

2

City & Country Editorial Team
 EDITOR-IN-CHIEF | Dorothy Teoh
 DEPUTY EDITOR-IN-CHIEF | Kevin Khoo DEPUTY EDITOR | Sharon Kam
 WRITERS | Rosayin Rah, Wong King Wai
 E | Jacou Chan, Siti Sakinah Latif, Lam Jian Wynn

Advertising & Marketing
 Azrita (603) 7721 8006 / Norma (603) 7721 8005
 email: marketing@bizedge.com

We welcome your comments and criticism. Send your letters to The Edge, PO Box 8348, Pejabat Pos Kelana Jaya, 46788 Petaling Jaya fax (603) 7721 8018 e-mail editor@bizedge.com Pseudonyms are allowed but please state your full name, address and contact number (tel/fax) for us to verify.

THE EDGE | **Rahim & Co** | **Kota Kinabalu Housing Property Monitor (2Q2011)**

Prices continue to rise on strong demand

BY E Jacqui Chan

Positive economic factors and strong demand are expected to have a positive impact on the Kota Kinabalu property market.

"Guided by Halatuju, Sabah's blueprint for economic development and progress introduced in 2003, the state has experienced significant economic progress fuelled by growth in agriculture, tourism and manufacturing," says Saleha Yusoff, head of research, Rahim & Co, in presenting *The Edge/Rahim & Co Kota Kinabalu Housing Property Monitor for 2Q2011*.

Sabah attracted about RM3 billion worth of investment in hotel and resort development over the last five years as tourist arrivals continued to rise. The state recorded 2.5 million visitors in 2010. In 1Q2011, the number of tourist arrivals from Japan, China and Hong Kong, and South Korea increased by 32.2% (6,502 to 8,601), 41.1% (21,728 to 30,866) and 41.8% (12,471 to 17,687) respectively from a year ago.

The manufacturing sector also showed encouraging growth with foreign and local investments worth RM5.44 billion expected to pour into the state until 2012, potentially generating 1,850 jobs. These investments focus on biotechnology, wood, rubber-based manufacturing and high-value-added industries.

As the western region of Sabah, where Kota Kinabalu is located, is the most developed, it will remain the state's industrial hub and tourist destination, says Saleha.

On an upward trend

Prices and rental values in the Kota Kinabalu secondary residential market remained on an upward trend in 2Q2011.

Sampling for the quarter under review shows the value of 2-storey terraced houses increasing by an average of 6.73% from the same period a year ago.

But while values continued to rise, the growth momentum in 2Q2011 was slower — by 1.6% — than in 2Q2010, says Saleha. She attributes this to the rising number of attractive choices in the primary market.

Maturing residential areas saw higher capital appreciation with Millenium Height in Bundusan showing the most notable growth of 14.29%.

Houses with higher price tags, such as those in Luyang Perdana (from RM400,000 to RM500,000), offered lower capital appreciation but still managed to attract local and foreign buyers.

Saleha says this is due to their location in more established areas and their designs.

Taman Nelly PH 9 led growth in capital values in the 1-storey terraced house category with an 8% rise in 2Q2011 compared with 2Q2010. The price bracket for standard 1-storey terraced houses with land area of less than 2,200 sq ft remained at RM150,000 to RM280,000.

Upmarket condominiums in the secondary market showed steady capital appreciation in 1H2011. For instance, Alam Damai in the Damai area, which was launched at about RM286 psf in 2006, went for RM360 psf in 2Q2011 in the latest recorded transaction.

High-end condos in Alam Damai and Likas Square, which saw capital appreciation of 16% and 12% in the past year respectively, are poised to reach an average of RM400 psf over the next 12 months, says Saleha. Likas Square and Alam Damai were transacted at an average of RM250 and RM310 psf respectively in 2Q2010.

Asking prices in the secondary market for condos with added facilities and features — such as designer-furnished units with air-conditioning units, water heaters and retail outlets and offices within the development — are about RM400 to RM480 psf.

