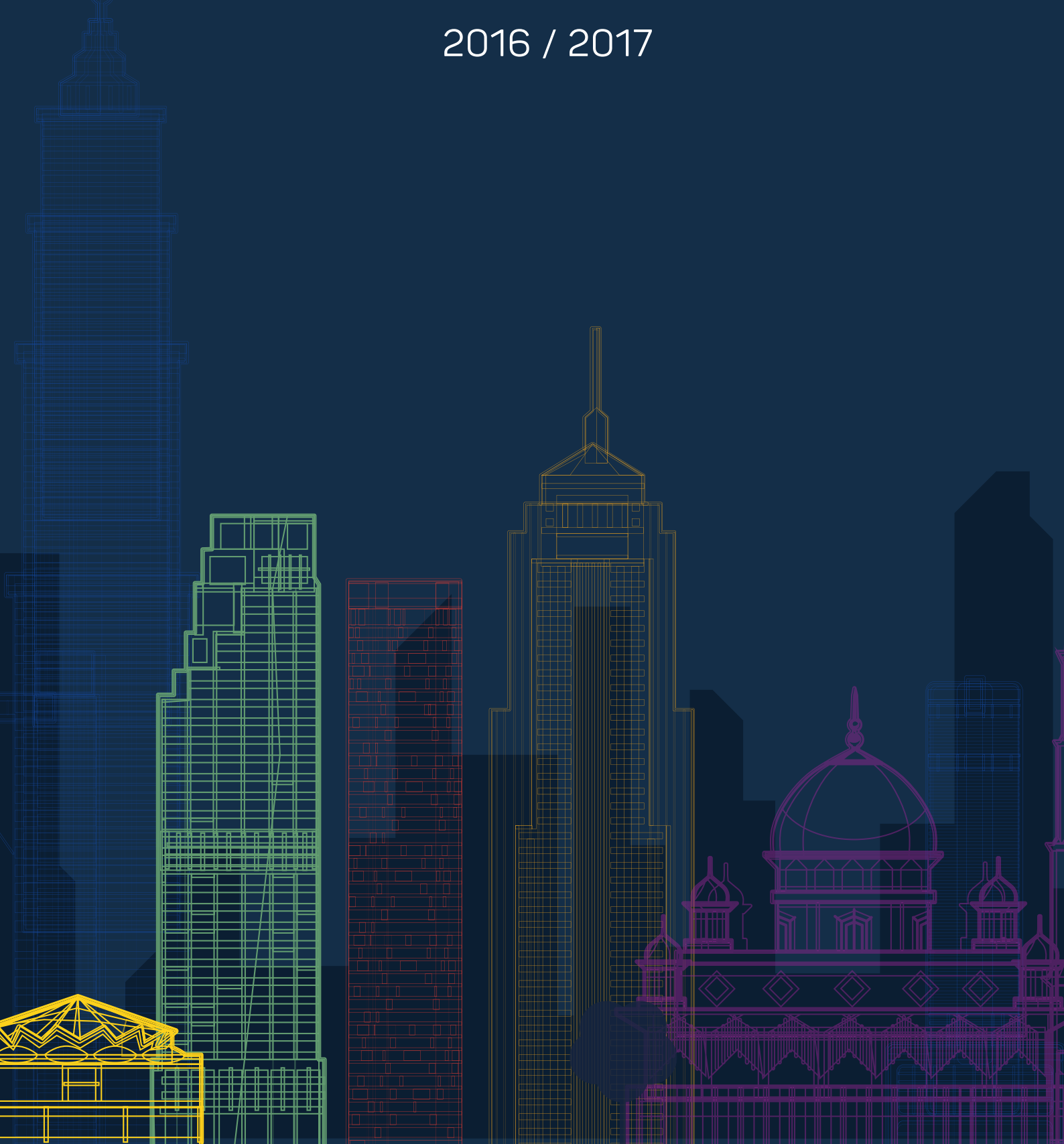


PROPERTY MARKET REVIEW

2016 / 2017



CONTENTS

Foreword	01
Property Market Snapshot	02
Northern Region	04
Central Region	23
Southern Region	46
East Coast Region	57
East Malaysia Region	71
The Year Ahead	83
Special Report on UK Market	85
Glossary	89

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FOREWORD



Standard & Poor's affirmed Malaysia's A- sovereign rating with strong external position & monetary policy flexibility

2016 was a year of unpredictability I would say. First is the Brexit Referendum results which surprised many, then Portugal defeated the home favourites' France and won their first European Championship, followed by the election of the Republican candidate Donald Trump as the 45th president of the United States of America outnumbering the pollster's pre-election favourite Hillary Clinton just before the end of the year.

On the Malaysian property scene, 2016 saw another challenging year under a tough environment from both the economic and property fronts. Numbers reported in the Property Market Report by the Valuation & Property Services Department (JPPH) showed the prolonging of the downward trend in property market activity that started since 2013 though it momentarily improved in 2014 by 0.8%. Total transactions dropped 5.7% from 384,060 in 2014 to 362,105 in 2015. Furthermore, in the past few years where the total value of transactions had maintained its positive growth despite any drop in transaction volume, the total transaction value has dropped by 8.0% in 2015 from its previous year, from RM162.97 billion to RM149.90 billion, recording a decline for the first time in 7 years.

The weakening of our Malaysian Ringgit, volatile crude oil prices, rising unemployment rates coupled with the slowing down of the Chinese economic growth and other global factors did not help to improve the market's sentiment. The recent JPPH statistic showed that the total property transaction volume had dropped by 12% to 163,528 transactions in the first half of 2016 compared to 186,407 transactions in the first half of 2015 - a trend that continued on in the third quarter of the year. At the current sluggish cycle, transaction activities in 2016 is expected to continue the downtrend movement with total transaction volume for the whole year estimated at between 330,000 to 340,000 transactions with the total value of transaction ranging between RM120.00 billion to RM140.00 billion.

Housing affordability and the provision of affordable housing continues to make headlines and a national issue especially amongst the low- and middle-income groups. In response to this, Budget 2017 under the theme entitled "Ensuring Unity and Economic

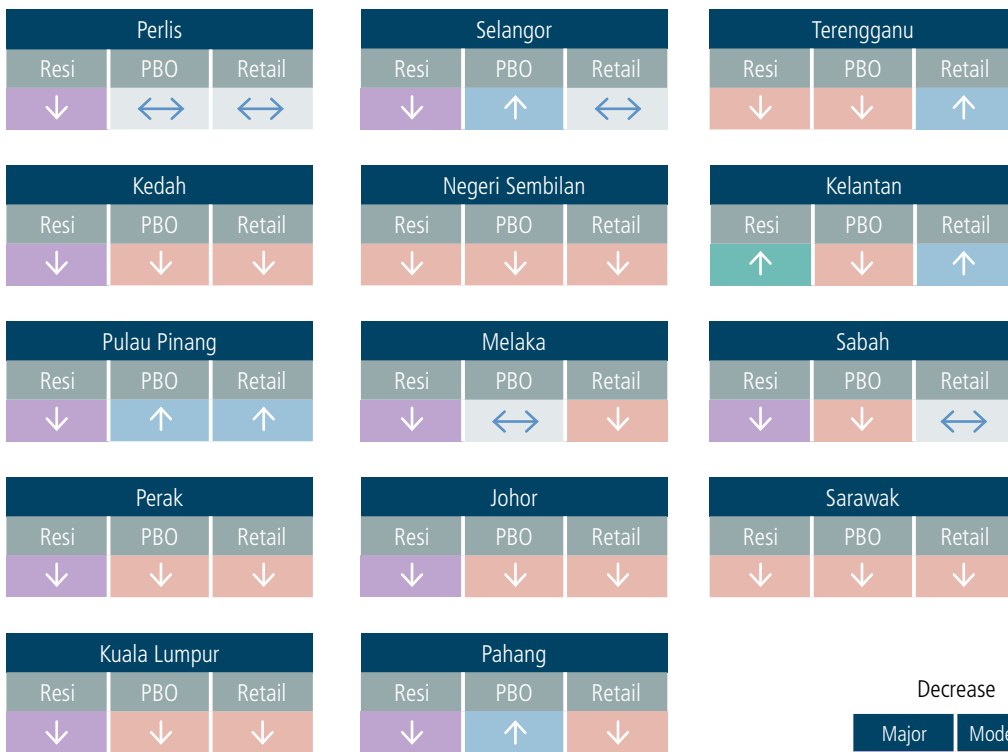
Growth – Inclusive Prudent Spending – Wellbeing of The Rakyat", a pragmatic and Rakyat-Centric budget has emphasized such priority to enhance the living standards of the rakyat with a special focus on the lower and middle-income groups through various programmes and provisions. These include special "step-up" financing for PR1MA programme, a "house for rent" programme, stamp-duty exemption on instruments of transfer and loan agreement for first home ownership. All these initiatives are aimed to encourage more home ownership and to benefit first-time home buyers. This will also indirectly boost the property sector especially in the affordable housing segment.

The World Bank's "Economic Monitor Report" released in June 2016 had estimated the Malaysian economy to grow at a slower pace in 2016 at 4.4% compared to the growth of 5.0% in 2015. Our economic growth is expected to pick up in 2017/2018 to 4.5% as commodity prices and global economic growth are expected to improve. Rating agency Standard & Poor's has also affirmed Malaysia's A- sovereign rating in November based on its strong external position and monetary policy flexibility. These have been proven via the latest data on the state of the Malaysian economy, released by Bank Negara Malaysia, pointing to an economy that is relatively robust and fairly resilient. Malaysia's economy grew by 4.3% in the third quarter of 2016, surpassing the median market's expectations of 4.0%. The economy has rebounded remarkably well from its 4.0% growth in the previous quarter. Besides the expected support from domestic demand via private sector spending, this time around, net exports also play a significant role to boost economic growth.

Some economists and property experts forecast 2017 to be another tough year and that the market will only begin to rebound in 2018/2019, though many of us are hoping for the property market to recover this year. Last year I said "good things do come to those who wait" and now we see the market being ever more cautious while developers re-strategizing their business and marketing plans. Longer consolidation period would be expected and it seems we need to wait a bit longer and hope for new "impetus" to ignite the property market momentum.

Tan Sri Dato' Abdul Rahim Abdul Rahman
Executive Chairman, Rahim & Co Group of Companies

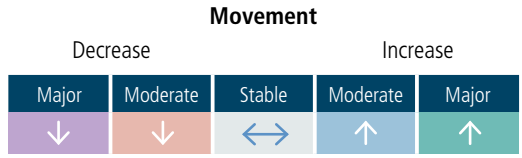
PROPERTY MARKET SNAPSHOT



Resi (Residential)
Growth of Residential Property Transaction Volume (9 months 2015 vs 9 months 2016)

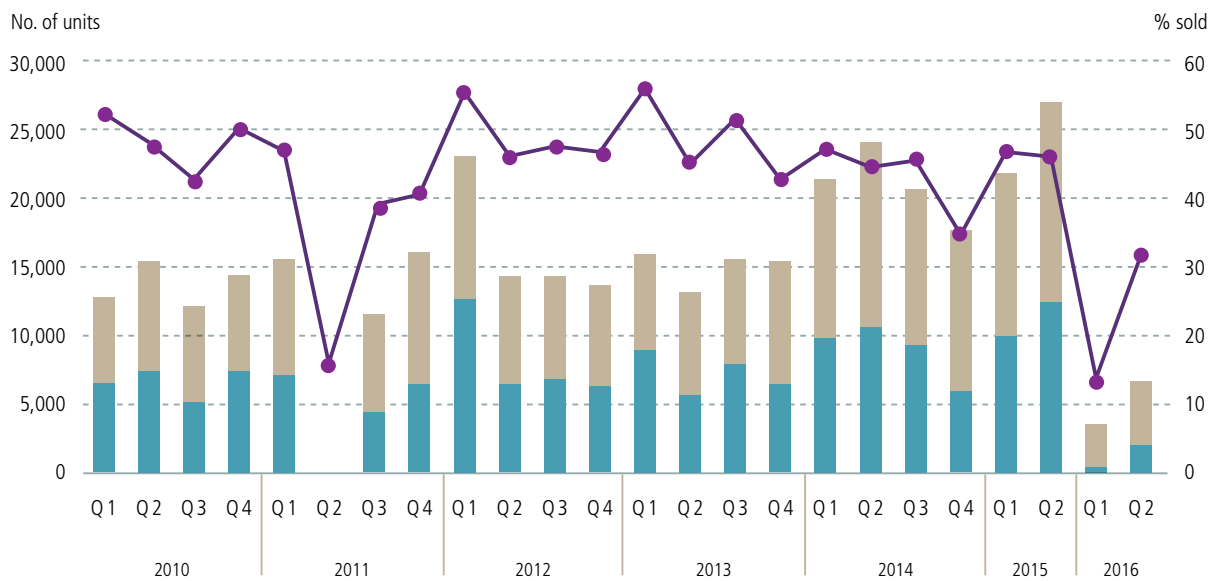
PBO (Purpose Built Office)
Growth of Purpose Built Office Occupancy Rates

Retail
Growth of Retail Complex Occupancy Rates



(Source: Rahim & Co Research, JPPH)

Sold vs Unsold New Launched Residential Units in Malaysia

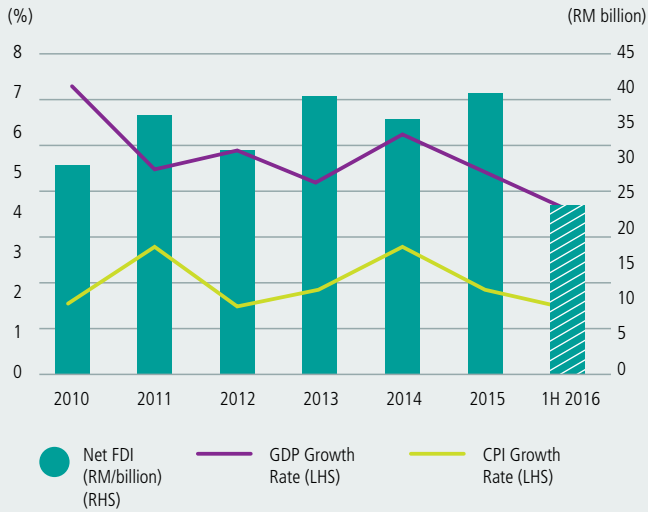


● All type residential (sold unit) ● All type residential (unsold unit) ● % sold

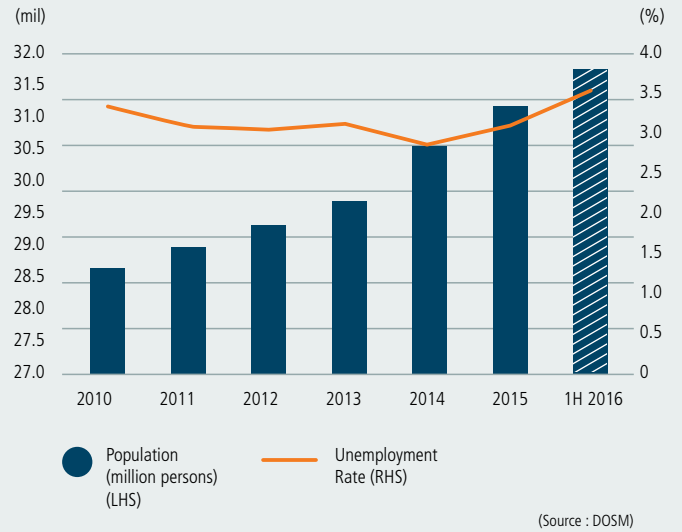
(Source: JPPH)

KEY ECONOMIC INDICATORS

GDP & CPI Growth Rate and Net FDI (2010 - 1H 2016)

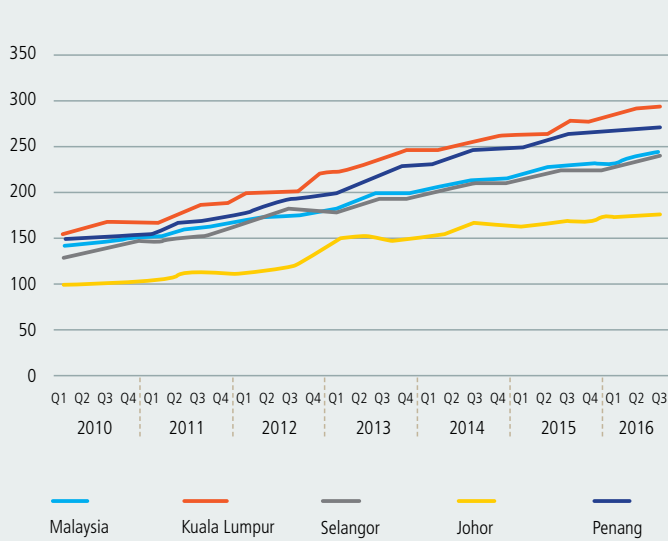


Population & Unemployment Rate (2010-2016)

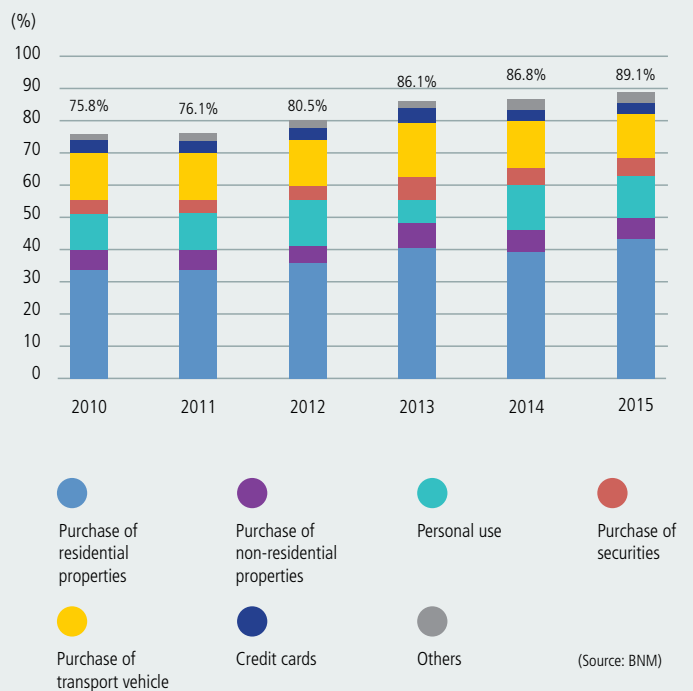


KEY PROPERTY MARKET INDICATORS

Quarterly House Price Index (2010-3Q 2016)



Household Debt to GDP Ratio (2010-2015)



NORTHERN REGION



PERLIS

RESIDENTIAL

Key Facts (as at 3Q 2016)

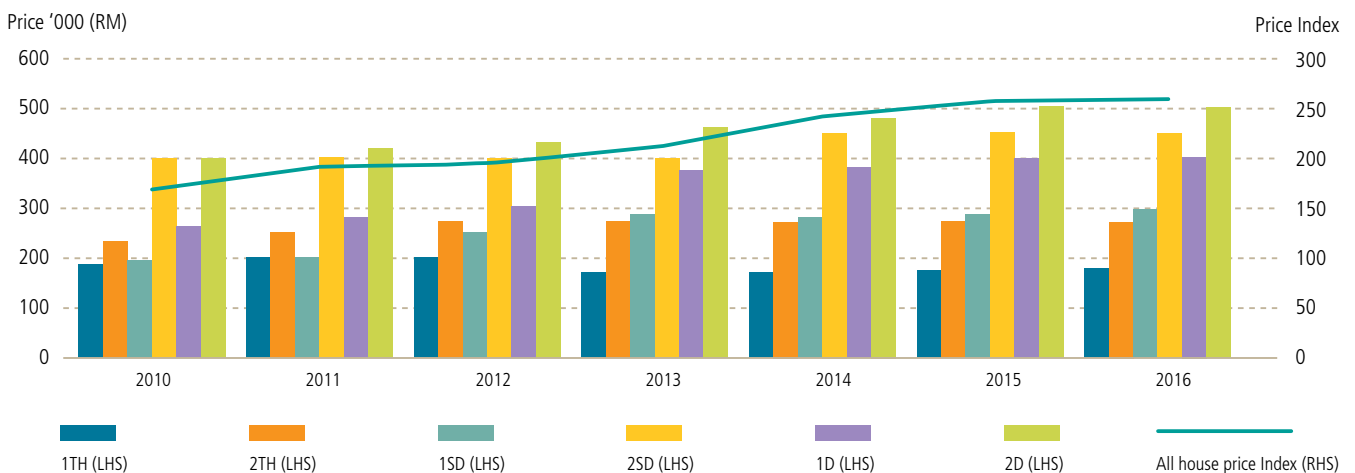
Supply	24,094 units	↑ 1.0% y-o-y
Transaction Volume	707 units	↓ 11.5% y-o-y
Transaction Value	RM349.07 mil.	↑ 11.9% y-o-y

(Source: Rahim & Co Research, JPPH)

The residential supply in Perlis recorded a growth of 1.0% for the first three quarters of 2016 compared to the same period in 2015. However, market activity in terms of transaction volumes for the residential sector showed a significant drop of 11.5%. Residential market in Perlis is mainly driven by the local market where landed houses' transactions dominate the market. Based on the residential units available across the state, majority are made of 1-storey terraced and 1-storey semi-detached houses.

On average, a 1-storey terraced house in established schemes such as Bandar Baru Putra Heights, Taman Muhibbah and Taman Hijrah Fasa I are priced from RM180,000 to RM200,000 for a standard unit. As for 1-storey semi-detached type, on average, the houses are priced from RM280,000 to RM320,000 and some selected schemes to note are Taman Sri Wang Fasa II in Arau, Taman Sri Pulai in Sena and Taman Jejawi in Jejawi. Availability of 2-storey terraced type is limited and are mainly located in Kangar town area. The price range hovers around RM280,000 to RM350,000 depending on size and location. Among new upcoming project noticed is Taman Utama Indah 6 in Kechor with 12 units of 1-storey semi-detached at RM268,000 onwards which is targeted for completion in 2017. This project has been reported as sold out.

Kangar Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Another to note is the upcoming landed residential units in Taman Desa Saujana, Arau - with 80 units of 2-storey terraced, 48 units of 2-storey semi-detached and 4 units of 2-storey detached houses. The houses are priced from RM380,000 (2-storey terraced), RM496,000 (2-storey semi-detached) and RM700,000 (2-storey detached), and aiming to be completed by March 2017.

In line with the state and federal government aspiration to provide affordable houses, a total of 5,553 units of PR1MA homes was announced to be built under the 11th Malaysia Plan in Perlis. These are to be located in a few areas in Kangar, Arau and Padang Besar. To date, the state government had received a total number of 11,160 applications to purchase these houses. In addition, about 400 houses under People Housing Programme (Projek Perumahan Rakyat) has been approved to be built in Arau.

Prices of Residential Properties in Selected Schemes

Scheme by Location	Type	Price
KANGAR		
Taman Putra Utama	2-storey terraced	RM280,000
Taman Sri Murni	2-storey terraced	RM300,000
Taman Kemajuan (low cost)	2-storey terraced	RM110,000- RM140,000
Taman Bukit Kaya	2-storey terraced	RM350,000
Taman Desa Bintong	1-storey terraced	RM180,000
Jalan Raja Syed Alwi	2-storey semi-detached	RM490,000
Taman Sentua	1-storey semi-detached	RM310,000
KUALA PERLIS		
Taman Utara Jaya	1-storey semi-detached	RM360,000
Taman Kuala Perlis Indah	1-storey semi-detached	RM270,000
JEJAWI		
Taman Muhibah	1-storey terraced	RM230,000
ARAU		
Taman Sri Wang	1-storey terraced	RM200,000

(Source: Rahim & Co Research)

Residential market in Perlis is mainly driven by the local market where landed houses' transactions dominate the market.

RETAIL

Key Facts (as at 3Q 2016)

Total Space	601,401 sf	↑ 17.3% y-o-y
Occupancy Rate	100%	↔ Stable
Rental	Prime Lots: RM4.00 – RM8.00psf Secondary Lots: RM1.50 – RM2.50psf	

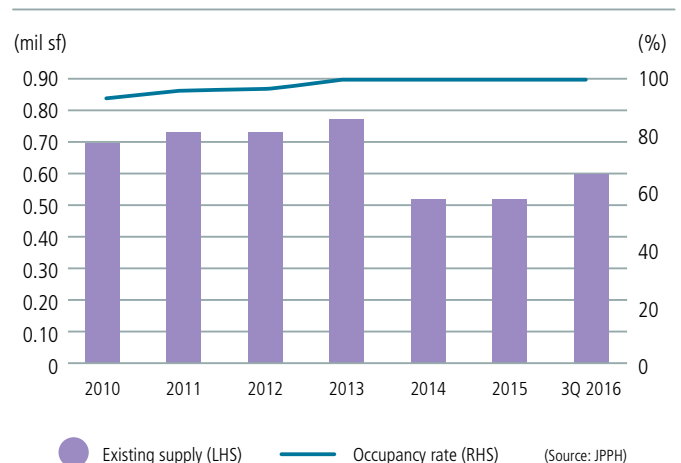
(Source: Rahim & Co Research, JPPH)

There are a total of 21 shopping complexes available in Perlis with 12 located in Kangar itself. In general, total space for retail sector in Perlis witnessed an increase of 17.3% with stable occupancy at 100%. This reflected a good performance considering the injection of new retail spaces completed within Giant Hypermarket in Kangar which had started its operation in early 2016. Another mall in the making is by Uda Holdings Bhd in Kangar town that is to be known as K-Parc Shopping Mall and expected for completion in year 2019.

Another notable new project in Perlis is Kangar Jaya which comprises of shop offices, retail lots and a hotel. There are talks that there will be a single-storey mall as part of the development which targets to attract a favourable anchor tenant established in the northern region. However, it is not yet confirmed and still under planning.

Prime retail such as Kompleks Tok Arau is renting out its spaces at a range of RM8.00psf to RM13.60psf per month whilst others are rented RM0.50psf to RM2.00psf per month on average. Arked Niaga in Padang Besar offered higher range of RM2.50psf to RM4.00psf per month. Overall, retail malls in Perlis remain stable due to limited retail space available.

Existing Supply & Occupancy Rate of Retail Spaces in Perlis (2010-3Q 2016)



SHOP OFFICE

Key Facts (as at 3Q 2016)

Supply	3,845 units	↑ 1.6% y-o-y
Transaction Volume	50 units	↓ 47.4% y-o-y
Transaction Value	RM27.26 mil.	↓ 34.2% y-o-y

(Source: Rahim & Co Research, JPPH)

Existing supply of 1-storey to 6-storey shop offices in Perlis has recorded a 2.6% growth between the first 3 quarters of 2016 compared to the corresponding period in 2015. However, the number of shop office transaction declined sharply by 47.4% to only 50 units as at 3Q 2016. A typical 2-storey shop office in Kangar and Arau would be transacted at a range between RM460,000 to RM520,000 depending on size and location.

In Kangar, the market will see 2 new projects slated for completion soon (targeted at the end of 2016/early 2017). K-Parc shop office launched its 86 units in 2014 and comprises of 3-storey shop offices that are currently selling at prices from RM760,300 for an intermediate unit. The other is Kangar Jaya by Nepta Development Sdn Bhd which is currently under construction and selling its 150 units of 3-storey shop offices from RM500,000 onwards.

There are limited high rise offices in Perlis and currently there is no new completion of office tower in the state. Most of the office buildings are used for government related agencies and organisations. The only notable future office tower to be built is within a mixed development known as K-Parc by Uda Holdings Bhd.

HOTELS

Key Facts (as at 3Q 2016)

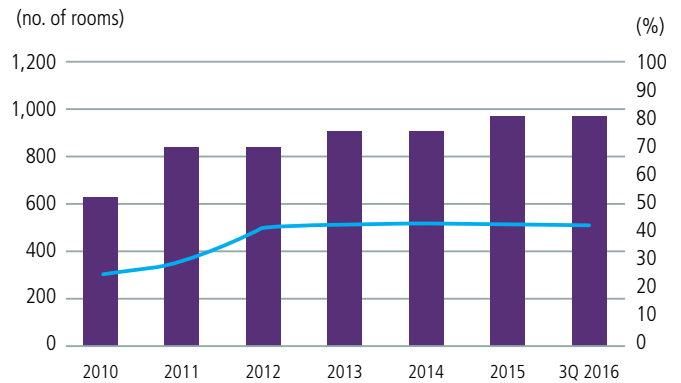
Supply	970 rooms	↑ 5.2% y-o-y
Average Room Rate	3 star: RM140-RM180 per night	

(Source: Rahim & Co Research, JPPH)

Total supply of hotel rooms in Perlis showed an increase of 5.2% as at 3Q 2016 compared to 2015. The number of room increase is mainly within the category of non-star rated hotels. Overall, the number of star-rated hotels are limited as seen by Putra Regency Hotel being the only 4-star rated hotel located in Kangar followed by 3-star Putra Brasmana Hotel in Kuala Perlis.

The only upcoming hotel currently under construction is Al Kausar Hotel by Yayasan Islam Perlis, targeted as a 3-star hotel and expected to complete by year 2017. On average, occupancy rate of hotels in Perlis ranges from 50% to 60% whilst hotels within prime location could reach a higher 70% occupancy. A standard room in a 4-star hotel in Perlis would be charged at RM180 per night whilst other lower star-rated hotels would range from RM100 to RM110 per night.

Existing Supply & Occupancy Rate of Hotels in Perlis (2010-3Q 2016)



● Existing supply (LHS) — Occupancy rate (RHS) (Source: JPPH)

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	222 units	↔ Stable
Transaction Volume	5 units	↓ 66.7% y-o-y
Transaction Value	RM0.54 mil.	↓ 92.2% y-o-y

(Source: Rahim & Co Research, JPPH)

Industrial market condition in the state is stagnant with no new supply seen to be developed. Industrial activities remain to be within Kuala Perlis and Jejawi areas. Recently, the state government is promoting its Chuping Valley which spans over 2,482 acres to be developed into a high-tech industrial hub. Of late, it was reported that there are currently 2 potential investors showing interest to invest in Chuping Valley from Japan and China.

The Japanese company intends to venture into a solar project with an investment estimating RM400 million while the Chinese company intends to build a plant manufacturing energy efficient vehicles which is estimated to cost around RM2 billion.

In order to spur interest in the industrial sector, an incentive scheme for the Less Developed Area (LDA) introduced in 2015 is to continue where newly established or existing companies that expand operations into less developed areas are eligible for 100% income tax exemption for up to 15 years.

NOTABLE ANNOUNCEMENT / ACTIVITIES IN PERLIS

- Perlis' Menteri Besar made an announcement that TH Properties will be investing RM250 million for a new development in Kuala Perlis.
- The state government is working on its implementation of projects to be approved under the 11th Malaysia Plan. Some of the projects under discussion are Chuping Valley Development (RM723.7mil), Perlis Inland Port (RM150mil), Padang Besar Customs and Immigration Complex (RM150mil), Arau People's Housing Project (RM55mil), the upgrading of Timah Tasoh Dam (RM300mil) and Timah Tasoh Flood Diversion Project (RM35mil).
- Chuping Valley will include 2,482 acres to be a future high-tech industrial hub in Perlis.
- Progress is seen on the plan to build the Perlis Inland Port through an alliance between Asia Freight Rail Sdn Bhd (AFR) and Keretapi Tanah Melayu Bhd (KTMB). It is still under proposal which is to be presented to the Minister of Transport.
- The new KPJ Perlis Specialist Hospital is targeted for opening in 2017 & will be Perlis' first private specialist hospital.

KEDAH

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	284,766 units	↑ 0.2% y-o-y
Transaction Volume	11,102 units	↓ 13.1% y-o-y
Transaction Value	RM2,067.33 mil.	↑ 3.8% y-o-y

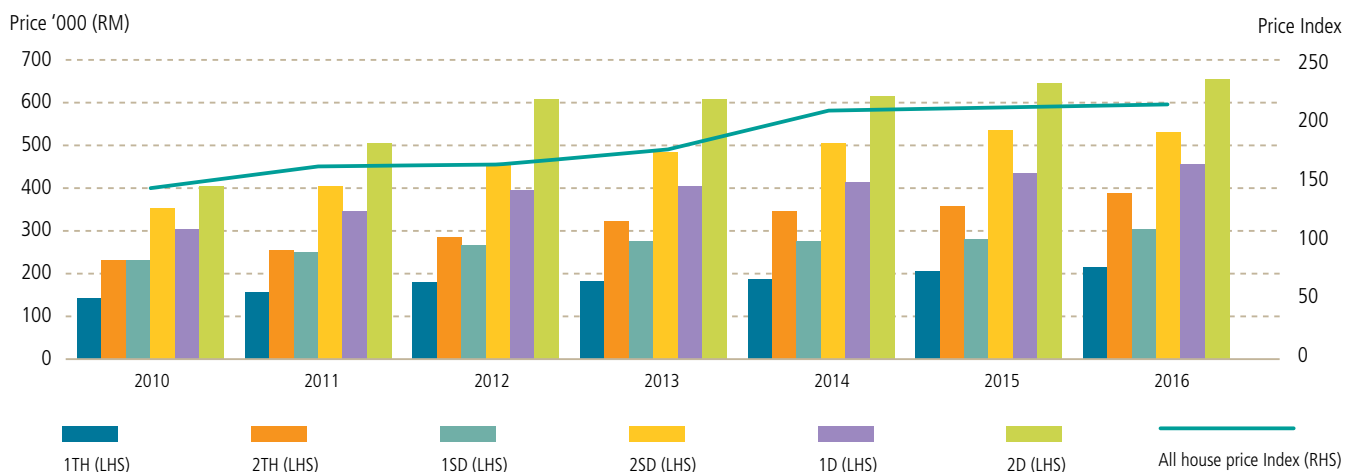
(Source: Rahim & Co Research, JPPH)

Despite the total residential transaction volume dropping by 13.1% to 11,102 units in the first three quarters of 2016 from 12,776 units within the same period in 2015, total transaction value rose by more than 3.8% between the corresponding periods. The amount of drop observed is in parallel with the downturn observed for the

national residential transaction. Generally residential prices within selected areas in Kedah showed an increase from 2.5% to 7.0%. Some areas showed significant increase of above 8.0%, them being Taman Saga in Alor Setar, Bandar Laguna Merbok and SP Saujana in Sungai Petani and Taman Kulim Techno Park City in Kulim.

On average, prices of 2-storey terraced houses in Kedah range from RM300,000 to RM400,000 depending on its size and location. Locals' preferences are seen more towards landed residential whilst highrise residential such as condominiums are more concentrated in prime locations such as Alor Setar and Langkawi, albeit smaller

Alor Setar Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Prices of Residential Properties in Selected Schemes

Scheme	Type	Price
Taman Saga	2-storey terraced	RM400,000
Taman Berjaya	2-storey terraced	RM350,000
Taman Saga	1-storey terraced	RM230,000
Taman PKNK	1-storey terraced	RM180,000
Taman Anggerik	1-storey semi-detached	RM290,000
Taman Lumba Kuda	2-storey semi-detached	RM460,000
Bandar Laguna Merbok	2-storey terraced	RM310,000
Bukit Banyan	2-storey terraced	RM360,000
SP Saujana	2-storey terraced	RM360,000
Taman Patani Jaya	2-storey terraced	RM235,000
Bandar Laguna Merbok	2-storey semi-detached	RM650,000
Taman Seri Aman	2-storey terraced	RM300,000
Taman Helang Perdana	2-storey terraced	RM300,000
Century Suria Condominium	Condominium	RM370,000
Laguna Langkawi	Condominium	RM550,000
Taman Kulim Techno Park City	1-storey terraced	RM190,000
Taman Kulim Square	2-storey terraced	RM310,000
Taman Kulim Utama	1-storey semi-detached	RM290,000

(Source: Rahim & Co Research)

in total numbers compared to other urban centres in the country. In Langkawi, they are mostly rented out as short-stay apartments. Prices for condominium in Langkawi would reach RM370,000 per unit for Century Suria Condominium while Amansuri Residences in Alor Setar is currently offering its unit at RM530,000. However, for older condominium units such as Istana Condominium, the average price is only tagged at RM200,000.

Rental prices for 2-storey terraced houses in Alor Setar hovers around RM750 to RM800 per month whilst some units in popular schemes within Sungai Petani's Bukit Banyan and SP Saujana is able to reach RM850 to RM900 per month. Generally, prices for residential in Kedah continue to increase whilst its rental market remain competitive, giving out an average yield of 3.0% to 4.0%.

New projects that are currently being launched or under construction in Kedah mainly revolve around landed types with majority of them being semi-detached houses and limited units of detached houses. Upcoming 1-storey semi-detached houses offer prices ranging from RM340,000 to RM390,000 and are mostly located in Sungai Petani. There are also efforts to build affordable houses by Bina Darulaman Bhd through its recently launched Indera Affordable Apartment in Jitra comprising of 336 units, and another unnamed development in Darulaman Perdana to be built with 312 units of apartments. In Sungai Petani, a new affordable housing scheme under Perumahan Penjawat Awam 1 Malaysia (PPA1M) is opened for registration known as Casa Impian. It offers 58 units of 1-storey semi-detached and 1-storey bungalow selling from RM199,903 and RM290,664 respectively.

Selected Upcoming Residential Properties in Kedah

Development	Location	Type	No. of Units	Built-up (sf)	Price (RM)	Completion
Scarlet	Darulaman Perdana, Sg. Petani	1-storey semi-detached	12	1,735	371,000	2017
Sri Iora 2	Sg. Petani	1-storey semi detached / 1-storey detached	73	1,600 / 1,696	349,000 / 495,000	2019
Sapphire	Darulaman Perdana, Sg. Petani	2-storey semi-detached	28	1440	592,000	2017
Cinta Sayang Resort Villas	Sg. Petani	2-storey detached	220	2,659 – 5,161	798,000	2019
The Somerset	Sg. Petani	2-storey detached	24	5,186	1.2 mil.	2018
Fairfield Villas	Yarra Park, Sg. Petani	2-storey detached	122	3,460	821,800	2017

(Source: Rahim & Co Research)

RETAIL

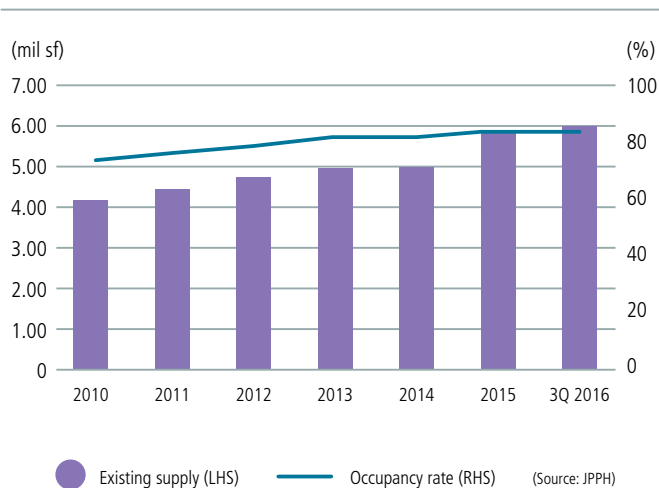
Key Facts (as at 3Q 2016)

Total Space	6.02 mil. sf	↑ 0.7% y-o-y
Occupancy Rate	84.0%	↓ 0.5% y-o-y
Rental	Prime Lots: RM10.00psf-RM20.00psf Secondary Lots: RM2.00psf-RM9.00psf	

(Source: Rahim & Co Research, JPPH)

Total supply of retail space in Kedah overall showed an increase of 0.7% in 3Q 2016 to 6.02 million sf. This is reflected by the completion of Mydin Wholesale Hypermarket in Taman Batik, Sungai Petani which was officially opened in October 2016. Even with the arrival of new retail spaces in Kedah, overall average occupancy rate held at 84% in 3Q 2016 with a slight decrease of 0.5% compared to 3Q 2015.

Existing Supply & Occupancy Rate of Retail Spaces in Kedah (2010-3Q 2016)



Currently, Aman Central Mall in Alor Setar has been the attention for high-end retail brands such as H&M, Brands Outlet, Guess, and Giordano. It is a mall with full fledge services catering for lifestyle and modern facilities in Kedah that adds to the excitement of offering various products for the locals. Its ground floor rent was reported to range from RM12.00psf to RM25.00psf per month. Other retail centres in the state include Tesco Mergong, Amanjaya Mall and Village Mall in Sungai Petani.

Other established retail centres in Alor Setar are renting out their prime lots at a range of RM10.00psf to RM20.00psf whilst secondary lots are up from RM2.00psf to RM9.00psf depending on its size and location. In Sungai Petani, Amanjaya Mall remains as the prime spot with its rental rate reaching RM12.00 to RM14.00psf. Currently, an established mall in Kulim known as Landmark Central is undergoing an extension of about 20,000 sf, resulting in a total 300,000 sf of retail space, slated for completion in 2017.

Newly Completed and Upcoming Retail Malls in Kedah

Development	Location	NLA (sf)	Completion
Mydin Wholesale Hypermarket	Taman Batik, Sg. Petani	133,284	October 2016
Expansion of Landmark Central	Kulim	Additional 20,000	2017
Atria Mall	Sg. Petani	1 mil.	Construction to begin at end 2016

(Source: Rahim & Co Research)

SHOP OFFICE

Key Facts (as at 3Q2016)

Supply	25,564 units	↔ 0.0% y-o-y
Transaction Volume	633 units	↓ 26.1% y-o-y
Transaction Value	RM244.50 mil.	↓ 23.6% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop office in Kedah remains stable with 25,564 units as at 3Q 2016, while transactional activity dropped by 26.1%. There are not many new launches seen on the ground. Prime shop offices are observed at Kompleks Perniagaan Gangsa in Alor Setar and Mergong within the capital city whereby the average price for a 2-storey shop office is about RM700,000 and other areas include those within new townships such as Taman Lagenda Heights and Bandar Laguna Merbok. In general, 2-storey shop offices in Alor Setar and Sungai Petani are priced between RM450,000 to RM500,000, with prime benchmark shops reaching RM600,000 to RM700,000.

In Sg. Petani, there is a commercial area facing the waterfront and is popular among the locals as a hangout spot known as Kinta Riverfront. Riverfront Phase 2 completed its 28 units of 3-storey shop offices in year 2014 and is currently selling at a minimum price

of RM538,800. Currently, the developer, Kuasa Aman Sdn Bhd is working on its Phase 3 which includes 78 units of shop unit only for lease and expecting completion in early 2017. Besides that, a new project was launched in Sungai Petani which comprises of 3-storey and 3½-storey shop offices to be known as N City Square. Currently prices of these shop offices starts from RM1.15 million and slated for completion in 2019.

