

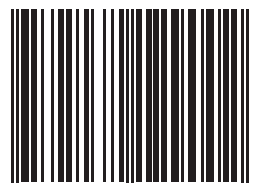
The Malaysian Surveyor

THE PROFESSIONAL JOURNAL OF ROYAL INSTITUTION OF SURVEYORS MALAYSIA

Interview With YBhg Dato' Sr Abdull Manaf Bin Hashim

Management
The FutureBuilders

RISM Activities
RISM Sabah Branch
30th Anniversary Cum
Charity Fundraising
Dinner



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The 17th Pacific Association of Quantity Surveyors Congress

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18 - 21 May 2013

Congress Theme

Construction Information -
Cornerstone of the Valuation Management



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EDITORIAL

We are in the Information Age and we are drowning in a sea of data and information. The Internet allows for easy access to all types of information and thus the overflowing of information. *The Malaysian Surveyor* cannot compete with the Internet but at least the information provided is relevant to the needs of persons interested in the field of surveying. The Editorial team tries its best in offering valid information free of misinformation and rhetoric.

Information gathering is part of the knowledge acquisition process which is essential to the continued relevance of the surveying profession to the society and government. The surveyor is the archetypal knowledge worker whose livelihood depends on the satisfactory service rendered to his client. The difference between a professional such as the surveyor and the non-professional knowledge worker is that the professional uses his exclusive knowledge to solve problems that transcend commercial demands. So, the surveyor must use relevant and up-to-date knowledge in his service to both client and society.

The contents of this issue reflect the role of information in the surveying profession. We report the visits by members of RISM to Hungary to obtain knowledge of related practices in that country. In addition, the visit by RISM to our sister professional surveying association in Singapore is also reported. Surveying and green building issues were discussed with our counterparts across the Straits of Tebrau. Next, the journal informs readers of the Sabah Branch 30th anniversary dinner. This issue also provides the transcript of an interview with our new President, Yang Berbahagia Dato' Sr. Abdull Manaf bin Haji Hashim who highlighted the need to setup a common database of construction costs to help the Quantity Surveying profession, the role of Continuing Professional Development in updating surveyors' knowledge, and collaborations with foreign professional bodies to share ideas and market our innovations.

The articles in this issue cover landslide susceptibility mapping, Malaysian institutional investors' property investment in London and a discourse on the effects of clients in shaping the analysis of valuation information. The regular column writers discuss how to lead a better life through a network of friendships and elaborate on a type of strategic planning aptly called Future Building. Finally, a book review on "*Real Estate Riches*" regarding the dynamics of the Singapore property market is reviewed.

In short, *The Malaysian Surveyor* provides information ranging from news to research articles. The Editorial Board believes in the role of disseminating news, information and knowledge creation towards enhancing the capabilities and fellowship of the surveying profession. We see the need to collaborate with fellow surveyors whether local or foreign, to expand the surveyors' horizons. We report surveyors' efforts to create new processes and research. Our aim is always to provide a balance between news, theory and practice in the contents of each issue of *The Malaysian Surveyor*. With the current sea of abundant information and knowledge, this journal plays a small but significant role in the sustainability of the surveying profession.

Assoc. Prof. Sr Dr. Mohd Hisham Ariffin

Sub-editor



Members of the RISM Delegation and the representatives from the Municipality of the City of Budapest and the representatives of the RICS (Central and Eastern Europe Region)



Technical Visit By RISM To The Municipality Of The City Of Budapest, Hungary

1 October 2012 (Monday)

Dato' Sr Lau Wai Seang DSPN, DJN, BCN, FRISM
Councillor
Session 2012 – 2013

ON 1 OCTOBER 2012, MONDAY, THE RISM PRESIDENT, Dato' Sr Abdull Manaf bin Hj. Hashim, FRISM, led a delegation of 33 RISM members to visit the Municipality of the City of Budapest, Hungary for a Technical Visit.

Two presentations were given after the introductions from the Municipality of the City of Budapest, Hungary, the RICS of Hungary and RISM.

The first presentation was a slide presentation entitled "Procurement in the Public Sector: Expertise and Transparency." It was given by Dr Gabor Bagdy, MRICS, Deputy Mayor for Financial Affairs for the Municipality of the City of Budapest, Hungary. Dr Gabor was assisted by Mr Arpad Szabo, Economic Expert/Municipal Advisor and Mr Pal Baross, FRICS, Property Management Expert/Municipal Advisor, both of whom working in the Municipality of the City of Budapest office.

Dr Gabor Bagdy, explained that Budapest has 23 municipalities; that is, one municipality for each of the 23 districts. Municipalities are not empowered to grant building permits. Building Permits are granted by the Provincial government. Budapest Municipality is one of the 23 municipalities in Budapest.

Budapest Municipality's Budget for 2012 has an estimated US\$1.7 billion Total Expenditure. Of this amount, a total of US\$897 million account for running/overhead cost. Sources of Revenue include entertainment taxes, renting of facilities as well as Central Government grants. The revenues collected have always fall short of the expenditures.

The Budapest Municipality also undertakes several development projects, the expertise is usually out-sourced. The funding may be on a Private Finance Initiative (PFI) basis. Under the PFI, the Budapest Municipality will provide the building designs and will take care of the future maintenance of the buildings, while the private sector will come out with the capital for construction. An example of such a project is the Riverloft Mixed-Use Development.

The next presentation was a slide presentation given by Mr Michael Smithing, MRICS, a Hungarian RICS representative, who is also the Executive Director for the Central and Eastern Europe Region of Colliers International. He was assisted by Ms Anna Orcsik, Regional Manager of RICS Central and Eastern Europe Region.

Mr Michael Smithing explained that RICS penetration is not very effective in Eastern Europe. Presently there are only 150 members in Budapest, and a total of 400 members in Hungary, Czech Republic and Romania of the Central Region of Europe. There is no requirement for a professional to be an RICS member in order to practice.

Mr Michael Smithing went on to say that in Budapest there is currently a 25% vacancy rate in the office sector. Office rental varies from 12.00 pms - 13.00 pms in Budapest CBD, and outside Budapest it is about 9.00 pms, while a 3.50 pms service charge will be added.

This Technical Visit ended with an exchange of gifts between RISM and the Municipality of the City of Budapest and between RISM and RICS Central and Eastern Europe Region. Thereafter it was followed by a group photography session before the visit was adjourned. ■

RISM Technical Visit To Malaysian Embassy In Hungary

ON 1 OCTOBER 2012, WE VISITED the Malaysian Embassy and was welcomed by the ambassador His Excellency Dato' Kamlan Maksom, his lovely wife and the embassy's staff. His Excellency informed that the Malaysian Embassy in Hungary is also concurrently accredited to the Republic of Macedonia and the Republic of Slovenia. There are not many Malaysians in Hungary with less than 50 Malaysian families and one student taking post-graduate studies. The busload of us was then served a scrumptious meal of mee goreng, karipap, popia and kueh-mueh. We devoured the meal since it has been four days of grilled or fried fish with potatoes for lunch and dinner!! His Excellency and his wife mingled with us to answer all the questions that ranged from economy, politics, employment and to the shopping areas of Hungary. One of our members in the entourage injured her hand on the 2nd day and was sent to the hospital using His Excellency's private car for further medical test. ■





RISM Technical Visit To SISV

THE ROYAL INSTITUTION OF SURVEYORS MALAYSIA (RISM) technical visit to the Singapore Institute of Surveyors and Valuers (SISV) was held on 11 October 2012. The delegates consisted of 19 Councillors, two Johor Branch Committee members and four secretariat members. They were greeted with an overwhelming welcoming address note by its Chairman, Mr Tang Tuck Kim and Mr Sunny Sim, Honorary Secretary of SISV. All the delegates were introduced and there were exchange of views on the current surveyors' issues. At the later part, Mr Eugene Seah, Honorary Treasurer presented the "Resource Efficient Cities" which is the Surveyor's Contribution on the Green Building initiative in Singapore.

In recognition the Surveyor's contribution towards the construction of the Universal Studio Singapore, Resort World Sentosa offered all RISM delegates free entry into the Studio and enjoyed the "Transformer Ride" and "Shrek 4D Adventure."

The visit ended with Dinner sponsored by SISV before departure to Pulau Spring Resorts, Johor Bahru for the next General Council activities. ■

(SABAH BRANCH)
**30TH ANNIVERSARY CUM CHARITY FUNDRAISING
 DINNER**
 28 OCTOBER 2012
 GUEST OF HONOUR
 DATUK SERI PANGLIMA MUSA HAJI AMAN
 CHIEF MINISTER



RISM Sabah Branch 30th Anniversary Cum Charity Fundraising Dinner

RISM SABAH BRANCH 30TH ANNIVERSARY CUM charity dinner was held on 28th October 2012 at Magellan Sutera, Sutera Harbour Resort Kota Kinabalu graced by YB Datuk Yee Moh Chai representing YAB Datuk Seri Panglima Musa Haji Aman, Chief Minister of Sabah. He said the government is grateful for these contributions and is therefore willing to listen to feedback and constructive criticisms in order to resolve issues related to their respective professions.

Also present at the event were RISM President Datuk Abdull Manaf Hashim, the outgoing chairman of RISM Sabah Branch, Sr Bernard Sia and incoming chairman, Sr Maria Othman. The event gathered almost 1000 RISM Members, advertisers, Professional bodies and others.

A total of RM24,900.00 cash was donated to each beneficiary of the charity fund raising events namely Rumah Anak Yatim Al-Aman, Beaufort and Jireh Home, Tuaran.

Emcee on that night was Datuk Gan Po Tiau with co-emcees Sr Liaw Lam Thye and Miss Suzieanah Harun. Three groups performed that night namely Maktab Sabah, KK High School and Corazon group with different dances.

The events ended at 10.30pm with vote of thanks from Sr Catherine Yen, Organising chairman. ■





RISM Activities





Interview With Y. Bhg. Dato' Sr Abdull Manaf Bin Hashim

President Of The Royal Institution Of Surveyors Malaysia (RISM) 2012/2013

Interview by Sr A. Mahadevan and Assoc. Prof. Sr Dr. Ting Kien Hwa of the Editorial Board

YBhg. Dato' Sr Abdull Manaf bin Haji Hashim became the President of RISM on 23 June 2012. He is also the President of Board of Quantity Surveyors, Malaysia by virtue of being the most Senior Quantity Surveyor in Government Service. He is also the Senior Director of Cawangan Kontrak & Ukur Bahan of Jabatan Kerja Raya (JKR) i.e. the Contracts & Quantity Surveying Division of the Public Works Department, Malaysia which is the largest employer of Quantity Surveyors (Qs) for the Public Sector in Malaysia. His recent appointment as the President of RISM is most appropriate and deserving surveyor. The Qs in Malaysia are proud of him.

YBhg. Dato' Sr Abdull Manaf is a home grown QS as he is a local degree graduate of Universiti Teknologi Malaysia and has been with JKR since May 1978. He has served the Government in various capacities. His excellent past services is a testimony of his current position. YBhg. Dato' Abdull Manaf is a quiet, simple, easy-going, cool and a very approachable person. He is a strong believer in "work together with me and not for me".

Q: Congratulations, Dato' Abdull Manaf on becoming our President for Session 2012-2013. We fellow Surveyors, especially QSs are very proud of you. To commence the interview we would like you to tell us about yourself for the benefit of other Surveyors in Malaysia besides QSs who are already very familiar with you.

I was born on 5 April 1955 in Kuala Kurau, Perak. I went through my primary and secondary education in that small tranquil town. Then, I had my tertiary education in Quantity Surveying at the University of Technology Malaysia (UTM) Kuala Lumpur.

I started my career as Quantity Surveyor in the Education Unit of the Quantity Surveying Branch at the PWD Headquarters upon graduation with B.Sc. (Hons) from UTM in 1978. Two years later, I was promoted as the State QS in JKR Pulau Pinang and then transferred to JKR Terengganu.

In 1995, I was transferred back to Kuala Lumpur to head the Civil Engineering Unit of Quantity Surveying Branch. In 2001, I was seconded to Jabatan Parit dan Saliran (JPS) as the Director of Quantity Surveying for three years. After all those movements, I was back in Cawangan Ukur Bahan (CKUB) in 2004 as the Deputy Director as well as the Head of Building Unit before finally being elevated as the Director on 21 August 2006.

I have served as the President of the BQSM since 2007 and this is my third term and the current term is for the session 2011/2013.

I was the Deputy President of RISM for the session 2011/2012 and as the President for the session 2012/2013.

Q: We understand that you had a mixed feeling about Quantity Surveying as you were also interested in Architecture when you were an undergraduate. However, circumstances forced you to complete the QS course. How do you feel about the surveying profession, especially the QS profession now after becoming the Senior Director of Cawangan Kontrak & Ukur Bahan of JKR, President of Board of Quantity Surveyors Malaysia and recently as President of RISM?

Back then, I didn't know what Quantity Surveying was. After obtaining my SPM, I decided to join UTM and applied for Quantity Surveying course since it was new in the JPA list and furthermore UTM offered a five-year degree course in Quantity Surveyor instead of having to go through only a diploma course for Architecture. Initially, I thought Quantity Surveying was very much a mathematical discipline dealing with figures. After going through the course, I found that it is interesting, especially after knowing what QS is all about and how important it is in the construction industry.

With the government's initiative to boost domestic economy, through the Economic Transformation Programme and the National Key Areas, these have created the environment and fuelled growth in construction projects. The surveying profession, especially the QS, has been increasingly recognised as having an important role in the development of any construction projects.



Q: What are the challenges you are facing while holding three important positions concurrently for the Surveying Profession? How are you able to handle the challenges?

As the President of RISM and BQSM as well as the Senior Director of Cawangan Kontrak & Ukur Bahan of Jabatan Kerja Raya Malaysia, my great concern is the quality of QS services and education. The profession of surveyors has evolved as a result of clients' additional needs and market requirements. Clients not only request for traditional services but are also asking for contemporary services such as project management, risk management, feasibility study, construction financial practice, arbitration and productivity improvement in today's innovative and changing construction industry. Thus, it is imperative to ensure continuous professional development by establishing ties with international bodies like PAQS and organise the annual QS National/International Convention with the local Universities.

RISM and BQSM meetings are mostly scheduled. Management and Council Meetings are usually held monthly, I have found it best to be as organised as possible with good time management and to seek



out help when required. I have been lucky to have reliable staff and good supporting energetic members. I could not have achieved my KPI without the support and input of others.

Q: Can you tell us about your roles and strategies as the President of RISM for the session 2012-2013? Do you have any specific targets to achieve during your Presidency?

The term of the President is only a year and I will try my very best to accomplish the targets set.

The main agenda now is to stay current and to maintain the relevance of the professions in parallel to nation building. I have set two main tasks to be implemented:

- Firstly: To implement RISM Strategic Plan 2012 - 2017. There are several core issues namely administrative, finance, transformation of RISM, technical and professional. We will identify the areas which requires immediate plan of action.
- Secondly: To collect more funds for charity through identified activities and we have started this by organising a charity golf tournament

held on 24 June 2012. This Corporate Social Responsibility will in turn increase public awareness and create publicity for RISM.

Q: What is your vision for RISM?

The Institution's vision is to be the prime agency of excellence in providing quality, value-added and comprehensive services governing the professional disciplines of Geomatic & Land Surveyors (GLS), Quantity Surveyors (QS), Property Management Valuation & Estate Agency Surveyors (PMVS) and Building Surveyors (BS). The Institution is committed to promote the growth of world class Professional Surveying Institution.

Q: In what areas do you feel that RISM can further improve on?

Enhance professionalism through seminars, CPD talks inline with the board of various disciplines and to improve on the collaboration with international bodies.

Q: As you are aware RISM has signed an on-going Memorandum of Understanding to work with RICS, UK. Do you have any projects to work with RICS to promote further the Surveying Profession during your tenure as President of RISM?

