Malaysia's Leading Property Site

PropertyGuru.com.my

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The smarter way to find your right home

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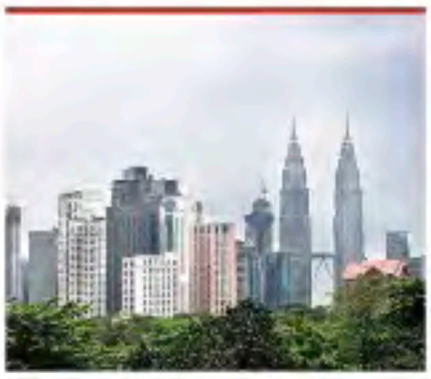
Where to buy your next property?


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Top rented high-rise projects


A little colour can go a long way!

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Welcome to our monthly issue of the PropertyGuru pull-out. Having served Singapore, Malaysia, Indonesia and Thailand as the leading property site for more than 5 years, PropertyGuru is partnering one of the longest-standing newspapers in Malaysia to bring you the same insightful content that has helped more than 16 million people across the region make informed property decisions every month.

Because we have operated in markets across South-East Asia for so many years, we are able to feel the heartbeat of the local populace, tap into the minds of industry stakeholders, empathise with market motivations, needs and wants, and thus, understand all your property questions and concerns. We then tailor-make information campaigns to collect data, go to the streets to hear you out, interpret the research, hone in on what's pertinent, and present you the answers in clear and easy-to-digest format so that you are empowered to make confident property decisions each and every time.

We know, giving you access is vital. Hence, we are constantly investing and improving our website and our collaboration with The Malay Mail represents our ongoing effort to widen the information gateway for you.

We sincerely hope that you will enjoy this pull-out. Happy Reading!

AskGuru Live! #1: Gary Chua

AskGuru Live! allows you to ask property-related questions and have a conversation with the Guru-of-the-month.

Every once a month, AskGuru Live! will invite a property expert to answer questions about a specific topic for two hours. Our first AskGuru Live! was held last month with Gary Chua, the expert of property financing. Here are some of the questions that were answered during the previous session.

Question 1

Tan Loh: My friend is 30 years old. He is earning RM8,000 every month without making any EPF contribution. He has the salary crediting record of over 10 months in the bank, but has not taken any car loan and credit cards, except for a study loan. Is it tough for him to get a loan?

Gary: Yes, it will honestly be tough for your friend to get a loan. Reasons being that (1) he doesn't contribute to EPF, and (2) he has a thin bureau (minimal credit repayment history in CCRIS).

Question 2

Leow Yuk Loong: Can I purchase a house under joint names and apply for the housing loan only under my name?

Gary: Yes, there are banks that offer third party loans, but most of the banks only allow joint purchase with spouse, parents, or siblings.

Question 3

Leow Yuk Loong: Should I consider refinancing my loan if I am offered a lower interest rate?

Gary: Yes, you definitely should! However, be mindful about the lock-in period of your existing loan. Conduct your due diligence before refinancing your loan and you should be doing fine.

Question 4

Chee Kin Tan: What are the documents required for a foreigner buyer? What about the loan ratio level and how long is the processing time for the loan approval?

Gary: The standard documents required are passport photocopy and income documents. Processing time will be about 1 week or so. Please note that different banks have different policies for foreigners. The loan margin will range from 50% to 70% and employees working in MNC companies are usually preferred.

Want to know how you can benefit from investing in strata properties?

Ask Chris Tan.
Our next Guru-of-the-Month, on 24th June at 3pm – 5pm.

Do you have any burning questions about property? Write to us at mangales@propertyguru.com.my, and we will get the best property expert in the industry to answer them for you in the next issue. Or, you can tune in to AskGuru Live!, a monthly live Q&A session on our Facebook page. Visit www.facebook.com/propertyguru.my for more information.

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Economic drivers in Kuala Lumpur
What to look out for!

By **Khalil Adis**

Khalil Adis is a speaker, author, and real estate consultant. He is the bestselling author of 'Get It Right Iskandar' and 'Property Buying for Gen Y'.

Kuala Lumpur has been developing at a 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 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:

1. 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 31 stations. Seven stations will be underground while the rest will be elevated. The MRT project is slated for completion in 2016.

2. Sungai 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.

3. 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.

