



SETTING A NEW STANDARD

The 42-storey Aspire Tower is set to be KL Eco City's highest and most prestigious corporate office tower. Its blend of work and lifestyle concept, called Workstyle, has created a dynamic new approach that will result in a more productive workforce and better investments. Aspire Tower will be the perfect addition to the new heart of business; KL Eco City.

KL Eco City

WORLD-CLASS DEVELOPMENT BUILT ON
CONNECTIVITY, INTEGRATION AND SUSTAINABILITY



Even in a major city like Kuala Lumpur, developments like S P Setia Bhd's KL Eco City (KLEC) are rare. For starters, KLEC is envisioned as a mixed-use development that is truly integrated in terms of connectivity.

The 25-acre development sits on Jalan Bangsar, next to Mid Valley City, and is surrounded by established commercial precincts. KLEC comprises three phases of luxury residential towers, three corporate office towers, 12 boutique office blocks, one strata office tower, a 5-storey retail podium and a four-star hotel operated by ONYX Hospitality Group - Amari Hotel. It has an estimated gross development value (GDV) of RM7 billion.

"It is not just about putting together buildings for different usage in one location. We wanted to create seamless interaction between public spaces and how this relates to the visitors, residents and office workers to provide a safe, comfortable and vibrant lifestyle," says S P Setia divisional general manager Tony Ling.

KLEC's master plan was designed by the world-renowned and award-winning The Jerde Partnership Inc. The Los Angeles-based architec-

ture and urban design firm is known for famous integrated developments such as Roppongi Hills in Tokyo, Namba Parks in Osaka, Bellagio in Las Vegas and Langham Place in Hong Kong.

As a self-contained development, KLEC embraces three key aspects: connectivity, integration and sustainability. Ling notes that KLEC's rail hub – comprising the existing Abdullah Hukum LRT station that will be linked to the newly completed KTM Komuter station – provides a superior mode of public transport.

"KLEC's integrated rail hub offers businesses within the development the advantage of access to vast talent pools. Residents will benefit from the connected public transport network, which provides access to virtually all the major townships in Klang Valley," he says.

Another pillar of success, Ling adds, can be seen in the exceptional result of the creative master plan, which allows KLEC to house more than seven million gross square feet of commercial, residential and retail space.

"The 12 quadrant blocks of boutique offices, for instance, sit above the retail mall and have their

KL Eco City has an estimated gross development value of RM7 billion and comprises offices, residences, retail and hotel

grand lobbies on the ground floor among the retail mall entrances. This allows seamless connection between the office and retail hubs.

"The same effect is achieved through a series of connected landscaped podiums, open spaces and pedestrian linkages, which join all the individual office towers along the development. This unique and universal platform creates a communal environment that will attract a new generation of professional workers who enjoy the flexible idea of living, working, learning and playing, all in the same place," he says.

With more than 60% of KLEC dedicated to commercial office space, the development is poised to become a new focal point for business, corporate and retail activities in the Klang Valley.

MAKING THE CONNECTION

Apart from its rail hub, KLEC is also future-proofed for growing traffic requirements – it comes with a unique internal two-tier road system that is connected to four major access roads, such as the New Pantai Expressway (NPE), Federal Highway, Jalan Bangsar and Jalan Maarof.



Above: Offices in integrated and transit-oriented developments in KL fringe continue to see good demand

