

**HD** City & Country: Cover Story - Lang Walker's cut-price luxury

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By positioning Senibong Cove as a discounted alternative to Sentosa Cove, Singapore's premier waterfront **residential** enclave, the Australian **property** developer has found a niche, even as some more ambitious developments in Iskandar Malaysia stall

On his visit to Singapore a fortnight ago, Lang Walker made it a point to stay at the W Singapore **hotel** in Sentosa Cove and visit the adjacent Quayside Isle **commercial** strip, with its restaurants and shops overlooking the marina. "It was interesting," says the 69-year-old Australian **billionaire**.

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Walker is developing a waterfront project of his own across the Causeway in Iskandar Malaysia. Called Senibong Cove, the 84ha development is situated on the banks of Sungei Lunchoo and the Straits of Johor. At RM5.5 **billion** (\$2.18 **billion**), Senibong Cove is the largest project in Walker's portfolio today.

He believes it will provide a value-for-money alternative to Singapore's Sentosa Cove, which is positioned as a playground for the rich and Asia's answer to Monte Carlo. Walker says it was Johor Baru (JB) and Iskandar Malaysia's proximity to Singapore that drew him to invest in the former in 2005.

"Singapore is a great growth story, but it's ranked up there among the most expensive cities in the world — it's more expensive than Sydney and New York. And the more expensive it is, the more attractive [Senibong Cove] will be. So, I'd rather be on the fringe in JB, where I can create a really good product with a lot more amenities for a lot less money," Walker says.

The price differential is most obvious when one compares bungalow prices in the two developments. At Senibong Cove, the most expensive bungalow **sold** to date was priced at RM5.2 **million**. It has a built-up area of 6,600 sq ft with five bedrooms and a study, and sits on a freehold land area of 6,300 sq ft. It is located within the Isola Grandeur Precinct of Senibong Cove, the latest bungalow precinct that was launched in 1Q2014.

'Enormous price difference'

In terms of land area, the house at Isola Grandeur is equivalent to the smallest bungalow on Sentosa Cove, where the last time such a unit changed hands was three years ago. It was for a bungalow sitting on a 6,200 sq ft land area on Coral **Island** that fetched \$12.3 **million**, which is six times the price of the Isola Grandeur house. What's more, while Sentosa Cove properties are **sold** on a 99-year lease, those at Senibong Cove are freehold.

"So, you can see the leverage that we have," says Walker. "And we're just minutes from the Causeway. Even with the toll hikes, the price difference is enormous."

At Sentosa Cove, **transactions** of premier 99-year leasehold waterfront condos have slowed, and prices have started to crater. For example, two 2,777 sq ft, four-bedroom units at luxury condo Turquoise, which were **purchased** for \$7.1 **million** each in 2007, were foreclosed by the bank last year. They were both **sold** at end-July: One unit fetched \$3.88 **million** (\$1,397 psf) in a private treaty deal, while the other was **sold** for \$4.03 **million** (\$1,450 psf) in a closed tender.

Meanwhile, there has not been a single bungalow **transaction** at Sentosa Cove this year to date, notes Newsman Realty associate director Steve Tay, who specialises in marketing luxury homes in the

enclave. The last recorded bungalow deal was last November, according to caveats lodged, and it was for a **property** on Treasure **Island** that changed hands for \$24.08 **million** (\$2,612 psf).

To drive home the value-for-money comparison, Walker has engaged Australian architect Robert Greg Shand, who had designed more than 20 private luxury bungalows in Sentosa Cove. Shand will be designing Senibong Cove's latest collection of luxury bungalows, called Isola Mansions.

The bungalows are expected to be rolled out early next year, and will be on par with Sentosa Cove in terms of design, quality and finishing. The indicative price is said to be upward of RM10 **million** per bungalow, which translates into \$4 **million**. One definitely cannot **buy** a bungalow at Sentosa Cove for \$4 **million**, not even at today's distressed prices. The cheapest bungalow **sold** in Sentosa Cove was \$5.3 **million**, but that was in 2006, when it was **sold** off-plan.