4. Bukit Bintang Administrative District

a) Tun Razak Exchange (TRX)

Malaysia's dedicated financial district, the Tun Razak Exchange (TRX), with a gross development value of RM40 billion and with a total gross floor area of 20 million square feet, is currently being developed along Jalan Tun Razak as a natural extension of KL's "Golden Triangle". A dedicated MRT station, the Tun Razak MRT station, will be built underground as part of the Klang Valley MRT (KVMRT) project.

b) KL118 (formerly known as Warisan Merdeka)

In addition, a new skyscraper called KL118 housing a shopping centre, office building, and a hotel is currently being developed just next to Stadium Merdeka. When completed in 2020, it will surpass Petronas Twin Towers as the tallest building in Malaysia. It will have access to the KVMRT Sungai Buloh-Kajang line. The 118-storey KL118 project will have a gross development value (GDV) of RM6 billion.

c) Bukit Bintang City Centre

Just next to Berjaya Times Square, a new mixed-use development called Bukit Bintang City Centre is currently being built at the site where the Pudu Jail once stood. It will have a GDV between RM8 billion and RM10 billion.

5. Bandar Tun Razak Administrative District

a) High-Speed Rail (HSR) Project

Bandar Tun Razak is expected to be a highly sought-after township come 2022 as the Sungei Besi Military Camp has been named as the Kuala Lumpur terminus station for the High-Speed Rail project linking Kuala Lumpur to Singapore. This iconic project between the governments of Singapore and Malaysia was announced on 19 February 2013 and is expected to be completed by 2022. There will be eight stations in all: Kuala Lumpur, Putrajaya, Seremban, Ayer Keroh, Muar, Batu Pahat, Nusajaya and Jurong East in Singapore.

b) Bandar Malaysia

The Sungei Besi military camp will be developed into an iconic mixed-use development called Bandar Malaysia with a GDV of RM150 billion, housing the HSR station and two MRT stations being built here: Bandar Malaysia North and Bandar Malaysia South. The latter will be the interchange station connecting the MRT Circle Line to the HSR Line. The site area is around 196 hectares and will comprise 27,000 quality and affordable homes. There will also be a dedicated commercial district to support new start-ups as well as small and medium-sized enterprises (SMEs).

6. Segambut Administrative District

a) 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.

People's outlook

Why do you think it is important to locate the upcoming economic drivers before purchasing a property? And why do you think buying a property in such places are vital?