International Conference for undergraduates is being held annually. The conference provides a great opportunity for undergraduates from various surveying courses in Malaysia as well as Asia Pacific regional universities to share and exchange ideas and knowledge, promote understanding and networking apart from giving exposure to the students to present their undergraduate research publicly.

Q: The Building Cost Information Centre (BCIC) of the QS Division of RISM was established to provide Construction Cost Information for the Malaysian Construction Industry. However the BCIC has not been able to achieve its objectives for various reasons. Now, BCIC & RICS Malaysia are planning to work together with BCIS of RICS, UK and other interested organisations in the Malaysian construction industry to revitalise BCIC. Funding and obtaining raw cost data are the main issues. Do you think you can support BCIC as President of RISM by using your influence in the Malaysian construction industry?

RISM is in collaboration with CIDB will establish the Construction Cost Information for the Malaysian Industry. In fact, CIDB has set up a Construction Industry Resource Centre where one of the aims is to compile and produce cost information relating to the construction industry. However, to churn the data and analyse it into useful information requires high investment in terms of a software system. RISM and CIDB had discussion with RCIS UK on the co-operation to develop the cost information service in Malaysia. Unfortunately, due to the high cost of purchasing the BCIC software produced by RICS UK, CIDB and RISM will need to look at other options to revitalise BCIC. I will encourage the public and private sectors, especially RISM's members to help in establishing the development of local software.



Q: Can we have your views on the relevance of having a professional organization similar to ACEM or PEPS to take care of the interest of QSs in private practice? Do you think the QSs in private practice should be encouraged to set up an organisation similar to ACEM or PEPS rather than to depend on the QS Division of RISM and the Board of Quantity Surveyors Malaysia to take care of their interests?

First and foremost, the numbers in the surveyor profession are not as large as the professional engineers. For the time being, it would be redundant to set up another professional organisation within the surveyors' profession as the members would be the same people who had registered with RISM and BQSM. It is more beneficial if we could concentrate on our efforts to enhance RISM.

Q: In what direction is the surveying profession heading in Malaysia? Do you think the Malaysian surveyors are keeping track with current trends worldwide in the surveying profession? If it is not satisfactory, how can RISM encourage the surveyors to be proactive in keeping pace with current trends worldwide?

Malaysian surveyors will need to be fully conversant with the application of new technologies. The need for continuous professional development by learning and adopting technological changes is inevitable.

Q: How will the Malaysian Surveyors benefit from international linkages?

I believe that international linkages will provide an excellent opportunity for effective networking. This is very critical if we are to maintain our edge in providing quality services. I hope that with such international collaborative programmes will provide RISM with an international platform for disseminating our ideas and perhaps commercialising our innovations into market place.

Q: How can young surveyors contribute towards RISM's success?

To the young surveyors, my advice is they should inculcate a positive attitude, being prepared to go the extra mile to get things done, explore new frontiers, and enhance their communication, technical and marketing skills.

Q: Finally what is your advice to the surveyors in general and to the QSs in particular?

To be steadfast in our principle and uphold our professional integrity at all times. Whatever capacity and designation you are, whether serving the public or private sector, always uphold and never disappoint the trust and expectations of your stakeholders, clients and the public in dispensing your duties and services professionally. ▣

Mapping Landslide Susceptibility

Using Weighted Causative Factors

Bukit Paya Terubong Case Study



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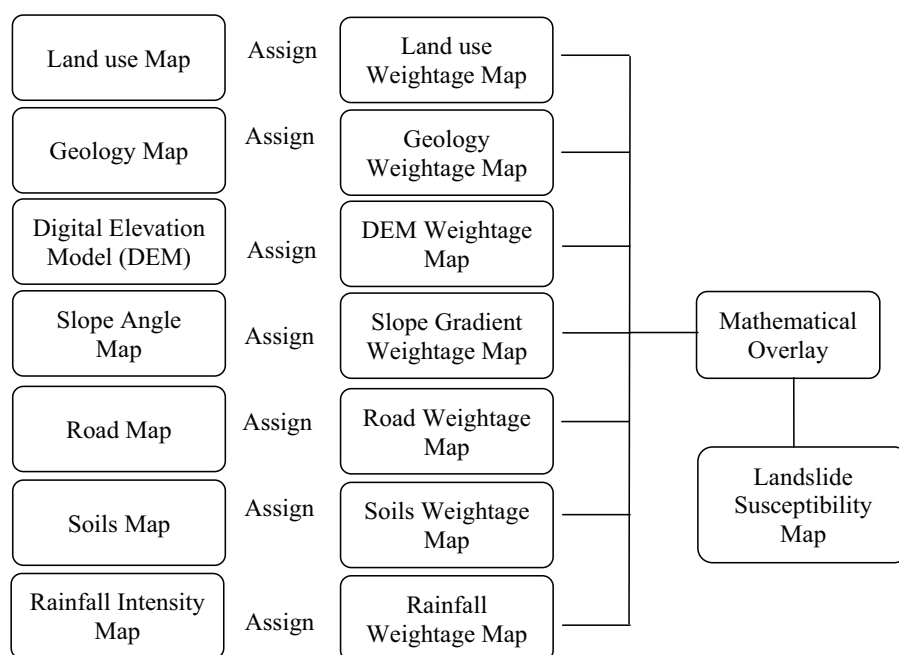
Landslide hazard has been a major natural disaster in Malaysia. Over the past two decades, at least thirty seven landslides occurrence were recorded. The causative factors of landslide generally fall under geology, morphology, and human activities. This paper describes a landslide hazard mapping model utilising weighted landslide causative factors from frequency of local occurrences. Factors taken into consideration are slope angle, aspect and elevation from topography map, lithology from geology map, land use, proximity to road and water body and proximity to lineament. The model tested on a study area within Paya Terubong located in the mid-southeast of Penang Island. GIS spatial analytical work was performed using current IDRISI Andes 15.0 software. The landslide-causative parameters were prepared in GIS layers as inputs to the quantitative model. Other attribute information such as soil properties and geological information were also compiled. The final landslide susceptibility map was formulated using mathematical overlay module. The results were divided into five categories; very high risk, high risk, moderate, low risk and very low risk. From statistical extraction processes on the landslide susceptibility map, landslide model predicted about 29% of very high risk, 26% of high risk, 24% of moderate, 21% of low risk and 18% of very low risk, respectively. The applications of GIS can reduce time and cost and the analytical work becomes easy and quick especially in landslide susceptibility mapping.

1. Introduction

LANDSLIDES CAUSED DEATH and economic losses. Most of these landslides occurred in man-made slopes [11]. From the landslide history in Malaysia, one can identify that the majority of the studies were about landslides that happened around urban land use, especially around the roads and highways that pass through mountains or hill terrains [9]. Moreover, in hilly regions, landslides constitute one of the major hazards that cause losses to lives and property. Landslide analysis involves multitude of factors and it needs to be studied systematically in order to locate the areas prone to landslides. Computer-based tool namely Geographical Information System (GIS) is found to be more useful in the hazard mapping of landslides [12].

Multiple criteria evaluation serves to investigate a number of choice possibilities in the light of multiple criteria. These choice possibilities can be alternative plans or strategies, administrative zones or regions, potential landslide susceptibility areas, urban renewal neighbourhood and so forth [6]. The purpose of this research is to produce the landslide susceptibility map of Paya Terubong area in Penang. Primary data were collected and processed in GIS platform to produce the criterion

Figure 1: Multiple criteria Landslide Susceptibility Model



maps that represent landslide susceptibility factors. These factor maps were assigned causative weights and incorporated in the multiple criteria landslide susceptibility model to analyse and map areas prone to landslide.

2. Data and Methodology

Parameters (factors) used in landslide mapping of Paya Terubong are elevation, geological

properties, land use, soil properties, slope, road proximity and rainfall intensity. Since rainfall plays an important role in landslide occurrence, the average rainfall data collected between 2004 - 2006 from the Department of Irrigation and Drainage Malaysia [13]. The flowchart of the spatial analytical procedure is described in Figure 1.

Table 1: Rating weight of sub-categories of static landslide factors

Susceptibility Factor	Classes	Landslide Frequency	Weightage
Land use	Crop Land	182	5
	Forest	93	4
	Built up	39	2
	Cut slope	43	3
	River/lake bank	1	1
Geology	Granite	231	5
	Others/undifferentiated	82	4
	Alluvium	1	2
	Schist	44	3
Elevation	< 805m	4	1
	805m - 1070m	16	2
	1070m - 1335m	181	5
	1335m - 1600m	131	4
	> 1600m	26	3
Slope angle	< 10.2°	90	4
	10.2° - 20.4°	82	3
	20.4° - 30.6°	111	5
	30.6° - 40.8°	57	2
	> 40.8°	18	1
Distance to road	< 500m	278	5
	500m – 1000m	44	4
	1000m – 1500m	22	3
	1500m – 2000m	11	2
	> 2000m	3	1

2.1 Causative Factor Weighting

Causative weights are assigned to the respective landslide susceptibility factors. These weights were based on the frequency of landslide occurrences within Malaysian derived from previous research on landslide hazard zonation [10] as shown in Table 1.

2.2 Map Algebra

The mathematical formulation model for the landslide susceptibility map (LSM) is as follows:

$$LSM = (DEM \text{ P.T.W}) + (S.P.T.W) + (G.P.T.W) + (L.P.T.W) + (S.P.T.W) + (R.P.T.W) + (R.I.P.T.W)$$

where:

LSM = Landslide Susceptibility Map

DEM P.T.W = Digital Elevation Model

S.P.T.W = Soils Paya Terubong Weightage

G.P.T.W = Geology Paya Terubong Weightage

L.P.T.W = Land use Paya Terubong Weightage

S.P.T.W = Slope Paya Terubong Weightage

R.P.T.W = Road Paya Terubong Weightage

R.I.P.T.W = Rainfall Intensity Paya Terubong Weightage

The value of the work in GIS is to provide sustainable development parameters which can be developed to aid landslide warning systems.

3. Mapping Criteria for Landslide Susceptibility

3.1 Land Use Map

Any human activity, performed using a variety of land defined tasks as land use, while land cover refers to the natural vegetation, water bodies, rocks, soil and artificial cover resulting in soil because other transformations. Land use is a direct and indirect cause of landslides. Various types of land use cover an area of study and an appropriate level is assigned [7]. Table 2 shows the causative weightage for eleven land use types in Paya Terubong area interpreted from Table 1. Under the crop land was scrub and agriculture, under forest was forest, for built up the followers were commercial, utilities, recreation, residential, industries and institutes which mostly exist in Paya Terubong. Mining or quarry was in cut slope and the remaining was under river or lake bank. Figure 2 describes the weightage map ranging from very low risk to high risk. It can be assumed that agriculture area has a high percentage probability for landslide occurrence and this denotes that this area can be developed but with proper investigation and counter-measure.

Figure 2: Land use weightage map

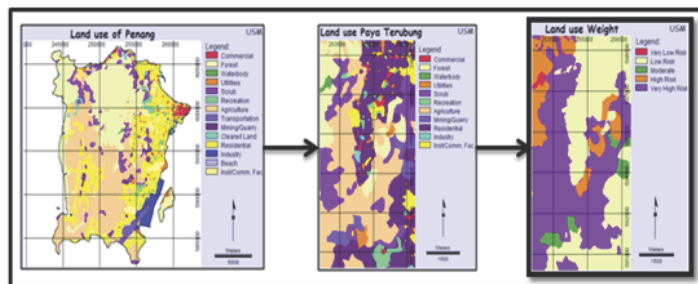


Table 2: Causative weight of land use

No.	Land use	Weightage
1	Commercial	2
2	Forest	4
3	Water body	1
4	Utilities	2
5	Scrub	5
6	Recreation	2
7	Agriculture	5
8	Mining/Quarry	3
9	Residential	2
10	Industry	2
11	Inst/Comm. Fac.	2

3.2 Geological Properties Map

Geological information is divided in four classes; granite, alluvium, schist and others or undifferentiated. Granite is igneous rock type which is medium to coarse grained texture form from magma [7]. Alluvium is clay, silt, and sand left by flowing flood water. Schist is coarse grained metamorphic rocks consisting layers of different mineral change due to heat and pressure such as micas, chlorite, talc and feldspar [8]. Undifferentiated are clay, sand, gravel and silt with local lenses or minor amount of peat [2]. Undifferentiated is acid intrusive rock type [10]. Paya Terubong is found to be composed of coarse-grained Prophyritic Muscovite-Biotite granite and medium-grained Prophyritic Muscovite-Biotite [3]. Table 3 shows the causative weight for each geological formation. On geological weightage map, biotite granite has a very high risk ranking as compared to others because biotite granite entered into group of granite as categorized in Table 1. Based on the study area of landslide susceptibility mapping on Boun, the bedrock geology consists mainly of biotite granite that caused landslide [4]. The Paya Terubong areas that are exposed to geological risks are shown in Figure 3.

The list of data or maps reflects a considerable understanding of the basic cartographic information that is required to effectively deal with landslide problem.

Figure 3: Geological weightage map

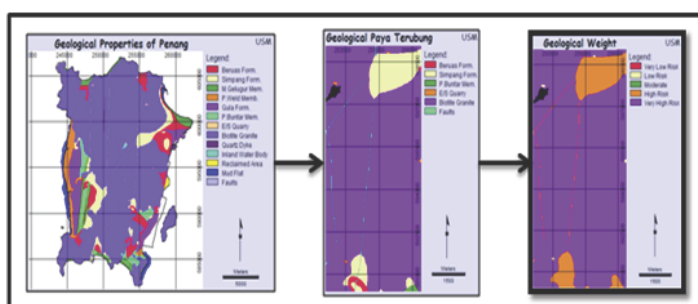


Table 3: Rating weight of geology

No.	Geological Properties	Weightage
1	Beruas Form.	4
2	Simpang Form.	4
3	P. Buntar Mem.	4
4	E/S Quarry	2
5	Biotite Granite	5
6	Faults	4

3.3 DEM Map

DEM was derived from elevation data (contours) using spatial interpolation process or surface modelling [1]. DEM is a quantitative model of a topographic surface in digital form. Initially, from the available DEM Map of Penang, the study area of Paya Terubong was specified using image windowing at a map scale of 1:25000. The elevation of Paya Terubong is shown in Figure 4. The IDRISI software text editor assigned weight according to the elevation and saved as attribute values file. These attribute values represent elevation map as causative weight as indicated in Table 4. It has been recorded that elevation of Paya Terubong is within the height of less than 850 m from Table 4. Therefore the weightage map for the whole area is being classified with a value of 1 denoting less occurrences of landslide within this height.

Figure 4: DEM weightage map

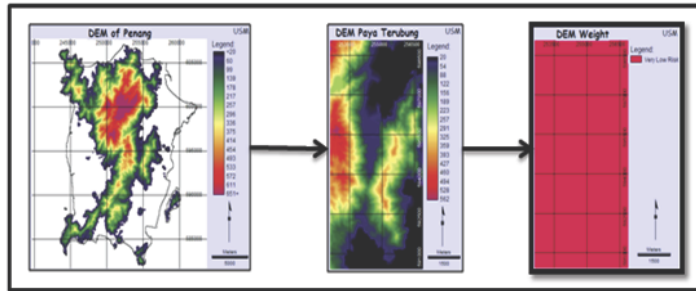


Table 4: Causative weight of DEM

No.	Elevation	Weightage
1	< 805 m	1
2	805 m - 1070 m	2
3	1070 m - 1335 m	5
4	1335 m - 1600 m	2
5	> 1600 m	1

3.4 Slope Gradient Map

The classification of slope in the Paya Terubong study area is as shown in Figure 5. The slope map was re-classified into five causative weights according to the referred range as in Table 5. The steeper the slope, the higher is the tendency of landslide to occur. Slope angle is the most important factor in all landslide discussions because slope angle is the major controlling factor in landslide occurrences. The relationship between landslide occurrence and slope shows that, gentle slope has a low frequency of landslide because of the generally lower shear stresses [6]. When the slope angle of an area is high, so is the possibility of landslide to occur. The steepest slope in Paya Terubong area is within 20.4° - 30.6° and the safe slope falls within 40.8° and above. The slope weightage map is described in Figure 5.

