

Mont' Kiara values, rentals under economic pressure

A depressed property market and oversupply of high-rises contributing causes, say industry experts



by Yvonne Yoong

amenities.

However, capital appreciation of properties there have not risen as much as nearby Bangsar and Damansara Heights. Industry experts say supply and demand is the main reason.

"Developments in Bangsar and Damansara Heights are generally of lower density and more exclusive. Hence, they are targeted by the upper-income

Lai says prices at Mont' Kiara have been rising since the 1990s



PERCEIVED as an upmarket neighbourhood that is sought after by buyers and investors, Mont' Kiara is strategically located with prestigious international schools and many

group and high net worth individuals," says Kelvin Yip, associate director of Residential Sales and Leasing at Knight Frank Malaysia.

A large number of property launches in Mont' Kiara caused an excess in supply. In contrast, limited new projects in Bangsar and Damansara Heights have balanced the supply there.

Treka Corp Bhd group managing director Datuk Lai Voon Hon says prices of residential units in Mont' Kiara have been subdued in recent years, but demand for properties there remains high as reflected in the volume of secondary transactions.

"This shows people are keen to move into the area if the price is right. Prices in Mont' Kiara have been going up since the 1990s with double-digit growth between 1995 and 2007.

"In the early 1990s, apartments in Sunrise Pines sold for around RM250 psf. By 2008, apartments in SENI Mont' Kiara or the fully-furnished Verve Suites reached about RM1,050 psf and RM1,200 psf respectively," he says.

Slower pace

Since 2008, property prices in Mont' Kiara have grown much slower as additional properties entered the market. Prices peaked around 2012.

"Since then, it has been flat, or in the case of some projects, dropped by around 10-15%. With high land prices and rising cost of construction, we believe prices will go up when the market



TWY@Mont' Kiara which was launched early last year

returns to normal," says Lai.

Many residential units were purchased by speculators or investors during its peak between 2003 and 2007 when properties were cheaper.

Therefore, they can exit their investments at a lower price compared to current prices of new projects there.

Expatriates leaving the country over the last two years following depressed oil and gas (O&G) prices have encouraged owners to sell for lower instead of leaving their units vacant or renting them at much lower rates.

"With more ownerships changing hands between investors and owner-residents over the last few years, we believe property prices in Mont' Kiara will rise again in due course," says Lai.

YY Lau, country head of JLL Property Services (M) Sdn Bhd, says average capital values of several developments in Mont' Kiara have shown consistent

growth year-on-year since 2007.

"However, areas like Bangsar and Damansara Heights showed a mix of positive and negative growth over the years, though only recently, capital values for all areas recorded negative growth," she tells **FocusM**.

Kiara Designer Suites, launched in 2007 at RM440 psf rose to RM650 psf as of Q4 2015 and eased to RM618 psf currently.

Of the properties in Mont' Kiara, Kiar-amas Ayuria, launched in 2008, saw its capital value of RM540 psf rise to RM750 psf as of Q4 2015, representing a 40% increase. It has now dipped to RM630 psf.

"The same cannot be said for all developments. Sunway Vivaldi was launched in 2011 with a capital value of RM790 psf and its price plummeted for a few years before picking up again at the end of last year. It is about RM780 psf," she says.

Long-term prospects draw developers

THERE is certainly no shortage of new property players in Mont' Kiara.

Sunway Bhd, TWY Development Sdn Bhd, Trinity Group Sdn Bhd, Agile Real Estate Development Sdn Bhd and PJ Development Sdn Bhd (PJD) are among them.

Sunway debuted with its 38-storey Sunway Mont' Residences featuring dual-key units. It was launched in May.

The RM360 mil project comprises 288 units ranging from 1,122 sq ft to 1,906 sq ft. Priced between RM880,000 and RM1.5 mil, it is built on 1.2ha and scheduled for completion in 2020.

Sunway Property Development Division (Malaysia & Singapore) managing director Sarena Cheah says the company understands the public's desire to own

a comfortable place in a well-planned environment.

"Despite the challenging times, people are still looking into upgrading and investing in homes," she says.

TWY Development Sdn Bhd, a subsidiary of Symphony Life, launched TWY@Mont Kiara early last year.

The units, with built-up sizes ranging from 662-1,385 sq ft, were priced from RM650,000 to above RM1.36 mil. The freehold development, built on 0.8ha, is set to

be completed by 2019.

"Our project comprises 484 units of fully fitted all-duplex condominiums. The gross development value (GDV) of this project is about RM400 mil, and sales have been very encouraging. The take-up rate is almost 95%," says a spokesman for the group.

A joint venture between Agile Real Estate Development and PJD will see the development of 4.04ha in Mont' Kiara.

The RM200 mil land, purchased from PJD by a subsidiary of Agile Property Holdings Ltd, will be turned into Agile Mont Kiara.

The RM1.4 bil project will consist of 11 blocks of low, medium and high-rise condominiums.

YY Lau of JLL Property Services (M) Sdn Bhd notes that China companies are also interested in expanding as they are restrained by the slowdown in their country.

"It makes good diversification sense for Chinese investors and developers to expand to other countries that hold potential and have relatively lower risks," she says.

