INVESTMENT PERFORMANCE FOR RIVERSIDE PROPERTY
DEVELOPMENT: THE SHORE MALACCA

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DEVELOPMENT: THE SHORE MALACCA

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INVESTMENT PERFORMANCE FOR RIVERSIDE PROPERTY DEVELOPMENT: THE SHORE MALACCA

CHONG HWEE LIONG

A thesis is submitted in fulfillment of the requirement for the award of the Bachelor Degree of Real Estate Management with Honours

Faculty of Technology Management and Business
Universiti Tun Hussein Onn Malaysia

JANUARY 2018
I hereby declare that the work done in this project report is on my own except for quotations and summaries which have been duly acknowledged.

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CHONG HWEE LIONG

Date : .............................................

Supervisor : .............................................

PROF. MADYA SR DR. AZLINA BINTI MD YASSIN
DEDICATION

This research is especially dedicated to my parents,
MR. CHONG BON FUAT and MDM. CHOO GEOK CHOON
Thanks for the spiritual support

To my supervisor and panels,
PROF. Madya Sr Dr. Azlina Binti Md Yassin
PROF. Madya Dr. Rozilah Binti Kasim
Sr. Norjariah Binti Arif
Thanks for the patience, continuous guidance and support

To my beloved friends,
Thanks for the help and support in this research
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Furthermore, I also like to express my sincere appreciation to the officers from The Shore Malacca for their full commitment especially in assisting and providing useful information and data for my research. Last but not least, I would like to thank to all my beloved friends that had been accompanied me with positive energy throughout the writing of this thesis and gratitude to those who directly or indirectly helped me in ensuring the successfulness of this thesis.
Rivers and its landscapes are of exceptional importance to urban and regional development as they represent an attractive settlement area with a wide variety of economic, cultural and ecological potential. Riverside property development in Malaysia became more urbanised and commercialized since 1990’s onwards. Associated with the growth, interest in developing riverside property is booming in Malaysia especially historical city Malacca in this few years. Many developers either public or private have started focus on development projects close to water areas like The Shore Malacca which built next to Malacca River. In this case, private developer have begun to take opportunity to turn water into gold by developing riverside property with the breath taking river view. This riverside development (The Shore Malacca) not only included residential units but also commercial units. It is believed that this type of development is able to bring up the quality of that particular area which then causes the property price to increase. This research has the objective to determine the challenges in developing riverside property and to identify the investment performance of riverside property development in Malacca. The objective of this study is expected to achieve using qualitative method by adopting of interview and observation as a technique for data collection. The respondent involved in this research are developer and management officers of The Shore Malacca. From the interview, main, moderate and minor challenges with the investment performance of riverside property development are identified. The result from the study is expected to help the investor to make decision to investment in Malacca riverfront development and to overcome the challenge behind that.
ABSTRAK


Kajian ini mempunyai objektif untuk menentukan cabaran-cabaran yang dihadapi dalam pembangunan harta tanah tepi sungai dan mengenal pasti prestasi pelaburan harta tanah di tepi sungai di Melaka. Objektif kajian ini dijangka akan dicapai dengan menggunakan kaedah kualitatif yang melibatkan temu duga dan permerhatian sebagai satu teknik pengumpulan data. Responden yang terlibat dalam kajian ini adalah pemaju dan pegawai pengurusan The Shore Malacca. Daripada temu duga yang dijalankan, cabaran utama, sederhana dan kecil dengan prestasi pelaburan pembangunan harta tanah tepi sungai telah dikenalpasti. Hasil daripada kajian ini dijangka akan membantu pelabur membuat keputusan dalam pelaburan pembangunan harta tanah tepi sungai di Melaka dan menyelesaikan cabaran pembangunan tersebut.
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<tr>
<td>F&amp;B</td>
<td>Food and Beverage</td>
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<tr>
<td>LED</td>
<td>Light-Emitting Diode</td>
<td></td>
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<tr>
<td>MBMB</td>
<td>Majlis Bandaraya Melaka Bersejarah</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>JPPH</td>
<td>Jabatan Penilaian dan Perkhidmatan Harta</td>
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<tr>
<td>GC</td>
<td>General Contractor</td>
<td></td>
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<tr>
<td>RICS</td>
<td>Royal Institute of Chartered Surveyors</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
<td></td>
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<tr>
<td>GDV</td>
<td>Gross Development Value</td>
<td></td>
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<td>GDC</td>
<td>Gross Development Cost</td>
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<td>UTHM</td>
<td>Universiti Tun Hussein Onn Malaysia</td>
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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In Malaysia, rivers make a huge contribution of social importance to global transportation; as an element in cultures and traditions, as a source of primary and secondary production, and for biodiversity. For instance, Malacca River. It flows through the middle of Malacca City in the state of Malacca which connected to the Straits of Malacca and act as a vital trade route during the heyday of Malacca Sultanate in the 15th century. Clearly, Malacca River is a strategic and important source for world trade and regional development because it is vulnerable to social, political and natural disasters besides giving great opportunities for economic and social development.

