



An artist's impression of Westlite Senai II

Good potential in workers' hostels market

> A relatively new market in Malaysia that has yet to be fully explored

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PETALING JAYA: Property developers and operators could tap into the opportunities within the workers' accommodation market in Malaysia, which has good potential due to continued demand for foreign workers.

"The potential, going forward, is good as demand for foreign workers would continue as Malaysia has a growing manufacturing and construction industry," said JLL Property Services (M) Sdn Bhd associate director of research and consultancy Veena Loh in her research report.

According to Timetric's Infrastructure Intelligence Centre, growth in infrastructure spending in Malaysia is expected to be among the fastest in the world going forward, averaging 15.5% in nominal terms up to 2021.

Loh said workers' accommodation is a relatively new market in Malaysia that has yet to be fully explored but with the amendment to the Employment Act 1955 (Act 265), which is being drafted, developers may consider this as part of their development while landowners could consider this option for recurring income.

"This industry can offer new opportunities for real estate investment trust (REIT) companies. It may be within the industry's interest to expand rapidly. This can be done by selling off the worker accommodation assets to REIT companies and recycle the capital into expansion plans," she said.

Looking at some Singaporean companies that have moved into this business, Loh said their success is driven by understanding the needs of the workers and providing for those needs at a price that is compatible with what

the employers want, and in a location that is near to the workplace.

"Apart from the basic facilities such as bed, toilet, good ventilation and electricity, other amenities such as supermarket, food court, internet, sports and recreation, are considered important to foreign workers.

"It is also equally important that there is tight security and that the environment is one where workers feel safe and comfortable living there," she said.

Centurion Corporation Limited is a property developer and one of the largest providers and builders of accommodation for workers and students in Singapore and Malaysia. It owns, develops and manages worker's accommodation assets in both countries, as well as student accommodation assets in Singapore, Australia and the UK.

The group's return on equity for financial year ending December 2017 is 8% while pre-tax profit margin stood at 36% and gross profit margin at 69%.

"We believe that profit margins could potentially be higher given the lower land and operating cost in Malaysia," said Loh.

Centurion established two subsidiaries based on different business namely, Westlite, focusing on workers' accommodation and Dwell, which focuses on student accommodation. Westlite has a total capacity of some 23,700 beds in Malaysia and enjoys a healthy occupancy rate.

Westlite's dormitory operations in Johor comprises seven workers'

accommodation projects that are already in operation now. There are also two projects under construction in Penang.

The seven operating assets in Johor have a current capacity of 23,900 beds while the two projects in Penang are expected to have about 6,000 beds each. The operational assets have been achieving occupancy rates of about 82%.

The larger assets are able to have many facilities including basketball, volleyball and badminton courts, recreation room, food court, mini-market, supermarket, internet room and an outdoor exercise corner.

Loh said there are also possible solutions and opportunities for developers and operators who wish to take up the gap and current challenges faced by local workers by providing accommodation for them near their workplace.

"With the current shortage of affordable housing and bad traffic congestion, especially in Kuala Lumpur, there could be a potential for building and operating this type of accommodation for local workers or for employers in Kuala Lumpur," she said.



Westlite Desa Cemerlang

PROPERTY LISTINGS

in Subang Jaya

Project: **Lot 15**
Type: **Serviced apartments**
Price: **From RM593,888**
Developer: **Sime Darby Property Bhd**

Located in SS16, Subang Jaya, these serviced apartments are targeted at first-time house buyers and young professionals. The freehold project comprises 361 units housed within two 20-storey blocks, offering units sized from 624 sq ft to 1,001 sq ft.



Project: **The Grand Subang Jaya**
Type: **SoHo**
Price: **From RM478,000**
Developer: **Mediaraya Sdn Bhd**

The Grand Subang Jaya is located in SS15, on the site where Asia Cafe used to be located. The project is targeted at investors and is suitable for young adults and students, with universities within the vicinity. The freehold project comprises 483 units sized 563 sq ft, housed within two towers.



Project: **Paisley @ Tropicana Metropark**
Type: **Serviced residences**
Price: **From RM528,000**
Developer: **Tropicana Corp Bhd**

Paisley is the newest phase within Tropicana Metropark, a freehold, 88-acre mixed development. The project offers 587 units housed within two blocks, with built-ups ranging from 601 sq ft to 1,491 sq ft.



Workers' accommodation in Malaysia

PERBADANAN KEMAJUAN Negeri Selangor (PKNS), a statutory corporation created and owned by the state of Selangor, is building hostels for Western Digital workers. The hostels are included in Phase 1 of the Datum in City project and comprises three blocks of nine-storey apartments.

These apartments can accommodate 10,000 workers and there are 5,000 parking bays. The total land area is 6.08 acres and the 432 apartment units come in three sizes, 475 sq ft, 865 sq ft and 971 sq ft.

The project is located at Jalan SS8/6, next to Lebuhraya Damansara-Puchong and the Federal Highway, and PKNS

will build a pedestrian bridge to give workers easy access to the Western Digital factory.

The building incorporates elements of eco-sustainable architecture to achieve maximum Green Building Index ratings. The project is already halfway completed.

Meanwhile, Construction Labour Exchange Centre Bhd (CLAB) will operate and rent out the units previously built by Mass Rapid Transit Sdn Bhd (MRT) to house workers involved in the construction of the Sungai Buloh-Kajang Line.

Centralised Labour Quarters (CLQ) are built for small-to-medium construction

companies that are unable to build their own labour quarters and could instead, rent the units for their workers.

CLQ, located near the MRT Depot along Jalan Sungai Buloh, will comprise six blocks with 144 rooms each and will be able to support up to 864 workers in total.

There will be facilities such as surau, cafeteria, kitchen, sports facilities, assembly area, sundry shop, laundry shop and sick bay.

Construction of three of the eight CLQ blocks will start this year while the other five will be completed by the fourth quarter of 2020.