

VANTAGE  
POINT



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## Market Overview

2009 witnessed considerable improvements in the Kuala Lumpur property market from the 2nd quarter of the year onwards. The market for luxury apartments in and around the Kuala Lumpur City Centre (KLCC) weakened in the first quarter of 2009 with asking prices dropping some 20% to 30% from the year before. New launches were put on hold and the number of both inquiries and transactions were noticeably lower than usual.

Market sentiment began to improve in the 2nd quarter of the year with demand originating domestically from second home buyers in their 30's and 40's, taking advantage of the lower prices to own a home in the city centre, as well as veteran investors aged 40 and above who already have at least two properties in their portfolios.

Towards the end of the 2nd quarter, we observed further confidence returning as foreign investors began to look at the Kuala Lumpur luxury apartment market as a choice investment destination. It was in this same time that some property developers launched new products. Prices for such new developments are generally 20% higher than pre crisis levels. The buyers for the new developments are observed mainly domestic buyers with some regional investors from Singapore and Hong Kong. Other international buyers are from Pakistan and India.

### Transaction Data

Development	Number of Transactions	Lowest Transaction	Highest Transaction
<b>Binjai Residency</b>	4	815 psf April 09 Block A Level 16	900 psf July 09 Block A Level 19
<b>Cendana</b>	2	640 psf February 09 Level 20	906 psf April 09 Level 30
<b>Dua Residency</b>	15	717 psf October 09 Block A Level 5	980 psf December 09 Block B Level 10
<b>Idaman Residence</b>	18	650 psf June 09 Block A Level 11	965 psf April 09 Block A Level 13
<b>K Residence</b>	7	414 psf March 09 Level 28	1272 psf February 09 Level 8
<b>Marc Service Residence</b>	20	680 psf March 09 Block A Level 10	1197 psf May 09 Block B Level 21
<b>One Menerung</b>	6	785 psf July 09 Block D Level 7	1300 psf September 09 Block C Level 16
<b>Meritz Service Apartment</b>	4	824 psf May 09 Level 13A	876 psf July 09 Level 13A
<b>Suria Stonor</b>	3	771 psf May 09 North Block Level 11	900 psf April 09 North Block Level 6
<b>Park Seven</b>	3	900 psf May 09 Block D Level 8 & 12	1100 psf July 09 Block D Level 9
<b>Hampshire Residences</b>	3	650 psf June 09 Block A Level 11	965 psf April 09 Block A Level 13
<b>2 Hampshire</b>	18	557 psf July 09 Level 7	850 psf February 09 Level 23A
<b>Pavilion Residences</b>	18	905 psf June 09 Block B Level 13A	1265 psf September 09 Block A Level 19

### Available Listings

Development	Number of Units	Asking Price
<b>Binjai Residency</b>	1	1300 psf Approx 2300 sf High Level
<b>Cendana</b>	1	700 psf Approx 2200 sf Mid Level
<b>Dua Residency</b>	7	750 psf – 980 psf 2098 sf, 5472 sf Block A & B
<b>K Residence</b>	1	1200 psf 1500 sf High Level
<b>Marc Service Residence</b>	2	1300 psf 1330 sf, 3200 sf Block B High Level
<b>Meritz Service Apartment</b>	1	1000 psf 1388 sf / 1357 sf – 2 bed High Level
<b>One Menerung</b>	4	1200 psf – 1280 psf 3285 sf, 4385 sf, 5209 sf Block A, C, D
<b>Suria Stonor</b>	8	850 psf – 900 psf Approx 3100 sf North & South Blocks
<b>Park Seven</b>	1	1050 - 1280 psf 2777 sf, 2808 sf, 4427 sf Block B, C, E & F
<b>Hampshire Residences</b>	1	880 psf 2356 sf, 2399 sf – 3 bed Block A High Level
<b>One KL</b>	8	1300 psf – 1800 psf 3285 sf, 3286 sf, 3700 sf Mid – High Levels
<b>Pavilion Residences</b>	3	1280 - 1500 psf 1307sf, 1509 sf, 2013 sf Blk B Mid – High Levels