Prices of Existing Shop Offices in Selected Schemes

Location	Type	Price
ALOR SETAR		
Kompleks Perniagaan Mergong Jaya	2-storey	RM700,000
Star City Industrial Park	2-storey	RM500,000 - RM600,000
Kompleks Perniagaan Gangsa	3-storey	RM700,000
SG. PETANI		
Bdr. Laguna Merbok	2-storey	RM500,000
Bandar Amanjaya	3-storey	RM460,000
KULIM		
Taman Kulim Square Indah	2-storey	RM600,000

(Source: Rahim & Co Research)

Opposite the new Mydin Wholesale Market in Taman Batik, a newly completed scheme of 2-storey shop offices by Teguh Harian Group are priced from RM520,000 when it was launched and now have sold 85% of its total 101 units. It is currently offered for sale at RM550,000, showing an increase in price of about 6.0%. In 2016, Idaman Warisan Sdn Bhd revealed its new project known as Kuala Ketil Commercial Centre which will comprise of 2-storey, 2½-storey and 3-storey shop offices priced from RM600,000 onwards.

HOTELS

Key Facts (as at 3Q2016)

Supply	12,499 rooms	↑ 2.5% y-o-y
Average Room Rate	4-star: RM170-RM185 per night 5-star: RM640-850 per night	

(Source: Rahim & Co Research, JPPH)

The State of Kedah continues its strong tourism promotion to attract tourists locally and internationally especially for its main tourism attraction, the island of Langkawi. The island has its own international airport, which is one of the two airports in the state. Some of the regular annual events held in Langkawi are the Royal Langkawi International Regatta, Ironman Langkawi, and Langkawi International Maritime & Aerospace Exhibition (LIMA). A 5-star hotel known as The St. Regis Hotel in Langkawi was officially completed and opened in April 2016, adding to the vast choices of luxury hotels on the island.

Most 4- and 5-star hotels are gathered in Langkawi Island, facing the sea or sited by the beaches. For those 4-star hotels here, the average room rate offered are from RM450 per night whilst 5-star hotels offer a minimum of RM640 per night. Most of the 5-star hotels would charge its room rate at about RM900-1,000 per night. In Alor Setar, the average room rate for 4-star hotels ranges between RM170 per night to RM185 per night.

Currently, there is a lot of talk about a new airport in the state. Kulim International Airport (KXP) would be the state's third and is proposed to complement Penang International Airport which is fast reaching its capacity. There has been no confirmation as yet but from the press announcements made, studies are being conducted on the proposed airport and discussions have been held between the state and federal governments on the matter. With the proposed third airport, potentially urbanisation trends will be spurred between Sungai Petani-Kulim-Butterworth fuelled by the demand of growing economic activities in the area. Furthermore, this new airport could bring in more tourists and business travellers into the state as a new gateway to the northern parts of the peninsula.

Newly Completed & Upcoming Hotels in Kedah

Development	Location	Star Rating	No. of Rooms	Completion
The St. Regis Langkawi	Langkawi	5	4 villas / 85 suites	2016
The Ritz-Carlton	Langkawi	5	174	2017
Park Royal Langkawi Resort	Langkawi	5	262	2018
The Burau Beach Resort	Langkawi	5	331	2019

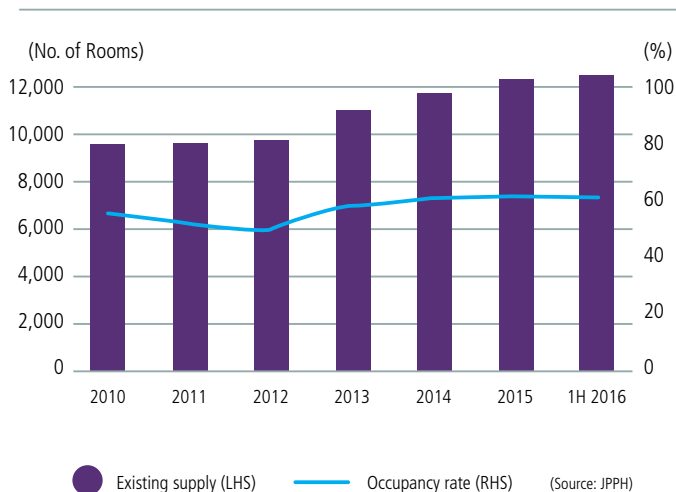
(Source: Rahim & Co Research)

NOTABLE ANNOUNCEMENTS / ACTIVITIES IN KEDAH

- The Kulim International Airport (KXP) project has now been redesigned as a passenger and air cargo shipment hub for the northern state which is estimated to cost about RM1.6bil. The proposal was submitted in 3Q 2016 and the government has identified land in Sidam Kiri for the project, about 20km away from Kulim Hi-Tech Park.
- Sungai Petani-Kedah Inner Expressway (SPIKE) is under planning stage as it was announced in Budget 2016
- Kedah Science and Technology Park to start in 2017. Other notable projects in planning stages in the state are Kedah Aerocity and Kedah Medical City.

With the proposed third airport, potentially urbanisation trends will be spurred between Sungai Petani-Kulim-Butterworth fuelled by the demand of growing economic activities in the area.

Existing Supply & Occupancy Rate of Hotels in Kedah (2010-1H 2016)



INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	3,788 units	↑ 3.0% y-o-y
Transaction Volume	240 units	↑ 10.1% y-o-y
Transaction Value	RM221.76 mil.	↑ 43.1% y-o-y

(Source: Rahim & Co Research, JPPH)

The industrial sector in Kedah seems to move in a positive direction as there was increase in supply and transaction – both volume and value between the first three quarters in 2016 and 2015. Some notable industrial areas in Kedah include Kulim Hi-Tech Park and Mergong area. 1- and 1½-storey semi-detached factories in Waja Industrial Park, Kulim were transacted recently from RM650,000 to RM700,000 per unit whilst a similar type in Simpang 4 Light Industrial Park, Alor Setar transacted lower from RM470,000 to RM490,000 for standard units. Detached factories vary in sizes and on average the price could reach about RM3.0 million and above in good locations such as Kulim Industrial Park and Mergong Industrial Park.

A few initiatives were introduced by the state and federal governments such as the Rubber City Project in Padang Terap and Kedah Science Technology Park in Bukit Kayu Hitam - expecting to kick start in 2017. Another mega project includes Yan Petroleum Industrial Zone which involves partnership between both local and international players from China.

Support and confidence from private investors in the state is still observed with EG Industries Bhd, a player in the electronic and manufacturing services (EMS), announcing its plans to invest about RM30 million in a new manufacturing facility for plastic injection moulding operations in Sungai Petani.

PENANG

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	404,050 units	↑ 1.9% y-o-y
Transaction Volume	9,899 units	↓ 14.4% y-o-y
Transaction Value	RM3,997.37 mil.	↓ 12.5% y-o-y

(Source: Rahim & Co Research, JPPH)

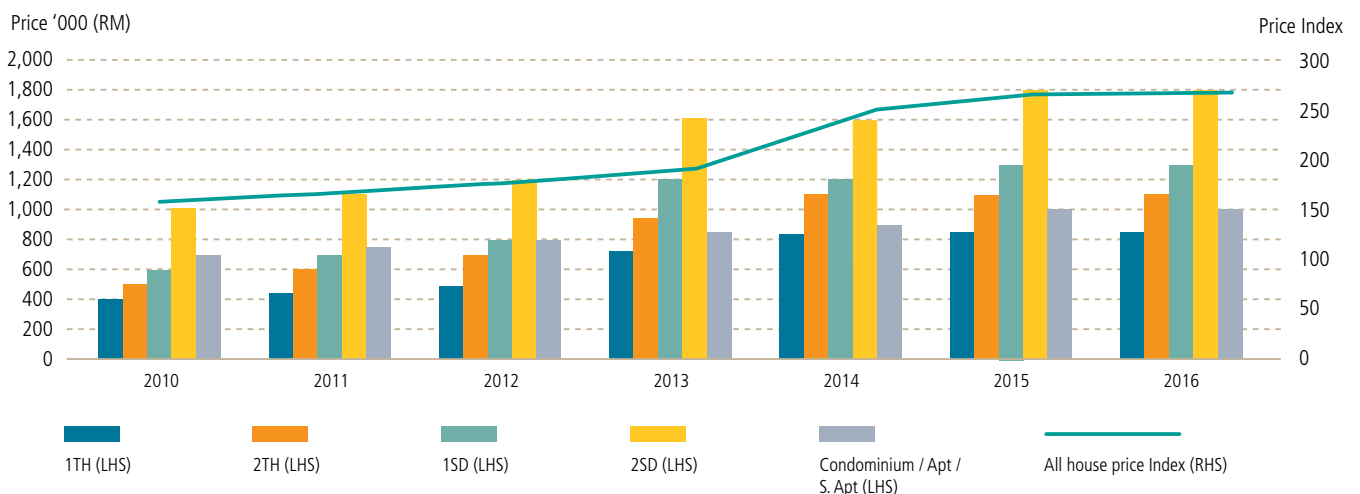
Although residential supply grew at 1.9%, transactions volume and value dropped denoting a more muted market in line with the general economic sentiment across the country and the globe. Nevertheless, the residential market in Penang Island remains resilient with new pocket developments under construction in major cities such as Georgetown and Tanjung Bungah. With the completion of Penang's Second Bridge, the southern parts of both island and mainland are beginning to set its new connection. In the island, some new developments are seen in Sg. Ara, Teluk Kumbar, Paya Terubong and Balik Pulau. As land becomes scarce on the island and prices of new launches still high, the mainland market has begun to grow in momentum.

Currently, prices for condominium units in prime areas located at the island hover between RM2.3 million to RM3.0 million onwards or about RM650psf to RM1,000psf on average. High end

condominiums are mainly located in Penang Island within prime areas such as Tanjung Bungah, Gurney Drive and Georgetown. Among those are Gurney Paragon Condominium, 1 Tanjung Condominium and Infinity Condominium to name a few. For the selected high-end condominiums mentioned, unit type available are mostly of super-size which is about 2,600 sf and above. Whereas for Seberang Perai or the mainland, prices of new condominium launched are about RM300psf to RM480psf with quantum prices of RM300,000 to RM550,000 onwards depending on its location, type and size. In general, within Penang Island, a condominium would be offered at RM600,000 to RM1.0 million and above.

New projects are starting to take place in Sg. Ara, Teluk Kumbar and Balik Pulau area with each project offering its own unique selling features. For example, The Clovers in Sg. Ara has its own green area called the 'Jungle Trek' available to only the residents whilst the Orchard Ville in Sg. Ara is offering its landscape with Herb Garden and hiking track. There also others offering low density units per floor such as Middleton@Minden Heights (5 units per floor) in Gelugor. Setia Pinnacle by SP Setia and Vertu Resort Condominium by Aspen Group are soon to be granted with Green Building Index certificate.

Penang Residential Property Price Trend & House Price Index (2010-2016) #1



(Source : Rahim & Co Research, IHRM)

Selected Upcoming Residential Properties in Penang

PENANG ISLAND				PENANG MAINLAND			
Scheme	Location	Price (RM)	Expected Completion	Scheme	Location	Price (RM)	Expected Completion
Mira Residence	Tanjung Bungah	From 1.15 mil	2016	Goodfields Residence	Bukit Minyak	From 348,000	2016
Orchard Ville	Sg. Ara	From 548,000	2016	Berjaya Condominium	Bukit Mertajam Town	From 483,000	2017
The Clovers	Sg. Ara	From 730,000	2016	Mahkota Impian	Alma, Bukit Mertajam	From 380,000	2017
Setia Pinnacle	Sg. Ara	600,000	2017	Royale Infinity Condo	Bukit Tambun	From 258,800	2017
The Landmark	Tanjung Tokong	From 1.21 mil	2017	Exo Residence	Bukit Tengah	From 416,000	2018
Artes	Bayan Lepas	From 750,000	2017	BM Park Lane	Off Jalan Ciku	From 428,000	2019
Quaywest Residences	Persiaran Bayan Indah, Bayan Lepas	850,000	2017	The Navens	Macang Bubok	From 354,000	2019
Artis 3	Jelutong	200,000	2018	Casa Residence	Jalan Song Ban Kheng	From 383,800	2019
Mont Residence@ Mount Eskine	Tanjung Tokong	From 1.1 mil	2018	Vertu Resort@ Aspen Vision City	Batu Kawan	From 418,000	2019
Middleton, Minden Heights	Gelugor	1.12 mil	2019	Eco Bloom@Eco Meadows	Simpang Ampat	From 388,000	2019

(Source: Rahim & Co Research)

For landed residential properties, a 1-storey terraced house in Penang Island would be priced at an average of RM600,000 to RM850,000 onwards whilst prices for 2-storey terraced house in prime location ranges from RM800,000 to RM1.1 million onwards. Besides typical landed product such as terraced and semi-detached houses, there are also townhouses such as The Maven at Balik Pulau selling 3-storey townhouses from RM582,000 and Sunway Wellesley at Bukit Mertajam selling from RM535,000.

As for the mainland or Seberang Perai, Bukit Tengah and Juru area looks brighter with the completion of Icon City and the currently under construction Juru Sentral. In Bukit Mertajam, the existence of an AEON Mall next to Tesco Bukit Mertajam gives the area boost as a thriving commercial cum industrial spot and hence invite more residential developments to be placed there. As of now, new residential projects coming up in the area are semi-detached houses such as Cosmo Residence and The Glades by Metrio Development Sdn Bhd and highrise residential such as The Navens by WHH Land. Also on the mainland, within the Batu Kawan hot spot, Aspen Vision City by the Aspen Group, Eco Meadows & Eco Bloom by Eco World and Utropolis by Paramount are a few big names currently progressing with their mixed township products - setting new price benchmarks along the way.

Some newly completed highrise residential seen in 2016 are By The Sea Condominium in Batu Feringghi, Sunrise Gurney at Persiaran Gurney, Georgetown and Setia V Residences in Gurney Drive whilst newly completed landed houses include Taman Indah at Bukit Tengah and Cypress Villa at Sungai Ara. There are also several new launches to be expected soon such as Queens Residences, Summerskye Residences, Forest Ville, Bukit Ayun Development and Amarene. In the high-end category, a new project located in Relau made its debut as the Iconic Skies comprising of 299 units sized from 970 sf to 1,598 sf and priced from RM750,000. It is set for completion in 2017.

Lately, affordable housing matters has been the attention of all. Market sentiment on rising prices imposed especially for residential properties would influence the demand to buy new residential properties. Developers with positive past reputations and established branding will ensure buyers to favour or give priority in considering to purchase their products. Currently, affordable houses are being built in Teluk Kumbar, known as the Duo Residensi, comprising 694 condominium units sized at 700 sq. ft., 850 sq. ft. and 1000 sq. ft. with the prices of RM72,500, RM250,000 and RM330,000 respectively.

RETAIL

Key Facts (as at 3Q 2016)

Total Space	18.04 mil. sf	↓ 0.2% y-o-y
Occupancy Rate	71.0%	↑ 0.6% y-o-y
Rental	Prime: RM10.00-RM45.00psf Secondary: RM4.00-RM9.00psf	

(Source: Rahim & Co Research, JPPH)

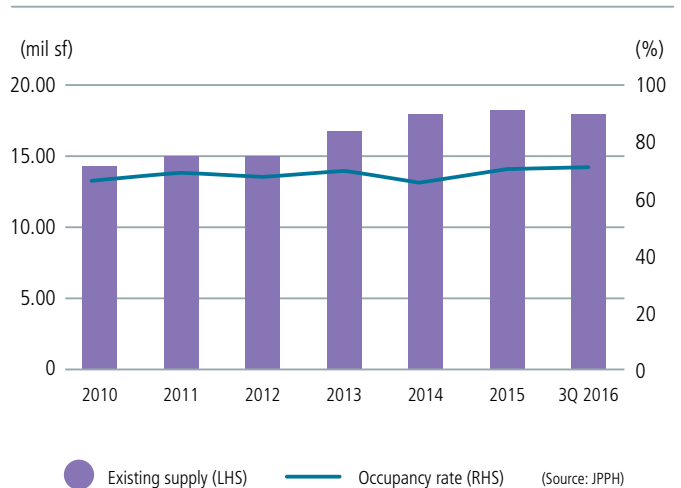
Total supply of space in retail complexes in Penang dropped by 0.2% from 18.07 million sf to 18.04 million sf. For retail mall in Penang, year 2015 showed a minimum increase in supply of about 220,000 sf, thus there is opportunity to fill in the existing retail space without much competition from a new completed mall. Increase in occupancy rate shows that there are retailers keen to fill up the available retail space especially in good or new locations with established population where they will meet the target market catchment of the retail products.

With the growing population and flourishing tourists in Penang, the need to provide hang-out spots is ignited, specifically in bringing modern retails into strategic areas. New areas are seen to shine with the existence of retail component such as Juru (Juru Autocity), Bukit Tengah (Icon City), Alma in Bukit Mertajam (AEON Mall & Tesco) and Batu Kawan. In November 2016, a 400,000sf fashion mall, Penang Design Village had been officially opened. Nearby to this site, IKEA has commenced initial works to build their first complex in the northern parts of peninsular Malaysia.

Integrated developments or mixed developments have been in the trend lately and through that, retail complexes become a necessity to support incoming population within the new developments. This is evident through some projects currently under construction such as Mall@Southbay City in Batu Maung, Penang Times Square, The Light Waterfront Mall and Penang World City. However, there is a concern on whether new retail spaces can cope to compete for tenants. Recently, AEON Seberang Perai City Mall in Bandar Perda has halted its operation with a short notice. The real reason behind it is not revealed but one may see it as an indicator of retail space facing hard times to be filled in.

Sunway Carnival Mall, though an existing mall, will also be contributing more retail space in the coming years by undergoing a three-phase facelift transformation which comprises of a shopping mall extension, a refurbishment exercise and an additional office block. Rental for selected prime malls in Penang hovers around RM10.00psf to RM45.00 psf. Gurney Plaza, an established mall and located in prime location (Gurney Drive), is able to rent out its prime lots at about RM20.00psf to RM45.00psf whilst there are other malls with rentals achieving RM30.00psf such as First Avenue and Queensbay Mall.

Existing Supply & Occupancy Rate of Retail Spaces in Penang (2010-3Q 2016)



Upcoming Retail Malls in Penang

Property	Location	Net Lettable Area (sf)
Penang Design Village (Opened)	Batu Kawan	400,000
IKEA	Batu Kawan	Undisclosed
City Mall Bayan City	Bayan Baru	300,000
Southbay Plaza	Batu Maung	424,000
Penang World City	Bayan Mutiara	1.0 mil
Sunshine Tower	Bandar Baru Ayer Itam	2.0 mil
The Light Waterfront Mall	Gelugor	1.0 mil
Mall@Southbay City	Batu Maung	750,000

(Source: Rahim & Co Research)

PURPOSE BUILT OFFICE

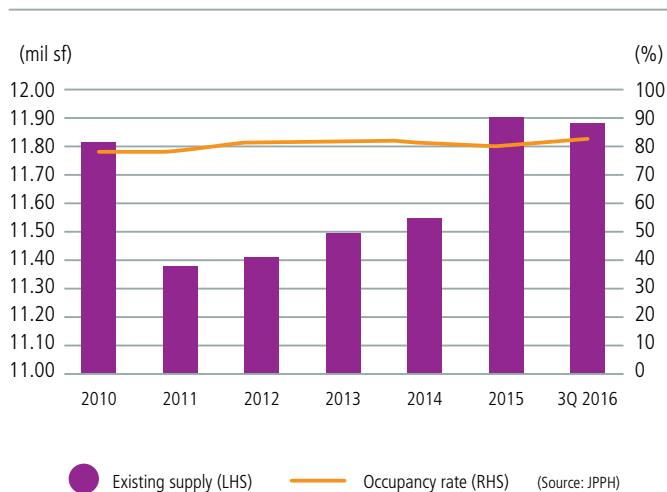
Key Facts (as at 3Q 2016)

Supply	11.88 mil. sf	↓ 0.2% y-o-y
Occupancy Rate (%)	82.5%	↑ 3.1% y-o-y
Rental Rate (RM)	RM1.40psf to RM2.50psf.	

(Source: Rahim & Co Research, JPPH)

Overall, 3Q 2016 supply of purpose built office space in Penang declined from 3Q 2015 with average occupancy rate recorded at an increase of 3.1% to 82.5% in 3Q 2016. The high occupancy rate achieved is not challenged as there are no newly completed purpose built offices this year but more are being built and expected for completion by year 2020.

Existing Supply & Occupancy Rate of Purpose Built Office in Penang (2010-3Q 2016)



Following the trend of integrated developments nowadays, existence of a commercial factor such as office building or retail-office has become the attraction for new developments. One upcoming project noted with offices currently under construction is the office building by The Light Waterfront set to kick start at the end of 2016 with gross floor area of 540,000sf. Others worth mentioning are Areca@Penang by Titijaya Group Berhad and VOS by Inma Development Sdn Bhd.

In general, rental market of the existing offices hovers around RM1.40psf to RM2.50psf in town area such as Georgetown and Pulau Tikus whilst some older buildings command a minimum rental of about RM1.10psf to RM1.20psf. A few buildings are able to rent out higher at RM2.70psf to RM3.00psf such as Menara Boustead, Menara KWSP and Menara IJM Land.

SHOP OFFICE

Key Facts (as at 3Q 2016)

Supply	26,187 units	↑ 2.1% y-o-y
Transaction Volume	647 units	↓ 34.6% y-o-y
Transaction Value	RM486.10 mil.	↓ 6.8% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop offices in Penang as at 3Q 2016 grew by 2.1% to 26,187 units. However, its total transaction dipped to 34.6% compared to the previous year. Recently, there are a number of schemes comprising shop offices being completed and ready for sale or for rent.

In Penang mainland (Seberang Perai), a few notable schemes completed this year are Pusat Perniagaan Perdana Jaya in Bukit Mertajam and Icon City in Bukit Tengah, and the existence of these new hot spots has unlocked the potential of areas nearby. For instance, the success of Icon City project at Bukit Tengah has influenced other projects being built such as Juru Sentral and Abel Residence at the surrounding. Another example is the existence of AEON Bukit Mertajam and Tesco Bukit Mertajam in Alma attracted new shop offices to be developed nearby known as Pusat Perniagaan Seri Impian. Currently, newly completed shop offices are seen in several areas such as Butterworth, Bukit Mertajam and Simpang Ampat.

Existing 2-storey shop offices in Penang Island are priced from RM1.2 million to RM2.2 million and above whilst 3-storey shop offices can vary from RM1.5 million to RM3.0 million and above. Famous for its heritage, pre-war shops in Penang Island are priced at RM1.0 million to RM2.6 million whereas higher ranges could reach up to RM3.0 million or more. In prime areas of mainland (Seberang Perai) such as Bukit Mertajam and Seberang Jaya, 3-storey shop offices are currently selling at RM2.5 million to RM3.3 million.

Selected Upcoming Shop Offices in Penang

Property	Location	Developer	Units
Queens Waterfront	Bayan Lepas	Ideal Property Group	Phase 1 - 72 units Phase 2 - 72 units
SummerSkye Residences	Ideal Vision Park, Bayan Lepas	Ideal Property Group	78 shop offices

(Source: Rahim & Co Research)

HOTELS

Key Facts (as at 3Q 2016)

Supply	16,239 rooms	↔ Stable
Average Room Rate	4-star: RM210-RM270 per night 5-star: RM400-RM500 per night	

(Source: Rahim & Co Research, JPPH)

Completion of hotels especially those of 5-star ratings in Penang Island such as Lexis Suites Hotel, The Rice Miller Hotel & Godowns, and Double Tree Resort by Hilton Penang are giving the tourists more options to choose during their trip in Penang. The hotspots of tourism attraction located mainly in Penang Island make it natural for travelers, be it domestic or international, to choose the island as a destination.



The number of international visitor arrivals into Penang state plummeted by about 10.9% from 3,230,399 in 2014 to 2,879,899 in 2015. The decrease in international tourists to Penang might affect the occupancy rate of hotels to be pressured but with the strong support of domestic demand contributing about 54.6%, there are still hotels performing well at about 80% occupation. Average standard room rate for 3-star hotels in Penang Island are set at RM145 to RM163 per night whilst 4-star and 5-star hotels are set higher at a minimum of RM210 and RM400 per night each.

In paving the way to become more competitive with the current expectations, the Hydro Majestic Hotel has undergone refurbishment and a change in management, now being rebranded as the Double Tree Resort by Hilton Penang.

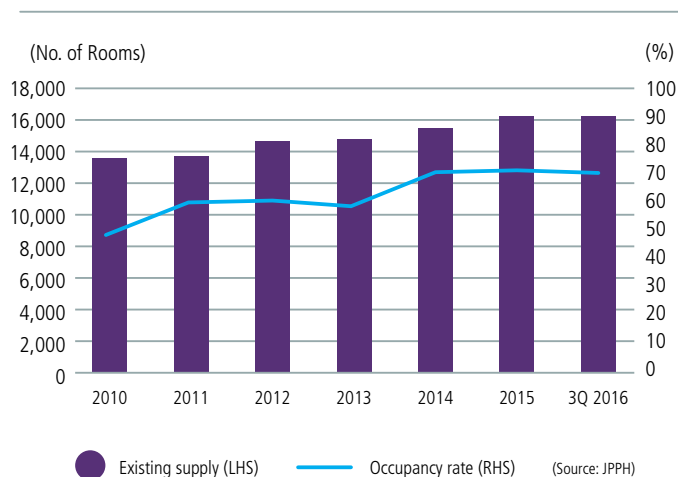
In addition, several new hotels recently completed across 2016 are all located within George Town. They are Jawi Peranakan Mansion, The Edison and Kimberley Hotel; the first two being heritage hotels.

Newly Completed & Upcoming Hotels in Penang

Name	Star Rating	Location	Completion/Opened	Other Details
Double Tree Resort by Hilton Penang	5	Batu Feringghi	3rd quarter 2017	318 rooms
The Rice Miller Hotel & Godowns	5	Georgetown	2017	45 suites A penthouse 21 multiple-bedroom residential suites
Lexis Suites Hotel	5	Bayan Lepas	2016	221
The Jazz Hotel	4	Seri Tanjung Pinang	2017	259 rooms
Ozo Georgetown Penang	N/A	Georgetown	2017	132 rooms

(Source: Rahim & Co Research)

Existing Supply & Occupancy Rate of Hotels in Penang (2010-3Q 2016)



INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	8,919 units	↑ 11.3% y-o-y
Transaction Volume	295 units	↓ 43.1% y-o-y
Transaction Value	RM706.84 mil.	↑ 17.9% y-o-y

(Source: Rahim & Co Research, JPPH)

In Penang Island, the key industrial areas remain within Bayan Baru and Bayan Lepas area whilst in Seberang Perai or Penang Mainland, improved access to industrial spots, such as the Second Bridge, have strengthened its capability to grow further from merely an industrial park to an area with complete facilities. For example, with PE Land (Penang) Sdn Bhd setting up Penang Design Village and the emergence of IKEA in Batu Kawan, several other residential developments and commercial cum industrial projects have started to launch its product at the surrounding.

Recently, it was announced that a Boston Scientific plant is expected to be operational by year 2017 within Batu Kawan Industrial Park area.

NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PENANG

- MRCB's Penang Sentral is currently under construction in Butterworth on a 24-acre site. It has been reported to have a potential GDV of RM2.8 billion which is poised to transform the main hub on the mainland as an ultra-modern TOD facility.
- Penang Sky Cab, a 4.8km cable car system connecting the island to the mainland, is to begin construction in 2018 with an estimated cost of between RM500-700 million.
- The Penang Transport Masterplan covers the LRT, Monorail & Tram systems, with a multitude of road-based systems & upgrades, including the Penang Undersea Tunnel. SRS Consortium, a joint venture between Gamuda Bhd, Loh Phoy Yen Holdings Sdn Bhd and Ideal Property Development Sdn Bhd, has been appointed by the state government as the Project Delivery Partner (PDP) while the funds are raised by allowing for the reclamation of a 930ha plot and a 445ha plot off the coast in Permatang Damar Laut.
- Bayan Lepas Expressway has been completed and opened in April 2016 (also called the Tun Dr Lim Chong Eu Elevated Highway).
- InterContinental Hotels Group (IHG) has signed a management agreement with Exopuri Development Sdn Bhd to develop 288-room Holiday Inn & Suites in Prai.

PERAK

RESIDENTIAL

Key Facts (as at 3Q 2016)

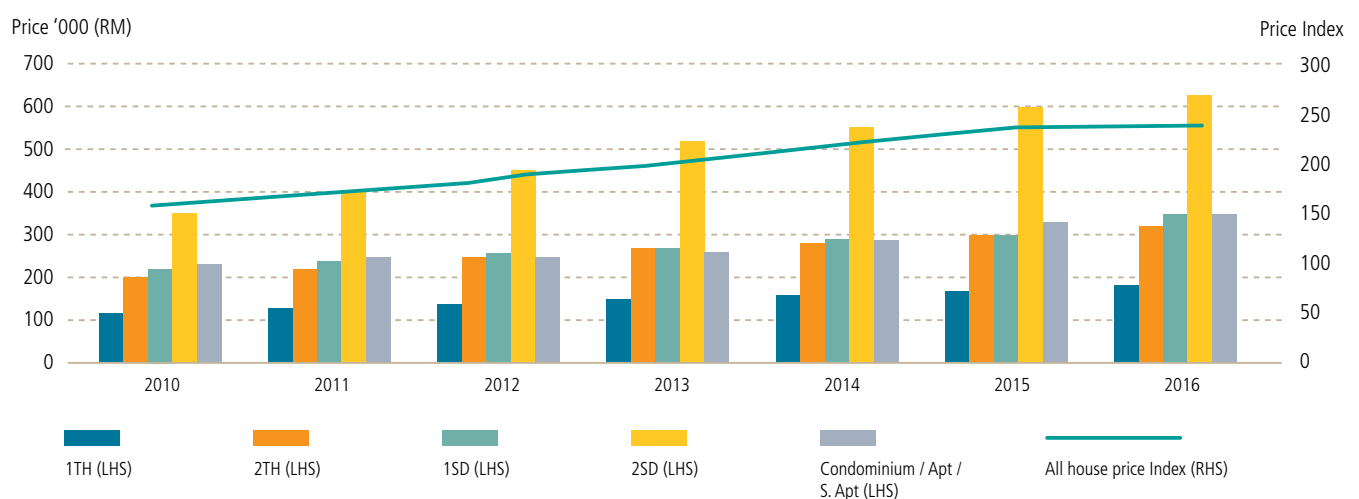
Supply	434,943 units	↑ 1.9% y-o-y
Transaction Volume	18,654 units	↓ 13.3% y-o-y
Transaction Value	RM3,365.86 mil.	↓ 7.7% y-o-y

(Source: Rahim & Co Research, JPPH)

Perak has always been touted as a town to look out for with its strategic location in between the country's main economic hubs, Penang in the north and Kuala Lumpur in the south, and its unique old town charms set on a picturesque limestone hills & valleys. With convenient access through the North-South Highway and now with

the new Electric Train Services (ETS) which stops in Ipoh and Taiping, Perak and Ipoh in particular has been garnering a lot of interest in recent years. In 2014, US News - a multi-platform publisher of news and information, including several ranking measures - included Ipoh as one of the world's nine most affordable places to retire. Last year, Lonely Planet listed Ipoh as one of the top ten 'Best in Asia' destinations while the market saw the upcoming Movie Animation Park Studios (MAPS) in Bandar Meru Raya, Ipoh. Development growth that was traditionally concentrated mainly in Ipoh central as the capital city, now has grown outwards such as in Bandar Meru Raya which offers contemporary aspects to cater for needs of the evolving Ipoh demographics.

Ipoh/Kinta Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Selected Upcoming High Rise Residential Properties in Perak

Development	Location	Type	No. of units	Selling Prices (RM)	Launch	Completion
Treetops Residency @ Ipoh South Precinct	Jalan Gopeng, Ipoh	Condominium	333	From 291,800	2014	2017
Kampar Lake Campus Condominium	Kampar	Condominium	350	From 398,800	2015	2018
Amanjaya Tower@MH Pinnacle	Medan Ipoh	Serviced Apartment	146	N/A	2016	2018
Lost World Residence	Tambun, Ipoh	Serviced Apartment	262	N/A	Have not launched	N/A

(Source: Rahim & Co Research)

High-end niche development is growing in Ipoh at a small scale whereby units offered would reach RM1.0 million and above.

In line with the current lifestyle, new areas with integrated facilities are being developed. Several new townships have been established such as Bandar Meru Raya, Bandar Baru Sri Klebang and Bandar Baru Putra in Bercham, Ipoh. The area of Klebang is also gaining attention with the completion of a new AEON Klebang Mall in year 2015. Currently a 2-storey terraced in prime areas within Ipoh town would reach about RM300,000 to RM500,000 whilst some areas further from facilities such as Bandar Universiti and Sunrise Avenue would offer as low as RM150,000 to RM280,000.

Massive number of new projects are seen developing and under planning especially within Ipoh area. Some new projects being announced are Ipoh South Precinct and MH Pinnacle. In Medan Ipoh, MH Pinnacle is aiming to be the landmark of the city with its tall building including MB Inc Tower (hotel and offices) and Amanjaya Towers (residences) integrated with a mall later to be known as Pinnacle Mall.

High-end niche development is growing in Ipoh at a small scale whereby units offered would reach RM1.0 million and above. Some projects to note are The Gulf in Panorama Lapangan Perdana, Ridgewood in Bercham and Manor Born@The Deals along Tambun

Road, Ipoh. An upcoming project known as Chamberlain Villas along Jalan Chamberlain offered its 4 units of 3-storey semi-detached villas at RM1.29 million onwards.

In recent years, there is a growing popularity for highrise residential gated and guarded community in new developments. Some examples to note are Treetops Residency@Ipoh South Precinct, The Octagon and Springfields Residence.

In catering the need for affordable homes in the state, Perak State Development Corporation (PKNP) had launched its 2-storey terraced houses in Bandar Meru Raya known as Suria@Meru. It has a total of 413 units with prices from RM263,800. Under People's Housing Programme (PPR), there will be 99 units of landed properties to be built in Seri Iskandar and 260 apartments units in Kamunting. The houses will be priced at RM35,000 and aimed for households with a monthly income of RM2,500 which is recently raised up to RM3,000 per month. PR1MA is also coming up with 525 units whereby the balloting had taken place at the end of last year. The houses are of 2-storey terraced type and priced from RM260,000.

RETAIL

Key Facts (as at 3Q 2016)

Total Space	10.36 mil. sf	↑ 15.3% y-o-y
Occupancy Rate	85.0%	↓ 3.7% y-o-y
Rental	Prime: RM20.00-RM34.00psf Secondary: RM3.80-RM15.00psf	

(Source: Rahim & Co Research, JPPH)



Selected Upcoming Landed Housing Properties in Perak

Development	Location	Type	No. of units	Selling Prices (RM)	Launch	Completion
Manor Born@The Deals	Tambun Road, Ipoh	2-storey basement concept bungalows	18	From 2.5mil	2014	2017
Ipoh South Precinct Residences	Jalan Gopeng, Ipoh	superlink cluster semi-detached	155	From 493,800 From 618,800 From 728,800	2014	2017
Serene Villas	Sunway City Ipoh, Perak	cluster	60	From 857,000	2015	end-2017
		2-storey superlink	28	From 773,000	2015	
Chamberlain Villas @ Ipoh	Jalan Chamberlain Hulu, Ipoh	3-storey semi-detached villas	4	From 1,288,000	2016	2017
Seri Andaman (Phase 2)	Bandar University Seri Iskandar	1-storey terraced houses	186	From 180,000 to 200,000	2016	2017
Bandar Baru Manjung 2	Manjung	terraced	50	From 165,000	2016	2017
		cluster	150	From 188,000	2016	
Ruby 1@Klebang Putra	Ipoh	1-storey terraced	132	From 250,000	2016	2018
Ruby 2@Klebang Putra	Ipoh	2-storey terraced	88	From 280,000	2016	2018
Ridgewood (Phase 2)	Bercham, Perak	3-storey cluster semi-detached	44	From 669,800	2016	2018
		3-storey linked bungalows	14	From 905,000		
		3-storey bungalows	8	From 951,000 – 1.23 mil		
Azalea@Meru Perdana 2	Ipoh	2-storey terraced	156	450,000	2016	2019
Emerald@Klebang Putra	Ipoh	2-storey terraced	27	N/A	2016	2019
Tasek Nova	Ipoh	2-storey terraced	47	From 538,000	2016	2019
		2-storey cluster semi-detached	24	From 788,000		

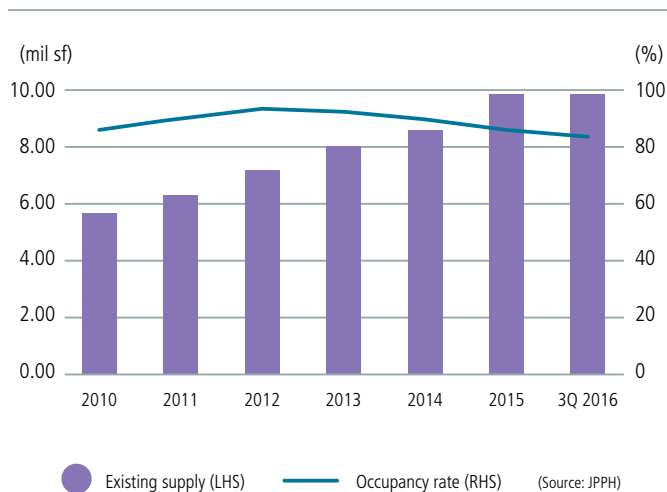
(Source: Rahim & Co Research)

Total supply of retail space in Perak state grew by 15.3% as at 3Q 2016 to 10.36 million sf. Commercial activities in Perak is seen growing due to increase in its population within main established areas such as Ipoh, Manjung and Taiping. Particularly in Ipoh, there is a new trend of modernization whereby high-rise residential with commercial facilities or mixed developments including residential and commercial are taking place. Main shopping arena previously would revolve around Ipoh Parade Shopping Centre, Angsana Ipoh Mall and Kinta City Shopping Mall in Ipoh.

Notable brands identified for retail malls in Perak include AEON, Tesco, Giant and Mydin. The existence of these brands in a mall would become a commercial attraction especially to a newly developed township. A few examples are new malls completed last year such as AEON Shopping Mall in Bandar Baru Klebang and AEON Big in Falim. Currently, retail malls with established tenants in prime location are renting out at RM20psf to RM34psf. Retail performance in the state will become more competitive especially within Ipoh area. Average occupancy rate of retail centres in the state has seen a drop of 3.7% in 3Q 2016 compared to 3Q 2015.

Nevertheless, some developers are still working on future retail spaces. Several projects in the making are Lost World Outlet Mall in Sunway City Ipoh, Pinnacle Mall@MH Pinnacle and South Precinct (by Team Keris Berhad) in Ipoh.

Existing Supply & Occupancy Rate of Retail Spaces in Perak (2010-3Q 2016)



purpose built offices in Perak, demand for office space observed through the average occupancy rate achieved is considered encouraging at 94.9% in 3Q 2016 even though there was a slight decrease of 0.4% compared to the previous year.

Upcoming purpose built office in Perak is limited as concentration of commercial activities are more population orientated, with new launches consisting mainly of shop offices or business parks. High rise projects later to be built are MH Pinnacle (MB Inc Tower) and Ipoh SOHO (SSI Tower).

With growing popularity of integrated developments, several projects in the pipeline are introducing mixed residential and commercial projects. Among upcoming projects to note are Segi Enclave City and Qi-City.

As for shop offices, in general a standard unit of shop 2-storey shop office in Ipoh would be priced from RM1.3 million to RM1.5 million. In 2016, there was a new completion of 28 units shop offices in Vivo Square currently selling its standard unit of 37' x 70' at RM2.16 million.

PURPOSE BUILT OFFICE

Key Facts (as at 3Q 2016)

Supply	6.66 mil. sf	↑ 0.9% y-o-y
Occupancy Rate (%)	94.9%	↓ 0.4% y-o-y
Rental Rate (RM)	Prime: RM2.00-RM3.00psf Secondary: RM1.50-RM1.80psf	

(Source: Rahim & Co Research, JPPH)

Total supply of office space in Perak slightly grew by 0.9%. Some office buildings seen within the capital city are KWSP, Perak Techno Trade Centre, Kompleks Islam Darul Ridzuan and several others. Currently prime office space within Ipoh are renting out from RM2.00psf to RM3.00psf. Lower rental offered for office space ranges from RM1.50psf to RM1.80psf. Since there are limited

Existing Supply & Occupancy Rate of Purpose Built Offices in Perak (2010-3Q 2016)



Selected Upcoming Hotels in Perak

Development	Location	Type	No. of rooms	Completion
Casuarina Hotel and Lanai	Teluk Intan	Hotel	60	2017
Expansion of The Banjaran Hotsprings Retreat	Sunway City Ipoh	Hotel	20	2017
Within MB Inc Tower	Medan Ipoh	Hotel	72	2018
Ramada Lumut Resort	Lumut	Serviced Apartment operated as hotel	269 Serviced Apartments	2019
Perak Agrotourism Hotel (PATRO)	Tanjung Tualang	Resort/Chalet	12 Villas	2019
The Matrix	Ipoh	Hotel	200	N/A

(Source: Rahim & Co Research)

HOTELS

Key Facts (as at 3Q 2016)

Supply	13,795 rooms	↑ 0.8% y-o-y
Average Room Rate	3-star: RM150-RM220 per night 4-star: RM170-RM270 per night	

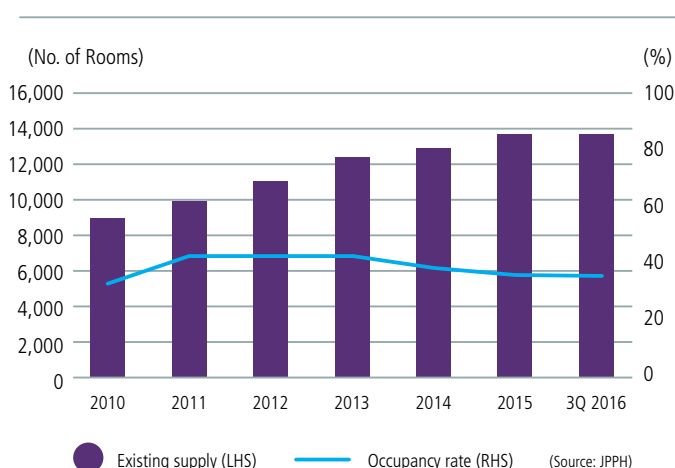
(Source: Rahim & Co Research, JPPH)

Hotel supply in Perak has seen a slight increase of 0.8%. There was an initiative by the state government to promote tourism activities in the state. In middle 2016, Visit Perak 2017 was launched to promote Perak as a tourism destination. In addition, trishaw service was introduced commercially in Ipoh as one of attractions for tourist. Among the locals, it is well known for its greenery scenes, Pangkor Island and theme parks. Higher room rates are expected for Pangkor Island whereby a standard room rate in a 3-star hotel starts from RM170per night and RM220per night whilst in Ipoh city lower room rate is seen, ranging from RM150 to RM220 per night. A similar pattern is observed for its 4-star rated hotels as a minimum standard room rate in Pangkor Island starts from RM200 per night whilst in Ipoh it starts from RM165 per night.

