

PICTURES BY MOHD SHAHRIN YAHYA/THE EDGE



Melaka Tengah continues to be the property hotspot of Melaka

UNLEASHING POTENTIAL IN MELAKA

Melaka, a cultural oasis with a rich colonial past, is one of the most popular day-trip destinations in Peninsular Malaysia. However, the historical city has a lot more to offer, such as reasonably priced real estate and a local property market with bright prospects. The state government has committed to boosting the economy’s growth by undertaking several mega-infrastructure and development projects.

According to data by the National Property Infor-

mation Centre, the median house price in Melaka was RM220,000 as of 2Q2022, lower than the country’s average of RM320,000. The price in Melaka is also one of the lowest in the country.

However, the lower median house price does not signify low housing demand in Melaka. This is evidenced by the outstanding year-on-year growth of the residential transaction price and volume in 3Q2022, which stood at RM1.038 billion and 3,106 units respectively, compared with RM584.35 million and 2,015 units in 3Q2021.

Moreover, according to the latest available official data, Melaka has always been among the states with the lowest property overhang nationwide. It recorded only 926 overhang units in September 2020 versus the national average of 3,450 units, demonstrating the stable underpinnings of the local real estate industry.

Despite it being a stable market in the past decades, Rahim & Co (Melaka) branch manager Mohd Fiqri Rohaizad points out that the Melaka property market needs more catalysts and positive news to unlock its market potential.

“You may have noticed that there aren’t many big [property developer] names in Melaka be-

cause it’s never really been an exciting market as the population isn’t large, so demand for housing isn’t growing as quickly as it is in other states.

“Secondly, Melaka is more commonly known as a day-trip destination. It is also not easy for international tourists to access due to the lack of an international airport or high-speed train, which explains why the investment property market is not very exciting here. Finally, Melaka has a relatively higher bumiputera quota at 50%, and new developments [in Melaka Tengah] have very strict development guidelines to preserve our historical buildings and Unesco World Heritage Site status,” Fiqri adds.

In the past decade, the state government has launched several mega infrastructure projects, including Melaka Gateway and the Melaka Waterfront Economic Zone (M-WEZ), to boost the local economy.

Melaka Gateway is a mixed-use development project that spans three pieces of reclaimed land and one natural island with a total area of 1,366 acres. Located in a strategic and idyllic area in the Straits of Malacca, the project has an estimated development cost of RM42 billion and is expected to create more than 40,000 jobs, bring in 2.5 million tourists yearly and generate RM1.19 trillion for the local economy.

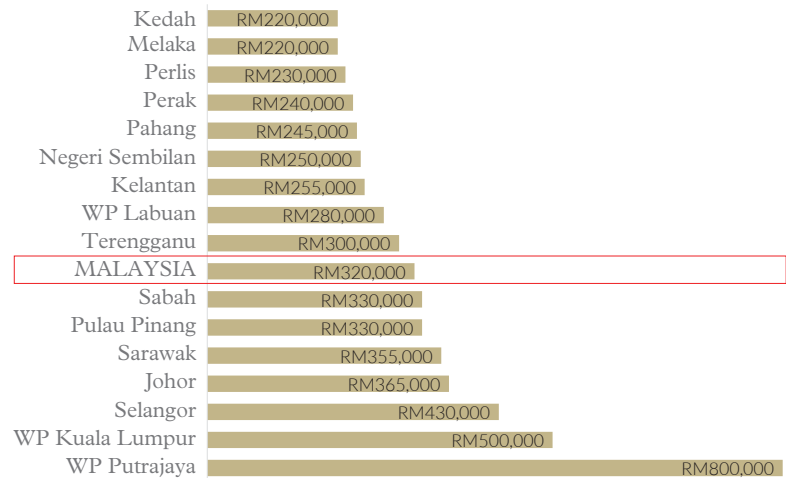
Meanwhile, M-WEZ is an integrated development in Melaka’s coastal sea reclamation area that was designed to be an economic enabler for the state. The tourism-based development is expected to attract hundreds of billions of ringgit in investment while creating at least 5,000 job opportunities every year.

“M-WEZ was planned to further urbanise [Melaka] by creating more job opportunities and increasing the population because these will be the keys to improving the local property market in the future,” says WTW | CBRE Melaka senior branch manager Teh Hong Chua.

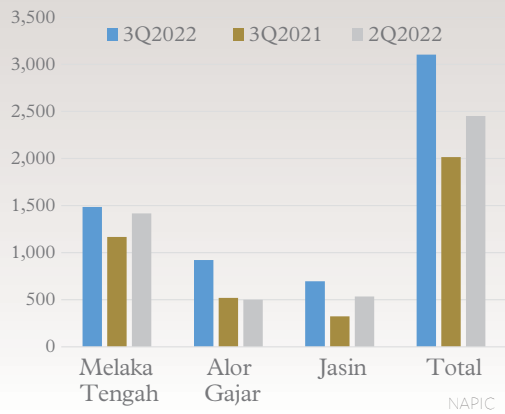
Apart from large-scale development projects, Teh reckons that infrastructure and connectivity projects in planning are very important in stimulating the local property market.

