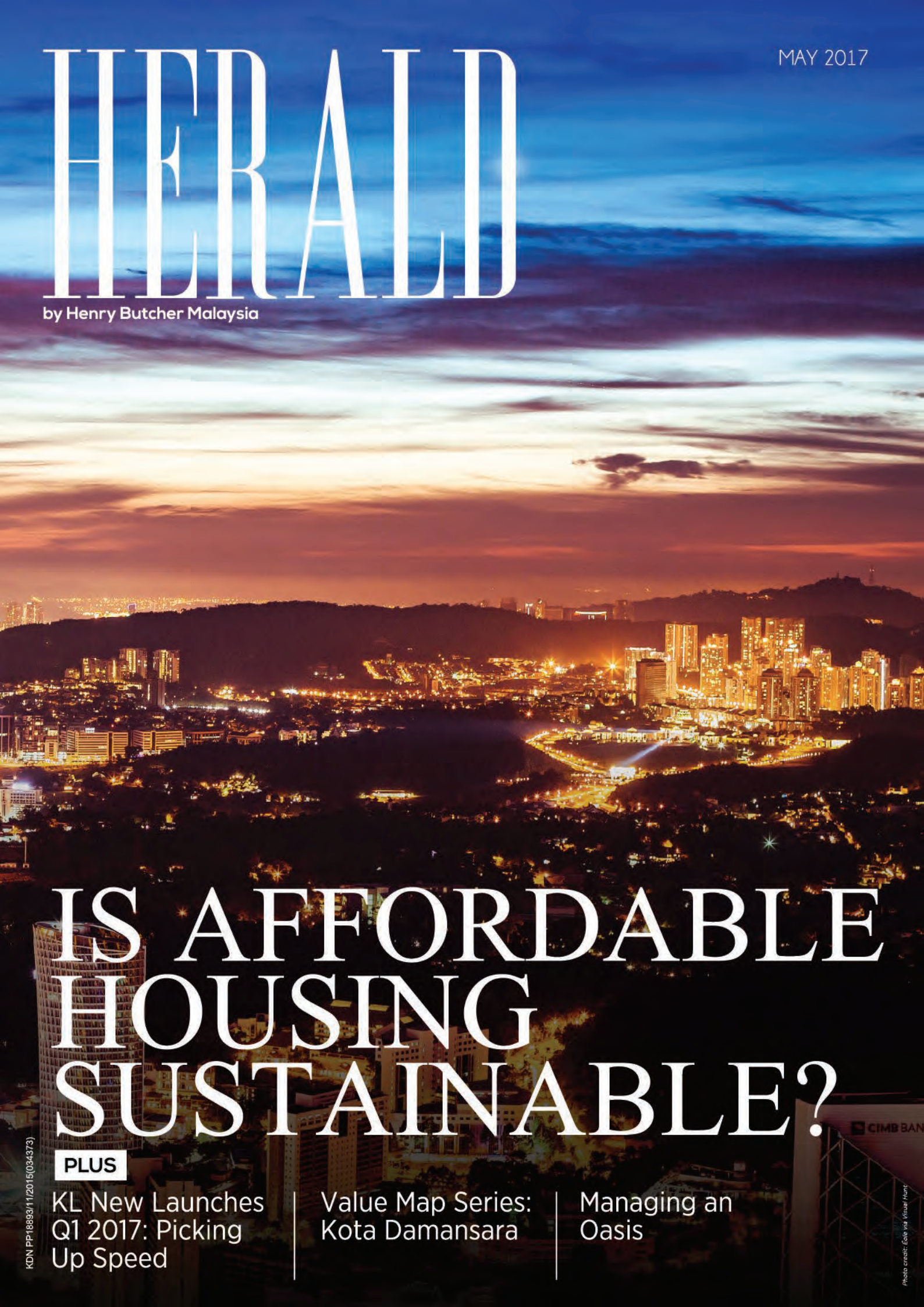
HERALD

by Henry Butcher Malaysia

MAY 2017



IS AFFORDABLE HOUSING SUSTAINABLE?

