

BUSINESS

PROPERTY
TALK

By S.C. Cheah



Nilai wholesale centre billed as biggest in South-East Asia

OWNERS of factories at the Nilai 3 Wholesale Centre have reason to smile. At long last they are seeing an encouraging increase in the value of their property as business improves.

The centre, designated by the Negri Sembilan state government as a tourist destination, is experiencing a mini boom with investors, visitors and wholesale operators taking notice of this industrial park turned wholesale centre.

As the wholesale centre in Negri Sembilan gains popularity, investors as well as direct operators, are looking for factory space to set up their stores. When the wholesale centre was set up in December 2001, there were initial fears that the concept to turn empty factories into wholesale outlets might fail but after a lot of hard work in promoting the centre, investors and visitors are making a bee-line to this centre that will also boast Malaysia's biggest wholesale market.

The centre's project manager Pemaju Perumahan Sungei Ramal (N.S.) Sdn Bhd, with the co-operation of the local and state authorities, managed to convert the single-storey factories from one of manufacturing to commercial use. The landowner and developer is the National Land Finance Co-operative Society Ltd.

There were only a few outlets when I first visited the centre more than a year ago. It was like a ghost town then. However, during a recent visit, all the factories in the main road had been occupied. Many cars and some tour buses were parked outside the colourfully painted factories.

There are wholesale outlets for products like clothes, textiles, toys, artificial flowers, electrical goods, foodstuff, household items, gardening products and stationery. There are rows of rundown factories in another development opposite the centre that have been vacant for nearly a decade.



Property values have crept up with improved business and more visitors to the Nilai 3 Wholesale Centre

Busloads of local tourists from other states would stop over at the centre after visiting the government's new administrative capital in Putrajaya. Occasionally, visitors in luxury cars from Singapore and the Klang Valley have dropped by to shop around.

Prices are indeed cheap. A medium size *Winnie the Pooh* doll is being sold for only RM25, a pair of man's shoes with laces for only RM20, a pair of made-in-China leather shoes for RM29 and children's clothes at incredibly low prices. Many items go for a ringgit each.

"Things are looking brighter these days," said the owner of a toyshop. He bought the single-storey factory for about RM180,000 from the first owner. The developer's price was about RM240,000.

Property prices have crept back to that of the developers' after falling sharply in recent years. Some owners of the single-storey 30ft by 100ft factories who were hit by the mid-1997 recession had sold their factories at a huge loss of RM150,000 to RM190,000, compared to the developer's price of RM268,000,

RM298,000 and RM345,000 when they were launched in September 1997.

"We managed to sell about 90% of the 899 units within a few months of the launch in 1997. Sales were very encouraging but when the recession set in, there were a few withdrawals," recalled Pemaju Perumahan Sungei Ramal chairman Wong Ah San.

"Since it is not possible for the owners to go into manufacturing because of the economic slowdown, we managed to get the local and state authorities to allow us to convert them into a wholesale centre. Business licences were issued to the operators to open their wholesale outlets," he said.

Has he ever thought the centre might fail? "I have all along been confident it would succeed as we planned the concept properly. Most of the factory owners were very co-operative. There was a bit of resistance from some but we managed to convince them," he said, adding that the factories were initially rented out for only RM500 a month.

Today, the rental has gone up to RM700 with another RM200 as maintenance charge.

Wong said there was now an "over-demand" for space. There are 200 wholesale outlets including those about to open.

"Some of the outlet operators are waiting for their goods to come from overseas or locally. Some are under renovation," he said.

He hopes more direct operators would buy for their own use, as most of them are currently renters.

Operators come mainly from Sepang, Pajam, Kuala Lumpur, Seremban and other nearby areas. However, of late the Tangkak textile operators have also set up shop there.

"Ten to 20 more Tangkak textile operators will be coming here. We have an Indonesian furniture operator who has taken up 10 shop lots," he said.

Wong said the Nilai 3 Wholesale Centre would also have the country's biggest wholesale market that would be about twice the size of the one in Selayang, Selangor.

It will have an open concept. Construction will begin this year and is expected to be completed in June next year.

He said the wholesale market and a Pasar Rakyat Nilai would occupy 22 acres. There will also be a row of shop offices for banks.

The 3 components will occupy 40 acres. Sales of the 150 sq ft to 273 sq ft shop lots at the Pasar Rakyat Nilai have been "very encouraging". Another new launch will be the 30ft by 80ft factories. Some detached factory lots priced from RM23 psf are also for sale.

The Nilai 3 Wholesale Centre is a few minutes' drive from the Nilai Impian and Nilai Utama townships, Arab Malaysian Industrial Park, Nilai Inland Port and Taman Semarak Commercial Centre. The Hualon Corp, TDK, ICI and Sumikei factories are also in the area. The Batang Benar KTM station is a few minutes' drive away. A bus service from Sepang is expected to ply the centre.

As Nilai awakens to a steady economic recovery, some investors see the area as having good potential, especially with property relatively affordable. Thus, there will be adequate housing for workers and investors living and working in the Nilai 3 Wholesale Centre, billed as the biggest of its kind in South-East Asia.