



Headline	Influx of high rise properties likely to cap prices in Penang
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# Influx of high-rise properties likely to cap prices in Penang

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**GEORGE TOWN:** The expected influx of high-rise residential units, partly due to more launches of affordable homes, is likely to put a cap on prices in Penang in the next few years.

Moreover, there could be increasing number of unoccupied units in the state as the additional supply would put pressure on occupancy rate.

PA International Property Consultants (Penang) Sdn Bhd foresees price correction in the luxury property market, when more high-rise units priced below the RM1 million mark are being offered in the secondary market.

The firm estimated that about 8,102 new high-rise residential units will be completed in Penang this year, of which 5,431 are condominiums and serviced apartments (92% on the island, 8% on the mainland). The remaining 2,671 units will be low-cost and normal priced flats (67% on the island, 33% on the mainland).

These are units which began construction in 2013 and are expected to be completed in 2016. In 2017, about 6,116 high-rise residential units which began construction in 2014 are expected to be completed.

The mainland is also expected to see an acceleration in high-rise developments next year, particularly for condominiums and serviced apartments.

According to PA executive director Loo Choo Beng, the Penang property market is likely to experience slower growth with transaction activities expected to slow down.

The number of transactions for condominiums and apartments in Penang had decreased by 19% last year to 2,458 units from 3,053 units in 2014. Just for the island alone, the average take-up rate of newly launched condominiums and apartments last year was 45%, Loo said, quoting the National Property Information Centre's property market report 2015.

Loo explained that the projected increase in high-rise developments on the mainland is in line with the state's plan to develop Batu Kawan as the third satellite city of Penang after Bayan Lepas and Seberang Jaya.

"We expect more residential properties to be developed on the mainland in the coming years, in line with the state's plan to develop Batu Kawan as the third satellite city of Penang. The general market value for high-rise on the mainland [now] is around RM300 to RM400 psf (per sq ft)," he said in an email response to *The Edge Financial Daily*.

One factor that could boost demand for Penang properties is the upcoming RM27 billion Penang Transport Master Plan (PTMP), which would bring, among others, a light rail transit (LRT) system to the state.

"The demand for and value of those residential and commercial properties located near the [planned] LRT station are expected to increase.

"One example of the impact of infrastructure on the property market in Penang is the construction of the Jelutong Expressway. The Bayswater Condominium [which is connected to the expressway] had a market value of RM300,000 in 2005 and [after the completion of the expressway] had a market value of RM450,000 in 2008," said Loo. Based on his figures, that's a 50% appreciation in three years.

The PTMP is currently awaiting approval from the federal government. The first LRT line, which is the Bayan Lepas line, is about 30km in length, with 27 stations running from Komtar to islands that will be reclaimed in the south.

"Besides enhancing accessibility and alleviating traffic, the PTMP will open up the opportunity for more land for future [property] development in Penang," Loo added.