



Home > Newspaper Catalogue > The Business Times > 1994 > June > 18 > Page 21 > Picking out hot properties in Malaysia



Picking out hot properties in Malaysia

The Business Times, 18 June 1994, Page 21

Share

Save Citation

Microfilm: NL19383

<< Previous Article

Next Article >>

Picking out hot properties in Malaysia

Eye on Malaysian properties and stocks

With strong demand and high rentals, shophouses and shop offices are sizzlers. **Ho Kay Tat** reports from Kuala Lumpur

Ho Kay Tat

ALTHOUGH the Malaysian property market is not as hot as that of Hongkong and Singapore, the bust that some sceptics had predicted has not happened mainly due to the economy performing far better than expected.

This year, some economists are forecasting that Malaysia's real gross domestic product will expand between 9 and 10 per cent, exceeding the government's expectation of 8.2 per cent growth.


There is some softening in the condominium sector as supply has exceeded demand, but apart from that the property market is chugging along pretty well, property consultants said.

"In 1991, people were saying the market will come down sharply in 1993 or this year, but that has not happened," said Allan Soo of Frank Knight Baillieu.

Demand has remained firm for commercial properties and landed residential in the Kuala Lumpur and Petaling Jaya metropolis of the Klang Valley.


"Shophouses and shop offices are the hottest property investments right now.

"I am telling my clients to



go for shophouses or shop offices as they are the best investments," said Kevin Leong, general manager of Aldini Real Estate Agency.


"Many medium-sized companies are moving out of the city centre to places like Bangsar, Damansara Utama and SS2 because they want to save on rentals and also because of the worsening traffic problem," he said. "Rentals as well as the property values in these areas have gone up a lot."



He said a four-storey shop office in Damansara Utama, a suburb near Subang International Airport and about 15 km from KL city centre, can have an asking price of M\$1.5 million (S\$884,100) compared with only M\$800,000 a year ago.

Prices in Bangsar, a posh neighbourhood within the city, are even more staggering.

"I know someone offered M\$1.7 million for a three-storey shop but there were no sellers as rentals are so good," said




Mr Leong, whose office is located on one floor of such a shoplot.

An owner of a three-storey shoplot in Bangsar can collect rentals of between M\$15,000 and M\$18,000 a month.

"If he bought it for M\$1 million a year ago, he is getting a 15 per cent return and that is

very good," said Mr Leong.


Other areas where demand is strong, both for buying and renting, for shophouses and shop offices are the Desa Pandan and Cheras areas of Kuala Lumpur.




However, foreigners planning to invest in shophouses and shop offices face a snag.

Under guidelines drawn up by the Foreign Investment Committee, foreigners can purchase such properties only through a Malaysian-regis-

tered company in which the foreign parties can only take a 30 per cent stake.




In addition, 30 per cent of the 70 per cent local equity interest must be held by bumiputras.




"This is a drawback that makes it difficult for foreign individuals to buy shop-

houses," said Mr Soo. "If you are a Singaporean with a Malaysian spouse or relative, it is not a problem as you can buy the property under their names, otherwise there is just too much hassle."



Restrictions on residential properties are not so tough (read FIC guidelines) and property consultants say this is still the best property investment in Malaysia for foreigners.


"The opportunities for Singaporeans are really still in residential properties," said Mr Soo. "Condominiums, especially those in prime loca-



tions, are an obvious choice and I would also suggest that they take a look at buying bungalow lots in country


homes resorts that are increasingly being developed."

The country homes concept was successfully promot-




ed at Country Heights in Kajang, about 20 km from Kuala Lumpur. Buyers purchased the land and built their own

homes within a sprawling area.



"The land there has increased from M\$15 a square foot to M\$38 a square foot," said Mr Soo.

He suggested that the best country homes were those located within 20 km from Kuala Lumpur and there are several to choose from — including the Tropicana Golf and Country Club where houses are built within a 36-hole golf course, and a similar project being developed by Tan & Tan Developments in Sungai Buloh.



As Malaysia's road network improves through massive expenditure on infrastructural development, access to country living becomes eas-

Also, there is a dearth in supply of bungalow homes in Kuala Lumpur, especially in posh neighbourhoods like Bangsar, Damansara Heights and Kenny Hills.

"But people who are likely to invest in these country homes are those with extra cash who are looking to get some capital appreciation several years down the road," said Mr Soo.

"If you are thinking of building a house and renting it out, then it may not be attractive as renting may be a problem."

Another property investment worth considering is resort apartments.

"Resort apartments in Port Dickson and Malacca have in the past been quite popular with Singaporeans," said Mr Soo.

Knight Frank Baillieu will in early July launch the Kuantan Tembeling Resort located at Kuantan on the East Coast.

The project is jointly developed by Singapore's Lum Chang group and a Pahang state government company.

The 5-ha resort will house about 400 apartment units sited on a promontory overlooking the South China Sea.

"Buyers are guaranteed a yield of 8 per cent," said Mr Soo. "We expect quite a good response in Kuantan itself as well as in Singapore."

Each unit will go for M\$280,000 or M\$200 per square foot.

'If you are thinking of building a house and renting it out, then it may not be attractive as renting may be a problem'

— Allan Soo of Frank Knight Baillieu





The 5-ha Kuantan Tembeling Resort will house about 400 apartment units sited on a promontory overlooking the South China Sea

National Library Board

[Contact Us](#) [Feedback](#) [FAQ](#)



[Report Vulnerability](#) [Terms of Use](#) [Linking Disclaimer](#) [Privacy Statement](#) [Takedown Policy](#)

©2023 Government of Singapore

Last Updated

[^ Scroll to Top](#)