



AREAS YOU SHOULD TARGET



KHALIL ADIS shares some important tips on where to find affordable properties in the Klang Valley.

KUALA LUMPUR

Some of you may be feeling down about not being able to afford a property within Kuala Lumpur. But there are parts of KL where you can still find affordable properties. Now, let's go through the projects, using one as a case study. You should look for projects in the central area marked "Open for Registration".

Case Study: PRIMA @ Bukit Jalil, Kuala Lumpur (Bukit Jalil-Seputeh)

This project is an apartment complex comprising 320 units with sizes ranging from 654 square feet (two-bedroom units) to 957 square feet (three-bedroom units). Prices start from RM267,000. Expressways nearby are the South Klang Valley Expressway (SKVE),



Maju Expressway (MEX), KL-Seremban Highway and Lebuhraya Bukit Jalil. The proposed facilities include a clinic, retail outlets, surau, swimming pool, multipurpose hall and a rooftop garden.

ANALYSIS

What I like about the project is that it is located next to a park (a big plus as KL lacks green lungs), has a low barrier to entry and it is served by four major expressways. In addition, the RM10 billion Ampang LRT extension from Sri Petaling to Puchong and all the way to Putra Heights will add 11 new stations along an 18.1km line. In my opinion, all these transport masterplans will enhance connectivity, reduce traffic congestion and enhance the value of properties within the area. Bukit Jalil is a fairly mature neighbourhood whose main economic activity is the sporting arena - you have the Bukit Jalil Stadium and golf course.

Then there are major institutions nearby such as the Asia-Pacific University of Technology & Innovation, Asia Pacific-Institute of Information Technology, Technology Park Malaysia (TPM) and the International Medical University (IMU).

What I have done here is refer to the following checklist:

- Check the masterplan - by going to the PRIMA website.
- Check if there is a transport masterplan in place - I googled for information on the Ampang Line LRT Extension.



- Check the budget allocation from the government - I had established in my research that RM10 billion had been allocated for the LRT extension.
- Check the economic drivers - the main activity here is the sports complex and education institutions.
- Check for job creation - I have established the stadium and education institutions as the main job creators here.

Then, use the monthly mortgage calculator and income-to-mortgage ratio to check if you can afford a property here. Some of you may qualify.

What I want you to do is to do the same exercise for all the projects list on PRIMA and the federal-initiated project called the Rumah Mampu Milik Wilayah Persekutuan. Go to rumawip.kwp.gov.my. Follow the checklist above and apply the monthly mortgage calculator and income-to-mortgage ratio.

MORE ECONOMIC DRIVERS PLANNED

Kuala Lumpur has been developing at breakneck speed from the Mahathir era in the 1980s to the current Najib administration. Some of the iconic developments that will soon tower over the city will include the Tun Razak Exchange (TRX), KL 70 Metropolis, Warisan Merdeka, Bandar Malaysia and the Pudu Jail Redevelopment

near the Hang Tuah monorail station. You should do extensive reading and research where the projects are taking place and, if possible, try to look for properties nearby.

Let's take a look at some of the major economic drivers currently taking place in the city.



POINTS OF INTEREST

KVMRT

The Klang Valley Mass Rapid Transit Line 1 (KVMRT) is a major transportation project by the federal government to alleviate the notorious traffic jams plaguing Kuala Lumpur. When I attended DBKL's press conference in 2008, I learnt that around a million cars will enter and leave the Klang Valley daily, causing the massive jams you see right now.

Announced as part of the 10th Malaysia Plan under the Economic Transformation Programme (ETP), this project is undertaken by the Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) and its project delivery partner, MMC-Gamuda KVMRT (PDP) Sdn Bhd. The line will span some 60km from Sungei Buloh to Kajang and will comprise 35 stations. Seven stations will be underground while the rest will be elevated. The MRT project is slated for completion in 2016.

Sungei Buloh-Serdang-Putrajaya Line

Also known as SSP MRT Line 2, this line is meant to serve Putrajaya (which is currently only accessible by car), passing through the inaccessible area of Kepong Sentral and all the way to Sungei Buloh. Line 2 will comprise 36 stations along a 52.5km track. Eleven stations will be built underground while the rest will be elevated. Full service is expected to commence in the second quarter of 2022. The Bandar South MRT station will serve as the interchange station to the High Speed Rail station in Bandar Malaysia.

