





PROPERTY

MARKET REVIEW

2021 / 2022



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FOREWORD

by Tan Sri Dato' (Dr) Abdul Rahim Abdul Rahman
Executive Chairman, Rahim & Co Group of Companies

Malaysia and the world had hoped for 2021 to be the year of recovery. However, with the new variants of Covid-19 emerging, from Delta to the latest Omicron variant, the pandemic had extended right through to 2021. The first quarter of the year saw the enforcement of Movement Control Order (MCO) 2.0 and later in the second quarter MCO 3.0, but in spite of these, the economic resilience and the rakyat's determination to fight back against the pandemic came through as evidenced by the recovering numbers recorded in the first half of 2021.

Guided by the government's Covid-19 standard operating procedures (SOP) and physical distancing, more economic sectors were reopened. The new normal is steadily established in managing the post-pandemic period as digitalisation was embraced to facilitate economic activities and daily routines. In attaining herd immunity to help keep the economy open, the National Covid-19 Immunisation Programme had begun in February and as at 18th December 2021, a total of 25.55 million or 78.2% of Malaysia's population had received full vaccination.

For the first half of 2021, the property market had shown positive movements in transaction activities – coming to 139,754 transactions worth RM62.01 billion with a yearly growth of 21.0% and 32.1% respectively. Though this improvement may have muted in the third quarter due to MCO 3.0 and comparatively is still short from 1H2019's performance at 160,172



transactions, it underlined Malaysia's resilience and recovery prospect despite the continued challenging period.

The residential sector saw glimpses of recovery spurts with some news of better than expected take up rates as developers turned to digital medium to deploy targeted digital advertising and virtual sales campaigns. Homebuyers have steadily acclimatised themselves to virtual show unit experiences, social media outreach programmes and online communication with property agents and developer representatives. Though international buyers may still be hindered from tight border control and tenuous investment prospect, local demand persists but with different sets of preferences and needs. For the commercial and retail sectors, challenges in tenancy performance and maintaining visitors footfall continued into 2021 coupled by the slew of incoming supply. New workplace

practices with work-from-home option as well as new retail shopping trends and e-commerce drove operators and building owners to innovate new ways to attract tenants and visitors. On a brighter note, the industrial sector saw a sustained growth in the logistics and warehousing segments, fuelled by the demand driven by e-commerce transactions that had surged during the pandemic.

This year's issue of Rahim & Co's Property Market Review 2021/2022 provides a recap of how the market performed in 2021 following the unprecedented 2020 across all states nationwide with a coverage on the key market sectors. As we hope for the year 2022 to bring better market stability with signs of renewed interest, we share our views on the prospect of the property market in the coming months to equip our readers to make their real estate decisions. Should you wish to further inquire on real estate matters or are inspired to purchase one (or more) properties, I invite you to contact any of our 23 offices located nationwide as we hope to help you capture the opportunities that 2022 brings.

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

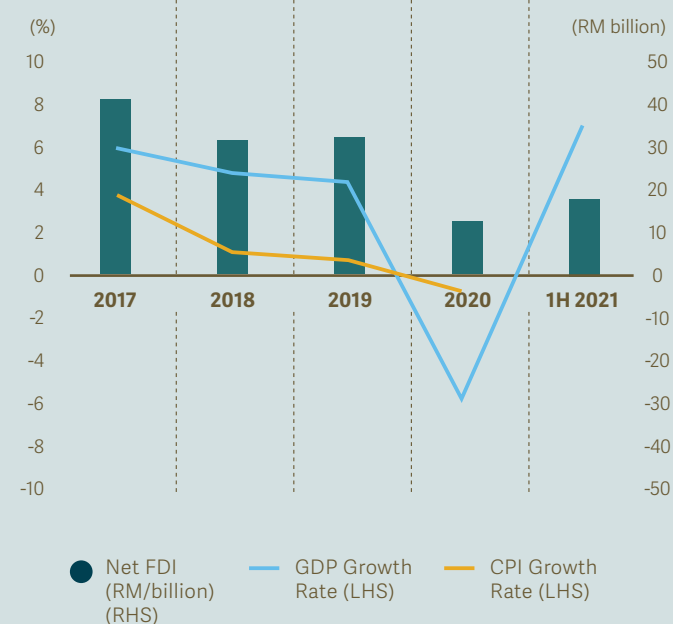
PROPERTY MARKET *Snapshot*

KEY ECONOMIC INDICATORS

GDP & CPI Growth Rate and Net FDI

(2017 - 1H 2021)

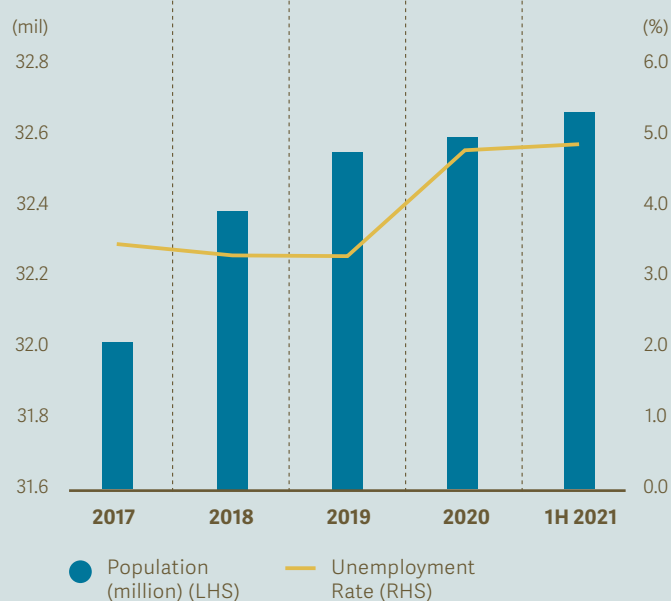
(Source: DOSM)



Population & Unemployment Rate

(2017 - 1H 2021)

(Source: DOSM)

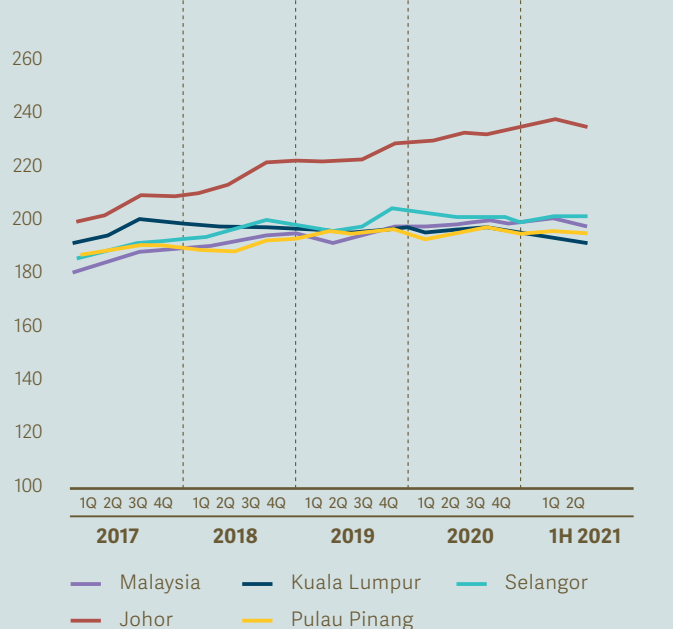


KEY PROPERTY MARKET INDICATORS

Quarterly House Price Index

(2017 - 2Q 2021)

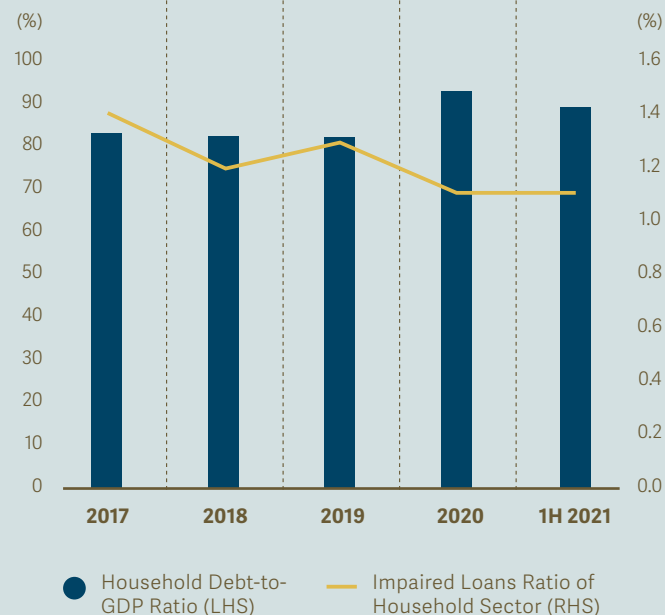
(Source: IHRM, JPPH)



Household Debt-to-GDP Ratio & Impaired Loans

Ration of Household Sector (2017 - 1H 2021)

(Source: BNM)



PROPERTY MARKET ACTIVITY

Snapshot

Northern Region

RESIDENTIAL	OFFICE	RETAIL	INDUSTRIAL
PERLIS			
50.7%	-1.0%	-11.6%	stable
KEDAH			
14.5%	0.8%	0.1%	13.2%
PULAU PINANG			
41.3%	1.4%	-1.1%	62.5%
PERAK			
11.5%	-0.9%	-0.2%	37.0%

Southern Region

RESIDENTIAL	OFFICE	RETAIL	INDUSTRIAL
MELAKA			
10.4%	1.6%	-4.2%	34.9%
JOHOR			
4.8%	-1.2%	-4.7%	33.7%

MALAYSIA

RESIDENTIAL	OFFICE	RETAIL	INDUSTRIAL
22.2%	-2.1%	-2.0%	29.4%
Central Region			
RESIDENTIAL	OFFICE	RETAIL	INDUSTRIAL
KUALA LUMPUR			
19.8%	-3.4%	-0.8%	8.8%
SELANGOR			
38.0%	-3.0%	-1.2%	34.6%
NEGERI SEMBILAN			
24.9%	1.2%	-3.1%	51.3%

East Coast Region

RESIDENTIAL	OFFICE	RETAIL	INDUSTRIAL
KELANTAN			
16.6%	-1.1%	-11.3%	133.3%
TERENGGANU			
1.8%	1.1%	8.2%	-46.7%
PAHANG			
26.1%	-1.4%	-1.6%	26.3%

LEGEND

	RESIDENTIAL Transaction Volume Change
	OFFICE Occupancy Rate Change
	RETAIL Occupancy Rate Change
	INDUSTRIAL Transaction Volume Change

Note: Changes recorded based on
1H2020 to 1H2021

Increase	Stable	Decrease




East Malaysia Region

RESIDENTIAL	OFFICE	RETAIL	INDUSTRIAL
SARAWAK			
49.4%	0.3%	-3.3%	2.9%
SABAH			
34.8%	-2.3%	-1.7%	-21.4%




(Source: JPPH, Rahim&Co)

PROPERTY MARKET VALUE *Snapshot*







Northern Region

		
PERLIS		
● 69.8%	● 28.9%	● 14.9%
KEDAH		
● 30.0%	● 39.6%	● -39.2%
PULAU PINANG		
● 55.3%	● -28.2%	● 89.8%
PERAK		
● 10.2%	● 23.5%	● 96.9%




Southern Region

		
MELAKA		
● 17.5%	● -10.4%	● 82.3%
JOHOR		
● 15.8%	● 18.3%	● 22.9%

MALAYSIA

		
● 34.7%	● 28.4%	● 19.8%
Central Region		
		
KUALA LUMPUR		
● 25.5%	● 47.6%	● 7.3%
SELANGOR		
● 47.1%	● 40.3%	● 6.1%
NEGERI SEMBILAN		
● 34.2%	● 102.0%	● 25.0%

East Coast Region

		
KELANTAN		
● 22.8%	● 92.0%	● -47.1%
TERENGGANU		
● 12.8%	● -65.7%	● -65.0%
PAHANG		
● 38.7%	● -38.8%	● -9.2%

LEGEND



RESIDENTIAL
Transaction Value Change



COMMERCIAL
Transaction Value Change



INDUSTRIAL
Transaction Value Change

Note: Changes recorded based on
1H2020 to 1H2021




Increase

Stable

Decrease



East Malaysia Region

		
SARAWAK		
● 62.9%	● 121.2%	● 31.3%
SABAH		
● 61.0%	● 53.4%	● 75.5%

(Source: JPPH, Rahim&Co)



2021 IN REVIEW & THE YEAR AHEAD

The year 2021 kicked off with the hope that the market would have overcome the shock brought by the Covid-19 pandemic and it would have fared better than 2020. But the year unfolded itself quite differently.

Although the year was disrupted with more lockdowns amidst continued global economic challenges, there were glimpses of market reactivation whenever businesses and economic activities were opened.

As the global economic growth projections for 2021 were revised, the Malaysian economic growth was also reviewed to 3%-4% from the initial 6%-7.5% announced at the start of the year. In contrast to the significant 16.1% jump in 2Q2021, the Malaysian GDP contracted by 4.5% in the third quarter, largely attributable to the strict containment measures under the Full Movement Control Order (FMCO) followed by Phase 1 of the National Recovery Plan (NRP). The pandemic-

inflicted domestic lockdowns coupled with the subsequent Covid-19 waves seen in other countries had delayed the recovery of global markets including Malaysia, in spite of the initial excitement of the new US Presidency early in the year.

As Malaysia learned to adapt to the intermittent lockdowns, the market sentiment was somewhat better in 2021. Buoyed by the resumption of more economic sectors and the positive spill over effect resulting from continued domestic and external demand, the economic growth trajectory in 2021 is expected to accelerate in 2022 at 5.5% to 6.5%. The economic stimulus packages introduced in 2021 such as the PERMAI, PEMERKASA, PEMERKASA PLUS and PEMULIH complemented the thrusts of the federal government's Budget 2022 to restore the rakyat's livelihoods and revive business sectors for a sustainable economy.

As the global economic recovery continues but at a slower pace due to the resurgence of Covid-19 new variants, access to vaccine, booster doses and early policy support are crucial. For Malaysia, the slower-than-expected recovery was attributed to similar reasons including a prolonged tight containment measure, persisting cautious consumer behaviour and subdued labour market conditions in addition to the domestic political uncertainty. Nevertheless, the encouraging progress of the vaccination programme with 78.4% of the population being fully vaccinated as at end 2021, provides greater confidence for 2022.

On the property market front, national transaction numbers witnessed a significant rebound in 1H2021 with 139,754 transactions worth RM62.01 billion, an increase of 21.0% in volume and 32.1% in value compared to 1H2020. The improvement in transaction activities

“Although the year was disrupted with more lockdowns amidst continued global economic challenges, there were glimpses of market reactivation whenever businesses and economic activities were opened”

were observed across all key sectors of the market. This was attributed to the pent-up demand effect and deferred transactional formalisations from previous quarters, supported by the continued Bank Negara Malaysia’s accommodative policies.

However, the FMCO and Phase 1 of the NRP dwindled the transaction numbers pulling down the third quarter year-on-year performance. This led to developers projecting a cloudy prospect for 2H2021 with slower primary market sales.

In the residential sector, the largest of the property sectors, while transaction activities increased in 1H2021, newly launched units in the primary market dropped by 34%. Although developers were generally recording slower sales performance, the market did see some sporadic quick sales especially for owner-occupier and domestic-focussed markets. Homebuyers have steadily acclimatised themselves to virtual experiences as developers turned to digital means and virtual sales campaigns.

The sales that occurred are also attributed to buyers taking advantage of the Home Ownership Campaign

(HOC) that was supposed to end on 31st May 2021 but was later announced to be extended until the end of 2021. There were suggestions for the government to further extend the HOC period to assist especially first-time home buyers as well as to have the campaign’s benefits be extended to the secondary market. If such is extended, when coupled with the RPGT exemption and other initiatives provided under Budget 2022, transaction activities in the residential sector would be given a much needed boost this year.

For the commercial sector, challenges in tenancy performance and rental levels continued into 2021 coupled by the slew of incoming supply concern. As the Klang Valley office supply stands at above 140 million square feet, the completion of six more buildings in 2021 injecting about 2.8 million sq.ft. heightened the level of supply concern. It is worth to note that Klang Valley is expecting another 5.2 million sq.ft. of office space in 2022 including the iconic Merdeka 118 tower.

