The rental and capital values in Petaling is increasing rapidly. This is mainly due to massive industrial growth along the Federal Highway. Thus condominiums in Shah Alam, Subang Jaya and Petaling Jaya record fantastic growth in terms of rental and capital values. The Tiara Damansara condominiums in Section 17, Petaling Jaya fetch rental rates of RM1,000 to RM1,500 per month for a 1-bedroom unit; RM1,500 to RM2,500 per month for 2-bedroom units and the 3-bedroom units at RM2,500 - RM3,500 per month.23

The shifting of the Japanese school to Subang, for example, will see a corresponding shift of Japanese expatriates there and this is expected to increase the rental values of Subang Jaya Spring Villa, Summer Villa, Indah Villa, Subang Villa and Sunway Court types of condominium housing in future.24 For instance, 45 families in OG Heights Condo are Japanese and 45 per cent of the units in Spring Villa in Subang Jaya have been purchased by Taiwanese.25 In Subang Jaya, sales of Subang Indera Condominium met with good response from foreigners where they constituted approximately 30 per cent of the purchasers.26

Prices of condominiums which increased by one per cent to 20 per cent in the 1988 - 1989 period, rose by 18 per cent to 40 per cent in the following
apartment, and between an apartment and a condominium. Some developers add terrazo and ceramic tiles on top of the modified design to price low-cost flats at the level of medium cost apartments. Other developers add swimming pools into medium cost apartment projects in order to upgrade their scheme into a condominium project. Thus, the definition and classification of condominium housing is very loose and varies according to location, developers' profit targets and buyers' judgement. Alan Tong Kok Mau, Executive Chairman of Sunrise Holdings Sendirian Berhad, a condominium developer says, "six years ago, with RM100,000 you could not buy a condominium unit. Now you can buy a condominium unit for RM80,000. definition of condominiums up to an extent that some condominiums are not different from apartments."^4

Basically, condominium housing should provide certain facilities which are different from flat or apartment houses. These includes:^5

a) 24 hours security with intercom;
b) Covered carpark lots for residents;
c) Carpark lot for visitors only (to include a minimum percentage of total number of carparks);
d) Carpark lots for second car parks (to include a minimum percentage of total number of car parks);
e) Swimming pool;
f) Wading pool;
g) Jacuzzi;
h) Tennis court;
i) Multi-purpose hall;
j) Gymnasium
k) Squash courts;
l) Children's playground;
m) Putting green;
n) Barbeque pits;
o) Cafetaria;
p) Nursery;
q) Laundrette;
r) Storage lockers; and
s) Landscaping

Table 7.1 shows certain type of facilities or services provided by developers for certain condominiums in the Klang Valley. It shows that, each condominium comes with different types of facilities. But majority of them offer facilities like, swimming pools, squash courts, gymnasiums, security and car parks.
### TABLE 7.1

FACILITIES OFFERED BY CONDOMINIUM DEVELOPERS IN THE KLANG VALLEY

<table>
<thead>
<tr>
<th>Project</th>
<th>CITY CENTRE</th>
<th>CITY FRINGE</th>
<th>BANGSAR AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bougainvill</td>
<td>KL Plaza</td>
<td>Menara</td>
</tr>
<tr>
<td></td>
<td>Condominium</td>
<td></td>
<td>Puteri Court</td>
</tr>
</tbody>
</table>

**Facilities/Services:**

- **Swimming/Wading Pool**
  - (with/without Pool)
  - **Side Bar**: A A A A A A
  - **Squash Court**: A A A A A A
  - **Gymnasium**: A A - A A A
  - **Tennis Court**: - - A A - -
  - **Other Sport Facilities**: - - A A A A
  - **Children’s Playground**: - A - A - -
  - **Gaaes/Recreational Area**: A A - - A A
  - **Sauna**: A A - - A A
  - **Barbeque Area**: A A - - A A
  - **Laundrette**: - A A - A A
  - **House Keeping**: - A - - A -
  - **Nursery**: - A - - A -
  - **Cafeteria**: A A - A A A
  - **Intercom System**: A A A A - A
  - **24 Hours Security**: A A A A A A
  - **Parking (Covered/Uncovered)**: A A - A - A
  - **Convenience Shop/Business Centre etc.**:
    - **Uncovered**: - - - A - A
  - **Community Areas**:
    - **Reading room, Club House, etc.**:
    - **Pipe in Shed/Gas Piping**: - - - - -
    - **Landscape**: - - - - -

**Notes:** A refers to offered facilities.

Basically, condominiums can be classified into the following categories according to their exclusiveness and selling prices:  

a) The up-market or luxury condominiums are usually priced at above RM2,500 per square meter (p.s.m);

b) The medium-cost or semi-luxury condominium are those priced from RM1,000 - RM2,500 p.s.m; and

c) The lower cost condominiums priced below RM1,000 p.s.m.

Apart from that, a few real estate agents and property valuers have categorized condominiums into three categories, that is, those costing above RM300 per square foot (p.s.f), those costing RM151 to RM300 p.s.f. and those costing up to RM150 p.s.f. Thus, there is no fixed price for the various categories of condominiums. The total p.s.m. or p.s.f varies according to property cycle and so does condominium, prices.

7.1 Development and Growth of Condominiums

The concept of condominium housing was introduced in Klang Valley to provide private housing
for expatriates, higher-income citizens and at the same time optimise use of land for residential development. The development and growth of condominium housing in the Klang Valley is closely linked to the performance of the Klang Valley’s economy. Rapid economic growth affected the overall performance of the property market as the latter responds to such changes almost instantly.

The condominium concept of living was introduced, into the Klang Valley in 1979 by Tan and Tan Development. The first condominium built was Desa Kudalari, in Jalan Tun Razak, Kuala Lumpur. In the 1980’s the condominium style of living really took off except for the recession period between 1985 to 1987. This was boosted to a large extent by the affluence of the buying public and the government’s endorsement of condominium development under the Fourth Malaysia Plan as a measure to optimise land usage in urban areas especially in the Klang Valley. The shortage of land in urban areas encouraged more developers to build condominium housing in the Klang Valley particularly in the Kuala Lumpur, Petaling Jaya and Ampang areas.

Several factors account for the choice of the residential districts for condominium housing.
development by private developers. Kuala Lumpur, Ampang and Petaling Jaya are prime areas and so, land cost here is extremely high. In order to justify this high land cost and to maximise land use, developments here tended to be in the form of luxury high rise apartments. Such apartments are extremely popular as the condominium-style facilities included in them are a novelty. Buyers, both local and foreign, are also attracted by factors of convenience, accessibility to central area facilities and the prestige of these locations as high-class residential areas. Thus, these areas were logical choices by the private developers to ensure a good start for condominium housing in the Klang Valley.

