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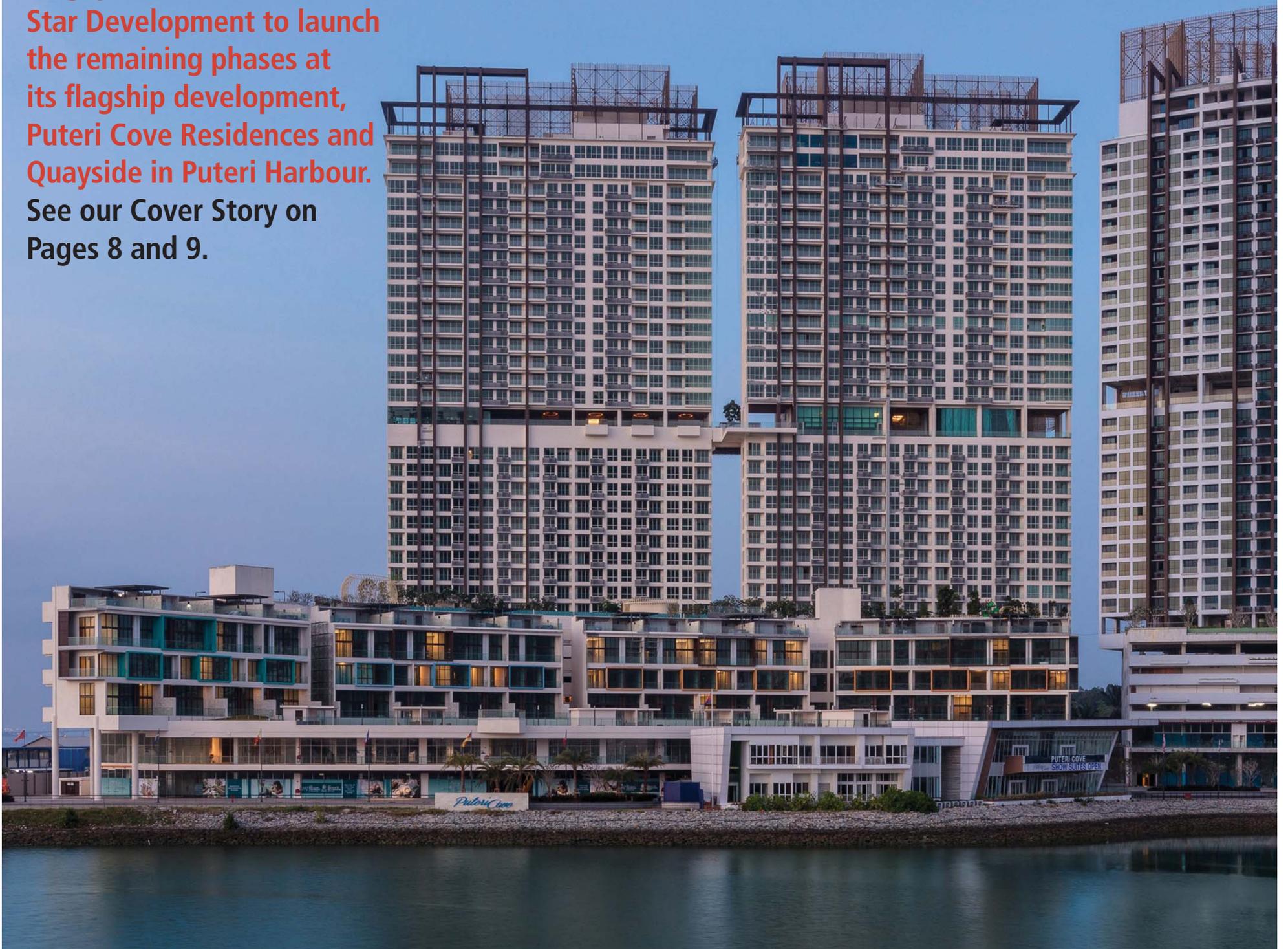
Unit at D'Chateau @ Shelford suffers loss of \$1.22 mil

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PACIFIC STAR DEVELOPMENT

Positive sentiment spills over to Iskandar

Singapore-listed Pacific Star Development to launch the remaining phases at its flagship development, Puteri Cove Residences and Quayside in Puteri Harbour. See our Cover Story on Pages 8 and 9.



