



PORTFOLIO

# BUILDING UP

Kuala Lumpur's property market offers great opportunity for investors who are looking for their in into Malaysia.

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In Malay, Kuala Lumpur means “muddy confluence”. But from humble origins the Malaysian capital is emerging as one of Southeast Asia’s most alluring metropolises.

Founded in 1857, it is situated halfway along the west coast of Peninsular Malaysia and at the juncture of two rivers – the Gombak and the Klang.

Kuala Lumpur, or KL as it’s often known, grew out of Chinese tin-prospecting in the jungle. It was nothing more than a dingy outpost 150 years ago, but commerce has served it well and today it is among the most popular destinations in the world.

It still bears remnants of its British colonial past, best experienced by visiting Merdeka Square with its Moorish-style buildings such as the Sultan Abdul Samad Building – originally the headquarters of the British administration – and the sublime old KL Sentral railway station. From there it’s a short walk to Central Market, an unmissable 20s art deco building packed with handicraft, jewellery and souvenir stalls. But the skyline is also dotted with modern, imposing buildings such as the emblematic Petronas Twin Towers, KL Convention Centre, Telekom Tower and Kuala Lumpur Tower.

Some 11 million international tourists visit Kuala Lumpur each year to see religious sites, shop in one of its many shopping malls, gaze at the world’s tallest twin towers, and taste-test Malaysian culture before adventuring into quieter corners of the country. They are charmed by the easy blend of old and new in this city.

It also ranks as the sixth best place in the world to retire, according to Live and Invest Overseas.

As a result, Kuala Lumpur is fast becoming a property investment hotspot with several



LEFT Houses in Seri Beringin, an exclusive gated and guarded residential enclave located atop Damansara Heights hillock.



(District 09) and 150 sq ft in Hong Kong (Wan Chai).

“Malaysian residential developments are typically much lower in density than those found in countries such as Hong Kong and Singapore. Hence they are considered value-for-money, being affordable but of good quality,” says Amy Wong, director of research and consultancy at Savills (Malaysia), a global real estate services provider.

Its good accessibility and growing transport infrastructure make Kuala Lumpur a strategic location. Sixty per cent of the world’s population is within a five-hour radius of Kuala Lumpur, compared to New York’s five per cent. Large-scale infrastructure projects that are currently being built include the Singapore-Kuala Lumpur High Speed Rail (HSR), mass transit projects and airport expansion.

The Malaysia My Second Home Programme (MM2H), which allows foreigners to stay in Malaysia on a social-visit pass for 10 years, renewable upon fulfilment of requirements when it expires, is another sweetener.

“Foreigners are also allowed to purchase freehold properties, which is not the case in some neighbouring countries. From a legal perspective, property ownership is covered by Malaysian law, which protects all property purchasers, even foreigners,” says Wong.

In Kuala Lumpur alone, there will be about 13,000 new luxury high-rise residential units by the end of 2017, bringing the total to nearly 50,000, as noted in a 2016 report by Oxford Business Group, a global research and consulting firm. Although luxury condominiums are some of the most affected by the downturn, there are several properties in development that are still commanding record-high prices,

factors working in its favour.

Prices of luxury properties are at an all-time low because of a supply glut and a sluggish economy. The property market has been in a slump since 2014 due to the country’s faltering oil and gas industry, stricter lending measures imposed by the central bank and oversupply as developments in the pipeline have reached completion.

However, given that the Malaysian ringgit is at its weakest level against the US dollar since the 1998 Asian Financial Crisis, investors will be able to find plenty of value-for-money deals that should prove to be worthwhile assets for the medium or long-term, say experts in the real estate industry.

Investors coming from countries that have relatively overinflated prices, such as Hong Kong or Singapore, will find investing in Kuala Lumpur very attractive price-wise.

“What they could not afford in their home country would be affordable in Malaysia,” says Sulaiman Saheh, director of Rahim & Co Research, an international property investment consultancy firm.

A study carried out by REA Group, a digital advertising company that operates real estate websites in Australia, Europe, Asia and the US, illustrates this – 1 million ringgit (HK\$ 1.9 million) buys you 1,190 sq ft of space in Kuala Lumpur’s central district as compared to 140 sq ft in Singapore





pushing past 3,000 ringgit (HK\$5,700) per sq ft.

Currently, the most sought-after prime KL locations for luxury residences, especially high-rises, are located in the city centre, most commonly referred to as KLCC, and its immediate vicinity (such as Bukit Bintang), as well as neighbouring suburbs such as Damansara Heights, Bangsar and Mont Kiara. There's also a trend toward gated and guarded high-end communities because people want tighter security.

“Foreign buyers also favour high-rise properties within downtown KL as they can afford luxury-priced units in prime areas. This tells us that their main consideration lies in locations



**THIS PAGE AND OPPOSITE**  
Seputeh Heights is an exclusive gated and guarded residential enclave in Taman Seputeh.

## “FOREIGN BUYERS ALSO FAVOUR HIGH-RISE PROPERTIES WITHIN DOWNTOWN KL AS THEY CAN AFFORD LUXURY-PRICED UNITS IN PRIME AREAS”

– Sulaiman Saheh, Rahim & Co Research

that provide better lifestyle, good security and convenience,” says Saheh, who adds that upcoming projects for luxury properties such as Tun Razak Exchange (TRX), KL Metropolis and redevelopment projects in Damansara Heights will offer fresh leads to investors.

