

Ireka expanding footprint in Sabah

PICTURES COURTESY OF IREKA CORP

BY Rosalynn Poh

The land beneath the wind — that was how Sabah was widely described in the 1990s. Less than three hours by plane from Kuala Lumpur, the East Malaysian state is famous for more than one reason, including its tourist attractions and rapid development. Ireka Corp Bhd group executive director Lai Voon Hon is one person who is obviously passionate about Sabah.

Ireka Corp, known as a luxury lifestyle property developer in Kuala Lumpur, is now looking at its third project in Sabah, a seafront resort development in Tuaran. The three parcels totalling 79.5 acres is just a 30-minute drive from Kota Kinabalu and has a gross development value (GDV) of US\$170 million (RM540 million). They were acquired by associate company Aseana Properties Ltd in 2007 from the Taiwanese company that owns Club Sabah Golf & Beach Resort. Initial plans for the development include a 216-room resort hotel, 124 resort villas and 106 resort homes. Lai is unable to reveal further information as the project is still in the planning stage.

The project marks the first seafront resort project for Ireka and Aseana. To recap, Ireka Corp initiated the listing of Aseana Properties Ltd on the London Stock Exchange in 2007 so that it could undertake more property projects in Malaysia and begin new ones in Vietnam. Its wholly-owned subsidiary, Ireka Development Management Sdn Bhd (IDM), is the exclusive development manager for Aseana, where Lai is the president and CEO.

IDM manages Aseana's property developments in Vietnam and Malaysia, including Seni Mont'Kiara in Kuala Lumpur and Sandakan Harbour Square in Sabah.

"Kota Kinabalu has everything from the highest peak in the country, Mount Kinabalu, to Sipadan, one of the top diving sites in the world. In fact, Kota Kinabalu International Airport is the second busiest airport in Malaysia. The international community has discovered Sabah and now, thanks to AirAsia, West Malaysians are also coming to Sabah," he says.

According to *The Edge*/Rahim & Co Kota Kinabalu Housing Property Monitor for 3Q2011, the "open sky policy" has tremendously improved direct air connectivity between Kota Kinabalu and other international airports. More high-spending tourists are expected in the capital city, which will result in the rise of hotel room rates. The report also says Sabah is expected to contribute significantly to Malaysia's economic growth with a 12.8% share of foreign investment under the 10th Malaysia Plan. Private-sector initiatives are driving Sabah's economy, steered by the Sabah Development Corridor and Pemandu (Performance Management and Delivery Unit).

Preliminary visitor arrival statistics by the Sabah Tourism Board shows that as at September, visitor arrivals had reached about 2.1 million this year, compared with 2.5 million in 2010.

"Personally, I feel Sabah is still at

its infancy [development] stage and there is a lot of future here. I certainly do not want to miss out on the future development of Sabah," says Lai.

Developments in Sabah

Ireka Corp's first ventured into East Malaysia in 2003 with Luyang Perdana — Kota Kinabalu's first gated and guarded landed residential homes — in a joint venture with the Sabah Housing and Town Development Authority.

The housing project comprises three phases: 76 two and 2½-storey terraced houses, 26 semi-detached houses and four bungalows for Phase 1A; 112 town villas for Phase 1B; and 74 two and 2½-storey terraced houses, 14 semidees, two bungalows and seven retail shops for Phase 2. It has a GDV of about RM100 million.

When *City & Country* paid a short visit to the site for the handover ceremony of the management of the Phase 1A and 2 to the Luyang Perdana Home Owners' Association (Luyang Perdana HOA) on Dec 3, the 26-acre development appeared well guarded and maintained.

Luyang Perdana is situated just a few minutes away from Queen Elizabeth Hospital. According to Lai, the homes that were sold during the launch in 2003 were among the most expensive at the time at around RM300,000 for intermediate terraced units with built-ups from 1,934 sq ft. The same units are currently being transacted at RM500,000, he says. Some corner units that were launched at about RM380,000 were recently transacted at RM800,000. Bungalows, with built-ups between 2,778 and 3,610 sq ft and sold around RM700,000 during launch are currently valued between RM1.8 million and RM2.2 million. In fact, Luyang Perdana HOA president Dr Anil Kumar says there are currently no homes for sale in the much-sought-after residential development.

Sandakan Harbour Square

Meanwhile, the developer is in the final stages of completing Sandakan Harbour Square, a seafront urban renewal development in Sandakan, about five to six hours drive from Kota Kinabalu or an hour by flight.

The RM510 million project sits on an almost 12-acre tract, including reclaimed land. It is being developed by ICSD Ventures Sdn Bhd, a wholly-owned subsidiary of Aseana Properties Ltd, and managed by IDM. The project has the support of the Sabah government and Sandakan Municipal Council and is expected to be fully completed by 1Q2012.

