

# Homegrown venture Amerald sees value abroad

Management focuses on areas that are highly valued, such as in Malaysia and Indonesia, where profitable sites help boost its bottom line

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**W**ITH the government's introduction of successive cooling measures to dampen growing demand, the cooling property market in Singapore spells trouble for many real estate developers. Yet, homegrown property developer Amerald Land has thrived and is in the midst of an overseas expansion drive.

Using the expertise of its parent company Precise Development, Amerald was established in 2009 to develop market-leading and sustainable buildings for investment, residential and commercial use. With its small team of 12, Amerald seeks out land with high investment value to add to its portfolio. It currently boasts more than 15 projects in its portfolio, including a boutique condominium in Balestier called Gaia that has won several awards for its environmentally friendly designs and quality workmanship. By focusing on quality projects built in locations with high growth, Amerald has earned many loyal customers.

Although the firm's core business is in residential, it ventured into commercial and hospitality projects in 2013 to ensure a stronger cashflow through rental income.

## Invest where the demand is

"If a company is small or medium-sized, financial considerations must come first and pragmatism should be practised," says Ron Tan, Amerald's business development director. In the context of real estate, pragmatism means choosing the best location in order to increase value. Amerald carefully handpicks locations that have high potential for capital appreciation, with a focus on freehold land rather than leasehold.

These criteria help deliver the greatest value to its customers with projects that are strategically more attractive than others offered in the market.

Amerald Land does not believe in extensive spending on advertisements which can be difficult, costly and impractical for smaller



firms. Instead, it focuses on investing in areas that are highly desired by investors. To identify potential properties, the management gathers data and creates methodologies to appraise the true value, capitalising on opportunities by starting their assessments early, in order to make purchases at an undervalued and off-market price.

This pragmatic operational strategy is further exemplified by Amerald's business activities in Malaysia. Amid large-scale development in the Iskandar economic zone, the company remains cautious about the demand created by a new city in such a remote region. Hence, the firm decided to ignore the trend of other developers investing in Iskandar. Instead, it opted to venture into the residential and hospitality industry in Pengerang, Johor, where it launched two new hospitality projects, The Amerald – Resort Hotel and The Amerald – Resort Residences.

By capitalising early on the planned Pengerang Integrated Petroleum Complex (PIPC), Amerald was able to secure the land

for the projects at an off-market price, hoping to capitalise on its first-mover advantage to become one of the first hospitality providers in the region. This focused approach in developing real estate sets Amerald apart from other developers, reducing risk while building a sterling reputation for producing valuable and attractive projects.

## Quality buildings

Although the importance of attractive sites cannot be downplayed, Amerald places equal emphasis on developing quality buildings to offer its customers long-term peace of mind. This two-pronged strategy has served the company well in a cooling property market.

Amerald also gains a competitive advantage by tapping the expertise of its parent company, Precise Development, which has more than three decades of experience in construction services in the public and private sectors.

High quality construction starts from selecting the best material. Although these materials are costly, Amerald believes savings from lower repairs far outweigh the cost. Going the extra mile, the firm also invests in research and development to create new materials for its projects. For example, it worked with the Department of Civil Engineering at the National University of Singapore to develop recycled concrete aggregates to reduce waste, heat, and energy usage.

## Continuous expansion

Bigger plans are in store for Amerald Land, including looking overseas for more lucrative opportunities. "With sluggish customer demand and stiff competition in the local markets, companies are looking to expand overseas. While there are more hurdles to cross, there are also higher profits to be reaped," says Tan.

These hurdles come in the form of red tape and unfamiliar market conditions – for instance, waiting for a year or more to receive construction approval for residential properties in Malaysia. This prolongs the project,

and prudent budgeting is necessary to ensure Amerald has sufficient cash flow. Having to deal with foreign and unfamiliar parties can be quite a challenge as well.

One of Amerald Land's tried-and-tested expansion policies is to start small in unfamiliar territory. Its most recent expansion into Indonesia was met with unexpected challenges that affected the design cost and project duration. Despite these, Amerald Land continues to explore opportunities with its conservative and calculated approach. All these efforts are aligned with their Tomorrow Future 2020 plan, launched in 2011 as a decade-long vision for expansion into other Asia-Pacific countries.

As a homegrown company, Amerald has shown that size does not matter in the real-estate industry; providing customers with quality properties at high investment value is paramount to its success. The E50 award is an affirmation of the success that Amerald Land has enjoyed.

Leveraging past successes to forge ahead, Amerald Land is establishing itself in Malaysia and Indonesia. "Competition is everywhere. The challenge is to find profitable sites," says Mr Tan. With their pragmatic but ambitious plans for the future, Amerald Land is a company to watch in the coming years.

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