"This concept gives tenants a lifestyle to suit their professional backgrounds," says Saleha.

By comparison, newly launched high-end condominiums such as The Loft — launched in July — and Jesselton Residences are priced from RM500 to RM900 psf.

Overall, rents were stagnant with the exception of units in established areas, which saw an increase of between 8% and 18% from the previous quarter. There was also no significant change in overall gross yield during the period in review except for developments within established areas.

Positive showing by new launches

New offerings, particularly condominiums, in the primary market attracted positive response.

"Encouraging demand for condominiums from within and outside Kota Kinabalu has prompted developers to be more creative in their products, making these comparable to those in Kuala Lumpur, Penang and Johor," says Saleha.

Based on enquiries from potential investors, she believes the positive response is due to limited supply of integrated developments in the city with a modern urban living concept.

CONTINUES ON PAGE 5



Saleha: Encouraging demand for condominiums from within and outside Kota Kinabalu has prompted developers to be more creative in their products

Kota Kinabalu rents (1Q2007–2Q2011)

Selected 2-storey terraced development schemes

| RENTAL (RM PER UNIT/MONTH) | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|----------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| Ujana Kingfisher | 600 | 650 | 800 | 900 | 900 | 900 | 900 | 900 | 900 |
| Taman Indah Permai | 600 | 700 | 750 | 850 | 850 | 850 | 850 | 850 | 850 |
| Luyang Perdana | 950 | 1,000 | 1,100 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,400 |
| Taman Jindo | 750 | 800 | 850 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,200 |
| Taman Sri Borneo | 800 | 850 | 1,000 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,300 |
| Millenium Height | 800 | 900 | 1,000 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,300 |
| Golden Hill Garden | NA | 1,400 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,700 |

Selected 1-storey terraced development schemes

| RENTAL (RM PER UNIT/MONTH) | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|----------------------------|------|------|------|-------|-------|-------|-------|-------|-------|
| Taman Tuan Huat | 700 | 750 | 700 | 800 | 800 | 800 | 800 | 800 | 850 |
| Taman Sri Kepadayan | 800 | 850 | 900 | 950 | 950 | 950 | 950 | 950 | 1,000 |
| Taman Nelly Ph 9 | NA | 800 | 900 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |

Selected condominium development schemes

| RENTAL (RM PSF/MONTH) | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|-----------------------|------|------|------|------|------|------|------|------|------|
| Jesselton Condo | NA | NA | 1.67 | 1.73 | 1.73 | 1.73 | 1.73 | 1.87 | 1.93 |
| Marina Court | 1.54 | 1.69 | 1.85 | 1.92 | 1.92 | 1.92 | 1.92 | 1.92 | 1.92 |
| Bayshore Condominium | 1.06 | 1.06 | 1.06 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 |
| Alam Damai | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 1 Borneo Condominium | NA | 1.01 | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 | 1.31 |
| Likas Square | 1.19 | 1.26 | 1.41 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 | 1.48 |
| Radiant Tower | 1.38 | 1.46 | 1.54 | 1.62 | 1.62 | 1.62 | 1.62 | 1.62 | 1.69 |
| The Peak Condominium | NA | 1.80 | 2.00 | 2.10 | 2.10 | 2.10 | 2.10 | 2.20 | 2.30 |

Kota Kinabalu capital values (1Q2007–2Q2011)

Selected 2-storey terraced development schemes

| CAPITAL VALUE (RM '000/UNIT) | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|------------------------------|------|------|------|------|------|------|------|------|------|
| Ujana Kingfisher | 230 | 270 | 280 | 300 | 300 | 300 | 300 | 300 | 300 |
| Taman Indah Permai | 190 | 200 | 210 | 240 | 245 | 250 | 260 | 260 | 270 |
| Luyang Perdana | 300 | 330 | 350 | 380 | 400 | 400 | 400 | 410 | 410 |
| Taman Jindo | 210 | 235 | 260 | 290 | 300 | 300 | 300 | 300 | 315 |
| Taman Sri Borneo | 280 | 290 | 310 | 320 | 320 | 320 | 330 | 330 | 350 |
| Millenium Height | 240 | 250 | 260 | 270 | 280 | 280 | 290 | 290 | 320 |
| Golden Hill Garden | NA | 390 | 450 | 500 | 520 | 520 | 530 | 530 | 550 |

