HB ADVISOR

APRIL - JUNE 2024

PLUS

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An Optimistic Property Market in 2024

NAPIC's annual property market report was released recently and the report indicated that the Malaysian property market in 2023 has continued its recovery from the slowdown experienced during the pandemic hit period of 2020-2021, albeit at a slower pace. The overall volume of residential transactions in the country recorded a marginal improvement of just 3.0% in terms of volume and 7.0% in terms of value of transactions in 2023 compared to 2022. This indicates that the property market appears to have normalised and although still growing positively, no longer accelerates at the pace experienced when recovering from the low base of 2020-2021.

Property developers are now more optimistic of the market though at the same time are cautiously observing and monitoring geopolitical developments and economic trends within the country as well as externally which may have an impact on the country's economic wellbeing and in turn, the property market.

We also noted REHDA's announcement that in its annual survey, their members have expressed confidence that the housing market will be more active in the second half of 2024 and that they will likely increase the selling prices of their products in new launches for this year as they are not able to continue absorbing the increase in building materials and construction costs. Arising from this, it appears that there is a strong likelihood of house prices going up from the second half of the year onwards, unless the property market turns sluggish again due to some unforeseen adverse global or national developments. Property developers will nevertheless have to strike a balance between improving their margins and generating a healthy cash flow as higher prices may affect the saleability of their projects and thus affect sales take-up rates.

Tang Chee Meng

We observed that major developers have been actively sourcing for and adding on to their landbanks in anticipation of a full market recovery. The increase in interest in land acquisitions have also unsurprisingly, led to landowners holding on for higher prices for their land or even increasing their asking prices. We noted especially in Johor where there is a renewed optimism amidst a strong performance of the residential market in 2023, landowners have raised their price expectations and have become less willing to negotiate on the price even though there may not have been any real improvement in development potential of their land as there are no plans of new infrastructural enhancement of the area.

If Bank Negara Malaysia continues to maintain the OPR at the current rate of 3.0% for the rest of the year, which most economists expect to be the case, house buyers and potential house buyers will not be burdened by higher interest rates and this

Optimism in the horizon can also be attributed to global brand names making their way into Malaysia by way of FDI.

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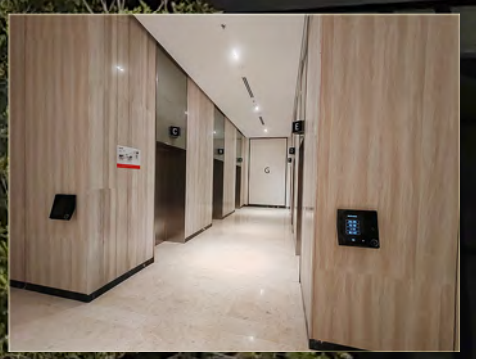

EXCLUSIVE
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For further enquiries, contact:

Nigel Chin (REN09436) **012-396 0307**

Ee Ling (REN40412) **017-292 3926**

Samantha (PEA 3432) **017-602 8938**

Office (Nik) **03-2694 2212**

HENRY BUTCHER
REAL ESTATE SDN. BHD. (236461-W)

Anticipating a good year in 2024.

augurs well for the property market as any increase in borrowing costs may dampen buying interest. As it is, BNM's statistics revealed that the ratio of loan approvals over applications have steadily climbed from a low of 35% in 2020 to 41.8% in 2023 and this is reflective of an improvement in market sentiments as well as house buying activity.

Putting aside all the unnecessary distractions of boycotts of certain businesses instigated by political upmanship, we are confident that the country's political situation will remain stable and the economy will maintain a steady growth. The government has projected the GDP to grow by between 4% and 5% this year, an improvement from the 3.7% recorded in 2023. We are therefore optimistic that the property market, especially the residential sector, will continue to chart a positive growth and achieve a higher level of transactions this year in terms of both volume as well as value of transactions.

Some leading developers have reported very good response to their new launches and although this may not be reflective of every project launched, the feel good vibes can be felt and hopefully will be carried through to the remainder of this wood dragon year.

Lastly, to all our Muslim clients, associates, staff and readers of our HB Advisor, we wish you SELAMAT HARI RAYA AIDILFITRI and may the good feelings, warmth, happiness and spirit of togetherness experienced during this joyous festive period continue to embrace you for the rest of the year and beyond.

TANG CHEE MENG
Chief Operating Officer

April - June 2024

HB ADVISOR

by Henry Butcher Malaysia

Publisher
Henry Butcher Malaysia Sdn Bhd
25, Jalan Yap Ah Shak,
50300 Kuala Lumpur.
T 603-2694 2212
E admin@henrybutcher.com.my
W www.henrybutcher.com.my

OUR SERVICES
Valuation
T 603-2694 2212 **F** 603-2694 3484
E hbmalaysia@henrybutcher.com.my

Project Marketing
T 603-2694 2212 **F** 603-2692 5771
E tang.cm@henrybutcher.com.my

Real Estate Agency
T 603-2694 2212 **F** 603-2694 1261
E hbre@henrybutcher.com.my

Market Research & Development Consultancy
T 603-4270 2072 **F** 603-4270 2082
E hbampang@henrybutcher.com.my

Retail Consultancy
T 603-9130 5550 **F** 603-9130 4003
E tanhaihsin@yahoo.com

Facilities & Asset Management
T 603-6205 3330
E admin.assetmgmt@henrybutchermk.com

Plant & Machinery Consultancy
T 603-2694 2212 **F** 603-2694 3484
E hbmalaysia_pnm@henrybutcher.com.my

Auctions & Tender Sales
T 603-2694 2212 **F** 603-2694 1292
E auctions@henrybutcher.com.my

Art Consultancy
T 603-2691 3089 **F** 603-2602 1523
E info@hbart.com.my

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HENRY BUTCHER MALAYSIA RECEIVES AWARD AT THE MALAYSIAN HOUSING, URBAN DEVELOPMENT & PROPERTY SUMMIT 2024

Images courtesy of KSI Strategic Institute for Asia Pacific.

Henry Butcher Malaysia Group Managing Director Sr. Long Tian Chek (3rd from right) holding the Award certificate and trophy. With him on stage are (from left) Deputy Chairman of KSI Strategic Institute for Asia Pacific Datuk Seri Mohamed Iqbal Rawther, KSI Strategic Institute for Asia Pacific Tan Sri Michael Yeoh, Adviser of SDG Society and Former Minister of Women, Family and Community Development Dato' Rohani Abdul Karim, Former Minister of Housing & Local Government Datuk Hjh. Zuraida Kamaruddin and President of FIABCI Malaysia Datuk Firdaus Musa.

Henry Butcher Malaysia was honoured at the 2024 Malaysian Housing, Urban Development and Property Summit jointly organised by FIABCI Malaysia and the KSI Strategic Institute for Asia Pacific in association with the Economic Club of Kuala Lumpur at the Berjaya Times Square Hotel on 27 February 2024.

Henry Butcher Malaysia was amongst a group of illustrious recipients of the Malaysian Property Excellence & Sustainability Award given out at the Summit to recognise companies and individuals who have contributed significantly to and stood out in the Malaysian property industry. Group Managing Director Sr. Long Tian Chek accepted the award on behalf of the group.

"Honoured with the recognition and on behalf of the group at Henry Butcher Malaysia, I would like to thank the organisers for the award as the company is committed to excellence and sustainability in the property sector. This recognition further motivates us to continue delivering top-notch services and insights to our valued clients and partners," said Long after receiving the award.

Present at the event was also Henry Butcher Malaysia Chief Operating Officer Tang Chee Meng who formed one of four panellists discussing "Economic & Property Market Outlook: What to Expect in 2024."

At the panel discussion, (from left) CEO of Ho Chin Soon Research Ishmael Ho, Executive Director of KGV International Property Consultancy Sdn Bhd (Johor) Sr. Samuel Tan, Executive Chairman of Rahim & Co International Sdn Bhd Tan Sri Dato' (Dr) Abdul Rahim Abdul Rahman, Henry Butcher Malaysia Chief Operating Officer Tang Chee Meng and CEO of Real Estate Agency at Rahim & Co International Sdn Bhd Siva Shanker.

