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HOME OWNERSHIP CAMPAIGN

2020-2021

With the HOC and other packages coming into play, homebuyers have a better opportunity to secure a home for themselves.

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SPECIAL FEATURE

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Better bend than break

Legalising booking fees collection might be the way forward

Contributed by CHANG KIM LOONG

FOR many naïve and unwary purchasers, signing a booking pro-forma with a housing developer or its agent or lawyer and paying a sum of booking fee before the formal Sale and Purchase Agreement (SPA) is signed are part and parcel of the standard operating procedure to purchase a residential property. Or so, it seems.

Contrary to such popular belief, this is prohibited by the Housing Development (Control and Licensing) Regulations 1989 (HDR). Regulation 11(2) provides inter-alia:

“No person, including parties acting as stakeholders, shall collect any payment by whatever name called except as prescribed by the contract of sale.”

The statutory form of the SPA provides that the first 10% of the purchase price is only payable immediately upon the signing of the agreement. The scope of prohibition is wide enough to include estate agents, lawyers and any third parties purportedly acting as stakeholders for the housing developer in respect of collection of the booking fees.

This prohibition, first introduced way back in the early 1980s, is actually a good form of protection designed to prevent an errant developer from treating a booking pro-forma as a binding contract to gain a contractual right to forfeit the booking fee already paid by a purchaser who failed to sign a SPA when so requested.

Stories of fellow purchasers crying foul when they are denied a refund of the booking fee, are abound. There have been wanton cases of such abuse



It is illegal to collect booking fees despite that it is a common practice.

by unscrupulous housing developers. In too many cases, promises by sale representatives that the booking fee is fully refundable if the buyers could not secure a bank loan are not honoured.

Vulnerable buyers are left with no options but to forgo the booking fee simply because they feel that the cost and legal quagmire to pursue the matter does not commensurate with

the booking fee. It simply is too bitter and cumbersome for those in such acrimonious situations.

Have wrongdoers been prosecuted?

Nonetheless, there has been no reported prosecution in the Courts (of Law)

against those housing developers and sale agents who flout this prohibition.

Thus far, no one has apparently been prosecuted for this blatant disregard for the law. This fact has been declared to the National House Buyers Association (HBA) by the enforcers, that is, the Ministry of Housing and Local Government during its frequent meetings with them.

EVENT HIGHLIGHTS

8 top-notch speakers to give talks during StarProperty virtual fair

STAY-AT-NEW-HOME
VIRTUAL FAIR

| Sept 19 | | |
|---|--|------|
| Speakers | Topic | Time |
| Ikhran Merican, Living Space managing director | Economic Story of the Current Housing Market | 11am |
| Vince Chia, founder of Diligent Planners | Mortgage Rule of Thumb (in Mandarin) | 3pm |
| Sept 20 | | |
| Gavin Liew, Makeover Guys founder | How to decorate to elevate your rental property with affordability | 11am |
| Abdul Aziz Ahmad, Hartanahguru founder | Tips on buying homes (in Bahasa Malaysia) | 3pm |
| Sept 26 | | |
| Khor Meyven, advocate and solicitor | Landlord's rights and remedies against tenants in default | 11am |
| Jessie Lee, Soleil Trinity Resource founder | Dawn of a new era with feng shui: A paradigm shift of the cosmos | 3pm |
| Sept 27 | | |
| Mohd Ali Majis, Aliy Group of Companies founder and CEO | How to invest in real estate (in Bahasa Malaysia) | 11am |
| Jessica Jong, mortgage specialist | Tips on how to get mortgage loans approved | 3pm |

THE StarProperty Stay-At-New Home Virtual Fair 2020 will host eight experienced speakers who will provide updated property-related information and advice during their respective webinars. Each webinar will last up to 45mins and visitors can choose to view each talk by just clicking on a mouse.

There are also many great property deals, offered by some of the top developers of the nation. Among them are Matrix Concepts, Symphony Life, Platinum Victory Development, Paramount Property, HCK Group, Tropicana Corporation, Worldwide Holdings and Putra Nilai Development.

Communication is made easy and conducive through the available chat function, or visitors can opt to engage the developers' representative via Whatsapp, phone or email. Even better, the StarProperty virtual fair is equipped with matchmaking, sorting, and filtering functions, allowing potential homebuyers to narrow down the desired product.

Also, there will be a whole lot of winnings at the StarProperty virtual fair, which is probably the only fair organiser that rewards both visitors and homebuyers. This year's Win Kaw Kaw Campaign promotion ensures that everyone who attends any StarProperty fair becomes a winner.

Join the fair and stand a chance to win over RM50,000 worth of prizes and holiday packages. To win additional prizes and vouchers, simply place a booking at the fair. Upon completion of the purchase, there will also be RM100,000 worth of rewards to be won, including trips to Greece, Japan or Korea. The fair will last for two weeks, so don't worry about missing out on the fun. 🏠



Ikhran Merican



Vince Chia



Gavin Liew



Abdul Aziz Ahmad



Khor Meyven



Jessie Lee



Mohd Ali Majis



Jessica Jong

Enforcement is lax; if there is any enforcement action taken, it is likely the imposing of a meagre compound fine and a slap on the wrist. This leads us to ponder whether a more systematic approach of regulating booking fees should be adopted in place of this absolute prohibition.

Since enforcement is lacking and lax and no one has been brought to Court to be punished, then why not consider legitimising collection of the booking fees?

Cooling-off period

For starters, a housing developer should grant an option to purchase to an intending purchaser in exchange for a reasonable deposit of a sum of money referred to as the booking fee.

A reasonable duration should be given to the intending purchasers to freely consider whether to exercise the option to purchase the property or not. No penalty should be imposed on the intending purchasers if they decide not to exercise the option within the option period.

There should be at least a duration of 30 days from the date of collection of the booking fee for intending purchasers to consider whether if they want to exercise the option to purchase the property. During this option period, a developer should not accept any other booking from another party in respect of the same unit property.

An intending purchaser should be given the full right to either exercise the option before the expiry of the option period or decline to exercise option without the need to furnish any reasons whatsoever to justify his or her decision.

If a purchaser decides to exercise the option, the booking fee should be utilised to partially set-off the purchase price.

If an intending purchaser decides not to exercise the option, the booking fee should be refunded in full to the intending purchaser.

An interest rate of 10% per annum, calculated daily, should be imposed to ensure prompt payment.

There should also be a provision that the developer is not permitted to deduct any form of administrative fees in attending to the refund.

During the option period, all the relevant available information about the subject property should be made available to the intending purchaser to enable him or her to make an informed decision on whether to exercise the option.

Such information should include data on the estimated land area, the layout of the property, specification of the building, details of the common property, Schedule of Parcel, details of the approved building plans and a copy of the SPA.

The amount of booking fee should not be more than RM5,000 or 1% of the purchase price, whichever is the lower.

After all, the booking fee merely serves as a security for the developer to grant a right of option to the purchasers. It is additionally to allow the developer to gauge the marketability and saleability of their project.

It is also intended to convince the bridging financiers that the project has reached a reasonable margin of sales and give credence to the project undertaken by the housing developer. The quantum of bookings reflects the level of demand of the housing project and they are assured that the project will not become an added statistics of an overhang.



The booking fees collected from potential buyers should be placed in a fidelity fund under the Housing Development Project Account to facilitate the refund exercise if the option is declined.

This is to prevent unscrupulous developers or their authorised agents from absconding with the booking fee. The developer should also be held responsible whether their appointed authorised agents or lawyers are collecting the booking fee as stakeholders.

A standard booking form

To ensure uniformity, a standard booking form should be prescribed in

A cooling-off period should be given to the intending purchasers.

the relevant law such as the HDR. The rights, entitlement and obligation of respective parties should be drafted in plain language and set out in the standard booking form with the dateline to exercise option clearly indicated.

All the terms and conditions in the standard booking form should be explained to the intending purchasers before the developer collects any form of the booking fee.

This standard approach will legitimise collection of the booking fee and its refund process and will provide certainty and recourse to the treatment of the fee. Since enforcing the prohibition of the collection of booking fees by housing developers is ineffective, now is perhaps the time to try a new approach to better protect buyers.

There's an old Scottish proverb: 'Better bend than break' carries no connotation of surrender. It is used to indicate that the way to take over the opposition's strength is to adopt their positions and platform. 🏠

Information about the property should be made available to the intending purchaser to make an informed purchase.



Datuk Chang Kim Loong is the honorary secretary-general of the National House Buyers Association: www.hba.org.my, a non-profit, non-governmental organisation manned by volunteers.



TIMES are changing and the homes people live in are a reflection of their lifestyle and needs. The ongoing battle with Covid-19 has increased home-time for most residents, as the majority are compelled to either work from home, or to remain indoors.

With that in mind, IJM Land Bhd has taken various initiatives to accommodate this change in lifestyle. Among them is the incorporation of dynamic spaces into their developments, allowing homeowners the flexibility to convert these areas as the need arises.

