

# KL's 10 most expensive condos

The excitement in the property sector over the spiralling condominium and land prices in the KLCC area over the last four months seems to be gaining momentum. Top property consultants tell StarBiz how to separate the wheat from the chaff.

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WHICH single condominium development in Kuala Lumpur is considered to be the priciest in Malaysia? The dust hasn't settled on this issue as two purported contenders for the title have yet to be launched.

According to KL property experts, the 10 most expensive condominium developments based on current prices are all sited in the Kuala Lumpur City Centre (KLCC) area (see Table A) except Pavilion Residence. However, if the yet-to-be launched Four Seasons and Binjai developments were taken in account, those falling below RM1,000 per sq ft would be out of the list.

But the "asking price" and "transacted price" may not necessarily match. Currently, the costliest average price per sq ft has been transacted at RM2,000 for the One KL project. This development is noted for its marketing strategy of one swimming pool on every floor. The tower has 35 levels.

Developers who launched their condominium projects earlier are now frantically revising the pricing policy for their remaining units. And those who have yet to launch are now trying to push the limits.

But all eyes are trained on the Binjai and the Four Seasons projects – touted to fetch more than the current benchmark of RM2,000 per sq ft. The Binjai management purportedly "screens" prospective buyers and even require an interview. The show-house has long been off-limits even to ordinary tycoons.

Foreign as well as local interest in Kuala Lumpur's luxury condominium developments seem to have been spurred by the Government's relaxation of residential ownership rules for foreigners and the waiver of real property gains tax (RPGT) recently. And what's happening in Singapore's high-end condominium property market is having an effect on KL.

High-end properties in KL's prime residential locations are considered to be the cheapest in the region. This has given rise to the rare phenomenon of residential property fetching even higher rentals than office property in KL. For example, the office rental rate at the UOA building in Jalan Pinang was recently transacted

Table A: KL's 10 most expensive condominiums

Project	Developer	Location	Avg price per sq ft at launch	Avg price per sq ft	Units	Storeys	Unit size (sq ft)	Land use	Launched
1 One KL	One KLCC Sdn Bhd	Jalan Pinang	1,200	2,000	94	35	3,625	Commercial	Q4 2005
2 The Troika	BRDB	Jalan Binjai	920	1,800	164	37, 43 & 50 (3 towers)	2,045 - 9,043	Commercial	Q1 2005
3 K Residence	Olympia Industries Bhd	Jalan Ampang	1,000	1,600	188	50	1,446 - 7,342	Commercial	Jan 2007
4 The Meritz	DNP Tanahniaga Sdn Bhd	Jalan Mayang	1,000	1,300	110	31	1,076 - 3,412	Commercial	April 2005
5 Marc Residence	Beverly Tower Development S/B	Jalan Pinang	750	1,200	607	35 (2 towers)	600 - 2,800	Commercial	Oct 2007
6 The Avare	Magna Prima Bhd	Jalan Kuda	1,000	1,200	78	41	3,800	Commercial	April 2005
7 Park Seven	SDP Properties Sdn Bhd	Persiaran KLCC	750	1,000	105	20 storey (7 towers)	2,500 - 7,000	Residential	Dec 2004
8 Pavilion Residence	KL Pavilion Sdn Bhd	Bukit Bintang	900	1,000	368	43 & 50 (2 towers)	1,234 - 7,174	Commercial	Early 2006
9 Idaman Residence	TA Enterprise	Jalan P. Ramlee	700	950	248	33	800 - 1,900	Residential/Commercial	Q2 2005
10 Ampersand @Kia Peng	IUM Properties Sdn Bhd	Jalan Kia Peng	860	900	71	9 (4 blocks)	2,613 - 5,852	Commercial	Q1 2006

Source: S.K. Brothers Realty (M) Sdn Bhd

at RM3.80 per sq ft while a tenant at 3 Kia Peng condominium is in negotiations to renew his tenancy for RM4.50 per sq ft.