Persisting from the previous year, the tenant-led market is facing a pressure in its occupancy & effective rental rates and is expected to continue the same

in the year to come. New workplace practices with work-from-home option has driven building owners to innovate new ways to attract and retain tenants. Cost optimisation, capitalised cost treatments, asset enhancement initiatives (AEIs) and attractive leasing packages are the new strategies adopted by most landlords amidst this highly competitive environment. Additionally, in keeping pace with the occupants and visitors’ wellbeing, more buildings are expected to adopt “touchless” technology to promote a hygienic and safe workplace.

For the retail market that was one of the worst hit sectors by the pandemic after the tourism and hospitality sector, the national occupancy declined to 76.6% in H12021 as compared to 78.6% in H12020. Kuala Lumpur and Selangor shopping mall occupancies dropped from 82.4% and 80.0% in H12020 to 81.6% and 78.8% respectively in H12021. According to Retail Group Malaysia (RGM), the retail sales growth for the full year 2021 was expected to be a slim 0.5% factoring the lower-than-expected performance in 3Q2021. Nevertheless, in spite of many retail brand closures seen in the last two years, new outlets openings and expansions were observed as well.

Moving into 2022, Malaysia's retail sales is projected to reach as high as a 6% growth, according to RGM, with high hopes placed on Christmas, New Year and Chinese New Year sales. However, concerns are still seen especially on the rising cost of living that may affect the purchasing power of Malaysian households and the risk of a potential fourth-wave of Covid-19. Although e-commerce has evolved to be the new trend, shopping malls remain relevant, evidenced by the return of footfalls in the malls after a prolonged lull in visitor numbers. Whether this footfall is translating into sales is to be figured out as we see malls have become a place of social interactions and the go-to place for leisure and relaxation while the international travelling borders are still closed.

As tourism was put to a stop for most parts of 2021, it was only in October when interstate travel was allowed fully that the hotels were able to open back its doors for business. During the restricted travel period, a few hotels were operating as quarantine accommodation facility to supplement their operation while some others had to be permanently closed down. After interstate travel restrictions were lifted, hotels and resorts saw bookings soaring high indicating the demand for domestic travel is still evident but is constrained by the pandemic-induced measures.

With Singapore being the highest contributor of tourist arrivals to Malaysia, the opening of Malaysia-Singapore Vaccinated Travel Lane (VTL) on 29th November 2021 is expected to help in the recovery of the hospitality sector alongside the Langkawi International Travel Bubble. These and other government initiatives are anticipated to help re-ignite the hospitality sector since the market have been looking forward to resuming travelling activities. Both domestic

“During the intermittent lifting of interstate travel restriction during the year and after it was fully lifted, hotels and resorts saw bookings soaring high indicating the demand for domestic travel is still evident but is constrained by the pandemic-induced measures.”

and international tourist arrivals are key for the hotel sector's recovery plus the ability to host major events and conventions. Although in late December the VTL programme was temporarily suspended amidst concern over the new Omicron variant, as the travel sector is expected to be more open in later stages, the hotel sector is expected to steadily improve in 2022 – subject to continued management of the Covid-19 situation.

Due to the disruptions in the supply chain amidst the global lockdowns and movement restrictions at the consumer level since 2020, the trend of online purchases, virtual malls, digital transactions and e-commerce expanded further in 2021. The momentum is expected to continue in the next few years as digitalisation embracement and adoption have accelerated – even across all consumer age groups. This led to high demand for distribution centres and logistics facilities resulting in a healthy growth for this sector.

The 12th Malaysia Plan that was announced in September 2021 along with the federal government's Budget 2022 in November had outlined measures to improve the country's industrial competitiveness including for the transport and logistics sector by firming up its institutional and regulatory framework and support. The target is to attain a ranking in the Top 30 of the World Bank's Logistics



Performance Index (LPI) ranking by 2025, indirectly promising a good future for the logistics sector within the next three years.

In a nutshell, the recovery expected in 2021 was disrupted due to the resurgence of Covid-19 cases. The Malaysian property market did improve in the first six months of 2021 which created an initial positive outlook. However, the third quarter's transactions drop have brought the overall market performance to be hovering at similar level to 2020. Though it is fortunate that the sector is stable as the government's stimulus measures helped brace the impact of the pandemic, the hoped property market recovery to pre-Covid performance will take a longer time. Though the property market of late have seen some renewed interests,

the market is anticipated to remain cautious with uncertainties raised by the emergence of new Covid-19 variants, global geo-political conditions and the potential 15th General Election. In addition, the market faced an unforeseen interruption brought by flash floods that occurred in late 2021 which affected several states including the Klang Valley. While it requires a collective effort by all to revive the economy post-pandemic, it is also pertinent to address pre-existing property market challenges like the demand-supply mismatch and unaffordability issues.

Having witnessed glimpses of improved performance in between lockdowns last year, we are cautiously optimistic on the outlook for 2022. The market is expected to show a gradual recovery as we achieve higher vaccination

coverage, coupled with continued government support, accommodative policies and phased opening of international borders. This is of course dependent on the continued effective management of the Covid-19 situation and addressing the other systemic issues in the property market.

NORTHERN

Region

Perlis

Kedah

Pulau Pinang

Perak





Lebuhraya, Pulau Pinang

PERLIS

Indera Kayangan

Capital: Kangar

Est. Population: 255,400

Area (km²): 816

(Source: DOSM)



Taman Melati, Perlis

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	26,433 units	↑ 1.1% y-o-y
Transaction Volume	437 units	↑ 50.7% y-o-y
Transaction Value	RM100.49 mil.	↑ 69.8% y-o-y

RETAIL

Supply	0.60 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	88.4%	↓ 11.6%
Rental	Prime: RM0.80psf – RM15.00psf	

SHOP OFFICE

Supply	5,642 units	↑ 0.9% y-o-y
Transaction Volume	36 units	↑ 9.1% y-o-y
Transaction Value	RM22.26 mil.	↑ 20.4% y-o-y

HOTEL

Existing Supply	1,245 rooms	↔ 0.0% y-o-y
Incoming Supply	120 rooms	

INDUSTRIAL

Supply	296 units	↔ 0.0% y-o-y
Transaction Volume	3 units	↔ 0.0% y-o-y
Transaction Value	RM1.08 mil.	↑ 14.9% y-o-y

RESIDENTIAL

As at 1H2021, the existing supply of residential units for the whole of Perlis stood at 26,433 units and are predominantly landed types with low-cost house and 1-sty terraced types at 34% and 27% share respectively. High-rise types make up just 3% of total stock – flat and condominium/apartment combined. By location, areas with notable residential property stock include Arau, Kuala Perlis, Sena, Utan Aji and Wang Bintong.

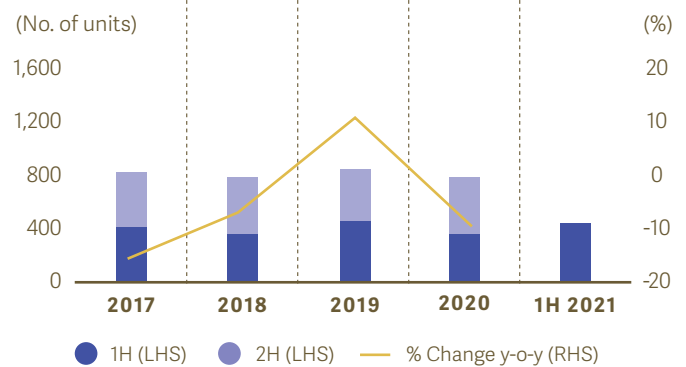
Since 1H2020, overhang stock for Perlis has seen improvements within the year as it has declined from 44 units to 27 units worth RM8.49 million – maintaining its low trend and are all of the 1-sty semi-detached type priced between RM200,001 – RM400,000.

On the incoming supply, all are landed types as no new high-rise units were recorded. Of the new stock in the pipeline, terraced houses dominate at 40% followed by semi-detached houses at 32%.

On transaction activities, the market had recovered from the previous first half performance due to Covid-19 as evidenced by the increase in both volume and value of transactions, by 50.7% and 69.8% respectively, to 437 transacted units worth RM100.49 million. This had even surpassed 1H2019's

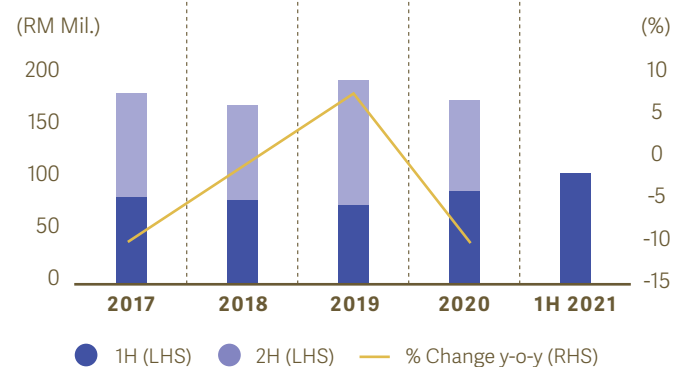
Number of Residential Property Transactions in Perlis (2017-1H 2021)

(Source: JPPH)



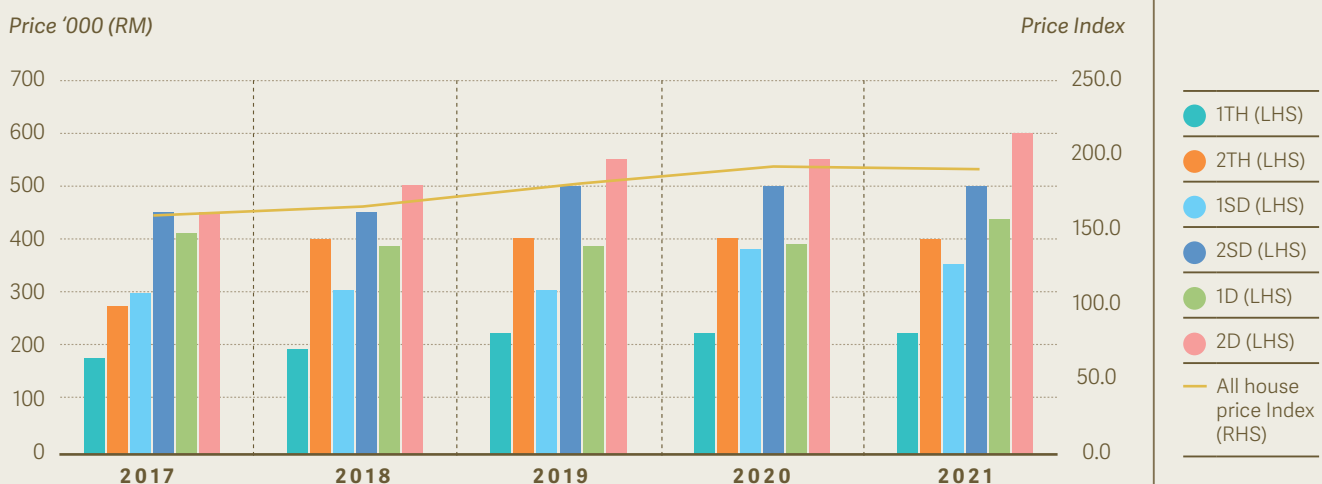
Value of Residential Property Transactions in Perlis (2017-1H 2021)

(Source: JPPH)



Kangar Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



“On transaction activities, the market had recovered from the previous first half performance due to Covid-19, as evidenced by the increase in both volume and value of transaction by 50.7% and 69.8% respectively.”

Selected Upcoming Residential Properties in Perlis

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Indah Kayang	Kangar	2-sty Semi-Detached	20	From RM488,000	2022
Taman Seri Embun	Kangar	1-sty Semi-Detached	11	From RM379,800	2023
		2-sty Semi-Detached		From RM499,570	
		1-sty Detached		From RM550,000	
		2-sty Detached		From RM798,000	
Taman Saujana Idaman	Arau	1&½-sty Terraced	58	From RM278,000	2023
Taman Empiang Ceria	Kangar	1-sty Terraced	30	From RM258,000	2023
		1-sty Semi-Detached	54	From RM368,000	

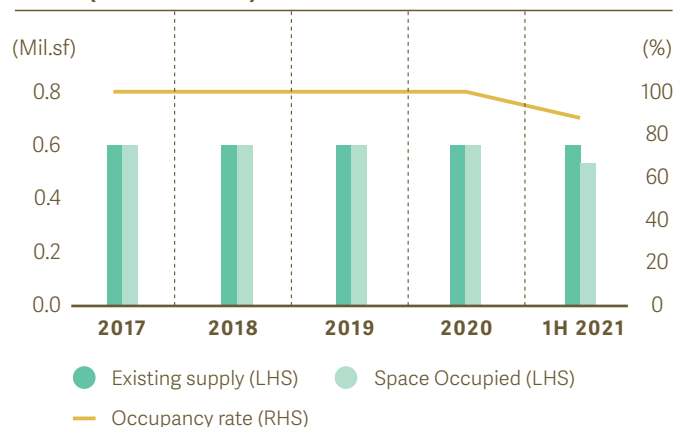
performance at a slightly lower 416 transacted units worth RM97.16 million – 1H2019 often termed as the pre-Covid-19 level. While this bodes well for the recovery pace of Perlis following the dampening Covid-19 period, the challenge now lies in maintaining that pace as the market continues to readjust and reposition itself in a post-pandemic environment.

RETAIL

The retail segment of Perlis' property has continued to maintain its supply at 601,401 sf with 191,210 sf of new spaces in the pipeline – though no updates have yet been announced on the completion of some of the new establishments. These incoming new complexes include the K-Parc Kangar by UDA Holdings Bhd, Kangar City Centre (KCC) by the Perlis State Economic Development Corp and Safuan Group, and the Padang Besar Pavilion by PZS Development Sdn Bhd. After having maintained its strong occupancy rate at 100% for the past few years, a drop was recorded for 1H2021 down to 88% despite no additional supply.

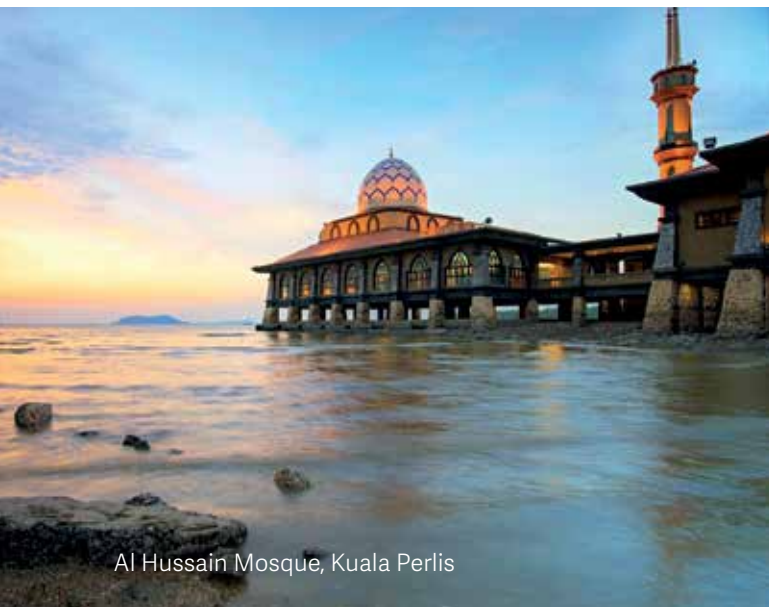
Existing Supply & Occupancy Rate of Retail Spaces in Perlis (2017-1H 2021)

(Source: JPPH)



SHOP OFFICE

As at 1H2021, transaction activities in Perlis have slightly recovered from its previous low performance to 36 transacted units worth RM22.26 million – recording a small recovery of 9% and 20% respectively. Despite the slight recovery, transaction levels have yet to return back to pre-pandemic levels. However, outlook is on a positive note as economic and business activities are well underway to resuming and re-positioning themselves up post-pandemic.

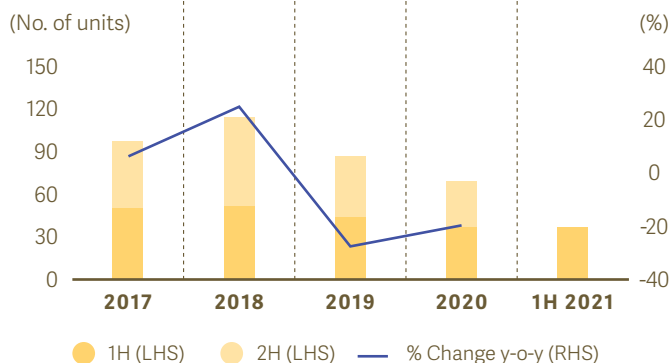


Al Hussain Mosque, Kuala Perlis

On the supply side, it remains relatively steady at 5,642 shop office units across Perlis. 1-sty and 2-sty types continue to dominate the market with a contribution of 78% of total existing stock. In the transaction market, it is the 2-sty and 3-sty types being mostly transacted at 31 transacted units out of the total 36 units – 86% of total transaction volume. The 2-sty units were mainly transacted between RM300,001 to RM700,000 whilst some of the 3-sty units were transacted at RM1 million and above.