PLUS

KL New Launches Q1 2017: Picking Up Speed

Value Map Series: Kota Damansara

Managing an Oasis

KDN PP18893/11/2015(034373)

Photo credit: Ecole via Visual Hunt

OFFICE BLOCK TO LET

WISMA SUBANG JAYA

Net lettable area: 100,290 sqft
Car park bays: 96
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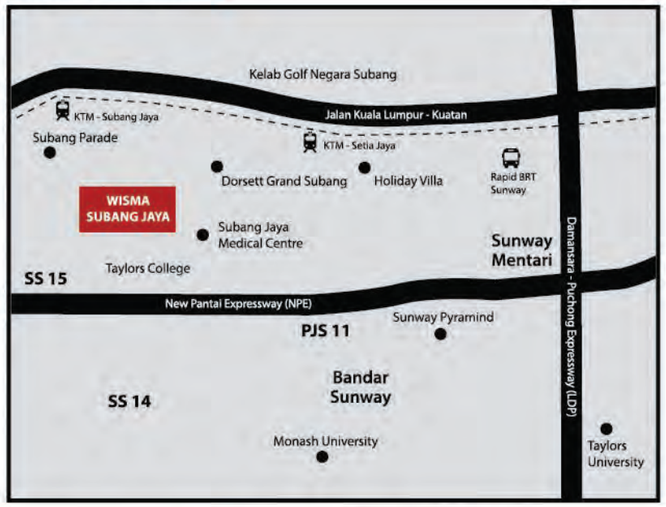
- Nearby medical centres: Sunway Medical Centre and Sime Darby Medical Centre Subang Jaya



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Editor's Note

IS AFFORDABLE HOUSING SUSTAINABLE?

The issue of affordable housing is always a hot topic for the consumer who feels that the developer is not providing enough.

It has been mandated that developers allocate and develop 30% to 50% of their residentail units projects as affordable housing. This is without a doubt a heavy burden on the developer.

This raises several issues, the key one being space. When a developer builds a township he can only utilise 50% (and sometimes lower) of the gross land for revenue generation into properties for sale. A huge chunk of the land goes to roads, public facilities such as police stations, community centre, schools, parks etc which it needs to surrender.

It is from this 50% of developable land that a developer has to provide affordable units, the aforementioned 30% to 50% of the township earmarked for this specific purpose. Every affordable unit which is less than RM250,000 gives absolutely no return to the developer. And even the units priced at RM250,000 gives developers a very low return.

In light of this, how does the developer make money on his project? By pushing prices of homes in the open market higher. It is the only way the developer can build its township, otherwise it's a no-go.

Development costs are steadily increasing and the authorities are partly to blame (for example, Indah Water Konsortium charges developers on gross development value (GDV), and not on units or population). Without both parties working closely and formulating a win-win situation, this will not fare well for developers and consumers.

I should mention that I am not rooting for developers - the authorities should not take a high hand approach on policies which at the end of the day, have an adverse effect on the property market. On the other side of the equation, developers too should lower their expectations on profits given the social agenda that they are expected to carry. Finally, consumers should know that there are affordable units available in the market - they just have to look for it in the secondary market, as new affordable units are in high demand and not easy to obtain.

A disruption is necessary in the market - similar to how ride-sharing has disrupted public transport, affordable housing should not be just a tacked on and pushed to developers, but there must exist a win-win situation for all.

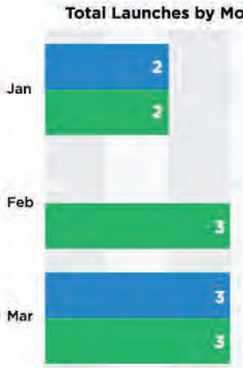
It's not a zero-sum game.

