

CIMB Research: Penang property scene looks promising

By Marina Emmanuel
marinae@nstp.com.my
2009/12/08

One of the highlights of the November 5 2009 report titled "Pounding the Pavement in Penang" was the potential property development projects by the state.

They include: * 12ha of strategically located land for commercial and residential development at Bayan Mutiara, * 2,400ha of land in Batu Kawan on the mainland where the 2nd Penang Bridge will link up to Batu Maung on the island, * Potential reclamation for Penang's famous seaside promenade Gurney Drive, * 2ha of land earmarked for rehabilitation/redevelopment where the former Prangin Market and 46 units of pre-war houses were sitting in the heart of George Town, and * 160ha of hill land with elevation of 250-1,700 feet perched on the Relau/Paya Terubong Hill.

"The Penang state government plans to invite proposals for the development of these five parcels of land," said CIMB.

"We understand that big developers are showing keen interest in some of the strategically located landbank, particularly the Bayan Mutiara and Gurney Drive Offshore projects," it added.

Noting that although the Batu Kawan land is sizeable and well-located, the report said the soil is swampy and difficult to develop. "We view favourably the participation of the big developers in these projects as it will not only help accelerate development of Penang but could also be a significant share price catalyst if pricing is fair." For Penang-based property player MTT Properties and Development Sdn Bhd, its garden township development called "Botanica CT" in Balik Pulau, is set to make waves when the first full-boarding international school comes up.

The school, which will offer the British curriculum system, will have the infrastructure to house 800 students and the first enrolment is planned for September 2011.

Ivory Properties Group, which is planning an initial public offering, also has several condominium and landed property projects lined up, along with a tourist mall. CIMB also said that feedback from developers on what it is like operating under the Pakatan state government compared to before was that the new officials are working hard but need time to move up the learning curve.

"Also, the civil service remains relatively unchanged and, therefore, both sides need to cooperate better to facilitate speedier processing. Certainly, hidden monetary costs are minimal but the trade-off is more bureaucracy and slower approvals.

"The slower approvals contributed to delays in launches and construction progress, which in turn partly explains the firmer-than-expected property prices in the state," said CIMB.

