Ireka moving into mid–market properties

BY **Rosalynn Poh**

About 40% of the homes in SENI Mont'Kiara enjoy views of a beautifully landscaped deck

Ireka Corp Bhd, which has developed over 2,000 units of high-end lifestyle properties in Mont'Kiara, Kuala Lumpur, since early 2000, is now looking to develop mid-market properties.

"Maybe it's a bit too early to tell the mix, but we have a tract in Kajang town centre and we will be looking to develop a neighbourhood mall with mid-market apartments that will fit our lifestyle developments," Ireka Development Management Sdn Bhd (IDM) president and CEO Lai Voon Hon tells *City & Country*.

The indicative prices of the properties, aimed at young professionals, are between RM250 and RM350 psf. "We are looking to develop a trendsetting product that is nice but still in the mid-market segment. There's a lot more connectivity in Kajang now and the best thing is that the mass rapid transit (MRT) is going to stop here. So Kajang is going to be a vibrant city. Our site is near the current KTM station.

"We are also looking at a couple of tracts on the outskirts of Kuala Lumpur but we will make an announcement when we are ready. They will probably be niche, mid-market type of products as well. We don't usually develop townships, so it will be a gated community kind of projects," Lai explains.

He expects the five-acre Kajang project to take off in 2H2012. The company is also planning to develop an almost 21-acre freehold industrial site in Kajang Industrial Park some time next year, "when market conditions permit". The freehold tract was acquired in September from Borncity Development Sdn Bhd for RM22.43 million.

Ireka initiated the listing of Aseana Properties Ltd on the London Stock Exchange in 2007 so that it could undertake more property developments in Malaysia and begin new ones in Vietnam. Its wholly-owned subsidiary IDM is the exclusive development manager for Aseana.

IDM manages Aseana's property developments in Vietnam and Malaysia, including SENI Mont'Kiara in KL and Sandakan Harbour Square in Sabah. However, Aseana's upcoming Jalan Kia Peng project near KLCC is a joint venture with Ireka, which has a 30% direct stake. The mixed residential Kajang project is a direct investment by Ireka.

While Ireka is moving into the mid-market segment, it plans to continue developing products for the high-end market. It also plans to introduce its i-ZEN brand concept in its mid-market properties.

Meanwhile, the company is negotiating the purchase of a 1.5-acre tract in Mont'Kiara. While Lai does not reveal further details or plans for the tract, it is learnt that it is close to Solaris Mont'Kiara.

"Some people say Mont'Kiara is overbuilt; I believe in the long term. We still see a lot of potential in Mont'Kiara as it is an attractive place to live for both expatriates and locals. The community is becoming more vibrant and doesn't encompass just one segment of the population — we see both young and old living here.

"We believe the homes here are very affordable compared with those in other areas. Values in Mont'Kiara have been holding up as well and while land prices have gone up, property prices haven't risen too much," Lai says.

SENI Mont'Kiara

Ireka recently launched the second and final phase of SENI Mont'Kiara. As its name suggests, SENI was very much inspired by art, Lai says. One of its features is a permanent 2-storey art gallery, which you can see as you enter the development. The gallery will feature mostly local artists and some guest [international] artists, he adds.

LEE LAY KIN/THE EDGE

Lai: We are looking to develop a trendsetting product that is nice but still in the mid-market segment

Lai says the total value of the art found within the development, including two bronze sculptures by Eng Tay that are featured in the courtyard shared with Kiaraville, is probably around RM2 million.

"The value of some of the art pieces has gone up and the art pieces include six 100-year-old frangipani trees that we imported from Bali, which give a very sculptural effect. Over time, it will be a nice piece of art sitting on the landscape," he adds. There are also Middle Eastern palms and about 50 species of plants in the development.

"Since introducing i-ZEN, we have stayed true to the brand's 5S principles — style, service, security, soul and sophistication. SENI has all these and due to its location, we decided that it would be our most valuable i-ZEN development — a masterpiece whose value will appreciate over time with art as the inspiration," Lai says. The estimated gross development value (GDV) of the project is RM1.5 billion.

