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By **ZAZALI MUSA**  
 zaza@thestar.com.my

# Iskandar builders still bullish

They see strong demand for property in south Johor

**D**EVELOPERS in Iskandar Malaysia are still optimistic about the property market this year as it is expected to remain bullish based on the performance in the first quarter of 2012.

SP Setia Bhd executive vice-president (property division) Datuk Chang Khim Wah says demand for its properties in south Johor is still strong in the first three months.

He points to the take-up rate for the company's properties which has been good since day one, and with Iskandar Malaysia progressing well, it was another pull factor for Johor properties.

Chang says Johor is now the company's main revenue earner, contributing about RM1bil in sales for three consecutive years – 2009, 2010 and 2011 – and SP Setia is confident of Johor maintaining its lead this year.

"Many have given their thumbs-up to Iskandar Malaysia as they can see the landscape of South Johor changing in the last five years," he tells *StarBizWeek*.

Chang says Iskandar Malaysia will continue to push up demand for properties in Johor and will help to mitigate the slow growth in Johor's property market this year if there was one.

He feels the company is fortunate as all of its projects in south Johor are strategically located within the flagship development zones of Iskandar Malaysia.

Its ongoing projects in south Johor are Bukit Indah with only 5% land left for development, Setia Eco Gardens and Setia Business Park (383.64ha and 50% still available for future development).

Others are a new development – Setia Business Park II (107.24ha), Setia Tropika (299.46ha and 40%), Setia Indah (359.36ha and 10%) and Setia Eco Cascadia (110.07ha and 70%).

"Confidence in Johor is now at an all-time high especially with the progress made by Iskandar Malaysia. Many were quite sceptical in the early days whether it would take off successfully," says Chang.

He says road-upgrading and the opening of new highways such as the New Coastal Highway, Eastern Dispersal Link Expressway and Southern Link next year has improved connectivity and accessibility within Iskandar Malaysia.

Chang says foreign investors are gradually turning to Iskandar Malaysia and Johor Baru's close proximity with Singapore has attracted buyers from the republic to look for properties in Iskandar Malaysia.

"With or without Iskandar Malaysia, Singaporeans are always



The Setia Tropika development in Kempas, Johor Baru over 299ha.

attracted to buying properties in Johor Baru and Iskandar Malaysia helps to make south Johor more attractive to them now," he said.

Chang says that going forward, the property market in Johor Baru will be getting more competitive as more and more players from outside Johor are coming here.

He says while there is still large tracts of land available in south Johor for development unlike in Kuala Lumpur or Penang. Getting hold of the land is not as easy as 15 years ago as land owners are now becoming more demanding and sometimes asking prices that are too "exorbitant".

Hua Yang Bhd Johor branch manager Soo Kim Hiang says that while Iskandar Malaysia is the main factor that has pushed demand for high-end properties, the company is using a different strategy.

"We are focusing on the middle-income group and first-time house buyers who are neither qualified to buy low-cost houses or high-end



Chang says the property market in Johor will be getting more competitive.

properties," he says.

Soo says the company is banking on the affordability of its residential properties to attract prospective buyers as its strong selling point.

He says although the company's township projects are strategically located within Iskandar Malaysia,



Soo says Hua Yang is using a different strategy.

its pricing is much lower compared with other ongoing projects in the economic growth corridor.

"On average our residential properties here are priced between RM250,000 and RM400,000," adds Soo.

The project is Taman Pulai Indah – a mixed development of 4,942 residential and commercial units on 193.03ha with a gross development value (GDV) of RM818mil.

About 134ha has been developed since its first project in Johor was launched in 2000 and the company will take three to five years to fully develop it.

Its second township project, Taman Pulai Hijauan, on 56.65ha was recently launched and comprises 1,400 double-storey link, cluster and semi-detached houses and commercial units.

Both projects are located along the Skudai-Pontian Highway in the Senai-Kulai – one of the five flagship development zones in Iskandar Malaysia.

Other flagship development zones in the 2,217 sq km Iskandar Malaysia are the JB City Centre, Nusajaya, Eastern Gate Development and Western Gate Development.

"Taman Pulai Hijauan will keep us busy for the next five to seven years with a GDV of RM380mil," says Soo.

He says the company's double-storey link terrace houses Alder Residences at Taman Pulai Hijauan was priced from RM250,000 onwards.

The four-bedroom and three-bedroom house with a built up of 1,834 sq ft within a gated and guarded precinct is priced from RM250,000 onwards.

Soo says a similar property with the same floor area in other parts of Iskandar Malaysia, especially in Nusajaya, will be priced from RM450,000 onwards for an intermediate lot.

He concurs with Chang that the rest of the year will be challenging for most property developers in Johor Baru but is optimistic that the market will be good.

"The only problem is the labour cost which has gone up between 40% and 50%, and developers have no choice but to pass the cost to buyers," says Soo.

Iskandar Regional Development Authority (Irda) chief executive officer Ismail Ibrahim says there should not be any worries on property overhang in Iskandar Malaysia.

It was recently reported that Iskandar Malaysia was expected to face a property glut in the next few years as many local and foreign developers would be launching their projects here.

"Property has never been identified to be the economic sectors we are promoting in Iskandar Malaysia as we believe that property development and demand will come naturally as investors start flocking here," he says.

Ismail says if Irda has been promoting the property sector since day one of Iskandar Malaysia, the issue of property overhang is likely to happen.



Hua Yang's Alder Residences at Taman Pulai Hijauan located along the Skudai-Pontian Highway in Johor Baru.