In the early stages, condominium housing were developed by only a few private developers, like Tan and Tan Development and Bandar Raya Property Development. Later the number of private developers increased drastically due to the upswing of the property market. Currently we have developers like Sunrise Sendirian Berhad, Sunway Group Sendirian Berhad, Negara Properties Sendirian Berhad, Sime UEP Sendirian Berhad and others. One interesting feature of condominium development during this early phase was the important role played by well-established developers. Unexperience developers are reluctant to
enter into this market. Several factors account for such a situation.

Among the reasons, the most important was that the condominium concept of housing was new and untested in the Klang Valley, even though it was popular in Western Countries (United States of America and Europe) and in Japan, South Korea, Hong Kong and Taiwan. Besides, there was a lack of knowledge of buyers' preferences. There were uncertainties of demand and therefore also very high risk. Faced with such a market situation, only the big and well-established developers and those with foreign experience dared to undertake these projects.

During the early stages, there were several successful condominiums launched. They were Desa Kudalari in Jalan Tun Razak, Menara Bangsar in Bukit Bandaraya, Wangsaria in Bangsar and others. On the average, the selling price of these units with 3-bedrooms were anything from RM400,000 upwards in 1983. Which means, selling price per square foot was between RM300 to RM400. These units had large floor areas, usually exceeding 1,500 square foot for a typical 3-bedroom unit.

In the early 1980's the price increase was significant where most of the condominiums were sold
between RM110,000 to RM1.5 million. In Kuala Lumpur alone, between 1983 to 1985 there were 18 projects completed with 2,583 units on the land area of 3,727,274 square foot.11

During the property market downturn (1985 - 1987), the growth of condominium housing was also affected. As a result, in 1986, 1987 and 1988 there were only 2,6 and 4 projects launched respectively.12 During the 3 year period, only 2,539 units were offered for sale on a land area of 3,686,408 square foot. Due to lower rental returns, lower effective demand and downward pressure on condominium housing price, the growth of this sector was slowed down during that period. The slump in the condominium housing market was caused mainly by the economic recession which began in 1985. In that year, the GDP fell to RM57,150 million as compared to RM57,706 million in 1984.13 As the economy shrank, retrenchment and unemployment increased. Forced sales and auctions became common as unemployed owners of properties failed to service their housing loans. These accelerated the sharp drop in prices. At the same time, rental values were badly affected by expatriates leaving the Klang Valley. Confidence in the condominium housing market was shattered as investors, speculators and home owners suffered heavy losses.
After the economic recession, the economy started to record positive growth again. As Malaysia's economy grew from strength to strength, our currency exchange rate and interest rates remained relatively low, legal restrictions on foreign ownership of land were relaxed, foreign investments in the industrial and commercial sectors came flooding in and with all this, an influx of foreign executives and investors. In addition, there were well-heeled urbanites reaching for a new lifestyle which promised, among other things, security for an increasingly security-conscious people.

Klang Valley or particularly Kuala Lumpur experienced an unprecedented demand for private housing in the 1980s and this resulted in the popularity of condominium housing. The great demand for condominium housing came from both the domestic and foreign markets. The domestic demand was generated by favourable domestic economic forces. Rapid economic growth in the 1980s and early 1990s led to rising GDP and higher purchasing power. The GDP which was RM26,118 million in 1980 jumped to RM57,706 million in 1984 and even higher up to RM93,624 million in 1992. The rise in GDP resulted in greater purchasing power, a higher standard of living and increasing affluence among city folks. This generated the demand for better quality housing.
The per capita income increased significantly in the 1980s and early 1990s due to rapid economic growth in Malaysia and particularly in the Klang Valley. The per capita income increased from RM3,650 in 1980 to RM4,867 and RM7,554 in 1984 and 1992 respectively. In addition in certain areas of the Klang Valley the monthly household income in excess of RM3,000 is quite significant. The monthly household income in excess of RM3,000 out of total population were in Petaling Jaya, 21 per cent, Damansara Heights with 75.3 per cent, Damansara Endah with 96.3 per cent, Bangsa Area with 60.6 per cent. Ampang area with 60 per cent in 1986. (See Table 7.2). This kind of income range obviously generated tremendous demand for condominium housing in those areas.

**TABLE 7.2**

MONTHLY HOUSEHOLD INCOME IN EXCESS OF RM3,000 IN SELECTED AREAS, 1986

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petaling Jaya</td>
<td>21.0</td>
</tr>
<tr>
<td>Damansara Heights</td>
<td>75.3</td>
</tr>
<tr>
<td>Damansara Endah</td>
<td>96.3</td>
</tr>
<tr>
<td>Bangsar</td>
<td>60.6</td>
</tr>
<tr>
<td>(Including Damansara Area)</td>
<td></td>
</tr>
<tr>
<td>Ampang</td>
<td>60.6</td>
</tr>
</tbody>
</table>

The second source of demand came from foreigners who were encouraged to invest in the Klang Valley. These foreigners were attracted by the buoyant economy and political stability. An influx of foreign companies and expatriates led to an on-rush of foreign capital and this contributed to the enormous demand for condominium housing especially in Ampang, Bangsar, Bukit Bandaraya, Damansara Utama, Overseas Union Garden areas along Old Klang Road and others. At the end of 1990, in the Klang Valley alone, there were 4,730 expatriates who occupied 5,350 units of condominium housing with the total cost of RM1,401,100 million with the price range of above RM3,000 per unit.16

**TABLE 7.3**

**KLANG VALLEY: APPROVED HOUSING UNITS ACCORDING TO DISTRICTS IN 1981 AND 1991**

<table>
<thead>
<tr>
<th>Districts</th>
<th>1991</th>
<th></th>
<th></th>
<th>1992</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C/A</td>
<td>Others</td>
<td>Total</td>
<td>C/A</td>
<td>Others</td>
<td>Total</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>872</td>
<td>2,016</td>
<td>2,888</td>
<td>4,298</td>
<td>20,794</td>
<td>25,092</td>
</tr>
<tr>
<td>Petaling</td>
<td>100</td>
<td>1,248</td>
<td>1,348</td>
<td>1,817</td>
<td>11,072</td>
<td>12,911</td>
</tr>
<tr>
<td>Hulu Langat</td>
<td>392</td>
<td>6,420</td>
<td>6,812</td>
<td>4,290</td>
<td>4,861</td>
<td>9,151</td>
</tr>
<tr>
<td>Gombak</td>
<td>141</td>
<td>2,200</td>
<td>2,341</td>
<td>1,620</td>
<td>4,421</td>
<td>6,041</td>
</tr>
<tr>
<td>Klang</td>
<td>80</td>
<td>700</td>
<td>780</td>
<td>440</td>
<td>8,061</td>
<td>8,501</td>
</tr>
<tr>
<td>Klang Valley</td>
<td>1,585</td>
<td>12,584</td>
<td>14,169</td>
<td>12,467</td>
<td>46,229</td>
<td>58,696</td>
</tr>
</tbody>
</table>