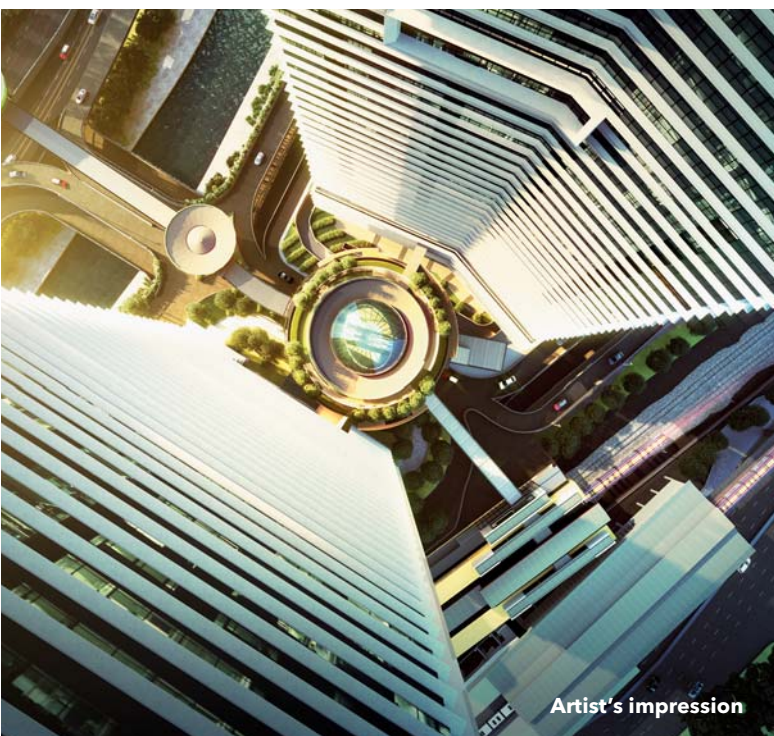


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– Ling



Artist's impression



Artist's impression

Left: KL Eco City offers seamless interaction between public spaces and how this relates to the people to provide a safe, comfortable and vibrant lifestyle

"The six new ramps and bridges that cost more than RM200 million to build, allow traffic to enter and exit at multiple points of access through a network of lower and upper roads. The lower and upper tiers separate light passenger traffic from heavy vehicles, such as service/goods delivery trucks.

"When combined, these investments result in a sustainable place where seamless interaction between the public and private spaces caters for the visitors, residents and office workers in a safe, comfortable and dynamic environment," says Ling.

To enhance the connectivity experience internally, KLEC provides pedestrian walkways located above street level to provide safe passageways that link the integrated rail hub to the retail mall,

serviced residences, hotel and office towers.

"This creates seamless interaction and integration between all the buildings located in the development. A pedestrian bridge will also connect KLEC and Mid Valley City, hence offering connectivity not only within KLEC but also with its neighbouring communities," says Ling.

Apart from inheriting the benefits of living and working in a self-contained city within a city, KLEC also embodies S P Setia's commitment to high quality and eco-friendly designs.

"KLEC is an integrated green development in Bangsar where every building is designed to meet the stringent criteria of various green certification, including Malaysia's Green Building Index (GBI), LEEDS and Singapore's Greenmark.

"Additionally, the new integrated rail hub is instrumental in helping reduce its carbon footprint by encouraging the use of public transport. Moreover, connectivity to the Klang Valley's network of rail lines creates a self-contained environment that is linked to all other important destinations, such as KL Sentral and KLIA, conveniently," says Ling.



Workstyle at Aspire Tower

Soon to be launched is KLEC's final office tower, Aspire Tower. Soaring 42 storeys, Aspire Tower will be the highest and most prestigious corporate office tower in KLEC. It has been designed to achieve gold certification in the LEED Core and Shell category.

"Unlike other corporate towers, Aspire Tower offers more than just an office space. As a landmark building and as the name 'Aspire Tower' suggests, it reflects the ambitions and aspirations of the people who work with and invest in us – our name is a call to action, encouraging Malaysian leaders, executives, entrepreneurs and business owners to keep 'looking up' and to continue to achieve their dreams.

"Setia has a significant role to play in this process of crafting elegant, sleek architecture and blend of lifestyle facilities with unrivalled transport connections in creating an address where work and lifestyle combine into a seamless whole. We call this 'workstyle,'" says Ling.

According to him, workstyle is a customised word and a branded innovation that is essentially an amalgamation of three concepts – work + life + style – to create a dynamic new approach, and rethinking corporate culture in the creation of a thriving business community.

"Workstyle, in turn, leads to a more productive working environment, a better investment opportunity and a greater chance to aspire to success beyond what is imaginable.

"Aspire Tower spearheads workstyle in the incorporation of stringent space planning with elegant architecture, creating work spaces that are maximised with natural lighting and intuitive layouts, where environmental responsibility and sustainability are a given," says Ling.

