

Lure of sea-facing suites at Batu Ferringhi

BY E Jacqui Chan

Tourists have been flocking to Batu Ferringhi for years, lured by its golden beaches, selection of resorts, night markets and restaurants serving the best of Malaysian dishes. Located the north of the island, it is considered by many to be the most vibrant spot in Penang.

That is why when Selangor Dredging Bhd (SDB) acquired three parcels of freehold commercial land, measuring a combined 4.7 acres in 2008 for RM24.5 million, or RM120 psf, it knew it had the opportunity to create a unique product.

"There are no sea-facing apartment suites for sale in Batu Ferringhi, just resorts. So, this new development is pretty rare," says Teh Lip Kim, managing director of SDB.

The development she is referring to is the 138-unit serviced apartment project called By The Sea. The suites, measuring between 1,030 and 3,038 sq ft, are priced from RM1.2 million to RM3.2 million, or RM1,200 psf. Comprising three blocks, it is designed as a series of terracing blocks of 5 to 11 storeys. It has a gross development value of RM230 million.

"We are targeting international business travellers and city folk who want to own a place right next to the beach. Nowadays, people can work anywhere. We want to create an environment where busy executives can come to relax, work or stay, or both. It's a flexible space," offers Teh.

She adds that the exclusivity is further enhanced by the small number of units.

SDB has conceptualised a landscape and atmosphere that speak of rustic charm and a relaxed casualness. The three blocks will be surrounded by local tropical plants and trees such as betel nut, saga and coconut trees, and hammocks will be placed around the estate. By the beach is The Monkey Park — a children's playground that forgoes modern steel swings in favour of the nostalgic rubber tyre swings as well as a wooden tilted tree house.

"We also have a 12-metre guppy pond to let children experience the childhood of their parents, who as kids would fish for guppies in a drain. Each unit will be given a pail and net when they move in, and the children can just go and scoop for guppies," says Teh.

Even though the developer owns the beach as well, it has chosen to set the estate back and construct it on a specially raised four-metre deck, which Teh believes will add to the prestige of the development.

"It enables us to create the recreational space and the landscape. We will also place sculptures resembling the ripples of the sand to enhance the mood," says Teh.

Teh is also looking to market the property overseas in countries such as Singapore, Hong Kong, Japan and select countries in Europe, as she believes the concept will appeal to foreign buyers.

"A particular group we are keen to

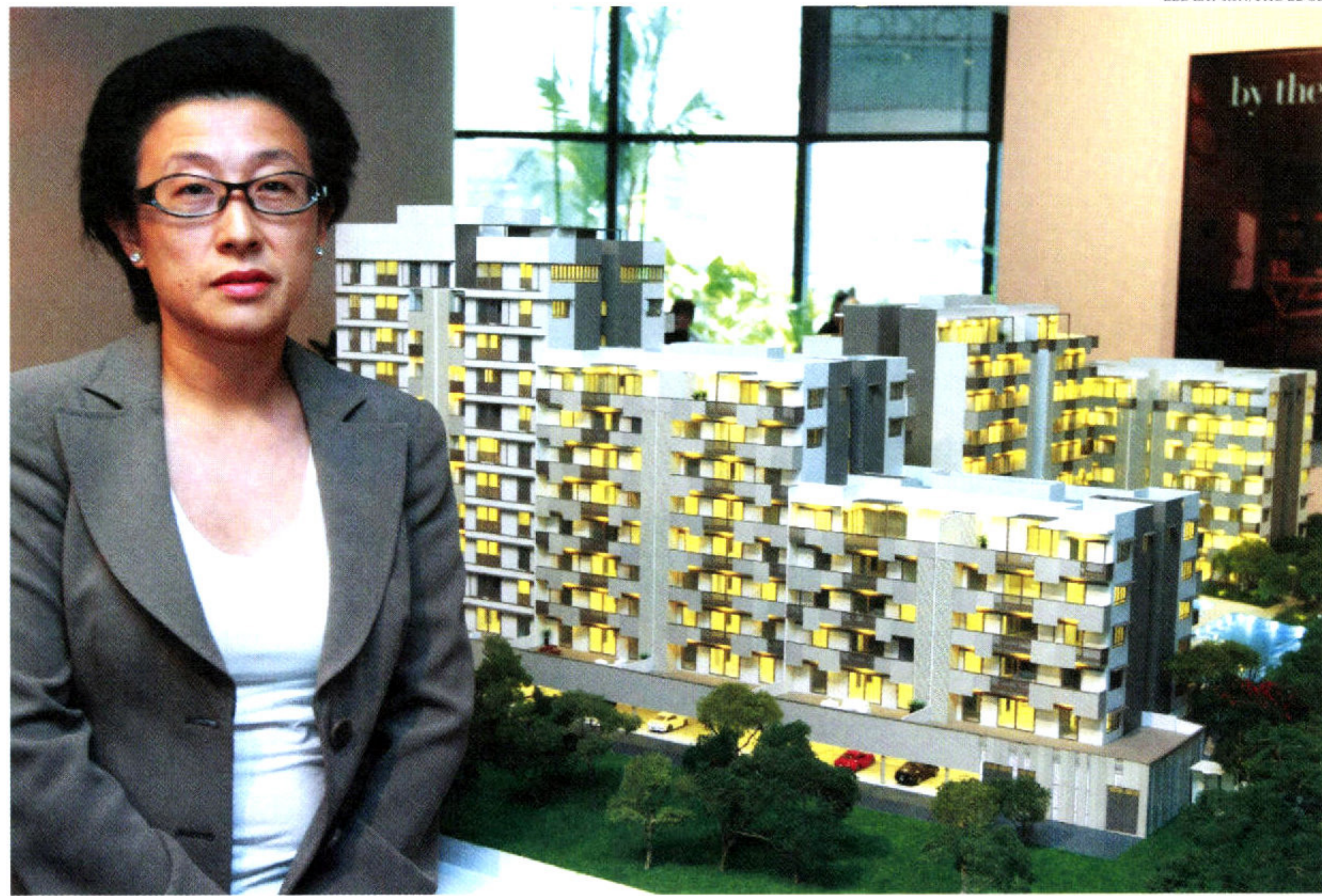
target are Penangites who have moved overseas. But we want to market it in Malaysia first," she adds.

