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New class of condos

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KLCC Group CEO Datuk Hashim Wahir at the penthouse of Binjai On The Park. The project has both a prime location and a view that will be permanently unblocked.

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Latest projects in KLCC area set to push prices to new records.

SINCE 2010, one trend stands out in the [Kuala Lumpur City Centre \(KLCC\)](#) area. Condominiums in this district are continuing to set pricing records in Malaysia.

Back in 2010, the [Binjai On The Park](#) development caused a stir in the market when one of its two super penthouses was sold for RM38mil, making it among the most expensive homes to have been sold in Malaysia in recent years.

On June 22, 2010, the wealthy buyer bought the triplex penthouse, measuring 14,300 sq ft, on the 42nd floor of Binjai's Tower B. The price tag of RM38mil meant that the penthouse was sold for almost RM2,660 per sq ft (psf). Since then, the [Binjai On The Park](#) has broken that record with the subsequent sale of its other smaller units.

Now, new entrant The Four Seasons Place looks poised to set new record prices.

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Out of its 242 units, it has recorded close to a 70% take-up rate, with an average price of RM2,950 psf. As at press time, two of its penthouses which were initially reserved at a whopping RM37mil or RM3,026 psf have yet to be sold.



An artist's impression of Four Seasons Place, against the [Petronas](#) Twin Towers in the background.

Nonetheless, the average pricing of RM2,950 psf for The Four Seasons Place outpaces the RM2,900 per sq ft record held by [Binjai On The Park](#) based on a transaction last year involving 4,000 sq ft in Tower A of the development.

These prices are amazing feats. At these price levels, the condos are sold at per sq ft prices that are two to three times higher than other condos of similar sizes in the vicinity.

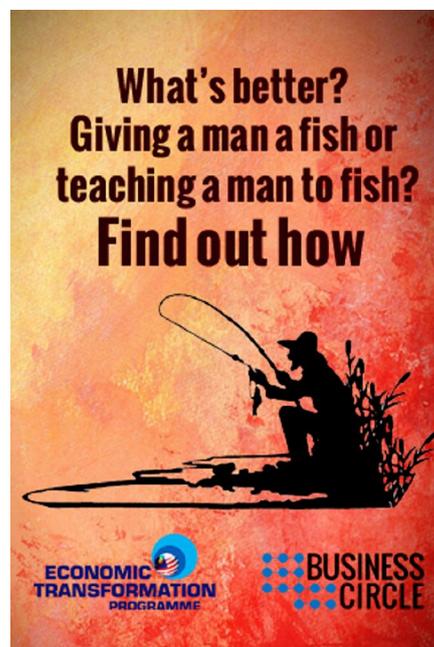
What sets this condos apart from the rest? In the past five years, buyers have been willing to pay significant premiums namely for two types of condos in the KLCC area.

Firstly, those with prime locations and spectacular views of both the iconic [Petronas](#) Twin Towers and the KLCC Park. Secondly, contemporary buildings designed by internationally famed architects have also achieved stratospheric kind of pricing.

This was first achieved by Bandar Raya Developments Bhd's (BRDB) The Troika, completed in 2010, and set a new record price of RM2,500 psf on the back of world-renowned architect, [Lord Norman Foster](#).

Now there is a third type of condo in the KLCC area that can equally command that sort of lavish premium. These are franchised condos – condos that carry strong international branding and offer five-star hotel services.

A trend is emerging where local developers partner international luxury hospitality and lifestyle brands. Full-fledged hotel services such as concierge and room services are provided for.



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New franchised condos that have emerged in the KLCC area include the Four Seasons Place and the Banyan [Tree Pavilion Signatures Kuala Lumpur](#).

In the case of Banyan Tree, 99% of its 441 units were sold at an average price of RM2,000 psf.

Other franchised condos that will be making their debut include the 150-room and 353-unit [W Hotel](#) & Residences on a 1.28 acre site in Jalan Ampang at an indicative price of RM2,500 psf and the [Harrods Hotel](#) & Residences.

The appeal of Malaysia

[1 Pavilion Property Consultancy Sdn Bhd](#) director of sales and marketing [Tracey Lai](#) believes that Malaysia is in a very sweet spot as the city centre area is now at the cusp of catching up to international cities. She goes so far to say that Malaysia is the next thing after Bangkok and Manila.

“Foreigners have been coming in to Malaysia in a bigger way to properties in the last two years. People see Malaysia as an investment opportunity. For the foreigners, Malaysia is still extremely cheap. We are a very cosmopolitan city. This is the one place where many foreigners feel at home, because of the food and language. Everybody speaks English here. The Chinese nationals and Taiwan are very at ease here,” she explains.