Workstyle can create a dynamic new nexus within KLEC and it advocates a strategic location to suit a blend of lifestyle and business needs.

"Aspire Tower has access to KLEC's myriad benefits combined with the best on offer in the established commercial neighbourhoods of Bangsar and Mid Valley City. A carefully curated selection of lifestyle components providing harmony to the

To create a true workstyle concept, Aspire Tower offers flexible and interchangeable office spaces that can be utilised to offer owners and tenants sky dining, a sky lounge, a gym and swimming pool among others



working day, promoting a better work-life balance, and creating more dynamic work and social environments, where work and play are seamless in efforts to stimulate productivity. This unique set-up caters for different industries and office sizes, creating a truly dynamic environment," says Ling.

With over 670,000 sq ft of space, Aspire Tower offers three different office types to cater for a wide spectrum of industries and corporate needs.

The premier offices, which take up an entire floor space of 18,715 sq ft, are ideal for conglomerates as they allow a multitude of layouts with executive-level amenities. The second-largest type are the signature offices (3,630 to 12,263 sq ft), which offer the widest flexibility in terms of size and can accommodate a range of workplace demands and size requirements.

Aspire Tower also offers office suites, namely executive offices (1,153 to 1,936 sq ft) that are highly functional and adaptable units that cater for start-ups, and provide owners and tenants access to the prestigious potential amenities the tower has to offer.

To create a true workstyle concept, Aspire Tower offers flexible and interchangeable office spaces that can be utilised to offer its owners and tenants a cutting edge gym as well as a swimming pool; a business centre that is conceived on the concept of adaptability and well-designed features of co-working spaces; a sky lounge that is perfect for business appointments; and a sky dining, which boasts fantastic panoramic views and top-notch service, is available to host dining and



Artist's impression



Artist's impression

The landscaped deck is a good place to unwind, meet colleagues or convene for outdoor engagements



Artist's impression



Artist's impression

drinks, including private lounge spaces.

"We have designed one of the office floors to cater for the co-working concept; where usage of these spaces will be on membership basis. We are talking to a few co-working space operators at the moment," says Ling.

He adds that the business centre also has meeting rooms that will cater for small and large groups as well as break-out rooms for brainstorming.

Aspire Tower is also connected to Mercu 3, Amari Hotel and ViiA Residences via the landscaped deck, which is about 19,000 sq ft in size. The green deck can be a good place to unwind, meet colleagues or convene for outdoor engagements.

Those looking for a little retail therapy can walk to the adjacent retail mall, which will have

curated offerings of boutiques, restaurants and speciality stores.

What is unique, says Ling, is that purchase of selected office space in Aspire Tower will entitle owners to private parking bays, transforming a significant cost outlay into an investment and asset.

Despite the presence of several other office towers in close proximity, such as those in Mid Valley City and Bangsar South, and concerns over an oversupply of office space in the market, Ling is positive that the market will be able to absorb this additional space.

"It's all about product differentiation. Apart from our unique workstyle concept, our superior location, connectivity and accessibility are constantly attracting investors who appreciate the long-term

A carefully curated selection of lifestyle components promoting a better work-life balance

values the projects bring to the market. This is an established commercial region with the potential to become the Klang Valley's next most vibrant central business district.

"We are located just two LRT stations away from KL Sentral and just next to Mid Valley City. Both are commercially successful and vibrant place makers with commercial activities. Offices in this urban locality have commanded good occupancy and high office rental rates consistently for many years in comparison to other regions," says Ling.

Easy accessibility via the New Pantai Expressway, Federal Highway and Jalan Bangsar and the ready infrastructure, including ramps, bridges and integrated KTM-LRT hub, also make it commercially viable, he adds.

Past records too indicate the appeal of KLEC as its previously launched 13 office blocks are fully sold and have been successfully completed, notes Ling. "We are looking at selling units in Aspire Tower at RM1,600 psf. The price is on a par with the current market selling price as well as that of offices in KL Sentral."

OPENING SOON

Also coming up is the opening of KLEC's 250,000 sq ft retail mall, which will be managed by S P Setia.