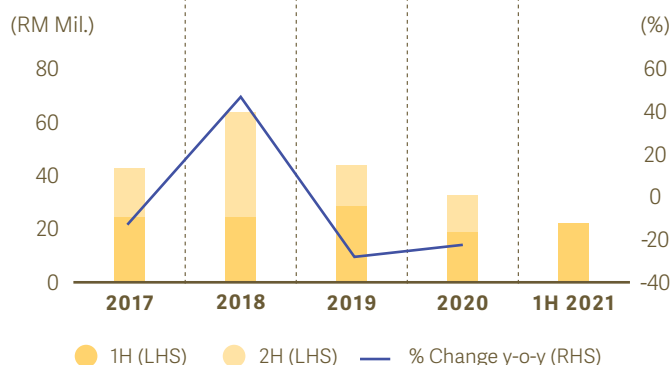
Number of Shop Office Property Transactions in Perlis (2017-1H 2021)

(Source: JPPH)



Value of Shop Office Property Transactions in Perlis (2017-1H 2021)

(Source: JPPH)

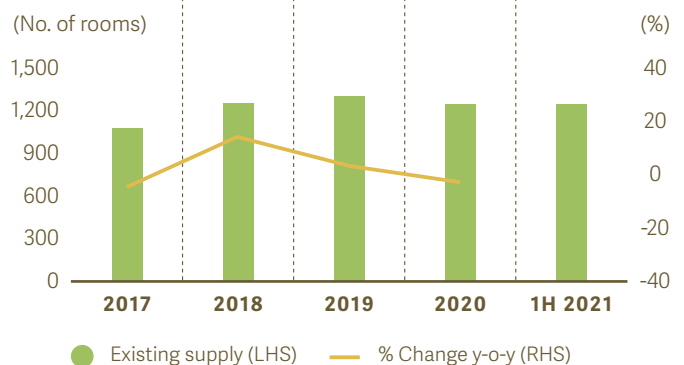


HOTEL

The supply of hotel rooms in Perlis have maintained at 1,245 rooms, making up 32 hotel establishments with no new supply. Incoming stock has maintained at 120 rooms since 2018. The top well-established hotels are Putra Regency Hotel, Putra Brasmana Hotel and Hotel Seri Malaysia Kangar.

Existing Supply of Hotels in Perlis (2017-1H 2021)

(Source: JPPH)



INDUSTRIAL

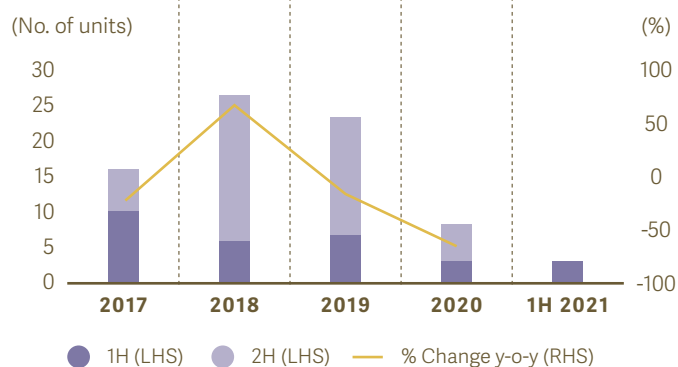
While other sectors have shown some recovery since 2020 after more than a year of the pandemic, the industrial sector in Perlis declined to just 3 transactions worth RM1.08 million. But in observing the past years' trend, more transactions can be expected for the second half of the year as seen in 2018 and 2019 which lends some hope to 2021 possibly repeating the same pattern of recovery from the Covid-19 crisis.

On the supply side, existing stock remains at 296 units with most being the terraced, semi-detached and detached types. 29 new units are currently in the pipeline and are mostly located in Seriap. By location, existing industrial units are largely concentrated within the areas of Jejawi, Kuala Perlis, Seriap and Titi Tinggi.



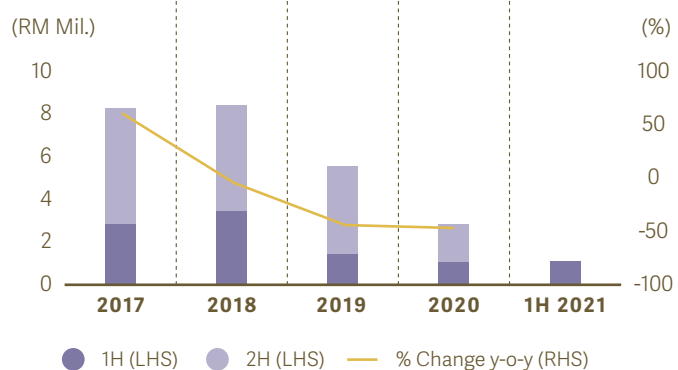
**Number of Industrial Property Transactions in Perlis
(2017-1H 2021)**

(Source: JPPH)



**Value of Industrial Property Transactions in Perlis
(2017-1H 2021)**

(Source: JPPH)



Notable Announcements

- FGV Holdings Bhd has launched the FGV Chuping Agro Valley (FCAV) with the intention of developing an integrated high-value cash crop plantation, and potentially a fully integrated large-scale dairy farm by 2025. This is in line with the strategic project of the NCER Agriculture Economic Zone in Chuping, Perlis.
- In their efforts to have complete presence nationwide, Berjaya Starbucks Coffee Co Sdn Bhd (BStarbucks) is in the works of adding a store in Perlis, with construction almost completed at the time of writing. Opening is expected in early 2022, signalling the state's first ever Starbucks store.

KEDAH

Darul Aman

Capital: Alor Setar

Est. Population: 2,194,100

Area (km²): 9,492

(Source: DOSM)



Langkawi Skybridge

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	341,789 units	↑	1.0% y-o-y
Transaction Volume	5,644 units	↑	14.5% y-o-y
Transaction Value	RM1,471.25 mil.	↑	30.0% y-o-y

RETAIL

Supply	6.27mil. sf	↓	1.1% y-o-y
Occupancy Rate	74.6%	↑	0.1%
Rental	Prime: RM3.00psf – RM23.50psf		

SHOP OFFICE

Supply	30,878 units	↑	0.8% y-o-y
Transaction Volume	337 units	↑	12.7% y-o-y
Transaction Value	RM147.14 mil.	↑	17.2% y-o-y

HOTEL

Existing Supply	13,154 rooms	↔	0.0% y-o-y
Incoming Supply	756 rooms		

INDUSTRIAL

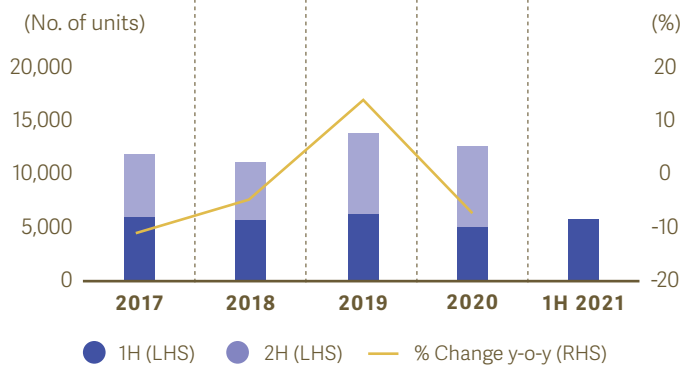
Supply	3,858 units	↔	0.0% y-o-y
Transaction Volume	76 units	↓	27.6% y-o-y
Transaction Value	RM133.56 mil.	↓	36.2% y-o-y

RESIDENTIAL

Kedah's residential market, as at 1H2021, saw its existing housing stock maintaining at 341,789 units with only minor growth of 1.0% y-o-y. Landed homes dominated the supply stock with terraced houses at 37% share, low-cost houses at 30% and semi-detached at 22%. High-rise units of condominiums and apartments remain at a small 1% portion of the stock with serviced apartments and SOHO units maintaining at 637 units and 64 units respectively.

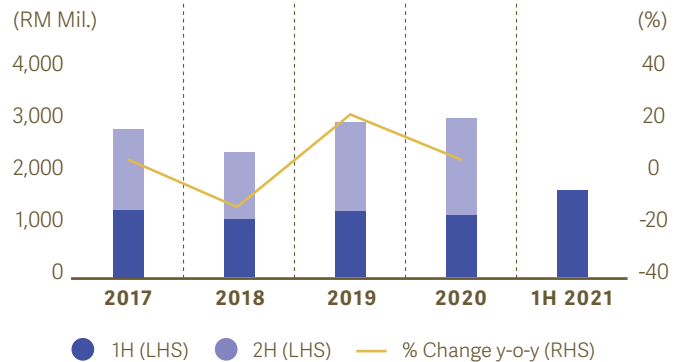
Number of Residential Property Transactions in Kedah (2017-1H 2021)

(Source: JPPH)



Value of Residential Property Transactions in Kedah (2017-1H 2021)

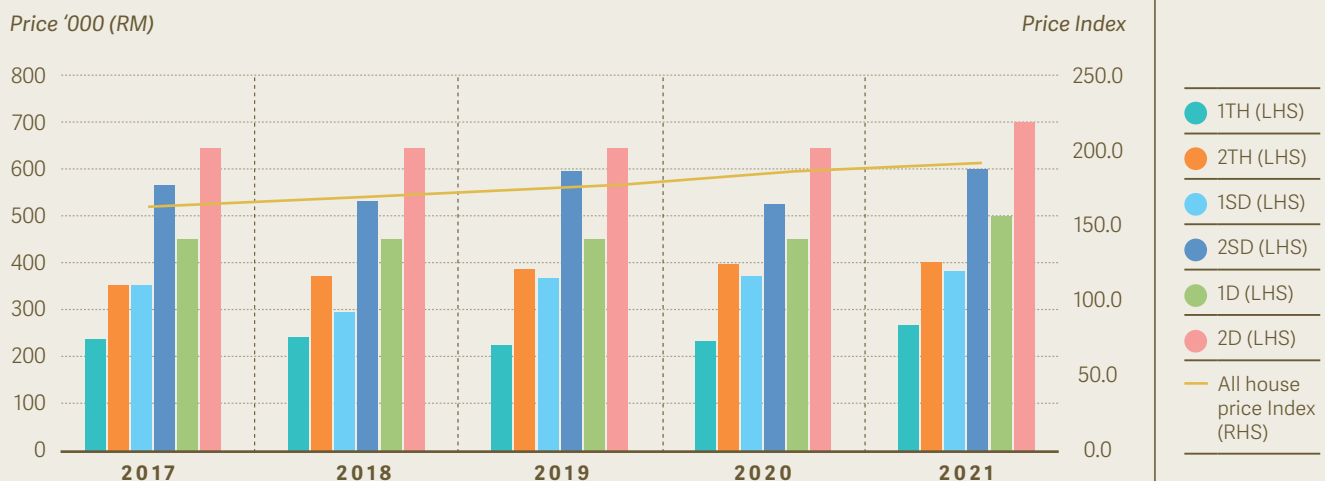
(Source: JPPH)



Kuala Muda district, in having Sungai Petani as part of it, is the popular choice of residence for the locals as evidenced by its largest supply at 134,694 units – 39% of the total existing stock. In the pipeline, the state will be expecting 16,523 new units into the market upon their completion with the top two areas being Kulim and Kuala Muda. Alongside this incoming number are the readily available overhang stock that has improved after having dropped to 652 units worth RM235.54 million from more than double the stock back in 1H2020, at 1,341 units worth RM380.59 million. More than 90% of the overhang stock are priced below RM500,000 which may indicate a mismatch situation and not just too high of a price tag.

Alor Setar Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Kedah

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Purnama	Jitra	1-sty Semi-Detached	30	From RM325,000	2022
Lavanya Residence	Langkawi	Serviced Apartment	223	From RM623,000	2022
La Casa Lunas (Phase 2)	Lunas	2-sty Terraced	116	From RM390,000	2022
Akustika @ Simfoni West	Bandar Darul Aman, Jitra	2-sty Terraced	75	From RM362,300	2022
Taman Seri Putat	Jitra	1-sty Terraced	30	From RM238,000	2022
G Residence	Alor Setar	Condominium	120	From RM330,000	2023
The Bay Residences @ Aman Laut	Kuala Kedah	Serviced Apartment	152	From RM286,000	2023
Taman Derga Perdana	Alor Setar	1-sty Semi-Detached	54	From RM358,000	2023
Taman Saderi	Alor Setar	1-sty Terraced	71	From RM292,000	2023
Taman Bintang Maya 3	Sungai Petani	2-sty Terraced	60	From RM369,000	2023
Taman Universiti Bestari	Bedong	1-sty Semi-Detached	54	From RM304,000	2024
Avani Heights @ Amanjaya	Sungai Petani	1-sty Detached	72	From RM700,900	2024

On the demand side of the market, trends have also showed encouraging improvements with transaction activities having recovered from 1H2020's lowest point with a growth of 14% in volume and 30% in value up to 5,644 transacted units worth RM1.47 billion. Concerns were felt on Kedah's absorption capability in relation to both the overhang and incoming units, adding pressure to the supply side of the market. But with decreasing unsold number and recovering demand pace, there is hope for an upward recovery trend whilst the challenge lies in maintaining such upward movement post-pandemic.

Positive price trends were observed for the average transacted prices of 2021 for Alor Setar for its landed homes, particularly for the 2-sty semi-detached units in areas of Taman Anggerik and Taman Lumba Kuda and 2-sty detached units in areas of Jalan Kuala Kedah and Jalan Sultanah.

In keeping pace with the current demand for housing in Sungai Petani as well as for affordable housing in general, Bina Darulaman Bhd (BDB) has inked a joint venture agreement with Lagenda Properties Bhd in April 2021 to develop a 93-hectare township named Darulaman Lagenda which involves the construction of 2,500 affordable housing units through several phases. Phase 1 of this township development will consist of 282 1-sty units across 11.11 hectares of the land with prices estimated to be between

RM180,000 to RM250,000. The first phase is expected to be completed within two years from its construction and will then be followed by the subsequent phases.

The Airport City and Aerotropolis segment of the larger Kulim International Airport (KXP) development in Sidam Kiri, Kuala Muda will be seeing its residential component be developed by Ivory Properties Group Bhd with a joint venture agreement with ECK Development Sdn Bhd. Covering a span of 55 hectares, both developers are aiming to transform the area into a 21st century urban neighbourhood and be a part of the new large-scale commercial gateway in Kulim.

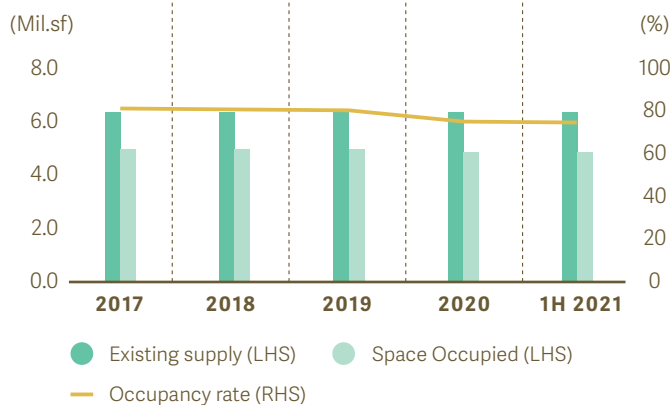
RETAIL

After having endured more than a year of disruptive and debilitating pandemic conditions, the retail segment of Kedah has survived with its occupancy rate maintaining at 75% and retail space supply at 6.27 million sf. Though there are no new spaces recorded in the pipeline, Bina Darulaman Bhd (BDB) has entered a joint venture with Menteri Besar Kedah Incorporated (MBI Kedah) to develop an integrated commercial development involving premium and business outlets, food & beverage shops as well as recreational facilities in Langkawi.

This JV project, in collaboration with the Langkawi Development Authority (LADA), will see its development being constructed on 16.58 hectares of land in Padang Matsirat which is located right next to Langkawi International Airport. To be developed in phases, Phase 1 of this initiative includes the development of a “Malaysia Designer Outlet” where local fashion brands and fusion restaurants will fill its spaces. Completion is estimated to be in mid-2022 with the construction of 37 business outlets on 1.65 hectares of land scheduled to begin in the fourth quarter of 2021. Phase 2 will further include the built of premium outlets on 11.74 hectares of land with completion estimated to be in 2024.

