

Affordable housing the key

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KUALA LUMPUR: While big property developers are busy building townships beyond the Klang Valley, their “smaller” peers are more aggressive in developing affordable houses in more matured and prime areas in Kuala Lumpur and Selangor.

These small players, especially the niche and boutique developers, have begun preparations for their next projects slated to start late this year and next year to take advantage of the expected improved market, partly on positive vibes from the upcoming general election.

With the real estate sector expected to be revived next year on the back of the country’s strong economic fundamentals and growth, they believe the general election will also play a crucial role in perking up the spirits of buyers and developers.

NCT Group of Companies founder and managing director Datuk Seri Yap Ngan Choy said it was a safer bet to turn to affordable housing within the Klang Valley, where demand in this segment would intensify next year on improved sentiment.

He said the company was strategising and utilising its cash carefully in planning for its projects next year.

“It is important to maintain your cash flows during this tough time to be able to survive in this property game. We do not have any more borrowings, so this is important.

“Within these two years, we will focus on mid-range affordable housing in the Klang Valley. No other places can compete with the Klang Valley.

“This is how we, as a boutique developer, strategise. We cannot compete with the big boys. Value-for-money houses in a prime area is the way to go to gain sales,” said Yap in an interview with NST Business.

“The property market is soft now. I foresee that after the first half of next year, it will get better. The general election will also help boost the sentiment,” he added.

Suntrack Development Sdn Bhd will develop a project in the affordable housing segment in Shah Alam — one of Selangor’s prime areas — next year.

“We are looking at building 500 units for Rumah Selangorku and also 500 affordable units. Prices for the affordable units could be within RM400,000 for 1,000 sq ft. That is our direction. We want to roll out housing that is more affordable,” said its chief executive officer James Tan.

Suntrack’s landbank in Shah Alam will be the focus for its next property project.

Axis Real Estate Investment Trust (REIT) Managers Bhd head of investment Siva Shanker said building affordable housing within these few years from now was a good move for property developers, which could promise good take-ups among investors as well as buyers.

“Affordable housing is the way to go now. You could see that houses priced between RM800,000 and RM900,000 will have less demand.

“The boutique and niche property developers could still build affordable housing within the outskirts of the city centre like in Puchong, Sungai Besi, Cheras or Subang, where they could benefit from readily available infrastructure, despite high land and building costs.

“It would be a good timing for boutique and niche developers to start their projects outside Klang Valley but still within Greater Kuala Lumpur, like in Ijok, Batang Berjuntai, Nilai, Seremban, and etc. These places will soon look near from the city centres,” he said.

