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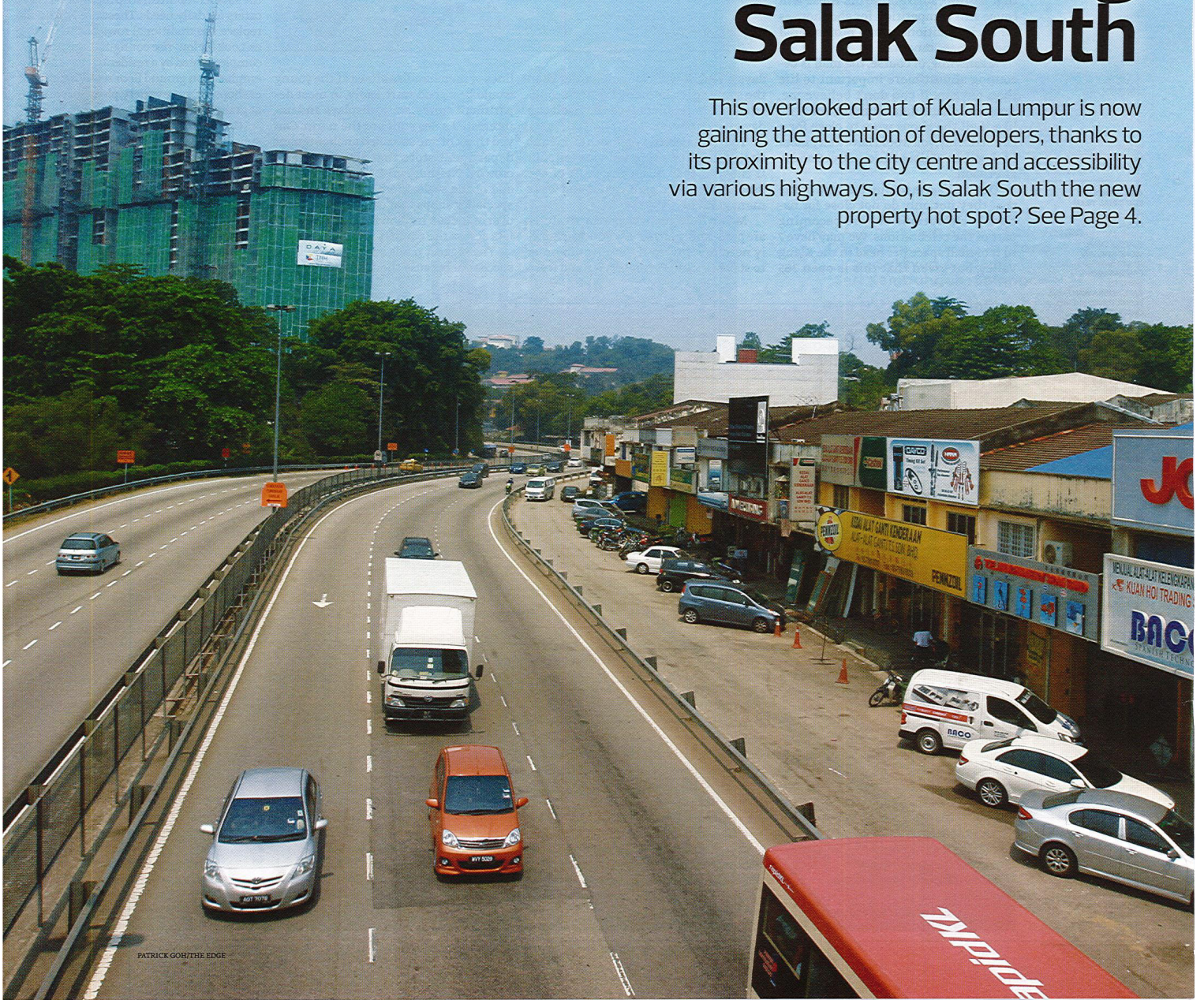
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Revisiting Salak South

This overlooked part of Kuala Lumpur is now gaining the attention of developers, thanks to its proximity to the city centre and accessibility via various highways. So, is Salak South the new property hot spot? See Page 4.



Developers moving south of KL

BY ELENA TUNKU SHERIE

Upon entering Salak South, we are greeted by rows and rows of old shops and commercial spaces, giving the place a sense of nostalgia. Further down the road, in an old coffee shop, we meet an elderly man enjoying his toast and coffee. He has been living in Salak South for over 60 years and seen many changes there.