Existing Supply & Occupancy Rate of Retail Spaces in Kedah (2017-1H 2021)

(Source: JPPH)



SHOP OFFICE

As at 1H2021, Kedah's shop office market saw its existing stock maintaining at 30,878 units overall with 2-sty types taking up 57% of the supply followed by 1-sty types at 22% and 3-sty types at 14%. Another 1,012 new shop office units will enter the market, with 87% of it being 2-sty units. – keeping this the most popular type in Kedah's shop office market.

Transaction activities have shown promising recovery growth since 1H2020's pandemic-ridden low point, with a positive 12.7% increase in volume and 17.2% increase in value to 337 transacted units worth RM147.14 million. While the past trend has been somewhat unstable with no steady upward growth seen as yet, hopes remain in place for the market to soon find and keep at its recovery pace back to its past booming transaction performances – transaction activities having been on an overall downward decline since the early 2010's.



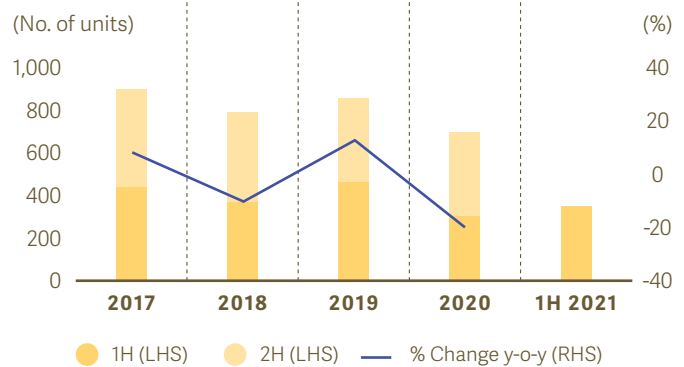
Pulau Dayang Bunting, Langkawi

Located adjacent to Kulim's largest shopping mall, Kulim Central Shopping Mall, is an upcoming commercial development by Sri Awana Sdn Bhd named Landmark City Commercial Centre. Offering 70 units of 2-storey shop offices, price starts from RM788,000 and construction is scheduled for completion in 2022.

Another development in the pipeline is the Aman Laut Commercial Centre in Kuala Kedah. Despite the larger-sized product offering 3-storey shop offices, the units start at a lower price tag of RM320,000. Completion is expected to be in 2023.

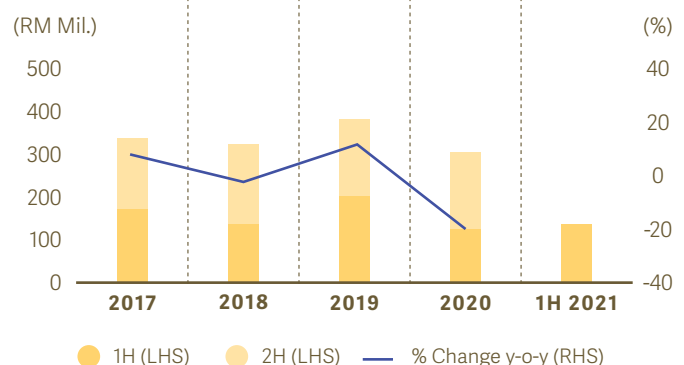
Number of Shop Office Property Transactions in Kedah (2017-1H 2021)

(Source: JPPH)



Value of Shop Office Property Transactions in Kedah (2017-1H 2021)

(Source: JPPH)



HOTEL

Since the hard hitting point of the pandemic onto the hotel sector of Kedah back in 1H2020, supply have held relatively well, maintaining at 13,154 hotel rooms across Kedah and an incoming supply of 756 new rooms in the pipeline. As one of the key measures in fighting against Covid-19, the proactive distribution of vaccines to Malaysians has become the enabler to reopen borders and interstate travel for all who have been fully vaccinated and deemed safe for social exposure. This bodes well for the hotel and tourism sector as local tourists responded overwhelmingly well in being able to travel again after being locked in for months and at several periods.

On 16th September 2021, as part of the government's pilot project to reopen the local tourism industry through a selected and controlled 'travel bubble states' and allowing leisure activities to resume safely under appropriate Covid-19 SOP measures, Langkawi had reopened its doors to the public. This saw an overwhelming interest surge in from locals after having being cocooned for more than a year. With the added discounts, value-added packages and complimentary features, hotels saw reservations increase by 40% to 45% upon reopening and bookings made right into October, as stated by the Kedah/Perlis Malaysian Association of Hotels chairman Eugene Dass to the media. But as rooms were quickly filled up and tourists traffic going strong, Covid-19 infections were still happening as some hotels were seen to have temporarily closed for sanitisation purposes after a cluster was detected. This did not hamper travelling sentiments, merely re-emphasising the importance of adhering to SOP standards and measures during leisure activities.

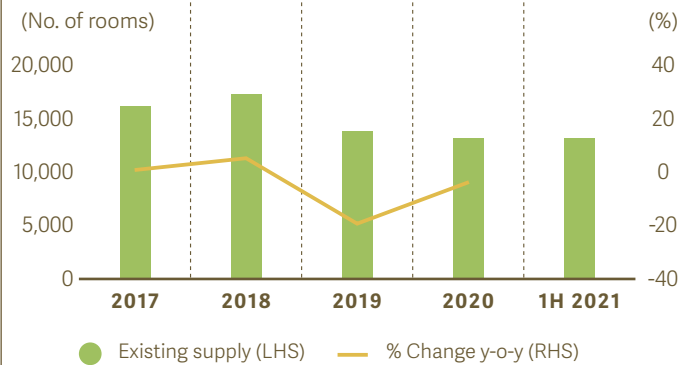
In less than 2 months of Langkawi's reopening under the Travel Bubble Programme, a total of 240,361 domestic tourists have visited the island and brought in a revenue of RM240 million for the tourism industry, according to the Langkawi Development Authority (LADA). Of these arrivals into the island, 55.6% flew in by flight, 32.3% crossed in by ferry from Kuala Kedah and Kuala Perlis, and the remaining 12.0% arrived at Langkawi Port in Tanjung Lembung.

Though plans have been made to extend the bubble range to include the return of international tourist back into Langkawi's tourism scene, the emergence of a new Covid-19

Existing Supply of Hotels in Kedah

(2017-1H 2021)

(Source: JPPH)



“In less than 2 months of Langkawi’s reopening under the Travel Bubble Programme, a total of 240,361 domestic tourists have visited the island and bringing in a revenue of RM240mil for the tourism industry”

variant and a predicted 4th wave of new Covid-19 cases have put a hold on such plans, as strict border controls are back in place to contain and prevent the spread of the new variant coming in from other countries. For a full revival of Langkawi's tourism sector as a long established holiday destination, there is still the need for both local and international tourist traffic for a sustainable future recovery.

A new development project involving land reclamation in Langkawi was announced in early 2021 with a joint venture between Widad Business Group (WBG) and Bin Zayed International (BZI) LLC. It has been named as Widad@Langkasuka. Designed as a mixed development with an estimated gross development value (GDV) of RM40 billion, the project is expected to take a span of 15 to 20 years for its full construction and will comprise tourism components such as 5 and 6-star resorts and hotels, an international golf course and shopping malls among others.

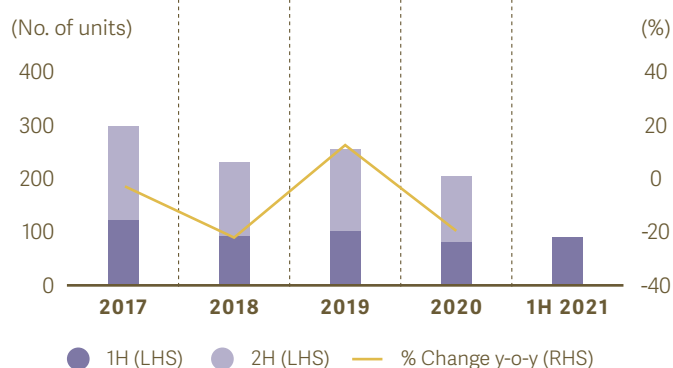
On a different note, BDB Hotels in Bandar Darulaman, Jitra will be changing its operations from a hotel to serviced apartments when its operating license ends after having operated as a hotel for almost 15 years. This move was initiated in response to the challenges faced by the hospitality industry due to the Covid-19 pandemic.

INDUSTRIAL

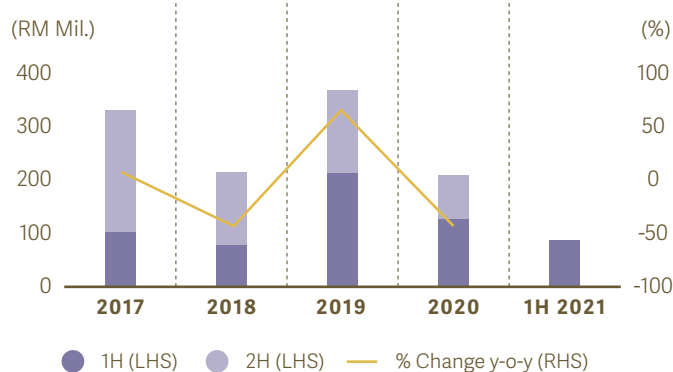
Following the low point of 1H2020 after being hit hard by the disruptive pandemic impact, Kedah's industrial sector saw a positive growth of 13% in volume but a fall of 39% in value to 86 transacted units worth RM81.14 million as at 1H2021. This indicates that while number of transactions have gone up, average prices per transaction has fallen and is yet to be seen if this downtrend value movement will persist or not as the sector is gradually pacing itself back up to post-pandemic conditions.

On the supply segment, no new units were seen to enter the market within the review period and have maintained at 3,858 units for the whole state with most units being concentrated in areas of Kota Setar, Kuala Muda and Kulim. On the future front, 80 industrial units are in the pipeline and are mostly of the terraced and semi-detached types, mainly located in Kulim.

Number of Industrial Property Transactions in Kedah (2017-1H 2021) (Source: JPPH)



Value of Industrial Property Transactions in Kedah (2017-1H 2021) (Source: JPPH)



As one of the national projects under the Northern Corridor Economic Region (NCER) Strategic Development Plan 2021-2025 (SDP), the Kedah Rubber City (KRC) development will be seeing its first and the world's largest glove factory development next year. As at November 2021, KRC has achieved 85% construction progress on a land area of 505.86 hectares and is expected to generate future job opportunities for residents surrounding KRC. Being the first company to invest in KRC and have its factory construction commencing in 2022, Hong Seng Industries Sdn Bhd will be investing RM3 billion to build the world's largest glove (NBL) factory that is expected to be completed by 2024. Hong Seng Industries had received an offer letter to re-lease a sizable industrial land of 102.6 acres in KRC for a period of 60 years for the construction of the nitrile butadiene rubber (NBL) manufacturing plant.

Notable Announcements

- ECK Group of Companies (ECK) is entering a partnership deal with the Kedah State Government to develop the Kulim International Airport (KXP) project with their involvement being from construction to commissioning – including the two components of KXP being Kedah Aerotropolis and Airport City in Sidam Kiri, Kuala Muda.
- Kampung Manggol Pauh will be welcoming the new Hospital Pendang to its area, after some delays due to the pandemic disrupting construction progress. It will have a capacity of 126 beds.
- Austria-based manufacturer AT&S Production is setting up their new facility in Kulim Hi-Tech Park to produce high-end printed circuit boards and integrated circuit substrates. Construction began in the later half of 2021.
- China-based Risen Energy Production is in the process of investing RM42.2 billion over a span of 15 years to manufacture high-efficiency photovoltaic modules in Kulim Hi-Tech Park. The plant construction is slated to complete by end 2021/early 2022.

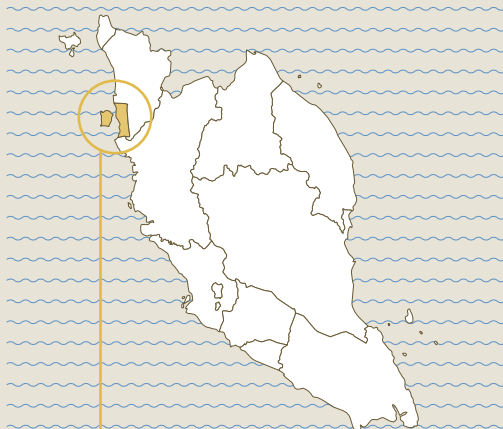
PULAU PINANG

Capital: Georgetown

Est. Population: 1,774,400

Area (km²): 1,049

(Source: DOSM)



The Penang Second Bridge

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	537,207 units	↑ 2.9% y-o-y
Transaction Volume	6,065 units	↑ 41.3% y-o-y
Transaction Value	RM2,609.80 mil.	↑ 55.3% y-o-y

RETAIL

Supply	20.22 mil. sf	↑ 3.0% y-o-y
Occupancy Rate	72.2%	↓ 1.1%
Rental	Prime: RM4.00 – RM48.00psf	

PURPOSE-BUILT OFFICE

Supply	11.88 mil. sf	↓ 0.7% y-o-y
Occupancy Rate	85.3%	↑ 1.4%
Rental	Prime: RM1.50psf – RM4.40psf	

SHOP OFFICE

Supply	31,163 units	↑ 0.9% y-o-y
Transaction Volume	343 units	↑ 31.9% y-o-y
Transaction Value	RM270.99 mil.	↑ 25.4% y-o-y

HOTEL

Existing Supply	22,406 rooms	↑ 2.7% y-o-y
Incoming Supply	5,921 rooms	

INDUSTRIAL

Supply	9,597 units	↑ 3.6% y-o-y
Transaction Volume	247 units	↑ 62.5% y-o-y
Transaction Value	RM775.61 mil.	↑ 89.8% y-o-y

RESIDENTIAL

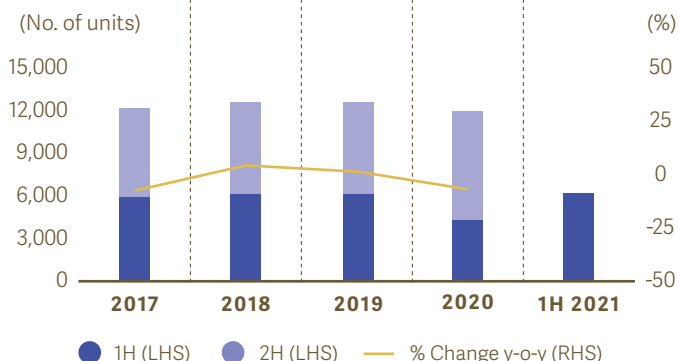
As at 1H2021, the residential market of Pulau Pinang saw a notable recovery growth recorded y-o-y at 41.3% in volume and 55.3% in value to 6,065 transacted units worth RM2.61 billion. This in comparison to 1H2019's performance of 6,056 transacted units worth RM2.46 billion has shown the state's residential market to have successfully regained its momentum back to pre-Covid-19 levels and going forward is about maintaining such momentum in order to keep on the upward trend movement.

The supply side of the market saw a small increase of 2.9% which puts Pulau Pinang's existing residential stock to 537,207 units, excluding the 6,614 units of serviced apartment and 2,614 units of SOHO. Combined, Pulau Pinang's dwelling stock as of 1H2021 is at 546,435 units across the state. Between the mainland and island portion of Pulau Pinang, dwelling stock is approximately 50:50 for both and thus giving an equal housing capacity though mainland, due to its larger land supply, offers more landed homes than the island.