Positive sentiment spills over to Iskandar

Singapore-listed Pacific Star Development to launch its remaining phases at the RM1.75 billion flagship development Puteri Cove Residences and Quayside in Puteri Harbour

Chan: Buying cheap does not necessarily guarantee price appreciation. If you buy prime property, it has scarcity value.



The grand lounge at Puteri Cove Residences



The mail room of Puteri Cove Residences is designed like a bank vault for safe deposits

| BY CECILIA CHOW |

Singaporean IT professional Crystal Lai is looking forward to moving into her new condominium unit at Iskandar Malaysia's Puteri Cove Residences, the flagship project by Singapore-listed Pacific Star Development.

Lai intends to commute daily to work, estimating that it will take 30 to 40 minutes to drive from her new home in Puteri Harbour to her office in Tuas — the same amount of time it would take her to travel from her current home in Jurong to the CBD or Orchard Road.

In return, she will enjoy a quality of life that she aspires to have in Singapore — “but at one fifth the cost”, she reckons. After all, her three-bedroom apartment is a sizeable 1,200 sq ft, tagged at RM1.7 million to RM1.8 million in 2015. The unit will be handed over to her fully furnished, according to the theme she has chosen, “Elegance”, for which she paid a top-up of less than \$100,000. The total package for the fully furnished unit amounts to just under \$620,000, based on the current exchange rate of \$1 to RM2.96.

Stretching the dollar

For that amount, Lai will enjoy a premium condo unit with freehold tenure and unparalleled views of the swimming pool, the marina and the sea beyond. She is looking forward to entertaining her friends and relatives at her new home — there are eight function rooms in Puteri Cove Residences — as well as enjoying the 30 different facilities ranging from gyms, a 50m lap pool and jacuzzi pool to tennis courts and landscaped garden.

While the spectre of vacant apartments — tell-tale signs of an oversupply — continues to haunt Iskandar Malaysia, Lai believes Puteri Cove Residences will prove to be an ex-

ception. Her conviction stems from the fact that there are others like her, including some of her friends, who had also purchased units at Puteri Cove Residences with the intention of moving there. “I think it's going to be quite vibrant,” she says. The Puteri Harbour area reminds her of Singapore, given its infrastructure, but is more tranquil, she adds.

Capital appreciation

Pacific Star Development CEO Glen Chan feels vindicated now that Puteri Cove Residences is completed: This month, the twin 32-storey towers containing 329 units each have obtained their Certificate of Completion and Compliance (CCC), the equivalent of the Temporary Occupation Permit in Singapore. So far, 80% of the units have been sold.

When Puteri Cove Residences was first launched in October 2013, prices averaged RM1,250 psf, which was at a premium to those at some of the projects that were launched a year earlier. For instance, prices at some developments in Medini, Johor Bahru city centre and elsewhere in Puteri Harbour were RM700 psf. “Some buyers were seduced by the lower prices,” says Chan. “Today, some of these projects are still priced at RM700 psf. What it tells you is that buying cheap does not necessarily guarantee price appreciation.”

At Puteri Cove Residences, on the other hand, asking prices today are hovering in the range of RM1,400 to RM1,600 psf. “If you buy prime property, it has scarcity value,” says Chan.

For early buyers of Puteri Cove Residences such as Singaporean K S Leong, that is good news. Leong purchased his unit — a three-bedroom apartment of about 1,200 sq ft on the 13th floor of Tower 1 — four years ago. He paid about RM1.6 million (RM1,333 psf) for it. Even though he has no intention of selling his unit, he is happy to know that he is sitting on a paper gain.



The show unit of a 1,750 sq ft, three-bedroom unit at Tower 1 with 270° views is priced at RM3 million and has a 'Bali' theme



This two-bedroom unit at Puteri Cove Residences has an 'Art' theme



A three-bedroom unit furnished according to the 'Elegance' theme

Right from the start, Leong had intended to purchase the unit at Puteri Cove Residences as a weekend home for his family, as he has two young children.

Furniture package with 11 themes

While Leong recognises that he paid a premium for his unit at Puteri Cove Residences, he feels it was "a good thing". After all, the property will be handed over to him fully furnished in the "Marina" theme he chose. "That's the added convenience," says the 45-year-old. "This is unlike some of the other projects in Malaysia that I've seen, where the flooring is not done, the kitchen is not fully fitted and the tiles are made locally. As foreigners, if we want better-quality finishing, we wouldn't know how to go about looking for a contractor and it will probably cost a lot more to do it on our own."

