

PROPERTY MARKET REVIEW

2019 / 2020

CONTENTS

Foreword | **2**

Property Market Snapshot | **4**

Northern Region | **7**

Central Region | **33**

Southern Region | **57**

East Coast Region | **77**

East Malaysia Region | **99**

The Year Ahead | **114**

Glossary | **116**

This publication is prepared by Rahim & Co Research for information only. It highlights only selected projects as examples in order to provide a general overview of property market trends. Whilst reasonable care has been exercised in preparing this document, it is subject to change without notice. Interested parties should not rely on the statements or representations made in this document but must satisfy themselves through their own investigation or otherwise as to the accuracy. This publication may not be reproduced in any form or in any manner, in part or as a whole, without written permission from the publisher, Rahim & Co Research. The publisher accepts no responsibility or liability as to its accuracy or to any party for reliance on the contents of this publication.



*by Tan Sri Dato' (Dr) Abdul Rahim
Abdul Rahman*

Notwithstanding 2018 to be a historical year for many reasons, 2019 had its own notable moments to reflect on. First and foremost was the installation of Malaysia's 16th Yang di-Pertuan Agong, Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah who is also the Sultan of Pahang. We also saw the appointment of Datuk Tengku Maimun Tuan Mat as Malaysia's first female new Chief of Justice following Tan Sri Richard Malanjum's retirement. Our nation's athletic teams came into the spotlight for their participation in the 2019 SEA Games and although they fell short of the target golds, we applaud them all the same for their fighting spirit and commitment in making Malaysia proud.

Following the instalment of a new governance, several cost-cutting measures were taken which resulted in mixed sentiments by the people and stakeholders. Coming into 2019, several of the mega projects that had been put on hold temporarily for revision purposes have been resumed at a much lower cost, much to the delight of the public. Such projects include the East Coast Rail Link (ECRL), Bandar Malaysia and LRT3. It is with hope that these mega-infrastructure and developments are capable of elevating Malaysia to the next level driven by government's Shared Prosperity Vision 2030.

On the economic front, GDP held on for 1H 2019 at 4.7% and the government is holding it to remain thereabout for 2019 and forecasting up to 4.8% in 2020 despite the ongoing US-China trade war and slower global growth. The World Bank took a more conservative approach by revising downward Malaysia's GDP forecast from 4.6% to 4.5% in 2020 due to wavering business sentiments and continuing external headwinds. The recent UK election saw Conservative

On a whole, a majority showed positive market activities for the residential sector which had suffered through persisting falls since 2013.

taking the win with Boris Johnson named as UK's next Prime Minister with strong promises of ending the long-dragged Brexit deal. In 2020, US will be seeing their own election and tensions are high on who will come on top – even more so with the whole impeachment ordeal. With new powers striving to lead the economic scene and pre-existing alliances undergoing changes and protest, global sentiment is on its toes to see where things will finally end at and who will lead the game, so to speak.

20 years into the 21st century and technology has, without fail, intrinsically merged with the lives of human beings. From everyday chores to billion-dollar dealings, technology plays a primary role in one or more ways. Business dealings and operations underwent transformations with the spread of internet and smart phones. Marketing and advertisements quickly learned to remodel themselves for the now-prevalent platform: social media. And for the real estate scene, digitalization and virtual networks have successfully disrupted the traditions of before with the outcome of e-commerce, the sharing economy and big data. Just as Airbnb swept in as the major home-sharing services for anyone looking for or renting out a place to stay, we now witness co-working as the new office cubicle to be in and ironically, forego permanent cubicles entirely. Once viewed as rivals to each other, e-commerce and physical malls are slowly finding the middle ground to complement each other. But though technological advancement has gone thus far to make our lives better, urban reality shows how far we still need to go.

Gracing headlines and being the topic of discussions and debates since 2016, (un)affordability continue to haunt the minds of today's homebuyers; more so for first-timers. 2019 saw the running of House Ownership Campaign (HOC) as part of the efforts to boost buying and help reduce the rising overhang dwellings that has amounted to 52,666 units worth RM35.1 billion. This number has more than doubled since 2016 at 19,451 dwelling units. In countering the persisting gloom, sentiments have further improved

from 2018 with more positive adjustments seen for various sectors, including the residential sector. But not so much smiles are seen for the commercial sector as occupancy rates fall behind incoming supply and pre-existing spaces gradually fall victim to being outmoded and facing stiff competition.

The Property Market Review of 2019/2020 covers the statistics and developments of the major sectors in 14 different states of Malaysia. On a whole, a majority showed positive market activities for the residential sector which had suffered through persisting falls since 2013. But recovery for the commercial sector remains to be seen as occupancy rates are still on the struggle for both shopping malls and privately-owned office buildings. Warehousing and industrial parks have become the main driver to the industrial sector but the manufacturing segment is also keeping up with new factories coming in or undergoing expansion.

After 2018 being the year of making history and 2019 as the period of execution and prudence, we anticipate 2020 to continue the sentiment of recovery and re-boosting the market back on track to the next upward cycle. With the property market being as complex and holistic as it is, it is with the benefit that everyone are to come together in prospering the country to greater status and quality of life for the very people of Malaysia.

Tan Sri Dato' (Dr) Abdul Rahim Abdul Rahman

Executive Chairman, Rahim & Co Group of Companies

PROPERTY MARKET SNAPSHOT 1H 2019

MOVEMENT

MOVEMENT				
Decrease			Increase	
Major	Moderate	Stable	Moderate	Major
>-10%	<-10%	Stable	<10%	>10%

Northern Region

Perlis

Resi	PBO	Retail
------	-----	--------

Kedah

Resi	PBO	Retail
------	-----	--------

Penang

Resi	PBO	Retail
------	-----	--------

Perak

Resi	PBO	Retail
------	-----	--------

Central Region

Kuala Lumpur

Resi	PBO	Retail
------	-----	--------

Selangor

Resi	PBO	Retail
------	-----	--------

Negeri Sembilan

Resi	PBO	Retail
------	-----	--------

Resi (Residential)

Growth of Residential Property
Transaction Volume
(1H 2018 VS 1H 2019)

PBO (Purpose Built Office)

Growth of Purpose Built Office
Occupancy Rates
(1H 2018 VS 1H 2019)

Retail

Growth of Retail Complex
Occupancy Rates
(1H 2018 VS 1H 2019)

Southern Region

Melaka

Resi	PBO	Retail
------	-----	--------

Johor

Resi	PBO	Retail
------	-----	--------

East Coast Region

Kelantan

Resi	PBO	Retail
------	-----	--------

Terengganu

Resi	PBO	Retail
------	-----	--------

Pahang

Resi	PBO	Retail
------	-----	--------

East Malaysia Region

Sarawak

Resi	PBO	Retail
------	-----	--------

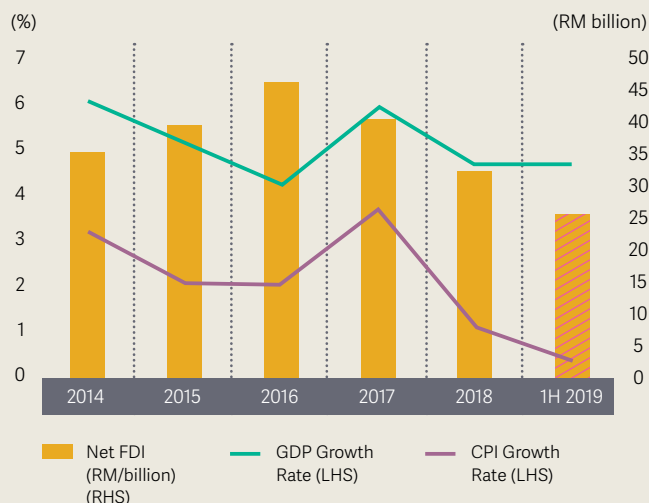
Sabah

Resi	PBO	Retail
------	-----	--------

KEY ECONOMIC INDICATORS

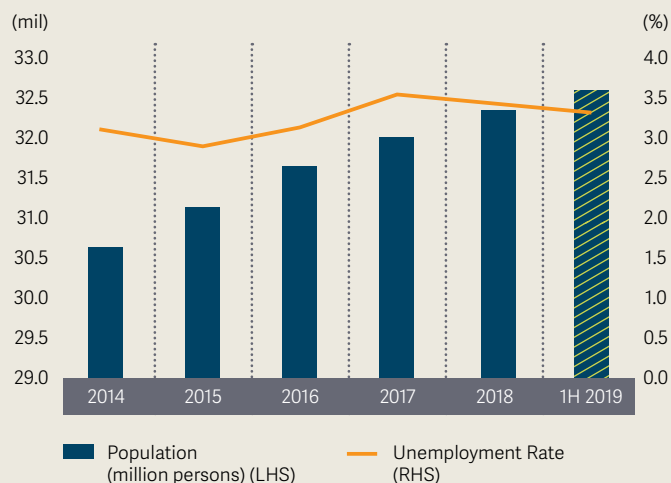
*GDP & CPI Growth Rate and Net FDI
(2014 - 1H 2019)*

(Source: BNM)



*Population & Unemployment Rate
(2014 - 1H 2019)*

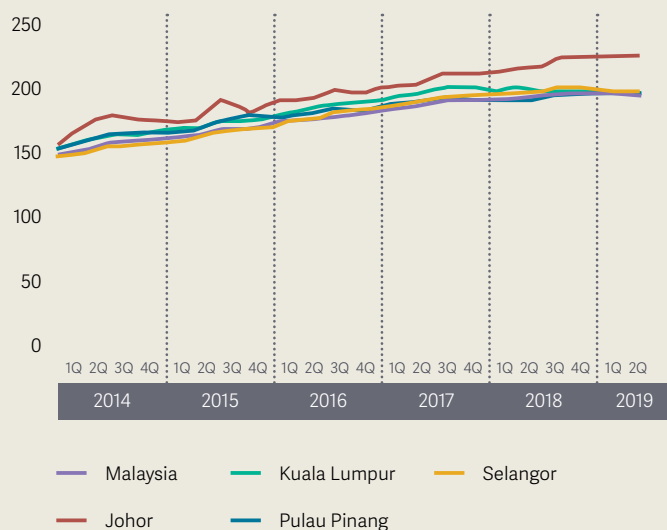
(Source: DOSM)



KEY PROPERTY MARKET INDICATORS

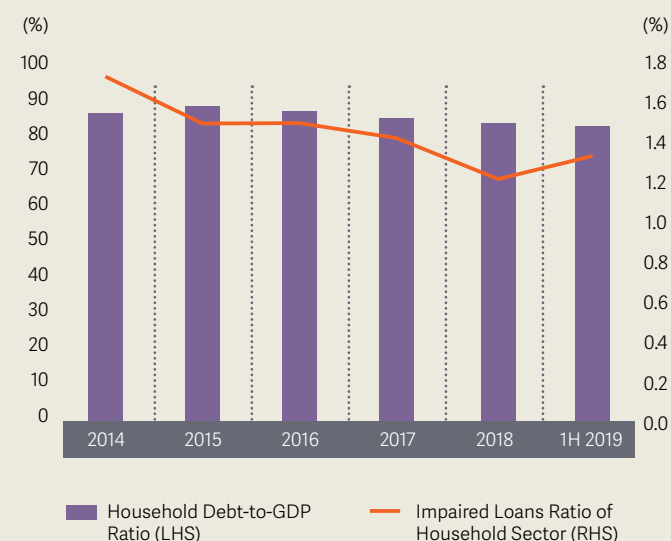
*Quarterly House Price Index
(2014 - 1H 2019)*

(Source: IHRM, JPPH)



*Household Debt-to-GDP Ratio & Impaired Loans Ratio of Household Sector
(2014 - 1H 2019)*

(Source: BNM)



Perlis
Kedah
Pulau Pinang
Perak

NORTHERN REGION

Penang Hill, Penang

PERLIS

Indera Kayangan



Capital: Kangar

Est. Population: 0.25 million

Area (km²): 816

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	26,078 units	↑ 1.3% y-o-y
Transaction Volume	415 units	↑ 26.9% y-o-y
Transaction Value	RM97.16 mil.	↑ 43.6% y-o-y

RETAIL

Supply	601,401 sf	↔ 0.0% y-o-y
Occupancy Rate	100%	↔ 0.0% y-o-y
Rental	Prime: RM0.80psf – RM2.50psf	

SHOP OFFICE

Supply	5,258 units	↑ 2.0% y-o-y
Transaction Volume	46 units	↓ 8.0% y-o-y
Transaction Value	RM28.06 mil.	↑ 4.6% y-o-y

HOTEL

Supply	1,233 rooms	↑ 10.3% y-o-y
Average Room Rate	2 & 3 star: RM130 – RM200 per night	

INDUSTRIAL

Supply	239 units	↑ 7.7% y-o-y
Transaction Volume	7 units	↑ 16.7% y-o-y
Transaction Value	RM1.55 mil.	↓ 55.6% y-o-y

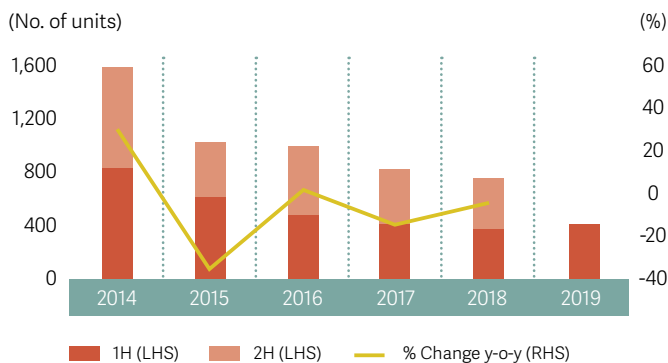
RESIDENTIAL

As at 1H2019, the existing supply of residential units in Perlis stood at 26,078 units of which 35% are low-cost houses and 27% 1-storey terraced houses.

Landed homes remain predominantly the preferred type of homes for the locals of Perlis as evidenced by not only its 91% contribution to total supply count, but also that 78% of 1,105 incoming units are of terraced and semi-detached houses. Location wise, areas that recorded existing residential units of above 3,000 are Kuala Perlis, Sena and Utan Aji. Unsold residential units for Perlis by 1H2019 are on the low side with only 47 units of which 79%

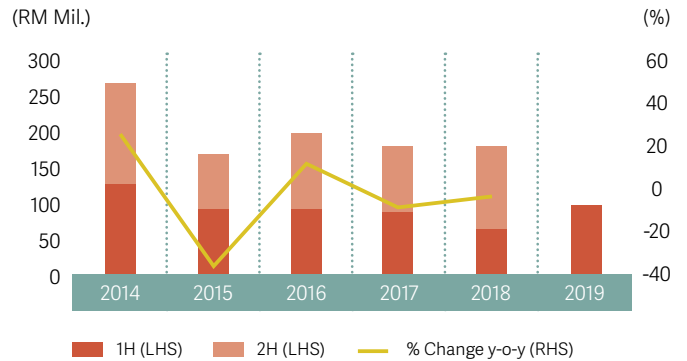
Number of Residential Property Transactions in Perlis (2014-1H 2019)

(Source: JPPH)



Value of Residential Property Transactions in Perlis (2014-1H 2019)

(Source: JPPH)

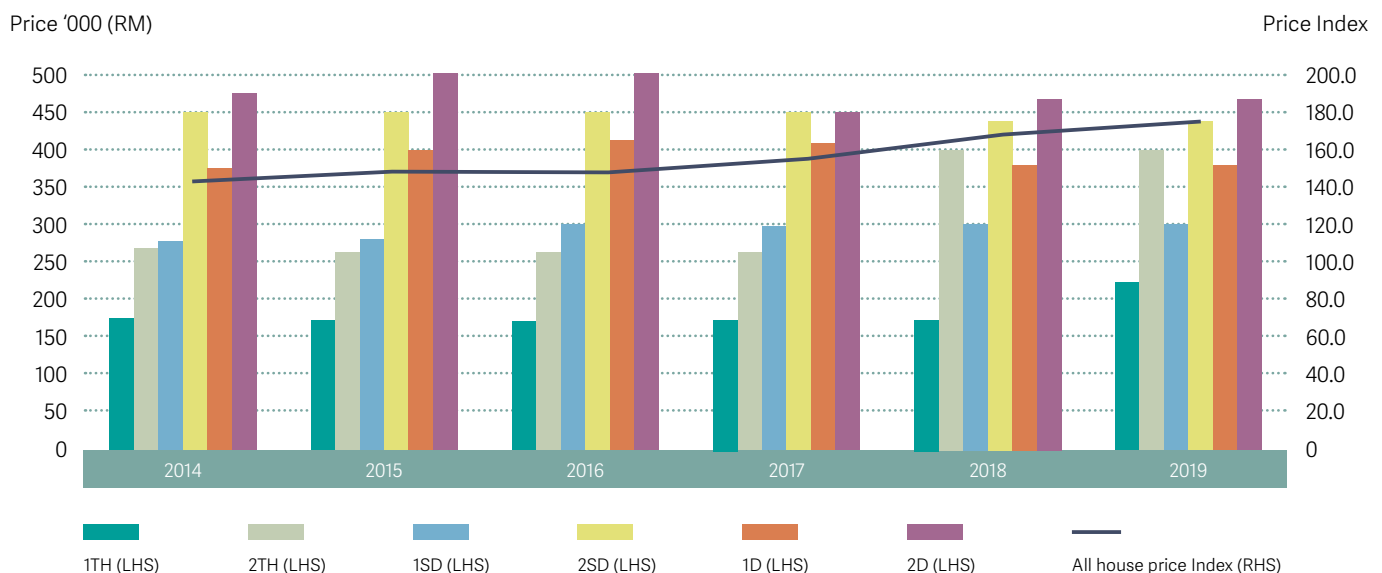


are within the price bracket of RM300,001 to RM400,000. On transaction activities, things have significantly rose with 1H2019 registering 26.9% higher than 1H2018 in transaction volume, amounting to 415 transacted units worth RM97.16 million. After a continuous downward trend from 2014, the first sign of recovery finally happened but it is yet to be seen if this will hold on for the coming years. Measuring on first half periods, there is still some ways to go before Perlis' residential market returns back to its highest point in 1H2014 with 824 units transacted.

In its efforts to reduce PR1MA's unsustainable financial position, a number of projects have been cancelled including one in Kuala Perlis. Under the 11th Malaysia Plan, Perlis was promised a total of 5,500 but it seems this promise will not be made true anytime soon. The

Kangar Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



Transaction activities have significantly rose with 1H2019 registering 26.9% higher than 1H2018 in transaction volume.

cancellation of the PR1MA projects was made after feasibility and financial tests were conducted on PR1MA itself by the federal government. At the time of writing, there is only one PR1MA project listed for Perlis named Residensi Padang Siding that has been re-opened for applications on the limited units available.

In 2019, 1-storey terraced houses within areas of Kangar such as Taman Hijrah and Taman Aman were transacted at an average of RM220,000 whilst the 2-storey terraced house in Taman Temak Jaya and Taman Sri Murni went at a higher average of RM400,000. Semi-detached homes went between an average of RM300,000 to RM440,000 and detached homes went at a slightly higher RM387,000 to RM470,000.

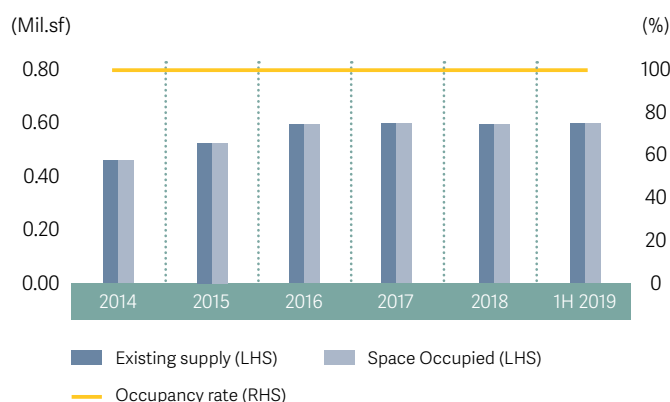
RETAIL

The retail property market of Perlis has remained unchanged since 2016 with supply of retail mall space maintaining at 601,401sf by 1H2019 and occupancy rate having maintained at 100% from 2014. There is a total count of 21 retail malls for the whole of Perlis and 12 of them are located in Kangar.

The ground rental rates of malls within Kangar range between RM0.80 to RM2.50 psf pm. Kayangan Square remains the top in commanding the highest rate at RM2.50 psf pm.

Existing Supply & Occupancy Rate of Retail Spaces in Perlis (2014-1H 2019)

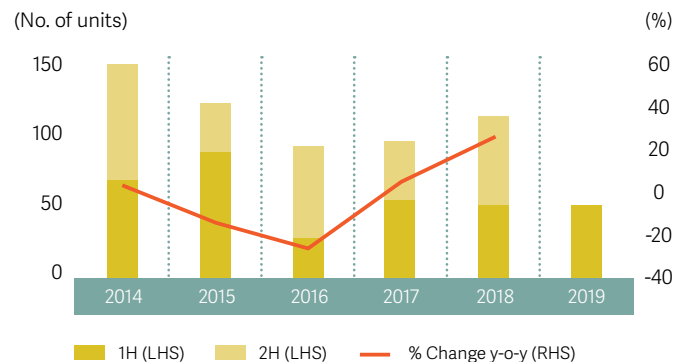
(Source: JPPH)



SHOP OFFICE

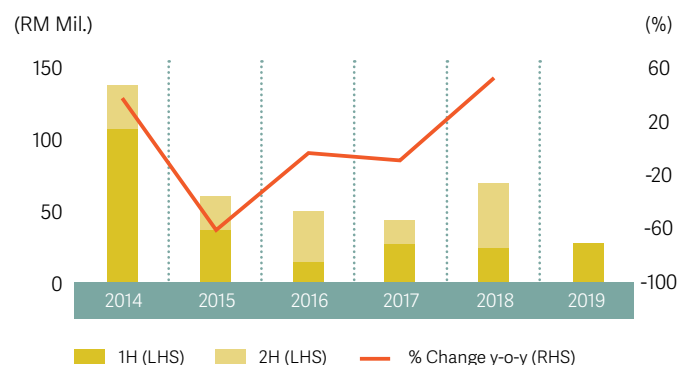
Number of Shop Office Property Transactions in Perlis (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Perlis (2014-1H 2019)

(Source: JPPH)



As at 1H2019, transaction activities in Perlis have dropped slightly to 46 transactions valued at RM28.06 million.

In comparison to 1H2018, transaction numbers dropped by 4 transaction units whilst value decreased by 4.6%.

On the supply side, there is slight increase within the review period of 2.03% to 5,258 shop office units across Perlis.

2-2 ½ storey shop offices have the highest count in supply amongst other types and this is correspondent to it also being the most popular type to be transacted within the review period, taking up 59% of total transaction count.

In 2019, the transaction of shop office units in Perlis were seen to be averaging at RM515,000 for 2-storey units and RM550,000 for 3-storey units. Pekan Kuala Perlis saw its 3-storey units transacted at around RM550,000.

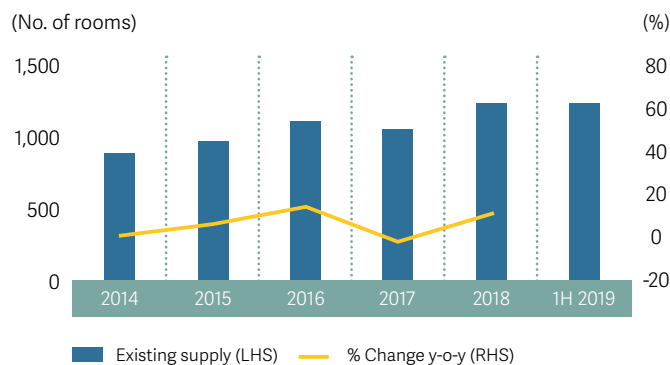
HOTEL

As at 1H2019, the existing supply of hotels in Perlis stood at 1,233 rooms which equates to a total of 32 hotel establishments.

Of this total, only 3 are popularly known and rated between 2 to 3-stars. They are Putra Regency Hotel, Putra Brasmana Hotel and Hotel Seri Malaysia Kangar. Statistics show Perlis to be expecting 120 new hotel rooms in future supply. The room rates of the aforementioned hotels hover between RM130 to RM200 per room per night.

Existing Supply of Hotels in Perlis (2014-1H 2019)

(Source: JPPH)



INDUSTRIAL

The industrial sector of Perlis since 2014 has been on a consistent slide with the exception of 2018 in regards to market activities and at 1H 2019, a small, slight improvement was recorded from 1H2018 – ending with 7 units transacted at a value of RM1.55 million.

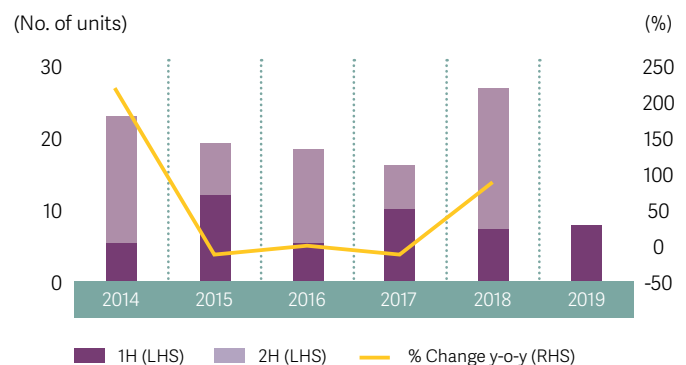
The existing supply of industrial units in Perlis have slightly increased to 239 units within the review period, 5 new additions recorded into total supply count. Of this total, terraced factory/warehouse and detached types dominated the market with a contribution of 75.7%.

The industrial sector of Perlis since 2014 has been on a consistent slide with the exception of 2018 in regards to market activities and at 1H 2019.

Fraser & Neave Holdings Bhd (F&N) has announced their plans to commit about RM650 million in investment for their newly acquired Ladang Chuping. The proposed land acquisition involves purchasing a 4,454ha land from MSM Malaysia Holdings Bhd for RM156 million. The company's long-term plan for Ladang Chuping is to rear milking cows and produce fresh milk yearly, providing F&N the opportunity to export fresh milk.

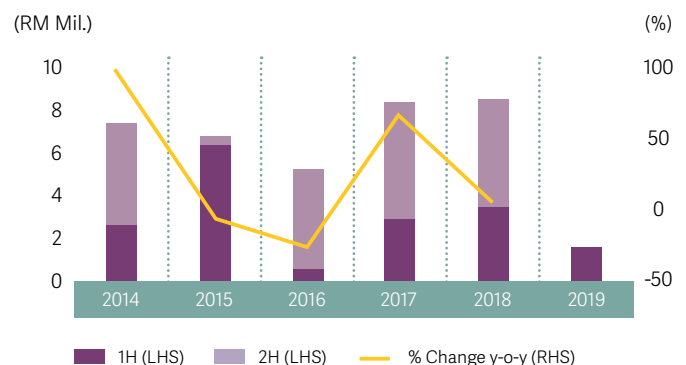
Number of Industrial Property Transactions in Perlis (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Perlis (2014-1H 2019)

(Source: JPPH)



Notable Announcements

A joint venture between Hanwha Energy Corporation Singapore Pte Ltd and Konsortium Berseri Jaya Sdn Bhd was formed to develop a 30MW solar plant in Bukit Keteri. Operations is set to commence by 2Q 2020.

As part of the RM1.1 billion funding allocated in Budget 2020 to support projects for corridor development activities, the development of Chuping Valley Industrial Area by NCIA has been given RM50 million.

KEDAH

Darul Aman



Capital: Alor Setar

Est. Population: 2.18 million

Area (km²): 9,492

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	331,686 units	↑ 1.8% y-o-y
Transaction Volume	5,925 units	↑ 6.1% y-o-y
Transaction Value	RM1,228.56 mil.	↑ 17.8% y-o-y

RETAIL

Supply	6.30 mil. sf	↑ 0.7% y-o-y
Occupancy Rate	77.0%	↓ 2.5% y-o-y
Rental	Prime: RM3.00psf – RM18.00psf	

SHOP OFFICE

Supply	29,869 units	↑ 1.5% y-o-y
Transaction Volume	464 units	↑ 34.1% y-o-y
Transaction Value	RM193.33 mil.	↑ 41.6% y-o-y

HOTEL

Supply	13,401 rooms	↓ 19.1% y-o-y
Average Room Rate	5-star: RM675 – RM3,215 per night 4-star: RM216 – RM894 per night	

INDUSTRIAL

Supply	3,858 units	↔ 0.0% y-o-y
Transaction Volume	104 units	↑ 13.0% y-o-y
Transaction Value	RM209.36 mil.	↑ 187.1% y-o-y

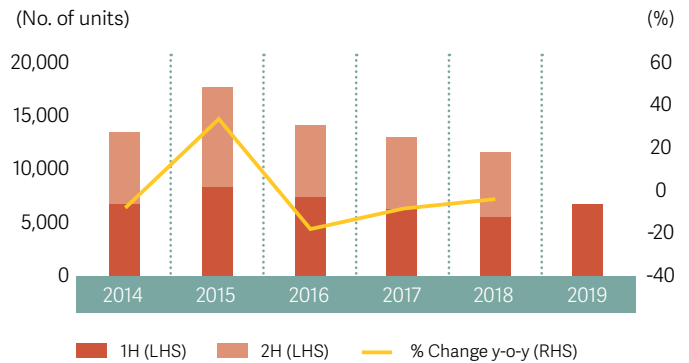
RESIDENTIAL

The existing residential supply of Kedah, as at 1H2019, stood at 331,868 units, from a growth of 1.8% from 1H2018. Of this total number, 80% are mainly located in areas of Kota Setar, Kuala Muda and Kulim – Sungai Petani as the current choice of location for local residents falls under Kuala Muda.

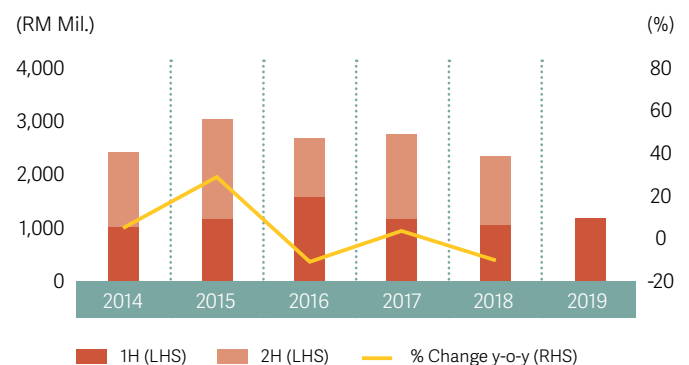
Of the supply, landed homes remain predominant by 97% with the high-rise segment still on the low side. In the near future, Kedah will be expecting the arrival of 16,566 new residential units that are already under construction. This number, in addition to the unsold count at 3,314 units worth RM895.75 million, extends the ongoing concern on how Kedah's market is to absorb these new incoming residential units amidst passive market sentiment. Of the overhang units, 74% are within the price range of RM250,001 to RM400,000.

The falling trend in market transaction for the residential sector has seemed to bottom-out by 1H 2019, recording positive growth of 6.1% to 5,925 units worth RM1.23 billion – value too had experienced increase of 17.8% y-o-y. When observing the past 5 years, Kedah's best market activity was back in 1H2015 at 8,542 units transacted at a value of RM1.21 billion.

Number of Residential Property Transactions in Kedah (2014-1H 2019)
(Source: JPPH)

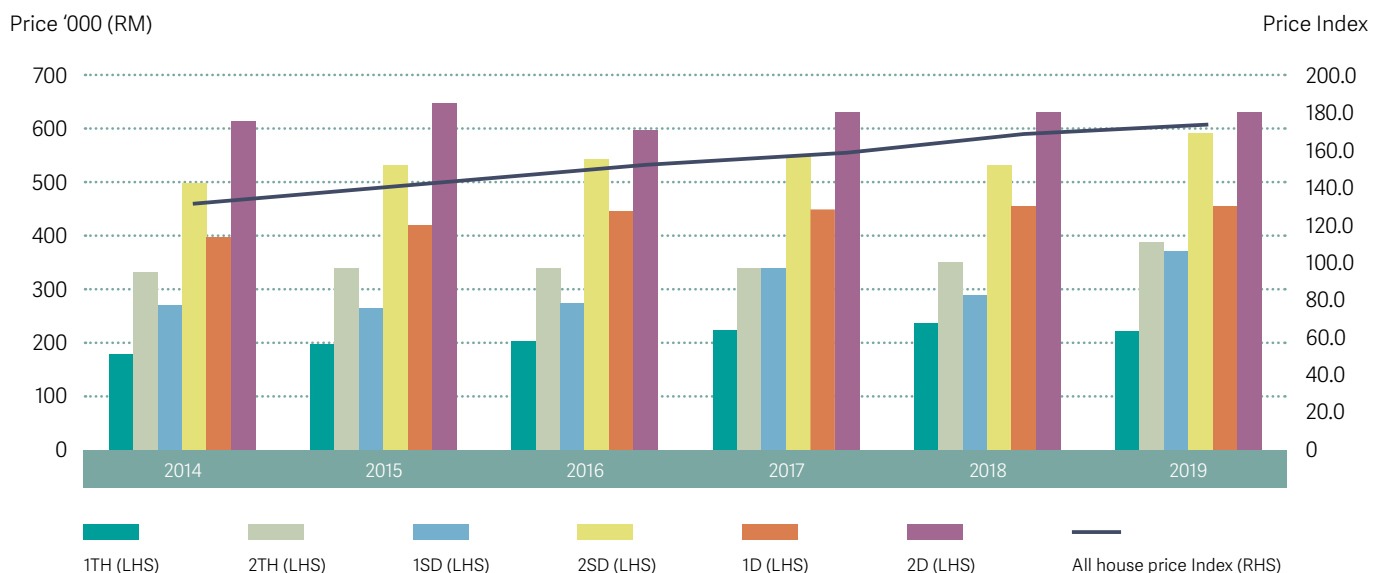


Value of Residential Property Transactions in Kedah (2014-1H 2019)
(Source: JPPH)



Alor Setar Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



*Selected Upcoming Residential Properties in Kedah**(Source: Rahim & Co Research)*

Development	Location	Type	Prices	Developer	Completion
Taman Puteri	Padang Serai	1-sty Semi-Detached	From RM260,000	JKG Land Bhd	2020
Persona Utama @ Darulaman Utama	Kuala Ketil	1-sty Semi-Detached	RM312,299 - RM429,999	Bina Darulaman Bhd	2020
Amertyse @ Darulaman Perdana	Sungai Petani	1-sty Terraced	RM196,399 - RM274,699	Bina Darulaman Bhd	2020
Salvia @ Bukit Banyan	Sungai Petani	2-sty Terraced	RM380,000 - RM480,000	Paramount Property (Utara) Sdn Bhd	2020
Residensi Enesta Desa Aman	Kulim	Apartment	From RM120,000	Thriven Global Sdn Bhd	2021

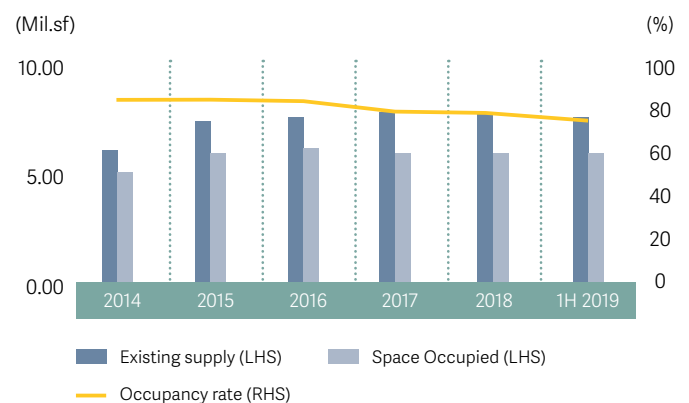
BINA Darulaman Berhad has just launched its project Bandar Sejahtera at Section 8, Bandar Pokok Sena with a Gross Development Value of RM32.0 million. This project is expected to serve the demand for houses of its surrounding neighbourhood and within the vicinity of Alor Setar town. It shall comprise of 70 2-storey terraced units and 16 2-storey cluster units with price tags ranging between RM300,000 and RM460,000.

On average, house prices of 1-storey terraced houses in Alor Setar went between RM160,000 to RM300,000 for areas including Taman PKNK, Taman Serindit and Taman Budiman. In Jitra, prices of the same type went at a lower RM140,000 to RM240,000 and in Sg. Petani, at RM150,000 to RM250,000.

RETAIL

As at 1H2019, there are 58 retail malls across Kedah with Alor Setar and Sungai Petani having equal highest count of 15 retail malls each but Alor Setar comes ahead with a bigger total size of 2.52 million sf. Kedah overall holds in supply of retail space at 6.25 million sf.

Existing Supply & Occupancy Rate of Retail Spaces in Kedah (2014-1H 2019)

(Source: JPPH)

Occupancy rate stood at 76.9% by 1H2019, signalling a slight drop of 2% from 1H2018. The average occupancy rate for past 5 years (2014 – 2018) is 81.5% and a consistent fall is observed since 2016, continuing on into 1H2019. Of the districts in Kedah, Jitra now holds the lowest occupancy rate at 66.9%.

Shopping malls within the district of Kota Setar commanded ground rental rates of between RM3.00 to RM18.00 psf pm. C Mart went at above RM11.00 psf pm whilst Aman Central Mall reached up to RM18.00 psf pm.

Menteri Besar Kedah Incorporated (MBI) Kedah together with property developer Mega Excellent Properties Sdn Bhd and South Korean Investors are pooling in a total approximate investment of RM614 million to facilitate the development of Langkawi Premium Outlet. Set to be the new iconic landmark for Pulau Langkawi, construction will be commencing in 2020 and completion by 2026. Aside from its retail mall component, this development will also include a 300-room hotel, residences and a water-themed park. The Langkawi Premium Outlet, or also named G'Lang Nest, will be including The Shilla and Lotte as one of the duty-free outlet operators.

SHOP OFFICES

By 1H2019, Kedah's shop office market stood at a capacity of 29,869 units overall with 2-2½ storey shop offices dominating the supply market by 56%. On the demand side, transactions seem to have increased from 1H2018 by 34.1% to 464 transacted units with a value of RM193.33 million as at 1H2019. Looking on a first half yearly basis over a 5-year period, 2018 has the lowest market activity level with other years achieving above the 400-unit mark.

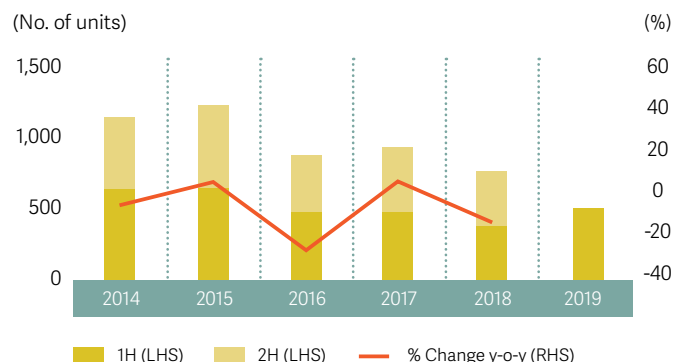
Though movements in transaction activities have been up and down, overall numbers continue to fall from 2014 at 1,091 units to 2018 at 781 units yearly. The same pattern also runs with transaction values as well. Having 1H 2019 show positive growth, there is potential for market to pick up and make a turn here on out.

On the demand side, transactions seem to have increased from 1H2018 by 34.1% to 464 transacted units with a value of RM193.33 million as at 1H2019.

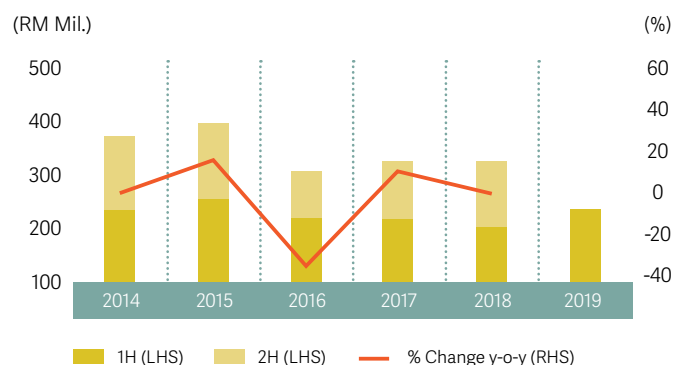
Within the city of Alor Setar, 2-storey shop offices were seen to be transacted on average at RM595,000 to RM600,000 and these are within the likes of Pekan Pumpang and Taman Vistana.

One of the upcoming developments to be anticipated in the shop office market is the Landmark City Commercial Centre by Sri Awana Sdn Bhd. It comprises of 70 2-storey shop office units with a built-up range between 2,260 sf to 2,460 sf. Situated adjacent to Kulim Central Shopping Mall, the development is being constructed on a 6-acre plot of land and completion scheduled to be in 2020.

Number of Shop Office Property Transactions in Kedah (2014-1H 2019)
(Source: JPPH)



Value of Shop Office Property Transactions in Kedah (2014-1H 2019)
(Source: JPPH)



HOTEL

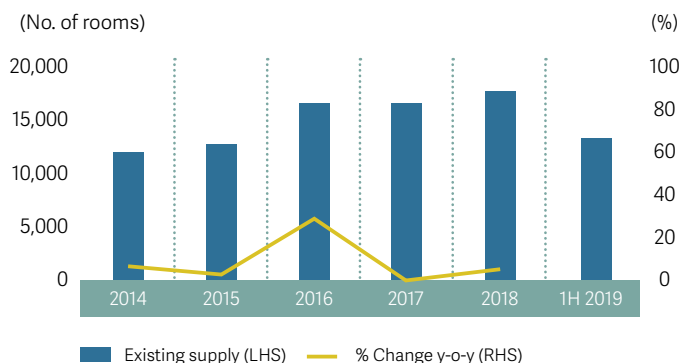
By 1H2019, Kedah's existing hotel count stood at 174 establishments offering a total of 13,401 rooms. Of this total, 19 establishments are rated 4 to 5-stars.

A significant portion of these high-rated hotels are located on Langkawi Island due to the island being a popular local and international tourist destination. In view of the Northern Region, Kedah holds 24% of total hotel count. In Alor Setar, which is the capital of Kedah, there are 3 hotels rated 4-star and above: The Grand Alora Alor Setar, Holiday Villa Alor Setar and TH Hotel & Convention Centre Alor Setar.

Other high rated hotels and resorts on Langkawi Island are the Danna Langkawi, Four Seasons Resort Langkawi, the Westin Langkawi Resort & Spa, and Tanjung Rhu Resort. Room rates of hotels and resorts rated 4-star and above are typically on the high side due to Langkawi's tourism status. Establishments on Langkawi Island offer room rates of between RM675 up to RM3,215 per room per night whereas establishments in Alor Setar went at a much lower range of between RM216 to RM894 per room per night on average. Rooms that go beyond RM2,000 per night are Four Seasons Resort Langkawi, The Datai Langkawi and St Regis Langkawi.

Existing Supply of Hotels in Kedah (2014-1H 2019)

(Source: JPPH)



On 15th October 2019, Langkawi had their first arrival flight from the Hamad International Airport, Doha by Qatar Airways and many viewed this as another factor in drawing more developers as well as visitors into the island. Amongst the developers who see this as an opportunity to expand their footprint, Tropicana Corp Sdn Bhd had signed two joint development agreements (JDAs) back in April this year: one with Pantai Kok Resort Development Sdn Bhd to develop an 18.05ha land in Padang Mat Sirat and the other with Sinaran Ramah Sdn Bhd to develop a 1.0ha site in Mukim Kedawang.

INDUSTRIAL

Kedah's industrial sector shows positive growth in both transaction volume and value after a 3-year consecutive fall since 2016, coming up to 1H2019 with 104 transacted units worth RM209.36 million. Of these transactions, 49% were of vacant plots and terraced factory/warehouse.

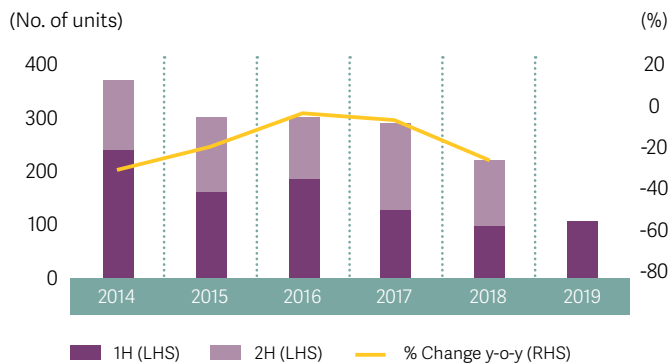
Looking on a yearly basis, number of transactions continuously fell from the 2014 at 365 transacted units but value has taken an upturn with 2017 pulling the highest value in a 5-year period at RM 336.5 million. But 2019 may likely take the top spot as the first half number spiked up to RM209.4 million – the highest amongst all on half year basis.

The sector's supply side remains stagnant y-o-y, bringing Kedah's existing industrial unit count as at 1H2019 to still be at 3,858 units. Terraced and semi-detached industrial units dominate Kedah's supply by 74%.

The first phase of Kedah Rubber City (KRC) is expected to complete by next year. This joint venture development between Northern Corridor Implementation Activity (NCIA) and Malaysian Rubber Board involves a land area of approximately 500 acres (Phase 1) in Ladang Bukit Ketapang. It was foreseen to create more than 14,500 jobs at its final completion and expected to contribute RM14.7 billion to Malaysia's gross domestic product. The ground breaking and infrastructure work commenced at end 2019.

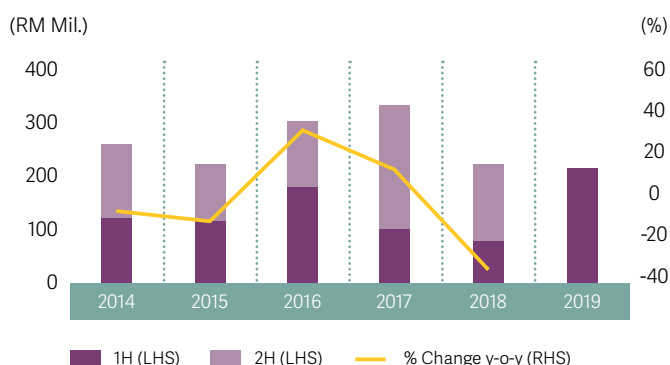
Number of Industrial Property Transactions in Kedah (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Kedah (2014-1H 2019)

(Source: JPPH)



In 2019, seven mega projects were announced for the state of Kedah by the federal government which will involve an estimated cost of more than RM3.0 billion. Part of the projects listed was the development of manufacturing industries and a logistics hub in Sidam near Kulim and a petrochemical industrial park in Gurun.

Bukit Kayu Hitam Special Border Economic Zone (SBEZ) is still in motion and has commenced construction of the lorry depot track in 2019. Another component of the SBEZ to constructed and completed in 2 years' time is the Kota Perdana logistics hub. Other components in the pipeline are a halal hub, residentials, infrastructure, railways and new roads.



