

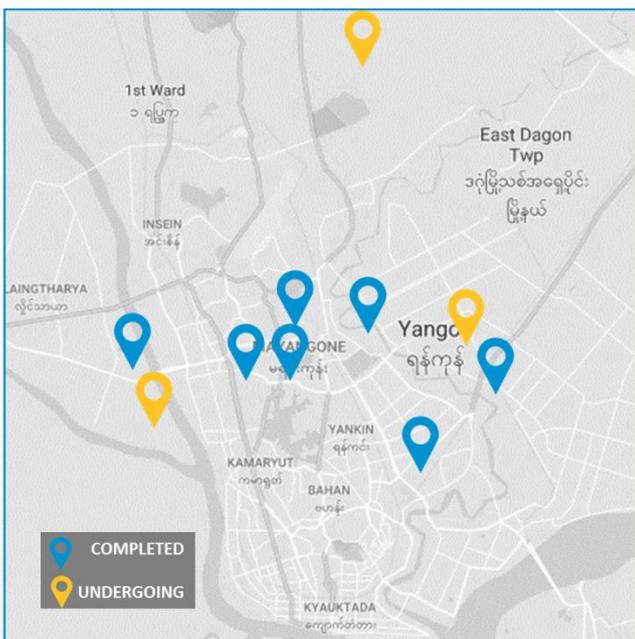


Households in search of more breathable space

Joshua De Las Alas Sr. Analyst | Research & Advisory

There remains a limited number of gated residential communities in Yangon, the majority of which are geared towards the high-end and luxury segments. While some local developers are starting to introduce mid-tier and affordable products, the quality and offerings are considered subpar. In view of the restricted space in the city centre, Colliers believes that the demand for new residential havens in more breathable space will become more noticeable. Developers should start tapping into this market if they have access to appropriate land.

Notable Gated Residential Communities



Traditional end-users lean towards landed residences; high-rise living considered a relatively new concept

For the majority of the population, low and mid-rise buildings predominantly defined urban living in Yangon with families long accustomed to such residences. The economic liberalisation over the recent years has paved the way for the entry of modern condominiums and is likely to reshape the property landscape in the future. However, despite the rapid pace of urbanisation, traditional end-users see high-rise living as a relatively new concept. In particular, affluent families continue to opt for detached villas either as stand alone or in gated residential communities, but the supply, particularly for the latter, remains limited and the condition is less encouraging as the city's central neighbourhoods are turning congested.



In view of the restricted space, Colliers believes that the demand for new residential havens will become more pronounced going forward. The rising volume of developments in the city centre has meant that in recent years many households have drawn up relocation plans particularly towards low-density suburban communities, in search for more breathable space. Colliers sees household requirements to become especially strong for master planned gated residential communities. These are housing estates featuring controlled security (perimeter walls), well-defined lanes and pedestrian walkways, as well as shared amenities and facilities such as a clubhouse.

Modest but consistent demand; good quality low and mid-tier residences remain untapped

As of Q2 2017, Colliers tracked a total of 10 notable gated residential developments in Yangon, collectively representing more than 3,400 units. Given the dearth in available space as well as the high land prices associated in the city centre, the majority of the stock is located in the Outer City zone. This is led mostly by FMI City in Hlaing Tharyar Township, considered the first satellite community established since 1995, which consist of more than 2,000 residential properties.



Though meagre, the number of new projects is modestly increasing. As at the end Q2 2017, there are approximately 189 landed residential units launched across gated communities in Yangon. Ranging from middle to high-end offerings, these units are offered in both new residential estates and through additional phases of existing developments. Given the limited stock, demand appears modest with a single unit sold per month. The cumulative take-up rate is at 71% with the remaining inventory, based on current sales velocity, estimated to be completely sold in the span of two to three years. Some of these launched projects include the Z Villas, a joint venture by a local company Zaykabar Corporation, Ltd. and Malaysian Developer, Ho Hup E&C Co., Ltd.; the Pinlone Villas, a relaunched

Golf Estate, by Yoma Strategic Holdings; and the Cherry Garden by Sakura Trade Centre. The latter, previously intended as government housing, is the only development catering to the low to mid-market segment. Overall, the majority of completed projects are of subpar quality with development offerings being widely limited. Moreover, there remains a widely untapped demand for modern quality lower tier developments. At present, most pre-selling projects are positioned towards the high-income segment of which represents only a small percentage of the population. Based on all the developments surveyed, the price for most villas looks high, ranging between USD400,000 and USD1.1 million for an average lot size and floor area of 500 sq m and 335 sq m, respectively. The typical payment terms are also considered less flexible, starting with a 20% down payment and the remaining 80% amortised in a limited span of 8 to 12 months.

Yangon Gated Residential Average Sales Price

High-end	Min	Max	Ave
Price per sq m	USD1,070	USD2,260	USD1,460
Total Price (million)	USD0.85	USD1.10	USD1.01

Colliers International

Given the positive demand prospects, Colliers recommends developers to introduce master planned gated communities envisioned to offer value for money and an upgrade in terms of living quality. To persuade buyers, these products have to be a better alternative in terms of quality and pricing than what is currently available in the market. Similar to successful projects in the region, the development offer should be reinforced with the use of impressive landscaping, generous open spaces, and well-designed clubhouse being strategic marketing propositions. Moreover, large-scale residential estates will need to offer an array of products which cater to a wide spectrum of income levels. We expect developers to start adopting these concepts going forward.

For more information:

Karlo Pobre
Associate Director |
Research & Advisory
+95 (0) 979 573 3378
karlo.pobre@colliers.com

The Htet Oo
Assistant Manager |
Research & Advisory
+95 (0) 979 765 7777
thehtet.oo@colliers.com

Contributors:

Hsan Pyae
Assistant Analyst |
Research & Advisory

Nay Aung Kyaw
Assistant Analyst |
Research & Advisory

Copyright © 2016 Colliers International.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Colliers International | Myanmar

Room No. B 803, 8/F., Tower B,
Myawaddy Bank Luxury Complex, No. 151,
War Dan Street, corner of Bogyoke Aung
San Road, Lanmadaw Township, Yangon,
Myanmar

MAIN 950 931491 678



Accelerating success.