The panel discussion was moderated by Executive Chairman of Rahim & Co International Sdn Bhd Tan Sri Dato' (Dr) Abdul Rahim Abdul Rahman, and other panellists were made up of CEO of Real Estate Agency at Rahim & Co International Sdn Bhd Siva Shanker, Executive Director of KGV International Property Consultancy Sdn Bhd (Johor) Sr. Samuel Tan and CEO of Ho Chin Soon Research Ishmael Ho.

Henry Butcher Malaysia Chief Operating Officer Tang Chee Meng sharing his viewpoints of the market at the panel discussion.

OBSERVATIONS OF NAPIC'S PROPERTY MARKET REPORT 2023

Based on the statistics compiled by NAPIC's Property Market Report 2023, Malaysia's real estate market performed slightly better in 2023 than in 2022, registering a 2.5% increase in total volume of transactions and a higher 9.9% uptick in value of transactions.

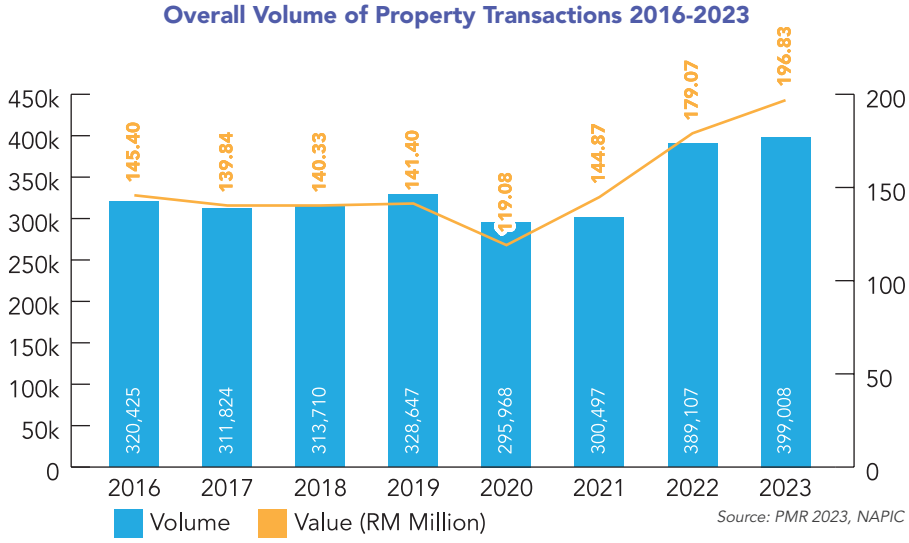
According to the report, the market rose gradually from the start of the year before peaking in the third quarter with 108,933 units exchanging hands valued at RM57.1 billion. These were higher than 2022's best performing quarter ie. 3Q 2022 in volume of transactions with 105,113 units and 2Q 2022 in value of transactions at RM48.1 billion.

In comparison to the country's economy, the property market mimics the 3.75% GDP growth, which incidentally pales in comparison to the 8.7% achieved in 2022. NAPIC's statistics is reflective of this where although 2023 concluded with the highest volume and value of transactions since 2016, year-on-year performance has nevertheless tapered down compared to the previous year's growth of 29.5% and 23.6%.

This suggests that the resurgence experienced in 2022 may have normalised back to equilibrium to spot a more usual pace of progress. Further, coupled with the new government at the helm, Malaysia's economic machinery may have needed a little more time to translate Madani's bells and whistles into credible economic traction. This as such has led to the deceleration.

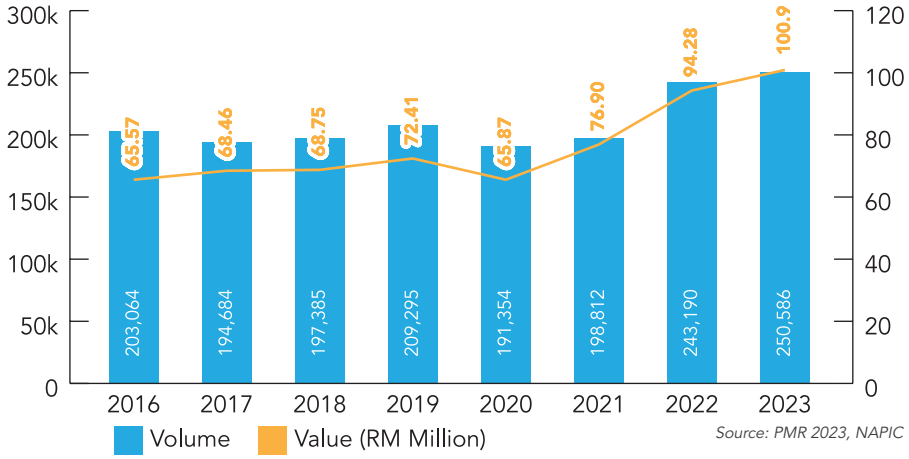
On the bright side however is that all property sub-sectors registered positive growth in 2023 compared to 2022 with the exception of agriculture which underperformed and dropped by 7.8%.

Overall Volume of Property Transactions 2016-2023



Source: PMR 2023, NAPIC

Volume & Value of Residential Property Transactions 2016-2023



Source: PMR 2023, NAPIC

Residential

Over at the residential market, its commanding performance continued with 250,586 units in transactional volume valued at RM100.9 billion. By market share, this is 62.8% of the total volume and 51.3% of total value of transactions. This represents a 3% increase in the volume of transactions compared to 2022 (243,190 units, RM94.3bil).

Out of the 56,526 units launched in 2023, 65.1% (36,793 units) were from the landed category while the rest of the 35.1% (19,733 units) were from the high-rises.

Up to 40.4% of the total launched units were successfully sold, comprising 42.3% (15,577 units) landed homes and 36.9% (7,284 units) high-rises.

33% (18,670 units) of those sold were priced below RM300,000 while the RM500,001 to RM1 million category recorded 31.3% uptake (17,656 units), followed by the RM300,001 to RM500,000 category with 27.5% (15,558 units).

It is worth noting that in comparison to 2022, 44% of the residences launched were from the below RM300,000 category followed by 31% in the RM300,001 to RM500,000 category and 22% in the RM500,001 to RM1 million price bracket. Based on the statistics, there has been a shift in interest with a reduction in uptake for properties priced below RM300,000 and an increase in sales in the pricier segment of RM500,001 to RM1 million in 2023. This is likely attributed to the improved purchasing power at the individual level owing to better personal financial and credit standing. The other is due to the escalation of property prices as a result of rising construction costs.

In terms of market launches by state, Johor led with the highest number of launches in 2023 with 12,390 units followed closely by Selangor with 11,542 units. Capital city Kuala Lumpur came in a distant third with 5,927 units.

Tracking home prices from the Malaysian House Price Index (MHPI), growth pattern registered from 2022 to 2023 stood at 3.2%, bringing the index from 209.8 to 216.5 points, pushing the average home price from RM452,617 to RM467,144. The rate of change is nevertheless lower than the 3.5% increase recorded in the previous year.

Landed terraced residential schemes, touted as the Malaysian all-time favourite residential type, registered the highest appreciation at 3.7% year-on-year while detached homes moved up at the slowest pace at 1.4%.

Year 2023 marks a turning point as far as the rate of residential completions is concerned, recording its first positive 4.0% growth or 74,893 completed units after successive negative annual growths since 2020. In terms of completed units, it remained less than the completions recorded in 2020 and 2021.

NAPIC's latest report also suggests that the residential market will stand to witness 6.21% more of incoming supply or 385,001 units compared to the previous year. Residential starts and new planned supply on the other hand registered -9.9% (88,114 units) and -9.1% (80,964 units) respectively, a stark contrast to the gallant run seen in 2022 with 13.4% (97,804 units) and 14.9% (89,111 units).

