

# City&Country: Yuk Tung maintains niche in Greater Kuala Lumpur

Written by Haziq Hamid of The Edge Malaysia

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It was niche developments in Greater Kuala Lumpur that helped establish Yuk Tung Group in the local property sector. It has completed 10 projects in the last 10 years and raked in more than RM1.5 billion in sales in the last five years.

According to its managing director Tan You Hock, the group was formed 10 years ago through a merger between HR United Sdn Bhd, which was facing financial difficulties at the time, and Yuk Tung Group Sdn Bhd.

"We felt that as a group we were expanding into something bigger and better. So we decided to merge while maintaining HR United and Yuk Tung as separate entities, but under the Yuk Tung banner," he explains.

The merged group's maiden project was Suriamas Apartments in Bandar Sunway in 2005.

Yuk Tung built its presence in the property business over the years and by 2012, three of its developments — The Peak, a gated and guarded residential project in Cheras, Kiara 3 condominium in Mont'Kiara and Central Residence in Sungai Besi — had won awards.

"We are a niche developer, we don't have big townships. Our projects are located in Greater Kuala Lumpur and most of them are pocket developments," explains Tan.

Currently, Yuk Tung is keeping itself busy with a development each in Shah Alam, Selangor and Mont'Kiara and Sungai Besi in Kuala Lumpur.

The Shah Alam project, dubbed Menara U, is on 2.26 acres of leasehold land in Section 13. It is being developed in two phases — Menara U1 and Menara U2.

Menara U1 comprises a 27-storey serviced apartment tower with 531 residences and 38 retail units. The serviced apartments have built-ups of 527 to 622 sq ft and are priced at RM240,000 to RM290,000 (RM450 psf to RM480 psf). The retail lots have built-ups of 1,700 sq ft to 2,500 sq ft and prices from RM1 million to RM2.4 million.

The 1.47-acre Menara U2 consists of 474 small office home offices (built-up: 450 sq ft onwards). They are priced at RM237,000 to RM264,000 (RM527 psf to RM588 psf).

Menara U1, which was launched in November 2010 and is sold out, is expected to be completed in June 2013. Menara U2, which was made available to the public in October 2011 and is 82% sold, is set to be completed in December 2014.

In Mont'Kiara, it is developing Richmond, a condominium tower offering 160 units with built-ups of 1,518 to 5,349 sq ft. Prices range from RM750 psf to RM800 psf. The 0.809-acre freehold project was launched in June 2011 and has since achieved sales of 65%.

## Central Residence

Called Central Residence, the 4.16-acre freehold development coming up in Sungai Besi is the largest of the three projects. It comprises SoHos, serviced apartments and shopoffices and has a gross development value of RM400 million.

Central Residence is being developed in three blocks. The first consists of 526 SoHos (built-up: 565 to 956 sq ft) that are priced at RM362,565 to RM569,205. This block was launched in September 2011 and has a take-up rate of 90%.

The second block — 27 storeys high and called The Court at Central Residence — was launched on Aug 11. It offers 365 serviced apartments (built-up: 845 to 1,089 sq ft) that cost RM486,000 to RM700,000 each. Facilities at The Court include a sky lounge, swimming pool, sauna, roof garden and an amphitheatre.

Open for registration and targeted for launch in the third quarter of the year, the third block offers 168 serviced apartments. It is expected to be completed in October 2014.

"Central Residence is considered very close to Kuala Lumpur. We consider this project to be well within the KL city area. The locals might say Sungai Besi is far off, but it is not. It is nearer to the KL city centre than Mont'Kiara," Tan points out.

"Response to this project has been good, especially since the old Sungai Besi airport site is to be redeveloped into Bandar Malaysia and the Jalan Cochrane area is to be transformed into a new financial centre. Our project is a mere five minutes from these places."

Tan is targeting young homebuyers for this project. "I would say that 35% to 45% of our buyers are young adults or parents buying for their children."

## Port Dickson project

Early this year, Yuk Tung purchased a 75-acre (30ha) leasehold parcel with a mix of commercial and residential land in Port Dickson, Negri Sembilan, at an undisclosed price. The land is located next to the waterfront marina. Tan says the developer is still planning the project for this site and will submit a development plan soon.

"The land was reasonably priced and we are inclined to go for a hospitality project on the site. We might develop a hotel, theme park or marina. Definitely something interesting and fun targeting the young market."

He adds that due to the location of the parcel off Jalan Pantai, he sees the potential to tap the Singapore market.

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"The land is not only located next to the waterfront marina, but we can tap the Singapore market, especially with the establishment of the proposed Kuala Lumpur-Singapore double-tracking railway line. Once you have this fast train, you are talking about Kuala Lumpur to Singapore in 1½ hours. We feel that there is potential to tap Singapore's overflowing market. For instance, the Chinese who come to Singapore will definitely come to Malaysia."

## **Royce Residence**

Yet another of Yuk Tung's upcoming developments is Royce Residence. Comprising two blocks of serviced apartments in Jalan Yap Kwan Seng, near the KLCC area, the 42-storey Royce Residence has 440 serviced apartments. It is coming up on 7.82 acres of freehold land.

Tan says the developer has been wanting to officially launch Royce Residence for about a year now and has not decided whether to keep the project as an investment or sell it.

"We may keep it as an asset for recurring income. We have spoken to two or three serviced apartment operators in the market and they have presented some proposals on how to run them. We have yet to decide."

He adds that it is possible to convert the two towers into a hotel as well. The developer is talking to investors and engaging the market for possible opportunities. Yuk Tung has also received a proposal to buy Royce Residence but Tan says the developer is unlikely to sell it.

According to Tan, the group has been invited to be involved in redevelopment projects in the Klang Valley and Penang. "We have submitted our proposals. One is pending while in another, the landowner had a last-minute change of heart."

Tan, however, admits that Yuk Tung prefers to buy land and develop it on its own. "Redevelopment projects are not straightforward," he explains. "They involve dealing with a lot of parties as well as authorities and our experience in development is limited, so we're not keen on redevelopments."

Yuk Tung will maintain its current strategy of being a niche developer until KL runs out of development land. "Then we will have no choice. But I think KL still has plenty of land. It's just that the cost is very high," remarks Tan.

## **Overseas market**

When asked about venturing overseas, Tan says the developer did explore foreign markets but decided against penetrating any of them. "We explored China but didn't go in. All its developments are very big and we are financially not up to par."

He maintains that Malaysia is still the developer's preferred choice for property development and investment. "Personally, I feel Malaysia is a property haven. If the government promotes our market, the economy is good, our country is politically stable and our streets are safe, foreign investors will come.

"For instance, Japanese investors are already coming into our market. This is due to the properties in Malaysia being reasonably priced and the market being stable. Our property prices rise 10% a year and with improvements in our infrastructure, Malaysia can market its properties to selected countries like South Korea, Japan and Hong Kong."

With this in mind, the developer is keen on joint ventures with foreign investors to develop projects in the Klang Valley.

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