In 2019, seven mega projects were announced for the state of Kedah by the federal government which will involve an estimated cost of more than RM3.0 billion.

Another high impact development making its way is the Kedah Science & Technology Park (KSTP) by Perbadanan Kemajuan Negeri Kedah (PKNK). Initial works of the first pahse has begun involving 114.5ha of the total land area to be developed.

Notable Announcements

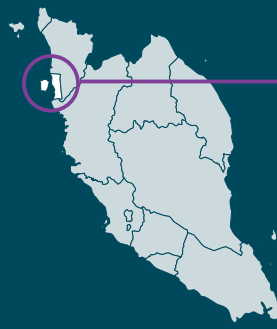
More progress is seen for the high anticipated Kulim International Airport (KXP) with expectation of it being the game changer and new gateway into the northern region of Malaysia.

The Ministry of Transportation and Northern Gateway has initiated a research on constructing the Spur Line railway track in Bukit Kayu Hitam.

The federal government has given their approval on the Northern Corridor Highway Phase from Bandar Baharu to Sg. Petani that will cost approximately RM1.7 billion – phase 2 of the corridor will connect Changkat Jering to Bandar Baharu.

2019 saw the soft launch of Splash Out Langkawi – a 12-acre water-themed park located next to Bella Vista in Kuah.

PULAU PINANG



Capital: Georgetown

Est. Population: 1.77 million

Area (km²): 1,049

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	512,253 units	↑ 1.9% y-o-y
Transaction Volume	6,039 units	↑ 0.5% y-o-y
Transaction Value	RM2,455.44 mil.	↓ 0.1% y-o-y

RETAIL

Supply	18.75 mil. sf	↑ 0.1% y-o-y
Occupancy Rate	72.3%	↓ 0.2% y-o-y
Rental	Prime: RM1.50psf – RM52.00psf	

PURPOSE BUILT OFFICE

Supply	12.09 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	83.2%	↑ 0.5% y-o-y
Rental	Prime: RM1.00psf – RM3.10psf	

SHOP OFFICE

Supply	30,115 units	↑ 1.0% y-o-y
Transaction Volume	399 units	↑ 18.8% y-o-y
Transaction Value	RM334.44 mil.	↑ 30.7% y-o-y

HOTEL

Supply	19,708 rooms	↑ 2.2% y-o-y
Average Room Rate	5-star: RM305 – RM910 per night 4-star: RM156 – RM595 per night	

INDUSTRIAL

Supply	9,176 units	↑ 0.2% y-o-y
Transaction Volume	201 units	↑ 6.3% y-o-y
Transaction Value	RM312.77 mil.	↓ 42.0% y-o-y

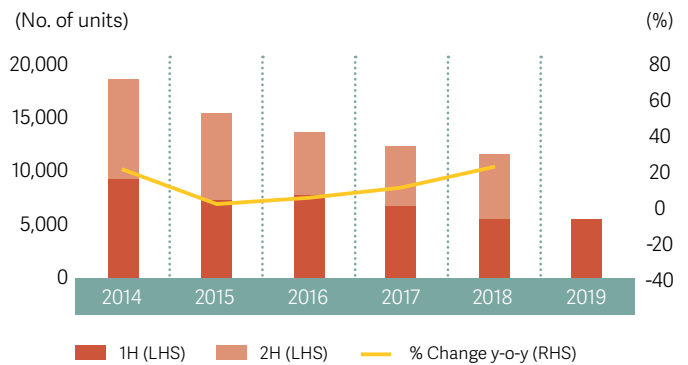
RESIDENTIAL

The residential market of Pulau Pinang has performed fairly equal to the previous review period with 1H2019 statistics revealing transactions to be at 6,039 units in volume and RM2.46 billion in value – change in both being less than 1%. Although the high-rise segment is no new concept to the people of Pulau Pinang, terraced houses remain at the forefront in types transacted with a share of 29% in volume. Following behind is in fact flat units with 17% volume transaction share. These flat units are of the secondary market and mostly seen on the Island.

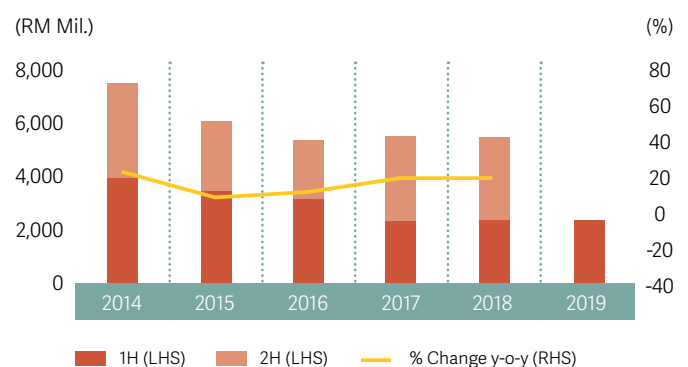
On the supply side, existing residential stock is at 512,253 units for the whole of Pulau Pinang. Of this total, the top two highest contributor by type are flats and condominium/apartment units which combined, takes up 38% of supply share. In a bigger picture, the ratio between landed and non-landed residential supply are fairly equal with non-landed being at a marginally higher 51%. A similar ratio is also seen when comparing residential supply between the Island and Mainland of Pulau Pinang – the Mainland just ahead by 1%.

The overhang situation for Pulau Pinang, though not critically serious as some other states, is still continuing to grow. As at 1H2019, the overhang numbers were at

Number of Residential Property Transactions in Pulau Pinang (2014-1H 2019)
(Source: JPPH)

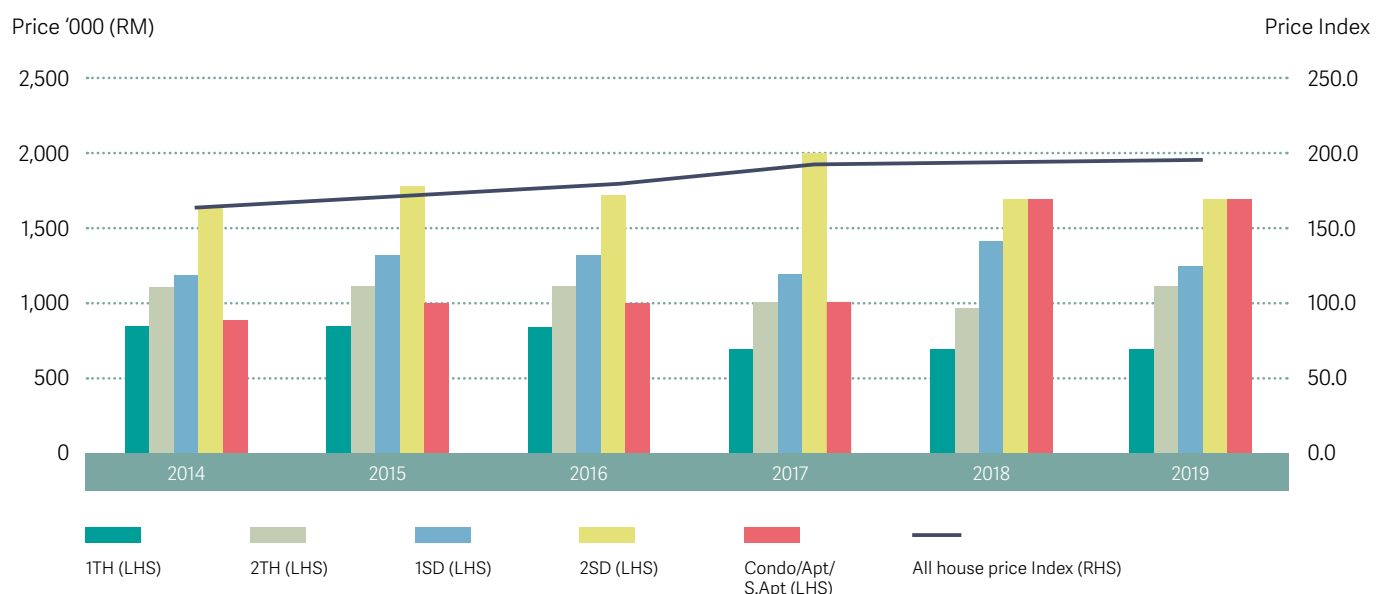


Value of Residential Property Transactions in Pulau Pinang (2014-1H 2019)
(Source: JPPH)



Pulau Pinang Island Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



3,929 units worth RM3.3 billion. Based on the price range, 58% are units with a price tag of above RM500,000 and going higher, 24% are above the RM1.0 million mark. This calls for concern of how these readily-available units are to be absorbed into the market when unaffordability has and still is being heavily discussed by the public. Adding on concern to the high prices is the concern of residential types preferred by the public. 67% of the overhang units are under the condominium/apartment category and it does not paint a hopeful picture as the public has generally voiced their preference for landed type homes. The new launches within the review period is of no help either as another 12,427 condominium/apartment units has been introduced for future supply. As a whole, market absorption is going to only be under heavier pressure in the next coming years.

On the Island, price movements are on the adjustment trend with both up and down movement. 1-storey terraced houses were transacted on an average of RM700,000 for the areas of Ayer Hitam, Bayan Baru, Tanjung Tokong, Tanjung Bungah and Green Garden. For 2-storey terraced houses, prices have increased back to above RM1.0 million after last year's slight fall. These are units in areas like Island Glades, Taman Sri Nibong & Desa Ara.

Semi-detached houses of selected areas including Tanjung Tokong, Tanjung Bungah and Island Park hover between RM1.25 million for 1-storey units to RM1.70 million for 2-storey units; some in Tanjung Bungah having reached

As at 1H2019, the overhang numbers were at 3,929 units worth RM3.3 billion. Based on the price range, 58% are units with a price tag of above RM500,000 and going higher, 24% are above the RM1.0 million mark.

RM2.0 million mark. For high-rise units within Tanjung Bungah, Tanjung Tokong and along Persiaran Gurney, secondary prices went at an average of RM1.70 million.

Some of the notable launches shown in the media include The Muze@Penang International Commercial City (PICC) by Hunza Properties and Queens Waterfront by Ideal Property Group.

Launched in May of 2019, The Muze is the residential component as well as the first phase of PICC development. PICC is an integrated upcoming development in Bayan Baru comprising of various components including residential, a commercial hub, purpose-built-office, 5-star hotel and more. The residential component will come in the form of two towers – 52 and 58 storeys high – at a total of 846 units. With sizes ranging between 1,087 to 5,264 sf, selling prices start from RM800,000 onwards.

Selected Upcoming Residential Properties in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Bertam Perdana 4	Bertam	2-sty Terraced	N/A	From RM499,000	2020
Bertam Lakeview @ Nerine	Bertam	1-sty Semi-detached	48	From RM504,790	2020
Sanctuary Ridge	Bukit Mertajam	2 sty Semi-detached	208	From 700,000	2020
Brydon @ Eco Horizon	Batu Kawan	2 sty Semi-Detached & Detached	395	From 1,200,000	2021
Viluxe	Batu Kawan	3 sty Semi-detached	133	From 2,500,000	2021
Hijauan Valdor	Sungai Bakap	2 sty Semi-detached	132	From 700,000	N/A

Identifying themselves as a place of luxury resort life in a tropical paradise, Queens Waterfront is set to be an island getaway consisting of a mix of different components: residential towers, a marina, a waterfront promenade, a sports centre and an international school. Located on the south-eastern part of the Island and right next to the pre-

existing Queensbay Mall, the development has launched the residential towers named Queens Residences. A total of 950 units across three condominium towers were put on sale at prices starting from RM645,400. The units are sized between 950 sf to 1,650 sf.

Selected Upcoming High-Rise Residential Properties in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
NOVUS	Sungai Nibong	Condominium	273	From RM530,000	2020
Waterside Residence	Gelugor	Condominium	256	RM749,000 - RM1,560,000	2020
Eco Bloom@Eco Meadows	Simpang Ampat	Serviced Apartment	490	RM485,000 - rm625,000	2020
Meritus Residensi	Prai	Serviced Apartment	480	RM433,000 - RM545,000	2020
The Sky Urban Condominium @Tripark	Bukit Mertajam	Condominium	560	RM477,000 - RM608,000	2020
Setia Sky Ville	Jelutong	Condominium	550	From RM834,800	2020
Luminari	Harbour Place, Butterworth	Serviced Apartment	462	RM486,000 - RM850,000	2020
M Vista	Batu Maung	Serviced Apartment	237	RM364,000 - RM1,117,570	2021
GEM Residence	Seberang Prai	Serviced Apartment	978	RM327,000 - RM660,000	2021
Suasana @ Utropolis Batu Kawan	Batu Kawan	Serviced Apartment	491	RM575,000 - RM642,275	2021
Evoke Residence@Gravitas	Perai	Serviced Apartment	300	From 406,000	2021
Queens Residences	Bayan Bay	Condominium	950	From RM645,000	2021
3 Residences	Georgetown	Condominium	478	From 600,000	2022
Palm Garden	Simpang Ampat	Serviced Apartment	335	From RM320,000	2022
Muze@Penang International Commercial City	Bayan Lepas	Condominium	846	From RM800,000	2022
Montage	Sungai Nibong	Condominium	282	From RM 580,000	2022
The Stone	Paya Terubong	Apartment	1000	From RM 298,000	2022
Tree O	Sungai Ara	Apartment	1240	From RM300,000	2022
Vogue Lifestyle Residence	Batu Kawan	Condominium	627	RM533,000 - RM722,000	2023
Iconic Regency	Sungai Nibong	Serviced Suites	268	RM447,5000 - RM1.01 million	2023

RETAIL

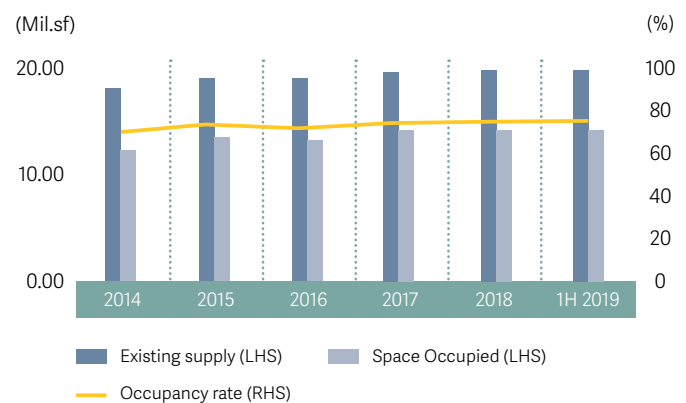
As at 1H2019, Pulau Pinang's retail market in space saw no notable at 18.75 million sf with no new entrants. The CAGR of retail space in Pulau Pinang between 2014 to 2018 is only at 0.9% which indicates incoming to be on the flattish side and supply remaining at 18 million sf since 2014. Encouragingly, CAGR of occupied space over the same period is at a higher 3.5%, meaning demand is relatively ahead of incoming supply. This is further supported with occupancy rates maintaining at 72% within the review period. The lowest rate since 2012 was in 2014 at 66% and when compared, Pulau Pinang's retail sector is shown to be improving despite general concerns of oversupply in the commercial sector. In total, there are 105 retail malls for the whole of Pulau Pinang with 64% on the Island and 36% on the Mainland.

Rental rates remain generally stable with established malls in prime George Town such as KOMTAR, Penang Plaza and 1st Avenue commanding rates of between RM1.50 to RM32.00 psf pm. Prime rates were seen going for malls like Gurney Plaza and Gurney Paragon, reaching up to RM52.00 psf pm. On the Mainland, rental rates hovered between RM1.00 to RM23.00 psf pm with AEON Mall Bukit Mertajam reaching the highest.

CAGR of occupied space over the same period is at a higher 3.5%, meaning demand is relatively ahead of incoming supply.

Existing Supply & Occupancy Rate of Retail Spaces in Pulau Pinang (2014-1H 2019)

(Source: JPPH)



For the new malls already underway, notable ones include PICC by Hunza Group, Sunway Valley City by Sunway Group, Gem Megamall by Belleview Group and The Light Waterfront Mall by IJM Land. When combined, these malls are expected to inject an approximate 1.0 million sf of new retail space into the market.

Selected Upcoming Retail Malls in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
Penang Sentral Mall	Butterworth	400,000	2020
Econsave Alma	Bukit Mertajam	N/A	2020
Gem Megamall	Seberang Perai	1,200,000	2021
The Light Waterfront Mall	Jelutong	1,500,000	2021
Botanica CT Centre	Balik Pulau	80,000	2021
Penang International Commercial City	Bayan Lepas	700,000 (GFA)	2021
Sunway Carnival Mall Expansion	Seberang Perai	Additional of 330,000 sf	2022
Sunway Valley City	Paya Terubong	1,000,000	2023
Penang WorldCity	Bayan Lepas	1,000,000	N/A
Mitsui Outlet Park	Bayan Lepas	N/A	N/A

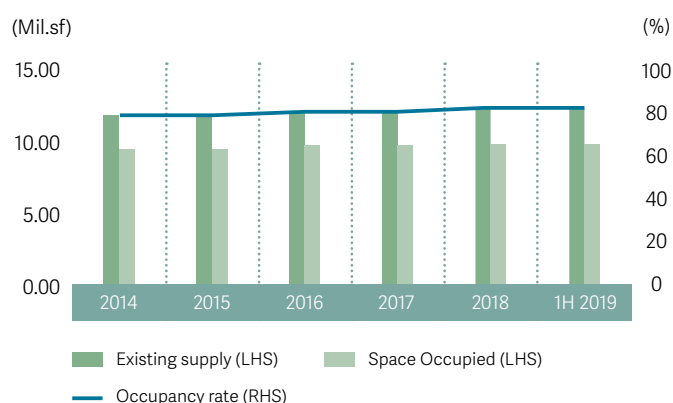


PURPOSE-BUILT OFFICE (PBO)

Pulau Pinang's PBO market did not see much growth in supply over past years with only about 190,489 sf injected since 2014 or, in CAGR numbers, at only 0.4%. Within the review period, supply did see any growth and thus remained at 12.1 million sf, making up 233 buildings.

Occupancy rate maintained above the 80% mark with 1H2019 marked at 83%, showing a slight improvement of 0.5% from 1H2018. With this occupancy rate, vacant

Existing Supply & Occupancy Rate of Purpose Built Office in Pulau Pinang (2014-1H 2019) (Source: JPPH)



Selected Upcoming Purpose-Built Office in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
GBS@Mahsuri	Bayan Baru	80,000	2020
GBS by-the-sea	Bayan Lepas	410,000	2020
Vittoria Financial Centre@Aspen Vision City	Batu Kawan	N/A	2022
VOS Lifestyle Suites	Bukit Dumbar	90,000	2022
4 Office Tower@Areca	Batu Maung	N/A	2023
Runnymede Mix Development	Georgetown	N/A	2026
The Light City/Light Waterfront	Jelutong	370,000	N/A

space comes at 2 million sf and mostly remained so in previous years. In locality, George Town has the highest office building count at 144 and second is Bukit Mertajam with 18 office buildings.

Rental rates of retail spaces in the malls of Pulau Pinang are stable at a range of RM1.00 to RM3.10 psf pm. PBO buildings that command rates on the higher side are MWE Plaza, Wisma Great Eastern and Menara IJM Land.

The few upcoming PBO spaces in the pipeline are GBS@Mahsuri by PDC replacing BPO Prime and The Light City@Light Waterfront by IJM Pernial Development. The new alternate demand for PBO space known as co-working is on the rise for Pulau Pinang with more brands coming in such as CoHere@Icon City, Hubbiz@AutoCity and Snooze50@Gurney Tower.

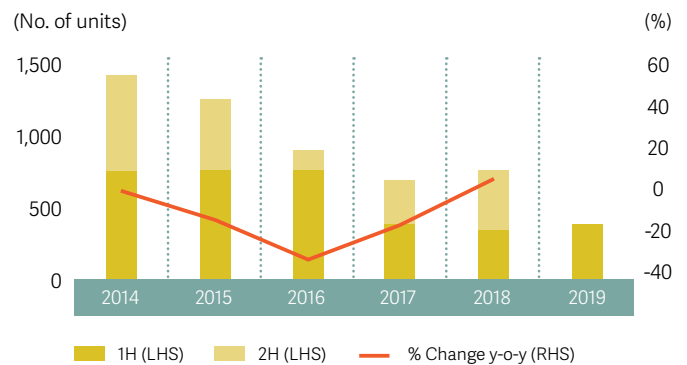
SHOP OFFICE

As at 1H2019, the existing supply of shop offices in Pulau Pinang rose at a slight 1% to 30,115 units of which a majority 29% are located at Seberang Perai Tengah. Between the state's Island and Mainland, existing supply was approximately distributed at 32% and 68% respectively. Market activities too improved in both volume and value, recording 399 transacted units worth RM334.4 million. From the total transactions, 2-2.5-storey shop offices dominated at 58%.

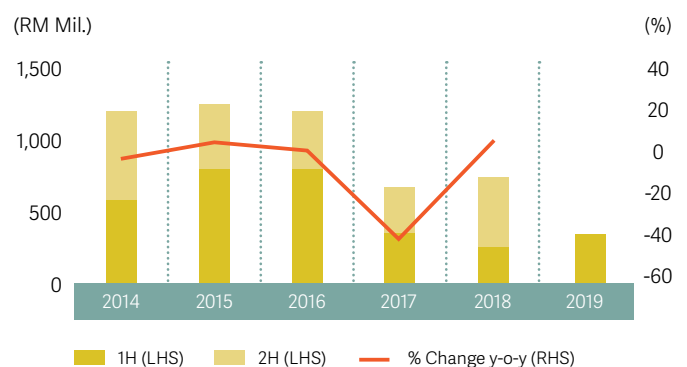
Overhang units of shop offices are on the low with 1H2019's number at only 58 units which had reduced by 24% from 1H2018. But value wise, the opposite occurred with an increase of 32% to RM52.9 million. This is mainly due to the overhang units being at price tags over RM1.0 million.

Overhang units of shop offices are on the low with 1H2019's number at only 58 units which had reduced by 24% from 1H2018.

Number of Shop Office Property Transactions in Pulau Pinang (2014-1H 2019)
(Source: JPPH)



Value of Shop Office Property Transactions in Pulau Pinang (2014-1H 2019)
(Source: JPPH)



In the central part of George Town, average rental rates for ground floor spaces in prime areas go between RM1.30 – RM4.50 psf pm. In the secondary areas, rentals went a bit lower at RM1.00 to RM3.00 psf pm. Shop office areas like Icon City, Pusat Perniagaan Mahkota Impian and Bandar Sunway command the higher range at a minimum of RM2.00 psf pm.

One notable shop office development in the pipeline is the Iconic Point by Iconic Maison Sdn Bhd and Iconic Development Sdn Bhd via a joint venture. With a GDV of RM139.5 million, the project will be offering 49 shop office units, 3 detached commercial drive-through units and a stratified boutique hotel. Prices are expected to start from RM2.0 million.

HOTEL

With strong support from medical tourism, Pulau Pinang's hotel industry will be expecting several new entrants into the market. As at 1H2019, hotel supply stood at 19,708 rooms which makes up to 194 hotels across the state. Going by star rating, 36 hotels are 4 and 5-star rated and 14 hotels are 3-star rated.

On the Island, 5-star hotels generally offer room rates of between RM305 to RM910 per room per night. Hotels like Eastern & Oriental Hotel, G Hotel Gurney and Shangri la Rasa Sayang Resort & Spa go at premium rates of RM800 on average per room per night.

No notable completions were seen within the review period. But on the horizon, 5-star hotel brands that are expected to enter the market includes Runnymede hotels and Amari Penang.

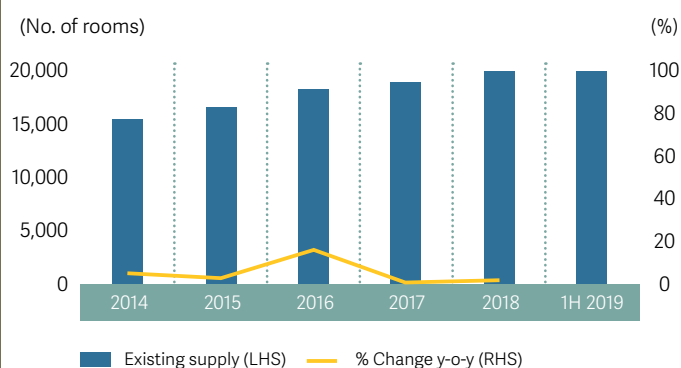
Penang Hill will be expecting three new hotels starting from December 2019. These hotels will be developed through the repurposing of three heritage bungalows located within Penang Hill. The sites identified are Hillside Bungalow, Woodside Bungalow and Convalescent Bungalow. The first to be repurposed and open to the



public is Hillside bungalow which will be renamed as Hillside Retreat. The other two will be a boutique hotel and an eco-friendly hotel.

Existing Supply of Hotels in Pulau Pinang (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Hotels in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No of Rooms	Expected Completion
Courtyard by Marriot	Gurney Drive	5	211	2020
Angsana Teluk Bahang	Teluk Bahang	5	230	2020
The Sun	Sg Nibong	3	135	2021
Hotel@The Light City	Jelutong	4	745	2021
Amari Penang	Bayan Lepas	5	453	2021
A Loft Hotel	Batu Kawan	4	308	2023
Runnymede Hotel	Georgetown	5	133	2026
Prins Bay	Batu Feringghi	5	142	N/A

INDUSTRIAL

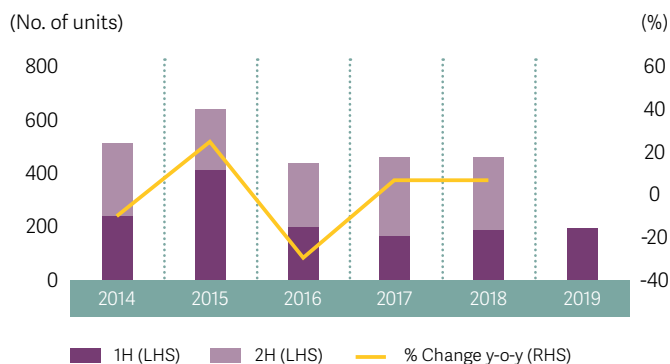
Within the review period, market activities in Pulau Pinang's industrial sector have improved by 6.3% to 201 transacted units but transaction value had instead fallen by 42% to RM312.8 million. The drop in transaction value is primarily due to the drop in transacted detached factories which mostly goes above RM1.0 million. Between 2014 to 2018, CAGR of transaction volumes is at a negative 2.36%, indicating a falling trend over the period but transaction values are at a positive 13.7%, indicating transacted prices to be on the rise.

On the supply side, there is minimal increase from 1H2018 with only an injection of 19 new industrial units into the market. Terraced factories are the predominant type of the existing supply at 55% supply share and this matches to terraced factories also being the most transacted type. With consideration to land scarcity being more prominent on the Island, existing industrial units are mainly located on the Mainland, especially in Seberang Prai Tengah and Seberang Prai Utara. In the pipeline, incoming units has almost doubled to 312 industrial units already under construction. It is mainly contributed by semi-detached factories to be located in Seberang Prai Tengah.

Overhang industrial units remain on the low side with only 93 units worth RM155.5 million recorded by 1H2019.

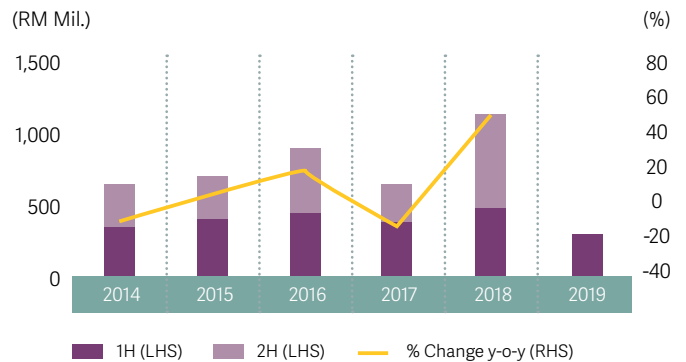
Number of Industrial Property Transactions in Pulau Pinang (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Pulau Pinang (2014-1H 2019)

(Source: JPPH)



Notable Announcements

Budget 2020 has proposed an allocation of RM100 million to build a cable car facility on Penang Hill and a feasibility is currently being conducted by the state government on this project.

The handing over of the reclaimed land off Gurney Drive to the Penang government has commenced and scheduled to run up to mid-September 2020.

On Malaysia Day, Seberang Perai was granted the city status is making its way to becoming a low carbon city by 2022 as well as a carbon neutral city by 2030.

As part of the RM851 million infrastructure project involving 3 new roads and an undersea tunnel, a bypass connecting Lebuhraya Thean Teik at Air Itam to Tun Dr Lim Chong Eu Expressway has commenced its 3-year construction period on 31st October 2019.

Vehicle users on the Sultan Abdul Halim Muadzam Shah Bridge will be able to enjoy a reduction of RM1.50 in toll rate as proposed in Budget 2020.

It was reported that a proposal was sent and received by the state government for a reclamation project involving 121ha site off the waters of Batu Ferringhi.

PERAK

Darul Ridzuan



Capital: Ipoh

Est. Population: 2.51 million

Area (km²): 20,976

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	482,490 units	↑ 2.3% y-o-y
Transaction Volume	9,910 units	↓ 4.6% y-o-y
Transaction Value	RM1,979.65 mil.	↑ 0.9% y-o-y

RETAIL

Supply	10.30 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	84.1%	↓ 0.4% y-o-y
Rental	Prime: RM1.00psf – RM26.00psf	

PURPOSE BUILT OFFICE

Supply	6.75 mil. sf	↑ 1.1% y-o-y
Occupancy Rate	94.5%	↔ 0.0% y-o-y
Rental	Prime: RM1.75psf – RM3.00psf	

SHOP OFFICE

Supply	57,889 units	↑ 2.1% y-o-y
Transaction Volume	832 units	↑ 19.2% y-o-y
Transaction Value	RM393.07 mil.	↑ 19.7% y-o-y

HOTEL

Supply	16,005 rooms	↓ 2.2% y-o-y
Average Room Rate	5-star: RM437 – RM1,368 per night 4-star: RM160 – RM420 per night	

INDUSTRIAL

Supply	8,432 units	↑ 1.3% y-o-y
Transaction Volume	227 units	↓ 24.3% y-o-y
Transaction Value	RM210.52 mil.	↓ 41.5% y-o-y

RESIDENTIAL

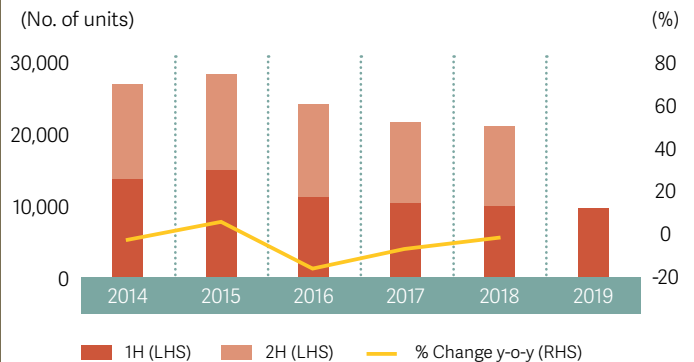
1H2019 saw Perak's existing residential supply to be at 482,490 residential units in total of which a sizable 48% are located within Kinta district. Terraced homes dominate the market at 52%, contributing 251,997 units to the state's existing supply. In the near future, Perak will be expecting 35,158 new units that already under construction and 60% of these are terraced homes.

With that number soon to arrive within the next few years, current overhang units for Perak is still worryingly at 5,796 units – the 2nd highest state after Johor. 74% of this are within the price range of RM200,001 to RM300,000. Condominium and apartment contribute the most to the overhang count by 40.6% at 2,352 units with prices ranging between RM200,001 and RM300,000.

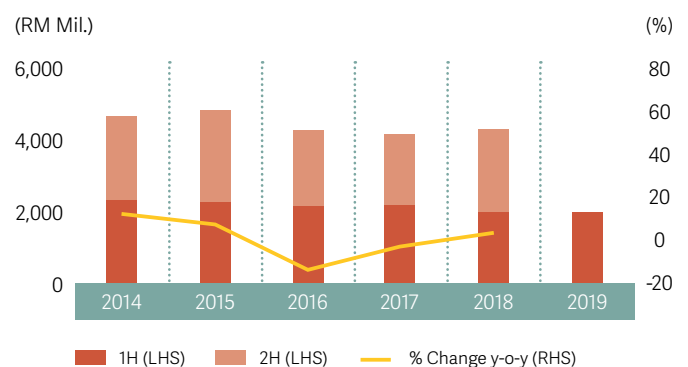
Despite national statistics showing positive growth after a period of slump for this review period, Perak's market has yet to done so and is still continuing to fall with 1H 2019 registering a 4.6% drop to 9,910 units transacted at a total value of RM1.98 billion. 2015 was Perak's highest at a yearly figure of 28,397 transacted units worth RM4.93 billion.

House prices of Kinta in 2019 has mostly seen slight increases except 1-storey terraced houses who showed some slight decrease. On average, terraced houses were

Number of Residential Property Transactions in Perak (2014-1H 2019)
(Source: JPPH)

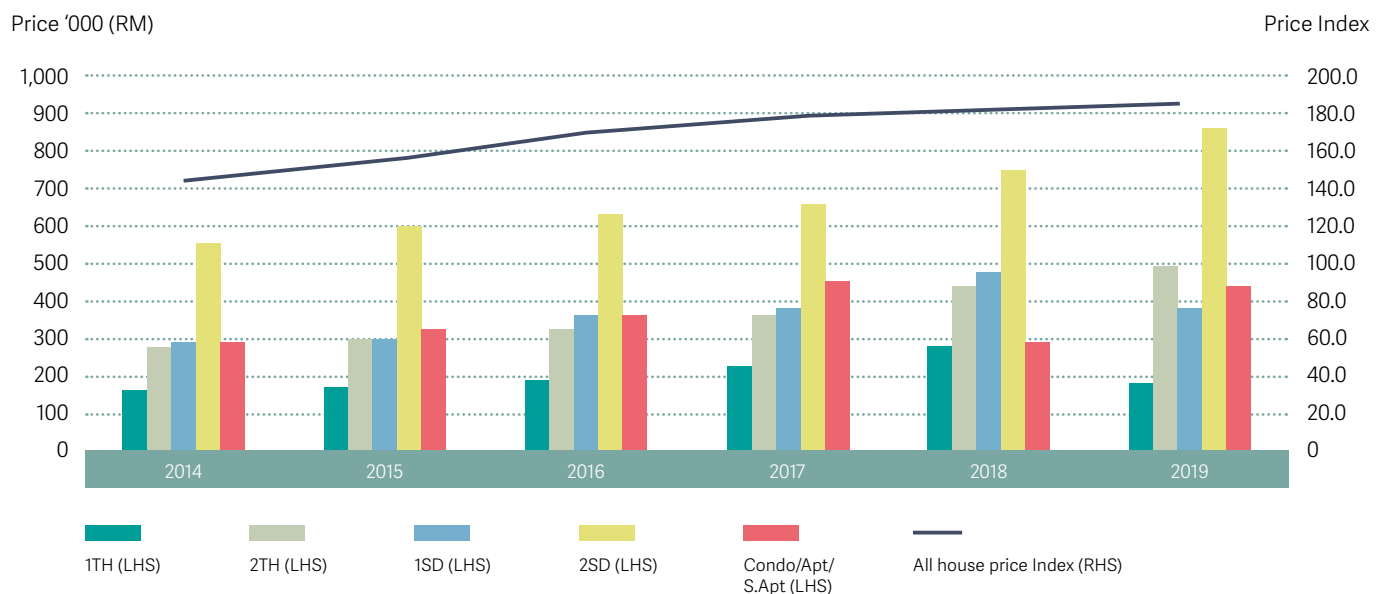


Value of Residential Property Transactions in Perak (2014-1H 2019)
(Source: JPPH)



Ipoh/Kinta Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Perak

(Source: Rahim & Co Research)

Development	Location	Type	Prices	Developer	Completion
Palm Ville	Ipoh	2-sty Terraced	RM348,800	Vega Supreme Sdn Bhd	2020
Taman Impiana Bidor	Bidor	2-sty Terraced	RM300,000	Farlim Group	2020
Meru Heights Residences	Ipoh	Condominium	From RM246,000	Scientex Group	2020
Bandar Baru Setia Awan Perdana	Manjung	1-sty Terraced	RM178,000 - RM348,800	Taraf Nusantara Sdn Bhd	2020
Sunway Onsen Suites	Ipoh	Serviced Apartment	From RM392,600	Sunway City (Ipoh)	2022
Palazzo Condominium@ Ipoh Garden East	Ipoh	Condominium	From RM299,800	Team Keris Berhad (TKB)	2022

transacted between RM181,111 to RM485,380 in areas such as Bandar Seri Botani, Medan Klebang Restu and Bandar Baru Tambun. For semi-detached houses, average prices hovered between RM380,000 to RM860,000 depending on the size and location. The selected areas are Medan Klebang Mewah, Bandar Seri Botani and Panorama Lapang Perdana. Condominiums and apartments went at an average of RM434,500 but Upper East came out at a much higher average of RM595,850.

Grand-Flo Bhd's wholly owned subsidiary of Innoceria Sdn Bhd, is on its plan to develop 13.23 acres of leasehold land in Kampar, Perak. It is a joint venture agreement with Pembinaan Maka Cemerlang Sdn Bhd (PMC) comprising 352 units of 1-storey terraced houses and 24 units of 2-storey terraced houses.

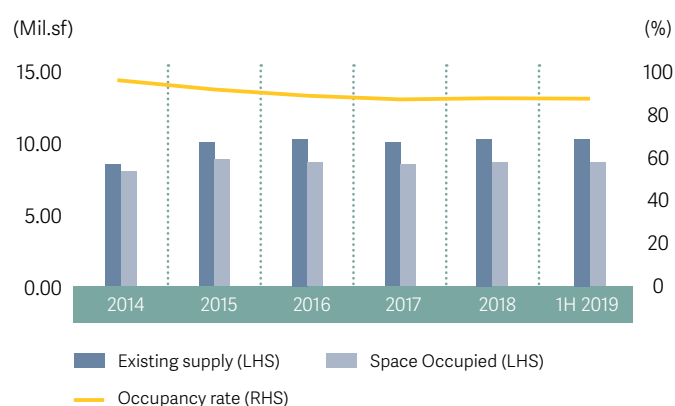
With regards to the nationwide PR1MA project cancellations, those in Perak saw improvement in sales performance thanks to the lowering of prices from RM 250 psf to RM220 psf.

RETAIL

For the past 5 years, performance of Perak's retail malls had taken a decline in occupancy rate between 2014 to 2017 and has remained at 84% to 1H 2019. Across the state, Ipoh holds the highest count retail malls at 34 establishments out of the total 75 malls in Perak, sizing at 10.29 million sf. For shopping malls within Ipoh, ground rental rates

Existing Supply & Occupancy Rate of Retail Spaces in Perak (2014-1H 2019)

(Source: JPPH)



generally went between RM1.00 to RM26.00 psf pm. Such malls are AEON Big Falim, Ipoh Parade Shopping Centre and AEON Station 18.

As part of their plan to build 3 new malls in the next 4 years, Sunway Bhd has announced one of them to be developed in Tambun, Ipoh. The development is expected to be ready by 2023.

PURPOSE-BUILT OFFICE (PBO)

As at 1H2019, the supply of Perak's PBO property market stood at 6.74 million sf which is equivalent to 223 office buildings. Of this, 30.5% are located in Ipoh.

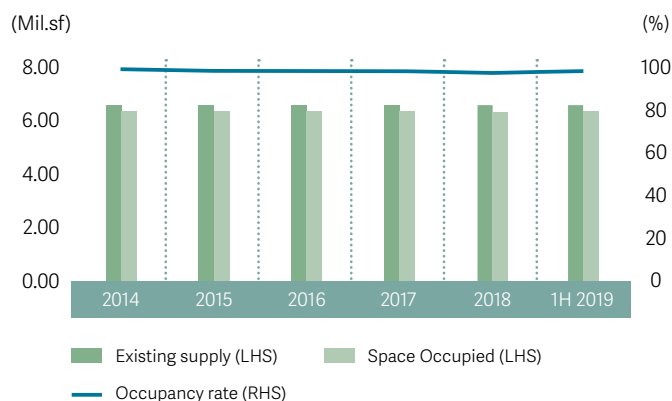
The market performance in occupancy rate has admirably retained at a high 95% on average for the past 5 years with 1H2019 only experiencing a slight drop to 94.5%.

No completions were recorded within 1H2019 but 6 new office buildings currently under construction are set to come in, translating to a size of 484,795 sf.

Rental rates of purpose-built offices in Perak are stable as at 1H2019. During the review period, ground rent of office space in Ipoh City hover between RM1.75 and RM3.00. KWSP Building and Perak Techno-Trade Centre are among the buildings that are able to command a higher rate of above RM2.00.

Existing Supply & Occupancy Rate of Purpose Built Office in Perak (2014-1H 2019)

(Source: JPPH)



SHOP OFFICE

As at 1H2019, Perak's existing supply count stood at 57,889 shop office units with a portion of 44.6% located in Kinta alone. By type, 2-2½ storey shop offices dominate the market at 58% of total supply. In the future, Perak will be expecting another 4,025 units that are already under construction to hit the market and putting it into perspective, there are 392 completed units worth RM217.17 million remaining unsold by 1H 2019.

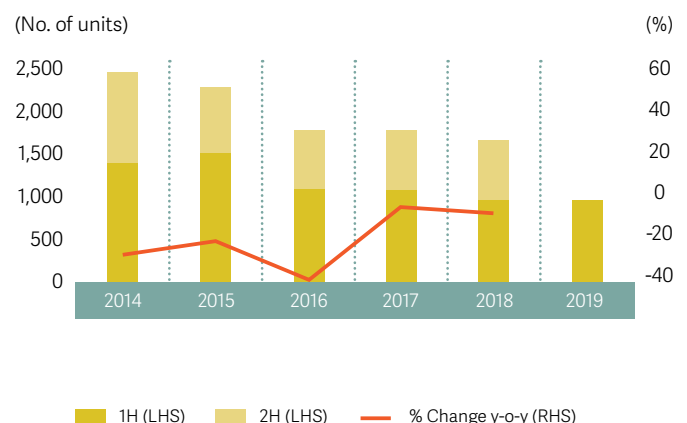
Transaction activities have increased from 1H 2018 by 19.2%, 1H2019 coming up with 832 in transaction volume at a value of RM393.07 million.



Pusat Perniagaan Manjung Point 2 in Seri Manjung is expected to complete by this year. A project by YNH Property Berhad, it offers 90 units of shop offices catering up to 50,000 residents within the immediate neighbourhood.

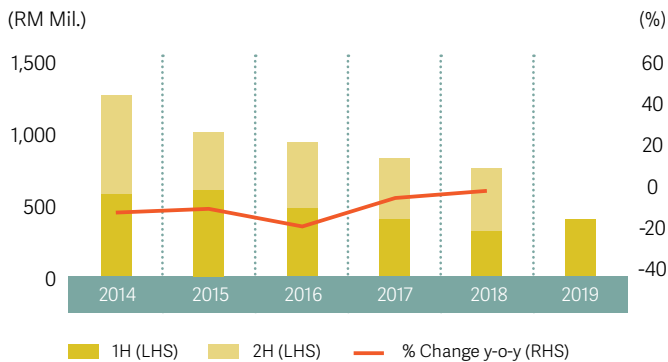
Number of Shop Office Property Transactions in Perak (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Perak (2014-1H 2019)

(Source: JPPH)



HOTEL

Perak as the largest state in size for the Northern region contributes the highest portion of hotel establishments amongst the Northern states at 44% or 319 hotel establishments.

Of this, only 11 are rated 4-stars and above. Within the review period of between 1H2018 and 1H2019, O&G Boutique Hotel in Parit Buntar has finally completed with an offering of 47 rooms. Perak will be expecting 13 new hotels in the future.

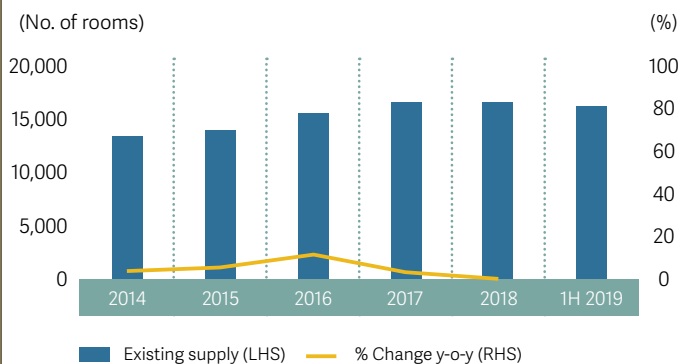
One of the 13 new hotels is noted to be the Double Tree by Hilton in Damai Laut which will be offering 291 rooms in total. This partnership project with OSK Holdings Berhad on 422.6 acres of land will feature an 18-hole award winning golf course.

Perak as the largest state in size for the Northern region contributes the highest portion of hotel establishments amongst the Northern states at 44% or 319 hotel establishments.

5-star hotels in Perak offer room rates of between RM437 up to RM1,368 per room per night with The Banjaran Hotsprings Retreat commanding the highest rates. 4-star hotels went at a lower RM160 up to RM420 per room per night with Belum Rainforest Resort commanding the highest starting rates.

Existing Supply of Hotels in Perak (2014-1H 2019)

(Source: JPPH)



INDUSTRIAL

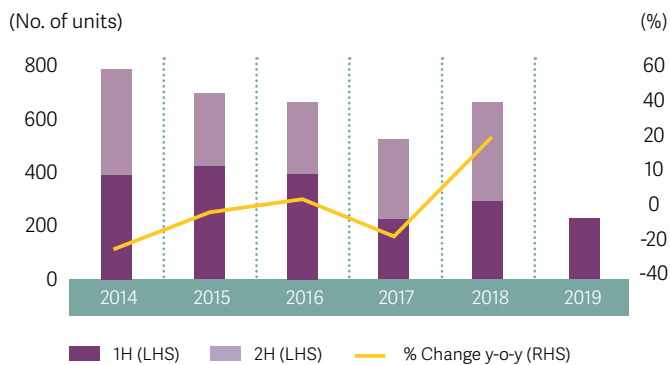
The industrial sector of Perak seems to continue experiencing volatile movements in its market activities with the review period having seen another fall after 1H 2018's recovery. On a first half yearly basis, 1H2019 is the lowest since 2014 at only 227 units transacted at a value of RM210.52 million. Of this total count, 60% are transactions involving vacant plots and semi-detached factory/warehouse.

Existing supply saw a small increase of 1.28% with 1H2019 registering 8,432 industrial units – 40% being semi-detached units. On locality, a large portion of this supply lies in Kinta at 6,258 units.