Selected 1-storey terraced development schemes

| CAPITAL VALUE (RM '000/UNIT) | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|------------------------------|------|------|------|------|------|------|------|------|------|
| Taman Tuan Huat | 165 | 170 | 170 | 185 | 190 | 190 | 200 | 200 | 200 |
| Taman Sri Kepadayan | 180 | 180 | 185 | 220 | 220 | 220 | 220 | 220 | 230 |
| Taman Nelly Ph 9 | 160 | 190 | 210 | 230 | 250 | 260 | 260 | 260 | 270 |

Selected condominium development schemes

| CAPITAL VALUE (RM PSF/UNIT) | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|-----------------------------|------|------|------|------|------|------|------|------|------|
| Jesselton Condo | NA | NA | 325 | 380 | 400 | 400 | 400 | 400 | 410 |
| Marina Court | 315 | 355 | 340 | 440 | 440 | 435 | 450 | 450 | 450 |
| Bayshore Condominium | 275 | 290 | 310 | 335 | 335 | 335 | 335 | 335 | 335 |
| Alam Damai | NA | NA | NA | 290 | 310 | 340 | 340 | 340 | 360 |
| 1 Borneo Condominium | NA | 210 | 270 | 270 | 270 | 270 | 275 | 275 | 275 |
| Likas Square | 225 | 230 | 235 | 240 | 250 | 280 | 280 | 280 | 280 |
| Radiant Tower | 250 | 260 | 300 | 330 | 350 | 350 | 350 | 350 | 360 |
| The Peak Condominium | 350 | 280 | 300 | 400 | 430 | 430 | 430 | 440 | 440 |

Note: Prices shown are averaged and based on transacted deals. Rents shown are averaged and based on asking rentals observed for unfurnished unit. Relevant adjustments have been made where necessary for variations in size, specific location, design, condition and improvements made.

More high-end developments coming up

Kota Kinabalu yields (1Q2007–2Q2011)

Selected 2-storey terraced development schemes (%)

| | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|--------------------|------|------|------|------|------|------|------|------|------|
| Ujana Kingfisher | 3.13 | 2.89 | 3.43 | 3.60 | 3.60 | 3.60 | 3.60 | 3.60 | 3.60 |
| Taman Indah Permai | 3.79 | 4.20 | 4.29 | 4.25 | 4.16 | 4.08 | 3.92 | 3.92 | 3.78 |
| Luyang Perdana | 3.80 | 3.64 | 3.77 | 3.79 | 3.60 | 3.60 | 3.60 | 3.51 | 4.10 |
| Taman Jindo | 4.29 | 4.09 | 3.92 | 4.55 | 4.40 | 4.40 | 4.40 | 4.40 | 4.65 |
| Taman Sri Borneo | 3.43 | 3.52 | 3.87 | 4.13 | 4.13 | 4.13 | 4.00 | 4.00 | 4.46 |
| Millenium Height | 4.00 | 4.32 | 4.62 | 5.33 | 5.14 | 5.14 | 4.97 | 4.97 | 4.88 |
| Golden Hill Garden | NA | 4.31 | 4.00 | 3.60 | 3.46 | 3.46 | 3.40 | 3.40 | 3.71 |

Selected 1-storey terraced development schemes (%)

| | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|-------------------|------|------|------|------|------|------|------|------|------|
| Taman Tuan Huat | 5.09 | 5.29 | 4.94 | 5.19 | 5.05 | 5.05 | 4.80 | 4.80 | 5.10 |
| Taman Sri Kepayan | 5.33 | 5.67 | 5.84 | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 | 5.22 |
| Taman Nelly Ph 9 | NA | 5.05 | 5.14 | 5.22 | 4.80 | 4.62 | 4.62 | 4.62 | 4.44 |