"When I was growing up, it was all wooden houses here. Lots of trees as well, it was mostly a jungle. Now, they have flattened the land to make way for developments, which is in its own way a good thing. Most of the houses have been changed from wooden to brick ones but I've retained mine," he says gleefully.

With mostly the older generation living there as well as old residential housing areas and shops, the area was once considered an infamous and less popular part of town. But all that has changed.

Due to the ongoing projects in the city centre, land for development has become scarce and expensive. Thus, developers are now looking to the south, and to Salak South.

Recently, it was reported that prominent developer Gamuda Bhd was planning to acquire the entire stake in Salak Land Development Sdn Bhd for RM784.32 million cash. The deal would add a 619ha tract, which is located next to Expressway Lingkaran Tengah or Elite Highway, to Gamuda's landbank.

According to JS Valuers director of research and consultancy Chan Wai Seen, Salak South was one of the earliest developments in the southern part of KL. "The initial developments comprised mostly village houses and landed residential properties. Because it is located near a number of highly popular neighbourhoods, such as Cheras, Sungai Besi, Kuchai Lama and Bandar Sri Permaisuri, many vacant parcels in Salak South have been earmarked for development, particularly for high-rises."

Catalyst for growth

Anthony Chua, director of KGV International Property Consultants, says there are three possible reasons for the sudden pick-up in developments in Salak South. "It is a spillover effect from the developments in Old Klang Road and Kuchai Lama, and its proximity to the KL downtown area. Also, it is [located close] to Terminal Bersepadu Selatan, which is a major transport terminal serving the southern part of KL. Furthermore, [it is] well connected, thanks to the KTM Komuter, LRT Ampang line, Express Rail Link to KLIA and Rapid KL buses."

Chua adds that development there is gathering pace as there are still pockets of undeveloped land.

According to CB Richard Ellis group executive director Paul Khong, the township has always been well located. "Salak South is slightly closer to KL compared with many other suburbs like Cheras or Serdang."

He says over the years, Salak South has found itself becoming more centrally located, with access to the SMART Tunnel and various highways, including the Federal Highway, Maju Expressway (MEX), Besraya Highway, Eastern Extension Expressway, New Pantai Expressway and Middle Ring Road 2.

Chan agrees that the development of Salak South has been spurred by the various infrastructure projects in the Klang Valley, such as the North-South Expressway, and the integrated transport services offered at Terminal Bersepadu Selatan.

"Generally, Salak South has the right elements for property development, for example, proximity to the KL city centre and other areas, ease of accessibility to highways and excellent public transport



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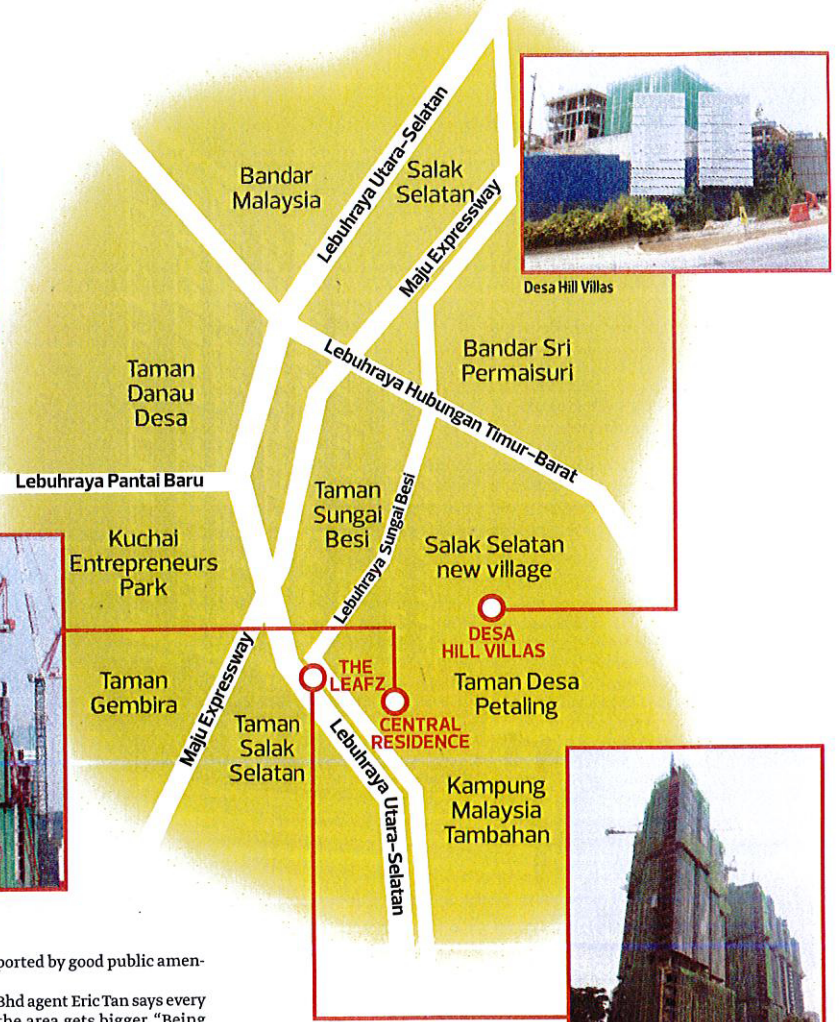
Central Residence