Figure 5: Slope weightage map

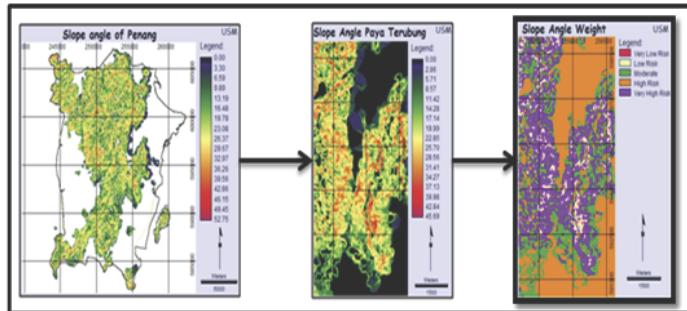


Table 5: Causative weight of slope

No.	Slope angle	Weightage
1	< 10.2	4
2	10.2 - 20.4	3
3	20.4 - 30.6	5
4	30.6 - 40.8	2
5	> 40.8	1

3.5 Road Map

Only major road network in Paya Terubong i.e. expressway, highway, primary and secondary roads are considered and their range is shown in Table 6. Road network has strong relationship with landslide occurrence based on this study because of slope cutting formation during road construction. The closer the distance to the road, the greater is landslide probability occurrence [6]. Distance factor will identify stretch area of the road that is exposed to landslide. From Figure 6, the nearest distance from road to the landslide possibility is about 500 m or less and the longest distance was more than 2000 m from the landslide area.

Figure 6: Road weightage map

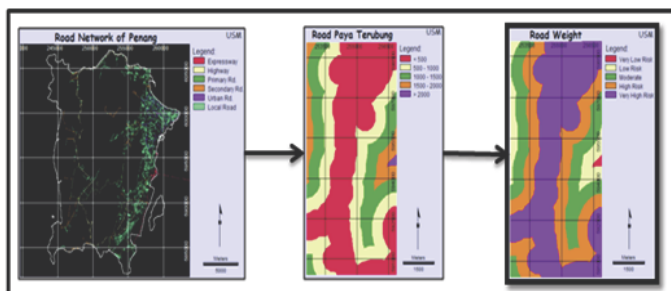


Table 6: Causative weight of road

No.	Distance to road (m)	Weightage
1	< 500	5
2	500 - 1000	4
3	1000 - 1500	3
4	1500 - 2000	2
5	> 2000	1

3.6 Soils Map

The soil properties within Paya Terubong are residual soils, alluvium soils, urbanised land and steep land as shown in Figure 8. The result shown in Table 7, described that all soil properties are classified as very high risk. This indicates soil properties in Paya Terubong are not suitable and requires some kind of soil improvement, stabilisation or counter-measure techniques to overcome the problem in the construction process. Soils properties that are extremely contributing to risk on landslide are residual soils, alluvium soils, urbanised land and steep land. Since soils properties contain geological information therefore, causative weightage map for soil properties were extracted using statistical summary from a set of input maps that define the containment of each soil properties in the geology map as shown in Figure 7. The results determine average type through tabular output to specify the locations of soils properties in geological weightage map.

Figure 7: Soils properties weightage map

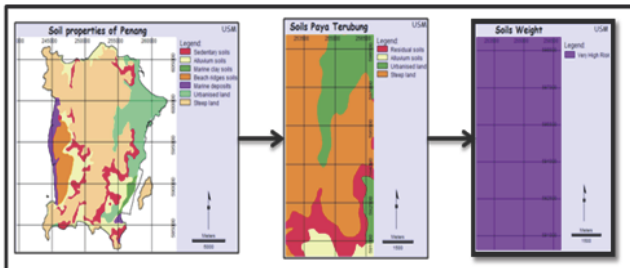


Table 7: Causative weight of soil

No.	Soil	Weightage
1	Residual Soils	5
2	Alluvium Soils	5
3	Urbanised land	5
4	Steep land	5

3.7 Rainfall Intensity Map

The average annual rainfall in Paya Terubong is 267 cm and can be as high as 624 cm in Penang Island [3]. There have been many studies on rainfall intensity toward landslide [4, 14]. Based on the rainfall intensity data from the Department Irrigation and Drainage Malaysia as shown as Figure 8, the area of Paya Terubong are categorised as high risk.

Figure 8: Rainfall intensity weightage map

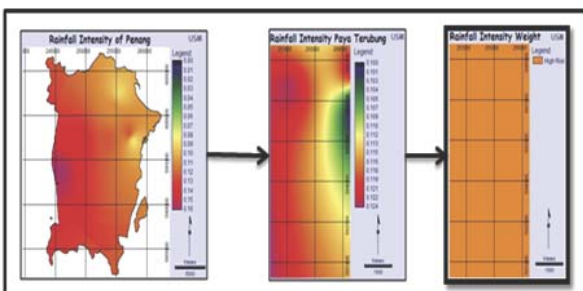


Table 8: Causative weight of rainfall intensity

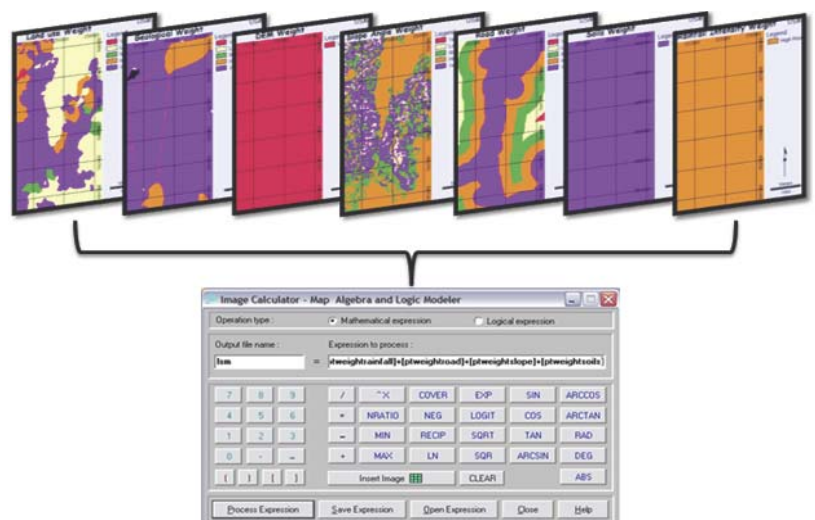
No.	Rainfall intensity (mm)	Weightage
1	1 – 10	1
2	11 – 30	2
3	31 – 60	3
4	> 60	4

3.8 Landslide Susceptibility Map

The merger of six weightage maps to generate landslide susceptibility map was accomplished using the formulated mathematical overlay calculator and equal-interval class as shown in Figure 9 and Figure 10 respectively. The purple coloured areas indicate locations of very high risk landslide while the red coloured signage indicates the very low risk location. Most of the high risk areas fall on forest, scrub and agriculture land but less risk falls on water body areas.

The percentage area of landslide susceptibility classes or categories can be determined using database-extract command module. The average value in Figure 10 shows 29% [11.50 km²] of very high risk areas and 18% [0.15km²] of the lowest risk areas respectively. High risk land use for landslide occurrence is forest, scrub and agriculture a value score of 4. The very low

Figure 9: Mathematical overlay calculator

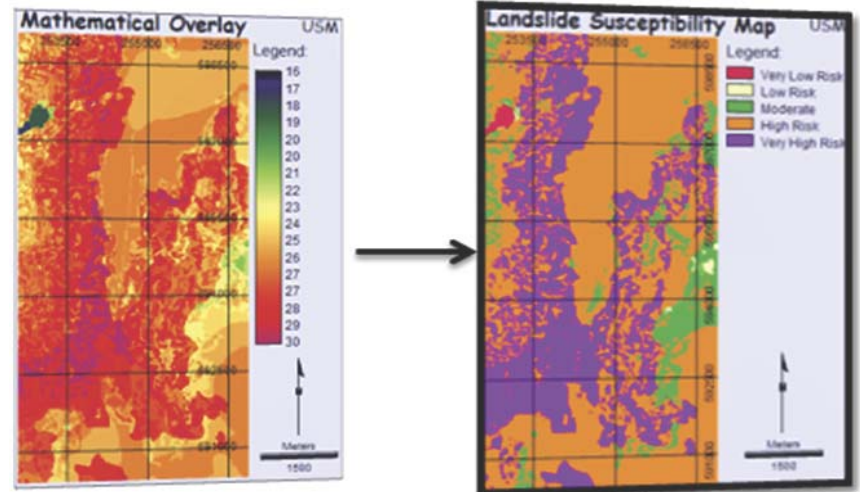


risks are the water bodies. The four types of soils properties in Paya Terubong area i.e. residual soils, alluvium soils, urbanised land and steep land, has very high probability of landslide occurrence. A distance of less than 500 m (i.e. the distance from the location of landslide to the road closest to it) indicates moderate risk to landslide as compared to a distance of more than 2000 m as very low risk for landslide occurrence.

4. Conclusion

The list of data or maps reflects a considerable understanding of the basic cartographic information that is required to effectively deal with landslide problem. This approach indicates potential continuing applications of GIS in managing sustainable highland development by monitoring the hazard-susceptibility area. The value of the work in GIS is to provide sustainable development parameters which can be developed to aid landslide warning systems. Based on sustainability approach using GIS for susceptibility mapping of landslide

Figure 10: Final result of landslide susceptibility mapping



hazard, it provides useful information for reduction of losses caused by disasters and assists in the development of guidelines for sustainable land use planning. Thereby, its potential to save lives

and properties can be used to predict landslide hazard in the future based on the relationship between these factors and landslides. ■

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Malaysian Institutional Investors' Investment In UK Commercial Properties



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London was one of the first markets to bounce back following the recent downturn and has been the choice location for foreign investors. This article is of significance as there is an apparent gap of research, literature, data and reviews directly scoped to Malaysian investors in London's commercial property market, which perhaps is due to their recent entry to the market.

1.0 INTRODUCTION - SCOPE AND CONTEXT

THIS ARTICLE GIVES ACCOUNT TO RECENT MALAYSIAN investors' acquisitions and seeks to provide a theoretical framework as to the likely reasons and characteristics which are motivating their investment decisions in diversifying their portfolio. It needs to be distinguished that this article will only look at Malaysian Institutional Funds as they are the major Malaysian investors in London's commercial properties. One of the aims of this article is also to provide a set of ideas as a springboard for future research on commercial property real estate particularly from Malaysian investors.

2.0 LONDON COMMERCIAL REAL ESTATE

Despite the global recession and economic uncertainty in Europe, London remains one of the most attractive places globally for international property investor and continues to be a resilient localised property market.

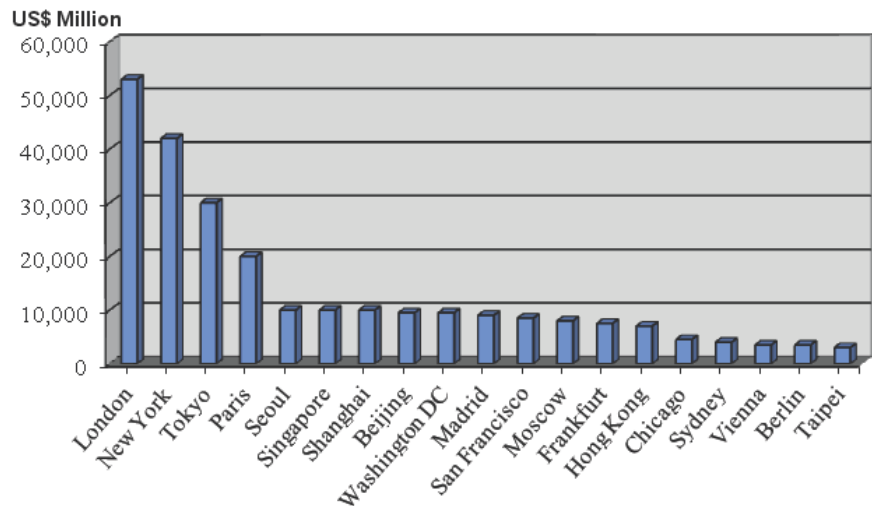
Property agency Jones Lang Lasalle said that investors from China, Hong Kong, Malaysia and Singapore accounted for 51% of new purchases in central London neighbourhoods (Kensington, Chelsea, City of Westminster, City of London, St. John's Wood and Canary Wharf) that the agency handled, up from 47% a year ago (JLL, 2012).

A compelling report by Lizieri (2011) found that at the end of 2011, foreign investors have acquired 52% share of London's office assets. Of the 52%, it is estimated that 39% are global investors while 22% represented European based investors. The report also found that London's office buildings attract more foreign investment than any other city, even outranking New York (refer Figure 1). With €72billion of sales activity between 2007 and 2011, London dwarfs Paris (€43billion) and Frankfurt (€11billion) as the most attractive market for investment in Europe. The report reveals that 65% of the city space owned by institutional funds is held by overseas pension funds or insurance companies further concluding that this underlines London's office market as the world's office investment destination of choice.

3.0 INVESTOR AND INVESTMENT PROFILES

Since gaining independence in 1957, Malaysia's economic record has been one of Asia's best. Real gross domestic product (GDP) grew by an average of 6% per year from 2000 to 2011 (International Monetary Fund 2011), stamping its mark as a new industrialised market economy.

Figure 1: Office Capital inflows by city 2001-2010



Source: Lizieri, 2011

The Foreign Direct Investment (FDI) Confidence Index is a regular survey which provides a unique look at the present and future prospects for international investment flows.

Malaysia has made significant gains this year as it moves up from 21st position to 10th position on the list.

Rapid and sustained GDP growth coupled with the increase in capital inflow have generated current account surplus and profits that need to be reinvested. This has led investors to look into areas that offer investment opportunities with promising capital gains, strong fundamentals and solid yields.

Overseas Investment

The Malaysian investors are diversifying the investment strategy globally, given the domestic constraints of limited investible real estate market as well as insufficient domestic investment market.

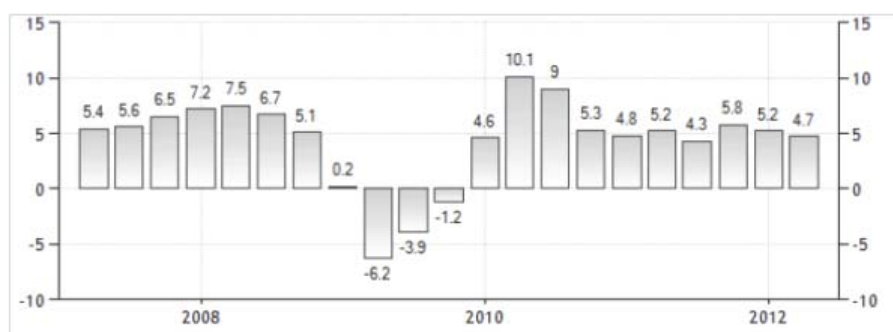
Additionally the domestic market offers limited liquidity to trade in large volumes with the home market simply being too small to absorb all their investments. It is also perceived that the domestic market may not be able to offer similar yield levels to that of international cities, and as such the investors have looked to the UK, perceived to be steady and reliable in the high quality property market offering.

Amidst the Euro turmoil, Malaysian investors continue to look for perceived safe-havens within Europe, and that the UK is at the top of the safety tree, not least because it is in control of its own monetary policy. Obviously there are other influences on portfolio strategy for these investors; however there is a correlation in that most are targeting a particular asset class, commercial prime real estate; and a specific geographical area, London.