Since Malacca River gives thousands of benefits for economic development in Malacca, thus, riverside property development is a must from developers in order to give a new life or a new look to Malacca City. Riverside has become places of urban transformation with potential to attract investment and reverse the patterns of decline in real estate market. Besides that, it also will give improvement in architecture, planning and urban governance. All these transformations are played out in a globalising world with increasing tensions between global capital and local place identity. For example, while the riverside property development is going on, developer should remain the historical identity of Malacca. Most importantly, this development should not bring any great damage to the environment with its heritage and natural features preserved.
As the riverside been developed, it will be opened up to become the heart of City life. According to Dovey (2005), globally attractive cultural, entertainment, commercial, exhibition and sporting facilities will develop along the river bank. International companies will be encouraged to view the City as the best headquarters location in Malaysia. Organisers of international conventions, festivals, exhibitions and trade shows will think first of Malacca when planning such events. As a result, it encourages more investors to invest or purchase riverside property in Malacca. As a result, this influence the price and the performance of purchasing trend of riverside property in real estate market. Hence, investment trend and performance can be identified.

The development of riverside property is a long term and complex process. To be the successful one, the process needs to have a programmatic structure. Even if it is not possible to have one generally valid regional strategy due to the various framework conditions that prevail, there is an ideal type of approach towards developing such a strategy. This overview structures the regional strategy concept according to its various elements (Dovey, 2005). In a nutshell, this research is expected to form a relationship between the challenges faced by developers and the investment performance of riverside property development in Malacca.

1.2 RESEARCH BACKGROUND

The subject property of this research is The Shore Malacca. The Shore Malacca is situated in Jalan Persisiran Bunga Raya which is the area of Malacca City Centre. The Shore is just a short drive away from the heart of Malacca's historical sites, the well-known Jonker Street and Chinatown where tourists throngs. At the current stage, The Shore is the first leading high-rise building in Malacca.

The Shore is completed build in 2015 with the area of 3.1 acres. It is developed by a private developer. It is a freehold, luxury mixed development that houses within its grounds 3 towers of luxury serviced residences, a 4-star hotel, and a lifestyle shopping mall with F&B outlets.

The Shore is fully equipped with high class facilities. Housed on the 9th floor of The Shore, the facilities deck incorporates extensive tropical landscaping into their leisure pool. And overlooking this serenity, is a fully equipped gymnasium. A
children’s fun pool, lap pool, jacuzzi pool complete the creature comforts of the luxury residences. There is also a chic roof-top Sky Lounge where you can sip cocktails as you take in the stunning sunset over The Straits of Malacca, while the city of Malacca is quite literally at your feet.

In addition, The Shore Malacca has the features like Malacca tallest building, Malacca first best commercial landscape architecture project awarded by Asia Pacific Property Awards, Malacca first building tower with full heights LED lighting/screen on façade, sky lounge/observatory deck at level 43 (163 meters above sea level), 60,000 square feet of water play area & facilities at level 9, River Cruise Jetty at The Shore route to Jonker Street, Monorail Station at The Shore route to Kampung Morten and many more. In short, from Figure 1.1 of Malacca River Map, The Shore is a very attractive tourist hotspot with a nice view of Malacca River.

Figure 1.1: Malacca River Map
1.3 PROBLEM STATEMENT

Generally, Malacca River is under the jurisdiction of Malacca State Government. Thus, in order to develop any riverside projects like riverside property development, developer is required to adopt a development plan which allow them to run the said development in a particular selected location. At the current stage, The Shore Malacca is completely built and fully operated with other attractive property development along Malacca River. Property development at riverside is considered at a well performed level because most of the property was built for the commercial purpose. With the numbers of historical buildings along the river, The Shore Malacca is expected to have a great return in term of investment performance.