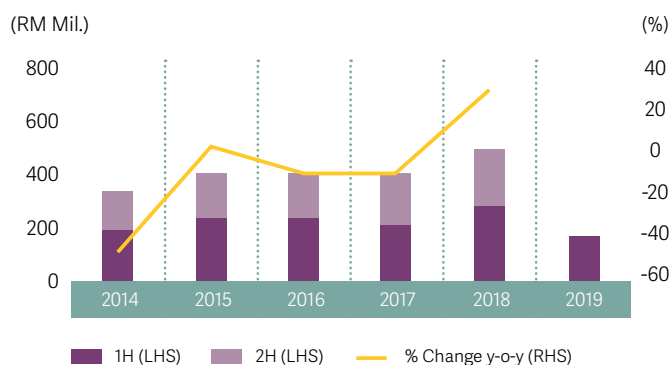
Initially planned to be developed back in 2004, various problems in the implementation process has caused the Perak Hi-Tech Industrial Park (PHTIP) development be put on hold for years. Finally, in April of 2019 at the state legislative assembly, it was announced by the Perak Investment and Corridor Development Committee that



Number of Industrial Property Transactions in Perak (2014-1H 2019) (Source: JPPH)



Value of Industrial Property Transactions in Perak (2014-1H 2019) (Source: JPPH)



the development will be revived this year and development period expected to be five years long. Located in Chemor, the cost to develop PHTIP is estimated to be at about RM141.7 million on a land size of 1383.62ha.

Despite market activities being on the rocky side, investments into Perak's industrial sector is looking up with expansions and new incomings happening. Japan-based company, Murata Electronic (M) Sdn Bhd, has invested about RM460 million to expand their current operating site in Bemban Industrial Area, Batu Gajah by building new facilities. Another company to have expanded is Proton Holdings bhd in Muar.

Back in 2018, Spritzer Bhd had announced their plans to develop a fully automated warehouse that is seamlessly connected to the production line via smart technologies of the Industrial Revolution (IR) 4.0. Situated in Taiping, the new warehouse is set to be in operations in 2020.

Notable Announcements

Kerian will be welcoming a new hospital in December 2020 since it's construction in January 2018. At a cost of RM136.7 million, the new hospital will benefit approximately 200,000 locals.

Approximately 191.5 acre of land owned by Perbadanan Aset Keretapi (RAC) within the locality of Ipoh Railway Station will be utilising the Transit Oriented Development (TOD) model through a joint venture between with Menteri Besar Incorporated (MB Inc).

In line with the nations' effort to develop more affordable houses, Perak joins in with plans to provide 50,000 units in the next 4 years under the Rumah Perakku program.

West Coast Expressway (WCE) Banting-Taiping has finally opened its way for road users starting from Hutan Melintang to Teluk Intan at 19.1km distance.

Kuala Lumpur
Selangor
Negeri Sembilan

CENTRAL REGION

Putrajaya

KUALA LUMPUR



Capital: Kuala Lumpur
 Est. Population: 1.78 million
 Area (km²): 243
 (Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	483,059 units	↑ 1.3% y-o-y
Transaction Volume	5,289 units	↑ 7.0% y-o-y
Transaction Value	RM4,169.63 mil.	↓ 4.4% y-o-y

RETAIL

Supply	33.68 mil. sf	↑ 2.4% y-o-y
Occupancy Rate	83.4%	↓ 0.2% y-o-y
Rental	Prime: RM20.00psf – RM95.00psf	

PURPOSE-BUILT OFFICE

Supply	96.19 mil. sf	↑ 0.5% y-o-y
Occupancy Rate	80.5%	↑ 1.0% y-o-y
Rental	Prime: RM6.00psf – RM12.00psf	

HOTEL

Supply	41,742 rooms	↑ 4.8% y-o-y
Average Room Rate	5-star: RM300 – RM900 per night 4-star: RM160 – RM400 per night	

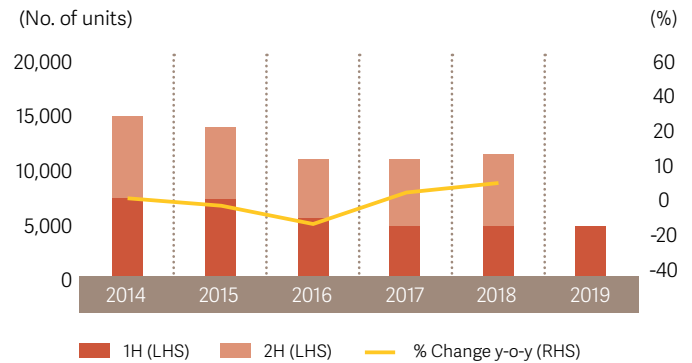
RESIDENTIAL

The residential property market, as at 1H 2019, has finally made a turn around with positive growth in market activities by 7% to 5,289 units transacted but transaction value has continued to drop by a further 4.4% to RM4.17 million; 1H2018 recorded 4,942 units transacted at a total value of RM4.36 billion. The persisting fall in value is worth noting as it indicates the prices of units transacted to be lower than previously – especially with volume now showing positive recovery – and this fits in line with the public's cry for lower house prices.

With consideration on the supply side to be more and more saturated, growth within the review period was at a small 1.3% to 483,059 units. But as this number does not include serviced apartment and SOHO units due to JPPH categorizing them as commercial properties, the actual number of dwellings presently standing in the market is 549,214 units; the addition of 62,467 serviced apartment units and 3,688 SOHO units. Of this number, 55% are high-rise units which includes condominium/apartment, serviced apartment and SOHO types. Parallel to this ratio is the transaction activities also being in favour of the condominium/apartment type, taking up 47% of total transaction volume.

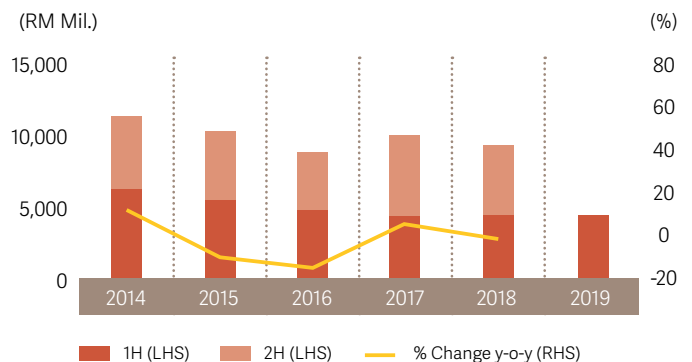
Number of Residential Property Transactions in Kuala Lumpur (2014-1H 2019)

(Source: JPPH)



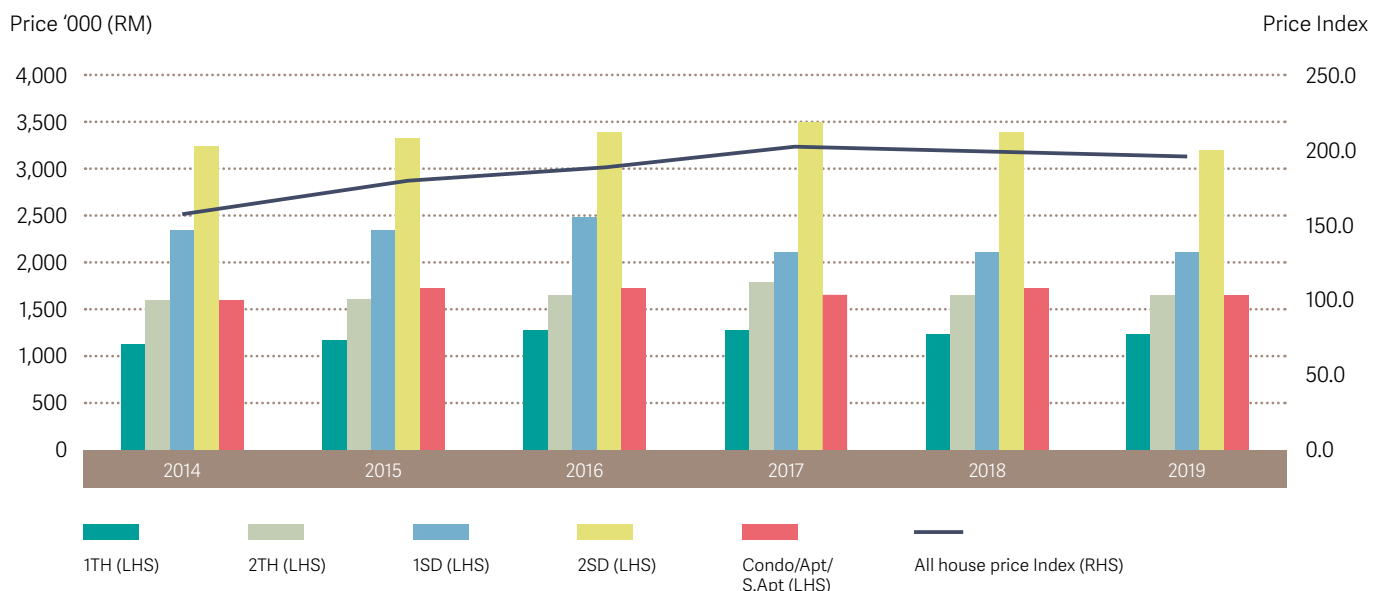
Value of Residential Property Transactions in Kuala Lumpur (2014-1H 2019)

(Source: JPPH)



Kuala Lumpur Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



*Selected Upcoming High Rise Residential Properties in Kuala Lumpur**(Source: Rahim & Co Research)*

Development	Location	Type	No of Units	Selling Price	Expected Completion
The Herz (Block B)	Kepong	Condominium	329	From RM448,000	2020
Three33 Residences	Kepong	Serviced Apartment	333	From RM441,700	2020
The Luxe by Infinitum	Jalan Dewan Sultan Sulaiman	Serviced Residence	300	From RM980,000	2020
The Estate	Bangsar	Condominium	328	From RM1,800,000	2020
M Vertica (Tower A)	Cheras	Serviced Apartment	808	From RM450,800	2021
Ascott Star KLCC	Jalan Yap Kwan Seng	Serviced Residence	471	From RM1,600,000	2021
Hamilton	Wangsa Maju	Condominium	435	From RM498,000	2021
Razak City Residence	Sg Besi	Serviced Apartment	5,748	From RM389,000	2021
Sky Five @ Maju KL	Sg Besi	Apartment	618	From RM590,000	2022
M101 SkyWheel	Jalan Raja Muda Abd Aziz	Serviced Residence	94	From RM 1.09 mil	2022
M Centura	Sentul	Condominium	1,413	From RM328,000	2022
Continew	Jalan Tun Razak	Serviced Apartment	510	From RM501,000	2022
Residensi Solaris Parq	Mont' Kiara	Serviced Apartment	288	From RM873,800	2022
Residensi Bintang Bukit Jalil	Bukit Jalil	Condominium	1,342	From RM553,000	2023
Sinaran Wangsa Maju	Setapak	Serviced Apartment	206	From RM486,000	2023

House prices for the selected schemes in Kuala Lumpur has generally maintained with some adjustments happening in certain areas. Terraced houses in Taman Tun Dr Ismail remained at transacted prices of RM1.1 million to RM1.6 million depending on the number of storeys. Selected high-rise schemes such as Suasana Sentral, Marc Service Residence and Verve Suites went between RM790,000 to RM1.5 million but for units in Quadro Residences and Pavilion Residences, prices have remained at RM2.64 million and RM2.30 million respectively.

As at 1H 2019, overhang units for Kuala Lumpur stood at 5,753 units worth RM5.28 billion and this number, as mentioned previously for the existing supply, includes serviced apartment and SOHO type units. This is after a 20% increase within the review period and on a closer look, 99% of the units are high-rise types. Having this burden

of unsold stock alongside an additional 14,203 incoming units that are already in construction yet still unsold does not bode well future market absorption.

As at 1H 2019, overhang units for Kuala Lumpur stood at 5,753 units worth RM5.28 billion and this number, as mentioned previously for the existing supply, includes serviced apartment and SOHO type units.



Pusat Sains Negara

Several completions were noted in 2019, one of them being the serviced apartment towers of EkoCheras earlier in the year. Featuring 1,516 units in the form of three towers, prices of the units offered went between RM500,000 to RM1.0 million and the sizes range from 500 sf to 1,200 sf. At the time of writing, Stonor 3@KLCC by Tan & Tan Developments through a joint venture with Mitsubishi Jisho Residence Co. Ltd is nearing its completion with an offering 400 apartment units that is specially curated in luxury elements for a superior level of living. Going from sizes of 649 sf to 1,232 sf, these units are tagged at a price range of RM1.1 million to RM2.1 million.

Of the upcoming developments in the making, Trion@ KL proved themselves to be a success with take-up rates almost reaching 90% since sales began after Chinese New Year 2019. Located at the intersection of Jalan Sungai Besi and Jalan Dua, Binantra Land Sdn Bhd holds pride in this project as the highest structure in the vicinity at the time of completion which is set to be in 2023. The two towering blocks – each at 66 storeys and 56 storeys respectively – will not only be made of 1,344 serviced apartment units in total, but also by the 4-star Mercure Hotel on floors 38 to 56. With sizes from a compact 689 sf to a more spacious 1,055 sf, price tags will be going between RM549,800 to RM946,800.

RETAIL

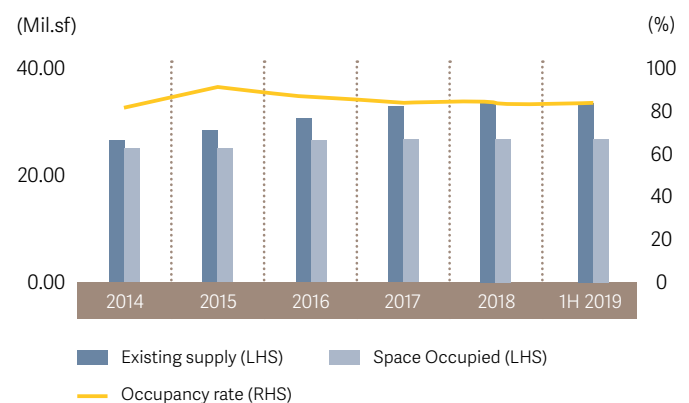
Within the review period, Kuala Lumpur's supply of retail space went up by 2.4% to 33.7 million sf and occupancy rate relatively maintained at 83%. Kuala Lumpur currently has a total of 111 retail complexes and more are in the pipeline, adding further pressure to an already declining occupancy rate trend, going from a high 90% back in 2014 to 83% in 2018.

In keeping up with tougher competitions and changing trends, pre-existing malls have been undergoing refurbishments and expansions in the past years. 42-year old Sungei Wang Plaza had opened its new annex block named JUMPA@Sungei Wang to the public in September this year. As an initiative to revitalise and modernise a section of the long-standing mall, the new block plays its role a space for curated retail offerings and a stylish place for gathering alongside the old-world charm of Sungei Wang's original offerings.

Formerly named Aeon Taman Maluri Shopping Centre since its opening back in 1989, the locally-known landmark has finally finished its refurbishment phase and reopened the doors with a new name – Aeon Style Taman Maluri. Being the first of the Aeon Style series, this newly revamped mall has expanded to 200,000 sf of department store and 250,000 sf of retail area for tenants, boasting over 122 tenants with 50% being of the F&B providers.

Existing Supply & Occupancy Rate of Retail Spaces in Kuala Lumpur (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Retail Malls in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
Datum Jelatek Mall	Keramat	491,484	2020
Fiesta Walk @ The Era Duta North	Segambut	277,000	2020
MET 1 (Lifestyle Mall)	KL Metropolis	81,000	2020
Lifestyle Quarter Mall @ TRX	Tun Razak Exchange	1.3 mil	2021
Retail @ The Quartz	Wangsa Maju	N/A	2021
Retail Podium @ KL118	Jalan Hang Jebat	900,000	2021
SkyMall@M101 SkyWheel	Jalan Raja Muda Abd Aziz	200,000	2021
Lalaport Mall@BBCC	Bukit Bintang	1.4mil.	2021
Bukit Bintang Plaza Redevelopment	Jalan Bukit Bintang	300,000	2021
8 Conlay	Kuala Lumpur City Centre	200,000	2021
Pavilion Damansara Heights	Damansara Heights	1.0 mil.	2022
Oxley Tower	Kuala Lumpur City Centre	257,801	2024

Despite words being shared of the redevelopment efforts for the past few years, only recently has the Federal Territories Minister Y.B. Khalid Abdul Samad officially revealed plans to redevelop the long abandoned project, Plaza Rakyat. Located in Jalan Pudu, this project has been left idle since 1992 and was never resumed until now. The developer(s) involved has not been revealed at the time of writing though several media reports have rumoured the company to be a Singapore-based developer.

After having operated for two decades and being one of Suria KLCC's earliest tenants, the Parkson KLCC outlet has ceased operations by end February this year with no official reason given. News media have alleged it to KLCC wanting to diversify the mall's offerings and the overall changing market dynamics most retail brands are struggling to survive in.

Powerhouse e-commerce retail platform Alibaba Group has made an example of how e-commerce and brick & mortar stores can work together instead competing against each other. In November 2019, they had launched their biggest physical Taobao store in MyTOWN Shopping Centre through a partnership with MyTOWN and Lumahgo New Retail Sdn Bhd. Named Taobao Store by Lumahgo, the 5,000 sf physical store offers a combination of offline and online shopping experience via New Retail technologies. In short, customers will be able to physically see and touch the product before making the purchase online by scanning the QR code.

PURPOSE-BUILT OFFICE (PBO)

As at 1H 2019, Kuala Lumpur's office space supply stood at 96.19 million sf and of that total, 80.5% were occupied. Between 2010 to 2018, Kuala Lumpur's occupancy rate has hovered between 75% to 83% and coming into 1H 2019, occupancy performance is not at its best considering more and more spaces are soon to hit the market. Even now, vacant spaces are at 1.75 million sf and in the pipeline, 11.98 million sf are already well underway and on track to completion.

As newer office spaces enter the market, older buildings face the risk of losing their tenants despite having offered very competitive rates. Similar to the retail operators who strive to remain relevant, older office buildings are also seen to undergo refurbishments and makeovers to ensure their survivability in this well-saturated market. PNB 1194 by Permodalan nasional Berhad (PNB) is a long-delayed redevelopment project involving the former Malaysian Airline System Bhd HQ along Jalan Sultan Ismail. Purchased back in 2006, it is now on track to completion by 2021 and consist of a 35-storey office block and a 50-storey hotel block.

Tower REIT has also chosen the path of remodelling to bring their assets back in the game; their first move transforming Menara HLA into a co-working and co-living space. In keeping with the rise of co-working trends and

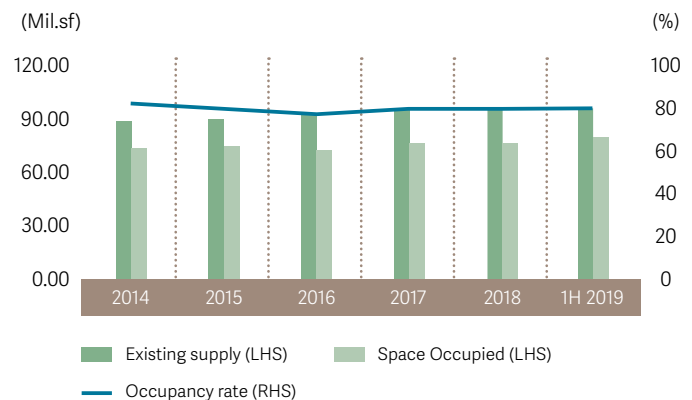
Between 2010 to 2018, Kuala Lumpur's occupancy rate has hovered between 75% to 83%.

the growing millennial work force, Tower REIT saw better opportunities by making Menara HLA more appealing and leasable to shared office service providers and tech-based companies who prefer a more flexible and contemporary work space as oppose to the traditional capital-heavy style.

After much turmoil and political hurdles, the long-awaited and iconic Exchange 106 has finally stood forth at its completion as the current tallest skyscraper in Malaysia and one of the top contenders in South-east Asia. New tenants were expected to occupy the new office tower in December and thus far 20% of the 2.6 million sf of office space has been locked down. Another tower completed is the Menara Prudential and as aptly named, is now occupied by all 5 of Prudential's businesses and bringing more than 2,000 employees under one roof.

Having established itself as the in-thing in the office market, co-working continues to make headlines with bigger expansions and new entrants in Kuala Lumpur's office scene. Some of the new spaces seen to flourish around Malaysia's capital city is Space@Platinum Sentral by IWG, Singapore-based Found8@KL Sentral

Existing Supply & Occupancy Rate of Purpose Built Office in Kuala Lumpur (2014-1H 2019) (Source: JPPH)



and Australia-based Wotso@Mercu Summer Suites. Prior co-working players are also on the move of further growth with Common Ground@MyTown and Colony@Star Boulevard KLCC.

Wider railway networks and better-accredited buildings in well-connected suburban TODs pushes decentralisation more as the way to go in avoiding the congested KL City Centre. With urbanisation spreading further and further away from the main city centre, there is better economies of scale in time savings and cost efficient as well as adhering the newer way of employment that revolves significantly on high mobility and being tech-savvy via a virtual connection.

Selected Upcoming Purpose Built Offices in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Area (NLA/GFA) sf	Completion
HSBC Malaysia @ TRX	568,000	2020
Affin Bank HQ @ TRX	823,439 (GFA)	2020
Lot 91 KLCC	1.2 mil	2020
The Stride @ BBCC	400,000	2020
Merdeka 118 Tower	1.7 mil	2021
The MET Corporate Towers	600,000	2021
UOB Tower 2	N/A	2021
Pavilion Embassy	N/A	2022
Aspire Tower KL Ecocity	650,000	2022
Bangsar 61	N/A	2023
Oxley Tower	225,000	2024
Tradewinds Square	2.5 mil	N/A

HOTEL

As at 1H 2019, there is a total of 41,742 hotel rooms currently in operations in Kuala Lumpur, making up to 226 hotel establishments. Measuring against other states in Malaysia, Kuala Lumpur has the highest room count but not in hotel count, indicating that the hotels are high in density. The hotel sector had experienced a 4.8% growth y-o-y in supply and in the pipeline, an additional 5,517 new rooms are currently in the works to completion. To date, Kuala Lumpur has the biggest number of hotels rated 4 to 5-stars at 61 hotels with well-known luxury brands having made their mark in this city such as Hilton, Pullman, JW Marriott and Four Seasons.

Room rates of 5-star hotels in Kuala Lumpur go at a relatively wide range of RM300 to RM900 per room per night. Hotel brands offering above RM500 and up to RM1,000 are the likes of St. Regis Kuala Lumpur, Four Seasons Kuala Lumpur and Grand Hyatt Kuala Lumpur. 4-stars on the other hand go at a lower RM160 to RM400 per room per night with the upper rates offered by Impiana KLCC and Aloft KL Sentral.

After having undergone a massive redevelopment project costing over RM1.0 billion starting in 2012, the once iconic

Equatorial Hotel along Jalan Sultan Ismail has unveiled itself with a rebranding and complete makeover involving an entire demolition process. Renamed to EQ Kuala Lumpur, the new building now stands 52-storey high and has recently been accredited a 5-star rating from its previous 4.5-star. Room rates offered on average are from RM585 per room per night.

Identifying itself as a lifestyle brand complemented by a European soul and Spanish roots, AC Hotels by Marriott will be entering Malaysia's hotel sector through a master development agreement (MDA) with YTL Corp Bhd. Their first move on this venture is the conversion of 3 YTL's existing hotels into AC Hotels by Marriott – one of them being Vistana Kuala Lumpur Titiwangsa which will be renamed as AC Hotel by Marriott Kuala Lumpur. The new flag is set to fly on 1st December 2019.

An announcement by the Federal Territories Minister had revealed plans of redeveloping the abandoned Hyatt Hotel on Jalan Sultan Ismail with expectations of the original developer, DutaLand Bhd, to take up the task based on the submission of a new application to DBKL in April 2019. Initiated back in 1993, the originally named Duta Grand Hyatt was halted in its construction in July 1998 in the wake of the 1997/98 Asian Financial Crisis. Although several attempts have been made in the past decade or

Selected Upcoming Hotels in Kuala Lumpur

(Source: Rahim & Co Research)

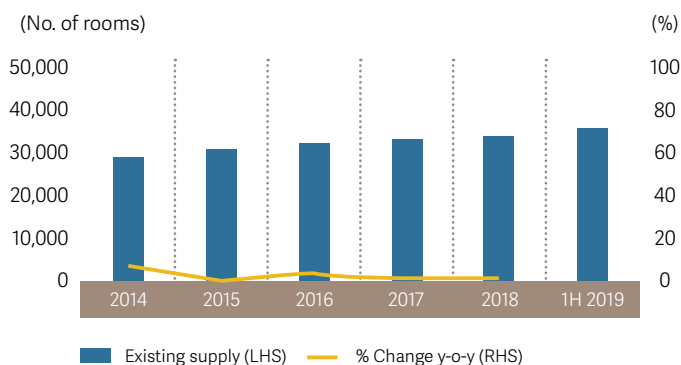
Development	Location	Star Rating	No. of Rooms	Completion
Monopoly Mansion by Sirocco, M101	Bukit Bintang	5	225	2020
Fairmont KL	Jalan Ampang	5	750	2020
Kempinski Hotel	Jalan Conlay	5	260	2021
Park Hyatt @ KL118	Jalan Hang Jebat	5	232	2021
Crowne Plaza Kuala Lumpur City Centre	Jalan Yap Kwan Seng	5	338	2021
Canopy by Hilton	Bukit Bintang	5	456	2021
Courtyard by Marriot	Jalan Klang Lama	4	276	2023
Mercure Kuala Lumpur Trion	Jalan Sungai Besi	4	260	2023
Jumeirah Hotel	Jalan Ampang	5	190	2024
So Sofitel Hotel	KLCC area	5	207	2024



Lake Gardens

Existing Supply of Hotels in Kuala Lumpur (2014-1H 2019)

(Source: JPPH)



so to revive this strategically placed hotel, none pulled through and now expectation is high to ensure this time round to be a success.

The much anticipated Monopoly Mansion Hotel by M101 Holdings Sdn Bhd is set to open its doors in the next year or so and upon its completion, be the world's first of its kind. Rated as a 5-star boutique hotel, the mansion will be housed within M101 Bukit Bintang on Jalan Baba across 14 floors; each floor representing 14 different countries. The hotel offers 310 illustrious rooms featuring a design concept inspired by "The Great Gatsby" and the Roaring 1920's. Monopoly Mansion Kuala Lumpur has also been listed by Lonely Planet in their 'Best New Attractions for Kids in 2019' list published late last year; citing the hotel to be both an attraction for kids as well as nostalgic adults.

Notable Announcements

At a length of 250m, the pedestrian linkway connecting Mid Valley and KL Eco City has been opened to the public and spans across the Klang River and over the Bangsar-Petaling Jaya bypass.

The Saloma Link is expected to be open to the public in 2020 and provides a pedestrian connection between Kampung Baru LRT Station and Jalan Saloma.

Great Eastern Life Assurance (M) Bhd has put Menara Weld office building and The Weld Shopping Centre up for sale after purchasing the assets 16 years ago.

As a historically iconic landmark since 1936, Odeon Cinema will be permanently closed and repurposed into a new mixed development project involving a multi-storey retail and serviced apartments.

Originally planned as a 4.86ha mixed development, Malton Bhd has scaled down their project in Taman Rimba Kiara to 3.24ha and the density of serviced apartment blocks lowered by 50% as a compromise to the TTDI residents' protest of the development jeopardising their 'last green lung'.

SELANGOR

Darul Ehsan



Capital: Shah Alam

Est. Population: 6.53 million

Area (km²): 7,951

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	1,546,764 units	↑ 1.6% y-o-y
Transaction Volume	24,043 units	↑ 5.8% y-o-y
Transaction Value	RM11,684.59 mil.	↑ 11.5% y-o-y

RETAIL

Supply	38.64 mil. sf	↑ 2.8% y-o-y
Occupancy Rate	83.1%	↓ 1.0% y-o-y
Rental	Prime: RM13.00psf – RM30.00psf	

PURPOSE-BUILT OFFICE

Supply	41.27 mil. sf	↑ 5.0% y-o-y
Occupancy Rate	74.6%	↓ 0.8% y-o-y
Rental	Prime: RM2.50psf – RM6.50psf	

HOTEL

Supply	22,415 rooms	↑ 3.5% y-o-y
Average Room Rate	5-star: RM200 – RM640 per night 4-star: RM165 – RM325 per night	

INDUSTRIAL

Supply	40,441 units	↑ 0.8% y-o-y
Transaction Volume	1,078 units	↑ 28.3% y-o-y
Transaction Value	RM3,773.25 mil.	↓ 15.2% y-o-y

RESIDENTIAL

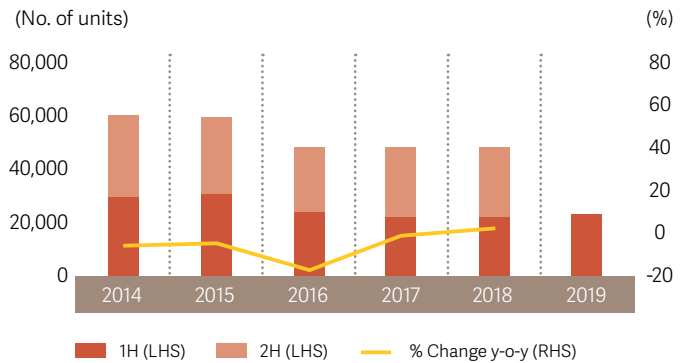
The market activities of 1H 2019 finally showed actual improvements with positive growth by 5.8% in volume and 11.5% in value of transaction – registering 24,043 units transacted at a worth of RM11.7 billion. Market had seemed to bottom out in 2017 to 2018 but it has yet to be seen if this upward turn will carry on to the next periods or will there be further adjusting movements.

Amongst all states in Malaysia, Selangor holds the biggest number of residential properties at about 1.55 million units by 1H 2019 – though for a more accurate number of units intended for dwelling, the inclusion of serviced apartment and SOHO types brings it up to 1.64 million dwelling units. By type, terraced houses and high-rise units (serviced apartments and condominium/apartments) took the top two spot in supply share respectively.

With land scarcity becoming greater of an issue by the year for high urbanized states, Selangor is no exemption as high-rise schemes are frequently seen as the product of choice by developers, more so in cases involving commercially zoned lands where serviced apartments and SOHO would be the only allowable option for the residential component.

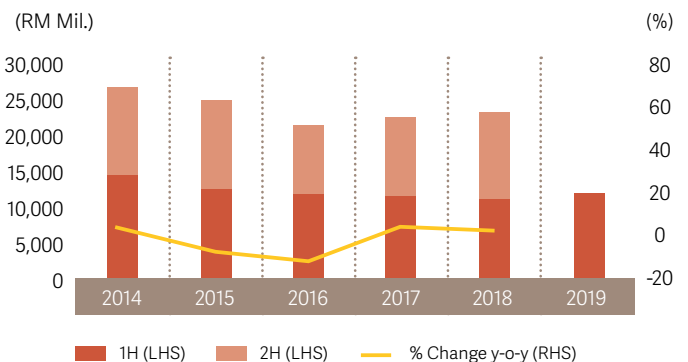
Number of Residential Property Transactions in Selangor (2014- 1H 2019)

(Source: JPPH)



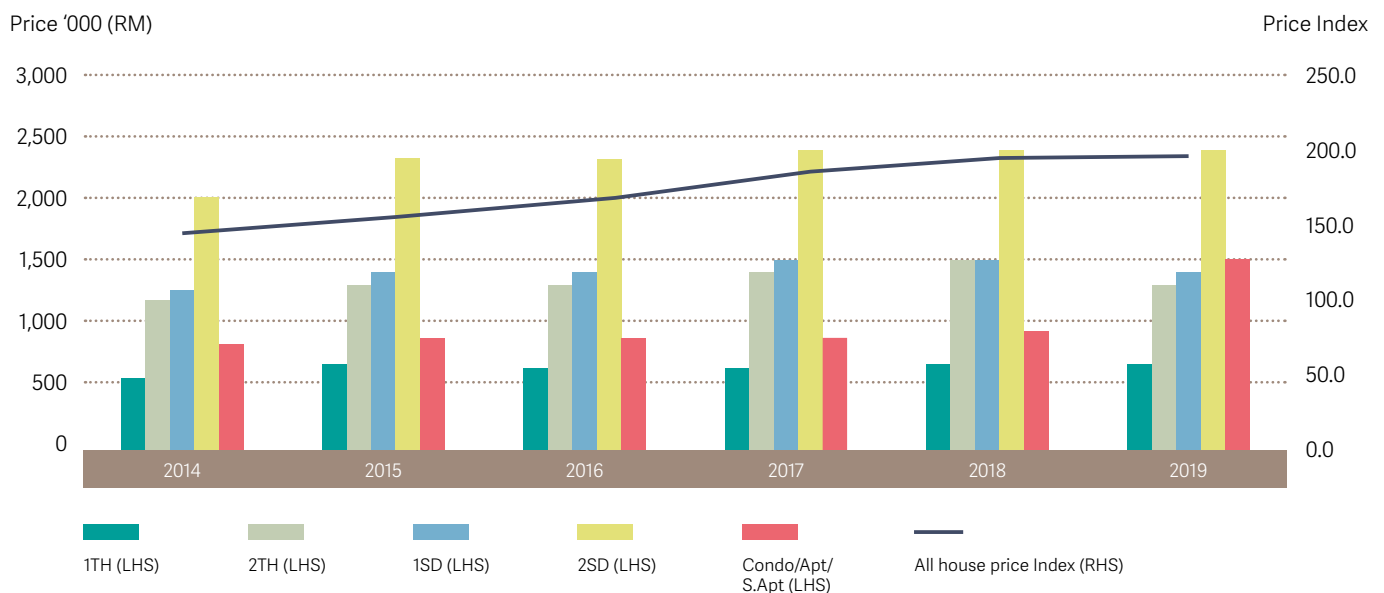
Value of Residential Property Transactions in Selangor (2014-1H 2019)

(Source: JPPH)



Petaling Jaya Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



Looking to the future supply, there are more high-rise units to be expected over landed houses: serviced apartments and condominium/apartments coming in with 84,799 units versus terraced houses at 46,742 units. But as these units are already under construction, concerns and doubts have been expressed of how this new supply will be absorbed against the already present overhang units sitting idle in the market right now.

By mid-2019, there is officially 6,524 dwelling properties readily available in the market with 52% being serviced apartment and condominium/apartment units. With overhang dwelling numbers persistently rising since 2016, it bears thinking on how would the market be for the years to come as (un)affordability remains the topic of debate and solutions are still in the works by both private and public bodies. Price wise, 55% of the overhang dwellings are above the RM500,000 mark – adding more burden to future market absorption.

By locality, more than 3/4 of the 1.64 million existing dwellings are concentrated within the districts of Petaling, Klang, Gombak and Hulu Langat but in view of the upcoming developments, Sepang is gaining tract as the new, alternative area to live in.

2019 prices of selected residential schemes surveyed in Petaling Jaya showed some adjustments from the previous period. The average transacted prices of 1-storey

The residential property market, as at 1H 2019, has finally made a turn around with positive growth in market activities by 7% to 5,289 units transacted.

terraced houses for areas of SS2, SS3, SS4 and SS5 came at RM690,000 while 2-storey units in Bandar Utama and Mutiara Damansara went at RM1.22 million. Not far ahead, 1-storey semi-detached houses were tagged at an average RM1.4 million in Section 3, Section 5 and Section 6. But jumping close to a RM1.0 million higher, 2-storey semi-detached in Damansara Utama, SS21 and SS22 averaged to RM2.23 million after a slight fall from 2018. For selected condominium schemes in Mutiara Damansara and Damansara Perdana, transacted units went at generally RM1.0 million.

Making a comeback after facing lawsuit hurdles since its initial launch in 2012, Dorsett Waterfront Subang by Malaysia Land Properties Sdn Bhd (Mayland) was relaunched in September 2019 as a serviced apartment project with an estimated GDV of more than RM1.0 billion. Jointly developed with Dorsett Hospitality International

Selected Upcoming High Rise Properties in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
V-Residensi 5	Selayang	Serviced Apartment	240	From RM537,800	2020
Zenopy Residences	Seri Kembangan	Serviced Apartment	398	From RM500,000	2020
Lot 15	Subang Jaya	Serviced Apartment	204	From RM593,888	2021
Greenfield Residence	Bandar Sunway	Condominium	816	From RM500,000	2021
The View Residences	Shah Alam	Condominium	315	From RM730,800	2021
Amber Residence	Kota Kemuning	Serviced Apartments	596	From RM400,000	2021
Puchong Horizon (Phase 1)	Puchong	Serviced Apartment	100	From RM376,000	2023

Selected Upcoming Landed Residential Properties in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Setia Eco Park Arun Dina	Setia Alam	2-storey Semi-detached	430	From RM1,450,000	2022
Serene Heights – Dahlia	Bangi	2-storey Terraced	170	From RM585,800	2020
Broadleaf Residence	Kota Kemuning, Shah Alam	3-storey terraced 3-storey bungalow	265	From RM1,900,000	2020
Dremien@Eco Ardence	Setia Alam	2-sty Semi-detached 2-sty Bungalow	259	From RM1.6 mil.	2020
Ayden	Warisan Puteri, Sepang	3-sty Townhouse	344	From RM450,000	2020
Ebonylane@Eco Forest	Semenyih	2-storey Terraced	685	From RM600,000	2020
Bellevue @ Cybersouth	Dengkil	Townhouse	264	From RM430,000	2020
Adina	Setia Alam	2-storey Terraced	117	From RM530,000	2020
Serenia Amani	Serenia City, Sepang	2-storey Terraced	126	From RM540,000	2020
Greenwoods Keranji 2	Salak Perdana, Sepang	2-storey Terraced	204	From RM565,000	2020
Monet Residence	Sunsuria City, Sepang	3-sty Townhouse	360	From RM600,100	2021

Ltd, the project will comprise of 1,989 fully furnished units with built-up sizes of 399 sf to 1,515 sf – although the units offered are primarily below 600 sf. Indicative selling prices are below RM600,000 or at an average of RM1,000 psf.

On a much larger scale, a new township by Gamuda Land that was first launched in September 2018 is making headlines with its progress and positive response from the public. Named Gamuda Cove, it sits on a 1,500-acre leasehold land in the southern part of Klang Valley – specifically in Dengkil – and identifies itself as ‘Nature

Sanctuary, Smart City’. The first phase to be launched was the Palma Sands residential scheme which offers, for the first launch, 198 2-storey link housing units out of the total 490 units planned. All 198 units have been fully booked and from this successful response, the developer has proceeded to open sales for the remaining 292 units. Prices going from RM680,000, Palma Sands is expected to reach completion by 2021 and will be featuring lush landscapes, grand entries and gated-and-guarded security.

RETAIL

Despite worrying opinions of the retail market to be heading towards oversupply – if it's not there yet – performance in occupancy rate has remained above the 80% mark with 1H 2019 recording 83.1% from a slight drop in the previous year. In the past 5 years, occupancy had hovered between 83% and 88%; the highest being in 2015. But regardless of relatively good tenant occupancy, vacant spaces stood at 6.54 million sf and as a whole is notably high on the assumption that an average mall is about



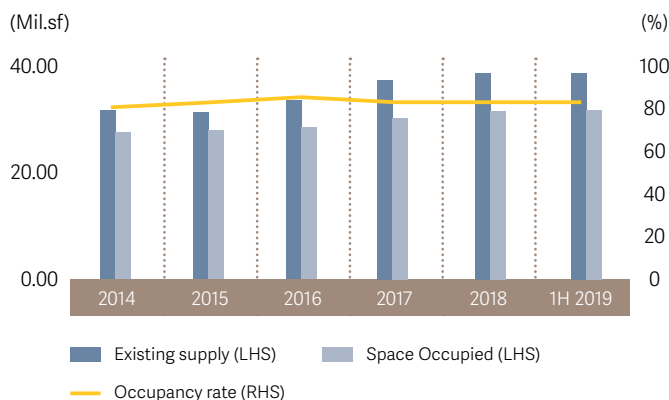
Selected Upcoming Retail Malls in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	Expected Completion
Tropicana Gardens	Kota Damansara	1,000,000	2020
Pier8 @Gravit8	Klang	150,000	2020
The Quayside @TwentyFive 7	Kota Kemuning	300,000	2020
Selayang Star City Mall	Selayang	550,000	N/A

Existing Supply & Occupancy Rate of Retail Spaces in Selangor (2014-1H 2019)

(Source: JPPH)



500,000 sf. This vacant number comes from the total supply at 38.64 million sf for the whole of Selangor, making up to 149 malls currently in the market. On the horizon, the market will be expecting an injection of 4.75 million sf that are in its construction phase.

Fierce competition and passive demand for the retail sector has resulted in closures and resizing happening for several brands in Malaysia. Both Giant and Cold Storage underwent several closures in 2019 with the some of the outlets being Cold Storage at Subang Parade, Giant at Section 18 (Shah Alam) and Giant Paramount. GCH Retail (M) Sdn Bhd, as the operator of both brands, had shared to the media that they were in the process of rebalancing and repurposing its stores due to food retail seeing high competition in recent years. Another well-known brand seen doing the same is Parkson whereby the department store operator had closed down Parkson M Square Mall in Puchong after just 18 months in operation. The reason given was sales being below expectations.

Shopping malls, on the other hand, seem to continue growing with expansions and completions seen within the review period. After opening its new extension dubbed '1 Utama E' back in early 2018, 1 Utama Shopping Centre will be welcoming Malaysia's first Korean themed retail zone in its new wing. Spanning over 80,000 sf, District K as it's called will feature an authentic Korean street experience drive by the pop culture of K-Pop and K-Drama. This new zone is scheduled to be ready by end 2019.

In June 2019, Shah Alam saw the opening of a new landmark named Central i-City shopping centre which boasted a total investment of about RM850 million. Developed through a joint venture between Thai-based Central Pattana Public Company Limited (CPN) and i-City Properties Sdn Bhd, this new shopping centre is the capital state's largest mall by far at 940,000 sf in retail space with a staggering 350 retail stores across six levels. The honour to officiate this momentous event was given to the Sultan of Selangor himself.

Fierce competition and passive demand for the retail sector has resulted in closures and resizing happening for several brands in Malaysia.



Avani Goldcoast Resort, Sepang

PURPOSE-BUILT OFFICE (PBO)

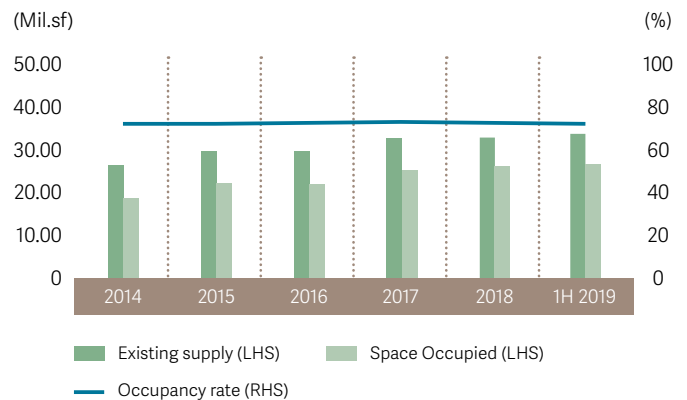
Selangor's existing supply of office space has accumulated to 41.27 million sf in 238 PBOs as at 1H 2019; registering an increase of somewhat 1.97 million from 1H 2018. With this increase, occupancy rate experienced a slight drop to 74.6% from 75.4% in the previous period.

Looking back, Selangor has maintained its position as the state with the lowest occupancy rate amongst others, having not reached above 76% since 2014. This less encouraging scenario is partly attributed to low occupancy rates in areas such as Puchong, Sepang and Subang Jaya; all three at 70% and below. Also to note is Petaling Jaya where almost half of the supply is concentrated at only achieved 72.6% overall occupancy rate – lending even more weight to Selangor's low numbers.

Mutiara Damansara saw the completion of KYM Tower, a Grade A office standing 24-storey tall and designed to be compliant with MSC status and Green Building Index (GBI) Gold standards. Offering a total NLA space of about

Existing Supply & Occupancy Rate of Purpose Built Office in Selangor (2014-1H 2019)

(Source: JPPH)



180,000 sf, the office building is connected to the Mutiara Damansara MRT Station through an elevated link bridge as well as to the Curve Shopping Mall, IPC Shopping Centre and IKEA Damansara. In taking advantage of its strategic connection, Colony Space Asia made their Selangor debut in KYM Tower with Colony@Mutiara Damansara which spans 19,700 sf across 2 floors. Further evidence to companies embracing the co-working scene is the movement of Mamee-Double Decker's HQ office and Carsome (Southeast Asia's largest online used-car auction platform) into Colony's co-working space.

Symphony Square was another office tower completed within the review period with 17 of its floors dedicated to office spaces and the lower 3 floors to retail spaces. Similar to KYM Tower, Symphony Square is designed to MSC and GBI standards and features a private drop-off on level 4 and a green podium on the roof top.

In the pipeline, 2 projects currently under construction and on track for completion is the HCK Tower@Empire City Damansara and Atwater@Section 13. HCK Tower is expected to finish its works by next year and is situated in Zone 5 of Mammoth Empire Holdings's (MEH) mega development. Atwater by Paramount Corp Bhd is a mixed development in Section 13 of Petaling Jaya and part of its components are two office towers that are open to enbloc deals. There are a total of 72 office units with a selling price of RM900 psf. And following the trend of incorporating co-working provider(s) in one's office tower, Atwater too is looking to pull in Paramount's own co-working service provider, Co-Labs.

HOTEL

As at 1H 2019, Selangor's supply of hotel rooms in the sector came to 22,415 rooms, making up 169 hotel establishments of various ratings. From 1H 2018, a growth of 3.5% was registered and to date, 32 hotels are rated 4 and 5-stars. Set to enter the market in the next few years, another 1,843 new hotel rooms are already underway and in their construction phase.

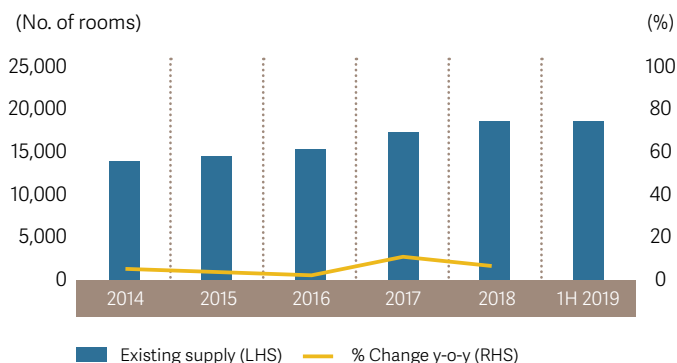
Room rates of selected 5-star hotels in Selangor were within the range of RM200 (Grand Bluewave Hotel Shah Alam) to RM640 (Le Meridien Putrajaya) per room per night whilst selected 4-star hotels were charging RM165 (Concorde Shah Alam) to RM325 (Movenpick KLIA) per room per night.

2020 will be seeing the debut of Wyndham Hotels & Resorts' flagship Wyndham brand in Malaysia with the opening of Wyndham Acmar Klang in April. Rated at 5-stars, this flagship brand will be the first international upscale hotel in Bandar Baru Klang is owned and developed by Acmar International Group. Offering a total of 488 guestrooms, opening rates start from RM208.

