



TAIPAN

Group of Companies

Taipan Focus - Delivering on Promises

An interview with Andrew Teok,
President/MD of Taipan Focus

Taipan Focus Sdn Bhd, a licensed property developer, is the core operating company within the Taipan Group of Companies, a professional real-estate focused group which corporate activities are strictly limited to property development, construction, property management and property advisory services. With a proven track record for delivering on its promises, Taipan Focus has, in just over a decade of operations, made a name for itself in completing projects ahead of schedule, driven, in the process, by its corporate mission to continuously construct and develop real-estate properties to the highest quality and standards at reasonable prices for the benefit of all purchasers.

President and Managing Director of the Group is Andrew Teok, 50, a double-degree holder, in civil engineering and architecture, with over 24 years' experience in real-estate development and construction. Returning from his studies and short work stint in Canada and US in the 1980's, the lacklustre economy and dearth of lucrative opportunities for fresh architects prompted him to start out in the family business in 1982, also real estate development. Encouraged by recovery in the early 1990's, when the Government-driven engines of privatisation and liberalisation of the corporate sector began turning things around, he opted to strike out on his own in 1995.

In a recent interview, B&I talked to Andrew Teok at the site of Park 51, Taipan Focus' newest, and most ambitious, undertaking to date, for an overview of the Group, as a whole, and, in particular, an insight into the man himself.

B&I: For the benefit of our B&I readership, would you kindly give us a background brief on Taipan Focus Sdn Bhd, its origins and track record, and more importantly, an insight into the person of Andrew Teok himself?

AT: Taipan Focus was formed in the mid-1990's as an investment holding company. Its primary purpose at that particular time when the economy was robust, being to acquire pockets of real estate that would be earmarked for future development. To my mind, the opportunities were not in development itself, as borne out by studies which showed that pure developers have never made money, for example, Hong Leong and Arab Malaysian Property Development. The underlying reason is simple – the crucial element in the development equation is land cost, by virtue of which only developers who own large tracts of land can prosper, for example, Sime Darby, IOI, Guthrie, One Utama and KLK with their land banks of former rubber and palm oil plantations. Pure developers like us are in a sunset industry having to contend with a five to eight year haul to develop land that we must first acquire at prevalent market prices; we see our money only at the end of the third year of selling, provided, of course, that we dispose of all 100 per cent of what we build and that, too, in the face of conditions of reservations for Bumiputras, quota selling, and so on. Unlike the big boys, we do not have the option to form investment trusts (REITs), through which vehicle we may hedge unsold properties and “unlock” capital or investments.

Taipan Focus is fortunate to be here at the right time, at the right place and location and, as stated earlier, we were not into development but acquisition of pockets of land, for example, Puncak Seri Kelana in Kelana Jaya. During the financial crisis of 1997, we saw opportunity in this tract of land (what is now Park 51) which we purchased in 1998. I saw potential for this piece of property despite the fact that, then, it was infested with Selangor's largest squatter colony of 1,800. We resolved this far-from-easy problem with re-settlement and housing of these squatters in Impian Baiduri, which was completed and delivered one year ahead of schedule, and the Sungei Way project, six months ahead of scheduled delivery. However, seeing all the problems in development, not the least of which are some of our JV developers who cannot perform, we decided to re-enter the industry in 2003, continuously maintaining our track record of exceeding our work schedule and delivery ahead of time. That

brings me back to your original question of who I am. For starters, my background and training helped although no single education in the world can prepare a person to be a developer. In every building, the architect's vision has to combine and dovetail with the civil engineer's pragmatism in order to strike a viable balance in design and cost, and thereby mitigate any problems that may arise during construction. Despite the advantage of two degrees, I decided that to qualify as a developer, I needed to know all the legal implications of building and also how to run a corporate body; hence my move to take up law and, later, MBA.

B&I: Set to be the new landmark of growth, Residency @ Park 51 is, to say the least, an unprecedented undertaking in the City Centre of Bandaraya Petaling Jaya in terms of its concept and scale. From the onset, who had the greater influence on the project, Andrew the civil engineer or Andrew the architect?

