



Era of change

PART 2

> Exploring further on lifestyle proclivities that are altering the global real estate outlook

WHILE last week's article highlighted the rise of global cities along with the shift in lifestyle habits and mindsets due to the way modern day companies function and the masses engage, this week we look at three mega trends expected to drive the real estate market and how Malaysia is faring in its goal as a developed nation. To further understand these changes that are slowly and subtly changing the global urban landscape, let us first look at trends and market opportunities that are causing this evolution.

SHAPING THE SHIFT

According to a study conducted by Oxford Economics on Global Cities 2030, the urban economic power will shift into the court on the east side. By the year 2030, it is forecast that:

- ▶ 410 million more people will be living in the top 750 global cities;
- ▶ 240 million more jobs will be created (with 60 million extra jobs in industries);
- ▶ the number of elderly aged 65 and above will rise by an additional 150 million people;
- ▶ consumer spending will increase by \$18 trillion; and
- ▶ 260 million more new homes will be needed.

China will be the powerhouse to watch, with cities like Chengdu,

Hangzhou and Wuhan economically at the top. Cities expected to witness the biggest increases in population and GDP growth in Asia and Oceania include Dhaka, Karachi, Jakarta, Delhi, Mumbai, Tokyo, Istanbul, Singapore and Bangkok.

While emerging markets of India, Brazil and China will make it as the stories of the century, the world's major 750 cities (by 2030) as surveyed in the report, are set to contribute to the world's economy with staggering amounts.

URBAN ECONOMIC POWERS

According to the report, by 2030, Chinese cities will be at the heart of the radical shift in the urban centre of economic gravity. These cities, driven by burgeoning urban populations and rapid labour productivity growth, are expected to overtake Europe's 139 largest cities and America's 58 cities by 2030. Chinese urban incomes will also grow six times faster than that in the Europe sector.

By 2030, US and Asian cities are expected to dominate the top 10 spots with the biggest increases in urban income and consumer spending. While cities across Asia will continue to urbanise rapidly until 2030, their urban populations will also age.

Across the globe, aging populations will bring both challenges and opportunities.

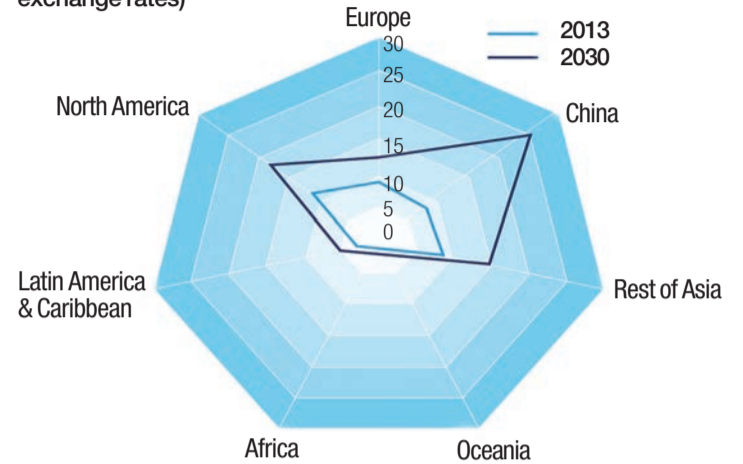
REAL ESTATE CATALYSTS

The three mega trends to drive the real estate market according to investment and business website Visual Capitalist founder Jeff Desjardins are globalisation, demographics and technology. Here are examples of each and valuable tips for the real estate investor.

- 1) **Globalisation** - Global cities are receiving more foreign capital across all real estate types eg. 60% of commercial real estate in London, which have been bought up by international investors in the past 10 years. He urges investors to look for opportunities to diversify real estate portfolios across a broader mix of geographics and asset types. His advice - think globally and develop strong knowledge about the local market before investing.
- 2) **Demographics** - The middle class in Asia is expected to "explode" in growth while in Western countries, the aged will reach their ranks. Global and mega cities have already started mushrooming and will attract and account for the vast majority of economic activity. Desjardins recommends investors look at emerging markets with rapidly expanding middle class (emerging markets), as well as capitalise on areas with large retiree populations.

Shift eastward in urban economic power

Global 750 urban aggregate: GDP (US\$ trillion 2012 prices and exchange rates)



Source: Oxford Economics Global Cities 2030

- 3) **Technology** - With its omnipresence, technology will also impact real estate markets. The growing demographic of "highly-prized commodity of skilled and talented techies" drawn to urban centres will re-shape and re-map communities. Suggests Desjardins, explore emerging technology hubs for real estate opportunities and look for favourable circumstances in urban-adjacent industrial properties as businesses establish distribution centres near cities to reduce costs.

and its surrounding metropolitan areas. Sprawling some 2,793 sq km to accommodate approximately 7.9 million people - Greater KL is said to be well positioned as a regional hub for diverse economic activities and business dealings. In its development as a megalopolis and with our currency where it is, public and private stakeholders are reported to be attracting multinational global firms to set up regional hubs right here. Agencies established to help the country achieve the ETP and its developed-nation come world-class status include InvestKL and InvestSelangor.