Demand for the "best" condo-developments is at an all-time high with record-breaking prices per sq ft quoted – even for land in the KLCC area. For instance, the plot of land occupied by the Hakka Restaurant at Jalan Kia Peng was reportedly sold via tender for over RM1,300 per sq ft recently – a record price.

And what do our local market experts have to say about such transactions and dizzying prices?

S.K. Brothers Realty (M) Sdn Bhd general manager Chan Ai Cheng said: "Technically, all KLCC condominium developments are considered to be high-end properties in terms of price and quality. Super-condos – as opposed to high-end condos – are merely super 'big' in terms of size alone.

"The pricing structure of high-end KLCC condos will depend on whether they are located within the first tier or second tier of land."

The Petronas Twin Towers are regarded as the epicentre of the KLCC area, with the surrounding lands viewed in terms of concentric bands with the first tier being closest to the



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towers. For example, the first-tier condo-developments will include projects like One KL and K Residence and the second-tier will include Hampshire Park, The Meritz and Cendana.

Property agents look at the desirability of condo developments based on various factors depending on the targeted tenants for the units to be

rented or leased out.

The development must be easily accessible and the type of neighbourhood should suit the targeted tenants. Does the neighbourhood offer a ready catchment of tenants such as expatriates?

If the targeted tenant is the young and happening type of expatriates instead of family-oriented expatriates, then the condo-development should be near the bars and entertainment areas.

Land status is very important. If the development is on commercial land instead of residential land, then the rental yield will be affected by the commercial rate for quit rent and utility bills. For example, your monthly electricity and water bills will be charged the commercial rate.

The track record of the developer is equally significant. Certain established developers like Tan & Tan have their own following. These repeat buyers will buy anything they build, explained Chan.

Unlike the old days, developers now will usually have done all the studies they need to formulate their pricing policy. They would price their property at what the market needs now.

But buyers ought to be aware that if a developer were to build all the

condo units in the same size, you will have a tough time renting out your particular unit. You will be competing with many other owners trying to rent out their units.

Also, the team of consultants engaged for the project is important. Buyers generally like "branded" properties. For instance, the Troika developers have engaged Foster and Partners and astute buyers are confident that with such a prestigious architectural firm, the condo design won't be easily "outdated".

Buyers of high-end condos who wish to rent out their units have to understand the expatriate rental scale. For instance, a multinational executive transferred to KL may only have a monthly rental budget of RM5,000 and ambassadors may have an average of RM15,000. So, if you wish to rent out at RM20,000 a month, you are looking at a tenant in the top position in a multinational. The question you must ask is "Who is going to be your tenant?"

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Table B: Other expensive condo developments in KL

Site & Project name	Cost per sq ft	Built-up space (sq ft)	Total units
<b>BUKIT TUNKU</b>			
Tijani	RM850	1,923 - 3,798	112
<b>BANGSAR</b>			
One Merenung	RM850	3,200 - 5,000	229
Zehn Bukit Pantai	RM620	2,476 - 3,380	187
<b>MONT' KIARA</b>			
Seni	RM675	2,336 - 3,520	605
Verve	RM650 (furnished)	633 - 2,659	881
MK10	RM550	3,478 - 4,090	322
<b>DAMANSARA HEIGHTS</b>			
Clearwater Residence	RM660	800 - 4,000	108
<b>MINES RESORT CITY</b>			
The Heritage South Lake	RM700	480 - 1,513	154

Source: S.K. Brothers Realty (M) Sdn Bhd

IS the KLCC area already saturated with high-end condo developments?

KLCC is the heart of the real estate market and is the prime property hotspot of the nation, said S.K. Brothers Realty (M) Sdn Bhd general manager Chan Ai Cheng.

"Any city in the world has its own renowned residential enclaves. Think of Hyde Park in London and Central Park in New York. This is the best address in Malaysia!" she said.

"KLCC looks like it is saturated because of the timing of the launches – one after another. But the fact is, land is scarce."

Henry Butcher Marketing Sdn Bhd chief operating officer Tang Chee Meng said there were concerns that there could be an oversupply situation looming in the horizon with so many new projects under construction.