Circle Line

Also known as MRT Line 3, this is the final line that is a "wheel and spoke" system to connect to the MRT Lines 1 and 2. Line 3 is expected to be completed in 2025. Collectively, all three lines will be integrated with the current train systems forming the Klang Valley Integrated Train System.

KL Metropolis

An ambitious mixed-use development called KL Metropolis is currently being built along Jalan Duta

that will house the Malaysia International Trade and Exhibition Centre (Mitec). With a GDV of RM15 billion, it will be served by the upcoming KVMRT line. KL Metropolis will comprise a shopping centre, luxurious condominium projects, art complexes, museums, exhibition spaces and a health and wellness precinct.

To mitigate your risks and to ensure your unit gets sold or rented out quickly, check the following:

1. Is your property affordable?

Most Malaysians have a budget of less than RM500,000. If your property is below this price, you stand a higher chance of selling your property.

2. Is your property close to train stations?

A property that is within a kilometre from a train station is highly desired. For example, properties close to transport hubs can generally command a five to 10 per cent premium in asking price.

3. Is your property in good condition?

Properties can either be an eyesore or a "love-at-first-sight" encounter. A property that is well-maintained and in good working condition will be snapped up quickly.

4. Is your property close to industries?

Generally, people want to be close to their workplace, especially in Kuala Lumpur where traffic jams mean having to wake up early just to get to work. Properties that are located close to industries will be highly desired and translates to higher chances of selling or renting them out.

5. Is your property close to basic amenities?

The availability of amenities such as banks, restaurants, shopping centres and supermarkets in your neighbourhood is an important consideration for potential buyers and tenants. They want all these to be within walking distance from where they live.





AREA ANALYSIS: SELANGOR

Buyer's Profile and Income Level

Selangor is primarily driven by the local market. The average income here ranges from RM2,000 to RM8,000 per month. For locals, buying a property near the upcoming MRT stations will increase the overall desirability, rental attractiveness and the capital values, as the properties will have higher demand once the MRT line is completed in 2017. I would urge you to study the affordable homes that are being offered by both the state and federal governments. There are plenty of good deals, even below RM100,000.

Case Study 1

I particularly like the Sungei Buloh area as the upcoming Sungei Buloh MRT station will serve as an interchange station with the KTM and MRT Circle Line. For this case study, I will not use PR1MA homes. Rather, I will use examples of condominiums and apartments in the area. This is because some of you may want to buy direct from a developer. Also, I want to show you how versatile my checklists and mortgage calculator are, such that you can apply them across any housing projects. Ready?

I did a survey and found out that properties around Sungei Buloh are priced around RM186 to RM246 per square foot. Now, let us assume you would like to buy a three-bedroom unit in Bangsar, priced at RM200 per square foot with a size of 800 square feet.

The quantum price will be **RM200 x 800 = RM160,000**.

Let us assume an interest rate of 4.45 per cent with 10 per cent down payment and 90 per cent loan over 30 years.

You will need to put down a **down payment of RM160,000 x 10/100 = RM16,000**.

Now, let's work out your monthly mortgage payment using the mortgage calculator here: www.calculator.com.my/home-loan-calculator#.VnJPphxOziA

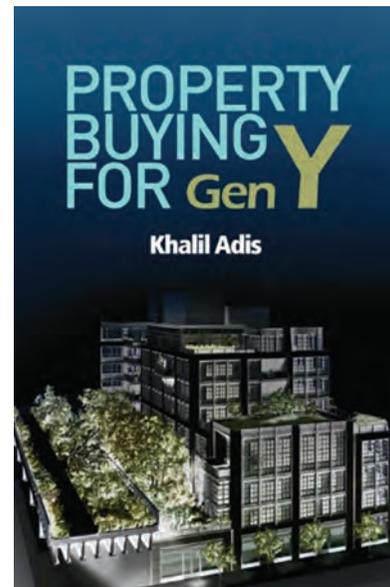
Your monthly **mortgage** would work out to **RM725.36**.

If we work backwards using the income-to-mortgage ratio: to afford such a unit, your gross income must be:

Gross income x 30/100 = RM725.36

Gross income = RM725.36 x 100/30 = RM2,417.87

For a fresh graduate who earns, say, RM3,000 a month, this property is affordable. 📍



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Note: This is an excerpt from the book "Property Buying For Gen Y" (Chapter 7) by property expert, Khalil Adis.