Another attraction in the city would be at Kinta Riverfront Walk which is also known as the mini I-City of Ipoh. A few hotels have established at its surrounding namely Kinta Riverfront Hotel and Weil Hotel. In other areas, new hotels and resorts are being built such as Casuarina Hotel and Lanai in Teluk Intan and a 72-room hotel within the upcoming MB Inc Tower. A new brand is also coming into Lumut, to be known as Ramada Lumut Resort which expecting for completion by year 2018.

Some tourism spots have been established in Perak such as Bukit Merah Laketown Waterpark near Taiping and The Lost World of Tambun in Sunway City Ipoh. A new theme park, Movie Animation Park Studios within Bandar Meru Raya, is aiming for its opening by December 2016. To add more, the state government has announced another 2 future theme parks within Bandar Meru Raya, each with its own concept; a water-themed and a jungle themed. Besides theme parks, another project is in planning to be known as T-City. It is a proposed township in Simpang Pulai with an F2 circuit as its main attraction. Other tourism areas include nature attractions such as Royal Belum State Park, UNESCO World Heritage Site Lenggong Valley and Matang Mangrove Forest Reserve. The state government is targeting both domestic and international visitors into the state.

Existing Supply & Occupancy Rate of Hotels in Perak (2010-3Q 2016)



NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PERAK

- The construction of the 233km-long West Coast Highway from Banting to Taiping is expected to complete by 2019
- Perak received investments worth over RM2.16 billion from January to June in 2016.
- Proposed project of Warisan Perdana Ipoh or Ipoh Sentral (expected to be an integrated transportation hub in Perak).
- Green Asia Aerospace Technology Park is proposed in Seri Iskandar as an aerospace hub for 20 major companies and 60 small & medium industries
- T-City to comprise a mixed development of a 172.5-hectare area in the Kinta and Kampar districts will comprise a Formula 2 Circuit, automotive factory outlet, a street mall and hotel.
- Plans to build a railway linking Kampar, Batu Gajah, Ipoh and Sungai Siput to facilitate intra-state movement.
- Rapid Kamunting : a city bus service operated by Rapid Penang begins operation in March 2016. (7 buses, which serves in two different loops, known as Taiping Loop and Jejak Warisan Loop).
- 2 new districts were officially launched, known as Mua'llim and Bagan Datoh.
- Following the announcement of Bagan Datoh as a new district, there was an announcement to build a bridge from Bagan Datoh to Kampung Sejangop, a sports complex and Pusat Giat Mara.

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	7,972 units	↑ 0.9% y-o-y
Transaction Volume	493 units	↓ 7.3% y-o-y
Transaction Value	RM386.49 mil.	↓ 3.0% y-o-y

(Source: Rahim & Co Research, JPPH)

Overall supply of industrial properties in Perak witnessed a slight increase of 0.9% in 3Q 2016. Industrial activities remain active within Kinta area or locally known as Kinta Valley. Kinta Valley is a thriving spot for commercial and industrial activities in Ipoh. A part of the industrial area is zoned as Kinta Free Industrial Zone which provide incentives for companies setting up their businesses here. A new industrial scheme saw completion in 2016 known as I-Park Tasek by Pemaju Juara Sdn Bhd. It comprises 1.5-storey semi-detached factory priced from RM650,000 to RM750,000 for its standard unit.

Another notable industrial area is in Manjung which include Lumut Port with some major well-known companies locally are placed here including Grade 1, Kompleks Pendaratan Laut Malaysia and Jabatan Laut Malaysia. An established developer for industrial properties here is known as Lumut Maritime Terminal Sdn Bhd. Existing industrial setting here are mostly detached lots whereby prices of these lots hovers around RM18psf-RM20psf. There are also recent transactions noted to reach RM25psf.

Overall supply of industrial properties in Perak witnessed a slight increase of 0.9% in 3Q 2016. Industrial activities remain active within Kinta area or locally known as Kinta Valley.

To further improve industrial activities in Perak, both the federal and state government collaborated in creating Greater Kamunting Industrial Zone. There are also initiatives to expand Kamunting Raya industrial area near Taiping and other new projects such as Ipoh Aerospace Park. Previously there had been announcements for proposed projects to be built such as Green Asia Aerospace Technology Park in Seri Iskandar, Lembah Beriah Metropolis City, Batu Gajah Locomotive Hub and Proton City Automotive Hub (Tanjung Malim).

In early 2016, local companies noted as PECO and PKNP Group revealed that there is plan to develop a 3,400-acre Mild Steel Perak Heavy Industry within Perak Heavy Industrial Park (PHIP) in Rungkup Bagan Datoh. Overall, the state government is working towards building infrastructure and facilities for industrial areas.

CENTRAL REGION



KUALA LUMPUR

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	423,019 units	↓ 5.3% y-o-y
Transaction Volume	8,138 units	↓ 20.9% y-o-y
Transaction Value	RM6,284.77 mil.	↓ 17.5% y-o-y

(Source: Rahim & Co Research, JPPH)

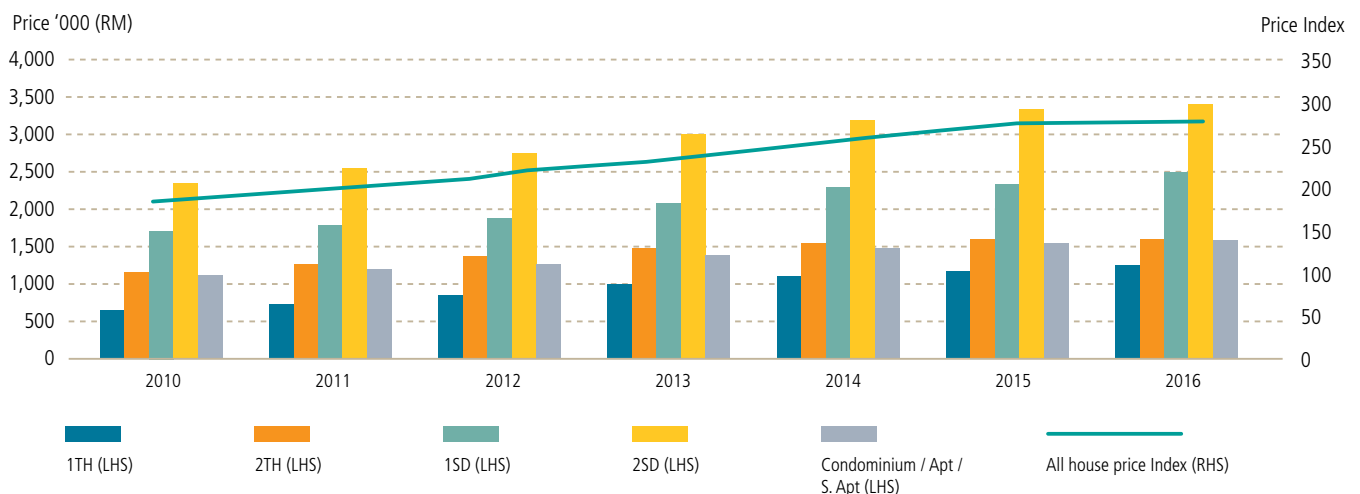
The residential market in Kuala Lumpur showed a significant drop in transaction volume and value in the first 3 quarters of 2016 compared to the corresponding period in the previous year. Total supply also decreased albeit by smaller percentage, due to conversion of use or redevelopment.

High-end residential segment within KL city centre is seen to have stepped down a gear with some upcoming projects still under construction after being launched for many years. Several to note include The Manhattan along Jalan Yap Kwan Seng and Tribeca along Jalan Imbi, both expected to be completed in year 2017.

Nevertheless, new projects were still being launched in 2016, for example, Stonor 3, 8 Kia Peng and Lucentia Residences of Phase 1, Bukit Bintang City Centre. SP Setia unveiled its residential tower to be built within KL Eco City known as ViiA Residences comprising 326 units to be priced from RM980,000 for units with built-up areas ranging from 636sf to 1,252sf.

Observing the tough and competitive market, take-up rates for new projects especially those targeting the high-end market are expected to be slower. Prices of these 'branded residences' can reach higher compared to a typical high-end highrise residential unit. For example, price per square foot of high end condominium within KL city centre currently ranges from RM1,100psf to RM1,800psf. When a high rise is featured as a 'branded residence' with an established name, its price per square foot is able to reach more than RM2,000psf. Hence, many are developing their integrated projects with this concept in mind. A few popular ones are 8

Kuala Lumpur Residential Property Price Trend & House Price Index (2010-2016)



(Source: Rahim & Co Research, IHRM)



Conlay, Four Seasons and St. Regis. St. Regis was officially opened in 2016 and is currently selling at RM2.1 million for its standard unit of 820sf.

Due to higher residential prices for those located within the city centre, new residential projects are being seen in the western, southern and northern corridor of Kuala Lumpur. Several new developments have opened the public's eyes to the potential of owning or investing in residential units located outside of the city centre while still remaining within the boundary of Federal Territory Kuala Lumpur. Some notable areas are Cheras, Wangsa Maju and Kepong whilst established matured areas seen are in Mont Kiara, Bukit Jalil and Bangsar. A number of high rise residences within the abovementioned areas are currently under construction and several to note are Lakeville Residences by Mah Sing Group, United Point Residences@Kepong Square by UOA Group, The Hamilton by Era Ecoland Sdn Bhd, Irama Wangsa by Beneton Properties, Lexa Residence@The Quartz by Beverly WM Sdn Bhd in Wangsa Maju, East Parc@Menjalara by Fiamma Holding Berhad, The Henge by Sinerjuta Sdn Bhd in Kepong and The Era@Duta North by JKG Land in Segambut.

TSA Land Sdn Bhd had announced the launch of its maiden project, MM Residency in Taman Melawati at end of year 2016. They are to be delivered fully furnished and is available from RM450,000 for built-up areas ranging between 450sf and 1,723sf.

On landed properties, generally in Kuala Lumpur, prices for 2-storey terraced type have reached RM600,000 to RM950,000 for a standard unit. There are few upcoming landed housing projects as there is limited land for development in Kuala Lumpur. These few projects include Residensi Gembira 33 in Kuchai Lama selling 2-storey terraced houses from RM1.09 million, Impiana Hills@Cheras selling 2-storey terraced house from RM538,000 and Verge 32@Melawati selling 2-storey semi-detached houses from RM2.498 million and 2-storey detached houses from RM3.959 million. In matured residential areas like Bukit Bandaraya, Bukit Damansara and Taman Tun Dr Ismail, prices of 2-storey terraced houses continue to hold strongly. In Taman Tun Dr Ismail, a 2-storey terraced house can fetch about RM1.6-1.8 million whilst a 2-storey terraced house in Bangsar Baru and Bangsar Park reaches about RM2.0 million to RM2.5 million.

Detached houses in Damansara Heights already showed prices of about RM7.0 million and a few transactions were recorded at a higher price of RM10.0 million. Similar types in Bukit Bandaraya, Bangsar are currently priced at RM6.6 million. Comparing that to a highrise unit, a newly completed highrise residential development in the area is Damansara City Residency which is selling from RM1.5 million for a minimum built-up area of 904sf.

In KL Sentral, a key transportation hub in Kuala Lumpur, Sentral Suites by MRCB comprises 3 towers housing 1,434 units of serviced apartments saw its Phase 1 launched in 2016. The phase comprises a total of 458 units are priced from RM545,000 with built up areas ranging from 651 to 1,166sf. This project slated for completion in year 2021.

Besides luxury trends observed for new residential projects within the city centre, other upcoming projects located at the fringe of Kuala Lumpur are also offering various concepts such as Green Building Index (GBI) rated projects, dual key concept for investment, gated & guarded and integrated facilities. Some projects adopting these concepts include The Ruma, Viia Residence@KL Eco City, KL Gateway Residences in Bangsar and Avantas Residences along Old Klang road.

More facilities are being introduced in suburban areas providing more option for buyers to choose residential products that are more suited to their preference. Moreover, the increasing availability of infrastructure adds on to the value of buying a residential property as it facilitates those who travel into the city centre either for work or leisure.

As a developed city, there is concern for affordable housing to be allocated for those in need. At present, more than 11,000 units of houses are being worked on under various channels by the government on top of projects launched by private developers in the market. Some projects have undergone balloting process whilst others have been launched and currently have enough eligible buyers to fill in most of the units. Price of these houses are tagged around RM200,000 to RM300,000 on average and are mostly apartment types.

Selected Upcoming Residential Properties in Kuala Lumpur

Development	Location	Type	No. of Unit	Built-up (sf)	Price (RM)	Launch Date	Completion
Irama Wangsa (Block C)	Section 10, Wangsa Maju	Condominium	200	1,206 – 1,637	from 750,000	Estimated end 2016	2018
8 Kia Peng	Jalan Kia Peng	Serviced Apartment	442	716 -987	from 1.539mil	2016	2019
Agile Mont Kiara	Mont Kiara	Condominium	813	1,162-5,037	from 1.50mil	2016	2019
Novum South Bangsar	South Bangsar	Serviced Apartment	729	647 – 1,441	from 720,000-1.73mil	2016	2019
Stonor 3	Lorong Stonor	Serviced Apartment	400	649 – 1,232	1.1mil-2.10mil	2016	2019
Bennington Residences (Tower A) @ Sky Arena	Setapak	Condominium	284	1,092 – 1,570	from 610,000	2016	2019
Arte' Mont Kiara @ KL Metropolis	Jalan Sultan Haji Ahmad Shah	Serviced Apartment	1,706	422 - 1,142	from 447,000	2016	2019
EkoTitiwangsa	Titiwangsa	Serviced Apartment	696	820 – 1,340	591,986 - 1,725,630	2015	2019
Secoya Residences	Pantai Sentral Park	Condominium	243	1,050-1,670	969,800-1.75mil	2015	2019
Lucentia Residence@ Bukit Bintang City Centre (BICC)	Jalan Hang Tuah, Pudu	Serviced Apartment	700	454 - 882	from 749,100	2016	2020
Astoria Ampang	Jalan Ampang	Serviced Apartment	1,012	560 – 1,505	452,000-1.80mil	2016	2020
Eaton Residences	Jalan Kia Peng	Condominium	632	635 – 2,874	1,137,445 - 2,648,250	2016	2020
Setia Sky Seputeh	Taman Seputeh	Condominium	290	2,300 – 3,000	2.99mil-3.60mil	2016	2020
Waltz Residences	Paradigm Garden City (OUG)	Condominium	419	948 – 1,691	from 754,000	2016	2020
Nidoz Residences	Desa Petaling	Condominium	1,305	1,219 and 1,403	719,210-1.196mil	2016	2020
SkyLuxe On The Park	Bukit Jalil	Condominium	477	661 - 2,102	765,700-2.20mil	2016	2020
Senada Residences@ Alya Kuala Lumpur	Bukit Jalil	Condominium	429	700-1,900	978,800-2.90mil	2016	2020
Lexa Residence	Wangsa Maju	Serviced Apartment	428	688 -1,190	500,000-722,000	2016	2020

(Source: Rahim & Co Research)

Upcoming Landed Residential Properties in Kuala Lumpur

Development	Location	Type	No. of Unit	Built-up (sf)	Price (RM)	Launch Date	Completion
Park Residency	Alam Damai, Cheras	3-sty link-villas	62	2,859 & 2,893	from 1.028 mil.	2016	2018
Verge 32	Melawati	2&3-sty semi-detached 2&3-sty detached	26 6	3,374 – 4,189 4,822 – 6,180	from 2.49 mil. from 3.96 mil.	2014	2017
Impiana Hills	Cheras	2&3-sty terraced	90	from 1,695	from 538,000	2016	2019
Klover18	Taman Bukit Serdang	superlink / semi-detached / bungalow (all 3 sty)	18	4422, 5197, 5968	1.38 mil.-3.38 mil.	2014	2016
Residensi Gembira 33	Kuchai Lama	2-sty terraced	33	1724 - 2593	from 1.089 mil.	2015	2017

(Source: Rahim & Co Research)

Affordable Housing Projects in Kuala Lumpur

Name	Unit	Price (RM)	Type	Status	Expected Completion
PR1MA					
PR1MA @ Alam Damai	2,074	from 243,000	Apartment	Voted	
PR1MA @ Jalan Jubilee / Bukit Bintang	543	from 275,000	Apartment	Voted	
PR1MA @ Bukit Jalil	320	from 255,000	Apartment	Open For Registration	
PR1MA @ Brickfields	920	from 270,000	Apartment	Open For Registration	
PR1MA @ Setapak	800	from 335,000	Apartment	Upcoming	
PPA1M					
PPA1M Metropolitan Kepong (MRR2)	1,230	90,000 - 300,000	Apartment	Closed	
PP1AM Residensi Bayu Andaman	200	300,000	Apartment	Closed	
RUMAWIP					
Residensi Pandanmas	700	300,000	Apartment	Closed	2017
The Parc Tower	161	299,900	Apartment	Closed	2017
Residensi Wangsa Meranti	140	300,000	Apartment	Closed	2018
Enesta@Kepong	254	300,000	Apartment	Closed	2018
Residensi Lanai Bukit Jalil	648	300,000	Apartment	Closed	2019
Rica Residence	204	300,000	Apartment	Closed	2019
Casa Green@Bukit Jalil	490	300,000	Apartment	Closed	2019
Residensi Gembira 737	638	300,000	Apartment	Closed	2020
Pangsapuri Nuri Desa Petaling	557	300,000	Condominium	Closed	2020
Residensi Gurneymas	274	198,000	Apartment	Closed	2020
Residensi Desamas	323	300,000	Apartment	Closed	2020
Residensi Wangsamamas	441	198,000	Apartment	Closed	2020
Selesa Apartment	91	300,000	Apartment	Closed	2020

(Source: Rahim & Co Research)

RETAIL

Key Facts (as at 3Q 2016)

Total Space	30.72 mil. sf	↑ 8.2% y-o-y
Occupancy Rate	84.7%	↓ 1.8% y-o-y
Rental	Prime: RM30.00-RM60.00psf Secondary: RM10.00-RM20.00psf Lower Secondary: RM5.00-RM9.00psf	

(Source: Rahim & Co Research, JPPH)

Total retail space in Kuala Lumpur reflected a growth of 8.2% as at 3Q 2016 compared to a similar period in the previous year. The increase in total space available, reaching 30.72 million sf, had put some pressure on the occupancy rate with a decline of 1.8%. Considering the size of injection, the occupancy rate has relatively held itself.

Several anticipated malls were opened in 2016 and these new spaces include Sunway Velocity Mall in Cheras, Damansara City Mall in Damansara Heights and extension of Pavilion Mall known as Pavilion Elite in Bukit Bintang. Another hypermarket was opened in middle of 2016 known as Lulu Hypermarket with 250,000 sf net lettable area located in Capsquare along Munshi Abdullah. A number of new malls will be coming online in the next few years and are seen to be sprawling into the suburban landscape. Examples of such are the premium lifestyle mall in Pavilion Damansara Heights as well as Pavilion mall in Bukit Jalil, which also has another upcoming mall within its vicinity, i.e. Paradigm Bukit Jalil. The new malls in Bukit Jalil are positioned along or just off the KESAS Highway to capitalise on the improved public transportation network of the LRT extension line on top of the growth and market interest in the Bukit Jalil area.

Despite the challenging economic conditions and concern on oversupply of retail spaces in the market, new retailers were seen entering the local market such as Family Mart from Japan who opened 2 outlets in Kuala Lumpur in Wisma Lim Foo Yong and Mid Valley. Average rental rate for prime lots within retail malls located in the city centre hovers around RM30.00psf to RM60.00psf. Prime retail lots in a prime KLCC area such as Suria KLCC Shopping Centre is able to reach RM90.00psf to RM160.00psf per month. Other existing malls with older structure but in good locations are still able to fetch around RM10.00psf to RM30.00psf.

Due to the concern with regards to tough times faced by the retailers with more supply of retail spaces being injected into the market, several bodies related to the retail association in the country raised their concerns to the government and requested for consideration to freeze issuing licenses for new retail development. However, this is still under discussion and subject to confirmation. Overall, performance of retail malls in Kuala Lumpur is still able to achieve more than 80% (84.7% as at 3Q 2016), even though there

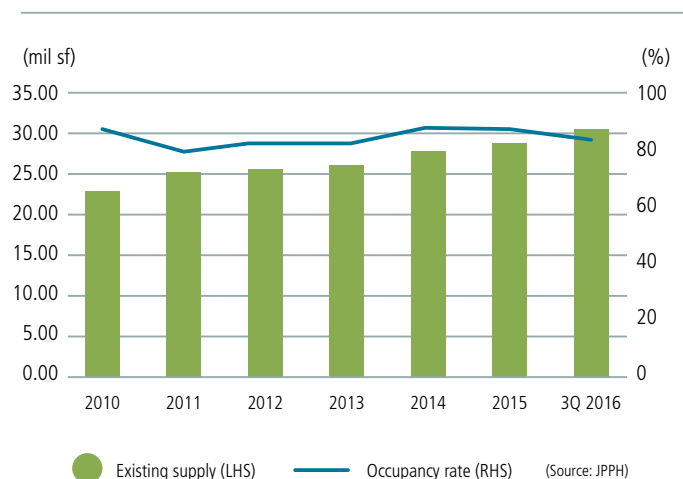
was a slight dip seen compared to the previous year. Performance of retail malls depends highly on its concept, management, catchment population and their lifestyle preferences on top of the key factors like location and accessibility.

Selected Newly Completed & Upcoming Retail Malls in Kuala Lumpur

Development	Location	Net Lettable Area (sf)	Completion
Sunway Velocity	Cheras	1.0 mil.	2016
Atria Shopping Mall@You City	Cheras	450,000	2016
Damansara City Mall	Damansara Heights	320,000	2016
Pavilion Elite	Jalan Bukit Bintang	250,000	2016
KL Gateway Mall	Bangsar	400,000	2017
Mall@KL Eco City	Bangsar	300,000	2017
MYTOWN Shopping Centre	Cheras	1.1 mil.	2017
Melawati Mall	Melawati	620,000	2017
Mall@Four Seasons	KLCC	300,313	2018
EkoCheras Mall	Cheras	625,000	2018
Pavillion Bukit Jalil	Bukit Jalil City	2.0 mil.	2019
Latitud 8 Retail Mall	Jalan Ampang	800,000	2020
Lalport Mall@BBCC	Bukit Bintang	861,113	2021
Paradigm Mall	Paradigm Garden City	1.5 mil.	2021

(Source: Rahim & Co Research)

Existing Supply & Occupancy Rate of Retail Spaces in Kuala Lumpur (2010-3Q 2016)



PURPOSE BUILT OFFICE

Key Facts (as at 3Q 2016)

Supply	90.76 mil. sf	↑ 0.6% y-o-y
Occupancy Rate (%)	79.7%	↓ 0.9% y-o-y
Rental Rate (RM)	Prime: RM8.50-RM13.00psf Secondary: RM5.00-RM7.00psf	

(Source: Rahim & Co Research, JPPH)

Supply of purpose built office space in Kuala Lumpur stands at 90.76 million sf as at 3Q 2016, growing slightly by 0.6% in the first 3 quarters of 2016 compared to the similar period in the previous year. The Golden Triangle & KLCC areas remain as the main hub within the city although a number of developments in the pipeline are targeting for an expansion of the business district of nation's economic capital. Rental rate of offices in this area for good buildings with modern façades with up to date facilities such as Green Building accreditation and Multimedia Super Corridor (MSC) are able to fetch rentals in the range of RM7.00psf to RM8.50 depending on its location. Higher rentals are seen for offices within the KLCC compound and can reach between RM9.00psf to RM13.00psf. A few office projects near KLCC area to note are Aurora Tower, Cititower and a new tower next to KL Convention Centre under KLCC-Sapura JV.

Several office towers were transacted in 2016 including Menara AIA Capsquare (RM511 mil) at Jalan Munshi Abdullah, Menara Shell (RM640 mil) in KL Sentral and Dijaya Plaza Tower (RM140 mil) at Jalan Tun Razak. Besides KL city centre, another spot with thriving commercial offices is KL Sentral, being the key transportation hub. Rental of offices within the area range from RM5.00psf to RM7.50psf. Office towers within KL Gateway known as Menara SuezCap 1 & 2 are available for rent and expected to be completed soon. The office towers are rated with Green Building certification and currently asking for RM6.00psf. In Bangsar South, The Vertical offices were completed in 2016 and is currently offered for rent at RM6.00psf.

Several well-known international corporations have successfully set foot in Kuala Lumpur such as Facebook at KL Sentral and World Bank's new office in Sasana Kijang located within Bank Negara Malaysia office compound. More than 7.17 million sf of office space are still under construction in Kuala Lumpur, mostly located within the city centre. Some office towers expected to be completed in year 2017 are Menara SuezCap 1 & 2@KL Gateway, Menara Ken@TTDI and Signature Offices@KL Eco City. Considering the additional buildings expected to be completed this year coupled

with global economic challenges and their influence to the local market, average occupancy and rental rates of offices will be under further pressure - observing the decline of the occupancy rate to 79.7% recorded as at 3Q 2016 which is below 80.0%.

Some offices offer lower rentals especially the older stock within strategic locations. Rental rates offered for offices in this category could be as low as RM3.00psf to RM5.00psf. For offices in good locations, international grade buildings with established tenants remain in the lead for lease preference among tenants with good reputations and requirements to be located in prestigious addresses.

Newly Completed & Upcoming Purpose Built Offices in Kuala Lumpur

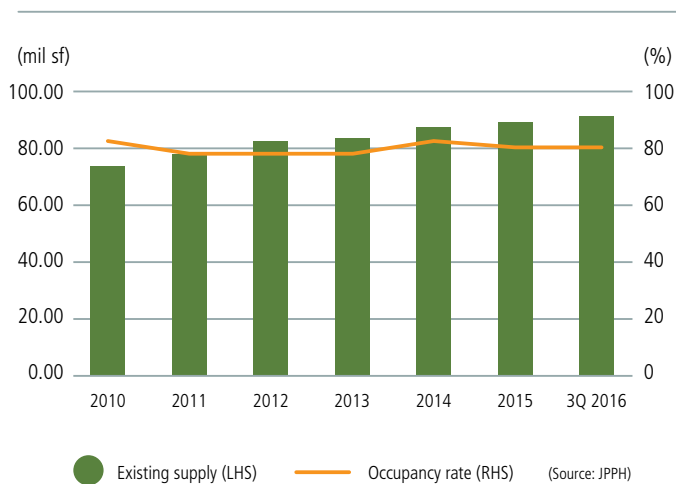
Development	Net Lettable Area (sf)	Completion
Public Mutual Tower	400,000	2017
JKG Tower	390,000	2016
Menara Ken	330,000	2017
KL Gateway	730,000	2017
Etiqa Tower @ Bangsar	494,000	2017
Offices@KL Eco City	3.3 mil.	2017
CitiTower	1.7 mil.	2020
South Point @ Midvalley City	985,000	2018
Menara Kuan Choo	60,000	2018
Equatorial Plaza	460,000	2018
MerdekaPNB118	1.6 mil.	2019
Dayabumi Phase 3	500,000	2019
Menara Legasi	N/A	2019
Lot 91 Project	1.2 mil.	2020

(Source: Rahim & Co Research)

Considering additional office buildings expected to be completed this year, coupled with global economic challenges and their influence to the local market; the average occupancy and rental rates of offices will be under further pressure.



Existing Supply & Occupancy Rate of Purpose Built Offices in Kuala Lumpur (2010-3Q 2016)



HOTELS

Key Facts (as at 3Q 2016)

Supply	36,850 rooms	↑ 3.2% y-o-y
Average Room Rate	4-star : RM200-RM400 per night 5-star : RM350-RM700 per night	

(Source: Rahim & Co Research, JPPH)

Supply of hotel rooms in Kuala Lumpur grew by 3.2% whereby total rooms stands at 36,850 as at 3Q 2016 compared to a similar period in 2015. Average hotel room rates for 3-star to 5-star hotels in Kuala Lumpur currently ranges from RM330 per night to RM600 per night with occupancy rate reaching between 60% to 80% on average. Several hotels completed in 2016 are Oakwood Hotel & Residences (formerly known as Nomad Sucasa Hotel) along Jalan Ampang and St Regis Hotel in KL Sentral.

As mentioned earlier in the residential sector, availability of hotel component in a development is giving an added value to elevate category of living to a whole new level with hotel-like facilities. In the city centre, branding plays a vital role in reflecting its prestige and category of services provided to the guests. Nevertheless, new hotels to be developed will face stiff competition with the established existing hotels known in the market. Branded hotels could be seen in popular areas such as KLCC, KL Sentral and Bukit

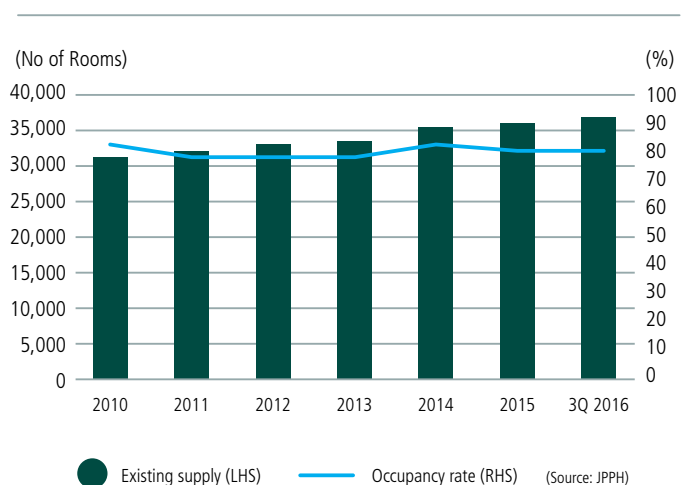
Bintang area. Upcoming hotel brands currently under construction in Kuala Lumpur include W Hotel, Fairmont KL, Ruma Hotel, Four Seasons Place and Kempinski Hotel. Others include Yoo Hotel and Sofitel Hotel.

In April 2016, Harmoni Perkasa Sdn Bhd signed an agreement with Banyan Tree Hotels & Resorts Pte Ltd for an upcoming 5-star hotel to be known as Royale Pavilion Hotel which will be connected to Pavilion Mall in Kuala Lumpur through a link-bridge. Aside from the Royale Pavilion Hotel, Banyan Tree Signatures Pavilion will also be connected to the mall. The Royale Pavilion Hotel will offer 233 standard rooms, 71 deluxe rooms, 32 suites and 1 presidential suite upon its completion estimated in year 2017.

Later in August 2016, IGB Corporation Bhd sold a 5-star Renaissance Kuala Lumpur Hotel consisting of 910 rooms to Ventura International Sdn Bhd for RM765mil.

Due to concern of hotels oversupply looking at the growing hotel sector in Kuala Lumpur, KL City Hall (DBKL) took an action to freeze new hotel license in 1Q 2016 in order to give time for the market to adjust with the demand. However, later in the year the city council had lifted the freeze quoting the role hotel developments play in shaping and spurring economic growth for the city.

Existing Supply & Occupancy Rate of Hotels in Kuala Lumpur (2010-3Q 2016)



NOTABLE ANNOUNCEMENTS / ACTIVITIES IN KUALA LUMPUR

- Kelana Jaya and Ampang LRT Line Extension began operation in middle 2016.
- The RM9bil Light Rail Transit Line 3 (LRT 3) project from Bandar Utama to Johan Setia, Klang aims for completion in year 2020. It will have 27 stations with 10 park and ride facilities.
- Prime Minister Datuk Seri Najib Tun Razak launched the first phase of the Sungai Buloh-Kajang (SBK) Mass Rapid Transit (MRT) in December 2016.
- Malaysia and Singapore had signed an agreement to build the Kuala Lumpur-Singapore High-Speed Rail in December 2016. It will be a 350km bullet-train line and expected to be completed in 2026. Both countries have agreed that the HSR will have 8 stations, with terminals in Bandar Malaysia (Kuala Lumpur) and Singapore, and 6 intermediate stations in Putrajaya, Seremban, Ayer Keroh, Muar, Batu Pahat and Iskandar Puteri.
- MRT (Phase 2) is expected to begin operation in July 2017. The 30km Phase 2 involves 19 stations between Semantan to Kajang and part of the RM23 billion MRT project which spans 51km with 31 stations.
- Phase 2 of the Duta-Ulu Klang Expressway (DUKE), a 16km link connecting the east and west of the capital city is estimated to be completed by end 2016 and fully operational in 2017. The RM1.18 billion DUKE Phase 2 comprises 2 additional links, Tun Razak Link (TR link) and Sri Damansara Link (SD Link) to be connected to the existing DUKE 1.
- IJM Land Bhd with its joint-venture partner, Amona Development Sdn Bhd announced the construction of a 2.8-km Pantai Sentral Park interchange. The interchange will link the Pantai Sentral Park mixed-use development and the Pantai Dalam-Kerinci area with the New Pantai Express Way (NPE). It is to be built at an estimated cost of RM52 million over 18 months and expected for completion in year 2018.
- Kumpulan Wang Persaraan (Diperbadankan) (KWAP) had purchased Kuala Lumpur's Menara AIA Cap Square (41-storey Grade A office building comprises 601,796 sf of net lettable area) from Germany's Union Investment Real Estate GmbH (UIRE) for RM511 million (5 October 2016)
- IGB Corp Bhd has entered into a conditional sale and purchase agreement with Ventura International Sdn Bhd (VISB) on Renaissance Kuala Lumpur Hotel for RM765mil in August 2016.
- MRCB-Quill Real Estate Investment Trust (MRCB-Quill REIT) is buying Menara Shell in KL Sentral from Malaysian Resources Corp Bhd (MRCB) for RM640 million.

Selected Upcoming Hotels in Kuala Lumpur

Development	Location	Star Rating	No. of rooms	Completion
Element Hotel@Illum Baru Tower	Jalan Binjai	5	252	2017
Hyatt House KL	Mont' Kiara	5	298	2017
Fairmont KL	Jalan Ampang	5	750	2017
Four Seasons Place	Jalan Ampang	5	250	2017
Royale Pavilion	Jalan Bukit Bintang	5	337	2017
Sofitel	Damansara City	5	312	2018
W Hotel & Residences	Jalan Ampang	5	150	2018
The RuMa	Jalan Kia Peng	5	253	2018
Kempinski Hotel	Jalan Conlay	5	260	2020
So Sofitel Hotel	KLCC area	5	207	2020
Jumeirah Hotel	Jalan Ampang	5	190	2021
Mercure Kuala Lumpur Trion	Jalan Sungai Besi	4	260	2020
Hotel by The Ascott Ltd@BBCC	Bukit Bintang	4	300	N/A

(Source: Rahim & Co Research)

SELANGOR

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	1,381,044 units	↓ 1.3% y-o-y
Transaction Volume	36,338 units	↓ 15.7% y-o-y
Transaction Value	RM16,272.10 mil.	↓ 9.4% y-o-y

(Source: Rahim & Co Research, JPPH)

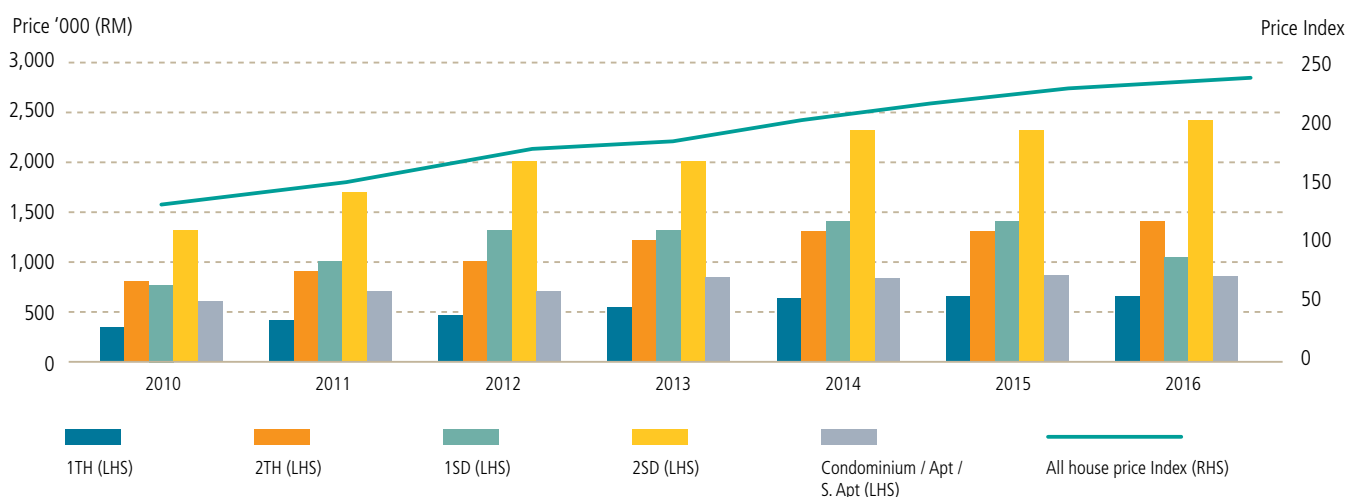
Total supply of residential in Selangor has reached more than 1.38 million units with negative growth of 1.3%. There are movements for growth of upcoming residential projects in Selangor especially towards the suburban areas with ready infrastructures. Its main established area at the boundaries of Kuala Lumpur city centre, Petaling Jaya, has matured whereby limited lands are available for new developments. Potential for new developments are seen to be moving further from Petaling Jaya city centre, such as Section 13 and 14, towards Kota Damansara and Ara Damansara. Some new launches spotted are 271 units of residential tower known as Dianthus Residences@Tropicana Gardens by Tropicana Corporation Bhd in Kota Damansara and 425 units of serviced apartment to be known as Biji Living in Section 17, Petaling Jaya by Conlay Construction Sdn Bhd. These projects are selling from RM700,000 and RM447,000 respectively with built up areas starting from 601 sf and 550 sf. For landed residential property, Empire Residences had sold out its 3-storey Super Link Villa in Damansara Perdana from RM 2.7 million with built up from 7,000sf.

Projects seen completed in year 2016 are Uptown Residences in Damansara Uptown and Armanee Terrace II@Damansara Perdana whilst Capella, Delta and Eta Residenz@Pacific Dtar in Section 13, Petaling Jaya are targeted for completion at the end of 2016. Several upcoming projects in Ara Damansara and Kota Damansara are currently under construction and aiming to be completed by 2019/2020.

It is observed that there is limited space for new developments to be built in northern Petaling Jaya especially within Mutiara Damansara and Damansara Perdana. Currently, a 2-storey terraced house within prime location such as Bandar Utama would reach between RM1.2 million to RM1.4 million for a standard intermediate unit whilst a similar type in Damansara Utama has reached about RM1.05 million. Recently, more upcoming projects are seen in Kota Damansara and Ara Damansara within Petaling Jaya.

There are several areas currently undergoing a transition whereby the federal government are focusing on improving infrastructure of those gazetted within Greater KL-Klang Valley. These initiatives manage to spur growth within some matured and potential areas such as Subang Jaya, Puchong, Kajang and Semenyih. Some other areas are established through its potential of having connectivity

Petaling Jaya Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)



and located within acceptable vicinity from the main administrative centre in Putrajaya; for example, Bangi and Cyberjaya.

In 2016, the new extensions of Light Rail Transit (LRT) for Kelana Jaya Line and Ampang Line were completed and had become an added value in creating new potential to its surrounding area. An upcoming project seen in Kelana Jaya is High Park Suites selling its serviced apartment from RM430,000 with built up area from 452 sf. Till now, the take-up rate of its 510 units has reached 70% since its launch in 2015 and is slated for completion in year 2019.

In the suburbs, development trends seen are proper townships with green landscaping since there is sufficient available land especially for landed houses. Some townships established at the southern conurbation are Bandar Saujana Putra, Bandar Rimbayu, Bandar Nusaputra, Tropicana Aman and Eco Sanctuary. Some new launches under planning by some developers include Andira Link Villa in Bukit Puchong by Bukit Hitam Development Sdn Bhd to be launched in 2017 and Penduline@Bandar Rimbayu by IJM Land in 2016 - the latter comprising of 625 units of 2-storey terraced houses priced from RM700,000. Some other examples are Semanja in Kajang by Yuwang Group selling its 97 units of 2-storey terraced houses from RM792,800 and Camellia@Serene Heights in Bangi by Glomac Berhad selling its 165 units of 2-storey terraced houses from RM514,000. Aside from having the potential of being in good locations, other value added selling features or concept adopted in current developments that attract buyers include concept of gated and guarded, certification of Green Building Index (GBI), dual key concept to cater for rental investment and convenient accessibility to trunk roads and highways.

To attain the target of achieving sustainable development, more integrated living environments are being created especially with urbanization processes taking place in major cities. Currently there is a trend to provide Transit Oriented Development (TOD) for those living within urban areas supporting a high-density population. TOD developments are those developed around key transit nodes of transportation line in urban areas which have potential for growing population. For example, in Subang Jaya, there are several upcoming projects surrounding the future stations of the new Bus Rapid Transit (BRT) lines and intersection of the extended Kelana Jaya Line such as Grand Subang@SS13, Kingsley Hills Condominium, and some high rise residential in Tropicana Metropark. Prices of these condominium units start from a minimum of RM450,000 depending on their sizes. Another example is Oasis 1 in Mutiara Heights, a condominium near the Kajang MRT Line which is expected to be completed in year 2018 and currently selling from RM499,000. The target date of completion for the Mass Rapid Transit (MRT) Kajang-Sg Buloh Line, announced in Budget 2017, is the end of year 2016. Successfully, the Sungai Buloh-Semantan stretch of MRT Kajang-Sg Buloh line was operational and opened to public on 16 December 2016.