Mont' Kiara still has a lot going for it as other developers including Ireka Corp Bhd and Trinity Group are planning to launch projects once the market picks up.

Trinity Group managing director Datuk

Selected projects under construction in Mont' Kiara

No	Project	Developer	(Built-up sq ft)		Launch price (RM) (psf)
			Minimum	Maximum	
A	Ardena Mont' Kiara	Weida Properties Sdn Bhd	900	1900	750
B	Sunway Mont' Residences	Sunway Bhd	1122	1906	790
C	Kiara 163	YHN Property Bhd	710	1236	800
D	Sefina Mont' Kiara	UEM Sunrise Bhd	1333	1771	800
E	TWY @ Mont' Kiara	TWY Development Sdn Bhd	662	1385	980
F	Arte Mont' Kiara	Nusmetro Property Sdn Bhd	422	1142	850
G	Hermitage Serviced Apartment	Mayland Group	474	1270	950
H	Agile Mont' Kiara	Agile Real Estate Development Sdn Bhd & PJD Development Sdn Bhd	1156	2136	1000
I	Pavilion Hilltop @ Mont' Kiara	Permata Cernat Sdn Bhd (Pavilion Group)	1200	1830	1500

Legend: RM800 and above RM600 - RM799

Source: JLL

Projects in Mont' Kiara

No	Project	Developer	(Built-up sq ft)		Average Sub-sale price (RM) (psf)
			Minimum	Maximum	
1	I-Zen @ Kiara 2	Ireka Land Sdn Bhd	1,550	1,655	569
2	Mont' Kiara Meridin (MK23)	Ascot Asset Sdn Bhd (Sunrise Bhd)	1,787	4,487	576
3	Hijauan Kiara	Bukit Kiara Development Sdn Bhd	2,090	3,732	583
4	Mont' Kiara Damai	Sunrise Development Sdn Bhd	2,272	11,000	592
5	Mont Kiara Bayu	Sunrise Development Sdn Bhd	798	2,300	595
6	Mont' Kiara Banyan	Sunrise Development Sdn Bhd	1,838	2,318	603
7	Kiara Designer Suites	Sunrise Development Sdn Bhd	1,128	1,428	618
8	Kiaramas Ayuria	Kiaramas Development Sdn Bhd	1,605	2,013	630
9	Gateway Kiaramas	Kiaramas Development Sdn Bhd	743	3,563	633
10	Mont' Kiara Astana	Sunrise Development Sdn Bhd	1,241	2,999	635
11	Lumina Kiara	ECH Development & Management Sdn Bhd	1,448	4,100	639
12	Mont' Kiara Aman	Sunrise Development Sdn Bhd	1,600	4,300	649
13	Kiaraville	Binaderas Sdn Bhd	1,593	3,935	669
14	Tiffani i-Zen	Ireka Land Sdn Bhd	815	3,678	675
15	28 Mont' Kiara	Lucky Bright Star Sdn Bhd	2,535	6,465	675
16	Casa Kiara 2	Amisia Sdn Bhd	1,275	3,219	676
17	Sunway Vivaldi	Sunway D'Mont'Kiara Sdn Bhd (Sunway City Berhad)	2,573	3,983	700
18	i-Zen @ Kiara 1	Ireka Land Sdn Bhd	805	1,407	705
19	11 Mont' Kiara (MK11)	Sunrise Innovation Sdn Bhd	2,707	6,725	738
20	Kiaramas Danai Tower 1 - 136 units - launched Apr 2010 Tower 2 - 136 units Lowrise - 7 units	Kiaramas Development Sdn Bhd (Asia Quest Holding)	2,025	2,498	750
21	Mayfair & Dorchester Serviced Apartments	Mayland Group	488	928	771
22	Seni Mont' Kiara	Amatir Resources Sdn Bhd	2,441	6,706	777
23	Kiara 9 Residency	Kina-Bijak Sdn Bhd (Mitrajaya)	1,661	4,450	793
24	10 Mont' Kiara (MK10)	Sunrise Bhd	3,478	7,500	817
25	Solaris @ Dutamas (Park tower / Boulevard Tower 220 / Urban Tower)	Sunrise Bhd	672	1,238	833
26	Icon Mont' Kiara	Mah Sing Group Bhd	887	4,712	869
27	Verve Suites	Bayland Sdn Bhd (Bukit Kiara Group of Companies)	462	1,394	1,056
28	The Signature - Block A - serv. Apt 216 units - Block B - hotel suites 120 units	Kiara Seleksi Sdn Bhd	421	1,014	1,073

Legend: RM800 and above RM600 - RM799 RM400 - RM599

Source: Property firms

As for Bangsar and Damansara Heights, Lau says the price appreciation of landed properties there are higher because they are now hard to come by as land has become very expensive within the city.

The general cycle of properties doubling in price nearly every decade may be true of these landed properties. But this may not apply to high-rise condominiums in Mont' Kiara.

"Developers now build high-rise condominiums as it is no longer feasible to build landed properties within the city, given the high land cost.