Discerning homeowners need only observe the multi-functional spaces at the double-storey linked homes of Ara Impian at Seremban 2, or Starling at Bandar Rimbayu as sublime examples.

These adaptable homes function on an open-plan layout with ready spaces for customisation and easy modification. This can either be to accommodate a new addition to the family, elderly folk or perhaps to function as a home office or study area, if not a bigger dining hall. Another solution comes in the form of Savvy freehold multi-generational suites in Segambut, offering self-contained one-bedroom dual-key units that can be used as full-fledged home offices.

At the Secoya Residences in Pantai Sentral Park, almost all units come with a balcony which can double up as a fresh, breezy open space to accommodate work. Residents who head to the Sky Garden on level 21 and 31 are further rewarded by the panoramic view of the city and the surrounding greenscapes.

The two sky gardens within the development provide residents with tranquil spaces, where they can practise yoga or enjoy a quiet moment with a good read. Regarding the office, working from home requires rigorous usage of the internet. IJM Land addresses this need by providing high-speed broadband infrastructure, at the same time, weaving a technologically superior undertone within its projects.

The newest phase of Seremban 2 Heights residential developments feature smart home infrastructure powered by built-in fibre optics. The units are also fitted with digital door locks, providing enhanced security for the home and its occupants. This union between utility and safety ensures a smooth, convenient and cost-conscious lifestyle that appeals to professionals and millennials alike.

While the townships of Seremban 2, Bandar Rimbayu and Shah Alam 2 offer a wide selection of products to suit



Rimbuan Impian plays hosts to premium homes in a matured township.

IJM Land provides 'new norm' solutions

Flexible homes and state-of-the-art technology lead the charge towards the future

various budgets and lifestyles, it retains its integrated and low-density profile to ensure privacy and a less crowded environment for all.

Additionally, the developer has apportioned more outdoor and wellness space through the incorporation of a residential park within the township precinct. This allows residents to enjoy a quiet evening stroll after dinner or a morning workout after a long day of video calls and working indoors.

The movement control order that was enforced during the past few months

is also testimony to the importance of living nearby amenities and conveniences.

Adventurous residents looking to venture out can hop on to the nearest KTM station. Also, the Riana Dutamas is a ten-minute walk via a purpose-built sheltered pedestrian walkway from KTM Segambut Station, which connects to KL Sentral.

It is further linked to four major highways, namely the Duke, Sprint, Plus and NKVE. IJM Land's key townships are continuously undergoing promising developments through added amenities

and connectivity improvements for its many residents to enjoy. At Seremban 2, Bandar Rimbayu, Pantai Sentral Park, Shah Alam 2 and Riana Dutamas, you will always be spoilt for choice when it comes to hangout areas with friends, brunch locations or a new meeting point.

As a closing note, IJM Land will make it easy for homebuyers to own their dream homes via the "Now You Can" homeownership campaign. Homebuyers who purchase an IJM Land property by Oct 31, 2020 will enjoy big savings and rewards. 🏡

BELOW

The Starling (parcel 3) features two-storey link homes with built-ups ranging from 1,694 sq ft to 1,997 sq ft.



The infinity pool at Secoya Residences overlooks the idyllic Bukit Kerinchi forest.



NOW
YOU
CAN

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Rimbun Impian — Seremban 2 Heights —

2-storey Superlink Home
22'x78' | 2,586 sq. ft.
24'x75' | 2,820 sq. ft.

PROBE into the reasons that have made the townships of yesteryears successful and a key factor stands out - the community. Yet modern townships also need to meet evolving needs such as security and sustainability. Safe to say, LBS Alam Perdana ticks all the right boxes where these attributes are concerned.

Sprawled across 470 acres of land in Bandar Puncak Alam, this township built by LBS Bina Group Bhd (LBS) is among the most notable upcoming developments in the golden state of Selangor. The township is laden with residential homes and commercial lots whilst also housing the 'Perumahan Penjawat Awam Malaysia' residences.

Despite the ambitious efforts and scale of the development, the experienced folks at LBS have the minute details well thought-out. Every facet of the township and its projects are meticulously planned for the convenience of residents and to draw people together.

Case in point, a key highlight is the back-lane gardens that connect every home. This ingenious use of an otherwise wasted space encourages neighbourly relations. Everlasting friendships will be built here over an evening stroll on the well-made footpaths. Imagine the little ones playing with the neighbouring children without having to worry about cars driving by.

The development also boasts other types of gardens around the neighbourhood. Extensive jogging tracks and sports facilities foster togetherness and a healthier lifestyle. The community centre houses a badminton court, a kindergarten and a library. Strategically placed park facilities include a big lawn, children's play park, youth corner and a garden for senior citizens.

Projects within the township are gated and guarded with 3-tier security checkpoints for added peace of mind. Homes are intentionally subdivided into smaller and cosier neighbourhoods complete with respective guardhouses and 24-hour service availability.

24-hour perimeter cameras then further tighten security. In keeping with modern times, residents can use the property management app to communicate with security guards should the need arise to verify access for guests or call for help.

Sustainability was also at the forefront of planning and construction. Passive green features were incorporated into the building design like large windows, wide-living spaces and an open plan concept. These provide an abundance of natural lighting and ventilation, so residents stand to save on electricity bills.

Ingenious use of a precast system in building construction allowed for better resource management. Cost savings in material, time and workforce are then passed on to prospective homebuyers who can buy into everything LBS Alam Perdana has to offer without breaking the bank.

Trees planted around the perimeter then help screen noise, smoke, dust and visibility from the road. Driving through the road, one may then notice the use of interlocking pavers to ease regular maintenance and the flow of drainage.

The first phase of Simfoni Perdana townhouses and Irama Perdana terrace



An illustration of the back-lane gardens that connect the homes of LBS Alam Perdana.

Township built to nurture a community

LBS Alam Perdana is thoughtfully made to be safe, sustainable and community-centric

houses were completed at the start of the year. The already-occupied township inspires confidence for more buyers to live or invest here. Evidently, LBS offerings here have experienced strong demand as Rentak Perdana houses were completely sold out. These terrace and semi-detached homes will be completed in the first-quarter of 2021.

Homebuyers on a tight budget can still buy into the township via the recent launch of Melodi Perdana apartments. At 901 sq ft, the three-bedroom and two-bathroom apartments are big enough to raise a family and are priced only from RM359,900. The high-rise is scheduled for completion in October 2023.

The new launch of Ritma Perdana will add further vibrancy to the township. This new wave of townhouses offer 1,191 sq ft of space for the ground floor units and 1,308 sq ft for the first-floor units. Equipped with three bedrooms and two bathrooms, prices are expected to start from RM418,000. The terrace homes come with 1,420 sq ft in a four-bedroom and three-bathroom layout starting from RM529,900.

Amenities in the immediate vicinity include SK Puncak Alam primary school and the SMK Puncak Alam secondary school. Within 6km are SK Saujana Utama and SMK Saujana Utama. Parents

who prefer private education instead may send their children to the new Wesley Methodist School in Bandar Sri Coalfield.

UiTM Puncak Alam and Puncak Perdana campuses are also a stone's throw away, adding to the investment value of buying into the township. Retail options include Tesco Puncak Alam, Alam Jaya Commercial Centre and Econsave Alam Jaya. KIP Mall and Saujana Mall offer more retail, F&B and entertainment avenues for residents.

The township enjoys connectivity via the Kuala Lumpur - Kuala Selangor Expressway, Guthrie Corridor Expressway, North-South Expressway

and New Klang Valley Expressway. The Damansara-Shah Alam Elevated Expressway targeted for completion this year will further enhance accessibility. As for major roads, Jalan Kuala Selangor and Persiaran Mokhtar Dahari also serve residents.

Irrefutably, the township of LBS Alam Perdana presents an immense value proposition to various types of homebuyers. From lush linear gardens in the back-alley and communal facilities to the invaluable security features typically found in luxurious neighbourhoods, the well-planned development offers residents alluring attributes at a bargain. 🏡

Illustration of the lush greenery and abundant facilities in the neighbourhood.



Artist impression of Melodi Perdana apartments.





@ LBS Alam Perdana



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Townhouse 22' x 80'

Artist's impression



Double Storey Terrace House 20' x 60'

Artist's impression

A Gated and Guarded Community in LBS Alam Perdana

The new Ritma Perdana is designed to give you the space to grow in your own rhythm. Live in a neighbourhood inspired by community with 37 curated facilities, including backlane gardens, various sports courts and more.