## Fewer new proje

"However, any oversupply situation is in relation to a particular period only. And if the economic conditions do not turn adverse, it is a matter of time before the units are filled up," he said.

Land is scarce in the KLCC area and with land costs having escalated beyond the RM1,000 per sq ft mark, it is conceivable that there would be fewer new projects coming on stream.

Tang said it could become less attractive for developers unless the prices of the units could be pushed up further.

Some projects cater to the different

needs of buyers. Some buyers want good views while others prefer convenience and proximity to entertainment centres.

Chan said that when you invested in a KLCC condo, you need to know the type of tenant you were targeting.

For instance, the Binjai is touted to have the most beautiful view of the KLCC Park and the Petronas Twin Towers. Initially when it opened for registration, the price per sq ft was supposed to be RM700-RM800. The indicative price has far exceeded that today.

The other highly anticipated



CONDOMINIUM prices in the famed KLCC neighbourhood seem to be in a state of flux, with foreign investors and fund managers zeroing in only on prime developments that offer potentially good returns.

According to Henry Butcher Marketing Sdn Bhd chief operating officer Tang Chee Meng, the most popular properties are those that actually face the Petronas Twin Towers.

"The KLCC area offers instant recognition due to the prestigious Petronas Twin Towers, and a lot of buyers are partial to units with prime views. The location also offers convenience in terms of shopping, entertainment, recreation, transportation links as well as proximity to major office buildings."

He said that in terms of living environment, places like Bukit Tunku, Damansara Heights and Bangsar were, however, better choices.

"However, many are wary that today they may have the view of the towers but tomorrow they may not. There are still parcels of land for property development around the KLCC focal point so buyers have to beware of future high-rise developments."

# The lure of KLCC

Of late, Tang and other property consultants like him, have been busy briefing foreign clients on which high-end condominium developments are worth investing. But most of them only want to buy in the KLCC area.

"A lot depend on when the condo development is to be completed and what rental will the units fetch. Investors normally look at the yield and capital appreciation."

"We get a mixed group of investors. Some are institutional investors managing foreign funds while some are property traders like those from Singapore who buy and sell. They take up a chunk of 30 to 50 units. And they sell them off through their network in Singapore. There are some who hold on. These traders may have lost out on opportunities in Singapore so they turn to KL and don't intend to lose out again."

"For instance, those who have bought Marc Residence units at the average price of RM600 per sq ft (psf) can now sell them for RM1,200-

RM1,300 psf. We have a client who sold at RM1,350 just last week."

"Investors who have benefited from their capital gain, are now ready to re-invest in the property market or stock market."

On the most luxurious condominium developments in the KLCC area, Tang listed these:

- **Four Seasons** - Yet to be officially launched but rumoured to be above RM2,000 and up to RM3,000 psf.
- **Binjai, KLCC** - Yet to be released for sale but purportedly in the range of above RM2,000 psf.
- **K Residence** - Revised asking price for one of the penthouse units up to RM2,000 psf.
- **The Troika** - Revised pricing up to RM1,800 psf.
- **One KL** - Sold at up to RM1,600 psf.
- **Avare** - Revised pricing up to RM1,500 psf.
- **Marc Residence** - Resale at RM1,000-RM1,250 psf.
- **Pavilion** - First block sold at

RM900-RM1,000-plus psf.

● **Suria Stonor** - Revised pricing of remaining units at RM1,000-RM1,250 psf.

● **Dua Residency** - Developer's revised pricing for remaining units at around RM1,000 psf.

● **The Oval, KLCC** - From RM700-RM1,100 psf (pricing may yet be revised).

● **Park 7** - From RM800-RM1,000-plus psf.

Some of the latest projects to be launched in the KLCC area will be above RM1,000-plus psf.

It is a fact that there aren't any condominium developments outside the KLCC area which are more expensive or grander.

As for Tang's list of the most expensive condominium developments, he said it had yet to be seen whether they could be considered good investments.