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The Troika, completed in 2010, set a new record price of RM2,500 psf on the back of world- renowned architect, [Lord Norman Foster](#).

“Our city centre is also becoming more connected. We are increasingly becoming a walking city. Do you know that Pavilion is now linked to the KLCC mall? The upcoming Harrods will also be linked to Pavilion,” she says.

BRDB chief executive officer Datuk [Jagan Sabapathy](#) says many people who are moving in to luxury condos are “empty nesters” whose children have moved out of their house.

“There is a shift now. Among the affluent groups, empty nesters and the older guys, they are looking to stay in condos. Getting maids is going to be a huge issue, moving forward. The lack of easily available maids will be another factor for people to look for more compact homes,” he says.

Jagan explains that empty nesters are people who wake up one day in their fifties and their children are no longer around. Tending to their large bungalows and gardens is too much a hassle. That is when they pick a condo which gives them better security. What these people want are low-density buildings; they don’t want crowds, they want their own lift lobbies and big spaces.

Of the smattering of foreigners such as the Taiwanese, Japanese and Hong Kong nationals, foreigners always like living in the city centre.

“We barely did any marketing for the Banyan Tree because it was taken up so quickly. While the bulk of our buyers were Malaysians, we also had the mainland Chinese, the Hong Kong nationals, Singaporeans and Taiwanese,” says Lai.

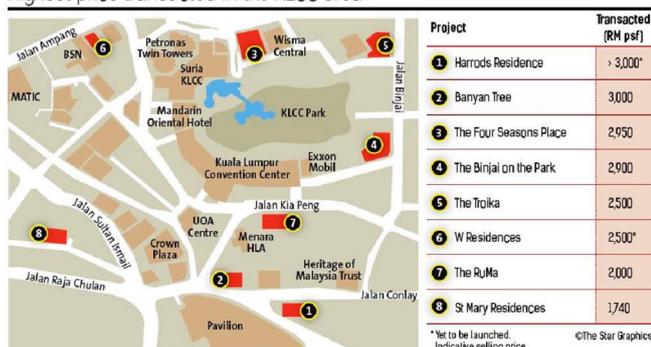
Unknown to many, climate change is another big factor that has led to an influx of investors to Malaysia. “I have buyers coming to tell me that they cannot take the cold in Beijing. The tsunami in Japan also saw more Japanese coming,” says Lai.

Franchised condos

Despite not even having a full view of the [Petronas](#) Twin Towers, real estate agents say that sales of The Four Seasons Place has been strong, especially for its smaller units. Consisting of 65-storeys, this luxury hotel, residential and retail project will house the 231-room [Four Seasons Hotel](#), 242 units of private residences and 300,000 sq ft of upscale retail space.

The Four Seasons Place in Kuala Lumpur is the first Four Seasons Place in South-East Asia. Many view the Four Seasons as “limited edition” pieces.

Highest price transacted in the KLCC area



“Rather than ploughing money into a Lamborghini or a Porsche, why not put that money into a stable asset that will definitely sustain in value and yield capital appreciation in the future. These are the literal words from some of the buyers,” says one real estate agent who helps market The Four Seasons Place.

“At these super prices, the buyers are not thinking about rental yields. Some don’t even stay. I know of someone who bought the [Binjai On The Park](#) who left it empty for a year. He just wants to own a prime property in KL,” says [KGV Lambert Smith Hampton \(M\) Sdn Bhd](#) director Anthony Chua.

In the meantime, there are key differences between the franchised condo and the usual condos in Kuala Lumpur. The franchised condos comprise of hotel and residential development. It is more costly as the developer pays a franchise fee for the naming rights of the condo, possibly for a fixed period or in some cases, indefinitely.

“This fee ranges between 4% to 12% of the gross development value, depending on the location and traffic that the hotel is able to garner. The fee is either one-off or for a fixed period, say 20 to 30 years. When the licensing agreement has expired, the franchiser and developer will once again renegotiate the terms based on an agreement first entered into between them,” says a property director who is familiar

with franchised condos.

The developer will have to construct and meet building, rooms and interior design specifications for both the hotel and residential units set by the franchiser. For franchised-type condos, residents cannot simply embark on their renovations plans. They will first need to get the agreement of the franchisee.