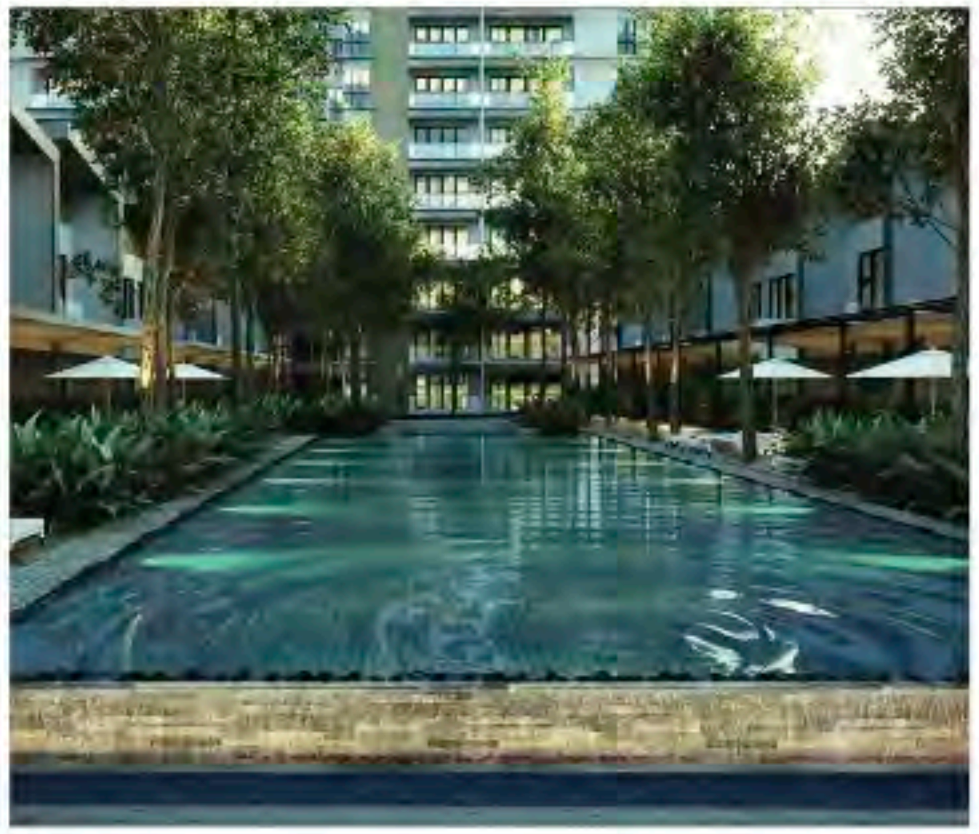
Komila Rane Nadarajah

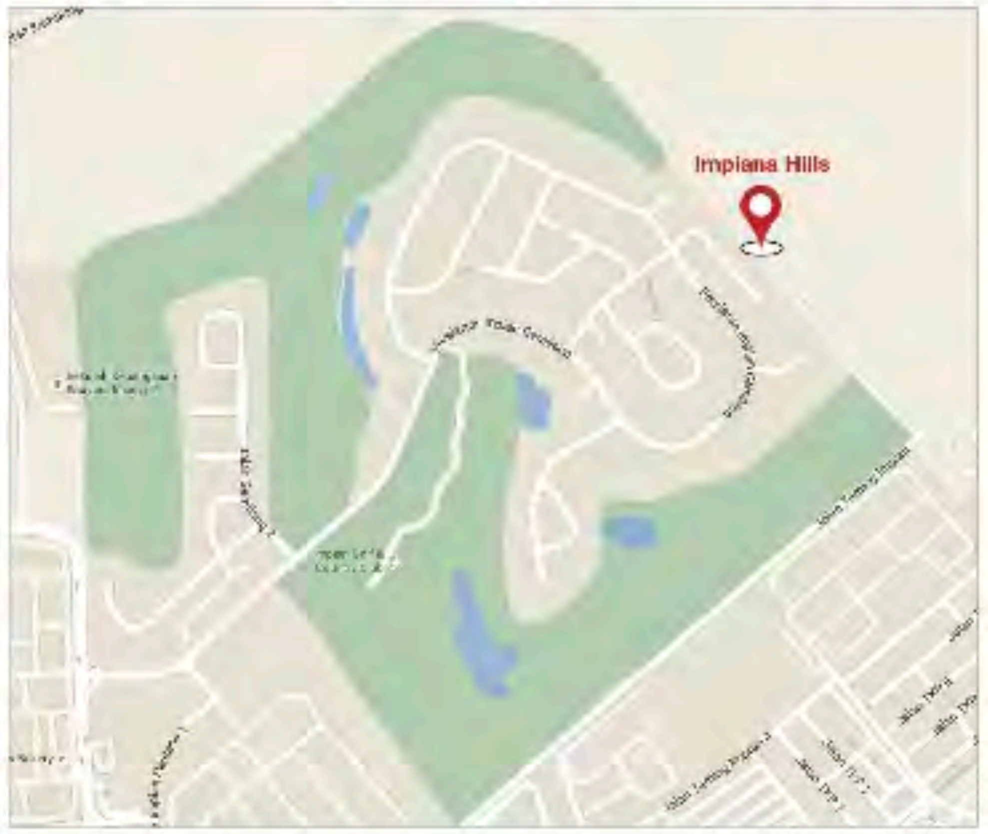
"People usually buy property for two main reasons: for capital appreciation and for rental returns. The properties located nearby the upcoming economic drivers will mostly have a high demand for rental, and as the time goes by, the property value will also appreciate further. So a smart investor would always find properties in such areas."

Zurainur Faiza bt Sarpin

Buying a property is a long term investment. To get the best return, we have to make sure our property has a high demand. A property located in the area of forthcoming economic drivers will help to boost the value of the property. Usually, an investment-worthy property will be located nearby public transportation, education institutes and so on.