MALAYSIA INTO THE FUTURE

With all the development, evolution and progress that Asia is forecast for, it sounds as though the real estate industry in this part of the world is in for an exciting time. As it is back here on home ground, one cannot help but notice the amount of construction that has been on-going. Driving this growth and development is the Economic Transformation Programme, otherwise known as the ETP, which was launched in 2010 and has set sights for our country to achieve "developed-nation" status by 2020.

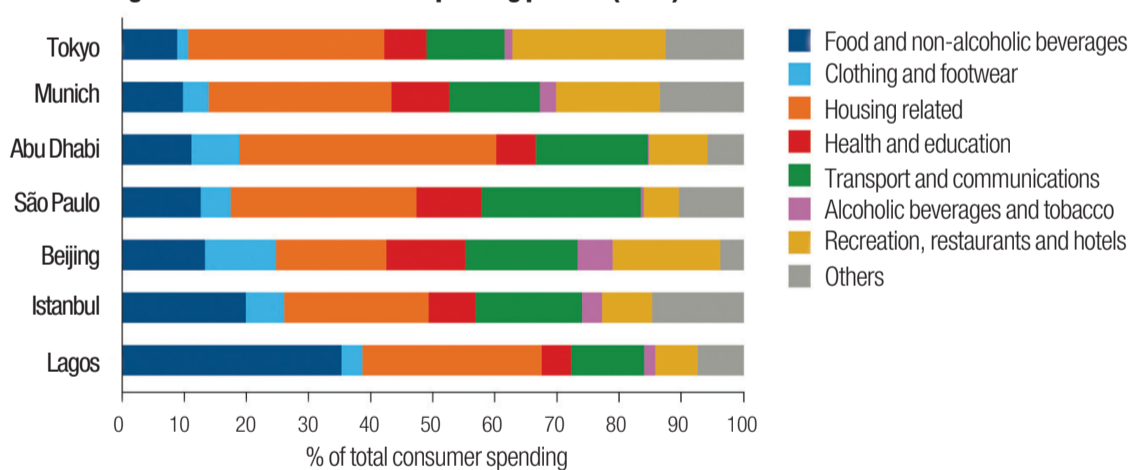
Parallel to our topic on global cities, we examine Greater Kuala Lumpur (Greater KL), which encompasses the capital city of KL

As it is, investors and stakeholders from China and Indonesia, as well as other countries are already behind a couple of major mega property development projects. The real estate landscape is already on its course of change as lifestyles and habits transform. Follow our column next week for more on this exciting era of change.

** Note: Data and charts taken from Global Cities 2030 study conducted by Oxford Economics.

▶ Email your feedback and queries to: propertyqs@thesundaily.com

Selected global 750 cities: Consumer spending patterns (2030)



iProperty.com millionaire forum and property showcase

IPROPERTY.COM and Mastery Asia recently held the seventh millionaire forum during the iProperty.com Home & Property Investment Fair.

The Millionaire Forum, themed "Where to put your money in 2017" offered to provide extensive information on investment trends, opportunities and tips from industry experts. The panellists for this year's forum included bigwigs from the property, financial technology (fintech) and small and medium enterprise (SME) industries.

IMPORTANT ADVICE

During the forum, panellist and Signature Living Asian director Dean Oakford urged investors to really "know" their investment.

"It is important to ask yourself what do you need out of this investment if you are going to choose property. People make the big common mistake of investing



overseas and being clueless on what to buy. There are many investments out there that could confuse anyone. So, understand what you need," said Oakford. Moreover, when buying or investing abroad it is wise to be in the know on the property and investment laws of that country.

Fellow panellist and DasFinancial executive chairman Terry O'Hearn shared the same view.

"I think the first thing I would say to an investor is in every investment, invest in what you know. If you don't know, find out and learn. Just getting advice from others and acting on it often ends badly. Be passionate about what you are investing in and take your time to learn it thoroughly," he said.

PROMPTS AND CUES

Panellist and B.I.G Industries Berhad chairman BT Lau shared

with the attendees his reason for investing in property. "Property is god-sent. An estimate of 70% of the Malaysian population are aged 40 years and below. This figure reveals that there will be huge demand for property," he said

Lau also encouraged investing in affordable houses. "The developer picked up the cue that it was better to sell affordable homes during Bank Negara's effort to curb, monitor and clamp down household debt. Developers are holding back on their other projects and building affordable homes on whatever land they have.

"This is probably the only time in the property industry, where developers are scrambling to sell affordable homes, especially since the maximum monthly income limit for affordable homes has been increased to RM15,000 a month."

PROPERTY NEWS

On the same page with Lau,

Oakford added: "I totally agree that one should invest in property. It is the oldest investment in the world. Moreover, there is no way you can buy a piece of property with a title and it becomes less valuable over a 10-year period," he said.

Oakford then shed light on something that took the crowd by surprise. He said that Malaysians are the biggest investors of UK property. "I think it is because many Malaysians send their children there to complete their education.

"Malaysians have a great affinity for the UK, they always have. In the last four years, Malaysians were recorded to be the biggest investors in the UK property market. They beat the Singaporeans, even the Chinese and everyone else," shared Oakford.

For more information on iProperty.com's home and property investment fair, visit iproperty.com or its Facebook page.