The i-ZEN brand of luxury properties was created in 2000. The company says "properties bearing the i-ZEN brand broke new ground by offering services such as concierge, housekeeping and laundry cleaning that cater for the needs of today's modern and sophisticated homeowners".

All units at i-ZEN developments come fully fitted with air conditioners, wardrobes, kitchen cabinets and appliances, which is meant to minimise the hassle of dealing with and managing wetworks on completion of the development. The first i-ZEN — i-ZEN@Kiara I, a 35-storey condominium tower with 305 un its — was completed in 2Q2008.

"SENI, to me, has three distinct features. Firstly, it is situated at the highest point of Mont'Kiara, so all units are assured of good views. About 60% will enjoy the magnificent KL skyline and the rest the beautifully landscaped deck, which includes two Olympic-size swimming pools," Lai says.

Secondly, the layout of the unit offers a lot of natural light and plenty of storage space, including custom wardrobes and nice fittings. "These are things which we have learnt over time from our buyers," says Lai.

All the units come with built-in wardrobes and kitchen cabinets. "When people buy the units, they only need to think of soft furnishings. There is very little need for carpenters or contractors to come in.

"Thirdly, the landscaped deck was created with the help of landscape architect Karl Princic, who has been involved in tropical resorts worldwide. He decided on the location of everything, from the pergola to the Jacuzzi, and how it flows. He also personally chose plants that would flourish in our weather.

"We are very proud of this development. When we launched it in late 2007, we thought we would keep some for the final release. Now people can see and walk around and see what they are buying," Lai says.

The landscaped deck is certainly impressive with its two huge pools, recreational areas and Jacuzzis. One can also see the 3,800 sq ft gym that faces the deck as well as the open-air yoga and tai chi station above it.

The project offers a total of four blocks. In 2007, the first phase comprising two blocks, aptly called Van Gogh and Monet, was launched at RM580 to RM650 psf and is now 90% sold. Phase 2 comprises two blocks — Dali and Picasso — whose units are priced between RM850 and RM950 psf. The en bloc sale of Dali is in advanced negotiations so Lai was unable to reveal further information by press time.

According to him, two-thirds of the buyers of SENI Mont'Kiara are foreigners, including those who work and live in the Klang Valley. Targeting both locals and foreigners for the final phase, a series of private previews have been scheduled from September to year-end in Hong Kong and Singapore. "We are also offering our new buyers a loan deferment of two years."

The first phase was completed and handed over in May, while the second phase is expected to be completed this year.

Lai says i-ZEN properties in Mont'Kiara typically achieve rental yields of 6% to 10% while the occupancy rate is up to 80%. "In terms of capital appreciation, it is not unrealistically high like in some neighbouring countries, where over a year you can get 20%. I think that would be a sign of a hot [market]."

Upcoming projects

"We hope to launch our project in Jalan Kia Peng in the middle of KL and opposite the Kuala Lumpur Convention Centre when the market is right," says Lai.

The 42-storey development will comprise a hotel and serviced residences. "There will be 200 units of serviced residences on top of the 416-room boutique hotel," Lai says. The almost one-acre site of the project, on which the Top Hat Restaurant once sat, was acquired at end-2009 from members of the Kuok family for RM87 million or about RM2,000 psf. It will be the first development in the KLCC area with the i-ZEN brand.

While Lai is unable to disclose the indicative prices for the serviced residences, he does reveal that they will offer an "attractive market rate for first-time buyers". The company will also offer smaller-sized executive units to cater for small families or people planning to have KL as their second home. The GDV of the Kia Peng project is around RM278 million.

Through Aseana (Ireka is the project manager), it is developing two office towers (100% sold) and a business hotel in KL Sentral that will be completed next year. It is in advanced negotiations with Starwood Hotels & Resorts on the business hotel to be branded as an Aloft lifestyle business-class hotel. The project is a joint venture between Kuala Lumpur Sentral Sdn Bhd, a subsidiary of Malaysian Re-

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Upbeat about KL property sector

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sources Corp Bhd, and Aseana on a 60:40 basis.