*Note: C/A refers to Condominium and Apartment. Source: Ministry of Housing And Local Government, Kuala Lumpur. Various publication from 1980 to 1991.*
Table 7.3 and also Figure 7.1 shows the distribution of high-rise dwellings in the Klang Valley. Kuala Lumpur and Hulu Langat recorded highest growth in condominium and apartment housing development. In Kuala Lumpur the condominium and apartment (C/A) figures jumped from 872 units in 1981 to 4,298 units in 1991. In Hulu Langat it jumped from 392 units in 1981 to 4,290 units in 1991. Petaling Districts also indicated similar changes during that period. Overall in the Klang Valley, the C/A figures increased from 1,585 units in 1981 to 12,467 units in 1991. Most of these are for condominiums and high and medium cost apartments. As a result, condominiums make up 1.83 per cent of the total housing stock in the Klang Valley in 1990 and this figure is expected to reach 5 per cent by 1994, if one takes into account what is coming onstream.17

Kuala Lumpur experienced tremendous growth in the condominium housing as indicated in Table 7.4 and Figure 7.2. Between 1983 to 1993, there were 90 projects undertaken by developers. The highest recorded in 1993 with 25 projects and followed by 16 projects in 1991. Overall, there are 18,606 units offered to buyers during this period where the highest offer was in 1993 with 6,879 units and followed by 3,358 units in 1991. Overall, it offered 2,184,796
Figure 7.1

HOUSES (Thousands)

YEAR

1981 1991

CONDO/APARTMENT OTHERS TOTAL

SOURCE: MINISTRY OF HOUSING AND LOCAL GOVERNMENT, VARIOUS PUBLICATION.
FIGURE 7.2

UNITS (Thousands)

YEAR

### Table 7.4

**Supply of Condominium Units in Kuala Lumpur, 1983 to 1993**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Projects</th>
<th>Number of Unit</th>
<th>Areas (Square Metres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>5</td>
<td>782</td>
<td>81,698</td>
</tr>
<tr>
<td>1984</td>
<td>4</td>
<td>561</td>
<td>60,065</td>
</tr>
<tr>
<td>1985</td>
<td>9</td>
<td>1,240</td>
<td>204,683</td>
</tr>
<tr>
<td>1986</td>
<td>2</td>
<td>460</td>
<td>70,857</td>
</tr>
<tr>
<td>1987</td>
<td>6</td>
<td>1,143</td>
<td>175,975</td>
</tr>
<tr>
<td>1988</td>
<td>4</td>
<td>936</td>
<td>95,771</td>
</tr>
<tr>
<td>1989</td>
<td>4</td>
<td>682</td>
<td>64,248</td>
</tr>
<tr>
<td>1990</td>
<td>8</td>
<td>1,221</td>
<td>139,386</td>
</tr>
<tr>
<td>1991</td>
<td>16</td>
<td>3,358</td>
<td>367,851</td>
</tr>
<tr>
<td>1992</td>
<td>7</td>
<td>1,344</td>
<td>161,611</td>
</tr>
<tr>
<td>1993</td>
<td>25</td>
<td>6,879</td>
<td>772,692</td>
</tr>
</tbody>
</table>

Total 90 18,606 2,194,796


Square meters of built-up area in Kuala Lumpur alone.

Table 7.5 shows the break down of condominium housing according to location in the Klang Valley.

Again, location plays an important role in determining the site of condominium construction. The
TABLE 7.5
SITE OF CONDOMINIUM CONSTRUCTION

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangsar/Damansara Heights</td>
<td>48.7</td>
</tr>
<tr>
<td>City Centre</td>
<td>28.7</td>
</tr>
<tr>
<td>Upper Jalan Ampang</td>
<td>22.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Most popular locations for condominium housing are Bangsar, Damansara, Bukit Tunku-Jalan Duta, Jalan Ampang - Jalan U-Thant areas and the City Centre itself. Accessibility to both the City Centre and Petaling Jaya made Bangsar one of the most attractive area for condominium housing development. Apart from that, location in relation to the distance from the City Centre. It is also important that the condominium be placed in a convenient and good environment for future residents.

In Petaling Jaya, most of the condominium housings are located around Jalan Gasing, Subang Jaya, Bandar Sunway, Section 11, 12, 16 and 17 areas (see Table 7.6). Again, the accessibility to both City
<table>
<thead>
<tr>
<th>Projects</th>
<th>Number of Unit</th>
<th>Developers Sellings Price (RM)</th>
<th>'000</th>
<th>Date Price Launched</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiara Damansara</td>
<td>351</td>
<td>75 - 200</td>
<td></td>
<td>1989</td>
</tr>
<tr>
<td>Astana Damansara</td>
<td>135</td>
<td>190 - 400</td>
<td></td>
<td>1990</td>
</tr>
<tr>
<td>Gasing Heights</td>
<td>289</td>
<td>200 - 300</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>University Towers</td>
<td>250</td>
<td>173 - 261</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Ehsan Ria</td>
<td>312</td>
<td>Above 170</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Pesona Homes</td>
<td>100</td>
<td>170 - 247</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Subang Jaya Spring Villa</td>
<td>88</td>
<td>174 - 294</td>
<td></td>
<td>1989</td>
</tr>
<tr>
<td>Summer Villa</td>
<td>124</td>
<td>349 - 427</td>
<td></td>
<td>1990</td>
</tr>
<tr>
<td>Indah Villa</td>
<td>252</td>
<td>127 - 263</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Subang Villa (Ehsan Apartment)</td>
<td>314</td>
<td>93 - 110</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Sunway Court</td>
<td>256</td>
<td>95 - 104</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Seri Hijau</td>
<td>260</td>
<td>160 - 180</td>
<td></td>
<td>1991</td>
</tr>
</tbody>
</table>

Centre and Shah Alam to Port Klang through the Federal Highway make these areas most attractive for condominium housing development. Condominium housing is expected to grow more rapidly in the Petaling, Hulu Langat and Gombak Districts. The City Centre presently is very crowded with numerous highrise buildings due to land scarcity and higher land prices. This trend in future will drive away developers and buyers of condominium housing to city fringe areas which are relatively cheaper than the City Centre.