In the pipeline, there are 39,510 new dwelling units under construction of which 51.9% are on the mainland and 48.1% on the island. 23,991 incoming high-rise dwellings make up

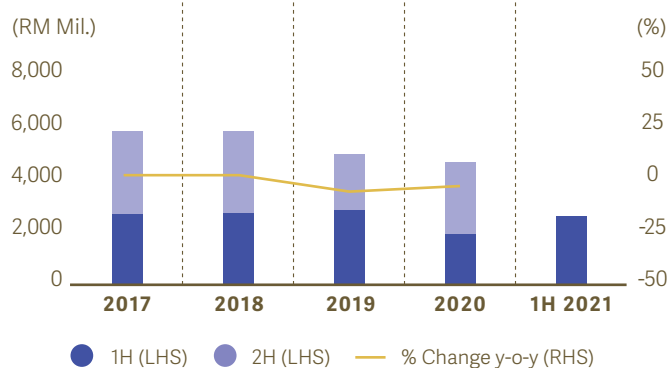
Number of Residential Property Transactions in Pulau Pinang (2017-1H 2021)

(Source: JPPH)



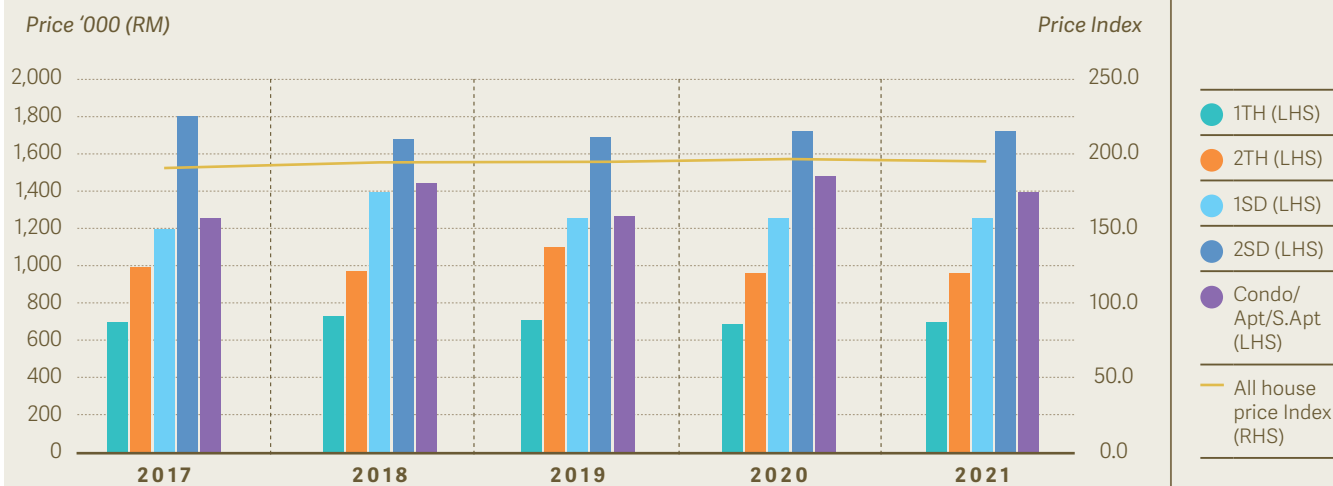
Value of Residential Property Transactions in Pulau Pinang (2017-1H 2021)

(Source: JPPH)



Penang Island Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Landed Residential Properties in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Bertam Lakeview - Nyssa	Bertam	1-sty Terraced	155	From RM329,000	2022
Viluxe	Batu Kawan	2-sty Terraced	170	From RM750,000	2022
Casa Rica@ Setia Greens	Sg Ara, Bayan Lepas	3-sty Semi-Detached	38	From RM2.0 mil	2023
Eco Horizon @B andar Cassia	Batu Kawan	2-sty Semi-Detached	363	From RM1.4 mil	2024
		2-sty Terraced	235	From RM773,000	2025

Selected Upcoming High-Rise Residential Properties in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Gem Residence	Seberang Prai	Serviced Apartment	978	From RM440,000	2022
Queens Waterfront Residences (Phase 2)	Bayan Lepas	Condominium	450	From RM940,000	2022
The Sky Urban	Bukit Mertajam	Condominium	560	From RM422,000	2023
Montage	Sg Nibong	Condominium	282	From RM748,000	2023
Vivo Executive Apartment	Batu Kawan	Serviced Apartment	1,005	From RM360,000	2023
One City Residences	Juru	Serviced Apartment	148	From RM397,000	2024
Iconic Regency	Sg Nibong	Serviced Apartment	268	From RM460,000	2024
Havana Beach Residence	Bayan Lepas	Condominium	1,342	From RM480,000	2024
Sinaran Residence	Batu Kawan	Serviced Residence	964	From RM382,000	2024
Royale Infinity @ Tambun Royale City (Phase 2)	Tambun	Condominium	223	From RM396,800	2024

the total incoming number and far surpasses the new landed home offerings, shifting the market even more to the high-rise side of living.

Pulau Pinang's overhang status recorded 5,418 unsold units sitting idle in the market as of 1H2021, carrying a value of RM4.33 billion. Of the overhang stock, 84.5% are of the high-rise types and 57.5% are priced at above RM500,001 including units going beyond RM1 million.

There is the risk of the overhang status to worsen, particularly for the high-rise segment, should the entrance of new units to the market further outpace market absorption. For the higher end range of homes targeted to foreign buyers, the success of the newly revamped MM2H 2.0 would be one of the key determinants to improving the take-up rates of

the bigger price tagged high-rise units. As one of the top destinations for MM2H participants, more progressive and clearer guidelines on the revamped MM2H 2.0 programme will fuel more interest from potential MM2H buyers to return once the pandemic environment has subsided.

2021 saw the unveiling of Mezzo, the first residential component of The Light City development located on the eastern coast of the island. Positioning itself as a luxury seafront condominium, Mezzo offers a total of 456 units within two 34-storey towers. The units will have built-ups of 1,033 sf to 1,367 sf and prices starting from RM900,000. Completion is scheduled to be by 2025. Future residents of Mezzo will be able to enjoy the convenient access to The Light City's other components including a retail mall, the Penang Waterfront Convention Centre and office suites. The

“Keeping to the affordable agenda, the Penang state government through the State Housing Board (LPNPP) is planning 10 housing projects that will provide a total of 20,912 housing units in five districts of the state”

entire development is served by the Tun Dr Lim Chong Eu Expressway and in close proximity to the Penang Bridge, Penang International Airport, Bayan Lepas Free Industrial Zone and the ferry terminal.

Inspired by the co-living trend, EcoWorld had launched its first Co-Home units at Eco Horizon in Bandar Cassia in the first quarter of 2021. The stratified unit resembles more a 2-storey terraced house that has been split into two units, with each occupying one floor and having similar blueprint. Catering to the demand for more mid-priced landed homes, the units are targeted at first-time homebuyers, and young and multigenerational families. Located within the Camdon Collection, there are 459 units offered with built-ups of 904 sf to 987 sf and price tags starting from RM447,000. Completion is slated for 2024.

Keeping to the affordable agenda, the Penang state government through the State Housing Board (LPNPP) is planning 10 housing projects that will provide a total of 20,912 housing units in five districts of the state. The first project to be rolled out will be 1,267 affordable home units in Bukit Gedung, Bayan Lepas. Of the 1,267 units intended, 1,014 units will be affordable homes sized at 850 sf with a price tag of RM270,000 and the remaining 253 units will be low-and-medium-cost homes sized at 700 sf and priced at RM72,500. Construction is scheduled to commence in 2022 and completion slated for 2025.

From the federal government side, the Housing and Local Government Ministry (KPKT) are also planning to implement two People's Housing Projects (PPR) in Pulau Pinang under the 12th Malaysia Plan. One will be built on the mainland and the other on the island with the state government having submitted five proposed locations.

RETAIL

As at 1H2021, Pulau Pinang's retail segment of the market saw its existing stock to have reached 20.22 million sf after an increase of 3.0% y-o-y. Occupancy rate has fallen slightly by 1.1% to 72.2% leaving 5.62 million sf of vacant retail mall space in the market which brings concern when seeing the absolute number. By locality, Georgetown and Perai are the top areas with the highest concentration of retail complexes with a combined supply size of 8.98 million sf.

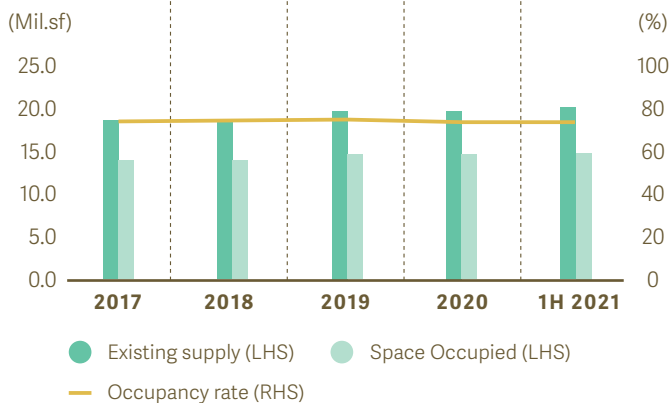
There are 1.81 million sf of new retail spaces in the pipeline and under construction as of 1H2021. The areas expecting these new entrants are Georgetown, Sungai Nibong, Air Itam/Relau and Kepala Batas – each expecting 1 new retail complex respectively. Due to Covid-19 that have caused disruption in construction progress, some completion targets has been postponed to a later date, including Gem Megamall which is now slated for completion in 2023 from its initial 2021 target.

Recognised as one of the key components of the upcoming The Light City integrated waterfront development in Gelugor, the retail component named The Waterfront Shoppes is a 1.5 million sf sized retail mall offering new-to-market shopping, dining, entertainment and lifestyle experiences set against the architectural heritage of Pulau Pinang. As part of Phase 1 of The Light City development which also includes the Penang Waterfront Convention Centre (PWCC), a 34-storey hotel, an office tower and the Mezzo residential development, construction has commenced back in 2020 and is expected to complete progressively from December 2024 onwards.

Formerly known as Tesco Stores (Malaysia) Sdn Bhd, Lotus's Stores (Malaysia) Sdn Bhd has launched its second flagship store in Malaysia with Lotus's Penang E-Gate who has taken the lead in bringing forward the Lotus's brand within the Northern Region.

Existing Supply & Occupancy Rate of Retail Spaces in Pulau Pinang (2017-1H 2021)

(Source: JPPH)



In their efforts to better adopt the digitalisation of the retail sector as part of their strategy to better support shoppers and retailers amidst a pandemic environment, CapitaLand Malaysia has brought onboard seven malls under its portfolio onto Grab's Malls by GrabMart platform – two of which are Queensbay Mall and Gurney Plaza in Pulau Pinang. Through this strategic move, shoppers are now able to enjoy the convenience of shopping at CapitaLand malls within the digital space right from the comfort of their own homes. From the listed tenants of CapitaLand's malls on GrabMart, shoppers are able to purchase from different stores of the same mall and have the items delivered under one delivery fee.

Sunway Carnival Mall in Seberang Jaya will see the completion of its expansion works by March 2022 and be reopened the following month. Originally a 4-storey retail sized at 500,000 sf back when it opened its doors in June 2007, the expansion effort will result in the doubling of the retail mall's capacity size to 1 million sf and the number of stores be increased by 60% to 350 lots.

PURPOSE-BUILT OFFICE

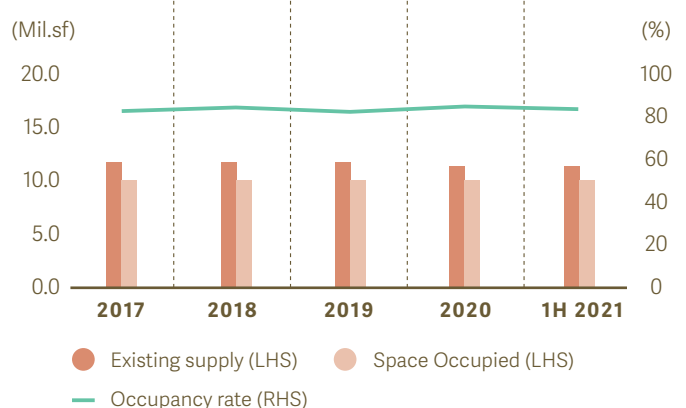
The PBO supply of office space in Pulau Pinang has maintained at 11.88 million sf with occupancy rate having slightly improved by 1.4% to 85.3% state wide. This indicates a steady PBO market for Pulau Pinang as there is also just short of 50,000 sf of new office space in the pipeline as of 1H2021. This tenancy performance leaves 1.74 million sf of vacant space combined which is relatively low when compared to the other three major states of Malaysia; Johor, Kuala Lumpur and Selangor.



Following the success they've had with the first two Global Business Services (GBS) buildings, the Penang Development Corporation (PDC) is planning to set up two more GBS buildings in Pulau Pinang to meet the growing needs of the GBS market – GBS being the evolution of Shared Services & Business Process Outsourcing (BPO) which focuses on improving process efficiency and lowering costs. In addition to the existing GBS@Mayang and GBS@Mahsuri, the two new buildings currently being planned is set to provide 300,000 sf of office space each with one to be located near GBS@Mayang and the other in Bayan lepas industrial area. The most recent GBS@Mahsuri was completed back in October 2020 and is a 2-storey office building with a net lettable area of 80,116 sf. Four prominent multinational corporations have fully occupied the building.

Existing Supply & Occupancy Rate of Purpose-Built Office in Pulau Pinang (2017-1H 2021)

(Source: JPPH)





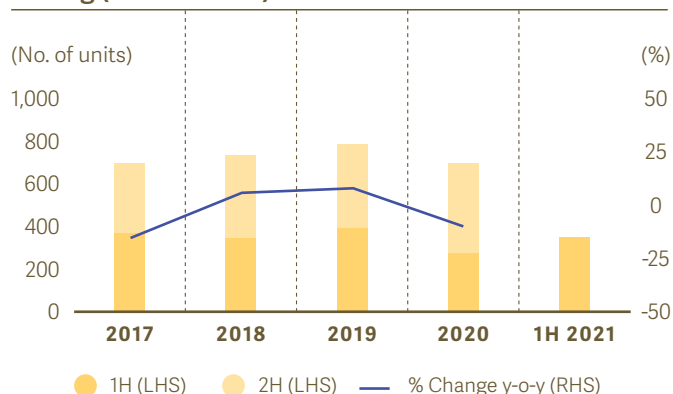
SHOP OFFICE

The shop office segment of Pulau Pinang's property market has seen promising improvements from 1H2020, registering 31.9% in volume and 25.4% in value to 343 transacted units worth RM270.99 million – putting market performance close to 1H2019 at 399 units worth RM334.44 million. This bodes a better prospect for the shop office market to resume back on its recovery path that has previously been disrupted by the pandemic in 2020. Minimal change is seen for the supply side and is maintained at 31,163 units ranging from pre-war to 6-storey types state wide. There are 677 new units in the pipeline and are largely concentrated on the mainland areas of the state.

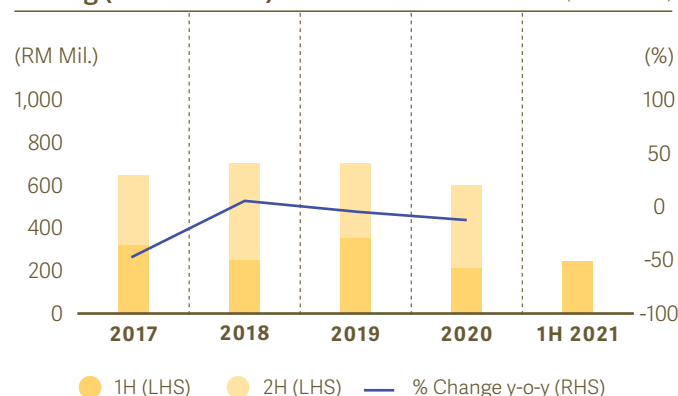
Though having slightly increased from 78 units in 1H2020 to 112 units worth RM80.78 million as at 1H2021, the overhang stock of shop offices for Pulau Pinang remains manageable. The unsold units are priced between RM300,001 to RM600,000 and above RM1 million.

The Weld Heritage Square commercial development within Pulau Pinang's George Town UNESCO World Heritage Site at Pengkalan Weld is expected to obtain its certificate of completion and compliance in the first half of 2022 following its construction completion at end 2021. Constructed on a 2.1-acre land along Lebuhraya Merdeka off Pengkalan Weld, this heritage commercial development is jointly developed by Adat Makmur Sdn Bhd and Koperasi Gabungan Negeri Pulau Pinang with the former fully funding the project. The strata-titled project consists of 3 and 4-storey shop units that

Number of Shop Office Property Transactions in Pulau Pinang (2017-1H 2021) (Source: JPPH)



Value of Shop Office Property Transactions in Pulau Pinang (2017-1H 2021) (Source: JPPH)



is in compliance to the strict building height limit of below four storeys implemented for any developments within the heritage buffer zone.

