



Property

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Focus

Hello good buys *Andrew Wong*

If you're about to sign a Sale and Purchase Agreement for a property, you'd be doing yourself a disservice by not first taking a look at what Prokhas Sdn Bhd, an agency of the Minister of Finance Inc, has in store in its ongoing nationwide property tender that draws to a close on Aug 14.

This is not a collection of "has-been" stock. Indeed, many of the 189 properties worth RM404.3 million available are veritable nuggets – diamonds in the rough – that have the power to appeal to just about anybody wanting to land themselves a good deal.

Investors looking for ready-to-rent units, turnaround specialists who can see future value in what currently appear to be forlorn properties, developers wanting land in prime areas that can be almost immediately put on track for launch and industrialists in need of custom-made premises in established zones. These are the potential buyers the tender is aimed at.

Spread throughout the length and breadth of the peninsula, the central region contains 67 properties with a total Indicative Value (IV) of RM132.15 million, while south in Johor, there are another 54 worth RM118.48 million.

Up north, investors have the choice of 55 properties with an IV of RM111.49 million and in the East Coast, 13 are available, valued collectively at RM42.16 million.

Since assuming the task of marketing the properties, which are the residual assets of asset management company Pengurusan Danaharta Nasional Bhd, early this year, Prokhas has commissioned independent professional valuers to revalue the properties to be in keeping with their current state of repair and market values. And that has led to a reduction in the IVs of some of them by as much as 44 per cent, as in the case of a development site near Tanjung Malim in Perak (DEV-3036)!

Furthermore, Prokhas has obtained Ministry of Finance consent that all purchases be exempt from stamp duty charges for a limited time, which means savings – for a RM500,000 property, it works out to be as much as RM11,000.

With all good investment sense pointing in the direction of this tender, perhaps the only thing left to do to drive the message home is to look behind the scenes and examine some of the stock available: Commercial considerations With the advent of Real Estate Investment Trusts as well as the inclination among investors to lock cash into bricks-and-mortar in order to derive yields superior to Fixed Deposit returns, more and more eyes are being cast on large, iconic commercial and retail properties.

In Prokhas's first tender of Danaharta properties, there are 10 big-ticket premises of the commercial, office and retail type worth in excess of RM2 million that might suit various investment portfolios.

One is a striking landmark in Bukit Mertajam on mainland Penang known as Plaza Utama (COMM-CC01).

This completed skyscraper formed by a nine-level retail podium and 14-level office cum hotel tower capped off by a helipad sits on 2.88 acres of freehold land in Jalan Muthupalaniappa and is a must-consider for investors who want to stamp their presence on the State's burgeoning retail, business and tourism sectors.

Within Plaza Utama are 661 car-parking bays; 286,000sq ft of retail space made up of 23 shoplots, three areas previously designated for supermarket use and three whole floors; 112,500sq ft of office space consisting of 19 suites and nine whole floors; and 188 hotel rooms at the top-most floors of the tower that once commanded a published rack rate starting from RM260 per night.

As an alternative use for the property and in keeping with the appetite of today's demanding investor, a savvy turnaround specialist could purchase Plaza Utama at its IV of RM42.1 million – a 14 per cent discount from its value when appraised in 2004 – and transform its original purpose into a place for business suites and serviced apartments, which could then be sold on a stratified basis.

In the central region of the peninsula, there is another iconic property that can make its new owner a household name among the Klang Valley's denizens.

Plaza Phoenix is a 10-storey freehold commercial building along Jalan Cheras and at the gateway to established housing schemes such as Taman Len Sen and Alam Damai in which Prokhas has available for sale 87 per cent of the space (COMM-PP01).

Designated for retail, office, exhibition and car-parking use, it is not far-fetched for the property in the right hands to be bought for its IV of RM38.6 million – a 16 per cent discount from its 2004 value – and turned around to produce double-digit yields.

The 162 shoplots in 278,300sq ft of space, for instance, could derive a 10 per cent per annum return if it was pegged at a conservative estimated capital value of just RM300psf and rented monthly for RM2.50psf, while the office portion of 35,500sq ft could derive another 10 per cent based on a value of RM150psf and rent of RM1.25psf.

In addition to these two components, the sale also includes a 55,944sq ft exhibition centre and 863 car-parking bays that can derive further income.

Another sound investment opportunity takes the form of an 11-storey shopping centre in the heart of Malacca town and at the junction of Jalan Tun Ali and Jalan Tun Mamat (RET-HT01).