Following the opening of its retail component, Central i-City, is the anticipated opening of the 4-star rated DoubleTree by Hilton@i-City in 2021. The hotel will be part of the iconic element of the entire i-City development, a 68-storey office-cum-hotel tower, and is positioned from level 51 to 68. The tower is envisaged to be Shah Alam's, and possibly Selangor's, tallest building at its completion. Claimed to be Selangor's own 'golden

Existing Supply of Hotels in Selangor (2014-1H 2019)

(Source: JPPH)



triangle', i-City already has the 3-star Best Western i-City Hotel in operations since 2013 and with the completion of DoubleTree by Hilton, marks i-City's second hotel brand within its development.

INDUSTRIAL

Of the 14 states, Selangor holds the highest number of industrial property units and has been so for long as the pioneer industrial hub of Malaysia; other catalysts for it being Port Klang and the MASkargo hub. As at 1H 2019, supply stood at 40,441 units and more than a third are concentrated within Petaling district. This is due to Petaling having several industrial areas under it such as Shah Alam, Puchong, Sungai Buloh and Kota Damansara. Districts following after are Klang and Hulu Langat. By property type, 70% are terraced units.

In the near future, 1,069 industrial units are well on its way into the market and primarily terraced, semi-detached and detached types. To add context, overhang statistics for the sector is relatively low at only 35 units of which all are semi-detaches priced above RM1.0 million.

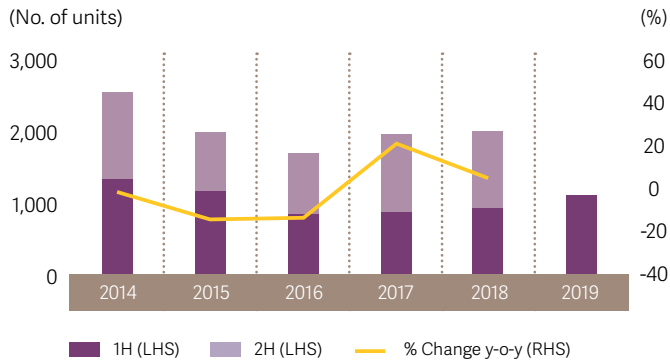
On a first-half yearly basis, market activities have continued to improve since its lowest point in 1H 2017 at 723 transacted units. By 1H 2019, transaction volume has gone up to 1,078 units worth RM3.77 billion.

Of the notable projects coming into the market, Area Management Sdn Bhd has come forth with 2 projects revolving around the realm of manufacturing and logistics as their move to tapping the business opportunities from current multinational companies and local industrial players. Expecting its completion and operation anytime soon, Area Logistics@Ampang is an inner-city mega distribution hub on a 7.15ha site. Impossible to be missed by road users on the MRR2, the huge structure offers a total 1.5 million sf in warehouse space and has been purpose-built to serve the inner-city logistics and e-commerce supply chain networks.

Another project by Area Management is the RM4.0 billion premium logistics and manufacturing hub on an 85.79ha site in Kota Seri Langat Banting. Named the COMPASS@Kota Seri Langat, the project offers built-to-suit warehouses and manufacturing facilities with

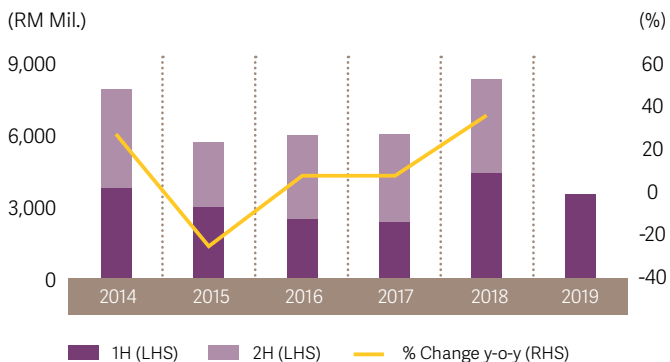
Number of Industrial Property Transactions in Selangor (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Selangor (2014-1H 2019)

(Source: JPPH)



sizes ranging from 200,000 sf to 1.0 million sf. With a 5-year construction period, the COMPASS is set to be Selangor's first gated & guarded, fully integrated, and serviced industrial and logistics park and is part of PNB Development's Kota Seri Langat township – a mixed development involving residential, commercial and industrial components.

Sime Darby is another major developer on the move to further grow its industrial footprints in Selangor with 2 selected projects: Elmina Business Park@City of Elmina and Bandar Bukit Raja Industrial Gateway. The City of Elmina is expanded by another 1,500 acres designated as an industrial precinct called Elmina Business Park. This adds on the work element to the pre-existing residential element of City of Elmina. Out of the 4 development phases, the first phase that is already under construction will be offering 89 industrial plots, 121 open-market factories and 93 low-cost factories.

Of the 14 states, Selangor holds the highest number of industrial property units and has been so for long as the pioneer industrial hub of Malaysia.

For the Bandar Bukit Raja Industrial Gateway, Sime Darby Property Bhd has joined in partnership with Japan's Mitsui & Co Ltd and Mitsubishi Estate Co Ltd to develop and lease built-to-suit industrial facilities as part of their own Bandar Bukit Raja township in Klang. Two tenants that have signed on as mentioned in the media are Leschaco (M) Sdn Bhd and SenHeng Electric (KL) Sdn Bhd.

Notable Announcements

6 parcels of land in Bandar Damansara Perdana totalling up to 61 acres under Mammoth Empire Holdings Sdn Bhd was sold to Exsim Development Sdn Bhd for RM760 million in 1Q 2019 – the land parcels were originally earmarked for Empire City Damansara 2 (ECD2).

IHH Healthcare Bhd will be completing their purchase of Prince Court Medical Centre Sdn Bhd (PCMC) from Khazanah Nasional Bhd for RM1.02 billion in 1Q 2020 barring unforeseen complications.

The Duta-Ulu Kelang Expressway's (DUKE) Jalan Ipoh loop exit and entry ramps have been opened to public, benefitting surrounding road users with a direct access to DUKE.

After being stalled for cost revision, LRT3 has resumed construction and the new completion target to be by February 2024. The rail line will be connecting Bandar Utama and Johan Setia, Klang with 25 stations set along the alignment for now.

In September, the Gamuda Cove Interchange was opened for public use and provides direct access to the township from the North-South Expressway Central Link (ELITE) Highway after a 2-year construction period.

NEGERI SEMBILAN

Darul Khusus



Capital: Seremban

Est. Population: 1.13 million

Area (km²): 6,656

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	273,910 units	↑ 2.8% y-o-y
Transaction Volume	6,147 units	↑ 4.8% y-o-y
Transaction Value	RM1,742.46 mil.	↑ 4.6% y-o-y

RETAIL

Supply	6.25 mil. sf	↑ 6.8% y-o-y
Occupancy Rate	72.2%	↓ 0.6% y-o-y
Rental	Prime: RM12.00psf – RM42.00psf	

PURPOSE-BUILT OFFICE

Supply	3.56 mil. sf	↑ 8.1% y-o-y
Occupancy Rate	89.8%	↓ 2.8% y-o-y
Rental	Prime: RM1.00psf – RM4.00psf	

SHOP OFFICE

Supply	25,293 units	↑ 6.4% y-o-y
Transaction Volume	365 units	↑ 15.5% y-o-y
Transaction Value	RM245.97 mil.	↑ 43.4% y-o-y

HOTEL

Supply	10,024 rooms	↑ 7.1% y-o-y
Average Room Rate	5-star: RM353 – RM680 per night 4-star: RM240 – RM394 per night	

INDUSTRIAL

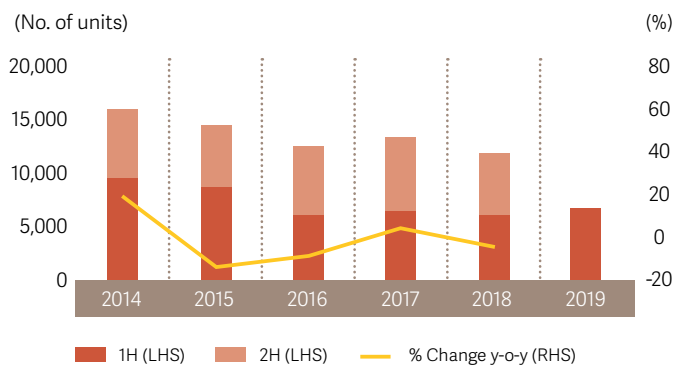
Supply	5,516 units	↑ 0.2% y-o-y
Transaction Volume	240 units	↑ 69.0% y-o-y
Transaction Value	RM305.56 mil.	↓ 18.6% y-o-y

RESIDENTIAL

Looking at Negeri Sembilan's existing supply, 1H 2019 recorded 273,910 residential units from a growth of 2.8% from 1H 2018. Of this total number, 68.4% are mainly located in areas of Seremban district where terraced houses remain predominantly the preferred type of houses for the locals of Negeri Sembilan. This is evidenced by not only its 57.2% contribution to existing supply, but also that 68.8% of 21,767 incoming units and 97.7% of 431 new launches units are terraced houses. The popularity in both supply and demand can be attributed to the wider availability of suitable land bank at lower prices.

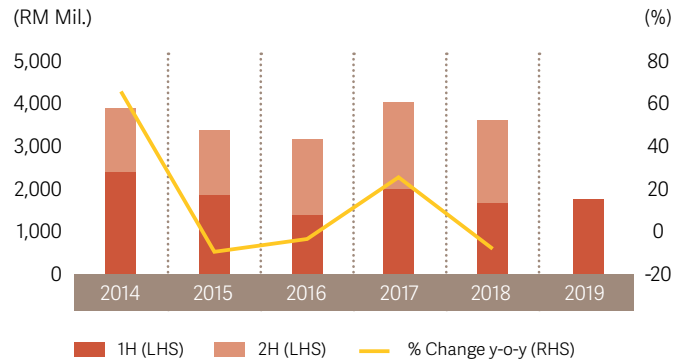
Number of Residential Property Transactions in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



Value of Residential Property Transactions in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)

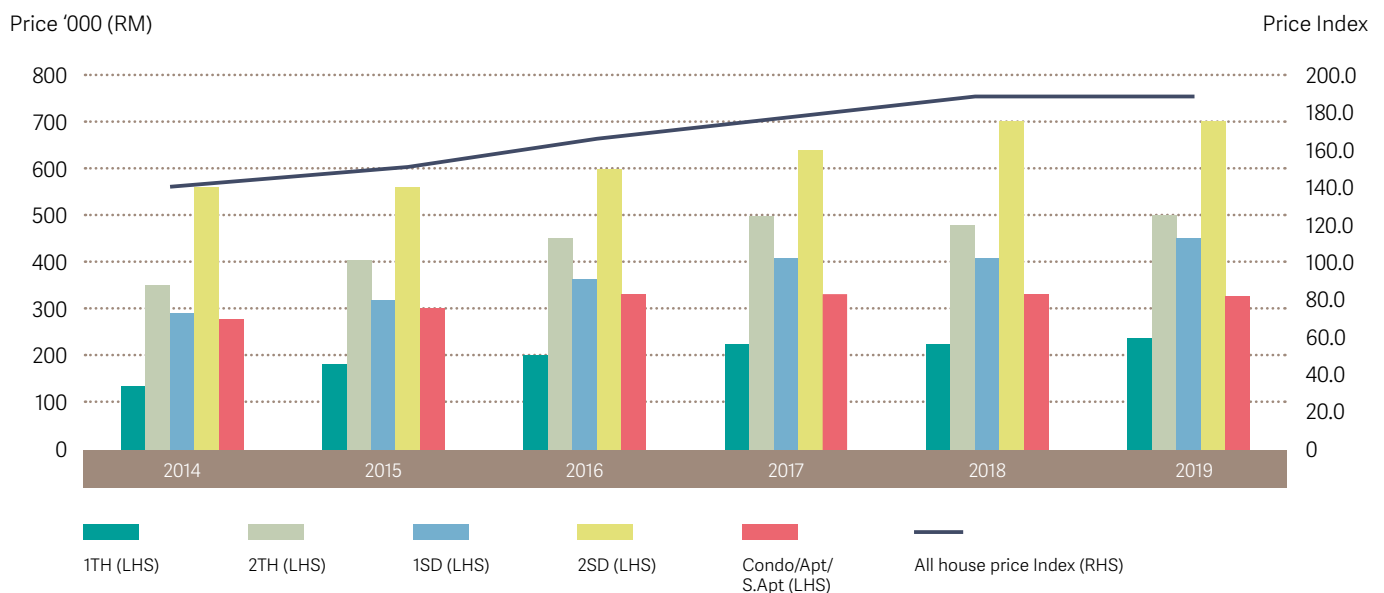


Even though landed houses remain the most popular type, the number of existing high-rise houses such as condominium/apartment and serviced apartment is encouraging and slowly growing from 24,622 units in 1H 2018 to 27,426 units in 1H 2019. Of this number, 64.2% are mainly located in areas of Seremban district and condominium/apartment type formed the majority, at 53.2%.

As an alternate option for a place to live in and within daily commute distance, Negeri Sembilan offers a lesser dense urban living at a lower cost in comparison to the main cities of Klang Valley. For buyers seeking bigger units at not-so-heart-stopping prices, Negeri Sembilan is the place to look at.

Seremban Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



Residential market activities see positive growth this time around with previous fluctuating movements; coming to 1H2019 with 4.8% in volume to 6,147 units and 4.6% in value to RM1.74 billion. Of the preferred landed-houses, demand for terraced houses remains strong by constituting 58.6% of residential transactions. Seremban came up as the most active district with a 67.3% transaction share. Based on price bracket, housing units of the affordable range at below RM300,000 formed 64.8% the total number, demonstrating buyer's financial level to be in favour of lower priced units. Despite that, residential units priced RM400,000 to RM500,000 saw a significant increase of 47.5% in the number of transactions from 415 units to 612 units.

In the current market, prices are generally seen to be adjusting based on the transaction records within the review period. Selected schemes of 1-storey terraced houses like Garden Home Seremban 2, Taman Nusari Bayu and Bandar Seremban 3 are on average between RM RM230,000 to RM300,000. 2-storey terraced housing schemes such as Taman Bukit Galena and Taman Megah and are between RM380,000 to RM500,000. For the same schemes, rental rates of 1-storey terraced units go between RM750 to RM850 per month and 2-storey terraced units at a higher RM1,000 RM1,350 per month.

Development trend of high-rise residential in Negeri Sembilan is observed to be heading towards Seremban 2 and the Nilai areas. In transacted prices, the Permata Villa condominium went at RM325,000 and rental rates going at RM1,300 to RM1,500 per month. In Nilai, selected schemes like Anggerik Court Apartment and Taman Bucida Hijauan are on average between RM250,000 to RM280,000.

Adding on, there are 3,825 incoming units of condominium/apartment and 906 incoming units of serviced apartment to the current market supply of high-rise developments in Negeri Sembilan. These developments include the 30.65 acres Dwi@Rimbun Kasia by joint-venture of Ireka Corp Bhd and Hankyu Hanshin Properties Corp and first phase of the 50-acre Youth City by GD Holdings Group. Both projects will be located in Nilai.

Rapid developments entered the market, especially in districts like Seremban, Seremban 2, Sendayan, Senawang and Mantin. During the review period, a number of new projects were announced and set to commence. Malayan United Industries (MUI) had launched their new township named Bandar Springhill in Port Dickson and Phase 1 is a 2-storey terraced scheme named Amarilis. Phase 2 is scheduled to follow in 2020 with two more schemes: Viola and Celosia.

In June of 2019, Menteri Besar Negeri Sembilan Incorporation (MBNSI) announced their partnership with Damansara Realty Bhd to develop a RM771 million mixed development in Bandar Sri Sendayan. Phase 1 is expected to commence January 2020 and comprises of shop lots, commercial podiums and residential units.

Amidst concerns and discussions of the overhang situation in mainstream media, Negeri Sembilan pulled through with low numbers recorded, placing them at 9th out of 14 states. As at 1H 2019, the state registered a total overhang residential count of 1,037 units worth RM613.6 million. Concentrated mainly within the district of Seremban, 2-3-storey terraced units contributed the biggest portion by half.

Selected Upcoming Residential Properties in Negeri Sembilan

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Sena Parc	Senawang	2-sty Semi Detached	533	From RM500,000	2020
Pastura 2 @ Iringan Bayu	Seremban	2-sty Terraced	221	From RM390,000	2020
Pristine 2	Nilai	2-sty Terraced	48	From RM483,100	2020
Youth City	Nilai	Serviced Apartment	570	From RM200,000	2021
Rimbun Ara	Seremban 2	2-sty Terraced	105	From RM586,800	2021
Dwi @ Rimbun Kasia	Nilai	Apartments	382	From RM297,480	2021
Taman Warisan Villa	Nilai	2-sty Terraced	46	From RM418,000	2021
Taman Mawar Ehsan	Rembau	2-sty Terraced	238	From RM360,000	2022



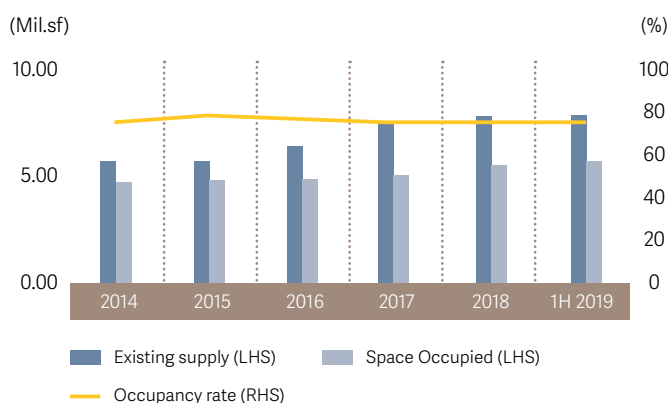
RETAIL

In Negeri Sembilan, two new retail malls opened its doors to the public during the review period, bringing total retail space to 6.3 million sf – an increase of 6.8% from 1H 2018. However, there was a slight decrement in occupancy rate, from 73% in 1H 2018 to 72%. Seremban retained its ranking as the district with the highest retail space concentration; 57% of total supply. Putra Nilai came next with 16% at almost 1.0 million sf.

In the pipeline, 4 retail malls have been recorded as future supply with 1 currently under construction. Should these new incoming spaces enter the market as scheduled, competition will be fierce in occupancy and a greater challenge to retain profitable rental yields.

Existing Supply & Occupancy Rate of Retail Spaces in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



The two newly-completed retail malls mentioned earlier are AEON Mall Nilai in Putra Nilai and Econsave in Mantin, Seremban. Bringing in a total area of 1.2 million sf, AEON Mall Nilai is, at the time of writing, the biggest AEON Mall in Malaysia. Some of the well-known brand stores available for shoppers are Puma, Nike, Pandora and Levis.

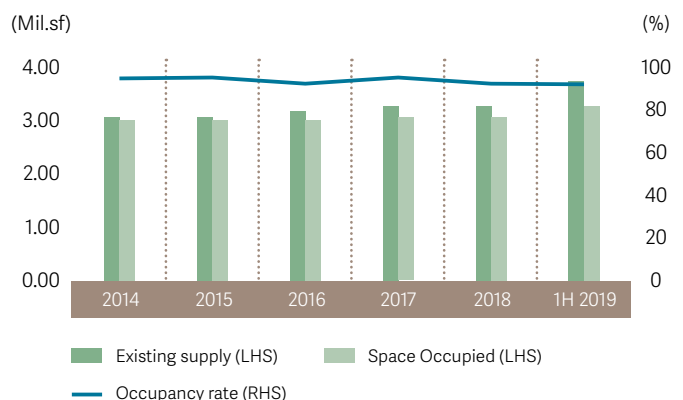
Rental rates within the review period remain stable for the larger number of malls in Negeri Sembilan. When differentiating malls of the higher end rates from the lower ones, often times they are perceived based on presence established and level of consumer traffic. For instance, Giant Hypermarket Senawang is capable of commanding the highest monthly rental range of between RM18.00 to RM42.00 psf pm. Just a few steps behind is AEON Shopping Centre Seremban 2, going at a slightly lower range of RM12.00 to RM40.00 psf pm for its ground floor spaces. The newly-opened AEON Mall Nilai established themselves to be at the RM15.00 to RM33.00 psf pm range.

PURPOSE-BUILT OFFICE (PBO)

Purpose-built office spaces in Negeri Sembilan have been steadily maintaining its healthy occupancy rate of above 90% and as at 1H 2019, had only experienced a small drop of 3% from 1H 2018. This drop can be credited to the addition of about 266,000 sf into the market. By end of review period, Negeri Sembilan's PBO market stood at 3.6 million sf or 106 office buildings. As expected of the state capital, 60% of that space is located in Seremban.

Existing Supply & Occupancy Rate of Purpose Built Office in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)





In the pipeline, 102,117 sf are currently under construction and will further add on to Seremban's PBO supply count. From observing the effect new supply had on the occupancy rate for the review period, the market may see a further drop in occupancy rate if demand falls short to the growing supply.

Rental rates remained stable within the review period, particularly for buildings in close proximity to the city centre. Rentals in central town prime area hover between RM1.80 to RM4.00psf pm. The highest rental commanded is by Arab Malaysian Business Centre at RM4.30psf pm. For buildings in suburban prime area, rates go at a lower RM1.00psf to RM2.50psf. Such office buildings are Bangunan Akhma, Plaza Seremban and Bangunan Tabung Haji Kuala Pilah.

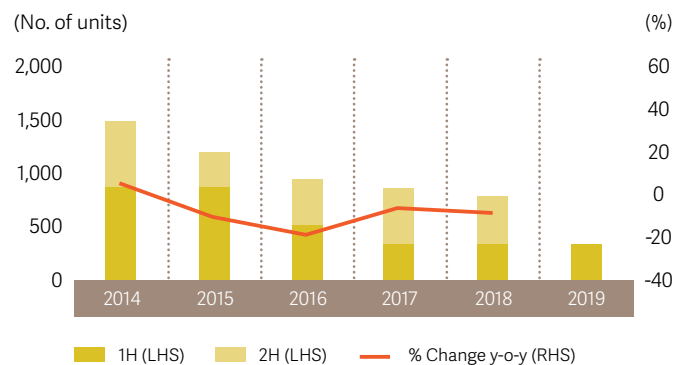
SHOP OFFICE

As at 1H 2019, Negeri Sembilan's existing supply count is at 25,293 shop office units and slightly above half are 2-2½ storey type. In locality, two-thirds of the supply are concentrated within Seremban district. Soon expected to hit the market is another 1,840 units already under construction.

Transaction activities improved in both volume and value, bringing 1H 2019's position up to 365 units transacted at a total value of RM246 million. The transactions are primarily of 2-2½ storey shop offices in Seremban district but numbers for pre-war shop offices show a spike of six times the increase to 15 units from only 2 units the previous year.

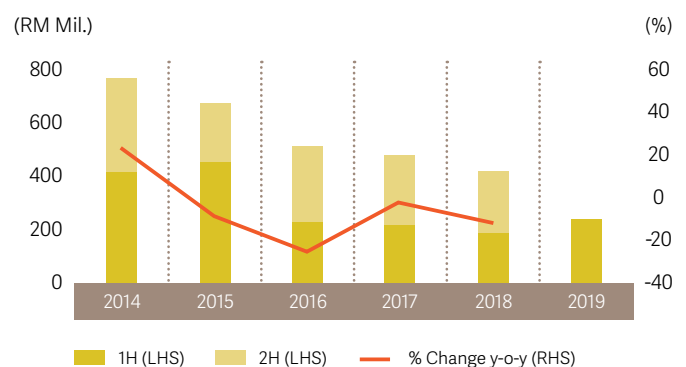
Number of Shop Office Property Transactions in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



Prices and rentals of shop offices remained stable during the review period and transacted units were mainly within the price bracket of RM500,000 to RM1.4 million. Price tags that went beyond the RM1.0 million are the 2-storey units in The Plazo@S2 and Centrio@Seremban 2. On a much lower price point, 2-storey shop offices in Nilai Square, Seremban went for RM500,000 whilst 3-storey shop offices in Bandar Baru Nilai and Oakland Commercial Centre went RM425,000 to RM600,000. Rental rates of ground floor units in Sendayan Metropark and Biz Avenue Seremban 2 came around to RM2,400 and RM3,500 per month respectively. A slightly higher rate went for Senawang Commercial Park at RM3,800 per month.

Overhang numbers have encouragingly decreased by 17% to 396 units worth RM214.5 million – almost half of it located in Tampin district alone. 59% are priced between RM400,000 to RM700,000 and 2-2½ storey shop office units contributed the biggest portion in type.

HOTEL

In effort to promote Negeri Sembilan as a tourist destination, the state government had executed several events and intends to continue doing so to improve number of tourist arrivals. According to Tourism Malaysia statistics, 2018 numbers show Negeri Sembilan to have received 6.1 million domestic tourists.

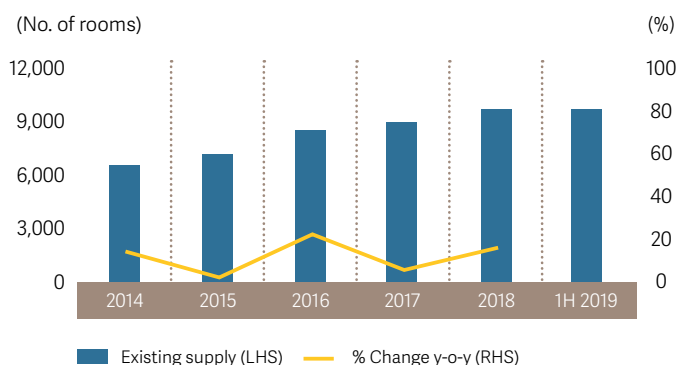
In correspondence to this, hotel room supply as at 1H 2019 comes to 10,024 rooms of 142 hotels. The increase is due to completion of one new hotel offering 667 additional rooms to the market. A good portion of the hotels are positioned in city and town areas whereas about 26 are located along the beaches of Port Dickson. In the pipeline, 5 hotels containing a total of 1,498 rooms are already in construction with different star ratings.

Of the pre-existing hotels, 22 are rated 3 to 5-stars with the highest rating going at rooms rate of between RM353 to RM680 per room per night. These high-end hotels are the likes of Avillion Port Dickson, Grand Lexis Port Dickson, Lexis Hibiscus Port Dickson and Thistle Port Dickson Resort. Rooms of 4-star rating such as Avillion Admiral Cove, Corus Paradise Resort Port Dickson and Lexis Port Dickson went at a lower RM240 to RM394 per room per night.

In July 2019, Kuala Lumpur Metro Group had entered into a joint venture with Menteri Besar Inc Negeri Sembilan to develop their latest iconic project, Lexis Hibiscus 2.

Existing Supply of Hotels in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



Scheduled to open in 2024, this 5-star luxury resort has an estimated GDV of RM500 million and will feature 582 water villas and 178 sky pool villas. Similar to the pre-existing Lexis Hibiscus, each villa will come with its own private dip pool for exclusivity and privacy and will feature a sunken aquarium with a built-in restaurant and a musical fountain.

INDUSTRIAL

The existing supply of industrial units in Negeri Sembilan as at 1H 2019 stood at 5,516 units, showing minimal increase of 0.2% y-o-y. 67% of the supply are terraced factories followed by semi-detached types at 15%. By district, Seremban alone accounted for 81% of the state's total existing supply. This concentration of industrial units within the major district is due to the connectivity to major roads and expressways including the North-South Expressway Central Link (Elite) Highway and the Seremban-Port Dickson Highway.

Market activities of the industrial sector took a solid upward turn after having steadily dropped since 2015, coming back up by 69% to 240 transacted units worth RM305 million but value had a relative drop of 18.6%. With Malaysia Vision Valley 2.0 now in motion with the first project focusing on high technology industries, there is potential for the sector to grow bigger and position Negeri Sembilan as the next high-tech industrial hub.

Following Seremban having the highest count of industrial unit count, it also has the most transaction activities amongst the districts at 144 units. Other areas after are Rembau and Jempol. According to property types, more than half of the bulk are vacant plots and terraced factories/warehouses coming in second. Prices of transactions below RM300,000 are accredited to vacant plots.

On locality, 1-storey terraced factories in Kawasan Perusahaan Nilai 3 went between RM240,000 to RM400,000 with lot size at 1,815 sf. On a slightly higher price point, 1½-storey terraced factories in Green Technology Park @Seremban 2 were transacted for RM520,000 with a bigger lot size of 3,035 sf.

The industrial overhang stock has improved by 14% to 64 units worth RM42.81 million, a reduction from 74 units in 1H 2018. 81% of them are coming from Jempol alone and are predominantly terraced factories priced between RM500,000 to RM800,000.

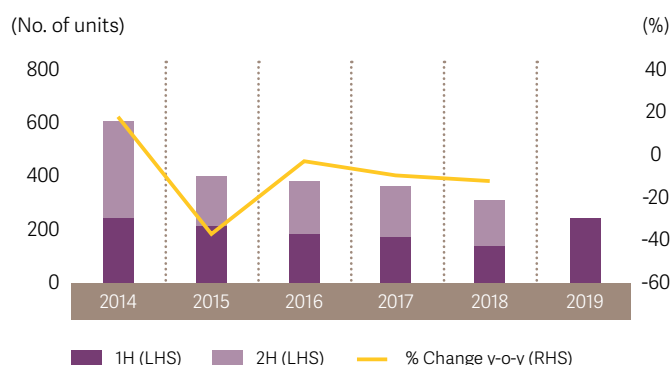
The Malaysian Investment Development Authority (MIDA) had released their report stating that investments in Negeri Sembilan surged up by 103% to RM2.86 billion in 2018 versus RM1.41 billion in 2017. The launch of Malaysia Vision Valley 2.0 in December 2018 is expected to attract another RM294 billions of investments in the next 30 years, further complemented by the business -friendly policies implemented by state government. As a mega industrial project, it will span over a 30-year development period covering 10,927ha with 6 projects identified including a high-technology industrial park (1,135 hectares), an integrated transportation terminal and downtown transit-oriented development (3,518 hectares) and a specialised and integrated logistics services (1,240 hectares).

Ajinomoto (Malaysia) Bhd (AMB) had announced their plans to invest RM355 million in building a new plant, including its corporate office, on a plot of land located in Techpark@Enstek, Seremban. Construction commenced in October this year and scheduled for completion by March 2022. Another new plant in the making is a RM5.0 billion electric smart manufacturing plant by Elenvi Otomotif Sdn Bhd via a partnership with a local investor and will be located in Enstek Industrial Park.

Nestle (Malaysia) Bhd is set to break records by investing RM100 million to expand the pre-existing Milo factory in Chembong – making it the biggest Milo factory in the world.

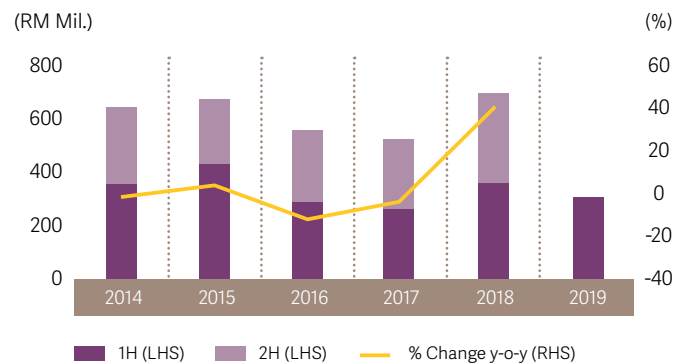
Number of Industrial Property Transactions in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Negeri Sembilan (2014-1H 2019)

(Source: JPPH)



Following the Industrial Revolution 4.0 movement and the digitalization of the sector, ehang Intelligent Equipment Guangzhou (eHang) has chosen Malaysia as the hub for artificial drone installation with artificial intelligence (AI) to the ASEAN market. They begin with the opening drone assembly facility in Kuala Linggi in 2020. Furthermore, the state government will develop a 2,025-hectare integrated agricultural pioneer project in Jelebu to be known as Negeri Sembilan Industrial Agriculture 4.0 with its first phase starting in the first quarter of 2020.

Notable Announcements

As part of the state administration's initiative to promote renewable energy, a RM900 million solar energy facility will be built in Negeri Sembilan.

A study has been proposed to build a multi-storey car park at the Sungai Gadut KTM commuter station in Senawang.

The abandoned housing project issue in Taman Perpaduan Heights will soon be resolved after being left idle for 13 years.

As an update to the resumed East Coast Rail Link (ECRL) project. As of September 2019, progress up to 11% completed and Nilai has been selected as one of the three stations in Negeri Sembilan; the other 2 being Kuala Klawang and Jelebu.

The Gemas-Johor Bahru electric double-tracking rail project is reportedly ahead of schedule and completion forecasted by October 2021.

Melaka
Johor

SOUTHERN REGION

Rawa Island, Johor

MELAKA



Capital: Bandar Melaka

Est. Population: 0.93 million

Area (km²): 1,720

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	193,977 units	↑ 2.9% y-o-y
Transaction Volume	5,061 units	↑ 19.3% y-o-y
Transaction Value	RM1357.49 mil.	↑ 31.8% y-o-y

RETAIL

Supply	6.42 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	70.2%	↔ 0.0% y-o-y
Rental	Prime: RM3.00psf – RM36.00psf	

PURPOSE-BUILT OFFICE

Supply	4.33 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	81.6%	↑ 0.1% y-o-y
Rental	Prime: RM1.50psf – RM4.60psf	

SHOP OFFICE

Supply	20,551 units	↑ 2.4% y-o-y
Transaction Volume	344 units	↑ 37.6% y-o-y
Transaction Value	RM223.54 mil.	↑ 85.3% y-o-y

HOTEL

Supply	17,032 rooms	↑ 5.3% y-o-y
Average Room Rate	5-star: RM250 – RM860 per night 4-star: RM240 – RM425 per night	

INDUSTRIAL

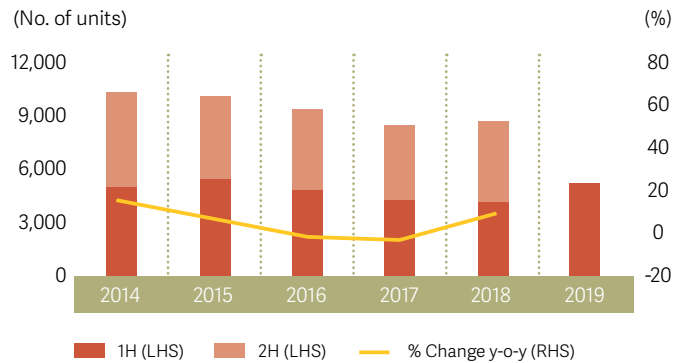
Supply	7,104 units	↑ 3.4% y-o-y
Transaction Volume	158 units	↓ 4.2% y-o-y
Transaction Value	RM149.67 mil.	↑ 10.1% y-o-y

RESIDENTIAL

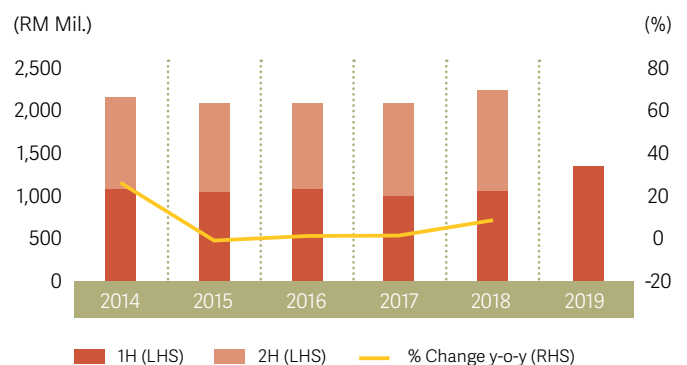
The residential sector of Melaka continues its recovery pace with an even stronger growth of 19.3% in transaction volume and 31.8% in transaction value – bringing 1H 2019 to 5,061 units transacted at RM1.36 billion. Market demand remained centred on landed houses compared to non-landed houses, accounting for 86% of total residential transaction. The Home Ownership Campaign (HOC) was of help to boosting residential activities with a score of 1,700 units of various types of homes worth RM713 million sold in Melaka from January to October this year.

Of the preferred landed types, the highest transacted type is 1-storey terraced houses priced between RM100,000 to RM300,000, followed by 2 to 3-storey terraced houses priced between RM300,000 to RM500,000. On the demand for high rise units – which consists of condominiums/ apartment and serviced apartments – close to half are seen to be within the RM400,000 to RM1.0 million price range as evidenced by residential transaction statistics. Market was still focusing on Melaka Tengah district as showed by its 61% contribution to total transactions. Jasin and Alor Gajah each accounted for 24% and 15% respectively. All districts, except for Alor Gajah, recorded improvement in activity compared to 1H 2018.

Number of Residential Property Transactions in Melaka (2014-1H 2019)
(Source: JPPH)

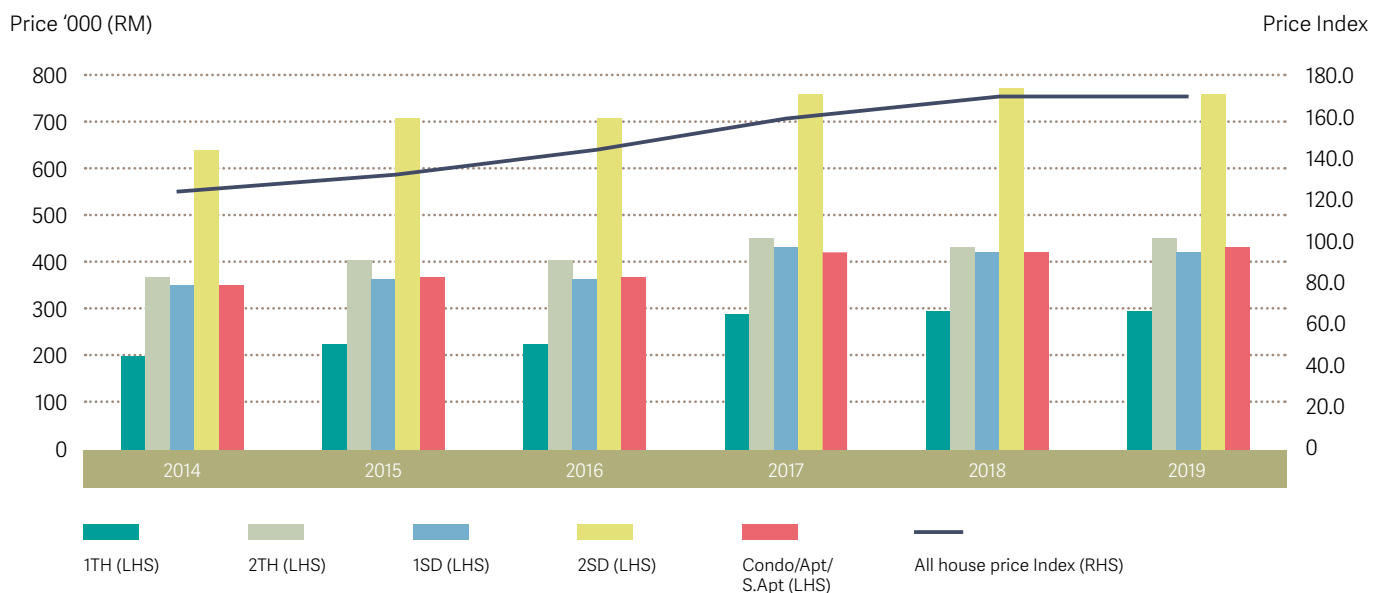


Value of Residential Property Transactions in Melaka (2014-1H 2019)
(Source: JPPH)



Melaka Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



During the review period, there were a total of 193,977 existing residential units for the whole of Melaka, registering a growth of 2.9% y-o-y. As the preferred type based on transaction patterns, 1-storey terraced house dominated the supply at 68,794 units and by locality, the supply of houses are most concentrated within Melaka Tengah at 132,933 units. Number of newly completed units just entering the market had increased significantly by 99% from 430 houses to 858 houses.

High-rise units as a type of dwelling is gaining popularity amongst developers as seen by the upcoming numbers. While the previous review period had 1-storey terraced units leading the incoming supply, 1H 2019 revealed condominium/apartment units to have overtaken and now in the lead with 5,008 units out of 18,762 units. Though not considered as a residential unit by official statistics due to its commercial nature, supply of serviced apartments in Melaka has increased further grown to 4,777 units, registering a growth of 25.4% y-o-y. Another 6,101 units are expected to hit the market soon and already under construction. But there is concern for the high-rise segment as a notable number of auction cases for newly completed scheme occurred at prices that are 30-50% lower than the developer's selling price. As a preventive measure, a reliable control mechanism is needed to avoid aggravating the overhang situation.

2019's house prices show a mix of price movements, indicating the market to be in its adjustment phase. On average, prices for 1-storey terraced houses in Melaka

town centre such as Taman Hilir, Taman Kerjasama and Taman Tanjong Minyak Perdana went between RM260,000 and RM360,000. Rentals hovered between RM1,000 to RM1,500 per month, showing some improvement y-o-y. 2-storey terraced housing schemes such as Taman Malim Jaya and Taman Merbok were transacted between RM350,000 to RM480,000 and rentals per month hovered between RM1,200 to RM2,300 per month.

In tackling the unaffordability issue, state government remain committed to build more houses under the Affordable Housing Scheme (RMM). In September this year, a joint-venture agreement between Melaka Housing Board and housing developer Home Spectrum Sdn Bhd was formed to develop an RMM project on 20ha of land in Melaka Pindah. The project is expected to be ready by 2021. In addition, the state government through the Melaka Housing Board (LPM) and housing developer Delta Diversified Sdn Bhd (DDSB), will jointly develop 19 affordable housing units for Bumiputera buyers worth RM4.22 million in Taman Cheng Perdana within 2 years. As a commendable effort by the state government to encourage housing ownership, it has received positive response from the public on its implementation. To ensure a long-term success, the proposed projects must fit to what the market is in demand for in product, price and location to avoid any future mismatch situations.

In helping house ownership for the young generation, the country's first ever Home for Youth programme will be open for applicants aged 18 to 35 years old with a

Selected Upcoming Landed Residential Properties in Melaka

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Scientex Durian Tunggal - Olive	Durian Tunggal	2-sty Terraced	320	From RM231,000	2020
Taman Vista Belimbing (Ph 2)	Durian Tunggal	1-sty Terraced	122	From RM388,000	2020
Taman Nuri (Ph 3)	Durian Tunggal	2-sty Terraced 2½-sty Bungalow	461	From RM352,000 From RM948,888	2020
BJB Heights Residences	Jasin	2-sty Bungalow	133	From RM750,000	2020
Taman Bukit Cheng	Cheng	2-sty Terraced	103	From RM377,888	2021
Scientex Durian Tunggal - Calla	Durian Tunggal	2-sty Terraced	416	From RM278,000	2021
Scientex Durian Tunggal - Violet	Durian Tunggal	2-sty Terraced	423	From RM297,000	2021
Taman Kelubi Idaman	Jasin	2-sty Terraced	298	From RM250,000	2021
Residensi Pulau Sebang	Alor Gajah	2-sty Terraced	150	From RM182,000	2022

*Selected Upcoming High-Rise Residential Properties in Melaka**(Source: Rahim & Co Research)*

Development	Location	Type	No of Units	Selling Price	Expected Completion
Amber Cove @ Impression City	Kota Laksamana	Serviced Apartment	838	From RM329,000	2020
The Dawn @ Impression City	Kota Laksamana	Condominium Hotel	648	From RM448,000	2020
Ong Kim Wee Residences	Jalan Gajah Berang	Condominium	288	From RM448,902	2020
Satori Residences Suites	Pulau Melaka	Serviced Residence	192	From RM227,000	2021
Novo 8 Residences	Kampung Lapan	Serviced Apartment	412	From RM284,000	2021
Sri Melaka Residensi	Bukit Serindit	Condominium	2070	From RM232,000	2021
The Quartz Residence	Jalan Tengker	Condominium	310	From RM193,000	2021
Ball Residence	Bandar Melaka	Condominium	811	From RM350,000	2022
Admiral Residences	Kota Laksamana	Condominium	1440	From RM328,500	2022

*Selected Upcoming Affordable Housing Properties (RMM) in Melaka**(Source: Rahim & Co Research)*

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Merlimau 2	Merlimau	1-sty Terraced	40	From RM180,000	2020
Taman Ayer Molek (Ph 2)	Ayer Molek	1-sty Terraced	275	From RM180,000	2020
Taman Bandar Hijau	Ayer Keroh	1-sty Terraced	175	From RM184,000	2020
Scientex Durian Tunggal (RMM)	Durian Tunggal	2-sty Terraced	346	From RM180,000	2021
Scientex Durian Tunggal (RBM)	Durian Tunggal	2-sty Terraced	104	From RM180,000	2021
Taman Tasek Permai	Sg Rambai	2-sty Terraced	227	From RM200,000	2021
Taman Mesra RIM	Jasin	1-sty Terraced	47	From RM180,000	2021
Residensi Melaka Tengah 1	Melaka Tengah	Apartment	600	From RM132,000	2021
Apartment Prima Melaka Tengah 2	Melaka Tengah	Apartment	980	From RM140,000	2021
Residensi Klebang 2	Klebang	Apartment	800	From RM223,200	2021

household income of RM8,000 and had have resided in Melaka for more than five years. The housing units offered by the programme are priced at RM180,000 and located in Durian Tunggal.

Melaka has maintained its low rank in overhang count for residential units with only 800 unsold residentials sitting idle in the market, holding a value of RM312.5 million. By type, 2 to 3-storey terraced houses remains on top as with last year at 48% overhang share.

Within the review period, the market witnessed a total of 1,214 newly-launched units in Melaka's residential market and of this total, 59% or 720 units are condominium and apartment type priced up to RM400,000. This further emphasises the rising high-rise segment for the local market.

RETAIL

In the wake of uncertainties in the economy and reduced spending, the retail market in Melaka continues to face a challenging time for the retail sector. There was no new addition to the retail mall supply and maintaining at 30 retail complexes with total size of 6.42 million sf. By locality, Melaka Town holds the highest count at 3.76 million sf or 59% of the existing stock, followed by Melaka Tengah at 1.67 million sf or 26%.

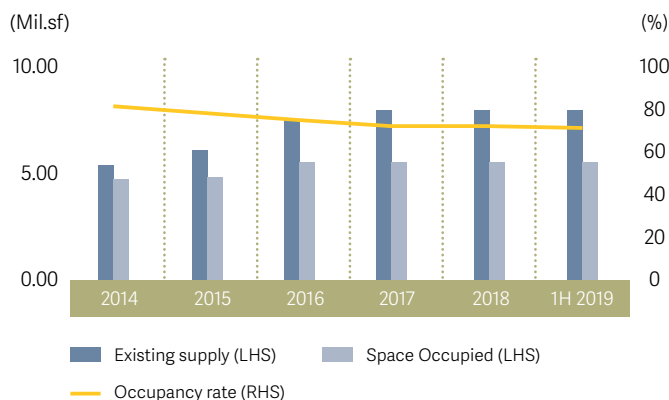
As at 1H 2019, no change was recorded for occupancy rate; remaining at a low 70.2% and this is a major issue for Melaka's retail sector. The 10-storey Elements Mall completed in 2018 recorded only 20% in occupancy. Right next to it is the pending-for-completion Imperio Mall standing at 7-storey high. It was also noted that Vedro Mall remains vacant despite completing in 2018.