"However, prime high-rise properties in Bangsar and Damansara Heights have generally not done as well as landed

properties in those localities."

She says the new mass rapid transit (MRT) stops and large retail developments are positive for Damansara Heights and have contributed to the recent increase in capital values.

Trinity Group Sdn Bhd managing director Datuk Neoh Soo Keat says research has also shown that residential properties in Mont' Kiara have a 70% occupancy rate which is largely made up of expatriates.

"Property prices in Mont' Kiara are still comparatively lower than those in the KL market which attracts expatriates. Therefore, there's still demand for Mont Kiara properties given their affordable entry price point," he says.

Uncertain property market

Compounding the issue of excess supply of residential units in Mont' Kiara is the uncertain market condition.

Knight Frank's Yip says expatriates from the O&G sector have cut their housing budget by up to 30%.

"A high number of existing and new condominiums and a challenging sales and leasing market have put Mont' Kiara values and rentals under pressure," he tells *FocusM*.

Stringent lending guidelines and a depressed O&G industry have also lessened activities in primary and secondary property markets.

Yip thinks the

Average capital values of several developments in Mont' Kiara has shown consistent growth, says Lau

spillover of newer developments coming into neighbouring Dutamas, Segambut or North Kiara will further dilute the residential market in Mont' Kiara.

Nonetheless, he says the area is still attractive as a residential enclave for young professionals and expatriates, considering its facilities and amenities such as international schools, and commercial and retail components.

"More locals are buying in Mont' Kiara as owner-occupiers due to newer product offerings, competitive pricing and sales packages [offered at recent launches]," says Yip.

Ireka's Lai says the area will be further enhanced when the new convention centre and MRT station are completed at the Kuala Lumpur Metropolitan Centre.

"Mont' Kiara is one of the most sought-after addresses in Greater Klang Valley. It is a highly affluent township with over 40 nationalities residing in the area," says Mah Sing Group Bhd group managing director Tan Sri Leong Hoy Kum.

The group's only development in the neighbourhood, Icon Residence, which comprises 290 luxury serviced apartment units in three towers of 26, 28 and 35 storeys, have appreciated by approximately 40% since its launch in 2011.

"The average launch price per square foot in 2011 was from RM699 while average prices now start at RM1,100," he says.

He credits Mont Kiara as being easily accessible via Jalan Dutamas, Jalan Kuching, Penchala Link, Lebuh Raya Damansara-Puchong, North-South Expressway, Dutamas-Ulu Klang Expressway and the New Klang Valley Expressway.

JLL Property Services' Lau says: "There is demand for properties in

A place nobody wanted

THE upmarket neighbourhood of Mont' Kiara is today a far cry from 1989 when it was a rubber estate that nobody wanted to acquire due to its inaccessibility.

To view the estate, Bukit Kiara Properties Sdn Bhd group chairman Datuk Alan Tong and his team had to hike to the highest point in Sri Hartamas as there was no road access at the time.

Tong purchased a 4.04ha parcel there in 1990. A few months later, he

bought more land. The acquisition continued until he amassed eight parcels totalling 40.4ha.

This is where he developed Mont' Kiara, a name coined by his son Datuk NK Tong, who is the group managing director.

Tong earned the name "KL's Condo King" for successfully developing condominiums in Mont' Kiara and turning it into a sprawling urban township.

"Mont' Kiara Pines was developed in the early 1990s and priced at about RM190 psf under Sunrise Sdn Bhd, which Alan founded. The company was eventually listed as Sunrise Bhd.

"One of his greatest legacies in the industry is the development of Mont' Kiara, which has blossomed into a much sought-after location by locals and the expatriate community.

"Healthy value appreciation and attractive rental yields continue to attract those who can afford to buy properties there," says NK.

Mont' Kiara. Better connectivity like an MRT stop will help to increase demand and ease traffic congestion."

She says Mont' Kiara properties were trending upwards until the middle of last year with relatively affluent house buyers purchasing units to live in.

"At this point, the capital appreciation of some projects in Mont' Kiara is not encouraging. Only selected projects which were launched at between RM400 and RM600 psf are showing positive appreciation. This is also true for many other areas apart from Mont' Kiara.

"The property market is slow and it's not the best time for investors. I believe it will improve in the next two years when the oversupply is absorbed and the supply-demand mismatch stabilises," she says.

Given the number of recent launches, Lau says there may be too many new units being introduced amidst a slower economy.

Nevertheless, she believes the downturn presents a good opportunity for investors and genuine occupiers to purchase properties there.

"The future for Mont' Kiara remains good as a place to live in, as it is surrounded by greenery and is relatively mature," Lau says. *FocusM*



NK says Mont' Kiara continues to attract those who can afford to buy there



An artist impression of Sunway Mont' Residences which was launched in May

Neoh Soo Keat says it will launch Phase 1 of its two 40-storey blocks of luxury condominiums on 1.2ha of freehold land in Q2 2017.

He says the company is targeting an 80:20 ratio of locals to foreigners for the project, which has a GDV of about RM400 mil.

"Mont Kiara is a long-term value appreciation market which creates steady passive income. Its real value stretches far beyond the development price," says Neoh.

