

DATE: 10 DECEMBER 2018
PUBLICATION: THE EDGE FD
SECTION: BUSINESS
HEADLINE: FAJARBARU TO LAUNCH ITS SECOND MALAYSIA PROJECT BY END-2019
CATEGORY: COMPANY NEWS

Fajarbaru to launch its second Malaysia project by end-2019

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: Fajarbaru Builder Group Bhd will be launching a RM450 million gross development value residential project in Puchong by the end of next year, marking its second property development project in Malaysia.

Fajarbaru executive director Datuk Seri Eric Kuan said the group is looking to launch Rica Residence Kinrara, a high-rise residential project located on a 6.7-acre (2.71ha) tract in Puchong, in the fourth quarter of 2019.

"We hope to launch it in 2019, but that will also depend on market prospects at that point in time. Altogether, we will be launching over 600 units, with 30% of the units to be priced at around RM300,000, while the rest of the units will be in the mid-to-high range," Kuan told *The Edge Financial Daily*.

He said the local property market is still unpredictable at this juncture and the developer has not seen any positive signals of recovery just yet, which is why the launch of the Puchong project was pushed to 2019. The company initially wanted to launch Rica Residence Kinrara in 2018.

Nevertheless, Kuan said there is still demand for houses in the medium range, and pointed out that Rica Residence Sentul — its first property development project launched in December 2016 — saw a good take-up rate, with 73% of its units sold. The remainder comprises mainly bumiputera units.

Outside Malaysia, Fajarbaru

plans to launch its third project in Australia, Northcote Townhouses, following the success of its sold-out Gardenhill township, and its 85%-sold high-rise residential project, Paragon.

Its latest project will have at least 15 residential two-storey townhouses in Northcote, Melbourne.

Kuan said the company is confident in its projects in Australia, considering the strong international exposure of the country's property market.

"It's relatively easier to sell Australian projects because we can sell them to people from anywhere in the world. We can approach buyers from China, Taiwan, Hong Kong and Indonesia, for examples, and there would definitely be buyers.

"Another reason is that Australia has higher immigration rates compared with other countries in Asia-Pacific, which means that the population continues to grow, so people are constantly looking for properties to buy," he said.

In contrast, Kuan said it can be "very hard to sell" its Malaysian projects overseas, so the focus is on Malaysian buyers.

While the group could potentially launch two projects next year, Kuan expects the financial performance of Fajarbaru for the financial year ending June 30, 2019 (FY19) to be on par with its results in FY18.

In FY18, the group announced a net profit of RM40.95 million, down 49% from RM79.64 million in FY17, due to lower revenue recognition in the property development segment.