

# Robust demand for Pavilion Damansara Heights offices

BY VASANTHA GANESAN

Essentially, all of the 1.2 million sq ft of office space spread across nine corporate towers in the ongoing multibillion-ringgit Pavilion Damansara Heights development in Kuala Lumpur is believed to have been fully taken up. This underscores the robust demand for property offered by popular brands at strategic locations, the glut in commercial property notwithstanding.

The offices form part of the Pavilion Damansara Heights integrated development, which also comprises a retail mall and luxury residences. The project is being undertaken by Tan Sri Desmond Lim Siew Choon's Pavilion Group in partnership with the Canada Pension Plan Investment Board. Developer Impian Ekspresi Sdn Bhd is the vehicle for the 51:49 joint venture.

Datuk Tracey Lai, director of sales and marketing for 1 Pavilion Property Consultancy — the mar-

keting arm for the project — declined comment when contacted.

Nevertheless, a source says only one floor of a strata office block, measuring about 10,000 sq ft, is currently still available for sale.

When *The Edge* made a telephone call to Pavilion Sales Gallery to enquire if there was any office space for sale, it was told, "All units have been sold."

In March, Lai was reported to have said that public-listed companies and local corporations were en-bloc buyers of the nine corporate towers while the strata suites had been purchased by small and medium enterprises and individual investors.

There is talk in the market that nitrile glove manufacturer Hartalega Holdings Bhd and transport and logistics company Yinson Holdings Bhd are purchasers of the corporate towers. However, a source close to Hartalega denies that the company has acquired a building in Pavilion Damansara Heights.

Yinson too denies that it has



SUHAIMI YUSUF/THE EDGE

bought an office block in the development but acknowledges that "Pusat Bandar Damansara is one of the areas being considered for our future plans should we decide to move".

Realtors observe that the acquisitions may have been done by the major shareholders of listed entities in their personal capacity. A number of business tycoons, for example Tan Sri Lim Wee Chai, the founder and executive chairman of Top Glove Corp Bhd, have made major investments in various property assets in recent years.

A RAM Ratings note published on Nov 19, 2018, states the third quarter of 2021 as the completion date for Pavilion Damansara Heights because its construction progress has been delayed by a combination of factors, such as resistance from some owners of Damansara Town Centre, changes to the development plan and the complexity of the demolition works.

In its report, the ratings agency says four of the six office towers have been sold en bloc, and that Pavilion Damansara Heights has collected deposits for the remaining two.

It adds that 73% of the total net saleable area of two of another three office towers — sold on a strata-title basis — has also been taken up. The remaining tower has been allocated to Johor Corp.

Based on the average asking price of RM1,400 per sq ft for the offices, industry sources estimate that each tower would have fetched about RM100 million.

*The Edge* also understands that all three residential blocks in the development have seen robust sales. The two earlier launches — the Crown and Regency blocks — are believed to be 80% sold while the take-up of the most recently launched Windsor is said to be 70%. The three towers — two standing 57 storeys high and one 50 storeys

**The corporate towers and lifestyle mall will be ready ahead of the luxury residences in Phase 1 of Pavilion Damansara Heights**

— offer 1,314 residential units in total.

In September last year, RAM Ratings said 48% of the 746 residential units of the Crown and Regency blocks had been sold with sales and purchase agreements while 18% had

been booked.

It is worth noting that the 1.1 million sq ft Pavilion Lifestyle Mall will be seamlessly spread across the lower floors of the nine corporate towers and the three residential blocks. This is the first phase of Pavilion Damansara Heights.

Robert Ang, director of estate agency at Rahim & Co, observes that the project has all the right ingredients for success. "The project is located on a good site and thus offers a great frontage. It is also next to two MRT stations (Pavilion Damansara Heights MRT and Semantan MRT)."

Moreover, he says, the office towers — standing at 11 to 15 storeys high — are "bite-sized" and thus not too pricey.

"No doubt there is a glut of office space. But that doesn't mean that everyone is doing badly. This is a mixed-use, top-level transport-oriented development," Ang adds.

When told about the robust demand for Pavilion Damansara Heights' properties, CBRE | WTW managing director Foo Gee Jen is pleasantly surprised. "This is fantastic news," he says. "The project's location is prominent while the connectivity is excellent. This is why despite the very challenging market, the take-up is good."

He believes the buyers looked at the project's potential due to its seamless accessibility and the fact that it is only two stops away from KL Sentral, the transport hub of the city and gateway to KLIA. "Furthermore, the 1.1 million sq ft Pavilion Lifestyle Mall will provide F&B and retail experience to the office occupiers," he adds. **E**

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