Due to demand of affordable houses in the state, numerous projects are currently under construction in Klang Valley. Most of the units are priced as low as RM100,000 to RM250,000. There are also affordable housing projects placed within prime areas such as Petaling Jaya, Semenyih and Kajang area.

Upcoming Residential Properties Near Transportation Line

Nearby Service	Development	Type	Selling Prices	Launch	Completion
SunU-Monash BRT	Grand Subang@SS13	SOFO (studio)	RM353,000 – RM600,000	Sept 2016	2019
Subang Jaya LRT	Kingsley Hills	Condominium	-	2017	-
Subang Jaya LRT	Pandora @ Tropicana Metropark	Serviced Apartment	RM700,000	-	2017
Subang Jaya LRT	Paloma @ Tropicana Metropark	Serviced Apartment	RM700,000	-	2018
Subang Jaya LRT	Paisley @ Tropicana Metropark	Serviced Apartment	RM450,000	Nov 2016	2020

Upcoming High Rise Residential Projects in Petaling Jaya/Damansara

Development	Location	Type	No of Units	Selling Prices (RM)	Completion
Maisson	Ara Damansara	Serviced Apartment	1,247	360,000-1.15 mil.	2017
Cyperus Residence Condominium @Tropicana Gardens	Kota Damansara	Condominium	406	From 568,888	2018
HighPark Suites	Kelana Jaya	Serviced Apartment	1,024	From 433,800	2019
Residensi Suasana	Damansara Damai	Serviced Apartment	780	From 450,300	2019
Glomac Centro V (Second Phase)	Ara Damansara	Serviced Apartment	394	From 589,680	2019
Biji Living	Section 17, PJ	Serviced Apartment	425	447,000 – 940,000	2019
Dianthus Residences	Tropicana Gardens, PJ	Serviced Apartment	271	From 807,000	2019
H2O Residences (Final Block)	Ara Damansara	Serviced Apartment	300	From 843,000	2019
Cantara Residences	Ara Damansara	Serviced Apartment	888	From 549,888	2020
DIVO @ The Zizz	Damansara Damai	Serviced Apartment	490	379,050 – 617,400	2020
O'hako Residence	Puchong Jaya	Serviced Apartment	718	430,000-630,000	2019

(Source: Rahim & Co Research)

Upcoming High Rise Properties in the Suburbs

Development	Location	Type	No of Units	Selling Prices (RM)	Completion
Paragon 3	Seri Kembangan	Condominium	456	From 773,330	2017
Cerrado Residential Suite	Southville City, Bangi	Condominium	1,626	From 357,000	2020
Mahogany Park	Saujana Impian, Kajang	Apartment	198	388,888-1,035,888	2017
Lake Point Residence	Cyberjaya	Condominium	265	From 410,000	2017
Paramount Utropolis @ Glenmarie	Shah Alam	Serviced Apartment	253	From 773,300	2017
SkyVilla @ D' Island	Puchong	Condominium	352	From 680,000	2018
Galleria @ Equine Park	Seri Kembangan	Serviced Apartment	504	From 274,100	2018
Hyde Tower	Section 7, Shah Alam	Serviced Apartment	517	From 360,000-795,198	2018
Kenwingston Square Garden	Cyberjaya	Serviced Residence	912	From 335,000-623,000	2019
Le Pavillion	Bandar Puteri, Puchong	Serviced Apartment	606	From 700,000	2019

(Source: Rahim & Co Research)

Upcoming Landed Residential Properties in Selangor

Development	Location	Type	No of Units	Selling Prices (RM)	Completion
1080 Residence	Puncak Saujana Kajang	3-sty semi-detached 3-sty detached	70	From 1,320,120 From 1,973,646	2017
Kinrara Anggun	Bandar Kinrara	2-sty semi-detached	52	From 1,856,800	2017
Villa Astana	Kajang	3-sty cluster	48	950,000 – 1,200,000	2018
The Apex	Bangi	2 & 3-sty detached	81	From 2.19 mil.	2018
Casaview @ Cybersouth	Cyberjaya	2-sty link house	530	From 729,800	2018
Edul	Precinct 11, Setia Alam	3-sty link house	70	From 891,000	2018
Cheria Residence	Kota Kemuning	semi-detached	272	From 1.35 mil.	N/A
Avista @ Bandar Puteri Warisan	Sepang	2-sty terraced	182	From 663,344	N/A
Sunsuria City Apartment	Salak Tinggi	serviced apartment	663	From 380,000	N/A

(Source: Rahim & Co Research)

Selected Affordable Housing Projects in Selangor

Project Name	Type (sf)	Location	Price (RM)	Completion
Simfoni Apartments	750 – 799	Beranang, Hulu Langat	100,000	2017
Ukay Indah @ Sg. Sering	900 – 999	Hulu Klang, Gombak	250,000	2017
Taman Banting Baru	20 x 60	Jugra, Kuala Langat	250,000	2017
Puncak Saujana Kajang (Bayu Residence)	18 x 60	Kajang, Hulu Langat	200,000	2017
Laman Impian (Townhouse)	20 x 60	Klang	220,000	2017
Tiara East Apartment	800 – 899	Semenyih, Hulu Langat	180,000	2017
Villa Kesuma (Townhouse)	20 x 60	Beranang, Hulu Langat	250,000	2018
De Palma, Setia Alam	800 – 899	Bukit Raja, Petaling	170,000	2018
De Kiara, Setia Alam	800 – 899	Bukit Raja, Petaling	170,000	2018
De Bayu, Setia Alam	900 – 999	Bukit Raja, Petaling	200,000	2018
Symphony Park @ Cyberjaya	800 – 899	Dengkil, Sepang	150,000	2018
Pangsapuri Jenderam Indah	900 – 999	Dengkil, Sepang	200,000	2018
Saujana Aman	18 x 60	Ijok, Kuala Selangor	180,000	2018
Bandar Bukit Raja Phase 17A	1,000	Kapar, Klang	250,000	2018
Pangsapuri Asteria, Bandar Parklands	800 – 899	Klang	188,000	2018
Pangsapuri Azaria, Bandar Parklands	800 – 899	Klang	180,000	2018
Apartment Trifolis	1,000	Klang	250,000	2018
Pangsapuri Seri Akasia	900 – 999	Petaling	180,000	2018
M Residence 2	800 – 899	Rawang, Gombak	170,000	2018
Bandar Rimbayu	750 – 799	Tanjung Dua Belas, Kuala Langat	100,000	2018
Bandar Saujana Putra	800 – 899	Tanjung Dua Belas, Kuala Langat	180,000	2018

(Source: Rahim & Co Research)



RETAIL

Key Facts (as at 3Q 2016)

Total Space	34.99 mil. sf	↑ 3.2% y-o-y
Occupancy Rate	86.2%	↔ Stable
Rental	Prime: RM15.00-RM30.00psf Secondary: RM4.00-RM11.00psf	

(Source: Rahim & Co Research, JPPH)

Total supply of retail space in Selangor has a small increase of 3.2% y-o-y to 34.99 million sf as at 3Q 2016. Despite the concern on oversupply as more retail spaces are currently in the pipeline, overall average occupancy rate for retail spaces in Selangor has successfully maintained at a stable rate of 86.2% in 3Q 2016.

However, according to NAPIC, about 4.03 million sf of retail space is recorded as incoming supply in 3Q 2016 and are currently under construction. Completion of these new malls are expected to occur within the next 4 years. There will be more in the planning stage and hence, there are opinions from professionals to control the approvals of new retail developments. Performance of retail malls will depend highly on its concept, management, catchment population and their lifestyle preferences. In established locations, some malls are still doing well even though there are new retail spaces coming into the area. For example, Subang Parade is still able to reach above 90% occupancy even though there is a newer mall, namely, the Empire Shopping Gallery. Another example is Klang Parade which has undergone refurbishment and reopened in year 2014 to suit better tenant mix whereby more shops are able to fit into its new spaces. A mall which presents suitable tenant mix that blends with its community needs will likely to perform better than the others.

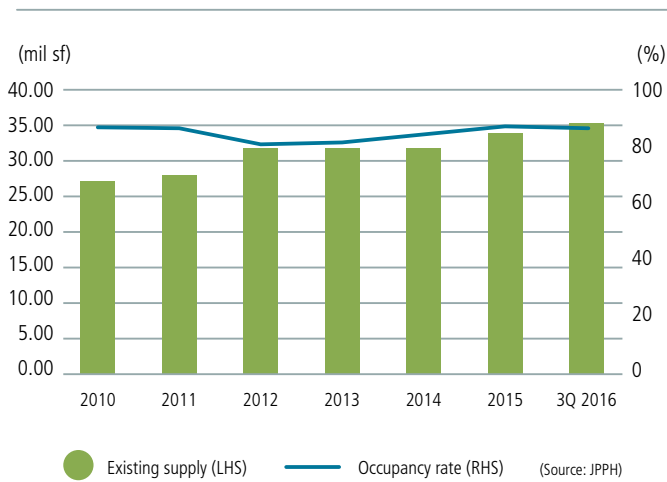
A new shopping mall, the Damen Shopping Mall in USJ 1 with 420,920 sf of net lettable area has been completed in January 2016. Another mall completed at the end of 2016 was The Starling Mall in Damansara Uptown.

Selected Newly Completed & Upcoming Retail Malls in Selangor

Development	Location	Net Lettable Area (sf)	Completion
Selayang Star City Mall	Selayang	550,000	2017
The Starling Mall	Damansara Uptown	450,000	2016
Centrus Shopping Mall	Lingkaran Cyber Point Timur, Cyberjaya	83,387	2017
Pacific Star Mall @ Pacific Star	Section 13, PJ	350,000	2017
Tropicana Gardens	Kota Damansara	1,000,000	2018
Retail Galleria@ D'Sara Sentral	Sungai Buloh	160,000	2018
CentralPlaza@i-City	Section 7, Shah Alam	940,000	2018
Biji Living Puzzle@ Biji Living	Section 17, PJ	N/A	2019
Roppongi Cyberjaya	Cyberjaya	150,695	2019
Le Pavilion	Bandar Puteri Puchong	N/A	2019
Metroplex@ Tropicana Metropark	Subang Jaya	N/A	2020
The Gallery@ Paragon, Pangaea	Cyberjaya	300,000	2020
Pier8 @Gravit8	Klang	150,000	2020
Subang Jaya City Centre (SJCC)	Jalan SS16/1, Subang Jaya	300,000 – 400,000	N/A
Retail@Sunsuria City	Salak Tinggi	2,282 and above	N/A
The Wharf	Taman Tasik Prima	GFA: 506,510	N/A

(Source: Rahim & Co Research)

Existing Supply & Occupancy Rate of Retail Spaces in Selangor (2010-3Q 2016)



Perdana and Corporate Tower@One City in USJ. It is noted that The Ascent Tower@Paradigm in Kelana Jaya has been completed this year. Another notable upcoming integrated mixed commercial development to note is the 40-acre PJ Sentral Garden City by MRCB comprising office towers, retail, serviced apartments and a hotel set as a Transit-Oriented-Development in the heart of Petaling Jaya. Phase 1 of this project is expected to be completed in 2018 while Phase 2 in 2026.

Average rental for offices in Petaling Jaya hovers around RM2.80psf to RM6.00psf depending on location and the buildings' specifications. Office buildings offering dual compliant package of having both Multimedia Super Corridor (MSC) accreditation and Green Building Index (GBI) certification remain attractive and are able to demand higher rental compared to others. For example, First Avenue office tower in Bandar Utama with its MSC and GBI package would be able to reach RM5.00 to RM6.00psf whilst Jaya 33 office tower is also able to reach RM4.50psf to RM5.00psf.

PURPOSE BUILT OFFICE

Key Facts (as at 3Q 2016)

Supply	36.54 mil. sf	↑ 2.7% y-o-y
Occupancy Rate (%)	76.7%	↑ 0.4% y-o-y
Rental Rate (RM)	Prime: RM4.00-RM6.00psf Secondary: RM2.80-RM3.50psf	

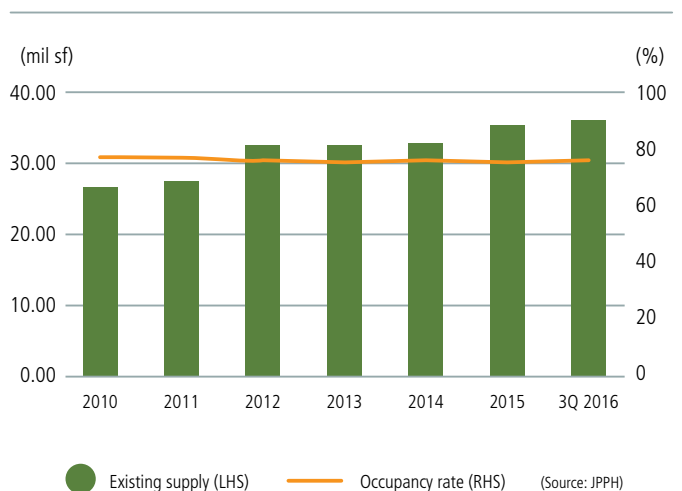
(Source: Rahim & Co Research, JPPH)

Total supply of offices grew by 2.7% to 36.54 million sf in 3Q 2016 with average occupancy rate achieved at 76.7%. As new infrastructures are progressing well towards completion such as Mass Rapid Transit (MRT) and Light Rail Transit (LRT), many are observing several new commercial developments including offices being injected into the current market. In Selangor, suburban areas are developing and evolving towards being sustainable by creating a balance in having all-in facilities. Conceptually, these are also called integrated developments or mixed developments which include urban lifestyle whereby the community will be able to live conveniently supported by other commercial facilities such as shops and malls. On the other hand, existence of offices would create a prestigious effect if it is positioned well with established tenants.

Currently, about 4.5 million sf are incoming and under construction in Selangor and some are slated for completion at the end of 2016; such examples are HCK Tower@Empire City in Damansara

Due to the saturated commercial development in Kuala Lumpur city centre, decentralization and suburbanisation of the existing offices towards other areas was observed in recent years such as to Petaling Jaya, Bandar Utama, Mutiara Damansara, Damansara Perdana, Kota Damansara, Kelana Jaya and Subang Jaya. Availability of good quality offices offering lower rental compared to the city centre could become an attraction for these companies to consider for relocation.

Existing Supply & Occupancy Rate of Purpose Built Offices in Selangor (2010-3Q 2016)



HOTELS

Key Facts (as at 3Q 2016)

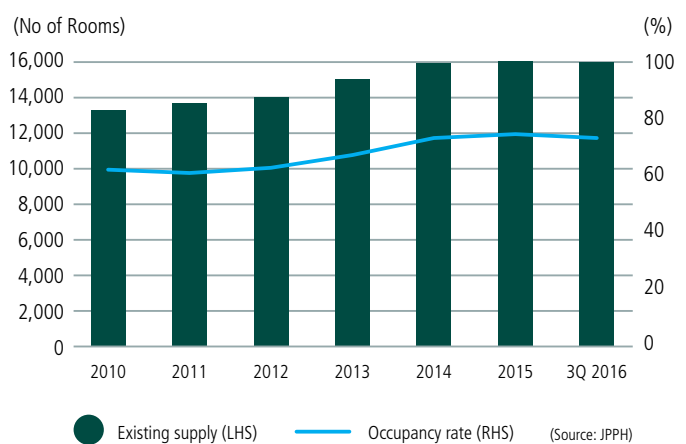
Supply	17,769 rooms	↑ 3.8% y-o-y
Average Room Rate	4-star: RM260 – RM350 per night 5-star: RM280 – RM450 per night	

(Source: Rahim & Co Research, JPPH)

Total hotel rooms in Selangor showed growth of 3.8% in 3Q 2016. Based on the latest data available, the total number of tourist arrivals in Selangor in year 2015 marked an increase by 15.5% to 7.01 million tourists compared to 6.07 million tourists in the previous year. Tourist spots in Selangor are likely to be felt within Petaling Jaya such as Bandar Sunway and Subang Jaya area. Touristic activities vary, either for leisure or business meetings. Within Petaling Jaya and Subang Jaya, there are several upcoming hotels on the way such as the 5-star Sheraton Hotel in Petaling Jaya, the 4-star Wolo Hotel@Empire Remix in USJ and the 4-star Double Tree by Hilton@I-City to be completed by year 2018.

Currently, standard room rates for 4 and 5-star hotels within Subang Jaya and Petaling Jaya range from RM260 per night to RM350 per night. In terms of occupancy rate, hotels near established attractions are able to record good occupancy. Such example is evident through Sunway Resort Hotel & Spa's near to the Sunway Lagoon Theme Park and Sunway Pyramid shopping mall, recording an average occupancy rate of 81.2%.

Existing Supply & Occupancy Rate of Hotels in Selangor (2010-3Q 2016)



With more upcoming hotels currently being built, existing old hotels are feeling the pressure to carry out refurbishments and makeover in order to compete effectively. In Subang Jaya, the Summit Hotel is targeting a budget of RM20 million to RM30 million for refurbishment in order to maintain its 4-star rating.

Selected Upcoming Hotels in Selangor

Development	Location	No. of rooms	Star Rating	Completion
Movenpick Hotel & Convention Centre	KLIA Sepang	333	3-star	2018
Hotel@Skypark	Cyberjaya	243	4-star	2017
Sheraton Petaling Jaya (The Pinnacle)	Lorong Utara, Petaling Jaya	250	5-star	2017
Paragon (Phase 4)	Cyberjaya	NA	5-star	2017
The Wolo Hotel@Empire Remix	Persiaran Subang Permai, Subang Jaya	450	6-star	2017
New World Hotel	Petaling Jaya	316	4-star	2017
Container Hotel@Roppongi Cyberjaya	Cyberjaya	300	3-star	2020
Hotel Everrich (Sunsuria Provence Village)	Sepang	Less than 200	N/A	Yet to be launched

(Source: Rahim & Co Research)

NOTABLE ANNOUNCEMENTS / ACTIVITIES IN SELANGOR

- Extension of Ampang Line and Kelana Jaya Line was completed & operational in middle 2016
- The Klang Valley Mass Rapid Transit (KVMRT) Project by MRT has the operating dates for two of its lines revealed; MRT Sungai Buloh-Kajang Line on 16 December 2016 and MRT Sungai Buloh-Serdang-Putrajaya Line in July 2021. A third line named Circle Line is currently under final planning and will orbit through Bandar Malaysia South, KL Eco City, Bukit Kiara, Sentul and Pandan.
- Lembaga Pengurusan Hartanah Selangor (LPHS) had announced new guidelines for serviced apartments, since there was a notice to freeze in approving new serviced apartment projects, include small office home offices (SOHOs) and small office versatile offices (SOVOs). Amongst others, the new guidelines are designed to create more affordably priced stocks in the state as well as creating a more sustainable housing market in Selangor.
- Shah Alam Stadium had undergone refurbishment with an allocation of RM12 million and has been re-opened for plays in May 2016.
- Public Works Department (JKR) Selangor has been allocated a total of RM72 million for better road maintenances in three zones: Zone 1 (Sabak Bernam and Kuala Selangor), Zone 2 (Hulu Selangor, Klang, Gombak, and Petaling), Zone 3 (Sepang, Hulu Langat, Kuala Langat).
- RM22 million has been allocated for the development of Selangor's digital infrastructure; RM14 million in developing the Smart Digital Eco-system and RM8 million in the Internet of Things (IoT) enabler.

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	38,285 units	↑ 5.5% y-o-y
Transaction Volume	1,185 units	↓ 19.8% y-o-y
Transaction Value	RM3,789.82 mil.	↓ 6.0% y-o-y

(Source: Rahim & Co Research, JPPH)

Supply of industrial market in Selangor reflected an increase of 5.5% in 3Q 2016 compared to similar period last year. However, the number of transactions for industrial properties showed a decrease of 19.8% to 1,185 units. According to Malaysian Investment

Development Authority (MIDA), Selangor recorded total approved projects in manufacturing sector amounting to about RM3.04 billion whereby domestic investment contributed about 58.6% to total investments.

In Petaling Jaya, its industrial spot is established and has matured to a level whereby there is limited space for new industrial areas. Currently, a 2-storey terraced factory in Petaling Jaya is transacted at prices from RM1.4 million to RM2.0 million. A similar type in Kota Kemuning Industrial Park, Shah Alam would be priced at an average of RM1.7 million and Puchong showed prices reaching about RM1.7 million to RM1.8 million.

Selected Upcoming Industrial Properties in Selangor

Development	Location	Type	No of Units	Selling Prices (RM)	Completion
Industrial Unit @Sekitar26	Section 26, Shah Alam	3-storey semi-detached industrial units	38	From RM5,693,300 – RM6,019,300	2017
SMD Kundang Industrial Park	Kundang, Rawang	Semi-detached factories	20	From RM3.29mill	2018
Avant Industrial Park	Shah Alam	Semi-detached & bungalow factories	12	N/A	N/A

(Source: Rahim & Co Research)

NEGERI SEMBILAN

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	244,260 units	↓ 1.1% y-o-y
Transaction Volume	9,516 units	↓ 9.1% y-o-y
Transaction Value	RM2,317.62 mil.	↓ 9.0% y-o-y

(Source: Rahim & Co Research, JPPH)

Negeri Sembilan's property market activities in the first three quarters of 2016 has decreased whereby 9,516 units of residential transactions worth RM2,317.62 million was recorded against 10,470 units of transactions worth RM2,547.84 million in 3Q 2015, denoting a reduction of 9.1% and 9.0% of the volume and value respectively. 1-storey terraced house units were the most preferred house type, having captured 28% (2,634 transactions) of the residential market followed by 2- and 3-storey terraced houses with a percentage of 27% (2,584 transaction).

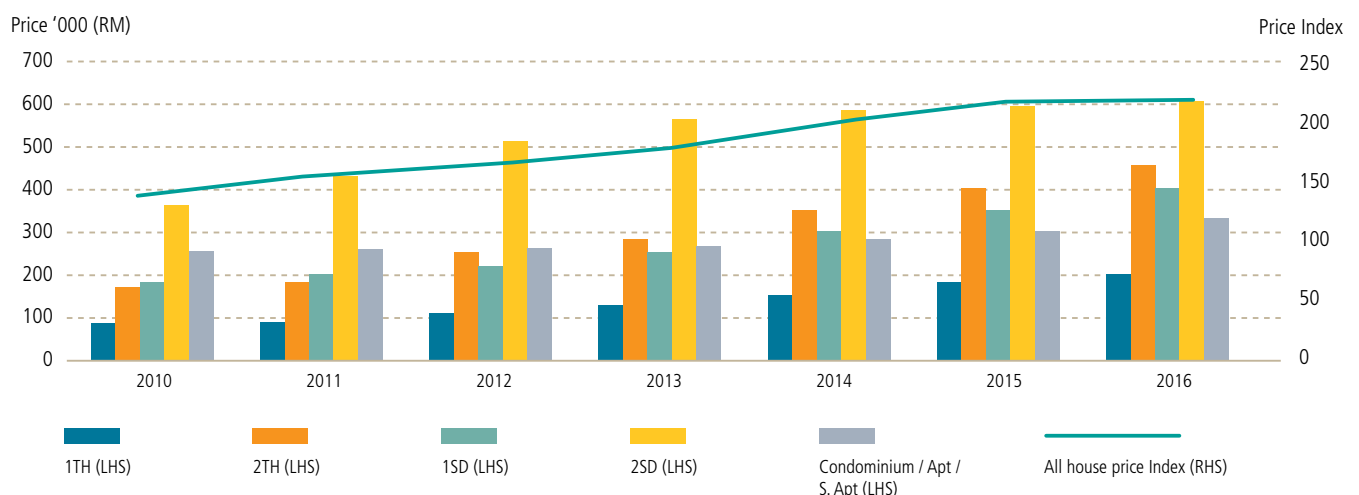
According to JPPH, the existing supply of residential units in Negeri Sembilan has slightly decreased from 247,001 units as at 3Q 2015 to 244,260 units as at 3Q 2016, registering a drop of 1.1% growth y-o-y. 1-storey terraced houses continue to dominate the residential market at 83,030 units followed by 2- and 3-storey terraced houses at 42,586 units.

Looking at the current landed properties market, existing 2-storey terraced houses in Bandar Ainsdale, S2 Height and Nilai Impian are seen to be priced between RM500,000 to RM570,000 per unit where there is an approximately 4% increase in value compared to last year. On the newly completed residential units, prices seem to go beyond the transacted prices, reaching up to RM595,000.

On the non-landed segment, a newly completed condominium named Kalista Residence 1 by IJM Land has received an overwhelming response and achieved an impressive 99% take-up rate. Kalista Residence 1 claims its unique selling point to be the contemporary and stylistic architecture design used in addition to offering basic condominium facilities to its. The selling price of a unit starts from RM354,456 and goes up to RM582,456, depending on the built-up area.

PNB Development Sdn Bhd has revealed through their latest launch Mawar Qaseh in Laman Mawar, Kota Serimas. The development offers 127 units of 2-storey terraced house with built-ups of 1,620 sf (intermediate) to 1,930 sf (corner/end lot). The units are priced between RM380,888 and RM588,888 and expected for completion in September 2018.

Seremban Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Matrix Concepts Holdings Bhd has recently launched another development under Sri Sendayan known as Suriaman 2B in June 2016. The project offers 232 units of 2-storey terraced houses with a total development value of RM154 million. The project has received positive response from the buyers where nearly 70% of the total units have been taken up as at July 2016.

With the successful purchase of six freehold parcels of land in Seremban at the price of RM145 million, OSK Holdings Bhd, through an indirect unit known as Aspect Synergy Sdn Bhd, plans to develop an integrated residential and commercial development in Seremban that would comprise a mix of landed and high rise residential and commercial component with a total investment of RM3.6 billion.

Existing Landed Residential Properties in Negeri Sembilan

Development	Location	Type	Asking Rental (RM per month)	Asking Price (RM)
Segar	Bandar Ainsdale	2-storey terraced	1,200-1,500	From 570,000
Summer	S2 Height	2-storey terraced	1,300-1,700	From 500,000
Sakura	S2 Height	2-storey terraced	1,300-1,500	From 520,000
Hijayu 3	Bandar Sri Sendayan	2-storey terraced	1,300	From 440,000
Laman Orkid @ Medina	Nilai Impian	2-storey terraced	1,400	From 520,000

(Source: Rahim & Co Research)

Newly Completed Landed Residential Properties in Negeri Sembilan

Development	Location	Type	No of Units	Selling Price (RM)
Tenang	Bandar Ainsdale	2-storey terraced	111	From 588,888
Violet @ Citra Hill 2	Nilai	2-storey terraced	163	From 595,000
Nusa 11 @ Nusa Intan	Senawang	1-storey terraced	135	From 320,000
Nusa 12 @ Nusa Intan		2-storey terraced	80	From 420,000
Nusa 13 @ Nusa Intan		2-storey terraced	100	From 485,000

(Source: Rahim & Co Research)

Upcoming Landed Residential Properties in Negeri Sembilan

Development	Location	Type	No of Units	Selling Price (RM)	Completion
Nada 2B @ Nada Alam	Nilai	1-storey terraced	104	From 378,000	2017
Azalea 2 @ Nilai Impian		2-storey terraced	178	From 588,888	2017
Siphonia 2 @ Chemara Hills (Final Phase)		2-storey terraced	53	From 778,888	2017
Santai	Bandar Ainsdale	2-storey terraced	43	From 578,888	2018
Abadi		2-storey terraced	56	From 498,888	2017
Nusa 15 @ Nusa Intan	Senawang	1-storey terraced	82	From 378,000	2017
Nusa 16 @ Nusa Intan		2-storey terraced	-	From 502,000	2017
Suriaman 3	Bandar Sri Sendayan	2-storey semi-detached	385	From 563,888	2017
Elvina @ Hijayu 3B		2-storey semi-detached	333	From 559,888	2017

(Source: Rahim & Co Research)

RETAIL

Key Facts (as at 3Q 2016)

Total Space	5.07 mil. sf	↑ 7.0% y-o-y
Occupancy Rate	73.6%	↓ 3.4% y-o-y
Rental	Prime Lots: RM11.00-RM38.00psf Secondary Lots: RM5.00-RM9.00psf	

(Source: Rahim & Co Research, JPPH)

As at 3Q 2016, the supply of retail mall in Negeri Sembilan stood at 87 buildings with total NLA of 5.07 million sf where the increase amounts to 7.0% from 3Q 2015. A majority of the existing retail malls are located in Seremban, the commercial centre of Negeri Sembilan with 33 buildings, an addition of 3 new malls since 3Q 2015. The remaining 2 new malls are located in Port Dickson and Bahau.

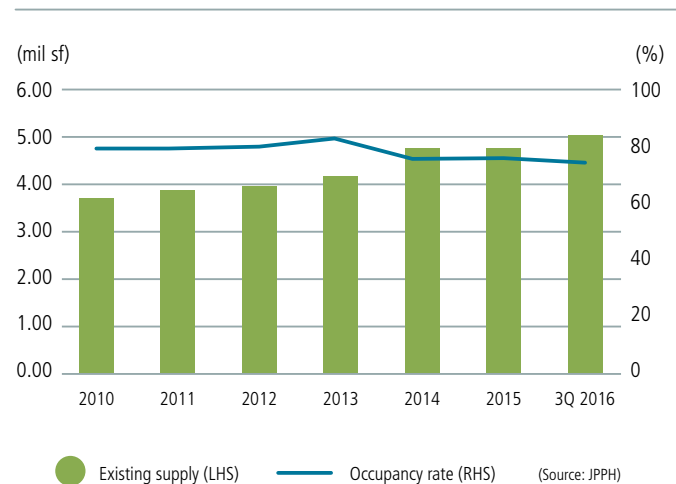
With the increase in supply, average occupancy rate of retail malls in Negeri Sembilan has dropped from 77% to 73.6% in 3Q 2016 y-o-y. The additional new malls are expected to give pressure on the rental rates for the existing retail spaces. The average rental rate for prime malls within Seremban town centre such as Palm Mall, Jusco Seremban and Giant Senawang are able to reach between RM11 to RM26 psf per month. Several preferred lots are even able to fetch a higher band of RM35-RM40 psf.

The newly completed retail malls in Seremban are Mydin Senawang and Seremban Gateway. As the fifth Mydin store in Negeri Sembilan, Mydin Senawang had officially opened their doors to the public in June 2016 and has a total built-up size of 508,752 sf. For Seremban Gateway, they officially opened their mall, sized at a net lettable area (NLA) of 120,000 sf, in April 2016 after obtaining their Completion Certificate in March 2016.

In the near future, NSK Property Sdn Bhd will be opening a new NSK Trade City branch in Oakland Industrial Park, Seremban in the 1st quarter of 2017. This upcoming hypermarket will be a combination of a supermarket and a departmental store, thus offering a wide range of products and brands.

Following the reveal of their plan to build a 600,000 sf shopping centre with total construction cost of a RM203.14 million in Senawang, Seremban, Ireka Corporation Bhd and Aeon Co. (M) Bhd have recently called off the project due to failure in obtaining certain necessary approvals from the relevant authorities.

Existing Supply & Occupancy Rate of Retail Spaces in Negeri Sembilan (2010-3Q 2016)



Upcoming Retail Malls in Negeri Sembilan

Development	Location	Net Lettable Area (sf)	Completion
Sentral Bazar	Nilai 3	650,000	2017
Unicity Mall	Seremban 3	350,000	2017
Aeon Nilai	Nilai	1.2 million	2018

(Source: Rahim & Co Research)

SHOP OFFICE/ PURPOSE BUILT OFFICE

Key Facts > Shop Office (as at 3Q 2016)

Supply	18,829 units	↑ 2.7% y-o-y
Transaction volume	679 units	↓ 29.7% y-o-y
Transaction value	RM374.40 mil.	↓ 32.3% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop offices in Negeri Sembilan has slightly increased by 2.7% from 18,336 units in 3Q 2015 to 18,829 units in 3Q 2016, where 59% are from Seremban itself and followed by Port Dickson with 14%. 2- and 2½-storey shop offices contribute the most to existing supply currently in the market with a percentage share of 54.2%. Following that category is the 3- and 3½-storey shop office types at 20.3%.

Upcoming Shop Offices in Negeri Sembilan

Development	Location	No. of Units	Type	Price (RM)	Completion
Oasis Business Centre	Seremban	27	3 & 4-storey shop office	From 920,000	2017
The Plazo	S2 Height	178	2-storey shop office	From 850,000	2017
Mahawangsa Square @ Bandar Enstek	Nilai	21	2 & 3-storey shop office	From 1,235,500	2018
Sendayan Merchant Square	Bandar Sri Sendayan	125	2 & 2½-storey shop office	From 958,800	2018

(Source: Rahim & Co Research)

Transacted prices of 2-storey shop offices in Seremban such as Mambau Business Centre, Taman Desa Jasmin and Taman Sri Pagi are priced between RM550,000 to RM750,000 per unit while 3-storey shop offices at Bandar Baru Nilai command a price tag of RM450,000 to RM550,000.

In terms of rental rates, shop offices located on the ground floor of Seremban prime areas such as Jalan Yam Tuan, Jalan Dato Abdul Rahman and Jalan Kong Sang have rates between RM2,300 to RM2,700 per lot per month whereas those in Seremban secondary area such as Jalan Tuanku Antah, Jalan Seng Meng Lee and Jalan Tun Dr Ismail are priced between RM1,500 to RM2,500 per lot per month.

Oakland Holdings Sdn Bhd recently launched Oakland Commercial Centre II (Phase 4F), a development comprising of two 4- and 5-storey commercial blocks that offers buyers a choice between lifestyle shops and flexi-office units. The shop units located on the ground floor and first floor have a built-up of 1,041 sf while the office units on the third floor onwards have a built-up of 1,124 sf. The selling price for a shop unit starts from RM450,000 whereas an office unit starts from RM280,000. The project is expected to be completed by 2019. The project has received an overwhelming response from the buyers, bagging a take-up rate of 40% during its launch in May 2016.

Key Facts > Purpose Built Office (as at 3Q 2016)

Supply	3.18 mil. sf	↑ 0.1% y-o-y
Occupancy Rate (%)	93.9%	↓ 0.9% y-o-y
Rental Rate (RM)	RM1.50-RM4.00 psf	

(Source: Rahim & Co Research, JPPH)

Total supply of purpose built offices in Negeri Sembilan has slightly increased by 0.1% from 3.180 million sf in 3Q 2015 to 3.184 million sf in 3Q 2016. The performance in occupancy rate of this sector recorded a slight decrease of 93.9% from 94.8% in 3Q 2015.

Most of the existing purpose built offices are scattered around Seremban with 42 buildings and an accumulative office space of 1.81 million sf in 3Q 2016. Only one new purpose built office in Seremban was recorded at completed in 2016.

The rental rate of purpose built offices in Seremban averages between RM1.50-RM4.00 psf, where the market remained stable as per last year. Arab Malaysian Business Centre and Menara Zurich saw its rates reached up to RM4.00-4.30 psf per month.

Rental of Existing Purpose Built Offices in Negeri Sembilan

Development	Location	Rental (psf)
Arab Malaysian Business Centre	Seremban	RM1.87-RM4.32
Wisma Arab	Seremban	RM1.56-RM1.75
Menara Zurich	Seremban	RM2.80-RM4.00
Wisma PERKESO	Seremban	RM2.25-RM2.40
Plaza Seremban	Seremban	RM1.65-RM2.27

(Source: Rahim & Co Research)

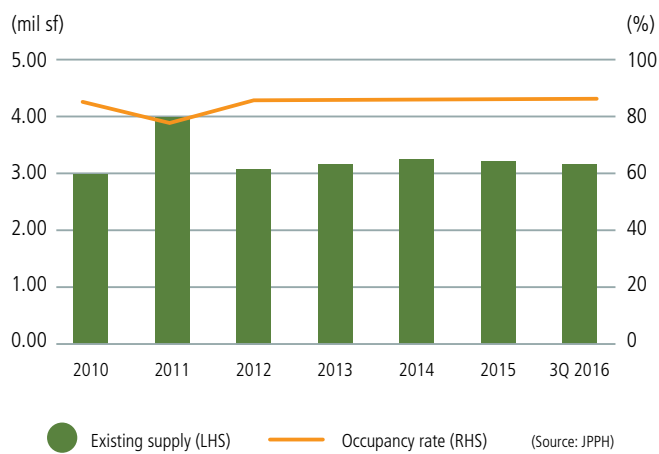
Upcoming Purpose Built Office in Negeri Sembilan

Development	Location	Built-Up Area (sf) per parcel/suite	Completion
Menara MAINS	Seremban	560 – 3,500	2017

(Source: Rahim & Co Research)



Existing Supply & Occupancy Rate of Purpose Built Offices in Negeri Sembilan (2010-3Q 2016)



Total supply of purpose built offices in Negeri Sembilan has slightly increased by 0.1% from 3.180 million sf in 3Q 2015 to 3.184 million sf in 3Q 2016. The performance in occupancy rate of this sector recorded a slight decrease of 93.9% from 94.8% in 3Q 2015.

HOTELS

Key Facts (as at 3Q 2016)

Supply	6,987 rooms	↑ 0.4 % y-o-y
Average Room Rate	4-star: RM170-RM200 per night 5-star: RM300-RM480 per night	

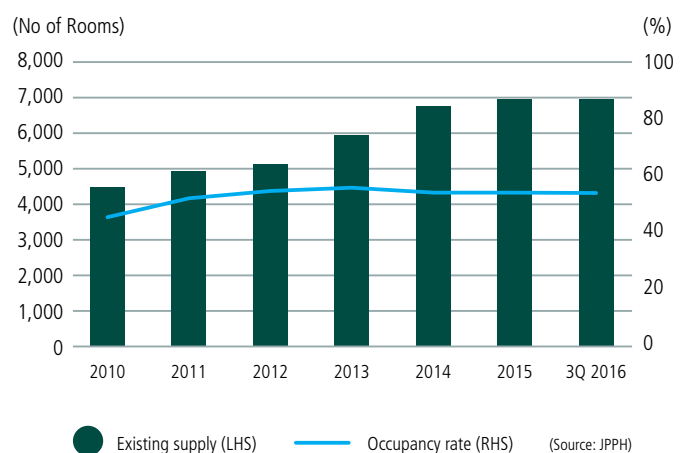
(Source: Rahim & Co Research, JPPH)

Looking at the hotel market as at 3Q 2016, there are 123 registered hotels with 6,987 rooms in Negeri Sembilan compared to the last year supply where 122 registered hotels with 6,956 rooms, showing an increase of 0.4%.

Most 4-star and 5-star hotels are located in Port Dickson as it is a popular holiday destination for both local and international visitors in comparison to Seremban, the capital of Negeri Sembilan.

On average, 5-star hotels such Grand Lexis and Lexis Hibiscus Port Dickson are priced from RM480 and onwards per night while 4-star hotels such as Ancasa Hotel and The Royale Bintang Resort & Spa are priced from RM248 and onwards per night.

Existing Supply & Occupancy Rate of Hotels in Negeri Sembilan (2010-3Q 2016)



Room Rate of Selected Hotels in Seremban

Development	Location	Star Rating	No of rooms	Room Rate (RM per night)
The Royale Bintang Resort & Spa Seremban	Seremban	4-star	345	264-442
Klana Resort Seremban	Seremban	4-star	230	173-183
Sutera Hotel	Seremban	4-star	84	100-150

(Source: Rahim & Co Research)

Room Rate of Selected Hotels in Port Dickson

Development	Location	Star Rating	No of rooms	Room Rate (RM per night)
Lexis Hibiscus Port Dickson	Port Dickson	5-star	642	575-4,903
Grand Lexis	Port Dickson	5-star	317	480-798
Avillion Port Dickson	Port Dickson	4-star	260	314-666
Ancasa Hotel	Port Dickson	4-star	170	248-450

(Source: Rahim & Co Research)

Upcoming Hotels in Negeri Sembilan

Development	Location	Type	No. of Rooms	Completion
Good View Suites	Teluk Kemang	Hotel/Service Suites	152	2017
Splash Park @ Palm Springs Resort City	Port Dickson	Hotel/Service Suites	830	2017/2018
Richmond Condotel	Port Dickson	Hotel/Service Suites	365	2018

(Source: Rahim & Co Research)

INDUSTRIAL**Key Facts (as at 3Q 2016)**

Supply	5,302 units	↑ 2.3% y-o-y
Transaction Volume	251 units	↓ 10.0% y-o-y
Transaction Value	RM369.54 mil.	↓ 36.9% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of industrial sector in Negeri Sembilan has slightly increased by 2.3% from 5,181 units in 3Q 2015. Seremban as the capital of Negeri Sembilan contributed the highest supply at 83% (4,400 units). Terraced factories dominate the existing supply in 3Q 2016 with 3,573 units, followed by 772 units of semi-detached factories.

Generally, major industrial schemes in district of Seremban are located at Seremban town, Senawang, Oakland, Sungai Gadut, Bandar Baru Enstek and Bandar Nilai Utama. The average transacted

NOTABLE ANNOUNCEMENTS/ ACTIVITIES IN NEGERI SEMBILAN

- The state government has launched a modern housing project for Orang Asli in Kampung Pelebar Baru, Port Dickson. The project consists of 56 semi-detached house units and a bungalow worth more than RM500,000 each.
- Lexis Hibiscus Port Dickson has prompted award-winning eco-architect, academic and author Professor Jason Pomeroy to dub the property the largest water home development in the world
- Tanco Holdings Bhd has engaged the leading Malaysian hospitality group Impiana Hotels and Resorts Management Sdn Bhd to manage and operate the upcoming Splash Park Suites
- The state government plans to build a rice factory in Kuala Pilah
- A multipurpose water reservoir of 100 hectares is being built by the state government in Siliu near Rembau
- The Malaysia Vision Valley (MVV):
 - A public-private partnership project for an integrated economic development valley in the western parts of Negeri Sembilan covering a total of 153,000 hectares which includes the areas of Nilai, Seremban and Port Dickson.
 - Despite Malaysia Vision Valley's massive size, only 37% or about 59,000 hectares has been slated for development with the remaining kept as forest reserves.
 - Among the projects that have been mooted for Malaysia Vision Valley are Seremban Central, Seremban Resort City, Port Dickson Waterfront, Port Dickson Splash Park and affordable housing schemes.
 - Joint-venture SPV investment model will be used for the MVV development and Sime Darby will be a major shareholder in the newly formed entity
 - Expected to generate investments of more than RM417.6 billion by the year 2045
- Based on the 11th Malaysia Plan, there are upcoming infrastructural upgrade plans which includes Seremban Middle Ring Road Phase 3, Paroi-Senawang-KLIA-Salak Tinggi Highway (SKLIA) and KLIA-Port Dickson Highway.
- Labu is expected to be one of the stops along the proposed high-speed rail link (HSR) between Singapore and Kuala Lumpur.
- KTM Berhad (KTMB) has plans to revive the 39km Seremban-Port Dickson railway line. This includes a possible cargo hub to serve Malaysia's southern regions.

