

Headline	Mont' Kiara values, rentals under economic pressure
Media Title	Focus Malaysia
Date	11 November 2016
Section	Business
Language	English
Frequency	Weekly

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Weekly

28

ASSETS

Mont' Kiara values, rentals under economic pressure

A depressed property market and oversupply of high-rises contributing causes, say industry experts



by Yvonne Young

PERCEIVED as an upmarket neighbourhood that is sought after by buyers and investors, Mont' Kiara is strategically located with prestigious international schools and many amenities.

However, capital appreciation of properties there have not risen as much as nearby Bangsar and Damansara Heights. Industry experts say supply and demand is the main reason. "Developments in Bangsar and Damansara Heights are generally of lower density and more exclusive. Hence, they are targeted by the upper-income

Lai says prices at Mont' Kiara have been rising since the 1990s



group and high net worth individuals," says Kelvin Yip, associate director of Residential Sales and Leasing at Knight Frank Malaysia.

A large number of property launches in Mont' Kiara caused an excess in supply. In contrast, limited new projects in Bangsar and Damansara Heights have balanced the supply there.

Ireka Corp Bhd group managing director Datuk Lai Voon Hon says prices of residential units in Mont' Kiara have been subdued in recent years, but demand for properties there remains high as reflected in the volume of secondary transactions.

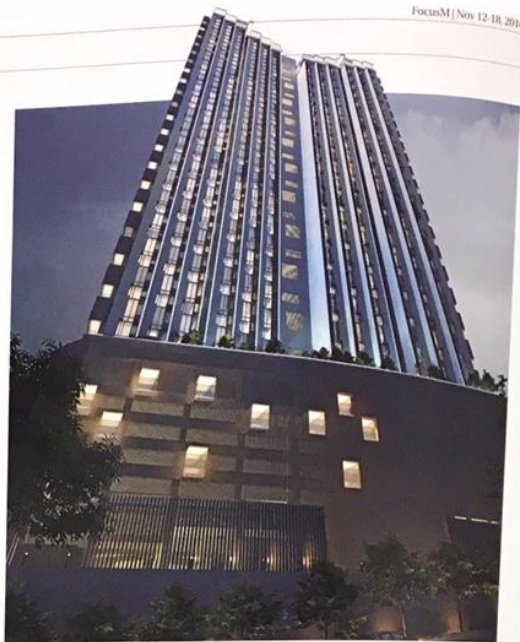
"This shows people are keen to move into the area if the price is right. Prices in Mont' Kiara have been going up since the 1990s with double-digit growth between 1995 and 2007.

"In the early 1990s, apartments in Sunrise Pines sold for around RM250 psf. By 2008, apartments in SENI Mont' Kiara or the fully-furnished Verve Suites reached about RM1,050 psf and RM1,200 psf respectively," he says.

Slower pace

Since 2008, property prices in Mont' Kiara have grown much slower as additional properties entered the market. Prices peaked around 2012.

"Since then, it has been flat, or in the case of some projects, dropped by around 10-15%. With high land prices and rising cost of construction, we believe prices will go up when the market



TWY@Mont' Kiara which was launched early last year

returns to normal," says Lai.

Many residential units were purchased by speculators or investors during its peak between 2003 and 2007 when properties were cheaper.

Therefore, they can exit their investments at a lower price compared to current prices of new projects there.

Expatriates leaving the country over the last two years following depressed oil and gas (O&G) prices have encouraged owners to sell for lower instead of leaving their units vacant or renting them at much lower rates.

"With more ownerships changing hands between investors and owner-residents over the last few years, we believe property prices in Mont' Kiara will rise again in due course," says Lai.

YY Lau, country head of JLL Property Services (M) Sdn Bhd, says average capital values of several developments in Mont' Kiara have shown consistent

growth year-on-year since 2007.