Risks

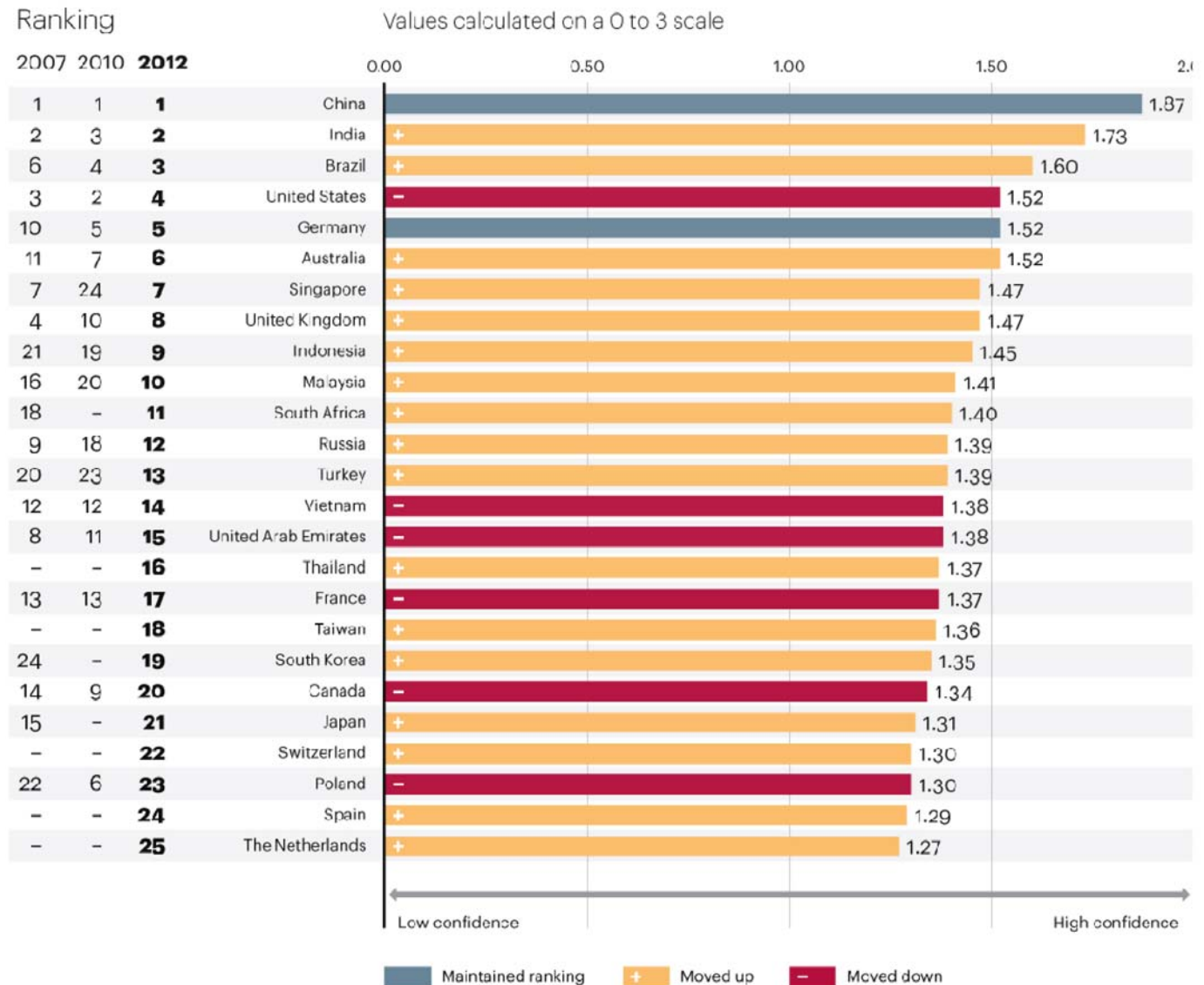
Investors decision is often based on superior risk adjusted returns and diversification benefits. There are various perceived risks for Malaysian investor's that is systemic risk which is mainly evident on global financial centres like London and their office markets. An integration of property and financial markets can create systemic risk as shocks in one area of the property market are transmitted throughout the system. A downturn in demand for space – perhaps from a downward shock in the financial markets – may lower rents and, as a

Figure 2: Malaysia GDP Annual Growth Rate



Source: Department of Statistics, Malaysia 2012

Figure 3: 2012 FDI Confidence Index



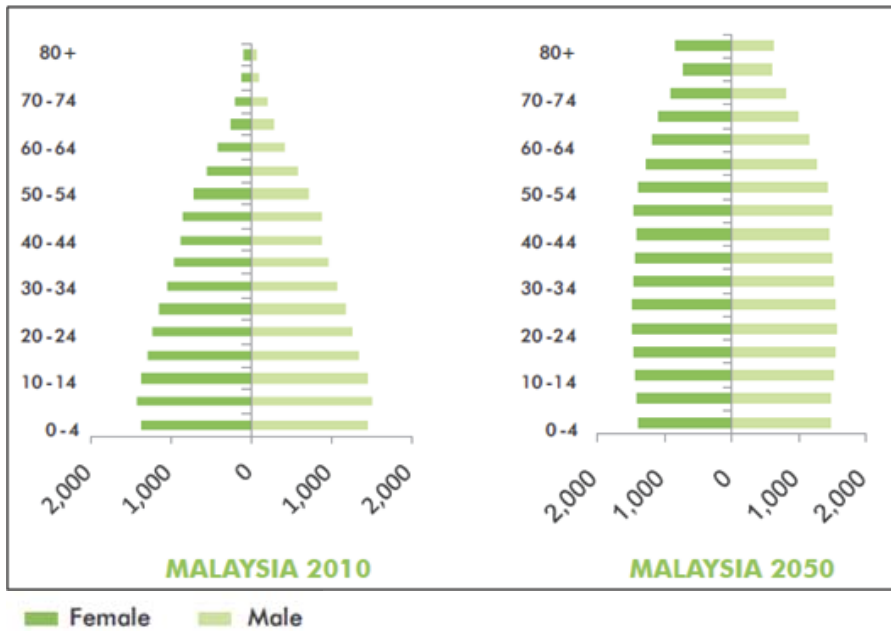
Source: Kearney, 2012

The Malaysian investors are diversifying the investment strategy globally, given the domestic constraints of limited investible real estate market as well as insufficient domestic investment market.

result, depress capital values (Lizieri, 2009). From an optimistic standpoint it can be argued that, the UK financial market went through a downward shock early in the Credit Crunch and is one of the first to recover. Another risk factor is that most of the investments made thus far is done by an Islamic style financed sourced from Malaysia which implies exchange rate risk implications. Other perceived risk is the dangers of operating from a distance without local representation resulting in information asymmetry.

In addressing the issue of risks, it is appropriate to also view it from the perspective of the host nation. Foreign investment promotes economic growth and exports to the UK, but on the flip side there may potentially be risks to the host nation. An example that comes to mind is Santander UK which owns a substantial property portfolio in the UK. Questions were raised whether Santander UK (wholly owned by Spanish bank Santander) will not suffer in the same way as its Spanish counterparts from the property

Figure 4: Population Change in Malaysia 2010-2050



Source: UN, Department of Social and Economic Affairs

crash that has slashed the value of bank assets in Spain. The UK through the Financial Services Authority (FSA) have had to 'ring fence' Santander UK in order to avoid the parent company from plundering their UK arm for cash.

The Investors

It is perhaps useful to gain insight on the profiles of the Malaysian investors, as well as the size and scale of their investments. The majority of Malaysian real estate investments in UK are pension funds. Government-Linked Investment Companies (GLICs) are Federal Government linked investment companies which are defined by the influence of the Federal Government in appointing or approving Board of Director members and senior management, and having these individuals report directly to the Government, as well as in providing funds for operations and/or guaranteeing capital placed by unit holders. There are seven Malaysian GLICs, namely:

1. Khazanah Nasional Berhad (Khazanah)
2. Menteri Kewangan Diperbadankan (MKD) – Ministry of Finance Corporation
3. Kumpulan Wang Simpanan Pekerja (EPF) – Employers Provident Fund

4. Lembaga Tabung Angkatan Tentera (LTAT) – Malaysian Armed Forces Pension Fund
5. Lembaga Tabung Haji (LTH) – Malaysian Hajj Pilgrimage Fund
6. Pemodalan Nasional Berhad (PNB) – State owned asset and fund manager for the indigenous Bumiputra population
7. Kumpulan Wang Persaraan (KWAP) – Public Sector Pension Fund

They are divided into two categories, such as those fully-owned by the Government (which include Khazanah and MKD) and the 'privately funded' but where government plays an important guarantor or statutory role (EPF, LTAT, LTH, PNB and KWAP). The GLICs which have already invested and at least have officially declared an interest in London properties are investors no. 3 to 7 from the list above. It is known that all these investors have been given the official mandate by the Government to invest overseas.

It is equally important to understand that these institutional funds have seen rapid growth in assets under their management for some years now which is particularly due to Malaysia's demographic profile. For the last few decades, Malaysia has produced a high percentage of working population who contributes to the institutional and pension funds while the relatively small number of retired people means that pension liabilities are low.

From the projection in Figure 4, the fundamental drivers of growth in these funds are expected to continue. Additionally, the latest move by the government in its 2012 National Budget Plan outlines an increase of Employer's pension contribution from previously 12% to 13% (Malaysian Ministry of Finance 2012).

There are various perceived risks for Malaysian investor's that is systemic risk which is mainly evident on global financial centres like London and their office markets.

PROPERTY INVESTMENT

		<i>Date : July 2012</i>	
EMPLOYEES PROVIDENT FUND (EPF)	The second largest state run pension fund in the Asia Pacific Region, had invested over £1billion, less than a year of announcing the mandate of £1 billion to be invested in property acquisitions through their appointed fund managers RREEF and CBREI Global. This is line with their strategy to diversify its portfolio of secured income generating asset and expand their exposure to property sector. To date they own seven properties in the UK through their Special Purpose Vehicle set up KWASA Global (Jersey) Ptd Ltd	1. One Sheldon Square in Paddington Central 2. 40 Portman Square near Oxford Street 3. 65 Whitefriar's; with Freshfields being the main tenant since 1989. It has more than 10 years left on its lease at the 225,000 sq ft building; 4. 1 Sheldon Square in Paddington, bought with single occupancy 5. 11-12 St James Square's, a freehold listed property refurbished in 2007, whilst retaining its periodic elements; 6. Sainsbury Distribution House in Dartford 7. Tower Bridge House	£ 156 million £ 180 million £ 148 million £ 156 million £ 150 million £ 80 million £ 140 million Total : £ 1.01 billion
PERMODALAN NASIONAL BERHAD (PNB)	PNB the largest state owned asset manager in Malaysia, was set up to invest on behalf of Malaysia's indigenous Bumiputera population and has assets of more than £40billion, mandated Knight Frank earlier this year to invest their funds	1. One Exchange Square in the City, the famously lavish home of the European Bank for Reconstruction and Development 2. 90 High Holborn, the headquarters of law firm Olswang 3. One Silk Street in London, which holds offices occupied by Linklaters	Undisclosed Undisclosed £350 million Total :
TABUNG HAJI	Tabung Haji is the Malaysian Haji Pilgrimage Fund	Expected to make at least one investment on a commercial property in the United Kingdom this year. Its Managing Director and Chief Executive Officer, Datuk Ismee Ismail, said the property had been identified for investment from a study carried out since 2008. (source Business Times 22nd June 2012).	£ 150-200 million expected
SYARIKAT TAKAFUL MALAYSIA BERHAD (TAKAFUL)	Malaysian Islamic Insurance	Close to concluding an overseas investment deal specifically in the UK property market which would mark its foray into overseas property investments.	tbc

PROPERTY DEVELOPMENT

EASTERN AND ORIENTAL BERHAD (E&O)	Private property developer	Recently concluded acquisition of Princes House, a prime free-hold office cum retail building in central London	£ 20.25 million
SP SETIA / SIME DARBY VENTURE	Private property developer backed by GLICs	The SP Setia led joint venture was selected as preferred bidder for the iconic London site, Battersea Power Station. A joint venture including Malaysian developer SP Setia has confirmed it has been named the preferred bidder to buy Battersea Power Station from administrators Ernst & Young after a £400m bid. The JV between SP Setia Berhad and Sime Darby Property Berhad entered into an exclusivity agreement with Ernst & Young, according to a statement to the Malaysian stock exchange site, with architect KPF, however, SP Setia is understood to be keen to work within the confines of the existing Rafael Vinoly masterplan. (Building Magazine 07th June 2012). It is has a Gross Development Value of £8 billion. This bid is actually one of the biggest development venture a Malaysian investor will be involved in.	£ 8 billion

Figure 5: Malaysian Commercial Property Investment in the United Kingdom

Information tabulated above were sourced from various sources i.e. news agencies, official reports etc. and compiled by the author

For the last few decades, Malaysia has produced a high percentage of working population who contributes to the institutional and pension funds while the relatively small number of retired people means that pension liabilities are low.

Malaysian institutional investors have made their foray into commercial property investments since 2009-2010, and currently their portfolio can be summarised in Figure 5.

4.0 REASONS FOR INVESTING

Most Malaysian institutional investors are primarily driven by the favourable exchange rate and long term investment appeal by parking their money in what is perceived to be a secure and predictable economy.

However other factors besides returns and diversification are known to have influenced them to invest in the UK. For simplicity and clarity, the reasons are best illustrated as a PEST (Political, Economic, Social and Technological) analysis framework as in Figure 6.

4.1 POLITICAL

UK is a world economic leader, a member of the G8 and a founding member of the UN and NATO; it is generally regarded as a reassuringly safe and politically solid country in which to invest. From a demographic perspective, the UK is the third most populated state in the European Union, indicating a high demand for all types of commercial and residential real estate.

One factor that is often overlooked is the easy access for Malaysians to enter the UK. Whilst it may not be a major reason, this is often mentioned as the reason for preference of Malaysian investors in residential property investment, thus in some occasions leading to commercial property investment.

4.2 ECONOMICAL

The key drivers for investing outside the domestic property market and buying global property are the increased opportunities for either or both of diversification and enhanced return (Baum and Hartzell 2012). Modern portfolio theory and the concept of the efficient frontier show how diversification can enable an investor to reach for a higher expected return with a given level of risk or a lower risk with a given expected return (Geltner et al. 2007). It is likely that these theoretical underpinnings formed the basis of the Malaysian investors' strategic investment considerations.

United Kingdom, particularly London is recognised as one of the largest and most stable property markets in the world, having consistently attracted significant capital investment from international investors. It is widely accepted that London property offers investment opportunities that are both secure and provide attractive income and capital growth.

One of the main attractions to Malaysian investors is that the exchange rate continues to be in their favour as the Sterling has been weak against the Ringgit. London property values are as much as 60% below their 2007 level (incorporating both pricing and exchange rate changes) while in sterling they are only about 25% cheaper than at the peak of the market (Bushnell and Barrowcliff, 2012).

