E&O's The Mews to make impact in the heart of KL

By THEAN LEE CHENG

THE last couple of years saw little change in Jalan Yap Kwan Seng, Kuala Lumpur, a stretch of road of less than 1 km.

Most, if not all of the bungalows there have been converted to commercial establishments. Some of them have been turned to food and beverage (F&B) outlets, legal firms, lifestyle businesses and car park lots.

A retail block and a high-rise residential block sit near the Jalan Yap Kwan Seng-Jalan Tun Razak junction while at the opposite end is the Australian High Commission. Megan Phileo Avenue, which comprises several office blocks, is the largest commercial development there.

Interest to convert old bungalows to higher density development seems to be returning to the KL City Centre (KLCC) vicinity.

In the second quarter of this year, Eastern & Oriental Bhd (E&O) will be launching The Mews Serviced Residences which will be located in one of the lanes off Jalan Yap Kwan Seng. It was launched in Hong Kong on March 9 and 10.

The niche lifestyle developer entered into a joint-venture development with Mitsui Fudosan Residential Co Ltd, a unit of Mitsui Fudosan Co Ltd, to develop the 1.3 acres.

Comprising two 38-storey blocks, the RM400mil project will have 256 units of serviced residences. It will have one to three-bedroom and penthouse units with built-up areas ranging from 922 sq ft to 2,623 sq ft. About 75% of units will be one- and two-bedroom units. It is expected to be completed in 2017.

E&O is a niche lifestyle developer while Mitsui Fudosan is one of Japan's largest property developer. The partnership started a few years ago to market E&O's developments. As a result of that relationship, Japanese buyers form the second largest segment of E&O's foreign buyers today.

Mews is a British word for a country landscape. According to the Oxford dictionary, it means a row of stables that have been converted into houses or a country lane.

E&O deputy managing director Eric Chan says it will be something different from what's available there now. It is targeted pretty much at women buyers.

According to the Hong Kong marketing brief, it will have generous walk-in wardrobes and full-length shoe cabinets.

The units are column-free and will be fully fitted and equipped with appliances. It will have CCTV surveillance and concierge services. There will also be shuttle services to places around KLCC.

The marketing brief to Hong Kong buyers also included a line – "great potential for appreciation in value".

Lots of interest in KLCC

There is certainly a lot of interest in the KLCC of late with the arrival of big names like the Four Seasons and Banyan Tree. Property consultant DTZ Nawawi Tie Leung managing director Eddie Wong and another property consultant from Rahim & Co who declined to be named say they are seeing interest returning to the city.

Over the past two weeks, Ireka Corp Bhd also advertised the launch of RuMa Hotel and Residences located at Jalan Kia Peng, Kuala Lumpur. It also marketed the project in Hong Kong and Singapore.

RuMa will have 200 units of residential units sitting on top of 253 units of hotel suite on one acre. About 80% of the residential units are under 1,000 sq ft, while in the hotel component, about 80% comprises units of less than 500 sq ft.

Says Wong: "We have two years of lull with interest shifting to the suburban and city fringes. But with prices creeping up to RM1,000-RM1,100 per sq ft in city fringe projects, investors are shifting interest back to the city.

"Over the longer term, the preference will be for KLCC," he says.

On the huge number of unoccupied units in the KLCC vicinity, a property consultant who requested anonymity, says the empty units are reflective of the holding power of that initial group of purchasers.

"The people who bought into the KLCC area in the beginning are not pressured to sell or to rent. If the market rental is RM18,000 and someone offers them RM14,000, they would rather leave it empty. Buyers who depend on the rental to cover their loan repayment will accept the lower offer."

As for the congestion in that locality as more high-rise projects enter the market, he says it is because of the congestion that interest is returning to the city.

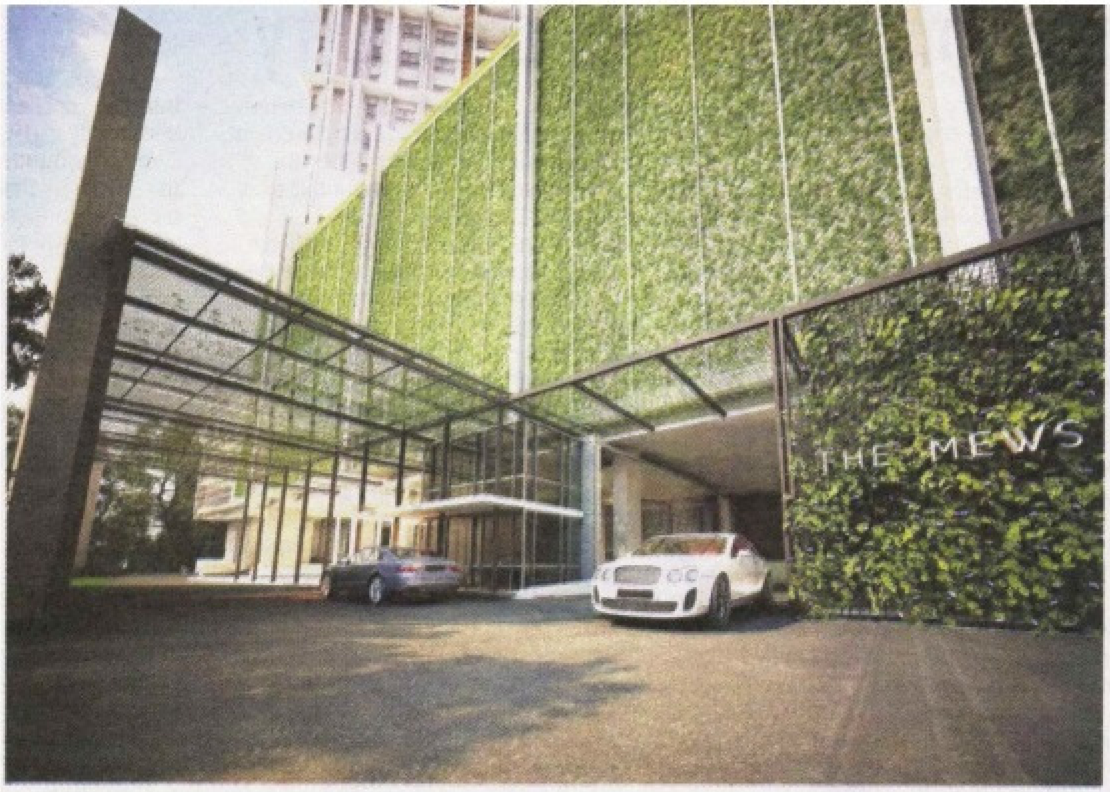
"People don't want to travel (and be stuck in a traffic jam). So the walking distance becomes a criteria. Tenants prefer to stay there and take a 15-minute stroll to work," he says.

DTZ's Wong says interest in the KLCC and its surrounding area like Bukit Bintang, Jalan Kia Peng and Jalan Yap Kwan Seng is mainly for one- and two-bedroom units with rental at RM4.50-RM6.50 per sq ft with the monthly rental ranging between RM5,000 and RM10,000.

He says it is the investors who buy into the smaller units while those who buy to stay will prefer the larger units.

Wong, whose company is marketing The Manhattan in Jalan Raja Chulan, says more than 50% of the project's 129 units has been sold to mostly Malaysians. Most of them are one- and two-bedroom units. There are only 4 three-bedroom units.

The selling price of the 30-storey Manhattan averages between RM1,600 and RM1,700 per sq ft. United Engineers Ltd Singapore is developing it. The project is located between Menara Goldhill and Wisma MPL.



Artist impression of The Mews Serviced Residences