LBS Alam Perdana (Sales Gallery)
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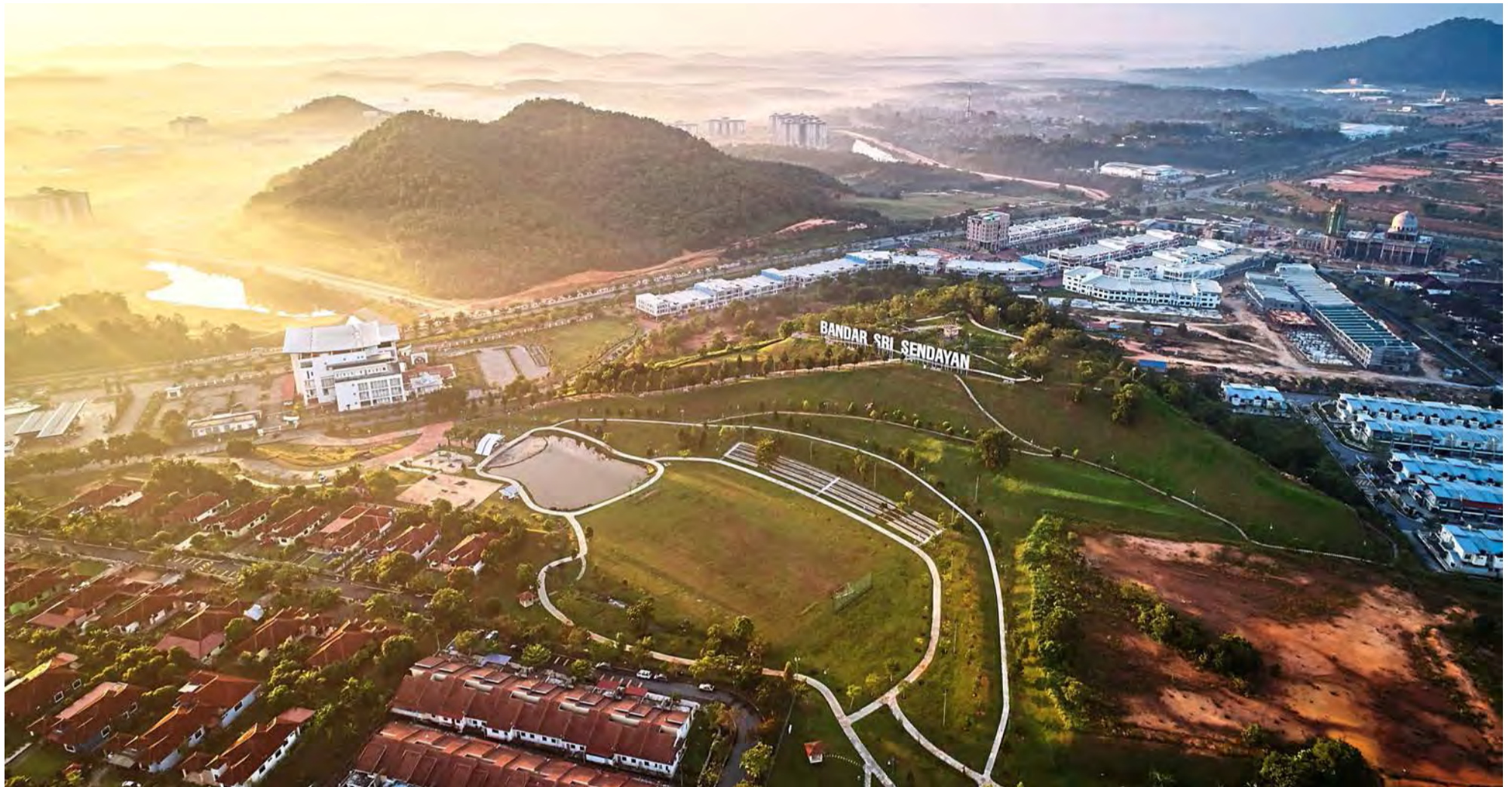
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Phase 4A | Developer: Kemudi Ehsan Sdn Bhd 201501011210 (1136545-T) A member of LBS Bina Group Bhd. | Developer's License No.: 19183-11/07-2022/0399 (L) | Validity Period: 17/07/2020-16/07/2022 | Advertising & Sales Permit No.: 19183-11/07-2022/0399 (P) | Validity Period: 17/07/2020-16/07/2022 | Approving Authority: Majlis Perbandaran Kuala Selangor | Building Plan Ref. No.: Bil.(50) dlm.MDKS 280/4/12/2018-11(A) | Land Tenure: Leasehold 99 years (Expiry Date: 15 February 2111) | Land Encumbrances: To be charged to MBSB Bank Berhad | Expected Date of Completion: Jul 2024 | Property Type: Townhouse (22'x80'), Total Units: 230 units, Selling Price: RM488,000 (Min) - RM680,000 (Max) | Property Type: Townhouse (22'x95'), Total Units: 20 units, Selling Price: RM488,000 (Min) - RM681,000 (Max) | Property Type: Double Storey Terrace House (20'x60'), Total Units: 298 units, Selling Price: RM619,900 (Min) - RM769,900 (Max) | Restriction in Interest: This land can be transferred or charged with the prior consent from the State Authority. Whilst every reasonable care and effort has been taken, all measurements and specifications are approximate. All plans and specification information contained herein may be subject to change as required by the Authorities / Engineer / Architect, and Developer and/or Landowner (where applicable) shall not be held responsible for any inaccuracy. All 3D visuals are artist's impressions only. Terms and conditions apply.

empowering individuals • enhancing communities

Homeownership made easy with Matrix

Matrix Homemade Plan brings a wealth of benefits alongside incentives from the HOC



HOMEOWNERSHIP has always been part and parcel of the Asian culture. Malaysian especially take pride in finally ditching the nomadic life of renting, and to call a permanent place home. This home is not just a place for one to shelter, but it is a heirloom-of-sorts to be passed on to the next generation.

The recent Covid-19 pandemic has no doubt caused an economic downturn that dampened most Malaysian's dreams to own their own home. To answer this conundrum, property developer Matrix Concepts Holdings Bhd (Matrix) has taken the decisive move to make it easier for potential buyers to own their dream homes via the Matrix Homemade Plan.

More benefits, more conveniences

Starting on Aug 1, 2020, the sales campaign offers a vast selection of products in Seremban to fit different target markets and audiences. In conjunction with the Home Ownership Campaign 2020, stamp duties are exempted and there is an installment subsidy of up to 18 months with selected projects.

Further on, homebuyers who purchase Matrix's products are entitled to a referral reward of 1% when

introducing Matrix projects to any of their family or friends. They are also entitled to a loyalty programme that comes with more benefits.

Moreover, the Malaysian economy is predicted to rise again next year, and the current buyers' market provides various incentives and opportunities to potential homebuyers. Bargain deals, discounts and low mortgage interest rates are but a few among the benefits that homebuyers can derive.

Choice properties with Matrix

Matrix is among the top 15 developers in the nation, with a brand assurance

for quality housing and the timely completion of projects. Its townships are guided by the tagline "Nurturing Environments, Enriching Lives," which inculcates the principle of living harmoniously alongside nature.

The township Bandar Sri Sendayan, Ara Sendayan and Tiara Sendayan all stand as testimony towards the developer's craftsmanship and commitment to building societies. Another plus is that these growing townships are located in Seremban, which has recently gained city status in January 2020.

It is touted to become the country's sixth economic corridor through Malaysian Vision Valley 2.0, which aims to develop the state in the industrial, education, tourism and special services

ABOVE

Bandar Sri Sendayan is expected to reach a gross development value of RM8.13bil by year 2027.

BELOW

Mesmerising water features and a quaint atmosphere converge at the Matrix Residences.

sectors. This prospect will entice those who are exploring their options for the long term.

To facilitate the work from home environment, Matrix has also taken the liberty to provide a complimentary one-year broadband internet service and d'Tempat Country Club Membership for selected projects.

Even better, parents enrolling their children to the Matrix Global Schools will enjoy a 5% discount. For growing families, this is an added advantage as these educational institutions comprise preschool, international school, private national school and Cambridge A levels. This means children will have a full range of primary and secondary education options.



Spread across 6.3 acres of land, the d'Tempat Country Club welcomes residents with 380,000 sq ft worth of facilities and amenities.



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FOR UP TO MONTHS*
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Too many cooks may spoil the

There's a danger that affordable homes could be the next big overhang if overbuilt

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LIKE the proverbial adage of having too many cooks spoiling the soup, the rush to build too many affordable homes in Malaysia without knowing what the actual demand is might serve to create the next big overhang.

This could cause the next critical glut as the lack of coordination among the state and federal agencies, and property developers have triggered worries of overbuilding and further dampened the recovery of the already reeling housing sector.

"Whenever there is too much of something over and above what is needed, an imbalance occurs. That has been so for the overhang situation right now where units are unsold due to either a pricing mismatch, a location mismatch or a product mismatch.

"The lack of real-time and transparent data also complicates the decision making for new projects. With regards to the affordable homes segment, a pertinent factor is the interpretation or definition of an affordable home," said Rahim & Co International Sdn Bhd executive chairman Tan Sri Abdul Rahim Abdul Rahman.

Presently, various parties are involved in the construction of affordable homes which could ruin the overall supply in this segment.

