

Gentrifying Brickfields

BY CHAI YEE HOONG

There was a time when Brickfields consisted of mainly shops, flats, apartments and housing quarters. Today, it is a juxtaposition of glitzy, towering buildings on one side and the remnants of its humbler past on the other.

Since Malaysian Resources Corp Bhd (MRCB) started work on the 72-acre transit-oriented development KL Sentral in 1996, the landscape of Brickfields has evolved dramatically while the completion of the project's initial phases in early 2000 spurred property prices in the area.

"It cannot be denied that Brickfields, over the last few years, has become an extension of the city centre and every available plot is a high-density redevelopment site," says PPC International Sdn Bhd managing director Datuk Siders Sittampalam.

According to him, the current high values of commercial and residential properties in Brickfields are mostly attributed to the development of KL Sentral. He notes that redevelopment land in Brickfields is limited — and thus much sought after — and developments in the area have big potential for capital appreciation.

Rasalingam, a restaurant manager who has been working in Brickfields since 1968, says there are too many developments in Brickfields, which is causing traffic congestion and an influx of foreign workers. "Fifteen years ago, people loved to live in Brickfields. Now, with all the changes, it has become something like Bukit Bintang with buildings as tall as the ones you see in the Golden Triangle."

Zerin Properties Sdn Bhd CEO Previndran Singhe agrees that there is not much land available in Brickfields for development. He says the available plots, which are about 5,000 to 10,000 sq ft, are mostly owner-occupied, freehold and for residential and commercial use. Their selling prices range from RM800 to RM1,200 psf, he adds.

Development in Brickfields has also boosted prices in the surrounding areas, such as Seputeh and Jalan Kelang Lama, according to CBD Properties (OUG) Sdn Bhd director Peh Yu Lin.

Increasing number of expatriates leads to higher rents

As KL Sentral nears completion, more expatriates have moved into Brickfields, which, not surprisingly, has led to higher rents.

The residential market in the area, according to Siders, is geared towards tenants as owners take advantage of the accommodation needs of expatriates.

CBRE associate director Nabeel Hussain concurs, opining that the market is more investment-driven because of the noise pollution and traffic congestion in the area. He says the rental market has always seen stable demand, adding that while the older condominiums are mostly owner-occupied, the newer residential developments are mainly held for investment.

Condominiums within KL Sentral are commanding rents of between RM3 and RM4 psf compared with the average RM2.30 to RM2.60 psf in the rest of Brickfields, notes Siders.

Four to five years ago, rents averaged between RM1,300 and RM1,800 per month but today, they are between RM2,000 and RM4,000 with an average yield of 5% to 6%, says Previndran.

Condominiums built prior to KL Sentral were sold at between RM350 and RM450 psf in 2011. By last year, however, prices had climbed to RM450 to RM550 psf, says Siders.

The newer condominiums in Brickfields are priced

CHU JUCK SENG/THE EDGE



It cannot be denied that Brickfields, over the last few years, has become an extension of the city centre — Siders

An aerial view of Brickfields



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Upcoming developments

DEVELOPMENT	DEVELOPMENT COMPONENTS	DEVELOPER
Rivo City @ Jalan Tebing	Four blocks of SoVos and serviced apartments connected by a sky bridge to a 3-storey commercial podium that will accommodate a new monorail station, a retail centre and food outlets	Bina Puri Holdings Sdn Bhd and Syarikat Prasarana Negara Bhd
Former Brickfields district police headquarters	Two blocks of condominiums (33 and 41 storeys)	Primamuda Holdings Sdn Bhd (ownership of site transferred in 2014 to Senibina Sentral Sdn Bhd)
Redevelopment of 100 Quarters	Three blocks of serviced apartments (35 and 43 storeys)	MRCB and Employees Provident Fund (EPF)
PRIMA Housing @ Jalan Thamby Abdullah 1	Five blocks of 24-storey apartments	Malaysia Housing Programme Corporation
Redevelopment of Vivekananda Ashram	A 23-storey residential tower	F3 Capital Sdn Bhd



The new developments in KL Sentral have driven up the value of commercial properties in Brickfields — Nabeel

at RM550 to RM650 psf on the secondary market while the ones in KL Sentral are sold at about RM700 to RM1,000 psf, he adds.