Generally, major industrial schemes in district of Seremban are located at Seremban town, Senawang, Oakland, Sungai Gadut, Bandar Baru Enstek and Bandar Nilai Utama.

price of detached plot in Sendayan Tech Valley is at RM41 to RM44 psf while the asking prices has appreciated to between RM45 to RM48 psf. A newly completed scheme in Bahau known as 88 Biz Park by IOI Properties Sdn Bhd are pricing its units from RM530,000 for a 1-storey terraced factory and from RM1,180,000 for a 1½-storey semi-detached factory.

As at 2016, Sendayan TechValley shows itself as a promising economic zone after pulling in a number of Foreign Direct Investment (FDI). A majority of the foreign investors are from Japan such as Akashi Kikai Industry (M) Sdn Bhd, Hino motors Manufacturing (M) Sdn Bhd, Meditop Corporation (M) Sdn

Bhd, Kayaku Safety Systems (M) Sdn Bhd and Daihatsu Engine Manufacturing (M) Sdn Bhd. Investors seen from the European side are Messier-Bugatti-Dowty (M) Sdn Bhd, Schmidt + Clemens (Asia) Sdn Bhd and Weir Group / Linatex Rubber Products Sdn Bhd. China was not left behind with the entrance of Keen Point (M) Sdn Bhd and Hubei Dijian Construction (M) Sdn Bhd. Vehicle engine manufacturer Daihatsu Perodua Engine Manufacturing Sdn Bhd (DPEM) has recently opened their new engine and transmission production plant in Sendayan TechValley. With the new plants in operations, development for the area is expected to shift a gear.

SOUTHERN REGION



MELAKA

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	167,676 units	↓ 0.1% y-o-y
Transaction Volume	6,720 units	↓ 18.1% y-o-y
Transaction Value	RM1,567.85 mil.	↓ 9.2% y-o-y

(Source: Rahim & Co Research, JPPH)

Supply of residential units in Melaka slightly dropped by 0.1% in the first three quarters of 2016 compared to a similar period in 2015. A smaller decrease was recorded in transaction value at 18.1% in 3Q 2016 in comparison to the drop experienced in 3Q 2015 which was recorded at 24.6%. In line with the slowdown of transaction volume, its value also followed with a 9.2% decrease.

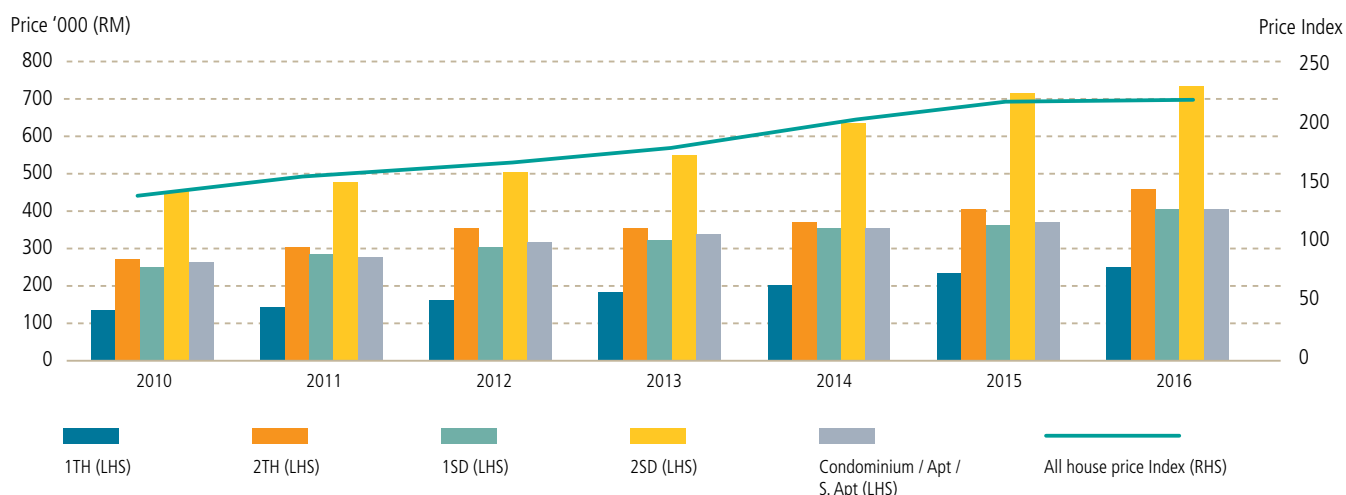
Prices have shown some increase whereby a 1-storey terraced house in Melaka Tengah averages from RM200,000 to RM250,000 and above in good locations. Limited new developments are seen within the Melaka old town since it is gazetted as a UNESCO

World Heritage Site to preserve its historical value. Being a long-running popular tourist spot in Malaysia, Melaka old town is well-known amongst the local and international tourists as a must-visit destination.

An established residential scheme found nearby is Kota Laksamana Raya where a 2-storey terraced house is currently selling at RM450,000 to RM600,000 depending on its built-up area. A similar type in other areas such as Bukit Katil, Batu Berendam and Cheng could fetch between RM300,000 to RM400,000. Prominent landed schemes to note are Taman Kota Laksamana, Taman Ozana Impian and Taman Saujana.

A few highrise residential could be found in the new town near Mahkota Parade and Bandar Hilir. Some established schemes include Costa Mahkota, Garden City Apartments and Casa Lago Condominiums. Prices for Costa Mahkota condominium are able

Melaka Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Upcoming Residential Properties in Melaka

Development	Location	Type	No. of Unit	Price (RM)	Completion
Taman Tangga Batu Permai (Phase 1)	Mukim Tangga Batu	2-sty terraced	30	From 323,000	2017
Taman Bertam Perdana	Pulau Gadong	1-sty semi-detached	56	From 340,000	2017
Taman Paya Rumput Perdana (Medium Cost)	Paya Rumput	2-sty townhouse 2-sty cluster	478	85,000 - 200,425	2017
Taman Pandan Jaya	Lorong Pandan	1-sty terraced 1-sty semi-detached	108	From 259,800 From 356,200	2018
Taman Ozana Residence	Mukim Bukit Katil	2 ½-sty superlink 2-sty semi-detached	207 20	From 498,800 From 663,800	2018

(Source: Rahim & Co Research)

to reach RM300,000 to RM330,000 whilst Garden City Apartments ranges from RM210,000 to RM230,000.

Several projects currently under construction are taking place outside the heritage boundary especially those near to the shores of Malacca Straits and fronting beaches. A few significant projects to note are Hatten City in Melaka city centre, Melaka Gateway and Harbour City in Pulau Melaka. There are other large projects seen in Klebang along the coastal line such as Marina Point and Cheng Ho City. Recently, Silverscape Condominium within Hatten City was newly completed and currently asks for about RM450,000 for its smaller units of 515 sf.

In Alor Gajah, Eco Kasa Heights was completed in 2016 with more than 300 units including 2-storey cluster houses and 2-storey semi-detached houses. Each of these 2 types are selling from RM376,000 and RM410,000 respectively.

The state is currently targeting a total of 57,503 affordable homes or also called "Rumah Mampu Milik" (RMM) by year 2023. Of the total amount about 27,000 units of the RMM homes will be constructed by state government agencies while another 30,000 more will be completed by private developers. To date, it was announced that 10,704 units were being constructed while 5,929 units have been completed.

RETAIL

Key Facts (as at 3Q 2016)

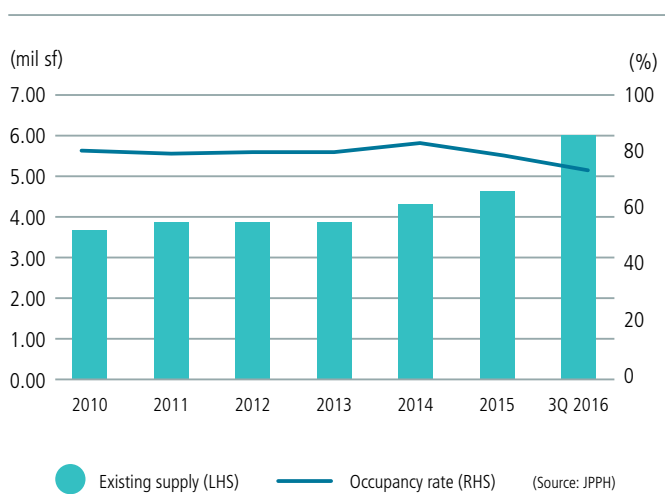
Total Space	6.06 mil. sf	↑ 37.0% y-o-y
Occupancy Rate	74.9%	↓ 8.8% y-o-y
Rental	Prime: RM11.00-RM25.00psf Secondary: RM5.00-RM8.00psf	

(Source: Rahim & Co Research, JPPH)

Total supply of retail space in Melaka has increased by 37% to 6.06 million sf in 3Q 2016. Due to the addition of retail space in the market, total average occupancy fell at 74.9%, dropping by 8.8% from 3Q 2015. In 2016, 2 new malls have officially launched within Hatten City, a modern integrated development within Melaka city centre. These 2 malls are known as Elements Mall and Imperio Mall, both adding to about 1.15 million sf of net lettable area to the existing retail spaces in the city centre.

In 2016, H&M expanded their footprints in Melaka by opening their second store in Jonker Street on the 18th of August. Another popular chain making their appearance is Tony Roma's in Mahkota Parade, Melaka. The existence of these brands show that retail spending pattern in Melaka is now at par with other established city areas in the country. The upcoming malls remain to be Harbour City Mall in Pulau Melaka and Vedro by the River, set for completion by year 2019.

Existing Supply & Occupancy Rate of Retail Spaces in Melaka (2010-3Q 2016)



Rental rate of retail malls in Melaka new town near Dataran Pahlawan are able to fetch a range of RM10.00psf to RM25.00psf for prime lots, with some lots reaching a higher RM36.00psf.

SHOP OFFICE/ PURPOSE BUILT OFFICE

Key Facts > Shop Office (as at 3Q 2016)

Supply	17,280 units	↔ Stable
Transaction volume	494 units	↓ 26.2% y-o-y
Transaction value	RM243.26 mil.	↓ 31.7% y-o-y

(Source: Rahim & Co Research, JPPH)

Overall, supply of shop offices in Melaka remain unchanged in the first three quarters of 2016. Transaction activities of shop offices have slowed down as reflected by the 26.2% drop in the same period. The main thriving commercial spot remains in Melaka new town whereby a 2-storey shop office in the prime area are currently tagged around RM400,000 to RM630,000. In other areas, prices of a similar type would range from RM250,000 to RM300,000.

Currently there is limited new supply observed on the ground as most new commercial projects involve retail centres and hotels.

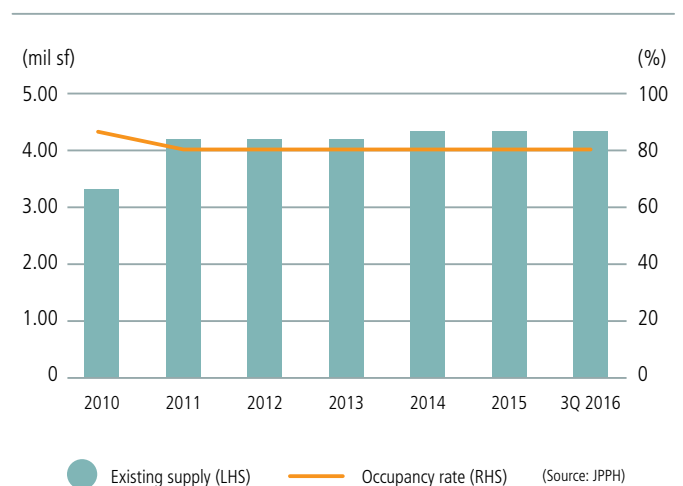
Key Facts > Purpose Built Office (as at 3Q 2016)

Supply	4.29 mil. sf	↔ Stable
Occupancy Rate (%)	81.4%	↔ Stable
Rental Rate (RM)	RM1.60-RM3.00psf	

(Source: Rahim & Co Research, JPPH)

Highrise office market in the state remains stagnant with total supply maintaining at 4.29 million sf. Due to limited high-rise office spaces, average occupancy rate of these offices is able to fetch a stable rate of 81.4%. Several high-rise offices are noticed along Jalan Hang Tuah, Jalan Tun Seri Lanang and within Ayer Keroh town. Rental rate of offices within these areas are able to reach an average of RM1.60psf to RM2.20psf whilst higher ranges are found for those in Ayer Keroh, commanding between RM2.50psf to RM3.00psf.

Existing Supply & Occupancy Rate of Purpose Built Offices in Melaka (2010-3Q 2016)





Upcoming Hotels in Melaka

Development	Location	Star Rating	No. of Rooms	Completion
Double Tree by Hilton Hotel	Hatten City	5	247	2017
Hatten Suites	Hatten City	N/A	580	2017
Courtyard by Marriott	Jalan Tun Sri Lanang	4	284	2018
Park Hotel Melaka	Kota Laksamana	4	245	2019
Hyatt Place	Melaka Gateway	5	200	2019

(Source: Rahim & Co Research)

HOTELS

Key Facts (as at 3Q 2016)

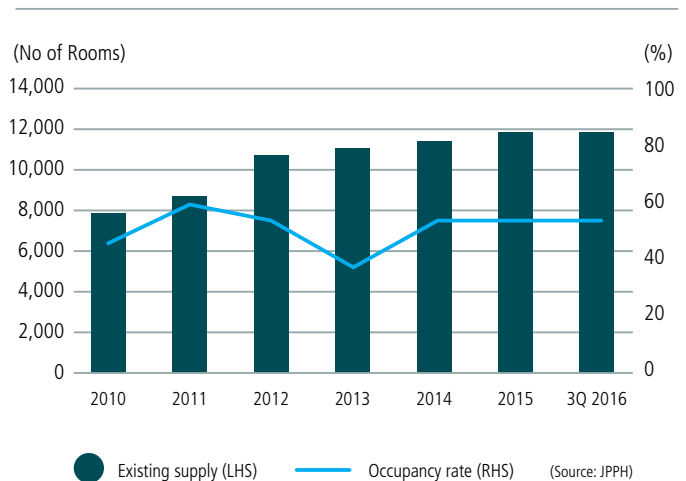
Supply	11,853 rooms	↔ Stable
Average Room Rate	4-star: RM170-RM260 per night 5-star: RM390-RM600 per night	

(Source: Rahim & Co Research, JPPH)

A number of attractions have been established especially within Melaka new town surrounding the Dataran Pahlawan. Some to note are Eye on Malaysia, Melaka River Cruise and Menara Taming Sari. Average room rates for 4-star hotels within Melaka City ranges from RM170 to RM260 per night whilst higher rates are seen for 5-star hotels, ranging between RM390 to RM600 per night. In 2016, Hatten Suites within Hatten City development is completed but has yet to begin operation.

Melaka has become must-visit destination amongst tourists and this lies in the historical value of the Melaka heritage city, attracting all to explore and discover the history of Melaka. Aside from the town centre and the heritage enclave, other parts of Malacca are equipped with coastal attraction such as Pantai Klebang. However, room rates for hotels available here are not as prime as within the city centre since lower rates could be found ranging from RM80 per night to RM110 per night. Several new attractions are being anticipated by many within Klebang area including Jurassic Park, Seaworld and Eco Marine Theme Park. In Pulau Melaka, a new attraction is also currently being built and is located within Harbour City. It is known as Oceanic Kingdom Water Theme Park.

Existing Supply & Occupancy Rate Hotels in Melaka (2010-3Q 2016)



According to Tourism Melaka's latest data, total tourists' arrival in Melaka as at 2015 has reached 15.7 million whereby 12.2 million are made of international tourists. Top international tourists origins are Singapore, China, Indonesia and Taiwan.

NOTABLE ANNOUNCEMENT / ACTIVITIES IN MELAKA

- KAJ Development Sdn Bhd (KAJD) signed a memorandum of agreement (MOA) worth RM30 billion with Powerchina International Group Ltd (Powerchina International), a China based company to develop Melaka Gateway. Melaka Gateway is a mixed development project which will cover 3 reclaimed islands and 1 natural island, amounting to a total of 1,366 acres of land along the Straits of Malacca.
- KAJ Development Sdn Bhd teamed up with PowerChina International Group Ltd to build a port as part of Melaka Gateway project and slated for completion in 2019.
- "Impression Melaka" - a theatre building project based on the natural-stage concept of the Impression series in China by Yong Tai Bhd on 17-acre land and is expected for completion by end-2017. It is part of Impression City, an upcoming 100-acre mixed-development project of residential and commercial units. Phase 1 of Impression City is expected to kick start at the end of 2016.
- In the effort of setting up the Hang Tuah Trade Centre, the state government will be upgrading current and adding new buildings in the town center. It is a 30-40 hectare project to be developed within a 5-year period.
- Construction of Melaka Gateway Port in Pulau Panjang is set to begin in 2017 and expected to complete by 2019.
- Melaka International Cruise Terminal expected for completion in 2017.
- Bukit Katil township project by Encorp Bhd to be launched in 3Q2017.
- Construction of Kuala Linggi International Port will begin in 1Q2017. The port which will be developed on a 620-acre reclaimed land would be servicing the oil & gas industry.
- Malacca State Development Board brought in Taboh Naning development in Alor Gajah which set to be developed with RM2 billion mixed development project. The Taboh Naning development will be built on a 90-acre plot of land which will see mixed development of commercial real estate alongside a new international class theme park.

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	6,405 units	↑ 1.9% y-o-y
Transaction Volume	262 units	↓ 24.7% y-o-y
Transaction Value	RM289.08 mil.	↑ 2.9% y-o-y

(Source: Rahim & Co Research, JPPH)

Although the supply of industrial properties in Melaka showed slight growth by 1.9% in the first 3 quarters of 2016 compared to 2015, the number of industrial property transactions had significantly reduced by about 24.7% during the same period.

Despite the cloudy movement seen for industrial market transaction as at 3Q 2016, several investors are still showing interest and some have started to roll their projects in the state. According to Malaysian Industrial Development Authority (MIDA), Melaka recorded a total of RM972.46 million investments in manufacturing sector between January to August 2016. Guangdong Province of China had signed a memorandum with Malacca in September 2015 to enhance friendly and cooperative relations in land development, connectivity, knowledge-sharing in trade and investment, tourism development of industrial parks and others. Several projects being mentioned recently include the construction of Maritime Industrial Park, Guangdong-Malacca Industrial Estate and a deep-sea port as part of Melaka Gateway project. In 2016, KAJ Development

Sdn Bhd (KAJD) had signed a memorandum of agreement (MOA) worth RM30 billion with China-based conglomerate, Powerchina International Group Ltd to develop a port within the Melaka Gateway project.

Some notable industrial schemes in Melaka are Hicom-Pegoh Industrial Park in Alor Gajah, Malim Business Centre in Batu Berendam, Perindustrian Krubong Jaya in Melaka Tengah and Perindustrian Merlimau in Jasin. Most of the industrial areas are made of detached industrial plot and detached factories. In Pegoh Industrial Park, detached plots are transacted between RM13.00psf to RM20.00psf whilst higher prices are seen for a similar type in Perindustrian Krubong Jaya, ranging from RM38.00psf to RM45.00psf. Looking at other types, a 1½-storey terraced factory in Malim Business Centre would be priced around RM600,000 to RM720,000. Generally, in Melaka Tengah, prices of 1-storey terraced factories remain within range of RM250,000 to RM350,000.

A new industrial scheme was completed in 2015 with a new concept of gated and guarded by Jaymuda Group. Located in Durian Tunggal, it is known as Skyline Industrial Park and comprises of 1-storey linked factories, semi-detached and detached factories. Each are priced from RM588,880, RM838,800 and RM2.64 million respectively. In general, future potentials for the industrial market in Melaka are seen from the new initiatives taken by the state government in collaborating with international investors to create more platforms in generating economic activities in the state.

JOHOR

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	728,061 units	↓ 0.2% y-o-y
Transaction Volume	19,304 units	↓ 17.5% y-o-y
Transaction Value	RM6,259.72 mil.	↓ 10.7% y-o-y

(Source: Rahim & Co Research, JPPH)

Performance of residential property market in 3Q 2016 continues its downtrend with total residential transaction decreased by 17.5%. Of the overall residential transaction, houses with price bracket of RM400,001 to RM500,000 showed positive growth y-o-y of 7.6% in 1-3Q2015/1-3Q2016 whilst others showed a decrease.

Residential market in Johor remains popular within established areas such as Johor Bahru city centre, Iskandar Puteri, Medini, Tebrau, Tampoi and Skudai area. Observing the sentiment of residential property market in Johor, there is concern of oversupply with more upcoming residential projects being built. However, even though the total number of transaction had decreased in the third quarter of 2016, demand is still seen for selective projects in good areas with growing population and ready infrastructure coupled with the product concept and branding positioning.

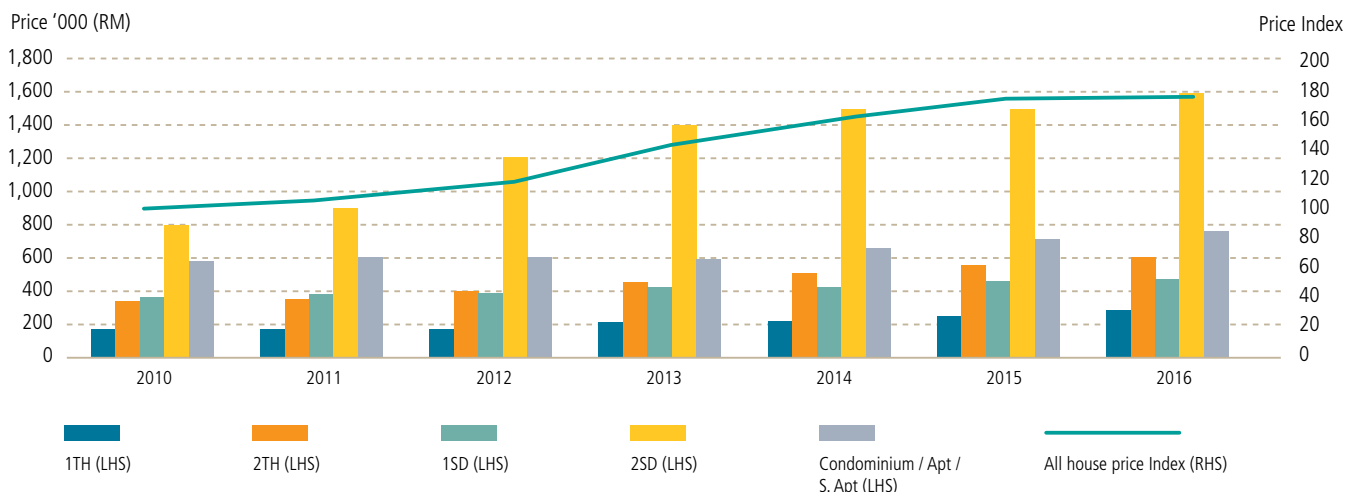
On average, a 2-storey terraced house in Johor Bahru would be priced from RM500,000 to RM800,000 for a standard unit within

prime areas whilst others would sell between RM350,000 to RM450,000 depending on its size and location. Among residential schemes selling to note are Horizon Hill, Taman Bukit Indah and Taman Mount Austin.

Country Garden continued making its mark after its Danga Bay project, through the USD\$42 billion Forest City project in Gelang Patah. The 1,386-hectare futuristic eco-city, Forest City, will be built on four man-made islands under a venture between China's Country Garden Holdings and Johor's Esplanade Danga 88, and is currently progressing on ground. Reportedly, to date it has seen the sales of 11,000 units which buyers from China forming a significant chunk of them. Prices of condominiums in Forest City have also been reported to be RM1,000 to above RM1,500 per square foot - notching one of Iskandar Malaysia's prime benchmark figures. Last year, it was announced that Forest City is to become a duty free zone.

Another new growing area is at Iskandar Malaysia's Flagship B area, i.e. Medini and Puteri Iskandar (formerly named Nusajaya). The area is steadily establishing itself after the successful opening of Legoland Theme Park, Pinewoods Studio and EduCity as well as several high end residential developments. An example is Citrine Residences in Sunway Iskandar, which was launched in 2014 at

Johor Bahru Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Upcoming Landed Residential Properties in Johor

Development	Location	Type	Price (RM)	Completion
Estuari Gardens	Iskandar Puteri	2-sty terraced	1,399,888	2017
Austin Duta (Tebrau)	Johor Bahru	2-sty terraced	700,350	2017
Regent's Park East Ledang	Iskandar Puteri	Detached	5,266,888	2017
Bukit Indah	Johor Bahru	2-sty terraced	Villosa – 770,588 Visca – 652,288	2018
Meridin East (The Greenway & The Eden)	Pasir Gudang	2-sty terraced	356,100	2018
Emerald Residence @ Sunway Iskandar (Phase 1)	Iskandar Puteri	2-sty superlink 3-sty semi-detached	1.5 million 2.4 million	2018
Melia Residences @ Gerbang Nusajaya	Gelang Patah	2-sty terraced	596,000	2021

(Source: Rahim & Co Research)

Upcoming High Rise Residential Properties in Johor

Development	Location	Type	Price (RM)	Completion
One Sentral	Iskandar Puteri	Serviced Residence	332,000	2016
The Astaka (Phase 1)	One Bukit Senyum	Serviced Apartment	From 2,697,000	4Q2017
The Caspian @ Meridian Bayvue	Masai	Serviced Residence	432,000	2017
Centra Residences @ Nasa City	Johor Bahru	Serviced Residence	518,336	2017
Bayu Angkasa Apartments @ Nusa Bayu	Iskandar Puteri	Apartment	368,000	2017
Suasana Iskandar Malaysia	Johor Bahru	Serviced Residence	818,696	2017
Setia Sky 88 (Phase 1)	Johor Bahru	Residential Tower	833,340 – 2,348,340	2018
Setia Sky 88 (Phase 2)	Johor Bahru	Residential Tower	977,060 – 3,573,080	2018
Almas Suites	Iskandar Puteri	Serviced Residence	393,888	2018
Shama Medini Upscale	Medini	Serviced Residence	770,788	2018
Southern Marina Residences	Iskandar Puteri	Condominium	853,000	2018
ARC @Austin Hills	Johor Bahru	Apartment	235,000	2019
Astaka Phase 2	One Bukit Senyum	Serviced Apartment & Serviced Residences	N/A	2021

(Source: Rahim & Co Research)

RM581,000 per unit and slated for completion in year 2017. Emerald Residence (landed residential) was launched end of 2015 with prices starting from RM888,000 for its 2-storey link houses (terraced houses).

To adapt with the current lifestyle, some new projects include high-rise apartments to be within an integrated development complemented by commercial aspects to support its community. Several projects seen on the ground are 9 blocks of condominium in Danga Bay, Centra Residences@Nasa City in Kempas and GEO, NEO and REO@Capital City in Tampoi. Currently, the upcoming high rise residential projects are still under construction and some are expecting its completion in year 2017. Starting price for this

type in Johor Bahru has currently reached about RM500,000 to RM800,000 and some even selling about RM1 million and above.

Issues on affordable housing has been in the market in Johor where there have been programs and initiatives brought up by both state and federal governments to build more affordable houses in the state. The state government is currently aiming for 60,000 units of affordable homes to be ready by year 2019. Early in the year, 700 units of affordable houses was launched under RMMJ (Rumah Mampu Milik Johor) program by the state government to be known as Taman Desaru Utama 2. The project includes townhouses and 1-storey terraced houses of 1,000 sf built-up area and priced at RM150,000. Another project to note is by Kejora Development Holdings known as Taman Desaru Permata.

Overall, while supply of residential units in Johor, especially of the high-end products in Iskandar Malaysia, is still growing with the upcoming supply, demand has softened due to not just the local factors but also the global economic conditions. There are opinions that some of the newly launched unit is priced higher than expected.

Upcoming Affordable Housing Projects

Development	Unit	Price (RM)	Type
Rumah Mampu Milik Johor (RMMJ)			
Bandar Putera Indah-Magma Garden	136	150,000	1TH
Taman Pulau Hijauan – Phase 7 Parcel 1	87	150,000	2TH
Taman Gunung Emas 3	50	80,000	Town house
Taman Laman Setia (Ekolnara)	285	150,000	2TH
Denai Nusantara	1,109	150,000	Apartment
Taman Molek (Plentong)	640	150,000	Apartment
Taman Pasir Putih MK Plentong	184	150,000	2TH
Taman Scientex Pasir Gudang	246	150,000	2TH
Saujana Jaya	98	80,000	2TH
Rumah Mesra Rakyat Johor (RMRJ)	500 (750 sf)	64,000	N/A
	1,000 (850 sf)	72,500	N/A
	1,500 (1,000 sf)	85,000	N/A
Perumahan Rakyat 1 Malaysia (PR1MA)			
Bandar Layangkasa, Pasir Gudang	475	From 185,000	2TH
Tebrau, Johor Bahru	1,284	From 180,000	Apartment
Kota Tinggi	625	From 268,000	2TH

(Source: Rahim & Co Research)

The state government is currently aiming for 60,000 units of affordable homes to be ready by year 2019.

RETAIL

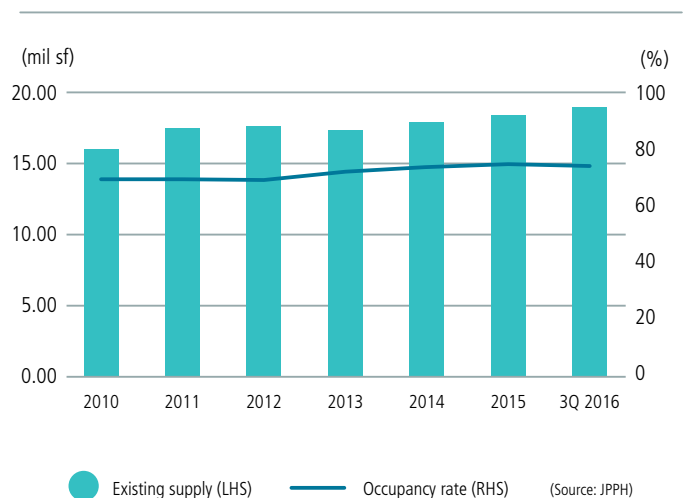
Key Facts (as at 3Q 2016)

Total Space	18.99 mil. sf	↑ 6.2% y-o-y
Occupancy Rate	73.3%	↓ 3.4% y-o-y
Rental	Prime lots: RM30.00-RM40.00psf Secondary lots: RM10.00-RM25.00psf	

(Source: Rahim & Co Research, JPPH)

Total supply of retail mall space in Johor in 3Q 2016 grew by 6.2% to 18.99 million sf whereas demand for retail space in terms of the occupancy rate of retail malls in Johor, decreased by 3.4%. As the trend of living within integrated lifestyle is being introduced in the market and with growing population in place, retail mall has become a popular component to be considered for a commercial development. As in Johor, currently several established malls in Johor Bahru city centre are JB City Square, KSL City Mall and Sutera Mall. In other areas, there are also IOI Mall in Kulai, Kluang Mall in Kluang and Wetex Parade in Muar. Nowadays, the retail malls have evolved whereby the new generation is looking for a place to suit the lifestyle in terms of items and brand. AEON has become a brand that has set up its reputation in Johor. Some malls to note are AEON Tebrau City Shopping Centre, AEON Bukit Indah Shopping Centre, AEON Mall Kulaijaya and AEON Permas Jaya Shopping Centre. Another AEON Mall is currently undergoing construction within Bandar Dato' Onn area and is estimated to complete in 2017.

Existing Supply & Occupancy Rate of Retail Spaces in Johor (2010-3Q 2016)





Some mall brands, having established themselves in Kuala Lumpur and Klang Valley, are eyeing Johor as the next potential hot spot. Among them are upcoming malls noted as Mid Valley SouthKey Megamall in SouthKey (Johor Bahru), Paradigm Mall along Jalan Skudai and IKEA along Jalan Desa Tebrau. Another significant mall project to note is the Capital 21 in Tampoi which promotes its multi-theme concept within the mall when it is completed. Future projects still in planning include malls in One Bukit Senyum and Zenith Mall@Suasana Iskandar Malaysia.

Performance of rental rates for malls in Johor Bahru city centre is stable especially those located in Johor Bahru such as Komtar JBCC Mall averaging at RM7.00psf whilst City Square is asking for RM12.00psf to RM15.00psf. Sutera Mall offered higher rental on average of RM11.00 to RM26.00 psf per month and its prime lots could fetch about RM40.00psf. In the city fringe area such as IOI Mall in Kulai, lower rental is seen ranging from RM4.00psf to RM12.00psf.

Selected Upcoming Retail Malls In Johor

Development	Location	Retail Space	Completion
Capital 21	Tampoi	1.1 mil sf	2018
IKEA	Jalan Desa Tebrau	502,815 sf	2017
Paradigm Mall	Jalan Skudai	1.3 mil sf	2017
Mid Valley Southkey Megamall	Southkey	1.5 mil sf	2019
Regalium	One Bukit Senyum	1.5 mil sf	2021

(Source: Rahim & Co Research, JPPH)

PURPOSE BUILT OFFICE

Key Facts (as at 3Q 2016)

Supply	11.67 mil. sf	↑ 0.3% y-o-y
Occupancy Rate (%)	80.8%	↓ 0.1% y-o-y
Rental Rate (RM)	Prime area: RM2.50-RM3.50psf	

(Source: Rahim & Co Research, JPPH)

Overall total supply of office space in Johor showed a slight growth of 0.3% with 11.67 million sf of space available as at 3Q 2016. Demand for office space is still competitive with an

average occupancy rate still above 80% even though there is a slight decrease of 0.1% compared to the previous year.

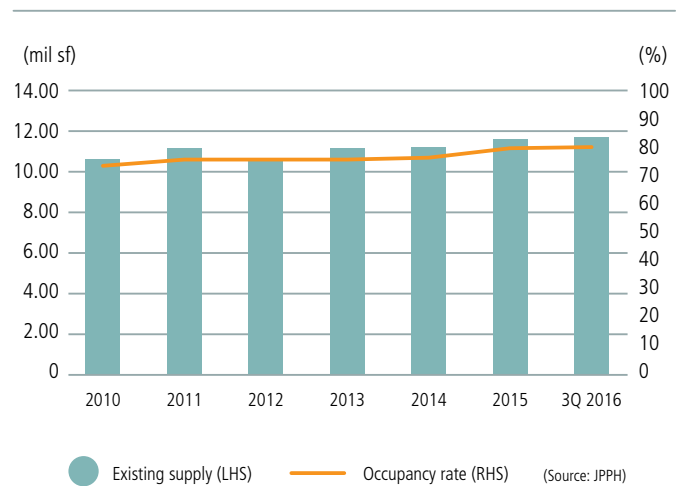
Established buildings in Johor Bahru City Centre remain attractive with rental rate being able to reach RM2.30psf to RM3.50psf whilst some at the fringe command lower at RM1.40psf to RM2.50psf. Some notable offices in Johor Bahru are Menara KOMTAR, Menara Ansar and Menara Landmark in Johor Bahru.

Quite a number of upcoming office projects are targeting for completion in 2018/2019 and several to note are Corporate Office Tower@UMCity Medini Lakeside, D’Pristine Tower, Medini 9, Medini 10 in Medini and Coronation Square in Johor Bahru. Others are slated for completion in 2017 such as Markers Iskandar and Menara JLand@KOMTAR JBCC.

In August 2016, it was reported that Johor Bahru City Council intends to relocate its headquarters to an upcoming 14-storey office tower within One Bukit Senyum project once it is completed (expected in 2019). It is estimated to have an estimated gross floor area of 445,848 sf.

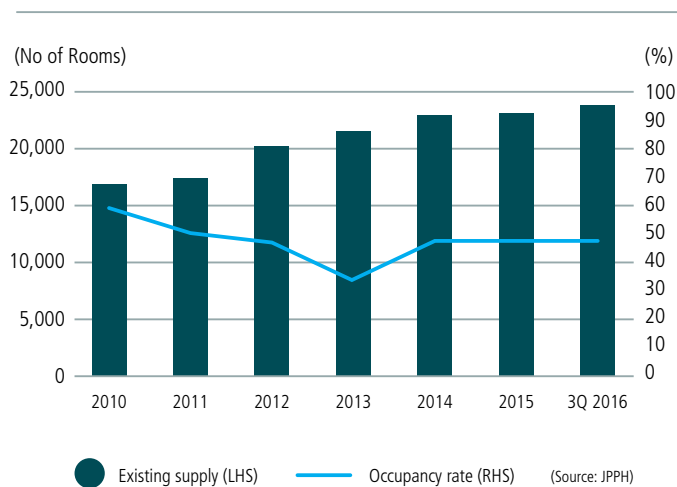
With more investments coming into Johor coupled with ready infrastructure, new office space is slowly being added especially within Iskandar Puteri, Medini and Johor Bahru areas.

Existing Supply & Occupancy Rate of Purpose Built Offices in Johor (2010-3Q 2016)



● Existing supply (LHS) — Occupancy rate (RHS) (Source: JPPH)

Existing Supply & Occupancy Rate of Hotels in Johor (2010-3Q 2016)



HOTELS

Key Facts (as at 3Q 2016)

Supply	23,660 rooms	↑ 3.6% y-o-y
Average Room Rate	4-star: RM150-RM220 per night 5-star: RM250-RM500 per night	

(Source: Rahim & Co Research, JPPH)

Number of hotels rooms available in Johor showed an increase of 3.6% as at 3Q 2016 compared to the same period of the previous year. Tourism activities in Johor have become more appealing with increasing in number of tourists and visitors into the state. This is evident by about 6.95 million visitors recorded in year 2016 compared to about 6.42 million in the previous year.

Several attractions set up in Medini slowly begin to develop interest for more tourists and visitors to stay in Johor for vacation and business meetings. In addition, Air Asia had announced a new route in year 2015 from Johor Bahru to Bangkok which widens the opportunity for foreign tourists being exposed to Johor Bahru and Iskandar Malaysia. Some places of attraction to note are Legoland Theme Park, Sanrio Hello Kitty Town and Pinewood Studios. An established serviced residence operator in Kuala Lumpur, The Ascott Limited has officially opened its new Somerset Medini in Iskandar around early 2016 near to the Legoland Theme Park. The operator has tied knot with UMCity Medini Lakeside to participate in another new hotel with 214 rooms to be known as Citadines Medini. The new hotel is expected for completion in year 2019.

Aside from Medini, hotels in Johor Bahru remain popular for business stay and leisure for domestic tourists. Besides some established hotels in Johor Bahru such as Renaissance Hotel and Double Tree by Hilton, Amari Hotel by United Malayan Land Bhd. Looking at other areas, a brand new 4-star hotel was completed in Taman Perling (Pontian) and was officially opened in August 2016 known as Amerin Hotel whilst Traders Hotel sited in Puteri Harbour has rebranded to Jen Hotel in April 2015. A new area on the rise is Forest City in Gelang Patah which is planning to launch its 4-star hotel with 280 rooms to be known as Phoenix Hotel.

Selected Upcoming Hotels in Johor

Development	Location	No of Rooms
Paradigm JB Hotel	Jalan Skudai	296
Boulevard Hotel	Southkey Megamall	N/A
Citidel Hotel		N/A
Gardens Hotel		N/A
Hard Rock Hotel (4-star)	Desaru Coast	365
Amansari Hotel Desaru	Kota Tinggi	238
Amansari Hotel Nusajaya	Nusajaya	322
Amari Johor Bahru	Suasana Iskandar	242

(Source: Rahim & Co Research, JPPH)

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	15,548 units	↑ 7.4% y-o-y
Transaction Volume	500 units	↓ 46.1% y-o-y
Transaction Value	RM1,490.88 mil.	↓ 17.4% y-o-y

(Source: Rahim & Co Research, JPPH)

Generally, established industrial activities in Johor related to heavy industries such as manufacturing concentrate around selected areas in Johor Bahru, Pasir Gudang and Senai-Kulai area. The industrial activities are very much influenced by its distance to Johor Port and Senai International Airport. Furthermore, Singapore is currently working on shifting its industrial activities to be set up in Tuas Terminal. Industrial activities for other related products such as agriculture are skewed towards different areas such as Pontian and Kota Tinggi.

A standard unit of terraced factory in Johor would be priced between RM600,000 to RM900,000 depending on its size and

NOTABLE ANNOUNCEMENTS / ACTIVITIES IN JOHOR

- Malaysia and Singapore had signed an agreement to build the Kuala Lumpur–Singapore High-Speed Rail in December 2016. It will be a 350km bullet-train line and expected to be completed in 2026.
- Stop proposed at Kempas Baru station - The state government wants KTM Kempas Baru to be one of the two stations in Iskandar Malaysia where the proposed high-speed rail (HSR) linking Kuala Lumpur and Singapore will stop.
- Gemas- Johor Baru double railway tracking- construction expected to begin by end 2016
- Pengerang Integrated Petroleum Complex (PIPC): 1st phase expecting completion in year 2019
- On the proposed Malaysia-Singapore Rapid Transit System (RTS) link, Bukit Chagar has been chosen on the Malaysian side as the terminating station of the Rapid Transit System (RTS):
 - i) The RTS would also be linked to the Kempas Baru station
 - ii) It will connect with Singapore's Woodlands, expected to be operational by 2019.
- The state government has requested RM600mil for the proposed Iskandar Sentral Integrated Transportation Terminal 2025 project under the 11th Malaysia Plan (RMK-11).
- Coastal Highway Southern Link (CHSL) expected for completion in 2017
- KPJ Specialist Hospital in Bandar Dato' Onn is currently under construction and expected to complete in 2017
- Sunway International School in Sunway Iskandar expected to be opened in 2017
- In April 2016, the first phase's construction for Singapore's mega-port terminal in Tuas has started.
- KUB Malaysia Bhd terminated agreement with Malaysia Steel Works Bhd (Masteel) on RM1.23 billion rail project in Johor.

