

Stable property market this year — Rahim & Co

Recovery in economy and implementation of ETP to benefit sector

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KUALA LUMPUR: The Malaysian property market outlook for the year looks positive and stable amidst a modest recovery in the country's economy.

An expected, growth in the country's GDP with the implementation of the Economic Transformation Programme (ETP) would also benefit the property sector, said real estate consultancy Rahim & Co Chartered Surveyors Sdn Bhd.

Its executive chairman Datuk Abdul Rahim Rahman said no property bubble was in sight while speculative activities would only be limited to properties in prime areas.

However, he said the high-end condominium market remains flat following the 2008 global financial crisis due to an oversupply and the general lack of interest by investors and purchasers. Nevertheless, projects by developers with good track record continue to attract buyers.

"With the various projects to be implemented under the ETP to make city living more vibrant, we expect the market to be on the up trend by 2012," Rahim said at a press conference yesterday.

Meanwhile, the office markets saw a vacancy rate of 5% in 2010, with pressure on rents which remained lower than the peak in 2007/08.

"With the recovery in the economy expected to continue in the second half of 2011

coupled with the effects of the ETP, the office market may stabilise in the short-term but continue to be challenging in the long-term.

Rahim estimated that in the next five years, 14.5 million sq ft of new office space would be completed, of which about 27% would be located in the suburbs. "Accessibility via highways has made offices in the suburbs more competitive," he said.

"With selling prices of between RM500 and RM1,000 psf, some companies in the city centre are relocating to new office buildings in the suburbs where conveniences and amenities help staff recruitment and retention," he added.

On the retail market, Rahim said the outlook is positive as total retail sales in Malaysia are forecast to increase to RM227 billion by 2014 from RM137 billion in 2010.

"Such optimism is driven mainly by relatively low unemployment rate at 3.6%, higher disposable income of the working population and the growing tourism industry," he said, adding that another 13 new shopping malls will be opened in 2011, offering 4.5 million sq ft of retail space.

According to Rahim & Co, the overall average occupancy rate of shopping complexes in Kuala Lumpur has been healthy, and stood at 84% last year. Meanwhile, the gross monthly rental rates range from RM13 to RM50 psf for both neighbourhood malls and regional malls.

"With the expected improvement in the economy in 2011, rents and occupancy are expected to remain stable barring any negative news that will affect consumer sentiment," Rahim said.

Meanwhile, the industrial property market saw several new projects launched in 2009 and 2010 that received good take-up of be-



Rahim estimates that 14.5 million sq ft of new office space will be added in the next five years.

tween 80% and 100% with demand mainly from small and medium enterprises.

The average rents for industrial properties have remained quite stable ranging from RM0.70 and RM2.05 psf depending on location and size.

"With the expected expansion in the manufacturing activities, more developers are expected to launch their projects in 2011," Rahim said, adding that the supply of industrial properties is expected to be launched in areas like Port Klang, Pulau Indah as well as outside the Klang Valley due to limited land within prime commercial area.

GreenMatters

Energy efficiency worth the higher capital outlay

by Sam Tan



THERE are dozens of home-related advertisements peddling everything from air-conditioners to wallpaper fittings to water features. In many of these ads, however, one gets the impression that manufacturers and merchants have yet to grasp the full significance of the technological advances that some of these products have achieved in recent times.

The pace of advancement in electrical and home appliances is on par with some of the most advanced automotive engineering enhancements in recent history. Have you noticed that modern cars are significantly more economical than before?

Same thing with electrical and home appliances. Technology has developed with some specifically engineered with energy savings in mind. The entire world is grappling with the need to conserve energy and reduce human demands on the environment. Even in Malaysia, there is the looming realisation that the government cannot subsidise our electricity and utility cost in perpetuity. Necessity, as they say, is the mother of invention.

But adopting these energy-efficient appliances needs a shift in mindset: that in exchange for a larger initial capital outlay, a significant cost reduction can be achieved. Take, for example, the common air-conditioner, which is a staple appliance in Malaysian households. Conventional thinking dictates that to save money, usage should be minimised. But technology has advanced to a point where this need not be the case.

Modern air-conditioners now come with inverter technology, which uses a variable-frequency drive to control the speed of the motor and the compressor. This allows the

transfer flow (and hence energy consumption) by altering the speed of the compressor in response to cooling demand.

This, of course, does add to complexity and cost, but a higher initial expense is balanced by lower energy bills. And in a typical setting the pay-back time is about two years, although this depends on the usage.

Traditional air-conditioners use compressors that are either working at maximum capacity or switched off periodically to regulate the temperature of the room. A thermostat is used to measure the ambient air temperature and to switch the compressor on when the ambient air temperature is too far from the desired temperature. But by eliminating stop-start cycles, efficiency is increased and component life is extended.

It also helps eliminate sharp fluctuations on the load the air-conditioner places on the power supply, making them less prone to breakdowns, cheaper to run, as well as generally quieter than a standard compressor.