Known as Plaza Hang Tuah, its 80 available retail lots and one floor of office space with a total area of 347,438sq ft is pegged at an IV of RM18.05 million, which is nearly 30 per cent lower than its value of RM25.62 million when assessed two years ago.

That means even better prospects for its successful bidder, as a rent of RM2psf for the anchor tenant space and between RM3.50psf and

RM10.50psf for the standard lots would be sufficient to generate attractive yields.

In order to make Plaza Hang Tuah stand out from the crowd and be a distinctive face in Malacca, it is also suitable for use as an arts, entertainment and leisure centre to complement the State's initiatives in this direction, or with necessary refurbishment, as an institution for higher learning.

Industrial initiatives

The dearth of new industrial park developments in recent years, especially in established locations close to a sizeable workforce population and modern infrastructure, means industrialists in expansion mode need to examine what Prokhas can offer in terms of choice.

For manufacturers in the south, there are two factory complexes in the Pasir Gudang Industrial Area that is now part of the South Johor Economic Region outlined in the Ninth Malaysia Plan.

One of the properties is a detached doubled storey factory with three-storey office block on two acres of land that is available for RM6.7 million – RM1 million less than its value determined in 2003 (IND-8004).

Based on its gross floor area of 115,076sq ft and a lowly monthly rent of RM0.40psf, investors too could find attraction in the factory, as it is capable of deriving an annual yield of eight per cent.

In Selangor, three factories for industrialists requiring easy access to Port Klang are available in Pandamaran. Of these, two are in the Pandamaran Industrial Site (IND-9019 and IND-9020), which is 2km southeast of Port Klang town and accessible from Persiaran Raja Muda Musa and Jalan Solok Raja Lumu.

Surrounded by neighbours such as Boustead Shipping Agencies, Wisma SGS, Kontena Nasional and Sapura Automotive Industries, IND-9019 is a double-storey semidetached factory sitting on 0.87 acres and is the smaller – and cheaper – of the two with 50,287sq ft of space and an IV of RM3.37 million.

IND-9020, on the other hand, is a significant freestanding complex on 4.12 acres, comprising a three-storey office block attached to a single-storey factory and ancillary buildings with a total built-up size of 125,843sq ft.

Carrying an IV of RM8.5 million, IND-9020 can be purchased either individually or together with its neighbour IND-9019 for a combined IV of RM11.87 million.

The third factory in Pandamaran is in Landpac Industrial Park, also accessible via Persiaran Raja Muda Musa before arriving at Jalan Selat Selatan 4 onto which it bears frontage (IND-0105).

Held under two titles with a combined land area of 13,169sq ft, the one-and-a-half-storey factory with 11,150sq ft of space is available for RM1 million.

Development deals

One of the beneficiaries of the series of nationwide tenders undertaken by Danaharta before it voluntarily wound down operations at the end of last year were developers who had the eye for spotting land in growth corridors that can be put on the fast-track to completion.

It isn't difficult to identify such properties – they're the ones where their previous owners had undertaken pre-development work and perhaps even commenced construction.

Quite a few of these are available in Prokhas's tender, one which is a 23.51-acre freehold site in Plentong, Johor (DEV-7003).

Already gazetted for residential use, the successful bidder can either revive the original intent for a mixed housing development, or submit a fresh application to develop serviced apartments and commercial components on the site, given its position near Bandar Baru Permas Jaya and the Pasir-Gudang Highway.

At its IV of 11.25 million or RM11psf, the value is a 27 per cent discount from the RM15psf it was assessed to be worth in 2002.

Such a buy-in price can support the development of properties to suit Johor's growing group of discerning buyers, as well as foreigners intending to make the country their second home under the Malaysia My Second Home programme.

In the tourist destination of Port Dickson in Negeri Sembilan, the possibility of developing a project for locals and foreigners seeking a holiday getaway exists in Rachado Bay Resort (DEV-0102).

Here, a significant amount of work has been done to construct 59 units of double-storey bungalows, each already issued with separate freehold titles ranging in land size from 2,960sq ft to 6,600sq ft.

Upon the lots, typical three-plus-one bedroom houses with a standard size of 1,900sq ft have been constructed, but are in need of restoration.

Once completed, there will be justification to purchasing the property for RM7.3 million, as there is significant upside between its equivalent value of RM123,700 per unit and what other houses in the area have been traded for.