Rentals of retail space in retail complexes in the state remained stable as per previous rates, only some slight increase noted in well-located retail complexes. Ground floor retail complexes located in prime areas of the town city centre such as Dataran Pahlawan and Mahkota Parade fetched the highest monthly rates up to RM25.00 and RM36.00 psf pm respectively.

At the time of writing, some 1.38 million sf of retail space is in the pipeline and recorded to be in Melaka Town.

Existing Supply & Occupancy Rate of Retail Spaces in Melaka (2014-1H 2019)

(Source: JPPH)



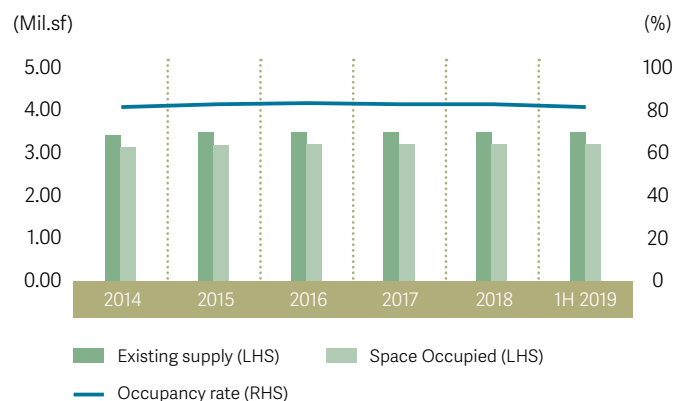
PURPOSE-BUILT OFFICE (PBO)

Looking from 2014 and up to 1H 2019, supply of office space in Melaka has remained stagnant at 4.33 million sf (80 office buildings) with no completions or incomings recorded in the market. Occupancy rate has also remained relatively stagnant, ending at 81.6%.

Rentals rates for purpose-built office in prime areas of Melaka Town remained stable at RM1.50 to RM2.80 psf pm depending on location and floor level as well as the size of space taken up. Pusat Transformasi Bandar UTC in Jalan Hang Tuah fetched the highest monthly rental rates up to RM4.60 psf pm.

Existing Supply & Occupancy Rate of Purpose Built Office in Melaka (2014-1H 2019)

(Source: JPPH)



SHOP OFFICE

After having gone through a continuous fall in market activity since 2014's highest point over the past 5 years, things finally took a positive turn within the review period – 1H 2019 recording an increase of 38% to 344 units in volume and a big jump of 85% to RM223.54 million in value. With the exception of Jasin, all other districts showed improvement in transaction activities.

Demand for shop offices were mostly seen for properties in Melaka Tengah district who contributed 77% of total transactions. By type, 2 to 2 ½ storey shop offices maintains its position as the preferred type by Melaka locals, registering 208 transacted units. On prices, the properties transacted were primarily within the price range of RM400,000 to RM1.0 million.

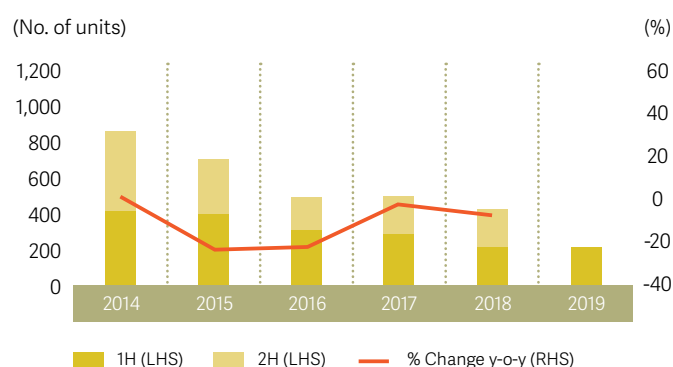
Selected Upcoming Shop Offices in Melaka

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Duyung Business Park	Duyung	2-sty Shop Office	44	RM699,000	2020
Taman Vista Belimbing	Durian Tunggal	2-sty Shop Office	16	RM499,000	2020
Taman Bertam Impian (Phase 3)	Tanjung Minyak	2-sty Shop Office	123	RM538,000	2021

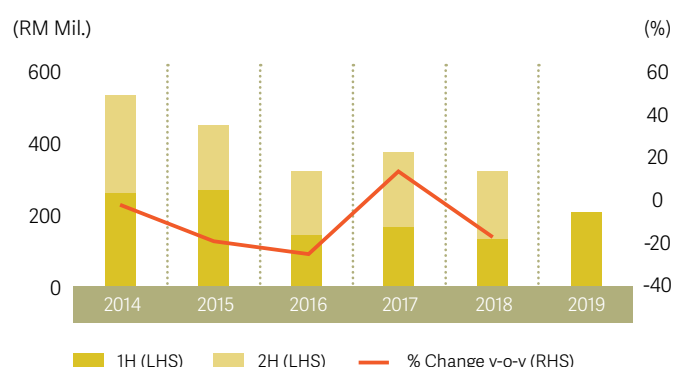
Number of Shop Office Property Transactions in Melaka (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Melaka (2014-1H 2019)

(Source: JPPH)



The existing supply of Melaka's shop offices by 1H 2019 stood at 20,551 units after a slight increase of 2.4% y-o-y. Similar to preference in the types transacted, 2 to 2 ½ storey shop offices make up most of the supply stock 61%. Prices movements for shop offices were observed to be mixed. 2 to 2 ½ storey shop office schemes such as Taman Kota Syahbandar and Kota Laksamana were transacted between RM600,000 to RM700,000 per unit. However, Komplek Perniagaan Kota Syahbandar reached a higher price tag of RM720,000 per unit due to its near vicinity with tourist attraction spots.

There is concern for the overhang shop office units in Melaka after experiencing a huge jump of almost 600% within only 12 months – 1H 2019 registering 748 units worth RM369.53 million. By ranking, Melaka came in 3rd after Johor and Selangor as to who has the highest overhang count. The majority units are 2 to 2 ½ storey shop offices at 560 units worth RM240.73 million and priced between RM300,000 to RM500,000. Adding even more worry is the incoming of another 1,340 units in the future.

HOTEL

In conjunction with Visit Melaka Year 2019 (VMY 2019), the state government has introduced a variety of attractive accommodation packages to promote higher tourist arrivals into Melaka. The initiatives seemed to have paid off based on tourist arrivals improving by 17% in just the first three months of 2019 – raking in a total of 4.79 million tourists. Domestic tourists remained the biggest contributors, at 3.4 million versus foreign tourists at 1.38 million.

As at 1H 2019, the existing supply of hotels in Melaka stood at 17,032 rooms of a total 173 hotels establishment. 5 hotels with 860 rooms entered the market within the review period and another 4 new hotels are in the pipeline, bringing in 1,120 rooms in various stages of construction. Of this supply, 21 establishments are rated 4 to 5-stars. Room rates of 5-star rated establishments – namely Swiss-Garden Hotel, Hatten Hotel Melaka and Casa Del Rio – go between RM250 to RM860 per room per night whereas 4-star hotels such as Estadia Hotel Melaka and The Majestic Malacca go at a lower RM240 to RM425 per room per night.

One of the completions noted is the 5-star Ames Hotel in Ayer Keroh. Located near the toll plaza Ayer Keroh and within close proximity to the Melaka International Trade Centre (MITC), government offices, hypermarkets and a

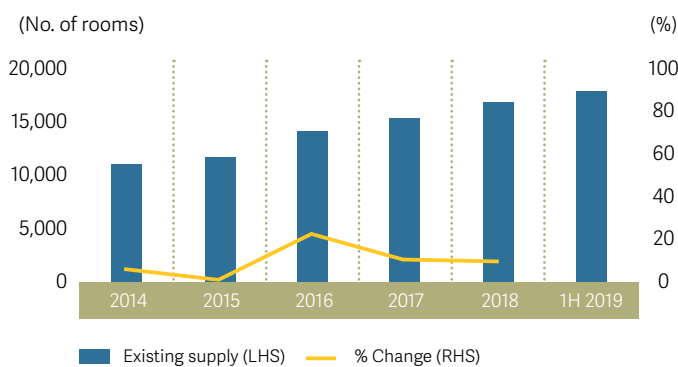
Selected Upcoming Hotels in Melaka

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No of Rooms	Expected Completion
Courtyard by Marriot	Jalan Tun Sri Lanang	4	284	2020
The Dawn @ Impression City	Kota Laksamana	N/A	648	2020
Melia Melaka	Bandar Melaka	N/A	250	2020
Cruise-Themed Hotel	Harbour City @ Pulau Melaka	N/A	780	2020
Sheraton Melaka Hotel	Klebang	5	300	2022
Park Hotel Melaka	Kota Laksamana	4	245	N/A
Hyatt Place	Melaka Gateway	5	200	N/A

Existing Supply of Hotels in Melaka (2014-1H 2019)

(Source: JPPH)



host of tourist attractions, the Ames Hotel offers a total 302 guest rooms and suites at room rates starting from RM248 per room per night.

But despite increase on tourist number, occupancy rates for selected hotels fell below expectation against the alternative option like homestays and Airbnb. There is hope of established hotel brands such as the Sheraton Hotel, Hyatt Place and Cruise-Theme Hotel to help boost the hotel industry.

INDUSTRIAL

The industrial sector of Melaka, though being fluctuating in movement, have overall decreased in market activities since 2014's position at 508 units transacted at RM368 million full year, ending with 1H 2019 at 158 transacted units worth RM149.67 million.

Industrial properties transacted above RM500,000 accounted most of the demand, contributing 53% to total number of industrial transactions – an improvement from the same period last year. But by type, vacant plots took the lead instead of industrial buildings, making up 46% of total transactions followed by semi-detached factories at 29%.

Supply wise, Melaka had an increase of 3.4% from 6,870 units in 1H 2018 by which Melaka Tengah had the highest concentration of 78%. By type, detached factories dominated supply with a portion of 40%, followed by semi-detached factories at 30%.

Prices generally maintained with some exceptions for industrial schemes located in strategic areas with good accessibility. 1-½ storey semi-detached factories in areas like Perindustrian Malim Jaya and Perindustrian Merdeka were seen to go for RM450,000 to RM578,000 per unit. Similar types in Taman Tasik Utama were able to fetch a higher price of RM680,000 per unit.

This year witnessed the grand opening of the first Smart Industry Centre (SIC) in Malaysia at Bukit Rambai Industrial Park. The centre, developed by Konica Minolta Business Technologies (M) Sdn Bhd, is a new model of manufacturing cluster with open innovation called "Virtual One Company", covering a size span of 3.0 million sf with a total investment of RM600 million. Completion is scheduled to be by end-2020. At the time of writing, 12 companies are in operations in SIC including Konica Minolta Business Technologies (M) Sdn Bhd, Guppy Plastic Industries Sdn Bhd, Allied Precision Technologies Sdn Bhd, Kamiguni Global Solutions Malaysia Sdn Bhd and KMC Solution Sdn Bhd.

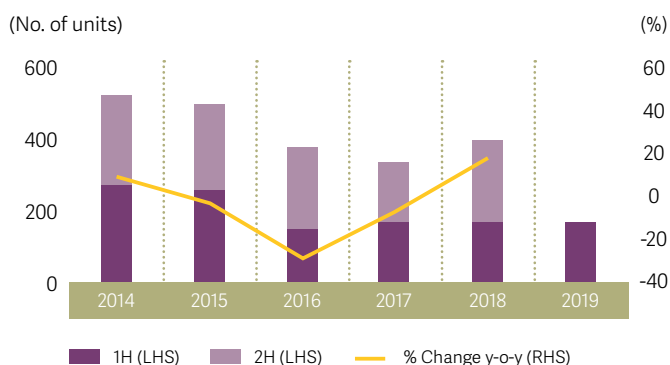


Red clock tower

Sanichi Technology Bhd's subsidiary, BCA International Sdn Bhd is planning to build the first halal gelatin plant and halal gelatin industrial park (MHGIP) in Malaysia as well as in Asean. The development will be identified as the Melaka Halal Gelatin Industrial Park. The project will be sited on a land area of 85.79ha in Kuala Linggi, Alor Gajah. Construction will commence in two phases over a 5-year period, ending in 2025.

Number of Industrial Property Transactions in Melaka (2014-1H 2019)

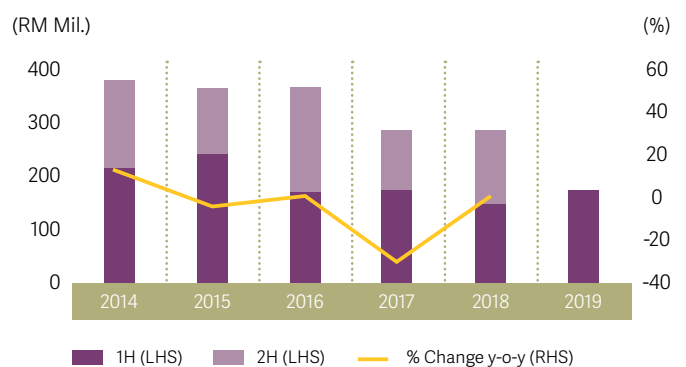
(Source: JPPH)



The industrial sector of Melaka, though being fluctuating in movement, have overall decreased in market activities.

Value of Industrial Property Transactions in Melaka (2014-1H 2019)

(Source: JPPH)



Notable Announcements

United Malacca entered into a conditional sale and purchase agreement with Huat Lai Broiler Breeders Sdn Bhd for the sale of 11 lots in Alor Gajah and 18 lots in Jasin, in total amounting to 568.09ha in land size for RM96.79 million.

Kuala Linggi International Port's expansion is set to commence in 1Q 2020 and aims to become a world class port of call.

The world's first Hasbro water themed park has chosen Melaka as its debut place with phase 1 expected to kick off by end-2019.

The RM682 million Melaka International Cruise Terminal is currently under construction with phase one set to open in 2Q 2021 as part of the Melaka Gateway project.

JOHOR

Darul Takzim



Capital: Johor Bahru

Est. Population: 3.76 million

Area (km²): 19,166

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	820,556 units	↑ 2.6% y-o-y
Transaction Volume	14,045 units	↑ 1.2% y-o-y
Transaction Value	RM4,904.39 mil.	↑ 19.6% y-o-y

RETAIL

Supply	24.74 mil. sf	↑ 10.8% y-o-y
Occupancy Rate	77.7%	↑ 3.5% y-o-y
Rental	Prime: RM25.00psf – RM40.00psf	

PURPOSE BUILT OFFICE

Supply	13.06 mil. sf	↑ 6.5% y-o-y
Occupancy Rate	75.9%	↓ 4.5% y-o-y
Rental	Prime: RM2.50psf – RM6.50psf	

SHOP OFFICE

Supply	81,225 units	↑ 3.3% y-o-y
Transaction Volume	1,131 units	↑ 11.5% y-o-y
Transaction Value	RM926.27 mil.	↑ 26.7% y-o-y

HOTEL

Supply	30,095 rooms	↑ 5.2% y-o-y
Average Room Rate	5-star: RM232 – RM540 per night 4-star: RM198 – RM286 per night	

INDUSTRIAL

Supply	17,216 units	↑ 3.9% y-o-y
Transaction Volume	527 units	↑ 65.2% y-o-y
Transaction Value	RM1,033.35 mil.	↑ 27.5% y-o-y

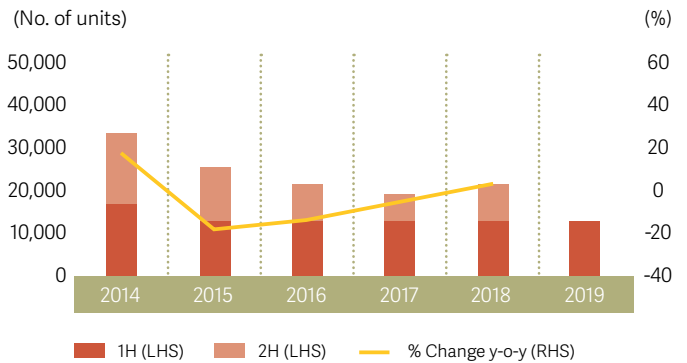
RESIDENTIAL

As at 1H2019, Johor's residential stock comes up to 820,556 but this does not include serviced apartment and SOHO units due to both types being categorized as commercial units. As a state with the highest count for serviced apartment units amongst all states, it would be fair to have both categories included, which brings the total existing residential stock up to 895,020 units. By ranking, Johor is 2nd highest state on residential supply count after Selangor who is at approximately 1.6 million units. In response to the slow market cycle Malaysia is still currently in, completions and starts were reduced by 18.2% and 18.7% by respectively.

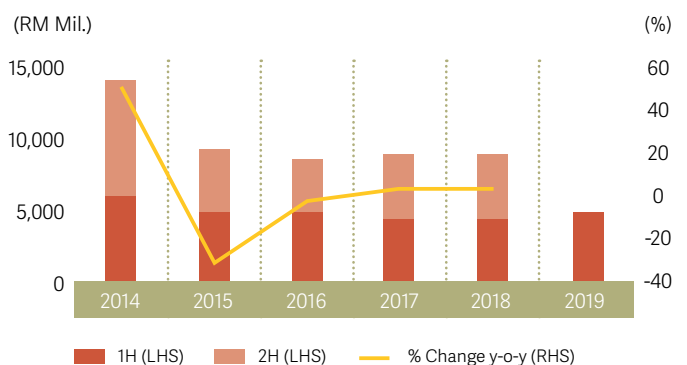
The position Johor is in as having the highest number of serviced apartment units in Malaysia did not come in as a long-term growth, rather it is credited to the sudden upsurge of new units entering the market between 2017 and as of late, 1H 2019. Between the 2 and a half years, serviced apartment numbers jumped by 325% to 73,818 units from 17,372 units. In locality, 98% of these units are located in Johor Bahru alone.

On the demand side, market activities have seen some positive growth of 1.2% in volume and 19.6% in value of transactions. Johor Bahru contributed the most in

Number of Residential Property Transactions in Johor (2014-1H 2019)
(Source: JPPH)

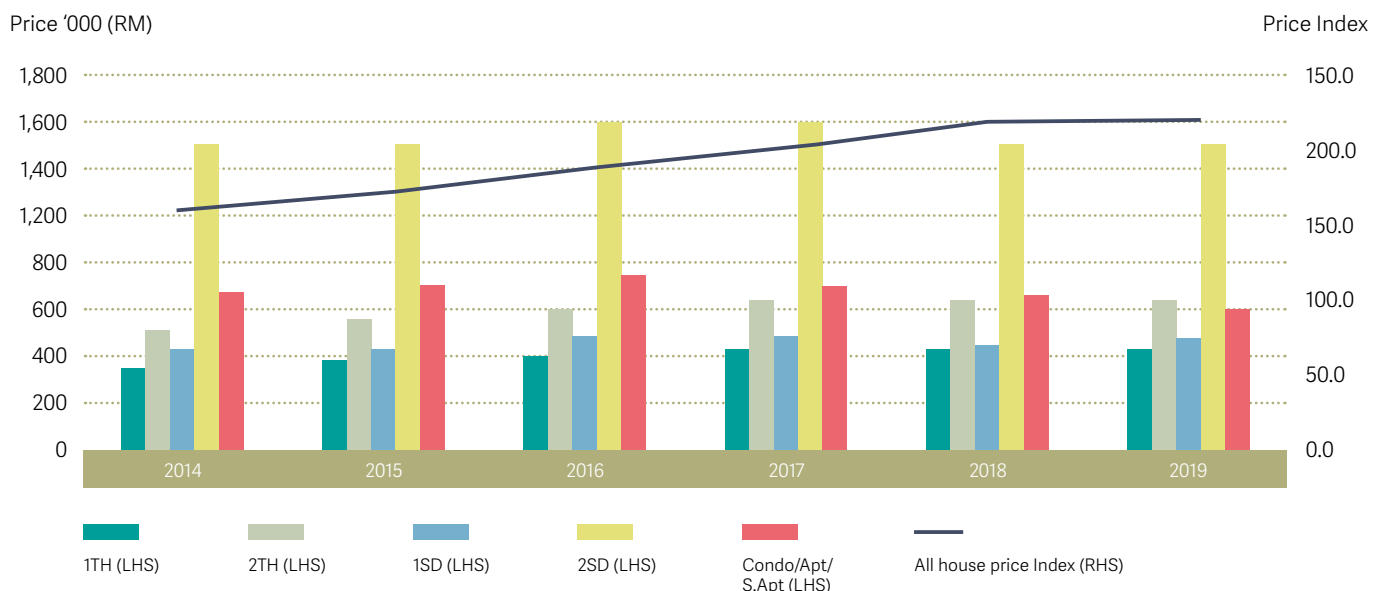


Value of Residential Property Transactions in Johor (2014-1H 2019)
(Source: JPPH)



Johor Bahru Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



transaction volume by 51% followed by Kluang at 12%. On the category of types, Johorians are still in favour of landed homes with terraced houses accounting for 54% of the total residential volume. Looking at the transacted price range, 81% are below the RM500,000 price mark but even more so, 51% are below the RM300,000 price mark. This shows purchasing capability to still be within the affordability range for a majority of the buyers.

Part of the improvement Johor experienced in demand is due to the sales made during the Home Ownership Campaign period which is has been scheduled to run from January 2019 to December 2019. According to Real Estate and Housing Developer's Association of Malaysia (REHDA), about 19,784 units of properties were sold as at September 2019 and 56% of the sales were high-rise units (serviced apartments and condominium/apartments). Johor as a state scored 2,026 units of sales volume.

On the whole, residential property prices were mixed and rental market remained stable. 1-storey terraced houses in areas of Taman Bukit Indah, Taman Molek were transacted between RM400,000 to RM460,000. Within the same schemes, 2-storey terraced houses went for RM630,000 to RM660,000. Rentals remained stable with

1-storey terraced houses going at RM900-RM1,500 and 2-storey terraced houses going at RM1,000 to RM1,800 per month, all observed to be within Taman Bukit Indah and Taman Molek.

The overhang statistics of Johor has yet to see any positive change in so far as consistently contributing the highest portion of Malaysia's total overhang count. With the inclusion of serviced apartment and SOHO units, 1H 2019's number stood at 20,017 units at a worth of RM15.8 billion and year-on-year, this number has gone up by 32.3% in volume and 32.8% in value. By locality, 90% of these units are concentrated within Johor Bahru alone. Taking into account of Johor's rapid growth of serviced apartment stock and the slow market cycle, it is of no surprise that this particular category took the top spot of highest completed yet unsold stock at 13,142 units; 66% of Johor's total overhang stock. Price wise, more than half are priced from RM700,000 to beyond RM1.0 million. With the burden getting heavier and heavier by the year, a proposal from Budget 2020 on reducing foreign buyer price threshold to RM600,000 was welcomed with relief and is now anticipated to effectively help reduce the overhang burden.

Selected Upcoming Landed Residential Properties in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Bellina	Bukit Indah	2-sty Terraced	97	From RM681,000	2020
Elata Nova @ Setia Tropika	Kempas	2-sty Terraced	93	From RM702,000	2020
Taman Mutiara Utama (Ph 5)	Skudai	2-sty Terraced	90	From RM538,000	2020
Mutiara Bestari	Skudai	2-sty Cluster	200	From RM894,000	2020
Taman Nusa Sentral	Nusajaya	3-sty Cluster	140	From RM950,000	2020
Serimbun	Iskandar Puteri	2-sty Terraced	215	From RM630,000	2020
Melia Residence @ Gerbang Nusajaya	Iskandar Puteri	2-sty Terraced	107	From RM598,000	2020
Leisure Farm	Iskandar Puteri	3-sty Terraced	20	From RM1,800,000	2020
Mahligai @ Nusa Damai	Pasir Gudang	2-sty Terraced	163	From RM560,000	2020
Meridin East	Pasir Gudang	2-sty Terraced	164	From RM463,000	2021
Amber Hills @ Bandar Baru Kangkar Pulai	Pulai	1-sty Cluster	232	From RM408,000	2021
Tanjung Puteri Resort	Pasir Gudang	2-sty Terraced	36	From RM398,580	2021
Aspira Parkhomes (Phase 2)	Gerbang Nusajaya	2-sty Terraced	162	From RM526,000	2021
Embun Residence @The Maris	Deseru	Cluster / Semi-detached	276	From RM600,000	2021
Danga Sutera@Sutera Utama	Skudai	2-sty Semi-detached	18	From RM1,449,720	2022

Selected Upcoming High-Rise Residential Properties in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Tri Tower Residence	Johor Bahru Sentral	Condominium	360	From RM670,000	2020
Meridin Bayvue @ Sierra Perdana	Masai	Service Residence	1176	From RM625,000	2020
8scape	Danga Bay	Serviced Residence	1,255	From RM403,000	2020
Sovereign Bay	Permas Jaya	Condominium	948	From RM400,000	2020
D'Lagoon Luxury Apartment	Tebrau	Condominium	262	From RM491,800	2021
Grid Residence @ Sunway Iskandar	Iskandar Puteri	Serviced Residence	501	From RM495,000	2021
Residensi Taman Pelangi Indah	Ulu Tiram	Serviced Residence	720	From RM330,000	2021
Residensi Larkin Indah	Plentong	Apartment	1,174	From RM339,000	2021
Paradigm Residence	Johor Bahru	Serviced Apartment	263	From RM318,000	2022
Sky Trees	Bukit Indah	Serviced Residence	484	From RM373,000	2023
Space Residency	Johor Bahru	Serviced Apartment	995	From RM950,000	2023
Amber Heights @ Bandar Seri Alam	Masai	Condominium	240	From RM245,000	2023
KSL Residence 2	Kangkar Tebrau	Serviced Apartment	1,200	From RM180,000	2024

Despite slow market demands and looming overhang stock, new developments are still coming in. One such is Paradigm Residence by WCT Land Sdn Bhd launched in Johor Bahru. Featuring 263 freehold service suites at sizes between 530sf to 1,123sf, prices start from RM318,000 to RM843,000. Construction is scheduled to begin at end-2019 and completion set by 2022.

United Malaysian Land Berhad (UMLand) also launched their project this year known as Amber Heights located in Seri Alam. Expected to be completed in 2022, the first phase of Amber Heights development comprises of 120 condominium units with built-ups ranging from 844 sf to 1,053 sf and priced from RM288,799.

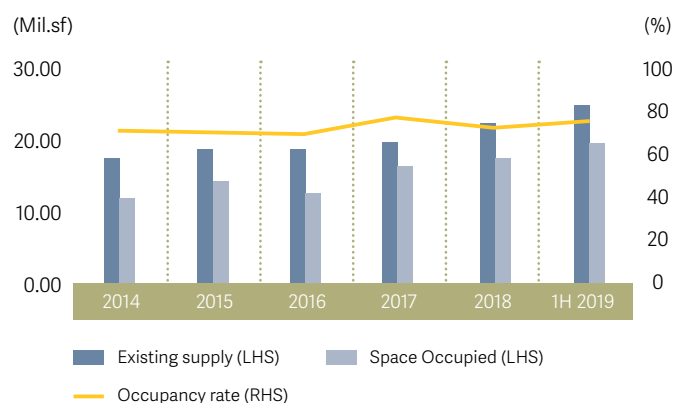
RETAIL

As at 1H 2019, there were 24.7 million sf (150 complexes) of retail shopping space in Johor with 76.6% concentrated within the district of Johor Bahru. This is after an increase of 10.8% from the previous period.

Amongst other states who've experienced a fall in occupancy rate, Johor pulled through as the only state to positive growth by 3.5% to 77.7% in 1H 2019. Most districts

Existing Supply & Occupancy Rate of Retail Spaces in Johor (2014-1H 2019)

(Source: JPPH)



saw an increase or no change y-o-y with the exception of Pontian and Segamat. This positive performance is of a surprise considering the relatively large number of malls entering Johor's retail scene within the writing period but it has yet to be seen if it will remain so with time.

In the pipeline, some 1.15 million sf are under construction and almost all of it are in Johor Bahru. Looking forward, the continuing line-up of new retail spaces set to hit the market of Johor Bahru is expected to put heavy pressure on the sustainability of existing retail malls in the long run.

The long-awaited Mid Valley Southkey Mall in Johor Bahru has successfully opened its door to the public on 23rd April 2019. The mall is one of the components of the 32-acre integrated development by SouthKey City Sdn Bhd. As the southern region's largest integrated shopping mall at the time of opening, this 5-storey shopping mall spans a nett lettable area (NLA) of 2.5 million sf and was well received by the market upon opening. Taking after its predecessor, the Mid Valley Megamall in Kuala Lumpur, Mid Valley Southkey Mall is divided into three sections: North Court, South Court and Centre Court. Some of the notable tenants SOGO and Village Grocer as its anchor tenants, Harvey Norman, Michael Kors, Sephora, Royal Sporting House and Starbucks.

Another opening of a new mall was the R&F Mall, also in Johor Bahru and is part of the R&F Princess Cove development – the development being the first overseas project by Hong Kong-listed Guangzhou R&F Properties Co Ltd of China. With an NLA of 532,000 sf, this three-

storey mall offers several retailers making their debut in Johor, including the first, in Southern Malaysia: the first educational playland Kiddomo, Carl's Junior, Taiwanese Oregon Ji Ke and ROUTINE by Soon as well as the anchor tenant, Emperor China from Hong Kong.

Pre-existing malls were not left behind as Johor Premium Outlet (JPO) was graced with the presence of Sultan of Johor, to launch the third phase of JPO on 21st March 2019. This newly-launched phase involves the expansion of another 20 stores, bringing the total number of brand name outlet stores to 150 across 313,000 sf. Some of the highlighted luxury brands added in are Ed Hardy, Gucci, Jimmy Choo, Michael Kors and Versace.

Rentals remained relatively with most of the pre-existing malls in Johor Bahru commanding rents of less than RM25.00 psf pm for their prime spaces. But for newer malls such as Mid Valley Southkey The Mall and R&F Mall Johor Bahru, rates went up to a high RM40.00 psf pm.

Completed Malls in 2019

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf
Mid Valley Southkey The Mall	Kota Southkey	1.5 million
TOPPEN Shopping Centre	Taman Desa Tebrau	1.2 million
R&F Mall	Tanjung Puteri	532,000
Beletime Danga Bay	Danga Bay	753,474
Sunway Big Box Village	Sunway Iskandar, Nusajaya	500,000
NSK Pandan	Pandan	447,542
Johor Premium Outlet (extension) - Phase 3	Kulai	313,000
Helios Cove shopping Mall	Bandar Baru Permas Jaya	300,000
Larkin City Mall (SKS City Mall)	Larkin	248,000
NSK Ulu Tiram	Ulu Tiram	155,000
Tesco Taman Setia Tropika	Setia Tropika	NA

Selected Upcoming Retail Malls in Johor

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
Eco Galleria @ Eco Botanic	Iskandar Puteri	680,000	2020
Regalium	One Bukit Senyum	1.5 mil. (gross)	2021
Angsana Johor Bahru Mall 2	Bandar Baru Uda	800,000	2021

PURPOSE-BUILT OFFICE (PBO)

The review period saw several completions of new office buildings in Johor, bringing total PBO supply up by 6.5% to 13.05 million sf (218 buildings) as at 1H 2019. In the pipeline, another estimated 1.78 million sf are on track to enter the market with almost all located in Johor Bahru.

Against the backdrop of excess in office space, office market in 2019 had to contend with a further downslide in occupancy. The overall occupancy dipped a further 4.5% to 75.9% from 80.4% during the review period. Despite a slower absorption rate, the rental market purpose-built office space in Johor remained stable. Average asking rental rates located within JB City Centre such as Metropolis Tower, Menara Pelangi and Wisma Daiman hovered between RM2.50 to RM3.00 psf whilst Menara MLand and Komtar JBCC commanded higher rental rates at RM5.00 to RM6.50 psf pm.

As above-mentioned, Johor's PBO market witnessed several completions and those noted are Pejabat RISDA at Segamat, M9 at Medinia and Menara JLand at Johor Bahru. 2 other new buildings which is government-owned are Mahkamah Syariah Kluang Complex and the Lembaga Hasil Dalam Negeri Malaysia (LHDN) building.

Medini Iskandar's Zone B remains the hotspot for Johor's PBO market due to the entry of multinational companies (MNCs) seeking high prestige office addresses with modern high technology features. Current projects within Zone B that are in construction includes D' Pristine Corporate Office, Menara UMLand in Medini and Menara MBBB One Bukit Senyum in Johor Bahru.

Medini Iskandar's Zone B remains the hotspot for Johor's PBO market due to the entry of multinational companies (MNCs) seeking high prestige office addresses with modern high technology features. Current projects within Zone B that are in construction and expected to be

Despite a slower absorption rate, the rental market purpose-built office space in Johor remained stable.

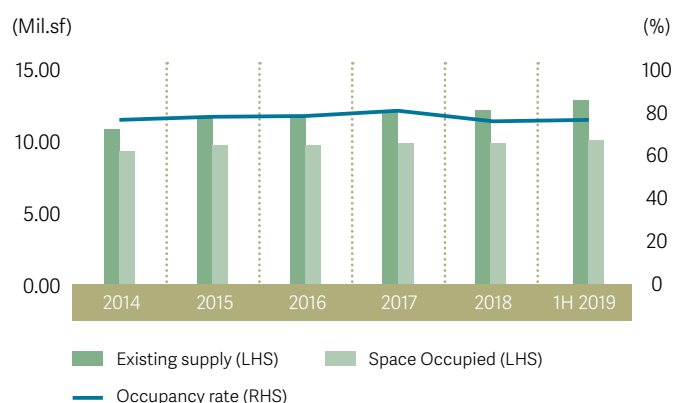


completed in 2020 includes D' Pristine Corporate Office, Menara UMLand in Medini and Menara MBBB One Bukit Senyum in Johor Bahru.

In November 2019, Astaka Holdings Ltd had signed an RM308 million sale and purchase agreement with the Johor Bahru City Council (MBJB) for a 15-storey Grade A office tower called Menara MBBB, which will house MBJB's headquarters upon its completion in early-2020.

Existing Supply & Occupancy Rate of Purpose Built Office in Johor (2014-1H 2019)

(Source: JPPH)



SHOP OFFICE

Existing stock of shop offices as at 1H 2019 was 81,225 units, after a small increase of 3.3% from 78,647 units in 1H 2018. Of the types available, 2 – 2½ storey shop offices dominate the market as the standard type. On the horizon, 9,777 units of various construction stages are underway as part of the future supply.

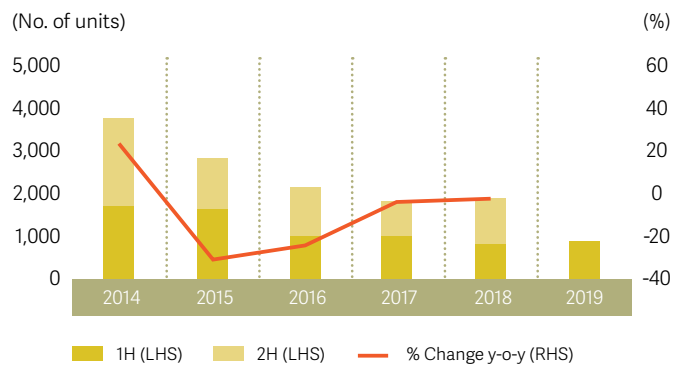
Market activities showed improvement in both volume and value of 11.5% and 26.7% respectively, bringing 1H 2019's statistic to 1,131 units worth RM926.3 million. Improvement in transactions were seen for most districts with the exception of Batu Pahat, Muar, Segamat and Ledang. Following its strong presence in Johor's shop office supply, 2 – 2½ storey shop offices contributed 60% of total transaction volume. Prices were generally seen to range between RM500,000 to RM1.0 million.

On the locality of Johor Bahru, prices of a typical 2-storey shop in Taman Bukit Indah were transacted for RM1.2 million to RM1.3 million, whereas a 3-storey shop in Taman Adda fetched RM1.7 million to RM2.0 million. On the newer, incoming units, a 2-storey shop unit in Neuro Centro and Jacaranda @Senai Airport City were sold from RM863,000 and RM1.62 million respectively.

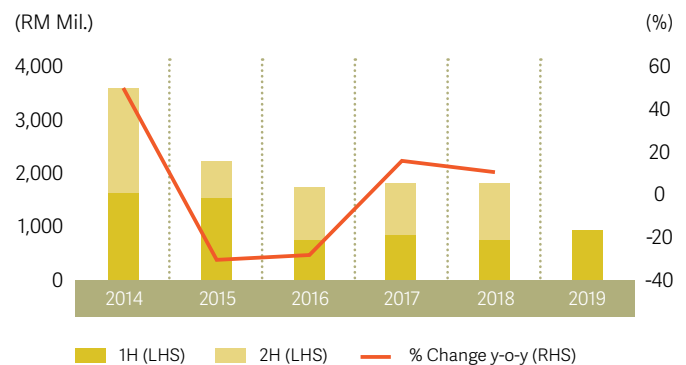
As at 1H 2019, the overhang number of shop offices in Johor was 1,222 units worth RM1.26 billion and this represented 21.2% of the national shop office overhang count. Year-on-year, the overhang situation grew with an increase of 8.4% in units and 4.4% in values.

Of the several launches seen in 2019, one of them is by UEM Sunrise Berhad named Aspira Square in Gerbang Nusajaya. Another is by Damansara Realty Bhd (DBhd) and its Johor-based partner with the launch of the 3rd phase of Aliff Square called Business Boulevard @ Central Park in Tampoi.

Number of Shop Office Property Transactions in Johor (2014-1H 2019)
(Source: JPPH)



Value of Shop Office Property Transactions in Johor (2014-1H 2019)
(Source: JPPH)



Selected Upcoming Shop Offices in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Jacaranda @ Senai Airport City	Senai	2&3-sty Shop Office	48	From RM863,040	2020
Ixora Commercial Centre @ Meridin East	Pasir Gudang	2&3-sty Shop Office	66	From RM641,000	2020
Taman Mutiara Indah	Bandar Dato Onn	3-sty Shop Office	26	From RM1.5 million	2020
Neuro Centro	Bandar Uda Utama	2&3-sty Shop Office	37	From RM1.6 million	2021
Aspira Square	Gerbang Nusajaya	2&3-sty Shop Office	59	From RM1.0 million	2021
Business Boulevard Central Park	Tampoi	3&4-sty Shop Office	68	From RM1.6 million	2022
Inpian Link 38 @ Taman Impian Emas	Skudai	2-sty Shop Office	38	From RM838,000	2022

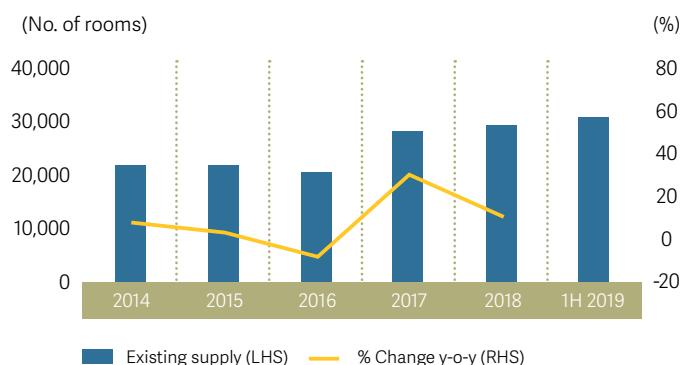
HOTEL

Within the review period, Johor's hotel sector saw the entrance of 3 new hotels into the market and brought total hotel room count up to 30,095 rooms (462 hotels) by 1H 2019. The 3 new completions are Anantara Desaru Coast Resort & Villas, Forest City Golf Hotel and City 88 Hotel. In the pipeline, another 10 hotels consisting of 3,025 rooms are already under construction and expected to hit the market within the next coming years.

On 18th October 2019, Hotel Ramada by Wyndham Meridin Johor Bahru officially began operations with room rates going from RM218 per room per night. Located in Iskandar Puteri, this modern four-star hotel offers a total of 644 rooms ranging from deluxe to premium class.

Existing Supply of Hotels in Johor (2014-1H 2019)

(Source: JPPH)



Anantara Hotels, Resorts & Spas is set to make their debut in Malaysia with the opening of Anantara Desaru Coast Resort & Villas on 1st December 2019. Situated in Bandar Penawar, this luxury hotel offers 123 luxury accommodations comprising of 90 deluxe guest rooms, 13 standalone one- and two-bedroom pool villas, and 20 three- and four-bedroom residences.

This adds to the line up of world class hotel brands in Desaru like Hard Rock Hotel and The Westin Desaru Coast. Desaru Coast is steadily gaining tourists traction strengthened by its leisure offerings such as the Adventure Waterpark and The Els Club golf course.

WCT Holdings Bhd and Hyatt Hotels Corp (Hyatt) has entered into an agreement to develop a 200-room hotel named Hyatt Place Johor Bahru Paradigm Mall as part of the integrated development alongside Paradigm Mall Johor Bahru which had opened back in 2017. Made to be an ideal tourist location thanks to the close proximity of the mall, the new hotel is set to receive guest in 2020.

Room rates of selected 5-star hotels in Johor Bahru such as Thistle Johor Bahru, Renaissance Johor Bahru Hotel and Hotel Amari Johor Bahru were priced between RM232 to RM324 per room per night but Country Garden Forest City Phoenix Hotel in Gelang Patah went at an even higher RM540 per room per night. At one star lower, 4-star hotels in Johor Bahru namely, Mutiara Johor Bahru, Hotel Granada Johor Bahru and DoubleTree by Hilton Hotel Johor Bahru commanded room rates of between RM198 to RM286 per room per night.

Selected Upcoming Hotels in Johor

(Source: Rahim & Co Research)

Development	Location	No of Rooms	Expected Completion
Pan Pacific Serviced Suites Puteri Harbour	Nusajaya	205	2020
Boulevard Hotels	Southkey	450	2020
Ozo Medini	Medini Iskandar	198	2020
Hotel @ The Astaka	Bukit Senyum	450	2021
Hyatt Place Johor Bahru Paradigm Mall	Johor Bahru	200	2022
Citadines Medini Iskandar Puteri	Iskandar Puteri	214	2022

INDUSTRIAL

Within the review period, Johor's industrial sector saw significant positive growth in volume and value of transactions. Recording 527 transacted units worth RM1.03 billion, improvement went at 65.2% and 27.5% respectively. With the exception of Kota Tinggi and Mersing, all other districts showed improvements in volume of transactions. The supply of industrial units for Johor is at 17,216 by 1H 2019 – recording an increase of 3.9% y-o-y. The bulk of the supply is terraced factories at 46% and are mainly located in the Johor Bahru.

Buyers' preference remains in semi-detached factory/warehouse units as proven by its 28.3% share in volume of transaction. By price range, 51.6% of the transacted units went at price tags of above RM1.0 million.

Narrowing down to schemes and specific areas, a 1½-storey terraced factory located in industrial parks the likes of Taman Scientex, Bandar Baru Permas Jaya and Bandar Baru Seri Alam were transacted at prices between RM550,000 to RM750,000. Recent transactions have placed 2½-storey semi-detached factory in Tiong Nam Industrial Park at a price tag of RM3.2 million whereas a detached factory in Kawasan Perindustrian Pasir Gudang went at RM4.8 million. Overall price movements are observed to remain relatively stable.

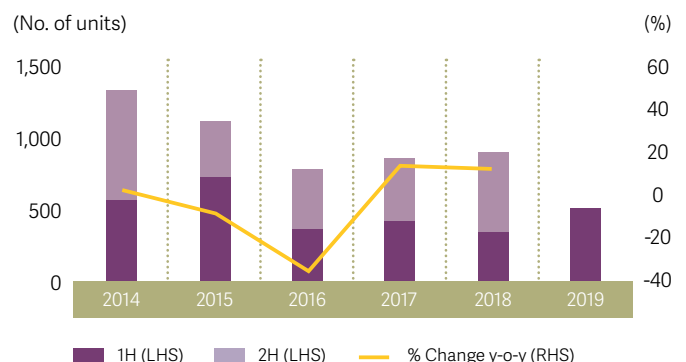
Despite the shaky sentiments felt due to political and economic events, interests by foreign investors remained strong for Johor and as such, the state was recorded with the highest number of foreign direct investments (FDI) in Malaysia, at RM24 billion in 2018. This is followed by Selangor at RM10.8 billion.

AME Elite Consortium Bhd has proposed the acquisition of a 6.08-acre land in Kulai, Johor for RM25 million. The development intended for the land involves constructing industrial buildings with a gross development value of RM120 million. Construction is planned to commence by the second quarter of 2020 and completion within an 18-month period. There are also plans to expand the pre-existing i-Park@ Senai Airport City development from 45.3ha to 76.5ha following a recent acquisition of a 31ha plot of land in August 2019. The expansion will be commencing in first quarter 2020 and overall completion of all phases set by 2025.

Despite the shaky sentiments felt due to political and economic events, interests by foreign investors remained strong for Johor and as such, the state was recorded with the highest number of foreign direct investments (FDI) in Malaysia, at RM24 billion in 2018.