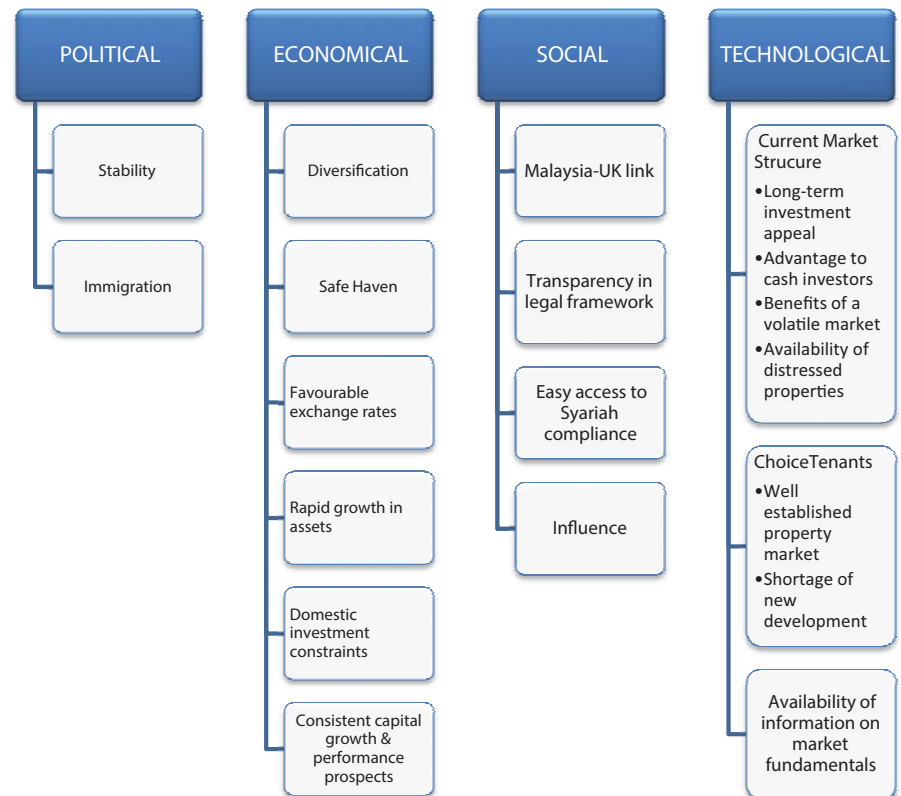
4.3 SOCIAL

Malaysia, a member of the Commonwealth countries, has maintained strong relations with the United Kingdom, particularly in the areas of trade, investment, science and innovation, education, and defence co-operation.

Malaysia-UK link

Despite the empirical research that attempts to price different types of risks, there is some evidence that investment decisions are also based on sentiment (Lizieri 2009). Malaysians studying in the UK dates well before the Malaysian independence in 1957. The colonial government along with the newly

Figure 6: Reasons for Investing



Source: Author

formed Malaysian government recognised the need to provide structures for training and education, so it was then that the first Malaysian students started going to the UK which was, and still is, widely considered as the most prestigious destination for Malaysian students. Over the decades, more were sent and those who studied in the UK went on to become senior figures in the Government post-independence, thus creating a very important component in making binding links.

A necessary condition for investors investing in a foreign country is transparency, i.e. the ability of market participants to observe the information driving the trading process (O'Hara 1995). The Malaysian legal system is a derivative of the UK system, which investors find very assuring in that it helps break down information asymmetry. In the UK, financial disclosures are clear, meaningful and timely which foster confidence and trust amongst foreign investors.

In a further effort to break down information asymmetry, the Malaysian

consortium for the Battersea Power Station development is known to have approached British firms the likes of British Land. It can also be argued that in mitigating information asymmetry, Malaysian investors tend to rely heavily on property advisors due to their lack of experience in understanding UK property transaction practices.

Islamic Values in Investment

Being an Islamic country, there is a traditional preference for property based investment as Muslims are excluded from mainstream banking products because they are incompatible with strict Islamic principles.

The RICS published a report in 2006, which found that UK was favoured as the top spot for Syariah Investment Opportunities (Royal Institution of Chartered Surveyors 2005). The report also highlights the increasing significance of property as an investment vehicle for Syariah funds. Syariah compliance is absolutely fundamental to Malaysian investors as Malaysia is an Islamic country and a

great majority of the contributors to the funds are Muslims i.e. PNB, Takaful, Tabung Haji and LTAT.

The overarching principle of Islamic financial model works on the basis of risk sharing and that all forms of interests are forbidden. In addition, investments should only support practices that are not forbidden – trades in alcohol, betting and pornography are not allowed. This does place a constraint on Malaysian investors' property selection resulting in a tendency to shape investment policies towards a preference of commercial office properties as opposed to retail properties.

Typically international investors seek to preserve and enhance wealth in a tolerant and welcoming environment, which the UK Government clearly demonstrates the political commitment to fostering a UK Islamic finance industry and the FSA welcomes the innovation that Islamic banking brings and the diversity it facilitates.

Sphere of Influence

It is widely accepted that some foreign investors invest with a view to gain influence. Whilst it may not be a major consideration for Malaysian investors but it is a welcomed consequential effect, especially when most of the Malaysian investors are Government Linked Companies.

The Shard is Western Europe's tallest sky scraper and it is 95% owned by the Gulf state of Qatar. Bought at a cost of £1.5 billion, its Qatari owners say they are not worried about re-couping their investment because they're taking the long view and committed to London's real estate market, where they already own retailer Harrods and many other properties (Kamel, 2012).

Other Middle Eastern invested assets, considered to be trophy assets, are The Shard, Harrods, Canary Wharf, One Hyde Park, Chelsea Barracks and Olympic Village. This certainly creates visibility and arguably may create sphere of influence from a political standpoint.

The Malaysian investors entry into the super prime commercial real estate in the UK as well as recent involvement in English Premier League and Formula 1, have been seen as raising Malaysia's profile.

4.4 TECHNOLOGICAL

The UK especially London is a long, established and well respected property market; not overly regulated which can make purchasing difficult and very expensive. Its commercial property continues to be a globally traded commodity and for the third year running, London was the most traded global real estate market. Private equity funds are more concerned with high expected returns often adds more emphasis on growth prospects when

investing in properties. This is true to a certain degree of UK properties, however the current economic and financial uncertainty have made UK less attractive to these investors.

The current condition in the UK is such that it attracts institutional and pension funds that are in it for the long term as opposed to investors with a short term 'flip' investment strategy. Pension funds from Malaysia are known to be risk averse and will normally place greater emphasis on a country's risk rating and level of transparency.

Current Market Structure

Domestic investors are frequently finding themselves outbid on prime central London properties. Part of the problem remains a lack of funding, as banks continue to be very cautious in their lending. FDI is underpinned by opportunities being thrown up by highly geared European banks and property developers.

Carefully researched properties can mean that London property investment offers opportunities for cash investors who are not affected by crippling interest rates and lack of mortgage opportunities. Re-possession and distressed properties are more abundant than ever, offering shrewd buyers the chance to invest in key locations where they might previously have been priced out of the market. One can argue that distressed properties are even more abundant in the US and other European countries; however a combination of other factors in real estate investment as mentioned in the previous sections must be considered.

Choice Tenants

A large part of returns on commercial property is derived from income as opposed to increases in capital value. Therefore, fundamental to London's appeal in attracting foreign investors is the financial businesses that sustain the income and value of its office stock.

There exists a deep pool of investment grade property assets with high build quality, relatively long triple-net leases, and many well-known tenants with strong balance sheets, thus promising secure income streams.

The commercial property market places considerable emphasis on the financial strength, or covenant of an occupier. This, along with the lease terms, is critical in assessing both the risk in, and the value of, an investment (Royal Institution of Chartered Surveyors 2007).

Most if not all of the properties that have been purchased by Malaysian investors thus far have similarities in the context of having quality tenants. Example of high profile tenants for buildings that have been purchased are as follows;

Carefully researched properties can mean that London property investment offers opportunities for cash investors who are not affected by crippling interest rates and lack of mortgage opportunities.

- One Silk Street bought by PNB occupied by reputable legal firm Linklaters
- One Exchange Square in the City, the famously lavish home of the European Bank for Reconstruction and Development
- 90 High Holborn, the headquarters of law firm Olswang.

The UK has more European company headquarters of overseas companies than all other EU members put together (BIS 2011). This makes a solid case for investing in the London commercial property market as currently there is a shortage of new development, thus promising uplift and improvement in office rent in the medium to long term. The fact remains that there will be a continued global and domestic demand for space in the city and relatively good chance of finding a good covenant tenant.

Availability of information on market fundamentals

The UK adopts global real estate standards and this feature is unique to only a few major cities in the world. Information on London property market is vastly available from a number of research groups and third party data providers. Established professions in property valuation and finance ensure that there is a wealth of information on investment performance indexes, service charges, rent reviews, lease renewals etc.

5.0 CONCLUSION

The UK is currently experiencing unprecedented conditions in the development where lack of available equity and debt

for development have made high-end UK developers unable to develop prime central London sites. This coupled with strong occupier demand which have remained for both commercial and residential properties have fuelled a sustained real estate investment opportunity to Malaysian investors to enter the market, often at favourable discounts from historic pricing. Legislative change in terms of Malaysian Government's mandate to allow investment in global real estate is expected to gain momentum.

This is deemed as the right time for them to diversify their investment allocation in prime commercial properties within central London. EPF which had invested over £1 billion, less than a year of announcing the £1 billion mandate, is rumoured to have remained keen on further adding to their portfolio. They are one of the backers of the SP Setia/Sime Darby Joint Venture for the Battersea Power Station development. PNB, LTAT and KWAP have officially expressed keen interest in London's commercial properties.

With the Malaysian major institutional investors well into the London property market, it seems quite likely that other cash positive Malaysian investors will look in the same direction in the short and medium term. ■

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A Discussion On Client Influence On Property Valuations In Malaysia



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A study on portfolio valuations in the UK revealed that about 20-50% of end-of-the-year valuations would normally be challenged at the draft valuation meeting and a 50% out of this proportion are more likely to be revised upwards (Baum et al., 2000). Another related UK study provides statistical evidence in support of the view that portfolio valuations were adjusted to reflect the different requirements of fund managers during the 2007 downturn in commercial property markets (Crosby et al., 2010). These studies tend to reinforce the view that the role of client influence is important in explaining the accuracy and variation of valuation outcomes.

**“The influence of someone who has an interest in a particular value conclusion is probably the most frequent cause of variances in value conclusions.”
(Roberts and Roberts, 1991, pp. 214)**

Introduction

AS FAR AS THE VALUERS ARE CONCERNED, THE ABOVE VIEW, regardless of whether it is accepted that influence is the most frequent rather than just one of the causes, without doubt questions their professionalism. This has to be viewed in the context of client-valuer economic relationship given the level of competition amongst firms and scope of professional services offered to clients.

It is not overly surprising to learn from studies elsewhere that pressure and/or influence by clients can take many forms from withholding payment and restricting future instructions to discontinuing the service of the respective valuation company or valuer. Implicit in the above-mentioned studies is that client influence involves clients' specific actions to change valuation outcomes. In addition to these verbal threats and actions, clients' feedbacks and communication before, during and after a valuation are also other potential influence cues.

¹ The author's review paper on client influence is under publication but interested readers can contact the author for a copy.



Hence, client influence can be tacit and explicit and the former is far more difficult to realize than the latter. However, it is not the aim of this paper to provide a full review of the existing literature¹ on client influence. This paper intends to share and discuss some of the main findings of a study, which was conducted to explore the potential factors affecting client influence on valuations in Malaysia. This is also important in understanding the nature of relationship between the client and valuer in commercial valuation practice and whether there are real threats to independent valuations in Malaysia. The research was conducted by the author utilizing semi-structured interviews with registered valuers and a small sample of institutional clients². The key findings are discussed in the following sections.

Managing client's expectation

Clients do not always come to valuers with a clean slate; at the very least they think they have some knowledge of valuation and value. This is certainly the case with institutional clients who have been managing their portfolio

of properties for a long time³. It is even more complicated if the client himself or herself happens to come from a valuation background. Hence, it is just natural that clients have some idea of what the value should be and soon this idea becomes an expectation and at times a strong expectation. Some of the clients' comments during the interview indicate that they anticipate this expectation will be validated by the valuer. We have heard from some fund managers claiming that the valuers should listen to them because "they understand their asset better than the valuers". That sounds like a fair comment but how well the clients understand about the notion of 'market value'? Is it a value from their perspective or from the market's perspective? What we may infer from this is that clients could be able to distract inexperienced valuers with their "expert power"⁴.

On the other hand, it is the duty of the valuer or valuation firm to clarify their position to the client from the day one. They must not let the client to dictate or give any indications to the client that they would be able to give the value that the client expects. This may not be as easy as it sounds

2 A paper on this research was presented at UTM-IBIMA International Real Estate Conference (INTEREC) 2012 Kuala Lumpur

3 This type of clients is referred to as "sophisticated client" in the literature

4 From Levy and Schuck (1999)

The valuers interviewed in this study also noted that clients' lack of understanding of the meaning of market value can be another contributory factor for client influence.

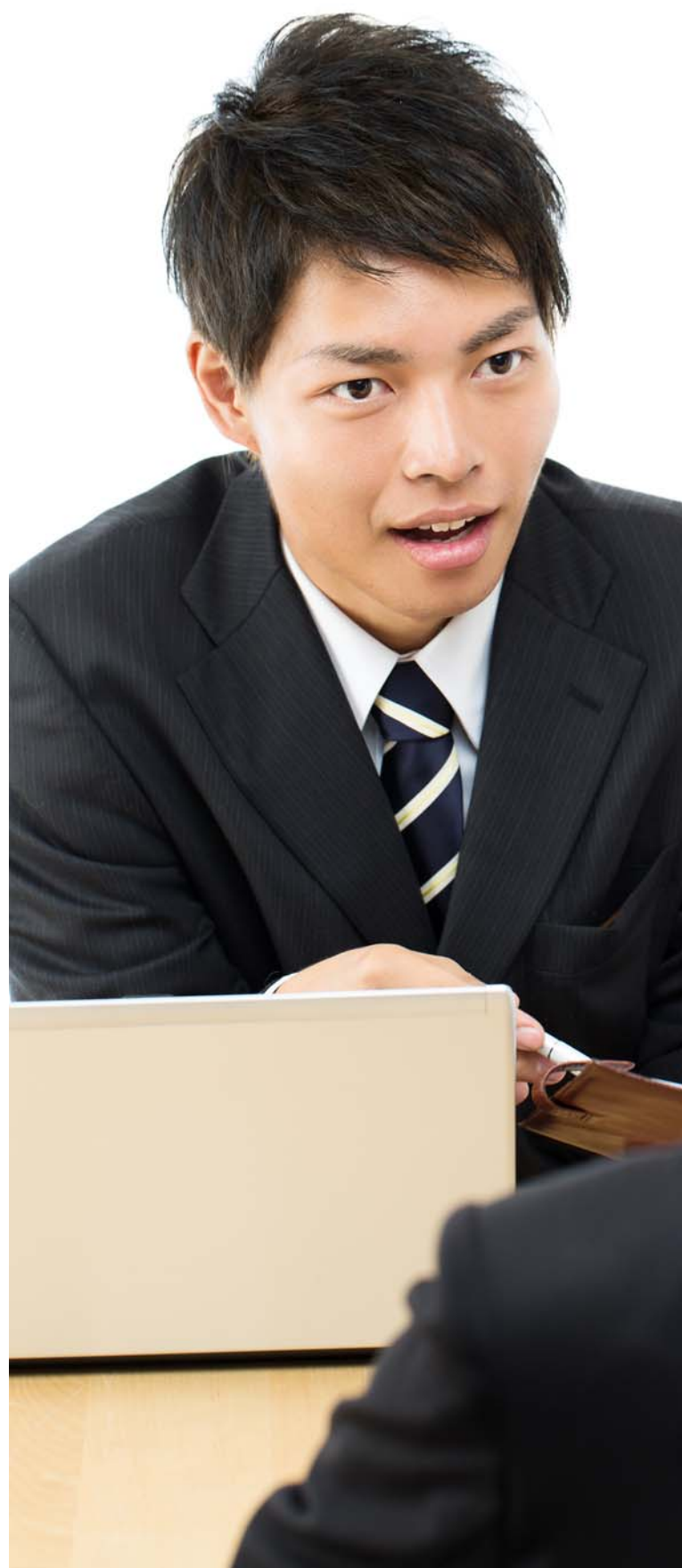
particularly with valuers having a long working relationship with certain clients! However, valuers would certainly benefit from educating and enriching clients as to each other's responsibility from the early stage of contact. The valuers interviewed in this study also noted that clients' lack of understanding of the meaning of market value can be another contributory factor for client influence.

