



# A VERTICAL CITY

The transformation of what was once plantation land into one of Kuala Lumpur's premier high-rise residential enclaves offers a development model worthy of emulation



by Afiq Syarifuddin

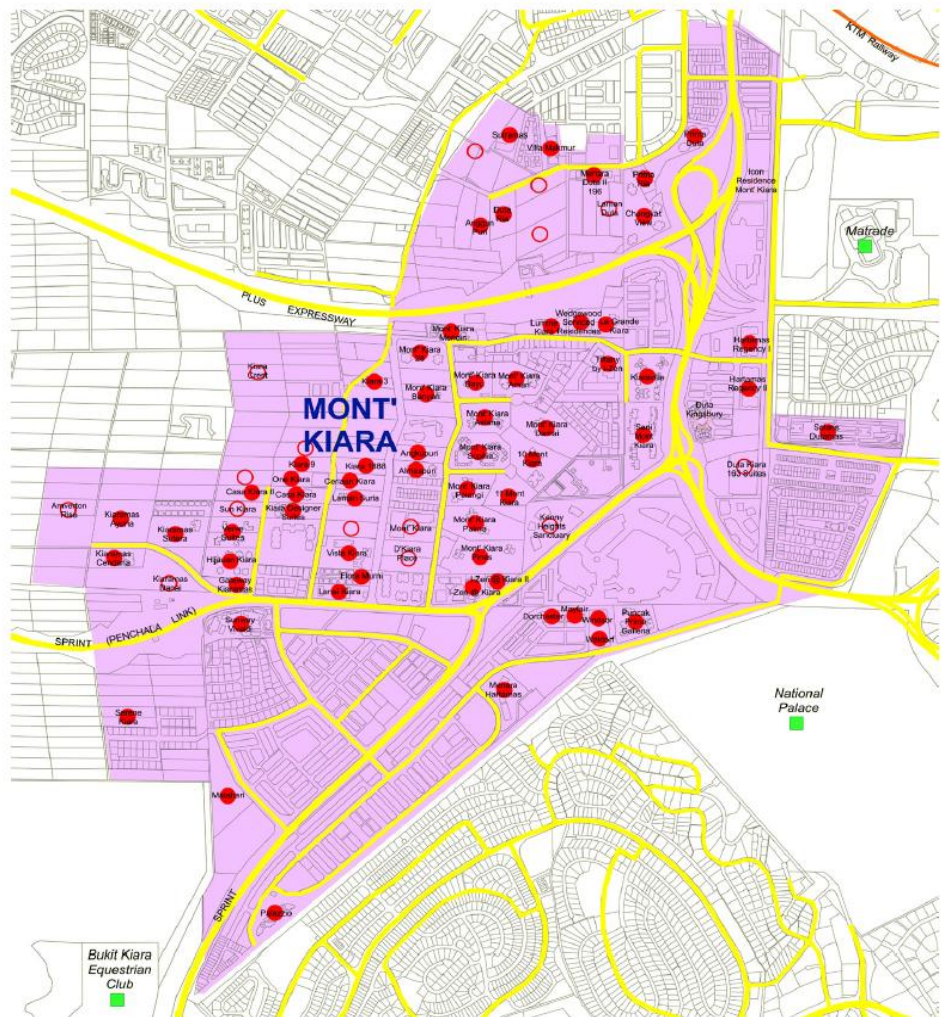
Who would have thought that what was previously part of a rubber plantation would one day become a sought-after high-rise residential address? The tale of Mont' Kiara's evolution is one worthy of note, not just because it's a true blue Malaysian real estate success story, but also because of the lessons it offers both developers and property investors alike.

In a period of just 15 years, Kuala Lumpur's Mont' Kiara enclave has garnered the respect not just of Malaysians, but also of the international community in Malaysia, many of whom make a bee-line to there to find a place to live. Attracted by the concept of community living and the developer's focus on quality of life, their presence has helped turn it into a vibrant, desirable place to live and this has increasingly drawn Malaysians to high-rise living in the area.

Today, Mont' Kiara has turned into a suburban township complete with amenities and lifestyle outlets. It is the only suburban township that constitutes primarily high-rise developments in Kuala Lumpur. Its reputation has grown in tandem with its size and it is now considered by many to be the "Damansara Heights of high-rise living" (Damansara Heights is one of Malaysia's premier landed residential property enclaves).

