

# Filling a residential vacuum in Medini Iskandar

BY WONG KING WAI

**G**rand Global Group of Companies (Grand Global) is banking on its latest project, Grand Medini Lifestyle Residence in Iskandar Malaysia, to help it stand out from the crowd and establish itself as a serious property development player.

Grand Global was set up two years ago to consolidate the various companies controlled by Datuk Toh Seng Tat, as well as for more effective branding. Toh, who is executive chairman, started out in the timber industry before diversifying into property development and the hospitality industry.

Some of the projects built by him are Laguna Redang Island Resort (2002), Madge Residences in Jalan Madge, Kuala Lumpur (2007), and mixed-use complex Wisma Tenang in Kuala Terengganu (1999).

Grand Medini Lifestyle Residence, to be officially launched on Sept 20, will comprise three towers and have a total gross development value of RM400 million. It is situated within Medini Iskandar Zone A, known as the Lifestyle Zone, in which can be found The Mall of Medini as well as Legoland, which is just 400m from Grand Medini.

Grand Medini will occupy a 3.23-acre parcel that has a lease of 129 years. The 30-storey Towers A and B, and the 33-storey Tower C will offer a total of 672 units, with built-ups ranging from 474 sq ft to 1,119 sq ft. Prices start from RM368,888 to RM1.27 million.

The common facilities are on Level 9, above the eight-level car park, and will include a swimming pool, children's playground, viewing deck and multi-purpose hall. There will also be one level of basement parking.

The development, which is expected to be completed in 2018, is accessible via major highways such as Lebuhraya Medini Utara, Lebuhraya Persisiran Pantai JB-Nusajaya, Kota Iskandar highway and the Second Link highway.

Green features incorporated in the development include rainwater harvesting, open-air concept with wider corridors for better ventilation, energy saving lights, and water-efficient tap fittings.

"Grand Medini is designed to meet GreenRE and Singapore's Green Mark certification," says property and business development head Edison Toh, who is the son of the executive chairman.

Although there is talk of a property glut in Johor amid huge launches by developers such as China-based Country Garden, Grand Global executive director Chai Ko Foong doesn't see it affecting Medini Iskandar.

"At this time, no residential properties have been completed in Medini ... there is a vacuum," he says. Ongoing residential projects there include 1Medini and Medini Signature by WCT Bhd, Medini Lakeside by UMLand and Citrine by Sunway Bhd.

Moreover, Medini Iskandar is wooing buyers with incentives that include exemption from Real Property Gains Tax until 2020, no RM1 million sales threshold for foreigners, no foreign quota, and no bumiputera quota and discount.

Edison believes Singaporeans will make up 30% to 40% of the purchasers in Grand Medini, which is the reason the developer is making security — their number one concern — a priority.

"The first thing they ask when looking for property is security, which is why we decided on a four-tier security system," says Edison. Only those with an access card can gain entry from the guardhouse and into the lift lobby. In the lifts, the card permits access only to the owner's or tenant's floor.

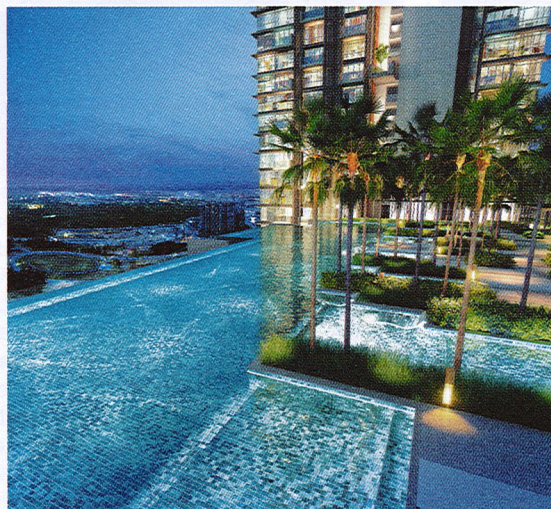
The fourth tier of security is a digital door lock for each unit.

Apart from Singaporeans, "we expect a big influx of expatriates to this area because of the universities and Pinewood Studios and other industries coming up here," he says.

It is estimated that the 10 universities in EduCity, which is just next to Medini Iskandar Zone A, will have a total student population of 16,000 by 2018. Pinewood Studio is estimated to have 8,000 employees.

## Land matters

The 99-year lease for the Medini Iskandar area is a matter of concern for some investors. The developer



Clockwise from top: An artist's impression of Grand Medini Lifestyle Residence; an inside look into one of the units; a swimming pool with a view

buys lease rights for 99 years from the land owner, Iskandar Investment Bhd (IIB), which can be extended for an additional 30 years. Grand Global has already extended the lease rights for Grand Medini.

With so many of the big players such as Mah Sing Group Bhd, Sunway Bhd and IGB Corp Bhd in Iskandar Malaysia, Chai doesn't see the land lease issue as a deterrent to investors.

"This [lease rights] is something unusual in Malaysia. In Johor Baru, they have bumiputera lots, non-bumiputera lots and international lots," he explains. "In KL, we don't have international lots. In JB, outside Medini, the bumiputera quota is 40%, on top of which there is a certain percentage you can sell to foreigners called international lots. But this is not the case in Medini. The land owner is Iskandar Investment ... we buy the lease to the land, but we don't buy the land. I believe this is a way to control the selling of the land, which always belongs to the government."

KGV International Property Consultants executive director Samuel Tan agrees that the lease rights is to prevent Malaysian land from being bought up by foreigners.

IIB gives developers a 99-year lease, with an option to extend it for another 30 years, which can be exercised at the time the land is leased, or later. "If it's the former option, the developer will pay 10% over the current selling price but if it chooses to extend it later, it will be against the prevailing price," says Tan. "Most developers will choose to extend it from the beginning as the price is certain and it is easier to market a longer lease of 129 years."

For CH Williams Talhar & Wong (WTW) Sdn Bhd director and head of Johor Baru operations Tan Ka Leong, "It is just like a leasehold property with an option for further lease extension".

He says residential high-rise projects launched in Medini recorded slow sales after the Budget 2014 announcement.

"Based on our survey, take-up rates were in the range of 40% to 60% for 1H2014. The softening demand for high-rise residential property has, however, not affected the demand for other property types in Medini. For example, the first purpose-built office units in Medini — Sunway Iskandar by Sunway Group — were recently 100% sold," he says. Two-storey terraced houses launched five months ago in E&O Avira — the first landed residential development in Medini — also got off to a good start.

The possibility of slow sales doesn't bother Grand Global's Chai. In the past three months, he has seen high-rise developments, such as MCT Consortium's D'Pristine, selling well.

Apart from its Malaysian projects, Grand Global also has a project in Australia — Koonawarra Apartments Clayton in Melbourne. The 23-apartment development near Monash University was launched in August last year and is currently in the piling stage, with completion expected in mid-2015. The units were sold for between A\$380,000 and A\$500,000 or about A\$700 psf, and has an estimated yield of 4.3%.

Future projects, which are in the planning stage, include SoHo units in Petaling Jaya, Laguna City Hotel in Kuala Terengganu and Lang Tengah Island Spa Resort in Terengganu.