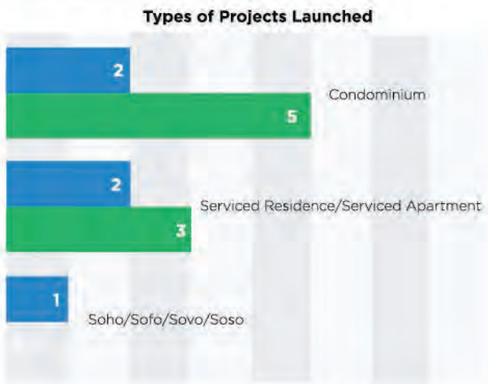
Fahariah Abdul Wahab
Director, Henry Butcher Solutions Sdn Bhd

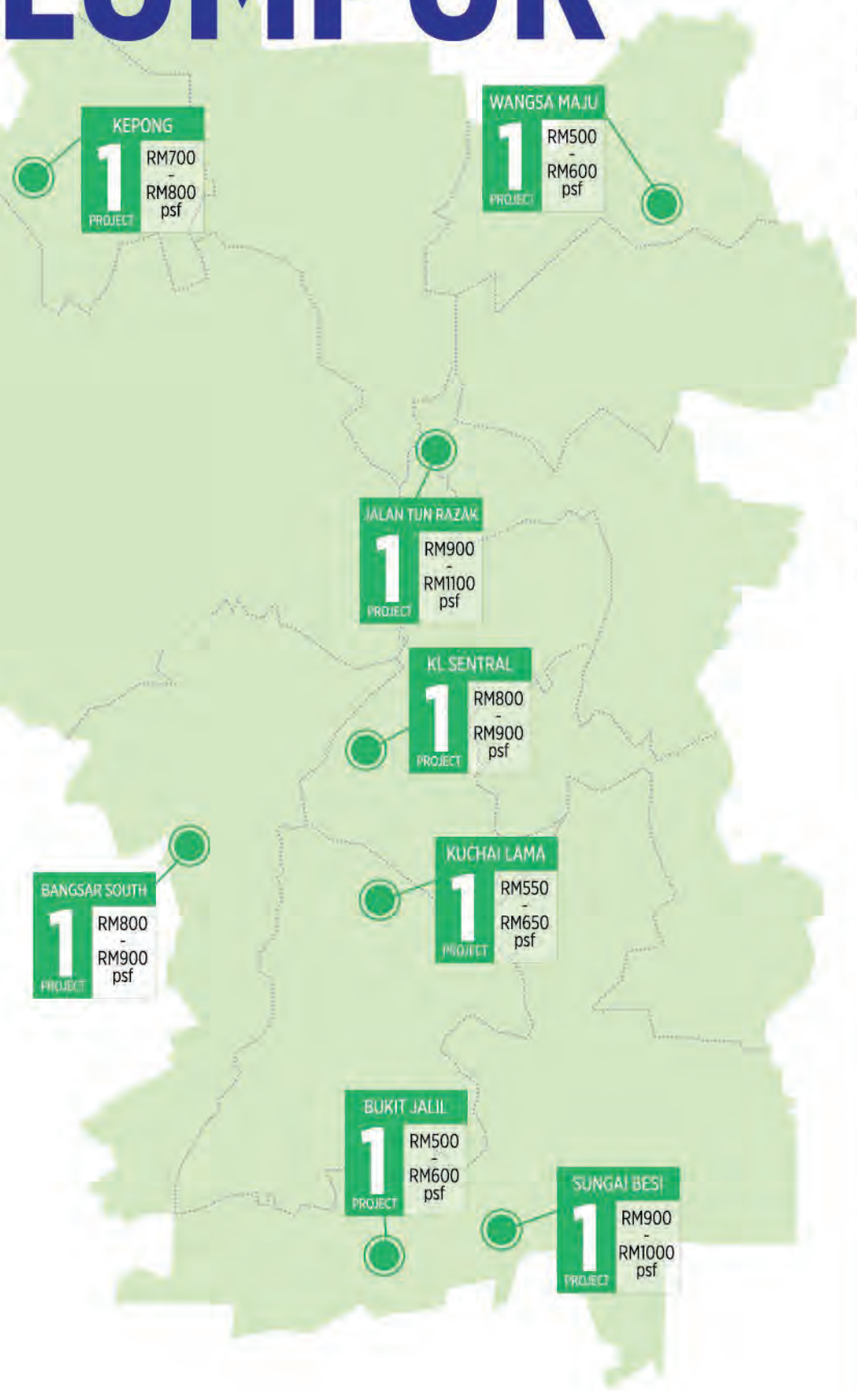
KUALA LUMPUR

Picking up speed.

by Henry Butcher Research







New Launches in Kuala Lumpur Q1 2017.

