

HD City & Country: Cover Story - Leisure Farm revamp

BY Stories By Cecilia Chow

WC 3,500 words

PD 9 June 2014

SN The Edge Singapore

SC EDGESI

LA English

CY (c) 2014 The Edge Publishing Pte Ltd. All Rights Reserved.

LP

Mulpha International is revising the master plan for its low-density resort-style development Leisure Farm. It is adding facilities as well as boosting accessibility. This could lure more expatriates and Singaporeans in pursuit of country living to move to Iskandar Malaysia.

Five years ago, Australian Andrew Gibson and his wife, Angela, made the decision to move to Iskandar Malaysia. "Leisure Farm was the only place where we wanted to live," says Gibson, 45, a Singapore permanent resident who owns several software companies. "We wanted to have the quality of life we were used to when we lived in South Africa and Australia. The idea was to live in Iskandar and continue to work in Singapore."

TD

From a financial standpoint, it made a lot of sense even if it meant a longer commute. Their two teenaged children continue to attend the Australian International School in Singapore. A taxi service was engaged to ferry them every morning. This means waking up by 5.30am, and leaving the house by 6.30am to make it to school by 8.30am. For Gibson and his wife, it is a 40-minute commute from Leisure Farm to their office in Bukit Timah.

To avoid rush hour, which is typically from 5.30pm to 8.30pm on weekdays, the Gibsons either leave Singapore before 5pm or have a leisurely dinner and leave after 9pm. Being self-employed gives them the flexibility of leaving early or working from home if they do not need to send their children to school.

The Gibson family home is a 6,500 sq ft bungalow sitting on a 12,000 sq ft freehold **site**. On weekends, they enjoy going for walks, cycling or riding their scooters within the **estate**. He can also play golf, as there is a golf course within Leisure Farm. They entertain a lot at home. "Friends who visit us from Singapore love it here," he says.

He even **purchased** another semi-detached house in Leisure Farm, which has since been leased. He is confident that landed home prices there will see long-term capital appreciation. "For what you pay for a three-bedroom **apartment** in Singapore, you will be able to rent a large house and get more value for your money in Iskandar," he says.

Jerry Tan, managing director of JTResi, a specialist in marketing luxury **property**, says, "For those who live in a high-density urban environment like Singapore, Leisure Farm's appeal is that it offers country living, something that no amount of money can **buy** in Singapore — the wide open spaces, where families can walk their dogs, and their children can play or cycle in the **estate** without worrying about traffic."

Developed in 1991 by listed Malaysian conglomerate, Mulpha International Bhd, Leisure Farm is located in Gelang Patah and was a pioneer in Iskandar Malaysia. It was the first and is still the only developer to offer one-acre plots for **sale**. It also offers houses, which are a mix of cluster housing, semi-detached houses and bungalows, for **sale** in the master-planned resort development.

Greater connectivity

Owners of Leisure Farm are also looking forward to the future connectivity provided by the three interchange roads, which Mulpha and UEM Sunrise Bhd have formed a joint venture to build. The collaboration will create a direct link from Gerbang, Nusajaya and Leisure Farm to the

Malaysia-Singapore Second Link. For those living in Leisure Farm, it will significantly cut travel time to and from Leisure Farm to the Second Link to just five minutes, from 15 minutes now.

It will also mean that Leisure Farm will be the closest to the Second Link checkpoint in Iskandar, points out Gibson. The **residential** market in Iskandar may have levelled off, he adds. "But it will take off again once new developments come onstream."

There are already several major developments underway in Gerbang. Ascendas and UEM Sunrise are developing a tech **park** on a 210ha **site**, and Singaporean tycoon Peter Lim is developing Motorsports City. The station for the high-speed rail between Singapore and Malaysia is speculated to be located in Gerbang as well.

Negotiations are underway for another access road from Leisure Farm to connect it to Medini, where the Mall of Medini, LegoLand and Pinewood Iskandar Malaysia Studios are located, says Wayne Wong, Mulpha's general manager of sales and marketing since December 2013.

It was the upcoming infrastructure that convinced Singaporean Albert Ng, 59, that he should **purchase** a villa at Leisure Farm last year. Of course, it was the exclusivity of the development as well, he says. He paid less than RM4 **million** (\$1.6 **million**) for a 7,000 sq ft three-bedroom villa with a swimming pool sitting on a 17,000 sq ft freehold **site**. And even though he completed the **sale** after the October **property** cooling measures were announced by the Malaysian government, he did not back out, as he is treating it as a long-term investment.