The slow down is indicative of property developers taking cognisance of the market after having commissioned and completed the scheduled projects in 2022. This takes into account the macroeconomic conditions as well as the development of geopolitical events in the region and around the world, both of which directly impact global supply chains and influence costs of construction.

There's reason to cheer in terms of the overhang statistics as NAPIC's report showed a gradual decline from a high of 36,863 units in 2021 valued at RM22.8 billion to 25,816 units in 2023 valued at RM17.7 billion, registering a total drop of 30%. This proves that the incentives rolled out by the government to combat the escalating overhang numbers have worked favourably and prevented a sea of vacant properties from entering the market.

However, the startling statistics also showed that the affordable range of below RM300,000 (as defined by the National Housing Policy) has unfortunately the highest number of unsold stock in 2023 at 29.4% or 7,592 units worth RM1.61 billion and followed closely by the RM500,001 to RM1 million price bracket at 29.1% or 7,523 units valued at RM5.17 billion and the RM300,001 to RM500,000 category at 25.3% (6,528 units, RM2.61bil).

Looking at the statistics, it begs the question if the "affordable" definition of "below RM300,000" still holds in the post-pandemic era marked by heightened inflation. Further scrutiny may as such be necessary to assess if these unsold "affordable" stocks are located in proper locations and easily accessible or supported by public transport and urban infrastructure.

Dissecting further from the overhang numbers, 86.6% (51,132 units) of unsold residences were under construction while 13.4% (7,926 units) remained unconstructed. The lion share of these came from the below RM300,000 categories ie. 45.4% (23,231 units) in the unsold under construction category and 38.3% (3,039 units) from the unsold not constructed segment. High-rises also dominated the overhang numbers ie. 47.5% (24,272 units) in the unsold under construction category and 58.5% (4,637 units) in the unsold not constructed category.

By state, Perak overtook Johor, Selangor and Kuala Lumpur with the highest number of overhang residences with 4,598 units, a steep rise of 98.9% year-on-year. This is followed by Johor with 4,228 units (down 19.6%), Kuala Lumpur (up 3.1%) and Selangor (down 7.9%).

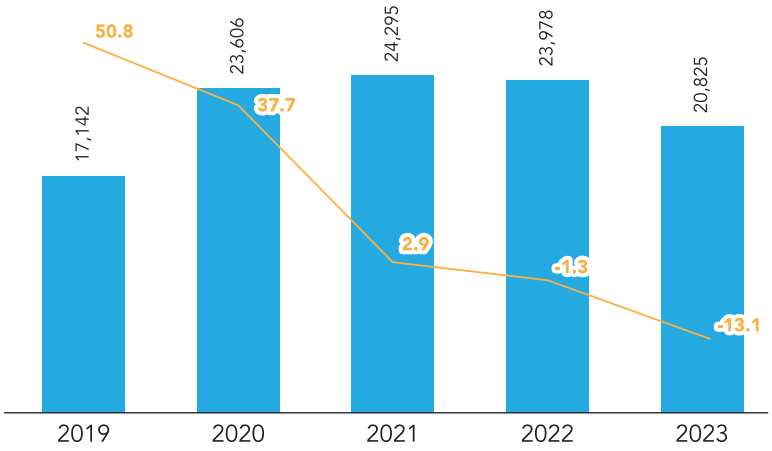
Serviced Apartments

NAPIC's report highlighted a considerable amount of incoming supply of serviced apartments and soho in 2023. The escalation is anticipating 41.5% or 153,485 units more of serviced apartments adding to the existing stock of 370,010 units and 46.3% or 28,462 units more sohos joining the existing stock of 61,483 units.

The dramatic increase is something the government should pay attention to as the country has just eased from the overhang dilemma experienced not too long ago ie. saddled with 23,606 units in 2020 valued at RM20.8 billion and 24,295 units in 2021 valued at RM20.5 billion.

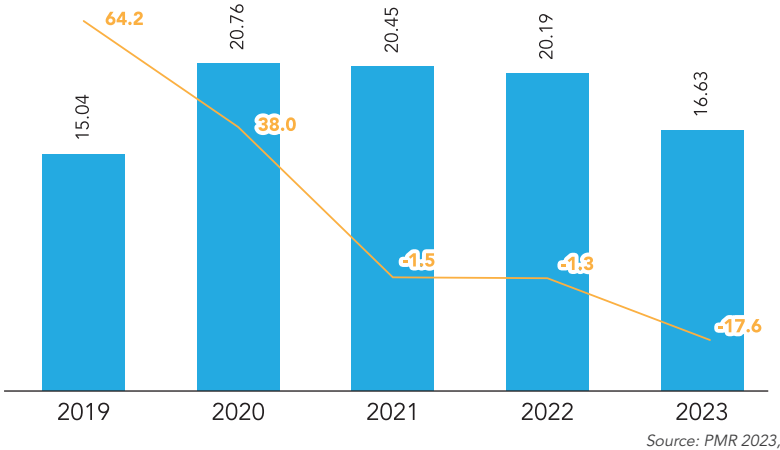
It was also after several years of relieving the market off from the pressure with incentives such as the free or discounted stamp duties and legal fees as part of the Home Ownership Campaign (HOC) did the market taper down to a more manageable level in 2023, specifically, dropping 13.1% in volume to 20,825 units valued at RM16.6 billion. As such, it warrants a more strategic oversight from all stakeholders involved to ensure the market does not revert back to an

Overhang Serviced Apartments By Volume in 2023



Source: PMR 2023, NAPIC

Overhang Serviced Apartments By Value in 2023



Source: PMR 2023, NAPIC

overbearing overhang climate in such a short time. Otherwise, all the good effort to eradicate the excess stock would have been futile.

In terms of completions, NAPIC's report showed a positive trajectory from 2021 and the market continued to complete 12.9% more in 2023. At 27,032 units, it stands as the highest completion inventory since 2020. These are likely projects approved prior to or just before the pandemic year of 2020 where construction then went ahead full steam as soon as all mobility restrictions were lifted.

Serviced apartment starts on the other hand dropped by 13.4% (17,952 units) on the back of a larger decline of 43.9% the year before. In contrast, new planned supply inched up 35.2% (19,452 units) to continue its upward march from 2021.

As of 2023, overhang serviced apartments reduced by 13.1% (20,825 units) year-on-year while its value declined by 17.6% (RM16.6 billion). Statistics compiled since 2019 by NAPIC also indicated a healthy absorption of the excess inventory from its alarming state just a few years ago.

Of the total overhang stock, 61.4% (12,785 units) came from the RM500,001 to RM1 million category valued at RM9.6 billion. This is followed in distant second by the RM1 million and above category with 20.2% (4,204 units, RM9.6bil). Demand and uptake for the pricier serviced apartments have clearly shifted from the days when it was the talk of town due to the creative marketing campaigns rolled out by the developers that captured the imagination of modern city dwellers. But fast forward to 2023, tangible uptakes may have been curtailed by a host of factors ranging from the shrinking spending power of potential buyers, the tightened credit facilities by the banks, shifting preference of property type as well as a total spin away from property to another asset class altogether. Even hybrid work arrangements that afford employees the privilege to work from home has become a factor for the property buyers and renters alike and this has a significant impact on how serviced apartments are perceived given its compact built-up.

But despite the changing appetite, statistics for both the unsold under construction and unsold not constructed have fallen by 28.1% and 38.0% respectively year-on-year, demonstrating that genuine demand may still be present in the market although purchasers could be more discerning in choosing units at the right places and at the right price.

Unlike the residential overhang market, Johor has the highest number of overhang serviced apartments with 11,710 units despite enjoying a decrease of 17.1%. This is followed by Kuala Lumpur (down 2.0%) and Selangor (down 2.9%).

Commercial

In 2023, Malaysia's commercial property market surged the highest, recording 23.3% or 40,463 units more in transaction volume year-on-year.

Incoming supply of the commercial shops grew by 4.5% (25,543 units) while purpose-built offices (PBO) experienced a 5.0% increase (1.25 million sq metres). Occupancy rate of PBOs in 2023 remained at 78.5% or 19.5 million sq metres over a total space of 24.9 million sq metres.