In nearby Taman Tiara, for instance, vacant land has been sold for RM18psf, while in Taman TKK, a double-storey bungalow with 6,000sq ft of land was transacted for RM230,000.

These are just a few of the properties available in the Prokhas tender. For the full range, call Prokhas at 03-20965000 or log onto www.prokhas.com.my for the listing.

DOING A PROKHAS DEAL

The tender process being undertaken by Prokhas Sdn Bhd on behalf of national asset management company Pengurusan Danaharta Nasional Bhd is one of the most effective methods to realise the best values for the properties it is marketing.

To participate, prospective bidders should:

1. Log onto www.prokhas.com.my to search for a property of their choice or to engage assistance from any of Prokhas's 227 appointed estate agents located throughout the country.

2. Once a property has been identified, they have to fill up a Procurement Form (also available from the website or through an agent) and submit it to Prokhas together with payment of RM100 made in favour of Pengurusan Danaharta Nasional Bhd. This will entitle bidders to purchase a Tender Package.
3. The Tender Package will be couriered and will include a Tender Form, a CD containing the valuation report of the desired property and a sample of a Sale and Purchase Agreement (SPA).
4. Bids must be made using the original Tender Form and must be submitted to Prokhas together with earnest money equivalent to five per cent of the bid amount (or RM250,000, whichever is lower) made in favour of Pengurusan Danaharta Nasional Bhd.

The tender closes at 5pm on Aug 14 and all successful bidders will be notified within 30 days of the closing date. They then have 14 days to execute the SPA and pay the balance of the 10 per cent downpayment.

This downpayment will be refunded free of interest if conditions precedent to a sale (such as delivery of vacant possession or removal of the encumbrances blocking transfer) are not fulfilled.

Unsuccessful bidders will have their earnest money returned within 30 days of the close.

As part of the deal, all properties are exempt from stamp duty payment and (except for land, incomplete projects, retail complexes and hotels) will be given with vacant possession.

Up to the date of signing the SPA, purchasers need not be concerned with removing obstacles that might interfere with transfer of titles, nor be responsible for any outgoing costs.

You've got to see these...

INDUSTRIAL Ref: IND-3022

A leasehold industrial complex on 100 acres of land and with 505,246sq ft of space. In Muadzam Shah Industrial Area in Rompin, Pahang, about 5km from Muadzam Shah town.
Indicative Value: RM11.9 million

INDUSTRIAL Ref: IND-9012

A leasehold factory on 15 acres of land and with 115,142sq ft of space. In Kawasan Perindustrian Villaraya II in Semenyih, Selangor, about 17km from Kajang town.
Indicative Value: RM7.85 million

DEVELOPMENT LAND Ref: DEV-CI01

A freehold site of 18.26 acres approved for 20 single-storey low-cost shops, 128 shop-offices and two commercial complexes. In Kluang, Johor, about 2km from the North-South Highway's Simpang Rengam toll plaza.
Indicative Value: RM17 million

DEVELOPMENT LAND Ref: DEV5001

A freehold site of 5.08 acres approved for light industrial use. In Plentong, Johor Baru with dual frontage onto the Pasir Gudang Highway and Jalan Masai Lama, adjacent to the Kota Putri Industrial Park.
Indicative Value: RM3.84 million

RESIDENTIAL Ref: RES-6007

A leasehold double-storey bungalow with swimming pool on 12,330sq ft of land and with six bedrooms in 3,646sq ft of space. In Section 16, Petaling Jaya, Selangor, near Phileo Damansara and Eastin hotel.
Indicative Value: RM1.3 million

COMMERCIAL Ref: COMM-PP02

A freehold collection of 11 office lots in two blocks with a total area of 11,528sq ft and 543 car-parking bays. In Megan Phoenix, Angkasa Phoenix, Jalan Cheras about 10km from Kuala Lumpur city.
Indicative Value: RM6.0 million

RETAIL Ref: RET-3001

A freehold retail complex comprising 95 retail shoplots with a total area of 194,307sq ft and 604 car-parking bays. In Wira Court, Taman Bukit Pasir, near Batu Pahat town in Johor.
Indicative Value: RM11.5 million

INDUSTRIAL Ref: IND-7004

A freehold single-storey factory plus ancillary buildings on 6.22 acres of land and with 122,633sq ft of space. In Kawasan Industri Padang Meha in Kulim, Kedah, about 5km east of Padang Serai town.
Indicative Value: RM6.61 million

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