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MALAYSIA PROPERTY INC.
A Malaysian Government Initiative

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A MODEL WORTHY OF RECOGNITION

Bandar Sunway offers a mix of education, shopping, healthcare, leisure and hospitality all in one integrated township

by S.Sulocana

BayRocks Luxury Bungalows

Thirty years ago, Bandar Sunway was an abandoned mining land on the periphery of the city. It has now evolved into a township with various development clusters that have sprung over the years. Gravitating away from the city centre this 800 acre development enclave presently has two leading universities, hospital, hotels, one of the country's largest shopping malls and a theme park. All this amenities and entertainment outlet provides an integrated lifestyle living.

Flanked by 4 major highways, Bandar Sunway has a large catchment area with over 50,000 residents and there are more than 7,000 residential, commercial and light industrial units surrounding the development.

Residential

The latest residential development in Bandar Sunway is the 178 acre South Quay development. It comprises a mix of bungalows and luxury condominium developments surrounding a 28 acre lake. The 77 units bungalow development, 'Bayrocks', has a build up area of 6,400 sf to 6,700sf with prices

Bandar Sunway has a large catchment area with over 50,000 residents and there are more than 7,000 residential, commercial and light industrial units surrounding the

ranging from RM 708psf to RM 923psf. The luxury condominiums, A'marine and LaCosta are commanding prices from RM900,000 onwards. The new launches take up rate hovers around 70%. Residential properties command a higher price due to the maturity of the township and strong brand image of the developer, Sunway City Berhad. Capital appreciation of properties in this area has been growing at a steady rate of 25%-35% over 5 years. Sunway South Quay is culmination of 30 years of development and effort into perfection. It jells together all the existing developments into a complete self sufficient township. Approximately 20% of the total properties are owned by foreigners.

Figure 1: New Residential Developments

Project/ Development	Area (acres)	Price Range (RM)	Take up rate	Details
BayRocks Luxury Bungalows	21.63	4.7 million onwards	75%	77 units
A'marine Condominiums	3.45	0.9 - 1.2 million	80%	242 units
LaCosta Condominiums	5.39	0.9 - 2.4 million	70% (Phase 1 - 2 blocks) 30% (Phase 2 - 2 blocks launched in July '11)	377 units

Source: Company data

Office and Industrial

Presently there is only one grade A office building, Menara Sunway, which was built in 1993. This 19 storey building has a net lettable area of 268,978 sq ft and a competitive rental rate of RM4.50 psf. Upcoming grade A office building in this area is a 27 storey tower, The Pinnacle and 18 storey office tower which is part of the Sunway Pyramid extension. This office towers are scheduled for completion by end 2013 and will supply 780,000 sq ft net floor area more space into the office market.

The industrial development area covers 3.2 million sq ft space of factory lots built in the early 90's. There three types of factory lots available; Terrace Factory 25' x 80', Terrace Factory 30'x 80' and Semi-Detached Factory 65'x150'. Over the years the price psf of the factory lots has increased almost 75%.

Leisure

The highlight of the Bandar Sunway development is Sunway Pyramid shopping mall and the Sunway Lagoon theme park. Sunway Pyramid Shopping Mall is the first shopping and entertainment theme mall in Malaysia which was opened back in 1997. It has 1.7 million sq ft of floor area housing over 800 units of retail outlets. The rental rate fetches an average of RM10psf.

Sunway lagoon theme park opened in 1992. There are 88 acres of parks to explore namely Water Park, Amusement Park, Wildlife Park, Extreme Park and Scream Park. It draws close to 35 million visitors both local and foreign every year.

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Education & Healthcare
There are two universities located here, Sunway University and Monash University Sunway campus. Sunway University and Monash University was opened in 1987 and 1998 respectively. These universities have over 11,000 students, out of which 30% are international students from more than 80 countries. Sunway International School offers programmes for grades7-11 programmes which are taught by fully Canadian certified teachers. It currently has almost 16,000 students from 80 different countries.

Sunway Medical centre, a private healthcare offers specialised and tertiary care services. Equipped with state of the art medical facilities, it has a total of 350 beds, more than 100 consultation suites, 12 operation theatres.

Bandar Sunway is also been earmarked as a leisure and entertainment cluster under the Economic Transformation Program

Hospitality
5-star Sunway Resort Hotel & Spa and 4-star Sunway Pyramid Tower Hotel and Pyramid Suites & Studio offer comfortable stay for the burgeoning tourist visiting the theme park. This 1,234 room hotels has a high occupancy rate of 70%.

Moving Forward
Bandar Sunway is also been earmarked as a leisure and entertainment cluster under the Economic Transformation Program. As such, more developments can be expected happening notably in the leisure segment. Remaining land bank in Bandar Sunway is about 18 acres with a gross development value of up to RM5.8 billion mostly earmarked for real estate investment projects like The Pinnacle, extension of Sunway Pyramid shopping mall, residences, retail outlets and shop offices.