The older condominiums in Brickfields include Villa Scott in Jalan Tebing, Scott Sentral in Jalan Scott, The Pines in Jalan Sultan Abdul Samad, Sri Impian in Jalan Ang Seng, Palm Court in Jalan Berhala, Menara Puteri in Jalan Thamby Abdullah, Menara Pelangi in Lorong Ang Seng, Cuepacs Apartment in Jalan Thamby Abdullah, Crescent Court in Lengkok Tun Sambanthan and Sri Kota in Jalan Thamby Abdullah.

According to Previndran, newer residential developments in Brickfields, such as 633 Residency (by YNH Property Sdn Bhd) in Jalan Tebing and Residency Mutiara (by Mutiara Johan Group) in Jalan Ang Seng, are currently going for RM650 to RM750 psf and RM700 to RM800 psf respectively on the secondary market. The former was completed in 2009 and sold at RM450 psf at its launch while the latter was completed in 2011

and priced at RM445 psf at its launch.

Peh says the value of residential properties in Brickfields has risen about 40% in the last five years. She estimates the selling price of new residential developments, such as The Establishment (by Keystone Land Developments Sdn Bhd), The Sentral Residences (by MRCB and Quill Group) and St Regis Residences (by MRCB and CMY Capital Group), to be around RM1,100 psf.

Meanwhile, Previndran observes that the residential market in Brickfields will continue to perform well in terms of value and rents.

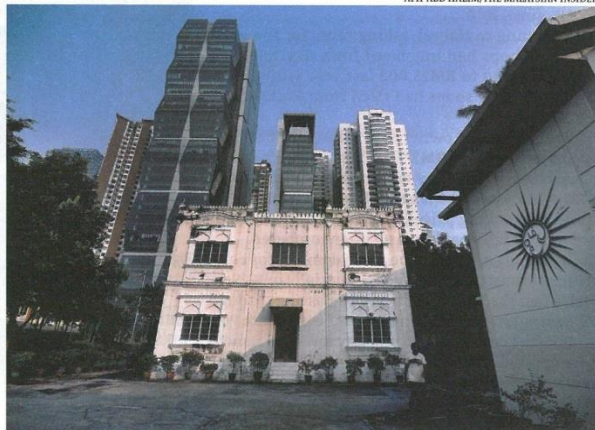
"Thanks to its strategic location near a transport hub and proximity to the city centre."

High-growth commercial district

As for the commercial sector, Brickfields has witnessed an increase in office and retail space with recent completions, such as Menara CIMB, Menara Shell, Nu Towers (by MRCB and ASEANA Properties



AFTI ABD HALIM/THE MALAYSIAN INSIDER



Top: Shops such as the ground-floor units fronting Jalan Tun Sambanthan are rarely placed on the market for sale or rent

Bottom: The Vivekananda Ashram that may be gazetted as a heritage building

Ltd [UK]), Nu Sentral Mall and 1 Sentrum (by Pelaburan Hartanah Bhd and MRCB), Sentral Vista (by Masteron Group of Companies) and Menara Bank Rakyat in KL Sentral. This is in addition to the older shopoffices and shophouses in Jalan Tun Sambanthan, Jalan Tun Sambanthan 3, Jalan Sultan Abdul Samad and Jalan Scott.

According to Previdran, new commercial developments are not affecting the value of or demand for the older shops in the area as both cater for different types of commercial markets.

However, he notes that the commercial property market in Brickfields that comprises old shops will experience a spillover effect from the KL Sentral development, albeit at a slower pace.

