

Malaysia among top 10 countries gobbling up US property
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KUALA LUMPUR, June 11 — Malaysians are among the top 10 biggest foreign buyers of US commercial property, the Financial Times (FT) has reported, joining the flow of investors from emerging markets looking to park their cash in a stable environment with higher yields.

Citing data from global real estate research and consulting firm Real Capital Analytics (RCA), the widely-read business and current affairs paper reported Malaysia to have entered the same league as Canada, Singapore, China, South Korea, Australia, Israel and Kuwait in buying up chunks of prime office space in New York as well as in gateway cities across the US valued at US\$27.2 billion (RM84.3 billion) last year.

“Emerging markets such as China, Russia, Brazil, India, Israel and elsewhere are experiencing a lot of wealth creation, however they are also experiencing a lot of volatility in their home markets.

“Investors from these countries are looking for a stable market to preserve their wealth and assets for generations to come,” Audrey Sokoloff, a lawyer who is advising the estimated US\$3.4 billion sale of New York’s iconic General Motors Building, was quoted as saying.

FT reported RCA’s data showing prices of office space in the New York area had risen 25 per cent year-over-year in April, with Manhattan up as much as 51 per cent.

Commercial US property appears to be the latest foreign investment pie being eyed by wealthy Malaysians who have in the past few years been hedging their bets against local political and economic uncertainty by parking their money in what is seen as more secure and predictable countries such as the UK, Australia and Singapore.

Fears had been growing before the May 5 polls that Malaysia may be swallowed up by an economic bubble now enveloping ASEAN, even as the countries bask in the growth arising from “hot” money flowing in from developed economies.

A Malaysian couple, David Teoh, 57, and his wife Vicky, 56, joined Australia’s BRW Rich 200 List published by the country’s Business Review Weekly last month after raising their fortune from A\$526 million (RM1.54 billion) last year to A\$1.06 billion.

The Teohs, who had migrated from Malaysia to Australia in 1986, own about 37 per cent of cut-rate broadband provider TPG Telecom, which has grown into a A\$3 billion business after consistent share price growth over the past 12 months, Bernama had reported.

According to the state news agency, David Teoh was dubbed a “master acquirer” after boosting capitalisation by buying several competitors.

Last June, Malaysian property giants SP Setia and Sime Darby Property Bhd forked out £400 million (RM2 billion) in a consortium deal that also included the Employees Provident Fund (EPF) for the iconic Battersea Power Station in London.

Malaysian funds had also pumped US\$3.8 billion into the UK and have taken over the

country's hotel, office and retail properties since 2010, beating even China into second place, the Wall Street Journal (WSJ) reported last year.

Government-linked institutional investment funds such as the EPF and Permodalan Nasional Berhad (PNB) have also bought billions of ringgit worth of London property.

PNB spent over RM4 billion to acquire three London properties — One Exchange Square, 90 High Holborn and Milton and Shire House — and is reportedly on the lookout for more purchases.

EPF has plans to invest nearly RM5 billion in London property and has so far picked up 12 St James's Squares for RM740 million, One Sheldon Square for RM768 million and 40 Portman Square for RM886 million.

Meanwhile, Kuala Lumpur witnessed a net foreign inflow of US\$63.45 million (RM192.5 million) yesterday, extending the year-to-date net offshore inflow to US\$3.6 billion.

Malaysia has become a preferred country for foreign property investors and is now the main focus after Hong Kong and Singapore imposed 15 per cent levies to slow down foreign investments that had overheated their property markets.

Iskandar Malaysia, Kota Kinabalu, Kuala Lumpur and Penang are set to become hot spots for foreign property investors, after Hong Kong and Singapore moved to "cool" their respective overheated property sectors.

But the inflows into its property sector may be double-edged for Malaysia, which has faced concerns of property glut as far back as 2010, after the government introduced mega projects such as the 100-storey Warisan Merdeka tower and the Kuala Lumpur International Financial District under the Economic Transformation Programme (ETP).

Malaysia also risks being mired in a credit bubble now looming in Asia's emerging economies, several new reports showed in March, after its household debt rose up to 80.5 per cent of GDP last year.

Credit insurance firm Coface Group included Malaysia among the emerging markets at risk, together with Thailand, Singapore, China and Taiwan.

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