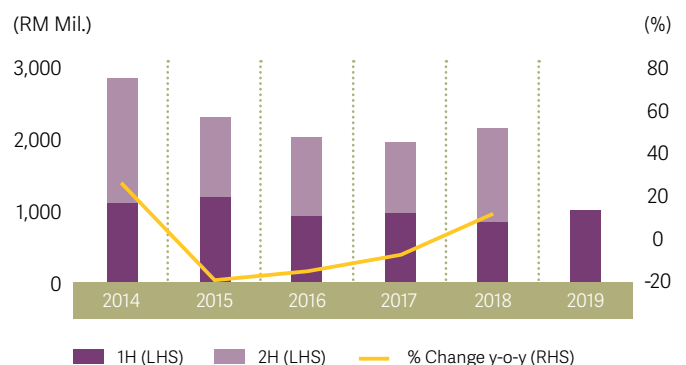
Number of Industrial Property Transactions in Johor (2014-1H 2019)

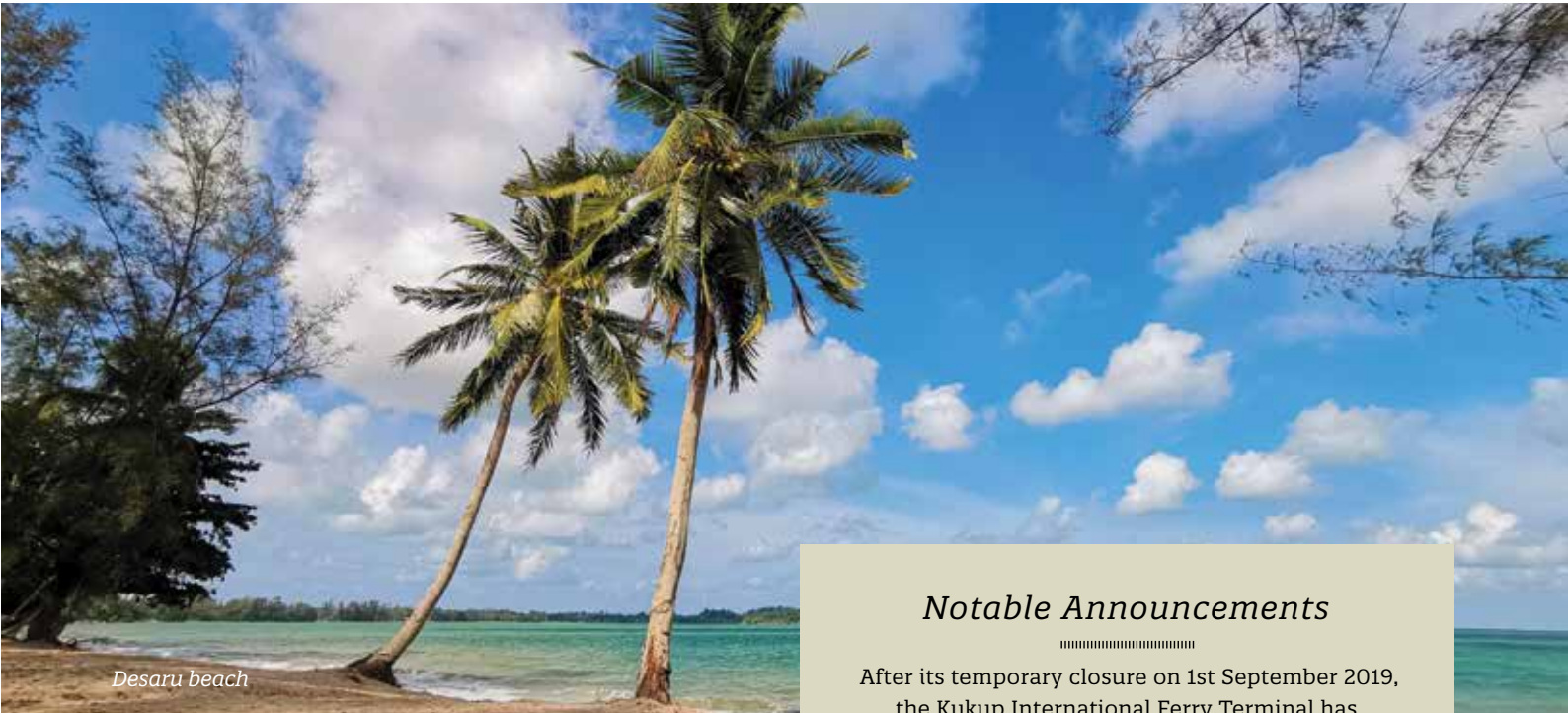
(Source: JPPH)



Value of Industrial Property Transactions in Johor (2014-1H 2019)

(Source: JPPH)





Desaru beach

On September 2019, it was reported that Axis REIT had completed the acquisition of Nusajaya Tech Park Facility 1 and Nusajaya Tech Park Facility 2. Further plans of acquiring two more industrial properties in Taman Teknologi Nusajaya was also announced, targeted by end-2019.

The overhang status for Johor's industrial sector is at a high 462 units worth RM1.04 billion on the basis of it contributing 44% to the national number. There has been improvement from the previous year by a reduction of 20.2% in unit count. Johor Bahru, as a district, holds the largest existing unsold stock of 316 units and the majority by type were semi-detached factories priced above RM1.0 million.

Notable Announcements

After its temporary closure on 1st September 2019, the Kukup International Ferry Terminal has resumed its operation on 7th November 2019.

■ ■

Johor will be expecting new healthcare developments in its future, namely Thomson Iskandar Medical Hub by TMC Life Sciences Bhd in Iskandar Malaysia, and Afiniti Medini and Avira Medini integrated wellness projects by Khazanah-Temasek. Thomson Iskandar has commenced construction and is slated for completion by 2023.

■ ■

The area of Pengerang has been upgraded to a municipal council and is recognised as a smart city.

■ ■

The government is the works of establishing a new economic corridor in Johor, beginning 2020

■ ■

The much talked-about Johor Bahru-Singapore Rapid Transit System (RTS) Link project has been put on hold for further review until 30th April 2020.

■ ■

As at October 2019, the construction of three bridges and the 7.5 km road across Sungai Pulai from Tanjung Pelepas Port (PTP) to Tanjung Bin has reached 20% to completion with 100% completion set to be by end-October 2021.

■ ■

Sanrio's Hello Kitty Town theme park in Puteri Harbour will be closing its gate on 1st January 2020.

■ ■

The Bandar Pulai Jaya highway interchange route is now open to the public.

Kelantan
Terengganu
Pahang

EAST COAST REGION

Museum, Terengganu

KELANTAN

Darul Naim



Capital: Kota Bharu

Est. Population: 1.89 million

Area (km²): 15,040

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	80,979 units	↑ 1.3% y-o-y
Transaction Volume	2,905 units	↑ 6.6% y-o-y
Transaction Value	RM395.14 mil.	↑ 6.7% y-o-y

RETAIL

Supply	3.68 mil. sf	↑ 2.0% y-o-y
Occupancy Rate	91.4%	↓ 0.6% y-o-y
Rental	Prime: RM11.00psf – RM18.00psf	

PURPOSE-BUILT OFFICE

Supply	4.25 mil. sf	↑ 2.2% y-o-y
Occupancy Rate	97.3%	↔ 0.0% y-o-y
Rental	Prime: RM1.80psf – RM2.60psf	

SHOP OFFICE

Supply	12,801 units	↑ 3.9% y-o-y
Transaction Volume	79 units	↑ 11.3% y-o-y
Transaction Value	RM48.95 mil.	↑ 12.8% y-o-y

HOTEL

Supply	4,360 rooms	↓ 1.2% y-o-y
Average Room Rate	5-star: RM188– RM246 per night 4-star: RM158 – RM238 per night	

INDUSTRIAL

Supply	605 units	↑ 0.2% y-o-y
Transaction Volume	28 units	↑ 833.3% y-o-y
Transaction Value	RM214.46 mil.	↑ 9,874.9% y-o-y

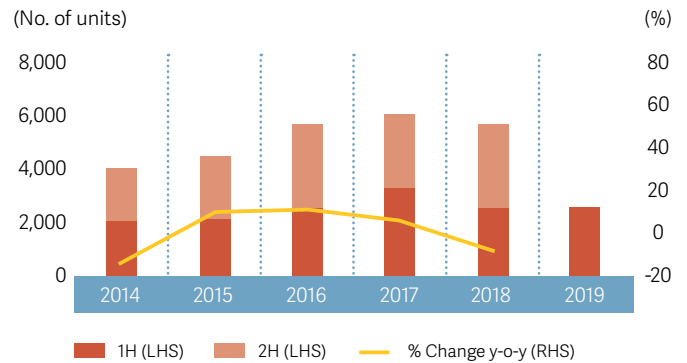
RESIDENTIAL

As at 1H2019, Kelantan's residential market regained a positive growth after a slight fall in 1H2018, now recording an increase of 6.6% and 6.7% in transaction volume and transaction value respectively. From a total residential transaction of 2,905 units, 63.7% are vacant plots and this majority is a repeating pattern observed in Kelantan's residential market activities for a long while, implying that developing a vacant plot of land is still highly favoured over purchasing readily-made housing units.

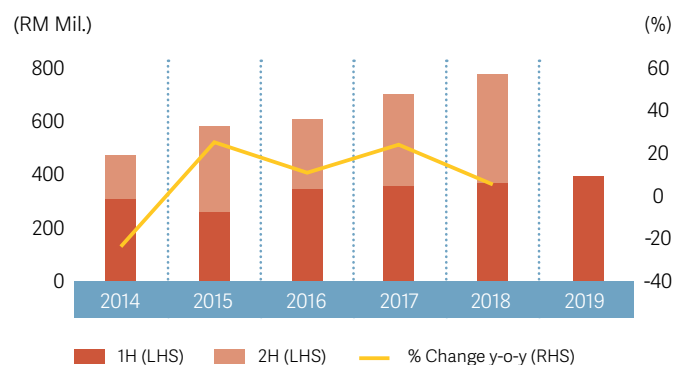
Following the lagging property market, new residential launches have responded rightly with a significant drop at only 15 units within 1H2019 as opposed to 1,437 units within 1H2018; resulting in a 99% drop. But on the demand side, sales performance has improved greatly at 73% from 1H2018's 16.4%.

Overall residential demand in Kota Bharu as the capital state of Kelantan is primarily established in the landed types including vacant plots whereas the high-rise residential types are still considered a new sub-market with the supply and launches still being on the low side. Most new high-rise developments are primarily concentrated in Kota Bharu. Looking at specific areas, Bandar Baru Kubang Kerian, Sering and Wakaf Delima are

Number of Residential Property Transactions in Kelantan (2014-1H 2019)
(Source: JPPH)

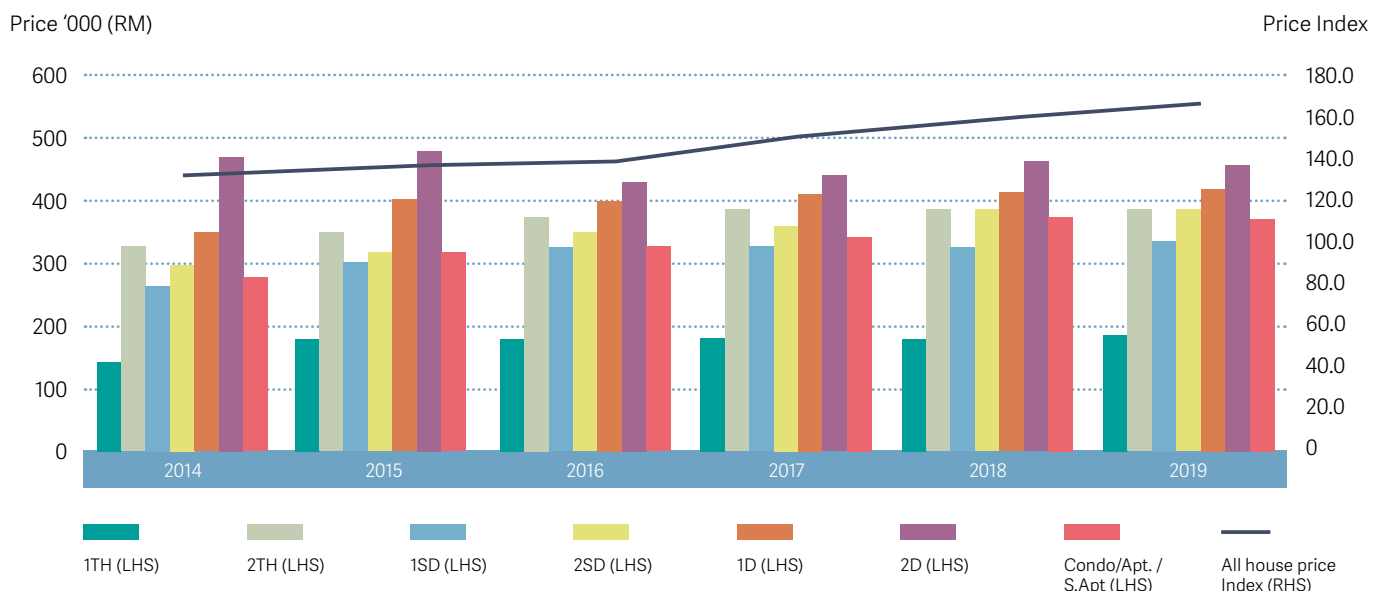


Value of Residential Property Transactions in Kelantan (2014-1H 2019)
(Source: JPPH)



Kota Bharu Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



some of the popular choice of location due to the facilities and amenities available.

Of the preferred landed types, the second highest transacted type after vacant plot is 1-storey terraced houses priced between RM100,000 to RM300,000, followed by detached houses priced between below RM500,000. Demand for high rise units – which consists of condominiums and apartments – are seen to be within the RM200,000 to RM500,000 price range as evidenced by residential transaction statistics. Considering that the high-rise segment is still relatively new to Kelantan's residential market, demand is expected to grow moderately over the next coming years. With the ongoing slow market, developers and sellers are willing to offer more rebates to make the sale.

On average, 1-storey terraced houses of selected housing schemes such as Mukim Tanjong Chat and Taman Sri Iman were transacted between RM170,000 to RM200,000 and rentals per month hovered between RM600 to RM850 per month, showing some improvement y-o-y.

On the issue of overhang residential stock, Kelantan is seeing a higher number at 361 units valued at RM122.44 million. 1-storey terraced house (170 units) contributed the highest number of overhangs in Kelantan followed by high rise residential (112 units). This number is has almost doubled in volume and tripled in value from just six months back at end 2018. Although 361 units is significantly smaller in comparison to other states, there is also the addition of unsold units that are still under construction numbering at 2,292 units. In time, those under construction units will become overhang units should sales performance remain incomparable to the growing new supply.



As at 1H2019, Kelantan's residential market regained a positive growth after a slight fall in 1H2018, now recording an increase of 6.6% and 6.7% in transaction volume and transaction value respectively.

Selected Upcoming Residential Properties in Kelantan

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Seri Bali Harmoni	Tok Bali	1-sty Semi-Detached	10	From RM240,000	2020
Taman D'Bali Harmoni	Tok Bali	2-sty Terraced	27	From RM328,000	2020
Troika Residences	Kota Bharu	Condominium	338	From RM326,000	2020
Sofea Residensi	Kota Bharu	Serviced Apartment	248	From RM326,000	2020
19 Residensi	Kota Bharu	Serviced Apartment	182	From RM289,000	2021
Azalea Perdana (Phase 1)	Machang	1-sty Terraced	111	From RM191,000	2021

As mentioned, landed houses are more in demand than high rise units and this proven by the ongoing market sales seen for the soon-to-be completed projects. A number of landed residential developments have achieved high take-up rates at almost 100%. Such projects achieving more than 90% in sales are Taman D'Bali Harmoni, Taman Seri Bali Harmoni and Taman Haji Ali Pinggiran Istana. In the high-rise market, only Troika Residence by Malvest Group in Kota Bahru is so far showing promising performance of achieving 98% take-up rate at a selling price of RM326,000 onwards. Another notable upcoming high-rise development is the Sofea Residence by TH Properties. Also located in Kota Bahru, this project has, at the time of writing, reached 15% in take-up with prices from RM316,000 onwards.

RETAIL

The retail market in Kelantan has again proven to be resilient in its performance based on the recorded occupancy rate of 91.4% as at 1H2019 – only dipping by a minor 0.65% in 1H2018. Having reached 92% back in 2016 and thus maintaining above the 90% mark till now puts Kelantan in a good and healthy position for the retail market.

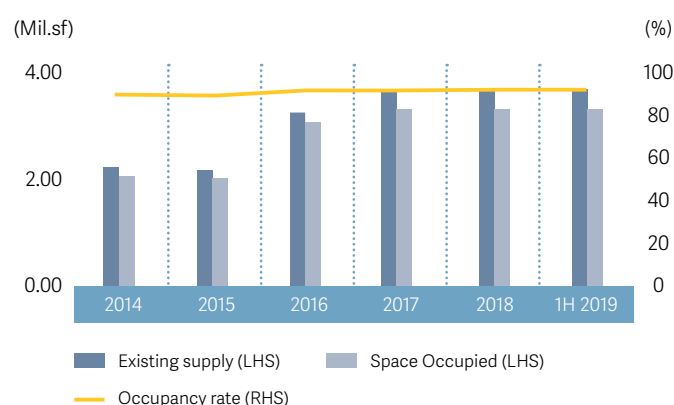
Kelantan's retail market supply is made up of 28 shopping complexes with approximately 3.68 million sf in size. Location wise, a good majority are located within Kota Bharu area (19 buildings; 3.33 million sf) followed by Pasir Mas area (3 buildings; 150,878 sf). Looking forward, Kelantan will be expecting the entrance of 2 new malls in Kota Bahru: Platinum Wholesale City Mall at a size of

820,000 sf by end-2019 or early 2020, and Al-Waqf Garden Mall at 350,000 sf by 2020 or 2021. Both expected to inject another 1.17 million sf to the market. Although occupancy rates are at a healthy level, this injection of new retail spaces may still negatively affect the market should tenancy take-up not be up to par to fill the new spaces.

Rentals of retail spaces are generally stable for most shopping complexes in Kelantan. For popular malls located within central town of Kota Bahru such as KB Mall and Kota Bahru Trade Centre, rental rates on the ground floor range between RM11.00 to RM18.00 psf pm. For the likes of Bazar Tengku Anis and Medan Usahawan which are older in age, rental rates are much lower RM1.70 to RM4.40 psf pm.

Existing Supply & Occupancy Rate of Retail Spaces in Kelantan (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Retail Malls in Kelantan

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Expected Completion
Platinum Wholesale City Mall	Lembah Sireh	N/A	2020
Troika Avenue	Jalan Sultan Ibrahim	N/A	2020
Al-Waqf Garden Mall	Bandar Baru Tunjong	350,000	2021

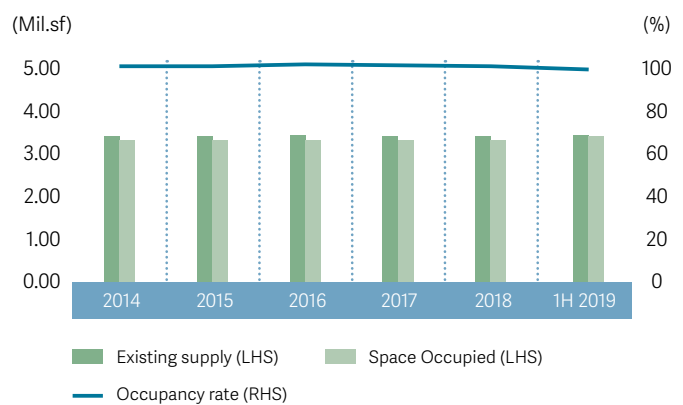
PURPOSE-BUILT OFFICE (PBO)

Kelantan's purpose-built office (PBO) market has strongly maintained its occupancy performance at 97% since 2012 with current existing supply standing at 4.25 million sf, equivalent to 289 PBO buildings across Kelantan. No upcoming new PBO spaces were recorded and the most recent completion was Block 8 of Kota Darulnaim Complex. Despite the injection of 90,977 sf into the market earlier in the year, occupancy rate held on. The Block 8 of Kota Darul Naim Complex is primarily government-occupied, hence its immediate absorption into the market.

PBO buildings situated in good locations do command high rental rates due to high demand and movement is generally on the stable side. PBO buildings within central town such as Bangunan PKINK, Bangunan Mara, Wisma Yakin, Wisma Ilmu and Wisma TCH (Square Point) hovered between RM0.80 to RM1.80 psf pm but others like Menara Perbadanan, Bangunan KWSP and Bangunan AIA go at an even higher range of RM1.80 to RM2.60 psf pm.



Existing Supply & Occupancy Rate of Purpose Built Office in Kelantan (2014-1H 2019)
(Source: JPPH)



Selected Upcoming Purpose-Built Office in Kelantan

(Source: Rahim & Co Research)

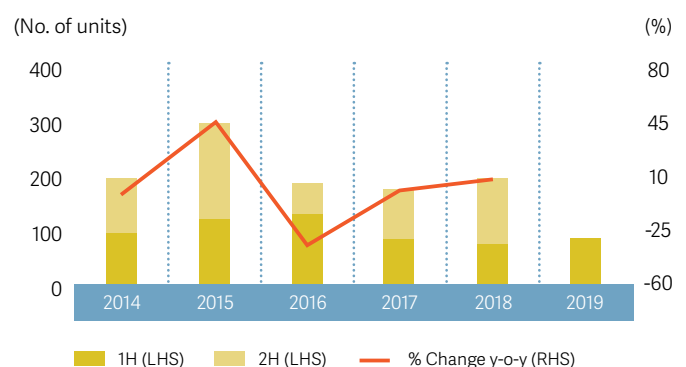
Development	Location	Area (NLA/GFA) sf	Expected Completion
Bangunan Gunasama Persekutuan	Bandar Baru Tunjong	116,468	2020

SHOP OFFICE

As at 1H2019, the shop office market recorded transaction volumes at 79 units worth RM48.95 million. This was from a rise of 11.3% and 12.8% respectively against 1H2018. When observing the trend movement since 2014, both volume and value of transactions have been fluctuating with 2015 holding the highest number of 309 units valued at RM180.6 million.

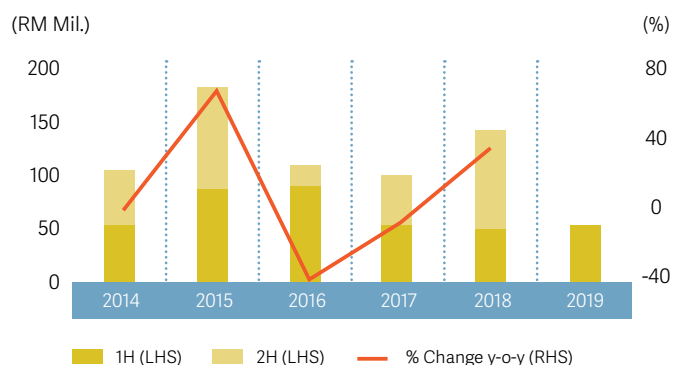
Based on type and excluding vacant plots, both 2 to 2.5-storey and 3 to 3.5-storey shop offices are the most transacted and each almost equal in unit count. On the prices, things are stable and of the prices transacted, the highest was for a 3 to 3.5-storey unit in Lembah Sireh, Kota Bahru – going at a price tag of RM1.33 million.

Number of Shop Office Property Transactions in Kelantan (2014-1H 2019)
(Source: JPPH)



Value of Shop Office Property Transactions in Kelantan (2014-1H 2019)

(Source: JPPH)



Rental rates on the other hand are also seen to be stable with units in central town recording a rental range of between RM2,100 to RM6,000 per month whilst those in the suburban areas command a slightly lower range of RM1,500 to RM5,000 per month. But Wakaf Che Yeh was of the exception in commanding high rental rates despite being in the suburban areas; units facing the main road went at a high RM5,000 to RM6,000 per month. This ability to command such high rentals is credited to Wakaf Che Yeh being famous as a tourist attraction spot.

HOTEL

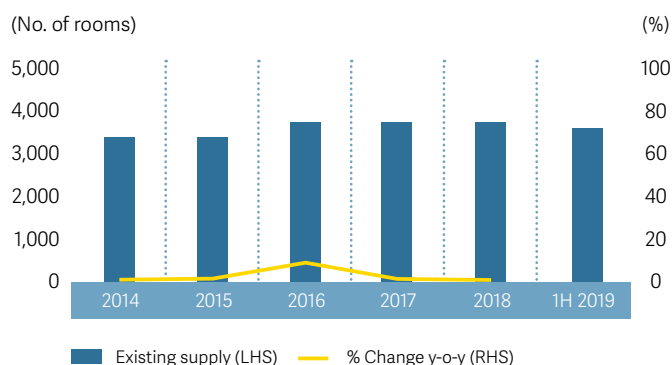
As at 1H2019, Kelantan's existing hotel supply stood at 4,360 rooms or 91 hotel establishments and from these, 14 are rated 3 to 5-stars. Those of the 4 to 5-star ratings are mainly located within Kota Bharu and to name a few: Hotel Perdana Kota Bharu, The Grand Renai, Grand Riverview Hotel and Holiday Villa Hotel & Suites Kota Bharu. The rates offered by these hotels generally range between RM188 to RM246 per room per night with breakfast included.

On the horizon, Ibis Style Hotel and Movenpick Hotel are set to enter the market soon with completions expected to be between end 2019 to 2020. They have been rated at 4 to 5-stars. After completion, Movenpick Hotel Kota Bharu is anticipated to be a new landmark for Kelantan with its Islamic-inspired architectural design and décor – symbolising Islam to be progressive, competitive and forward looking.

Similar to how Airbnb proved to be a threat to conventional hotels around the world, including Malaysia, Kelantan too is facing additional competition from high rise units that are being rented out as a homestay option – specifically in Kota Bharu as that is where the hotels and high-rise developments are concentrated at. These homestays are usually offered at lower rates and are available in more diverse locations. Furthermore, newer high-rise units offer better quality facilities and amenities in comparison to the older hotel buildings.

Existing Supply of Hotels in Kelantan (2014-1H 2019)

(Source: JPPH)



Upcoming Hotels in Kelantan

(Source: Rahim & Co Research)

Development	Location	Star Rating	No of Rooms	Expected Completion
Ibis Style Hotel	Kota Bharu	4	132	2020
Movenpick Hotel	Kota Bharu	5	452	2020

INDUSTRIAL

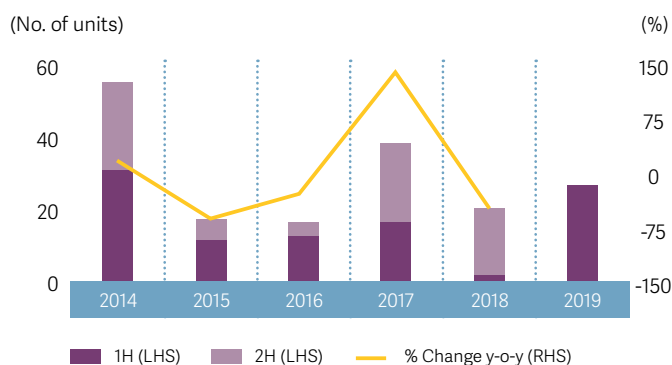
The existing supply of Kelantan's industrial sector has been flattish for the past few years, 1H2019 included with only 0.17% increase. In terms of locality, Jajahan Kota Bharu holds the highest supply share of the state at 66% with Jajahan Kuala Krai coming next at a much smaller share of 15%. Of the overall supply, terraced factories dominated the market in supply at 250 units followed by detached factories with 155 units – total number being 605 units currently in the market.

But despite the flattish supply trend, market activities show a massive rebound in improvement from previous year's big drop with 8 fold growth in volume and almost 10 times in value growth; 1H2019 recording 28 transacted units worth RM214.46 million. Following the preference seen in the residential sector, vacant plots was the most popular type to be transacted and second being semi-detached factories/warehouses.

On the selling prices of industrial units, 1-storey terraced factories went between RM470,000 to RM850,000 and semi-detached factories went higher at up to RM1.2 million. In observing the current market value of selected industrial areas such as Pengkalan Chepa Industrial Park, Kota Bharu, prices are showing no changes either way. The industrial market of Kelantan is expected to remain stable and flattish for 2020. Without any major development or expansion plans on blueprint by the government, market is predicted to maintain.

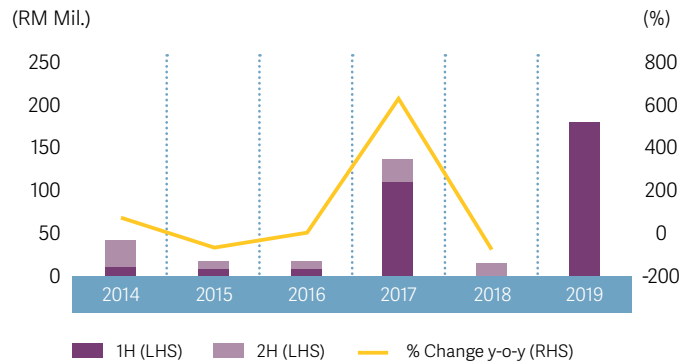
Number of Industrial Property Transactions in Kelantan (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Kelantan (2014-1H 2019)

(Source: JPPH)



Notable Announcements

A collaborative initiative involving South Kelantan Development Authority (KESSEDAR), Ministry of Tourism, Arts and Culture (MOTAC) and the Wildlife and National Park Department is the development of Kuala Koh as a local tourism destination, featuring its tropical rain forest and wildlife.

5 mega projects in Kelantan worth RM1.4 billion are in the works:

- I. Upgrading of the Sultan Ismail Petra Airport, Pengkalan Chepa.
- II. Phase 3 of the East Coast Highway, connecting Gemuruh in Terengganu to Tumpat in Kelantan at a highway distance of 150km.
- III. Construction of the Central Spine Road (Gua Musang to Kampung Relong, Pahang)
- IV. Construction of the Palekbang bridge in Kota Bharu
- V. Currently on planning stage for new highway from Pasir Puteh to Jeli pass by Machang area.

TERENGGANU

Darul Iman



Capital: Kuala Terengganu
 Est. Population: 1.25 million
 Area (km²): 13,052

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	100,878 units	↑ 1.6% y-o-y
Transaction Volume	6,577 units	↑ 11.4% y-o-y
Transaction Value	RM874.05 mil.	↑ 10.5% y-o-y

RETAIL

Supply	1.77 mil. sf	↓ 0.3% y-o-y
Occupancy Rate	70.0%	↓ 3.0% y-o-y
Rental	Prime: RM11.00psf – RM33.00psf	

PURPOSE-BUILT OFFICE

Supply	3.88 mil. sf	↑ 4.9% y-o-y
Occupancy Rate	95.9%	↓ 1.3% y-o-y
Rental	Prime: RM2.30psf – RM4.60psf	

SHOP OFFICE

Supply	7,540 units	↑ 1.6% y-o-y
Transaction Volume	125 units	↑ 13.6% y-o-y
Transaction Value	RM98.39 mil.	↑ 47.2% y-o-y

HOTEL

Supply	8,578 rooms	↑ 2.1% y-o-y
Average Room Rate	5-star: RM280– RM690 per night 4-star: RM180 – RM270 per night	

INDUSTRIAL

Supply	866 units	↔ 0.0% y-o-y
Transaction Volume	13 units	↓ 23.5% y-o-y
Transaction Value	RM16.97 mil.	↑ 14.7% y-o-y

RESIDENTIAL

General market performance finally took an upward turn in 2018 after having gone through a downward slump since 2014 and Terengganu was no exception having continued on this recovering trend into 1H2019 with transaction activities improving by 11.4% to 6,577 units in volume and up by 10.5% to RM874.1 million in value. Vacant plots remain to be the most popular type to be transacted, dominating the market with a 70% transaction share. Next is 1-storey terraced houses at 7%.

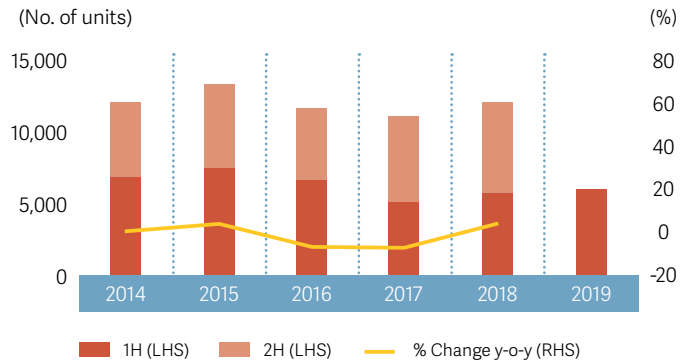
Existing supply, as at 1H2019, has surpassed the 100,000 mark with an injection of 1,553 new housing units into the market. Now amounting to 100,878 units for the whole of Terengganu, low cost houses and 1-storey terraced houses contribute almost equal share of the market supply with low cost coming ahead at just 0.3% higher.

On the future supply, 1,672 units are already under construction and adding on to this, 285 units were launched within the review period. Of the newly launched, 72% are 1-storey terraced houses priced between RM100,000 to RM300,000.

Alongside the new supply set to enter the market soon are the overhang units which is comparatively low to other major states but upon comparing to 1H2018's number,

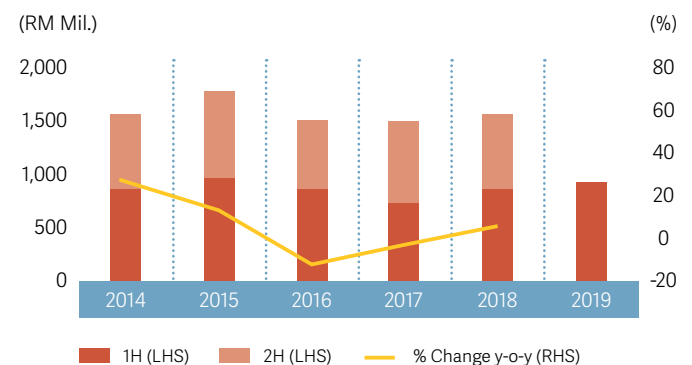
Number of Residential Property Transactions in Terengganu (2014-1H 2019)

(Source: JPPH)



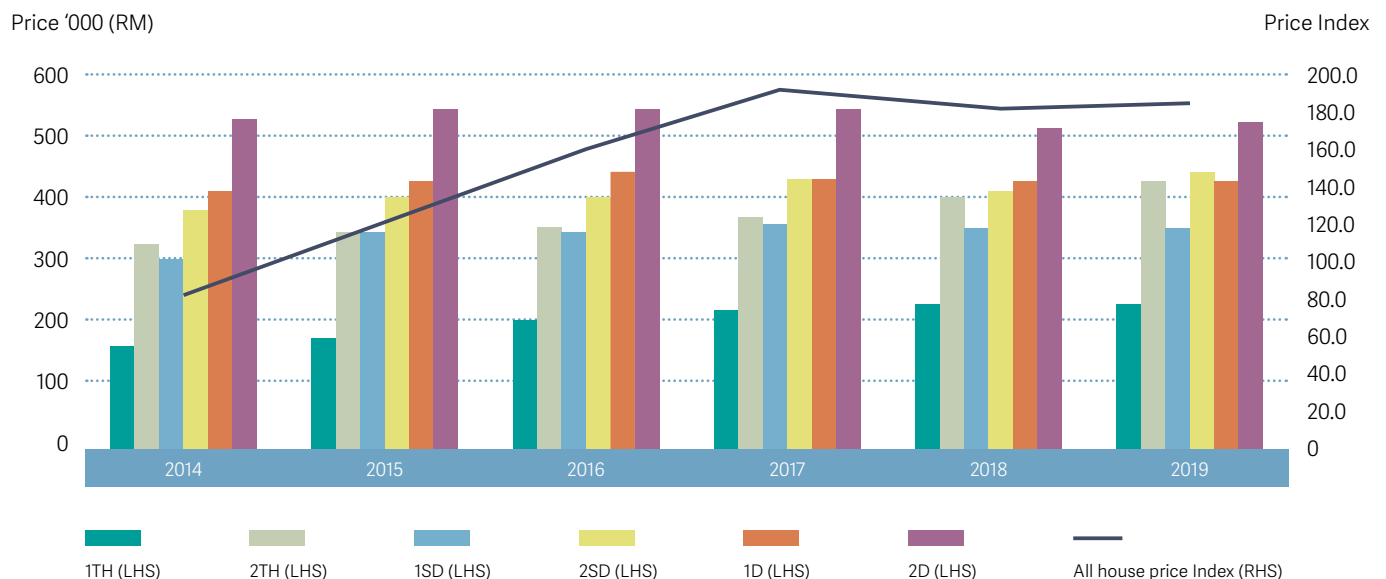
Value of Residential Property Transactions in Terengganu (2014-1H 2019)

(Source: JPPH)



Kuala Terengganu Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Terengganu

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Medina Sari	Dungun	1-sty Semi-Detached	16	From RM380,000	2020
Laman Pantai Penarik	Setiu	1-sty Detached	10	From RM230,000	2020
Alam Mutiara Residensi, Persisiran Air	Kuala Terengganu	2-sty Terraced & 2-sty Villa	73	From RM412,000	2020
Setok @ Casa Idaman	Kuala Nerus	2-sty Terraced & 2-Semi-Detached	124	From RM319,000	2020
Southern Residence	Kemaman	Serviced Apartment	182	From RM478,300	2020

overhang units had more than doubled within the review period. Rising by 55%, there are 419 completed yet unsold units sitting idle in the market with a value of RM146.2 million. Worryingly 94% of the overhang units are located in Kemaman area alone with types being 3-storey terraced and 1-storey semi-detached priced between RM200,000 to RM500,000.

The high-rise residential segment in Terengganu is still a new concept to the local market and is mainly concentrated within the capital city, Kuala Terengganu. But transaction numbers show the segment to slowly be accepted by the market with positive growth seen despite the passive market sentiment. Present high-rise developments seen on the ground have positioned themselves in good, strategic and established locations. Of the recent upcoming high-rise development, 4 are under the Rumah Mampu Milik category. At the time of writing, only Tok Jembal has been confirmed while the other 3 are still in the planning stage. With regards to the market having not yet reached the level it was before, the high-rise segment will be expected to grow moderately in the coming future.

Prices for selected residential schemes in Terengganu generally remain stable y-o-y; the areas referred to are the likes of Taman Permint Jaya, Taman Permint Perdana and Batu Rakit. 1-storey terraced houses on average go between RM200,000 to RM240,000 and rentals for the same units are at RM700 to RM1,000 per month depending on the size and location. For the high-rise secondary market, units of Pangsapuri Ladang Gemilang and Pangsapuri Ladang Tok Pelam achieved the highest rental by far at a high RM1,400 per month.

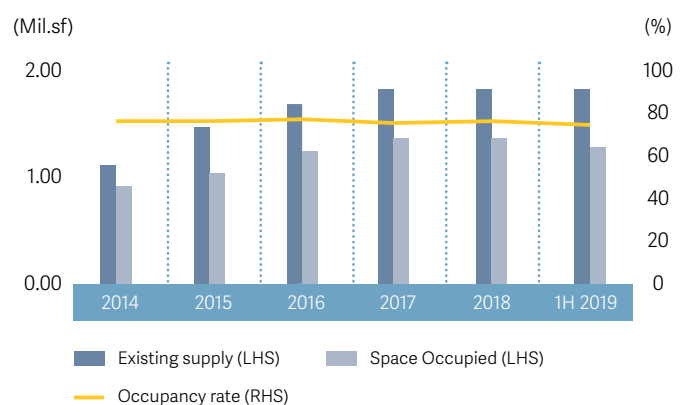
To tackle the unaffordability issue, state government has announced their target of providing 820 affordable housing units by the 2020 or 2021. On a longer term, they are looking to reach a higher 20,000 affordable units at 4 different sites that have already been identified.

RETAIL

The retail market of Terengganu has successfully maintained a consistent occupancy rate of above 70% since 2014, 1H2019 recorded at 70% with highest being at 75% in 2016. The drop from 1H2018 was by 2.9%. For the supply, Terengganu as at 1H2019 holds a total of 1.77 million sf in retail space which makes up to 39 malls across the state. As expected of being the capital city, Kuala Terengganu holds the highest number at 18 malls.

Existing Supply & Occupancy Rate of Retail Spaces in Terengganu (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Retail Malls in Terengganu

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Expected Completion
KTCC Mall	Kuala Terengganu	750,000	2020
NU Mayang Mall	Kuala Terengganu	715,000	2020

In the pipeline, 3 new retail malls are expected to hit the market in the next few years – bringing a total of 1.31 million sf. Part of the upcoming supply are the two most-talked about projects: KTCC Mall by KTCC Mall Sdn Bhd and Nu Mayang Mall by PHB Berhad. Both are being viewed as the new benchmark of Terengganu's retail sector, providing an incentive to upgrade and boost the outdated market. The older, established malls currently in Terengganu are the likes of Bazar MAIDAM, Mydin Hypermarket and Giant Hypermarket.

No significant changes were noted on the rental rates within the review period. As a benchmark for prime rates, rentals of ground floor spaces in Kuala Terengganu go between RM0.65 to RM7.25 psf pm. However, establishments such as Mydin Mall, Giant Hypermarket, PB Square and Giant Gong Badak go at an even higher ground rental premium of RM11.00 to RM33.00 psf pm. Once the highly anticipated KTCC Mall and Nu Mayang Mall officially enter the market, rental rates are predicted to adjust and change accordingly.

PURPOSE-BUILT OFFICE (PBO)

The performance of Terengganu's PBO market has successfully retained a strong occupancy rate of 95% on average between 2014 to 2018 and 1H2019 lived up to the high standards with 96%. Despite having an injection of 181,210 sf of new PBO space into the market, demand remained steadily strong. The new spaces are made of Jabatan Kimia Negeri Terengganu, Jabatan Suruhanjaya Pencegahan Rasuah, Bangunan Rimbunan Tekad and Jabatan Audit Negeri Terengganu.

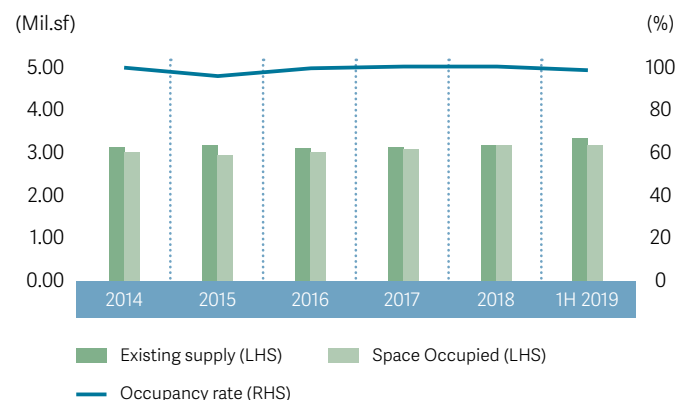
As at 1H2019, the PBO supply in Terengganu stood at 3.88 million sf or 124 office buildings – 57 of which are located in Kuala Terengganu. In the pipeline, only one new building named as Wisma MBKT is recorded with an expected size of 686,382 sf in Kuala Terengganu City Centre.

Rental rates in the central area of Kuala Terengganu generally hover between RM1.50 to RM2.70 and the office buildings commanding these rates are the likes

of Bangunan Tabung Haji, Bangunan Yayasan Islam Terengganu, Wisma Sri Amar and Wisma Maidam. At a higher premium range, PB Square and Darul Takaful Kuala Terengganu are able to command at a range of RM2.30 to RM4.60 psf pm.

Existing Supply & Occupancy Rate of Purpose Built Office in Terengganu (2014-1H 2019)

(Source: JPPH)

*Selected Upcoming Purpose-Built Office in Terengganu*

(Source: Rahim & Co Research)

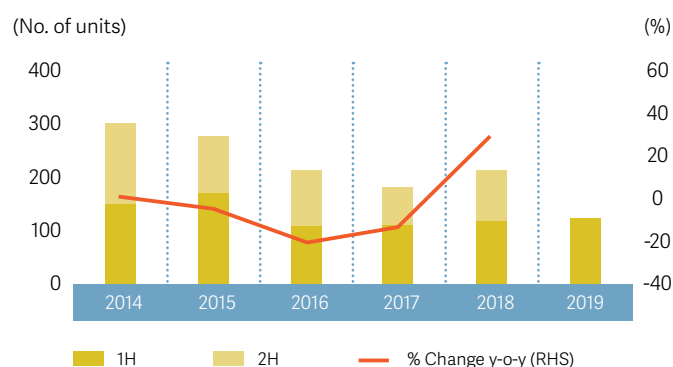
Development	Location	Area (NLA/GFA) sf	Expected Completion
Menara MBKT	Kuala Terengganu	21,980	2020

SHOP OFFICE

The shop office market in Terengganu had been on a constant decline up to 2017's lowest number of 171 transactions but moving onto 2018, things took an upturn and this recovery continued on to 1H2019's improvement of 13.6% to 125 units transacted at a value of RM212.2 million. Again, vacant plot came on top as the most popular form of property transaction with next being 2-2.5 storey shop offices. The prices of transaction involving 2-2.5 storey

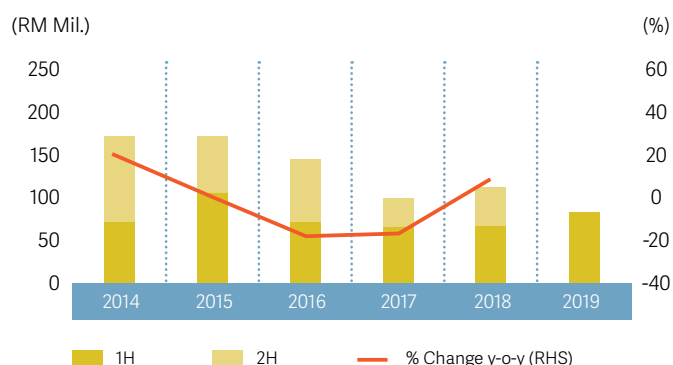
Number of Shop Office Property Transactions in Terengganu (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Terengganu (2014-1H 2019)

(Source: JPPH)



units were between RM450,000 to RM650,000 whereas the 3-3.5 storey units went above RM1.0 million.

The existing supply of shop offices in the market as at 1H2019 is 8,192 units comprising mainly of 2-2.5 storey units at 47% followed by 3-3.5 storey units at 24%. In locality, the shop offices are concentrated within areas of Kuala Terengganu and Kemaman.

Shop office units within central area of Kuala Terengganu hover between RM3,000 to RM8,000 per month whereas those in the outer suburban areas went at a lower RM1,600 to RM5,000 per month. Rates are stable with no significant changes noted.

New shop office schemes who have recently entered the market were observed to command rental rates of RM4,200 to RM5,600 per month. The schemes are Dataran Alamanda, Panji Curve and Perkedaian Ladang Tok Pelam along Jalan Sultan Zainal Abidin.

Selected Upcoming Shop Offices in Terengganu

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Desa Idaman	Paka	2-sty Shop Office	23	From RM609,700	2020
Paka Uptown	Paka	3-sty Shop Office	7	From RM980,000	2020
Shoplot @ Alam Mutiara Persisiran Air	Kuala Terengganu	2-sty Shop Office	42	From RM685,000	2020

HOTEL

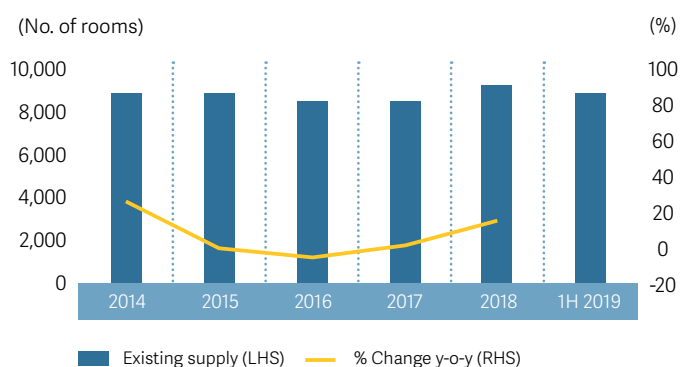
As at 1H2019, the cumulative supply of hotels in Terengganu stood at 8,578 rooms from 165 hotels. Of these, 28 establishments are rated 3 to 5-stars. Only a slight increase of 2.1% is recorded for the supply within the review period.

In Terengganu, the 5-star rated hotels are Duyong Marina & Resort, Resort World Kijal and The Taaras Beach & Spa Resort. Room rates for this class of hotels go between RM280 to RM690 per room per night. The 4-star hotels like Hotel Grand Continental Kuala Terengganu, Laguna Redang Island Resort, Primula Beach Resort and TH Hotel & Convention Centre Kuala Terengganu go at significantly lower RM180 to RM270 per room per night.

Though no new completions were noted of within the review period, Terengganu will be expecting the completion and opening of Movenpick Resort & Spa Chendering and Marriott Resort & Spa Pulau Perhentian somewhere between end-2019 and 2020. Should Movenpick open its doors as scheduled, it will be the first ever international hotel brand to set its foot in Terengganu.