In measuring rental performance, NAPIC's PBO Rental Index (PBO-RI) showed a downward trend in Klang Valley and George Town in Penang, registering -0.5 point to 130.2 and -0.2 point to 126.4 respectively. George Town's rental index in particular has been declining for four consecutive years since 2020.

Johor Bahru on the other hand has received a reprieve thanks to the free flow of commute between the southern capital and Singapore as well as a slew of mega rail projects such as the Rapid Transit System (RTS) Link, Light Rail Transit (LRT) and the anticipation of the RM80 billion High Speed Rail (HSR). The unmistakable positive atmosphere is reflected in Johor Bahru's PBO-RI which rose by 0.1 point to reach 130.0, spotting an average rental of RM34.19 per sq metre in 2023.

Retail

Like the commercial shops and PBO, the incoming supply of shopping complexes also grew at a reasonable pace, rising 6.4% to add 1.13 million sq metres from 33 new buildings.

Occupancy rate of shopping malls rose even higher, which at 77.4% saw another 13.7 million sq metres occupied by businesses. The promising trend continued Klang Valley Shopping Centre Rental Index's (KV SC-RI) upward trajectory albeit at a slower rate year-on-year ie. 1.4 points to reach 109.7 with an average rental of RM97.29 per sq metre. Previously, the index grew at 1.6 points.

Based on NAPIC's data, performance of Klang Valley's Super Regional Shopping Centres grew the fastest in 2023, rising by 0.8 points to reach 112.2. Characterised generally as a mall with the propensity to attract shoppers located more than one hour of driving time away and spotting more than 1 million sq ft of net lettable area, average rental for Super Regional Shopping Centres in 2023 registered RM188.93 per sq metre. This is however markedly lower than previous year's increase of 2.0 points, suggesting that the resurgence of the super regional malls since the worst impact of Covid-19 has stabilised. In 2021, super regional malls grew by 1.0 point.

At the other end of the scale, rental index for Klang Valley's Community Centre increased the slowest with 0.1 point to reach 105.9, registering an average rental of RM50.12 per sq metre. A Community Centre is defined as a mall that requires less than 15 minutes of driving time by the shoppers and has a total net lettable area of between 50,000 to 200,000 sq ft.

It is worth noting that the KV SC-RI showed a positive market performance since 2015 across all sub-sectors - Super Regional (SR), Regional Centre (RC), Neighbourhood Centre (NC), Community Centre (CC) - with the exception of only several periods, namely SR in 2018, RC in 2015 and CC in 2015 and 2021. NC stands as the only shopping centre unscathed.

Hotel

Over in the hotel sector, 86 hotels contributing 18,140 rooms formed the total incoming supply in 2023. This concluded the year with a 6.6% growth while existing stock stood at 3,538 hotels furnished with 275,119 rooms.

Industrial

After a fine run by the industrial properties market during the pandemic stricken years beginning 2020, its incoming supply recorded a modest 3.3% growth in 2023 to contribute 4,046 units. Existing stock stood at 121,374 units in 2023.

MORE NEW LAUNCHES IN KLANG VALLEY IN 2023

- There were 57% more new project launches in Klang Valley in 2023 compared to 2022. The difference in terms of units launched also stood at around the same margin at 56.4%.
- Of the 77 projects launched in 2023, 69% were located in Selangor and 31% in Kuala Lumpur. The inclination towards Selangor in 2022 was slightly heavier with 76%.
- In terms of units launched, the ratio between Kuala Lumpur and Selangor remained the same from 2022, sitting at 47% for Kuala Lumpur against 53% for Selangor.
- Unlike 2022 where December was a muted month with zero launches, 2023 enjoyed a full year of launches every month.
- The first quarter of 2023 contributed an impressive 30 projects or 39% of the full year's new launches. It then quickly crossed the halfway mark in May with a total of 44 projects. Aside from property developers' eagerness to go to market, it was also a demonstration of an active property market in the capital city, which is typical of most major cities in the world.
- The month of March recorded the most number of new launches with 14 projects, which is a norm in the Malaysian property market due to the cessation of successive holiday festivities such as Christmas, New Year and the Chinese New Year. February and September were next with 10 projects each followed closely by May with 9 projects. August and December were the slowest months with 2 projects each.
- Condominium made a return with a surge of launches, jumping 200% or 10 more projects in 2023 compared to 2022. This however placed it behind terrace homes with 26 projects (up 62.5%) and serviced residences/apartments with 20 projects (up 81.8%) in 2023.

Total Projects Launched

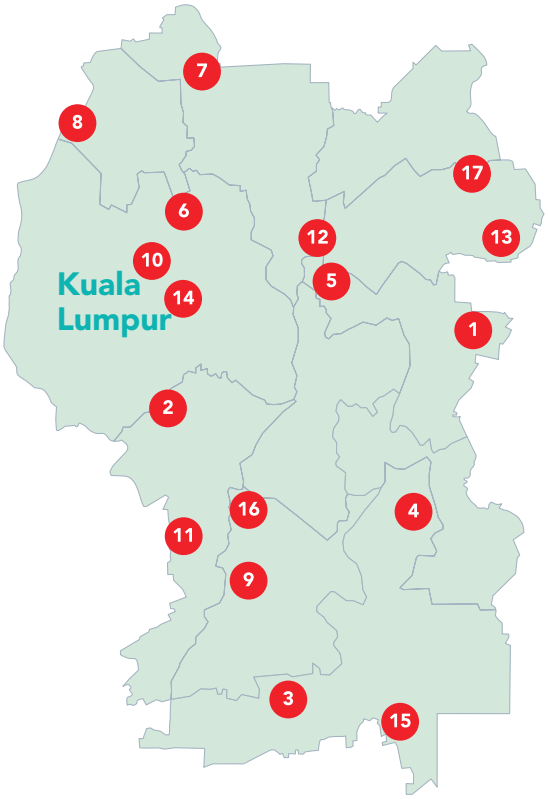
	2022	2023
Projects	50	77

Total Units Launched

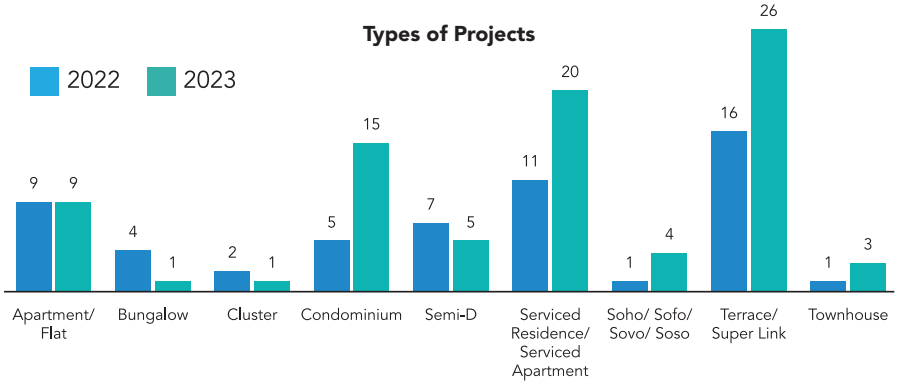
	2022	2023
Units	26,202	40,979

Kuala Lumpur

1) **Ampang = 2 Projects**
   Highrise = RM900 - RM1,100psf
2) **Bangsar = 1 Project**
   Highrise = RM1,300 - RM1,500psf
3) **Bukit Jalil = 3 Projects**
   Highrise = RM400 - RM700psf
4) **Cheras = 2 Projects**
   Highrise = RM600 - RM800psf
5) **City Centre = 1 Project**
   Highrise = RM1,200 - RM1,300psf
6) **Dutamas = 1 Project**
   Highrise = RM600 - RM750psf
7) **Jalan Kuching = 1 Project**
   Highrise = RM650 - RM700psf
8) **Kepong = 1 Project**
   Highrise = RM700 - RM800psf
9) **Kuchai Lama = 1 Project**
   Highrise = RM600 - RM700psf
10) **Mont Kiara = 2 Projects**
    Highrise = RM550 - RM1,100psf
11) **Pantai = 1 Project**
    Highrise = RM650 - RM750psf
12) **Setapak = 2 Projects**
    Highrise = RM500 - RM700psf
13) **Setiawangsa = 1 Project**
    Highrise = RM550 - RM600psf
14) **Sri Hartamas = 1 Project**
    Highrise = RM1,000 - RM1,100psf
15) **Sungai Besi = 2 Projects**
    Highrise = RM375 - RM600psf
16) **Taman Desa = 1 Project**
    Highrise = RM750 - RM950psf
17) **Wangsa Maju = 1 Project**
    Highrise = RM800 - RM900psf