"Leisure Farm is my best investment in terms of luxury of space," says Ng, a self-employed businessman who is in the insurance industry. "It gives me the opportunity to live like a multimillionaire in a mansion that would have cost at least \$20 **million** in a place like Bukit Timah, which is something I can't afford in Singapore."

He sees other retirees from Singapore, as well as small and medium-sized enterprises moving to Iskandar as accessibility improves. "The cost of living is lower in Malaysia, and you can enjoy the same level of healthcare as Singapore with the opening of Gleneagles and Thomson Medical in future," he says.

Time for update

The 22-year-old Leisure Farm is due for an update, as the rest of Iskandar is being transformed. The entire Leisure Farm **estate** is 1,765 acres, or 1.4 times the size of Sentosa **Island**. There are another 600 acres yet to be developed, and therefore Mulpha is in the midst of revising its master plan, which was conceived more than two decades ago, says Wong.

Mulpha even hired Austrian Robert Marek, a veteran in the hospitality sector, as Leisure Farm's general manager of residence and resort. Marek was director of operations at the Conrad **Hotel** in **Hong Kong** and joined Leisure Farm six months ago.

"We wanted to differentiate Leisure Farm by bringing in the **hotel** resort-style lifestyle for the residents," says Marek. "That's where I come in — to manage all the facilities here, starting from security, which is very important, to housekeeping, engineering, maintenance and customer service."

He estimates there are now 600 residents in Leisure Farm. In the past, many came only on weekends, but more and more residents are now living in Leisure Farm permanently and commute to Singapore to work daily. Therefore, more facilities and amenities are needed for the residents.

Plans are underway to add more facilities to the Bale Equestrian & Country Club. A new restaurant operator from Singapore has been engaged to run the clubhouse. The new restaurant operator is the same one managing the restaurant at Singapore Polo Club. In addition to operating the restaurant at the Bale clubhouse, it intends to open a gourmet grocer

and delicatessen on the premises, offering a fine selection of freshly baked **bread**, cold cuts and specialty wines. One of the viewing galleries will be turned into a bar, and the gym will be upgraded. Four tennis courts have been built and the Tennis Academy from Singapore will start courses from July. The horse riding school has already started lessons. There will also be a children's playground, and other activities include touch football, rugby and soccer. "We want the clubhouse to become a centre for families, with a lot of facilities and activities for residents," says Marek.

Last month, JTResi was appointed sole marketing agent for Mulpha's Leisure Farm in Singapore and Jakarta. Tan, who built his name in marketing Singapore luxury **property** to foreign buyers over the past decade, particularly to Indonesians, has generally shied away from marketing foreign real **estate**. "We decided to **brand** ourselves with a developer, where there's longevity in the relationship, rather than

launch a different project for a different developer every weekend," he says. "Mulpha saw us as such, and appointed us so we can fully focus on their whole portfolio — Leisure Farm, Sanctuary Cove and Hayman Island."

Tan has started to see an emerging trend among the well-heeled international buyers and expatriates in Singapore. His Indonesian and expatriate clients who have purchased condos in Singapore over the past decade are now looking for an opportunity to buy a holiday home and they prefer a landed freehold property, as they are restricted from buying such homes in Singapore. "They will certainly not bat an eyelid to buy something in Leisure Farm for a fraction of the price in Singapore," adds Tan. "This is a potential market that is evolving, and I'm keen to put it to the test."

New launch

So far this year, Mulpha has launched no new residential products within Leisure Farm. However, it intends to roll out four different residential products later this year. These include villas sitting on one-acre land parcels which are currently priced at \$5 million; villas on half-acre land plots (about 23,000 sq ft) at \$3 million; standard bungalows on 6,000 sq ft site, priced at \$1.73 million; and semi-detached houses on a 4,000 sq ft site at \$1.1 million. There will also be cluster homes on offer with built-up areas of 3,200 sq ft priced at \$960,000.

Some bungalows in Leisure Farm have changed hands at more than RM200 psf, observes Mulpha's Wong. Thus, land prices have doubled in just the last two years. In 1991, some of these one-acre land plots were sold for just RM6 to RM9 psf, thus prices today are more than 22 times higher than they were two decades ago.

Mulpha plans to roll out 10 land parcels for sale by tender, with sizes ranging from 12,000 sq ft to one acre. The tender is expected to be launched by month-end, and minimum bids will be given. "We're going to do this as an annual tender exercise," says Wong. "It's targeted at those who aspire to build their own homes." There are also plans to invite renowned architects to design some of the show villas.