Professional vs. Businessman

An interesting factor emerged from the interviews is the extent to which valuers consider them as professional and/or businessman. There was an indication that the more 'business-minded' valuers are easily influenced by clients and vice-versa. One of the valuers interviewed for this study indicated that problems might arise when the valuer starts to think like a businessman instead of as a professional. This is a question of ethics and moral principles of the valuer at the individual and company level. There is certainly a role for higher hierarchy within the firm in nurturing the behavior of valuers. Senior valuers could lead by example and establish a culture within the firm which upholds a high level of professionalism. Good role models are very important for the younger generation of valuers to flourish as ethical professionals.

However, individuals and companies as a whole may have certain flexibilities and different attitudes towards professional ethics and these may be used to gain business relationships with clients (Poneman, 1992). For example, there is an anecdotal view in the market that small and medium-sized practices may be ethically more tolerant than the larger practices. This may be due to fee dependence of the former on certain clients (Baum et al., 2000). Moreover, firms with long experience in the market and multi-disciplinary services usually have certain advantages over smaller firms especially in terms of information capability. Fee dependence on clients also means there is a risk that valuers may become advocates to their clients rather than independent "gatekeepers". Thus, there has to be a right balance between being a professional and a businessman in order to safeguard the reliability and integrity of valuation. It was reassuring, nevertheless, to hear from most of the valuers interviewed for the study talking about reputation and long-term survival in the industry.

It would be interesting to explore how valuation education and CPD programmes could effectively cultivate high ethical principles among valuation professionals. Perhaps research on value system of our professionals will help us understand better their professional and business practices.



Client meetings, feedbacks and draft values

Meeting clients and exchanging information about the subject property are an integral part of the valuation process. Client meetings, in particular, are used to corroborate other sources of information that can be critical to the valuation. It was understood from the interviews that for some complicated valuation cases there could be a series of meetings with the client. This must be related to amount of information that needs to be collected within a short period of time whilst providing an opportunity to valuers to explain to the client why they need any particular information. The benefits of these two-way communications are not in doubt. Nevertheless, there are scopes for selective information provision and implicit and explicit pressures to be exerted on valuers during these meetings. For instance, there were cases where clients wanted to know the outcome of valuation prior to valuers submitting their valuation report. Responses from valuers suggest that they are willing to inform and discuss the initial outcome of the valuation with their clients.

Although not referred to as a draft valuation, the respondents' descriptions of this practice indicate similarities with the practice of submitting draft valuations in the UK and New Zealand (Baum et al., 2000; Schuck and Levy, 1999).

From valuers' point of view, these draft meetings are all about information sharing so that the quality of the valuation can be further improved whereas the clients suggest that they make use of these meetings to understand the valuer's thought process behind the valuation. In so doing, some examine the valuer's assumptions and comment on whether the assumptions are appropriate for the valuation. It appears that they can be critical of every assumption and judgment made by the valuer. One of

the client interviewees admitted that he would argue with the valuer on technical issues such the discount rate and occupancy rate assumed in the valuation. In some cases, valuers are required to present and justify their 'findings' in front of their clients. What clients seem to overlook is the fact that they are essentially bringing in their expectations and biases into the valuation process. Considering much of the discussion would inevitably revolve around the value and the thought process behind it, what is the probability that these draft values will not be revised subsequently? Are the details of the meetings recorded and monitored? This is certainly an area of concern which would benefit from further research.

Margin of error and judgment in valuation

A number of factors which emerged from the study are related to the nature of valuation such as the use of judgment, margin of error and variation, time pressure and fee. Amongst all, the use of judgment and the conventional margin of error factors offer some interesting explanations. Clients indicated that they might use the differences of value opinion among valuers as a justification to pressure valuers to increase or decrease valuation. They believe that 5-10% revision in value is acceptable in practice and therefore it is not wrong to demand such a revised value from the valuer. In other words, they assume that altering the

From valuers' point of view, these draft meetings are all about information sharing so that the quality of the valuation can be further improved whereas the clients suggest that they make use of these meetings to understand the valuer's thought process behind the valuation.

valuation 5-10% will not affect the integrity of valuation.

It would be equally interesting to hear what valuers think about this. Moreover, it was found that the use of judgement and certain valuation method may provide opportunities to clients to pressurise valuers. Say for example, a valuation using comparison method and a valuation which is derived from more transparent calculations and analysis such as discounted cash flow. Clients may perceive the use of adjustment percentages in comparison method as subject to question or in some cases unsubstantiated. The same can be said about the DCF inputs but at least here the valuer would have more supporting analysis and data to justify the valuation. Of course, DCF is just one example and this technique is not necessarily any good in valuing certain properties. The point is, would it be helpful in terms of alleviating client pressure if valuers could improve their valuation know-how with, say, statistical analysis? This is more about empowering valuers than criticising the use of traditional valuation methods. Interestingly, the study by Baum et al., (2000) discovered that valuers and clients were using different methods to estimate price.

Experience and competence

Perhaps one cannot and should not underestimate the role of experience and knowledge in this issue. These are indeed two defense mechanisms against client influence and other external influences which might threaten the independence of valuation. In valuation, experience and competence cross-determine each other. Both are required in order to successfully defend any valuation. Competency can only improve with more experience but that should not stop valuers from exploring new frontiers of valuation knowledge

and markets. Make no mistake in saying that Malaysian valuers have come a long way in establishing a respectable profession in this country and have been fortunate to get the guidance of dedicated valuation gurus and pioneers in the field.

More importantly, considering the needs to manage expectations of clients as well as to improve transparency in valuation, valuers should find ways to communicate with and enlighten clients as to the liability and fiduciary duties that they carry as a registered valuer. Clients deserve better, so do valuers! The challenge is also on the future generation to continue the tradition and equip themselves with the right education and training.

Concluding remarks

The author's study involving registered valuers and corporate clients in Malaysia although does not unearth any evidence of pervasive client influence on valuations; it does draw attention to some potential factors and perceptions of valuers and clients on the phenomenon. Threats to independent valuation such as client pressure and influence may not be completely eradicated in the market but it is also not fair to close an eye on the issue and say "that's the way it is" or "that's how the market works". Ethics and moral principles can vary between individuals but it is the responsibility of the profession as a whole to think about long-term benefits and acknowledge that valuation is a reputation business. As clients are becoming more intelligent and fussy, they can also be better informed on who valuers really are and how valuers can be of service to them professionally. There always be a few individuals who may be pushed around by their clients but as the country becoming more developed and the profession becoming more mature, only those with good reputation will prevail in the market eventually. ■

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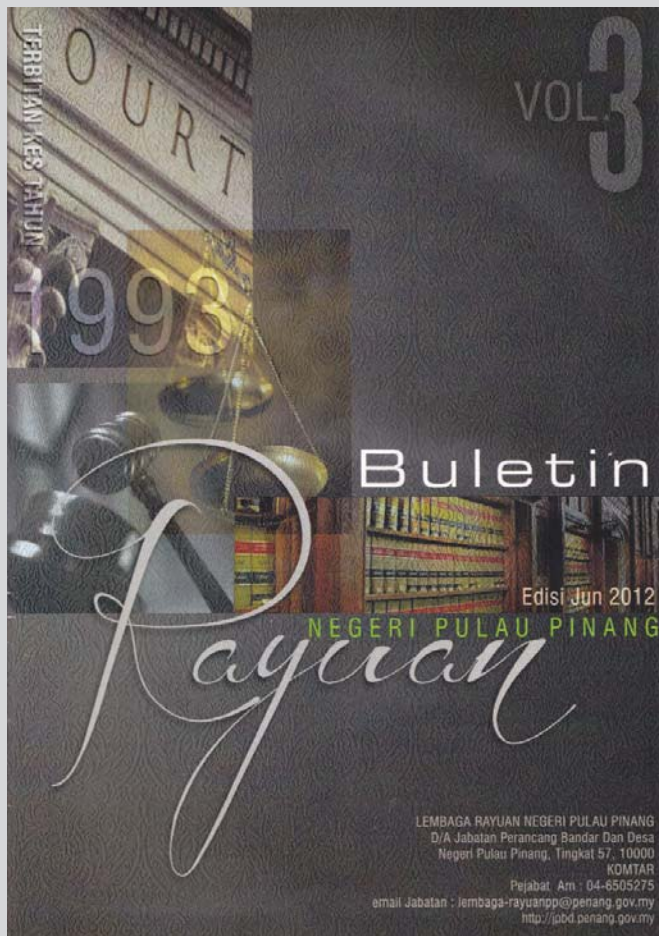
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Bulletins of Penang Town Planning Appeal Board



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THE PENANG STATE TOWN & COUNTRY Planning Department has published "Buletin Rayuan" Volume 1 and 2 in 2011 which provides a gist of decided town planning appeal cases by the Appeal Board of the Penang State. Of late, the Department has published Volume 3 in June 2012.

These bulletins are important initiatives by the Penang State Town & Country Planning Department to enhance the information distribution on the decided cases to the legal practitioners, local planning authorities, academics and public on how decisions are reached in such appeal cases.

The ratio decidendi in these decided cases will provide useful knowledge as to how the decisions on the appeal cases are being made by the Appeal Board based on planning laws and facts. Volume 1 and 2 of the bulletin publish the appeal cases decided in 1993 and 1994 respectively.

Volume 3 is further improved by providing a gist of the reasons submitted by the appellants and the reasons for rejecting the appeals. Selected sections of the written cases are also published in the bulletin. Important facts concerning the reasons for the rejection of the planning permission applications by the Appeal Board are summarised and presented in this bulletin.

In Volume 3, some statistics are provided on the decided appeal cases. The statistics show the districts, categories of cases, decisions of the cases and the durations of the appeal cases (i.e. from the date of appeal application to the date of the case being decided).

With the dearth of decided planning cases, these three volumes of bulletins will provide further insights into the applications of the town and country planning law in Peninsular Malaysia, and for the Penang state in particular.

It is hope that more volumes of the bulletin are forthcoming to cover the decided appeal cases until recent years which will be able to reflect the complexities of development and planning issues that had arisen in modern property development. ■

Reduce Stress by Creating Truly Supportive Friendships



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It has been generally accepted that healthy and supportive relationships can reduce stress and improve the overall health and sense of well-being. However, all relationships are not equally supportive. Having a network of supportive friends can be vital to the overall well-being of a person but the key to build such relationships with people that are truly supportive and sustaining is sometimes very tricky.

ONE OF THE MOST EFFECTIVE STRESS COPING STRATEGIES is to talk about your problems to somebody whom you trust. In fact, to talk about a problem with a friend is a way of releasing some of the stress, and the battle is half won. But mastering the skills of talking about a problem to a friend whom you can truly trust is a real challenge so that a feeling of connection and well-being is achieved. With all the challenges around us and the workload to be completed within the available timeframe, a truly supportive friendship is all that is required to reduce some of the stress that we are facing. The following are some practical tips that can be adopted to reduce some of the stress around us:

- a) **Meeting people.** A fairly common social issue we all have is that we are not sure how to make friends and put together a social life for ourselves. The more people we have in our life, the more likely we are to have truly supportive relationships with at least one or some of them. It is beneficial to be able to regularly add





new people to our circle. It may seem simplistic, but there can be a lot to each point. People who struggle with their social lives often stumble on one or more of them as well. But the art of making friends is to find some possible candidates, either by drawing on the current contacts or meeting some new people. Make full use of the existing seeds of a social life could be a practical step as it is often easier to turn existing contacts into full-fledged friendship than it is to meet new ones. Getting more out of the current relationships can go a long way, but sometimes it doesn't always work.

Sometimes you are at a point where you need to meet entirely new people. Not having easy access to potential new friends is a big barrier for many people in creating a social circle. Overall, meeting new people may require making an effort to pull out of your day-to-day routine. If most of your hobbies are solitary, you might also need to add some more people-oriented ones to the mix. Also, the easiest way to naturally meet a lot of people is just to live a full, interesting life and run into lots of potential friends.

Once you are in a situation with some prospective friends around, you need to strike up conversations and try to get to know them. You won't form a connection with everyone you interact with, but if you chat to enough people you will find the ones you like and get along pretty well with some of them. Once you have done that you could say you are now at the friendly acquaintance stage.

- b) **Find Time to Make Friends.** It is important to make time to nurture relationships, and to go out and have fun with friends. You may feel like you just don't have time to spend on this, but finding time and good time management and organisation techniques can help you find more time in your life to spend on friendships. These techniques can also help you to show up on time, remember birthdays and other important events, help friends when they are in need, and do other things that will strengthen friendships and make them effective and supportive.
- c) **Assertiveness.** Many of us think of assertiveness as 'standing up for yourself' and 'not letting people push you around'. Assertiveness is basically the alternative to passivity, as much as to aggressiveness which is a way of handling people while you try to get your needs met at the expense of others' needs. Developing the skill of assertiveness can really help you strengthen your relationships, making them mutually supportive, lasting and opening the lines of communication while meeting many new effective friendships.
- d) **Listening to Friends.** We all have our hard days. The need to talk to someone who cares to lend his helping ears is so valuable during these hard moments. Being able to talk to a friend about our feelings is all it takes to turn things around and

make stress a feeling of connection and well-being. Being truly listened to and understood can have profound effects on us. Reciprocally, it is important to give as well as to receive this supportive type of listening when support is truly needed. When a colleague is talking about things that stresses or upsets him, the effective way is to just listen to the grievances and occasionally ask about his feelings to show support and understanding. Try not to tie the conversation back to your past experiences, but focus on the problem at hand and be a good listener. Questions may come as the session goes but limit to those positive ones that can generate energy. Good listening skills can always be a lifeline to peace.

- e) **Letting Go the Negatives.** We are all human beings and are never the same as we all change and grow in different environments and directions. It is a matter of judgment as to who should or shouldn't be around you. If you happen to come across someone who makes you feel bad about yourself and never show any interest to share any of your interests or values, the best is to avoid further relationship or to let it fade away. Even if you have to keep him in your life out of loyalty or being a close family member, it would be better and beneficial not to count on him for support. Self-judgment is therefore important to make your stand. Thus, it is important to have several people you can count on for support in your life by cultivating a circle of truly supportive friendships that can make a huge difference in how you handle stress and life.
- f) **Effective social support.** Having one or two close and supportive friends is at least as valuable to emotional health as having a large group of friendly acquaintances or more shallow friendships. However, having social support from several supportive friends would be the best of both worlds. Experience will tell as to who you are more comfortable with, but having a few different friends to fall back on provides a better blend as you can draw different benefits from different types of people with different characters. There are many ways of meeting up with new friends such as getting engaged in a hobby of your choice, be a member of a local surau and join religious programmes, joining a charity organisation or community network, even through sports.
- g) **Assertive Communication.** Assertiveness is the ability to express one's feelings and assert one's rights while

'Stress one of 5 health hazards at workplace'

FALLS UNDER PSYCHOSOCIAL: It is, however, often ignored, says deputy minister **NSF** 12/10/2012.

BARAHIN M. NOOR
KUALA LUMPUR
Deputy Minister

STRESS is one of the main factors affecting the performance of workers today.

Deputy Human Resources Minister Senator Datuk Maznah Mazlan said stress, however, was often ignored by workers.

"There are five categories of health hazards in the workplace — physical, chemical, biological, ergonomics and psychosocial. Stress falls under psychosocial."

Maznah said this when launching the National Occupational Safety Seminar 2012, organised by the Occupational Safety and Health Department.

She said there was an increase in the number of occupational diseases and poisonings.

"In 2006, there were 319 cases. This figure rose to 1,196 last year, which is an increase of 275 per

cent in six years."

Maznah, who is also National Occupational Safety Council chairman, said workers in the agriculture sector were the most affected because they were exposed to high-tech machines, which were noisy.