Like a jigsaw puzzle everything fits together in creating a sustainable and self sufficient township worthy of recognition. ■

Figure 2: Office Space

Project/ Development	NetLettable area (NLA)	Rent (RM / psf)	Details
Menara Sunway	268,978	4.50	Completed in 1993
The Pinnacle	580,000	5.50	Under construction. Expected completion: Year 2013
Sunway Pyramid (extension)	200,000	5.50	Under construction. Expected completion: Year 2013

Source: Company data

Figure 3: Shopping Complex

Project/ Development	NetLettable area (NLA)	Average Rent (RM / psf)	No. of retail outlets
Sunway Pyramid	1,700,000	10.00	> 800
Sunway Pyramid (extension), expected completion: Year 2013	11,000 (6 level retail podium)	n/a	n/a

Source: Company data


Sunway Resort Hotel & Spa

Figure 4: Industrial Offerings

Factory Lots	Built-up area (sf)	Current Price (RM / psf)	Launch Price (RM / psf)	Details
Terrace Factory 25' X 80'	2,500 - 3,800	300 - 360	68.00	323 units
Terrace Factory 30' X 80'	3,200 - 4,800	300 - 360	73.00	146 units
Semi Detached Factory 65' X 150'	3,200 - 4,800	300 - 360	55.00	48 units

Source: Company data

URBANISING MALAYSIA

Director of Performance Management and Delivery Unit elaborates on ETP and its successes

by S.Sulocana

Ahmad Suhaili Idrus is currently the Director for NKRA Urban Public Transport and NKEA Greater KL/Klang Valley under the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP) respectively in Performance Management and Delivery Unit (PEMANDU).

He spent the last 30 years in the private sector mainly in heavy equipment and international oil and gas industries. His experience include technical services, sales and marketing, commercial gas, oil trading, project management and transformation. He served in Shell International Petroleum offices in Malaysia,Singapore and the UK at different periods in his 25 years career with the Shell Group. He then spent 2 years as COO of a Malaysian company developing oil and gas projects in Iran between 2007- 2009. Prior to joining PEMANDU in January 2010, he was Director for Integrated Planning/Social Development in Iskandar Regional Development Authority (IRDA)based in Johor Bahru.

He actively speaks at conferences and seminars on PEMANDU's activities and efforts of the ETP and GTP. Real estate Malaysia caught with him through an email interview to gain insights on ETP and its initiatives.

PQ: ***Other countries in the region has similar strategic plans to ETP (ie. Indonesia's new infrastructure plans announced last week and Singapore aspiring to be R&D hub of the region). How do you think Malaysia compares to those in terms of delivery?***
Ahmad Suhaili: The ETP is unique in the sense that it is very focused, having identified 12 National Key Economic Areas (NKEAs) and under it, 131 Entry Point Project or EPPs.

The ETP has specific goals in order to make Malaysia a high-income economy by the year 2020. The ETP is expected to attract a combined Foreign and Local Investment of USD444 billion by the year 2020. It will need to create 3.3 million jobs, while increasing Malaysia's gross national income (GNI) per capita from USD6,700 or RM23,700 in 2009 to more than USD15,000 or RM48,000 in 2020, and through a Gross National Income (GNI) growth of 6 percent per annum, that will allow the country to achieve the targets set.

PQ: ***Where do you think Malaysia has comparative advantage?***
Ahmad Suhaili: Traditionally, Malaysia's selling points have always been its strategic location, good infrastructure, a work force with good English skills and strong leadership that drives the economy towards transformational change. Now with the ETP in place, Malaysia has a clear value proposition to attract investors.

PQ: ***The ETP is now 9 months old, how has it been received by foreign investors?***
Ahmad Suhaili: The ETP has certainly improved overall investor confidence. As of 30 June 2011, the ETP has already 65 out of 131 EPPs off the ground. This accounts for nearly RM170 billion in committed investments, both foreign and local, that will generate a total of RM220 billion in GNI up to 2020. A sizable amount of these investments come from the private sectors, many of which are by international companies. To name a few, Advanced Micro Devices (AMD) has opened a new state-of-the-art Global Services Centre in Cyberjaya (approximately 500 million in investments). Under the Healthcare NKEA, Biocon is investing RM500 million in the establishment of a state-of-the-art facility at BioXcell, a custom-built biotechnology park and ecosystem in Iskandar Malaysia, Johor. General Electric has invested RM30 million into the development of a regional Diagnostic Services Nexus (DSN), a teleradiology hub. Details of these investments, and many more are available on our website.

PQ: ***Pemandu has targeted MNC's to come to Malaysia, how many has come into Malaysia since Pemandu's initial foray overseas? Have there been any fine tuning of Pemandu's proposals since the beginning?***
Ahmad Suhaili: All the NKEAs are expected to deliver on foreign invest-

ment goals, while under the NKEA GKL/KV, EPP1 'MNC Attraction' has a goal of attracting 100 MNCs to relocate their regional headquarters to the GKL/KV area. Since the launch of the ETP Roadmap on 25 October, already two MNCs have commenced their regional operations – Schlumberger and PayPal. Just recently, InvestKL commenced operations with objectives of delivering the targets set under this EPP.

PQ: ***The only real estate portion of the ETP is the Greater KL and there are some criticism that it is too narrow a focus. What are your views?***
Ahmad Suhaili: In any programme, it is necessary to have focus, this will ensure we do the necessary work to deliver the results. Under the Greater KL/KV, the focus is to simultaneously achieve a global top-20 ranking in city economic growth (as defined by city GDP growth rates) while being among the global top-20 most liveable cities by 2020. To achieve this, Greater KL/KV has identified nine specific Entry Point Projects along four dimensions: Magnet, Connect, New Places, Enhanced Services. Greater KL/KV is also seen as a catalyst for growth in the remaining 11 NKEAs as well as other economic sectors, including the real estate sector.

