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| Headline | Hua Yang aims for share of Sabah's affordable housing market | | |
| MediaTitle | New Sabah Times(www.newsabahtimes.com.my) | | |
| Date | 24 Feb 2015 | Color | Full Color |
| Section | NEWS | Circulation | 3 |
| Page No | 5 | Readership | 6 |
| Language | English | ArticleSize | N/A |
| Journalist | N/A | AdValue | RM 1,200 |
| Frequency | Daily | PR Value | RM 3,600 |

Hua Yang aims for share of Sabah's affordable housing market

KOTA KINABALU: Listed Hua Yang Berhad is planning a foray into the affordable housing market in Sabah – good news for a state where numerous efforts are underway to build houses priced at around RM300,000.

House prices in Sabah have soared in recent years beyond the affordability of most first-time house buyers. A number of projects – both government-sponsored and private sector-driven – are underway to satisfy a growing demand.

Hua Yang's Chief executive officer Ho Wen Yan says that the company is constantly seeking opportunities to expand its land bank.

"It has been our intention to broaden our reach into Penang and Sabah. The recent land acquisitions in Bukit Mertajam, Penang is in line with our broad landbanking strategy to diversify developing activities to fuel longer-term growth," Ho told StarBizWeek on Feb 21.

"Hua Yang eyes Sabah next after its foray into Penang because we realise that there is an opportunity to develop affordable housing there. Our plan is still in the early stage but are looking forward to expand soon," added Ho.

He made no mention of the steep land prices in the major towns in Sabah and the relatively higher construction cost experienced by developers in the state.

The Sabah Housing And Real Estate Developers Association (Shareda), the umbrella body representing the industry in Sabah, has lamented about the two constraints impeding housing

development. It however has rallied several of its members who have collectively pledged to build 10,000 affordable houses in the next five years.

A total of 15,388 affordable houses are expected to be built in Sabah this year. They included projects by 1Prima Berhad (1,750 units), Jabatan Perumahan Negara (500), Syarikat Perumahan Negara Bhd (832), Superpanel Sdn Bhd which is a unit under Sabah's Lembaga Pembangunan Perumahan dan Bandar, LPPB (1,100), SEDIA (1,480), Shareda [in cooperation with Ministry of Local Government & Housing] (5,116) and PPAIM [joint venture with private developers] (4,600).

Property prices in Sabah are ranked just below Selangor and Penang. Paradoxically, the state is ranked by the national Economy Planning Unit as having the second lowest GDP per capita.

Developers and real estate brokers have attributed the phenomenon to foreign interest as well as abundant cash from the oil palm sector.

Until the decline in crude palm oil prices a few months ago, Sabah's oil palm sector (it has about 1.45 million hectares planted) was reported to be awash with cash and many smallholders ploughed their windfall in properties.

Hua Yang is a mid-cap developer valued at RM583.44 million has 11 ongoing projects in the key regions of the Klang Valley, Johor, Perak and Negeri Sembilan.

It has a total landbank of 486 acres across these areas with a potential gross development value (GDV) of RM2.8billion that will keep the company busy for the next five to six years.