Apart from the Petaling District, the residential enclaves of Ampang - Hulu Klang is very popular among condominium housing developers. This is mainly due to its strategic location near embassies, international schools and shopping complexes. Besides, this area is very close to the central business areas of Jalan Ampang, Jalan Tun Razak, Jalan Bukit Bintang and Jalan Sultan Ismail. In 1991 alone, 14 projects had taken off in the Ampang areas (See Table 7.7). This implies that, more developers are moving to less congested areas which are out of the City Centre to undertake their projects. In addition, relatively lower land price, less pollution and less traffic congestions compared to the city centre makes this areas a highly popular location both for the buyers and sellers (builders) of condominium housing.
<table>
<thead>
<tr>
<th>Projects</th>
<th>Number of Unit</th>
<th>Developers Selling Price (RM)</th>
<th>Date Launched</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wangsa Heights</td>
<td>210</td>
<td>NA</td>
<td>1986</td>
</tr>
<tr>
<td>Hampstead Rise</td>
<td>48</td>
<td>NA</td>
<td>1987</td>
</tr>
<tr>
<td>Kyoto Gardens</td>
<td>120</td>
<td>152 - 162</td>
<td>1990</td>
</tr>
<tr>
<td>Casa-Del-Sol</td>
<td>160</td>
<td>136 - 391</td>
<td>1990</td>
</tr>
<tr>
<td>Villaview</td>
<td>146</td>
<td>113 - 210</td>
<td>1991</td>
</tr>
<tr>
<td>Athenarum At The Peak</td>
<td>341</td>
<td>193 - 210</td>
<td>1991</td>
</tr>
<tr>
<td>Villa Duta</td>
<td>215</td>
<td>146 - 171</td>
<td>1991</td>
</tr>
<tr>
<td>Southern Heights</td>
<td>130</td>
<td>NA</td>
<td>1991</td>
</tr>
<tr>
<td>Menara Mutiara</td>
<td>226</td>
<td>230 - 300</td>
<td>1991</td>
</tr>
<tr>
<td>Case Roma</td>
<td>576</td>
<td>141 - 163</td>
<td>1990</td>
</tr>
<tr>
<td>Rose Vista</td>
<td>96</td>
<td>91 - 106</td>
<td>1990</td>
</tr>
<tr>
<td>Astaria</td>
<td>380</td>
<td>75 - 99</td>
<td>1990</td>
</tr>
<tr>
<td>Bukit Mewah</td>
<td>164</td>
<td>115 - 151</td>
<td>1991</td>
</tr>
</tbody>
</table>


Based on past and present condominium housing growth or development, we can make a few conclusions for future trends. In the early stages most of the condominium housing were developed around
the City Centre. On top of that, it is priced within the reach of many city folks. However, this trend has significantly changed since 1988 onwards. During this period, the condominium housing experienced remarkable growth in terms of volume, value and investment returns. The overwhelming demand from local and foreign buyers stimulated more developers to increase the supply of condominium housing. As a result, the excess demand for land increased the price of land drastically especially of those in good locations. This resulted in higher pricing of condominium housing from between RM450,000 to RM1 million in Kuala Lumpur. This, encouraged the development of more condominium housing in the city fringe areas like Ampang, Petaling Jaya, Subang Jaya, Damansara Heights and others. Due to lower land prices of these areas compared to the City Centre, the condominium housing here had prices between RM150,000 to RM350,000. This means, more Malaysian buyers go into buying these property for investment and residential purposes.

In future, more condominium houses are expected to be build in Gombak, Hulu Langat and the Petaling District compared to Kuala Lumpur area. On top of that, rapid industrial growth, more young executives, greater effective demand due to higher per capita income, improved public transport
(highways, dual-railway tracks, light railway transit and airport) and construction of various private and public education centres are expected to boost the growth of condominium housing in these areas. Apart from that, scarcity of land for housing is also a major factor behind this trend. Finally, various government policies pertaining land development is also an explanatory factor for condominium housing growth in future.

7.2 Price Trends and Rental Returns for Condominium Housing

The price and rental returns for condominium housing in the Klang Valley are basically determined by the various factors such as location, domestic demand, external demand, economic growth trend, property market cycle and future business confidence. The rate of appreciation of new condominium housing will be higher during economic upswing and vice-versa. The existence of a large expatriate community has also influenced demand and contributed to the bullish market for condominiums and its appreciation value.

In the Klang Valley, the current nett rate of return on condominiums is between 4 to 8 per cent per annum. The rate of appreciation for condominium housing is between 10 to 26 per cent per
annum and of course this varies according to location and types of facilities provided by the condominium developers. Table 7.8 shows the rental and capital values of condominiums in Kuala Lumpur in 1991 and 1992.

### TABLE 7.8

**KUALA LUMPUR: RENTAL AND CAPITAL VALUES OF CONDOMINIUM HOUSING IN 1991 AND 1992**

<table>
<thead>
<tr>
<th>Type</th>
<th>Rental Values (Per Month)</th>
<th>Capital Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1991 (RM)</td>
<td>1991 (RM)</td>
</tr>
<tr>
<td></td>
<td>(per unit) (per unit)</td>
<td>(per unit) (per unit)</td>
</tr>
<tr>
<td></td>
<td>Performance (%)</td>
<td>Performance (%)</td>
</tr>
<tr>
<td>Condominium</td>
<td>1,150 - 1,150 - 0 - 29</td>
<td>120 - 170 - 120 - 140</td>
</tr>
<tr>
<td>1 bedroom</td>
<td>2,700 3,500</td>
<td>0 - 8</td>
</tr>
<tr>
<td>2 bedroom</td>
<td>2,500 - 2,600 - 0 - 12</td>
<td>155 - 170 - 155 - 170</td>
</tr>
<tr>
<td></td>
<td>4,000 4,500</td>
<td>0 - 3</td>
</tr>
<tr>
<td>3 bedroom</td>
<td>2,800 - 2,800 - 0 - 8</td>
<td>220 - 930 - 220 - 1,200</td>
</tr>
<tr>
<td></td>
<td>5,000 6,500</td>
<td>6 - 26</td>
</tr>
</tbody>
</table>

**Note:** Refers to rental values inclusive of service charges.


As indicated in Table 7.8, the rental returns play a significant role in determining the demand for new condominiums. 3 bedroom and 2 bedroom
condominiums are basically occupied by foreigners. While, 1-bedroom condominiums are occupied by local rich citizens. The lucrative rental market for condominium housing has encouraged local and foreign investment which leads to higher capital values. Nett yields for condominiums range between 6 and 8 per cent, much better than putting money in the bank.20 Japanese, Hong Kong and Singaporean executives make good tenants since they are prepared to pay high rents. Some examples: RM2,800 per month at Menara Bangsar; RM2,800 per month at Desa Kudalari and RM5,000 at Raintree Apartments.21 The rental rates are also determined by the locations. Rent is high where the expatriates are, and areas favoured by expatriates are traditionally Ampang, Damansara Heights, Kenny Hill, Bangsar and the City Centre.22 In addition, higher capital appreciation is also due to various developments which are currently progressing in the Klang Valley.