HOTEL

The hotel sector of Pulau Pinang saw a small growth of 2.7% in room supply, putting 1H2021's supply at 22,406 rooms state wide. As the pandemic situation had extended into 2021, further news of closures, both temporary and permanently, were seen in the media though not as prominent as 2020. The tourism sector for the state rebounded on the short surge of local tourists during the short periods of borders reopening. In the pipeline, there are 5,921 new hotel rooms being constructed which indicates hotel operators and brands to still see the business potential once Covid-19 subsides effectively with vaccination rates progressing successfully in 2021.

Another hotel establishment in Pulau Pinang had thrown in the towel and ceased operations due to the adverse business conditions caused by the pandemic. The 5-star Hotel Equatorial Penang was effectively closed down on 31st March 2021 after being in operations for about 30 years.

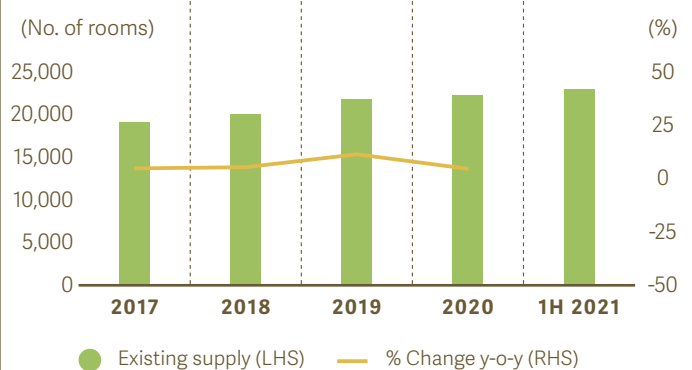
On a more temporary note, the Singapore-owned Hotel Royal Penang will cease its operations temporarily in November 2021 to undergo a restructuring exercise as notified by the management through a notice of retrenchment. This decision came about as a result of the Covid-19 pandemic that had continued to plague the market in 2021 and, like several others who had gone on similar paths, was deemed the right time to conduct such exercise. The 276-roomed 4-star business hotel is located along Jalan Larut and is one of the properties owned by Hotel Royal Limited in Singapore, Malaysia and Thailand.

The return of local tourists following the lifting of the interstate travel ban brings hope to the return of international tourists once international borders have fully and safely be reopened as well, ultimately driving the recovering boost for Pulau Pinang's tourism industry.

Existing Supply of Hotels in Pulau Pinang

(2017-1H 2021)

(Source: JPPH)



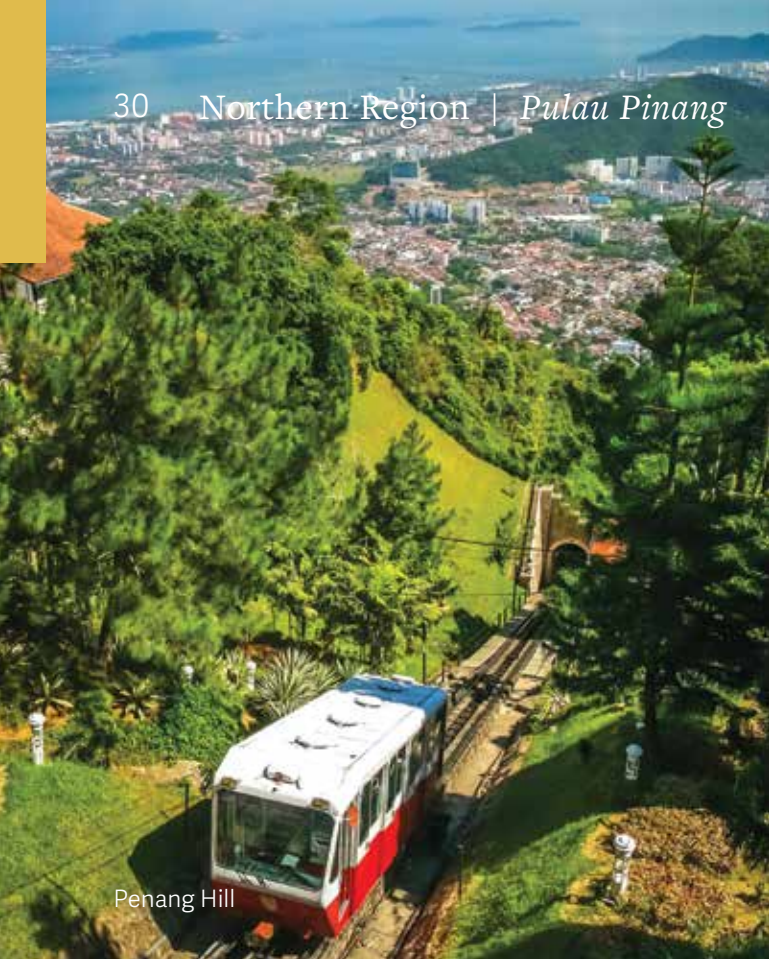
INDUSTRIAL

Keeping to its strong recovery from 1H2020's low point, the industrial sector of Pulau Pinang has also seen promising rebounds of 62.5% and 89.8% in volume and value respectively to 247 transacted units worth RM775.61 million. This has placed 1H2021's transaction performance higher than 1H2018 and 1H2019's numbers. The performance brings confidence in the market to keep its recovery pace and stay on the upward trend for the sector.

Selected Upcoming Hotels in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No of Rooms	Expected Completion
Holiday Inn & Suites	Juru	4	288	2022
Amari SPICE Penang	Bayan Lepas	5	453	2022
Aloft Hotel	Batu Kawan	4	308	2023



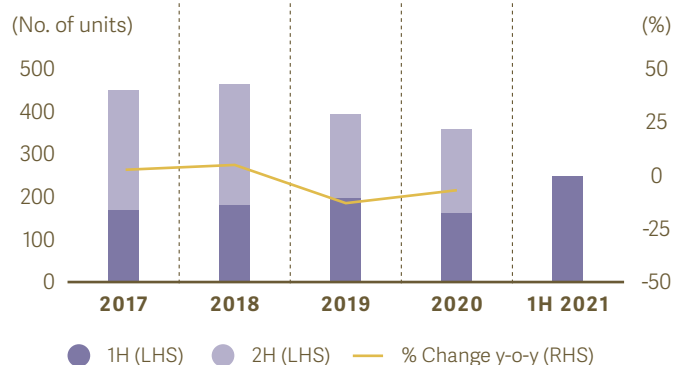
The supply side of the sector saw a small increase of 3.6% to 9,597 existing industrial units as at 1H2021 with 151 new units currently in the pipeline. By locality, a sizable 82.1% of the industrial stock are concentrated on the mainland portion of Pulau Pinang due to the large supply of land and industrial parks there.

Looking forward, the state government continues to actively expand the state's industrial capacity so as to meet the future needs of industrial players and be attracted to choose Pulau Pinang as the top choice for industrial investments and ventures in Southeast Asia.

In preparation for a new wave of industrial investments anticipated to come into the state in the future, Penang Development Corp (PDC) is in the midst of developing two new industrial parks – Batu Kawan Industrial Park 2 (BKIP2) and East Batu Kawan. Both will add a combined 1,500 acres of industrial land to the state and will be developed in stages and expected to come onstream from 2023 onwards. Set to becoming Pulau Pinang's 10th industrial park, BKIP2 in Byram Estate is an important element to the state's industrialization journey for the next 10 to 20 years. The existing 9 industrial parks successfully established in Pulau Pinang are Mak Mandin, Perai, Bayan Lepas, Seberang Jaya, Bukit Tengah, Bukit Minyak, Penang Science Park, Penang Science Park North and Batu Kawan Industrial Park (BKIP).

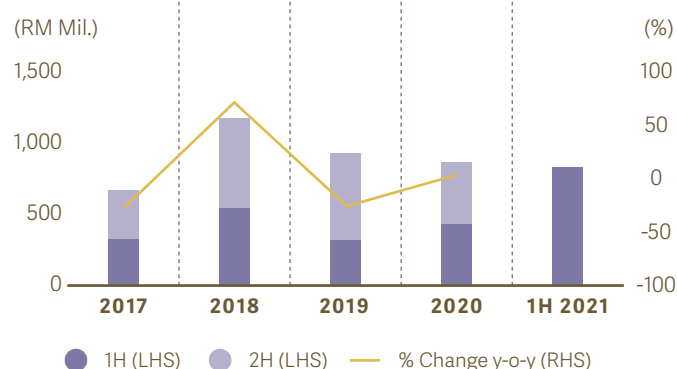
Number of Industrial Property Transactions in Pulau Pinang (2017-1H 2021)

(Source: JPPH)



Value of Industrial Property Transactions in Pulau Pinang (2017-1H 2021)

(Source: JPPH)



Further helping to integrate Pulau Pinang into the global semiconductor value chain is the opening of Lam Research Corporation's new RM1 billion facility in BKIP in August 2021 which serves as a hub for its manufacturing operations in Asia. Having positioned itself as the company's latest and largest manufacturing facility, the new manufacturing hub has an 800,000 sf built-up area on a 34-acre site. As a global supplier of wafer fabrication equipment and services to the semiconductor industry, the presence of Lam Research in Malaysia will bring opportunities for the locals to learn new technical skills.

More new industrial players set to enter BKIP in 2022 include the South Korea-based Simmtech and JHM Consolidation Bhd. Simmtech had announced in July 2021 of their decision

to choose an 18-acre site at **BKIP** for its first large-scale factory in Southeast Asia with Phase 1 slated for operation commencement by the first half of 2022.

JHM Consolidation Bhd has eyed a 9-acre piece of land in **BKIP** as part of its expansion into the telecommunication equipment industry. It already has its own manufacturing operations in Sungai Petani and Kulim, Kedah serving the automotive and industrial industries of its business. **JHM** is expecting the new facility to be completed by the second half of 2022.

Bayan Lepas Industrial Park will also see the commencement of Intel Corporation's (Intel) new production facility expansion at the Free Trade Zone Phase 3 in 2024. As part of the Intel's RM30 billion expansion project, the new production facility will be done via multiple phases and consist of several buildings.

Notable Announcements

- Penang Port Sdn Bhd's North Butterworth Container Terminal (NBCCT) was gazetted as a free commercial zone (FCZ) in February 2021, involving 10 lots of land covering the total area of 83.57 hectares.
- Phase 1A of the Swettenham Pier Cruise Terminal (SPCT) completed on 31st May 2021 and Phase 1B is expected to commence in 2023. Both phases involved the upgrading of the existing wharf to be able to handle 50% more passengers and that the terminal's berthing area could accommodate two Oasis class vessels simultaneously.
- The construction of the Air Itam – Tun Dr Lim Chong Eu Expressway bypass commenced on 1st February 2021 and is slated for completion on 3rd January 2025. This bypass is Package 2 of the PMRT project and will stretch at a length of approximately 6km.
- A 2.8-hectare plot of land has been identified for the development of Pulau Pinang's own motorsport racing circuit in Batu Kawan next to the Sate Stadium complex.
- Ascott Gurney Penang will be launched in the first quarter of 2022 once its refurbishment has been completed with a new offering of 271 serviced residence units. The new development is taking the place of the former The Gurney Resort Hotel & Residences.

PERAK

Darul Ridzuan

Capital: Ipoh

Est. Population: 2,508,900

Area (km²): 20,976

(Source: DOSM)



Taiping Lake

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	503,003 units	↑	1.7% y-o-y
Transaction Volume	10,672 units	↑	11.5% y-o-y
Transaction Value	RM2,344.38 mil.	↑	10.2% y-o-y

RETAIL

Supply	10.29 mil. sf	↑	0.2% y-o-y
Occupancy Rate	84.5%	↓	0.2%
Rental	Prime: RM4.00psf – RM30.00psf		

PURPOSE-BUILT OFFICE

Supply	6.95 mil. sf	↑	1.7% y-o-y
Occupancy Rate	92.2%	↓	0.9%
Rental	Prime: RM1.80psf – RM4.50psf		

SHOP OFFICE

Supply	59,073 units	↑	1.1% y-o-y
Transaction Volume	623 units	↑	21.0% y-o-y
Transaction Value	RM306.48 mil.	↑	17.4% y-o-y

HOTEL

Existing Supply	16,313 rooms	↑	0.9% y-o-y
Incoming Supply	865 rooms		

INDUSTRIAL

Supply	8,471 units	↑	0.1% y-o-y
Transaction Volume	189 units	↑	37.0% y-o-y
Transaction Value	RM257.76 mil.	↑	96.9% y-o-y

RESIDENTIAL

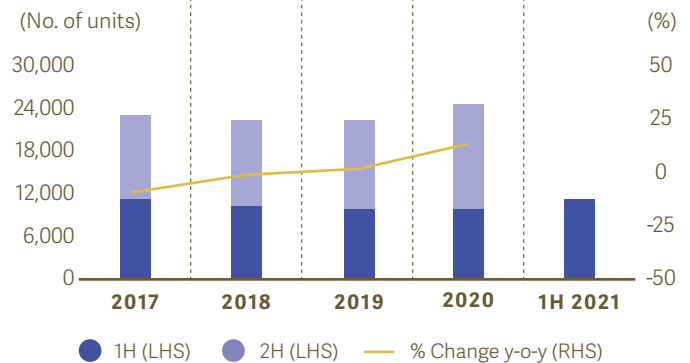
With an injection of 8,488 new units into Perak's residential market, existing supply of residential units as at 1H2021 stands at 503,003 units. With the inclusion of serviced apartments and SOHOs which are under the commercial category, the number is further boosted to 504,894 dwelling units – placing Perak as the runner-up after the 4 major states of Malaysia in dwelling stock. Landed homes continue to be the biggest contributor to total supply, making up 94% of dwelling supply.

Perak will be expecting the entry of 40,590 new dwelling units that are currently under construction and out of this incoming supply, 23% are high-rise units. Further adding on to the pressure of the state's market absorption capability to these incoming units are the readily-available presence of overhang dwellings that are currently sitting vacant in the market. As at 1H2021, the overhang stock for Perak has shown improvement by 30% in negative growth which brings the total overhang dwelling count down to 3,249 units worth RM1.03 billion though an overwhelming 84% of this are priced between RM100,001 to RM400,000.

This indicates that while the overall overhang number may be deemed on the low side in comparison to other states, the fact that the prices of most of the units are already within the affordable range shows demand is influenced by more than just affordable price but also location and product type; the latter considering that a good third of the overhang stock are condominiums/apartments.

