

Growth in commercial and retail spaces



The 4 1/2-storey shops along Jalan Tun Sambanthan.

The Brickfields/KL Sentral area saw an increase in office and retail space after the recent completions of Menara CIMB, Menara Shell, Nu Towers (by MRCB and ASEANA Properties Ltd (UK)), Nu Sentral Mall and 1Sentrum (both by Pelaburan Hartanah Bhd and MRCB), Sentral Vista (by Masteron Group of Companies) and Menara Bank Rakyat. All are located at KL Sentral except for Sentral Vista and Menara Bank Rakyat, which are located on Jalan Sultan Abdul Samad and Jalan Rakyat (previously known as Jalan Travers), respectively.

Savills Malaysia associate director Nabeel Hussain says the new commercial developments in KL Sentral have driven up the value of commercial properties in the rest of Brickfields, and that commercial property values and rents have been increasing as investors see the area's potential.

The new office buildings within KL Sentral are high-rise Grade A, MSC-status buildings that come with modern architecture, facilities and security features. These offices cater for both local companies and multinational corporations.

In contrast, the old two-storey and 4½-storey shops in Brickfields are mainly operated by local businesses that cater for the Indian community such as budget hotels, restaurants, banks, boutiques, hair salons, clinics, jewellery shops and convenience shops. These shops, mostly built between the 1920s and 1980s, have typical built-ups of about 2,100 to 4,000 sq ft for the 2-storey ones, while the 4 ½-storey shops are between 7,460 sq ft to 9,000 sq ft.

Nabeel says monthly rents for the 2-storey shops increased from RM1,500 per month in 2010 to RM25,000 last year, while rents for the 4-storey shops rose from RM15,000 to RM35,000.

As for the in-demand ground floor shops, Zerin Properties Sdn Bhd CEO Previndran Singhe notes that the current rent is RM15,000, an increase from RM10,000 in 2010.

Selling prices of the older shophouses and shop offices are dependent on their street location. The 4 1/2-storey shop offices on Jalan Tun Sambanthan 3 and Jalan Scott were sold for RM2.3 million and RM2.5 million in 2010 respectively, according to Nabeel. Last year, these shop offices were transacted at RM4.6 million and RM3.7 million respectively, recording 100% and 48% growth respectively. Meanwhile, 4 1/2-storey shop offices along Jalan Tun Sambanthan were sold for RM3.6 million in 2010, and at RM6.6 million last year, recording an 83% increase, he notes. As for the 2-storey shophouse along Jalan Sultan Abdul Samad, their 2010 transacted value of RM1 million rose to RM1.3 million last year, an increase of 30%.

As rents are strong for these shops, owners are holding on to them and offering one-year leases, according to property investor Chandra L Ramprakash.

As for offices in KL Sentral, Nabeel notes that rents have not changed much over the past five years, and average between RM6 and RM8.50 psf. Meanwhile, Previndran says retail space in office buildings is currently between RM8 to RM10 psf while retail space in the recently completed Nu Sentral Mall range between RM15 and RM25 psf.

Previndran says current prices of KL Sentral offices range between RM1,000 and RM1,600 psf compared with RM950 psf in 2010. He notes that offices in Plaza Sentral are currently priced at RM1,000 psf whereas for Q Sentral (by MRCB and Quill Group), which is nearing completion, the asking price is between RM1,500 and RM1,600 psf. Q Sentral is estimated to be completed by 2Q2015.

With all that is taking place in this area, only time will tell how much the Little India of KL will transform further in years to come.