The rental and capital value according to location is depicted in Table 7.9. It shows that, condominiums which are located in the City Centre give higher rental and capital values. The accessibility to various location from and to the City Centre transforms these locations into highly preferred areas. Apart from that, since it is located in the
central business area, travelling time for the tenants are reduced and various shopping facilities; nearby is also an explanatory factor for high rental and capital values.

**TABLE 7.9**

KUALA LUMPUR: AVERAGE VALUES AND RENTALS OF APARTMENTS AND CONDOMINIUMS

<table>
<thead>
<tr>
<th>Location</th>
<th>Type</th>
<th>Value</th>
<th>Monthly Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jln. Tun Razak/</td>
<td>2-bedroom</td>
<td>RM250,000-350,000</td>
<td>RM2,500-3,500</td>
</tr>
<tr>
<td>Jln. Ampang</td>
<td>3-bedroom</td>
<td>RM350,000-700,000</td>
<td>RM3,500-5,000</td>
</tr>
<tr>
<td></td>
<td>Penthouse</td>
<td>RM500,000-900,000</td>
<td>RM5,000-7,000</td>
</tr>
<tr>
<td>Bukit Bintang/</td>
<td>2-bedroom</td>
<td>RM350,000-450,000</td>
<td>RM3,000</td>
</tr>
<tr>
<td>Bukit Ceylon</td>
<td>3-bedroom</td>
<td>RM450,000-550,000</td>
<td>RM3,500-7,000</td>
</tr>
<tr>
<td></td>
<td>Penthouse</td>
<td>RM500,000-RM1 million</td>
<td></td>
</tr>
<tr>
<td>Bukit Tunku/</td>
<td>2-bedroom</td>
<td>RM180,000-250,000</td>
<td>RM2,000-2,500</td>
</tr>
<tr>
<td>Jln. Duta/</td>
<td>3-bedroom</td>
<td>RM300,000-450,000</td>
<td>RM3,000-4,500</td>
</tr>
<tr>
<td>Jln. Putra</td>
<td>2+1-bedroom</td>
<td>RM200,000-300,000</td>
<td>RM2,000-3,000</td>
</tr>
<tr>
<td>Damansara Areas</td>
<td>3-bedroom</td>
<td>RM300,000-450,000</td>
<td>RM3,000-4,000</td>
</tr>
<tr>
<td></td>
<td>Penthouse</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The rental and capital values in Petaling is increasing rapidly. This is mainly due to massive industrial growth along the Federal Highway. Thus condominiums in Shah Alam, Subang Jaya and Petaling Jaya record fantastic growth in terms of rental and capital values. The Tiara Damansara condominiums in Section 17, Petaling Jaya fetch rental rates of RM1,000 to RM1,500 per month for a 1-bedroom unit; RM1,500 to RM2,500 per month for 2-bedroom units and the 3-bedroom units at RM2,500 - RM3,500 per month.23

The shifting of the Japanese school to Subang, for example, will see a corresponding shift of Japanese expatriates there and this is expected to increase the rental values of Subang Jaya Spring Villa, Summer Villa, Indah Villa, Subang Villa and Sunway Court types of condominium housing in future.24 For instance, 45 families in OG Heights Condo are Japanese and 45 per cent of the units in Spring Villa in Subang Jaya have been purchased by Taiwanese.25 In Subang Jaya, sales of Subang Indera Condominium met with good response from foreigners where they constituted approximately 80 per cent of the purchasers.26

Prices of condominiums which increased by one per cent to 20 per cent in the 1988 - 1989 period, rose by 18 per cent to 40 per cent in the following
year. Financial institutions' readiness to provide a maximum of 90 per cent end financing and a 30 year repayment period went a long way increasing effective demand for condominium housing. This to a certain extent contributes to the appreciation rate of condominium housing. Apart from that, location, political and economic stability, government policies in regard to landed property, to a large extent determine the price movements of condominium housing in the Klang Valley.

Moreover, the type of tenure (Freehold or leasehold), type of property and its age, supply and demand situation, town planning requirements, taxation and other related legislation also influence and determine the rate of appreciation for condominium housing. The appreciation rate usually responds according to the property market cycle. During the early 1980s, where condominium housing was introduced in the Klang Valley, the price per square foot was sold at RM150 - RM200. Later during the market slump (1985-1987) it was sold at a lower price which was between RM120 to RM150 per square foot. However, since 1987 till 1982 the price increase has been very significant up to an extent that this sector has become very lucrative and profitable for builders and
buyers. In 1988, price per square foot was RM170 and it jumped up to RM280 per square foot in 1992.31

In Menara Indah and Menara Impian, 2-bedroom units sold between RM255,000 to RM270,000 per unit showing an increase of 40 per cent to 50 per cent over pre 1990 levels.32 The 3-bedroom units in Menara Kayangan recorded a rise about 50 per cent compared to the selling price in 1989.33 In Petaling Jaya, some units were resold, showing price increases of about 30 to 40 per cent in 1990.34 In the Damansara area, selling price of IGB’s 2-bedroom units in Desa Damansara escalated from the developer’s price of RM202,500 - RM240,000 to RM320,000 - RM450,000 in 1990.35 Condominiums in Subang Jaya, Bandar Sunway and Section 11 and 12 showed similar price appreciation. In Kuala Lumpur, prices of condominium housing which increased by 9 to 20 per cent in the 1988 - 1989 period, rose by 18 to 40 per cent in the following year.36

The future of condominium housing is largely determined by rental returns and price appreciation. Higher investment returns certainly will encourage more active participation from buyers and sellers. Conversely, lower investment returns will have the opposite effect. Out of the total effective
demand, in 1991 only about 10 per cent of stock consisted of condominiums and due to changing life styles of city folks, demand rose to 11 per cent in 1992 and is expected to be about 12 per cent in 1993. The supply and demand analysis can explain this scenario.