2017 started off on an encouraging note, with more new project launches in Kuala Lumpur in the first quarter compared to the same period in 2016. This is perhaps a sign that the market and economy has relatively stabilised in 2017, with developers being less risk-averse compared to the previous year.

Q1 2017 saw a total of 8 new launches, totalling 6,709 units. This is a marked jump from 2016, with 5 launches and 4,003 units - a 60% and 67% increase respectively. Suffice to say, developers kicked off 2017 with a more positive note compared to the previous year. All these new projects were strata developments and that applies for both periods. Drilling down on these projects, 5 were condominiums and 3 were serviced residences.

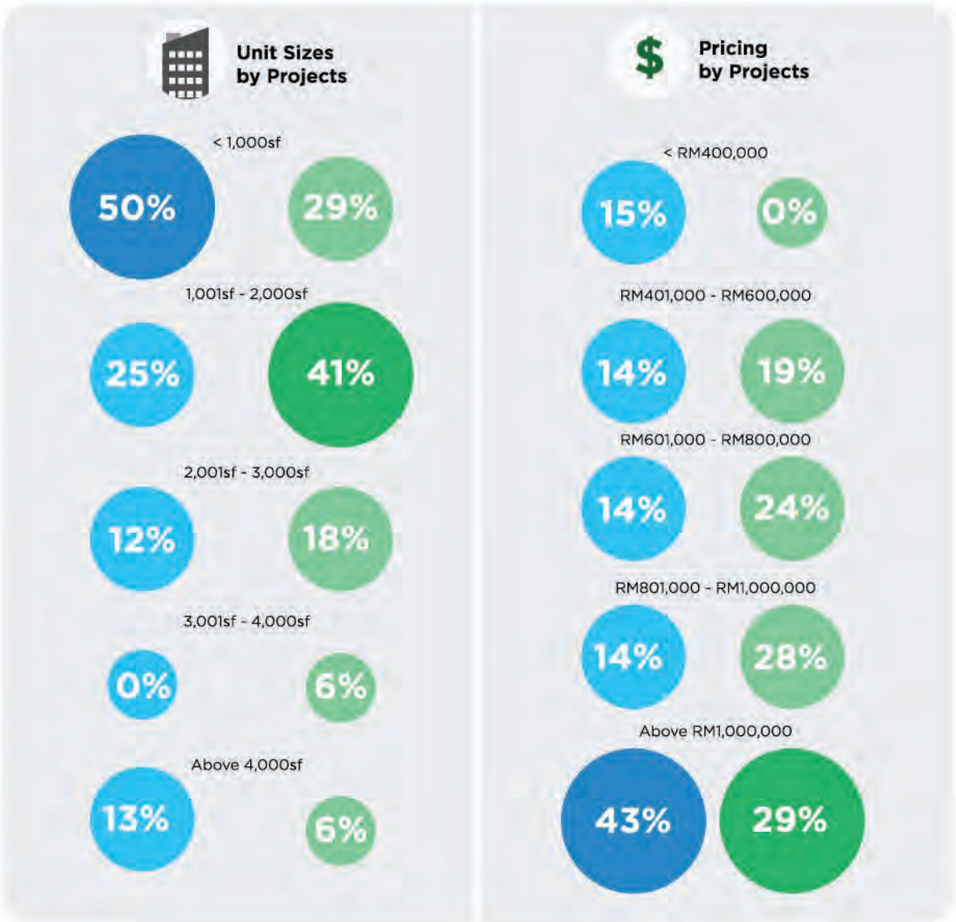
In terms of distribution, these new launches were spread evenly, with 2 launches in January, and 3 in February and another 3 in March. A similar trend was recorded in 2016, with the exception of zero launches recorded in February 2016.

Looking at geographical locations, the new launches in Q1 2017 did not overlap with Q1 2016 with regards to where the projects were located, barring one. The areas are Bangsar South, Bukit Jalil, Jalan Tun Razak, Kepong, KL Sentral, Kuchai Lama, Sungai Besi and Wangsa Maju. Most of these areas have easily reachable public transit options, making them more appealing options for the urban population. Bangsar South, with its up-and-coming status, is getting extra attention from 2016 and continuing into 2017.