### KLCC

KLCC is a 100-acre site designed to be a city within a city. It is home to the famed Petronas Twin Towers, undoubtedly the city's top visitor draw, and a plethora

of swanky shopping malls, office buildings and several luxury hotels, all within walking distance of each other. A public park and a mosque have also been built in the area. Places of interest nearby include the Bukit Bintang area where famous food street Jalan Alor can be found and where bars and clubs are in abundance at Jalan Changkat. KL Pavillion, one of the two main shopping malls in the city, is also located at Bukit Bintang. A new development taking shape and expected to

be completed in 2025 is the 8.7 billion ringgit Bukit Bintang City Centre, a mixed residential and commercial development comprising a retail mall, an entertainment block, offices, two hotels, and serviced apartments.

KLCC offers a treasure trove of properties, although they are usually priced at the high end, around 2,000 ringgit per sq ft, reflecting the prestige of luxury living in the heart of the city with the iconic twin towers as its backdrop. Today, KLCC remains one of the most expensive and exclusive residential addresses locally.

Luxe properties here include condominiums and serviced apartments such as the Banyan Tree Signatures Pavilion, Ritz Carlton Residences, Vpod Residences, Binjai on The Park, Marc Residence, The Pearl KLCC and Troika, all of which afford stunning views of the city and the towers. Notable forthcoming additions to the high-end segment include luxury residences serviced by Four Seasons and Kempinski, both newcomers to the skyscraper-studded capital city.

New condominiums are still coming up in KLCC says Wong, but the trend is to provide smaller unit types. “Pricing per square foot has not decreased but by building studios or one-bedroom units at 450-600 square feet, developers are offering luxury units at slightly more affordable prices. These are the types of units that will be in demand on the rental market for the foreseeable future,” she says.

Those seeking to stay outside





the hustle and bustle of downtown can opt for the outskirts. Currently popular is Seputeh Heights, an exclusive gated and guarded residential enclave located in Taman Seputeh, a mere 10 minutes' drive away from the city centre. Sprawled over 41.04 acres of land, it features stately bungalows and chic villa units surrounded by naturally lush greenery.

#### DAMANSARA HEIGHTS

Since its development in the early 1970s, this affluent neighbourhood has been dubbed “the Beverly Hills of Malaysia”. Situated just minutes from the city centre, it is much sought-after by upper-middle- and upper-class Malaysians as well as expatriates. This trendy neighbourhood, which houses many posh bungalows with private swimming pools, has also seen an uptick in shiny shops, community-focused eateries and cosmopolitan conveniences, earning it a spot in Lonely Planet’s “10 world’s coolest neighbourhoods to visit”, alongside suburbs in world cities like London and New York City.

Properties here are always in demand, even when the market is going through challenging times. The average price per sq ft for landed properties in Damansara Heights is around 1,800 ringgit.

“Damansara Heights is an active market for tenants, owner-occupiers and investors,” says Martin Lee, senior real estate negotiator of Ace Realty. Residents like the area due to its accessibility, proximity to shopping malls such as Bangsar Village I and II, Bangsar Shopping Centre and The Gardens, as well as a number of international schools at nearby Mont Kiara and the availability of good quality homes, he explains.



## “AS AN INVESTOR OR HOMEBUYER, IT IS AN OPPORTUNE MOMENT TO LOOK FOR GOOD BUYS IN THE MARKET NOW”

– Amy Wong, Savills (Malaysia)

#### MONT KIARA

Especially popular with the Japanese and senior executives is Mont Kiara, an affluent, trendy township about 20 minutes from the city centre and next to Damansara. Locals refer to this area as “rich man’s land” and it is often described as the perfect “suburban bubble” with quiet streets, a few small malls and loads of greenery. It is also home to a number of notable international schools.

Housing, mostly developed by

UEM Sunrise, is not a problem at all in this area, with large property developments in abundance.

From high-rise condos to gated communities, one can find semi-detached houses, serviced apartments and stand-alone properties.

Lee says owning a property in the enclave is something of a status symbol.

“Mont Kiara has been perceived as one of the most expensive, high-end areas to live in. Staying in this prime area is a way to show that you



**ABOVE**  
Seri Beringin houses. Seri Beringin is an exclusive gated and guarded residential enclave located atop Damansara Heights hillcock.

**ABOVE RIGHT**  
Troika is a three-tower, luxury condominium development in KLCC, designed by the British firm Foster and Partners.

**OPPOSITE**  
Arcoris Mont Kiara by UEM Sunrise Berhad.

are among the well-heeled.”

An upcoming project is the 16-acre Pavilion Damansara Heights project, developed by the Pavilion Group. This mixed integrated development will feature about 1,300 residential units, with sizes ranging from 600 sq ft to 2,800 sq ft. It is expected to be completed in stages by 2022.

#### PROSPECTS

“It seems the luxury property market will remain stagnant price-wise for a while, during which time developers will offer better packages with new projects, to the point where fully-furnished units will soon become a normal market practice,” says Wong.

However, experts believe the market is poised for a comeback. Most say the future prospects of the Kuala Lumpur property market remain bright, and given the current economic climate, it is a buyer’s market.

Saheh says buyers are spoilt for choice. “They can find many attractive luxury properties at bargain prices in KL.”

Wong agrees, saying developers are very competitive at the moment in their product offerings and price points. “As an investor or homebuyer, it is an opportune moment to look for good buys in the market now and take advantage of the attractive packages, discounts and other incentives that are being offered.”

Experts advise that investors should take a strong long-term perspective, meaning one invests into these properties, whether for personal use or for rental income, based on a five-, 10-, 15-, or even 20-year horizon. ☺