New property launches & developments in Malaysia



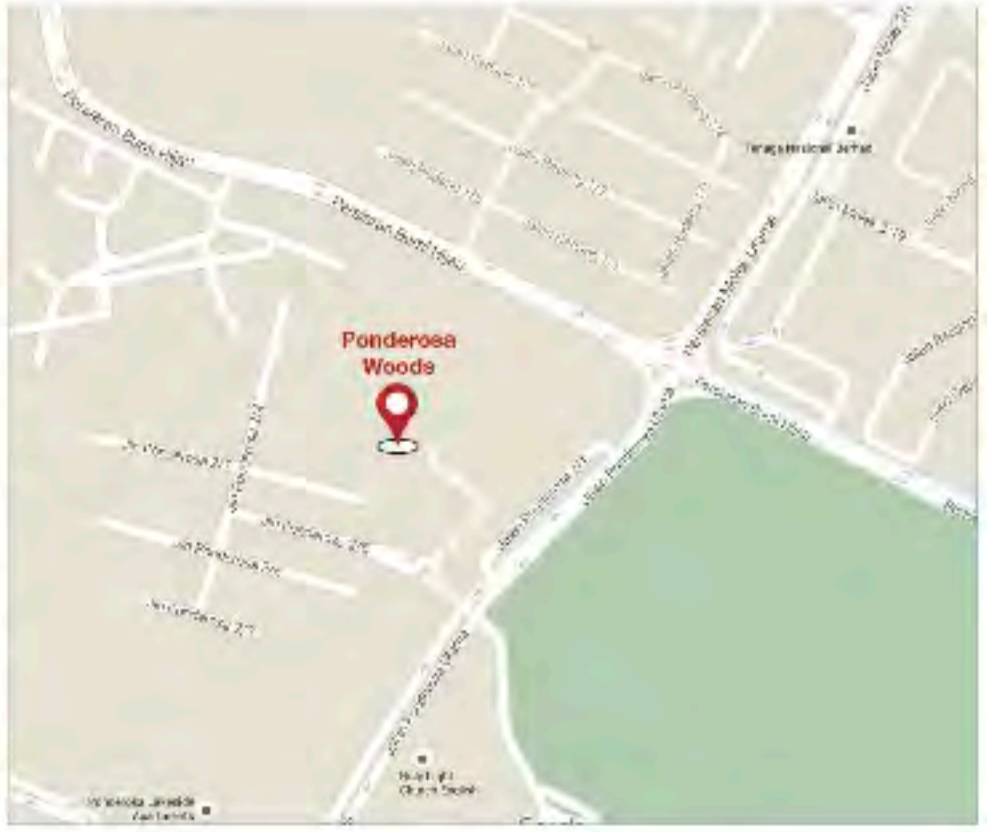


Impiana Hills
Kuala Lumpur

Impiana Hills is a freehold low-density residential development located in Cheras. It is situated right next to Impian Golf & Country Club, and is surrounded by upscale landed homes in the affluent district.

The development spreads over 4.86 acres of prime land and offers a total of 292 residential units comprising of condominium and terrace houses. Impiana Hills is developed based on a Home & Lifestyle concept as it aims to provide residents the perfect home that will transcend through generations.

Developer Name:
Land Pacific Development Sdn. Bhd.
Property Type:
Condominium & terrace
Tenure: Freehold
Price: From RM559,986
Completion Year: 2019



Ponderosa Woods
Johor Bahru

Luxuriantly nestled in a private, tranquil enclave is Ponderosa Woods, an exclusive and extraordinary space tucked next to a languid Golf Course. Yet conveniently set on the doorstep of a vibrant commercial and financial hub within a classy neighbourhood.

Ponderosa Woods boast of super-large land size with generous built-up areas, embodied in beautifully-crafted 3-storey twin villas. Each home is designed and built based on stringent CONQUAS standards harnessing the core philosophy of high quality, comfort and safety.

Developer Name:
Rawhide Sdn Bhd
Property Type:
Semi-detached
Tenure: Freehold
Price: From RM2,728,000
Completion Year: October 2016

A glance at some of the developments shaping Malaysia's skyline

Rimbun Vista, Seremban 2
Seremban

Located on an elevated ground and platform level ranging from 74m to 76m high, Rimbun Vista comes with a 4.86-acre green area and a 3.8-acre private central park.

This 42.6-acre freehold development consists of a 1.5km jogging path that encourages a healthy lifestyle and enhances interaction between the neighbourhoods and communities. To ensure the safety of the residents, the developer has incorporated 'crime prevention through environmental design' at Rimbun Vista, providing a secured atmosphere for the occupants.