Locations, as usual, affect pricing. As the projects are located closer to the city centre, their prices would increase, and the opposite is true. Bukit Jalil, Kuchai Lama and Wangsa Maju, located further away, registered lower prices per sq ft, hovering around the RM500 to RM650 per sq ft range. Most of these new launches (87%) in Q1 2017 were priced at RM500 to RM1,000 per sq ft, with only 13% topping that range.

A large chunk of the units launched in Q1 2017 (41%) were within 1,000 to 2,000 sq ft, followed by units below 1,000 sq ft (29%). This is in contrast to Q1 2016, there were more units below 1,000 sq ft (taking 50% of the share) and 25% sized between 1,000 to 2,000 sq ft.

With an increased amount of launches and units in Q1 2017, the year looks like it's off to a good start and market sentiment seems to be gradually leaning to the positive. Barring any sudden economic and political developments, the local property scene is starting to see some signs of improvements.



KOTA DAMANSARA

The hotbed gets hotter.

By Henry Butcher Research and Valuation

COMPLETED (Built-Up SF)		
	Minimum	Maximum
Carlina Apartment	797	818
Carmila Apartment	797	-
Casa Residenza	877	966
Cascades	561	1,279
*Cova Suites	1,059	2,850
Cova Villa	1,147	1,236
D'Rimba Condominium	1,001	1,098
D'Shire Villa	850	1,098
De Rozelle Condominium	998	1,040
*Encorp Strand Residences	730	2,332
Gugusan Cempaka Apartment	600	753
Gugusan Dedap Apartment	650	667
Gugusan Melur Apartment	770	-
Gugusan Mawar Apartment	753	770
Gugusan Semarak Apartment	650	-
Gugusan Seroja Apartment	650	657
Gugusan Siantan Apartment	646	650
Gugusan Teratai Apartment	753	-
Gugusan Tanjung Apartment	600	614
I - Residence	999	1,256
Kasturi Idaman Condominium	945	-
Latan Biru Apartment	807	844
Nexis Soho @ Sunway Nexis	1,313	-
Palma Perak Apartment	847	896
Palma Puteri Apartment	859	861
Salvia Apartment	797	-
Suria Apartment	574	711
Tainia Apartment	797	-

UNDER CONSTRUCTION (Built-Up SF)		
	Minimum	Maximum
Emporis Condominium	662	1,047
Tropicana Gardens	598	2,724

QUICK STATS		
	Built-Up (SF)	Price (RM PSF)
Maximum	2,850	1,500
Minimum	561	147
Median	877	439

Located in Petaling Jaya, Kota Damansara is a township spans 4,000 acres. An undertaking that started in 1992, the township borders Sungai Buloh as well as other townships bearing the "Damansara" moniker - Damansara Damai, Sunway Damansara and Bandar Sri Damansara, to name a few. Being near such areas gives it access to various niceties and hotspots popular amongst urban residents, such as 1 Utama, The Curve, IKEA and Tropicana City Mall.

The Damansara-Puchong Expressway (LDP) is the most direct route to Kota Damansara, followed by the North Klang Valley Expressway (NKVE) and the old Subang Airport Road. The recent opening of the MRT Sungai Buloh-Kajang line provides Kota Damansara with direct rail access via the Kota Damansara station - previously, the nearest railway stations were KTM Sungai Buloh (KTM Komuter) and LRT Kelana Jaya (RapidKL). At present, Sungai Buloh is the only interchange station, where KTM Komuter and the MRT services meet.

Being one of the early Damansara townships, prior to the area's urban and corporate boom, Kota Damansara leans very heavily towards residential offerings, with over 1,500 acres earmarked for housing. From the map, one can observe that the majority of existing projects are concentrated around the center. Meanwhile, projects currently underway - Emporis and Tropicana Garden - are banking on potential in its neighbouring areas - Sungai Buloh and Tropicana respectively.

