

"Arau and Pauh are the two 'hotspots' currently experiencing significant appreciation in value of the properties transacted."

These two towns are enjoying the spillover demand for properties as several institutions of higher learning namely Kolej Matrikulasi, UiTM Perlis, Politeknik Tuanku Syed Sirajuddin and UniMAP (Universiti Malaysia Perlis) are situated in proximity, he adds.

"Another 'hotspot' is Sanglang, a place for swiftlet farming. Prices for land and properties are on the uptrend."

There is not much freehold land in Perlis especially in Kangar Town as most part of it are demarcated as Malay reserved land. There is however, one last freehold land available in the town, in front of Khoo Aik Primary School and Sekolah Menengah Perlis, he says but prices here are not reflective of the market. It is expensive by Perlis standards, he adds. A two-story terrace house in the development is priced around RM400,000 now. But the demand is great due to the scarcity of freehold land and proximity to other mature conveniences in the town area.

In general, the take up rates for properties in Perlis are slow. Buyers have many choices and are not in a hurry to buy. Speaking from his experience, developers will usually see people coming in to enquire and purchase when development is about 70% to 80% complete. And the developers roll out very small housing schemes of about 30 to 50 units in a development on an average. Presently, the challenges of the state remain.

"Lack of factories and industries in Perlis means lack of job opportunities here."

Reported in the Malaysian Industrial Authority (MIDA), a total of RM3.86 million domestic investments were approved for Perlis between January and April 2011 as compared to RM31.44 million in 2010.

Perlis have been sidelined in terms of infrastructure, suggesting the probable preference of industrial activities to operate in Kedah rather than in Perlis. The

Situated at the northeastern tip of the Peninsular and the smallest state of all, larger than only Kuala Lumpur in terms of land mass, Perlis may be a state less mentioned. With a population of 240,000, the growth of property development here, albeit a little slow, have always been steady, supported by local and domestic market.

"The property market recorded an upturn in 2010," says Lee Hor Yin, Treasurer of REHDA Kedah/Perlis and Director of Nepta Development Sdn Bhd and Treasurer of the REHDA Kedah/Perlis branch.

"The demand and supply situation for 2011 is on a stable uptrend. There is not much speculation in the property market and hence prices are stable in Perlis."

"Movement in volume and value of transactions of residential and commercial properties are on the uptrend, experiencing a significant appreciation in value especially in Kangar Town, Arau, Pauh, Kuala Perlis and Sanglang."

The prices have increased about 20% in the last two years, he adds.

Currently, prices range from RM100,000 to RM150,000 for a single-story link

house, from RM180,000 to RM235,000 for a single-story semi-detached house and from RM280,000 to RM330,000 for a two-story semi-detached house. On the commercial side, the prices of the two-story shops are between RM300,000 and RM400,000 and three-story shops are selling above RM500,000.

Back then, it was only RM80,000 for a single-story link house; RM160,000 for a single-story semi-detached and RM230,000 for a two-story semi-detached unit. This increase, says Lee, is in line with increase in construction costs, conversion premium payments, earth fillings and others.

States	1Q 2011		2010		Population '000	Land Size km <sup>2</sup>
	No. of Transactions	Value of Transactions RM Million	No. of Transactions	Value of Transactions RM Million		
Malaysia	49,474	19,466.79	195,077	78,426.96	11,965	29,239
Selangor	22,048	9,405.65	90,414	36,614.49	5,102	7,960
Kuala Lumpur	5,839	4,188.67	27,370	20,028.79	1,722	243
Johor	12,540	3,279.21	48,537	11,807.21	3,305	19,210
Penang	8,362	2,538.45	25,986	9,371.99	1,596	1,031
Perlis	685	54.81	2,770	604.48	240	795

Approximate driving distance from Kangar Town to:

Arau - 17.5km, 18mins  
Kuala Perlis - 11km, 13mins

Pauh - 20km, 20mins  
Sanglang - 22km, 27mins



North South Highway only goes up to Alor Setar and Bukit Kayu Hitam, Kedah. To reach Kangar, you have to exit at Changlun and enter the Changlun-Kuala Perlis Highway. If the main highway is lined up to Kangar, it will be a great spur to the existing domestic demand it presently enjoys.