- Perhaps influenced by the rising construction cost and also cost of living, there were more high-rises (43%) launched in 2023 compared to landed residences (57%). By units, high-rises skewed the statistics with 88% against 12% of landed homes.
- In 2022, the larger than 2,000 sq ft segment had 43% of the newly launched projects featuring such units, the highest in the market. This however did not continue in 2023 as only 37% of the newly launched projects had such units.
- In 2023, the 801 to 1,000 sq ft units were featured by 43% of the projects followed by the 1,001 to 1,200 sq ft with 33% of the projects carrying such units.
- 54% of the newly launched projects had units priced at RM601,000 to RM800,000, representing the most popular price bracket in 2023. Next was the RM401,000 to RM600,000 category with 52% of the projects selling within this price range.
- Up to 50% of the projects in the market in 2023 priced the units below RM500 per sq ft, followed by 44% in the RM501 to RM750 per sq ft. This lopsided preference is consistent with 2022's statistics where market demand may still favour the affordable prices in view of the mixed economic conditions as reported from time to time by global geopolitical developments and sentiments on the ground in the domestic market.
- By location, Sepang contributed the highest number of launches with 8 projects (up from 2 projects) followed by Shah Alam with 7 projects (up from 4 projects) and Subang Jaya with 6 projects (up from 2 projects).



Selangor

1) **Ampang = 1 Project**
Landed = RM500 - RM750psf

2) **Bangi = 3 Projects**
Landed = RM350 - RM550psf
Highrise = RM400 - RM500psf

3) **Cyberjaya = 1 Project**
Landed = RM600 - RM700psf

4) **Dengkil = 3 Projects**
Landed = RM300 - RM500psf
Highrise = RM450 - RM550psf

5) **Kajang = 1 Project**
Highrise = RM400 - RM450psf

6) **Klang = 3 Projects**
Landed = RM350 - RM550psf

7) **Kota Damansara = 1 Project**
Highrise = RM250psf

8) **Petaling Jaya = 2 Projects**
Highrise = RM900 - RM1,100psf

9) **Puchong = 4 Projects**
Landed = RM600 - RM700psf
Highrise = RM250 - RM700psf

10) **Putrajaya = 1 Project**
Highrise = RM400 - RM500psf

11) **Rawang = 3 Projects**
Landed = RM250 - RM400psf
Highrise = RM400 - RM550psf

12) **Selayang = 2 Projects**
Highrise = RM500 - RM650psf

13) **Semenyih = 2 Projects**
Landed = RM300 - RM500psf

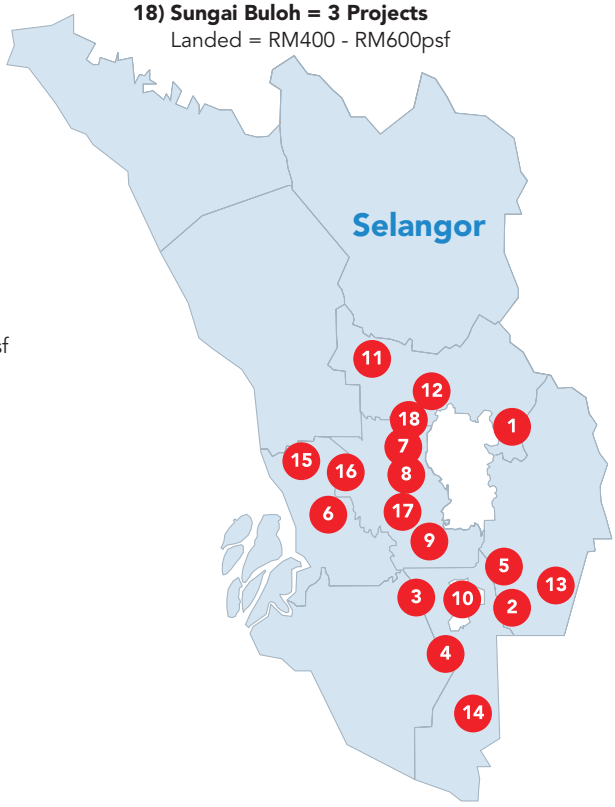
14) **Sepang = 8 Projects**
Landed = RM200 - RM650psf
Highrise = RM250 - RM750psf

15) **Setia Alam = 2 Projects**
Highrise = RM400 - RM850psf

16) **Shah Alam = 7 Projects**
Landed = RM350 - RM800psf
Highrise = RM250psf

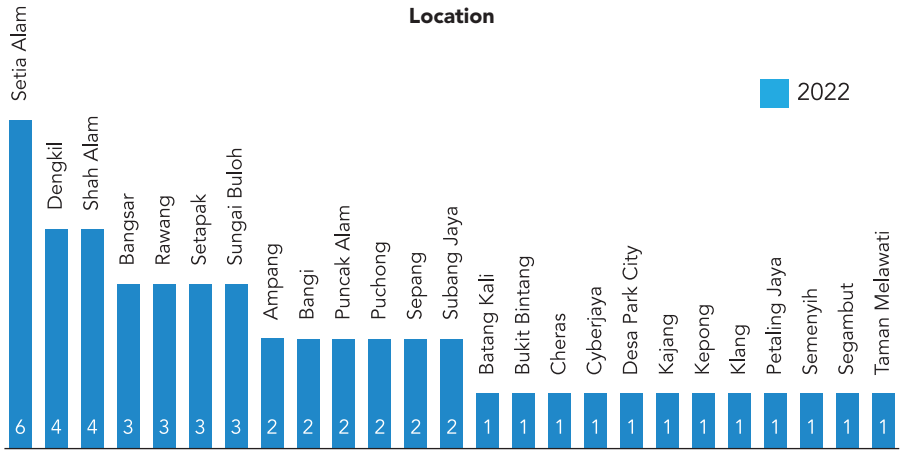
17) **Subang Jaya = 6 Projects**
Highrise = RM400 - RM950psf

18) **Sungai Buloh = 3 Projects**
Landed = RM400 - RM600psf

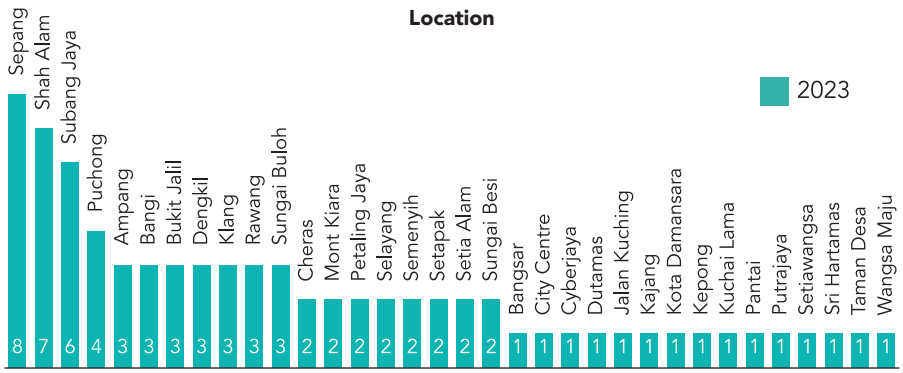


UNIT SIZES BY PROJECTS		
2022		2023
13%	Below 600sf	23%
20%	601sf - 800sf	21%
30%	801sf - 1,000sf	43%
18%	1,001sf - 1,200sf	33%
21%	1,201sf - 1,500sf	19%
9%	1,501sf - 1,800sf	14%
4%	1,801sf - 2,000sf	19%
43%	Above 2,000sf	37%