TABLE 7.10
SUPPLY - DEMAND ANALYSIS OF CONDOMINIUM KUALA LUMPUR

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply (Units)</th>
<th>Demand (Units)</th>
<th>Excess/Shortfall (Units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>11,727</td>
<td>21,890</td>
<td>(10,163)</td>
</tr>
<tr>
<td>1993</td>
<td>18,606</td>
<td>24,497</td>
<td>(5,891)</td>
</tr>
<tr>
<td>1994</td>
<td>18,906</td>
<td>27,228</td>
<td>(8,922)</td>
</tr>
<tr>
<td>1995</td>
<td>18,906</td>
<td>21,480</td>
<td>(3,184)</td>
</tr>
</tbody>
</table>

Source: Aloysius B. Marbeck. *Investing In Housing And Residential Properties: Buy or Rent, Glut or Opportunity;* National Housing And Property Conference, Kuala Lumpur, 18 and 19 February, 1993. Table 6, p. 11.

As 7.10 table shows, from 1991 to 1995, there will be a shortfall of condominium housing in Kuala Lumpur. Based on the current occupancy rate of 420
80 to 100 per cent, one can expect that future rentals will be higher if there is no sudden change in the whole economy. Moreover, the price appreciation is expected to continue for the next few years for condominium housing. Thus, for the next few years till 1995, the condominium market will grow at a stable rate based on the current market and economy scenario.

The condominium housing sector is currently very popular among buyers, builders, investors and speculators either local or foreign. Higher rental returns and appreciation value certainly encourages more people to actively participate in this sector. Besides, buoyant economic growth, greater effective demand and changing lifestyle certainly promise a bright future for condominium housing. The shortage of land and ever increasing demand for housing will certainly contribute towards significant changes in price and rental returns for condominium housing in the Klang Valley.

7.3 Principal Factors Influencing Condominium Housing Selection.

Property prices have tripled over the past two decades and purchasing a house has become the
single biggest investment for most families, hence it involves a complex decision-making process. A buyer considers many factors when selecting a house. These include location (accessibility), physical characteristics of the development site and the particular unit, and cost factors, among others. Thus, now onwards the analysis will focus on the determinants of condominium housing demand or principal factors influencing condominium housing selection in the Klang Valley.

Studies have shown that the housing selection process consists of several stages and, households with different socio-economic characteristics have different selection criteria in their choice of a dwelling place. A decision-making model by Meyerson and Banfield (1955) suggests that home buyers set out to purchase a house with an initial set of desired ends; but after trying to match what is available with what is desired, some of these desires have to be sacrificed.38

The cost, space, location and social composition of the neighbourhood play important roles in determining the buyers’ choice. Rossi (1955) concluded that the prospective home buyer makes his choice based on the following consideration in order
of importance - cost, space factors, location and social composition of the neighbourhood.\textsuperscript{39} On top of that, distance from various facilities also influence the selection of condominium housing. In Case's (1978) opinion, a family selects a dwelling place on the basis of price, cost of using the unit, and location of the unit with respect to work, shopping, schools and other areas they visit regularly.\textsuperscript{40}

Apart from cost, Mooney (1985) found modern amenities, especially amenities like pools, large closets and clubhouses to 'be of great attraction in buyers' choice of a particular condominium.\textsuperscript{40} The cost of using a unit, such as cheaper and more convenient maintenance has also been used as a selling point for condominiums (Berman, 1972).\textsuperscript{41} Housing satisfaction has also been found to be an explanatory factor which influences the condominium housing selection. In a study in Taiwan, Yi (1985) found that factors relating to housing satisfaction can be classified into three groups, that is physical, locational and individual.\textsuperscript{42} Physical characteristic refers to house size (the number of bedrooms), its design and age. Locational facilities (school, shopping complex, city centre and recreational places). The other factors include the site itself, security of the neighbourhood and peacefulness.
In addition, socio-demographic characteristics also tend to influence the condominium housing selection. In Beyer's (1969) opinion, different sexes place importance on different factors; the man is more concerned with price, downpayment, construction, heating equipment and the garage, while the women think of the number and size of bedrooms, the kitchen and noise. Bourne (1981) pointed out that, income or cost constraint plays an important role in terms of location and types of dwelling selection. As such, access to loan funds or availability of financing for the unit to be purchased is of great importance to purchasers. Various factors which influence condominium selection in the Klang Valley will be examined next.

a) Income

Income plays a very important role in terms of condominium selection. Practically, in the Klang Valley most of the condominium owners are from the upper-income bracket, followed by the middle-income group. The rest are from foreigners who include expatriates, investors and speculators. Table 7.11 shows the result from a survey conducted by Frank Small Property Research. This survey was conducted
among middle-income earners (RM24,000 - RM60,000), including professionals, and upper-income earners (above RM60,000) in the Klang Valley to determine the type of houses they prefer to own. Below are findings from both categories of potential buyers.

### TABLE 7.11

**KLANG VALLEY: TYPES OF PREFERRED RESIDENTIAL PROPERTY**

<table>
<thead>
<tr>
<th>Type of Dwelling</th>
<th>Middle-income(%)</th>
<th>Upper-income(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condominium</td>
<td>25</td>
<td>47</td>
</tr>
<tr>
<td>Bungalow, double storey</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Terrace house, double storey</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>Semi-detached, double storey</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Bungalow, single storey</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Semi-detached, single storey</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Terrace house, single storey</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Flat/Apartment, high rise</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Flat/Apartment, walk-up</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Empty land-to build own house</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

The table shows that, 47 per cent of upper-income earners prefer to buy condominium units compared to 25 per cent of middle-income earners. On the other hand, only 2 per cent of the upper-income earners prefer to buy a flat or high-rise apartment. This could be the main reason for developers to ignore flat and apartment construction and concentrate more on condominium housing. Moreover, by adding extra facilities and good finishing on the apartment they can obtain higher profit. Upper-income earners prefer to buy bungalow units (double storey) which constitutes 21 per cent compared to other types of dwellings. Therefore, income obviously determines or influences the condominium housing selection, in the Klang Valley.

b) Investment Returns

Condominium unit buyers basically purchase condominiums for three reasons. Firstly, to occupy the unit. Secondly, for investment reasons and thirdly for speculation. Investment returns are obtained from two sources. One is nett rate of return per annum (rental rates) and second is capital appreciation. In the Klang Valley, the current nett rate of return on condominium is between 5 to 12 per
cent per annum (see Table 7.12). On top of that, investment returns from residential, industrial and service and apartments are between 2 to 6 per cent, 7 to 12 per cent and 8 to 10 per cent per annum respectively. For office, retail and hotels, the returns are between 8 to 9 per cent, 10 to 13 per cent and 5 to 11 per cent per annum respectively.