Developer Name:
IJM Land Berhad
Property Type:
Terraced House / SuperLink
Tenure: Freehold
Price: From RM627,760
Completion Year: November 2017

3 reasons why the market deserves to slowdown

By Michael Tan

Michael is the founder and CEO of Freemen, a property consultation firm. He is an entrepreneur, an investor, a speaker and a coach.

Since the start of the year, I've noticed that the real estate market has somewhat quieted down a bit. A lot of people have asked me since, what is my prediction of the market would be like.

My genuine answer is, "The market is plateauing at the moment, and… it is about time it did!"

Now, I'm not a sceptic of the market, rather, all I am saying is that it is about time the market consolidated and people took time to really digest what has happened in the market in the past few years. We have experienced one of the most exciting times in recent years, where we saw prices in some areas doubled, if not tripled, in value. Perhaps, now is the time for us to take it all in and let the dust settle a little before the market starts to rally up again.

Many people are concerned when the market starts to slow down and many others are hoping the upward rally will continue. My personal feeling is that it shouldn't. The property market isn't like any of the other commodity markets, like the stock market for example, at least not in Malaysia.

There are many factors that can lead to the overheating of the real estate sector, and potentially leading to a meltdown. While I do believe we haven't reached that level, we certainly have the potential of moving towards there.

I would like to share my personal points of view on why I say the market should definitely slow down, and I have summarized them into three main points as follows:

1. Are we working for money or is money working for us?

It is generally known that the best reason to invest into properties is mainly because of the ability for us to stretch our investment ringgit to the max.

Imagine this, with just RM100,000, most of us can qualify to take a loan up to ten times that amount, which is RM1,000,000! The leveraging factor is amazing for this class of investments. While we have experienced our loan to value ratios reduced tremendously to 70% since 2010, we can still buy two residential properties and take 90% loans before being capped.

The alternative is also to buy commercial properties for investments, as the banks are willing to loan up to 80% of the value, giving us a 1:5 ratio for the value of our money.

Now, of course we need to repay our loans, which means we need to allocate a certain amount of cash for the monthly instalments.

There have been many investors who have looked for smart ways of taking on more loans, while minimizing the repayment instalments as much as possible. Several ways in the past are such as the DIBS scheme (which has stopped since end of 2013), where the developer finances the instalment until the completion of the property.

The DIBS scheme was abolished in 2013 to encourage responsible lending. While it is a scheme in the past, I would like to use it as an example to share how this might be one of the property investment traps that exist in the market.

Assuming Mr. Tan bought Property A, which has the following characteristics.

> Property Value = RM500K
> Mr. Tan took a loan of 90% at 6% interest for a 30 year tenure.
> Loan amount = RM450,000
> Instalments borne by developer throughout the development period.
> Instalments after property completed = RM2,698 per month.

Upon getting CCC, the DIB scheme stops, and Mr. Tan now has to pay the instalments in full. At this point, whether you are selling the property or renting it out, you should consider adding just a little bit or renovation to the unit to make it stand out from the rest.

Let us not forget, if you have bought it new, there are probably hundreds (if not thousands) of similar units going for sale and rent at the same time. However, putting this aside, if you were Mr. Tan, and you had an offer to purchase properties with little or no money down, and no financing required for at least three years, how many of such units would you buy?

Perhaps you are the prudent one to purchase only one or even none. During the past three years, I assure you there were quite a few people who bought more than just one of these types of properties.

Assuming Mr. Tan was a little bit more aggressive, and went on to buy three properties of the similar price, upon completion, he would need to bear an installment of RM8,094 per month. Within six months, he would have paid RM48,564, and in one year, RM97,128. Assuming even if Mr. Tan earned RM10,000 a month, paying RM8,094 monthly would be a burden to him, yes?

The simple term for this is over-leveraging. For many investors in this situation, what initially was the intention of making money work for you, turned out to be you working for money.

2. Are we investing or trading?

Now, you are probably asking, why would people like Mr. Tan invest so heavily into properties? Well, in the past five years since 2010, we have seen the property prices escalate due to a surge of demand in the market. Where is this surge coming from? Is there a sudden burst of the population or foreign migrants coming into our cities?

Yes, and no. While the initial boom was triggered by real demands from home buyers, it was the later years of 2012-2013 that we saw a swarm of investors coming into the market, hoping to invest and make some money out of the real estate market. Places like Cyberjaya and Iskandar in Johor saw property prices rise to new heights, as well as development properties snapped up overnight.

