Kuala Lumpur
City Overview and Residential Buyer Guide
2019 Edition
As Malaysia’s key economic hub, Greater Kuala Lumpur’s global appeal continues to grow. Encompassing 2,793 sq km and home to over eight million people, the sprawling metropolis featured in the top 10 for international tourist arrivals in Euromonitor International’s Top 100 City Destinations Ranking for 2017.

Located in the heart of the Association of Southeast Asian Nations (ASEAN), Greater Kuala Lumpur (KL) is well positioned, and increasingly able to attract global multinational companies looking to set up their regional hubs.

Keeping pace with the rapid urbanisation is the increased investment in Greater KL’s transport infrastructure, with additional rail lines – the Mass Rapid Transit (MRT) Line 2 and Light Rail Transit (LRT) Line 3 – set to improve the area’s connectivity. The region is also seeing extensive redevelopment, including the new financial district of Tun Razak Exchange on a 70-acre site, and the 19.4-acre, RM8.7 billion Bukit Bintang City Centre mixed-use project.

With more than 25 million tourists visiting each year, Malaysia continues to be seen by global hospitality operators as an appealing destination, with luxury hotel brands including Four Seasons, The St Regis and Sofitel opening in Kuala Lumpur.

The country is also proving an increasingly popular destination for expatriates, particularly Kuala Lumpur, which climbed from 24th place in the InterNations Expat Insider survey in 2016 to fourth place the following year. As of 2017, there were more than 130,000 registered active expatriates in Malaysia. The number of expats from China overtook those from India in February 2018, to make up 25% of the total number of active expatriates, driven in part by demand from Malaysia’s construction, infrastructure and manufacturing projects.

The new government is committed to increasing the ease and attraction of relocating to the country, through its ‘Malaysia My Second Home’ programme. This allows foreign citizens who fulfil certain criteria to enter the country on a long-stay basis with their spouses and dependants. Successful applicants are issued with a social visit pass for 10 years and a renewable multiple-entry visa (MEV). When that expires, they can apply for renewal of their MEV or for permanent citizenship.
Below, Knight Frank highlight some of the key economic trends in Kuala Lumpur over the past five years, including GDP growth and number of households.

**Key Facts**

**GDP Growth**
Nominal GDP growth for Kuala Lumpur and South-East Asian countries, annual percentage change

Kuala Lumpur’s economy has seen steady growth, with an average annual growth of 8.4% over the past five years. This is way above the average of 2.6% across all South-East Asian economies over the same period.

**Unemployment Rate**
The unemployment rate for Malaysia, August 2018

Unemployment in Malaysia has been very steady, varying less than 1% for the past five years. The current unemployment rate is 3.4%, just above the lowest level since November 2015, when it was 3.2%.

**Inflation Rate**
The inflation rate for Malaysia, August 2018

Inflation, which stood at 0.2% in August 2018, has fallen from the 2.7% seen in January 2018 and the 3% or more seen in each month of 2017.

**Demand Rising**
Number of households in Kuala Lumpur

The number of households in Kuala Lumpur has grown by 10% over the past five years.

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*Source:* Knight Frank Research, Macrobond, Oxford Economics, IMF

*Source:* Department of Statistics Malaysia

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*Source:* Knight Frank Research, Oxford Economics
This map of Kuala Lumpur shows where the major airports, top international schools and national university are situated.

Kuala Lumpur in Context

Top Kuala Lumpur international schools and national university
- Fairview International School
- EtonHouse Malaysia
- International School of Kuala Lumpur
- French School of Kuala Lumpur
- Mont’Kiara International School
- Garden International School Kuala Lumpur
- The International School @ ParkCity
- University of Malaya
Kuala Lumpur Residential Districts

A breakdown of what you can expect from Kuala Lumpur’s residential districts.

1 Old Central Business District
This traditional core of Kuala Lumpur is home to heritage landmarks including: Dataran Merdeka ('Independence Square'); the Sultan Abdul Samad Building; the National Mosque of Malaysia; The Royal Selangor Club; Kuala Lumpur’s Chinatown (Jalan Petaling); and Central Market.

2 Perdana Botanical Garden
Also known as Lake Gardens, the 226-acre historical green lung of Kuala Lumpur is located in the heart of the capital. Daily shuttle tram services are available to take visitors to all the attractions within the Heritage Park.