“A new outer-ring coastal road from Ujong Pasir to Klebang and a new airport in Pantai Klebang would be the catalysts to boost the local property market if the projects are confirmed,” he adds.

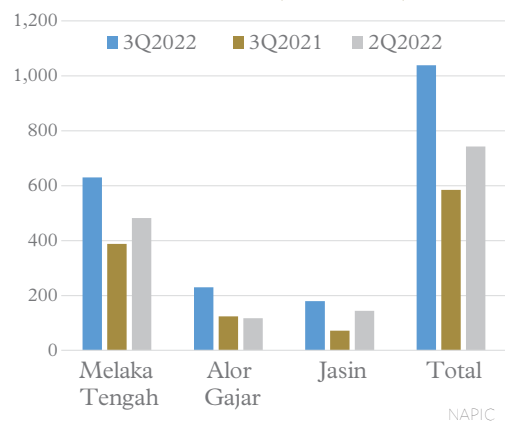
MALAYSIA: MEDIAN HOUSE PRICE 2Q2022



Melaka residential property transaction
IN VOLUME (unit)



Melaka residential property transaction
IN VALUE (RM million)



Above: The Sail's sales gallery is located within M-WEZ and overlooks the Straits of Melaka
Left: Melaka Gateway is a mixed-use development project that spans three pieces of reclaimed land and one natural island

THE LAST MILE

However, Teh emphasises that simply launching these large-scale plans in Melaka is insufficient to boost the local economy and propel the local property market to new heights. The execution of these projects and the accessibility of the state are the last miles.

Rahim & Co's Fiqri concurs with Teh: "To boost the Melaka property market, first we will need to boost the economy. Megaprojects are not enough. We will need to improve the connectivity and have more attractions to make tourists spend more than just a day in Melaka to help increase the income level of the local businesses, which will indirectly help boost the demand for property."

"We also need more job opportunities. The pandemic did hit us badly because we relied too much on the tourism industry and lacked other job options and income sources. It also explained why young people do not want to stay here to build their careers, while young and productive outsiders do not want to move here, which is one of the key reasons why our housing demand was growing at a very slow pace in the past."

He adds that making sure that these large-



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as a cultural square that features a modern interpretation of traditional Straits Settlement shophouses.

The integrated development project, which is poised to change the skyline and economic landscape of Melaka, has been gaining traction in the local and international markets since its maiden launch in 2019.

Apart from that, one of the nine towers, the Wellness Tower, is attracting foreign business owners, particularly from the healthcare and wellness sectors, to migrate their businesses to Melaka.

Founder and CEO of Sheng Tai International Dato' Leong Sir Ley has personally engaged with a group of 60 Japanese doctors to set up a stem cell lab in the Wellness Tower. The doctors will also share know-how with local counterparts and experts who will be running the wellness centre.

Stem cell treatment is one of the business ventures of the Sheng Tai International conglomerate, where it has a diversified business model in property development and redevelopment, real estate investment, healthcare and wellness, as well as building, owning and operating hotels and resorts.

It is also worth noting that Sheng Tai International is also in talks with a few of Singapore's artificial intelligence (AI) companies to migrate their business operations to the AI Tower.

Meanwhile, Sheng Tai International has begun a collaboration with FashionTV Paris, an international fashion and lifestyle broadcasting channel, to train local models and promote local fashion designers and their designs in the international arena.

The company has also committed to promoting international relationships between Malaysia and other countries in the Cultural Tower of The Sail. The tower will see the setting up of cultural centres from countries that have been associated with Melaka since the 15th century. Currently, China and India have been giving strong support to the initiative, as it is not only able to boost the relationship between countries through cross-cultural understanding but will also be another attraction for tourists who come for a longer stay in Melaka.



Landed property is the most popular residential property segment in Melaka

scale projects can bring in foreign direct investment and create more job opportunities for the local people is crucial to increasing the average income level, and making Melaka more than just a day-trip destination.

The Sail is a notable private project that is fulfilling the aforementioned requirements while also contributing to the growth of the local economy.

Presented by homegrown conglomerate Sheng Tai International, The Sail is an integrated development project with a gross development value of RM6.5 billion.

The project is located in the heart of the 33km M-WEZ, next to the Melaka Coastal Highway. Resembling a regal fleet of ships with nine interlinked towers, it is set to be home to a bustling hub with residential, hotel, office and shopping mall space, as well