PQ: ***What is the primary role of Invest KL and what are Invest KL's KPIs?***
Ahmad Suhaili: InvestKL's primary objective is to attract 100 of the world's top MNCs to locate their regional headquarters in Greater KL/KV. These companies are expected to deliver a total of RM40 billion in GNI, while generating approximately 230,000 new jobs by the year 2020.

For more information on ETP, visit http://etp.pemandu.gov.my

PENANG RESIDENTIAL SECTOR UPDATE

NAPIC report shows that the unsold residential properties in Penang is the lowest compared to other states in Malaysia

by S.Sulocana

Despite concerns on rising property prices, the buying sentiment for residential properties in Penang are still strong. MPI visited 8 developers to gain insight on the market trends and performances of the new launches.

According to the property developers, the average take-up rates for new launches are a healthy 85%, showing no sign of softening demand. Capital appreciation is hovering around 20-30% over a period of one to two years and this is attracting continued interest from property buyers. According to Dr. Jason Teoh Director of Henry Buther (Penang) Malaysian, the most sought after areas are Gurney Drive, Pulau Tikus, Batu Feringghi, Tanjung Bungah and George Town. "Upcoming areas which is showing increased interest from buyers are areas surrounding the Second Bridge, areas along the Jelutong Expressway, Green Lane, Relau, Sungai Ara and Balik Pulau", he added.

Dr. Jason Teoh noted that the residential outlook for 2011 will see a strong demand with similar trend moving into 2012. This is primarily due to limited availability of land in the island coupled with increasing demand from widespread dispora of Penangites. This diaspora purchase properties for retirement, holiday homes and homes for their families. Presently, foreign buyers constitute 3-5% of total property transactions and majority of this buyers are from Singapore, Hong Kong, Indonesia, UK and China.

The unsold residential property data published by the National Property Information Centre (NAPIC) shows that the demand for residential properties in Penang is firm as the residential stock overhang in the state is the lowest compared to Kuala Lumpur, Selangor and Johor. Unsold residential property in Penang is on a decreasing trend recording a 45% decline in year 2010 compared to 2009 (see Figure 5). Overall unsold residential property in Malaysia declined 1.2%.

Unsold stock in the Kuala Lumpur, Johor and Penang declined 4.3%, 2.1% and 2.8% respectively. Average property prices in Penang hovers approximately RM400 – RM900 psf. Robust economic development has put property prices in Penang almost at par with that of Klang Valley and Nusajaya,Johor areas.

Foreign Direct Investment (FDI) into the state has increased tremendously over the years. In year 2010 Penang attracted RM10.45b worth of FDI compared to RM 1.45b in 2009. The Penang government is also actively rolling out infrastructure projects to increase the standard of living and stimulate growth. Presently, a total of RM8.4b worth of projects is slated to come on stream over 5 years (see Figure 6).

The second Penang bridge which is expected to be completed by 2014 will help to regulate movement and reduce congestion in the island. The move of the said urbanisation shows the government's efforts to reduce time and expenses in commuting and transportation while improving opportunities for jobs and education. All this catalytic developments is expected to lead the growth of Penang's population and consequently trickle positive spill-over effect on the residential property demand in Penang.

Figure 5: Unsold Residential Property (units)

Year	Klang Valley	Kuala Lumpur	Selangor	Johor	Penang	Others	Malaysia
2004	28,293	3,604	25,319	17,817	3,550	29,218	79,508
2005	24,939	2,713	22,226	19,735	3,173	32,859	80,706
2006	27,471	7,751	19,720	21,523	1,393	35,104	85,491
2007	20,961	5,931	15,030	18,407	1,164	35,566	76,098
2008	19,630	5,808	13,822	19,015	1,888	35,846	76,379
2009	18,752	6,612	12,140	13,475	2,483	30,696	65,406
2010	15,952	6,327	9,625	13,095	1,366	34,198	64,611

Source: NAPIC

Figure 6: Following are some of the on-going and up-coming urbanisation development by the Goverment

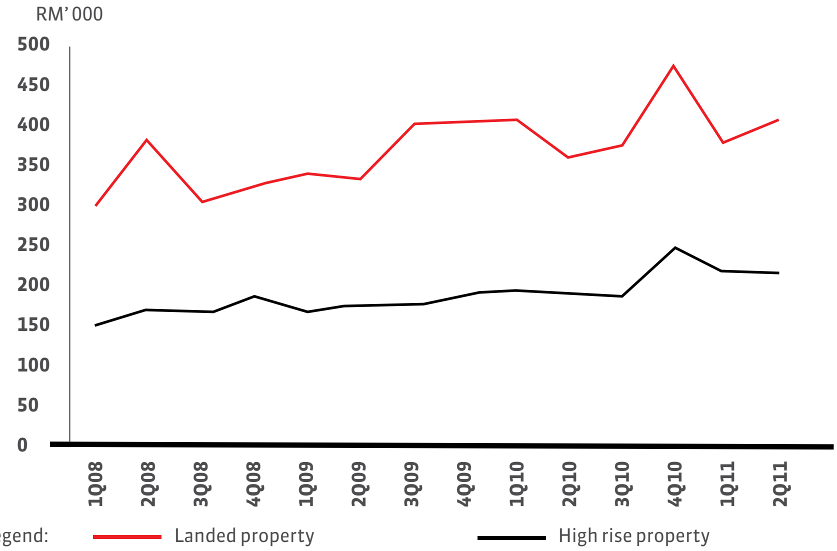
	Projects	Investment Value (RM'000)
1)	Second Penang Bridge	4,500,000
2)	Penang International Airport (expansion)	211,000
3)	Swettenham Port (expansion)	97,000
4)	Butterworth Sentral Bus Terminal	15,500
5)	Mengkuang Dam (expansion)	1,200,000
6)	Penang Hill railway development	63,000
7)	National Key Economic Area (NKEA) in electrical and electronics sector	635,000
8)	Northern Corridor Economic Region (NCER) logistics development	100,000
9)	Balik Pulau Polytechnic	175,000
10)	Pharmaceutical and Nutraceutical Institute	128,000
11)	Jelutong treatment plant	523,000
12)	Kepala Batas Medicine and Dentistry Institute	186,000
13	Road upgrading between Balik Pulau town and Genting	72,000
14)	Upgrading of Penang Bridge	503,000
Total		**8,409,000**