"We have about 70% occupancy and about 20% is currently under negotiation. We are targeting to open the mall by the end of September," says Ling.

Bangsar Market by Jaya Grocer is its anchor tenant, taking up an entire floor of 54,000 sq ft on Level 2. Ling says Bangsar Market was inspired by internationally famous markets, such as Camden Market and Borough Market in London and the Queen Victoria Market in Melbourne.

With a good number of completed projects within KLEC, the development is starting to become more vibrant.

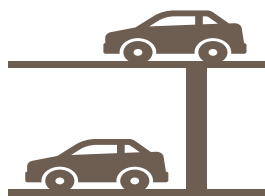
"KLEC is starting to mature and people can see the vibrancy here. What we have to offer – connectivity, integration and sustainability – is what makes us stand out from the other developments," says Ling in conclusion.

THE CONNECTIVITY OF KL ECO CITY



KL ECO CITY INTEGRATED RAIL HUB

- KL Eco City integrated rail hub will integrate the existing Abdullah Hukum LRT station with the new KL Eco City KTM Komuter station.
- KL Eco City is only 2 and 7 LRT stations away from KL Sentral and KLCC respectively. With KLIA Express in KL Sentral, a journey to Kuala Lumpur International Airport 1 and 2 takes only 28 and 33 minutes respectively.



TWO-TIER INTERNAL ROAD SYSTEM

- A unique internal road system for smoother incoming and outgoing traffic flow. The upper tier lends support to the ground tier during peak hours.
- Ingress can be at the upper tier and egress through the lower tier, this doubles up the capacity to cater for traffic flow into and out of the development.
- Upper tier doubles as a passenger drop-off area and lower tier caters for service and delivery vehicles.



6 NEW RAMPS & BRIDGES

- The seamless connectivity is taken further with the construction of 6 dedicated new bridges /ramps direct connection to Federal Highway, New Pantai Expressway (NPE), Jalan Maarof and Jalan Bangsar.

EXCEPTIONAL LOCATION + INVESTMENT

With its strategic location, connectivity and good planning, KL Eco City (KLEC) by S P Setia Bhd is a sound investment and a good place to set up office, say industry experts.

"KLEC is in an exceptionally strategic location that stretches from KL Sentral in Jalan Bangsar to Damansara City in Damansara Heights. It is less than 7km to the city centre and 15km to large satellite townships like Petaling Jaya," says JLL Malaysia managing director YY Lau.

Knight Frank Malaysia head of corporate services Teh Young Khean concurs, saying that KLEC is sandwiched between established office areas such as KL Sentral, Mid Valley City and Bangsar South, and it has drawn interest from many occupiers in the market.

The connectivity in KLEC is another strong pull factor for occupiers and investors. It will have an integrated rail hub once the existing Abdullah Hukum LRT station is linked to the new KLEC KTM Komuter station.

Meanwhile, S P Setia has built six dedicated ramps and bridges at KLEC that allow direct connection to the Federal Highway, New Pantai Expressway, Jalan Maarof and Jalan Bangsar as well as a link bridge to Mid Valley City. The developer has also constructed a two-tier internal road system to ensure smoother incoming and outgoing traffic flow.

"With foresight and good planning as well as at an additional cost to the developer, KLEC has brought seamless connectivity to another level. Plans to connect KLEC to Mid Valley City and The Gardens Mall via a pedestrian link bridge will lead to a win-win situation for both developments as they will enjoy better connectivity and extend their retail market capture.

"The transit system from two different lines optimises the ability of the companies to capture and retain tenants. All in all, KLEC offers an unmatched integrated transport system in the vicinity," opines Lau.

The retail components within the development will be able to serve its immediate tenants and landlords, and its close proximity to Mid Valley City will allow them to use the additional amenities if needed, she adds.

"A developer's reputation is an important element in a successful development. S P Setia has established itself as one of the leading and most reputable developers in Malaysia with numerous successful developments. The excellent track record will instil confidence among investors and tenants to locate their businesses within the development," says Lau.

Teh believes KLEC is able to cater for tenants of all magnitude and size.