Selected condominium development schemes (%)

| | 1Q07 | 1Q08 | 1Q09 | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 |
|----------------------|------|------|------|------|------|------|------|------|------|
| Jesselton Condo | NA | NA | 6.15 | 5.47 | 5.20 | 5.20 | 5.20 | 5.60 | 5.66 |
| Marina Court | 5.86 | 5.72 | 6.52 | 5.24 | 5.24 | 5.31 | 5.13 | 5.13 | 5.13 |
| Bayshore Condominium | 4.61 | 4.37 | 4.09 | 4.38 | 4.38 | 4.38 | 4.38 | 4.38 | 4.38 |
| Alam Damai | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 1 Borneo Condominium | NA | 5.77 | 5.39 | 5.39 | 5.39 | 5.39 | 5.29 | 5.29 | 5.73 |
| Likas Square | 6.32 | 6.57 | 7.19 | 7.41 | 7.11 | 6.35 | 6.35 | 6.35 | 6.35 |
| Radiant Tower | 6.65 | 6.75 | 6.15 | 5.87 | 5.54 | 5.54 | 5.54 | 5.80 | 5.64 |
| The Peak Condominium | NA | 7.71 | 8.00 | 6.30 | 5.86 | 5.86 | 5.86 | 6.00 | 6.27 |

Gross yield performance of residential properties in selected schemes in Kota Kinabalu (1Q2007–2Q2011)



FROM PAGE 2

Such developments are mainly targeted at young professionals and investors.

One such project is Ascottville Holding Sdn Bhd's 8 Avenue, which was launched this April. Located in Jalan Tuaran Bypass, the development, comprising a commercial mall, hotel, designer suites and a one-stop medical centre, has seen a take-up rate of 30% thus far.

While sales of 30% may seem low to those accustomed to the Klang Valley market, the situation is different in Kota Kinabalu where the response is based on total units offered.

"Typically, for a project with less than 300 units such as 8 Avenue, hitting 30% within two months is akin to about 60% in the Klang Valley market. Projects with more than 300 units, depending on the products, location and the developer, may achieve a higher take-up," explains Saleha.

Designed with a rooftop sky lounge, 8 Avenue offers 234 fully furnished five-star designer suites and 25 duplex SoHos with built-ups ranging from 498 to 788 sq ft. Prices start from RM500 psf and the developer offers a guaranteed rental return of at least 6%.

According to the developer, the project is also expected to tap the medical tourism market, especially Japanese who come for long stays.

Jesselton Residences, a high-end mixed development, is coming up between Suria Sabah Shopping Mall and Jesselton Point in downtown Kota Kinabalu. Consisting of three blocks of high-end condominiums with built-ups of 965, 1,669 and 2,266 sq ft, prices range from RM628 to RM933 psf. The development, which offers six units per floor, was soft-launched in April. The first block has been fully sold, and the combined sales of the three blocks have hit 70% or 233 out of 333 units. According to the developer, most of the buyers are locals.

Another noteworthy development is KK Suites @ Karanising Commercial District, which fronts the Sembulan River. Targeting mainly young professionals and businessmen, it offers designer-furnished suites with built-ups ranging from 431 to 1,412 sq ft. Launched in May this year at between RM600 and RM700 psf, the development has been fully sold.

"Buyers are optimistic about its potential as this area is expected to be a new commercial as well as recreational centre," says Saleha.

She adds that the local government has reportedly invested RM45 million in the Sembulan River beautification project, which is set to be completed in 2012. This is expected to further enhance the attractiveness of KK Suites.

In April, Ascottville launched Phase 2B of its Taman Seri Pelangi development, offering 15 units of 2½-storey terraced house. The 3,161 sq ft units, priced from RM712,500, have seen a take-up rate of 75%. The previous three phases, comprising terraced houses and bungalows, have been fully sold. ■