Teladan Setia optimistic about affordable housing

PETALING JAYA: Melaka-based Teladan Setia Group Bhd, which made an impressive debut on the ACE Market with a 25% premium on its issue price, is optimistic over the affordable housing sector.
Managing director Richard Teo Lay Ban said demand for landed residential properties in Melaka still remained steady, adding that the local property market is currently on a recovery path.

“The property market has had its ups and downs, but we believe the current low Home Ownership Campaign will spur buying interest, especially for first-time buyers.

“We’ve been in Melaka for 24 years and the property market has been healthy and well-balanced. There are not many speculators and most of the buyers are owner-occupiers, ” he said at a virtual press conference yesterday after the company’s listing ceremony.

Teo said Teladan Setia will be focusing on landed residential homes, adding that the level of overhang units for landed properties in Melaka was one of the lowest in Malaysia.

“Last year, the overhang for residential units in Melaka was 925 units compared with the national average of 3,450 units, according to figures by the National Property Information Centre or Napic.”

He added that Teladan Setia will be developing properties within the RM400,000 to RM500,000 price range, emphasising that these units were “most sellable”.

“We will be launching three projects with a total gross development value (GDV) of RM995mil. Combined with our future projects of RM623mil, our current and future GDV totals RM1.6bil, which should last us four years.” Teo said Teladan Setia’s inventory stood at RM43mil as at September 2020.

Teladan Setia debuted on the ACE Market at 60 sen, a 12-sen increase from its initial public offering (IPO) price of 48 sen, with 32.53 million shares traded.

At 5pm yesterday, the property developer closed unchanged at 57 sen with 196.8 million shares traded.

Teo said the company will be focusing on projects in Melaka for the time being.

“We are one of the top three developers in Melaka and our market share for residential developments in the state stands at between 9% and 10%.”

Teo added that he does not expect any impact to earnings as a result of rising building material prices.

“For all our projects, we outsource to contractors on a lump sum basis. Our contractors cash purchase the materials and hedge forward, so we’re not subjected to the risk of price fluctuations.

“For the past three to four years, our gross profit margin has been between 33% and 35% and the profit after tax margin has been between 17% to 18%.

“So we don’t see a margin compression. In fact, if house prices go up, we will enjoy better margins.”