PRICING BY PROJECTS		
2022		2023
27%	Below RM400,000	25%
34%	RM401,000 - RM600,000	52%
29%	RM601,000 - RM800,000	54%
27%	RM801,000 - RM1,000,000	45%
48%	Above RM1,000,000	40%

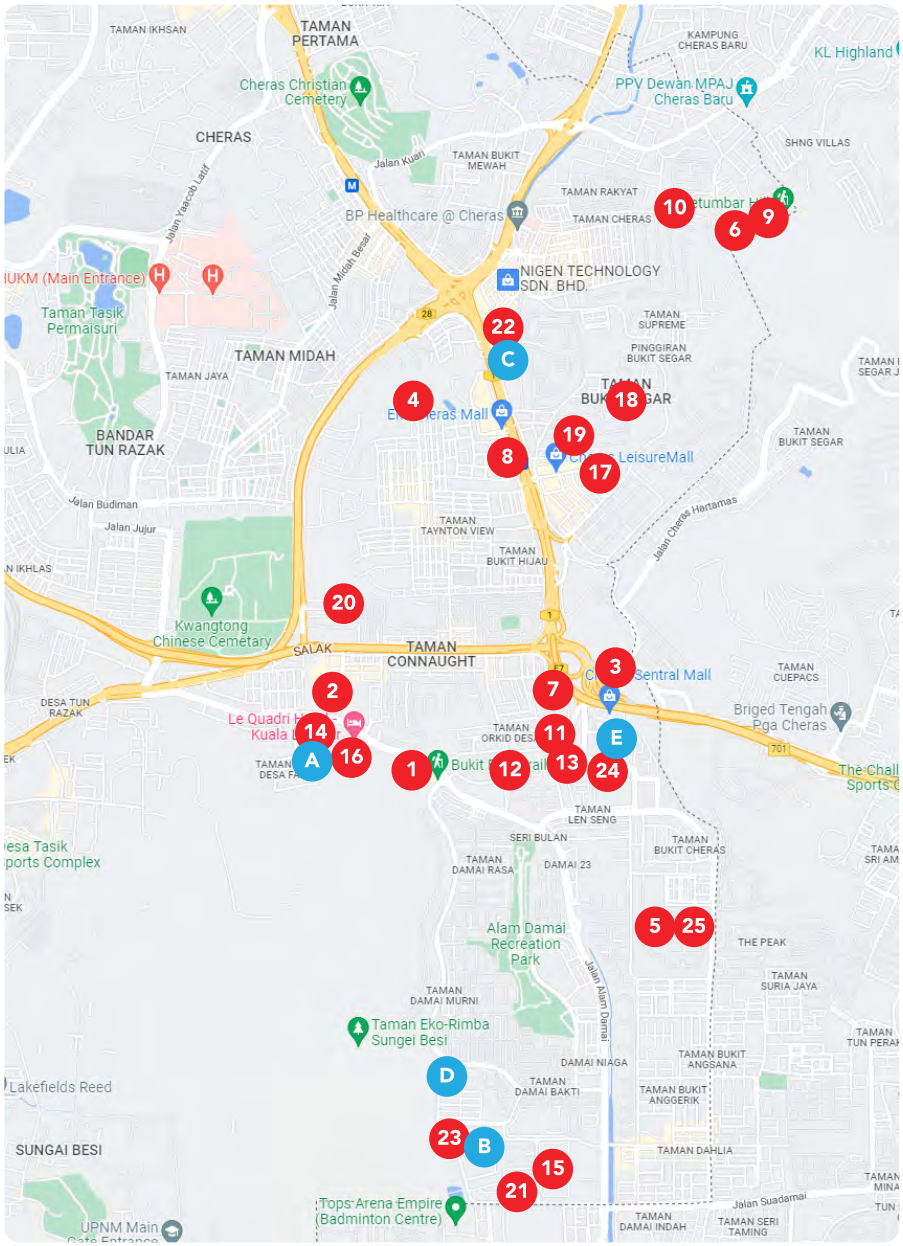


PRICE PER SQUARE FEET (PSF)		
2022		2023
55%	Below RM500	50%
41%	RM501 - RM750	44%
18%	RM751 - RM1,000	14%
5%	RM1,001 - RM1,500	11%
2%	Above RM1,500	0%



NB: The percentages shown in the table are based on our analysis of the projects that we surveyed but they are not computed based on the number of units within those projects. The way to read this table is as follows eg. based on the projects that we analysed, 56% of them included units of above 2,000 sq ft in size. It however does not mean that 56% of all the units are above 2,000 sq ft. Each project will probably only have very few units of above 2,000 sq ft in size.

CHERAS SOUTH



Legend

- Primary
- Secondary

Price (PSF)

- Below 200
- 201 - 300
- 301 - 400
- 401 - 500
- 501 - 600
- 601 - 700
- 701 - 800
- Above 800

Quick Stats

	Built-Up (sf)	Price (RM psf)
Minimum	452	136
Maximum	1,798	800
Median	920	427

DEVELOPMENT (Min & Max)

Primary

A. Armani Residences
B. Lakefront Condo @ Emerald Hills
C. Maxim Risen
D. Residensi Cemara Damai
E. The Connaught One

Secondary

1. Altitude 236
2. Angkasa Condo
3. Aster Residence
4. Awana Puri Apartment
5. Cheras Heights Condo
6. Cheras Ria Flat
7. Connaught Avenue
8. Eko Residences @ Eko Cheras
9. Ketumbar Heights Apartment
10. Ketumbar Hill Condo
11. Majestic Maxim
12. Manda'rina Court Apartment
13. Maxim Residences
14. Puncak Banyan Apartment
15. Residensi PR1MA Alam Damai
16. Riana South
17. Segar Court
18. Segar Ria Apartment
19. Segar View Condo
20. Seri Cendekia Apartment
21. Seri Perindu Apartment
22. Taman Desa Aman Flat
23. Taman Desa Cheras Flat
24. The Annex @ Medan Connaught
25. Vista Harmoni Apartment

- In this final part of the Cheras value map series, we'll be looking at the southern side of this large suburb, specifically, located on the eastern side of the Middle Ring Road 2, to the border near Sungai Besi on the west and southwards to areas near the Alam Damai Recreation Park; all of which still come under the Kuala Lumpur address.
- Like its 2 other siblings, Cheras South has an almost similar number of high-rise developments within its southern perimeter ie. 5 projects in the primary market and 25 projects in the secondary market.
- Based on our data, high-rises in this part of the locality were all made up of flats and apartments with built-ups measuring 570 to 1,442 sq ft in the 1990's and in the earlier part of the first decade of the new millennium.
- Condominium made its way to the market in 2005 through the Ketumbar Hill Condo, presumably after the market had recovered from the devastating aftermath of the Asian Financial Crisis in 1997. High-rise developments then continued regularly until now, missing only 6 years (2009, 2011, 2015, 2016, 2021, 2022) without any completions up until 2023.
- Interestingly, the largest built-up of Seri Cendekia Apartment completed in 1997 held the throne as the biggest high-rise unit for 17 years before Altitude 236 completed in 2014 pushed the envelope with 1,798 sq ft. The shrunken built-ups between those years were presumably impacted by the Asian Financial Crisis in 1997 and subsequently, a host of other economic conditions such as the rising cost of living, Global Financial Crisis in 2008, the increased construction costs and a slowdown brought about by the overheated DIBS-schemed projects.
- Another interesting observation is that the larger built-ups of above 1,000 sq ft were featured more prominently from 2017 onwards with 8 out of 12 completed projects dishing out such units to the market.
- EkoResidences@EkoCheras and The Annex @ Medan Connaught were the only few high-rise developments completed in the last decade in Cheras South that had units smaller than 600 sq ft. The compact size is synonymous with the built-ups of most serviced apartments in Kuala Lumpur and around the country.
- In terms of location, two prominent clusters exist ie. along Jalan Cheras nearer to Kuala Lumpur city centre and at the eastern-southern-western fringe surrounding Taman Connaught.
- Pricing wise, while most of the units are valued in the affordable range of RM301 to RM400 per sq ft, developments completed after 2017 are valued higher at above RM501 per sq ft. Surprisingly, some older developments completed in the early 2000's are also able to match such high values like the Angkasa Condo, Puncak Banyan Apartment and Segar Court.
- At the highest end of the spectrum, The Connaught One, EkoResidences@EkoCheras and Riana South form the three developments with units asking between RM701 to RM800 per sq ft.