3 Kuala Lumpur City Centre
The self-contained Kuala Lumpur City Centre (KLCC) is home to the iconic 88-storey Petronas Twin Towers; the 58-storey Menara 3 Petronas; Suria KLCC; Menara Maxis; The Binjai on the Park; and the 50-acre KLCC Park. The recently completed Four Seasons Place Kuala Lumpur is also located here, complete with an integrated hotel, private residences and shops.

4 Bukit Bintang
The renowned shopping, commercial and entertainment district of Bukit Bintang is popular among locals and tourists and houses award-winning luxury and lifestyle malls such as Pavilion Kuala Lumpur, Starhill Gallery, Lot 10 Shopping Centre, Sungei Wang Plaza and Fahrenheit 88. KLCC and Bukit Bintang are linked by an air-conditioned pedestrian walkway and are well served by public transportation, including bus, monorail, and LRT and MRT lines.

5 Imbi / Pudu
Located at the fringe of Bukit Bintang, the area of Imbi / Pudu is undergoing a major transformation. Notable redevelopment projects include: the new financial district of Tun Razak Exchange (TRX) on a 70-acre site; the 19.4-acre, RM8.7 billion Bukit Bintang City Centre mixed-use project; and the Warisan Merdeka development, home to the Menara PNB 118 (named for its 118 storeys), which is expected to be the tallest tower in Malaysia (and South-East Asia) when it is completed in 2024.
Kuala Lumpur Residential Districts

6 Ampang Hilir / U-Thant
Tucked within the embassy enclave of Kuala Lumpur is the locality of Ampang Hilir / U-Thant. This pleasant, upmarket area is populated by low-rise residential developments, made up of bungalows, low-density condominiums and apartments. It also has good commercial, retail and medical amenities. With several international schools in the district, it’s perfect for families who seek a tranquil life away from the hustle and bustle of the city.

7 Mid Valley City / KL Eco City / Seputeh
The 50-acre Mid Valley City is a premier integrated mixed-use development anchored by two major shopping malls, the Mid Valley Megamall and The Gardens Mall. KL Eco City is a new integrated development located opposite Mid Valley City, separated by the Klang River. The 25-acre development consists of offices, shops, residences and hotels.

Seputeh, situated a stone’s throw from Mid Valley City, is a quiet and serene neighbourhood. The mature and established suburb features mainly bungalows, linked houses and limited high-rise residential developments.

8 Bangsar South
Located approximately 2km from Mid Valley City, Bangsar South was once known as Kampung Kerinchi. This trendy area is characterised by modern office buildings, hotels, high-rise residences and restaurants. The area is well-connected, with rail infrastructure via the commuter and LRT lines and regular shuttle bus services.

9 KL Sentral / Brickfields
Kuala Lumpur Sentral (KL Sentral) is a transit-oriented development built on KL’s old railway marshalling yard in Brickfields. The 72-acre KL Sentral development, anchored by transportation hub Stesen Sentral, mixes offices, shops, a hotel, condominiums and serviced apartments. This city-within-a-city is popular with residents, tourists and business travellers.

10 Damansara Heights
Damansara Heights is a coveted residential address for influential and high-net-worth individuals. The affluent neighbourhood is comprised of mainly low-density landed properties, set within leafy streets. The ongoing rejuvenation of Pusat Bandar Damansara, together with the completed rail infrastructure development, will bring added life and excitement to this property hotspot.

11 Bangsar
Similar to Damansara Heights, the neighbouring suburb of Bangsar is popular among the affluent local and expatriate communities. Predominantly a residential area made up of landed and high-rise developments, it’s supported by commercial activities. The residential areas of Bangsar, located off the main arterial road of Jalan Maarof, enjoy serenity and privacy.

12 Mont’ Kiara / Sri Hartamas
Home to a large community of expatriates from more than 30 countries, Mont’ Kiara is characterised by high-rise living that continues to witness rapid developments. The district has a number of renowned international schools and locals can easily access the commercial, entertainment and leisure facilities available at Solaris Mont’ Kiara. The neighbouring Sri Hartamas offers a different sense of community, with landed residential property supported by limited commercial activities.