There have been efforts to bring more economic activities to Perlis. In 2010, there was a proposal to build a 48km bridge linking Langkawi and Kuala Perlis. Recently, as reported by Bernama, a land reclamation project between Kuala

Perlis and Kuala Sanglang will be implemented, with intent to develop Kuala Perlis into a commercial hub.

Perlis will probably fare better in terms of economic and property development once such initiatives are rolled out effectively. What it needs is someone to come in to see the potential Perlis brings.

Lee casts an open verdict. While Perlis presently faces such challenges, it welcomes and woos pursuers readily to undertake the challenge and reinvent Perlis' economic and real estate landscape.

### Average Price of Properties by Type

Type	Average Price (RM)	Built-up (sq ft)	Land Area
1-story link house	150,000	880	22' x 70'
2-story link house	250,000	1,760	22' x 70'
1-story semi-d	235,000	960	34' x 70'
2-story semi-d	330,000	1,920	34' x 70'
2-story shop	350,000	2,400	20' x 60'
3-story shop	600,000	3,600	20' x 60'

### Primary Commodity in Perlis

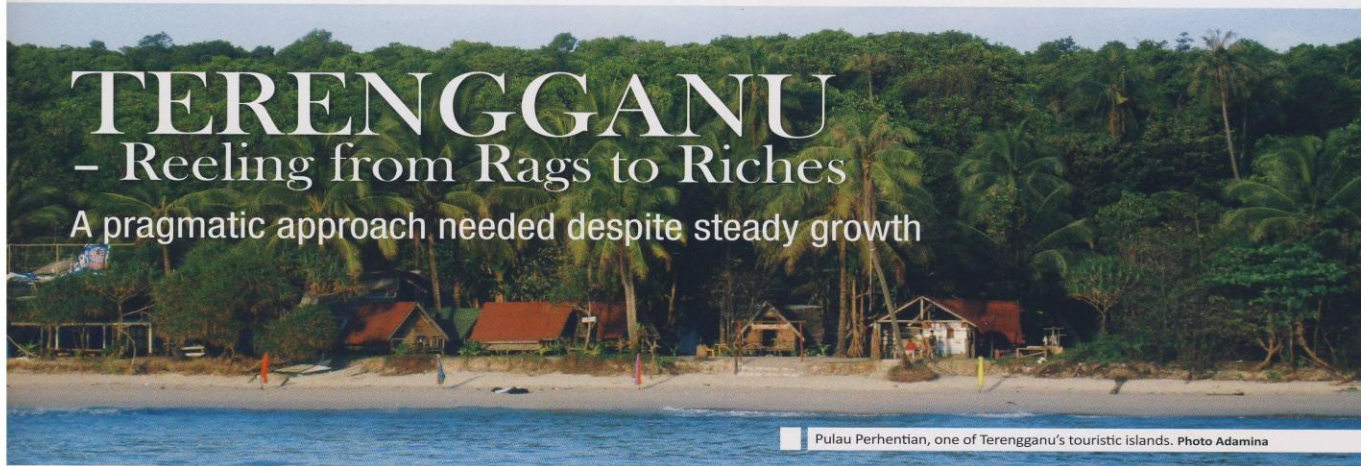
**Agriculture:** Paddy, vegetables, fruits, sugarcane, rubber

**Fishery:** Deep sea fish, freshwater fish, prawn breeding

# TERENGGANU

## - Reeling from Rags to Riches

A pragmatic approach needed despite steady growth



Pulau Perhentian, one of Terengganu's touristic islands. Photo Adamina

THE oil state of Terengganu borders Kelantan to the north-west and Pahang to the south-west. The state was once Malaysia's poorest before the discovery of oil and gas off its coastline in 1974. Today, its property industry continues to rise, but there are still challenges to face in making it advance further.