But at Senibong Cove, you can **purchase** a luxury bungalow for that price. "There are a lot of wealthy Malaysians and a growing middle class here [in Malaysia]," says Walker. "We're offering them bungalows that are as good as those in Sentosa Cove, especially those designed by Shand, with a big difference in price."

And there are also expatriates from Singapore who want the lifestyle. "They like the **park** environment, the focus on community and the low-density, instead of multi-storey **residential** blocks," says Walker.

'We've lived through oversupply many times'

The Singapore **property** market has slowed as a result of the series of **property** cooling measures, including the total debt servicing ratio, introduced last June. Sentosa Cove and the luxury condos in the prime districts have been the worst hit, as these areas have traditionally been sought after by foreigners, who have borne the brunt of the **property** cooling measures.

Some interest was diverted to Iskandar Malaysia, which also saw **property** prices soar from late 2011. However, after the Malaysian government introduced its own set of **property** cooling measures last October, demand from Singapore dropped significantly. Concerns about oversupply and the sustainability of some of the more ambitious large-scale developments being launched in Iskandar Malaysia have also led to the current pause in the market.

"The **property** market was getting too hot, and the measures have taken the heat off, which is a good thing," says Walker. The controls have also removed the speculative fervour, and recent buyers have been more discerning, he adds.

Walker is no stranger to the vagaries of the real-estate market, having been in the business for the past 50 years. "We've lived through oversupply many times. Over a 10-year period, we will see ups and downs in any **property** market," he notes.

The pace of development in Iskandar Malaysia has accelerated and competition has intensified, with mainland **Chinese** developers such as Country Garden, Guangzhou R&F Properties and Shanghai-based Greenland **Group** planning massive multi-**billion**-ringgit projects.

'Creating a community, not a concrete jungle'

"We're not rushing ahead," says Walker. While some of the new developments in the pipeline at Iskandar have plot ratios of up to 10.0, for example Rowsley's Vantage Bay and R&F's project near the Causeway (slightly higher than Raffles City in Singapore, which has a plot ratio of 9.9, according to OCBC Research), Senibong Cove's plot ratio is relatively low, at 3.2. "They are creating concrete jungles while we're trying to create a community here, with parks, children's play areas and water," argues Walker.

He understands the importance of creating a vibrant community at the onset of a new development, rather than as an afterthought. As one of Australia's largest privately held **property** developers, with a track record spanning close to half a century, Walker is famous for his waterfront mixed-use developments, for example, Hope **Island** Resort in **Gold** Coast, King Street Wharf in Sydney, and The Wharf at Woollamloo, a harbourside eastern suburb of Sydney.

At Senibong Cove, the first phase of 244 dwellings — mainly landed homes containing a mix of terraced, semi-detached and cluster houses called WaterEdge Residences — were completed in early 2013. To date, more than 600 residents have moved in. The second phase, called Isola Villas, contains 144 landed properties that are predominantly three-storey villas, semi-detached houses and linked bungalows. These are scheduled to be completed between end-2014 and early 2015.

Isola Grandeur, which contains 86 waterfront bungalows, was launched in early 2014. To date, more than 50% of the houses have been taken up, at prices ranging from RM3 million to upward of RM5 million.

When the first phase of Senibong Cove was launched in 2010, 80% of the buyers were Malaysians, and the rest, foreigners. For the second phase, the ratio was 60% locals and 40% overseas buyers. Singapore-based buyers accounted for 70% of the overseas buyers.

The figures reflect Senibong Cove's deliberate strategy to target local buyers initially, says Quay Chew Keong, Lang Walker Corp's project director for Asia. "In the first phase of sales, it was very important to target locals because when locals buy, they will move in."