services ... [It is also] supported by good public amenities," he says.

Starcity Property Sdn Bhd agent Eric Tan says every year, the population in the area gets bigger. "Being neighbours with Desa Petaling indirectly helps Salak South, which is experiencing good growth due to the 'ripple effect from its neighbour."

Prices of properties

According to Chan, most of the latest condominium and serviced apartment projects were launched at RM500 per sq ft and above, which is a similar price level to projects in nearby areas such as Cheras, Sri Petaling and Sungai Besi.



Desa Hill Villas



The Leafz



Taman Salak Selatan

YEARS	PRICES
Single-storey terraced houses with land area of 1,560 sq ft	
2008	RM160,000 - RM205,000
2009	RM160,000 - RM220,000
2010	RM180,000 - RM240,000
2011	RM220,000 - RM290,000
2012	RM280,000 - RM330,000
2013	RM310,000 - RM370,000
2014	RM350,000 - RM400,000

Single-storey terraced houses with land area of 1,680 sq ft	
2008	RM165,000 - RM210,000
2009	RM165,000 - RM250,000
2010	RM185,000 - RM270,000
2011	RM260,000 - RM300,000
2012	RM340,000 - RM370,000
2013	RM355,000 - RM400,000
2014	RM410,000 - RM420,000

2½-storey terraced houses with land areas of 1,680 sq ft (new project)	
2012	RM770,000
2013	RM1 million - RM1.1 million
2014	RM1.2 million - RM1.25 million

2½-storey terraced houses with land areas of 2,040 sq ft (new project)	
2012	RM920,000
2013	RM1.15 million - RM1.25 million
2014	RM1.3 million - RM1.35 million

Single-storey semi-detached houses with land area of 4,000 sq ft	
2008	RM280,000 - RM310,000
2009	RM300,000 - RM330,000
2010	RM340,000 - RM370,000
2011	RM400,000 - RM440,000
2012	RM500,000 - RM530,000
2013	RM570,000 - RM610,000
2014	RM640,000 - RM690,000

"We expect property prices to stabilise in the short term due to the recent measures by the government to reduce household debt and speculative property activities as well as the GST (Goods and Services Tax). Price increases are possible in the medium to long term because of the area's strategic location and proximity to various public transport services."

Chua points out that prices in Salak South are moving upwards. "Old 1-storey terraced houses have appreciated from RM230,000 to RM430,000 over four years. Some new 3-storey terraced houses are commanding prices in excess of RM1 million."

Khong says, "In the Klang Valley, good land is now getting scarcer and that within the city limits is quite pricey. Developers are all aiming for strata projects with high-density approvals."

"With demand for housing still on the rise, many such areas have given way to redevelopment projects, most of which now focus on high-rise developments due to the escalating land costs. Many landowners are willing to part with their land when the capital values offered are attractive."

He points out that while Salak South has always been well built, with new villages housing the middle to low segment of city dwellers in KL, many of these new village houses may still have no proper land titles. A large number of temporary and semi-legal industrial premises and various makeshift industries can still be found there.

Parcels along the highways, such as the Sungai Besi and Kuchai Lama areas, are now targeted for condominium developments and developers are focusing on the middle-income segment, Khong says, adding that prices of development land are heading closer to the RM200 psf mark.

"Demand for such products has been very encouraging. We now see Yuk Tung Group with its Central Residence, Exsim Development Sdn Bhd with The Leafz and Chico Development [Sdn Bhd] with its Desa Hill Villas. We expect to see much more action in the near future."

According to Victor Lim, managing director of iProp Realty Sdn Bhd, old shops in Salak South are going for RM350 to RM450 psf, with the rental rate for ground floor units at RM2 psf and office space at less than 70 sen psf.