Impending danger

Figures are already pointing to this impending danger as the unsold residential properties have risen in the first six months of this year, with condominium and apartment units priced between RM200,000 and RM300,000 accounted for a large portion of the unsold units.

The National Property Information Centre (Napic) figures showed that the transacted figures for both volume and value for residential units priced RM500,000 and below for the Q1 2020 has dropped.

This is compared to the corresponding period of Q1 2019 as well as the Q4 2019 figures (see tables 1 and 2).

All eight sub-categories saw a drop in both volume and value transactions for Q1 2020 when compared to both Q1 2019 and Q4 2019 figures. The sub-categories are as listed below:

Below RM50,000
RM50,001 to RM100,000
RM100,001 to RM150,000
RM150,001 to RM200,000
RM200,001 to RM250,000
RM250,001 to RM300,000
RM300,001 to RM400,000
RM400,001 to RM500,000

The RM150,001 to RM200,000 sub-category saw the highest difference in volume transactions with 1,401 units separating the Q1 2019 figures to the Q1 2020 ones.

In transacted value, the RM300,001 to RM400,000 sub-category saw the highest difference of over RM362mil for Q1 2020 versus the corresponding period of 2019.

What is scary to contemplate is the government's enthusiasm to target the construction of one million affordable homes within 10 years. The current approach to affordable housing has been to build more public



Is this what the future will look like? An overbuilt of high-rise residential property?

housing through government agencies as well as to impose quotas that require developers to build low-cost housing.

The Napic figures clearly indicate that the building of more affordable homes indiscriminately is not the way forward. There is obviously a mismatch between the demand for affordable homes versus the ones being supplied in the market.

One of the issues is that the state and federal agencies, as well as developers, appear to be developing affordable homes just for the sake of hitting the one million target. How many are considering or researching into what the potential homebuyers want?

Too many agencies

According to the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS), there are about 20 national and state agencies involved in providing affordable housing.

While the Ministry of Housing and Local Government (KPKT) have been making efforts to bring all the housing agencies to come under one roof, this has only been partially achieved as some agencies were determined to remain independent of KPKT. Hence, a more comprehensive solution has yet to be found.

"At present, some factions have started to recognise location as a factor in determining how affordable a product is, but many still rely mainly on the price tag as the key determinant of being affordable. It should comprise the elements of product type, comfort, size and build quality," said Rahim.

"Should the incoming supply of affordable homes comply with each of these aspects - they should be taken up by the market. But there is also the risk of volume mismatch.

"Affordable properties that match the price, location and product needs of one particular buyer segment, can still suffer from overhang if there are too much of it for the geographical area's population size.

"It can match the price (being affordably priced to the targeted buyers of a certain income group), match the location (being at the right location with good transport linkages, amenities, facilities and neighbourhood) and match the product (being the right type, the right concept and the right size) but you may have too many affordable units being built - due to poor coordination - in an area with a smaller number of buyers where only a portion of them are able to get financing to buy the property," he said.

Like many property stakeholders, Kith and Kin Realty Sdn Bhd senior real estate negotiator Joseph Chan is fearful that more affordable



The most affected category is the high-rise residential property, said Kong.



Whenever there is too much of what is needed, an imbalance occurs, said Rahim.

homes will definitely worsen the property overhang as the demand to purchase has dropped due to the Covid-19 pandemic.

"As there are many unsold completed units in the market, adding more supply of new affordable homes will definitely make it more difficult to sell. In fact, affordable homes will also face difficulty in selling because developers are now giving out many attractive packages and incentives to the purchase.

"Recently we have seen the developers launching the property at much lower price with better facilities and environment which are comparable to affordable homes," he said.

e soup



that tenants would have a choice of lower rents currently.

Among the reasons why tenants tend to keep away from affordable homes include poor maintenance, social ills, security issues and insufficient parking allocations.

A lower demand for affordable housing is just one part of the issue. The problem is that there has been a drop in demand across the board. This, in effect, has led to property prices dropping across the board.

The affordable homes are mainly targeted for the B40 and partially M40 income earners, injected Chan.

"The global pandemic has affected the incomes of these categories of buyers which has resulted in the demand for purchase of affordable homes reduced. Many of them have experienced job losses or salary cuts, and we have seen the government introducing several initiatives to ease the burden of the affected citizens, for example, Prihatin.

"We have also seen the government reintroduce the Home Ownership Campaign (HOC) to revive the property market. The HOC will allow buyers to own the property at minimal down payment and developers are also providing additional incentives like furnishing to attract the buyers.

"Apart from that, the Bank Negara has also reduced the Overnight Policy Rate (OPR) four time this year, which is a sign of softening market. The above announcement is a sign of low demand, hence the initiative is introduced to encourage the buyers to purchase affordable homes," he said.

For Chan, he found that there was an increase in demand for home rentals below the RM1,500 mark.

"During the downturn economy, many people are looking to reduce their expenses by renting affordable homes. When the market is soft, the rental property market will thrive because rental property is the cheapest option of moving in.

"Many home buyers are holding back their purchase because of the uncertainty and do not have sufficient funds to purchase. I believe the owners are able to rent out the affordable homes because there are demands. Besides that, some of the owners are aware of the situation, they have reduced the rental because their mortgage interest rate has reduced as well," he reasoned.

Overbuilt in the wrong location

The most affected category is the high-rise residential property, according to PEPS president Michael Kong. The reason for this? "Overbuilt," he said.

As per the Table 3 statistics, there is no lack of affordable housing, but the main issue appears to be one that is linked to location, said Kong.

Location, being one of the most potent mantras where property is concern, appears to be a fallacy that many developers and the government agencies are continuing to ignore.

"The question is, where? The mismatch currently is due to rampant construction of housing, be it affordable or not in an undesirable location without infrastructural support, connectivity and job opportunity," said Kong.

Like Rahim, he also questioned what affordability really means: "What is the measurement of affordability? Price reference alone is too simplistic and may not be a good index. We need to consider various other factors such as location, connectivity and accessibility, and job opportunities."

It leaves little imagination as to why many government agencies and developers have been blamed for the construction of low-cost housing in remote places or places that lack connectivity,

Table 1: Value of Transactions by price

| PRICE RANGE | QUARTER | Residential (RM million) |
|-------------------|---------|--------------------------|
| 0 - 50,000 | Q1 2019 | 139.49 |
| | Q4 2019 | 139.72 |
| | Q1 2020 | 129.55 |
| 50,001 - 100,000 | Q1 2019 | 499.24 |
| | Q4 2019 | 497.66 |
| | Q1 2020 | 459.36 |
| 100,001 - 150,000 | Q1 2019 | 795.11 |
| | Q4 2019 | 765.53 |
| | Q1 2020 | 695.96 |
| 150,001 - 200,000 | Q1 2019 | 1,108.97 |
| | Q4 2019 | 1,236.07 |
| | Q1 2020 | 988.12 |
| 200,001 - 250,000 | Q1 2019 | 1,066.73 |
| | Q4 2019 | 1,264.90 |
| | Q1 2020 | 976.39 |
| 250,001 - 300,000 | Q1 2019 | 1,261.80 |
| | Q4 2019 | 1,460.94 |
| | Q1 2020 | 1,179.27 |
| 300,001 - 400,000 | Q1 2019 | 2,366.84 |
| | Q4 2019 | 2,498.36 |
| | Q1 2020 | 2,136.34 |
| 400,001 - 500,000 | Q1 2019 | 2,050.73 |
| | Q4 2019 | 2,110.82 |
| | Q1 2020 | 1,821.29 |

Source: Napic

Table 2: Value of Transactions by volume

| PRICE RANGE | QUARTER | Residential |
|-------------------|---------|-------------|
| 0 - 50,000 | Q1 2019 | 4,474 |
| | Q4 2019 | 4,569 |
| | Q1 2020 | 4,257 |
| 50,001 - 100,000 | Q1 2019 | 6,495 |
| | Q4 2019 | 6,446 |
| | Q1 2020 | 5,878 |
| 100,001 - 150,000 | Q1 2019 | 6,130 |
| | Q4 2019 | 5,850 |
| | Q1 2020 | 5,299 |
| 150,001 - 200,000 | Q1 2019 | 6,235 |
| | Q4 2019 | 6,931 |
| | Q1 2020 | 5,530 |
| 200,001 - 250,000 | Q1 2019 | 4,650 |
| | Q4 2019 | 5,490 |
| | Q1 2020 | 4,230 |
| 250,001 - 300,000 | Q1 2019 | 4,504 |
| | Q4 2019 | 5,209 |
| | Q1 2020 | 4,215 |
| 300,001 - 400,000 | Q1 2019 | 6,690 |
| | Q4 2019 | 7,072 |
| | Q1 2020 | 6,065 |
| 400,001 - 500,000 | Q1 2019 | 4,513 |
| | Q4 2019 | 4,642 |
| | Q1 2020 | 4,004 |

Source: Napic

Table 3: Overhang, Unsold Under Construction and Unsold Not Constructed Status by price range and type in Malaysia for the year 2019.