Furthermore, the table indicates that buying a condominium gives higher return compared to putting the money in the bank. In addition, appreciation value for condominiums in strategic locations are between 10 to 20 per cent. For example, the selling prices of IGB’s 2-bedroom units in Desa Damansara increased from the developer’s price of RM202,500 - RM240,000 to RM320,000 - RM450,000 in 1990.45 Areas like Ampang - U-Thant, Bangsar, Damansara and Jalan Kelang Lama are very popular among buyers due to its returns. In Bangsar, gross rate of return for condominium housing in 1992 was between 10.6 to 14 per cent, in Jalan Kelang Lama was 10 to 15 per cent, followed by Damansara and Ampang - U-Thant area with 9 to 10 per cent and 7.6 to 10 per cent respectively.46 Thus, the rate of return on condominium certainly influences the buyers selection criteria for buying a condominium unit.
TABLE 7.12

INVESTMENT RETURNS FOR VARIOUS TYPES OF INVESTMENTS

<table>
<thead>
<tr>
<th>Type</th>
<th>Yield per annum (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landed Property (Kuala Lumpur)</td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>8 - 9</td>
</tr>
<tr>
<td>Retail</td>
<td>10 - 13</td>
</tr>
<tr>
<td>Hotels</td>
<td>5 - 11</td>
</tr>
<tr>
<td>Service Apartments</td>
<td>8 - 10</td>
</tr>
<tr>
<td>Industrial</td>
<td>7 - 12</td>
</tr>
<tr>
<td>Residential</td>
<td></td>
</tr>
<tr>
<td>a) Traditional</td>
<td>2 - 6</td>
</tr>
<tr>
<td>b) Condominium</td>
<td>5 - 12</td>
</tr>
<tr>
<td>Other Nett Market Yields</td>
<td></td>
</tr>
<tr>
<td>Malaysian Stocks</td>
<td>1 - 11.7</td>
</tr>
<tr>
<td>Malaysian Bonds</td>
<td>4 - 12.5</td>
</tr>
<tr>
<td>Savings Bonds</td>
<td>3.5 - 7.5</td>
</tr>
<tr>
<td>Fixed Deposits</td>
<td>6.25 - 8.0</td>
</tr>
</tbody>
</table>


c) Physical Characteristics

Physical characteristics refer to quality of finishes, age of building, built-in items, ample on -
site parking, design of the unit, overall design, amenities and recreational facilities and the number of bedrooms. Physical characteristics play an important role in terms of buyers' satisfaction, rental returns and value appreciation of the condominium. Condominium housing with complete physical characteristics tend to yield higher investment returns if they are located in strategic areas. Table 7.13 denotes the preferred condominium facilities by buyers and owners according to their income range. This interview carried out among the middle and upper income earners to determine what facilities they really require, revealed the following — (these are persons who are currently owning or interested in purchasing a condominium in the near future).

As indicated in the table, almost 61 and 71 per cent of the respondents preferred covered car-park with the personal income of RM24,000 to RM48,000 per annum and RM60,000 per annum respectively. Upper-income buyers preferred tennis courts, gymnasium and putting green. On the other hand, middle-income buyers do not preferred such facilities. The middle-income buyers preferred multi-purpose halls, member's lounge and taxi stand compared to upper-income buyers
TABLE 7.13
PREFERRED CONDOMINIUM FACILITIES

<table>
<thead>
<tr>
<th>Type of Facilities</th>
<th>RM24,000-48,000 (%)</th>
<th>RM60,000 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered Car-park</td>
<td>61</td>
<td>71</td>
</tr>
<tr>
<td>Landscaping</td>
<td>54</td>
<td>65</td>
</tr>
<tr>
<td>Swimming Pool</td>
<td>38</td>
<td>52</td>
</tr>
<tr>
<td>Multi-purpose hall</td>
<td>38</td>
<td>-</td>
</tr>
<tr>
<td>Children’s playground</td>
<td>37</td>
<td>32</td>
</tr>
<tr>
<td>Reception</td>
<td>33</td>
<td>30</td>
</tr>
<tr>
<td>Mini-Market</td>
<td>32</td>
<td>37</td>
</tr>
<tr>
<td>Lobby</td>
<td>32</td>
<td>27</td>
</tr>
<tr>
<td>Member’s Lounge</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>Taxi Stand</td>
<td>23</td>
<td>-</td>
</tr>
<tr>
<td>Tennis Courts</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>Putting Green</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Gymnasium</td>
<td>-</td>
<td>20</td>
</tr>
</tbody>
</table>

Note: *Refers to the Market Segment with personal income as stated above per annum.


who do not preferred these facilities. Generally, buyers from both market segment preferred covered car-park, landscaping, swimming pool, children’s playground, reception, mini-market and lobby. Therefore, condominium developers should analyse the market needs and behaviour according to income groups before providing such facilities.

Expatriates can be grouped under the upper-income buyers and the developers should take into
consideration their needs in order to capture their market more efficiently. Midle-income buyers mainly refer to local buyers who are very much bound to domestic cultures in terms of facilities they prefer. Thus, the condominium housing they choose should provide such facilities with increased affluence and improved quality of life. Physical characteristics are often regarded as the basic feature that distinguishes a quality development of a condominium by builders to provide various facilities according to buyers needs in respect to their income bracket. Types of facilities offered of course influence the buyers whether to purchase or rent a condominium in the Klang Valley. A study done in Singapore revealed that 74.4 per cent of the respondents preferred amenities (facilities), 56.8 per cent preferred overall design, 39.5 per cent preferred unit design, 30.9 per cent, 23.8 per cent and 16.6 per cent of the respondents preferred quality of finishes, number of bedroom and built-in items respectively.47

d) Cost Considerations

Cost considerations refer to the selling price of a condominium unit, availability of finance and maintenance charge. Since buying a
condominium unit is a life-time investment, the cost factors would obviously determine the buyer's selection. An intending buyer is therefore unlikely to pay the full amount of the purchase price in cash. He or she must resort to external financing, usually from financial institutions.

