

Clear signs of recovery in property sector: HwangDBS

HWANGDBS Vickers Research Sdn Bhd said there are clear signs of recovery in the property sector extending to the high-end luxury segment.

These are seen in the take-up rate for The Binjai on the Park condominium project at the Kuala Lumpur City Centre, which has picked up from 10 per cent in July 2009 to 35 per cent out of its 171 units.

"Compared with the initial launch in August last year that coincided with the onset of the global financial meltdown, the average sale price (of The Binjai) has been reduced from RM2,800 per sq ft to RM2,400 per sq ft for units measuring 3,200-3,700 sq ft, while the smaller units (2,200 sq ft) were released at RM1,700 per sq ft," HwangDBS Vickers said in a report yesterday.

However, the average sale price of The Binjai is set to rise after its take-up rate exceeds 40 per cent. The

project is expected to be handed over by December this year.

"This is positive for (property) developers with ready-to-launch products to capitalise on this early recovery," said HwangDBS Vickers, naming DNP Holdings Bhd, Eastern & Oriental Bhd (E&O) and SP Setia Bhd as its top stock picks.

In a separate report dated September 4, HwangDBS Vickers also revealed that the Penang property market is heating up.

"Recent launches were well received with new price benchmarks being set — catching up closely to Kuala Lumpur's," it said.

These included E&O's Seri Tanjung Pinang link houses, SP Setia's Reflections condominiums at Setia Pearl Island and IJM Land Bhd's Light Linear condominiums.

"Developers are also looking to gradually pull-back incentives and raise selling prices. Buyers are

mainly locals and Penangites working outstation or overseas," it added.

HwangDBS Vickers said despite the current financial crisis, land prices in Penang have remained "sticky" and huge contiguous parcels are hard to come by.

"Therefore, developers with large prime landbank will hold an upper hand in riding on the strong demand for Penang properties," it said.

E&O is the largest landowner on Penang Island with a total of 1,123 acres, including reclamation rights to 740-acres Seri Tanjung Pinang Phase 2 and 365 acres at Gertak Sanggul.

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