



GTower building on corporate ecosystem

BY Lam Jian Wyn

In its bid to build on the corporate ecosystem within GTower in Kuala Lumpur's Jalan Ampang, GTower Sdn Bhd (GTSB), the developer and owner of GTower, introduced FlexOffices in the middle of last year. Its latest office component has seen a 79% take-up rate to date – a figure that GTSB and its holding company Goldis Bhd find encouraging.

GTSB business offices operations manager Lucia Michael tells *City & Country* that the green office building has been taken up largely by IT firms and young start-ups looking for a convenient set-up with a blue-ribbon address.

While there are only 16 units of FlexOffices, representing 5.6% of the building's 820,000 sq ft of net lettable area (NLA), GTSB is optimistic about its prospects. It plans to build another five units of FlexOffices, slated for completion by the end of this month.

Ranging from 1,250 to 3,700 sq ft, the offices come ready with Internet connection, 6 to 12 workstations, storage facilities for files, an en-suite bathroom with shower facilities, open pantry with fridge, microwave and kettle, and a discussion area. Tenants may, upon request, get personal printers and fax machines.

Tenancies range from 1 to 12 months, although some companies have opted to renew beyond the maximum leasing period, Lucia says.

These plug-and-play offices are available for rent from RM20,000 a month due to the convenience factor, she explains.

FlexOffices represent another class of office space within GTower and are designed to cater for the various stages of the business lifecycle, Lucia says.

For instance, the virtual office spaces are suitable for companies in the seed stage, while Cubes – which allows for one to three workstations – are appropriate for start-ups. FlexOffices, meanwhile, are suitable for both growing and established companies, which can opt for the duplex corporate offices. When a business downsizes, it can opt to take a smaller space.

Rents for Cubes start from RM1,800 onwards while the office spaces and the duplex corporate offices are available at an average of RM7.50 psf, says Lucia.

The offices are supported by common facilities such as a reception area, operators, meeting rooms and other components of GTower. These include GTower Hotel, which caters for business travellers only; Elements Gym; The Club, which is available for members and hotel guests; and various food and beverage venues, namely The Lounge, Tanzini, Food Hive and the soon-to-be-opened rooftop bar.

The concept of serviced office space is not new. The Nomad Group Bhd also offers serviced office suites and virtual offices in addition to facilities for meetings, trainings and video conferences as well as business lounges at Menara Hat Seng, one of the Etiga Twin Towers, Pavilion KL and The Gardens in Mid Valley City. International outfit Regus plc offers



Top: The FlexOffices are plug-and-play work spaces

Above: Lucia says the FlexOffices are suitable for growing and established companies

Left: GTower at Jalan Ampang

gas, engineering, architectural and consulting firms as well as project management teams, GTower's serviced office suites are a good proposition for foreign companies looking at setting up a branch.

Well-funded start-ups looking to grow their operations will also find a prestigious Jalan Ampang address a boost, she adds.

Lucia reckons that the FlexOffices is a better proposition than traditional office spaces in the Kuala Lumpur city centre as one would have to typically spend up to RM150,000 on a two-month deposit plus furnishing, equipment and other facilities.

Kuala Lumpur office market
 According to Paul Khong, executive director of CB Richard Ellis (Malaysia) Sdn Bhd, the serviced office suite concept promoted by FlexOffices is well accepted by local companies and multinationals looking for short-term leases without having to purchase office equipment.

"It provides a perfect solution to

clients who need a short start-up period and quick exit with minimum carrying costs or problems," he tells *City & Country* via email.

He sees a trend like this emerging in Kuala Lumpur, with his firm having concluded several short-term leases for tenants with local serviced office providers.

"We currently have requests for such space even in Labuan and Kota Kinabalu," he adds.

Khong says with the introduction of GTower, the management is going a step further toward completing the concept of catering to the entire business lifecycle with the provision of full services to support its tenants.

"The take-up rate in GTower has improved substantially in 2010 and should continue steadily in 2011," he says.

He notes that the asking rents in the city centre and KL Sentral range from RM6.50 to RM8 psf, while rents in the suburbs, such as Cyberjaya, Petaling Jaya, Damansara Heights and Mutiara Damansara, are RM4.50 to RM5.50 psf.

"The final rental rate will depend largely on the quality of tenant, total office size taken, tenure and also the quality of the building itself," he says.

He notes that Petronas Tower 3, a 58-storey tower – slated for completion in 2012 on a 1.06-acre site known as Lot C next to the Petronas Twin Towers – is already looking at rents of about RM11 psf as the national oil corporation intends to take back Tower 2 of the Twin Towers for its own use.

"We expect rents to be fairly stable this year and a nominal increase in take-up rate in existing buildings. However, with the increasing new supply entering the local office market this year, we may see a slight suppression in actual rents," he notes.

However, Khong foresees major challenges and pressures being transferred to the older-generation buildings as tenants will move out into newer buildings.

"These buildings will now have to look at refurbishment and upgrade programmes to stay competitive," he says.

serviced office suites with similar facilities at KL Sentral, Central Plaza in Jalan Sultan Ismail, the Petronas Twin Towers and The Intermark, which is just across the road from GTower. Regus is slated to offer similar services at First Avenue in Petaling Jaya.

Strategies

The Singapore BCA GreenMark Gold-certified and MSC Malaysia Cybercentre-status development currently has an occupancy rate of around 69% to 68%, a figure which GTower is comfortable with, says Lucia.

Despite its various revised targets, GTower's take-up has exceeded expectations so far, and GTSB is aiming

for an 80% occupancy level by year-end, she says.

The 30-storey tower was completed in 4Q2009.

To boost its tenancy, GTower has enlisted the help of the Multimedia Development Corporation (MDEC), a government agency responsible for the development and promotion of MSC Malaysia, real estate agents and print advertisements to promote the building, she says.

MDEC is doing its part by email-blasting potential tenants, while existing tenants spread the word about their good experience with GTower to other prospective tenants, says Lucia.

Targeting IT companies, oil and