Basically, lower selling prices with low maintenance charges and higher end financing will encourage more buyers to purchase condominium units and vice-versa. Local buyers are more concerned with the purchasing prices, maintenance charges and availability of finance. On the other hand, foreign buyers are more concerned with government rulings, end financing and investment returns. For foreign buyers, the selling price of the condominiums in the Klang Valley is relatively cheaper compared to countries in this region. Table 7.14 shows high-priced housings which are located in selected capital cities. The average cost of a centrally located 100 - square-metre flat in Kuala Lumpur is a little more expensive only compared to Manila. Whereas, a similar high-priced housing in Kuala Lumpur is cheaper than the ones sold in Bangkok, Jakarta, Singapore, Taipei, Seoul, Hong Kong and Tokyo. Moreover, Kuala Lumpur is anytime better than Bangkok, Jakarta and Manila in
terms of basic facilities, political and economic stability. Therefore, more investors prefer to pump in their money here compared to the other mentioned cities.

For the Japanese, South Koreans, Taiwanese and Singaporeans, the condominiums in the Klang Valley are relatively cheaper and therefore most of the

<table>
<thead>
<tr>
<th>City</th>
<th>Average cost of a centrally located 100 - square-metre flat in capital city (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>1,625,400</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1,238,400</td>
</tr>
<tr>
<td>Seoul</td>
<td>903,000</td>
</tr>
<tr>
<td>Taipei</td>
<td>670,800</td>
</tr>
<tr>
<td>Singapore</td>
<td>567,600</td>
</tr>
<tr>
<td>Jakarta</td>
<td>484,800</td>
</tr>
<tr>
<td>Bangkok</td>
<td>361,200</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>258,000</td>
</tr>
<tr>
<td>Manila</td>
<td>154,800</td>
</tr>
</tbody>
</table>

As shown, the maintenance charge varies according to types of facilities, location, types of condominium (luxury, medium or low-cost) and occupants (local or foreigners). Price factor influences the buyers choice up to 46.7 per cent, maintenance charge 28 per cent and finally availability of finance up to 16 per cent.48 Thus, cost factors do obviously

<table>
<thead>
<tr>
<th>Service Charge</th>
<th>KL Plaza</th>
<th>LEM</th>
<th>Dea Anghaee</th>
<th>Dea Kudalari</th>
<th>Shahran Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-bedroom</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>224</td>
<td>150</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>150-190</td>
<td>400</td>
<td>260</td>
<td>304</td>
<td>325</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>200</td>
<td>500</td>
<td>390</td>
<td>380</td>
<td>350</td>
</tr>
<tr>
<td>Penthouse</td>
<td>-</td>
<td>-</td>
<td>620</td>
<td>535</td>
<td>-</td>
</tr>
</tbody>
</table>

influence the buyers choice whether to buy a condominium at a certain price range or not and this is subjected to his/her budget constraint.

e) Other factors

Other factors include peacefulness, prestige and or exclusiveness away from public housing. Most of the condominiums are located in quiet areas which are away from public housing (low - cost houses), main business areas and highways. In the Klang Valley, most of condominiums are built in Ampang, Bangsar, Petaling and Subang Jaya which are not exactly located in the City Centre but are not too far away from it. Almost 82.8 per cent, 28.7 per cent and 24.4 per cent preferred peacefulness, prestige and away from HBD.48

Apart from that, location also plays an important role in determining buyers selection criteria. Most of the condominiums are usually located near to working places, near to shops, schools, recreational centres and public facilities. This is very convenient for owners to travel to the various places in a short time. Therefore, Bangsar is highly preferred by condominium buyers and developers due to its strategic location where it is situated in the centre of Kuala Lumpur and Petaling Jaya.
Proximity to work is the most important factor which influences buyers selection. On top of that, most of the condominium buyers are executives, expatriates and families with no children and therefore they preferred condominiums which are nearer to their working places. (see Table 7.16).

### TABLE 7.16

**LOCATIONAL FACTORS INFLUENCING CHOICE**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity to Work</td>
<td>36.9</td>
</tr>
<tr>
<td>Familiarity of District</td>
<td>32</td>
</tr>
<tr>
<td>Proximity to shops</td>
<td>19.5</td>
</tr>
<tr>
<td>Work/School/Leisure</td>
<td>16.8</td>
</tr>
<tr>
<td>Proximity (Relative)</td>
<td>15</td>
</tr>
<tr>
<td>Proximity (Public Transport)</td>
<td>14.5</td>
</tr>
<tr>
<td>Proximity (School)</td>
<td>11.7</td>
</tr>
<tr>
<td>Work/Relative/Leisure</td>
<td>7.4</td>
</tr>
<tr>
<td>Proximity (Friends)</td>
<td>6.6</td>
</tr>
<tr>
<td>Work/School/Relative</td>
<td>4.1</td>
</tr>
<tr>
<td>School/Relative/Leisure</td>
<td>3.7</td>
</tr>
</tbody>
</table>

In addition, factors like tenure (freehold or leasehold land), developers’ reputation, government rules (land ownership and credit facilities), political and economic conditions also influence the buyers' choice. In summary, various factors influence the condominium buyers' choice either directly or indirectly.

7.4 Summary

This chapter basically examines the condominium housing market in the Klang Valley. It analyses the growth and overall development of condominium housing with respect to price changes, rental trends and the distribution of condominium housing. Later, the buyers selection criteria of condominium housing is also examined in term of location, price, income, investment returns, physical characteristics, cost considerations and other factors.

The condominium housing market certainly has a bright future in the Klang Valley. Affluent societies tend to stay in high-rise dwellings. On top of that, land scarcity and increasing traffic congestions in the Klang Valley tend to discourage house buyers from buying a house which is far from
their working place. If the condominiums are placed in a strategic location and offered with good facilities, the demand for it will be stable in the near future. Only sudden downturns in economic growth can affect the market. Besides, the government could practice liberal investment policies to attract more foreign buyers to buy and occupy this type of housing and maintain a stable demand in the market.
FOOTNOTES


2. Ibid. p. 4

3. Ibid. p. 4


8. Ibid., p. 9.


12. Ibid. p. 45.


19. Ibid. p. 12.


24. Ibid. p. 18.


33. Ibid., p. B-17.
34. Ibid., p. B-17.
38. Ibid., p. 33.
39. Ibid., p. 33-34.
40. Ibid., p. 34.
41. Ibid., p. 34.
42. Ibid., p. 34.
43. Ibid., p. 34.
48. Ibid., p. 37.