Source: Company data, Various website

Malaysia Property Gallery, Singapore will be featuring *'Best of Penang Properties'* from 16 September to 22 September 2011. Property developers that will be participating in the event are MTT Properties & Development Sdn Bhd, Selangor Dredging Berhad, Plenitude Berhad and Magna Putih Sdn Bhd. There will also be seminars and talks on real estate opportunities in Penang by Datuk Lee Kah Choon of InvestPenang, Dr. Jason Teoh of Henry Butcher Malaysia (Penang) Sdn Bhd and Gavin Tee of Swhengtee International Sdn Bhd.

For more information please contact A.Lalitha: lalitha@malaysiapropertyinc.com

Figure 7: Average House Price in Penang, 1Q2008-2Q2011



Source: NAPIC

Figure 8: Residential Property Projects and Take-up rate in Penang

Developer	Projects	Total Area (acres)	Price Range (RM / psf)	Take up rate
IJM Land Berhad	*The Light Linear, The Light Point, The Light Collection 1 & 2*	152.00	450 - 930	65%
E&O Property Development Berhad	*Seri Tanjung Pinang*	240.00	707	100% (landed) 80% (strata)
MTT Properties & Development S/B	*Botanica.CT*	300.00	275 - 442	60%
Selangor Dredging Bhd	*Dedaun*	10.70	1,180 - 1,600	70%
Plenitude Berhad	*Bayu Ferringi Condominium*	10.76	516 - 539	80%
Magna Putih S/B	*Mansion One*	3.00	670 - 1,100	80%
Belleview Group	1) *6 Western Residences* ▪ Bungalows, 6 units	1.00	1,000 - 1,200	50%
	2) *Bukit Dumbar Residences* ▪ 3 storey terrace	3.00	400 - 430	90%
	3) *All Seasons Park Condominium*	20.00	350 - 700	75%
	4) *Plamyra Residences Condominium*	12.00	390	95%
Ivory Properties Group Berhad	1) *Birch Residency* (Penang Time Square - Phase 2) ▪ Condominium, 359 units ▪ Retail Lots, 159 units	2.80	450 - 850	100%
	2) *The Zen @ The View* ▪ 3 storey bungalows with a private lift, 7 units	0.84	450 (build up) 100 (land)	90%
	3) *10 Island Resort* ▪ Condominium, 266 units ▪ Semi-detached villas, 11 units	3.00	520	96%
	4) *The Peak Residences* ▪ Condominium, 609 units ▪ Commercial, 30 units	3.40	396	95%
	5) *Aston Villa* ▪ Shop lots ▪ Terrace & Semi-detached	11.00	226 (Shop lot) 195 (Terrace) 210 (Semi-D)	90%

Source: Company data, MPI Research

RIDING ON THE RISING "REDBACK"

HSBC Bank's Activate Asia ASEAN-China business forum showcases Chinese important on the world stage

by Afiq Syarifuddin

What do the US Dollar, Chinese Renminbi (RMB) and Euro have in common? Monetary strength, and this lies on the vastness of the economic area it covers. In the Activate Asia ASEAN-China: "Awakening of A New Economy" business forum organized by HSBC Bank on 19 July 2011, economists and experts was upbeat on the potential available in the ASEAN region.

In his opening speech Mr. Jon Addis, Executive Director and Deputy Chief Executive Officer HSBC (Malaysia) Berhad said that ASEAN-China Free Trade Area (ACFTA) is the largest geographical economic area and the 3rd largest in GDP growth. This has lead to the push for the RMB towards becoming the choice primal settlement for trade, with the emerging markets now leading the way.

From 2003 to 2007, year-on-year ASEAN-China trade has been growing at an average of 30%. During the first half of 2010, bilateral trade between the two sides reached USD136 billion, a year-on-year increase of 55%.

"Asia is the place to be amidst the global crisis" Mr. Wellian Wiranto, ASIAN Economist (Singapore). Limited said. This sanguine view is actually backed by real economic growth, but he cautioned that ASEAN growth banked on a stable global economic condition as these countries' inflations depend on prices of commodity prices notably the oil price trend.

