



INVESTING IN PROPERTY

KHALIL ADIS shares some important tips on commercial property investment.

COMMERCIAL PROPERTY

Now that you have a roof over your head and some savings, you might want to look at other types of property that will offer a return on your investment and enhance your net worth. One of these is commercial properties.

SUPPLY DATA IN KUALA LUMPUR AND SELANGOR - WHAT IT MEANS TO YOU

In my opinion, Kuala Lumpur, Selangor and Johor offer the best opportunities for commercial properties. Kuala Lumpur is without a doubt a centre for commerce, making it suitable for business activities of all types. Meanwhile, Selangor is located outside of Kuala Lumpur, where many locals call home, with many train stations there. Therefore, it enjoys some economic spillover from Kuala Lumpur, Putrajaya and Cyberjaya as well as demand from the local population. Johor is also a hotspot due to Iskandar Malaysia and its close proximity to Singapore. Now, let's look into supply data of Selangor and Kuala Lumpur and examine its implications.

KUALA LUMPUR

Visit napic.jpoh.gov.my/portal. Now, go to "Key Statistics" and click on "Key Data H1 2015". Download the latest data and let's go through it together.

Look at the first table titled "Existing Stock, Incoming Supply and Planned Supply of Residential, Shop and Industrial Properties as at Q2 2015". Under "State", look up "WP Kuala Lumpur". Under "Existing Stock", go to "Shop Units". It shows you that Kuala Lumpur has an existing stock of 25,746 shop units that have already been completed. Under "Incoming Supply", you will see that Kuala Lumpur has an incoming supply of 4,305 units; this refers to new launches in the market. Finally, under "Planned Supply", you will see that Kuala Lumpur has 3,836 shop units that are in the process of getting their development order (DO) approval but are not yet launched.

If you add all these numbers together (25,746 + 4,305 + 3,836), we are looking at a total supply of 33,887 shop units. Now compare this to the total supply of 559,501 residential units.

SELANGOR

Okay, now scroll down to "Selangor". You will see that, for shop units, Selangor has an existing stock of 87,852 units, an incoming supply of 21,601 units and a planned supply of 11,199 units. We are looking at a total supply of 120,652 shop units. Compare this to the total supply of 1,572,780 residential units.

QUESTIONS TO ASK YOURSELF

While this data presents good potential to invest in these key markets, I always like to stress that you should buy within your means. Here are four key questions you need to ask yourself before committing:

WHAT ARE THE ECONOMIC DRIVERS THERE?

Again, go through my checklists, study the surrounding area and find out what drives the local economy. The jobs that are created in the various industries will result in the area being highly desirable.

IS THERE A READY CATCHMENT POPULATION?

A ready catchment population translates to traffic and potential customers who will patronise your commercial property. Job creation in an area will mean a high likelihood of professionals and workers who are living in the area, translating to potential traffic. A mature neighbourhood is generally favoured by investors.



ARE THERE MRT/LRT STATIONS AND HIGHWAYS NEARBY?

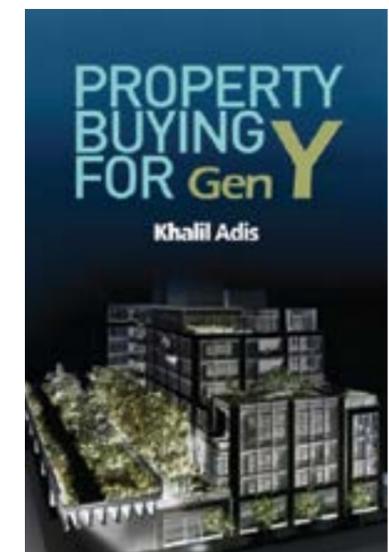
Connectivity could make or break your property. Imagine if there are no train stations or highways in your area. It would result in a dead town that is highly dependent on the local population. Train stations and highways open up huge flows of human traffic to your business, which explains why they are favoured among shopping centres and command a premium.

WHAT ARE THE RISKS?

What is the track record of the developer? Do they have a history of not delivering their projects on time? Have their projects been abandoned before or made headlines in your local newspapers? You can check the track record of your developer here by going to the website for the Ministry of Urban Well-being, Housing and Local Government website at www.kpkt.gov.my. Go to the section "Check" and click on "Late/Sick" and "Abandoned Projects". It will give you a full list of blacklisted developers. Be wary though as some developers are known to form various companies to avoid detection. For example, developer ABC may have project "X", "Y" and "Z" under X Sdn Bhd, Y Sdn Bhd and Z Sdn Bhd.

YOU MUST PAY GST

As for all commercial properties, you must pay the six-per-cent GST.



Khalil Adis
iProperty.com's brand ambassador
(Iskandar Malaysia) property speaker
and author

* Note: This is an excerpt from the book "Property Buying for Gen Y" (Chapter 9) by renowned property expert, Khalil Adis. His book is available in major bookstores in Malaysia and Singapore.