"Hearing loss due to noise at the workplace is one of the top occupational diseases being reported, with 967 cases last year."

In order to curb the number of such cases, Maznah said the department was enforcing the Occupational Safety and Health Act 1994 and Factory and Machinery Act 1967.

Maznah added that her ministry had ratified the Promotional Framework for Occupational Safety and Health Convention (No. 187) on June 7.

The convention provides a framework for a coherent and systematic approach to occupational safety and health.



"Hearing loss because of noise at the workplace is one of the top occupational diseases being reported with 967 cases last year."

respecting the feelings and rights of others. Assertive communication is appropriately direct, open and honest, and clarifies one's needs to the other person. To some of us, assertiveness can come naturally but it is a skill that can be learned. People who have mastered the skill of assertiveness are able to greatly reduce the level of interpersonal conflict in their lives and reduce major stressors. Assertive communication can always strengthen your relationships, reducing your daily stress and providing you with social support during difficult times. A polite but assertive 'no' to excessive demands and requests from others, friends and co-workers, even close family members, can be effective in avoiding unbearable overloading on your daily schedule and promoting balance in life. However, assertiveness is always confused with aggressiveness as both involve standing up for one's rights and expressing one's needs. The main difference is that individuals behaving assertively will express themselves in ways that respect the other person by assuming the best about people, respect themselves, think "win-win" and try to compromise. On the other hand, behaving aggressively using disrespectful, manipulative, demeaning, abusive or retaliatory tactics always create

unnecessary conflicts and confrontations, alienation, ill-feelings and damaged relationship.

As we all experience tough times, having a supportive network of family members, relatives and friends is paramount in coping with stress. They are the ones who form the support system that you can turn to for comfort, advice or help. They are the ones who would listen to your concerns, help think about alternative plans or ideas, comfort you when you are down, even help with material needs. The process of supportive friendship adds to your support network like making a patchwork quilt; a variety of different pieces being added over the years. Sometimes an unusual piece adds some special unexpected quality that patch over places where the material has faded or worn thin. Supportive friendship may help you through the stress of life; thus by reaching out to others and taking advantage of their support and friendship, you can gain strength to deal with your problems and an ability to take control of your situation, and reduce the stress in life. ■

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The FutureBuilders

“The future is not what it used to be”



Dr Norman Chorn
Centre for Strategy Development

I have been reflecting about my experiences with clients preparing and developing their strategic plans. In the last few years, this exercise has become increasingly complex and challenging. In part, this is due to markets having become so unpredictable and volatile. But it is also been hampered by the growing inability of conventional planning approaches to cope with discontinuity and change.

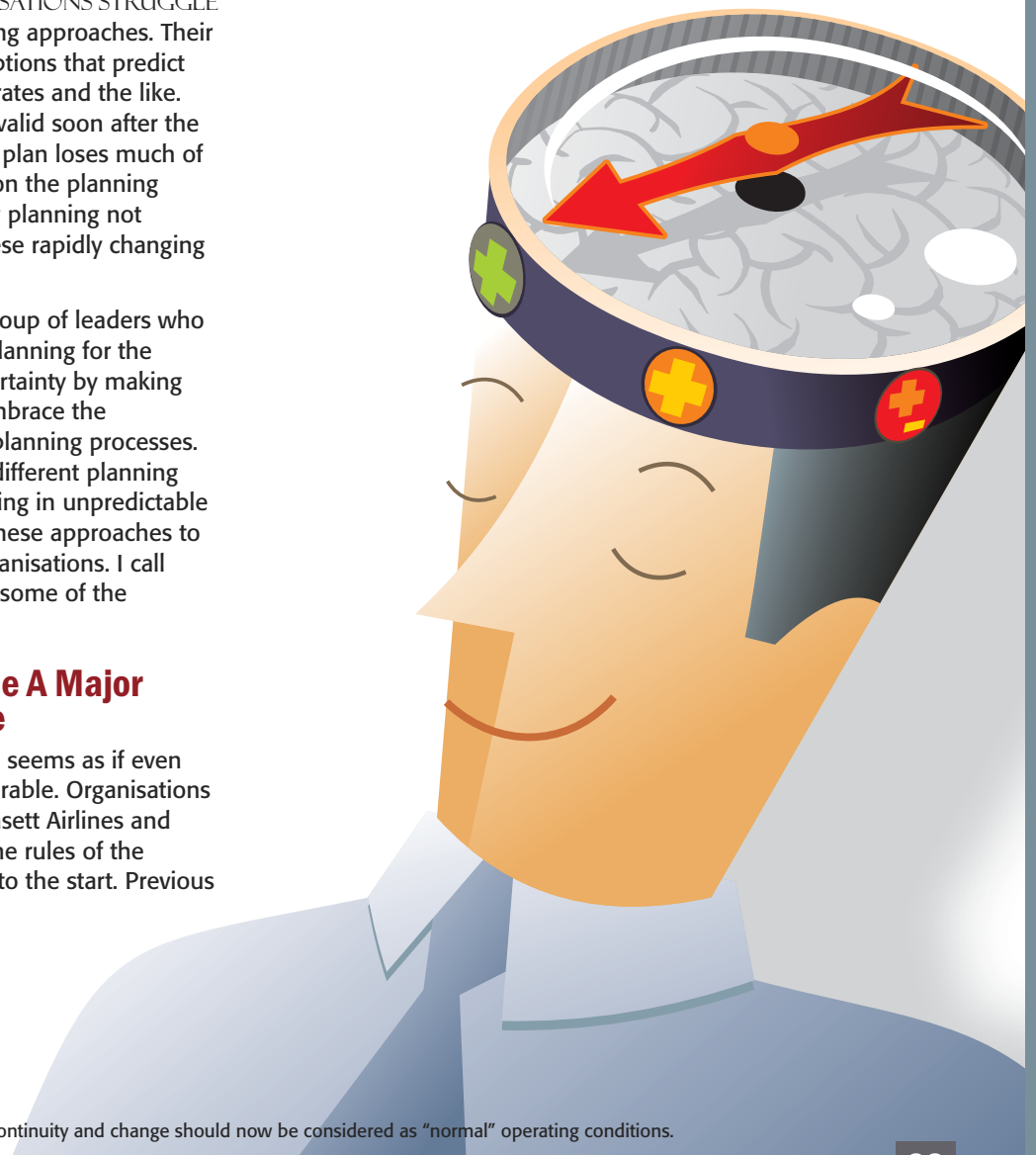
Why Future Building?

I HAVE WATCHED MANY ORGANISATIONS STRUGGLE with typical forecast-based planning approaches. Their plans are based on sets of assumptions that predict factors such as market size, interest rates and the like. Often these assumptions become invalid soon after the start of the planning period, and the plan loses much of its credibility. Leaders often give up on the planning process in these situations, declaring planning not worthwhile (or even required) in these rapidly changing environments.

But I have also witnessed another group of leaders who engage in quite a different form of planning for the future. Rather than evading the uncertainty by making predictions about the future, they embrace the uncertainty and use it to drive their planning processes. These leaders have recognised that different planning approaches are required when working in unpredictable environments. And they have used these approaches to build purposeful futures for their organisations. I call them the **FutureBuilders**. These are some of the principles they espouse.

Legacy Assets Can Become A Major Competitive Disadvantage

In these “new normal”¹ conditions, it seems as if even the most venerable brands are vulnerable. Organisations such as Encyclopaedia Britannica, Ansett Airlines and Rover cars are evidence that when the rules of the market change, everyone goes back to the start. Previous track records don’t count!



¹ A term coined to describe the fact that discontinuity and change should now be considered as “normal” operating conditions.

FutureBuilders ... work on developing a series of alternative and plausible futures, and then examine the organisation's position within each of these alternatives.

In addition, as the environment shifts, your most powerful competitive weapons can become millstones around your neck. Those very assets, processes or competencies that have provided you with competitive advantage in the past, can hold you back by narrowing your range of strategic options. Examples include the integrated steel producers' inability to compete with the nimble and flexible mini-mills, or the inability of the traditionally full-service airlines to compete effectively with the highly focused niche specialists such as Easyjet and South-West Airlines.

Culture Is Often Blinding

Encyclopaedia Britannica found that their previous success formula (printing high quality volumes and distributing via a direct sales force) was so deeply etched into the culture of their organisation, that management was unable to see alternative pathways to success. Even with the best consulting firms working alongside them, these decision-makers could not accept the fact that their culture was giving them selective perception, and there was no future in their current strategy!

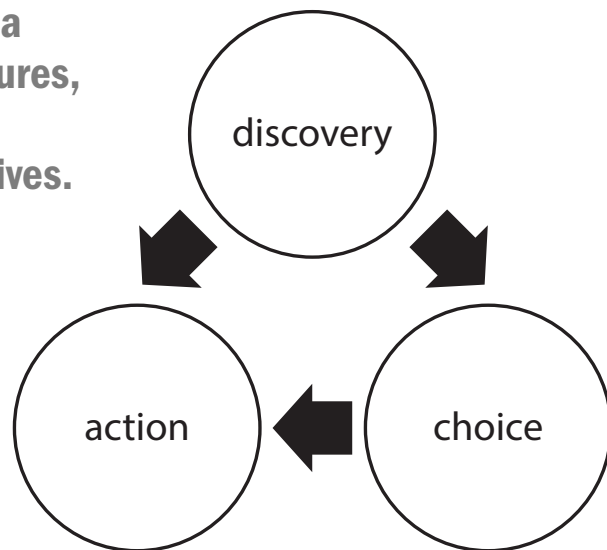
Strategy Is A Conversation Within The Organisation

FutureBuilders recognise that strategy evolves in a continuous process as managers and staff interact, share ideas and make decisions. They describe it as an ongoing "conversation" within their organisation.

These leaders will seek to develop strategy by influencing and shaping the direction of the conversation. This can be done by inputting key information and concepts at various points. Although many people are involved in the conversation to develop strategy, **FutureBuilders** accept a significant responsibility to shape and direct it.

The Future Is A Set Of Possibilities That Can Be Shaped And Influenced By Purposeful Behaviour And Actions

FutureBuilders understand that the future does not exist a priori. The ongoing cycle of *discovery*→*choice*→*action* means that individuals and organisations influence the shape of their environment by the very choices and actions they take.



Futurebuilders Do Not Attempt To Predict The Future

FutureBuilders don't attempt to predict the future. Instead, they work on developing a series of alternative and plausible futures, and then examine the organisation's position within each of these alternatives. These so-called scenarios are not just pie-in-the-sky science fiction or fantasy, but rather a series of plausible stories about the **different paths along which the future is likely to unfold.**

FutureBuilders ... recognise the importance of focusing on people and their experiences rather than simply the data that measures market size and relevant demographics.

FutureBuilding offers useful pointers for planning effectively in an uncertain and challenging world.

No Monarchy Has Ever Fomented Its Own Overthrow

My experience is that leadership teams usually find it difficult to envisage bold and adventurous futures, particularly those that might threaten their vested interests and privileged positions. **Envisaging the future** is therefore best left to bright, younger people that have creative and contrary views about the way the industry will unfold into the future.

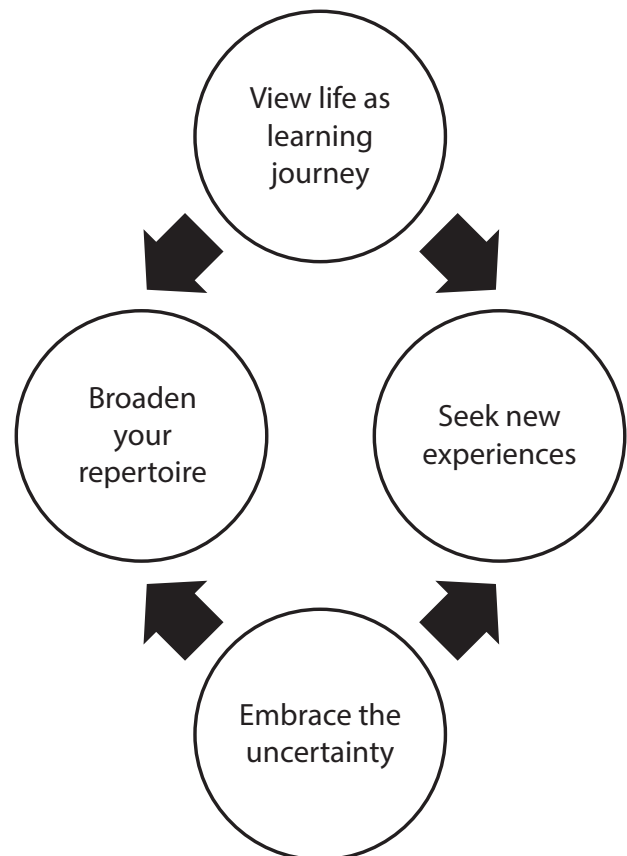
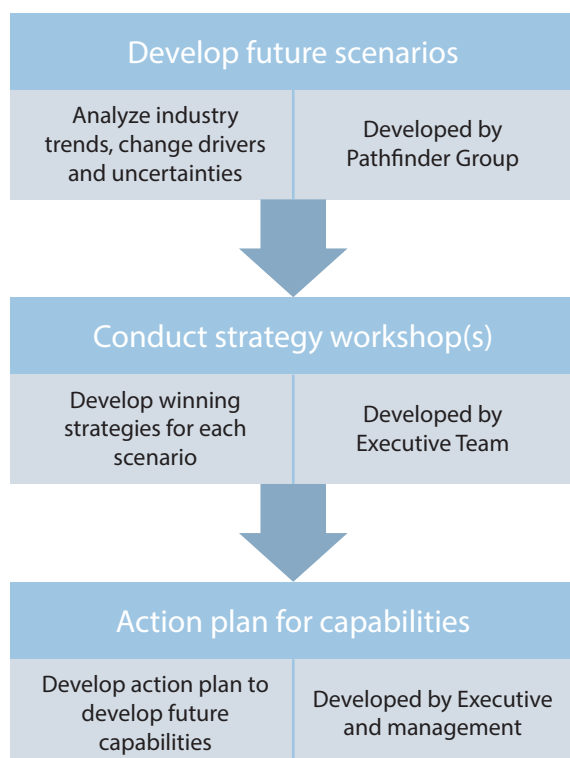
Leaders are best making the **strategic choices** about a particular strategy or course of action.

FutureBuilders will often separate the process of searching for new opportunities from the allocation of resources and traditional decision-making.

They generally mobilise younger, often more junior staff to develop these alternative scenarios as part of their planning process. These **Pathfinder Groups** are then directly sponsored by the leadership team and afforded some protection from the prevailing culture.

The Futurebuilding Process

Their process can be summarised by the following three steps:



Key Characteristics Of The Futurebuilder

From my research and observation of **FutureBuilders** at work, I have isolated four key characteristics that seem to describe the way they work.

A Growth And Learning Mindset

FutureBuilders are characterised by a growth and learning mindset² that sets up a virtuous cycle. The key elements of that cycle are:

- Treating every day as a school day: A belief that life is a journey of learning and growth
- Seeking new experiences to create learning opportunities: One can only learn by being exposed to different experiences
- Accepting the uncertainty that accompanies these new experiences: In order to learn something new, the experience has to be different and therefore uncertain
- Learning from new experiences to broaden their repertoire: The enhanced repertoire increases their capability and overall effectiveness as a leader.

2 Based on the ideas of Carr, Liedtka, Rosen and Wittbank, in "In search of Growth Leaders", MIT Sloan Management Review, July 2008.

Prefer People Over Data

FutureBuilders recognise that the traditional emphasis on “customer-centricity” can often obscure the real people who make up the customer base. They recognise the importance of focusing on people and their experiences rather than simply the data that measures market size and relevant demographics.