AT: Both these disciplines contribute essential parts to the whole persona of a developer but in today's environment, whether you like it or not, there are building legalities to contend with and a corporate-size organisation of professionals to manage. Therefore, you will need, in addition, training or qualifications in law and business administration skills, that is, basically four disciplines. In this respect, a lot of developers today are incomplete in; you cannot deny that developers today are no longer like those of the 80's and before – you cannot just put up a signboard, collect money and hire a contractor. Today, you are managing people, engineers and what-have-you, who are degree holders.

B&I: Therefore, to your way of thinking, would that be the ultimate trend for developers, to be multi-talent or skilled in these four areas seeing as they are called to be multi-tasked?

AT: Yes, whether in the 1980's or in 2008, developers cannot run away from the 4 core disciplines; question is, how do you acquire them, the hard way, like I did, or the easy way through employment? Either way, the times have changed as has the calibre of architects, engineers and other professionals we employ, and so too the qualities required of a developer who can no longer run a one-man show today. However, the downside



Panoramic view of residency @ Park 51.

in hiring all these resources is higher costs and these resources are difficult to control because of high occupational mobility. The building boom in the Middle East, for example, saw them flocking there, leaving us with new and inexperienced graduates.

B&I: How and when was Residency @ Park 51 mooted and, in conceptualizing the project, what were the underlying strategies or philosophy, if you like; case in point, the diversity of creative designs that are offered?

AT: In the 1990's, I had occasion to tell MBPJ of the need to re-engineer and transform Petaling Jaya as a nucleus centre as it was losing out to the newly-developed township of Kota Damansara in attractiveness and infrastructure. The spur to Petaling Jaya's growth to city status had been, in past, in being KL's satellite town and by 30 per cent industrialisation but now it can neither contain nor manage progress. With two to three acres of land, you cannot do much re-engineering but with 30 acres we can try, as we are doing with Park 51.

Here the main concept is to create a self-contained township within the city of Petaling Jaya, providing residences to house small to medium-sized families at affordable prices and with ample amenities – a stay-in city to come home to and not go out of for your daily needs. Just as we need to focus on what we want the city of Petaling Jaya to be, here in Park 51 the vision is to encamp all the elements and diversity of modern city living in one locality. These include a commercial centre, business offices, sports and recreational facilities, medical centre for specialists, multi-purpose convention and meeting rooms, restaurants, playground areas, landscaped gardens, F&B and service outlets.

At Park 51, we have visualised the need of providing to all our residents all the amenities of a city within a city at our own cost, with no incentives forthcoming from MBPJ.

B&I: Launched last year at a time the nation was grappling with high energy prices and costs of building materials and with a slowed economy looming, how has Residency @ Park 51 fared thus far? What is the take-up rate to date and has this been appreciably affected by the current economic downturn?

AT: We are lucky that we are in a good location; also we came in at the right time and at the right price when demand was on the increase, for instance, studio apartments in Petaling Jaya city were going for RM240,000 whereas ours cost RM198,888.

In the first three months we sold almost the entire block and then came the global financial crisis late last year. Banks started to reject loan applications, about 20 to 30 per cent, as conditions for borrowing became more stringent. However, having bottomed out, the market is starting to look buoyant. In past months, people are back to shop around so we are more relaxed although things would be a lot easier for the industry if the banks would chip in and help out.

B&I: So can we rightfully say that this so-called economic downturn has not really affected the industry or killed the market for housing as people begin investing?

AT: Actually, the whole world has stabilised in the sense that the worst has passed whereas Asia has not really been hit hard except in the export sector. So to us it is not really a crisis yet, though we are feeling the effects. There are two schools of thought, though, as to whether we will see a slow and gradual "L" shaped recovery or a spiked "V" rebound as the stock market seems to indicate.

It is anybody's guess but in the development equation, the situation is different in that investment in a house, unlike

commodities or cars, is a 35-year commitment. So far we have been lucky and things are looking good for us.

