

The case for SOHO

Developers responding to home-office needs.

In the western countries, especially in the United States and Europe, excellent Information Technology (IT) facilities and convenient telecommunication services has expedited the growth and popularity of Small Office, Home Office concept, also known as SOHO. Unfortunately, if misunderstood, this acronym usually invites the undesirable impression of people who work and operate businesses from untraditional offices and, sometimes, employing unconventional workers. In today's modern and borderless world, SOHO's denizens are becoming more educated, IT-savvy, confident and entrepreneurial-minded.

Small entrepreneurs, part-time business owners and IT start-ups have been the predominant catalyst for SOHO. The rationale of working from home is to save commuting time and expenses, while reducing the cost of starting the business and finding suitable business premises. Therefore, SOHO may be the best alternative for this group of people.

Down south in Singapore, to encourage the entrepreneurial spirit, the government has taken some measures in facilitating businesses that operate from homes. The government's Technopreneur Home Office Scheme (THO) enables start-ups in technology-based and knowledge-intensive businesses to use their homes as home offices. Once the application is approved by the Economic and Development Board (EDB), the applicant can use his home as a home office for a year. The approval can be extended on a yearly basis provided there

are no complaints from neighbours.

However, the use may be terminated if the businesses are found to have adverse impact on the neighbourhood and causing pollution in terms of noise, dust, odour or smoke. This is to ensure that the good ambience and proper use of the amenities provided for the residents are not compromised. In addition, the business activities must not result in an increase in human or vehicular traffic to the surrounding area.

In Malaysia, unofficial home office is not something unfamiliar as there have always been small home-based businesses providing a variety of services, such as food and beverage, consultancy, tuition and tailoring. Realising the potential of small businesses in boosting the economy by indirectly creating new jobs and employment opportunities, the Government is encouraging the set-up of small business. For example, the Ministry of Entrepreneur Development and Cooperatives provides loans up to RM10,000 under Yayasan Tekun Nasional for small-medium entrepreneurs. SOHO entrepreneurs are encouraged to take advantage of the fund to upgrade their businesses. However, there are a few businesses that do not qualify for such funding, namely,

agriculture, fishery, insurance, contractor and direct-selling businesses.

Private and government agencies, such as Johor Corporation, are also playing an active role in promoting the concept of SOHO to promising entrepreneurs. Aiming to improve the socio-economic status of the participants, JCorp is understood to have organised a series of seminars on SOHO, targeting housewives, single mothers and unemployed graduates. The purpose of these seminars is to educate, create awareness and highlight the advantages of operating a business form home.

Despite operating from home, the home

USE OF TELEPHONE FACILITIES



Year	Population (million)	Total number of telephone - all types ('000)	Penetration rate (%)
1998	22.18	6,520	29.4
1999	22.71	7,140	31.44
2000	23.49	9,750	41.5
2001	24.01	12,095	50.37
2002	24.53	13,723	56.12
2003	25.32	15,696	61.99
2004 (1Q)	25.45	16,317	64.11
2004 (2Q)	25.58	16,945	66.24

Source: Malaysia Communication and Multimedia Corporation (2004)

business would have good potential for future expansion with the opportunities of marketing the products globally should the business owners are well equipped with modern technology, such as Internet facilities, faxes, teleconferencing and couriers. The prospects are better in the sense that the products can be marketed to a broader target market.

Following the implementation of the National Broadband Plan and the active participation of industry players, the Government is hoping to achieve a 10% penetration rate for broadband usage in the country by 2008. The Government also hopes to see 1.3 million broadband subscribers in 2006, representing a 5% broadband penetration rate from the current 2% of the total population. The country's overall use of telephone facilities (refers to the sum of Direct Exchange Line (DEL) and cellular subscriptions) (*see table*) indicates that the penetration rate is yet to

reach satisfactory level although the growth looks promising.

The property industry is not indifferent in reacting to the changing need and preference of the end users. A handful of developers are already committed in making the SOHO concept a reality. IGB Corporation Bhd for example, is launching the Northpoint Mid Valley City, located within the greater Mid Valley City. The 22-storey building, anticipated to be completed by end of 2005, will comprise a total of 432 units of a mix office suites and residences. The office suites are offered for sale at price tags starts from RM557,000 (for units measuring 1,410 square feet). While the main target market would mainly comprise business owners or investors who are looking for office space at an affordable price, what makes the product different is that the office will be sold on a modular basis.

Berjaya Central Park, a 46-storey

commercial building located at the junction of Jalan Sultan Ismail and Jalan Ampang, developed by the Berjaya Group Bhd, will be featuring a mixed of retail entertainment and service apartment units. Capitalising on the strategic location near the Golden Triangle of Kuala Lumpur, with a full range facilities and amenities, the proposed serviced apartment would also be suitable for business owners who intend to acquire a trendy yet modern business premise that also accommodates a private residence.

While SOHO in the city is likely to brighten up the night life while reducing the vehicular traffic in the immediate vicinity, Kuala Lumpur has yet to see a proper building designated solely for the purpose of SOHO as long as the current vacant commercial buildings have yet to be comfortably taken up. **mb**

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