Primary Development (Completion Year & Built-Up, sq ft)

Completion	Project	Type	Min. (sf)	Max (sf)
2024	Armani Residences	Condominium	800	1,500
2024	Residensi Cemara Damai	Condominium	829	1,292
2025	Lakefront Condo @ Emerald Hills	Condominium	840	1,246
2026	Maxim Risen	Serviced Residences	523	819
2027	The Connaught One	Serviced Residences	452	1270

Secondary Development (Completion Year & Built-Up, sq ft)

Completion	Project	Min. (sf)	Max (sf)
1990's	Seri Perindu Apartment	660	771
1990's	Taman Desa Aman Flat	615	NA
1997	Seri Cendekia Apartment	980	1,442
2000's	Cheras Ria Flat	570	NA
2000's	Manda'rina Court Apartment	775	NA
2000's	Segar Ria Apartment	657	NA
2000's	Taman Desa Cheras Flat	665	771
2005	Ketumbar Hill Condo	915	1,195
2006	Angkasa Condo	920	926
2006	Segar View Condo	915	NA
2007	Awana Puri Apartment	1,055	1,195
2007	Puncak Banyan Apartment	807	818
2008	Segar Court	969	1,173
2010	Ketumbar Heights Apartment	753	958
2012	Cheras Heights Condo	549	1,367
2012	Connaught Avenue	950	969
2013	Vista Harmoni Apartment	883	NA
2014	Altitude 236	1,798	NA
2017	Maxim Residences	678	1,033
2017	Residensi PR1MA Alam Damai	936	1,044
2018	Eko Residences @ Eko Cheras	596	1,168
2019	Riana South	947	NA
2020	The Annex @ Medan Connaught	592	NA
2023	Aster Residence	646	1,023
2023	Majestic Maxim	657	818

AWANG DAMIT AHMAD: A FERVENT & DETERMINED ARTIST

A friendly character with great talent in painting, definitely!

35 pieces of Awang Damit Ahmad's latest *Estetika Timur* series were on display at Galeri Puteh from 13 February to 3 March 2024. The exhibition, jointly organised by Galeri Puteh and Henry Butcher Art Auctioneers (HBAA), was officiated by Tan Sri Azman Hashim on 17 February.

Present at the opening ceremony were Chairman of the National Visual Arts Development Board, Shaik Rizal Sulaiman, Director of Galeri Puteh Nizam Rahmat and Directors of HBAA Datuk Vincent Sim, Sim Polenn and Lim Eng Chong.

It has not been an easy journey for the artist Awang Damit Ahmad...

Born in Kuala Penyu, Sabah, in May 1956, Awang Damit Ahmad grew up in a village surrounded by paddy fields and adjacent to the sea.

Looking at how fishermen battled the rough ocean, waves, lightning and sometimes storms, as well as observing how farmers faced droughts, floods, pests and irrigation problems, the common theme he witnessed was "People" overcame daunting challenges through hard work, steely and fervent determination, and persistence. That is what it means by "*Making An Honest Living*." That is the key message conveyed in his first series *Essence Of Culture (E.O.C.)*, painted during the 1985-1995 period. It's the most sought-after series by collectors.

Such powerful "Message: Making An Honest Living," conveyed through his powerful strokes and rough textures on the canvas in modern abstract expression.

He got his BFA and Best Student award from the Mara Institute of Technology (ITM) in 1983, and his Master's at the Catholic University in Washington in 1990. He taught at his alma mater ITM from 1985 until he retired as an Associate Professor in May 2011. Since then, he has been a full time artist.

He electrified the art scene by producing amazing works and series such as *Essence Of Culture (E.O.C., 1985-1995), Marista (1996-2002), Iraga (2003-2011), Payarama (2012-2016), Garismega (2016-2020)*, and his latest *Estetika Timur (2021-present).*

At the opening ceremony (from left), Director of Galeri Puteh Nizam Rahmat, Chairman of the National Visual Arts Development Board Shaik Rizal Sulaiman, Awang Damit Ahmad, Guest of Honour Tan Sri Azman Hashim, Directors of HBAA Datuk Vincent Sim and Sim Polenn.

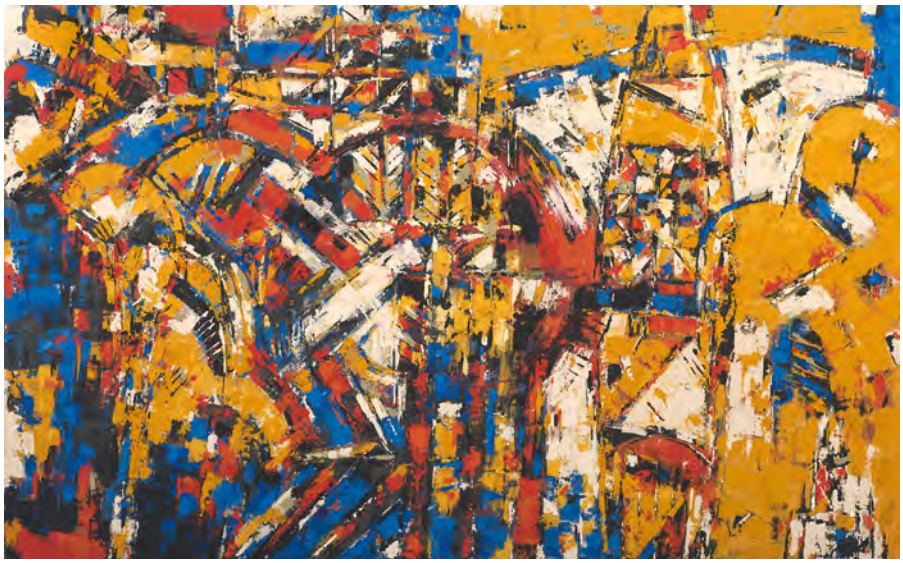
There's no sign of slowing down at age 68 indeed and it is very encouraging to see the artist painting diligently at his studio in Sijangkang; just as age shouldn't be a deterring factor. It is hoped that his actions and achievements will inspire the younger artists to work hard and diligently, and one day to be as successful as their senior artist Awang Damit Ahmad.

Today, Awang Damit Ahmad stands among Malaysia's Top 3 living artists (if the criteria include auction results, peak records, frequency, consistency, pricing stability, sales volume and sustainability). His painstaking efforts, persistence and hard work have certainly paid off as they were achieved through nothing less than fervent and steely determination.

It is an inspiring story and testimony to tell, for he has undergone numerous daunting challenges, trials and struggles in life along the way.

In May 2023, his Biography was published where it documents four decades of his art journey. The book launch was officiated by Minister of Communications and Digital YB Fahmi Fadzil.

For enquiries on Awang Damit's artworks, please contact Sim Polenn at +6016 273 3628.



Detik Waktu "Relakan", 2022
Mixed media on canvas,
240x153cm

Getaran Hati, 2022
Mixed media on canvas,
122x122cm

Hamparan Alami, 2021
Mixed media on canvas,
153x153cm

INSURING INTANGIBLE ASSETS AND VALUATION

The digital economy has a very significant bearing on enterprise value. Over 70% of enterprise value currently is comprised of intangible assets. Intangible assets can be a source of competitive advantage and among the most valuable assets that a company owns.