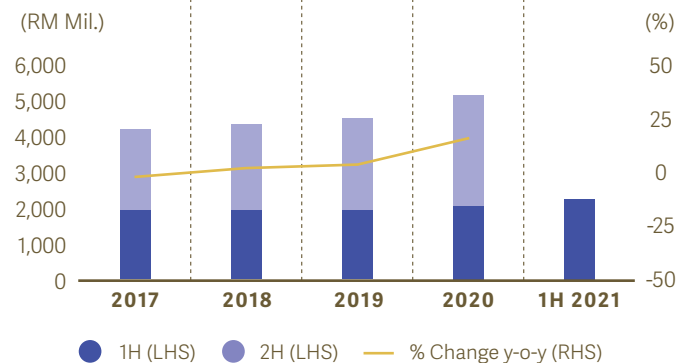
Number of Residential Property Transactions in Perak (2017-1H 2021)

(Source: JPPH)



Value of Residential Property Transactions in Perak (2017-1H 2021)

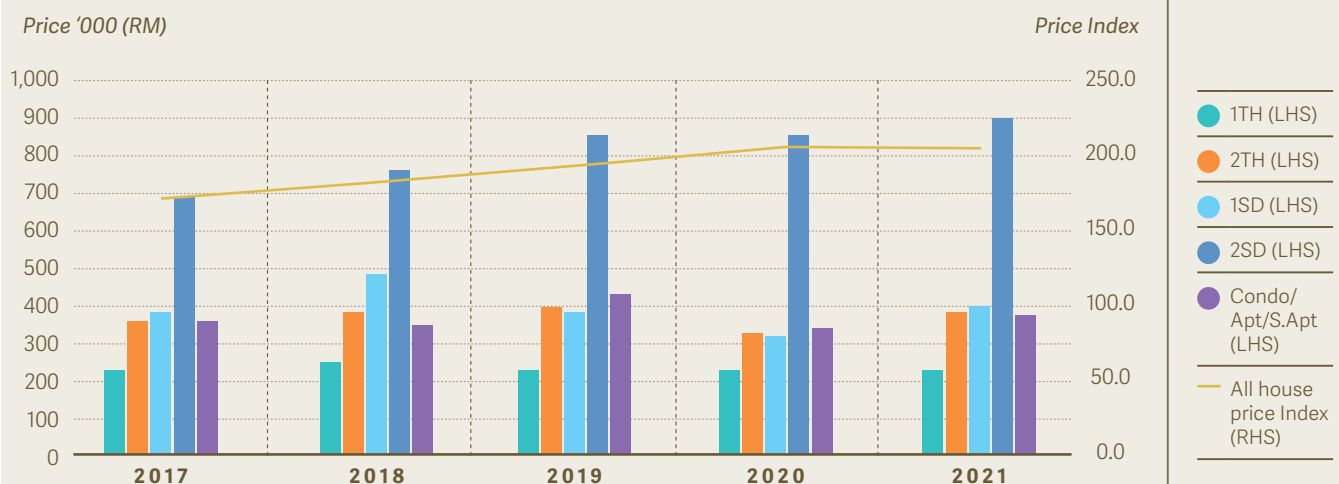
(Source: JPPH)



With the supply side facing the challenge of matching the current housing demand, market demand maintains its steady pace after 1H2020's minimal impact from last year's heavy hitting pandemic situation. Transaction volume is at 10,672 units worth RM2.34 billion from a growth of

Ipoh/Kinta Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Perak

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
The Cove Hillside Residence	Ipoh	Condominium	380	From RM434,000	2022
Horizon Condominium	Fair Park, Ipoh	Condominium	253	From RM398,000	2022
Tiara Lake Park – 10T	Tiara Pengkalan Jaya, Ipoh	2-sty Terraced	120	From RM358,000	2022
Lang Avenue Residences	Gunung Lang, Ipoh	2-sty Terraced	25	From RM338,000	2022
Seri Teratai, Phase 6.2	Bandar Seri Botani, Ipoh	2-sty Semi-Detached	51	From RM1.03 mil	2022
Desa Pengkalan Bandaraya	Station 18, Ipoh	1-sty Semi-Detached	36	From RM365,000	2022
Sunway Onsen Suites	Tambun, Ipoh	Serviced Apartment	252	From RM430,000	2023
Anderson Condo	Ipoh	Condominium	1,030	From RM184,000	2023
Raia Gemilang Residences	Gopeng	1-sty Terraced	34	From RM228,000	2023
Spanish Garden	Batu Gajah	1-sty Terraced	150	From RM278,000	2023
		2-sty Terraced		From RM358,000	2023
De-Aracdia @ Lawan Kuda (Phase 1)	Gopeng	1-sty Semi-Detached	50	From RM278,000	2023
Raintree Villas	Lang Valley, Ipoh	2-sty Semi-Detached	50	From RM514,500	2023
Seri Raia Residence	Simpang Pulai	1-sty Bungalow	70	From RM368,000	2023
Bemban Margosa Residence	Batu Gajah	1-sty Bungalow	NA	From RM320,400	2023

11.5% and 10.2% respectively. This has brought the state's transaction performance back to 1H2018's level and brings a higher chance to finally seeing a sustaining upturn in market activity movement.

Of the transactions, 79% were at price tags of up to RM300,000 and by type, terraced units and vacant plots remain as the popular choice of residential purchase.

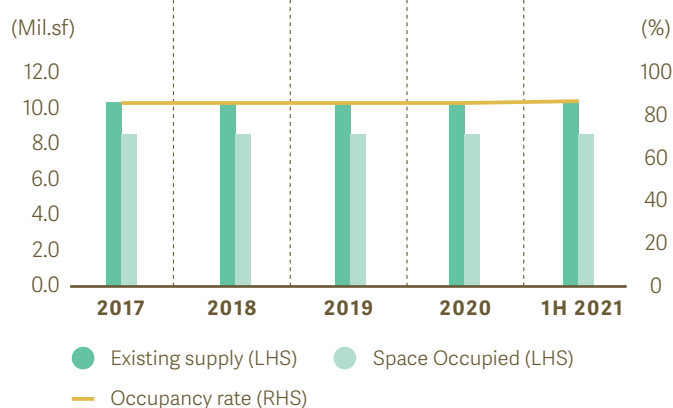
Looking to new developments making their debut in the market, Ageson Holdings Sdn Bhd has inked a development rights agreement with Menteri Besar Inc (Perak) to develop a mixed development on some 475 acres of land in Wilayah Sungai Kelian Baru, Batang Padang. This large-scale development will be seeing a mixture of local authority offices, commercial units and a variety of residential schemes as part of the components. For the local authority, plans are made to have a District Health Department Office, a District and Land Office, a District Council Office and a Community Development Department Tapah office built within the development area. For its future residents, the product type anticipated include 1,038 units of terraced homes, 332 units of semi-detached homes and 191 units of detached homes.

RETAIL

The retail segment of Perak holds well in occupancy rate throughout the pandemic period thus far, maintaining at 84.5% overall from a total retail space of 10.29 million sf. No completions were recorded for the first half of the year but

Existing Supply & Occupancy Rate of Retail Spaces in Perak (2017-1H 2021)

(Source: JPPH)



an estimated 1.66 million sf of new retail space is currently in the pipeline with the majority being in Ipoh.

In December 2021, Botani Village by Pinji Development saw its opening in conjunction with the opening of the largest Econsave hypermarket in Malaysia. As the anchor tenant of the new commercial centre, the hypermarket has a floor space of about 96,800 sf with other offerings including retail shops, dining and leisure spaces.

After some delays, the Silverlake Village Outlet by Silverland Capital Sdn Bhd in Batu Gajah is anticipated to open its doors to the public in early 2022. Boasting a scenic view by the lake banks, the new premium outlet will be offering 146 retail lots, an expansive food court and 20 bazaar-type retail units.

Anticipated to come in 2023 is Sunway Bhd's next retail mall venture in Perak. Located within Sunway's own Sunway City Ipoh, Tambun, the new upcoming mall has been named the Lost World Mall@Sunway Tambun.

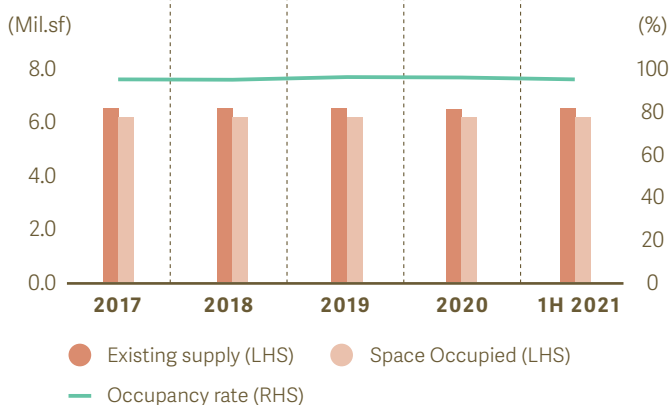
● PURPOSE-BUILT OFFICE

As at 1H2021, the supply of Purpose-Built Office (PBO) in Perak stands at 6.95 million sf after a small growth of 1.7% since 1H2020. Occupancy rates held relatively well despite the prolonged pandemic situation at 92.2%, equating to a total vacant space of 539,745 sf.

On the status of PBO buildings in Perak, 66% of the 226 PBO establishments are government-owned and the remaining being private – this has created a limited share

Existing Supply & Occupancy Rate of Purpose-Built Office in Perak (2017-1H 2021)

(Source: JPPH)



of office space for potential private tenants, unlike the more private-driven states such as Kuala Lumpur, Selangor and Pulau Pinang. This lends a hand to maintaining healthy occupancy rates despite the pandemic crisis.

Following the announcement made by Companies Commission of Malaysia (SSM) back in 2017 on their plans to construct their second self-owned building after Menara SSM in Kuala Lumpur, the SSM office of Perak has officially moved into their newly completed Menara SSM Perak in December 2021.

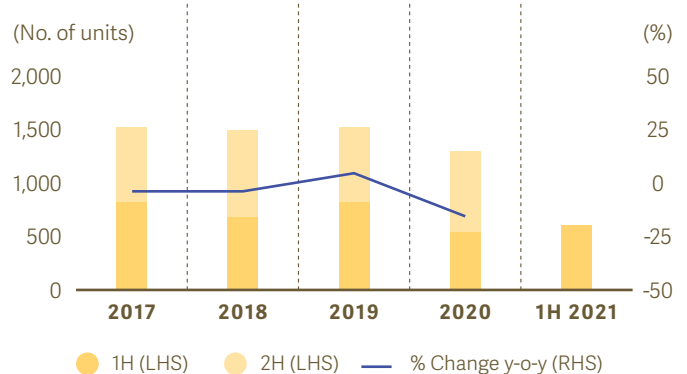
● SHOP OFFICE

Following the dampening impact Perak's shop office market suffered back in 2020 due to the pandemic, 1H2021 showed an encouraging recovery growth to 623 transacted units worth RM306.48 million – an increase of 21.0% and 17.4% in transaction volume and value respectively. But there is still room for improvement as it is still below 1H2019's pre-Covid performance at 836 transacted units worth RM395.67 million.

On supply, the shop office segment saw a slight growth of just 1.1% to 59,073 shop office units by 1H2021. Aside from Kinta district having the largest concentration of shop office supply, other areas of notable supply size are Kampar, Larut Matang and Manjung. In the pipeline, a total of 2,720 new shop office units are currently under construction with more than 700 of it being in Kuala Kangsar. Other areas expecting similar new supply entrance are Larut Matang, Batang Padang and Selama. 82% of the incoming stock are 2-sty and 3-sty shop offices.

Number of Shop Office Property Transactions in Perak (2017-1H 2021)

(Source: JPPH)



Selected Upcoming Shop Offices in Perak

(Source: Rahim & Co Research)

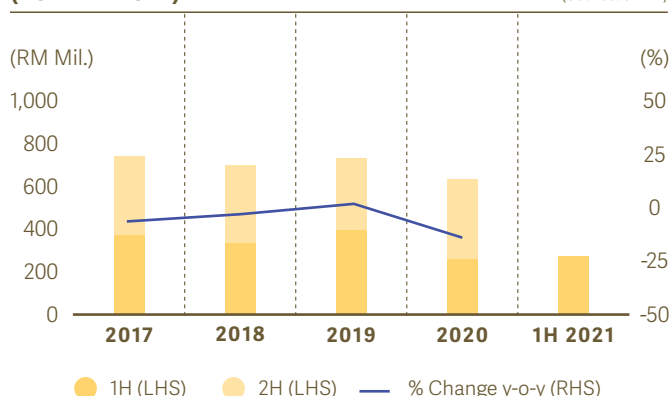
Development	Location	Type	No of Units	Selling Price	Expected Completion
Spanish Garden by the Water	Batu Gajah	2-sty Shop Offices	15	From RM563,000	2022
Bandar Seri Botani	Ipoh	3-sty Shop Offices	7	From RM1.10 mil	2023

Bond Square by Bond Holdings is a 3-sty shop office development that had reached its completion with CCC obtained in June 2021. With an area built-up starting from 5,064 sf, Bond Square offers a total of 18 units and is primely located along Jalan Sultan Azlan Shah, in close vicinity to Tesco Ipoh Garden and Aeon Kinta City.

Other shop office developments completed in 2021 include Soong Choon Business Centre in Lapangan Perdana and Pulau Square in Simpang Pulai. The former is developed by Song Choon Development with prices starting from RM413,000 and the latter by Eterbina Development Sdn Bhd going from RM768,000. Both developments offer 2-sty shop office units.

Value of Shop Office Property Transactions in Perak (2017-1H 2021)

(Source: JPPH)



HOTEL

Within the review period, minimal change was seen for the state's supply of hotel rooms – maintaining at 16,313 rooms state wide. Perak as a tourism destination is catered more for domestic visitors than international visitors for its city hotels, but island destinations like Pangkor Island has a larger international tourist share traditionally. From a room supply perspective, Perak's total positions it on par with Melaka, Kedah and Sarawak.

“occupancy rates in Pangkor Island had improved up to 78% following the re-opening of interstate borders”

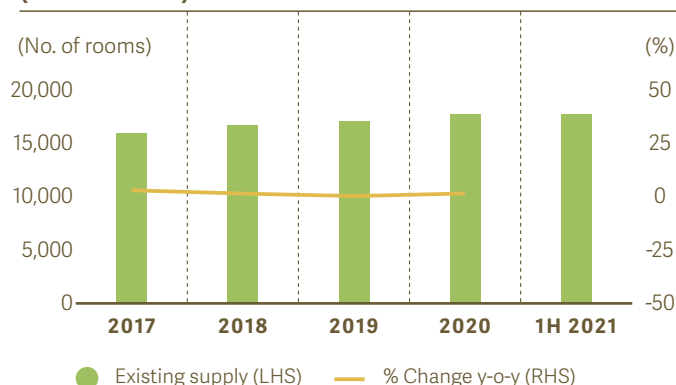
As the tourism segment makes its way back to recovery after a prolonged closure period due to Covid-19, property developer Pangkor Venice World (PVW) has sealed a partnership with Archipelago International through a memorandum of understanding (MoU) to bring in the first 5-star Grand Aston into the country. This being the developer's effort to reignite the tourism industry of Pulau Pangkor as one of the popular tourist destinations of Malaysia. The Grand Aston will be one of the components to a mixed development project on the island, with other offerings include a duty-free commercial complex, and an outdoor and indoor theme park.

It was reported by the state's Housing, Local Government and Tourism Committee Chairman that the occupancy rates in Pangkor Island had improved up to 78% following the re-opening of interstate borders and the return of domestic tourists from September onwards. This was taken as a positive sign of the island's revival and bring added value to boosting Perak's tourism industry back up on its feet.

Existing Supply of Hotels in Perak

(2017-1H 2021)

(Source: JPPH)



INDUSTRIAL

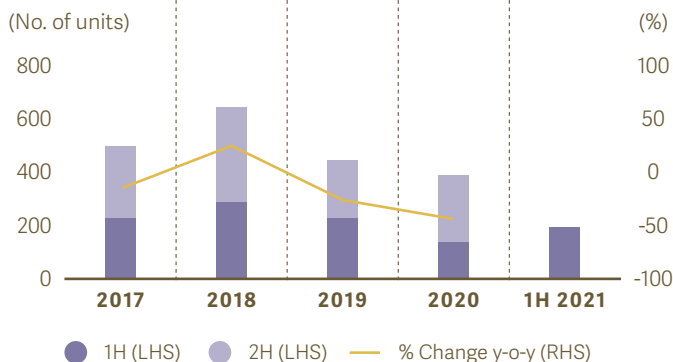
For the industrial sector of Perak, transaction activities saw improvements in volume and value after 2020's depressing point but have yet to return back to pre-Covid performance level. As at 1H2021, industrial transactions were at 189 units worth RM257.76 million after a growth of 37.0% and 96.9% respectively.

Existing supply maintains at 8,471 industrials units with the highest concentration being in Kinta at a 74% supply share. There are 119 industrial units in the pipeline for the areas of Kampar, Kinta and Larut Matang/Selama.

Listed as one of the high impact projects under the Northern Corridor Economic Region (NCER) Strategic Development Plan (2021 – 2025), the highly anticipated Silver Valley Technology Park (SVTP) is expected to drive the high-technology manufacturing sector and be a catalyst for the 4.0 Industrial Revolution in Perak. Currently in its planning stages, the mega project will be developed between 2021 and 2024 by the Northern Corridor Implementation Authority.

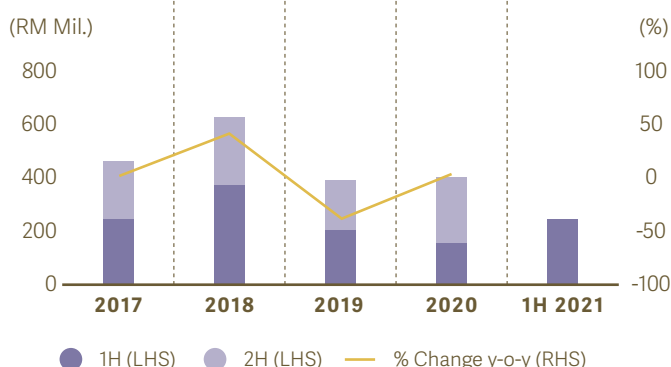
Number of Industrial Property Transactions in Perak (2017-1H 2021)

(Source: JPPH)



Value of Industrial Property Transactions in Perak (2017-1H 2021)

(Source: JPPH)



Located in Chemor of Hulu Kinta, this new industrial park will encompass a land area of 1,139 hectares and will be Southeast Asia's first Digital Disruptive Technology Park that serves as a platform to facilitate the development of emerging applied technologies from concept to production. It is accessible strategically to Ipoh Cargo Terminal, Sultan Azlan Shah Airport, Penang Port and Port Klang.

