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Treading carefully

Property developers remain upbeat amid headwinds

WHILE property developers are more upbeat about their prospects for the market this year, they are nevertheless treading carefully in light of the prevailing macroeconomic challenges.

Eastern & Oriental Bhd (E&O) executive chairman Datuk Tee Eng Ho says the reopening of the economy and the easing of travel restrictions will augur well for businesses.

"While we are cautiously optimistic of a better economic and operating environment, we are mindful of short-term risks in inflation, rising interest rates and supply chain disruptions," he says in the company's recently released annual report.

"For this reason, we are seeking to strengthen our balance sheet further to undertake our future endeavours."

Tee says this would include the reclamation of the remaining 507 acres in Andaman Island, Penang, and the launching of several planned property development projects.

"Following this, we have announced the raising of a maximum of RM362.8mil from a proposed rights issue of irredeemable convertible unsecured loan stocks."

Following the successful reclamation of the 253 acres under Andaman Island Phase 1, Tee says E&O has since embarked on major infrastructure works essential to the island.

"On this large-scale development, we are excited to have the opportunity to infuse key environmental, social and governance principles in the overall master planning.

"A new set of key performance indicators to benchmark our sustainability initiatives has been introduced as we move forward to transform the island into yet another masterpiece development."

In January 2022, E&O unveiled its 1,020 units serviced apartments project, called The Meg.

"Since the soft launch, the project has secured more than 64% sales take-up rate (up to end June 2022). This will be our first residential project on the newly reclaimed Andaman Island," says Tee.

In an interview with *StarBizWeek* in January this year, Tee revealed that The Meg is targeted towards the millennials.

However, while marketing the units, he said the development was not only attracting young, first-time homebuyers but also receiving plenty of interest from more mature customers.

Tee attributes The Meg's excellent location as one of the prime reasons for the resounding interest from prospective buyers.

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Separately, he says the group is presently preparing for the launch of The Peak, a high-end luxury condominium project comprising 54 units of low-rise apartments in the affluent and much-sought-after neighbourhood of Damansara Heights, Kuala Lumpur.

"This is our third joint-venture development project with Mitsui Fudosan Group of Japan."

Tee adds that the reopening of the economy and the easing of travel restrictions in several parts of the world augurs well for E&O's hospitality division, both in Malaysia and London, where its properties are experiencing a healthy revival in revenue and occupancy rates.

"We are encouraged by this recent performance and will continue to work on improving our service levels and provide our guests with great hospitality experience," he says.

Meanwhile, Selangor Dredging Bhd (SDB) chairman Eddy Chieng Ing Huong acknowledges that the economy is showing signs of recovery starting in early 2022.

"In Malaysia and Singapore, both countries have entered into the endemic phase of the Covid-19 pandemic, which has allowed most economic activities to resume and revert to its pre-pandemic level," he says in the company's annual report.

As the economy returns to normality, Chieng says SDB is seeing a gradual improvement in the property market.

"However, the recovery is also subject to the impact of rising interest rates, which could affect residential purchases. Nevertheless, the group will continue to implement various cost-saving measures in line with our efforts to be more prudent."

Going forward, Chieng says SDB is cautiously optimistic that the property market will continue to recover and eventually bounce back to its pre-pandemic level.

"Having said this, the group is planning to launch two new Klang Valley-based developments in the second half of 2022," he adds.

Land & General Bhd (L&G) chairman Datuk Zainal Abidin Putih, meanwhile, says he expects the company's performance to remain stable this year, in light of the better economic outlook.

"As the world and Malaysia continue to recover from the after effects of the pandemic, we remain cautiously optimistic on our outlook.

"While we expect the group's performance to remain stable, we will continue to monitor our operating condition and address any development accordingly, with the long-term view of maximising value for our shareholders," he says in the company's recently released annual report.

Moving forward, L&G managing director Low Gay Teck says the group will continue to uphold innovation and quality across all its developments, as well as provide high-quality education for its younger generation.

"We continue to strive and build trust in our L&G brand across all our stakeholders which we believe will lead to improved and sustainable performance in the future," he says.

Sentoria Group Bhd chairman Datuk Abdul Rahman Imam Arshad says the company will continue to focus on its core business in property development and construction, adding that the group is taking all measures to optimise its resources in order to weather through the current challenges.

"While uncertainties on the economic landscape remain a concern to the local industries, the economic stimulus packages introduced by the Malaysian government are anticipated to aid local businesses to recoup earnings as the economy recovers.

"In line with the government's thrust to encourage ownership of affordable houses by the B40 and M40 households, the group will continue to focus on its core competency in the development of affordable housing projects," he says in Sentoria's 2022 annual report.

Premised on the encouraging sales performance for new projects launched during its financial year ended March 31, 2022 (FY22), Abdul Rahman says Sentoria's property development division is expected to continue to contribute positively and help weather through the current challenges faced by the group.

"The higher vaccination rates worldwide and the introduction of vaccine passports in certain countries will support the recovery of the tourism, leisure and hospitality industries.

"The group plans to reopen certain of its theme parks in the second half of FY23," he says.