Gibson is looking forward to the new facilities in Leisure Farm and Nusajaya. "There aren't as many choices in Nusajaya as there are in Singapore in terms of restaurants," he says. "But, in a few years, things will change."

'Heroes' needed in Iskandar housing market

Singaporean Albert Ng says he was tempted to try out for one of the walk-on parts in the drama series Marco Polo, about the legendary explorer, when they had an open casting. "But I found out that I had to be in costume for 12 hours and would be paid RM200 per day, so I decided not to," he says in a phone interview. Unlike Ng, some of his neighbours at Leisure Farm can now boast that they are going to be part of an international cast in Marco Polo, even if they are just walk-on roles. One of them scored the role of a concubine, and another, a 75-year-old, got the part of a priest.

Even the horses at Leisure Farm's Bale Equestrian & Country Club are basking in a sort of reflected glory as they share their stables with some of the horses in the TV show. One of the scenes involving "grasslands" is also going to be shot in Leisure Farm later this summer, says Robert Marek, general manager of residence & resort at Leisure Farm Corp.

The Netflix epic series Marco Polo, by American film studio The Weinstein Company, will reportedly star Italian actor Leonardo Richelmy in the title role. It is the first drama to be produced at the newly opened Pinewood Iskandar Malaysia Studios. Designated as a catalytic development, Pinewood Studios appears to be creating the desired ripple effect on other sectors, from hospitality to F&B, as well as retail. For instance, anecdotal evidence is that Traders Hotel in Puteri Harbour by Shangri-La Hotels & Resorts is running at full occupancy, as some of the cast and crew have taken up lodgings there.

Whether it would quell fears of an oversupply in the residential market in Iskandar remains to be seen, but it is certainly generating a buzz among some homeowners there. "I bought a semi-detached house at Bayou Creek in Leisure Farm as an investment because I was hoping I could lease it to one of these people from Hollywood," says Ng, 59, who is self-employed in the financial sector.

Just as every movie needs a hero, the residential market usually needs one or two heroes, says Donald Han, managing director of Chesterton Singapore. In his view, these "heroes" are property developers that launch a project that sees strong take-up rates, which will send positive signals to the rest of the market, thereby encouraging other developers to follow suit. "So far, there are no heroes, as developers have been holding back their launches," he adds.

However, some have started to test the waters. Puteri Cove Residences was launched in early April, followed by Eastern & Oriental (E&O)'s soft launch of Avira Garden Terraces at month-end. So far, of

208 terraced houses released, 70% have been **sold** at prices starting from RM1.38 **million** (\$536,761). Sunway **Property** is also said to have launched its Sunway Iskandar township project last week.

'Music stops, back to fundamentals'

Since the Malaysian government unveiled its series of **property** cooling measures last October, sentiment in the **residential** market in Iskandar Malaysia (Iskandar) has dampened. "Activity has returned in the last two months, but it's certainly nowhere near those levels seen before the measures last October," says Han.

People want to see whether valuations will keep pace with price increases, as some projects have seen prices rise 20% in the past 12 months, says Han. "When the music stops, people start to take stock, and focus on fundamentals." Investors will focus on where infrastructure such as the MRT station, and the high-speed rail station linking Singapore to Kuala Lumpur will be built," says Han. "Any price increases and rental potential will come from proximity to these infrastructure projects."

One of the bright spots is landed housing priced from RM1 **million** (\$390,000) to RM2 **million**, which is still attractive to buyers from Singapore. However, the Sultan of Johor reportedly wants the minimum **purchase** price for landed homes by foreigners to be raised to RM2 **million**. It was just increased to RM1 **million** in this recent round of measures. Singaporean buyers have been blamed for driving up **property** prices in Johor. According to the Monetary Authority of Singapore, Malaysian properties account for more than half of all overseas **property transactions** made by Singaporeans last year.

Developers targeting the local Johor market continue to find interest in condos priced from RM500,000 to RM600,000, and landed homes below RM1 **million**, he notes.

Housing supply

About 50,000 (inclusive of projects in Johor Baru city centre) new **residential** units are expected to come onstream over the next three to four years, says Cushman & Wakefield in a recent research report. The take-up rate for **residential** projects launched in recent years ranged from 40% to 60% (excluding units reserved for bumiputera buyers).

