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## SIME DARBY

gears up for  
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15/08/2022



# High demand for luxury residential property, says Minor Lifestyle and Real Estate

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For a period of time in 2020, the global property market was adversely affected by the Covid-19 pandemic before coming back to life once vaccines became widely available. One segment of the property market, however, was not hit badly — as anticipated.

According to The Wealth Report 2022 released earlier this year by international consultancy firm Knight Frank, luxury residential markets worldwide enjoyed a red-hot 2021 as luxury homes became the asset class of choice for ultra-high-net-worth individuals (UHNWIs).

The report also highlighted that, in 2021, the value of the Knight Frank Prime International Residential Index (PIRI 100) had increased 8.4%, up from just under 2% in 2020. This was also its highest annual increase since the index was launched in 2008, owing mainly to low interest rates, shortage of prime stock and the appeal of property as a hedge against inflation.

"It is true that the luxury residential property market was not affected much by the pandemic in the past two years. UHNWIs are sort of 'immune' to any financial situation in the world," says Micah Tamthai, chief operating officer of Minor Lifestyle and Real Estate.

Minor Lifestyle and Real Estate is a division of Thai-based conglomerate Minor International PCL (MINT), one of the largest hospitality and leisure companies in Asia-Pacific, with more than 527 hotels and resorts, 2,200 restaurants and 400 retail trading outlets in 63 markets, including Africa, Australia, South America and Europe.

Some of the hotel, resort and serviced suite brands under the Lifestyle and Real Estate division of MINT are Anantara, Avani, Elewana, Oaks, NH Hotels, NH Collection, nhow and TIVOLI.

In 2015, MINT teamed up with Khazanah Nasional Bhd's Themed Attractions Resorts & Hotels Sdn Bhd to bring luxury resort brand Anantara into Malaysia in Desaru, Johor. The luxury resort and residence project, Anantara Desaru Coast Resorts & Villas, started welcoming guests in December 2019.

"We have 90 hotel rooms for guests and 20 luxury residences open for sale at selling prices starting from RM7.5 million. We sold six during the pandemic and all are sea-fronting units with a premium price."

"With travel restrictions lifted and the recovering economy, we are confident that the rest will be taken up soon. In fact, we are here to scout the land for the second phase," Tamthai tells *City & Country* in an exclusive interview in Kuala Lumpur. He adds that this is his first visit to the Malaysian resort since the pandemic.

The resort, which was temporarily closed for several months in 2020 because of the national lockdowns, has average room rates (ARRs) of more than RM1,000 before tax.

According to the official website of Anantara Desaru Coast Resorts & Villas, the rate per night starts from RM982 for a premium hotel room to at least RM22,137 for a four-bedroom beach residence.

Tamthai says: "Of course, F&B was affected by the lockdown, but it is slowly picking up; the same goes for the occupancy rate of the hotel rooms. Desaru is a new resort



Anantara Desaru Coast Resorts & Villas started welcoming guests in December 2019

destination and it has a beautiful coastline. We are honoured to have welcomed many distinguished guests. Most of them are local Malaysians, including the royal family."

## Second-home focus

In its Wealth Report 2022, Knight Frank concluded that "the world has never been wealthier, and property's role as a store of wealth has never been greater."

According to the report, almost a third of the wealth held by UHNWIs is stored in their primary and/or secondary residences. The extent to which these assets rise or fall in value not only influences personal levels of wealth, but the decisions to enter or exit a market have repercussions for the flow of wealth around the world.

The statement is proven in yet another well-received luxury project of MINT, located in Phuket, Thailand: Layan Residences.

Introduced in 2017, the first phase of Layan Residences consists of 15 luxury residences with built-up sizes of 17,222 sq ft to 32,291 sq ft and selling prices from US\$12 million. As at end-2021, 13 units had been sold.

Meanwhile, the second phase has 11 units, with an even bigger layout of at least 32,291 sq ft and selling prices from US\$10 million. Only one unit is still available.

"We are looking to build the third phase soon, owing to the overwhelming response



**Tamthai: We are very selective about the buyers because we are also focusing on building a community within the development**

during the pandemic," says Tamthai. "Up to 90% of the buyers [of the second phase of Layan Residences] during the pandemic were local Thais, who had spent more time than ever in their home country because of the lockdown in the past two years and had started to look for a second home or holiday home outside the city in the country."

He says price is not really an issue for UHNWIs when searching for a property. They focus more on the product and service quality.

"Luxury residential targets a niche group of buyers. Therefore, the product has to be exclusively designed to suit their current needs. For example, the pandemic has taught us the importance of personal space; so, in

the second phase of Layan Residences, we increased the number of rooms to eight from just three to five in the first phase," Tamthai says, adding that some of the rooms could be customised as function rooms, such as a home spa and sauna, upon the request of the buyer.

MINT has also introduced a rental programme across all its luxury residential properties to help buyers manage, upkeep and rent out their units when they are not using them. Tamthai says: "If they feel like spending a few days here in their own unit, all they need to do is to give us a call and we will get everything prepared. It is why our luxury project is always a stone's throw away from our resort; the professional team will be managing the property based on the resort's standard."

"Under this rental programme, UHNWIs do not have to put in any more money to upkeep the property because the rental would be enough to cover that. We try to make it as seamless as possible because, in this segment, the quality of service is the key to making the model work."

He adds that the model is well received because it offers buyers peace of mind and rental income, and the property price will appreciate over time.

Tamthai points out, however, that the target market of the luxury residences series under MINT has never been the investor, but people who enjoy life.

"In fact, we are very selective about the buyers because we are also focusing on building a community within the development. We want the buyers of our luxury residential to be like-minded, those who enjoy peaceful living or a short getaway with tight security and privacy," he says.

Commenting on the outlook of the overall luxury residential in the short term, Tamthai is confident that real estate will continue to be a top choice as an investment tool for UHNWIs, given the niche and limited supply and relatively low risk compared with other investment tools.

"History tells us that property prices rise over time. In the short term, real estate has lower risks, especially those in premium locations such as the CBD and popular tourist destinations. I foresee the trend continuing and expanding over time," he says.



A luxury villa at Anantara Desaru Coast