"However, areas like Bangsar and Damansara Heights showed a mix of positive and negative growth over the years, though only recently, capital values for all areas recorded negative growth," she tells **FocusM**.

Kiara Designer Suites, launched in 2007 at RM440 psf rose to RM650 psf as of Q4 2015 and eased to RM618 psf currently.

Of the properties in Mont' Kiara, Kiaramas Ayuria, launched in 2008, saw its capital value of RM540 psf rise to RM750 psf as of Q4 2015, representing a 40% increase. It has now dipped to RM630 psf.

"The same cannot be said for all developments. Sunway Vivaldi was launched in 2011 with a capital value of RM790 psf and its price plummeted for a few years before picking up again at the end of last year. It is about RM780 psf," she says.

Long-term prospects draw developers

THERE is certainly no shortage of new property players in Mont' Kiara.

Sunway Bhd, TWY Development Sdn Bhd, Trinity Group Sdn Bhd, Agile Real Estate Development Sdn Bhd and PJ Development Sdn Bhd (PID) are among them.

Sunway debuted with its 38-storey Sunway Mont' Residences featuring dual-key units. It was launched in May.

The RM360 mil project comprises 288 units ranging from 1,122 sq ft to 1,906 sq ft. Priced between RM880,000 and RM1.5 mil, it is built on 1.2ha and scheduled for completion in 2020.

Sunway Property Development Division (Malaysia & Singapore) managing director Sarena Cheah says the company understands the public's desire to own

a comfortable place in a well-planned environment.

"Despite the challenging times, people are still looking into upgrading and investing in homes," she says.

TWY Development Sdn Bhd, a subsidiary of Symphony Life, launched TWY@Mont Kiara early last year.

The units, with built-up sizes ranging from 662-1,385 sq ft, were priced from RM650,000 to above RM1.36 mil. The freehold development, built on 0.8ha, is set to

be completed by 2019.

"Our project comprises 484 units of fully fitted all-duplex condominiums. The gross development value (GDV) of this project is about RM400 mil, and sales have been very encouraging. The take-up rate is almost 95%," says a spokesman for the group.

A joint venture between Agile Real Estate Development and PID will see the development of 4.04ha in Mont' Kiara.

The RM200 mil land, purchased from PID by a subsidiary of Agile Property Holdings Ltd, will be turned into Agile Mont' Kiara. The RM1.4 bil project will consist of 11 blocks of low, medium and high-rise condominiums.

YY Lau of JLL Property Services (M) Sdn Bhd notes that China companies are also interested in expanding as they are restrained by the slowdown in their country.

"It makes good diversification sense for Chinese investors and developers to expand to other countries that hold potential and have relatively lower risks," she says.

Mont' Kiara still has a lot going for it as other developers including Ireka Corp Bhd and Trinity Group are planning to launch projects once the market picks up.

Trinity Group managing director Datuk

Selected projects under construction in Mont' Kiara

No	Project	Developer	(Built-up sq ft)		Launch price (RM) (psf)
			Minimum	Maximum	
A	Ardena Mont' Kiara	Weda Properties Sdn Bhd	900	1900	750
B	Sunway Mont' Residences	Sunway Bhd	1122	1906	790
C	Kiara 163	YHN Property Bhd	710	1236	800
D	Sefina Mont' Kiara	UEM Sunrise Bhd	1333	1771	800
E	TWY @ Mont' Kiara	TWY Development Sdn Bhd	662	1385	980
F	Aria Mont' Kiara	Nusmetro Property Sdn Bhd	422	1142	850
G	Heritage Serviced Apartment	Melayland Group	474	1270	950
H	Agile Mont' Kiara	Agile Real Estate Development Sdn Bhd & PID Development Sdn Bhd	1156	2136	1000
I	Pavilion Hilltop @ Mont' Kiara	Permata Ceramat Sdn Bhd (Pavilion Group)	1200	1830	1500

Legend: RM800 and above

RM600 - RM799

Source: JLL