So, instead of simply describing the market by way of standard demographics and statistics, they focus on identifying target groups who are characterised by particular lifestyles, product usage patterns or needs. They use research approaches where they can study and understand the real life experiences of customers³. Approaches such as these enable **FutureBuilders** to understand the needs of target customers as real people – thereby promoting value propositions that address these customer needs more closely.

Avoid Big Risky Bets

FutureBuilders are not avid risk seekers. They prefer to place small bets fairly quickly and then learn from the outcomes. They move on quickly and recognise that any failures from these small experiments are the price for learning and testing propositions. It's the performance of the overall portfolio of experiments that counts – not the outcome of an individual bet.

As a consequence, **FutureBuilders** are fairly conservative and tend to shy away from making large and risky “bet-the-business” decisions.

Allied to this is the fact that **FutureBuilders** rarely describe themselves as perfectionists. In a way, perfectionism may be interpreted as a fear of having one's work judged and receiving feedback – hence the need to continually avoid releasing it. In addition, the notion of “completing something to perfection” connotes that there is no more to be achieved or learned. **FutureBuilders** favour the view that preparing for the future is an ongoing dynamism – something that keeps moving as they learn and develop their capabilities further.

FutureBuilders are rational optimists – they believe that they can and will make progress by pursuing a bold, but sensible, approach.

FutureBuilders ... understand the needs of target customers as real people – thereby promoting value propositions that address these customer needs more closely.

Rational Optimists

FutureBuilders are rational optimists – they believe that they can and will make progress by pursuing a bold, but sensible, approach. While they hold an optimistic view of life, they recognise that optimism is NOT necessarily the opposite of pessimism. It is not the idealistic belief (or hope) that things will get better simply because they want them to.

Instead, rational optimism is a balanced understanding of the whole system of which they are part. It is recognition of both strength and weakness; an interest in building the best as well as repairing the worst; and a concern for finding self fulfilment as well as serving the community. Rational optimists are realists, but their defining point of difference is that they don't give up on themselves.

What Does This All Mean?

It is clear that the traditional approaches to strategic planning are not coping well with the post GFC conditions. Making planning assumptions by predicting future market conditions is too risky in these circumstances. But we can influence and shape our future by using the principles adopted by **FutureBuilders**.

Developing alternative future scenarios is an important element in building a preferred future for our organisation. But, this approach of **FutureBuilding** requires a particular approach from leaders. They need to adopt a growth and learning mindset; look behind the data to understand the people in their markets and organisations; avoid the risky “bet-the-business” decisions as they seek competitive advantage; and understand the whole system of which they are part.

In these practices, **FutureBuilding** offers useful pointers for planning effectively in an uncertain and challenging world. ■

Dr Norman Chorn is a strategy and organisation development practitioner with over 20 years experience in Australia, UK, New Zealand and South Africa. His work is focused on strategies for growth and corporate resilience. The firm works with businesses and organisations that are increasingly challenged by the accelerating pace of change and globalisation. Our partners provide fresh advice and insights on markets, strategy, supply chain, organisation design and leadership. The author can be contacted at Norman.Chorn@centstrat.com

³ Ethnographic research focuses on intimately examining the daily life of customers and consumers. This is often done by spending time and developing personal relationships with them.

Book Review

Real Estate Riches

Understanding Singapore's Property Market in a Volatile Market

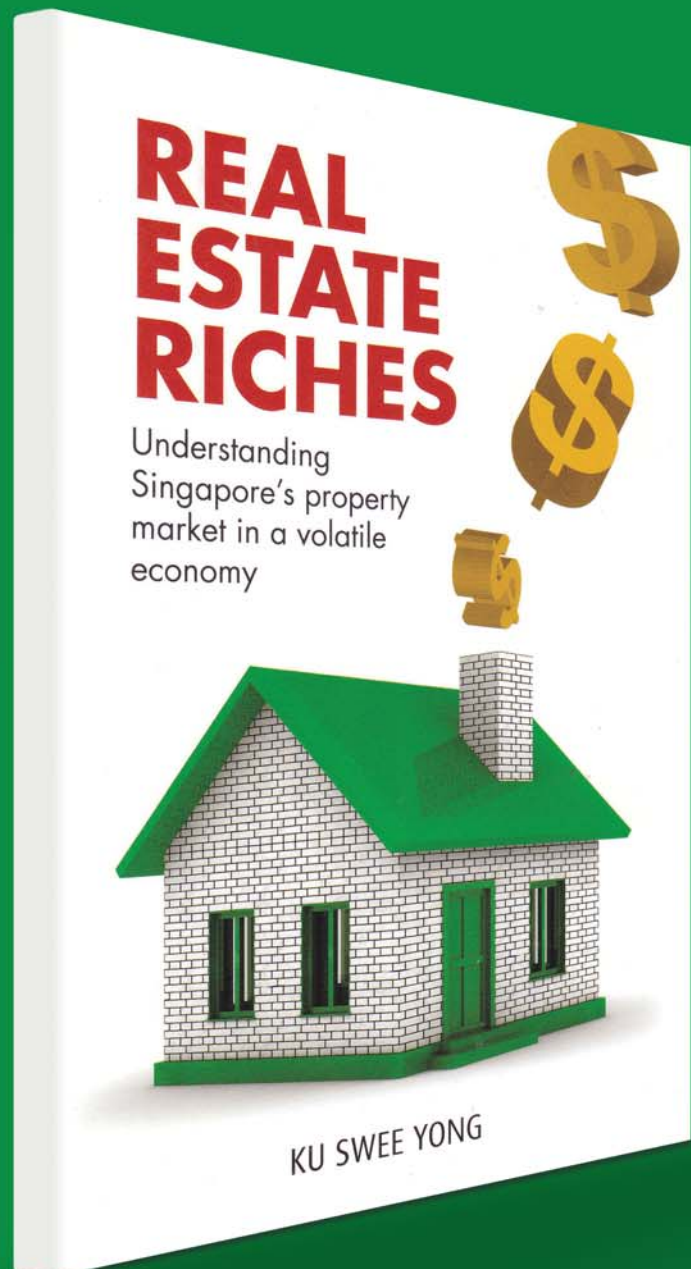
Swée Yong, Ku; 2011, 188 pages,
Marshall Cavendish Business, Singapore
ISBN 978-981-4346-51-1



Reviewed by **Ting Kien Hwa**
Universiti Teknologi MARA, Malaysia

THE BUOYANT PROPERTY MARKET for the past few years has spawned many so-called 'property experts' in real estate investment. These 'gurus' dispense investment advice to individual investors to invest at the local property market level; some of these 'gurus' even made bold predictions about the directions of the property market and made recommendations on the prospects of selected property market sectors. More often than not, these predictions and selections are baseless, without any proper research and supporting facts and figures.

Many get-rich-quick books which provide advice on how to invest in real estate have also flooded the bookshelves of local bookshops. Authors of these books are adorned celebrity like status and deemed experts by giving property talks in property exhibitions and fairs. Leveraging and speculations are key ideas promoted by these books. Real estate investment is seen as a low risk high return investment. The key mantra is 'buy'. Many members of the public upon witnessing the recent rapid rise in property prices with affordability reducing rapidly are coerced into looking for quick solutions. The concept of bulk property purchasing through property investment clubs to enjoy special discounts looks convincing to the unsuspecting house buyers and property investors.



Unlike many get-rich-quick real estate books in the market, this book would appeal to the public who wants to understand the workings of the property market and the issues relating to property investment.

These days local newspapers are flooded with advertisements by new self-acclaimed 'property experts' and 'gurus' who offer 'insightful property investment knowledge'. These seminars which promised get-rich-quick knowledge are often packaged with CDs, books, files and 'exclusive materials' etc. but costing any participants thousands of Ringgit are now widely promoted.

The message in all these books, seminars and investment clubs is: property investment is easy, returns are quick and everyone should start buying properties today because if one don't buy now, tomorrow the prices will go higher. The public is drummed into a state of fear and greed.

Unlike many get-rich-quick real estate books in the market, this book would appeal to the public who wants to understand the workings of the property market and the issues relating to property investment. It is neither too academic nor having the pretensions that real estate investment is easy. It is written for the masses and provides a clear discussion about the various issues confronting the property market in Singapore. Although the book is based on the property market in Singapore, some of the topics covered are relevant in the local context. For example shoebox units, impact of MRT on property values, the effects of supply and demand on the property market prices and rentals etc.

Most of the articles in this book were originally published in Today and The Business Times newspapers in Singapore. This explains the writing style of this book which affords relatively easy reading. The articles are organised under five parts: Recent Events; Physical Supply; Is This Really Progress; The Market; and Investment Tips. The articles provide an overview of the property market in Singapore and answer many common questions that property investors would ask. It discusses the Singapore government policies aimed at curbing spiralling property prices. Facts and figures are used to support the explanations.

Many would be investors would benefit from this book as relevant issues were raised and discussed that would help decision making of investors. Issues such as buying from the developers or the secondary market; to buy freehold or leasehold properties were discussed in this book. I like the article on 'shoebox' apartments which discussed about the current trend of apartment units with built-up areas of 500 sq. ft. or less. The author cautioned that despite the small built-up area of such units, what the prospective buyers see in the showrooms may not be what the investors will get – *caveat emptor!* The author cautions market acceptance of such property types in terms of tenant quality and profile, rental yields and returns on investment. Indeed, in the local context the selling prices of such properties are higher than RM1,000 per sq. ft. in the Klang Valley and the selling prices are set by the developers at 'affordable price range' in relation to income of new prospective home buyers in order to lure them into these schemes. But are these units competitive in relation to other similar condominium units? Are the rental yields achievable and sustainable? Are the property purchasers prepared to stay in such a small unit if tenants could not be found?

The author of this book is an experienced property agent and consultant who provide advice to high net worth individuals/families. The book is written in a relatively easy reading style but are insightful, well researched and provide a thorough explanation of the Singapore residential property market. This book is recommended to all property buyers and investors who would like to have an unbiased and informed view of property investment. ■

The book is written in a relatively easy reading style but are insightful, well researched and provide a thorough explanation of the Singapore residential property market.

LIST OF NEW MEMBERS

October – November 2012

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Sr Mohammed Redza b Mohd Yusof
Pembinaan BLT S/B, Putrajaya

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Sr Carrie Ling
Taylor's University, Sel

Sr Cheong Chor Shen
Faithful & Gould, UK

Sr Mat Noor b Mohamad
JKR Kelantan

Sr Mohd Ali SabralMallisi b Zulkipeli
JKR Labuan

Sr Seah Hsiu-Min, Eugene
Langdon Seah Singapore

Sr Shamsiah bt Sirun
Hashim & Lim S/B, KL

GRADUATE

Adey Zahari b Mansor
AQS Services S/B, JB

Alwi b Abdul Razak
JUBM S/B, PJ

Aishah bt Ahmad Suhaili
CKP Nizaruddin Sdn, KL

Azaha b Awaludin
JB Bergabung, JB

Chan Lay Nga
Baharuddin Ali & Low S/B, KL

Cheng Wei Ying
Unitech QS Consultancy S/B, Penang

Chong Ming Lee
Yong & Mohd Faiz S/B, PJ

Chuah Yiing Min
MQS Consult

Ema Muliati b. Muhamad
Teras Khidmat Niaga S/B, Seremban

Ernie Shafinaz bt Bakhari
JUBM S/B, PJ

Foo Chit Shean
Langdon Seah (Thailand)

Ilya Shazmin bt Naimat
Fauziah & Tan Associates, PJ

Lau Khing Huong
SP Perunding, Kota Kinabalu

Lee Chih Fern
YSCA Consultancy S/B, KL

Lee Shih Ying
Ikkhasas S/B, Puchong

Lee Zhi Hui Gillian
Yong & Mohd Faiz S/B, PJ

Lim Wai Mun
Econcos Consultants S/B, KL

Martin Yong Yik Hua
Yong & Mohd Faiz S/B, PJ

Mohammad Bashek b Umar
Pembinaan BLT S/B, Putrajaya

Mohamed Abd Naim b Mohamed Nawi
HAH Associates, KL

Mohd Arif b Abd Rashid
Baharuddin Ali & Low S/B, KL

Mohd Hafiz b Esa
NAZ Progressive Consultants & Services S/B, SA

Mohd Khairul Anuar b Kamaruddin
KUB-Berjaya Enviro S/B, KL

Nadzirah Zainordin
Imperia Inst. Of Tech, Subang

Natalia Azreen bt Rostam
KPK QS (SEM) S/B, KL

Nik Mohamaed Inan b Nik Mohamed
ARH Jurukur Bahan S/B, KL

Noor Syamila bt Mohamed
KLCC Projek Services S/B, KL

Nurhayatul Khursniah bt Hasim
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Nur Aznida bt Abdul Wahod
DL QS Consult, Sel

Nurul Hidayati Br Mohamed
Baharuddin Ali & Low S/B, KL

Rapeah bt Abdul Rahim
PKNS, Shah Alam

Philip Chin Fui Tshung
Langdon & Seah S/B, PJ

Seng Lai Yoke
Jurukur Bahan L&T, Sel

Shirley Chin Ai Ling
Langdon & Seah S/B, PJ

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QS Permas

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Ng Chong Guan
In Precast Builders S/B, Sabah

Ng Wen Yan
Jurukur Bahan L&T, KL

Yap Joh Jiun
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STUDENT

Lai Wei Chian

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Sr Choy Yue Kwang
Rahim & Co. S/B, KL

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UTM Skudai

Sr Rohasmeiy b Taib
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Majlis Perbandaran Kulai, Johor

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Sr Mohd Hasif b Ahmad Nasruddin
UiTM Perlis

Sr Mohd Khairy b Kamarudin
UiTM Perlis

Sr Mohd Zaki b Omar
East Coast Surveyors, Kota Bharu

Sr Nik Mohammad Hasiff b Hanafi
Jurukur Mahabob & Co, Pasir Mas

Sr Noorzalaniee bt Hj Ghazali
UiTM Perlis

Sr Siti Aminah bt Anshah
UiTM Perlis

Sr Siti Maryam bt Abdul Wahab
UiTM Perlis

Sr Siti Nor Maizah bt Saad
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KUB Builders S/B, KL

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Nur Anisah Aina bt Mohd Arshad

Siti Nooramalina bt Abdul Rahim

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Educational Loan Awards for 2012/2013

Royal Institution of Surveyors Malaysia invites application from Malaysia Citizens for Educational Loans to pursue full-time courses at local universities.

Universities

University of Malaya
University of Technology Malaysia
University of Technology MARA
University of Science Malaysia
International Islamic University of Malaysia
University Tun Hussein Onn Malaysia

Field of Study

Land Surveying
Quantity Surveying
Building Surveying
Property Management / Estate Management

Eligibility

- Candidates must have obtained an offer for admission for full time studies to any of the universities in any of the field specified above.
- Candidates must not have received any scholarship or financial assistance from the Government or any other organization.
- Candidates must have obtained at least CGPA of 3.20 to be short listed to call for an interview.

Special Incentive

- Degree course candidates who obtained in their studies with CGPA 3.75 and above, the student having to first apply for the conversion of the loan to scholarship for consideration and approval by General Council.
- Diploma course candidates are not eligible to apply for conversion of their loan to scholarship.

Value of Loan

Degree: Up to RM7,000 per annum
Diploma: Up to RM5,000 per annum

Guarantors

Candidates shall obtain the consent of two acceptable guarantors who must provide personal guarantee for repayment of the loan.

Repayment of Loan

Loan amount must be repaid with a period of not less than 36 months after the recipient has graduated.

How to apply

The application form, may be obtained from the RISM Secretariat or downloaded from RISM website:
<http://www.rism.org.my>.

All application must be sent to:

The Chairman

Scholarship and Education Fund Committee

Royal Institution of Surveyors Malaysia
3rd Floor, Bangunan Juruukur, 64-66, Jalan 52/4, 46200 Petaling Jaya



Royal Institution of Surveyors Malaysia

3rd Floor, Bangunan Juruukur, No. 64-66, Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan

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