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Figure 1: Map of Mont'Kiara



Source: Ho Chin Soon Research

Figure 2: Existing Condominium Developments in Mont' Kiara

Project Name	Developer	Gross Floor Area (sq.ft)	Subsale Price (RM/sq.ft)	Asking Rental (RM/sq.ft)	Rental Yield (%)	Completion Date
Amarin Kiara	Amarin Group	4,073-6,141	600	2.89	5.78	Jan-08
Kiaramas Sutera	Asia Quest Holding	1,347-4,100	400	3.00	9.00	2004
Hijauan Kiara	Bukit Kiara Properties	2,090-3,732	600-800	3.20	6.40	Mar-08
Verve Suites	Bukit Kiara Properties	633-1,213	800	6.00	9.00	Ongoing
Casa Kiara I	Dijaya / Sunway	1,235-4,573	430	2.50	6.98	Apr-06
Flora Murni	Tian Gloval	1,615-5,490	455	2.62	6.91	2006
Laman Suria	Sunrise Bhd	931-2,147	520	2.50	5.77	Jan-04
Mont' Kiara Meridin	Sunrise Bhd	1,787-4,487	650	2.50	4.62	Jan-09
Mont' Kiara Damai	Sunrise Bhd	2,272-11,000	590	3.00	6.10	Jul-04
Mont' Kiara Bayu	Sunrise Bhd	798-2,300	500	3.00	7.20	Oct-02
La Grande Kiara	Nikmat Kuasa	1,961-7,335	456	3.04	8.00	2005

Source: MPI Research

(from previous page)

Mont' Kiara comprises mostly condominium developments, with a some supporting retail and office components. The residents are, interestingly, made up of 30 different nationalities, of which Japanese and Koreans constitute a majority. Mont' Kiara also hosts a multitude of businesses located in the office space and shoplots located around the township.

The main business hub is known as Plaza Mont' Kiara, where many established multi-national companies have taken up office space. Other commercial hotspots are Seni Mont' Kiara, Solaris Mont' Kiara and Solaris Dutamas. A notable foreign investment in Mont' Kiara is Cheung Kong Group's foray into the area with ARA Asia Dragon Fund through One Mont' Kiara. This retail-office development is valued at RM321 million.

The competitive edge that Mont' Kiara has is its location which is 8km away from the bustling city centre of Kuala Lumpur and proximity to exciting townships with various amenities. Accessibility to Mont' Kiara from Petaling Jaya and Bangsar is convenient through the SPRINT Expressway and the North-South Expressway's Jalan Duta exit. The area also boasts excellent infrastructure and easy access to the recreational facilities of nearby Bukit Kiara.

International schools have also found their way into this township to serve and cater for the educational needs of the residents' children. For instance, Mont' Kiara has Garden International

School, Mont' Kiara International School, Australian International School and Lycée Français de Kuala Lumpur which offer British, American and French curricula.

Due to its desirable location and good accessibility, Mont' Kiara has experienced healthy capital appreciation over the years. Prices here hover in the region of RM500 to 750 per square foot and have been rising steadily due constant demand. The average rental and yield is RM2.86 psf and 6.89% respectively.

There are currently 142,059 condominium units in the market, reported by the National Property Information Centre (NAPIC) in the Property Market Report 2010. Of note is the fact that 17,922 units are coming into the market, further increasing the supply in Kuala Lumpur alone.

Although there are concerns of oversupply in the market, this is a broad-based phenomenon and occurs only in specific pockets in Kuala Lumpur City Centre where branding, positioning and planning are ambiguous. In this respect, Mont' Kiara has been way ahead of the rest right from its inception, thanks to the smart strategies employed by Sunrise Berhad, the developer that was instrumental for first carving a vertical city out of plantation land.

It is little wonder why investors are attracted to Mont' Kiara. Key factors for a successful property market can be determined through the saleability and offer price. However, once the initial developer price has reached a certain threshold, the asking price would then only attract the upper-tier market and

no longer be affordable to the masses.

Therefore it is pertinent that the proposed new development's pricing is in tandem with the supply and demand situation.

On top of strategic location and accessibilities, developers also need to put extra weight on the building design, facilities and amenities that will improve the overall resident's quality of life. The environment also has to be designed to include amenities such as schools, shopping complexes and parks, as these are necessary to create a self-sustaining enclave that offers a convenient and vibrant lifestyle.

Once the "hardware" is in place the developer of such an enclave would need to put in the "software", which is the services, activities and other offerings that will give residents a lifestyle experience unlike any other. In Mont' Kiara, for example, even residents' transportation needs are taken care of through a shuttle service that takes them to major shopping areas in the vicinity. Exciting activities in the form of a weekend bazaar offer the opportunity for community shopping and family outings, while the nearby commercial precincts hold out the taste of vibrant entertainment and dining out experiences.

Mont' Kiara appears to have avoided being marred by oversupply and slow take-up, a fact that developers of high-rise enclaves would want to take note of. Its secret lies in ensuring a winning formula right from the start and in sustaining the formula for the long term. ■