

"Many of them think to rent it out. But that is not going to work because that segment is oversupplied and plenty more is coming."

"Then they find these units are not easy to rent and they will try to put it on the Airbnb platform. Probably they leave it empty for a while, then they will be forced to occupy it themselves."

Foo said the commercial property segment is not spared from rental squeeze as it also depends on the market conditions whether there are enough business activities to support.

"If you are doing Airbnb, you have to know whether this will be the choice for those who come for a holiday."

Foo said buying a new property is very dependent on your own investment strategy and the sort of holding power over the time.

"When you buy into residential property, there are always two strategies. First, you're looking at owner-occupier, your need is a bit different."

"If you're buying strictly for rental income, generally it's very passive because the return will be likely between 2.5% and 3.5%, which I call it negative gearing, which is even lower than putting money in the bank."

Foo said while there is always demand for residential properties, commercial investment is very much dependent on the economic growth.

"If you want to buy commercial property with the intention to rent it out through Airbnb and short-term hotel stay, you need to


Foo


Siva

analyse a few things – are we having a shortage of hotel rooms, are our hotel rooms so expensive in Malaysia that the people don't mind to go for Airbnb?"

"Let's be realistic about this and see the comparison. If you purely look at the daily rates, of course Airbnb may give you a better return. But the risk part – you need to look at the occupancy rate and how much you need to pay to the operators?"

Foo noted some developers are creative in financing by giving guaranteed returns but it is within a short period of time.

"Investors need to ask themselves whether this is sustainable in the long-term – if the location is right and in the tourism zone such as the Bukit Bintang and KLCC areas, coupled with high demand. Investors need to look on the case-to-case basis."

Siva also highlighted that there were many instances before where owners did not receive their rental payment.

"You are only guaranteed return for a limited of time, but overhang will last for a longer period of time."

Therefore, he urged the developers to stop building serviced apartment, SOHO and SOVO units on the commercial zone land.

"They should use commercial land for what it was meant to in the first place."

Govt urged to unlock land for public housing

PETALING JAYA: The government, which is looking to streamline all social housing agencies under the Housing and Local Government Ministry, should unlock land for social and public housing, said Rehda Institute.

In a summary of its *Affordable Housing – The Game Plan Transformation* report, the institute urged the government to "walk the talk" and zone more land for social and public housing, to address the issue of land scarcity, which affects housing affordability.

"Provision of public and social housing by the public sector should be a national agenda – prioritise sustainable supply of land bank for public and social housing," it said.

It added that new sites for future developments and townships can be identified based on demand and needs of the B40 and M40 population projection, while transit oriented development (TOD) sites could be fully utilised for social and public housing.

"Major TOD sites such as Bandar Malaysia, TRX, Kwasa Damansara should be reviewed to refocus on social and public housing where an estimated 560,000 units could have been built and social and public housing must be facilitated with a proper eco system."

The report also suggested that the government look at redevelopment of large government tracts/plots of land as well as the development of idle land reserves that are suitably located near transit centres or town centres.

"The government could identify and take stock of such sites to assess their suitability and convert them into social and public housing sites."

Rehda Institute has also proposed an affordability threshold for affordable housing to address the lack of standard threshold price levels.

At present, there are various definitions of what is deemed affordable and each housing programme has its own eligibility criteria, which has led to a fragmented affordable housing segment.

The report suggested that affordability threshold price levels be redefined to match supply and demand by streamlining provision of social and public housing based on household income and demographics in respective states.

REHDA INSTITUTE

The affordability threshold would also serve as a facilitative tool in assessing buyers' eligibility criteria for financial incentives and assistance.

Rehda Institute's proposed affordability threshold is RM500,000 for the Klang Valley; RM400,000 for parts of Selangor, Penang island and Johor Baru; RM350,000 for Penang (Seberang Perai), Johor, Malacca and Negri Sembilan; RM250,000 for Terengganu, Kedah, Perak, Perlis and Pahang; and RM200,000 for Kelantan.

Other issues highlighted by the report include rigid housing policies, impact of cross subsidies on house prices, rising development costs and the unproductive use of public funds. Rehda Institute expects to release the full report in the next few weeks.

Meanwhile, IJM Corp Bhd CEO and managing director Datuk Soam Heng Choon has been named president of the Real Estate and Housing Developers' Association Malaysia (Rehda) for the 2018/2020 term.

Soam, who was previously Rehda's deputy president, takes over from immediate past president Datuk Seri Fateh Iskandar Mohamed Mansor, who completed his two terms of four years' presidency in the association.

LIVING IDEA

- The **MYHOME Home Furnishing Exhibition** begins today at the Malaysian International Trade and Exhibition Centre (Mitec). The event features various home furnishing products including bedding collections, electrical appliances as well as kitchen and dining options. The event ends this Sunday.

- The **Home & Property Investment Fair** will be held at the Mid Valley Exhibition Centre from today till Sunday. The event, featuring over 30 projects, will see the participation of some 23 exhibitors. There will also be various real estate related seminars held throughout the three-day event.

PROPERTY LISTINGS

in Klang

Project: ***Trio***
Type: ***Serviced apartments***
Price: ***From RM412,000***
Developer: ***SP Setia Bhd***

Located in Bukit Tinggi, Trio is a mixed development located 300m away from the proposed Tesco Bukit Tinggit LRT3 station. The freehold project is built on five acres of land and offers a total of 914 units housed in three towers. The first tower offers three types of units sized from 656 sq ft to 1,216 sq ft. This is a build-then-sell project under the Setia 10:90 scheme.

Project: ***Karya Residensi***
Type: ***Double-storey terrace houses***
Price: ***From RM574,000***
Developer: ***Selaman Sejati Sdn Bhd***

The 161 units of landed homes are located on 17 acres of freehold land at Jalan Kota Raja. There are five types of layouts with built-ups ranging from 1,725 sq ft to 2,781 sq ft. There are schools, a hospital and shopping facilities nearby while the Bukit Badak KTM station is 2.5km away. Selaman Sejati is a subsidiary of Selaman Sdn Bhd, which in turn is a subsidiary of Selangor State Development Corp (PKNS).

Project: ***Azira***
Type: ***Double-storey link houses***
Price: ***RM678,888***
Developer: ***Sime Darby Property Bhd***

Launched in January this year, Azira comprises 111 units of landed homes within Sime Darby Property's Bandar Bukit Raja township in Klang. The homes have built-ups ranging from 1,901 sq ft to 2,275 sq ft. Bandar Bukit Raja is an integrated and self-contained freehold township launched in 2002.