

Teladan Setia eyes residential projects in Melaka



Company plans to build residential units with a price range between RM400,000 and RM500,000

By **SHAHEERA AZNAM SHAH** / Source teladansetia.com

TELADAN Setia Group Bhd will continue to focus on developing landed residential units in Melaka, banking on the state's market condition with few unsold properties.

Its MD Richard Teo Lay Ban said the company will use about half of the proceeds from its IPO for acquisitions of land in the state.

"We are allocating RM35 million or 45.3% of the IPO proceeds for landbank acquisitions and we are looking at plots of land in Melaka where our future projects for landed properties will be.

"Melaka has a very strong demand for landed properties and has one of the lowest overhangs throughout Malaysia," he told reporters during a virtual press conference yesterday.

According to the National Property Information Centre data for the first half of 2020, Melaka recorded 705 unsold units, claiming the sixth place for the state with the lowest residential property overhang compared to Johor with 6,616 units, the state with the most unsold residential units. Teo added that the company plans to build residential units with a price range between RM400,000 and RM500,000 in Melaka.

At present, Teladan Setia's total GDV stands at RM1.6 billion, which will last the group for the next four years.

"We are launching another three projects with a GDV of RM995 million, in addition to the ongoing projects of RM623 million in GDV," he said.

For Teladan Setia's projects outside of Melaka, Teo added that the group had bought a piece of land in Sri Kembangan, Selangor, with a potential high-rise residential project in the pipeline.

Teo remains sanguine on the outlook for the property market, particularly on its main market of Melaka, and remains optimistic on the low overhang status of the state.

"The property sector has gone through ups and downs, and I think the industry has reached its rock bottom. However, with the government's stimulus plans through the low-interest rate, ownership campaigns and stamp duty exemption, it will attract homebuyers, especially first-time homebuyers," he said.

Teo added that the property purchasing trend in Melaka is mostly led by homeowners who want to buy units for their self-use and these people tend to be less affected by the volatile economy compared to homeowners who buy units for investment.

"I do not foresee a potential over-hang in Melaka. For the past 24 years being in the state, we have seen Melaka having a healthy and well-balanced supply and demand market situation," he said.

Teladan Setia made its debut on Bursa Malaysia's ACE Market yesterday, trading at a premium of 60 sen against its offer price of 48 sen. The stock ended its maiden trading day at 57 sen, a nine sen premium above its offer price.

Of the total proceeds, Teladan Setia will allocate RM35 million or 45.3% for land acquisition in Melaka, RM33.1 million or 42.8% for working capital for project development and set aside RM4 million or 5.2% for repayment of bank borrowings.