

Tah Wah has mainland Penang firmly in its sights

BY Rosalynn Poh

Penang-based Tah Wah Group, a new name on the state's property development scene, hopes to build its reputation by offering quality homes on the mainland. Following the maiden launch of its Orange Villa residential development in Bukit Mertajam, Seberang Perai, earlier this year, it is set to make Orange Villa 2 available to the public come October.

The 5.2-acre freehold gated and guarded Orange Villa 2, located adjacent to Orange Villa, has a gross development value (GDV) of RM41 million. It comprises 74 strata-titled 2½-storey terraced houses with an average built-up of 2,800 sq ft. Indicative prices are between RM530,000 and RM550,000.

Meanwhile, Orange Villa has seen a take-up of 80%. With a GDV of RM85 million, it comprises 142 terraced, semi-detached houses and bungalows. The 10-acre freehold development is also gated and guarded and has a clubhouse and such facilities as a swimming pool, sauna, function hall and gymnasium. The bungalows (built-up: 4,850 sq ft), of which there are only two, are priced at RM1.35 million while the terraced homes (built-up: from 1,582 sq ft) cost RM592,800 onwards. The semidees (built-up: from 2,270 sq ft) are going for RM797,800.

Tah Wah Group managing director and major shareholder Datuk Hong Yeam Wah, who is a Butterworth boy, tells *City & Country* that strata developments are the current trend in the area. Buyers not only seek an improved lifestyle, but also security, he adds. Needless to say, Tah Wah's developments are touted as having both a secure and relaxed environment with recreational facilities for the residents to enjoy.

"The location of Orange Villa 2 is a pull factor. We are just eight minutes from the Penang Bridge and five minutes to Auto City near the Juno Interchange. Basically, we believe our location, concept, quality and pricing are attractive," says Hong.



adding that he believes the Orange Villa and Orange Villa 2 homes are reasonably priced for the Bukit Mertajam area.

Hong is not exactly new to the property development fraternity. He has been in the industry for over 20 years and was previously a director of listed Penang-based property developer Tambun Indah Land Bhd. He resigned from Tambun Indah last year to set up Tah Wah, but still holds some shares in the former.

Since setting up Tah Wah, Hong has been buying land around Seberang Perai, including in Butterworth and Bukit Mertajam. "The property market here [on the mainland], in terms of development land, is on an uptrend as there is limited strategic land available. This is especially so in nearby areas such as Bagan Lalang and Bagan Ajam. Land prices here have definitely shot up over the years.

"For example, I purchased the land for Orange Villa early last year at RM30 psf. Recently, the land just beside ours was transacted at RM50 psf. Along my office [in Jalan Kampung Gajah in Butterworth], I bought a 40,000 sq ft plot for RM75 psf to build our 3-storey corporate office in the middle of 2011.



"Land prices depend on the shape of the land and location and in Butterworth, the average is probably RM80 psf. By comparison, land in Pulau Tikus on Penang island is going for around RM400 psf," he explains.

Prices of landed properties in Penang, both on the island and the mainland, are rising due to rising land costs, Hong points out. "Perhaps for properties selling at RM1,000 psf, [developers] must be careful, but for those around RM400 psf or RM500 psf, the demand is there. It is difficult to buy a terraced house on Penang island and in town due to a lack of supply. Similarly, here in Butterworth, since Chinese New Year, I have noticed only one landed property launch. It was in Bagan Lalang — terraced homes for RM658,000."

Fook Tone Huat, senior manager at Henry Butcher Malaysia (Seberang Perai) Sdn Bhd, was reported as saying earlier this year that the prices of residential property in Seberang Perai could increase 10% this year. He said

there was demand in both the landed and high-rise segments. "More high-rise projects are expected in town areas in view of the high land cost and encouraging demand from the younger generation as well as those from the middle-income group. More residential developments are expected in the suburbs at Alma and Simpang Ampang in view of the cheaper land prices there and their strategic location near commercial centres."