"Yet to be seen until they are completed," he said. "Rentals have to rise to new benchmark levels in order to provide a better yield to investors."

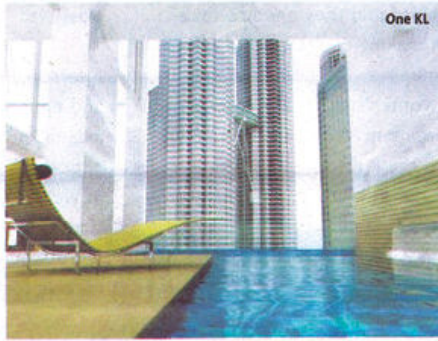


The KLCC area offers instant recognition due to the prestigious Petronas Twin Towers, says Tang Chee Meng

However, compared to other major cities, KL's residential prices are still cheap, so there could be room for capital appreciation, provided that the economy and stock market continues to perform well."



K Residence



One KL



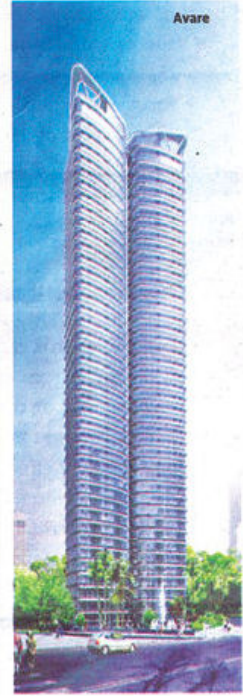
Idaman Residence



Park Seven



One Menerung



Avare

## cts as land costs escalate

launch is the Four Seasons mixed development project, sited next to Menara Maxis.

Explained Chan: "If you were to buy into a project early, certain developers offer 'early bird special' price or an easy-to-own package deal including the 10:90 variant. This means that you pay only 10% down-payment and nothing more until the project is ready. You will save on interest costs. By that time, the project is ready and you can rent out the condo unit and use the rental to pay your bank loan instalments."

"The condo layout must be practical and there should be a variety of

built-up sizes available so that you won't be competing with other owners if all your units are of the same size. For instance, the Idaman Residence project offers sizes of 800 sq ft, 1,000 sq ft, 1,500 sq ft, 1,700 sq ft and 2,100 sq ft. Here the segregation of types is very distinct for the purpose of renting out."

A buyer must also consider how much capital appreciation the property can gain.

"At what entry level are you going in? If I were to buy at, say, RM1,000 per sq ft, what's the likelihood of the price moving upwards? What are the neighbouring launches selling at?

Are they priced higher? Don't get carried away with the show unit which is designed to seduce the prospective buyer."

Chan highlighted key features in selected condominium projects that made the developments popular:

- **Idaman Residence** - Choice of units with not many competing types within the development.
- **One KL** - Each unit comes with a swimming pool.
- **Cendana** - Tie-up with Renaissance Hotel KL & most buyers are repeat Tan & Tan customers.
- **Marc Residence & K-Residence** -

Proximity to KLCC.

● **Troika** - Designed by Foster & Partners architectural firm headed by multiple award-winning Lord Norman Foster.

● **Avare** - Unique external façade of a glass-curtain walling.

● **Pavilion** - Mixed development concept.

Meanwhile, Henry Butcher Marketing Sdn Bhd chief operating officer Tang Chee Meng's top three picks are:

● **Binjai** - Location with unobstructed views of the Petronas Twin Towers and it being developed by KLCC Holdings. Its list of prospec-

tive buyers are the who's who in the country.

● **Four Seasons** - Prestigious brand name can add value to the development.

● **One KL** - Prime location and unique concept with a pool for every unit.

Chan said a developer might price his or her development very high but pricing alone did not necessarily reflect nor guarantee a luxurious development.

An unfortunate fact of local property development is that what you see in the show unit may not necessarily reflect what you get. Defects and flaws are commonplace.

Luxury condo-developments in other parts of KL (listed in Table B) may not be quite as expensive as those in the KLCC area but prices are coming "pretty close," she said.