Existing Supply of Hotels in Terengganu (2014-1H 2019)

(Source: JPPH)



Crystal Mosque, Kuala Terengganu

As at 1H2019, the cumulative supply of hotels in Terengganu stood at 8,578 rooms from 165 hotels. Only a slight increase of 2.1% is recorded for the supply within the review period.

Recently, many initiatives have been taken by the state government in order to boost the tourism sector of both local and international visitors. One such initiative is the first ever drawbridge in South East Asia which was opened to the public in August 2019. Serving as a connection between Kuala Terengganu City Centre and Kuala Nerus, this new infrastructure serves as a public road connection and local tourist attraction.

Upcoming Hotels in Terengganu

(Source: Rahim & Co Research)

Development	Location	Star Rating	No of Rooms	Expected Completion
Movenpick Resort & Spa Chendering	Kuala Terengganu	5	250	2020
Marriot Resort & Spa	Pulau Perhentian	5	220	2020

INDUSTRIAL

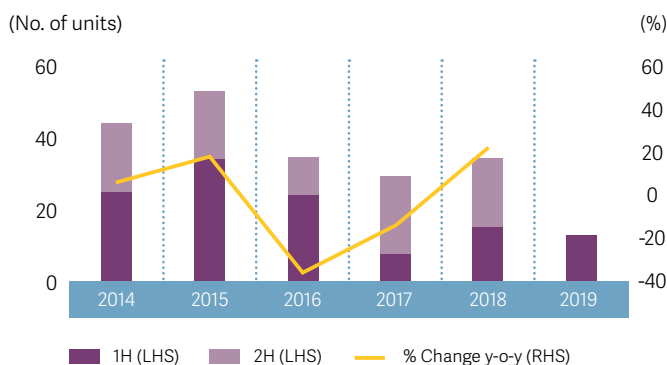
The industrial sector of Terengganu has been stagnant in its supply since 2018 with 1H2019 numbers recording 866 units with no new injections. By type, terraced factories dominate the market at 45% followed by semi-detached factories at 31%. On the locality of the supply, they are mainly concentrated in the areas of Kemaman and Kuala Terengganu.

Market activities in this sector is observed to be fluctuating with the highest number in the past 5 years being 53 transacted units in 2015. Coming onto 1H2019, transactions fell from the previous period by 23.5% to 13 units with a value of RM16.97 million. Following Terengganu's preference for vacant plots, this type of property transaction has also come on top for the industrial sector as well at 54% of transaction share.

On the selling prices, 1-1.5 storey terraced factories in Kuala Terengganu have gone above RM1.0 million while in Kemaman, the same type goes at a lower RM300,000 to RM500,000 per unit. It is worth mentioning that the business model for Terengganu's industrial sector differs based on the area. For example, Kawasan Perindustrian Gong Badak in Kuala Terengganu focuses on the manufacturing, storage and warehousing segment while Kawasan Perindustrian Petronas in Paka focuses on the oil and gas segment. Kawasan Perindustrian Ajil in Hulu Terengganu focuses on the sawmill segment. Overall, the industrial sector is expected to maintain its performance trend for future short term with no significant changes unless prompted by a large-scale development.

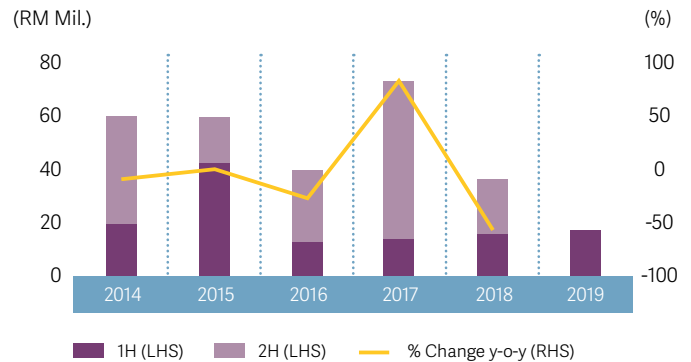
Number of Industrial Property Transactions in Terengganu (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Terengganu (2014-1H 2019)

(Source: JPPH)



Notable Announcements

CPCG Holdings Sdn Bhd, on behalf of its parent company China's Pacific Construction Group Ltd (CPCG), have signed a MoU with Terengganu Jiangsu Trade Organisation (TJTO) on their initiative of bringing in a consortium of investors worth RM3 billion into Terengganu.

Plans are being made to build a Terminal Pengangkutan Awam Bersepadu in Bandar Baru Bukit Besar (KT Sentral) on 17-acre land size worth around RM156 million; approval to be made at Rancangan Malaysia Ke-12 (RMK Ke-12) in 2021.

With East Coast Rail Link (ECRL) back in the game, progress made as at September is at 11%.

Nearly 2 years later, Pulau Poh and Pengkalan Gawi will soon be connected via a bridge by March 2020 and with this is also the completion of a hotel establishment. At the time of writing this, no hotel operator has yet to step in.

PAHANG

Darul Makmur



Capital: Kuantan

Est. Population: 1.67 million

Area (km²): 35,965

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	276,244 units	↑ 2.3% y-o-y
Transaction Volume	5,563 units	↑ 23.2% y-o-y
Transaction Value	RM1,292.38 mil.	↑ 22.2% y-o-y

RETAIL

Supply	4.24 mil. sf	↑ 2.5% y-o-y
Occupancy Rate	66.5%	↓ 2.2% y-o-y
Rental	Prime: RM12.00psf – RM38.00psf	

PURPOSE-BUILT OFFICE

Supply	4.52 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	92.0%	↓ 0.7% y-o-y
Rental	Prime: RM2.00psf – RM4.00psf	

SHOP OFFICE

Supply	23,567 units	↑ 3.1% y-o-y
Transaction Volume	396 units	↑ 48.9% y-o-y
Transaction Value	RM283.76 mil	↑ 43.3% y-o-y

HOTEL

Supply	24,395 rooms	↓ 15.8% y-o-y
Average Room Rate	5-star: RM320 – RM470 per night 4-star: RM200 – RM300 per night	

INDUSTRIAL

Supply	3,556 units	↑ 0.5% y-o-y
Transaction Volume	80 units	↓ 4.8% y-o-y
Transaction Value	RM119.04 mil.	↓ 51.3% y-o-y

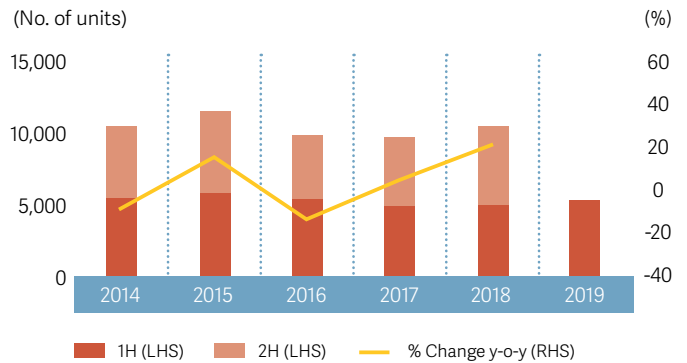
RESIDENTIAL

The residential property market of Pahang has been relatively stable with some movements seen but none being significantly notable or volatile. On a first half yearly basis, volume of transactions hovered between 4,500 to 5,900 transacted units since 1H2014 – 1H2019 coming in at 5,563 units worth RM1.29 billion after an improvement of 23.16% and 22.15% respectively from 1H2018. 1-storey terraced houses dominated residential transactions at 32.9% and the units were mostly priced between RM150,000 to RM300,000.

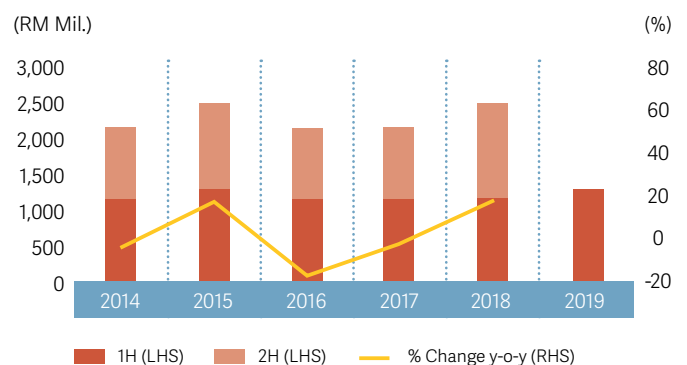
As at 1H2019, Pahang's supply of existing residential unit totals to 276,244 units with an injection of 6,283 new units into the market. Going by the categories of type, terraced houses came on top with a 40% contribution to total supply while high-rise units, consisting of condominium/ apartment and flats, are only at 5% - indicating the high-rise segment for Pahang to have yet picked up.

Of the future supply that are already in construction and underway, terraced houses remain the most popular type to be developed at an incoming supply share of 59% out of 22,026 units. With this number well on its way into the market, overhang concerns for Pahang could potentially grow bigger should the market absorption not be up to

Number of Residential Property Transactions in Pahang (2014-1H 2019)
(Source: JPPH)

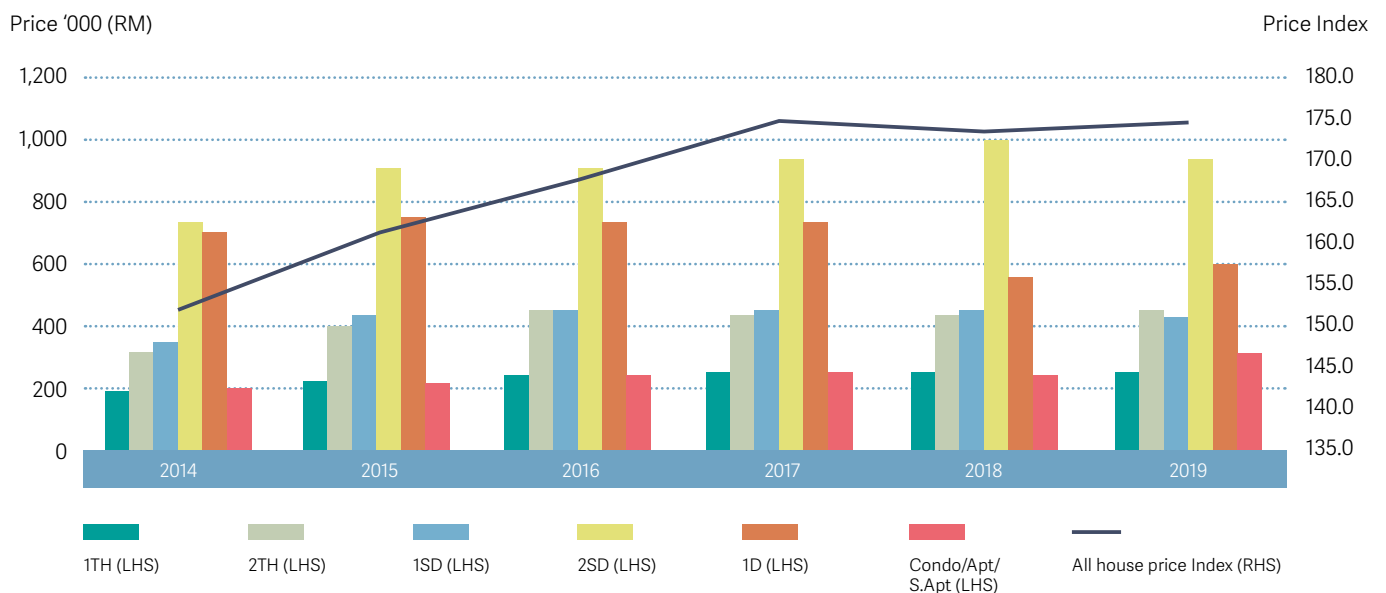


Value of Residential Property Transactions in Pahang (2014-1H 2019)
(Source: JPPH)



Kuantan Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



par with the incoming stock. As of 1H2019, the number of overhang residential units for the entire state is at 1,518 units worth RM603.9 million and 81% of them are units priced below RM500,000. By locality, Kuantan holds almost half of the overhang stock followed by Cameron Highlands.

With regards to the current property sentiment, developers have been seen to do price adjustments via higher rebates to the buyers as a way to help clear readily available stocks. But for main areas such as Kuantan, things are still moving with new developments entering the scene: Tanjung Lumpur by Idela Heights Development Sdn Bhd and Penor by OCR Group Berhad. In the next 2 to 3 years, Pahang's market will be welcoming another 1,124 new units.

The high-rise segment for Pahang is mainly concentrated in areas of Bentong, Cameron Highlands and Kuantan. Despite its much smaller portion compared to landed type homes, Pahang as a state of the East Coast region does have a stronger high-rise presence than Kelantan and Terengganu and market acceptance for this type of home is rising as evidenced by improving transaction numbers which had increased by 23.16% within the review period. The price tags of transacted condominium/apartment units primarily went between RM300,000 to 400,000

per unit. On the future outlook, the success of high-rise developments will depend on how strategic they are in quality and convenience and growth is expected to be at a moderate pace.

Current house prices for selected residential schemes in Kuantan – these being Indera Mahkota, Air Putih and Bukit Setongkol – generally remain unchanged compared to the previous year. As one of the popular types transacted in Kuantan, 1-storey terraced houses on average go between RM250,000 to RM270,000 whereas rentals are at RM700 to RM1,500 per month depending on the size and location. 2 to 2 ½ storey terraced houses in Indera Mahkota, Air Putih and Alor Akar/ Kubang Buaya went at higher RM440,000 to RM500,000 and rentals at RM1,000 to RM1,800 per month.

High-rise units in Genting Highlands, as a popular local tourist destination within the district of Bentong, are more commonly purchased as “weekends home” or for investment purpose such as renting out to tourists and resort operators leasebanks. Of late, this has been heightened with the emergence of the global online platform, AirBnB. Because of that prices have been moving steadily but sporadic spike was observable lately. Developments such as Genting View Resort apartments, Mawar Apartments & Kayangan Apartments

Selected Upcoming Residential Properties in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Mahkota Height III	Bandar Indera Mahkota	1 & 2-sty Terraced	19	From RM398,000	2020
Taman Sejahtera (Phase 1)	Jalan Kuantan-Pekan	1-sty Terraced	100	From RM210,000	2020
SpringVale Residences	KotaSAS	2-sty Terraced & Semi Detached	207	From RM397,000	2020
The Colonial (Phase 1)	Raub	2-sty Terraced	130	From RM302,000	2020
Valley Suite @ Mahkota Valley	Bandar Indera Mahkota	Serviced Residence	436	From RM229,000	2020
Laman Hijauan	Bandar Damansara Kuantan	2-sty Terraced	217	From RM370,000	2021
Hermoso Residences	Tg Lumpor	3-sty Superlink & Villa	380	From RM698,000	2021
PRIYA Scheme Kuantan	Penor	1-sty Terraced & Semi Detached	1,124	From RM137,000	2021
Impiana Residences Cherating	Cherating	Serviced Apartment	257	From RM585,000	2022
Grand Ion Majestic	Genting Highlands	Serviced Apartment	1,855	From RM512,000	2022
Vertex Kuantan	Kuantan town	Serviced Apartment	978	NA	2023

had appreciated by 12% up to 25% – indicating buyers', especially investment purchasers', interest in the area. NCT Group has officially launched the Grand Ion Majestic in November 2019. Boasting three serviced apartment towers within the development at a capacity of 1,885 units, the Grand Ion Majestic is designed as an investment product and will be operated by Wyndham Hotel & Resorts.

On the affordable housing segment, the state government has officially stated the cancellation of 7 affordable housing developments under the PR1MA scheme due to exorbitant land acquisition costs in certain districts and some locations be not strategic for an affordable housing project.

RETAIL

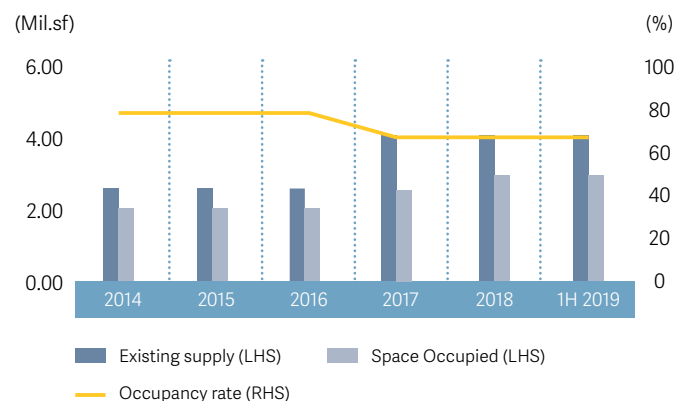
After its last fall back in 2017 to 67% from 79% in 2016, Pahang's retail market has yet to show any improvement and remained so up to 1H2019. The market is deemed to be highly saturated whereby occupancy rates are at risk of falling when new spaces enter the market. This was seen for Berjaya Megamall who fell to below 60% in occupancy rate after having lost their tenants to East Coast Mall and Kuantan City Mall. An unfortunate incident noted in 2019 is the closure of Mara Digital Kuantan in Plaza Gambut. The reason for its closure is due to low sales since its operation, making further operations unsustainable against operating costs.

Supply wise, there are 38 existing shopping malls across the state with approximately 4.24 million sf in retail space. Slightly above half of that space is in Kuantan alone, including Pahang's two major malls: Kuantan City Mall and East Coast Mall. These two malls are able to cater not only locals within near vicinity but also the local outskirts like Kemaman and Pekan. On the horizon, 3 new malls are recorded to hit the market soon and potentially put heavier pressure on occupancy performance.

Prime rental rates in Kuantan remain relatively unchanged from 2018 – ground floors commanding rates of RM3.00 to RM38.00 psf pm. As expected, East Coast Mall and Kuantan City Mall were the ones commanding the high side of RM12.00 to RM38.00 psf pm.

Existing Supply & Occupancy Rate of Retail Spaces in Pahang (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Retail Malls in Pahang

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Expected Completion
Kuantan WaterFront Mall	Tanjung Lumpur	N/A	2021

PURPOSE-BUILT OFFICE (PBO)

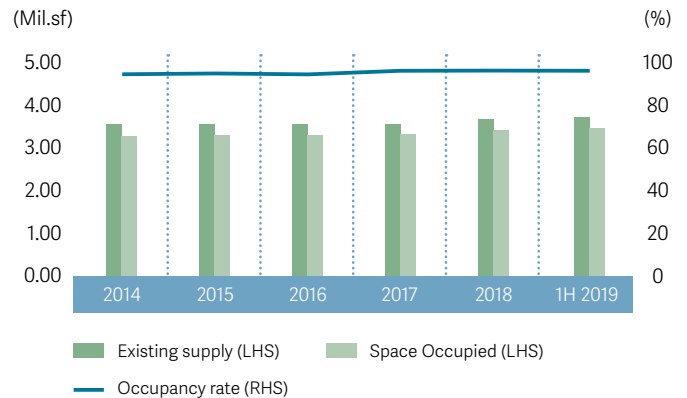
The performance of purpose-built office buildings in Pahang based on occupancy rates have remained strong at above 85% for the past 5 years but this is likely warranted to supply being stagnant and almost half of the buildings be government-owned. Performance had improved even higher in 2017 to 92% and has remained so into 1H 2019.

With current supply at 4.52 million sf, making up 144 office buildings, the market will finally see a new building come in named Pusat Pentadbiran Sultan Ahmad Shah in KotaSAS, Kuantan but since it has been set to be another government-owned building, performance in occupancy rate will most likely will be affected with the vacancy in the pre-existing government offices building in the town area.

Rental rates of buildings within the central area of Kuantan generally hover between RM1.50 to RM2.70 psf pm – the office buildings referred to being HSBC Bank (previously

Existing Supply & Occupancy Rate of Purpose Built Office in Pahang (2014-1H 2019)

(Source: JPPH)



known as Hongkong Bank), Bangunan BSN and Lembaga Tabung Haji Building along Jalan Bukit Ubi. At a higher premium range, Menara Zenith, Tokio Marine Life Building and Bangunan KWSP are able to command rentals up to RM4.00 psf pm.

Selected Upcoming Purpose-Built Office in Pahang

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Expected Completion
Sultan Ahmad Shah Administration Center	Kota SAS	206,398	2020

SHOP OFFICE

The existing supply of shop offices in Pahang as at 1H2019 is 24,593 units; comprising mainly of 2-2½storey units at 50% followed by 3-3½storey units at 28%. By locality, a large portion of the shop offices are concentrated within areas of Temerloh and Cameron Highlands.

As at 1H2019, the shop office market in Pahang recorded transaction volumes of 396 units worth RM283.76 million. This was after a rise of 48.9% and 43.3% respectively against 1H2018. Upon observation of the transaction trend since 2014, both volume and value of transactions have fluctuated though not significantly over the 5-year period and 2015 had the highest transaction activities of 935 units valued at RM651.74 million.

As at 1H2019, the shop office market in Pahang recorded transaction volumes of 396 units worth RM283.76 million.

Of the types transacted with the exclusion of vacant plots, 2-2½ storey shop offices (246 units) were the most transacted followed by 3-3½ storey shop offices (97 units). Prices these units were transacted at varies according to type and location. In Kuantan, 2-2½ storey shop offices went between RM650,000 to RM1.2 million whilst the same type in Temerloh went at a smaller range of RM600,000 to RM900,000 per unit.

Rental for shop offices within Kuantan area hover between RM1,500 to RM5,000 per month. Rates are stable with no significant changes noted. Currently, the demand for shop

Selected Upcoming Shop Offices in Pahang

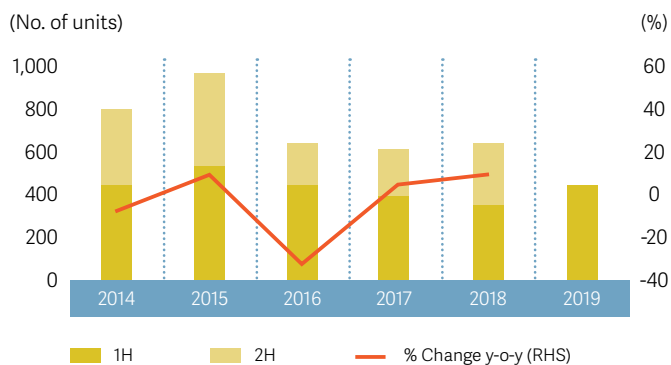
(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Shop Office @Taman Indera Sempurna 3	Kuantan	1-sty Shop office	64	From RM228,000	2020
2 & 3-s Shop offices Project @ Sungai Isap	Kuantan	2 & 3-sty Shop office	9	From RM1.58 million	2020
Shop offices @ Tropics Tanjung Lumpur	Kuantan	2-sty Shop Office	5	From RM610,000	2020
Shop Offices @ Jalan Haji Ahmad	Kuantan	2-sty Shop Office	11	From RM900,000	2020
Cameron Centrum Precint 1	Brinchang	2, 4 & 5-sty Shop Office	58	From RM1.4 million	2021

offices in Kuantan is quite high for the ground floor lots but the upper floors tend to remain vacant. With commercial activities only happening on the ground floors, there worry on whether the upper floors will eventually be occupied or left to sit empty for good.

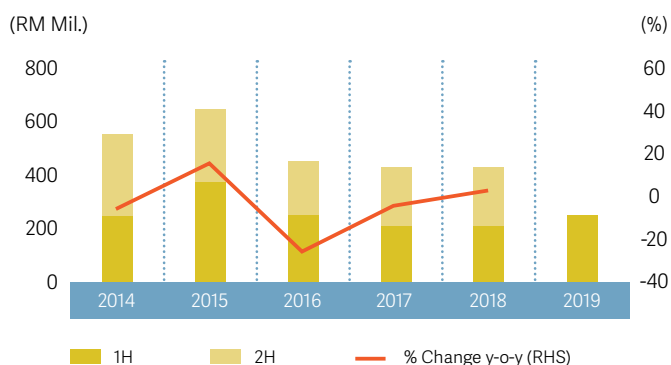
Number of Shop Office Property Transactions in Pahang (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Pahang (2014-1H 2019)

(Source: JPPH)



HOTEL

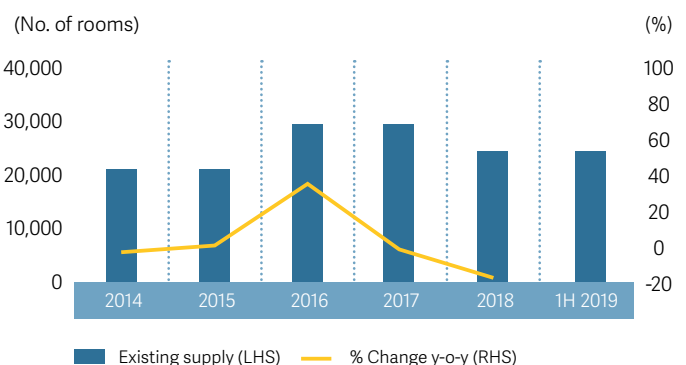
As at 1H 2019, Pahang's existing hotel supply stood at 24,395 rooms, making up 298 hotel establishments in total and out of this, 40 are rated 3 to 5-stars.

In Pahang, room rates for 5-star hotels such as Genting Grand Hotel, Grand Ion Delemen Hotel, Hyatt Regency Kuantan and The Zenith Hotel ranges on average between RM320 to RM470 per room per night whilst 4-star hotels such as Heritage Hotel Cameron Highlands, Legend Cherating Beach Resort and Arabian Bay Resort go at an average of RM200 to RM300 per room per night.

No new project launches were noted of within the review period and only two is set to enter the market soon next year – Carlton Holiday Hotel & Suites located at Jalan Sungai Isap and Swiss-Belhotel Kuantan located within Kuantan Waterfront Resort City; both rated at 4-stars.

Existing Supply of Hotels in Pahang (2014-1H 2019)

(Source: JPPH)



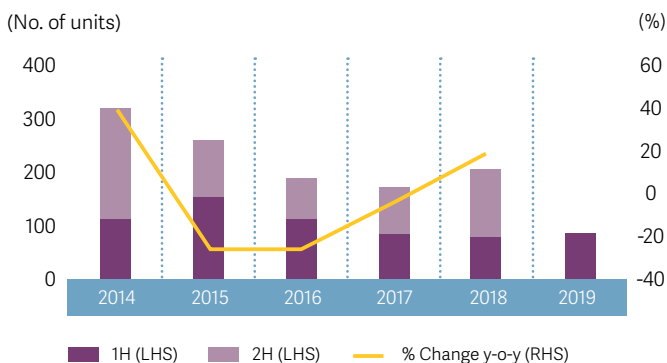
After some legal setbacks and disputes, the long-awaited Genting Outdoor Theme Park is back on track to completion in 2020 with a new name that has yet to be announced at the time of writing.

INDUSTRIAL

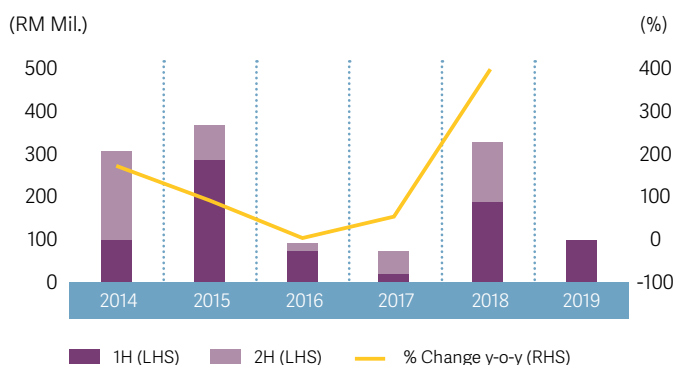
1H 2019 saw Pahang's industrial supply count to be at 3,556 units from a small increase of 0.51% y-o-y. By locality, Kuantan holds the highest supply share at 52.5% and Temerloh coming next with a much smaller share of 21.2%. Of the entire supply, terraced factories contribute the most at 64.5% (2,294 units).

Opposite to supply growth is the continuous fall in market activities since 1H 2015; the latest numbers showing a 4.76% drop in volume to 80 units transacted at a worth of RM119.04 million. By type, terraced factories are the most transacted at 33 units followed by vacant plot at 22 units.

Number of Industrial Property Transactions in Pahang (2014-1H 2019) (Source: JPPH)



Value of Industrial Property Transactions in Pahang (2014-1H 2019) (Source: JPPH)



Observation of current selling prices for selected industrial areas such as Kawasan Perindustrian Batu 3 and Kawasan Perindustrian Ringan Sektor III indicate no changes from last year's prices. 1-1½ storey terraced factories were transacted at price tags of between RM300,000 to RM400,00.

Overall outlook for Pahang's industrial sector is expected to remain neutral and unchanged for the next short period but in the long-run, there is anticipation for more industrial activities in Pahang as the state government had recently approved 1,214.06ha of land to be developed into a new Kuantan International Industrial Park, set near the existing Kuantan Port. State government has also reveal that a proposal has been made to create an exclusive 485.62ha Pahang-Singapore Industrial Park next to Jalan Kuantan-Pekan.

Notable Announcements

Genting Malaysia BHD has revealed the Genting Theme Park's reopening to be set in 3Q 2020.

OCR has officially announced the launch of Kuantan's tallest development – upon its completion – named Vertex Kuantan with total GDV of RM268 million to be in 1H2020. The sky-reaching development is set to be in front of Jalan Putra Square, behind the Zenith Tower & Hotel.

Pahang state government has signed 11 memoranda of understanding (MoUs) with several Singaporean investors and international companies on the investment of RM1.13 billion into Pahang. The largest investor being Hercules Technologies Sdn Bhd with an investment commitment of RM450 million for project targeted in Gebeng Industrial Area, Kuantan.

Following the recommencement of ECRL, the state government has begun acquiring the lands required, including a 379,184ha of state government land, a 542.58ha of private land, a 44,074ha forest reserves and 12,929ha of Federal land. The areas involved are Kuantan, Maran, Bera and Temerloh.

Sarawak
Sabah

EAST MALAYSIA REGION

Floating Mosque, Kota Kinabalu, Sabah

SARAWAK

Bumi Kenyalang



Capital: Kuching

Est. Population: 2.81 million

Area (km²): 124,450

(Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	256,266 units	↑ 1.7% y-o-y
Transaction Volume	4,963 units	↑ 13.3% y-o-y
Transaction Value	RM1,378.12 mil.	↑ 15.4% y-o-y

RETAIL

Supply	10.19 mil. sf	↑ 5.1% y-o-y
Occupancy Rate	80.8%	↓ 0.5% y-o-y
Rental	Prime: RM2.00psf – RM17.00psf	

PURPOSE-BUILT OFFICE

Supply	7.90 mil. sf	↑ 2.7% y-o-y
Occupancy Rate	91.5 %	↓ 0.2% y-o-y
Rental	Prime: RM1.50psf – RM4.00psf	

SHOP OFFICE

Supply	31,266 units	↑ 3.3% y-o-y
Transaction Volume	900 units	↑ 27.5% y-o-y
Transaction Value	RM462.23 mil.	↑ 35.0% y-o-y

HOTEL

Supply	20,018 rooms	↑ 3.2% y-o-y
Average Room Rate	5-star: RM200 – RM500 per night 4-star: RM120 – RM258 per night	

INDUSTRIAL

Supply	7,091 units	↑ 3.5% y-o-y
Transaction Volume	259 units	↑ 52.4% y-o-y
Transaction Value	RM250.50 mil.	↑ 97.6% y-o-y

RESIDENTIAL

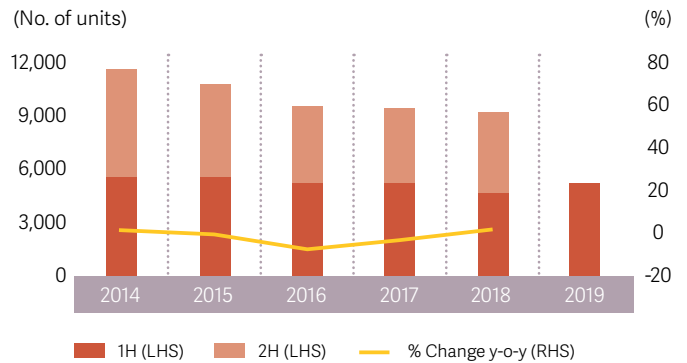
As with most states in Malaysia, the residential property market for Sarawak has been on a gradual decline since 2014 as evidenced by property transactions going lower and lower by the year but coming in to 1H 2019, it seems the market has reached its bottoming phase and show potential to recovering back up. Recording positive growth in volume and value of transaction from 1H 2018, the first half of this year registered 4,963 transacted units at a value of RM1.38 billion.

Upon a closer look on these transactions, buyers are still in favour of landed homes as the top contributor spots are taken by terraced and semi-detached type properties – the former accounting for 45% of market activities. Although the high-rise segment is slowly gaining momentum in the local market, it is still comparatively smaller against landed homes at only 3.6% of residential properties transacted.

Despite demand in transactions taking a tumble for a period, supply continues to grow. Within the review period, supply grew by 1.7% to 251,968 units and although the percentage may seem small, it equates to an injection of over 4,000 new residential properties into the market. Following the pattern of transacted properties, terraced and semi-detached houses were the top two types in

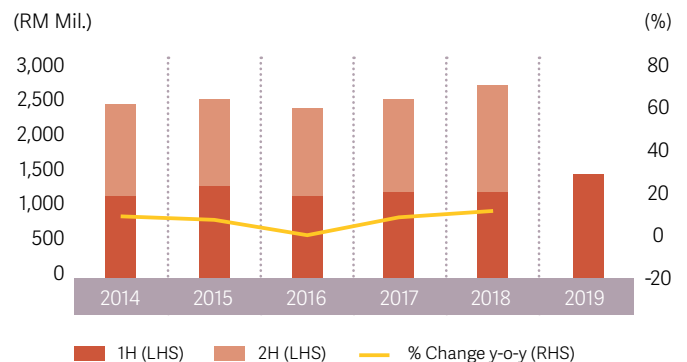
Number of Residential Property Transactions in Sarawak (2014-1H 2019)

(Source: JPPH)



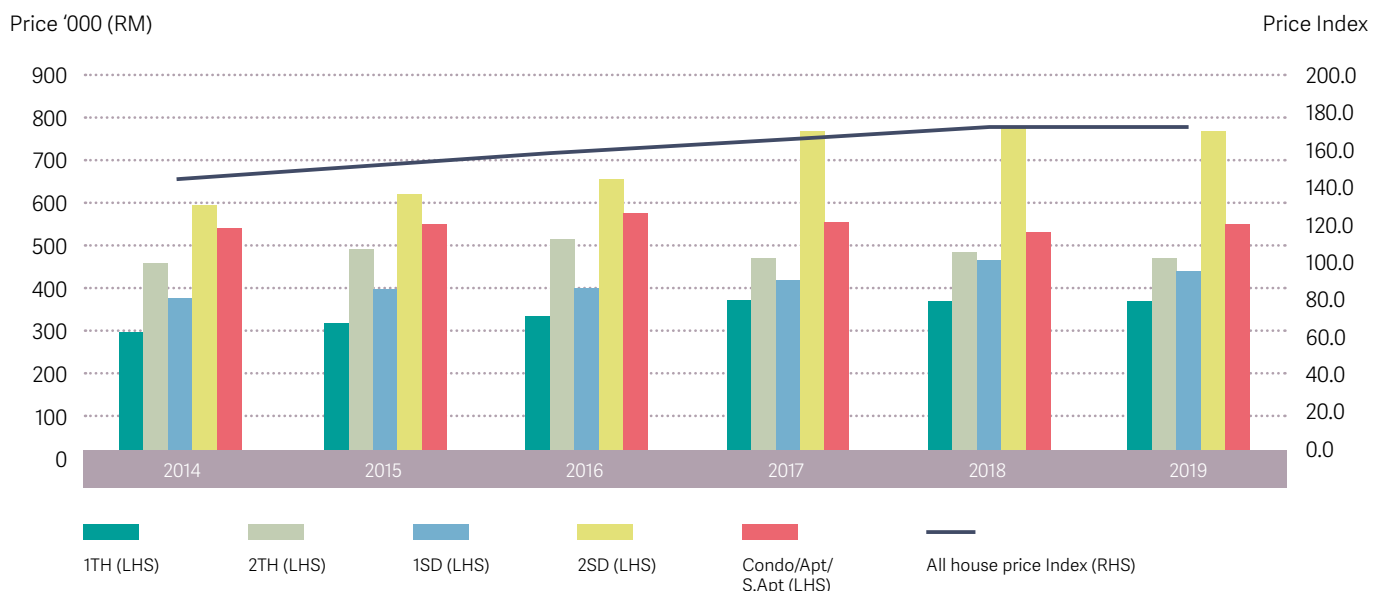
Value of Residential Property Transactions in Sarawak (2014-1H 2019)

(Source: JPPH)



Kuching Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



contributing to the overall number, both combined at approximately 72% supply share. By locality, Kuching has the highest concentration of residential properties at 42%.

Currently, the supply share of condominium/apartment is still minor at only 7% but looking forward, there is potential for this segment to grow bigger with incoming supply registering 10,921 units that are already under construction and set to enter the market soon. This amount of high-rise units is notably almost half of the total incoming supply at 22,837 units and most will be located in Kuching alone.

But alongside this potentially changing market trend, overhang numbers are indicating things may not go as desired. By 1H 2019, overhang statistics stood at 1,611 units with a total worth of RM713.19 million with 43% of the unsold units being condominium/apartment types – bearing in mind that these units are currently sitting idle in the market and on the horizon, about 10,000 units are well underway. This brings in concern on how the high-rise segment will prevail in Sarawak's residential property scene with these discouraging numbers and slower sales performance.

On the ground, 2019 house prices in Kuching were generally observed to be in the adjusting phase with minor ups and downs seen for different house types. Of the selected housing areas, 1-storey terraced houses went on average at RM370,000 while 2-storey terraced houses went at a higher RM480,000. Of the areas selected, Tabuan Heights pulled in the highest price tag of RM580,000 for a terraced unit. 2-storey semi-detached units have remained at about RM770,000 mark. For selected high-rise schemes, transacted prices went at an average RM389 psf which in quantum prices is at an average of RM547,000. Riverbank Suites and Jazz Suites, Viva City came through to at least RM500 psf.

One of the anticipated new developments to hit the market soon is the Imperial Suites Bintulu by Shin Yang Properties. Classified as a serviced apartment, this project will be offering 201 in the form of a 4-storey residential section that is situated between the shopping mall and Imperial Hotel. The sizes offered ranges from 415 sf to 1,077 sf. Completion of the project is scheduled to be in 2021. Another high-rise project in the making is the Pinnacle development by Sarawak Land (Kemena Park) Sdn Bhd. Labelling itself as a high-end condominium development, the project located in Bintulu will only be offering 85 units from a hefty price tag of RM961,322 onwards.

Selected Upcoming Residential Properties in Sarawak

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Laticube	Kuching	Apartment	N/A	From RM300,000	2020
Urban Residences	Jalan Central Timur	Condominium	136	From RM878,000	2020
Prima Bintawa Riverfront Apartment	Kuching	Apartment	1,320	From RM200,000	2020
Mackenzie Avenue	Jalan Stapok Utara	Apartment	256	From RM472,000	2020
Nova 72@Northbank	Kuching	2-sty Terraced 2&3-sty Semi-detached	N/A	From RM725,000	2020
GEM Suites	Off Jalan Stutong Baru	SOHO	198	From RM360,000	2021
D'Millenia	Unimas, Kota Samarahan	Condominium	400	From RM201,200	2021
The Podium	Jalan Keretapi	Apartment	395	From RM485,000	2022
Yarra Park	Jalan Batu Kawa	Apartment	195	From RM438,450	N/A
The Pinnacle	Bintulu	Condominium	85	From RM961,344	N/A
North Greenwich	Kuching	Apartment	84	From RM550,000	N/A



Fairy Cave, Bau

RETAIL

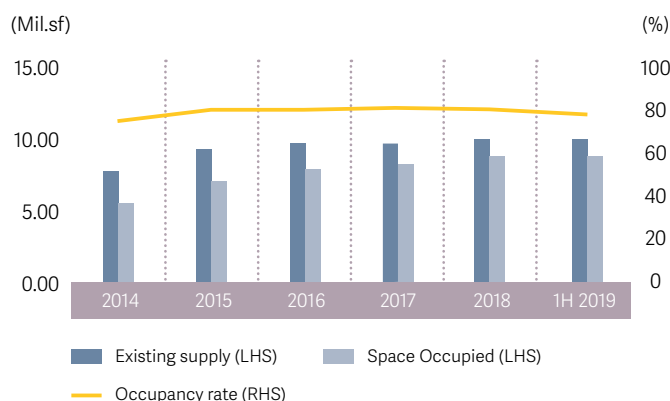
Sarawak's retail mall growth continues to rise at its gradual pace, 1H 2019 recording a 5.1% increase y-o-y to 10.19 million sf. And although occupancy rate has fallen by a slight 0.5% to 80.8%, the actual amount of space occupied has increased as well, proving retail space absorption to still be strong but this can be taken as indicator for how future new spaces would be absorbed – or not.

In CAGR growth between 2014 to 2018, demand to supply is still on a sustainable level with existing supply going at 8.1% versus occupied spaces at 10.7%.

At the end of the review period, Sarawak holds a total of 72 retail malls across its districts with Kuching coming first at 45 malls and second, Miri at 10 malls. Other districts to mention are Sri Aman, Sibu, Limbang, Samarahan and Bintulu.

Existing Supply & Occupancy Rate of Retail Spaces in Sarawak (2014-1H 2019)

(Source: JPPH)



Over the review period, rental rates remained stable with established malls located within Kuching's prime area such as Plaza Meraka Mall & Riverside Shopping Complex commanding between RM2.00 to RM17.00 psf pm. Other malls like Aeon Mall Kuching Central, Boulevard Shopping and City One Mall, due to them being in the outer areas, go only up to RM14.00 psf pm. Reaching even higher rates are the Spring Shopping Mall and Vivacity Megamall – who are considered premium shopping malls – of up to RM20.00 psf pm.

PURPOSE-BUILT OFFICE (PBO)

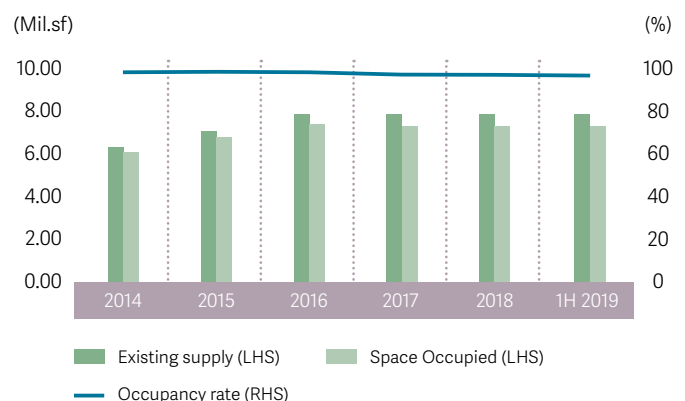
As at 1H 2019, there is minimal growth to Sarawak's existing PBO supply at only 2.7% to 7.89 million sf. Over the past 5 years since 2014, the supply has grown by 1.36 million sf at a gradual pace and no sudden spikes. Demand wise, occupancy rate has continued to slope down but still remain above the 90% mark – 1H 2019 at 91% though it remains to be seen if this downward trend will stop sometime soon or persist on.

Judging by the CAGR of both existing supply and occupied space, they seem to be on par at 4.7% and 4.0% respectively. Should existing supply pick up its pace or occupied space slow down further, occupancy rates will most likely fall lower and go below the healthy range it has successfully maintained thus far.

On the number of PBO establishments currently in Sarawak, there is a total of 108 PBO buildings across different areas and by ownership, 64% are privately-owned and 36% are government-owned. As expected of

Existing Supply & Occupancy Rate of Purpose Built Office in Sarawak (2014-1H 2019)

(Source: JPPH)



the state capital, Kuching holds the biggest number of PBO buildings at 66, followed by Miri at 14 buildings and Sibü at 12 buildings.

Rental rates of PBO spaces in general remained stable at RM1.50 to RM4.00 psf pm. PBO buildings who command the higher range are Gateway Kuching, Wisma STA and Wisma Bukit Mata Kuching.

SHOP OFFICE

After its lowest point in 2017, Sarawak's shop office market has since then picked up with 1H 2019 achieving a further rise of 27.5% to 900 units transacted at a value of RM462.23 million. Of these transactions, approximately half involves 3-3½ storey units and so remains as the preferred type by the market.

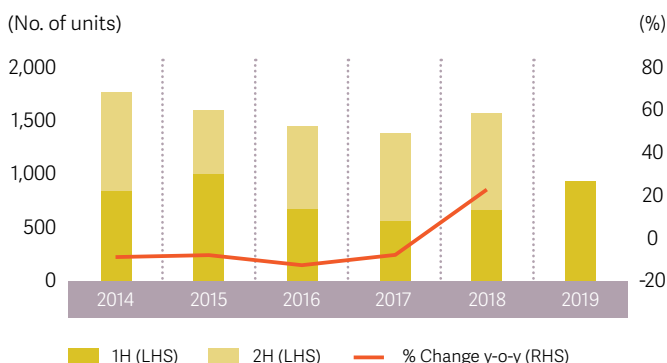
Shifting to supply, there is also growth to be seen at 3.3% to 31,266 units of which 56% are 3-3½ storey terraced shop offices. By locality, Kuching takes up 38% of the total share with Miri and Sibü following behind at 15% each.

As at 1H 2019, the overhang situation for this market is at 141 units worth RM202.42 million after an increase in count of 16.5% y-o-y. This unsold stock is primarily contributed by stratified, 3-3½ storey and 4-4½ storey units priced above RM1.0 million.

Rental rates of the ground floor spaces in Kuching are at a steady RM1.50 to RM5.00 psf pm with locations such as Gala City, Jalan Tun Jugah and Saradise commanding the higher end of the range of above RM3.00 psf pm.

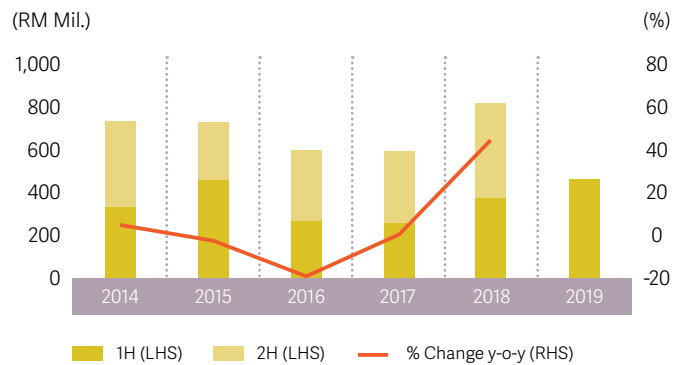
Number of Shop Office Property Transactions in Sarawak (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Sarawak (2014-1H 2019)

(Source: JPPH)



One of the upcoming developments anticipated as the Springville Commercial Centre by Shin Yang Properties. Located in Bintulu, plans for the development includes corporate offices, professional suites, retail showrooms, financial institutions, convenient stores, educational and fitness centres as well as entertainment and F&B outlets.