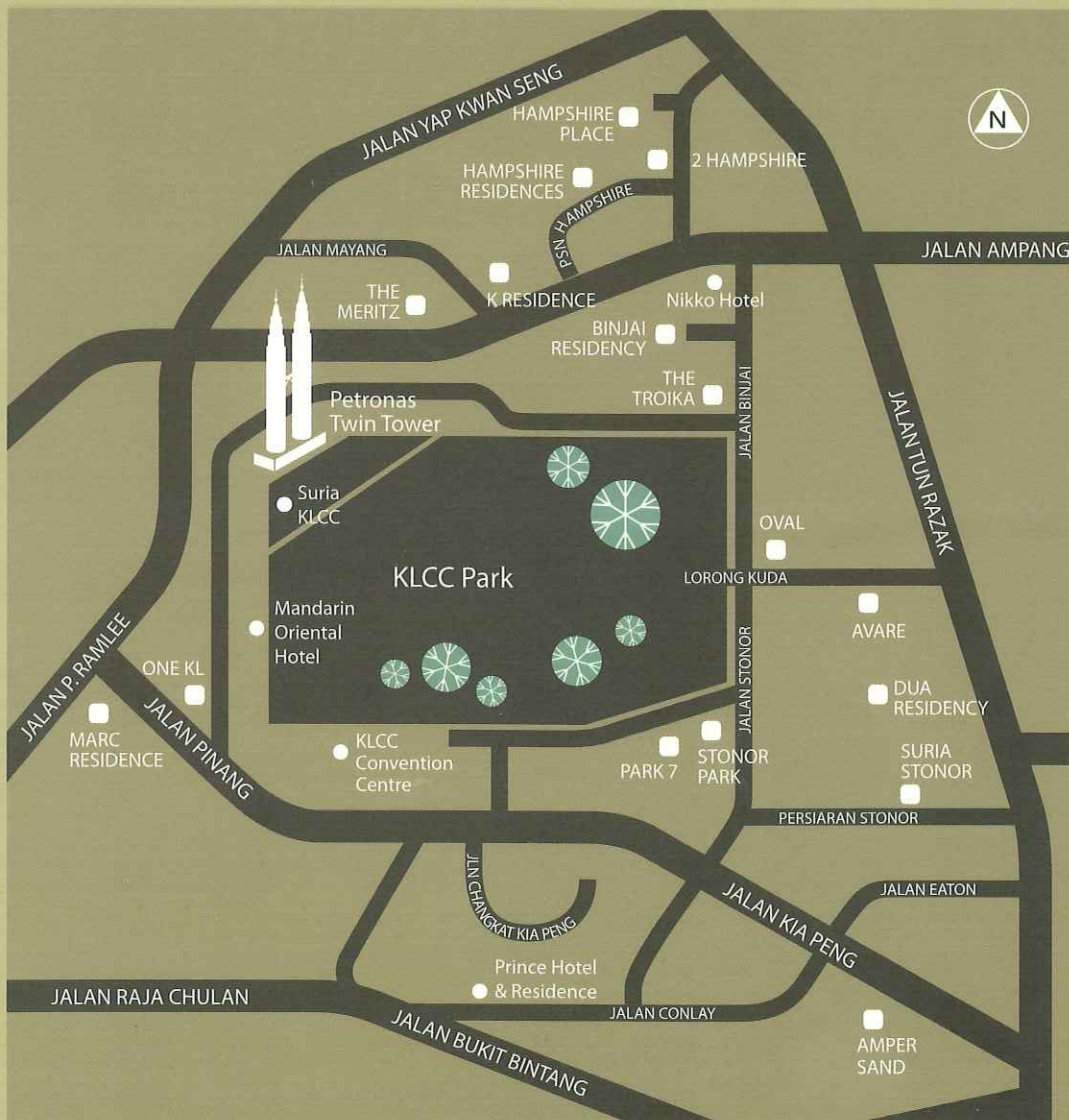
KLCC remains the centre of attention for most domestic and international investors; the reason being that foreign investors are able to identify with the world renowned Petronas Twin Towers. Most major highways connect to KLCC easily and within 10 - 20 minutes driving distance there are about 10 international schools, 3 golf courses, 2 polo /equestrian clubs, 4 major health care centres and 10 major shopping malls. The KLCC master plan which comprises seven components, namely office buildings, hotels, retail facilities, convention centre, residential accommodation, recreational facilities and infrastructure, directly supports and contributes to the sustainability of the property market in and around KLCC.

The most expensive apartment project to date is the Binjai on the Park, which makes up the residential component of the KLCC master plan. Having the best position fronting the 50-acre KLCC Park and the Petronas Twin Towers, the Binjai on the Park enjoys unobstructed permanent views of the same.

Prime properties in Kuala Lumpur have traditionally enjoyed capital appreciation at a healthy 8%-10% a year. The nature of the Kuala Lumpur property market has always been one of relative resilience, as evidenced during the trying times of the 1997 Asian financial crisis when prices of prime Kuala Lumpur real estate dipped only by 20% and recovered fairly quickly. The extraordinary price hike in 2007/2008 was mainly due to the exemption of the Real Property Gains Tax (RPGT) and the government's relaxation of foreign investment policies.

2010 shall see the Kuala Lumpur property market further stabilising, selected completed developments with track record of rentability may enjoy stable capital and rental yield growth.

After a year long of speculation, waiting and observing; below are some interesting transactions in selected developments that actually took place in 2009 (sourced from JPPH as at 13 January, 2010)



Contact:

Robert Ang [+6012] 213 4282

Ai-leen Tan [+6012] 202 3209

**savills**Rahim&Co  
international real estate consultants

RAHIM & CO REAL ESTATE AGENTS SDN BHD (112628-U)  
(Board Reg. No. (E(1) 0451)

Level 17, Menara Uni.Asia, 1008 Jalan Sultan Ismail,  
50250 Kuala Lumpur, Malaysia.

tel: +60(0)3 2691 9922 fax: +60(0)3 2691 0096

email: [srcra@savillsrahim-co.com](mailto:srcra@savillsrahim-co.com) website: [www.rahim-co.com](http://www.rahim-co.com)

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