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How 'rakyat housing king' does it

Friday, March 01, 2013 - 12:33

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FLAGSHIP DEVELOPMENT: One South in Seri Kembangan, Selangor, features shop-offices, serviced apartments, SoHo units and office blocks on leasehold land which Hua Yang bought in 2007 at RM55psf

HUA Yang Bhd did not gain this recognition for nothing: According to Kenanga Research analyst Teo Joo Tse, who dubbed the developer such, the latter has established a solid reputation for providing affordable housing mainly in the Klang Valley, Perak and Johor.

Its Klang Valley developments comprise mostly affordable niche housing priced under RM600,000 and targeting first-time home buyers.

Hua Yang is the only developer under Kenanga Research's coverage which has the largest

exposure to the affordable housing segment that is below RM600,000 a unit.

"This is critical for areas such as Klang Valley where lower income earners have been priced out. Hua Yang's main buyers are first timers," said Teo.

"We also like the group's ability to source land at competitive prices and maintain its pricing strategy within the affordable range while preserving decent gross margins of 35%."

One of the key investment merits, the analyst said, is Hua Yang's management.

"In the driver's seat is Ho Wen Yan (chief executive officer) who transforms the Hua Yang group's operational readiness and business delivery effectiveness to achieve both strategic and tactical high value initiatives.



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"That means Ho's architectural background and overseas experiences enable the group to maximise the space of their property offerings and lower the selling price per unit to meet the requirements of first-time home buyers yet maintain attractive margins for the group."

Teo also sees Hua Yang as one of the biggest beneficiaries of the resilient organic demand that is a growing pie given the large young population and government initiatives such as the My First Home Scheme.

"Unlike most of the developers under our coverage, affordable housing makes up less than 50% of their gross development value.

Hence, Hua Yang's demand profile is extremely resilient against the typical property cycles."

Its ongoing projects include One South in Seri Kembangan, Selangor, comprising serviced apartments, shop-offices, small office-home office units and office towers; Bandar Universiti Seri Iskandar township in Ipoh city, Perak; Taman Pulai Indah development near Johor Baru, Johor; and Senawang Link commercial-industrial development in Negri Sembilan.

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