



Headline	Malay Reserve title makes it tricky
MediaTitle	Focus Malaysia
Date	11 Jun 2016
Section	News
Page No	29
Language	English
Journalist	N/A
Frequency	Weekly



Malay Reserve title makes it tricky

EVEN a well-known resort location like Langkawi has issues with land titles that are stifling further development of the archipelago paradise.

Real Estate Housing Developers' Association (Rehda) Kedah and Perlis chapter chairman Datuk Rick Cheng says the majority of plots in prime locations are Malay Reserve in Kedah, unlike Penang or the Klang Valley.

This has resulted in a very limited supply of freehold land. Consequently, the private sector is unable to meet the growing demand due to the acute land shortage.

Joint ventures with Malay Reserve landowners have been the practice in the past, and it will continue, but the negotiations take a long time, Cheng notes.

Pantai Cenang, the prime beachfront address in Langkawi, is 100% Malay Reserve and foreigners (outsiders) are unable to purchase it.

Cheng explains that to spur tourism in Langkawi, developers of resorts should be allowed to swap land with their partners – the Malay Reserve landowners.

There are five-star resorts in Langkawi, whose owners continue to negotiate with their landowners because of the "complexity" of Malay Reserve status. "It is a tedious process and some developers gave up," he says.

It typically takes one to two years to confirm the land-swap commercial arrangement and if the developer is well-connected, the project can commence in 36 months. But if the companies are not well-versed with the dealings, the bureaucracy may cause the projects to commence construction only five years later.

And if it is a housing scheme, the developer must ensure that 50% of the buyers are bumiputeras.

Land issues have restricted the ability of developers to hasten the pace of development. "It has also caused the demand to predominantly outstrip supply, especially in Langkawi."

Benchor Development Sdn Bhd managing director Benny Chor says such factors are among the reasons for the slowdown on the island resort. The Langkawi-based developer cited that 90% of the island is Malay Reserve land.

The remaining freehold plots are either already developed or belong to the family of the late tycoon Tan Sri Loh Boon Siew.

The lack of property agencies and valuers has also complicated the ability of the market to reach its true potential, adds Chor. "It is a willing buyer and seller market but it has caused the prices to be intense. Speculation is evident in some dealings here," he says.

Benchor is developing about 200 units of serviced apartments as well as 12 bungalows and semi-detached houses near Taman Langkawi. It has a gross development value of RM200 mil.

With the lack of supporting players such as the agencies and valuers, the sellers and buyers in the property market have resorted to online advertising.

Metro City Realtors Sdn Bhd's property specialist Wendy Lian is handling many of the properties in Langkawi, especially among expatriates.

She lamented the lack of a proper system to conduct business, with everyone from villagers to the tenants claiming to be brokers representing the owners.

And without sound valuation, speculative prices are being offered – a bungalow goes for RM6.8 mil.

And one European couple wanted to sell their property although on the grant, it is stated that the land is Malay Reserve and the landowner is a bumiputera. "There is a lack of synergy to ensure that properties are market-driven rather than based on sentiments," says Lian.

Both Langkawi and Phuket (in Thailand) were developed at the same time but it is evident that the latter has grown rapidly, also partly due to tourism, Rehda's Cheng points out.

In Langkawi, the authorities are more inclined to promote the island resort as an eco-tourism site rather than the trappings of tourism such as a vibrant nightlife and mushrooming of hotels, he notes.

"[At the end of the day,] the tourism authorities must respond whether they want outright tourist dollars or a more subtle approach to managing the industry in Langkawi," Cheng says. – **By Ian McIntyre**