“Say, for instance, a resident of The Four Seasons Place wants to have a balcony feature, he would first need The Four Seasons’ permission. This is because there are certain standards that need to be upheld to maintain the branding and aesthetic quality of the building,” he says.

Once completed, the franchiser will manage the hotel section while the residential condos will be managed by a management committee set up by the residents.

For the residential section, the management committee decides how it wants to manage the property. The developer basically does not have responsibility for this.

The fee and services can vary a great deal. Factors causing a fluctuation are the hotel’s star rating and operation level, and its physical location. Fees are generally costlier than for a primary residence. It is understood that The Four Seasons Place will charge below RM1 psf. Typical high-end condos charge in excess of 50 sen psf.

Fees for such services typically include general unit utilities, common area utilities, grounds maintenance, exercise area and others.

Unblocked view

The [Binjai On The Park](#) has both a prime location and a view that will be permanently unblocked.

Today, it still holds the record for most expensive transaction for its RM38mil penthouse, or RM2,660 psf.

It is located on the corner plot diagonally across the [Petronas](#) Twin Towers and give residents a view of both the iconic building and the greenery of the KLCC Park. As that view will remain unblocked, buyers pay a premium for this.

“Buyers know for sure there will be no developments in front of the [Binjai on The Park](#). Other condominiums have to bear the risk that a new development could block their view. Furthermore, the appeal of [Binjai On The Park](#) is the park itself. It’s literally yours! It’s just outside the condo. This is why the pricing levels for The Binjai remain high,” says KGV’s Chua.

“People who buy branded condos and those who buy [Binjai On The Park](#) are of extremely different profiles. The buyers of the latter want to keep a lower profile,” says Chua.

He adds that people who buy the branded condos will also be paying a higher maintenance cost, as this the premium required in owning such a condo. The Four Season’s Place maintenance cost will be about RM1 psf compared to [Binjai On The Park](#)’s 80 sen psf.

[Fionna Chuah](#), head of sales and marketing for [E&O Bhd](#), agrees that in the KLCC area, the distance to the Twin Towers is the prerequisite indicator for pricing power.

“Location is always a key consideration in property investment. Insofar as our [St Mary](#) project is concerned, its prime location in the Kuala Lumpur central business

district is one of its key features. Just a 10-minute walk from [Petronas Twin Towers](#) and KLCC, where many multinational corporations' headquarters are located," she says.

The developer of [Binjai On The Park](#) is [Layar Intan Sdn Bhd](#). Layar Intan is 100% owned by [KLCC \(Holdings\) Sdn Bhd](#), which in turn is a wholly-owned subsidiary of [Petronas](#).

Reputable architect

The Troika by BRDB was the first condo to popularise the architect-themed condo. On the back of [Lord Norman Foster](#)'s reputable name and credibility, the Troika recorded average prices of RM2,000 psf.

Another keenly awaited condo is the jungle-themed Le Nouvel KLCC by [Wing Tai Malaysia Bhd](#). Designed by Pritzker Prize winner Jean Nouvel, it will be opposite the [Petronas Twin Towers](#), fronting Jalan Ampang.

Jagan says that "hand on his heart", the Troika is architecturally the most stunning looking residential condo in Kuala Lumpur.

"You look at the building, you go into it, and it gives you the 'wow' factor. This is about putting the intangibles into the building. The 'Le Dolce Vita', which means the good life. It is the aspirational side of things which makes the building stand out.

"Our brand speaks for certain things. Design is a huge component of great architecture. The aesthetics are important. The feel too – it gives you a cosmopolitan lifestyle – you could be anywhere in the world. You could feel like you are in New York or Sydney," says Jagan.

Chuah also worked with US-based WATG for their [St Mary](#)'s condominium. Some of WATG's finished works include The Four Seasons in Hawaii and Mexico and [The Ritz-Carlton](#) in the Virgin Islands, Las Vegas and Florida.

"WATG's track record shows projects are more than creative and beautifully designed; they are successful as they place equal value on creativity and on the bottom line. There is a sense of spaciousness the moment you enter [St Mary](#). The innovative structure of [St Mary](#) includes generous glass windows, articulated at different angles, to allow natural light in while presenting the best views of the city," explains Chuah.

She adds that interior-wise, [St Mary](#) floor plans are cleverly designed to maximise living spaces.

"Balancing aesthetics and practicality, [St Mary](#) showcases the otherwise odd or dead spaces into neat and functional space-saving areas. For instance, camouflaged behind a typical cabinet door, you will find a dryer and washing machine neatly stacked and tucked into a discreet corner," says Chuah.

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