Over at The WaterEdge Apartments, to date, only 40% of the buyers are foreigners. The first two condo blocks of 28-storeys each are fully sold, except for the lots reserved for bumiputra buyers. The third tower was launched in early 2014, and 40% have been sold.

There have also been instances of local buyers selling their units from the first phase, and upgrading to larger residences in the second phase. "They are not flippers," Quay emphasises.

**Commercial** component

Walker is now focused on the marina precinct, where the Senibong Cove Marina Club and **Commercial** Village will be located. This precinct will also have a mix of sea-fronting houses and apartments, and is scheduled to be launched in 3Q2015.

The **Commercial** Village at Senibong Cove will have a total area of 120,000 sq ft, which is three times the size of Quayside Isle in Sentosa Cove. "We want to create something very much like a combination of Hope Island Resort, King Street Wharf in Sydney, and The Wharf at Woollamalo, particularly where we have the restaurants spilling out into the marina," Walker says.

There will be a retail component in the **Commercial** Village, with shops and a big supermarket. The **F&B** component will be placed outside, fronting the marina.

When Senibong Cove is fully developed, Walker reckons there will be about 8,500 residents, hence, the need to provide them with shopping and **F&B** facilities. "This is a special coastline and we can create a community here, with a mix of low- and high-rise developments," he says. "It's something which I don't believe the other areas are doing."

Securing boundaries

Senibong Cove is also unique because it is a self-contained, master-planned **site**, notes Quay. It fronts the water on one side, and is located at the end of the Permas Jaya exit, off the Eastern Dispersal Link Expressway. "In Danga Bay, if you buy a 30-acre **site**, you don't know what's going to come up next door," he adds. "If it's a **site sold** by Singapore's URA or the Docklands Authority of Melbourne, you know what's coming up."

Anecdotal evidence is that in Iskandar, some developers who had been promised a view of the waterfront were surprised when subsequent sites were sold to other developers planning even taller towers in front of their **site**, says a **property** observer who declined to be named.

Well aware of that, Walker has sought to protect his master-planned **site** and secure the boundaries. That has led to a joint venture with Senibong Cove's neighbouring landowners, the Wong family behind Singapore fashion brand Charles & Keith. The new development, called Senibong Hill, sits on a 16ha **site**, and Walker has a **stake** in it.

Singapore's oldest architectural **firm**, Swan & McLaren, will design the exterior of the houses at Senibong Hill, while Patty Mak, the partner of Suiying Metropolitan Studio, will design the interiors of its courtyard houses. Mak is famous for her interiors of Good Class Bungalows and luxury condos in the prime districts of Singapore.

The houses at Senibong Hill developed in collaboration with the Wong family will be launched sometime in October. They will be a mix of Peranakan-style courtyard houses and terraced houses with a freehold land area of around 3,000 sq ft and a built-up of 4,000 sq ft each. Prices of the terraced houses will start from RM1.9 million, while that for the courtyard houses will be from RM2.2 million.

Singapore connection

To increase Senibong Cove's presence in Singapore, Walker has opened a 1,700 sq ft office in Liat Towers on Orchard Road. From there, prospective buyers will be chauffeured across to Senibong Cove to view the development.

Buyers of the first phase have already seen a price uplift of 80% over the last four years, says Quay. Meanwhile, those who bought units in the second phase, which is completing early next year, are already seeing a price upside of 30%. And it is expected to be even higher upon completion, he adds.

Walker is already looking at one or two more projects in Iskandar Malaysia, and negotiations are underway. Asked whether these will be in a joint venture with others, he replies, "It's a bit up in the air at the moment, but we probably like to be masters of our own destiny and do our own design," he says.

He is not unduly worried about competition from more aggressive overseas players in Iskandar Malaysia. "We have seen developers in Australia announce they are going to do something and, three years later, nothing has happened because they either couldn't get financing or their circumstances have changed. We just have to do our job really well."

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