Upcoming Industrial Properties in Johor

Development	Location	Price (RM)	Developer	Completion
Johor Halal Park (Phase 1)	Pasir Gudang	N/A	UMLand J-Biotech Park Sdn Bhd	2017
i-Parc	Tanjung Pelepas	868,000	Mah Sing Group	2016
Ulu Pulau De Hoff Industrial Park	Gelang Patah	2,383,888	Goldery Land Sdn Bhd	2017
Taman Perindustrian Ringan Pulau Phase 2B	Skudai	1,802,000	Loong Soon Kemajuan Sdn Bhd	2017

(Source: Rahim & Co Research)

location. Some notable schemes are priced higher such as Setia Business Park II selling its 2-storey semi-detached factory for about RM1.9 million and a 1.5-storey semi-detached factory in Indahpura Industrial Park would reach about RM2.0 million.

Currently, the state government is actively promoting Pengerang Integrated Petroleum Complex in Pengerang and is planning to develop Sedenak within the District of Kulai as a data centre hub in Johor. The data centre hub applies the aspiration of established Cyberjaya in Klang Valley and is expected to attract more local and foreign investors into the state.

Progress is seen for Johor Halal Park whereby the first phase spans over 20.23 hectares of land. It is a joint-venture project between UMLand and the Johor State Government-linked company, J-Biotech. The halal park is located in Cahaya Baru near Pasir Gudang and targeted for completion at the end of 2016 and it will include factories, office units and a science laboratory related

to halal sector. Its second phase of 80.93 hectares is expected to kick off in 2016 and estimated to be ready by year 2018.

South Korean conglomerate Lotte Chemical had announced additional investment of RM1.5 billion in Johor which will increase its capacity at its present manufacturing facilities at Tanjung Langsat Industrial Park in Pasir Gudang. Amore Pacific Corporation would invest RM500 million to set up its manufacturing plant and R&D Centre at the Southern Industrial Logistics Clusters (SiLC) at Iskandar Puteri.

EAST COAST REGION



PAHANG

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	241,182 units	↑ 2.0% y-o-y
Transaction Volume	7,260 units	↓ 21.4% y-o-y
Transaction Value	RM1,555.15 mil.	↓ 17.1% y-o-y

(Source: Rahim & Co Research, JPPH)

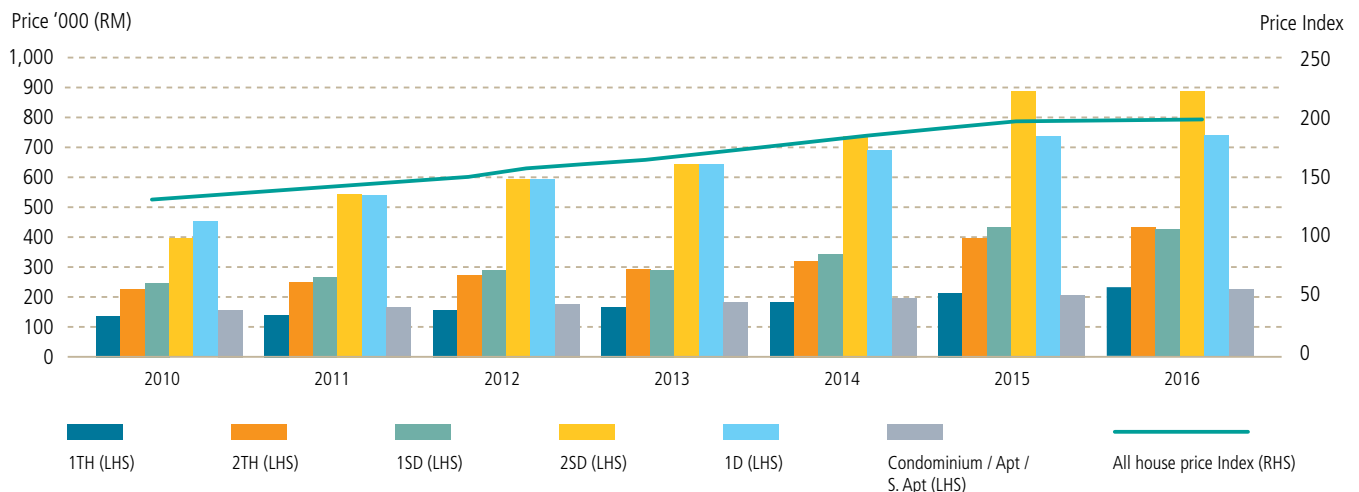
The state of Pahang is generally well known among the locals for its places of retreat or leisure. Therefore, some areas are well established due to its location within close proximity to the places of attraction. For example, Kuantan has its Telok Chempedak as one of tourist destinations in Pahang. Although the nearby area is considered mature with upmarket properties, there are pockets of land newly/being developed including Pelindung Heights, Persisiran Pelindung and Princeton Garden. Many old houses are also refurbished or totally rebuilt. Notable areas with upcoming residential projects seen under construction are within Kuantan city itself, Air Putih, Bukit Sekilau and Setali, Bandar Indera Mahkota/

Kota Sas, Tanjung Lumpur, Jalan Sungai Lembing, Jalan Gambang and Jalan By-pass.

Going towards the south of Tanjung Lumpur which is near the coastal line, sited a new integrated township known as Bandar Putra as well as Kuantan Waterfront Resort City (KWRC). Hermoso Residences, Kempadang Bay, KYP and the new KPJ's Pahang Specialist Centre is also sited in the locality.

Bandar Indera Mahkota (BIM), located to the north-west of Kuantan, has been further evolved and maturing with institutional, commercial, industrial projects as well as public facilities to complement residential developments. The area has cluster of institutions including colleges and universities such as International Islamic University Malaysia Kuantan Campus (IIUM Kuantan), KYP College, and Widad University College. A number of government offices have been relocated here too. BIM has further expanded

Kuantan Residential Property Price Trend & House Price Index (2010-2016)^{#1}



(Source: Rahim & Co Research, IHRM)

Upcoming Residential Properties in Pahang

Development	Location	Type	No. of Unit	Built-up (sf)	Price (RM)	Launch Date	Completion
The Colonial (Phase 1)	Raub	2-storey terraced	130	from 2,083	From 450,000	August 2016	2019
Evergreen II Homes	Kota SAS, Kuantan	1-storey terraced semi-detached	99 130	1,257 – 1,605	273,675 363,216	March 2016	2018
TimurBay Seafront Residence	Balok Beach	Serviced Apartment	760	429 – 917	From 351,000	March 2016	2019
Windmill Upon Hills (Phase 2)	Genting Permai, Genting Highlands	Serviced Apartment	1,108	362 (studio) 688 – 1,268	From 380,000 From 590,000	2016	2019
Vista Residences @ Genting Highlands	Genting Permai, Genting Highlands	Condominium	378	844-3,144	From RM600,000	January 2016	2019

(Source: Rahim & Co Research)

with Mahkota Heights, Kota Seri Ahmad Shah (Kota SAS) and Mahkota Golf and Country Resort (redevelopment of Astana), among others.

A slight growth is seen in the residential market in established areas such as Kuantan and Temerloh. In Kuantan, landed residential remain popular as it is the majority type especially for 1-storey terraced house, contributing about 33% of total residential supply within District of Kuantan. On average, 1-storey terraced houses in Kuantan would be priced from RM180,000 to RM270,000 depending on its size and location. Higher prices for this type are noted along Jalan Bukit Setongkol, Bandar Indera Mahkota, Jalan Kuantan By-pass, Kempadang and Tanjung Lumpur with prices reaching up to RM260,000 per unit. As for a 2-storey terraced house unit, the minimum price transacted has reached RM340,000 and goes up to RM500,000.

Located to the west of the state capital Kuantan is Temerloh, where prices of 1-terraced houses averages around RM200,000 within selected schemes such as Taman Rimba and Taman Cempaka whereas 2-storey houses here are selling from RM300,000.

High-end residential prices in Kuantan are observed to be within Bukit Pelindung area due to its close distance to Telok Chempedak. Currently, a 2-storey semi-detached house in selected schemes such as Pelindung Heights, Persisiran Pelindung, Bukit Istana would be priced from RM700,000 and some units over RM1.0 million mark. There is also Andorra Peak, an upmarket and unique project in Semambu – with 2½ storey semi-detached priced beyond RM2.0 million. Other residential development areas in Pahang would be skewed to the established tourism hotspots such as Cameron

Highlands and Genting Highlands. Currently a condominium unit in the highlands would sell at about RM380,000. In Genting Highlands, there are new launches showing units starts selling a minimum of more than RM600,000 e.g. Vista Residences, whilst in Cameron Highlands, The Quintet is selling from RM388,000 and is expected for completion by end of year 2017.

RETAIL

Key Facts (as at 3Q 2016)

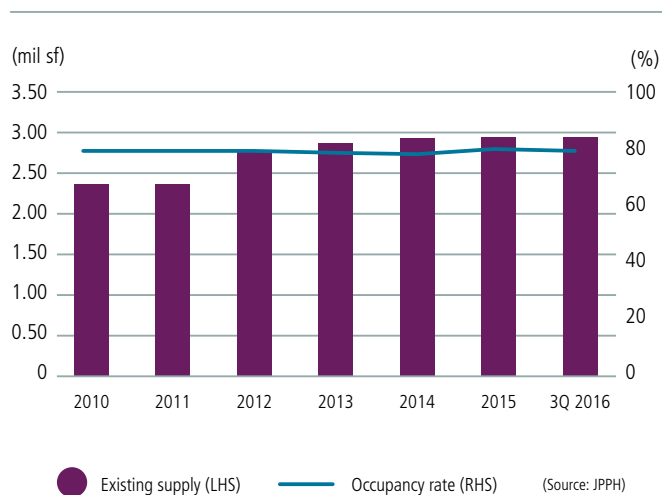
Total Space	2.93 mil. sf	↓ 0.2% y-o-y
Occupancy Rate	79.3%	↓ 0.3% y-o-y
Rental	Prime: RM20.00-RM34.00psf Secondary: RM3.80-RM15.00psf	

(Source: Rahim & Co Research, JPPH)

To date, Kuantan has a total of 13 retail complexes with prime retail malls being in established areas such as East Coast Mall, Berjaya Megamall and Kuantan Parade in Kuantan. Another notable mall within the state of Pahang is Star Mall in Mentakab.

Average total occupancy rate of retail space in Pahang is quite good, standing at 79.3% as at 3Q 2016 but is slightly pressured down by 0.3% compared to 3Q 2015. Considered as a prime retail mall, East Coast Mall currently commands rental at an average range of RM10.00psf to RM18.00psf whilst prime retail lots are able to fetch RM21.00psf to RM26.90psf. As a hotspot for tourists, First World Plaza in Genting Highlands goes at a higher rate, ranging from RM26.00psf up to RM30.00psf.

Existing Supply & Occupancy Rate of Retail Spaces in Pahang (2010-3Q 2016)



A new upcoming retail outlet known as Genting Premium Outlet in Genting Highlands with about 300,000 sf lettable area is to comprise 150 retail outlets upon completion. Another upcoming retail project located in Kuantan which will add on about 468,000 sf of rentable retail space and is targeted for completion by middle of year 2017.

Selected Upcoming Retail Malls in Pahang

Development	Location	Size (sf)	Completion
Genting Premium Outlet	Genting Highlands	300,000	End 2016
Kuantan City Mall	Kuantan	468,000	2017

(Source: Rahim & Co Research)

Selected Upcoming Shop Offices in Pahang

Development	Location	Type	No. of Unit	Built-up (sf)	Price (RM)	Completion
Cameron Centrum Precinct 1	Brinchang	2, 4, 5-sty	58	2207 - 9214	1,458,800 – 5,552,800	N/A
East Coast Bazaar (Bukit Gambang Resort City)	Gambang	1 & 2-sty	194	1480 - 2948	338,000 – 538,000	2019
Mahkota Valley (Phase 2)	Kuantan	2-sty	60 (estimated)	20'x70'	880,00	2017
Easy Avenue Commercial Point	Kota SAS	2/3-sty	2-sty : 30 3-sty : 10	2884 / 5771	2-sty : 740,000 – 798,000 3-sty: 890,000 – 1.69 mil.	2017

(Source: Rahim & Co Research)

SHOP OFFICE

Key Facts (as at 3Q 2016)

Supply	20,822 units	↑ 14.3% y-o-y
Transaction Volume	546 units	↓ 26.7% y-o-y
Transaction Value	RM370.54 mil.	↓ 26.8% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop offices in Pahang grew by 14.3% in 3Q 2016 compared to 3Q 2015. Several growing townships in Pahang especially within Kuantan is nurturing some commercial centres to be built. Some examples can be described through upcoming shop offices within these new townships such as Mahkota Valley, part of Mahkota Golf & Country Resort, which launched its 2nd phase selling 2-storey shop office at RM880,000 and targeting its completion next year, after having sold out its 1st phase of 60 similar units. Another upcoming project to note is Easy Avenue Commercial Point in Kota SAS selling its 2-storey shop offices from RM740,000 per unit.

Other notable upcoming projects are located within prime tourists' belt such as East Coast Bazaar in Bukit Gambang Resort City and Cameron Centrum Precinct 1 in Brinchang, Cameron Highlands. Cameron Centrum Precinct 1 launched its 58 shop units in May 2016 with its 2-storey shop priced from RM1.46 million. With more new shop offices entering the market, transaction volume sees pressure with only 398 units being transacted in Pahang as at 1H 2016. As for existing shop offices, prices are held high for popular areas such as Bandar Indera Mahkota in Kuantan selling its 2-storey shop offices currently at RM660,000 to RM800,000 and other areas along Jalan Wong Ah Jang, and certain parts of Jalan Kuantan –Gambang at RM800,000 and above.

HOTELS

Key Facts (as at 3Q 2016)

Supply	21,484 rooms	↑ 0.2% y-o-y
Average Room Rate	4-star: RM200-RM300 per night 5-star: RM280-RM500 per night	

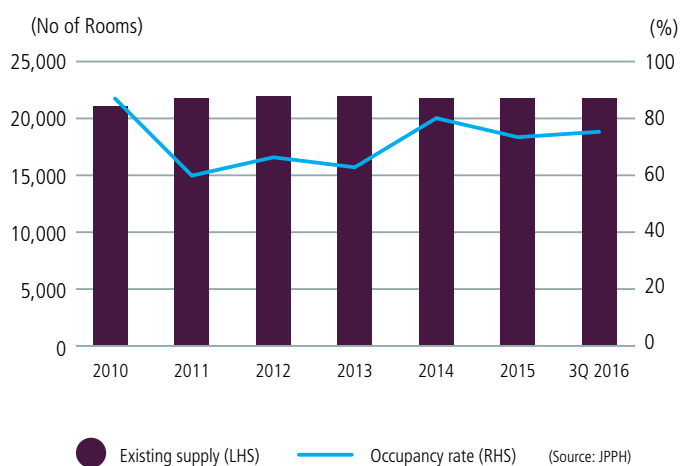
(Source: Rahim & Co Research, JPPH)

Hotel supply in Pahang slightly grew by 0.2% in 3Q 2016. Besides Kuantan as the capital city, there are a few areas that capture the tourists' sight in Pahang, namely Genting Highlands, Cameron Highlands, Bukit Tinggi and Bukit Gambang Resort City. Average room rates for a standard room within 3 and 4-star would vary from RM180 per night to RM300 per night. Luxury hotel such as The Maxim in Genting Highlands offer its room from RM600 per night whilst for other 5-star hotel such as The Chateau Spa & Organic Wellness Resort in Bukit Tinggi offered its room rate from RM580 per night. In Kuantan, a 5-star hotel noted as The Zenith Hotel offered its standard room from RM280 per night.

Another new resort, though not fully completed, Mangala Resort & Spa offers secluded luxurious retreat within tropical nature surrounding in Gambang, just off the LPT with choice appointed villas from RM600 per night.

Upcoming hotels are observed within Cameron Highland, Cherating and Kuala Rompin. A hotel targeting its completion next year is

Existing Supply & Occupancy Rate of Hotels in Pahang (2010-3Q 2016)



Avillion Hotel@Cameron Fair in Tanah Rata whilst The Royale Chulan Cherating Villas in Cherating plans to be launched also within next year. In addition, the one year refurbishment project of Hyatt Regency Kuantan Resort in Teluk Chempedak is slated for completion in 2017. In Genting Highlands, the earlier announced Twentieth Century Fox World Malaysia which was initially planned for completion at the end of this year was to be deferred to end-2017 at the earliest according to Japanese-brokerage Nomura. This is due to the increased budget caused by the depreciation of the Malaysian Ringgit as well as some re-planning on the scope of works for the highland resort.

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	3,486 units	↑ 1.2% y-o-y
Transaction Volume	150 units	↓ 17.1% y-o-y
Transaction Value	RM92.73 mil.	↓ 76.1% y-o-y

(Source: Rahim & Co Research, JPPH)

As of 3Q 2016, supply of industrial properties in Pahang state showed growth of 1.2% whilst transaction dropped by 17.1% to 150 units. Some notable industrial areas to highlight are Gebeng Industrial Park, Semambu Industrial Park and industrial areas within Padang Lalang and Bandar Indera Mahkota. A standard terraced factory price ranges from RM350,000 to RM500,000 depending on its size and location. Some other industrial areas to note are Semambu 2, Temerloh Industrial Park and Maran Industrial Park.

Among the locals, there are some controversial issues pertaining bauxite mining activities taking place in Bukit Goh, Gebeng and other areas within Kuantan District and both the federal and state government are working to solve the matter.

Under the initiative of East Coast Economic Region (ECER), Pahang has received RM5 billion investments as of 2016 whereby China was stated to be the largest foreign investor in the state. More investments are expected to come in due to the port expansion and the creation of Malaysia-China Kuantan Industrial Park (MCKIP) in Gebeng. Later, in October 2016, BHS Industries Bhd had announced to develop a 26-acre land with Green Technology Park in Pekan, Pahang. In general, Pahang state still attract investors for industrial development in the area. At the northern boundaries of Kuantan, future Malaysia-China Kuantan Industrial Park (MCKIP) is in the making and expected to generate employment and hence contribute to more population in the future.

NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PAHANG

- Kuantan Waterfront Resort City - to be Kuantan's first integrated resort, leisure and entertainment destination in the waterfront enclave. Its 1st phase to include serviced apartment blocks, which are under construction, and a waterfront food & beverages complex expected to complete in 2018. Overall, it will be developed in 4 phases and include reclamation of approximately 500 acres
- ECER's largest foreign investment was reported from China whereby RM5.6bil being contributed by Alliance Steel Sdn Bhd, integrated steel mill in MCKIP.
- A 2nd bridge running at 451m to Tanjung Lumpur, crossing over the Sg. Kuantan, is currently under construction and expected to complete in 2019.
- Recently, it was announced in the Budget 2017 that there will be infrastructure improvements such as the 600km East Coast Rail Line and effort to be done to restore East Coast railway line along Gua Musang-Tumpat rail line

TERENGGANU

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	94,278 units	↑ 4.5% y-o-y
Transaction Volume	9,467 units	↓ 6.3% y-o-y
Transaction Value	RM1,141.69 mil.	↓ 15.9% y-o-y

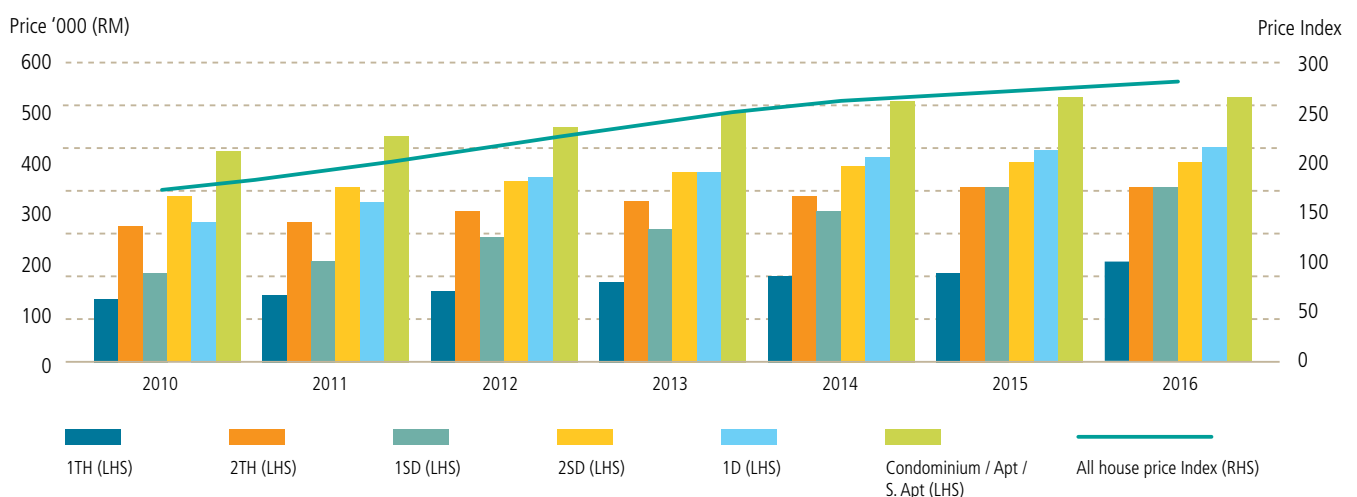
(Source: Rahim & Co Research, JPPH)

Supply of residential units had increased from 90,223 units as at 3Q 2015 to 94,278 units as at 3Q 2016, registering a growth of 4.5% growth y-o-y, where detached houses contributed the majority supply with 32,679 units. Transaction activities in the

first three quarters of 2016 have slowed down, evidenced by both transaction volumes and transaction values where both have showed downward movement. Transaction volumes of residential properties decreased by 6.3% from 10,105 units as at 3Q 2015 to 9,467 units as at 3Q 2016.

In Kuala Terengganu, the market remains relatively strong with residential developments still observable but the scale of units offered within a project is lower. For developers, the prime areas for new developments are Kuala Nerus, Bukit Rakit and Bandar Kuala

Kuala Terengganu Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Terengganu. Detached houses were recorded with the highest transaction volume as well as contributing the highest number of incoming supply with 1,908 units as at 3Q 2016, indicating it to be a popular choice of residential property with prices ranging between RM270,000 to RM450,000 per unit.

For Kemaman, the common areas developed are Cukai, Teluk Kalung and Binjai. Here, demand for terraced houses seem to be high and growing as most launches recorded a 100% sales with a price range of RM75,000-RM250,000 per unit.

Declared as the eighth district in Terengganu and was announced by the Prime Minister himself in 2014, Kuala Nerus showed a heightened interest in the residential development scene. Tanjong

Developer Sdn Bhd had completed four types of residential units in Gong Badak. They are 1-storey low-medium-cost terrace house priced from RM130,000 per unit, 1-storey medium-cost terrace from RM160,000 per unit, 1-storey semi-detached house from RM222,000 per unit and 1-storey detached house from RM270,000 per unit. The development has reported a good response with a 100% take-up rate.

On the affordable housing segment, the state government has targeted the construction of 10,000 affordable units following their effort via the Terengganu Economic Development Corporation (PMINT) in identifying suitable sites for the projects. According to the Menteri Besar of Terengganu, 16 sites have been identified including areas in Kota Putera and Seri Bandi, Kijal.

Newly Completed Landed Residential Properties in Terengganu

Development	Location	Type	Built-up (sf)	No. of units	Selling Price (RM)
Taman Koperat Peradong	Kuala Terengganu	1-storey terraced	1,680	26	180,000 – 247,800
Allamanda Batu Rakit	Kuala Terengganu	1-storey detached	1,800	19	From 420,698
Perumahan Permint Perdana Fasa VI	Kuala Terengganu	2-storeys semi-detached	1,855	12	385,000 – 431,000
		2-storeys detached (Type A)	2,051	17	442,200 – 522,000
		2-storey detached (Type B)	2,051	7	440,000 – 552,000
Perumahan KP Perdana Fasa 4A	Kuala Terengganu	2-storey semi-detached (Type D)	2,665	4	495,435 – 510,930
Perumahan Pengkalan Nyireh	Besut	1-storey semi-detached	1,368	32	302,000 – 338,921
Perumahan Tebing Tembah	Paka	1-storey semi-detached	1,184	48	281,000 – 301,775

(Source: Rahim & Co Research)

Upcoming Landed Residential Properties in Terengganu

Development	Location	Type	No. of Units	Selling Price (RM)	Developer	Completion
Taman Koperat Peradong (Fasa 1D)	Kuala Terengganu	1-storey semi-detached	28	295,000 – 353,000	Konsortium Perumahan Rakyat Terengganu Sdn Bhd	2017
Taman Rakyat Bistari (Fasa 2C)	Kemaman	1-storey terraced	44	190,000 – 259,000		2017
Taman Rakyat Bistari (Fasa 2D)	Kemaman	1-storey terraced	42	200,000 – 243,000		2017
Taman Rakyat Bistari (Fasa 3B)	Kemaman	1-storey terraced	32	216,000 – 294,000		2018

(Source: Rahim & Co Research)

Upcoming High-Rise Residential Properties in Terengganu

Development	Location	Type	No. of Units	Selling Price (RM)	Developer	Completion
Southern Residence	Kemaman	Serviced Apartment	264	From 400,000	JV Muhibbah Sdn Bhd	2017
Icon Residence	Kuala Terengganu	Condominium	144	From 420,000	VST Group of Companies Sdn Bhd	2018

(Source: Rahim & Co Research)

RETAIL

Key Facts (as at 3Q 2016)

Total Space	1.73 mil. sf	↑ 25.3% y-o-y
Occupancy Rate	76.7%	↑ 5.1% y-o-y
Rental	Prime Lots: RM10.00-RM20.00psf Secondary Lots: RM3.00-RM6.00psf	

(Source: Rahim & Co Research, JPPH)

As at 3Q 2016, there are 39 retail malls in Terengganu with a total NLA of 1.73 million sf with Kuala Terengganu town having the highest retail mall count with 16 malls. The occupancy rate grew by 5.1%.

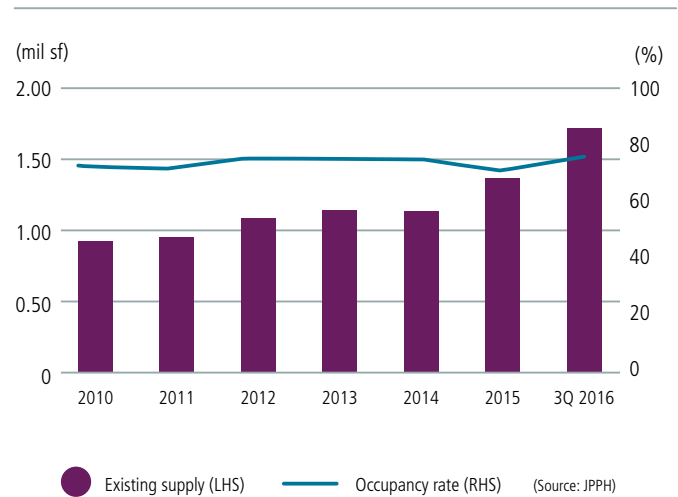
The rental rate for prime malls within Kuala Terengganu town centre such as Giant Hypermarket Mall, Giant Gong Badak and Mydin Mall recorded prime lot rentals between RM10.00 to RM13.00psf per month. Some limited prime lots are able to reach more than RM20.00psf. Lower rentals are observed for traditional existing retail centres, for instance Arked Mara, Plaza Perdana and Pasar Payang with rental ranging from RM0.74 to RM1.90 psf. In Kemaman, Mesra Mall is considered prime and able to let out at RM9.00-RM12.00psf per month.

There are 4 incoming retail malls with a total NLA of 438,984 sf; 2 in Kuala Terengganu and 1 each in Setiu and Besut. To mention one, the KTCC mall in Kuala Terengganu is currently under construction and is one of the key strategic projects in the East Coast Economic Region (ECER). The mall is reported to have over 750,000 sf of retail space and houses 200 retail lots, a 10-screen Cineplex, and a 48-lane bowling alley which will be the first of its kind in Kuala Terengganu. According to its original schedule, KTCC is expected for completion by 2018.

Another mall in the pipeline is the 4-storey Sabasun Mall, a part of Terengganu Halal Business Centre (HBC), located in Wakaf Tembasu, Gong Badak. The products and services offered in the HBC development are based on the concept of Islamic products. Construction is scheduled to start in January 2017 and will be constructed in three phases with the expected completion due in 2019.

UAE-based retail major Lulu Group had recently announced their plans to open 9 more hypermarkets in Malaysia over the next four years, amounting to a total investment of RM1.3 billion. One of the planned hypermarkets will be located in Kuala Terengganu.

Existing Supply & Occupancy Rate of Retail Spaces in Terengganu (2010-3Q 2016)



Upcoming Retail Malls in Terengganu

Development	Location	Size (sf)	Completion
KTCC Mall	Kuala Terengganu	750,000	2018
Mayang Mall	Kuala Terengganu	715,000	Not launched yet
Sabasun Mall	Gong Badak	Undisclosed	2019
Courts Store	Gong Badak	Undisclosed	2017
Putera Mart	Dungun	25,266	2017
Southern Mall	Kemaman	Undisclosed	Not launched yet

(Source: Rahim & Co Research)

SHOP OFFICE/ PURPOSE BUILT OFFICE

Key Facts > Shop Office (as at 3Q 2016)

Supply	5,928 units	↑ 4.0% y-o-y
Transaction Volume	161 units	↓ 26.1% y-o-y
Transaction Value	RM133.11 mil.	↓ 19.8% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of shop office in Terengganu has accumulated to 5,928 units in 3Q 2016 from 5,702 units in 3Q 2015. 2-2 ½ storey shop offices contributed the most in the existing supply where units located in prime areas such as Dungun and Besut are priced between RM450,000 to RM495,000 per unit.

A newly launched 4-storeys shop office is currently under construction in Kuala Terengganu by RME Sdn Bhd. The development is known as The Panji Curve and has recorded a 73% take-up rate since the launch in early 2016 with the price starting from RM2.4 million per unit.

A new development by UDA Holdings known as Coast Kemaman consists 110 units of 3- to 4-storey shop offices. It was reported that the 3-storey unit types have all been sold out. This development is expected for completion in 2018.

The Media Shoppe Bhd (TMS), a software development company and a wholly-owned subsidiary of Exonion Sdn Bhd (ESB), has entered a contract agreement with Johor-based property developer, Total Merit Sdn Bhd to develop 12.14ha land in Kemaman, Terengganu for RM192 million. The yet-to-be-named project will comprise of 43 units of 2-storey shop lots and offices. Completion is estimated within 48 months.

Newly Completed & Upcoming Shop Offices in Terengganu

Development	Location	Built-Up Area per Unit	Completion
Perkedaian Pekan Tepoh	Kuala Nerus	1,400 sf	2016
The Icon	Kuala Terengganu	828 – 1,429 sf	2017
The Panji Curve	Kuala Terengganu	794 sf – 9,623 sf	2017
The Coast Kemaman	Kemaman	1,207 – 2,452 sf	2017

(Source: Rahim & Co Research)

Key Facts > Purpose Built Office (as at 3Q 2016)

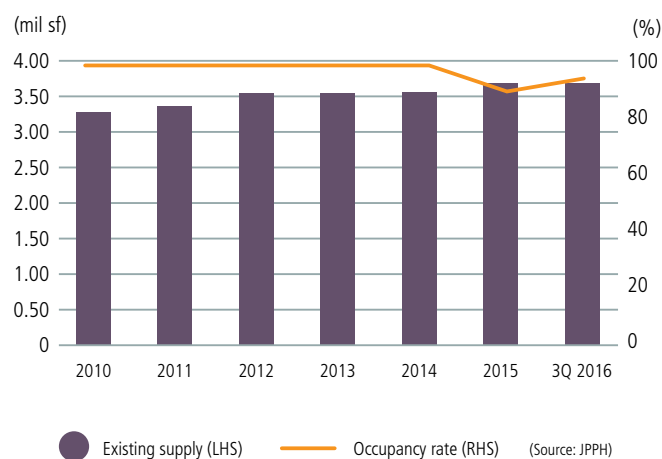
Supply	3.69 mil. sf	↔ Stable
Occupancy Rate (%)	95.3%	↓ 0.9% y-o-y
Rental Rate (RM)	Kuala Terengganu: RM1.60 to RM2.80psf Kemaman: RM0.70-RM2.30psf	

(Source: Rahim & Co Research, JPPH)

Total supply of purpose built offices in Terengganu remains stable at 3.69 million sf as at 3Q 2016. Overall, the average occupancy rate for purpose built offices has decreased marginally to 95.3% or -0.9% change from the previous year. The other districts such as Setiu, Kampung Raja, Pekan Jerteh, Marang, Kuala Berang and Dungun recorded 100% occupancy rate considering its limited supply.

A newly completed purpose built office known as Paya Bunga Square with approximately 79,264 sf of office space is being used as an Urban Transformation Centre (UTC), the first UTC launched in Terengganu. This building is strategically located in the city, adjoining the Kuala Terengganu City Council and the main bus terminal.

Existing Supply & Occupancy Rate of Purpose Built Offices in Terengganu (2010-3Q 2016)



Furthermore, two purpose built offices is currently under construction in Kuala Terengganu, dubbed as the twin towers. The first tower named Menara MBKT is a 30-storey building and its twin named Menara Yayasan to be built after the completion of Menara. These twin towers will house Yayasan Terengganu (YT), Yayasan Islam Terengganu (YIT) and Yayasan Pembangunan Keluaga (YPK) under one roof.

HOTELS

Key Facts (as at 3Q 2016)

Supply	8,241 rooms	↔ Stable
Average Room Rate	RM450-RM630 per night	↔ Stable

(Source: Rahim & Co Research, JPPH)

Looking at the hotel market at 3Q 2016, there seems to be no change in supply compared to 3Q 2015 where there are 169 registered hotels in Terengganu with a total of 8,241 rooms. But in the coming years Terengganu will see an increase in supply with the emergence of 6 registered hotels with a total of 509 rooms.

On average, room rates per night at a 5-star hotel such as Duyong Marina & Resort is priced from RM373 per room, a 4-star hotel such as Hotel Grand Continental Kuala Terengganu from RM150 per room and a 3-star hotel such as Felda Residence Kuala Terengganu from RM128 per room.

An upcoming hotel integrated within the Terengganu Halal Business Centre (THBC) is expected to begin constructions in 2017 and achieve completion by January 2019. The entire development will be done in three phases, with the hotel offering 220 rooms in total.

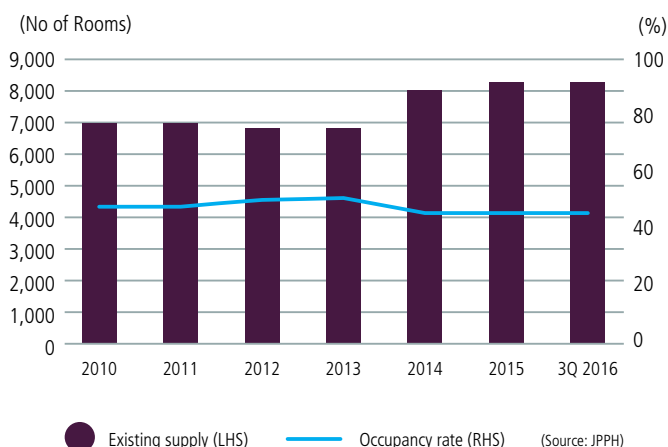
NOTABLE ANNOUNCEMENTS/ ACTIVITIES IN TERENGGANU

- The East Coast Economic Region Development Council (ECERDC) aims to transform Kuala Terengganu into a heritage waterfront city.
- The drawbridge which currently under construction at the estuary of the Terengganu river, linking Kuala Terengganu City Centre to Kuala Nerus via Seberang Takir, will be a new state landmark when completed in March 2017.
- The government targets to sign the concession agreement for the East Coast Expressway Phase 2 (LPT2) by the end of 2016.
- The new RM184 million Kuala Terengganu Specialist (KTS) Hospital began operations in October 2016.
- Pasar Payang will go through a facelift and will be fully operational by 2018.
- The Malaysia Terengganu Sports School (SSMT) in Gong Badak has opened and received its first batch of students (49 students) in May 2016.

Movenpick Spa Resort project, currently constructed by Bina Puri Holdings Bhd, is located at Cendering, Kuala Terengganu and comprises of 207 rooms. The construction is reported to begin by 2018.

Primula Beach Hotel will undergo a redevelopment worth RM60 million makeover to build an additional new 15-storey tower block consisting of 220 rooms to supplement the existing 180 four-star rooms, from the end of 2016 up to be 2017.

Existing Supply & Occupancy Rate of Hotels in Terengganu (2010-3Q 2016)



INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	864 units	↑ 4.9% y-o-y
Transaction Volume	27 units	↓ 42.6% y-o-y
Transaction Value	RM13.52 mil.	↓ 76.0% y-o-y

(Source: Rahim & Co Research, JPPH)

As Terengganu is a state rich in natural resources such as oil and natural gas, the supply of industrial sector in Terengganu has slightly increased by 4.9% from 824 units in 3Q 2015 to 864 units in 3Q 2016. Terraced factories dominate the existing supply in 3Q 2016 with 390 units.

The main industrial schemes in Kemaman are Kemaman Heavy Industry Park and Kemaman Boat Building & Repair Park. In Kuala Terengganu, the industrial schemes are mostly concentrated in the areas of Gong Badak and Chendering; the former with Gong Badak Industrial Estate and the latter with Chendering Industrial Estate. Added to this array of industrial parks are the Kertih Biopolymer Park which focuses on biotechnology-related sectors and Kertih Integrated Petrochemical Complex (KIPC) which is situated within the PETRONAS Petrochemical Industry Complex in Kertih, Terengganu.

In Kuala Terengganu, the selling price for 1-storey semi-detached factory located in Gong Badak have reached above RM1.0 million to RM1.2 million whilst in Kemaman, the selling price for 1-½ storey terraced factory with average built up area of 2,626 sf ranges from RM400,000 to RM450,000 per unit.

There is a newly completed industrial plant worth RM25 million in investment by The National Kenaf and Tobacco Board (LKTN) located at Setiu, Terengganu. This plant produces kenaf-based products for the construction and automotive sectors.

KELANTAN

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	64,977 units	↑ 3.5% y-o-y
Transaction Volume	3,918 units	↑ 18.7% y-o-y
Transaction Value	RM456.15 mil.	↑ 8.1% y-o-y

(Source: Rahim & Co Research, JPPH)

As at 3Q 2016, the total existing residential property supply in Kelantan showed an increase of 3.5%, reaching 64,977 units in comparison to 3Q 2015 at 62,764 units. 1-storey terraced houses are the highest contributor to formal residential property supply in Kelantan with 23,048 units in 3Q 2016, followed by detached house with 17,263 units.

The number of transactions for residential properties in Kelantan has increased by 18.7% in the first 3 quarters of 2016 compared to the same period in 2015. The average selling price for 1-storey terraced houses located in the selected schemes, for example Taman Sri Setia and Taman Tanjong Chat in Kota Bharu, is RM180,000 to RM190,000 while for 2-storey terraced house located in Bandar Baru Kubang Kerian, Kota Bharu recorded an average price of RM380,000.

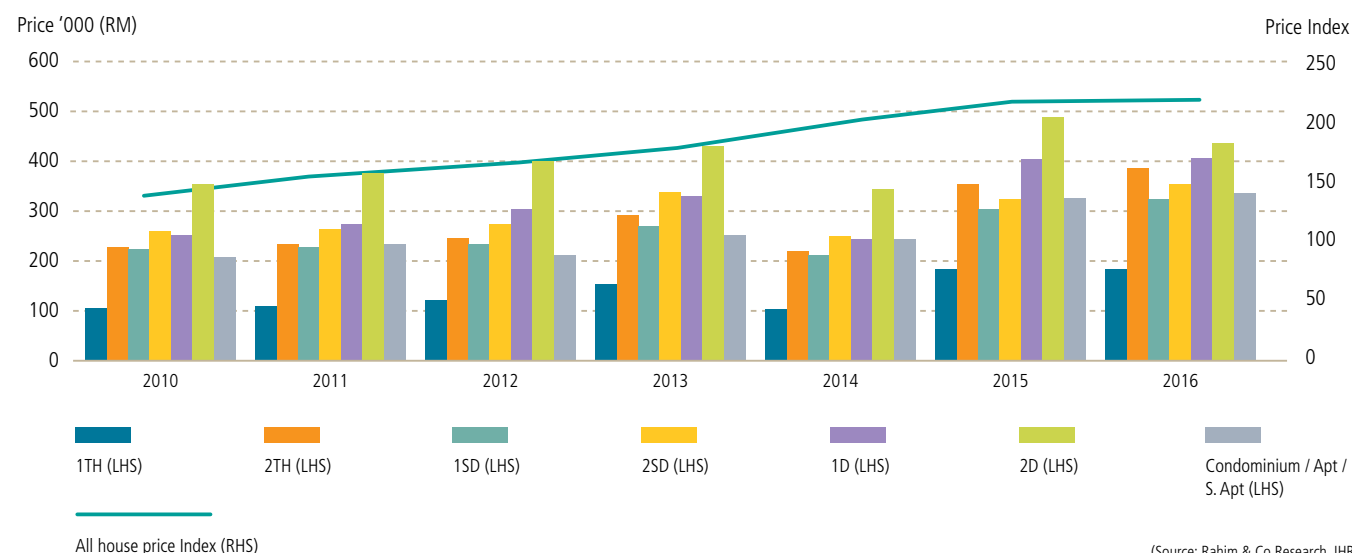
In Machang, where Universiti Teknologi MARA (UiTM) is located, existing 1-storey terraced houses in Taman Cempaka and Taman

Desa Al Hassan have reached RM150,000 for an intermediate unit, showing a capital appreciation of 11.1% from RM135,000 in the previous year.