He says a 2-storey old shop in Salak South Garden is going for RM1 million to RM1.2 million.

In contrast, new shops are commanding RM600 psf onwards, with rents of the ground floor units at above RM2.50 psf. Rents of office space in new shop-houses are between RM1 and RM1.20 psf.

Accessibility

KGV's Chua opines that access to the area has greatly improved with the Besraya Highway, which is linked to the KL-Seremban Highway, MEX, Middle Ring Road 2 and Shah Alam Expressway.

CBRE's Khong says physical location close to the city centre is now a key consideration for both developers and potential buyers. Many buyers are taking the traffic congestion factor into consideration when purchasing or renting properties, he adds.

"Accessibility from KL to Salak South is alright. The only problem is that people who live in Seremban might find it a bit troublesome as they have to make a big U-turn to get into the area," says Tan.

"About 12 to 14 years ago, there was a proposal for an overhead flyover so that those coming back from Seremban would not need to make the big U-turn. Of course, that didn't happen."

Tan says the area is only five minutes from the Federal Highway and Kuchai Lama, where there are schools. There is currently only one school in Salak South village, which is the Chinese primary school SMK (C) Salak South.

Other amenities in the township include a Giant supermarket, located inside Plaza Salak Park.

According to Tan, the population of Salak South is older, which is why building new malls might not be a successful venture.

"It's an old market here. [They have] low spending habits and most of them don't earn that much either. So, the spending trend is not very high."

Potential hot spot

So, is Salak South a potential hot spot for property? Chua believes so. "It is gaining prominence despite its unattractive name. The name is synonymous with the new village of Salak South and conjures [up an image of] a less developed part of the city."

Meanwhile, JS Valuers' Chan says a lack of development land has restricted property development in the area.

Khong explains that while Salak South has a "notorious" reputation, the clearing of old areas for redevelopment may change this.

"Many still consider this to be a notorious neighbourhood and lots of developments have bypassed this area for many years, even though it is strategically located within the city limits," he says. "Despite its semi-derelict state, many developers are revisiting this area for redevelopment purposes, given its good location, especially now with the city expanding southwards."

Khong says the area is currently seen as a good location for redevelopment targeted at the middle-income segment of the residential market, boosted by new mega projects such as the Tun Razak Exchange and Bandar Malaysia that are located in the southern corridor. There is also the Singapore-KL high-speed rail, which is expected to end in Bandar Malaysia.

"Salak South is definitely a good investment. It's picking up and infrastructure there has quite improved," says Tan.

KENNY YAP/THE EDGE



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ERIC TAN



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KGV INTERNATIONAL PROPERTY CONSULTANTS

New developments along the Besraya Highway

DEVELOPMENT	CONSISTING OF	PRICE (RM PSF)
Central Residence	SoHo and serviced apartments	600 onwards
The Leafz	Serviced apartments	500 to 600
The Vyne	860 condominiums	600 onwards
Anyaman Residence	372 condominiums	460 to 611

"There are also many developers that are looking at parcels here. Some of them have even talked to the local house owners to persuade them to sell their land," Tan continues. "But these owners have refused [to sell]. The holding power here is strong. Many of them are waiting until the price is right before selling. The rest just want to keep it in the family to pass down to future generations."

Tan explains that some of the land does not rightfully belong to the occupier as they do not own deeds to the land.

"Some of them are even running businesses from their homes. A few of the houses have been converted into factories, such as noodle shops and steel iron factories," he says. "These factories have been applying for a licence from DBKL (Kuala Lumpur City Hall), but some of them have yet to receive them."

According to Exsim head of marketing and corporate communications Michelle Siew, the company chose to build in Salak South as it is an opportunity to transform an old town into a new hot spot, especially considering its prime location.

"We would categorise this area as a first-tier suburb where people are looking at getting a property either for their own occupation or for investment. Furthermore, at the time of our launch in 2011, there were only limited lifestyle projects available in the area," says Siew.

She explains that nowadays, investors do not like to invest in the city centre because the entry prices may be higher compared with the first-tier suburb developments. She says areas within the first-tier suburbs are always a good choice for investment as there will be a steady appreciation in price.

"With well-connected major highways, we foresee such locations will be well sought after as the prices of the properties are still affordable to many Malaysians."

The Leafz is located on a 3.4-acre parcel, which was bought for RM16 million in 2010.

iProp's Lim, meanwhile, says activity-wise, Salak South is not as popular as its counterparts like the Kuchai Entrepreneurs Park and Permainsuri. He also believes that infrastructure in Salak South has not improved much.