Headline	Stable property market this year Rahim & Co		
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Stable property market this year — Rahim & Co

Recovery in economy and implementation of ETP to benefit sector

Siti Sakinah Abd Latif

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 market 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 between 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.

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HARIS HASSAN

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