Continuing along the line of upcoming projects, these fetch comparatively higher prices than their completed centralised counterparts. Both projects are priced at above RM800 per sq ft, with built-up areas starting at just shy of 600 sq ft to a maximum of 2,724 sq ft.

Meanwhile, existing completed projects are in abundance, with prices hovering around RM201 to RM600 per sq ft. Most of these projects were completed around the early 2000's, and the built-up area starts from 561 sq ft (Cascades) to a maximum of 2,850 sq ft (Cova Suites). These affordable projects should remain affordable for the time being - at least, until the opening of the next series of MRT stations in the Sungai Buloh-Kajang line, tentatively scheduled for 1 August 2017.

Kota Damansara at its current state is more of a value buy, but it holds potential, especially as the MRT infrastructure further develops, with upcoming stations linking the township to KL Sentral - Klang Valley's rail transport hub. Expect prices to come up soon, along with demand from the working class who are looking for convenient access to workplaces and urban niceties.

Sunway Giza, the current commercial and retail hub in Kota Damansara.

Oasis Damansara, a mixed development where work, food, home and play converge.

With more than 900 units altogether, managing the project is a challenge.

A success model in the making.

MANAGING AN OASIS

Oasis Square, in Ara Damansara, is a mixed development comprising office towers, office suites, retail and F&B outlets as well as service apartments. With more than 900 units altogether, managing the development looks to be a Herculean task - even minutiae can prove overwhelming considering the scope and the number of units. However, Henry Butcher Malaysia (Mont Kiara) loves a challenge. Chosen to be the property management team for Oasis Square, it is now up to them to serve with excellence.

We had the opportunity to speak to Jason Ong Wee Song, Chairman of Oasis Square (Oasis Square) JMB, on Oasis Square's working relationship with Henry Butcher.

First, he described the circumstances that prompted a need to get a property management team to manage Oasis - to sum it up, sudden circumstances prompted an urgent need for a new property management team, and Henry Butcher answered the call.

According to him, "Henry Butcher was chosen due to its ability to respond in extremely short notice given the demanding transition conditions that prevailed then." At such a critical point in a development's lifespan, the incoming team must ensure that there were minimal transition issues. "It was a crisis of sorts and Henry Butcher deployed all resources the JMB needed to ensure minimal disruptions to essential services to all owners, tenants and visitors to Oasis Square."

Of course, with so many separate bodies working together, challenges in transition were inevitable. "There were challenges to complete the handover from developer and main contractor in terms of financial reconciliation, documentations, drawings, licenses etc… We worked extra hard to bring operational stability and improvements as well as establishing a standard operating procedure for all the services needed to maintain and preserve the value of the entire project."

In spite of this, Henry Butcher did not falter.

"Henry Butcher's onsite operational team worked hard to ensure all services were delivered and all response was prompt and rectifications were done."

Jason Ong Wee Song, Chairman of Oasis Square (Oasis Square) JMB.

With all the transitional problems dealt with, the job isn't over. "Having settled major issues both financial and operational, Henry Butcher is tasked to work closely with the JMB to deliver visible improvements and ensure that the value of the entire Oasis Square appreciates and confidence is restored," comments Jason. He further adds, "aside from handling the day-to-day matters, Henry Butcher will in due time work with the JMB to control operational cost and deliver pro-active improvements and make Oasis Square a success model for mixed development projects."

Making Oasis Square a success model - sounds like a tall order, especially with so many mixed developments all aspiring to reach the same goal. However, judging from Henry Butcher's past successes and efforts, the team could very well help elevate Oasis to reach that objective. All eyes on this Oasis.

TheEdgeProperty.com MALAYSIA'S BEST MANAGED PROPERTY AWARDS 2017

Henry Butcher recently won big at the inaugural TheEdgeProperty.com Malaysia's Best Managed Property Awards, and here are the awards won:

- **Strata Commercial Category (Gold)**
  Menara Bangkok Bank, Berjaya Central Park
- **Strata Residential Category (Gold)**
  The Binjai On The Park
- **Strata Residential Category (Special Mention)**
  The Oval KL (East Tower)
- **Strata Mixed Category (Silver)**
  Solaris Mont' Kiara
- **Non-Strata Residential Category (Silver)**
  Duta Nusantara
- **Non-Strata Residential Category (Bronze)**
  Duta Tropika

BIDDING FOR REGIONAL ART

On 23 April 2017, Henry Butcher Art Auctioneers held its Malaysian & Southeast Asian Art Auction in Galeri Prima, Bangsar, and realised a total of RM1.4 million from the 143 lots on offer. Of the 143 works put on auction, 114 were from local artists, with the remaining 29 pieces done by artists in the region.