B&I: Looking at the project per se, aside from prime location, what is it about Residency @ Park 51 that makes it a compelling choice for the prospective homeowner or investor? In other words, what sets it apart from the norm, from other high-end development schemes in the Klang Valley?

AT: The key to properties is location and within a two or three km radius, depending on which way you look, there are no other suppliers of condo living in the area, and location is the first and foremost decision a potential buyer makes. We are lucky in this respect. Besides location, we also have the advantage of pricing which is based on “instalment versus rental income.” It is targeted at those who can qualify for 35-year loans where the instalment you pay is actually lower than the market rental rates. In other words, over 35 years while rental goes up, your instalment is stagnant. So it’s always worthwhile to invest in properties because the cost always goes up. The Malaysian market, compared to our neighbours, is still most affordable as we enjoy a very liberal housing system.

Therefore, by virtue of prime location and favourable payment terms, two distinct advantages, which are our selling points, accrue from Park 51, that is: (a) preservation of asset value, that is, value that appreciates and not depreciates; and (b) sustainable rental income, which is at a significant premium to any purchaser’s fixed and lower instalment obligations. In respect of preservation of asset value, there are two aspects to consider: one, the value itself, that is, the intrinsic value and, two, the perceived or imaginary value. From friends and others in their social circles, people can see for themselves and the perception is clear that condos in the PJ area are saleable and are going up in value. So that’s the strategy here in Park 51; we have the advantages and if you don’t buy today, there’s not going to be an opportunity tomorrow, whether you are an investor or would-be home owner. Further, we make it affordable with “zero” entry conditions, as long as you qualify and can afford it. On top of that, we even assist qualified purchasers with easy terms in paying the 10 per cent down payment, which lending banks impose as a pre-condition to loan applications. In the face of these challenges, what we have in our favour is our gearing, which is low, almost zero, and our capitalisation, which is strong enough for us to go on ahead.

B&I: With Residency @ Park 51 now in the bag, as it were, what is in the pipeline, projects-wise, for Taipan Focus Sdn Bhd five years down the road? What is next on the agenda and what will be the primary focus?

AT: As I said earlier, we are not that kind of long-term developer; our survival is based on location, on opportunities, if any, in this area. Give me 20 acres elsewhere and I would not go, though

others would. If you ask me, our project here can last us for the next 10 years; we still have three to four more phases to go. We have another 800 acres as a resort development along the Klang coast, spanning from the Port Klang power station to North Port, that is, 800 acres of seafront that is going to take us 20 to 30 years to develop. So there is no immediate urgency or requirement to look for any other development; you need the right ingredients to develop. Anyway, on our land bank alone we can go on for the next three decades, unless something pops up here (Petaling Jaya).

B&I: Is that land along the Klang coast a viable potential?

AT: Let me tell you our track record in identifying land potential; Puncak Sri Kelana was an ex-dump site surrounded by oil palm for which there were no takers except us and we made it into a gold mine. Same here for Park 51, an ex-squatter colony, and developers with whom we wanted to joint venture thought us crazy. Anyway, to answer your question, I believe the seaside resort, which is now swamp land, is feasible because the Klang Valley population of seven million crave to smell the sea and have never had the opportunity of owning seaside homes. Also, I believe it will be a viable alternative to Bukit Tinggi, Desaru and Tioman, a need that I can supply. On hold at the moment, my seaside resort will have an open concept where, instead of walled-up dwellings, you look out into open spaces by the sea but then residential housing is only one of the features.

The multi-faceted elements we are creating will offer enough activities and opportunities to induce and retain visitor(s) and their families into staying three days and two nights. What has been conceptualised here is a fusion of the owner’s aspirations, the architect’s vision and the planners’ handiwork. It will be an investment in my own dream, my own creation and we will channel all our resources into it as opposed to embarking on projects here and there, that is, development for the sake of development. ■



B&I editor Eric Tan (centre) with Taipan Focus’ Maxine Lim & Andrew Teok.