Most of the existing condominiums and serviced apartments are located in the centre of Kota Bharu such as Kota Sri Mutiara, Permai Condominium and Pelangi Mall Condominium. Prices of these schemes are now reaching RM330,000 per unit. On upcoming high-rise residential, Kelantan sees the emergence of luxury condominiums and serviced apartments such as Troika Residences and Tijani Raja Dewa at Kota Bharu, Sentosa Puri Tower at Kubang Kerian, Al-Waqf Garden Residence and Prima Lagenda at Bandar Baru Tunjong. These incoming schemes have built-up areas ranging between 506 sf to 1,490 sf and selling prices starting at RM188,000 per unit or RM570 psf.

The Troika Residences, the dubbed to be the tallest building in Kelantan, is a 36-storey condominium with built up areas of 506 sf to 1,518 sf and has reported a good take up rate of 80% since its launch in 2015. Also, the Tijani @ Raja Dewa has reported a take up rate of 50% for its semi-detached units with built up of 3,420 sf and 40% for the serviced apartments with built up areas from 933 sf to 1,424sf.

Kota Bharu Residential Property Price Trend & House Price Index (2010-2016) #1



(Source: Rahim & Co Research, IHRM)

Upcoming Landed Residential Properties in Kelantan

Development	Location	Type	No. of Units	Selling Price (RM)	Completion
Tijani @ Raja Dewa	Kota Bharu	3-storey semi-detached	26	From 2.05mil	2018
		3-storey super link terraced	29	From 1.26mil	

(Source: Rahim & Co Research)

Newly Completed & Upcoming High-rise Residential Properties in Kelantan

Development	Location	Type	No. of Units	Selling Price (RM)	Completion
D'Perdana Sri Cemerlang	Kota Bharu	Serviced Apartment	244	From 163,200	Newly Completed
City View Condominium	Kota Bharu	Condominium	88	From 343,000	Newly Completed
University Garden Kubang Kerian	Kubang Kerian	Condominium	25	From 287,800	Newly Completed
Al-Waqf Garden	Tunjong	Serviced Apartment	206	From 188,000	2017
Tijani @Raja Dewa	Kota Bharu	Serviced Apartment	150	From 495,000	2018
Prima Lagenda Lifestyle Apartment	Kota Bharu	Serviced Apartment	300	From 395,000	2018
Troika Residence	Kota Bharu	Condominium	338	From 280,000	2019

(Source: Rahim & Co Research)

RETAIL

Key Facts (as at 3Q 2016)

Total Space	3.39 mil. sf	↑ 42.9% y-o-y
Occupancy Rate	92.3%	↑ 3.0% y-o-y
Rental	Prime: RM10.00 – RM18.00 psf Secondary: RM3.00 – RM9.00 psf	

(Source: Rahim & Co Research, JPPH)

As at 3Q 2016, the number of retail malls in Kelantan stood at 25 buildings with a total NLA of 3.39 million sf. This translates to a 42.9% increase from the previous year, which amounts to approximately 1 million sf. Majority of the existing retail malls are located in Kota Bharu with 17 buildings. Others are located in Pasir Mas, Tanah Merah, Pasir Puteh and Bachok.

The performance of retail malls in Kelantan is generally good with an average of 92.3% occupancy, a positive change from last year. However, the rental rate remains stable ranging from RM0.80 to RM15.00 psf per month. KB Mall, being in a prime area of Kota Bharu town, had recorded rental rate of its prime lots at RM12.00 psf and above. Another mall to note is Tesco Hypermarket which recorded rental rates of RM10.00 psf to RM14.00 psf per month for its prime lots.

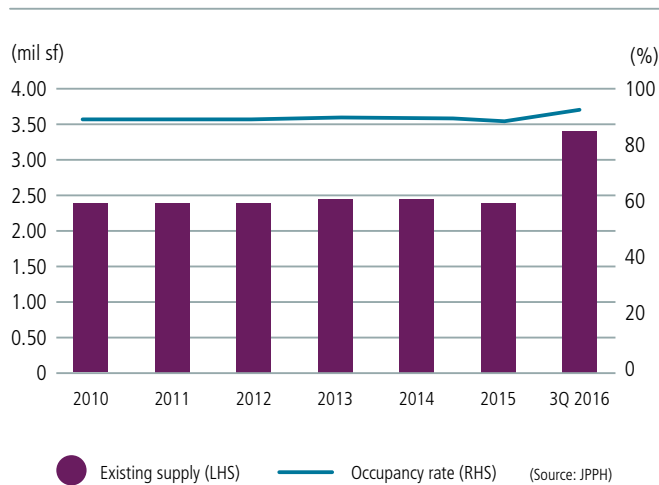
There is 1 newly completed retail mall in Kota Bharu, i.e. Aeon Mall Kota Bharu - located in Lembah Sireh, close to the planned KB Waterfront development. Aeon Mall Kota Bharu is the first and largest Aeon Mall on the East Coast region and had opened their doors on April 2016 with an estimated NLA of 700,000 sf. This mall boasts a three-storey shopping mall with 150 specialty stores.

The upcoming retail malls in Kota Bharu include Al-Waqf Garden Mall, Che Siti Village Mall and Lagenda Galleria. The new Giant Hypermarket in Bandar Baru Tunjong is expected to open in 2017. Adding more, another Lulu Hypermarket is set to open in Kelantan with construction commencing in 2016.

The performance of retail malls in Kelantan is generally good with an average of 92.3% occupancy, a positive change from last year.



Existing Supply & Occupancy Rate of Retail Spaces in Kelantan (2010-3Q 2016)



Newly Completed & Upcoming Retail Malls in Kelantan

Development	Location	Size (sf)	Completion
Aeon Mall	Lembah Sireh, Kota Bharu	700,000	Newly completed
Giant Hypermarket	Bandar Baru Tunjong	Not available	2017
Al Waqf Garden Mall	Bandar Baru Tunjong	350,000	2017
Che Siti Village Mall	Bandar Baru Tunjong	490,000	Not yet developed
Lagenda Galleria	Bandar Baru Tunjong	200,000	Not yet developed
Southern Mall	Kemaman	Undisclosed	Not launched yet

(Source: Rahim & Co Research)

Upcoming Shop Offices in Kelantan

Development	Location	No. of Units	Built-up Area	Completion
Shop office @ Sentosa Puri Tower	Kota Bharu	8	1,236 sf and 1,590 sf	2017

(Source: Rahim & Co Research)

SHOP OFFICE/ PURPOSE BUILT OFFICE

Key Facts > Shop Office (as at 3Q 2016)

Supply	9,323 units	↑ 6.8% y-o-y
Transaction Volume	154 units	↓ 35.0% y-o-y
Transaction Value	RM106.43 mil.	↓ 22.0% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of shop office in Kelantan has accumulated to 9,323 units in 3Q 2016. 2-2 ½-storey shop offices contributed the most to existing supply in the market at 5,008 units, followed by 3-3 ½-storey shop offices at 2,118 units.

Prices for a standard 2-2½-storey shop offices located in Kota Bharu range from RM500,000 to RM750,000 whilst 3-3½-storey shop offices are priced from RM900,000 to RM1.2 million depending on size and location. Shops lots within prime locations such as those facing AEON Mall in Lembah Sireh, Kota Bharu could reach RM1.3 million per unit. Reportedly, even in some selected locations outside Kota Bharu with niche target markets such as in Kompleks Perniagaan Humaira in Tanah Merah, prices can also reach RM1.0 million per unit.

On rental rates, ground floor spaces of a 2-2 ½-storey shop office in central town prime area such as Jalan Tok Hakim and Jalan Kebun Sultan have an average of RM2.00 to RM2.70 psf per month. 3-3 ½-storey shop offices of the same prime areas are at an average of RM3.07 to RM4.10 psf per month.

Key Facts > Purpose Built Office (as at 3Q 2016)

Supply	4.11 mil. sf	↑ 0.1% y-o-y
Occupancy Rate (%)	97.1%	↓ 0.2% y-o-y
Rental Rate (RM)	RM0.80-RM1.90 psf	

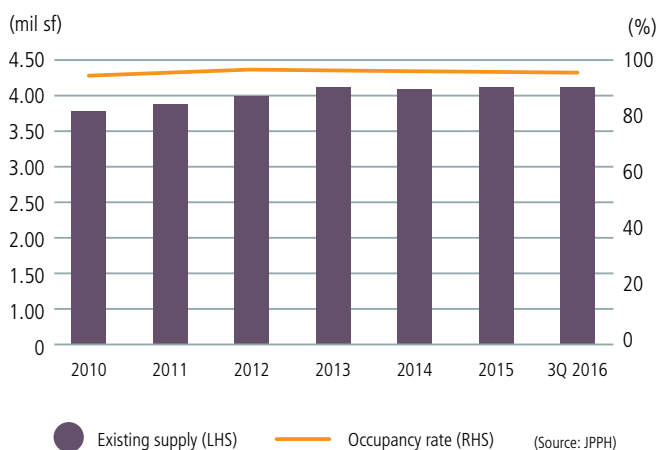
(Source: Rahim & Co Research, JPPH)

Total supply of office space in Kelantan saw a marginal increase of 0.1% from 4.10 million sf as at 3Q 2015 to 4.11 million sf as at 3Q 2016. Overall, the average occupancy rate for purpose built offices has decreased marginally to 97.1% in 3Q 2016 from 97.3% in the previous year due to the decrease of occupancy rate in Kota Bharu specifically. As at the first half of 2015 versus 2016, occupancy rate in Kota Bharu dropped from 96.1% to 95.9%. Despite the drop in overall occupancy rate, offices in Lembah Sireh and Kubang Kerian saw a more market, holding at almost full occupancy.

Most of the existing purpose built offices are located in Kota Bharu such as Menara Perbadanan, Bangunan KWSP, Bangunan Yakin, Bangunan Mara, Wisma Ilmu and Bangunan AIA. On the rental rates in central town prime areas, Bangunan AIA has the highest rental rates ranging from RM2.00 to RM2.60 psf and followed by Bangunan KWSP ranging from RM1.80 to RM2.18 psf.

As at 3Q 2016, there were records of two yet-to-be-named purpose built office incoming supply in Kota Bharu with an accumulative office space of 140,576 sf.

Existing Supply & Occupancy Rate of Purpose Built Offices in Kelantan (2010-3Q 2016)



HOTELS

Key Facts (as at 3Q 2016)

Supply	4,056 rooms	↔ Stable
Average Room Rate	4 to 5-star: RM250-RM260 per night	↔ Stable

(Source: Rahim & Co Research, JPPH)

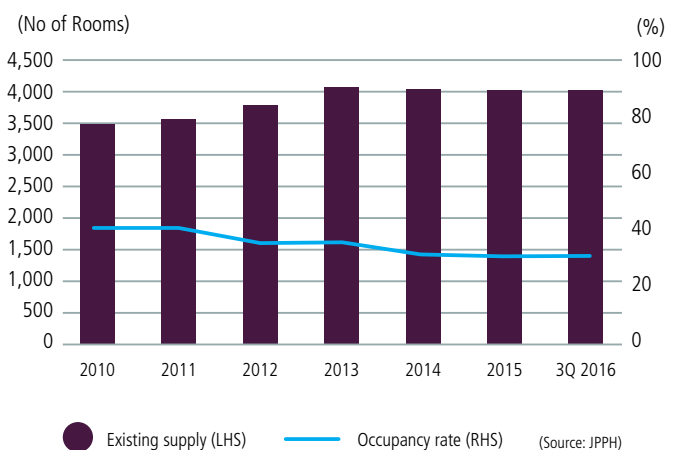
Looking at the hotel market at 3Q 2016, there seems to be no change in supply from 3Q 2015 with 83 registered hotels in Kelantan, carrying a total of 4,056 rooms.

On average, room rates for a 5-star hotel such as Perdana Kota Bharu is priced from RM260 per room, a 4-star hotel such as Grand Riverview Hotel from RM250 per room and a 3-star hotel such as Royal Guest House Kota Bharu from RM150 per room.

UDA Holdings Berhad (UDA) has announced their plan on building a hotel in Kota Bharu known as Ancasa Hotel to boost their development in the field of hospitality. Still in the planning stage, the construction of this deluxe hotel is set for next year on a land area of 1.5 hectares at a cost of almost RM50 million.

Another upcoming hotel in Kelantan is The Lagenda International Hotel & Suite within Lagenda Tunjong, which consist of 300 modern contemporary accommodation rooms along with conference facilities.

Existing Supply & Occupancy Rate of Hotels in Kelantan (2010-3Q 2016)



Upcoming Hotels in Kelantan

Development	Location	Star Rating	No of rooms	Completion
Al Waqf Garden Suites	Bandar Baru Tunjong	4-star	294	2017
Mövenpick Hotel	Jalan Telipot, Kota Bharu	5-star	452	2018

(Source: Rahim & Co Research)

NOTABLE ANNOUNCEMENTS/ ACTIVITIES IN KELANTAN

- Kelantan received RM144 million in 2016 for rural developments from the Ministry of Rural and Regional Development (KKLW).
- Central Government has spent RM3 million to build 11 kilometres of village roads in Selising, Pasir Puteh.
- Al-Madinah International University, based in Medina, Saudi Arabia are interested in opening a branch in Kelantan.
- Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (MAIK) will use the allocation of RM20.3 million compassionate fund given by the federal government this year to implement the project of education, human development and infrastructure.
- On their target of building 5,000 affordable houses by 2018, the Kelantan government has reported on facing problems achieving so due to lack of suitable lands as there are not many state-owned lands in areas near towns.
- The highway route connecting Kota Bharu to Kuala Krai is expected to be completed in two months ahead of the deadline. The 1km route '1B' from Pasir Hor to Kadok, initially expected to complete in April 2017, has been completed in June this year.
- Prime minister Datuk Seri Najib Tun Razak announced in Budget 2017 speech the allocation of RM55 billion for the development of the East Coast Rail Line project, which is a 600 km-long line which will start from Port Klang, connecting townships such as ITT Gombak, Bentong, Mentakab, Kuantan, Kemaman, Kerteh, Kuala Terengganu, Kota Bharu and will end in Tumpat and RM100 million will be allocated for the repairs to the Gua Musang-Tumpat sector of the East Coast railway line that was destroyed during floods.

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	542 units	↑ 0.7% y-o-y
Transaction Volume	15 units	↑ 25.0% y-o-y
Transaction Value	RM21.77 mil.	↑ 68.4% y-o-y

(Source: Rahim & Co Research)

The total supply of industrial sector in Kelantan has slightly increased by 0.7% from 538 units in 3Q 2015 to 542 units in 3Q 2016. Kota Bharu as the state capital of Kelantan contributed the highest at 73.4% (397 units) followed by Gua Musang with percentage of 13.3% at 72 units. Terraced factories dominate the existing supply in 3Q 2016 with 187 units, followed by 154 units of detached factories.

The main industrial scheme in Kota Bharu is the Pengkalan Chepa Industrial Park. Other selected schemes are Pengkalan Chepa Halal Park and Rohm Wako factory. Pengkalan Chepa Halal Park was developed by Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) and consists of 8 units of semi-detached factory which focuses on halal food manufacturing such as frozen food. Rohm Wako factory is a Japanese company and the largest overseas operator in Kelantan, manufacturing components for smartphones, laptops and hybrid vehicles.

The Malaysia's 3rd offshore supply base in Kelantan, Tok Bali Supply Base (TBSB) is another major industrial sector located in Pasir Puteh with a total land area of 132.73 hectare which provide a one-stop centre for PSCs and services companies operating in the North Malay Basin (NMB), Malaysia-Thailand Joint Development Area (MTJDA) and Commercial Arrangement Area (CAA). The Tok Bali Supply Base has received full government approvals and has begun operation as an offshore oil & gas supply base in April 2015 offering fuel & water, mechanical handling & equipment, bonded warehouse, customs & immigration and office space.

Another notable industrial scheme is located at Gua Musang known as Gua Musang Industrial Park which focuses on integrated cement and manufacturing plant.

Terraced factories dominate the existing supply in 3Q 2016 with 187 units, followed by 154 units of detached factories.

EAST MALAYSIA REGION



SARAWAK

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	223,932 units	↑ 1.1% y-o-y
Transaction Volume	7,564 units	↓ 7.2% y-o-y
Transaction Value	RM1,748.37 mil.	↓ 5.2% y-o-y

(Source: Rahim & Co Research, JPPH)

The residential sector in Sarawak showed a slowdown in transactions where transaction volumes of residential properties decreased by 7.2% from 8,150 units in 3Q 2015, followed by a fall in transaction value as well by 5.2%. Kuching had 3,162 units transacted and Sibiu with 1,398 units.

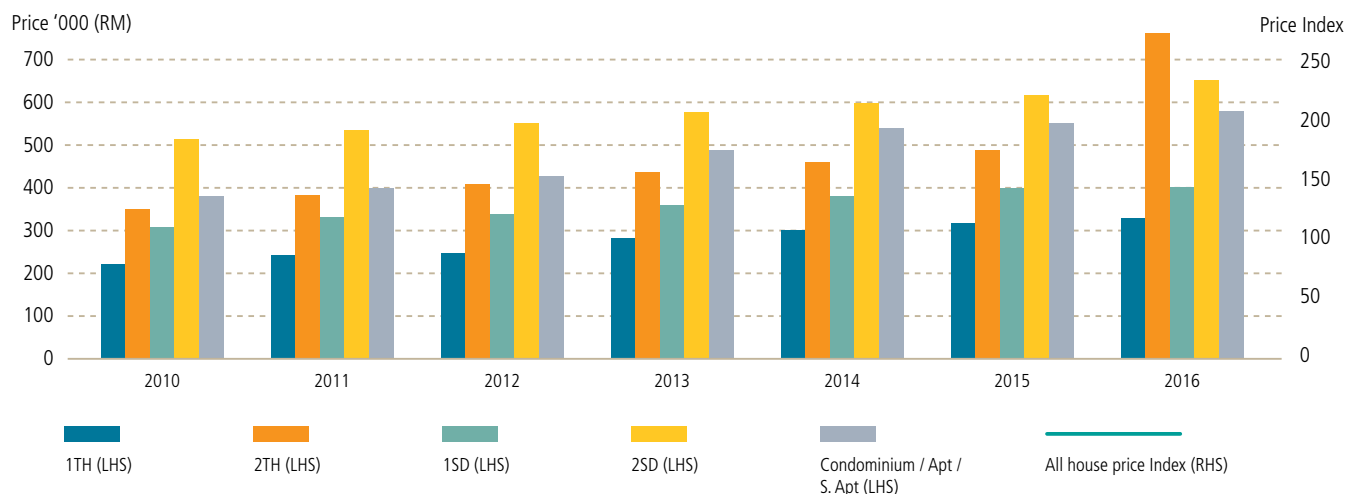
The supply of residential units in Sarawak has increased from 221,388 units as at 3Q 2015 to 223,932 units in as at 2016, registering a growth of 1.1% growth y-o-y. 2-3 storey terraced houses continue to dominate the landed residential supply at

58,848 units followed by 1-storey terraced house at 45,952 units and 2-3 storeys semi-detached house at 30,700 units.

The average selling price for existing houses located in Taman Tabuan Jaya is RM360,000 for a 1-storey terraced house, RM480,000 for a 2-storey terrace house, RM510,000 for a 1-storey semi-detached house and RM635,000 for 2-storey semi-detached house.

Of the newly launched schemes, Syarikat Perumahan Negara Berhad (SPNB) debuts Vista Perdana Phase 2 at Jalan Sultan Tengah, Kuching in April 2016 which offers a total of 789 units of properties; 322 units of 1-storey terraced houses at 750 sf, 309 units of 1-storey terraced houses at 850 sf, 144 units of 1-storey semi-detached houses at 1,177 sf and 14 units of 1-storey bungalows at 1,277 sf with prices starting from RM188,000. These projects are expected to be completed in 2018.

Kuching Residential Property Price Trend & House Price Index (2010-2016)#1



(Source: Rahim & Co Research, IHRM)

In catering the rising demand of affordable housing amongst civil servants, it was announced that Pantai Bayu Indah Sdn Bhd will be developing the PPA1M Eastwood Valley as part of the Miri City project. This scheme involves the construction of 1,075 2-storey terraced house units at a fixed price of RM300,000 each. 817 units will be built as Phase 1 and set for completion in 2018.

After announcing their plan to build 10,000 units of affordable housing last year, Sarawak Housing and Real Estate Developers Association (SHEDA) will add on another 16,000 affordable houses under the proposed Sheda Affordable Housing Scheme, making it a total of more than 26,000 affordable houses throughout Sarawak in the future, with the selling prices between RM250,000 to RM300,000.

At an expo by PR1MA themselves, 8 affordable housing projects have been revealed and up for registration, amounting to a total of 9,185 units. These projects are PR1MA@Vista Tunku (1,877 units), PR1MA@Matang (912 units), PR1MA@Matang 2 (448 units), PR1MA@Semenggoh (1,260 units), PR1MA@Sibu (1,096 units), PR1MA@Petra Jaya 2 (616 units), PR1MA@Sungai Plan (1,656 units) and PR1MA@Bintawa (1,320 units). To add on, it has been disclosed that another PR1MA scheme will be done in Pending with

more than 1,300 apartment units that are set for completion in 2018. In general, PR1MA houses in Sarawak will be priced below RM300,000.

Perbadanan PR1MA Malaysia's first development in Matang has been successfully balloted and is now in the construction phase. Progress is reported at 17.3% which is 3% ahead of schedule. Offering 912 apartment units from RM279,000, this development is estimated to complete by April 2019.

A new Affordable Housing Policy and Guidelines on affordable housing requirements has been introduced in Sarawak where the guidelines were effective since April 2016. The policy is a government incentive to increase the supply of affordable housing and bridge the demand and supply gap, catering for the housing needs of the lower income group as well as the middle-income segment. Under the new policy, affordable houses are split into two categories – People's Special Housing Scheme (Spektra) Lite and Spektra Medium.

The pricing for a Spektra Lite terraced unit must not exceed RM100,000 for an intermediate lot, and not over RM120,000 for a corner lot, while a Spektra Medium terraced unit must not go

Upcoming Landed Residential Properties in Sarawak

Development	Location	Type	No. of Units	Selling Price (RM)	Developer	Completion
Stakan Jaya	Stakan Jaya, Kuching	1-storey terraced	36	From 290,000	VFM Preccision Sdn Bhd	2017
Golden Palm @ 12th Mile	Jalan Kuching	2-storey terraced 2-storey semi-detached	66	From 408,000	Hong Seng Construction (E.M.) Sdn Bhd	2017
Borneo Samariang Garden @ Bandar Baru Samariang	Kuching	1-storey terraced	400	From 203,800	Sentoria Group Berhad	2018
		1-storey semi-detached	72	From 338,800		

(Source: Rahim & Co Research)

Upcoming High-Rise Residential Properties in Sarawak

Development	Location	Type	No. of Units	Selling Price (RM)	Developer	Completion
Sapphire on The Park @ Kuching Paragon	Batu Lintang, Kuching	Condominium	206	From 545,888	Naim Holdings Berhad	2017
Riverine Diamond @ Kuching Riverine Resort	Jalan Petanak, Kuching	Condominium	312	From 523,000	IJM Land Bhd (IJM Land)	2018
Rivervale Condominium	Stutong, Kuching	Condominium	110	From 421,888	CMS Property Development Sdn Bhd (CMS Property)	2018
Eduvista Apartments @ desa Ilmu	Kota Samarahan, Kuching	Serviced Apartment	60	From 350,888	Naim Holdings Berhad	2018
D'Qube Square	Kota Sentosa, Kuching	Serviced Apartment	270	From 263,511	D Qube Construction Sdn Bhd	2019

(Source: Rahim & Co Research)

more than RM135,000 (intermediate lot) and RM168,000 (corner lot). For affordable flats, the price must not exceed RM120,000 per unit. The size of each unit under the new policy has also been enlarged, from the original minimum of 444 sf under the old low-cost housing policy, to the new minimum of 700 sf – making each new unit more spacious, comfortable and conducive to living as it can now accommodate three bedrooms instead of two as previous.

In addition, private developers are required to allocate a certain percentage of their developments for affordable houses, preferably terraced houses if the land under development is four hectares and above in size. With that, a total of eight new People's Housing Projects has been proposed by the Housing Development Corporation to the National Housing Department for implementation next year and in 2018.

RETAIL

Key Facts (as at 3Q 2016)

Total Space	8.77 mil. sf	↑ 15.1% y-o-y
Occupancy Rate	80.1%	↓ 0.3% y-o-y
Rental	Prime Lots: RM8.00-RM20.00psf Secondary Lots: RM2.40 0-RM5.00psf	

(Source: Rahim & Co Research, JPPH)

As at 3Q 2016, the supply of retail mall in Sarawak stood at 66 buildings with total NLA of 8.77 million sf, a bigger increase of 15.1% from the 8.9% as at 3Q 2015. A majority of the existing retail malls are located in Kuching with 40 buildings, having seen 7 new additional malls in 2016. Growth of retail malls are seen as an ideal boost on the tourism industry in the city. Other retail malls are found in Miri, Sibul, Bintulu, Limbang and Samarahan.

Despite the relatively significant increase in retail space, the average occupancy rate has managed to hang on by only dropping 0.3% from 3Q 2015. However, these new spaces may prove to be a challenge to the existing spaces on rental rates in order to maintain their current occupants. For now, rentals remain stable and ranges from RM1.80-RM11.33 psf, the lower ranges of which reflect the rentals payable by anchor tenants.

For newer malls within Kuching such as Plaza Merdeka Mall and Vivacity Mega Mall, prime lots are rented out on average from RM8.00 to RM20.00 psf. A limited number of prime lots within the mall are even able to fetch more than RM20.00psf. Lower rentals are noted in older existing retail malls such as Hock Lee Centre, and are ranging between RM1.47 and RM3.80 psf. In Miri, Permaisuri Imperial City Mall, located within Miri City Centre, is able to let out up to RM12.00 psf.

Plaza Merdeka Mall, a pre-existing mall in Kuching and winner of the Most Innovative Shopping Centre Award at the recent 19th Malaysia Tourism Awards 2015, was recorded to pull in the highest rental rates at approximately RM4.50 psf to RM20.00 psf per month for central town prime areas. To stand out from the rest, a good

mix of local and international retailers is seen within the mall, thus ensuring a steady flow of visitors which in turn becomes an incentive for the occupants to stay. Recently, the food court had undergone an expansion whereby the food court area increases from 11,000 sf to 13,000 sf and has been renamed 'Food Plaza, Your Downtown Kitchen'.

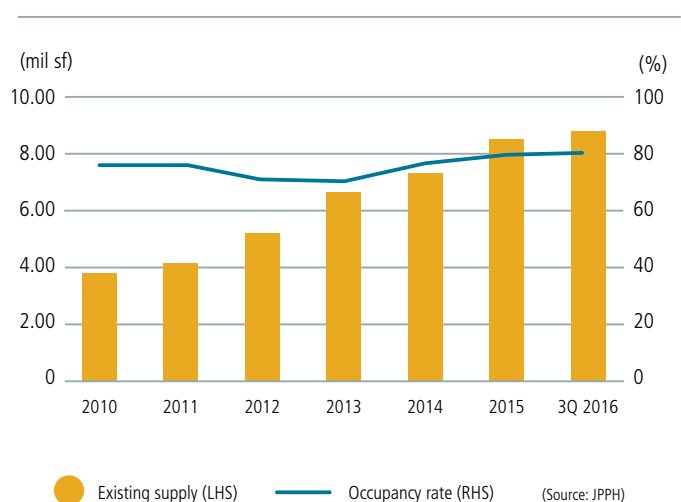
Two new Mydin Malls are seen in Kuching, one being Mydin Samariang and the other Mydin Supermall Vista Tunku. Sized at 130,605 sf of floor area, Mydin Samariang opened its doors to the public on August 2016 and the whole development comes with two components: a 85,712 sf mall and a 44,893 sf hypermarket. Mydin Supermall Vista Tunku has completed its construction but yet to be opened to the public, which is expected to happen in early 2017. It has a net lettable area of more than twice of Mydin Samariang, standing at 466,000 sf.

In addition, Moyan Square Shopping Mall recently hold a soft opening on 9th December 2016 which is the first mall in the suburban. Moyan Square consist of three-storey commercial shops and a four-storey shopping centre with an area of approximately 150,000 square feet and a total of 147 retail outlets complete with a basement and outdoor parking for 584 cars.

Tesco Stores Malaysia Sdn Bhd has expressed their wish to set their first step in East Malaysia and is currently exploring such opportunities in Sarawak. As of now, there are a total of 55 Tesco branches throughout peninsular Malaysia.

Naim Group of Companies (Naim) has recently come into a tenancy agreement with Econsave Cash and Carry for its first hypermarket branch in Bintulu. The hypermarket will be sited at a strategic location within Bintulu Paragon with a size of more than 40,000 sf. Once in operation, this hypermarket will be the largest retail mall in Bintulu.

Existing Supply & Occupancy Rate of Retail Spaces in Sarawak (2010-3Q 2016)



Upcoming Retail Malls in Sarawak

Development	Location	Size (sf)	Completion
Mydin Supermall Vista Tunku	Petrajaya, Kuching	370,000	2017
MetroCity Seafood Garden	Kuching	-	2017
AEON Central Mall	Jalan Tun Ahmad Zaidi Aduce, Kuching	-	2017
The Spring Bintulu Mall	Jalan Tun Razak, Bintulu	402,505	2017
D'Qube Square	Kota Sentosa, Kuching	297 - 1,690	2018

(Source: Rahim & Co Research)

SHOP OFFICE/ PURPOSE BUILT OFFICE

Key Facts > Shop Office (as at 3Q 2016)

Supply	26,284 units	↑ 3.0% y-o-y
Transaction Volume	1,058 units	↓ 18.5% y-o-y
Transaction Value	RM426.14 mil.	↓ 24.6% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of shop offices in Sarawak has accumulated to 26,284 units in 3Q 2016 from 25,512 units in 3Q 2015 in which 38.5% are in Kuching and 15.3% in Sib. 3- & 3½-storey shop offices contribute the most to the existing supply with a percentage of 53.7%, followed by 2- & 2½-storey shop offices at 22.4%.

Prices of shop offices have been on an uptrend with 4-storey shop offices in Kuching prime area location such as Jalan Petanak and Jalan Kulas priced between RM1,400,000 and RM2,200,000 per unit. On the other hand, 3-storey shop offices at Tabuan Jaya and Jalan Song commanded a price tag of RM1,350,000 onwards.

Upcoming Shop Offices in Sarawak

Development	Location	No. of Units	Size (sf)	Completion
Saradise@ Moneta De Borneo	Jalan Stutong, Kuching	132	1,680 – 1,800	2017
D Qube Square	Kota Sentosa, Kuching	7	906 – 3,044	2018
TT3 Commercial Centre	Tabuan Tranquility, Kuching	112	3,113 – 3,599	2018

(Source: Rahim & Co Research)

On the rental rates, shop offices on the ground floor of Kuching's prime areas such as Jalan Satok, Jalan Kulas and Jalan Haji Taha fetch between RM3,500 to RM4,000 per lot per month whereas for ground floor spaces in Kuching's secondary area such as MJC, Batu Kawa fetch from RM1,500 to RM3,500 per lot per month.

MetroCity Square (Phase 2), a RM300 million mixed development located in Matang, Kuching, will comprise of 22 units of premium 3-storey shop offices and were commenced for construction in March 2016. The development is expected to complete in 2019.

Key Facts > Purpose Built Office (as at 3Q 2016)

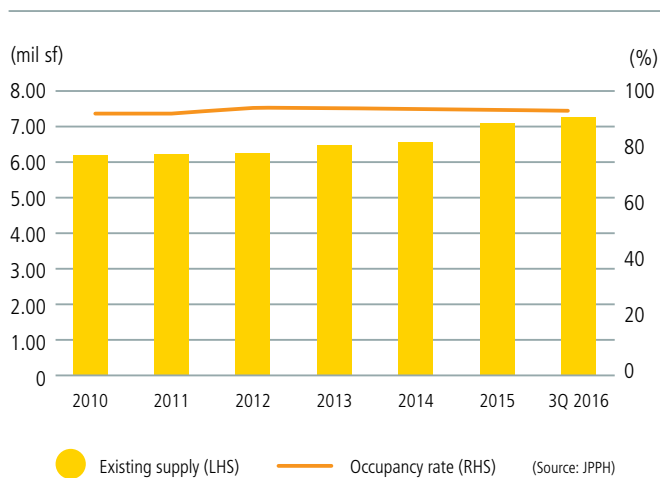
Supply	7.26 mil. sf	↑ 1.3% y-o-y
Occupancy Rate (%)	93.9%	↓ 0.4% y-o-y
Rental Rate (RM)	RM1.00-RM4.30 psf	

(Source: Rahim & Co Research, JPPH)

Total supply of purpose built offices in Sarawak has slightly increased by 1.3% from 7.16 million sf with 97 buildings in 3Q 2015, now amounting to 7.26 million sf with 99 buildings. The addition of 2 new purpose built offices are seen in Kuching and Sib. There is no recorded transaction for purpose built office in 2016.

Most of the existing purpose built offices are located within central town of Sarawak including Gateway Kuching, Electra House, Wisma Bukit Mata, Wisma Hasil, Bank Negara Building, SEDC Tower, Bangunan Tun Jugah, Bangunan Ambank, Bangunan Binamas, Wisma Zurich, and Yong Kong Abell Building. Some of which are outdated in terms of design and layout. Purpose-built office buildings located in the city centre generally command rental rates of between RM2.50 psf and RM3.00 psf per month, though the 12-storey newer office building is enjoying the highest rental rates of RM2.70 to RM4.30 psf per month. It is observed that more purpose-built office buildings were constructed or are being constructed in suburb commercial centres in recent years. Some of such buildings include Song Plaza, Titanium Tower,

Existing Supply & Occupancy Rate of Purpose Built Offices in Sarawak (2010-3Q 2016)



Trinity Hub (business park shop offices) and Queen’s Court. This decentralisation of office location is probably due to the traffic congestion in the city centre.

Upcoming Purpose Built Offices in Sarawak

Development	Location	Size (sf)	Completion
Tabung Haji Complex	Kuching	23,200	2017
Office tower @ Gala City	Stampin, Kuching	628 – 4,357	2017
Gateway Tower @ Isthmus	Kuching	118,403	2017

(Source: Rahim & Co Research)

HOTELS

Key Facts (as at 3Q 2016)

Supply	17,537 rooms	↑ 3.8 % y-o-y
Average Room Rate	4-star: RM225-RM254 per night 5-star: RM314-RM345 per night	

(Source: Rahim & Co Research, JPPH)

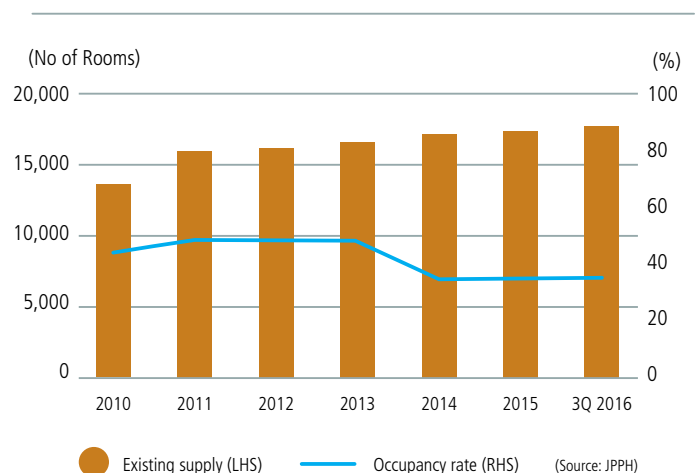
Looking at the hotel market in 3Q 2016, there are 341 registered hotels with 17,537 rooms in Sarawak and when compared to the last year’s statistics shows an increase of 3.8% in supply.

On average room rates per night at 5-star hotels such as Hilton Kuching and Pullman are priced from RM314 to RM345 per room, 4-star hotels such as Grand Margherita Hotel and Imperial Hotel are priced from RM225 to RM254 per room and 3-star hotels such as M Hotel and Harbour View Hotel are priced from RM146 to RM155 per room.

Imperial Hotel Miri has expanded its hotel with the opening of a new wing located at Levels 4, 5 and 6 in Permaisuri Imperial City Mall (PICM). They now offer a total of 249 rooms named Permaisuri Standard and Permaisuri Superior.

Best Western Hotels & Resorts, an international hotel operator, has announced their wish to expand their portfolio in Malaysia by opening the first branch in East Malaysia after having established 3 hotels in West Malaysia. Though a specific site has yet to be confirmed, the hotel will be named the Best Western Plus and be located in Kuching, offering an estimated count of 200 contemporary rooms and suites. The hotel is scheduled to be up and ready for guest arrivals in 2018.

Existing Supply & Occupancy Rate of Hotels in Sarawak (2010-3Q 2016)



(Source: JPPH)



Upcoming Hotels in Sarawak

Development	Location	Star Rating	No of rooms	Completion
TH Hotel	Kuching	3	182	2018
Ataria Resort @ Borneo Samariang Resort City	Bandar Baru Samariang, Kuching	–	420	2018
Promenade Hotel	Kuching	3	–	2018
Majestic Hotel	Kuching	5	263	2017
UCSI Hotel	Kuching	5	168	2017

(Source: Rahim & Co Research)

INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	5,641 units	↑ 1.6% y-o-y
Transaction Volume	341 units	↓ 20.1% y-o-y
Transaction Value	RM419.83 mil.	↑ 58.5% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of the industrial sector in Sarawak has increased by 1.6% from 5,553 units in 3Q 2015 with Kuching contributing 35% at 1,975 units, followed by Miri with 21.1% at 1,191 units. Semi-detached factories dominate the existing supply in 3Q 2016 with 65.5%, followed by detached factories at 19.1%.

Notable existing industrial schemes in Kuching are E-Park Link Industrial Park, Pending Industrial Estate, SMI Industrial Park, Demak Laut Industrial Park and Sama Jaya Free Industrial Zone.

Price of industrial developments within prime areas such as 2-storey semi-detached factories at E-Park Link Industrial Park is transacted up to RM800,000 per unit, while at SMI Industrial Park, a similar

type is selling between RM450,000 to RM625,000 per unit. Detached industrial units at Pending Industrial Estate are selling from RM1.2 million onwards, depending on the land size and built-up area.

The extension of Sama Jaya Free Industrial Zone Phase V (SJFIZ) by 70.8 hectare has reportedly been completed in July 2016. Currently, a China-based firm known as Xi'an LONGi Silicon Materials Corp (LONGi), the largest manufacturer of solar-grade mono-crystalline silicon products in the world, has decided to invest RM1.066 billion in the development of an integrated solar plant. The plant is scheduled for completion by end of 2016.

Total supply of the industrial sector in Sarawak has increased by 1.6% from 5,553 units in 3Q 2015

NOTABLE ANNOUNCEMENTS/ ACTIVITIES IN SARAWAK

- The Biodiversity, Environmental and Conservation (Beacon) Project at Samalaju National Park (SNP) is a collaborative venture between MLNG, a subsidiary company of Petronas, and Sarawak Forestry to Sarawak conserve its marine resources
- The state government has plans to build a raw water transfer plant in Baram
- Sarawak Energy Bhd (SEB) has spent RM900 million on improving power supply in Miri
- TGV Cinemas @ Vivacity Megamall, Kuching had their soft opening on 18th August 2016
- The government of Kaohsiung City expresses their wish to establish a Kaohsiung-Kuching direct flight route as a way to introduce Kuching, the 'beautiful Cat City', to the people of Southern Taiwan
- Low-cost carrier AirAsia is mulling on the idea of having a low-cost carrier terminal (LCCT) in Sarawak.
- KPJ Healthcare Bhd will be building two new specialist hospitals in Sarawak known as KPJ Kuching Specialist Hospital and KPJ Miri Specialist Hospital.
- An allocation of RM200 million has been set aside under Budget 2017 to upgrade the decades-old 10th Battalion General Operations Force (GOF) camp at Lanang.
- The old State Legislative Assembly (DUN) Complex will be converted into a cultural centre early next year
- UCSI University Sarawak Campus has moved to their new campus at The Isthmus, Kuching 31 October 2016. Within the same building is the UCSI Hotel which has yet to start its operation.
- Majlis Amanah Rakyat (Mara) plans to build a new complex costing between RM8 million and RM10 million in Limbang.
- Petra Jaya Hospital Kuching is expected to be completed by 2017.
- The newly completed Batang Sadong Bridge was officially opened in mid-October 2016. Spanning across a distance of 1.48km, it is said to be the longest river bridge in Malaysia.
- Borneo Development Corporation (Sarawak) Sdn Bhd (BDC) had launched a project on 5th April 2016 known as Serian New Township. The project is in its initial stage of site clearing works which is expected to be completed by mid-April 2017 and will be followed by the earthworks and major infrastructure and river improvement works.
- Three big bridges, at a combined cost of RM1.43 billion, will be built in Sarawak which are Batang Lupar Bridge (RM1 billion), Batang Igan Bridge (RM300 million) and Batang Rambungan Bridge (RM130 million). Batang Lupar Bridge is scheduled for construction in early 2018 whilst the other two are still in the planning stage.
- Prime Minister Najib Razak launched eight out of 11 packages of the Pan Borneo Highway, the 8 amounting to a total of RM12.5 billion on 18 December 2016 which are:
 - Sematan-Sungai Moyan Bridge (95km); Pantu Interchange-Batang Skrang (89km); Batang Skrang-Sungai Awik Bridge (68km); Sungai Awik Bridge-Bintangor Interchange(64km).
 - Sungai Kua Bridge-Sungai Arip Bridge (64km); Sungai Arip Bridge-Bintulu Interchange (65km); Bakun Interchange-Sungai Tangap (77 km); Sungai Tangap Interchange-Pujut Link Road (80km).