Source: Napic

| Price Range | Overhang Status | | | Unsold Under Construction | | | Unsold Not Constructed | | |
|----------------------|-----------------|----------------|--------------------------|---------------------------|----------------|--------------------------|------------------------|----------------|--------------------------|
| | (unit) | | | | | | | | |
| | High Rise | Terraced House | Semi-Detached & Detached | High Rise | Terraced House | Semi-Detached & Detached | High Rise | Terraced House | Semi-Detached & Detached |
| Below RM200K | 1,835 | 1,832 | 78 | 5,405 | 4,920 | 424 | 1,088 | 645 | 569 |
| RM200K - RM300K | 3,863 | 1,564 | 152 | 9,779 | 7,751 | 795 | 5,348 | 739 | 101 |
| RM300K - RM500K | 3,438 | 3,144 | 1,082 | 10,538 | 7,171 | 1,813 | 1,754 | 477 | 337 |
| RM500K - RM700K | 3,280 | 1,389 | 651 | 6,572 | 3,184 | 1,164 | 1,694 | 449 | 65 |
| RM700K - RM1 million | 1,270 | 1,190 | 543 | 2,372 | 2,045 | 608 | 1,441 | 466 | 87 |
| Above RM1 million | 1,279 | 762 | 1,420 | 1,824 | 824 | 1,332 | 1,221 | 13 | 216 |
| Total | 14,965 | 9,881 | 3,926 | 36,490 | 25,895 | 6,136 | 12,546 | 2,789 | 1,375 |

subsequently attracting poor take-up.

PEPS have long challenged that research should be carried out on supply and demand, income levels, household incomes, affordability and pricing issues, and buyer preferences to capture effective demand.

The trick is to get developers to allocate a certain percentage of their townships for affordable housing and to jointly develop with the corporation.

According to PEPS, based on the data by the Valuation and Property Services Department of Malaysia, the house price median in the country stands at RM280,000.

The house price median is at RM500,000 in Kuala Lumpur and for Selangor, it is at RM380,000 as in the first half of 2019. The housing price median has increased by 77.21% since 2010 in Malaysia.

According to Khazanah Research, the affordable market should have a median multiple of three times the annual household income. But based on the current household income, most Malaysians will not be able to afford a house.

Given this formula, the affordable housing prices based on current household income should be RM188,000 in the country, compared to the current median house price of RM280,000.

KL's affordable home price tag should be RM327,000 given the higher household income, but it also falls short of the current median house price of RM500,000 in the city limits.

In comparison, Selangor also isn't better off at RM260,000 versus the current RM380,000.

But again, Kong reminds that the location will be the determining factor whether an overbuilt of affordable homes will trigger an overhang for this category.

In short, the industry needs to have better and more effective coordination and cooperation, both intra- and inter-public and private sectors, as well as a robust data resource to be able to keep the situation under control not just for now but also to allow better decisions and approval processes for years to come, Rahim said.

Only then can the affordable segment move in tandem with the actual demand for such housing. 🏠



There has been no increase in demand to purchase affordable homes, said Cheng.



Chan said the demand to purchase has dropped due to the pandemic.

No increase in demand

White Knights Real Estate Sdn Bhd senior real estate negotiator Junnes Cheng is one of those front-liners who is seeing this dire potential situation.

When asked if there has been an increase in demand to purchase affordable homes and she replied "no".

The same scenario applies to the rental market. Cheng also notes that there has not been an increase in demand to rent affordable homes.

"Owners have been challenged with rental prices, because of Covid-19," she said, noting

The sensible appeal of dual-key units and city living

Vista Sentul Residences entice with freehold living in a matured town at attainable prices

SENTUL'S often forgotten legacy as a historic railway town can be traced back to 1905, serving as the nation's premier hub for the repair for locomotives. The Sentul of today, however, is the prime target of urban dwellers and investors seeking close proximity to downtown Kuala Lumpur. Marking a new era for the history books, the rapid re-development of the matured town has been a new frontier for a host of new developments leveraging on the great potential of the locality.

Amongst the most enticing of such developments will be Vista Sentul Residences by Platinum Victory, scheduled for completion in September 2023. Vista Sentul Residences offers the lure of freehold ownership within earshot of Kuala Lumpur's city centre. The 705 units of suite apartments offer built-up ranges from 689 sqft onwards in two or three-bedroom layouts. The combination of a strategic location, convenience and living space often comes at a premium, yet prices start from only RM329,800.

The crème de la crème of Vista Sentul Residences' suite apartments are surely the 1,216 sqft dual-key units, ideal for own-stay and investment. Dual-key units have two sub-unit types within a single property. Typically a studio and two-bedroom sub-unit will share a common foyer or main entrance that precedes the entrance into each sub-unit. To put it simply, it's akin to owning two properties sharing a common entry-point for the price of one.

Consequently, the functionalities of Vista Sentul Residences' dual-key units entails numerous benefits. Homebuyers can have family members move-in to the adjacent sub-unit without compromising on privacy. Suited to current times, the sub-unit may also function as a dedicated space to work-from-home or serve to isolate family members feeling under the weather.

Alternatively, owners may opt to rent out either unit to ease mortgage payments. For investors, renting out each sub-unit could yield better rental returns than the room rentals within a standard unit. Coupled with the strategic location and rejuvenation of Sentul, Vista Sentul Residences presents a sensible option for prudent homebuyers.

Despite the fair asking prices, no expenses were spared in the facilities. The suite apartments include a swimming pool, wading pool, lounge, multipurpose room, gym and yoga/dancing studio. More novel facilities include a sandpit, games room, AV room, library, community herb garden, kids' playscape and adults playscape.

The perks of living in a matured town are evident with ease of accessibility and convenience due in part to abundant



Vista Sentul Residences by Platinum Victory.

amenities. The Ong Tai Kim Supermarket is merely 650m away from the development. Within 2km is the Urban Transformation Centre (UTC) Sentul which lends heavily to convenience. The building hosts the National Registration Department (NRD), Road Transport Department (JPJ), Immigration and the Inland Revenue Board (LHDN).

Private hospitals in the area include the Sentul Medical Centre and KPJ Tawakal. The nation's premier public healthcare institution, Hospital Kuala Lumpur (HKL), is also a short drive away. Recreational amenities in the vicinity include Sentul Park and Taman Tasik Titivangsa. Residents with an appreciation for arts and culture will relish the opportunity of living near Balai Seni Negara, Istana Budaya and the Kuala Lumpur Performing Arts Centre (KLPA).

A myriad of local and vernacular schools embellish the development. SK Sentul 2, Chong Hwa Independent High School, St Joseph Tamil Primary School and the Chi Man Chinese Primary School are less than 1km away from

Vista Sentul Residences. Other nearby primary schools include SJK(C) Lai Chee, SJK(C) Sentul KL, SRJK(C) Chong Hwa, SK Kampung Batu and SK Delima.

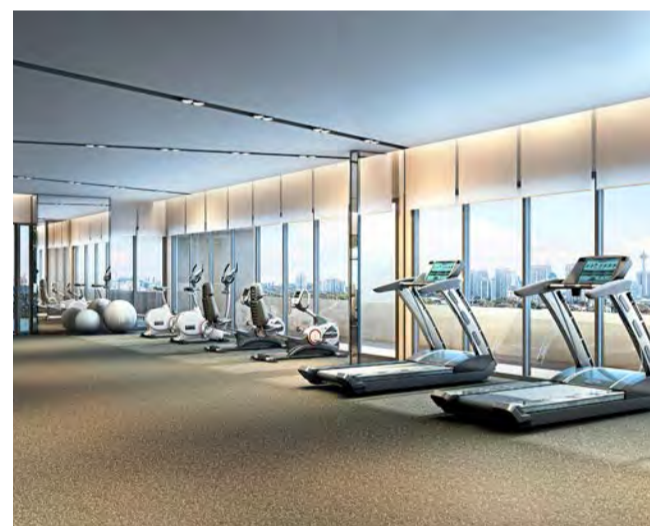
As for secondary schools, the Convent Sentul Secondary School and SMK La Salle Sentul are within walking distance. SMK (Perempuan) Jalan Ipoh and SMJK Chong Hwa are then 2.0km and 3.2km away respectively. Residents who prefer an international school have the option of Wesley Methodist School Kuala Lumpur, just 1.6km away.

True to its origins as a historic railway town, Sentul still enjoys excellent rail connectivity with LRT Sentul (1.9km) and KTM Sentul (2.9km) near the apartment. Existing rail infrastructure will soon be complemented by the MRT Sentul West (2.3km), expected to be completed by 2022.

A strategic location with excellent connectivity and abundant amenities in the neighbourhood are typically key ingredients that add value to a development.



The facilities deck has much to offer residents.