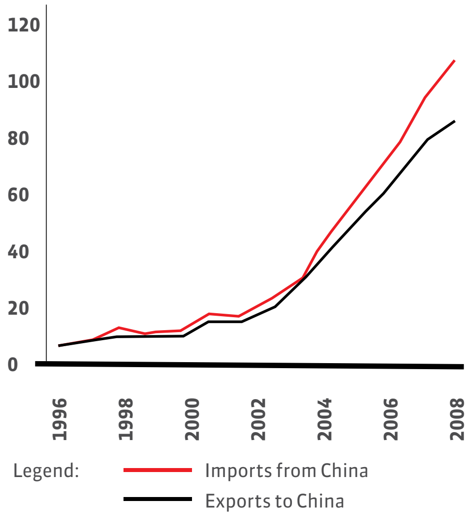
Mr. Thomas Poon, Head of Business Planning and Strategy (Hong Kong) mentioned that by 2020, the Chinese government will be working towards making the RMB a choice reserve currency which is fully convertible. Currently, Hong Kong is the most developed RMB offshore centre with annual trade of RMB5.34 billion (USD0.83 billion). If the RMB becomes the next international currency, investment in RMB can mitigate paper loss due to hedging cost and risk-management exercise on the USD. Mr. Poon is confident that RMB is Asia's redback in the future as the US's greenback.

China's investment in ASEAN countries has also grown over the years since the ACFTA was ratified. Recently, China made a major investment in Thailand by constructing a large trade centre complex worth USD1.5 billion located at a short distance from Bangkok's new international airport. This trade centre complex is slated to be the largest distribution centre in ASEAN and the second largest in Asia.

Export dependency from Malaysia to China is at 1.4% of Malaysian GDP and China to Malaysia constitutes only 1% of China's GDP. This small percentage of trade relations shows that Malaysia is still a long way from leveraging china's economic prowess.

Figure 10: Asean-China Trade, 1996-2008

Imports and exports in billions of U.S. dollars



Source: Asean Statistical Yearbook

With Malaysia's Economic Transformation Programme picking up its pace, Malaysia should ride on China's investment, attracting more inflows into the country. Due to China's sheer size, the economies of scale would allow their players to spur the construction industry in Malaysia and further increase competitiveness.

Real estate investments are slow by Chinese investors in Malaysia. To increase interest, MPI is actively organising events in China. ■

Figure 9: Growth Rates in Emerging Asia (Real GDP, percentage change over previous year)

Countries	2008	2009	2010	2011f	2012f
				(f = forecast)	
China	9.6	9.2	10.3	9.3	8.5
India	6.2	6.8	10.3	8.5	8.0
Indonesia	6.0	4.6	6.1	6.0	6.0
Malaysia	4.7	-1.7	7.2	4.3	5.0
Singapore	1.5	-0.8	14.5	5.5	4.5
South Korea	2.3	0.2	6.1	4.3	4.7
Thailand	2.5	-2.3	7.8	4.0	4.5
Emerging Asia	**6.9**	**5.9**	**9.5**	**7.9**	**7.4**

Source: Allianz

Following are upcoming MPI China Market Events open for participation from Malaysian developers and real estate companies.

- 16-17 September 2011: Malaysia Property Showcase, Shanghai
- 23 September 2011: Malaysian Investment Forum, Beijing

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ETP EFFORTS TAKING SHAPE

Despite the surging commodity prices, rising inflation in emerging markets and sovereign debt crisis in PIGS countries and the US, Malaysia managed to attract healthy flow foreign direct investments (FDI). FDI increased a whopping 448.6% from RM5.0b in 2009 to RM27.7b in 2010. Manufacturing remained the largest contributor in terms of attracting FDI inflows with 54.9% of the total FDI inflow of year 2010 followed by services sector with 34.1%. Malaysia ranked third among the ASEAN countries, after Singapore and Indonesia, which attracted FDI inflows of USD38.6b and 13.3b respectively.

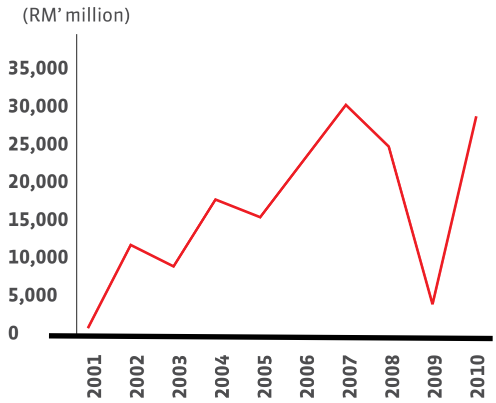
The primary reason for the increase is attributed to the Malaysian Governments' Economic Transformation program which was implemented to propel economic growth and improve living standards. Since the launch of the ETP on 25 October 2010, a total investment of RM 169.78b from 87 projects has been secured. These investments has created approximately 362,396 jobs and raised RM220.15 billion in GNI. ■

Figure 11: Foreign Direct Investment Flows, 2010

Asean Countries	USD'million
Singapore	38,638
Indonesia	13,304
Malaysia	9,103
Vietnam	8,173*
Thailand	5,813
Philippines	1,713
Cambodia	783
Myanmar	756*
Brunei Darussalam	496*
Laos	350*