SABAH

RESIDENTIAL

Key Facts (as at 3Q 2016)

Supply	170,964 units	↑ 4.3% y-o-y
Transaction Volume	2,768 units	↓ 26.4% y-o-y
Transaction Value	RM908.60 mil.	↓ 24.7% y-o-y

(Source: Rahim & Co Research, JPPH)

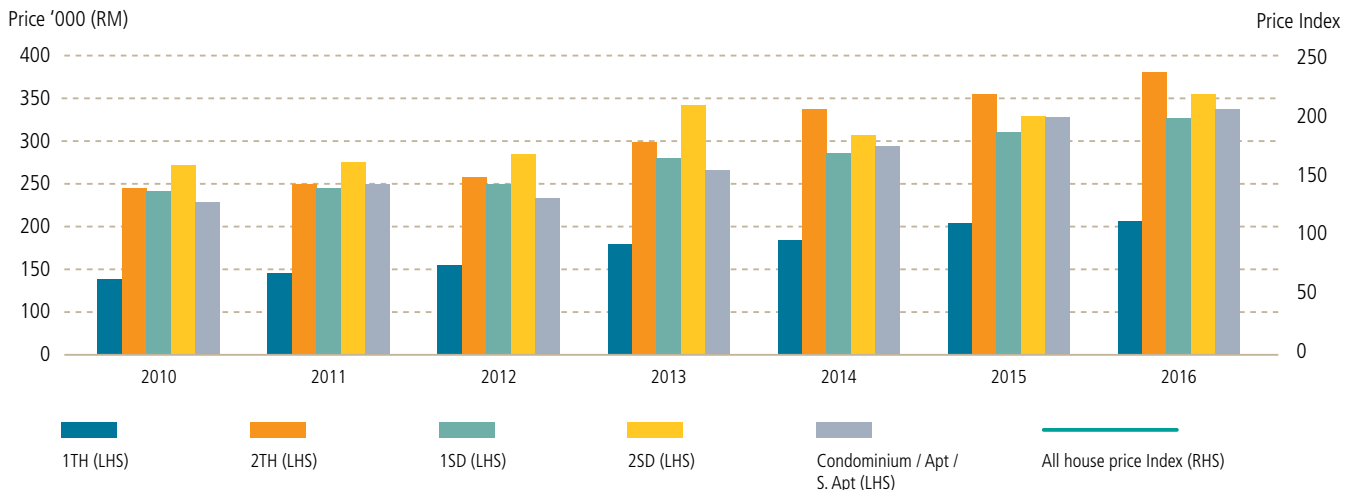
Supply of residential properties in Sabah grew by 4.3%. However, number of transactions plummeted in the first three quarters of 2016 by 26.4%, a significant drop compared to the slight increase as at 3Q 2015, bringing the total below 3,000 units. Concentration of new developments has always been popular within Kota Kinabalu and has grown further to other areas such as Inanam to the north, Penampang to the east, Putatan, Tuaran and Papar to the south of Kota Kinabalu.

For landed housing, a 2-storey terraced house within established schemes and preferred location would be priced at RM460,000 and above. Such schemes are Ujana Kingfisher, Taman Sri Borneo in Kota Kinabalu and Taman Jindo in Luyang. Higher end schemes, the likes of Luyang Perdana and Golden Hill Garden, fetch prices above RM500,000. Among the locals, landed residential continue to be popular and those located within established matured areas is expected to remain strong and stable in its prices.

Whilst land is limited for new residential developments, number of highrise residential continue to be developed but at a slower pace. Fewer launches were seen in 2016 and amongst them are highrise residential projects such as SkyVue Residence in Penampang, Maya@Likas along Jalan Tuaran and E-Residence in Telipok. Selected existing condominiums in Kota Kinabalu showed stable prices with increase of about 2.0% to 4.0% especially those located within city centre and matured residential areas. Currently these condominium units have reached RM460,000 and above depending on sizes and location. Those located further north such as 1 Borneo Condominium and Likas Square in Likas are transacted at lower prices averaging at RM380,000.

In Inanam, 2 highrise residential projects by Hap Seng Properties Sdn Bhd were newly launched after Bukit Bantayan Residences made its debut in year 2015. These new projects include Kingfisher Inanam and Kingfisher Putatan. Kingfisher Inanam is a condominium of 739 units priced from RM380,000 with a minimum built up area of 865 sf. It is well received by the buyers seeing as 60% of the units has been taken up within 2 months. Kingfisher Putatan, expecting completion by end 2017 comprises of 120 units condominium selling from RM440,000 per unit with a minimum size set at 1,009sf. An upcoming residential project is expecting its completion soon which is Pacific Heights@Pacifcity.

Kota Kinabalu Residential Property Price Trend & House Price Index (2010-2016)*1



(Source: Rahim & Co Research, IHRM)

Upcoming Residential Properties in Sabah

Development	Location	Type	No. of Units	Size (sf)	Selling Price (RM)	Completion
SkyVue Residence	Jalan Penampang Bypass	Condominium	200	1,265 – 3,500	From 698,200-2,443,700	2018
E Residence (Phase 1)	Telipok	Apartment	320	Type A: 1,176 Type B: 1,029	From 288,000	2018
Triconic Tower	Jalan Bundusan,	Condominium	768	1,000 and 1,200	From 448,000	2019
Bukit Bantayan (Phase 1)	Inanam	Condominium	296	904 – 1,100	From 390,000	2019
Maya @ Likas	Kota Kinabalu	Condominium	483 (left 100 units)	910 – 1,562	496,660 - 817,800	2019
Kingfisher Inanam	Inanam	Condominium	739	865 – 1,160	From 380,000	2019
Sri Khazanah Residence	Kinarut	2-sty terraced	276	from 1,753	From 556,800	2017
Taman Seri Tuaran	Jalan Tuaran	2-sty terraced	23	1,884 – 3,704	From 461,000	2018
Casablanca Residence	Kota Kinabalu	2-sty terraced	57	2,237	788,800	2018

(Source: Rahim & Co Research)

Likas Boulevard is another RM1.3 billion mixed-development project located at Likas Bay. The project will include residential, retail, private marina, offices and an international hotel expecting to be built within four years. Its condominium has a total of 480 units and was launched in middle of 2016 selling from RM1.296 million with built up area starts from 900sf to 1,300sf.

A much larger built-up area is seen through Harrington Suites in Luyang which sells its 116 units from RM1.9 million when it was launched and about 80% has been taken up to date. Its minimum built up area starts from 2,445 sf, reflecting the larger sized condominium units and is slated for completion by year 2017. Even though it is seen to be less happening in this year's new launches, house prices in Kota Kinabalu in general are observed to remain competitive in well developed areas.

At state level, some efforts are seen to build affordable houses including terraced, semi-detached and long houses through Housing Assistance Programme (BPR) and are sold from RM26,500 to RM50,000. Another new scheme to be developed is Desa Impian by Borneo Estate Development Sdn Bhd selling apartments in Kota Kinabalu. Its price ranges from RM295,000 to RM450,000.

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RETAIL

Key Facts (as at 3Q 2016)

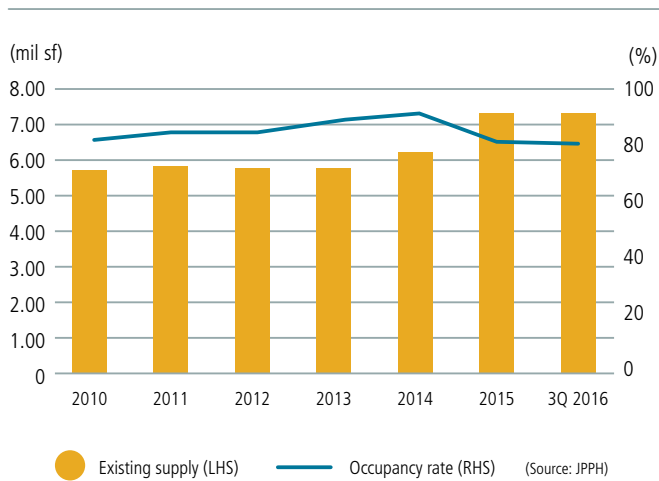
Total Space	7.31 mil sf	↔ Stable
Occupancy Rate	80.8%	↔ Stable
Rental	Prime: RM12.00-RM25.00psf Secondary: RM3.50-RM10.00psf	

(Source: Rahim & Co Research, JPPH)

Total supply of retail space in Sabah did not show any new space being added and is currently maintained at 7.31 million sf as at 3Q 2016. These retail spaces show stable average occupancy rate of 80.8%. Currently not many new retail-involved developments are seen on the ground since new spaces have just been completed the previous year. In addition, looking at retail spaces available within Kota Kinabalu, catchment within its surrounding is able to support its stable occupancy rate.

On the rental rates, prime lots within established malls are rented out from RM12.00psf to RM16.00psf whilst some could reach above RM20.00psf. There has been news on future retail spaces in various stages of planning. Some to note are One Jesselton Mall near Kota Kinabalu Port, Grand Merdeka Mall, GM Home (hypermarket and home furnishing outlets) and The Hive@GM City. Major retail space within Grand Merdeka mixed commercial development are targeting its soft opening in 2017, them being the Grand Merdeka Mall and GM Home.

Existing Supply & Occupancy Rate of Retail Spaces in Sabah (2010-3Q 2016)



The current challenging economic conditions might have influenced the local sentiment to be cautious and more conservative in approach when considering new retail developments. Nevertheless, a few malls are currently being built within new mixed developments in Kota Kinabalu. These are projects are expected to set a new benchmark of integrated development in the region. Some to note are One Jesselton Mall@Jesselton Waterfront, Pacific Parade Mall@Pacifcity, ITCC Penampang and Jesselton Quay.

PURPOSE BUILT OFFICE

Key Facts (as at 3Q 2016)

Supply	7.38 mil sf	↑ 2.1% y-o-y
Occupancy Rate (%)	90.1%	↓ 0.2% y-o-y
Rental Rate (RM)	RM1.80-RM2.50psf	

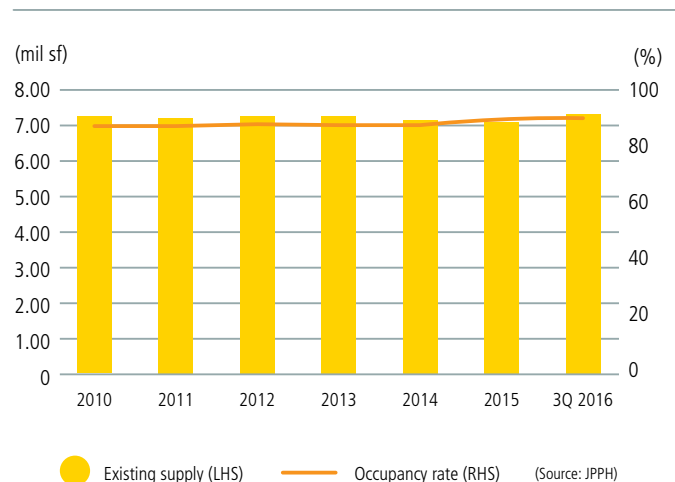
(Source: Rahim & Co Research, JPPH)

Total supply of purpose built office in Sabah grew by 2.1% to 7.38 million sf as at 3Q 2016. Average occupancy rate, despite the slight drop, have managed to stay above 90%. Of total office space in Sabah, about 86% are located in Kota Kinabalu, the centre of established commercial developments in Sabah.

Notable existing offices in Kota Kinabalu are concentrated along Jalan Coastal, Jalan Kemajuan and Jalan Tuaran within Kota Kinabalu city centre. A few others are scattered along Jalan Istiadat and near Yayasan Sabah. On average, rental of offices within the city centre hovers around RM1.80psf to RM2.50psf. Several offices are able to reach higher rental of RM2.75psf to RM3.50psf such as Bangunan KWSP, Menara Jubli and those facing the sea such as Wisma Perindustrian and Menara Tun Mustapha. Plaza Shell sets a new benchmark in high rental rates by offering between RM5.00psf to RM6.00psf.

About 840,000sf of office space are expected to be completed in Kota Kinabalu by 2017. An office tower expected to be completed by end of 2016 is Manhattan Suites@ITCC Penampang (as at time of publication print). It is estimated to comprise 295 Small Office Versatile Office (SOVO) units contributing about 320,000 sf of lettable area. Another upcoming office tower in Penampang is Wisma Langat whilst others noted are The Aeropod in Tanjung Aru, Pacific Enterprise@Pacifcity, Suria Corporate Office@Jesselton Waterfront, Damai Landmark and Sutera Avenue within Kota Kinabalu city centre. A newly launched Small Office Home Office (SOHO) development is in Jesselton Quay known as CityPads. Its selling price starts from RM600,000 for a minimum built up area of 522 sf. To date, one of its two towers has reached 85% take up since it was launched.

Existing Supply & Occupancy Rate of Purpose Built Offices in Sabah (2010-3Q 2016)



(Source: JPPH)



Upcoming Hotels in Sabah

Development	Location	Star Rating	No of rooms	Completion
Hilton Hotel	Kota Kinabalu	5	313	2017
Mercure Hotel	Kota Kinabalu	4	310	2017
New World Hotel@Sky City	Kota Kinabalu	5	400	2018
Jen Hotel@Pacificity	Likas	3	440	2018

(Source: Rahim & Co Research)

HOTELS

Key Facts (as at 3Q 2016)

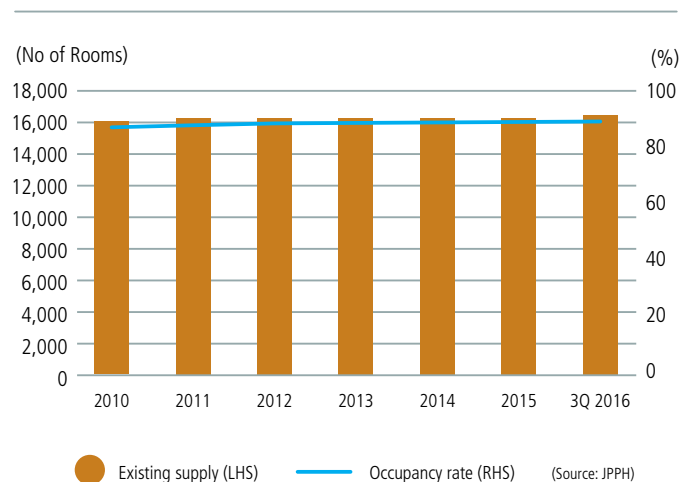
Supply	17,009 rooms	↔ Stable
Room rate (standard room)	4-star: RM240-RM370 per night 5-star: RM540-RM700 per night	

(Source: Rahim & Co Research, JPPH)

Total supply of hotel rooms in Sabah remain stable at 17,009 rooms as at 3Q 2016 from 3Q 2015. There are quite a number of 3 to 5-star hotels within Kota Kinabalu itself. Some 5-star hotels to note are Hyatt Regency Kinabalu, Le Meridien Hotel and Shangri-La Aru Resort & Spa. Air Asia had announced its new route from Kota Kinabalu, Sabah to Wuhan in China in early 2016. Therefore, more China tourists are expected to come in and boost up tourism activities in Kota Kinabalu. As of February 2016, about 531,585 visitors were recorded in Sabah with 37% of them being international visitors.

A few upcoming hotels targeting completion in 2016 have extended their target to year 2017. These hotels include the 4-star Mercure Hotel and 5-star Hilton Hotel in Kota Kinabalu. There are discussions running to propose hotel developments within Kota Kinabalu Convention City by Mah Sing Group and Jesselton Quay by SBC Corporation Bhd. Even though there are several hotel brands and operators being highlighted, it is not yet a closed deal and still being looked at.

Existing Supply & Occupancy Rate of Hotels in Sabah (2010-3Q 2016)



INDUSTRIAL

Key Facts (as at 3Q 2016)

Supply	5,788 units	↑ 5.0% y-o-y
Transaction Volume	180 units	↓ 5.8% y-o-y
Transaction Value	RM309.20 mil.	↑ 44.4% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of industrial properties in Sabah overall showed increase by 5.0% as at 3Q 2016. Even though there is a slight dip in transaction volume, total value of transaction shows a strong jump of 44.4%. This shows that value of industrial properties in Sabah remain strong despite lesser transactions recorded.

NOTABLE ANNOUNCEMENTS/ ACTIVITIES IN SABAH

- The construction of Phase 1 of the Pan Borneo Highway Sabah which includes the Donggongon-Papar stretch is proceeding as scheduled. Construction work is aimed to begin in 2018.
- The Bus Rapid Transit (BRT) system in Kota Kinabalu will have 15 kilometres of dedicated bus lanes with 15 stations starting from Kepayan, through Kota Kinabalu city centre, and ending at Inanam. The Government had agreed to modernise the bus transportation system in Kota Kinabalu through the BRT system, with an initial estimated cost of RM 1 billion. BRT Kota Kinabalu project would be carried out through Public Private Partnership (PPP), similar to the BRT Sunway project.
- On the Labuan-Sabah Bridge, there will be discussions in January 2017 for its approval.
- Sepanggar Port Expansion to commence in 2017 and the expected completion in 2019
- KKIP Sdn Bhd had signed a collaboration proposal agreement with Malaysian Biotechnology Corporation Sdn Bhd for a biotechnology hub in April 2016
- There is a plan to build a Sabah Oil & Gas Industrial Park
- One Jesselton Waterfront project which is planned to be integrated with Kota Kinabalu's main ferry and cruise terminal by Gabungan AQRS Bhd & Suria Capital Holdings Bhd, with a projected net sales value of RM1.8 billion, is targeted to be officially launched in 2017
- Tanjung Aru Train Station begun their operations from their new complex in October 2016 with train services linking to Sembulan to Tenom, passing by several stations including Papar and Beaufort.
- Two flyovers for access to KKCC, KK International Airport and Tanjung Aru Train Station set to complete early 2018.
- Launched in 2016, Tun Mustapha Marine Park launched is the nation's largest marine park.
- In February 2016, Sabah and Sarawak Biomass Industry Development Plan was launched in Malaysia's bid to become South East Asia's premier biomass processing hub.

Notable industrial schemes in Sabah are Kota Kinabalu Industrial Park (KKIP), Kolombong Industrial Centre, and Kimanis Industrial Park. A 2-storey semi-detached factory in Kota Kinabalu Industrial have reached RM1.5 million to RM1.6 million whilst in Kolombong Industrial Centre the prices have passed the RM2.0 million band.

Generally, Sabah continues to remain attractive for industrial activities. According to Malaysian Investment Development Authority (MIDA), total approved investments in manufacturing sector within Sabah has reached about RM1.81 billion within January-August 2016. It was reported that more than 85% are venturing into resources-based industries such as petroleum products including petrochemicals, food manufacturing, paper & publishing, wood and wood products, chemicals & chemicals products, and non-metallic mineral products.

Some notable investment activities noted in the state are Sabah Ammonia Urea (SAMUR) project, Sabah Oil and Gas Terminal (SOGT) project, construction of the Kimanis-Bintulu Gas Pipeline, and Sipitang Oil and Gas Industrial Park (SOGIP).

There is a plan by the government to expand Sepanggar Port into a transshipment hub. The transshipment hub strategy is expected to boost the state's connectivity into international markets by generating higher volume of cargo and attract more shipping lines to call at Sepanggar Port. Eventually, it will also support Kota Kinabalu Industrial Park to grow further.

In April 2016, KKIP Sdn Bhd had signed a collaboration proposal agreement with Malaysian Biotechnology Corporation Sdn Bhd for a biotechnology hub development in Kota Kinabalu Industrial Park (KKIP). The proposed development is a 30-acre land to be placed at Commercial Zone 1 Phase 2 within the park with a possible expansion on another 100-acre land.

THE YEAR AHEAD

2017 could be another challenging year, the property market is expected to remain subdued before acceleration take place in 2018/2019 or the pickup period before election.

There is no doubt that the property market has experienced a slowdown in 2016 and many are concerned on how will the property market fare in the coming years – lackluster growth or acceleration? We have seen a combination of opinions given by industry players where a majority of them forecasted the outlook for 2017 to be moving at a similar momentum. The good news is that a bottoming-off market is expected to take place, not another major slide into the abyss.

The overall property market activity is expected to continue with a soft tone with the residential sector remaining as the dominator of the market segment. Economic uncertainty has raised concerns on job security coupled with rising living costs and slower growth in incomes. Government agencies such as PR1MA and SPNB will likely be under pressure to deliver more affordable housing at a faster pace. Affordable housing will continue to be a national issue and we foresee more developers to be focusing on this particular housing in their future launches.

In Kuala Lumpur, the luxury condominium segment – as impacted by the oil and gas market – will remain soft as oil & gas companies begin downsizing their businesses and as such, causing the demand from expatriates to wane. Fire sales or urgent sales are still not seen in the market and indicates the prices to still be holding strong in this segment. However, as the rental market becomes more competitive, there are owners willing to secure tenants at lower rents.

JPPH's statistic showed developers holding back their property launches and deferring their projects. Units launched in 2H 2015 and 1H 2016 has dropped more than 50% from the preceding years with sales performance during these periods also showing

a decline. Nevertheless, while some developers are holding back and overall sales performance dropping, others are continuing to generate good and promising sales from the products offered, concepts used, convenience of location/access and marketing strategies.

Last year, we foresaw developers to be more creative in their marketing strategies to maintain buyers' interest. Developers are aware that buyers' demand is still strong but face difficulties in getting financing aids. This spurs developers to include various innovative incentives and stimulate the sales during this softening market, allowing buyers to enjoy alternative financing assistance and reduce the upfront commitment. Among notable offered schemes are Sunway Group Bhd's "Sunway Property Certainty Campaign", deferred payment scheme by IOI Properties Group, and SP Setia Bhd's 10:90 scheme. This "push sales" strategy will definitely boost the market in the short term but in long run it could lead to higher NPL rates and household debt to GDP ratio should a buyer be granted a financing scheme that they cannot afford.

Increasing constructions of major office developments, hotels and retail malls particularly in Klang Valley has also raised a concern of oversupply of commercial properties which will give further pressure in both take-up rates and rental rates. Commercial sector for both office and retail subsectors will remain in the twilight zone as these markets could see a correction and adjustment between the gaps of supply and demand in the near future. Leasing activities in the office market continued to be slow yet favourable to tenants as absorption rate is expected to reduce due to selected sectors like financing and banking, O&G and O&G-related sectors scaling down their offices.

A holistic approach is needed as opposed to a knee jerk solution to counter the challenges faced by the property market in general and particularly the affordable housing segment.

The mushrooming of hotels in KL has pushed KL City Hall (DBKL) to freeze new hotel license in Q1 2016 in order to give time for the market to adjust with the demand. The freeze decision has been lifted by DBKL recently and has brought light at the end of the tunnel for developers who had planned on building hotels in Kuala Lumpur earlier. However, the hotel sector will remain a challenge with the completion of new hotels and penetration of new hotel brands.

Following the freeze on hotel license in Kuala Lumpur by KL City Hall (DBKL) in Q1 2016, Malaysia Shopping Malls Association (PPKM) has urged the local authorities in Kuala Lumpur and Selangor to also impose a 2-year freeze on new applications for retail malls to prevent a possible oversupply situation. With more major malls coming into the market especially in Klang Valley, we foresee the retail market to face greater competition and be closer to saturation. In addition to that, the growing trend of e-commerce shopping will add on another pressure to the subsector.

Further to that, reformation and evolution of technology will shift the future towards the trend of urban city living where people choose to work from home or a change mode of transport from private vehicles to public transport – all these being significant ways to cut down costs of living as well as reducing carbon footprint. Transit Oriented Developments (TOD) and Transit Adjacent Developments (TAD) with high speed and stable internet connection may be the sparks to ignite the property market.

2017 could be another challenging year as the property market is expected to remain subdued before accelerating in 2018/2019 or the pickup period before election. A holistic approach is needed as opposed to a knee jerk solution to counter the challenges faced by the property market in general and particularly the affordable housing segment. Owning a house/property is a lifelong dream for Malaysians and thus we believe the demand for housing to remain strong. Developers will still be able to attain buyers' interest by delivering the right product at the right location, at right time and most importantly at the right pricing as financial consideration plays a major role in a buyer's decision. One thing is for sure, it is a buyers market - especially for those who plans well covering aspects of financing issues as well as being prudent in the market. It is a time for bargain hunting - be it in the primary market where you seek for good developments with great offers and packages, or in the secondary market where you capitalise on the sellers urgent need to sell.

SPECIAL REPORT ON UK MARKET by **STRUTT & PARKER**

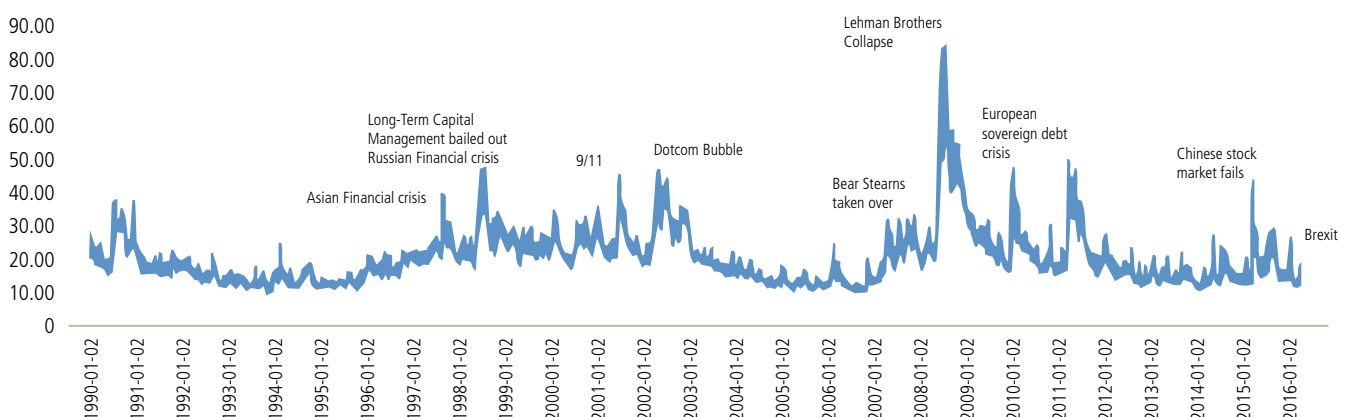
2016, NOT A GOOD YEAR FOR FORECASTERS

2016 was certainly an eventful year for UK commercial property. Off the back of record capital market volumes in 2015 (over £70bn traded), the markets slowed considerably in Q1 2016, partly due to low stock levels, partly due to high pricing, and partly in anticipation of the EU Referendum vote. As a consequence the first two quarters were relatively quiet. The UK's vote to leave the EU, or Brexit, came as a shock to many and the market reacted sharply. First we experienced a rapid sterling devaluation, followed by a short-term tumultuous time for UK listed property. Although the pound remains depressed, the REITs have seen some share price recovery as markets realised that commercial sector valuations were declining only marginally. Indeed, valuations have held up well throughout the remainder of the year. Stock markets have surged since as the depressed currency and overseas earnings have increased profit potential.

The UK mainstream residential markets continued with steady transaction volumes, and the prime central London (PCL) markets appeared to trough in Q2 with volumes dipping below those seen in 2008. Although PCL transactions picked up slowly in the second half of the year, in Q4 they are still 31% below the same period in 2015, itself a muted year, and 35% below the 10-year average. New build markets experienced higher construction levels across the UK in 2016, with government-led policies to stimulate demand feeding through into a strong pipeline. The bulk of activity was in the sub £600,000 market. Development starts slowed in London as pricing looked to be peaking.

What is clear is that the UK is experiencing a series of factors including low stock levels of commercial assets, high pricing in some areas, and policy upheaval. What has also been clear since the EU Referendum, however, is that the economy is holding up well and property markets have picked up. Brexit is a domestic issue and there is no doubt that international investors are seeking to take advantage of a depressed currency, and looking to buy whilst the UK has a 20% devaluation. That said we are moving into a more inflationary environment with pressure on interest rates. The result will be a re-evaluation of the multipliers affecting all asset pricing.

CBOE Volatility Index



(Source: Chicago Board Options Exchange)

The EU Referendum resulted in investor concerns surrounding the future depth of office occupational demand, most especially in London.

INVESTORS SEEKING TO ASSESS VALUE

UK commercial real estate values have not declined significantly since June 2016, despite the initial listed market reaction. Trading volumes picked up throughout the latter half of the year and we anticipate the 2016 full year being in the region of £50bn traded, 28% below 2015 and more akin to 2013. This time last year we predicted that the capital growth story in UK commercial property had in the main run its course for this cycle and property was reverting to an income producing asset. This has proved to be the case. The question for this year is whether that income return will be offset by capital value reductions, with total returns potentially moving into negative territory.

The data through to the end of the year resulted in All Property total returns of 2.6%, with Industrial performing most strongly with 7% returns and Offices weakest at 1%. What is likely in 2017 is that uncertainty in some markets will precipitate rental stabilisation or falls leading to softening of capital values and yields.

OFFICES EXPERIENCE THE INITIAL BREXIT VOLATILITY

The EU Referendum resulted in investor concerns surrounding the future depth of office occupational demand, most especially in London. The year-end figures, however, show that demand has held up well. The City Core market in particular has completed 3.4 million sf of take-up, 18% below 2015 but comparable to the 10-year average of 3.8 million sf. The traditional West End market has been supplemented by significant deals on its fringe, for example the 500,000 sf prelet to Apple at Battersea Power Station. Much of the initial concern has proved unfounded. That said there are big questions as to how the finance and insurance sectors will continue to operate out of London with their passporting rights under discussion. It is this uncertainty which will put pressure on London rents in 2017. Outside of London, the office markets have continued to deliver robust take-up with occupiers seeking good quality flexible space which allows them to provide a variety of workspaces for the breadth of functions being carried out by today's workforce.

RETAIL CONTINUES ITS EVOLUTION TOWARDS OMNI-CHANNEL

The UK is one of the world's advanced ecommerce countries, with online sales accounting for 14.2% of all retail transactions in July 2016 (source: ONS). The impact on the high street has

been significant. Today, much of the evolution of physical space has taken place and retailers are more balanced regarding their store portfolio and online provision. The UK's top 75 centres are performing well with positive rental growth. Retail warehouses have also performed well given their ability to provide click and collect and experiential retail. Prime London retail streets accommodate 'showcase' stores and rents have exceeded £2,000 per sqft zone A. In 2017 demand will continue for the best in class locations where retailers are able to provide physical goods, click and collect, and innovative concept stores, all aimed at providing the consumer with a positive experience. Retail consumption figures have maintained their momentum in 2016 and are anticipated to remain healthy in 2017, albeit inflation expectations are tempering that view.

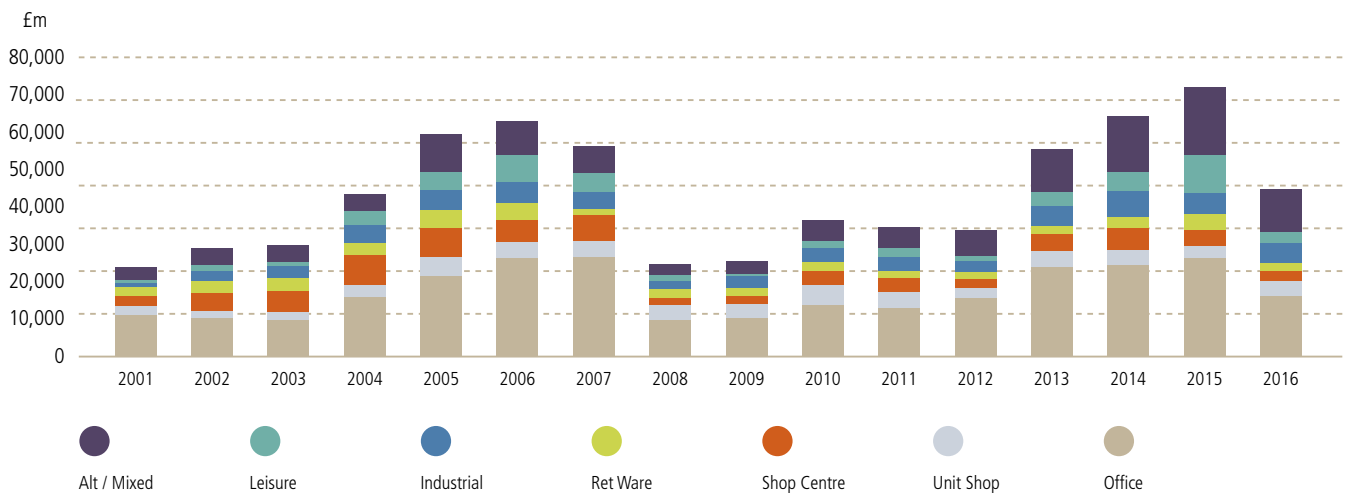
LOGISTICS AND INDUSTRIAL ARE BENEFITTING FROM INCREASED ECONOMIC VALUE

E-logistics is performing well and a lack of suitable sites in well located urban hubs is driving rental growth and further hardening of yields. Highly aligned to retail's shift to an online environment, the most advanced warehouses have increased their economic value through high velocity logistics. The ability to accurately deliver required stock to stores, as well as goods to homes, has led to a need for well located, higher value sites. An accompanying decline in UK land available for industrial use has resulted in a significant uplift in rents, for example, well located London fulfilment centres have seen rental growth in the region of 30% over the past four years. The need to provide ever more sophisticated warehouses will maintain pressure on rents through 2017.

ALTERNATIVES PROVE A BOON TO THE INVESTMENT MARKET

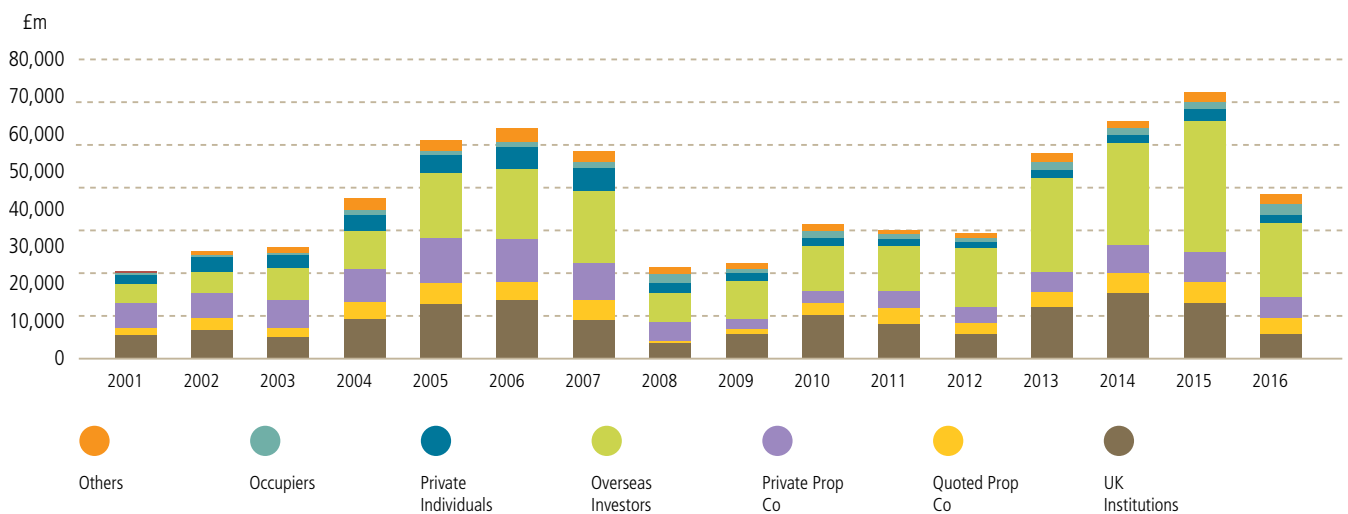
Investors have been increasingly interested in the 'Alternative' asset classes. As a catch all term it encompasses hotels, infrastructure, student accommodation, build to rent, healthcare, storage, data centres, leisure and retirement living. Many of these sectors are driven by demographics and socio-demographics. For example, the UK's ageing population creates demand for increased care facilities and retirement accommodation. Housing is also unaffordable across much of the UK leading to a shift from home ownership to rental. These long term macro drivers create the potential for annuity type income, something highly sought after in the current low return environment. Allocations to Alternatives are likely to increase steadily and stock levels are low. Some investors are seeking to enter these sectors through development.

UK Property Investment by Sector



(Source: Property Data, Strutt & Parker)

UK Property Investment by Investor



(Source: Property Data, Strutt & Parker)

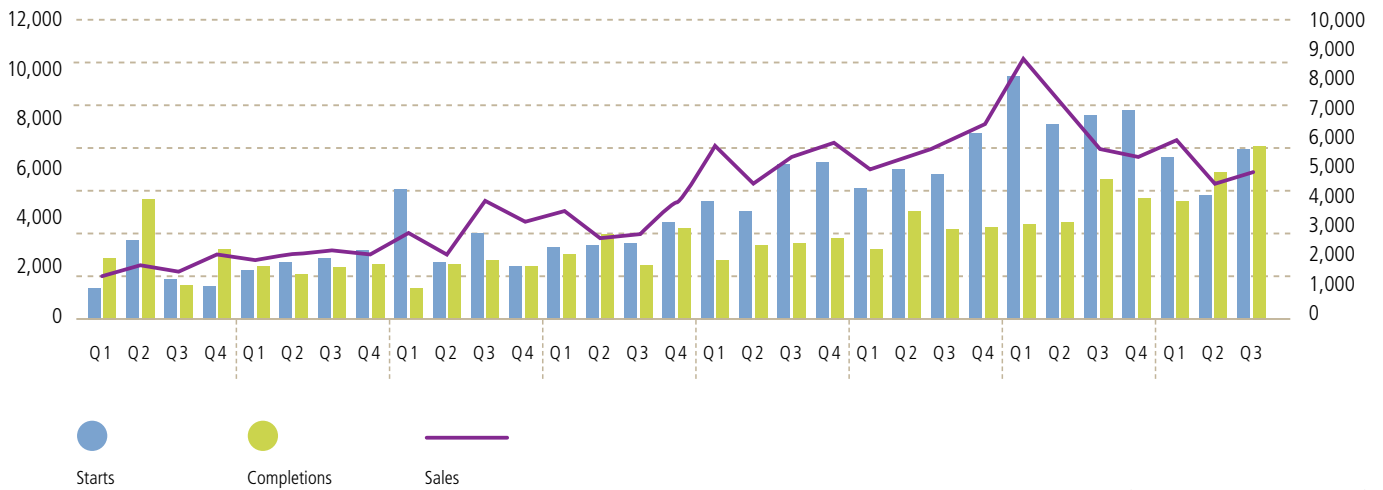
RESIDENTIAL MARKETS VARY SIGNIFICANTLY

The UK's residential markets are highly disparate and pricing varies dramatically. National house prices rose 4.5% during 2016 and although London has historically been the primary driver of national house price growth, during 2016 the region was outperformed by other locations. In PCL there was a very different story as prices for standing stock fell in the region of 7% in 2016, leaving prices around 13% down from the 2014 peak. The slowing since the peak has been in the main due to changes in transaction taxes and increased taxation for non-domiciled buyers. Transaction levels

picked up slightly in Q4 2016 but remain significantly down on 2015, and the five year average. There has been a slight upturn in purchaser activity and realistically priced, good quality stock is selling reasonably well. The sterling weakness following Brexit has been a positive factor for overseas purchasers of high value properties.

In the new build market the UK is characterised by low supply and high demand. Development activity across the country has increased; however, it will not meet demand levels. As such a burgeoning institutionally funded build-to-rent sector is emerging,

London New Build Residential Units



(Source: Molior, Strutt & Parker, Q3 2016)

akin to the US multi-family housing sector. London new build has slowed throughout the latter half of 2016 and starts are falling. With the exception of well located and well specified stock, 2017 will see downward pressure on pricing in high supply locations across the capital. The opportunity of flexible pricing combined with sterling weakness is yet to translate into high levels of international demand.

WHAT TO CONSIDER FOR 2017

UK MARKET:

In 2017 we expect the markets to be characterised by investors seeking prime and core assets and subsequent low levels of stock in these segments. Overseas demand will continue to be influenced by the depressed value of sterling. The flight to prime is also symptomatic of the macro environment beyond our borders. There are significant governance questions to be addressed, namely what does Brexit look like, how will the 2017 European elections influence behaviour, and similarly for a Trump Presidency. There are ongoing political and territorial risks across the world and cyber / terrorist unrest. When you add in the low returns delivered by 'risk free' assets such as US Treasuries, the story for core property is a

compelling one. That said inflation and increasing US interest rates will put pressure on yields and pricing will be reliant on income returns - some pricing adjustment is likely in 2017. In our global low return environment, real estate is chosen for its diversity of income and as such we anticipate continued demand from both domestic and international investors for UK property. Indeed the evidence from asset allocators would suggest that demand is set to increase across global property investment, the challenge is accessing and selecting the appropriate assets.

GLOSSARY

For the purposes of this publication, except where the context otherwise requires, the following words and abbreviations shall have the following meaning:

1TH	Single storey terraced house	GDP	Gross Domestic Product
TH	Double storey terraced house	IHRM	Indeks Harga Rumah Malaysia / Malaysia House Price Index
1SD	Single storey semi-detached house	JPPH	Jabatan Penilaian & Perkhidmatan Harta, Kementerian Kewangan Malaysia
2SD	Double storey semi-detached house	Km²	Square kilometre
1D	Single storey detached house	LHS	Left hand scale
2D	Double storey detached house	Mil	Million
1TF	Single storey terraced factory	NLA	Net lettable area
2TF	Double storey terraced factory	PBO	Purpose built office
1SF	Single storey semi-detached factory	Pop	Population
2SF	Double storey semi-detached factory	Psf	Per square foot
1DF	Single storey detached factory	Q1/1Q	First quarter
2DF	Double storey detached factory	Q2/2Q	Second quarter
1H/H1	First half	Q3/3Q	Third quarter
2H/H2	Second half	Q4/4Q	Fourth quarter
All House	All House Price Index as published by JPPH in their publication entitled Indeks Harga Rumah Malaysia	RHS	Right hand scale
Price Index	Apartment	RM	Ringgit Malaysia
Apt	Bank Negara Malaysia	S.Apt	Serviced apartment
BNM	Condominium	sf	Square feet
Condo	Consumer Price Index	SOFO	Small office flexible office
CPI	Department of Statistics Malaysia	SOHO	Small office home office
DOSM	Foreign Direct Investment	SOVO	Small office versatile office
FDI	Gross Domestic Product	Sty	Storey
GDP	Electric Train Services	SOHO	Small office home office
FDI	Foreign Direct Investment	SOVO	Small office versatile office
		Sty	Storey

EXPLANATORY NOTE :

#1 : Graphs are constructed based on selected sampling which may differ from the projects sampled for the graphs in the previous issue. The sampling revision is based on a growing and evolving list of popular and established developments or schemes in the relevant towns with the intention of providing a general overview of the price trend movements. The new graph as presented in this publication overwrites/supersedes the graphs presented in the previous issue.

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