



Property Running on the Affordability Track

Fast take up rates for Gardens@One South.



Part@One South (Phase 2) is fully booked

The Gardens@One South's pool overlooks the city's skyline.



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— Ho Wen Yan

Ho Wen Yan, Chief Executive Officer of Hua Yang Bhd.

RUNNING ON THE AFFORDABILITY TRACK

Property developer finds winning formula Text Eunice Ng

THERE is currently a perpetual demand in the affordable housing segment, observed Ho Wen Yan, Chief Executive Officer of Hua Yang Bhd.

The segment, he says, is being fueled by Malaysia's relatively young population's need for housing. This has triggered the Group to increase its market share in the affordable category. And this focus will remain as the Group's direction for the next 10 to 20 years.

Ho defines affordable houses as properties priced not more than RM400,000 and Hua Yang Bhd, a property developer of 33 years, sees itself predominantly as an affordable residential provider.

"There is a strong demand for housing below the RM400,000 threshold as there is more demand than supply in this segment.

"Demographics, urban migration and other factors augur well for this mar-

ket. That's where we believe most people, especially first time homebuyers can afford."

Despite a lower price tag, Hua Yang is not selfish in its giving. It offers comfortable built-ups from 950 sq ft to 1,200 sq ft for its properties located mainly in the Klang Valley, Johor and Perak.

The combination of the right product, affordable price, quality finishing and location will win the heart of buyers. With these attributes, Hua Yang believes many first time home buyers will purchase their first properties with the developer. Its properties are mainly situated at secondary locations such as Seri Kembangan, Puchong, Kajang, Selayang, Sri Rampai, Bukit Jalil and Shah Alam.

"Our strategy is to build vertical communities such as Symphony Heights, Selayang, Parc@One South and Gardens@One South in urban areas while building townships outside of the Klang Valley such as

Taman Pulau Indah, Johor and Bandar Universiti Seri Iskandar, Perak."

Its stance as an affordable property developer proves a winning formula when the Group registered RM310.2 million in sales in 2011, a 123% growth compared to 2010.

For the 1st Quarter ended June 30, 2011, the Group registered a revenue of RM61.75 million and Profit Before Tax (PBT) of RM15.26 million. Net profit stood at RM11.51 million. In a Year-on-Year (YOY) comparison to the preceding year's corresponding quarter, revenue had grown by 66%, PBT by 126% and net profit by 135%.

Sales achieved at the end of Q1 FY 2012 (1st Quarter for year 2012), totalled RM163.8 million – 232% higher than last year's corresponding period and equivalent to 53% of the total sales achieved during the previous financial year (RM310.2 million).

With that, the Group is confident to reach its target of RM350 million sales mark for financial year ending March 2012.

"Based on our forecast, projects in Johor and Perak are expected to contribute up to RM150 million. And, the Klang Valley operations will contribute RM200 million in total by the end of this financial year."

"We are quite confident that this year would be another good year for the Group."

Solid One South

Hua Yang's solid reputation can be seen in the positive take-up rates of its flagship development in the Klang Valley – One South.

"We have so far launched three phases and witnessed take-up rates of more than 80%," he says, attributing One South as the major contributor to the sales performance over the last two quarters.

Located at Sg Besi, along the KL-Seremban Highway, this development of 16.7 acres has a Gross Development Value (GDV) of RM840 million.

Spread over five phases of development, it comprises retail and office suites, shop offices, serviced apartments, Small Office Home Office (SOHO) units and office towers.

The first phase, which consists of retail and office suites, is already 73% sold, with the retail component being sold en bloc.

Phase 2 of One South, which consists of two blocks of serviced apartments, is 100% booked. Gardens@One South, which is the third phase of the development, also experienced speedy take up rates. One of its serviced apartment blocks was fully snapped up within two days whereas 80% of the units of another block were successfully taken up.

These serviced apartments priced from RM250 per sq ft provide good and affordable options for young couples, fresh graduates, up-graders and investors. The rest of the phases are expected to be launched in the next couple of years.

Future Plans

As of March 2010, the Group has completed and delivered more than 10,000 units comprising residential, commercial and industrial properties, which amount to over RM1.1 billion worth of properties. This itself is a major achievement in its own right for a local developer who has only been in the industry for three decades.

Currently, the Group has five on-going projects including One South under its belt. With a total GDV of RM857 million, these developments spread over in Selangor, Perak, Johor and Negeri Sembilan are 72% sold.

"In this financial year alone we have about RM525 million worth of projects to be launched."

Presently, Hua Yang is actively seeking land to replenish and add to its current land bank of 790 acres. This year

it has announced three acquisitions made in Desa Pandan, Shah Alam and Johor Bahru.

In Desa Pandan, Hua Yang intends to develop a mixed serviced apartment and commercial center on the 1.55 acres of land. It is just minutes away from Jalan Tun Razak and the proposed KL International Financial District (KLIFD).

The 3.73 acres of leasehold land acquired in Shah Alam is slated for a mixed development. It is located near to the Shah Alam stadium and the Laman Seri Business Centre.

For the two adjoining prime parcels of land in Johor, the Group plans to develop a residential development consisting of serviced apartments to cater to young professionals or families working in Johor or Singapore.

"We are also looking at expanding our presence to Penang and East Malaysia."

The Group, says Ho, will not deviate from its focus on the affordable segment, targeting first time home buyers. They will continue to build according to market needs.

"How many high end property developers can a country have?" he quips.

To be a market leader in the affordable segment, he says the Group needs to hit RM500 million in sales annually, whereby it is inclined to achieve by 2013.

"So far we've been on track."