"While the Signature and Boutique offices may attract multinational companies, the development caters for small and medium industries with its smaller floor plates. Mercu 2 and Mercu 3 are expected to attract mainly larger corporations and MNCs. Two major insurance players and an IT company recently took up about 180,000 sq ft of office space," he says.

According to Lau, the main potential tenants will be from the insurance, service and shared services sectors, which are common in the Kuala Lumpur fringe submarket.

"IT companies, co-working and serviced office operators, and other professional and financial services such as auditors would also be attracted to KLEC. Currently, Gibraltar BSN Life Bhd and Zurich Malaysia have signed to be the anchor tenants," she adds.

KLEC's final office tower, the 670,000 sq ft Aspire Tower, will offer parking bays for selected units.

Teh sees this as a good move. He says, "Being able to own parking lots is a plus point, especially considering the limited parking space in transit-oriented developments. Owner-occupiers could save by not having to pay for parking. In future, if they decide to rent out their unit, they would be able to earn extra or provide the parking bay as part of an attractive leasing package."

Lau concurs, noting that occupiers would not need to compete with other tenants or mall visitors for limited parking lots.

"This gives exclusivity to the occupiers, as parking ownership in commercial developments is relatively rare. In addition, they can save cost in the long term by not having to pay for rental fees," she says.



KL fringe market continues to grow

There has been much talk about the soft commercial market in the Klang Valley, particularly with the substantial new supply of office space anticipated over the next few years. However, the situation may not be bad as some fear.

Offices on the fringe of KL and in Selangor, which have access to public transport and ample facilities, continue to outperform the KL city market, which continues to struggle, says Teh Young Khean, head of corporate services at Knight Frank Malaysia.

He estimates the average occupancy rate in KL City at 79%, compared with a higher 85% for the city fringe.

Improved public and metro connectivity and good-grade buildings, coupled with competitive rents, are appealing and may cause tenants to consider KL fringe as their business address.

Meanwhile, JLL Malaysia data shows the average occupancy rate in Kuala Lumpur, which includes KL city and KL fringe, has softened slightly but remains above 85%.

JLL tracks prime office market in three active submarkets – KL city, KL fringe and decentralised (DC). The KL fringe submarket consists of Damansara Heights and the Bangsar/ Pantai precincts while DC covers the main cities in Selangor, including Petaling Jaya, Puchong, Subang Jaya and Shah Alam.

“As a comparison, the average occupancy rate in the DC area we track in Selangor has improved to 90%. Consequently, average gross rents in KL have remained stable, whereas rents in DC have increased,” says JLL Malaysia managing director YY Lau.

Lau notes that the demand appears to be stronger in KL fringe compared with KL city, while the demand for the DC submarket is picking up.

“With new developments along the new infrastructure outside the city centre and prime offices in the fringe and DC areas, more leasing activities are taking place. The new buildings have Green Building Index and MSC status, and good connectivity via transit systems. They also have the advantage of being close to residential townships where the bulk of the workforce is located,” says Lau.

A GROWING MARKET

According to JLL Malaysia, rents in KL fringe have been on the rise for some time and are now catching up with KL city rates.

“New tenants in KL fringe are mostly technology companies such as Agoda and Alibaba, service providers, shared services and BPO (business process outsourcing) firms. This trend is expected to continue in the future as KL fringe will remain in the spotlight.”

With improving connectivity, especially with the upcoming LRT3 line, Lau anticipates the DC submarket to continue to grow, especially for price-sensitive tenants, or those who find their clients or workers are in these submarkets. There are many land parcels in DC close to transit stations that have potential to be transit adjacent developments, says Lau.

Another advantage of office buildings in KL fringe is that they are newer. “Some 74% of the buildings in the city fringe are less than 15 years old. They come with higher specifications and modern facilities, are strategically located, and easily accessible via transit systems and new highways,” Lau explains.

“What is of more interest is that developments are well integrated with mixed-used developments, near established retail and residential components. Most of the buildings in KL Sentral, Mid Valley City and Bangsar South are built to comply with GBI and MSC specifications that attract multinational and IT companies,” he explains.

