

08-04-2008: YTL deal proves market still vibrant

by Tim Leonard

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KUALA LUMPUR: Financial jitters stemming from the subprime loan crisis may be reverberating across the globe but for the Malaysian property market, it's business as usual.

Yet another benchmarking transaction has taken place and the address is none other than Jalan Stonor in the super prime KLCC in the heart of the city. The YTL group has just acquired a parcel, about one acre (0.4 hectare) on Jalan Stonor for RM85 million which, according to sources, works out to about RM2,000 psf.

The seller is the Eng Lian group, a privately-owned low profile company synonymous with the development of the elite address of Bangsar.

It is not immediately known what plans YTL has for the land but going by the value of the prized tract and the landscape of Jalan Stonor, it will be block or blocks or high rises.

For now, Jalan Stonor is already dotted with high rises which include Stonor Park, Suria Stonor and 1A Stonor. TTDI Development Sdn Bhd, currently enroute for a listing on Bursa Malaysia, earlier this year unveiled the RM3.5 billion Platinum Park on Jalan Stonor.

One of its components, an office tower, has been sold enbloc to the Federal Land Development Authority (Felda) for RM640.7 million, or an average of RM930psf. The residential units at Platinum Park are expected to be pegged from RM2,000 to RM2,500 psf.

As for Glomac Bhd's Suria Stonor, prices have since more than doubled to RM1,400 psf from the mid-2005 launch price of RM650 psf or so.

Kumar Tharmalingam of Hall Chadwick Asia Sdn Bhd, a corporate real estate advisory services provider, was not surprised at the price YTL group paid for its latest land acquisition. He told The Edge while Asia could not decouple from the financial implications of the subprime issues, the crisis was very much limited to the US banking system.

Property fund managers in the Asia-Pacific region were still attracted to the Southeast Asian market which was relatively calm, he added.

Paul Khong, executive director of Regroup Associates described the deal as a shot in the arm for the local property market. "It is certainly a piece of good news that would continue the momentum of properties in the KLCC area," he said.

Ho Chin Soon of Ho Chin Soon Research recalled that a Chinese restaurant in the Stonor area changed hands for about RM1,500 psf last year.

"At RM2,000 psf, the current (YTL) deal is certainly a benchmark and I believe other developers will certainly try to catch up with it," said Ho, adding: "Anyone who buys land there is definitely going to develop it over the next three to four years, so it shows a lot of optimism in the market."

Zerin Properties CEO Previndran Singhe said a successful developer like YTL has certainly seen the future potential of the prime real estate tract in the KLCC enclave.

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“YTL has been quite a conservative developer, selecting to focus only on niche developments and they have certainly done an amazing job with Sentul East projects. So, it will be good to see what they have to offer and what they are planning to develop on the Jalan Stonor tract,” said Previrndran.

He said the deal sparked excitement for the investing public who started off the year on a cautious note.

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