

M'sian property market on recovery path

Upmarket KL project sells well after reeling from global crisis

By PAULINE NG IN KUALA LUMPUR

JUDGING by the recent step up in sales at Malaysia's most expensive real estate development, the property market appears to be trending up again.



Hot property: Binjai On The Park, a luxury development in the KL city centre, clinched over RM100 million in sales last month, with the 3,000-plus sq ft units costing RM7 million each

The Binjai On The Park clinched over RM100 million (S\$40.7 million) in sales last month, about RM40 million in the last week, its marketing & sales manager Terri Har told BT. Indeed one well-heeled buyer even acquired six of its standard 3,000-plus sq ft units costing about RM7 million each, and is contemplating another two. Also snapped up were three penthouses of about 5,200 sq ft, each priced at between RM15-16 million.

Investors may be more upbeat about the economic recovery, but a price revision has also proved a big incentive.

Considered a trophy asset given its freehold residential status right smack in the KLCC (Kuala Lumpur City Centre) development and its views of the KL Twin Towers, developer Layar Intan had initially priced the luxury units at an average RM3,000 psf last August when it began to take bookings.

Nearly a third of the total 171 units in the two tower blocks were snapped up within two months. But things quickly soured when the global financial crisis hit. The timing was unfortunate, Ms Har acknowledged, recalling its Singapore road show was rendered a non-event since it was held on the same day that Lehman Brothers collapsed, plunging global markets into a tail-spin.

Closer home, more than 20 buyers cancelled their bookings. Because the sales & purchase agreements had not been signed and wanting to keep their goodwill, their deposits were refunded. Developer Layar Intan is a subsidiary of KLCC Holdings, in turn part of the property group of national oil company Petronas.

Deciding it was pointless to fight the bearish sentiments, Layar Intan laid low but in June revised prices to an average RM2,400 psf - still some 30 per cent higher than other developments in the vicinity.

It is currently also throwing in a 5 per cent 'early bird discount' to Malaysian buyers and has launched its smaller units of 2,000-plus sq ft at a lower average cost of RM1,700 psf which has attracted a number of investors who believe there will be significant capital appreciation over the next few years.

Rebates were given to purchasers who had bought units at higher prices. Many of those who cancelled have since come back and purchased larger units, according to Ms Har who described buyers to be a combination of old-money and Malaysian professionals working overseas who have plans to use their residences as a second home or holiday home. About 60 per cent of the buyers have decided against a loan, preferring to pay up in cash.

Once about 40 per cent of the units are sold, Layar Intan plans to raise prices, she said. Purchasers will receive vacant possession of their units in December.