Mohamad Nasir Ali, Executive Director of Rahim and Co (Terengganu) Sdn Bhd believes the market has shown positive growth over the last five years. Volume and value of transactions grew at a compounded average growth rate of 3% and 6% respectively from 2005 to 2010. In 2010, a total of 18,597 properties were transacted, reflecting a 6% increase from the previous year. Total value of transactions also rose by 28% between 2009 and 2010 from RM1.23 billion to RM1.58 billion, with the residential sector as the main contributor. This sector accounted for 56% and 49% of total volume and value of transactions respectively.

"We believe this positive trend will continue, especially with the government's effort to introduce affordable houses with prices at RM220,000 and below," says Nasir.

States	1Q 2011		2010		Population '000	Land Size km <sup>2</sup>
	No. of Transactions	Value of Transactions RM Million	No. of Transactions	Value of Transactions RM Million		
Malaysia	53,628	19,831.11	210,904	79,400.23	12,775	41,439
Selangor	22,048	9,405.65	90,414	36,614.49	5,102	7,960
Kuala Lumpur	5,839	4,188.67	27,370	20,028.79	1,722	243
Johor	12,540	3,279.21	48,537	11,807.21	3,305	19,210
Penang	8,362	2,538.45	25,986	9,371.99	1,596	1,031
Terengganu	4,839	419.13	18,597	1,577.75	1050	12,995

### Values within 10km from Kuala Terengganu

**Single-Story Link Home:** RM150,000 - RM170,000, built-up 1,400sf, RM107psf to- RM121psf

**Double-Story Link Home:** RM260,000 - RM 320,000, built-up 1,400sf, RM186psf - RM230psf

**Double-Story Semi-Detached:** RM350,000 - RM390,000, built-up 2,500sf, RM140psf - RM163psf

**3-Story Shop Office:** RM1.3 mil - RM2.0mil, built-up 1,400sf, RM930psf - RM1430psf

Woo Mun Kit, Chairman of REHDA Terengganu and Managing Director of Citiraya Development Sdn Bhd, believes the market here is steady and trending upwards.

"Both the residential and commercial sectors are in demand," says Woo, and adds that the hotspot of Terengganu still remains within the city of Kuala Terengganu.

Prices of property within the city varies, but a newly completed development of

double-story link houses in the city with a built-up of 1,100 sq ft to 1,400 sq ft may fetch around RM350,000 to RM400,000, appreciating around 6% to 10% per annum while generating a 6% to 8% yield.

Commercial properties here are also doing well. For lots within the city, Woo says that prices may range from RM150 per sq ft to RM250 per sq ft and may appreciate anywhere from 70% to 100% after five years, yielding around 5% to 8% per annum. That



said, Woo warns that the commercial sector is seeing a supply shortage as open freehold land to develop is getting scarce.

According to Nasir, residential properties in Kuala Terengganu, Dungun, Besut and Kemaman have shown appreciation between 15% and 26%, not bad considering it's ranked fourth least populous in the country. Though located quite far from the city, with the exception of Kemaman, these locales and may well be a good choice for a home investment.

"With the recently launched Bandar Putra Kemaman project – a well-planned integrated township with residential, commercial and industrial properties, the residen-

tial market is expected to be more upbeat, offering buyers with new modern designs," says Nasir.

Property prices are going up because for one, development land, especially freehold land, is depleting. Woo says that investors would want to put their money in freehold commercial properties within a 10km radius of Kuala Terengganu city – as demand rises. Nasir further justifies this by adding that commercial properties here can appreciate up to 20% per annum. This would be good from an investor's standpoint but depleting non-Malay reserve land may discourage developers from coming in. This would all depend on the government to address, but the political scenario in itself is a challenge.

As far as the industrial and manufacturing sector is concerned, Woo says, "Apart from the oil industry and logging business, the only vibrant business here is island business, where only the islanders and resorts benefit."