The inverter principle has been applied to a wide range of household appliances, including microwave ovens, washing machines and refrigerators, therefore it makes sense to migrate to this technology to achieve higher savings.

One way to distinguish an energy-efficient appliance is to look out for prominently placed labels. In Malaysia, there is the Strim Ecolabel, which informs consumers about a product's environmental benefits. Under this scheme, products are independently tested and verified against certain criteria before they qualify for the label.

Singapore's Green Labelling Scheme launched in 1992 applies to most products, except food, drinks and pharmaceuticals. Post-testing, the Green Label is placed on products which meet the eco standards specified and is recognised by the International Global Ecolabelling Network.

In other words, reducing our energy footprint need not be a sea change. Many of us



Technology now allows better energy efficiency in many home appliances.

on the same principle: higher upfront capital costs in return for (significantly) lower energy consumption.

Adopting these principles is very much like staff performance appraisals where performance is assessed relative to their cost. Similarly, each of your household appliances works for you in return for a unit charge, culminating in your energy bill at month-end.

How much does each appliance contribute? Which gives better performance? Which does more work? Performance co-efficiencies can and should be applied to one's domestic workforce, never mind that they're made of metal and plastic! If you can evaluate your staff why not your appliances?

In the UK, it's mandatory to rate the energy efficiency of household appliances. In Malaysia that day has yet to arrive. But when one realises that many of our home appliances ("domestic workers") operate on a 24-7 basis, it's worth the money to run an energy-efficient household.

Sam Tan is the executive director of Ken Holdings, the developer of an award-winning green

HOT DEALS

How much is your property worth? Which and what property has just been sold, and for how much? What interesting buys are now on the market? Check out the following Hot Deals of the week. Go to www.theedgeproperty.com for more

Sold

Condominium at Opal Damansara, Sunway Damansara, PJ Built-up: 1,420 sq ft; 3+1 bedrooms; 3 bathrooms; Leasehold; RM1580,000
This high floor unit is located within a low-density development with good security. The fully-furnished unit comes with two parking lots. The location is close to amenities, schools and shopping malls. Sale concluded by: Vivien Choy of City Real Properties; 012-234 2333

Serviced apartment at One Residency, off Jalan Raja Chulan, KL Built-up: 1,556 sq ft; 3+1 bedrooms; 3 bathrooms; Freehold; RM1,250,000
This never-lived-in unit comes fully furnished and renovated at a cost of about RM120,000. The price comes to about RM1803 psf whereas bare units are going for RM1700 to RM1750 psf. The unit has also shown good capital appreciation from the launch price of about RM474 psf. Located in the Golden Triangle, amenities are plenty and never far away. Sale concluded by: Alice Ng of Reapfield Properties KL Sdn Bhd; 012-335 0289; alice_ng0123350289@yahoo.com

2-storey Zenia Parkhome in Desa Parkcity, Kuala Lumpur Land area: N/A; Built-up area: 3,000 sq ft; 3+1 bedrooms; 4 bathrooms; Freehold; RM2,100,000
This is a corner unit next to a playground, and is steps away from the pool area. Slightly renovated, the main attraction is the open feel this unit affords with its double patios and glass doors and an extra large second living room upstairs. The area has good security, and has a shopping area to cater to the needs of the residents. Sale concluded by: Andrew Tan of Reapfield Properties; 012-273 8998

On the market

Condominium at 20trees, Taman Melawati, KL Built-up: 1,948 sq ft; 3+1 bedrooms; 3 bathrooms; Freehold; RM1825,000
The new and partly-furnished home is situated in the mature Taman Melawati area. It comes with fittings such as kitchen cabinets and wardrobe (master bedroom), as well as several appliances. The unit has a panoramic view of the limestone hills in the area. The condo comes with full clubhouse facilities. Contact: Daniel Koo of Raine & Horne (Pelaling Jaya); 016-692 7128

Condominium at Downtown Condo, Bukit Ceylon, KL Built-up: 1,450 sq ft; 3 bedrooms; 3 bathrooms; Freehold; RM1568,000
A low rise and low density development of only 44 units, the condominium is located in a quiet area and offers a good view of KL's skyline. The well-kept unit is being sold lock, stock and barrel. It is surrounded by major shopping malls such as Lot 10, Pavilion, Times Square and Sungei Wang Plaza. Within walking distance are pubs and restaurants at Changkat Bukit Bintang as well as the Raja Chulan monorail station. Contact: Alice Ng of Reapfield Properties KL Sdn Bhd; 012-335 0289; alice_ng0123350289@yahoo.com

SoHo at Empire SOHO, Subang Jaya Built-up: 797 sq ft; 1+1 (office) bedrooms; 1 bathroom; Freehold; RM1450,000
The brand new unit is partly furnished and comes with an existing three-year tenancy. It is located next to the Empire Shopping Gallery in Subang Jaya (behind Subang Parade). It is close to schools, colleges and shopping malls. It also has easy access to major highways. Contact: Vivien Choy of City Real Properties; 012-234 2333