“With the continuous development of KL Sentral, the commercial property market in Brickfields seems to be promising. The new developments in KL Sentral have driven up the value of commercial properties in Brickfields,” Nabeel points out.

Property values and rents in Brickfields have been increasing as purchasers here are motivated by the area’s potential, he adds.

Differing from the older shops in design, building specifications, security and accessibility, the new commercial developments, especially those within KL Sentral, are high-rise Grade A, MSC-status buildings that come with modern architecture and facilities, and which cater for both local companies and multinational corporations (MNCs).

The older shops are 2 to 4½-storeys with traditional architecture that comes with five foot ways. These shops are mainly operated by local businesses that cater for the Indian community, such as budget hotels, restaurants, banks, boutiques, hair salons, clinics, jewellery shops, convenience shops, pharmacies and lottery outlets.

According to Peh, these shop units are occupied by owners who operate businesses that have been passed on for generations.

Rent for the 4-storey shopoffices in Jalan Tun Sambanthan is between RM3.50 and RM4.50 psf for the upper floors and between RM6 and RM9 psf for the ground floors, according to Siders.

“There is a growing demand for shops, as evidenced by the rental and capital appreciation since

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Transacted value of residential units

DEVELOPMENT	LOCATION	AVG. TRANSACTED VALUE (RM PSF)		%
		2010	2014	
The Pines Condominium	Jalan Sultan Abdul Samad	295	597	102
Villa Scott	Jalan Scott	305	590	93
Palm Court	Jalan Sultan Abdul Samad	266	500	88
633 Residency	Jalan Tebing	570	700	23
Sri Impian Condominium	Jalan Ang Seng	284	487	71
Menara Pelangi	Jalan Ang Seng	276	520	88
Suasana Sentral Loft	KL Sentral	680	1,000	47
Suasana Sentral	KL Sentral	520	870	67

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Transacted value of old commercial units

SHOPOFFICE	LOCATION	TRANSACTED VALUE		%
		2010	2014	
4.5-storey shopoffice	Jalan Tun Sambanthan 3	RM2,300,000	RM4,600,000	100
4.5-storey shopoffice	Jalan Tun Sambanthan	RM3,600,000	RM6,600,000	83
2-storey shophouse	Jalan Sultan Abdul Samad	RM1,000,000	RM1,300,000	30
4.5-storey shopoffice	Jalan Scott	RM2,500,000	RM3,700,000	48

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Asking rent of offices in KL Sentral

OFFICE BUILDING @ KL SENTRAL	LOCATION	ASKING RENTAL (PSF)	
		2013	2014
1 Sentral	Jalan Stesen Sentral 3, KL Sentral	6.80 - 7.50	7.00 - 7.50
1 Sentrum	Jalan Tun Sambanthan, KL Sentral	7.50	7.00 - 8.50
Menara CIMB	Jalan Stesen Sentral 5, KL Sentral	7.00 - 8.50	6.80 - 8.00
Menara Shell	Jalan Tun Sambanthan	8.50	7.00 - 8.50
Mercu UEM	KL Sentral	8.30 - 8.50	8.50
Nu Tower	Jalan Tun Sambanthan	6.50	6.00 - 7.00
Perdana Sentral	KL Sentral	7.50 - 8.00	-
Platinum Sentral @ KL Sentral Park - Lot E	Jalan Stesen Sentral 2, KL Sentral	9.00	7.00 - 9.00
Plaza Sentral	Jalan Stesen Sentral 5, KL Sentral	5.50 - 6.50	5.50 - 7.20
Q Sentral	Jalan Stesen Sentral, KL Sentral	9.50	6.00 - 10.00
Quill 7	Jalan Stesen Sentral 5, KL Sentral	8.00	7.50 - 8.00

KENNY YAP/THE EDGE



Residential market in Brickfields will continue to perform well both in terms of value and rents – Previdran