By end-2011, Ireka will open the Sandakan Shopping Centre within Sandakan Harbour Square, the first modern shopping mall in the Sabah city. Next to it will be a Four Points by Sheraton Hotel, expected to open in early 2012.

As its i-ZEN brand is now established in the local property development industry, Lai says the next growth path for the brand is to export it to new markets. The developer plans to introduce the brand to the Vietnamese market as well.

Vietnam

The developer continues to be busy in Vietnam despite the current tough market conditions. "We have been there for four years but we are still considered to be at the beginning stage. We have a good reputation there and although it is a tough market, we believe the underlying fundamentals of the country are very strong, especially in the property sector," Lai says.

"We acquired projects and land in the first two years. Now we have projects at various stages of approvals. At the moment, the market is not stable so we are holding back our launches. However, we have entered some projects at a very good price, so we are waiting for an upturn in the market before we launch."

LEE LAY KIN/THE EDGE

Inside a show unit in SENI Mont'Kiara

But for defensive projects like hospitals in places where there is a dire shortage of private healthcare, it is confident of starting some of them [which are currently under construction]," Lai says, referring to Phase 1 of the City International Hospital in Ho Chi Minh City, which will be operated by Parkway Holdings Ltd, one of the largest healthcare providers in Asia. In Malaysia, Parkway Group runs Gleneagles Medical Centre in KL and Penang and nine Pantai Hospitals nationwide. City International Hospital is within the International Hi-Tech Healthcare Park (IHHP), an integrated medical-themed development with a GDV of US$670million (RM2.07 billion) that is expected to be completed in 2013. IDM manages the entire IHHP.

Ireka owns a minority stake in Vietnam developer Nam Long Investment Corp and is involved in numerous developments in Ho Chi Minh City, including deluxe high-rise residences (District 7), the Phuoc Long B residential development (District 9) and Queen's Place (District 4). The total worth of ongoing projects is US$900 million.

Property outlook

Lai is upbeat about the property sector in KL despite the financial uncertainty in Europe and the US as "we have a few factors in our favour. Our banking sector here is still very strong — a lot of liquidity so the mortgage rate is very low. This gives opportunities for buyers who want to own a home or invest in one, perhaps as a hedge against inflation. Inflationary problems are found in the West and most Asian countries and everything seems to be going up, and putting money in the bank gets you little interest. That helps the property sector.

"Also, Malaysia still has a high employment rate and there is growing affluence, which translates into more entries into the market [to buy property]. From the foreign investment perspective, as in the past two years, hot markets such as Hong Kong, Singapore and even Australia have experienced tremendous hikes in property prices and investors are now looking to countries like Malaysia where it is still relatively cheap and prices have not really gone up so much," Lai explains.

He sees room for growth in the property sector. "Medium and long term, I am very confident that the property market in Malaysia will remain strong due to its fundamentals — a young population with growing influence; property is part and parcel of every family's investment. The fact that the government is paying a lot of attention to the MRT/LRT projects means that the population has more choices ... cheaper choices.

"People talk about being overbuilt and overdeveloped in certain areas and escalating prices as currently, some developments are concentrated in a few areas. In these few areas there may be a mismatch between demand and supply. Demand came up too fast compared with supply, hence prices have gone up very high.

"Over time, with the MRT/LRT systems, there will be more locations for people to choose from and that will probably even out some of the discrepancy between supply and demand in certain areas. I am happy to note that some of our peers, the big developers, are starting to build homes in suburban areas.

"If you recall, when we first started developing in Mont'Kiara, offering lifestyle and luxury living, there were only one or two competitors there. Today, all major developers can claim that they are involved in high-end and lifestyle developments and that they have created a lot of supply in some areas. Over time, there was another segment of the market that was not served and they grew into that segment. There are now more choices in the market," he concludes. E