Source: UNCTAD *Note: * estimates*

Figure 12: Foreign Direct Investment (FDI) into Malaysia, 2001-2010



Source: Department of Statistics, Malaysia

Figure 13: Economic Transformation Programme (ETP) Updates as at 13th June 2011

Announce-ment Date	Initiatives	Investments (RM'million)	GNI (RM'million)	Jobs Created
13-Jun-11	15	63,378	66,313	63,531
19-Apr-11	12	11,156	16,617	74,457
08-Mar-11	23	14,777	20,056	88,404
11-Jan-11	19	65,588	31,540	52,404
30-Nov-10	9	9,574	85,522	70,500
25-Oct-10	9	5,310	100	13,100
Total	**87**	**169,784**	**220,147**	**362,396**

Source: PEMANDU

JOHOR PREMIUM FASHION OUTLET OPENS ON 11.11.11

On the auspicious date of 11.11.11, the Johor Premium Outlet (JPO) will be opened, making it the next shopping haven for top designer brands. Located on an 18ha site, it will sell products that are at least 25%-60% cheaper than malls. Presently, it is 80% completed. Designer brands like Burberry, Coach, Polo, Ralph Lauren, Prada, Armani, Canali, Ferragamo, Tod's, Zegna, Nike and Puma will be featured in this RM149mil outlet.

JPO is a 50-50 joint venture between Genting's 54.6% owned subsidiary, Genting Plantations Bhd and Premium Outlets, a division of Simon Property Group. There are 52 such outlets including 41 in the United States, one in Mexico, eight in Japan and one in South Korea . JPO would be the first in South-East Asia.

To ensure interconnectivity, a flyover is being completed on the Second Link between Singapore and the North-South Expressway. The outlet is planning to bus in visitors from Malaysia and Singapore, and use Senai airport to draw in regional tourists from neighbouring countries to drive in traffic. ■

OF FAILED LAND SALES AND FAKE LOANS

by Kumar Tharmalingam

Two things happened last month in the local real estate world that provided us with much thought.

The first one was when UDA was denied the sale of its prime property in Jalan Sultan Ismail by the Ministry of Finance. And the second was an enquiry from an estate agent in Greece about the workings of a so called bank in Malaysia. Let me explain.

UDA's sale of its prime location in Jalan Sultan Ismail was defended by the company as necessary to revitalize its finances but rejected by the Ministry of Finance. The Urban Development Authority was set-up in the 70s based on the Urban Re-Development Authority of Singapore on a similar format with the sole purpose of making sure that commercial centres in major cities in Malaysia had a Bumiputra content. It was run like Government division and for the next 10 years it received large allocations of funds to allow it to purchase prime real estate whether they came up for auction or for sale so that they could be re-branded and Bumi enterprises will be placed there in tandem with others. At that time Bukit Bintang Plaza was the flagship with Metrojaya as the anchor.

Other than the Bukit Bintang Plaza there were housing projects in Penang, Kedah and in Johore and also parts of cities and commercial developments around small towns.

I remember that in one briefing in 1984, UDA was proud to admit that they had a thousand properties in their portfolio taller than 7-storeys, which was at that time a real achievement.

When UDA was privatized, things turned very quickly downhill and today we havea sorry spectacle of UDA requiring a bail-out in spite of the fact that it has had considerable government funding for most of its life. Hopefully, the new management now wholly owned by the government of Malaysia would see a new resurgent of UDA for the future.

Developments along Jalan Sultan Ismail, Kuala Lumpur

I remember that in one briefing in 1984, UDA was proud to admit that they had a thousand properties in their portfolio taller than 7-storeys, which was at that time a real achievement

On the second more serious issue, I met Elvina Gelepis, an estate agent from Athens, Greece when she visited Malaysia for an International Real Estate Conference in Kuala Lumpur in 2002. Very impressed by Kuala Lumpur, she stayed here for a week along with the other delegates from Greece and she went back to practice real estate agency in Athens. 3 weeks ago she sent me an email asking whether I could assess the credibility of a bank which had promised to lend 1 million US dollars to one of her clients who wanted to buy a commercial property in Athens and hence the bank "requested" a processing fee.

My office checked the veracity of the bank and discovered that it was set up similar to a Nigerian scam in using Malaysian offices in a prime building in Jalan Sultan Ismail and offering its services for "funds" from Malaysia for loans.

I replied to her that the bank was a fraud and that Bank Negara regulates all banks in Malaysia and I have never heard of this bank before. But it was too late, she has already sent a processing fee of RM5,000 to the bank to process the US dollar loan and subsequently she emailed me again and said that they were going to send her the money by the 25th July. I reiterated that there is no such bank in Malaysia but her client insisted that the correspondence was valid and so on the 25th of July she received another letter saying that the Bank Negara of Malaysia had blocked the transfer of the funds and that they would require a further fee to release the funds from Bank Negara Malaysia of US$3,000.

At this point, I had already made a complaint to Bank Negara and the company is under investigation.

Malaysia is sometime in the international news for the wrong reasons and this kind of scam is promoted all over Europe due to their financial crisis, so people everywhere are being cheated by such companies who are now also using Malaysia as their base of operations. Let us not forget the fake story of a rich Malaysian tycoon buying a US$4 billion gold plated boat. The positive thing about that is should Hedge Funds and private equity think there are rich Malaysians with surplus cash for such frivolity, they may make a beeline for Kuala Lumpur. Is that good for us?