According to Pacific Star's Chan, buyers of Puteri Cove Residences are made up of 28 nationalities. About half of them are Singapore citizens, of which 70% have indicated they were buying the units for their own use — either as a primary residence, like Lai, or as a weekend home, like Leong. Malaysians make up about 20% of the buyers, followed by Indonesians (11%) and Koreans, who account for 5% to 6% but are among the fastest-growing.

It is because the majority of the buyers are foreigners that Pacific Star decided to offer them the option of a furnishing package with 11 themes, for instance, Bali, Bondi, Elegance and Marina. The packages range from \$60,000 to \$100,000.

Freehold, at a fraction of Sentosa Cove's prices

Puteri Harbour was Malaysia's answer to Singapore's Sentosa Cove, a waterfront residential resort catering to well-heeled international homebuyers. Even though Sentosa Cove's prices have softened, based on the exchange rate, prices at Puteri Cove Residences are still a third that of similar products in Sentosa Cove. While Sentosa Cove developments are all 99-year leasehold, Puteri Cove Residences has freehold tenure.

The latest transaction at Sentosa Cove was for a 1,711 sq ft, three-bedroom unit at The Oceanfront, which changed hands for \$2.9 million (\$1,694 psf), according to a caveat lodged earlier this month.

At Puteri Cove Residences, the remaining three-bedroom unit at Tower 1 — on the 26th floor and with an area of 1,750 sq ft and 270° views — is priced at around RM3 million.

A RM1.75 billion mixed-use development that sits on 340,000 sq ft of freehold land fronting the marina, Puteri Cove Residences comes with a five-storey commercial podium called Quayside. There are 56 SOHO, or small office/home office, units on the upper three floors as well as 78 strata retail and F&B units on the lower two floors. Quayside also obtained CCC this month.

Mixed-use

Quayside at Puteri Cove Residences has about 120,000 sq ft of lettable space, which is three times the size of the retail space at The Quayside Isle in Sentosa Cove. Tenants include the Pasar by MASLEE, a gourmet supermarket that

will occupy 15,000 sq ft; Yi Jia Chinese restaurant with a three-in-one concept comprising a dim sum restaurant, bar and banquet room housed in a two-storey standalone pavilion; as well as an artisan grocer cum café that will feature new-to-market wellness products offered by agropreneurs under the Malaysian Agricultural Research and Development Institute (Mardi).

Pacific Star intends to position Quayside as a dedicated F&B destination, says Kam Tin Seah, the company's chief operating officer. The strata retail units will not be offered for sale yet, he adds.

The third high-rise tower at Puteri Cove Residences will contain 340 serviced apartments branded Pan Pacific Serviced Suites and will be managed by Pan Pacific Hotels Group, the hospitality arm of Singapore-listed property developer UOL Group. The tower will obtain CCC in June.

Pacific Star is looking to launch the remaining units at Puteri Cove Residences and the SOHO units in early March, according to Kam. The SOHO units on the first and third levels have a double-volume ceiling height of 4.8m and come with a mezzanine floor that can be converted into a work loft or an additional bedroom. The third-level SOHO units will have a rooftop jacuzzi that can fit six people, while the first-level SOHO units boast a plunge pool. SOHO units on the second level have a 3.5m ceiling height. The SOHO units, which are also freehold and have direct marina frontage, will be priced from RM2.3 million (\$777,027).

The private marina and clubhouse at Puteri Cove will be managed by Singapore group SUTL Enterprise under its One°15 brand. The One°15 private marina will have a clubhouse that is larger than the one at Sentosa Cove and around the same number of berths (278). SUTL also inked a deal with UEM Sunrise Bhd to develop and manage a 148-berth public marina and a mega yacht marina for up to 14 vessels at Puteri Harbour. These marinas will also be branded One°15.

Growth factors

The latest international school to open at Iskandar Malaysia is the new campus of The Raffles American School, part of Singapore-listed Raf-

fles Education Group. It joins the prestigious Marlborough College, University of Reading, University of Southampton and Newcastle University of Medicine, which make up EduCity.

Meanwhile, Ascendas Tech Park and Mitsui Tech Park have both opened, as has IKEA logistics park, with the biggest Ikea store in Southeast Asia. South Korea's giant cosmetics company Amorepacific Corp is also building a new factory next to Ikea. The factory will be its largest outside of South Korea.

