

## 28-02-2008: Luxury condo price to hit RM3,000 psf

by Chong Jin Hun

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KUALA LUMPUR: Prices of high-end condominiums in the country may hit a new high of RM3,000 per sq ft (psf) this year as new products hit a niche market driven mainly by foreign demand for local luxury units which are deemed one of the cheapest in the region, real estate consultants said.

However, they are concerned that rising prices of local top-notch homes would translate into lower rental yields as prices appreciate at a quicker pace than rental hikes.

Knight Frank Ooi & Zaharin Sdn Bhd managing director Eric YH Ooi, said upcoming luxury developments like the "Millennium Residence", "Four Seasons Place", and "St Regis Residences" in Kuala Lumpur could push benchmark prices higher.

"We believe, definitely, they will be testing this mark this year," Ooi told reporters yesterday at the first Malaysia Property Summit 2008 organised by the Association of Valuers & Property Consultants in Private Practice Malaysia.

According to Knight Frank, residential properties within the Kuala Lumpur City Centre (KLCC) and its fringes had fetched between RM1,300 psf and RM2,000 psf in 2007, while rentals ranged between RM5.50 psf and RM6.50 psf.

Prices of condominiums in upmarket suburban enclaves like Bangsar and Sri Hartamas are expected to breach the RM1,000 psf mark this year from the RM600 to RM1,000 psf range last year. Rentals in these areas had peaked at RM6.

Luxury condominiums comprising units priced above RM400 psf, constituted some 12,700 units or 5% of the estimated 254,000 high-rise homes in Kuala Lumpur.

On a regional scale, prices of condominiums in KLCC are still below benchmark rates of US\$3,205 (RM10,265) psf and US\$2,470 psf in Singapore and Hong Kong, respectively. However, Malaysian units are costlier than those in Bangkok and Jakarta where these units changed hands at US\$322 psf and US\$138 psf, respectively.

Meanwhile, foreign demand will continue to spur rentals and prices of office space in Kuala Lumpur to new highs this year. Re Group Associates executive chairman Christopher Boyd said prime office rentals may rise to RM9 psf by year-end from about RM5.50 psf in 2007.

"Locally, liquidity is high. REITs (real estate investment trusts) are still active in the market," Boyd said, adding that, buyers still outnumbered sellers by a considerable margin.

CH Williams, Talhar & Wong Sdn Bhd managing director Goh Tian Sui said foreign buyers' enthusiasm in the Malaysian office market would spur the segment's benchmark selling price to a new level above the recently-attained RM1,230 scored by the upcoming Menara YNH along Jalan Sultan Ismail.

On the retail space segment, Boyd said prices could be further bolstered to surpass the RM1,500 psf mark from the current RM1,100 psf, fuelled by demand from overseas buyers. Rentals, meanwhile, could come close to RM100 psf from the RM80 psf benchmark in Suria KLCC.

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