13 Dutamas
Flanked by Mont’ Kiara and Segambut, Dutamas is an up-and-coming neighbourhood, characterised by mixed-use developments and high-rise residential stock. The district is home to the Malaysia External Trade Development Corporation (MATRADE) complex, the Ministry of International Trade and Industry (MITI) and various other government offices. Also located in the district is a mixed-use commercial development spanning a 75-acre site that gives home to the country’s largest exhibition centre, Malaysia International Trade & Exhibition Centre (MITEC).

14 Taman Duta / Kenny Hills (Bukit Tunku)
Taman Duta and the adjoining Kenny Hills are premier residential neighbourhoods popular with high-earners. The low-density locality features exclusive bungalows and villas as well as luxury low-rise condominiums.

15 Taman Tun Dr Ismail / Bukit Kiara
Located at the western fringe of Kuala Lumpur, Taman Tun Dr Ismail (TTDI) is a mature, established township. It offers a mix of residential properties, including terraced houses, semi-detached homes, bungalows, townhouses and condominiums, all supported by commercial activities. Taman Rimba Kiara, a park in TTDI, is part of the larger Bukit Kiara green lung. Designated as a public open space under the Kuala Lumpur City Draft Plan 2020, the park is extremely popular with the local community.

16 Kampung Sungai Penchala Malay Reserve
Located at the fringe of Kuala Lumpur, Kampung Sungai Penchala is a Malay Reserve Area. Legal restrictions imposed on property and land ownership limit its development potential.

17 Desa ParkCity
The 473-acre Desa ParkCity is a multi-award-winning development that promotes a lively, safe, sustainable and healthy community. The residential stock within the various gated and guarded precincts offer strata courtyard terraces, park homes, terraced houses, apartments, semi-detached homes and bungalows.

At the heart of the well-planned township is The Central Park. Popular among the local and expatriate communities, Desa ParkCity is supported by a wide range of amenities, with shopping and dining at The Waterfront, alongside a school, sports centre and medical centre.
The minimum threshold of Kuala Lumpur’s property purchase price applicable to foreign purchasers is RM1 million. Different states in Malaysia impose different threshold limits.

While there are two different types of property ownership, freehold and leasehold, the steps required to purchase property are the same.

The seven steps for buying a property in Kuala Lumpur are as follows:

1. The vendor will appoint an agent to sell their property.

2. The purchaser views the property through the agent and puts forward an offer. Via the estate agent, the vendor may counter the offer, triggering negotiations.

3. Once the parties agree on the price, the purchaser will pay an Earnest Deposit, equivalent to 2% of the purchase price (anything up to 3% may be required) to the vendor through the estate agent and an Agreement to Purchase will be signed by both parties.

4. The solicitors appointed by both parties will negotiate on the terms of the Sale and Purchase Agreement (SPA) and the agreement will be prepared between 14 and 21 working days from the date of the Agreement to Purchase.

   Notwithstanding that the SPA execution is pending, the Agreement to Purchase constitutes a legally binding document between the parties after they have signed it. Any party that fails to execute the SPA within the said period will be in breach of contract.

5. Upon the execution of SPA, the purchaser should pay the deposit to the vendor. This is usually 10% of the purchase price, less the sum paid as Earnest Deposit.

6. During the preparation of the SPA, the purchaser may start to source and secure financing for the balance of the purchase price, as this has to be paid to the vendor within three months, or an agreed period of time, from the date of execution of the SPA (for an existing property) or the issuance of the Certificate of Completion and Compliance (CCC) (for an under-construction property), whichever is later and applicable, as the case may be.

7. The sale of the property is undertaken with vacant or legal (subject to the existing tenancy) possession, free from encumbrances but subject to all conditions, express or implied, of the title document. Upon receipt of the full balance of the purchase price, the vendor should deliver vacant or legal possession of the said property to the purchaser.
Stamp Duty
Stamp Duty is payable by the purchaser on property transactions. If the title has been issued, it is levied on the instrument of transfer, which is the memorandum of transfer; if the title has not been issued, it is levied on the deed of assignment of the principal Sale and Purchase Agreement (SPA).

The stamp duty is calculated based on the purchase price or the market price – whichever is higher – as determined by the Inland Revenue Department (see below for the current rates and bands). First-time homebuyers can apply for an exemption of the stamp duty.