Average prices of new **residential** projects currently range from \$308 to \$385 psf, up from \$165 to \$330 psf three years ago, says the **property** consultant. This translates into a capital appreciation of 25% to 100% in just a few years. Land prices in Iskandar have more than doubled since 2010, notes Cushman & Wakefield.

"The large potential supply of new housing units coming onstream would translate into a wide variety of housing types and choice of lifestyle for generations to come," says Cushman & Wakefield in its report on Iskandar released on June 3. "Iskandar is the answer for many aspiring homebuyers in Singapore who are priced out of the market and constrained by lack of supply."

So far, Iskandar has attracted RM131 **billion** in total investments and, since 2006, has created 554,000 new jobs. The population in Iskandar, which is 1.9 **million** today, is projected to hit three **million** by 2025, with a labour force of 1.46 **million** and more than 800,000 jobs created.

The concern is the incoming supply of housing stock, which includes delayed completion of units. As at end-2Q2013, the figure for all of Malaysia stood at 654,563 units. Of that number, 22% was located in Selangor, followed by 17% in Johor. "By averaging the incoming supply number over three years, we find that there will be a supply of slightly above 200,000 units a year, compared with annual demand of close to 100,000 units based solely on natural population growth," says HSR Research in a report last month.

The 1Q2014 Malaysia All House Price Index showed flattish prices from 4Q2013 (see chart), although it was still up 8% from a year ago. Likewise, Johor's All House Price Index in 1Q2014 showed relatively flat growth from 4Q2013. However, prices were still 11.5% higher in 1Q2014 from a year ago. On the other hand, terraced house prices in Johor Baru are starting to show some weakness, with two consecutive quarters of decline of 1.2% in 4Q2013 and 0.5% in 1Q2014, according to HSR.

Wild card — **Chinese** developers

However, the wild card is mainland **Chinese** developers who have ventured into Iskandar in recent years. Last year, Country Garden Holdings created a stir when it launched all of its 9,200-unit Country Garden @ Danga Bay. Rumours were rife that the developer was offering buyers of their projects in **China** a steep discount on their unit **purchases** in Iskandar. This has led to fears that there could be many vacant units when the project is completed. "The concern is that if they leave their units empty, it may not be positive for the environment and could create security issues for other residents," says Han.

In the pipeline is also a partnership between Country Garden and Kumpulan Prasarana Rakyat Johor, the state government investment arm, for a massive reclamation project to build luxury homes near Pendas in Iskandar. The **site** is believed to be much larger than Country Garden's 20ha **site** in Danga Bay.

Last December, Guangzhou R&F Properties Co Ltd paid the Sultan of Johor RM4.5 **billion**, or RM891 psf, for six plots of land covering an area of 47ha in the vicinity of the old Customs, Immigration and Quarantine Complex. The developer intends to build a mix of high-rise condominium and low-density housing, shops, offices, a **hotel** and a shopping mall on the **site**. The project is widely expected to be launched next month.

In April, **China's** state-owned giant Greenland **Group**, **purchased** a plot of land for RM600 **million** to build a **residential** and **commercial** project. This is its maiden foray into Malaysia after it created waves in the US, London and Australia with its massive investments as part of its global expansion.

The concern is that other mainland **Chinese** developers could adopt the same strategy as that of Country Garden by launching their projects at one go and flooding the market, explains Chesterton's Han.

In the primary market, developers in Johor launched 10,161 **residential** units in 2013. It was considered the most active **residential property** market in Malaysia, says HSR Research, attributing it largely to progress in Iskandar and developers' launching more units there.

Country Garden @ Danga Bay, which has more than 9,000 units, accounts for the bulk of the new units launched. "So, all it took was for one big launch of a single project to soak up most of the demand for the year," reckons Han.

Since last October, some developers have already started adjusting the prices of their projects launched last year by about 5%, adds Han. Others are offering rental guarantees, furniture packages and other sweeteners to lure buyers back. "The Singapore style of sales by balloting has all but disappeared," he says.

Some developers believe the greater connectivity between Singapore and Malaysia as more infrastructure projects are rolled out will spur a return of buyers from Singapore and the region. "With 11 Malaysian sales galleries now in Singapore, the latest being UM Land's in Anson House, we expect to see a wave of sales campaigns in the coming months," says a **property** observer.

CO mlphit : Mulpha International Berhad
IN i8396 : Diversified Holding Companies | ibcs : Business/Consumer Services
RE singp : Singapore | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | seasiaz : Southeast Asia
PUB The Edge Publishing Pte Ltd
AN Document EDGESI0020140611ea690000e