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- LRT SENTUL
- CHONG HWA INDEPENDENT HIGH SCHOOL
- KTM SENTUL
- KLCC
- TUN RAZAK EXCHANGE (TRX)
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RESIDENSI VISTA SENTUL
Developer Name: Constant Premium Sdn Bhd (A Member of Platinum Victory) | Developer Address: Lot 25067, Taman Melati Utama, Setapak 53100 Kuala Lumpur | Tel: 03 4108 8666 | Type of Property: PANGSAPURI SUITE | Developer's License No : 19942-1/07-2022/0451(L) | Validity Period: 30/07/2020 - 29/07/2022 | Advertising Permit No: 19942-1/07-2022/0451(P) | Validity Period: 30/07/2020 - 29/07/2022 | Building Plan Approving Authority: Dewan Bandaraya Kuala Lumpur | Reference No: BP U1 OSC 2019 2513(27) | Land Tenure: Freehold | Encumbrances: Bank Islam Malaysia Berhad | Expected Date of Completion: Sept 2023 | Total Units: Block A - 262 Unit (Type A/ A1d - 689 sq.ft.; Type A1a/ A1b/ A1c - 807 sq.ft.; Type B - 818 sq.ft.); Block B - 443 Unit (Type C - 958 sq.ft.; Type D - 1,216 sq.ft.) | Selling Price: Block A (min: RM445,230 and max: RM 563,760); Block B (min: RM629,640 and max: RM785,970) | 5% Discount for Bumiputera
IKLAN INI TELAH DILULUSKAN OLEH JABATAN PERUMAHAN NEGARA
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IN the world of golf, a hole-in-one is used to describe a perfect shot when one drives the ball from the tee into the hole within a single stroke. The expression is also used to denote an ace achievement, which is befitting in this instance because nestled within the pristine green plains of Ayer Keroh's golf courses may be one of Melaka's most enterprising developments.

The development, named Ion Forte Green City, is NCT Group's next foray in the historical state. Having started in 1985 as a humble tiling contractor, the group evolved into a leading contractor in the late '90s before morphing into a full-fledged property developer nearly a decade later. Besides boasting a robust development and construction portfolio, NCT Group has been touted as a "white-knight" in the industry for its noble efforts in revitalizing abandoned projects for the benefit of the community.

Ion Forte Green City, however, will be built from the ground up on 23 acres of land with a gross development value (GDV) of RM1.5 bil. The development is a small yet significant part of the larger 479-acre Ayer Keroh Country Club (AKCC), which has a 27-hole golf course.

The core concept behind the Ion Forte Green City aims to infuse heritage elements into the modern interior space. These heritage elements pay deference to Melaka's rich history.

On the exterior, an undulating facade is complemented by lush landscape treatments and water elements. A roof cantilever sits gracefully atop the building.

Inside, gold-lined highlights contrast off-white colour mixes for an elegantly minimalist approach that mimics classical beauty. Interior spaces are also dotted with greenery to invite nature inside and match natural surroundings that encompass the development.

In a first for the state of Melaka, the commercial-titled mixed development will also host a wellness & health spa in its master plan. Slated for launch in December, the first phase will consist of three blocks comprising of a condotel, branded residences and retail components.

For strangers to the term, a condotel is a fusion of a condominium and hotel. Its best described as condominiums that are individually owned but are managed by hotel operators. The condotel offers various layouts from a studio to three-bedroom and two bathrooms at a built-up range 422 to 1,024 sq ft.

The 250 condotel units are expected to serve tourists as well as guests from the private and public sectors given the Melaka International Trade Centre (MITC) is five minutes away.

The 437-unit branded residences will further lend to the desirability and value of the development. Where the condotel is ideal as an investment property, the branded residences cater to own-stay purposes.

These branded residences will have a built-up of 569 sq ft to 1,974 sq ft, with layouts ranging from studio to four-bedroom and three bathrooms. Despite drawing inspiration from the past, the best of modern conveniences such as a smart home system are available for residents. Fully-furnished units are also available for those who prefer to move-in immediately without much hassle.

Moreover, some condotel and branded residences units offer a dual-

A hole-in-one

Golf-course living in Ion Forte Green City blends heritage and modernism



Stunning view overlooking the swimming pool and the fairways, set against beautiful sunsets.



Luxurious interiors with contemporary design, functional spaces and customised furnishings.

ABOVE
 Ion Forte Green City's golf-course living is an investment that offers great value at an accessible price point.

key design for added functionality. The magnum opus of the branded residences, however, will be the lavish Duplex units spread across the highest floors.

The dual-key and Duplex units will provide good alternatives for the privileged few. Besides the spa and wellness facilities, condo facilities for residents also include a wading pool,

swimming pool, gym, meditation terrace and a sky deck just to name a few.

A day in the spa isn't the only form of therapy here. Residents may indulge in retail therapy at any of the 50 retail lots in the lower floors. These lots ranging from 583 sq ft to 1997 sq ft are suitable for alfresco dining restaurants, specialty shops as well as new retail experiences.

Besides MITC, Ayer Keroh is also laden with government institutions and industrial hubs that lend to the potential growth of the development. Residents may spend the day at Zoo Melaka in the vicinity or drive further down to the attractions in Melaka City or Jonker Street. A huge boost to the development is also the upcoming High-Speed Railway

(HSR) station in Melaka which will be located near Ion Forte Green City.

The allure of resort living steeped in heritage and imbued with modern conveniences, serenaded by lush greenery and wellness facilities is sure to be everyone's cup of 'tee'. One can almost imagine dropping by the holiday home here on the weekends before heading off to the spa and ending the evening with a round of golf.

Where such a lifestyle and living experience would typically only be within means of the most affluent of individuals, the reasonable prices of Ion Forte Green City make it more attainable for the masses to live or invest in a premium experience. 🏡

The allure of resort living steeped in heritage and imbued with modern conveniences, serenaded by lush greenery and wellness facilities.

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At one with the city

One Cochrane Residences epitomise the convenience of urban living without hassles

THE clockwork life in the metropolis is fast-paced, busy and taxing. Most city folks endure traffic congestions and vehicular noises for the sake of being near their working places. Then there are the high-density residential projects that inexorably attract crowds of people, making privacy a valuable commodity.

Areas further away provide that much-needed peace of mind, but often lack the accommodation that only the city could give. Hence, people are always in the search for that elusive home, which straddles the sweet spot between a tranquil ambience and a distance near enough to experience the perks of urban living.

One Cochrane Residences by Boustead Properties ticks all these boxes, and more with its low density make up of only 448 units. The development hosts two 37-storey towers, with only six units per floor to maintain exclusivity and privacy.

At this height, One Cochrane poses a commanding presence in the area, not forgetting the unparalleled view it grants over the Kuala Lumpur skyline. Further on, its north-south orientation reduces direct sunlight into the units to prevent heat gain. Also, the building is serviced by four passenger lifts and one dedicated stretcher lift to reduce wait time. Since One Cochrane is located in No.1 Jalan Cochrane, the name is an apt one.

The development sits on 3.7 acres of freehold land, and its proximity to major projects such as the Tun Razak Exchange and Bandar Malaysia also speaks volumes of its future potential for capital appreciation and rental yield.

Besides, One Cochrane is merely 4.2km southeast of Kuala Lumpur City Centre and surrounded by a mature neighbourhood with various amenities. Lifestyle needs are addressed at the neighbouring Ikea Cheras or MyTown Shopping Centre, and there is also the nearby golf course, medical facilities, banks, parks and international schools.

As a transit-oriented development, One Cochrane is visualised as a pedestrian-oriented, mixed-use community centred around high-quality rail transportation. It is just 150m away from the Cochrane MRT station, and



from there, the Tun Razak MRT station is on the next stop, with Bukit Bintang only two stops away.

Residents can easily commute to the city centre or other prime locations and localities within Klang Valley as the line is integrated with myriad rail nodes such as KTM, ERL and LRT. This feature allows residents to effectively bypass the traffic congestion that hampers life in the city.

With regards to the units offered, they come in practical layouts featuring three-metre ceiling height at selected areas, eight ft interior doors, a yard, large windows, and expansive balconies. Engineered timber floor is provided in each bedroom and study room. Also, units come in seven configurations, with

built-up ranging from 926 to 1,227 sq ft, and one to three bedrooms.

Air conditioning units are also provided for the dining area and all the bedrooms. The bathrooms are almost fully furnished with hot water storage, shower screen, vanity top wash basin, and towel rail. Each unit is apportioned two to three car parks.

Further on, the development comes with an automated waste collection system, also known as a Pneumatic waste conveying system, which is a better way to dispose of the waste.

In terms of security, the master bedroom and living area possess a panic button to alert the relevant authorities. A video intercom is mounted on the wall on each unit as a visual recognition of

ABOVE

One Cochrane offers a serene sanctuary amidst the excitement of the city.