AN EXPAT DESTINATION

Despite rising inflation and Ringgit appreciation, the cost of living in Malaysia is still low as compared to other countries in the region

by Afiq Syarifuddin & Grace Chang

Figure 15: Mercer's Cost of Living Ranking by Selected CIty, 2010 and 2011

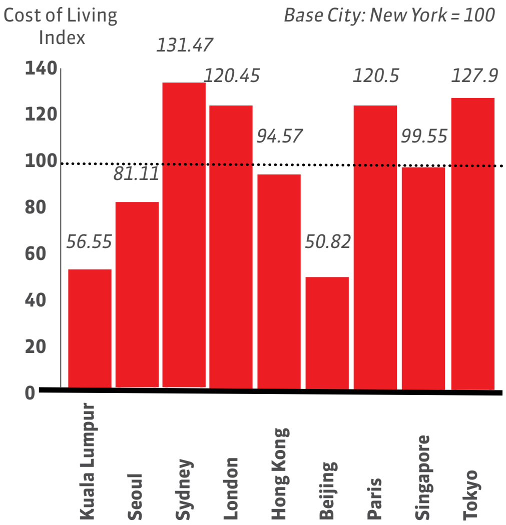
City	Country	March 2011 Rank	March 2010 Rank	Change in Rank
Tokyo	Japan	2	2	0
Singapore	Singapore	8	11	+3
Hong Kong	China	9	8	-1
Rio De Janeiro	Brazil	12	29	+17
Sydney	Australia	14	24	+10
London	United Kingdom	18	17	-1
Seoul	South Korea	19	14	-5
Beijing	China	20	16	-4
Paris	France	27	17	-10
New York	United States	32	27	-5
Prague	Czech Republic	47	47	0
Kuala Lumpur	Malaysia	104	138	+34

Source: Mercer

Kuala Lumpur's cost of living is ranked 104 by consulting fim Mercer, indicating a relatively low cost of living compared globally. Cost of Living Index as characterized by Mercer takes into account 200 odd items constituting a basket of goods including property-based commitment, household expenses, transportation cost and currency fluctuation to reflect a fair expatriate compensation package.

Inflationary pressures are plaguing many Asian cities and Malaysia is not spared. Consumer prices rose 3.5% in June 2011 from a year earlier, the most since March 2009. Malaysian ringgit has also strengthened against the US dollar to an average of In July, the ringgit exhibited a mixed performance. In recent months, ringgit has strengthened against the US dollar, the euro and Chinese renminbi. Malaysian ringgit has surged 8% against the U.S. dollar over the past year. According to Malaysian Institute of Economic Research in their 2Q11 Malaysian Economic Outlook report, MYR/USD is projected to average around 3.00 in 2011 and improving macroeconomic fundamentals will see an average MYR/USD of 2.95 in 2012.

Figure 14: Cost of Living Index by City as at July 2011

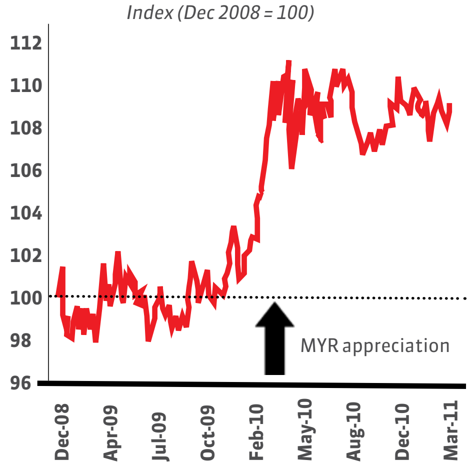


Source: www.numbeo.com

Malaysia subsidises petrol prices for its local consumers. However, to better manage the country resources, it is slowly trying to reduce subsidies of various items including petrol and looking at ways to further improve public transportation system to reduce impact on consumers. Nonetheless, with current subsidised petrol and no congestion charges, transportation cost has been kept minimal.

Figure 16: Index of Ringgit Performance against Major Trade Partners*

Index (Dec 2008 = 100)



Source: Bank Negara Malaysia
Note: Currencies in the index: USD, CNY SGD, JPY, EUR , Each currency carries equal weight

Property prices in Kuala Lumpur city centre is considered affordable compared to neighbouring countries' capital cities. As reported in National Property Information Centre's 2010 Property Market report, a condominium in Bangsar is transacted at about RM611 per sq ft in the city centre while the rental average of the same unit is RM5,500 per month.