Offering a broad selection of works from modern masters, contemporary and young rising talent, the auction had a success sell-through rate of 78% by lot.

The star lot of the sale by national laureate Datuk Syed Ahmad Jamal sparked an auction battle among collectors to acquire this piece, finally selling for RM156,800 - well above its initial estimate of RM75,000 - RM135,000.

A new auction record was set for Gan Tee Sheng, whose two early series works soared above their initial estimates; Crazy Boy achieved RM14,560 (estimate RM6,000 – RM10,000), and Family achieved RM31,360, more than three times its presale estimate of RM4,000 – RM7,000.

Contemporary artists such as Hamir Soib, Ahmad Shukri Mohamed, Wong Perng Fey, Zulkifli Yusoff, Tajuddin Ismail, and Anthonie Chong were well represented and achieved strong results in the sale. Hamir Soib's No(n)Sense (dated 2008) achieved RM44,800 during the auction.

The auction also saw the participation of new and young collectors, reflecting a widening of interest for works from the region. Furthermore, it is evident of a growing appreciation of art amongst the populace. Judging from this auction, it seems that the Malaysian art market is poised to continue its growth.

1. New and young art collectors participated this time round.
2. Guests during the exclusive preview.
3. Of the 143 works, 119 were from local artists.
4. Intense bidding broke the temporary calm.
5. A total of 143 lots were on offer.
6. Guests viewing Eng Hwee Chu's piece, Black Moon 13, dated 1992.

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LE NOUVEL

KLCC

Actual site photo taken from Le Nouvel KLCC

Le Nouvel KLCC sits along the prestigious Jalan Ampang, a stone's throw from Petronas Twin Towers and KLCC. The premium estate is the epitome of luxurious living that rivals 5-star hotels. Located in the heart of Kuala Lumpur's business and lifestyle districts, it offers a world of convenience with an integrated transport network.

A dual-tower residence at 49 storeys (Tower 1) and 43 storeys (Tower 2) tall, Le Nouvel KLCC is articulately designed with refined interiors and unique details such as the bespoke silk-screen windows panels. It is a stunning sight to behold, made of glass and greenery.

The 34th storey is reserved for fine dining with a view - its Sky Lounge, Sky Kitchen and Sky Dining are one-of-a-kind exclusive offerings within a residence, along with the Cigar Lounge and Wine Cellar.

Elegant and magnificent all at once, you'll find light naturally flowing into the open spaces, amplifying every meticulous detail from white marble flooring, Poggenpohl kitchen, Miele appliances to Lema wardrobes... it is a resident's dream come true.

Every suite and penthouse is innovation in motion with only 195 exclusive units available, from 1,700 sq ft to 5,700 sq ft. Live your every desire here at Le Nouvel KLCC and expect only the very best of this architectural masterpiece by Pritzker Prize Laureate, Jean Nouvel.

Jean Nouvel - Principal Architect

Pritzker Architecture Prize Laureate, Jean Nouvel, has won nearly every notable accolade in architecture. In 2013 he also won a competition to design the National Art Museum of China, emerging victorious over architects, Frank Gehry and Zaha Hadid. The Beijing-based museum, which has already begun construction, is just as inventive and enigmatic as his other works including the Louvre Museum in Abu Dhabi and the Tour De Verre in New York.

Considered among the world's most innovative architects, his approach to architecture for each project is unique, original and one-of-a-kind. His work transforms the varying landscapes while echoing a specific style which demonstrates his keen perception for the intricacies of light, shadow, transparency and opacity.

Actual site photo taken from Le Nouv

Level 34 Cocktail Lounge

VIEWING BY APPOINTMENT

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