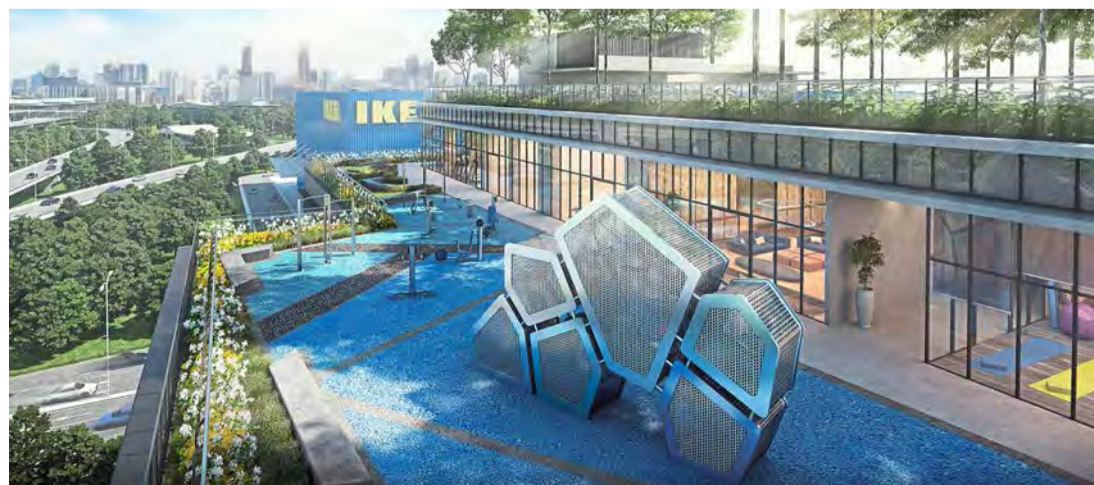
visitors. Moreover, the development is protected by a three-tier security system which involves CCTV surveillance, 24 hours guard patrol, perimeter fencing and access control from parking to the unit itself.

Concerning connectivity, One Cochrane is linked to major highways such as the MEX, SMART, DUKE, AKLEH and MRR2. Connections to main roads include Jalan Tun Razak, Jalan Ampang, Jalan Sungai Besi and Jalan Loke Yew.

All things considered, the harmony among the elements of living, playing and work makes One Cochrane a truly balanced development for all. Those interested to learn more about this development can visit the sales gallery along Jalan Cochrane. [↗](#)

BELOW

Tree-lined pathways, strategically placed communal areas and vibrant pools form part of the facilities at One Cochrane.



Landmark buildings beckon on the horizon, coupled by the nearby conveniences like Ikea and MyTown shopping centre.

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Vacancy Tax in Malaysia: Should we or shouldn't we?

The question of this new tax already weighs heavily down on many stakeholders

Contributed by SULAIMAN SAHEH

It was reported on Aug 19 that the Minister of Housing and Local Government (KPKT) is currently formulating a tax that could be imposed on developers on their unsold properties, referred to as the Vacancy Tax, and it could be implemented as early as next year.

This movement was initially intended on developers who fail to sell their properties within six to nine months after its completion, hence preventing the overhang situation from further worsening.

Although the intention is to reduce the overhang property numbers, the implications of implementing the tax amidst a challenging period that Malaysia is in right now could have other widespread ramifications which were hotly debated by many stakeholders including economists, developers and consultants.

Seven days later, on Aug 26, the proposal was put on hold and was announced to be studied further after the Ministry had considered the feedback received under the current market conditions. So does this mean the practice of a Vacancy Tax in Malaysia is a matchmaking failure or is it that a different approach is needed for it to work?

Don't jump to conclusions

Before coming to any conclusion, it is vital to understand what this form of taxation is based on, the conditions it is levied upon and how countries who practice such do so.

As aptly named, a vacancy tax normally refers to a tax levied on properties that have been left vacant and unused for a period of time, as stipulated by the respective country's laws, at a rate that has been set against the assessed value of the property.

It acts as a form of deterrent on speculators who purchase such properties to only reap the profit of price inflation without any intention of having the property used by either themselves or a tenant.

This hoarding tendency has been seen amongst parties who are firstly, financially capable, and can be amongst property investors who intend to purely flip the property with no intention of occupation, as well as developers as reportedly seen in some other countries.

A vacancy tax seems to apply on the actual property not being used, occupied or tenanted after it is completed with proper certifications regardless of whether it was sold to a homeowner or still retained by a developer.

Other nations' approach

In Canada, we see such tax being imposed at a city council level - like in the case of Vancouver City Council which applies the Empty Home Tax pursuant to the Vacancy Tax By-law; and, at the provincial level (akin to state-level) - like in the case of the provincial Government of British Columbia that applies the Speculation and Vacancy Tax.

In these cases, the vacancy tax applies to any vacant or unused houses subject to a set of prescribed criteria and condition, and the owners are to pay the tax, be it a homeowner or a developer holding to their unsold properties.

However, in Australia, where the regime is known as the Annual Vacancy Fee that is imposed by the Australian Taxation Office, the tax is only applicable to foreign owners who has residential dwellings that are not residentially occupied or rented out for more than six months in a year.

In both countries, these regimes are their way of addressing home affordability issues whereby the intention is to increase the availability of rental housing amidst a housing market that is short in supply, thanks to speculation practitioners.

For Hong Kong - where their version of the vacancy tax was proposed last year but was recently shelved due to insufficient time for thorough vetting of the bill, it was a measure against developers hoarding new units amidst a market of soaring prices.

Closer to home in Singapore, the Qualifying Certificate (QC) fee is imposed to ensure units developed are sold within two years of completion or face additional QC extension fees. On top of that, the Additional Buyers Stamp Duty is imposed to curb speculative purchases. From these examples, it can be surmised that a vacancy tax is aimed to curbing hoarding habits for speculative reasons and opening intentionally empty homes out to the public who are in need of housing.

The Malaysian way

But when it comes to the Malaysian market, the situation is somewhat different whereby we are no longer in a soaring-price-market as how it was a few years back (although prices are still high compared to the average income levels resulting in low housing affordability).

Developers now find themselves in a position of having to bear the costs for holding the unsold units through assessments, maintenance charges, finance cost as well as physical deterioration to their inventories.

It would be in the developers' interest



In other countries, the vacancy tax acts as a deterrent on speculators.

to sell those units quicker, of which we see that they have already begun reducing the effective price through rebates, discounts and other incentives to buyers.

Hoarding mentality

Instead of hoarding units away, developers are in need to make the sale before a unit is built before it is too late. But this inability to sell is not just about the property price alone, but also a function of the income levels, consumer sentiments and the attributes of the product itself - which opens up a whole new chapter of discussion.

We are looking at factors of oversupply and inaccessibility in housing that is beyond price related, which explains why 21.4% of the 48,619 unsold residential units (including serviced apartments and SOHOs) are within the affordable pricing range of below RM300,000.

And so in seeing the vacancy tax as a solution to Malaysia's current market issues, it is unclear of the key objective of the proposed tax - whether it is a reactive measure to mend the current situation or is it a proactive measure to

avoid gross imbalances in the future; or whether it is to tax developers who cannot sell the units that they have built so that they start to reduce prices to sell them off; or is it to increase supply in the rental market by imposing a tax to vacant units regardless of its ownership status, be it individual owners or the developers themselves?

Based on the emphasis stated by KPKT of their focus on developers and their persisting unsold units, it would be more appropriate and accurate to view this vacant-intent tax as an Unsold Property Tax instead.

Though it is said to be against the spirit of free market, the unsold property tax does have its merit as a form of curbing overbuilding practices or hoarding activities to capitalise on speculative profits. Still, its relevance is dependent on the underlying problem.

Market still soft

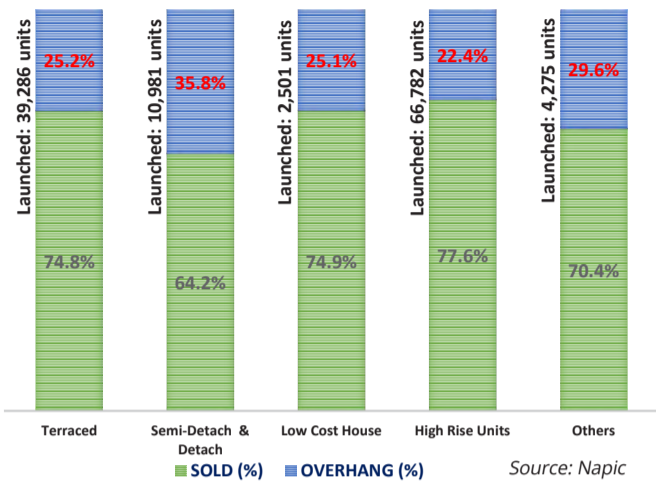
In Malaysia, developers generally do want to sell their units and do not intend to hoard them - only that the current soft market makes it hard for the units to be sold.