<table>
<thead>
<tr>
<th>Value of Property</th>
<th>Stamp Duty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First RM100,000</td>
<td>1%</td>
</tr>
<tr>
<td>RM100,001 to RM500,000</td>
<td>2%</td>
</tr>
<tr>
<td>RM500,001 and above</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Inland Revenue Board Malaysia

Real Property Gains Tax (RPGT)
Provided for under the Real Property Gains Tax Act 1976 (Act 169), the Real Property Gains Tax (RPGT) is charged on the gain on the sale of a property over its original acquisition cost. It is chargeable to the owner of the property.

Effective since 1st January 2014, the RPGT imposed on individual Malaysian citizens increased to 30% for properties disposed of within three years of purchasing, 20% within four years and 15% within five years. For companies, RPGT continues to be imposed when a disposal of property is made in the sixth year onwards, with a rate of 5%.

There is a different RPGT rate charged to foreigners. The rates corresponding to the year of disposal are provided in the table below:

<table>
<thead>
<tr>
<th>Year of Disposal</th>
<th>Residents</th>
<th>Companies</th>
<th>Non-Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disposal in year 1 - 3</td>
<td>30%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Disposal in year 4</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal in year 5</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal after year 5</td>
<td>0%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: Budget 2014, Malaysia

Assessment Tax
Collected by the local authority in which each property is located, assessment tax is meant for the provision of services to the residents. The tax is payable to the local authority twice per annum, with penalty fees imposed on late payments. It is imposed on landed property, stratified property and vacant land.

The amount of tax payable is calculated based on the annual value or estimated gross annual rental of the property and the rates imposed on the property. The rates vary according to the type of property, the location and the market rental rate. The rates were revised down in 2014.

The local authority will then allocate the tax collected for the maintenance and construction cost of various public facilities in the locality such as community halls, public toilets and bus stops, as well as the provision and maintenance of the infrastructure, including roads, drains and street lights. We display the tax rates applicable in Kuala Lumpur, below:

<table>
<thead>
<tr>
<th>Residential Property Type</th>
<th>Rate of Rent Per Annum (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within 36 square mile</td>
</tr>
<tr>
<td>Serviced apartment</td>
<td>7</td>
</tr>
<tr>
<td>Residential</td>
<td>4</td>
</tr>
<tr>
<td>Low cost flat</td>
<td>2</td>
</tr>
<tr>
<td>Vacant Land – Residential</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Dewan Bandaraya Kuala Lumpur (DBKL)

Quit Rent
Quit Rent is a form of land tax imposed by the state government, regardless of the type of property ownership. It is an annual tax imposed on all land owners, except for properties used for religious purposes.

The rates of Quit Rent vary, both from state to state and within the same state, and are determined by many factors. These include the locality of the property, the category of land use and the usage of the land. Land used for commercial or residential purposes will be charged a different rate of Quit Rent.

While the deadline of the payments of Quit Rent varies across states, most require owners to make the payment by 31st May of each year. We display the tax rates applicable in Kuala Lumpur, below:

<table>
<thead>
<tr>
<th>Class or Description of Land</th>
<th>Rate of Rent Per Annum (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dwelling house lots</td>
<td></td>
</tr>
<tr>
<td>Town Land</td>
<td>RM0.65 per sq m</td>
</tr>
<tr>
<td>Village Land</td>
<td>RM0.50 per sq m</td>
</tr>
<tr>
<td>Country Land</td>
<td>RM0.30 per sq m</td>
</tr>
<tr>
<td>2. Combination of use of</td>
<td></td>
</tr>
<tr>
<td>(a) Commercial and dwelling house</td>
<td>RM2.30 per sq m</td>
</tr>
<tr>
<td></td>
<td>RM2.30 per sq m</td>
</tr>
<tr>
<td></td>
<td>RM1.70 per sq m</td>
</tr>
<tr>
<td>(b) Industrial and dwelling house</td>
<td>RM2.00 per sq m</td>
</tr>
<tr>
<td></td>
<td>RM1.90 per sq m</td>
</tr>
<tr>
<td></td>
<td>RM1.00 per sq m</td>
</tr>
<tr>
<td>3. Lands not categorised/ without express condition</td>
<td>RM4.00 per sq m</td>
</tr>
<tr>
<td></td>
<td>RM4.00 per sq m</td>
</tr>
<tr>
<td></td>
<td>RM3.00 per sq m</td>
</tr>
</tbody>
</table>

The rates shown are for lands other than Malay reservation land or Kampung Baru (Malay agricultural settlement)

Source: Federal Territory of Kuala Lumpur Land Rules, 1995

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