

# Ireka to launch KLCC project in 2H12

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IREKA Corp Bhd is expected to launch its high-end boutique hotel and service residences development at Jalan Kia Peng, Kuala Lumpur in the second-half of this year (2H12).

Located on a prime site in the vicinity of the Petronas Twin Towers, the upmarket project will comprise 200 units of service residences atop a boutique hotel with 398 rooms contained within a 42-storey tower block. It is slated for completion in 2015.

The project will be designed to comply with the GBI (Green Building Index) Gold standards to reduce the overall impact to the environment and its surroundings, Ireka group executive director Lai Voon Hon said.

The project is estimated to have a total gross development value (GDV) of RM400 million. However, details on the pricing, built-ups and layout plans for the residential units are still being finalised.

The joint development will be undertaken with Ireka's associate firm, Aseana Properties Ltd on a 30:70 joint venture basis.

For certain, Ireka will bring its well-known i-Zen brand of luxury properties to the development, making it the group's first i-Zen product in Kuala Lumpur City Centre (KLCC). The essence of i-ZEN brand embodies the principles of style, service, security, sophistication and soul.

The boutique hotel and service residences project will cover an almost one-acre site where the Top Hat Restaurant once sat and is adjacent to the Kuala Lumpur Convention Centre.

## Final Phase in Seni Mont' Kiara

Lai said Ireka recently launched the final phase of its resort-themed residences at Seni Mont' Kiara comprising two tower blocks — Dali and Picasso — whose units are priced between RM850 and RM950 per sq ft.

Seni Mont' Kiara, with a GDV of US\$490 million (RM1.52 billion), is perched on an 8.8-acre ridge that places it at the highest point in the posh neighbourhood. The development comprised two 40-storey tower blocks and two 12-storey blocks.

The luxurious property development, launched in 2007, holds the distinction of being one of the first high-rise residential developments in Malaysia to house a permanent art gallery.

Most of its 605 luxury residences open out to unobstructed views of the Kuala Lumpur skyline which include views of the Petronas Twin Towers, KL Tower and the new National Palace.

Additionally, five acres of lush landscaped ground had been designed by renowned Bali-based landscape architect Karl Princic.

As of early December last year, Seni Mont' Kiara had reached sales take-up of over 70%, Lai said in a email interview.

## Harbour Mall Takes Shape

In East Malaysia, Ireka is looking forward to the completion of the award-winning seafront Sandakan Harbour Square urban redevelopment project slated in the first-quarter of this year.

The final phase of this project will unveil the first modern shopping mall in Sandakan, Harbour Mall, and the 300-room Four Points by Sheraton Hotel. The mall offers 200,000 sq ft of net rentable retail space.

Just last month, Ireka's property unit, Ireka Development Management Sdn Bhd (IDM) organised a property roadshow which included leasing opportunities for the Harbour Mall.

According to Lai, who is also IDM president



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and chief executive officer, the group has secured Parkwell Departmental Store and Supermarket as anchor tenant and taking up some 48,000 sq ft of space.

A number of renowned brands including Levi's, Gintel, The Body Shop, GNC and SOX World will also set up shop there.

The mall is scheduled to be opened in the first-quarter of 2012, Lai added.

In another development, Ireka has joined several major property companies that will be developing residential projects outside the Klang Valley, a departure from its luxurious projects in Kuala Lumpur.

## Venturing Outside Klang Valley

Ireka is venturing into mid-range residential property and industrial development for its recently acquired landbank in Kajang, Selangor and Nilai, Negri Sembilan, which would have a total GDV of RM690 million.

"Leveraging on Ireka's development expertise of providing unique and innovative products, we will be embarking on the mid-market residential, commercial and industrial sectors this year," Lai said.

The 28 acres of freehold land in Bandar Nilai Utama will be developed into a trendy mid-market neighbourhood consisting of landed houses and apartments.

Another five acres of prime land in Kajang will be developed into a mixed development consisting of two mid-market apartment blocks and a retail precinct.

Ireka will also embark on a modern industrial park development on its 21 acres of freehold land in the established Sungai Chua industrial area near Kajang.

Meanwhile, Ireka's mainstay in infrastructure business, will be boosted by the construction works derived from the increased property development activities within the group in the near to medium-term.

The group's construction orderbook as at end-October last year stood at RM1.12 billion, of which some RM399 million remain outstanding.

Its ongoing construction projects include the structural and building works for City International Hospital in Vietnam; two office towers and a hotel block in KL Sentral; the Harbour Mall and hotel at Sandakan Harbour Square; and Phase 2 of Seni Mont' Kiara.

Apart from that, Lai said the company is also bidding for some of the major infrastructure and building projects under the Economic Transformation Programme and other private sectors projects including Iskandar Malaysia.

"We remain cautiously confident of securing a few major contracts during the year," he added.

As for expanding its overseas ventures, Lai said Ireka's focus will be in Malaysia and Vietnam for the moment, but it will continue to take an opportunistic view on potential expansion on the international front.

In Ho Chi Minh City, IDM manages Aseana's



The high-end boutique hotel and service residences at Jalan Kia Peng, Kuala Lumpur

developments such as the International Hi-Tech Healthcare Park in Binh Tan District, Queen's Place (District 4), deluxe high-rise residences (District 7), and the Phuoc Long B residential development in District 9.

It was reported in September last year that the total worth of ongoing projects in Vietnam was US\$900 million.

## Property Market Outlook

Lai opined that the local property market has been relatively resilient as financial institutions have been prudent in terms of project lending and continue to be stringent in their lending criteria.

The mortgage market remains strong, largely driven by domestic consumption and the young population.

"With strong macroeconomic fundamentals, ample domestic liquidity and relatively robust job market, we believe the property sector will continue to hold out well in 2012, with probably moderate correction in certain oversupply segments.

"With 65% of the Malaysian population falling under the age bracket of 35 years and below, we believe that the demand will pick up as consumers' confidence recovers," he added.

According to official statistics, close to 10 million people are expected to work, live, learn and play in the Greater Kuala Lumpur metropolis by 2020.

Burgeoning young and middle class population also means the demand for mid-market properties will remain steadfast.

"We see strong growth potential in the currently 'under-served' mid-market residential and commercial segments located close to infrastructure nodes. Market development in recent months saw major developers acquiring parcels of land outside of Klang Valley such as in Kajang, Semenyih and Nilai, which are destined to be the next 'hot spots,'" Lai said.

Notwithstanding that, the upmarket segment will remain soft in 2012. Selected upmarket properties will continue to attract property buyers or investors.

The reason: An astute investor with long-term perspective will know that although the market is soft, opportunity for good investment is abound.

Properties with good product mix, that is, strategic location, sustainable pricing, reputable developer and high quality offerings, will subsequently lead to capital appreciation potentials.

As such, investing in such portfolio during a soft market will put one in an advantageous position when the market takes an upturn.

"In my opinion, the office market in Kuala Lumpur will remain challenging this year, unless the global economy recovers sufficiently to spur confidence for business expansion to take up the current vacancies in the city," he added.



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