In the M&A space, intangible assets comprise over 90% of corporate transaction values/purchase consideration. These assets that are not physical in nature (eg. trademarks, patents, software, processes etc.), but are identifiable, can be bought and sold, and have value. In fact, from an accounting point of view, the intangible asset values may be recorded on the books of the acquirer after an acquisition under the purchase price allocation process for financial reporting although the value of internally developed intangible assets are not brought to the books unless they involve capitalised costs such as for software development.

Intangible asset is an umbrella term that includes both intellectual property (eg. patents, trademarks, designs and copyright) and intellectual capital (eg. know-how, trade secrets, research & development, strategy and market Intelligence). Each type of intangible asset needs to be identified before it can be protected and then subsequently valued.

Despite the significance, intangible assets largely remain uninsured. This is because:

- Standard insurance products generally cover tangible assets only;
- Special policies mostly cover intellectual property (IP) rights, legal events and focus more on infringement liability risk, not the risk to the property itself;
- Generally, insurance policies do not cover financial loss resulting from non-legal events directly impacting a broader range of intangible assets; and
- The existing insurance products are narrow in scope to be able to provide a comprehensive cover for intangible assets.

Why does this coverage gap exist and matter? This is because there are a broad range of events that impact tangible assets. They can be damaged, destroyed, lost or stolen. In fact, recent studies show that over 90% of organisations are concerned about insider risks and nearly 25% insider incidents involve intangible assets. With less employee oversight due to the rise of hybrid and remote work environments and with the decrease in employee retention rates, both accidental and malicious insider events pose greater threats to an organisation's intangible assets and an organisation's ability to safeguard that value to the enterprise.

Having the ability to quantify the financial impact of these risks on a company's valuable intangible assets and to secure the needed insurance allows organisations to both manage threats to those assets and minimise the related financial loss. The losses to intangible assets can be very significant in certain cases even though there may be adequate insurance for the tangible assets as part of the overall asset/the business involved.

Take the example of Boeing. In January 2024, on an Alaska Airlines flight (Boeing 737 Max 9 aircraft delivered only 2 months before the accident), the door plug came off as the flight was ascending after taking off, opening a large hole mid-flight. This was a very significant risk and raised new questions on flight safety and all Boeing 737 Max 9 aircrafts were grounded before an inquiry was completed. Whilst the aircraft itself may have been insured, the reputation of Boeing (being the brand/trademark) was most likely not insured. The actual damage to Boeing (other than the damage to the said aircraft) in terms of its reputation was very significant.

Ignoring the fact for a second that the Boeing staff or its policies or internal systems may have been a contributor/cause for the accident which an inquiry when completed may be able to clarify/confirm and the insurance payment (assuming there was an insurance cover in place) may or may not be paid if negligence or other factors finding fault with Boeing were to be proven, it doesn't take away the importance of insuring the brand/trademark where there has been a very significant reputational damage and in turn financial loss to Boeing.

Intangible Asset Protection (IAP)

IAP is a tailored insurance offering that protects against financial loss caused by accidental or malicious insider actions resulting in disclosed, misappropriated, damaged, destroyed, or lost non-public, proprietary intangible assets that are scheduled on the policy.

Examples of intangible assets eligible for coverage include:

- Proprietary databases
- Digital platforms
- Analytical models and algorithms
- Processes (eg. for manufacturing)
- Pre-released original content (eg. movies, video games, streaming media)
- R&D
- Designs (eg. manufacturing facility blueprints, vehicle designs, semiconductor chip designs)
- Trademark/Brand (although this is relatively uncommon)

As each type of intangible asset is protected differently, the risks associated with them differ. These risks may include infringement, loss of rights and loss of confidential information. By identifying

The hours invested into crystallising an idea into usable products or services are very much part of intangible assets.

Components of a new economy arising from a compilation of tangible and intangible assets, with each carrying its own value and purpose.

intangible assets, the risks of these assets can be determined; for example how the assets could be lost or lose value. Placing a value on each type of intangible asset, in conjunction with determining the risks involved, enables a company to have a much better idea of the overall quantum of risk in loss to the intangible assets.

One common perception amongst insurance professionals is that the intangible assets are unable to be valued properly. Valuation professionals have been valuing intangible assets for reasons including accounting, tax and legal, for decades and overtime the technical literature, methodologies, research and data have evolved wherein values arrived at can be defended and cross checked. Since the introduction and adoption of International Financial Reporting Standards (IFRS) in large parts of the world, the field of intangible assets valuation has evolved significantly.

Intangible asset insurance is one leading way to reduce the risks associated with intangible assets. The use of intangible asset insurance forms part of intangible asset risk management as it helps to shift the risk off your balance sheet. Any business looking to protect their value should consider identifying and protecting their intangible assets, and mitigating their overall risk by using intangible asset insurance.

Conclusion

Intangible assets are amongst the most valuable assets of any company. The digital economy has a very significant bearing on enterprise value which is driven by intangible assets. Intangible assets largely remain uninsured for a multitude of reasons. There is lack of awareness on the part of the insurance professionals as to the defensible valuation of intangible assets. IAP can grow with more awareness and appreciation of risks as well as potential financial losses.

Sources:

1. *Willis Towers Watson – Intangible Asset Protection*
2. *Willis Towers Watson – Intangible Asset and Intellectual Property Risk Management*

This article is written by Adie Gupta, Managing Director of Spring Galaxy, an Associate of Henry Butcher Malaysia. Adie provides valuation and related advisory services to the corporate sector in Malaysia, Singapore and the wider AsiaPac region. He has over 25 years of valuation and corporate finance experience. He is a regular speaker at conferences and other forms on valuations, M&A and Intellectual Property (IP) topics.

Spring Galaxy is a corporate advisory firm specialising in business valuations and transaction support services. For more information, please visit www.springgalaxy.com

HENRY BUTCHER
ART AUCTIONEERS

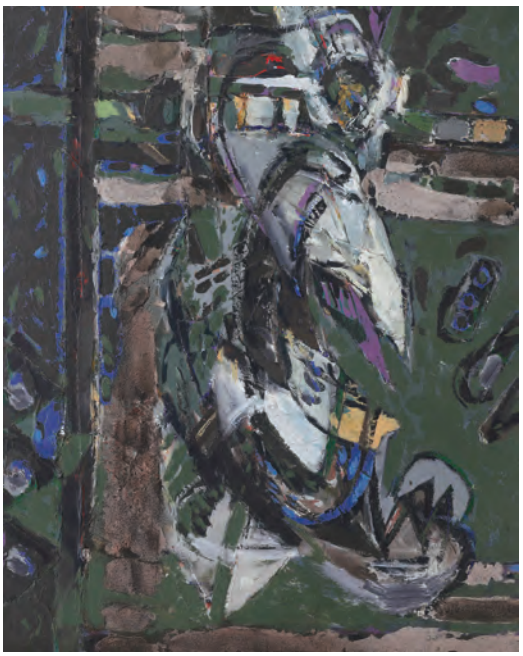
Malaysian & Southeast Asian Art Auction

19 MAY 2024, 1PM

Venue: Hall 1, Level M, Menara KEN TTDI

IBRAHIM HUSSEIN, DATUK
Into The Night, 1968, acrylic on canvas, 148 x 134cm
estimate RM500,000 - 800,000

IBRAHIM HUSSEIN, DATUK
Homage, 1964, oil on canvas, 126 x 100cm
estimate RM230,000 - 400,000



AWANG DAMIT AHMAD
Essence Of Culture "Sea Harvest", 1993
mixed media on canvas, 76 x 61cm
estimate RM45,000 - 68,000

2016 **RM 2.4** million auction sales
2017 **RM 3.3** million auction sales
2018 **RM 5.8** million auction sales
2019 **RM 8.3** million auction sales
2020 **RM 8.5** million auction sales
2021 **RM 11.6** million auction sales
2022 **RM 8.4** million auction sales
2023 **RM 8.9** million auction sales

CONTACT

Sim Polenn	016 273 3628
Elizabeth Wong	013 355 6578
Sion Chang	017 777 0035

For more info, **www.hbart.com.my**