But should this be done prematurely,

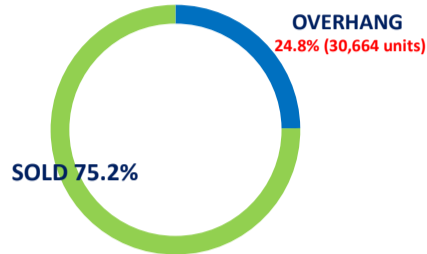
Residential Property:

Performance of Sold, Overhang and Launched Units, 2019

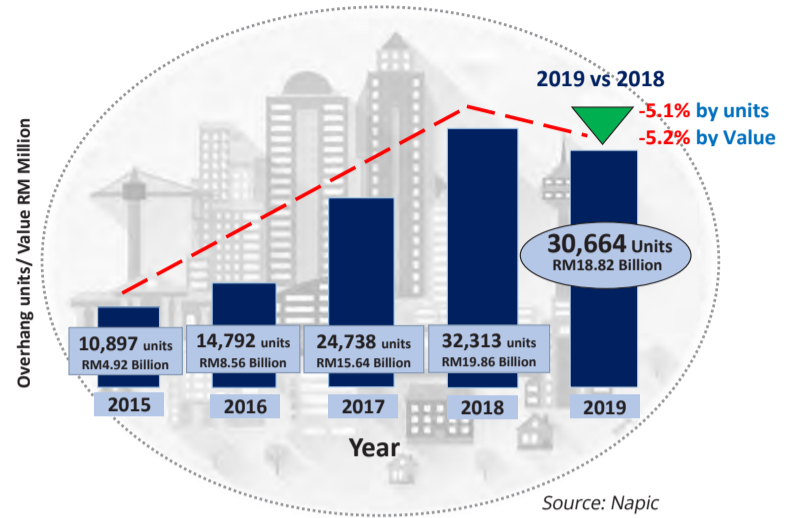
Percentage Sold, Overhang & Launched Units by Property Type



Total Residential Property Launched
2019: 123,825 Units



Residential Property: Trend of Overhang 2015 - 2019



Figures show a breakdown of property types affected by supply outstripping demand: Can the Vacancy Tax stop the overhang?

Year 2019 saw a dropped in the overhang due to the government's Home Ownership Campaign.

it can put further pressure on developers enough to force them into panic offloads - which may have other ripple effects.

Price may fall, which sounds good for the general homebuyers, but it could impact other existing house prices in the area and also on land prices, especially development land.

Revaluations may give lower values, and as a result, banks' mortgage collaterals and securities are impacted - and that may adversely affect the general consumers.

Listed companies, not just developers, may suffer from losses in property values - and this would have even further impact on the general economy, which is already soft.

Rather, such a move would be more during a rising market and not in the challenging situation we find ourselves in right now - more so with the pandemic still dogging at our heels.

It has to be said that there is a need for independent market and feasibility studies to be done before any project is embarked or implemented. This would be a more implementable measure that should be done to minimise the risk of unsold units compounding into a gross oversupply in the market.

Ideally, the study should be conducted at the planning stage, but as the actual implementation date of the project may be at a much later date where the market may have changed, the study can be done as part of the submission for Development Order application or when applying for bridging loan or project financing.

Also of paramount importance is that the study must be commissioned independently - perhaps by the local authority or the banks - to ensure the objectivity of study outcomes.

Homework necessary

As the due diligence is conducted through an independent study by qualified professionals within the relevant sector, gaps can be identified to mitigate risks to the project's viability.

However, the accuracy of the study is dependent of the availability of data and information, whereby cooperations from various parties like JPPH, DOSM, Local Authorities, banks and various agencies

under different ministries and NGOs are needed.

The local authorities play a very important role. All future developments are monitored by the local authorities who then are in the position to monitor the overall flow of new supply assess its degree of suitability to the approved or gazetted City Plans/Local Plans and development densities designed.

Nevertheless, these studies are merely tools to forecast the project as no one can guarantee what the future holds. The objective is to take reasonable steps to mitigate the risks of unsold units that contribute to the overhang situation.

Going back to the proposed tax in question - instead of shrugging the whole idea off entirely, this controversial tax regime may be more appropriate at different periods within the market cycle.

It could be useful to discourage errant developers who just build without proper due diligence, even after imposing the requirement to conduct independent studies as suggested.

The measure should be studied

further and sufficiently refined to have the desired effect intended. Furthermore, the implementation of any such tax proposal must consider the impact on existing approvals and under-construction projects which were embarked before the existence of the tax provision.

Unfortunately, this would not address this current overhang problem. For existing projects, a different approach has to be taken so that unwanted



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adverse shocks are avoided, especially in an existing challenging environment.

The proposed tax needs a refined approach and clarity. If such a proposal is meant for taxing property owners who have left their units vacant by design or unable to find a tenant, then the regime would be a poor call.

It is the right of an owner to enjoy the "Bundle of Rights" in its entirety of owning his or her property - and that includes the choice of leaving it vacant voluntarily or involuntarily as long as it is within the ambit of the law and does not cause detriment to anyone or any parties.

But in the matter of preventing future overhang numbers from worsening and effectively curbing irresponsible development plannings for profit's sake, a vacancy tax can be well-matched with a more apropos name.

But then again, one has to consider and balance any possible ramifications and match it with a clear and justful policy that has to be implemented in a timely manner. ☞



The controversial tax should be further studied and refined to have the desired effect.



A good time to take advantage of the property market

With the HOC and other packages coming into play, homebuyers have a better choice

By **VIGNESWAR RAJASURIAN**
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THE Covid-19 pandemic has created a new environment that is advantageous to potential homebuyers, but only if they are willing to commit to the purchase.

From the reintroduced Home Ownership Campaign (HOC) and the incentives under the National Economic Recovery Plan (Penjana) to the many choices of residential units that developers are eager to offload, there is perhaps no better time to buy a home, especially for first-time homebuyers.

The measures coupled with dipping prices in the property market and low lending rates come together to present a goldmine of opportunity in real estate.

The incentives also supplement pre-existing measures to encourage property ownership among Malaysians such as special loans for first-time homebuyers or Rent-to-Own schemes, which are topics for another article. Collectively, these ingredients should catalyse for Malaysians to purchase a property, be it for own stay or investment purposes.

Here are five reasons to buy a property now:

Return of the HOC

Calls to bring back the popular HOC that ended on Dec 31, 2019 were answered when

Prime Minister Tan Sri Muhyiddin Yassin announced its reintroduction several months ago.

Under HOC 2020, stamp duty exemptions apply on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 and RM2.5mil.

The stamp duty exemption on the instrument of transfer is limited to the first RM1mil of the home purchase price.

Full stamp duty exemption is given on mortgage agreements and sales and purchase agreements (SPA) signed between June 1, 2020 and May 31, 2021 and are further subject to at least a 10% discount provided by the developer.

RPGT exemption

The Real Property Gains Tax (RPGT) is a capital gains tax that is charged on the profit derived from the sale of real property or shares in real estate companies.

The amount charged depends on the status of the seller (whether a citizen, permanent resident or company) and the duration of ownership of the property.

As part of Penjana incentives, Muhyiddin announced that Malaysian citizens seeking to sell off residential homes would be exempted from the RPGT from June 1, 2020 until Dec 31, 2021.

The RPGT tax exemptions and HOC incentives may offset any dip in property

value sellers face making it an ideal time for Malaysians to upgrade or downsize to newer homes.

Loan restrictions on 3rd property removed

Previously, buyers who wished to purchase a third property valued at RM600,000 and above had to contend with a maximum 70% margin of financing limit on the housing loan.

Such restrictions have now been removed for the duration of the HOC program. However, loans are still subject to internal risk management practices of the respective financial institutions.

Low-interest rates

Changes in interest rates do not fall under Penjana but rather from Bank Negara Malaysia (BNM), which further reduced the Overnight Policy Rate (OPR) last month.

The revised OPR of 1.75% is the lowest since 2010 and as a result, consumers can expect to obtain loans from banks at a lower rate.

However, bear in mind the OPR rate is just a guide and interest rates vary across banks. Other factors like an individual's credit health also come into play.

Virtual Property Fair

With the risk of Covid-19 transmissions still

present, it would be prudent to avoid large gatherings and events.

Fortunately, shopping for a property is now possible from just about anywhere and homebuyers can experience a virtual tour of show units via a computer or mobile phone without the need for special equipment.

Much like the physical StarProperty Fairs held over the years, the StarProperty Stay-At-Home Virtual Fair 2020 will kick-off Sept 18.

There are also many great property deals, offered by some of the top developers of the nation. Among them are Matrix Concepts, Symphony Life, Platinum Victory Development, Paramount Property, HCK Group, Tropicana Corporation, Worldwide Holdings and Putra Nilai Development.

Communication is made easy and conducive through the available chat function, or visitors can opt to engage the developers' representative via Whatsapp, phone or email. Even better, the StarProperty virtual fair is equipped with matchmaking, sorting, and filtering functions, allowing potential homebuyers to narrow down the desired product. In addition, there are many prizes to be won.

At the end of the day, the choice to buy a property lies in the hand of the purchaser, but given the many conducive packages available, there may not be a better time to seal the deal. 