"All these new developments translate into increased white-collar jobs, especially for mid- and high-level executives, and a rise in the middle-income population, as well as demand for housing in Iskandar Puteri," says Pacific Star's Chan.

Many foreigners, such as Koreans, Japanese and Chinese as well as Singapore expatriates, are sending their children to international schools at Iskandar Malaysia. Some are also setting up small businesses or opening new factories here, notes Ryan Khoo, founder and director of Alpha Marketing, a real estate consultancy that specialises in Iskandar Malaysia. "As the oversupply gets absorbed in the next few years and more lifestyle amenities and services are in place, buying interest from Singapore buyers will return, especially once they see the RTS [rapid transit system] and HSR [high-speed rail] coming up."

Last November, Iskandar Puteri, Johor's administrative capital, was declared Malaysia's 14th city. Unlike Johor Bahru, Iskandar Puteri is a master-planned new urban area with proper infrastructure in place. It will also be a beneficiary of the Singapore-Kuala Lumpur HSR, as one of the stations will be located there.

'Like Punggol'

Puteri Harbour is located within Iskandar Puteri. Pacific Star had purchased the site at Puteri Harbour for the development of Puteri Cove Residences and The Quayside in 2012 jointly with niche Singapore developer DB2 Land. "I believe in only one place in Iskandar Malaysia and that's Puteri Harbour, as it has the makings of an international waterfront city, and it is freehold," says Chan.

He feels that the development of Iskandar Puteri is no different from Singapore's urban

development over the past 30 years, especially in Punggol. He recounts how his brother-in-law had queued for an HDB flat in Punggol 25 years ago. "At the time, Punggol was considered to be in the boondocks," says Chan. However, today, the Singapore government is positioning Punggol North as the "new digital district" for digital and cybersecurity companies that is expected to generate 28,000 jobs in the future.

Alpha Marketing's Khoo concurs. "For a new township that is only 10 years old and was previously just jungle and oil palm plantations, the progress at Iskandar Puteri has been remarkable," he says. "It is very much like when Singapore first started developing Punggol."

Positive sentiment

Being new and master-planned, Iskandar Puteri attracts Singaporeans and other foreigners who prefer it to Johor Bahru city centre, which is more haphazard in its town planning, notes Khoo.

"The high-end residential property market in Iskandar Malaysia is heavily influenced by Singaporean buyers and mirrors Singapore property prices as well," he adds. "Singapore saw a correction that started from the middle of 2013, and the high-end residential market in Iskandar Malaysia was likewise affected by fears of an oversupply, property cooling measures by Malaysian government in 2014 and an erosion in buyer sentiment."

As sentiment in the Singapore property market has turned positive, interest in Iskandar Malaysia has revived, notes Peter Lim, founder of Pierre International and a veteran in marketing Iskandar Malaysia real estate. He has seen an increase in enquiries on property in Iskandar Malaysia since the signing of the bilateral agreement on the Johor Bahru-Singapore RTS Link between the two countries' prime ministers last month. "The prospect of RTS and HSR coming online has certainly lifted sentiment," he adds.

Other impetus included the easing of toll charges at the Woodlands checkpoint since February and the recent introduction of an additional 1% in buyer's stamp duty for properties priced above \$1 million. "That provided the extra push for prospective homebuyers to look across the Causeway," notes Lim.

Seeking growth

The improvement in sentiment in Singapore has also encouraged Pacific Star to look home-ward. The group is considering sites of up to \$100 million in joint ventures with other developers. The focus will be on en bloc sites in the prime districts, Chan says.

Listed via a \$140 million reverse takeover of LH Group a year ago, Pacific Star reported a 78.3% y-o-y increase in its 4QFY2017 revenue to \$30.7 million on Feb 12. This was mainly attributed to sales from Puteri Cove Residences. Revenue for the full 12 months jumped 42% to \$83.9 million. Gross profit likewise leapt 76.2% to \$14.7 million in 4QFY2017 and 39.4% to \$40.4 million for the full 12 months.

According to Chan, Pacific Star is exploring opportunities in Singapore, Iskandar Malaysia and elsewhere in the Asean region. **E**



The infinity pool, one of 30 shared facilities within Puteri Cove Residences