While tourism is active in Terengganu, it is mainly island focused. It is safe to say that more than 70% of tourists visit just for the islands, like Pulau Perhentian, and jet off right after.

The lack of infrastructure support to promote other industries is one of the reasons, the lack of land is another. Woo believes that the government needs to be open-minded and pragmatic when it comes to addressing these matters.

## KELANTAN - A Rising Tourism Escapade

### There is More than Meets the Eye in this North-Eastern State

KELANTAN, on the north-eastern part of Peninsular Malaysia is a place where opportunities still lie abundant. While its real estate activities also recorded the second lowest in both property transactions and values from 2010 to 1Q 2011, the property sector here is expected to steadily rise at its own pace as speculation is relatively low.

Dato' Sekarnor Che Omar, Chairman of REHDA Kelantan and Managing Director of Strata Merge (M) Sdn Bhd, says the residential sector will still be on top, especially with the government's introduction of My First Home Scheme. According to him, this scheme will attract more buyers to the state as there are plenty available homes that fall within the RM220,000 maximum property value qualifying mark.

Areas with University Malaysia Kelantan campuses are touted to thrive. And Telong, Bachok, Tok Bali, Pasir Puteh and Jeli offer affordable residential options. Although property prices in Kota Bharu have risen, it is safe to say that prices on the outskirts and upcoming town areas are still fairly cheap (*see Kelantan Average Home Prices*). For example, a 900 sq ft single-story link house in Jeli can be bought for RM130,000 but in Kota Bharu, the same unit may go for around RM250,000.

Kota Bharu is the capital of Kelantan, and prices here are naturally higher. Dato' Sekarnor believes the trend here is inclined towards high-rises. More and more condominiums and apartments are being built in

Kota Bharu, even studio apartments are in favor now. One of the reasons behind this trend is people from neighboring states see Kelantan as an escape destination. The strong trace of Malay tradition and culture has also contributed, with people from as far as Johor migrating here because of this. Dato' Sekarnor believes that 'religious tourism' too attracts a lot of people to Kelantan, more so with the government's promoting. Investors can see this as an opportunity and tap into the growing tourism market here. Conventional industries aside, the thriving bird's nest industry has also kicked-up outside interest, another small but worthy contributing factor to the influx of property buyers.

Capital appreciation averages around 8% per annum for the whole of Kelantan while rental yield is about 4%. Districts outside of



Still too traditional or will Kelantan's property market soon bring in something different? Photo Adamina

Kota Bharu may have a lower figure but in the capital itself, properties in general may appreciate approximately 10% per annum while rental yield fluctuates from 5% to 7% per annum depending on location.

"I would say that Kelantan is an up-and-coming state," says Dato' Sekarnor.

Although this agriculture state of Kelantan is still a fair distance behind popular states like Kuala Lumpur and Penang, Dato' Sekarnor is confident Kelantan will have its time.

States	1Q 2011		2010		Population '000	Land Size km²
	No. of Transactions	Value of Transactions RM Million	No. of Transactions	Value of Transactions RM Million		
Malaysia	51,302	19,611.47	201,671	78,548.31	13,395	43,366
Selangor	22,048	9,405.65	90,414	36,614.49	5,102	7,960
Kuala Lumpur	5,839	4,188.67	27,370	20,028.79	1,722	243
Johor	12,540	3,279.21	48,537	11,807.21	3,305	19,210
Penang	8,362	2,538.45	25,986	9,371.99	1,596	1,031
Kelantan	2,513	199.49	9,364	725.83	1,670	14,922

#### Kelantan Average Home Prices

Single-Story Link Home: RM120,000, built-up of 800sf, RM150psf

Semi-Detached Home: RM175,000, built-up 1,100sf, RM160psf

Bungalow: RM250,000, built-up 1,400sf, RM179psf

Averages based on locations outside Kota Bharu. In Kota Bharu itself, prices are at least double.