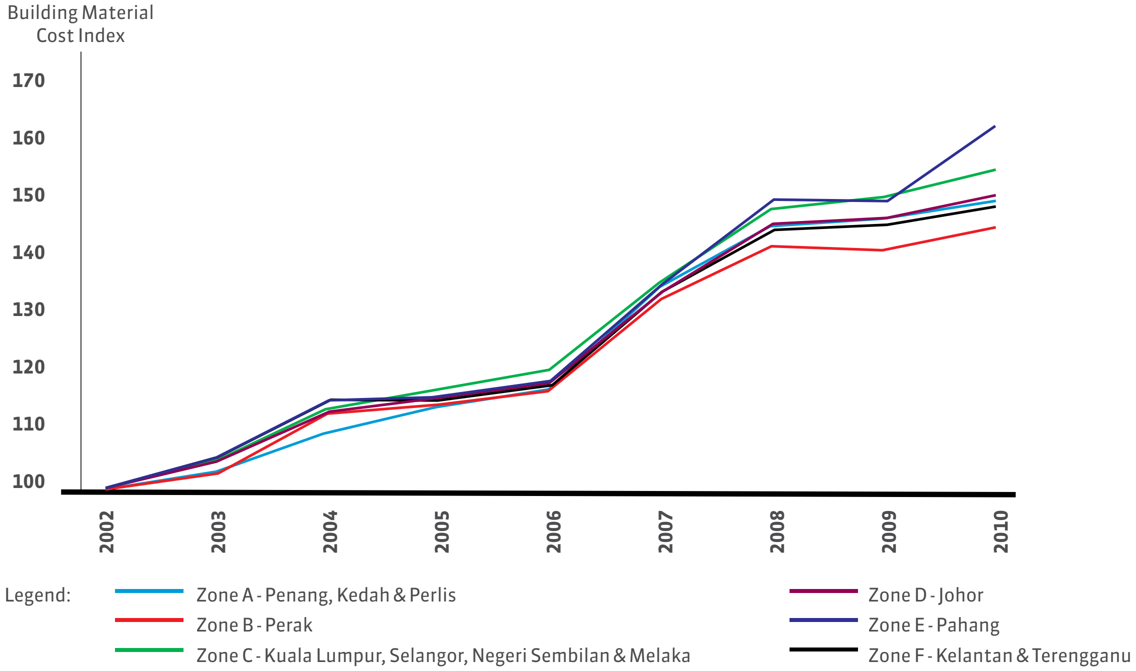
With about four million sq ft of office space located in the Golden Triangle slated to complete by the end of 2014, Kuala Lumpur aspire to attract 100 multinational companies (MNC) by year 2020. Malaysia is wooing MNCs to set up regional operations here to create dynamism in the service industry and enhance the local economy. Cost of living is one of the most important factor expatriates look at when planning to relocate and live.

Driven by economic growth, it is inevitable that cost of living will continue to rise with time. To continue being a viable business destination, Malaysia is working hard towards making Kuala Lumpur one of the top livable cities in the world.

Plans are underway to achieve this through economic transformation initiatives such as public transportation system revamp with the construction of 150km of an initial MRT line to supplement existing LRT and Komuter rail services which will begin this year at an estimated cost of RM36.6 billion. It is through these initiatives and more that rising cost of living could sustain and remain attractive to prospective MNCs.

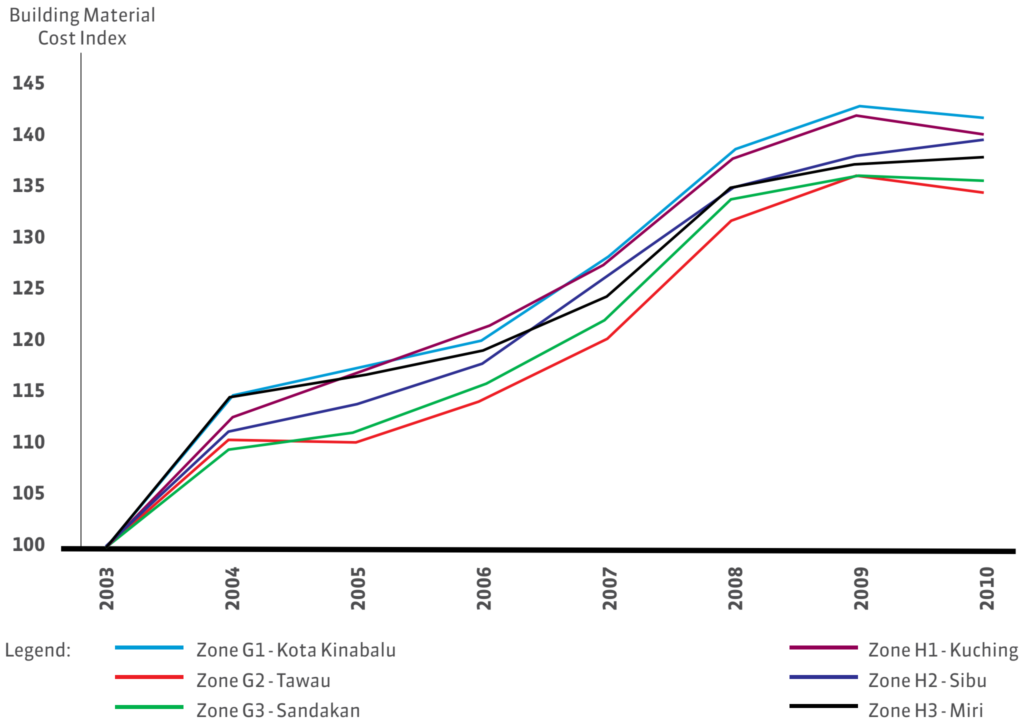
BUILDING MATERIAL COST INDEX BY STATE
(HIGH RISE RESIDENTIAL BUILDING)

Figure 17: Peninsular Malaysia (2002=100)



Source: Construction Industry Development Board (CIDB)

Figure 18: Sabah & Sarawak (2003=100)



Source: Construction Industry Development Board (CIDB)

ABOUT US

Malaysia Property Incorporated is a Government initiative set up under the Economic Planning Unit to drive investments in real estate into Malaysia.

As the first port-of-call for real estate investment queries, Malaysia Property Inc. connects interested parties through an extensive network of government agencies, private sector companies, real estate firms, business councils and real estate-related associations.

MPI has two core objectives; to create international awareness and to establish connections between foreign interests and Malaysian real estate industry players, ultimately contributing to real estate investments into the country.

For further information and
up-to-date tracking of Malaysian real estate data, visit:
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