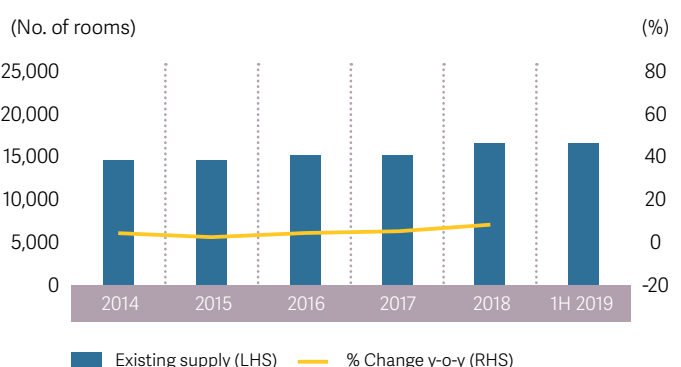
Another is a 3-storey shop office development named the Northbank by IBRACO Berhad in Kuching. The shop sizes will range between 3,921 sf to 4,541 sf and price tags expected to be at RM1.45 million. Completion is scheduled to be in 2021.

HOTEL

After a wave of close to 3,000 new hotel rooms entering Sarawak's hotel sector between 2016 to 2018, things have slowed down to only a 3.2% increase in 1H 2019 to 20,018 hotel rooms, making up a total 361 hotel establishments across the state. By star rating, there are 4 5-star hotels, and 15 4-star hotels as of now.

Existing Supply of Hotels in Sarawak (2014-1H 2019)

(Source: JPPH)



The notable 5-star establishments are the Hilton Kuching, Pullman Kuching, the Waterfront Hotel Kuching and Miri Marriott Resort & Spa.

The room rates for 5-star hotels go at an average of RM200 per room per night but Mulu Marriott in Miri starts at much higher rate of RM500 per room per night. 4 star hotels the likes of Grand Magherita Hotel, Imperial hotel in Kuching and Miri, Century Kuching Hotel and Hotel Grand Continental Kuching offer its standard rooms between RM120 to RM258 per room per night.

INDUSTRIAL

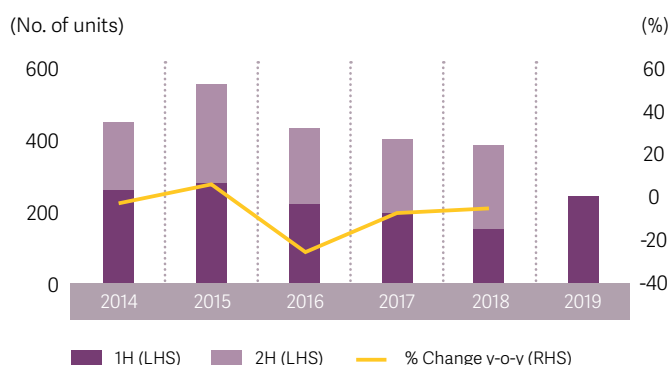
The industrial of sector sees minimal growth in its supply of only 3.5% from the previous period to 7,091 units as at 1H 2019. By type, semi-detached factories contribute the most at a supply share of 65.8%, equating to 4,670 units. But in locality, Kuching comes in first with the highest percentage of supply at 37% and followed by Miri (17%) and Sibul (16%).

After having gone through a consistent down slope in market activities since 1H 2015's highest point at 318 transacted units, 1H 2019 finally shows a positive light in recovery with an increase of 52.4% in volume and significant 97.6% in value of transactions. Of the transacted units, semi-detached factories are the most type to be transacted and are primarily priced above RM500,000.

The overhang situation of industrial units in Sarawak are relatively low at 247 units worth RM132.58 million but this is after an increase from 197 units in 1H 2018. Prices of these unsold units are primarily ranged at RM300,000 to RM600,000 and a small few at above RM900,000.

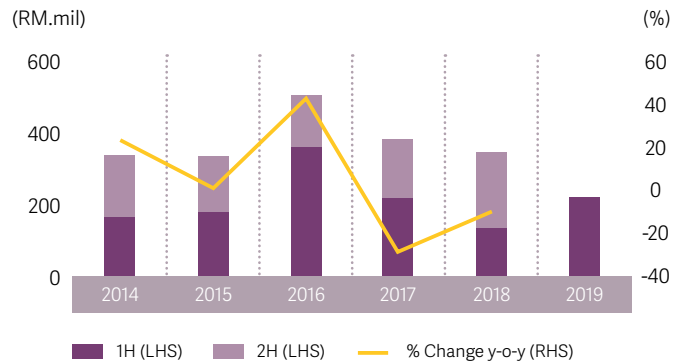
Number of Industrial Property Transactions in Sarawak (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Sarawak (2014-1H 2019)

(Source: JPPH)



Notable Announcements

Plans are in motion to build the Pan Borneo Highway's 12km 'missing link' road from Limbang to Brunei.

The RM495.3 million new Mukah Airport project is expected to be completed by Sept 2020.

State government is in planning to build five residential international schools their people, particularly those in rural areas. The new Saradise township will be having its own Borneo International School campus by 2023.

State government will be building 164 houses under the Rumah Spektra Permata (Spektra) affordable housing program for the Sibuluh Resettlement Scheme in Tasik Biru state constituency.

State government is aiming to develop Kuching as a smart city by 2030, bridging the development gap between the urban and rural areas in its quest to promote the digital economy.

A phone app named 'Home2Grab' will be developed by the state government as a way to ease the public's search for their home of choice.

The new Strata (Subsidiary Titles) Bill 2019 and the Strata Management Bill 2019 were passed in Sarawak Assembly on 4th November 2019.

SABAH

Negeri Di Bawah Bayu



Capital: Kota Kinabalu
 Est. Population: 3.90 million
 Area (km²): 73,904
 (Source: DOSM)

Key Facts (as at 1H 2019)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	217,040 units	↑ 3.6% y-o-y
Transaction Volume	2,681 units	↑ 10.7% y-o-y
Transaction Value	RM935.72 mil.	↑ 3.4% y-o-y

RETAIL

Supply	8.13 mil. sf	↑ 2.4% y-o-y
Occupancy Rate	80.9%	↓ 1.9% y-o-y
Rental	Prime: RM2.00psf – RM27.00psf	

PURPOSE-BUILT OFFICE

Supply	8.85 mil. sf	↑ 2.1% y-o-y
Occupancy Rate	87.6%	↓ 2.8% y-o-y
Rental	Prime: RM2.00psf – RM6.50psf	

SHOP OFFICE

Supply	29,617 units	↑ 1.8% y-o-y
Transaction Volume	346 units	↑ 40.1% y-o-y
Transaction Value	RM214.03 mil.	↑ 22.5% y-o-y

HOTEL

Supply	23,743 rooms	↑ 7.8% y-o-y
Average Room Rate	5-star: RM420 – RM885 per night 4-star: RM137 – RM450 per night	

INDUSTRIAL

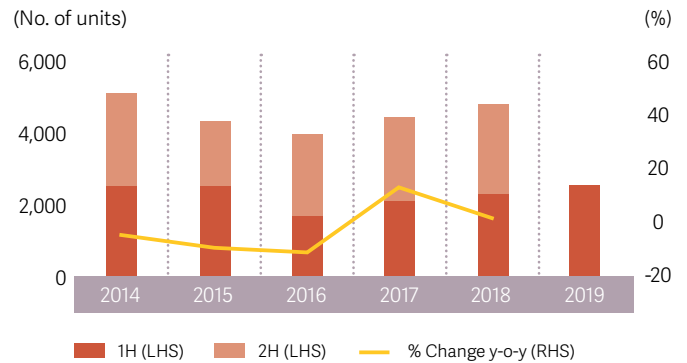
Supply	6,145 units	↑ 1.3% y-o-y
Transaction Volume	127 units	↑ 32.3% y-o-y
Transaction Value	RM193.31 mil.	↑ 105.6% y-o-y

RESIDENTIAL

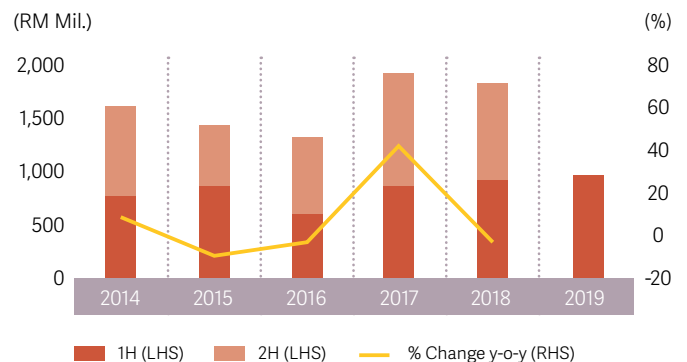
As at 1H 2019, residential market activities for Sabah stood at 2,681 transactions worth RM935.72 million of which both showed positive growth from 1H2018 by 10.7% and 3.4% respectively. Categorizing by type, condominiums/apartments remains as the top contributor to total residential transaction volume at 645 units; 24% out of the total volume. Not far behind, 2 to 3-storey terraced houses contributed 567 transacted units, amounting to 21%. The continuing trend of high-rise units being the highest contributor fits in line with the recent popular trend of developing high-rise residential projects in Sabah.

On the supply side, Sabah's residential market by 1H2019 consisted of a total 209,443 existing units by which both condominium/apartments and 2-3-storey terraced houses almost equally dominate the market – 52,532 high-rise units and 52,192 terraced units. At this point, though both are on equal level, condominium is highly expected to pull ahead of terraced houses very soon. This is derived from comparing the AAGR of both types: terraced houses recorded 5.4% in AAGR for the past 5 years but condominium, in the same period, recorded almost triple of terraced types in AAGR at 17.5%. Within the review period, supply growth was at a small 3.6% and 30% of the supply reside in Sabah's capital city, Kota Kinabalu.

Number of Residential Property Transactions in Sabah (2014-1H 2019)
(Source: JPPH)

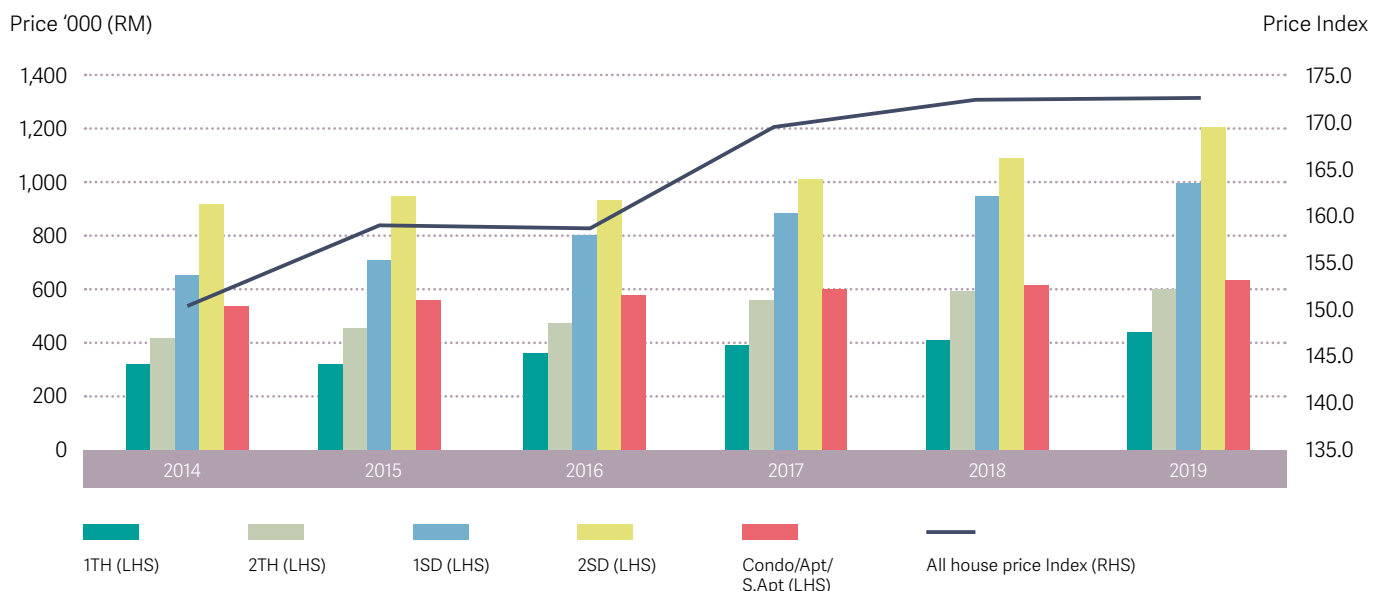


Value of Residential Property Transactions in Sabah (2014-1H 2019)
(Source: JPPH)



Kota Kinabalu Residential Property Price Trend & House Price Index (2014 - 2019)

(Source: Rahim & Co Research, IHRM)



In the pipeline, Sabah will be expecting 25,133 incoming residential units that are currently under construction and following the rising high-rise segment, 55% are condominium/apartment units. Going further, 44% of the incoming condominium/apartment units will be located in Kota Kinabalu. Putting this incoming number in context with Sabah's 1H2019 overhang statistic which is at 741 units worth RM467.6 million, there is concern to be had for future oversupply considering 53% of the overhang units are under the condominium/apartment category. Adding even more to the incoming and overhang units, 1H2019 saw another 2,199 condominium/apartment units launched to the market and thus overall putting heavier pressure on future market demand.

Prices of residential property were generally stable y-o-y with some positive movements recorded in several selected areas – the areas being in close distance to the city centre and established commercial spots.

In the selected areas of Taman Tuan Huat, Taman Sri Kepayan & Taman Nelly Ph9, 1-storey terraced houses were transacted at an average RM450,000. 2-storey terraced houses on the other hand goes up to RM650,000 for schemes like Luyang Perdana and Taman Jindo. But reaching above all, terraced units in high-end schemes have achieved a price tag of RM1.0 million on average. Such scheme would be Golden Hill Garden. The rental rates hovering between RM1,500 to RM 1,750 for a 1-storey terraced houses while rental rates for 2-storey ranging between RM1,500 to RM2,200 as for Golden Hill Garden rental rate going as high as RM2,600 per month. On semi-detached house type, prices range to be between RM1.0 million to RM1.2 million depending on number of storeys and location.

Although landed properties remain as the people's top pick of an ideal home, high prices and limited supply has pushed potential buyers to consider condominium

Selected Upcoming Residential Properties in Sabah

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Triconic Tower	Penampang	Condominium	768	From RM462,000	2020
Bukit Bantayan (Cemara Tower)	Inanam	Condominium	296	RM441,800 - RM671,800	2020
Jesselton Quay(CityPad)	Kota Kinabalu	Serviced Suites	698	From RM600,000	2020
Triconic Tower	Penampang	Condominium	768	From RM462,000	2020
360 Boulevard Serviced Suites	Bundusan	Serviced Suites	750	N/A	2020
Damai Suites	Damai	SOHO	248	From RM299,800	2020
Kingfisher Putatan Phase 2	Putatan	Condominium	408	From RM397,765	2020
Bukit Bantayan (Dilenia Tower)	Inanam	Condominium	320	RM493,800 - RM730,800	2021
The Shore	Kota Kinabalu	Serviced Residence	578	From RM475,000	2021
Sri Indah Condominium	Sandakan	Condominium	480	From RM367,000	2021
Damaisari Kolombong	Kolombong	2 & 3 sty Terraced	96	RM730,000 - RM1.4 mil.	2021
Vision Garden (Phase 1 & 2)	Penampang	2&3-sty Terraced 2-sty Semi-detached 3-sty Detached	85	From RM572,850	2021
Coral Bay @ Sutera	Kota Kinabalu	Condominium	460	From RM2,92 mil.	2022
The Crown	Kota Kinabalu	Serviced Residence	323	From RM654,000	2022
Jesselton Twin Towers	Kota Kinabalu	Condominium	819	From RM681,200	2022
Bay Suites	Likas	Serviced Apartment	590	From RM395,000	2022
313 Suites	Kota Kinabalu	Serviced Suites	226	From RM300,000	2022
Forest Hill Residences	Bundusan	Condominium	132	RM472,171 - RM635,617	2022
K Avenue	Kepayan	Serviced Apartment	666	From RM196,000	2022

Of the upcoming high-rise developments, Jesselton Twin Tower by Jesselton Group made its presence by announcing itself to be Borneo's tallest iconic landmark at the time of completion.

units, especially those of lower quantum prices. On top of having access to facilities and the option to rent it as an investment, current transacted prices of secondary 2-storey terraced houses is almost on par with new condominium units. For the condominium segment, prices for existing schemes such as the Peak Condominium, Bayshore Condominium and Jesselton Condominium went between RM340 psf to RM690 psf on average.

Of the upcoming high-rise developments, Jesselton Twin Tower by Jesselton Group made its presence by announcing itself to be Borneo's tallest iconic landmark at the time of completion. Offering a total of 819 units priced from RM681,200, it is a newly launched project located in Damai, Kota Kinabalu.

Coral Bay@Sutera by GSH Corporation Limited also garnered strong interest with its luxury condominium development situated right next to Sutera Harbour's 5-star Magellan Sutera Resort. The inclusion of a private stretch of beach right at your door step and having Kota Kinabalu's first water-themed play park were some of the highlighted features by the development. Identifying itself as a luxury condominium consisting 460 units, prices per unit start from a high RM2.9 million.

The recent launched include Likas Vue & Damai Suites. Likas Vue located in Likas offers sizes from 884 sf to 1,048 sf with a total of 650 units. It offers starting from RM460,000. As for Damai Suites located in Damai, Kota Kinabalu offers an Airbnb concept of SOHO with sizes ranging from 327 sf to 601 sf. It is expected to be complete by 2022 and price ranging between RM299,800 to RM560,800.

As the tourism sector continues to grow, a trend is seen whereby serviced apartment units are being used as an Airbnb unit offered to tourists visiting the capital city – this

being a response to the growing demand for short-term accommodations. Such places offering the rental units are the Loft@Imago and Oceanus.

RETAIL

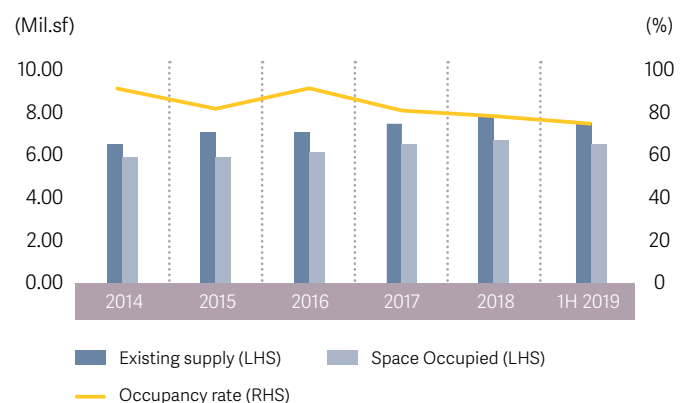
The retail market in Sabah by 1H2019 stood at 8.13 million sf in existing space with an occupancy rate of 80.9%. Demand for retail space is seen to have fallen alongside the somewhat small rise in supply of 2% from 1H2018's 82.8%. On a 5-year span, CAGR of retail space is at 6.83% but for occupied space as the indicator for demand, it is at a lower 4.07%. On the surface, this can be interpreted as growth in supply outrunning growth in demand which will most likely worsen the oversupply situation.

Sabah as a state currently has 47 retail malls in operation and 22 of them are located in Kota Kinabalu. Others are distributed in areas such as Penampang, Tawau, Lahad Datu and Sandakan to name a few. Rental rates are remaining stable with malls within Kota Kinabalu such as Wisma Merdeka, Centre Point, Imago Shopping Mall and Suria Sabah going at a rental range of between RM3.00 to RM25.00 psf pm. Known as the digital mall of Kota Kinabalu, Kompleks Karamunsing goes at a slightly lower range of RM2.00 to RM27.00 psf pm. Located further away from the city centre, One Borneo is rented at RM5.00 to RM16.00 psf pm and City Mall is at a wider range of RM2.00 to RM21.00 psf pm.

The opening of Jesselton Duty-Free as part of the Jesselton Mall in Kota Kinabalu marks East Malaysia's first ever duty-free mall. Boasting a retail space of

Existing Supply & Occupancy Rate of Retail Spaces in Sabah (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Retail Malls in Sabah

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
PacificCity Lifestyle Mall	Likas	620,000	2020
Sky City Lifestyle Mall	Karamunsing	600,000	2020
360 Boulevard Retail	Bundusan	538,000	2020
Jesselton Quay	Kota Kinabalu	340,000	2020
The Shore Mall	Kota Kinabalu	N/A	2021
Tanjung Aru Eco Development	Tanjung Aru	645,000	N/A

37,000 sf on the ground floor of Jesselton Mall, this collaboration project with Valiram Group aims to provide a downtown retail concept filled with luxurious prestige brands such as YSL Beauty, Giorgio Armani Beauty, Versace and Hugo Boss.

Long abandoned, the Star City Mall will finally be revived through a partnership between China-based Fusun International Holdings Limited and the local Sabah Urban Development Corporation (SUDC). Claimed to be Sabah's tallest landmark at its completion, the abandoned building will be reconstructed and rebranded as KK One with an estimate height of 200m high.

The debate of oversupply in the retail property scene of Sabah continues on as occupancy rate has steadily declined since its highest point back in 2014 at 91%. With vacancy space now at 1.5 million sf, further incoming new spaces will be a concern to how market is capable of absorbing it.



Kinabalu Park

PURPOSE-BUILT OFFICE (PBO)

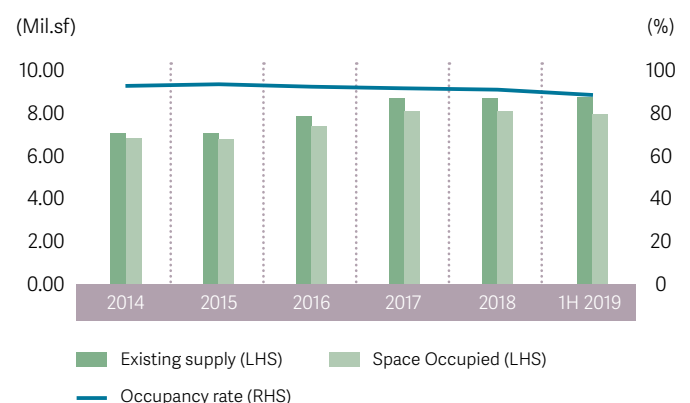
By 1H2019, new PBO space at 180,000 sf were added to the office market, bringing current total space to 8.84 million sf 1H2018. With the added space, occupancy rate is seen to have dropped slightly by 2.8% from 1H2018's 90.4%. But despite the small fall, Sabah's occupancy rate has been shifting between 89% to 91% since 2014 and indicates the market to be consistent in its absorption trend.

Over the 5 years, it is recorded CAGR of existing supply purpose built-office in Sabah growth at 4.93% (2014 – 2018). While the occupied space of purpose-built office CAGR recorded at 5.16%.

The 8.84 million sf of PBO space makes up to 106 office buildings in Sabah and predictably, a large portion is located in Kota Kinabalu, specifically areas like Karamunsing and Likas. Two thirds of the buildings are privately-owned whilst the remaining are government-owned.

Existing Supply & Occupancy Rate of Purpose Built Office in Sabah (2014-1H 2019)

(Source: JPPH)



Selected Upcoming Purpose-Built Office in Sabah

(Source: Rahim & Co Research)

Development	Location	Completion
360 Boulevard Office Tower	Bundusan	2022
Jesselton Quay Signature Offices	Kota Kinabalu	2023
Pacific Enterprise	Likas	N/A
Sky City Grade A Office	Karamunsing	N/A

Only one completion was reported within in 2019 thus far and that is the 10-storey ITCC office block located in Penampang. Statistics reveal 3 new PBOs are currently under construction and soon to enter Sabah's office market, estimated to inject a total NLA of 512,619 sf.

Rental rates remain stable with office building in Kota Kinabalu ranging between RM2.00 to RM5.00 psf pm. Plaza Shell remains as the prestige, certified green office building in Sabah which commands the highest asking rental of RM5.00 to RM6.50 psf pm.

SHOP OFFICE

In 1H 2019, market transactions for the shop office sector of Sabah was at 346 units valued RM214.0 million. This marked an increase, with 2-2.5-storey shop offices dominating market activities by 56.6%. Existing supply came up to 29,617 shop offices from a small increase of 1.8% within the review period. Similar to other commercial sectors, the supply of shop offices are mostly located in Kota Kinabalu by 29% followed by both Sandakan and Penampang at 13%. Of the type, 2-2½-storey comes up top with a contribution of 43% to Sabah's current shop office supply.

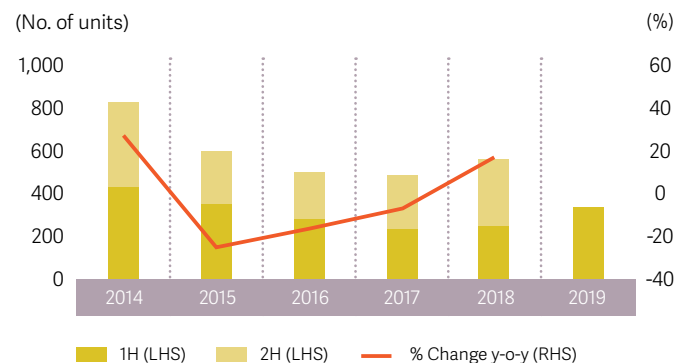
As at 1H 2019, 481 units of the existing supply remains unsold, thus making it of the overhang category. From 12 months back at 1H2018, there has been an increase of 47% to overhang count with value jumping up to RM453.4 million – an unsettling 86.2%. The overhang number mainly consisted of stratified, 2-2½ storey and 3 to 3½ storey units priced more than RM1.0 million.

For a 3-storey shop office in Kota Kinabalu, prices are generally expected to be average at RM750,000 whereas for the district of Penampang, prices are at a lower RM684,000. Rental wise, average rates for ground floor

shops within central area of Kota Kinabalu remain stable at between RM2.20 to RM5.00 psf pm whilst those in the secondary areas start at a lower RM1.50 psf pm. But for Lintas Jaya, Lintas Square and Damai, due to these being a main commercial area in Kota Kinabalu, are able to command prime central rates despite being on the suburban side.

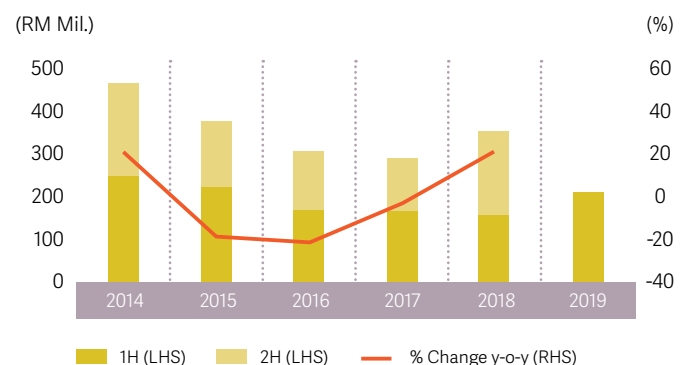
Number of Shop Office Property Transactions in Sabah (2014-1H 2019)

(Source: JPPH)



Value of Shop Office Property Transactions in Sabah (2014-1H 2019)

(Source: JPPH)



HOTEL

Sabah's tourism took its share of limelight when 2018 statistics revealed tourist arrival and tourism receipts to be at an all-time high of 3.9 million visitors and at RM8.3 million respectively. This achievement gave a boost to the hotel industry of Sabah which is currently undergoing significant growth of 10 new hotels entering the market; some newly completed and others underway.

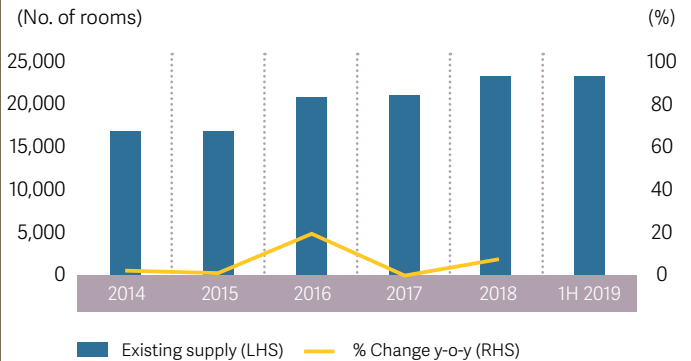
As at 1H2019, supply of hotel rooms for whole of Sabah came up to 22,743 rooms which makes up a total of 369 hotels. This was from a 7.8% increase since 1H2018. Of the existing hotel establishments, 24 are rated 4 to 5-stars and 32 are rated 3-stars.

The most recent hotel to be completed and in operations is the Kota Kinabalu Marriott, nestled along Jalan Tun Fuad Stephens. Offering a total of 302 rooms at an average room rate of RM400 per night, guests will have the opportunity to enjoy a panoramic view of the South China Sea and avoid long traffic journeys as the hotel is located just 15 minutes away from Kota Kinabalu International Airport.

As mentioned on new hotels coming into Sabah's hotel scene, notable brands to be anticipated are AVANI Hotels,

Existing Supply of Hotels in Sabah (2014-1H 2019)

(Source: JPPH)



Holiday Inn, Pullman, Hyatt Centric and DoubleTree by Hilton. For the record, these incoming hotel brands will be the first of its franchise line to enter Sabah's market – though Hilton as the main brand has a pre-existing hotel in Kota Kinabalu, DoubleTree by Hilton will be the first in Sabah. Even Club Med has announced their plans to stamp their first footprint on Sabah's land through a collaboration with Golden Sands Beach Resort City (GSBRC). Development plans include a full-fledge resort offering a total of 400 guest rooms. As expected from a global all-inclusive hotel brand, a multitude of facilities will be available for guests including sports activities and local excursions.

Selected Upcoming Hotels in Sabah

(Source: Rahim & Co Research)

Development	Location	Star Rating	No of Rooms	Expected Completion
Jen Hotel	Likas	3	440	2020
Hotel Holiday Inn Express	Kota Kinabalu	4	250	2020
Crowne Plaza Kota Kinabalu Waterfront hotel	Kota Kinabalu	N/A	367	2021
Citadines Waterfront Kota Kinabalu	Kota Kinabalu	N/A	222	2021
Hyatt Centric	Kota Kinabalu	5	226	2021
AVANI Hotels & Resorts	Jalan Lintas	N/A	378	2022
New World Kota Kinabalu Hotel	Karamunsing	5	400	2022
Doubletree by Hilton	Kota Kinabalu	5	237	2022
Club Med Borneo	Kuala Penyu	N/A	400	2022
Pullman Kota Kinabalu Convention City	Kota Kinabalu	5	300	N/A
Grand Liberty Hotel	Kota Kinabalu	4	301	N/A

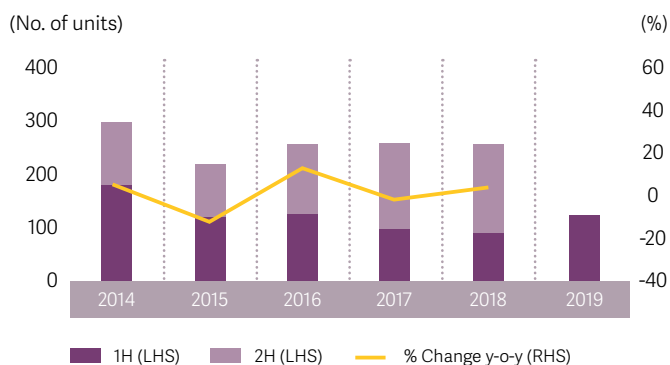
INDUSTRIAL

The industrial sector of Sabah saw minimal increase in existing supply by 1H2019 at only 1.3% to 6,145 units. Of this supply, terraced factories remain dominant against other types with a high share of 68%. Of location, Kota Kinabalu too remains the top spot of where most industrial units are situated at, amounting to 34% of total shares. This is due to the city being the main distribution hub thanks to good accessibility and close vicinity to the city centre. Tawau was next at 22% in supply share.

Market activities saw positive growth in both volume and value of transactions within the review period, resulting in 127 units worth RM193.9 million transacted. But over a 5-year span, CAGR of transactions in the industrial sector are on the slowdown in volume as well as value: -14.1% and -16.5% respectively. Terraced factories, similar to its supply ranking, also came on top as the most transacted type with prices mainly above RM500,000.

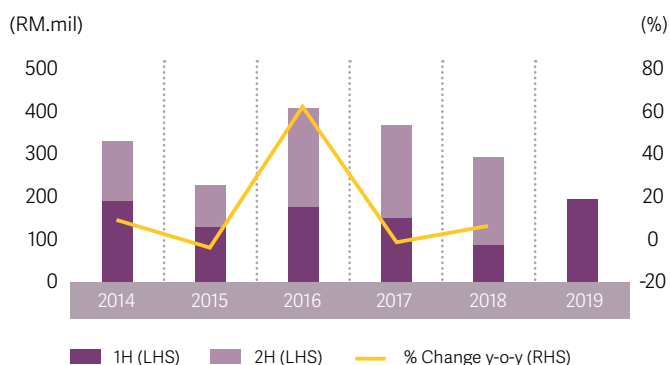
Number of Industrial Property Transactions in Sabah (2014-1H 2019)

(Source: JPPH)



Value of Industrial Property Transactions in Sabah (2014-1H 2019)

(Source: JPPH)



Though still small in number, overhang industrial units have risen by 61% to 29 units worth RM35.1 million.

Notable Announcements

The anticipated new administration building, multipurpose hall and auditorium at the Institut Pendidikan Guru (IPG) Gaya campus remains in construction at the time of writing. At a cost of RM58.8 million, this is said to be Institut Pendidikan Guru Malaysia's (IPGM) biggest project involving a 48-acre land.

In effort to improve the public transportation services, state government had launched the KK Sentral Bus Terminal which began operating in June 2019.

Government is looking to reviving the linking bridge between Sabah and Labuan through a private finance initiative. The bridge is expected to be about 15km long.

The Sandakan Airport runway extension project has finally taken off and aircrafts departing and arriving will be able to reap the benefits by mid-2021.

Airasia will commence direct international flights to Tawau and Sandakan beginning 2020.

As part of the National Fiberisation & Connectivity Plan (NFCP) mentioned in Budget 2020, the federal government will work to improve connectivity in remote areas of Malaysia, especially in Sabah & Sarawak.

As proposed by Budget 2020, RM50 million will be allocated to upgrading the rail tracks running between Halogilat Station to Tenom Station.

Sipitang Commercial Centre, a new commercial landmark in Sipitang, is expected to catalyse economic activities and strengthen the growing tourism market in and around the district upon its completion in 2022.

Three Sabah airports will be upgraded which are Kota Kinabalu International Airport, Tawau Airport & Sandakan Airport.



THE YEAR AHEAD

After a slow trend seen in the Malaysian Property Market for the past few years, market activities in numbers for the first half of 2019 showed notable improvements with positive growths of more than 5% in various sectors – including the residential, commercial and industrial sectors.

Statistics reveal 1H 2019 to have taken an upward turn with a positive growth of 6.9% year on year after a continuous fall since 1H 2015. Value was seen to be holding steady with a slight rise of 0.8%.

Looking at the past 5-year trend, transaction activities have been on a declining trend and has softened up in 2017 and 2018, coming now to halfway of 2019 with promising numbers. Things are looking more likely to have reached the tail-end point of the downward market cycle and we anticipate the market to be on its way to the upward cycle. Being the largest market sector, the existing supply of residential units for Malaysia stood at approximately 5.63 million units of which Selangor came on top amongst all states with 1.55 million homes. Johor follows up with more than 800,000 homes, boasting a rather large number even in comparison to Kuala Lumpur whom held short of 500,000 homes. But of these numbers, unsold units remain a hot issue as the numbers above 50,000 units as at 1H 2019 remain worryingly high, a further increase of about 7,000 within 6 months from end 2018.

As affordable homes remain at the forefront of our nation's worry, both the private and public sector are hard at work to offering solutions via financial aid or affordable supply. Though transactions as at 1H 2019 shows 62% of residential transactions to be below the RM300,000 price mark, new launches of the same price mark has still fallen behind at 42% but over the years, this shift by developers has improved since 2015's 37%. On the secondary market, prices are seen to be moving upwards or downwards and this mix of movement which are within the 5% range indicate market adjustments happening rather than the feared market crash or wishful hope of market surge.

In October 2019, Pakatan Harapan had presented Budget 2020 and part of it was their strategy to promote access to housing with key propositions being Rent To Own (RTO) collaborations with financial institutions, lowering threshold prices of overhang high-rise units for foreign buyers, the extension of Bank Simpanan Nasional's Youth Housing Scheme till end 2021, and, in response to their unpopular take of the RPGT revision back in Budget 2019, had another revision of the base year for asset acquisition to be at 1 January 2013. Fund allocations were also given to improving the conditions of low and medium cost strata housing as well as on the Safe City Initiative (Bandar Selamat) as part of their effort to creating a safe, well-facilitated environment. While Budget 2020 may seem to fall short in its offerings to the property sector, we do see other offerings that is aimed to holistically improve the property scene.

On to the commercial segment, the incoming wave of new office space sized in millions calls for concern of how the market will adjust to it as looking back in the past 5 years, occupancy rate has been lingering between 82% to 85% for the whole of Malaysia with minimal change over the years. Narrowing down to Klang Valley which holds the highest concentration of office spaces, occupancy rates are even lower at between 77% to 81% from 2014 to 2018; 2014 being the only year to be above 80%. Though co-working has been said and discussed in the past year or so, the spread of this sharing office phenomenon seems to be more prevalent especially for new office buildings who have chosen co-working to be the modern feature when attracting tenants and visitors into their building. The wider train network and TOD formations also pave wider roads to decentralization and thus distributing concentration of business hubs across different parts of Klang Valley. For the rental rates, newer office buildings are establishing a new benchmark fit to their more sophisticated and modern establishments whilst older buildings continue to struggle in maintaining existing tenants. The competition is even tighter with co-working gaining more popularity amongst both start-ups and corporate bodies.

On a similar note, retail malls are also at the risk of oversupply with new malls soon to come into the market in the future. Currently, Klang Valley's total existing retail space stands at approximately 72.3 million sf with occupancy rates at an average of 83% by 1H 2019. Though previously e-commerce has been deemed as a threat to the brick-and-mortar of malls, it seems to not be the case as Malaysia's yearly occupancy rates are holding up above 80% despite the increase in space over the past few years.

Rather than losing relevancy to online shopping, the threat lies in shopping malls having evolved into more than just a place to purchase goods, but also – if not primarily – a place of physical socialisation and experiential interaction. More focus is placed on service products and consumable goods such as Food & Beverages (F&B), leisure entertainment and 'instagramable' décor.

As technology plays a more pivotal role, the industrial sector is expected to move forward especially within the logistics sector. Interest within this sector have seen further spike with the likes of major infrastructure projects resuming like ECRL which would enhance the linkage between the west coast and the east coast of Peninsular Malaysia. Adoption of Industrial Revolution 4.0 technologies like P2P platforms, crowdfunding, Artificial Intelligence and social media will continue to shape the property industry into the next decade.

As the new government will soon turn two years old, we expect better consolidation of the new and pre-existing systems and policies for a smoother, transparent outcome. Confidence and certainty are heavily influenced by the integrity and cohesion of the running government. Despite Budget 2020 having a smaller offering for the property sector, the focus still remains on helping the people afford a home to live in and improve the current quality of living. As with any implementation of new methods and approaches, caution is always advised and details be smoothed out as quick as possible for a successful execution. But credit is given to where its due and we applaud the government for re-commencing several mega projects after a refinement of the plans which resulted to be more cost effective. It is with hope and anticipation that new, large-scale infrastructures would elevate the economy to a higher level.

After much hope of positive recovery happening within the past two years, 2019 came through with notable, more robust positive numbers for Malaysia's property market activities. We foresee 2020 to be a further improvement following 2019's pace, if not better, but things are still comparatively precarious and mixed adjustments may likely happen based on any major internal or external factors. Unlike the stock market in its volatile nature, the property market requires a more complex, holistic approach to making changes and a longer waiting-period for any substantial result to come forth. Despite the ups and downs of 2019, we have high hopes for the people of Malaysia to pull through and continue our journey towards a better, progressive nation.

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
2TH	Double storey terraced house
1SD	Single storey semi-detached house
2SD	Double storey semi-detached house
1D	Single storey detached house
2D	Double storey detached house
1TF	Single storey terraced factory
2TF	Double storey terraced factory
1SF	Single storey semi-detached factory
2SF	Double storey semi-detached factory
1DF	Single storey detached factory
2DF	Double storey detached factory
1H/H1	First half
2H/H2	Second half
All House Price Index	All House Price Index as published by JPPH in their publication entitled Indeks Harga Rumah Malaysia
Apt	Apartment
BNM	Bank Negara Malaysia
Condo	Condominium
CPI	Consumer Price Index
DOSM	Department of Statistics Malaysia
FDI	Foreign Direct Investment
GDP	Gross Domestic Product

IHRM	Indeks Harga Rumah Malaysia / Malaysia House Price Index
JPPH	Jabatan Penilaian & Perkhidmatan Harta, Kementerian Kewangan Malaysia
Km²	Square kilometre
LHS	Left hand scale
Mil	Million
NLA	Net lettable area
PBO	Purpose built office
Pop	Population
Psf	Per square foot
Psf pm	Per square foot per month
Q1/1Q	First quarter
Q2/2Q	Second quarter
Q3/3Q	Third quarter
Q4/4Q	Fourth quarter
q-o-q	Quarter on quarter
RHS	Right hand scale
RM	Ringgit Malaysia
S.Apt	Serviced apartment
Sf	Square feet
SOFO	Small office flexible office
SOHO	Small office home office
SOVO	Small office versatile office
Sty	Storey
y-o-y	Year on year

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.

DIRECTORY OF OFFICES

KUALA LUMPUR (Head Office)

Level 17, Menara Liberty
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
T +(60 3) 2691 9922
F +(60 3) 2691 9992
E kl@rahim-co.com

Cheras

118-1, Jalan Cerdas,
Taman Connaught, 56000 Cheras
Kuala Lumpur
T +(60 3) 9100 5007
F +(60 3) 9100 5008
E cheras@rahim-co.com

SELANGOR

Petaling Jaya

36A, 1st Floor, Jalan Yong Shook Lin
Seksyen 52, 46200 Petaling Jaya Selangor
T +(60 3) 7957 9528
F +(60 3) 7956 5386
E pj@rahim-co.com

Klang

12A-2, 2nd Floor
Jalan Tiara 2A/KU 1
Pusat Perniagaan BBK
Bandar Baru Klang, 41150 Klang Selangor
T +(60 3) 3344 7579
F +(60 3) 3344 7578
E klang@rahim-co.com

Subang Jaya

4th Floor, 3A – E, Jalan USJ 10/1A
UEP Subang Jaya, 47610 Subang Jaya
Selangor
T +(603) 8081 0201
F +(603) 8081 9772
E subangjaya@rahim-co.com

JOHOR – Johor Bahru

Unit 19A, Level 19, Metropolis Tower
Jalan Dato' Abdullah Tahir
80300 Johor Bahru, Johor
T +(60 7) 333 7166 / 7170
F +(60 7) 331 7201
E jb@rahim-co.com

KEDAH

Alor Setar

1st Floor, 1546 Jalan Sultan Badlishah
05000 Alor Setar, Kedah
T +(60 4) 732 0177 / 0178
F +(60 4) 732 0185
E as@rahim-co.com

Sungai Petani

108C, Jalan Pengkalan
Taman Pekan Baru
08000 Sungai Petani, Kedah
T +(60 4) 422 1619
F +(60 4) 422 1718
E sp@rahim-co.com

KELANTAN - Kota Bharu

3486-J/A, 1st Floor
Jalan Sultan Ibrahim
15050 Kota Bharu, Kelantan
T +(60 9) 748 1252
F +(60 9) 748 5824
E kb@rahim-co.com

MALACCA

351-C, Jalan Ong Kim Wee
75200 Melaka
T +(60 6) 284 8237 / 7286
F +(60 6) 283 0134
E malacca@rahim-co.com

NEGERI SEMBILAN – Seremban

124, Ground Floor
Jalan Dato' Bandar Tunggal
70000 Seremban, Negeri Sembilan
T +(60 6) 763 2492 / 764 8151
F +(60 6) 762 0796
E seremban@rahim-co.com

PAHANG

Kuantan

B60 Lorong Tun Ismail 8
Sri Dagangan 2
25000 Kuantan, Pahang
T +(60 9) 513 6633
F +(60 9) 513 1575
E kuantan@rahim-co.com

Temerloh

19, 1st Floor, Jalan Ahmad Shah
Bandar Sri Semantan
28000 Temerloh, Pahang
T +(60 9) 296 5044
F +(60 9) 296 5642
E temerloh@rahim-co.com

PERAK – Ipoh

18, Persiaran Greenhill
30450 Ipoh, Perak
T +(60 5) 249 5586 / 5587 / 5588
F +(60 5) 249 5585
E ipoh@rahim-co.com

PERLIS – Kangar

No. 36, 1st Floor
Kompleks Perniagaan Pertiwi Indah
Jalan Kangar – Alor Setar
01000 Kangar, Perlis
T +(604) 970 5613
F +(604) 970 5614
E kangar@rahim-co.com

PULAU PINANG

Penang Island

Lot 10.01, Level 10, Menara KWSP
38 Jalan Sultan Ahmad Shah
10050 Penang
T +(60 4) 229 9913 / 229 9013
F +(60 4) 227 3326
E penang@rahim-co.com

Butterworth

No 73-1, Jalan Todak 6
Pusat Komersial Sunway Perdana
13700 Seberang Jaya, Penang
T +(604) 384 2036 / 2096
F +(604) 384 2001
E butterworth@rahim-co.com

TERENGGANU

Kuala Terengganu

104, 1st Floor, Jalan Sultan Ismail
20200 Kuala Terengganu, Terengganu
T +(60 9) 622 7508
F +(60 9) 623 5126
E kt@rahim-co.com

Kemaman

KCP 52 Level 1, Centre Point Fasa 2, Jalan
Lebai Saras, 24000 Cukai Kemaman,
Terengganu
T +(60 9) 859 3887 / 1887
F +(60 9) 859 6887
E kemaman@rahim-co.com

SABAH

Kota Kinabalu

Unit C-04-03 & C-04-04,
4th Floor Block C, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu, Sabah
T +(60 88) 484 995 / 996
F +(60 88) 484 997
E kk@rahim-co.com

Tawau

TB 4422, Lot 13, 2nd Floor
Sabindo Square, Jalan Dunlop
91000 Tawau, Sabah
T +(60 89) 747 085 / 086
F +(60 89) 747 087
E tawau@rahim-co.com

SARAWAK – Kuching

2nd Floor, 14 Jalan Kulas 1, Lot 373
Section 11, 93400 Kuching, Sarawak
T +(60 82) 235 998 / 236 998
F +(60 82) 237 998
E kuching@rahim-co.com

www.rahim-co.com

Rahim & Co Research Sdn Bhd

Reg. No: 199001008566 (200137 – X)

Level 17, Menara Liberty

1008 Jalan Sultan Ismail

50250 Kuala Lumpur, Malaysia

T + (60 3) 2691 9922

F + (60 3) 2691 9992

E research@rahim-co.com