Tah Wah is looking to launch at least three more projects on the mainland next year with a total GDV of over RM154 million. Among them are two projects in Sungai Puyu, Butterworth. One is a gated and guarded landed residential development on a 10-acre parcel to be launched early next year with a GDV of RM89 million. This project is just seven minutes from the Butterworth Ferry Terminal. The other comprises 20 semidees on a 2.5-acre parcel with a GDV of RM14 million.

In Bagan Ajam, Tah Wah has two adjoining parcels of commercial land

that add up to eight acres on which Hong plans to build a high-rise mixed-use development. "It will most probably be 12 to 13-storey-high residences with shoplots," he remarks. There are plans for 125 condos and 14 shoplots with a GDV of RM51 million. The condos (built-up: between 1,300 and 1,800 sq ft) have an indicative average price of RM300,000.

Also planned for launch next year is a high-rise commercial project in Jalan Ong Yi How in Raja Uda, Butterworth. The 5.5-acre parcel is close to the Chung Ling High School. Hong says there are plans for a mixed-use development comprising two blocks of apartments (300 units) and 15 shoplots.

The developer also acquired one of the biggest pieces of development land (28 acres) at an auction in Butterworth recently, but is unable to reveal further information pending legal issues. The tract is close to the proposed tunnel link from Bagan Ajam to Eastern & Oriental's Seri Tanjung Pinang.

NEWS & VIEWS KL office market remains resilient in 2Q

An overall improvement in occupancy rates at Kuala Lumpur's existing prime Grade A buildings in the second quarter of 2012 indicates that there is resilient demand for good quality and well-managed office buildings in the Klang Valley, according to Cushman and Wakefield's 2Q2012 Kuala Lumpur Marketbeat Office Snapshot report.

However, it warned that an influx of new supply, totalling almost four million sq ft in KL's central business district and the city fringes over the next one year, may cause a shift in market demand. According to the report, the average effective net gross rate edged up marginally to RM7.48 psf from RM7.46 in 1Q, while the average vacancy rate improved

slightly to 15.4% in 2Q2012 from 18.4% in 1Q.

Sunway REIT eyes third party assets

Apart from an asset injection by parent Sunway Bhd, Sunway Real Estate Investment Trust (Sunway REIT) is looking to acquire third party property assets in "key growth cities" in Malaysia, said its CEO Wai Sow Fun. "Our focus [for third party acquisitions] will be in the retail and mixed-use segments. We are looking at key growth cities, such as in the Klang Valley, Johor, Penang and even Sabah," she said during Sunway REIT's fourth quarter results briefing on Aug 8.

Wai added that the company would consider acquiring assets in small cities if it can identify good investment opportunities there.

Sunway REIT is currently assessing some of Sunway Bhd's completed property assets, including Sunway Hotel, Monash University, Sunway Giza Shopping Centre and Sunway Medical Centre.

DRB-Hicom to inject over RM1 bil into Proton City

DRB-Hicom Bhd will expedite the development of Proton City in Tanjung Malin by injecting over RM1 billion into the project over the next five years, said Perak Menteri Besar Datuk Seri Dr Zambry Abdul Kadir after chairing the weekly state executive council meeting on Aug 8.

He added that Tanjung Malin would be transformed into a vibrant automotive town and a Proton car manufacturing hub, and that so far, only 30% of the 1,618ha have been developed.

Proton City, where Proton cars are being assembled now, was developed in 1996, said Zambry, adding that the state government had discussed plans with DRB-Hicom to develop the area.

S P Setia proposes placement

S P Setia Bhd is proposing a placement of up to 322.69 million new shares, or 15% of its issued and paid-up share capital, to investors in a book-building exercise to fund the acquisition and development of the Battersea Power Station in London.

The proposed placement is expected to raise at least RM957.4 million, assuming an issue price of RM3.19, which would then be used for the acquisition and initial development cost of the Battersea Power Station project as well as for working capital for other ongoing projects.

Clarification

In our cover story "Throwback to simplicity" (*City & Country*, July 30), we would like to clarify that Darren Ng was a former MD of Intervention Capital Sdn Bhd, a unit of CMS I-Systems Bhd, which in turn is a subsidiary of Canya Mata Sarawak Bhd.

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