

# Shopping around - places to go if you want to invest in property

If you were looking to invest in property somewhere outside Malaysia, where would you go? First, let us set some parameters. We are not looking for something in the mega rich category but it must be located in a decent neighbourhood and within the city limits. Taking into consideration all these conditions, how much would it cost you? How much can you rent it out for, and what would be the rate of return?

For the benefit of our discussion, let us look at cities closer to home - our Asean neighbours. Singapore would spring to mind as the most expensive city in South-East Asia, followed perhaps by Bangkok and Jakarta, even Kuala Lumpur.

But are our assumptions accurate?

They are, but only to a point. A quick look at the Global Property Guide, which is available on the Internet, has yielded some interesting numbers. For the sake of consistency, the prices and rentals quoted are for an apartment of 120 square metres located within the city limits. However, they are not likely to be premium properties.

According to the guide, the most expensive place in South-East Asia to invest in is Singapore. The city state also makes the No. 5 spot on the world's most expensive property list, ahead of Tokyo that only makes the No. 7 spot.

Going by the numbers contained in the Global Property Guide, the average market price of property in the city state is US\$16,727 (RM52,555) per sq m. For an apartment of 120 sq m, you will



**Bricks & Mortar**

**TEH LIP KIM**  
starbiz@thestar.com.my

have to fork out just over US\$2mil (RM6.28mil).

From here on, our original assumption proves inaccurate. Phnom Penh, the capital of Cambodia, it turns out, is more expensive than Jakarta or Manila. It makes the No. 2 spot in the South-East Asia list of the most expensive cities.

In Phnom Penh, real estate can cost as much as US\$3,750 (RM11,782) per sq m. That means our apartment could cost about US\$450,000 (RM1.4mil). Phnom Penh makes the global list of most expensive cities at No. 44, just ahead of Auckland, New Zealand.

The third most expensive city in South-East Asia, among the six covered by the Global Property Guide, is Bangkok, a city of 11 million people currently threatened by widespread floods in the north, northeast and central plains of Thailand.

Property in this city goes for an average of US\$3,300 (RM10,362) per sq m, so a 120 sq m apartment will set us back US\$396,000 (RM1.24mil). Bangkok is at No. 48 on the global list, just behind Cape Town in South Africa.

Metro Manila makes the South-East Asia list at No. 4. The average price of real estate in the Philippine capital is US\$2,407 (RM7,558) per

sq m. So our apartment there will cost us US\$288,840 (RM906,973). Manila is at No. 64 on the global list.

Jakarta, the Indonesian capital, and the most populous city in the archipelago, is the fifth most expensive city in South-East Asia. Property in this city goes for an average of US\$1,781 (RM5,592) per sq m. That means a 120 sq m apartment will cost US\$213,720 (RM671,092). Jakarta is No. 77 on the world expensive cities list.

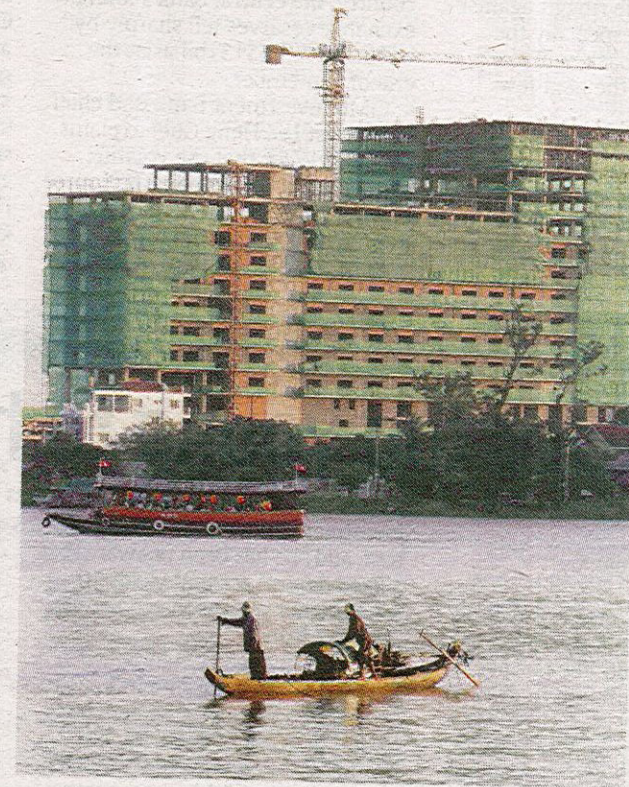
Bringing up the rear in the South-East Asia list is Kuala Lumpur. The Global Property Guide estimates that the average price of property in this city is US\$1,546 (RM4,854) per sq m. Our apartment will therefore cost US\$185,520 (RM582,543). This puts Kuala Lumpur at No. 81 on the global list.

After making these investments, how much yield can one expect?

According to the guide again, Jakarta is the city that is most friendly to property investors - one can charge up to US\$1,819 (RM5,711) a month to rent out the apartment, thus offering a gross rental yield of 10.21%. This also makes it the third most profitable city in the world in terms of rental returns.

Metro Manila is No. 2 on the South-East Asia list in terms of yield. Here, our apartment can be rented out for US\$1,836 (RM5,765), thus offering a yield of 7.63%. The rental rate is higher than in Jakarta, but the investment is also much higher, hence the returns are not as good as in the Indonesian capital. Manila is No. 11 on the global list.

In Kuala Lumpur, our apartment



**Costly affair:** Phnom Penh is the second-most expensive city in South-East Asia after Singapore. Real estate can cost as much as RM11,782 per sq m but it is only fifth in terms of returns with a 3.26% yield. - AP

can fetch a rental of US\$1,072 (RM3,366) a month, thus giving us a return of 6.93%, putting the city at No. 3 in the South-East Asia list and No. 22 on the global list.

Bangkok comes in next with a yield of 6.49% followed by Phnom Penh with a 3.26% yield and finally Singapore with a return of 2.94%. On the global list, Bangkok is at No. 25, Phnom Penh at No. 73 and Singapore at No. 77.

Of course, it is most advisable to be cautious when investing. These examples are not meant to be an advisory on where is best to invest

in property. This is merely meant to show that data such as this can throw up some surprises which, all the more, emphasise the need for more research and professional advice when one is considering such investments.

So, before you catch the next flight to Jakarta or Manila, talk to your investment advisor first.

● *Teh Lip Kim is the MD of SDB Properties Sdn Bhd, a lifestyle property company. Bouquets and brickbats are welcomed. Send by email to md@sdb.com.my*