Sandakan Harbour Square is IDM's flagship project in East Malaysia, featuring the five-level Harbour Mall and a 300-room Four Points by Sheraton hotel tower and a convention centre. The mall offers 200,000 sq ft of prime net leasable retail space in the heart of Sandakan town and is just 30 minutes away from the famous Sepilok Orang Utan Rehabilitation Centre.

"It [Sandakan Harbour Square] is currently the largest ongoing project in Sandakan and we want to make sure it runs smoothly. It is quite ex-



An artist's impression of Sandakan Harbour Square, which features a five-level mall and a Four Points by Sheraton hotel, is the largest ongoing project in Sandakan



Lai: It is in the plan to one day launch an i-Zen concept project in Sabah. If the opportunity arises, we would like to do so.

pecting and we are starting to plan quite a lot of activities for the hotel and convention centre next year. The convention centre can accommodate nearly 1,300 people, and is the first in Sandakan," says Lai.

"There is also a ballroom, which is very much in demand in Sandakan, that can accommodate 70 tables for dinners or any private functions. The mall is currently over 50% leased and will be operated by CB Richard Ellis (Malaysia).

"We plan to officially open the mall and hotel in March and by then, we expect occupancy to be 60% to 70%," he adds.

Sandakan Harbour Mall's anchor tenant — Parkwell Departmental Store and Supermarket — which will take up about 48,000 sq ft, was confirmed in July. Other retailers include Bata, The Body Shop, SOX World, SN Mutiara, Gintel, Levi's, Tomei Gold & Jewellery and Jeff Eyewear Space.

Future prospects

Lai says the property market in Sabah has been growing very fast over the last two to three years and believes that this will continue. "It is partly due to the growing affluence in the state with a lot more people looking for new homes and the introduction of more modern residences in Kota Kinabalu.

"It has been a buoyant market for the past few years and in fact, on a psf basis, prices have almost reached KL levels. There are high-end apartments being sold in Kota Kinabalu for almost RM1,000 psf. Is this sustainable? I think for the residences, there is still a lot of room for growth, mainly because of the growing popu-



Luyang Perdana's 2½-storey terraced homes

lation, as well as foreigners moving to Sabah due to the oil and gas projects. We foresee an inflow of expatriates into Sabah resulting in an increased demand for more modern residential projects," he shares.

Lai also believes the demand for gated and guarded developments will increase in Sabah. However, such developments tend to be a little further away from the town centre, unlike Luyang Perdana, which is located just ten minutes from the city centre.

Residential developments aside, "I think there will be a lot of potential for the development of hotels and resort hotels in Kota Kinabalu over the next 8 to 10 years," says Lai.

"Kota Kinabalu International Airport has the best connections to places that include Hong Kong, Taiwan, Korea, Japan and Singapore. We are only seeing the tip of the iceberg for the Kota Kinabalu resort market. There is still a lot of demand for international branded hotels here," he adds.

Ireka is currently in talks with some potential landowners for future developments in the state. "It is in the plan to one day launch an i-Zen concept project in Sabah. If the opportunity arises, we would like to do so," Lai says. Ireka's i-Zen brand of luxury lifestyle properties was first created in 2000, offering high-end living services to its residences such as concierge, housekeeping and laundry cleaning services that the company says "caters for the needs

of today's modern and sophisticated homeowners". Among its i-Zen brand of luxury properties in Kuala Lumpur are i-Zen@Kiara 1, i-Zen@Kiara II, i-Zen@Villa Aseana, Seni Mont'Kiara and Kiaraville.

On Ireka's business strategy going forward, Lai says: "Generally, for the next few years, you will find us focusing more on the mid-market segment. In Sabah, we are keen to have an i-Zen but in West Malaysia, where we are traditionally into high-end properties, we have recently acquired tracts in Kajang and Nilai for the mid-market segment. Because of our heritage, we will still try to give value for money by introducing some of the features from our high-end products."

The developments on the tracts in Nilai and Kajang, which are wholly-owned by Ireka Corp, are expected to be launched in 2H2012.

Lai says for the almost 28 acres of freehold land in Nilai, it is looking at landed homes priced between RM400,000 and RM500,000 and apartments from RM300,000 to RM400,000. He is unable to reveal further information on the five-acre Kajang tract as it is still in the planning stage, but the intention is to launch the mixed-use high-rise development within the affordable range. There is also a 20.6-acre freehold tract in Kajang within the Bukit Angkat Industrial Zone, which was acquired in September, which the developer is considering a mixed-use industrial development. ■