By comparison, up to 70% of the office buildings in KL city are more than 15 years old. The city is also infamous for its traffic congestion.

According to JLL Malaysia, the demand has been robust in KL fringe in 2Q2018 and will continue to attract technology companies, service providers, BPO firms and flexible office operators.

“Due to the high demand and occupancy rate, the absorption rate among expanding developments in KL fringe, such as KL Eco City (KLEC) and Bangsar South, are expected to grow as more companies will locate their offices in these hot spots,” says Lau.

OVERSUPPLY CONCERNS

The substantial incoming supply, mainly in KL city, has raised concerns about oversupply in the market. Knight Frank’s Teh believes the oversupply will continue to exert pressure on rents in the short and medium term.

KL Eco City is deemed a sound investment and a good location to set up an office due to its strategic location, connectivity and good planning



Artist's impression

“We have, and will see, landlords being more motivated in negotiations to lure prospective tenants. Besides attractive rental rates, landlords will have to provide other incentives such as rent-free periods, capital contribution, fit-out amortisation, free car park, additional in-house facilities and so on,” he explains.

“Landlords will also be a lot more flexible in negotiating terms with prospective tenants. In the long term, we believe market forces will adjust themselves. Landlords/owners who intend to build offices will have to be more strategic and wary of the current and potential market requirements.”

Lau agrees that the pipeline of new offices in the KL city submarket will put downward pressure on rents in the medium term. Among the major developments over the next five years are PNB 118 (1.68 mil sq ft), The Exchange 106 (2.65 mil sq ft) and Lot 91 KLCC (0.90 mil sq ft).

“These new buildings with higher specifications and modern facilities may be able to attract foreign and local multinationals, and possibly tenants in older buildings who are expanding and would like to upgrade. PNB 118, which is expected to become the tallest building Southeast Asia, will also have its appeal as an iconic building. It will become a new landmark with its world-class façade, interior design and facilities,” he adds.

Lau believes The Exchange 106 is likely to attract Islamic financial institutions, conventional retail and/or merchant banking, insurance, takaful operators and capital markets services firms, with financial incentives for marquee-status companies as well as MSC incentives.

“Older buildings may see lower occupancy rates. Thus, landlords can take this opportunity to make major refurbishments or even convert the use of their buildings to remain relevant in the market.

“Traditionally, around 30% of the tenants in KL City were from the oil and gas sector, especially around the KLCC area. However, a full comeback of O&G players has yet to be felt on the ground despite the higher oil prices. The demand in the city centre appears to be from the finance sector,” Lau notes.

“In the longer term, the freeze on new developments by the government may help to stabilise the oversupply situation as the supply is gradually absorbed in a growing economy.”

Although there is no shortage of space in KL fringe as office space is available in Mercu 2 and Mercu 3 in KLEC, there is limited incoming supply in the pipeline, notes Lau.

“Apart from Southpoint Tower (which has a net lettable area, or NLA, of 378,549 sq ft) in Mid Valley City and Menara Etiqa (400,000 sq ft NLA) in Bangsar, which are due for completion by the end of the year, we will not see new completions until 2021. This situation will further increase occupancy rates and rentals in KL fringe,” says Lau.

Growth in demand for co-working space, shared services, BPOs and IT-related industries is expected to boost the KL and Selangor office markets in the short to mid term, says Teh.



With new developments along the new infrastructure outside the city centre and prime offices in the fringe and DC areas, more leasing activities are taking place. – Lau



Most of the buildings in KL Sentral, Mid Valley City and Bangsar South are built to comply with GBI and MSC specifications that attract multinational and IT companies. – Teh



discover workstyle

work + life + style

Aspire Tower spearheads an innovative new concept, workstyle, redefining work to create a thriving business community. With flexible office spaces ranging from 1,200 to 18,000 sq ft, membership options to a cutting-edge gym with swimming pool, as well as exquisite dining selections for all occasions, Aspire Tower elevates productivity to new heights.

A purchase of selected office space also entitles you to own private parking bays, transforming an outlay into an asset. Aspire Tower – a better working environment, and a great investment opportunity.

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KL ECO CITY

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