



Quality of housing stock already makes KL a global city



Realty Check

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IN a recent report from the UK, it was stated that the quality of a city's housing stock plays an important role in boosting its attraction and making it more competitive in global terms. Malaysia has slipped in global competitiveness according to both The Institute of Management Development and World Economic Forum but does this mean the quality of housing stock is still not of global standards?

It is arguable that London is one of the top global cities and it has recently been reported that the housing stock in London continues to sell well and at prices equal to, or even above, pre-recession levels. This may be testament to the quality of homes in central London – they are so desirable because of the quality of design, finishing and of course location in a vibrant city.

Kuala Lumpur is not a global city yet but there are examples of high quality housing stock that should be contributing to its global competitiveness. For example, *The Troika* is designed by British firm Foster & Partners in cooperation with local firm GDP and such a building in London, New York and Paris would be five or six times more expensive to buy or rent. Probably the most expensive apartment transaction in the country was at a price of RM2,657 per sq ft for a penthouse unit at *Binjai On The Park* and the next closest in value would be *The Troika*.

The buyer is a corporate figure who has been on Forbes magazine's list of wealthiest people. On June 22, 2010, he bought the triplex penthouse, measuring 14,300 sq ft, on the 42nd floor of Binjai's Tower B. The price tag of RM38mil meant the penthouse was sold for almost RM2,660 per sq ft. At the time, the marketing and sales manager was quoted in *The Star* as saying "The buyer bought the penthouse to stay. He fell in love with the 360-degree unobstructed view of the KLCC skyline right at his doorstep" – similar to views offered by the likes of London's One Hyde Park. "*Binjai On The Park* was just like one of his other homes around the globe," said Terri Har, marketing and sales manager of Layar Intan Sdn Bhd, the developer.

The "Global Cities Review" published by Savills in the UK compares prices of residential units bought by CEO level executives in London, New York, Moscow and Hong Kong, and KL pricing is still 50% more affordable than in New York which was the only city not to show any price gains over the last five years. Indeed, the value of a CEO's home in New York last year was still down 7% on 2005 prices.

London's wealthy residents, whether they own or rent, are likely to live in a house and it is "landed property" in Malaysia that is still the most sought after and valuable in the country. The so-called "bungalow in the sky" concept for some KLCC apartments has sold well and make wonderful accommodation for owner occupiers but investors have found it difficult to let at rents that would give acceptable returns.

Only 40% of £5mil plus purchases in London were made by British buyers in 2010 and this is exactly what Malaysia

needs – more foreign buyers of residential accommodation and more foreign tenants from multinational corporations. The quality of the housing stock is present and getting better all the time and we look forward to more liberalisation of the business sector and the attraction of more foreign investment to boost the luxury housing market and improve the country's competitiveness.

London is the world's largest financial centre alongside New York and there are more overseas banks in London than any other international city. Obviously the attempt to base an Islamic "mega bank" in Kuala Lumpur is welcome and may make Kuala Lumpur the global centre for Islamic finance. Life in London is very busy with Heathrow being the world's busiest airport and London having more than 300 languages spoken. Malaysia has embraced multiculturalism and so this is not likely to hinder progress towards being a global city.

Just like London, the hunting grounds for wealthy families to live in large houses in KL are well established residential areas characterised by wide roads and plenty of parks or trees. Areas in London for houses like Belgravia, Holland Park, Regent's Park, Chelsea and Mayfair are the equivalent of our Bukit Tunku, Ampang Hilir, Bangsar and Damansara Heights. Well-planned new townships like Desa Park City may well become the equivalent of Chiswick in West London one day and will undoubtedly help Kuala Lumpur become a global city!

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The Binjai Residency in Kuala Lumpur.