According to Guy and Henneberry (2002), developers are the key coordinator and catalyst for development. They are the nexus of the occupier, investment and development sectors in the property market as stated by Keogh (1994). They have a crucial role in interpreting the requirements of occupiers and investors and translating them into built form. This is because riverside property development requires special
construction technology and skill from the developer as compared to the typical type of property development.

There is a substantial literature on the development process which considers the phenomenon from various methodological and theoretical standpoints. For instance, the development plan and planning procedures in every property development. In an article of MacLaran (2002), there stated that the comprises written statements and maps, setting out planning goals and covering such issues as the zoning of land-uses, traffic and infrastructural developments, areas of obsolescence and renewal and the preservation and enhancement of amenities. It was intended that development plans would be reviewed every five years. Meaning that developers must apply with the local authority planning department for permission to develop. This having been said, formal planning instruments especially where this concerns the implementation of regeneration projects. It is imperative that these are embedded in formal planning procedures (Bothman, Kerndlmaier, Koffeman, Mandel& Wallbank, 2006). ‘Developments’ include new constructions and extensions above a certain size, changes to building or land-use functions. Like The Shore Malacca, before it turns to a high-rise building, it is just a vacant land. From here, it involves the conversion of land-use functions which need to be take note by developers in term of legal challenges.

Yassin (2011) in her article of ‘Waterfront Development in Malaysia: Examining Laws and Regulation’ highlighted that similar to other developments, riverside property development requires the involvement of many parties that include the government, developers, private investors, community groups, tourists and recreationalist. The riverside development project is influenced by stakeholders. It is all about the partnership in riverside development. Government usually responsible for the whole riverside development process and that requires government involvement at every level, namely federal, state and the local authority. As an example, government has the responsibility in determining the theme and the sequence of process of any development. A proper planning of each development is vital for raising investor’s confidence to invest in the riverside project (Yarnell, 1999). Therefore, the investment performance of riverside property in real estate market of Malacca is actually depending on how well the planning is and the performance of responsibility of stakeholders.
Thus, this research aim to discover the challenges that need to be faced by the developer in developing riverside property development and also to identify the investment performance for riverside property in Malacca. From here, determination of relationship between this two aims will then be investigated.

1.4 RESEARCH QUESTION

The research questions in this study are as follow:
1. What are the challenges in riverside property development?
2. How are the investment performance for riverside property in Malacca?

1.5 RESEARCH OBJECTIVE

This study covered up two main objectives which are:
1. To determine the challenges in riverside property development in Malacca.
2. To identify the investment performance for riverside property development in Malacca.

1.6 SIGNIFICANCE OF RESEARCH

This research is carried out to determine the challenges in riverside property development faced by developer and to identify the investment performance of riverside property in Malacca. Therefore, this research is believed to provide benefits to the following parties:

- Developers

This research absolutely useful to developers as it ensures the developers in making the right decision in developing riverside property. It looks into the challenges that need to be considered in riverside property development. It is important because this will affect the smoothness of the project. Commercial and residential development projects which located near to riverside usually has special challenges as compared to
the normal project and has the higher property price. As people like to purchase property near to riverside, it will directly influence the number of sales.

- **Prospective Buyers**

Potential buyers/investors can take this research as the reference to make the right decision to live in this unique location in Malacca historical city. This is because the relevant riverside property price will be analysed.

- **Valuers**

This study is able to help the valuers in determining the riverside property value in Malacca. This can be conducted by understanding on the current problems and issues faced by the developers in developing riverside property. As a result, this study also increase the accuracy of the market value of riverside property made by valuers in Malaysia.

- **Local Council/Related Authorities**

It is able to help the local council/related authorities in the urban planning or land use pattern of an area in order to increase the quality of life of the residents in Malacca. This research also acts as a guide for local council/related authorities to solve all the problems/issues faced by every party in riverside property development. Then, local authorities only can apply the best action to solve the issues.

### 1.7 Scope of Research

This study covered up two aspects which are the challenges faced in riverside property development and to identify the investment performance for riverside property in Malacca (The Shore Malacca).