What were the intentions of some of these investors? While I am only speculating, I believe there was a mix. Some of these investors were in it for the potential returns from renting, however, most were interested in the potential capital gains, in other words, to buy and sell quickly to make a quick buck.

So, why would people like Mr. Tan unexpectedly buy so many properties? Probably to sell one or two off quickly for capital gains, since he noticed that the property market was on an up cycle.

If Mr. Tan were to expect a 30% gain, he would expect to sell his property that he bought at RM500K, at about RM650K within three years. Now here's the thing, in 2013, our government reinstated the real property gain tax (RPGT) to 30%. If Mr. Tan were to sell his property now, he would make almost nothing from it, forcing him to reconsider holding it a little bit longer to make a fair amount of gain from the investment.

Now, remember, Mr. Tan has to pay RM8,094 per month for three of his properties, and if he is not ready to put in more money to renovate the place to rent, or ready to hold it for a longer term, he might just get caught in a fix.

I guess this is where I draw the line between investing and trading. To me, there are much deeper fundamentals in real estate investment that a person must understand, in order to get the best value out of it. If a person were to ask me how I evaluate the property to determine its value, my answer would be, I do not.

There is little or no true value in the property itself, rather, it is how the property serves the market, the population, and the needs of the target market in the location where it is situated at the right timing that brings true value. All these factors do take time to study and understand before one makes a solid judgement of whether to invest or not in the properties in the said area.

I felt that in the past years, a lot of investors have missed this point completely, and have rushed into deals without truly understanding the value. When this happens in a large scale, it creates a mob effect, hence, surging the market forward without any true fundamentals.

3. Real estate is like wine

This comes to my final part. Hearing all that I have said, perhaps one might be asking now, does that mean people like Mr. Tan are going to lose their money? The answer is, "Maybe".

While the situation may sound morbid, the good news is that the property market, especially in Malaysia, is rather forgiving. If Mr. Tan were to be able to hold through, the market may eventually settle and start to pick up again. I would like to defer my view a little from those who are skeptical about the market. While I do believe that we are going through a period of adjustments in the market, and we are seeing and expecting the market to be slower in months to come, I am rather confident that the market will start to pick itself up again.

There is a short term of oversupply in the market, and while this may be present, I do believe, in the longer term, there is still real demand. Holding the local and global economy factors constant, the need for a place to stay will continue to be there.

On a longer term prospective, I do believe that property is like wine. Unlike any other types of investments, there is true economic value in real estate, and given time for it to mature, real estate will eventually serve its rightful place in fulfilling the needs of the population.

Thus, for the impatient few, perhaps it is time to reset your outlook on the properties you have bought and look on a broader horizon to see how to get the best value out of them. A market slowdown isn't necessarily a bad thing, perhaps, similar to wine, this is just an ageing process to boost up the value of real estate.

Ideas to improve your living room with the right mix of colours

The right colours can drastically change the look of a living room. But how much of any one colour should you have?

Any professional interior designer will tell you that the standard ratio of colours should always follow the 60-30-10 rule. Which are:
- *60% dominant colour (wall, plaster ceiling)*
- *30% secondary colour (upholstery, paneling wall)*
- *10% accent colour (throw pillows, giant vase)*

Beige, cream and white are neutral hues often used as the dominant colour for an interior design project. It is regarded as a safe choice for plaster ceilings, floorings and walls.

However, it's the secondary and accent colours that make the most impact to a room, as demonstrated by the interior designers below. Play around with vibrant, contrasting colours and see how your living room design can change!

As these rooms designs recommended by PropertyGuru.com.my and RecomN.com will show, a little colour can go a long way. The trick is not to overdo it.

Mixing the primary colours

The bright yellow hanging wall cabinet; the bright red bean bag and cushions; the blue and yellow abstract artwork; they all work together to turn this room into a modern day gallery.
Source: Urban Structure Construction

The chill out room

The designer has cleverly played around with the colours to make the room a perfect spot for relaxation. Just throw in few colourful bean bags and pillows.
Source: Clover Buildcon

Creating the Victorian warmth

Glossy metal finishes on the Victorian-style furniture is balanced by the soft textured wallpaper. An elegant touch to the perfect living room.
Source: NEO Interior Design