

Hua Yang confident of demand for homes below RM400,000

Plans to expand to Singapore and Thailand over next 5-10 years

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KUALA LUMPUR: Hua Yang Bhd is confident of strong demand for affordable homes priced below RM400,000 despite a predicted slowdown in the property market in the coming year, said its chief operating officer Ho Wen Yan.

Additionally, the group is planning to expand to East Malaysia and the region, including Singapore and Thailand in the longer term.

"There will be an impact on the property market (from the global financial crisis) but for the affordable homes segment, we do not see a slowdown.

"We are still optimistic about 2009 and 2010. The demand for this segment has always been strong because the target market is young people wanting a new home," Ho said, adding that reduction of the banks' base lending rate (BLR) had made loan

repayments more affordable.

Ho said Hua Yang's target market was first-time homeowners and middle-income earners, adding that 95% of its properties were owner occupied.

Hua Yang is expecting stronger growth in 2009 from recent sales increases for its properties priced between RM90,000 and RM380,000, Ho said at a media briefing here yesterday.

Hua Yang's revenue doubled in its first half ended Sept 30, 2008 (1H09) to RM48.12 million from RM21.52 million in 1H08 while its net profit grew 80% to RM4.08 million from RM2.26 million.

Ho said the Johor market had been a key revenue driver for Hua Yang and the group was expecting the Kuala Lumpur and Klang Valley developments to bring in strong revenue streams over the next two to three years.

On whether Hua Yang would move into developing high-end properties, Ho said the group intended to concentrate on its core affordable property segment and would only move into the luxury property market when the group was ready.



Ho

On the group's expansion plans, Ho said Hua Yang was examining proposals in East Malaysia and would announce its plans by the end of its financial year in March next year.

Ho said Hua Yang was seeking to expand to Singapore and Thailand over the next five to 10 years, as these markets were similar to

Malaysia, but ruled out Vietnam and Cambodia saying that these developing economies had higher risks and were more suitable for the big players.

Meanwhile, the group is planning four new launches in the Klang Valley, Negri Sembilan and Johor in the second half of 2009, anticipating a softer property market in early 2009, said Ho.

The largest of these is a 7.16-hectare mixed development project in Sungai Besi with an estimated gross development value (GDV) of RM700 million.

Hua Yang had developed about 30% of its 320ha landbank in Ipoh, about half of its 190.8ha in Johor and had plans for its 8ha in the Klang Valley, said Ho.

He said the group usually sought smaller land plots in strategic middle-class locations in the Klang Valley that could generate faster sales while preferring to build larger townships in locations outside Kuala Lumpur.

Ho said the group had also sold almost 14 of 19 phases of its 5,951-unit mixed township development in Skudai, Johor, with an estimated GDV of RM818 million.