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THE BALANCING ACT

At Your Own Backyard Dr Peter Yee, Lecturer/Author/ Property Investor, Selayang

He buys, he holds and flips occasionally. You've probably heard of Dr Peter Yee from Selayang, a lecturer turned book author and property investor, currently preaching the path he took. But rather than joining the bandwagon of investing in the KL city center, he looks at his own backyard.



Investing near home has its practicality. Besides local knowledge, there are the nitty-gritty property management issues involved. Properties too far from where your eyes can see take up a whole lot of time from you. Therefore, 90% of his properties are within five minute's driving distance from where he stays, which is at the periphery of the city center.

Although the capital appreciation in the locations he invests in may not be as enticing as other "hot" areas, it will be on the upside soon because there are a lot of people living near the city, and many more to come as the city becomes too expensive to live in.

...a city expands outwards about one mile per year and along with it the capital appreciation...

He quotes a research where a city expands outwards about one mile per year and along with it the capital appreciation of the land along the growth direction.

For him, a location is just another location unless properties there are able to generate income and easily managed. Being located near town or other smaller towns, it has the potential for capital appreciation.

He never believes in over commitment, buys two and sells one to save enough ammunition to accumulate a pool of properties over time. He is currently focusing on two types-landed shop offices and medium cost apartment or condominiums, all of which generates more than 10% yield.

"The property market is at a high now and it's a seller's market. There will be buyers and it's a good time to sell off older properties, especially those whose values have gone up but not giving good rental yields.

"After every boom, a bust will come. While no one can predict, my guess is that it will happen in three to five years time."

Significant Property Investments

Location? Bandar Baru Selayang

What? 3-story landed shop office

When? Bought in 2006 at RM648,000 off the secondary market. After five years it has now appreciated about 100% with a market value of RM1.3mil. It generates a rental of RM5,200 per month. That's more than 9% yield based on original purchase price.

"This is a good property to keep. Never sell a good property.

"It's a sin not to buy" an apartment valued at RM75,000 but auctioned at RM45,000. With an acquisition cost of less than RM50,000, now, it has become an income generator of RM500 to RM600 per month, giving about 10% yield.

Still bewildered at how some will complain that there are not enough affordable properties, he says these are properties that nobody wants or looks at, in other words "no class". We still buy because we look at the money factor.

"You cannot go wrong buying properties lower than market value. But finding one is not easy."