SDB will launch By The Sea on December 9, coinciding with the completion of the sales gallery on the site. Registration has opened and thus far, the response has been good, says Teh.

"We are actually lucky to have this property as there are not many parcels of land available in Batu Ferringhi and certainly not many can offer a private beach. There are a good number of sea-facing properties but they are built on reclaimed land and because of this, they don't have a beach," says Teh.

Teh (right): We are targeting international business travellers and city folk who want to own a place right next to the beach

Below: The suites are priced from RM1.2 to RM 3.2 million



Right: The rehabilitation of Sungai Satu costs RM2 million



Rehabilitating Sungai Satu

A river, Sungai Satu, runs through the development, flowing down from the hills of Batu Ferringhi to the sea. SDB conducted a water analysis and found that the water is at an unhealthy level of about three to four times the Malaysian standard. The analysis also reveals that the main pollutants are phosphorus, nitrate and ammonia.

The developer saw this as an opportunity to enhance the development by turning the river into an aesthetically pleasing part of By The Sea as well as to better the environment. However, Teh says it can only do so for the 200m stretch that runs through the property.

"We are using plants instead of machines to clean the river as we want the process to be as natural as possible. The river-cleaning project will cost us about RM2 million," she says.

The process involves placing a boom gate — a series of floats tied together and strung across the river — at the start of the 200m stretch. The gate will trap all floating objects, which will be collected on a daily ba-

sis or twice a day, depending on the amount of rubbish.

From there, the water that flows through will be directed to a pond to allow the solid waste to settle. Once the water is clear, it will be pumped into the wetland for the plants to absorb the pollutants before letting the water flow out to sea.

"While the pollutants are harmful to humans, they are fertiliser for the plants. The gym overlooks the wetland which consists of 15 to 20 species of flowering plants," says Teh, adding that there is also a flood mitigation system in place.

Growing in Singapore

Meanwhile, SDB aims to grow its Singapore revenue contribution to its turnover to 50% in the next two years. It currently stands at 30%, with the bulk coming from Malaysia.

The developer just acquired its fifth piece of land in Singapore in October for RM223.75 million. As with most land acquisitions in Singapore, this was an en bloc purchase of a property named The Village.

"The 2.3-acre parcel is located in

Pasir Panjang along the West Coast highway and opposite of the National University of Singapore. We will buy more land but we have not identified the pieces just yet," offers Teh.

SDB previewed its fourth development in Singapore in September — Hijauan on Cavenagh. An upscale boutique condominium comprising 41 apartments with sizes ranging from 527 to 1,249 sq ft, the units were sold for S\$2,200 to S\$2,500 psf. So far, 12 units have been taken up.

"The market in Singapore is different from Malaysia as it is more international. The sales are consistent, whether in good or bad times. As a developer, we like the consistency," explains Teh.

SDB will also be exploring more investment opportunities in the UK. It acquired its first commercial property, Kensington High Street in London, in March this year for RM48.7 million. The property is on a 15-year lease to HSBC Bank, expiring in 2020.

"Our approach is three-pronged; first, an investment property, then we'll look at doing something more active like refurbishment. Finally,

we'll look at buying land in the UK. But we haven't got to the second stage yet. Our projects in Malaysia and Singapore have kept us busy. We need a more disciplined approach to investing in the UK. We still have a lot to learn in London as the rules and market are different," says Teh.

On the local front, SDB is currently developing concepts for two parcels of land in Dengkil and Cheras, Selangor. Both will be residential developments. The 10-acre Dengkil parcel is a remnant of the company's mining days, while the 8.9-acre piece in Cheras was acquired in April this year for RM31 million. Teh expects the two projects to be launched in 1H2012.

As at March 31, 2011, SDB achieved revenue of RM1.353 billion from sales of Gilstead Two and Okio in Singapore, and Deduan, 20trees, Five Stones and 20trees West in Malaysia. Of the total, RM618.6 million has been recognised, leaving unbilled sales of RM734.7 million.

The developer recorded a net profit of RM30.17 million in FY2011 ended March 31, an increase of about 40% from the RM17.96 million posted in the year before.