

Developers still drawn to Penang's allure

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Despite fears of a property bubble, notably in the condominium market, developers appear to be forging ahead with new and innovative launches on the island where foreign buyers are making a beeline for homes with a commanding view of the sea or hills.

The new developments are scattered across the island and players include Eastern and Oriental Bhd (E&O), IJM Land Bhd, SP Setia Bhd, Mah Sing Group Bhd and the Penang-based Ivory Properties Group and MTT Properties and Development.

These players have not only been marketing their projects to Malaysians but also in neighbouring countries and farther away, like South Korea and Great Britain.

In a report titled "Pounding the Pavement in Penang" on November 5, CIMB expressed optimism over the outlook for landed residential property on the island, and even seafronting condominiums.

"We believe residential property prices in Penang have appreciated strongly in recent years due to some short- to medium-term supply constraints and the influx of Klang Valley developers.

"The high quality and exciting property products offered by these aggressive developers will not only attract upgraders from Penang but also buyers of holiday homes from Kuala Lumpur, Singapore and Hong Kong," the research firm said.

If seafront condominiums on reclaimed land look to be the prime beneficiaries of robust demand, then IJM Land and E&O are set to do well with their projects.

"We feel that the property market in Penang is still resilient as prices are lower when benchmarked against those for integrated developments in cities like Kuala Lumpur, Singapore and Bangkok," IJM Land managing director Datuk Soam Heng Choon said.

"Also, the base lending rate is still low and some cash-rich investors are switching from the stock market to property." IJM Land's "The Light" waterfront project on reclaimed land along the Jelutong Expressway is an ambitious development set to raise the bar for property prices in the state.

Phase 1, which sprawls over 16ha, comprises residential units and is expected to take six years to complete. The second phase will encompass 41.2ha and take 15 years to be developed.

The gross development value of both phases is reported to be RM5.5 billion.

"We are still optimistic about demand owing to the fact that 'The Light' is the only integrated waterfront development in Penang with iconic landmark buildings such as an information technology hub, promenade mall, seafront boardwalk, convention and exhibition centre, boutique hotel and marina club," Soam said.

"For E&O, based on the positive take-up of our earlier properties and the registered interest in our upcoming launches, prospects of the property market in Penang are highly encouraging," its executive director Eric Chan Kok Leong said.

From the time the company launched its first batch of terraced homes at its seafront reclaimed land till now, E&O has been seeing strong take-up for its "Seri Tanjung Pinang" offerings, he added.

Located about 15 minutes from George Town, the mixed residential and commercial project features two phases over a development period of between 15 years and 20 years.

Seri Tanjung Pinang's Ariza Seafront Terraces and Serviced Residences achieved at least 80 per cent take-up within a few weeks of their soft launch, its developer said.

"In fact, all 33 units of the Ariza Seafront Terraces were sold within a mere three hours of launch.

"What's more, a balloting system had to be put in place for the four units with direct sea frontage," Chan added.

On the southwestern tip of the island, SP Setia's maiden and flagship project in Penang is the 45.2ha "Setia Pearl Island".

The former golf course land has been substantially developed and SP Setia has sold an estimated RM500 million worth of properties since the initial launch two to three years ago.

"As a keen proponent of sustainable development, two of our upcoming projects have been earmarked to be Green Building Index-compliant," its director of property division (north) S. Rajoo said.

They are the 0.8ha "Brook Residences" high-end bungalow development adjacent to the affluent Jesselton area and the "Ara Setia", a 12ha mixed development in Sungai Ara.