In another mixed development project located in Batang Padang, a development venture between Ageson Bhd and Perak Menteri Besar Incorporated (MBI Perak) will bring 33 industrial lots with the intention of capitalising on the strong demand for build-to-suit industrial properties. In October 2021, Ageson Bhd entered into a sale and development agreement with ZheJiang GuoRong Digital Economy Group Ltd (ZGDEG) for a plot of land at RM278 million.

Notable Announcements

- According to the Draft Ipoh City Local Plan 2035 (Replacement) issued by the Ipoh City Council (MBI) in November 2021, there is a proposed LRT system in the plans comprising two routes of 16 stations each, over a distance of 58km. The first route connects Meru Raya to Batu Gajah while the second route connects Bandar Sunway to Simpang Pulai.
- The RM425 million Ipoh International Convention Centre (IICC) began its operations at the start of 2021 with expectation of attracting more business travellers to the city of Ipoh and create a new, convenient commercial spot for its residents. Located above the IICC is the still in construction Bond Suites and further connected is the Ipoh International Convention Centre Co-Working Space.
- The state government had announced the Perak Sejahtera Economic Stimulus Package (PRE) back in June 2021, valued at RM19.5 million. Part of the incentives offered were rental exemption for the Public Housing Programme, hotel license renewal fee exemption for hotels registered with Local Authorities, and a 1-month moratorium on Rumah Harapan and Amanjaya People's Housing scheme loan repayment.

CENTRAL Region

Kuala Lumpur

Selangor

Negeri Sembilan





Lintasan Saloma, Kuala Lumpur

KUALA LUMPUR

Capital: Kuala Lumpur

Est. Population: 1,746,600

Area (km²): 243

(Source: DOSM)



Lake Gardens, Kuala Lumpur

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	502,168 units	↑ 1.9% y-o-y
Transaction Volume	4,911 units	↑ 19.8% y-o-y
Transaction Value	RM3,908.29 mil.	↑ 25.5% y-o-y

RETAIL

Supply	33.64 mil. sf	↓ 0.2% y-o-y
Occupancy Rate	81.6%	↓ 0.8%
Rental	Prime: RM20.00psf – RM165.00psf	

PURPOSE-BUILT OFFICE

Supply	104.39 mil. sf	↑ 4.7% y-o-y
Occupancy Rate	73.8%	↓ 3.4%
Rental	Prime: RM5.00psf – RM11.50psf	

HOTEL

Existing Supply	40,897 rooms	↔ 0.0% y-o-y
Incoming Supply	8,396 rooms	

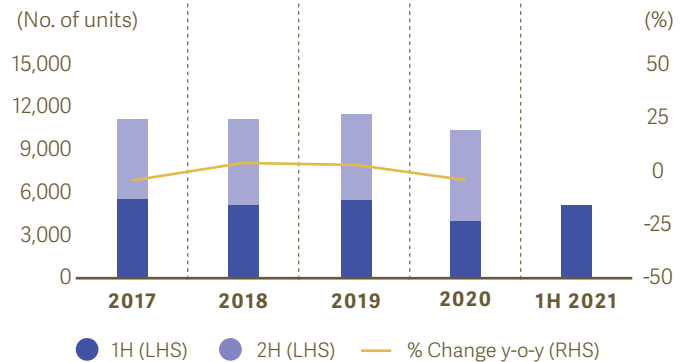
RESIDENTIAL

The residential market of Kuala Lumpur came through the first half of 2021 with a positive growth of 19.8% and 25.5% in transaction volume and value respectively, coming to 4,911 units worth RM3.91 billion. Despite the positive recovery, it is still behind 1H2019's performance of 5,289 units worth RM4.17 billion before the pandemic hit in 2020. Looking back to 2020 where the second half saw a bigger portion of transactions recorded within the year, 2021 may see the same due to the first half of the year experiencing the re-implementation of two MCO phases and caused disruptions to market activities.

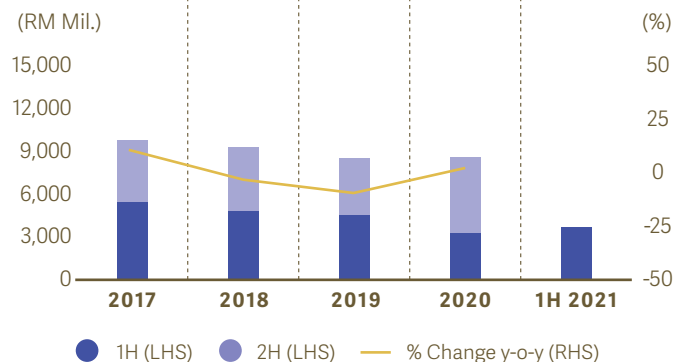
On the supply side, Kuala Lumpur's residential property stock has hit the half million point at 502,168 units state wide though this excludes SOHO and serviced apartments which are categorised as commercial properties. When combined, the dwelling stock of Kuala Lumpur as of 1H2021 is at 590,391 units of which 68.5% are high-rise units. This comes to no surprise as Kuala Lumpur's land scarcity has pushed new developments to be of the high-rise types for the sake of feasibility and space maximisation.

Looking at the overhang picture of Kuala Lumpur, the unsold completed units stood at 8,080 worth RM7.27 billion as at 1H2020. Following the same pattern as Kuala Lumpur's existing supply, 99.4% of the overhang dwellings

Number of Residential Property Transactions in Kuala Lumpur (2017-1H 2021) (Source: JPPH)

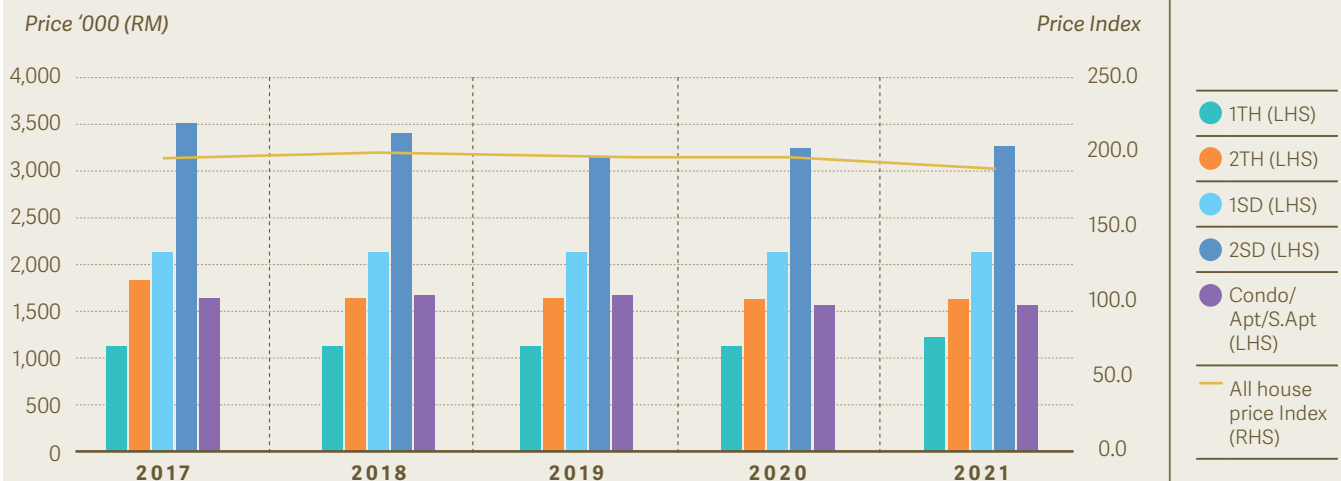


Value of Residential Property Transactions in Kuala Lumpur (2017-1H 2021) (Source: JPPH)



Kuala Lumpur Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Trinity Pentamont	Mont Kiara	Condominium	330	From RM1.2 mil	2022
PR1MA Residensi Brickfields	Brickfields	Apartment	920	From RM243,000	2022
Rumawip SkyAwani 3 Residences	Setapak	Condominium	1,905	From RM300,000	2022
M Vertica (Tower A)	Cheras	Condominium	808	From RM480,000	2023
Sunway Belfield Residence (Tower A & B)	Jalan Belfield	Serviced Apartment	880	From RM590,000	2024
Oakwood Premier Kuala Lumpur	Jalan Hang Jebat	Serviced Apartment	348	N/A	2024
Jendela Residences @ KLGCC Resort	Bukit Kiara	Serviced Apartment	520	From RM1.25 mil	2024
Aetas Damansara @ Tropicana Golf & Country Resort	Damansara	Condominium	226	From RM1.9 mil	2025
Vista Danau Kota	Setapak	Apartment	910	From RM300,000	2025
ALAIA Titiwangsa	Taman Tiara Titiwangsa	Serviced Apartment	436	From RM380,000	2025
The Fiddlewoodz @ KL Metropolis	Jalan Dutamas	Serviced Apartment	679	From RM850,000	2025
Verdura@Bangsar Hill Park	Bukit Bangsar	Condominium	812	From RM835,000	2025
Astrum Ampang (Phase 1)	Jalan Jelatek	SOHO & Serviced Apartment	2,072	From RM230,000	2026

are condominium, serviced apartment and SOHO types. Known for its high property prices when compared to other states, the overhang dwelling stock has 76.2% of its stock priced above RM500,001 and demonstrates an overhang market that faces a mismatch in prices and affordability.

In the future pipeline, 173,503 new dwelling units are under construction with close to 70% being high-rise dwelling types. While the residents of Kuala Lumpur have embraced high-rise units as the normal house type to expect in the market, the nature of high-rise developments of maximising quantity over a limited piece of land will result in the entrance of larger-scale property releases per project.

Setia Awan Group has launched its latest residential project, a mixed development named Ampang Astrum located on Jalan Jelatek in September 2021. Sitting on a 6.85-acre leasehold parcel of land, the project comprises of six towers towering

between 24 and 48 storeys high. Offering an overall total of 5,228 units of SOHO transit homes, Rumah Mampu Milik (RMM) SOHO and serviced apartments, the development's Phase 1 will comprise of 712 RMM SOHOs and serviced apartments and 1,360 SOHO transit homes. Prices start from RM230,000 and completion of Phase 1 slated to be in 2026. Citadines Astrum Ampang Kuala Lumpur is the 230 units of serviced residence that will be located in Tower M and operated by The Ascott Limited of Singapore.

2021 also saw the unveiling and pre-launch of Jendela Residences at KLGCC Resort by Sime Darby Property Bhd. Situated on a 4.06-acre land within the KLGCC Resort township, the luxury high-rise project will comprise of two 41-storey towers with a total 520 units. Built-up sizes range from 1,324 sf to 2,260 sf with price tags starting from RM1.25 million. Being anchored by the exclusive golf course in Bukit Kiara and be treated to a mature green terrain of

KLGCC Resort, Jendela Residences is designed to exude a sense of calm, splendour and grandeur upon its completion in 2026.

PNB Merdeka Ventures Sdn Bhd has signed a management agreement with Oakwood Premier Kuala Lumpur to introduce the brand in one of its residential towers within the Merdeka 118 development in Jalan Hang Jebat, Kuala Lumpur. The partnership will bring 348 serviced residences to complement the integrated mixed development's appeal to the international market.

RETAIL

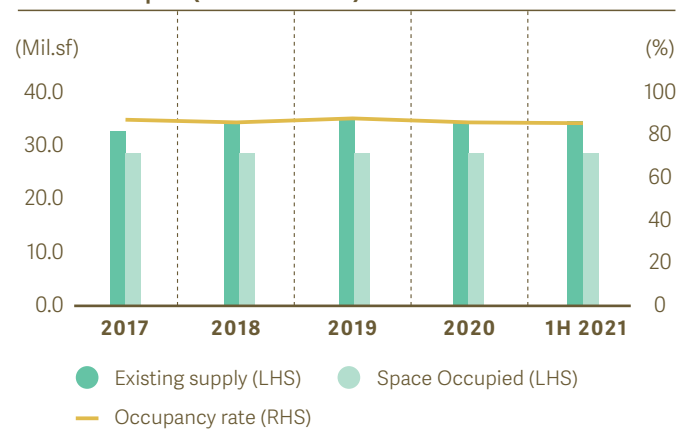
As at 1H2021, Kuala Lumpur's supply of retail space in shopping complexes stands at 33.64 million sf at an occupancy rate of 81.6% after having fallen slightly from 1H2020's 82.4%. Though the movement in tenancy performance is small in its decrement, it still paints an overall downward trend in the bigger picture. This bodes concern for its future performance as the market will be welcoming more new complexes into its supply; ranging from smaller-scale malls the likes of 8 Conlay and Oxley Tower's retail component to the bigger players of The Exchange TRX and Pavilion Damansara Heights.

While the 81.6% tenancy performance may seem moderately good in percentage, this does leave 6.19 million sf of vacant retail space sitting idle in the Kuala Lumpur's retail mall scene. And on its way to completion in the next coming years are another 6.95 million sf of new retail space recorded to be in the pipeline and under construction as of 1H2021.

It is still uncertain if the market's absorption rate will be able to keep up with the large injection of new supply as with the pandemic still present in 2021 and onto 2022, existing

Existing Supply & Occupancy Rate of Retail Spaces in Kuala Lumpur (2017-1H 2021)

(Source: JPPH)



tenants are having to re-strategize their business position in order to cope with the losses faced and new tenants having a wider choice of malls to choose from due to the highly competitive environment.

As a sector of the property market that is directly impacted by the pandemic due to its reliance on physical presence of customers in its physical establishments, the high vaccination rates of the country achieved in 2021 saw the return of shoppers to retail malls as movement restrictions were eased. Foot traffic of major malls had improved significantly, especially during public holidays and national celebrations in the second half of 2021 as families and friends flocked to the malls after being cooped up during MCO 2.0 and MCO 3.0. Yet the emergence of new Covid-19 variants and the requirement of booster vaccine shots may indicate another possible slump period should the pandemic situation reach return to dangerous levels again.

The final month of 2021, saw the opening of the grand Pavilion Bukit Jalil mall, a superstructure with a 560-metre long façade and an estimated 1.8 million sf of retail space.

Selected Upcoming Retail Malls in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
Pavilion Damansara Heights	Damansara Heights	1.0 mil	2022
118 Mall @ Merdeka 118	Jalan Hang Jebat	850,000	2022
The Exchange TRX Mall	Tun Razak Exchange	1.3 mil	2023
8 Conlay	Kuala Lumpur City Centre	200,000	2023
Oxley Tower	Kuala Lumpur City Centre	257,801	2023

The new retail landmark brings a whole new shopping experience on a massive scale to the residents of its surrounding areas including Sri Petaling, Puchong and Bukit Jalil and thus providing a closer alternative of Pavilion option aside from Pavilion Kuala Lumpur.

Mitsui Shopping Park LaLaport KL has scheduled to open its doors to the public on 20th January 2022, marking the Southeast Asia debut of Lifestyle Shopping Mall LaLaport by Mitsui Fudosan Co. Ltd.. Set to open in stages, approximately 400 stores will be opened in sequence with numerous Japan-based brands making its first appearance in Malaysia. With a built-up of 1.4 million sf with approximately 861,000 sf of net lettable area, it is one of Mitsui Fudosan's largest commercial facilities.

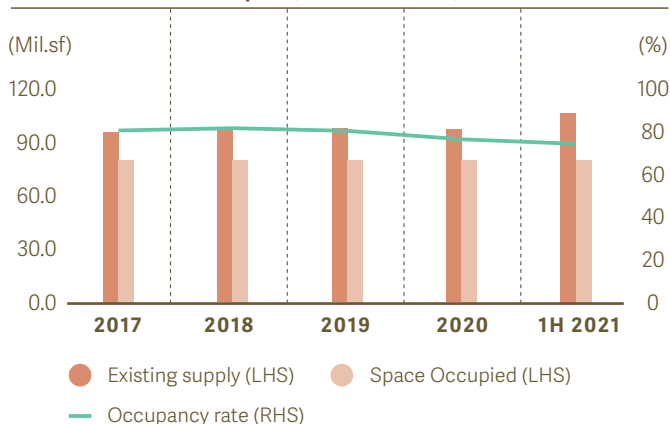
PURPOSE-BUILT OFFICE

As the capital state of Malaysia, Kuala Lumpur holds the highest supply of office space in PBO buildings amongst all states which, as of 1H2021, has reached 104.39 million sf with occupancy rate at 73.8%. Though office space may have increased, tenancy performance has suffered as a result after dropping from 1H2020's 77.2% and has been trending so since 2018. The destructive pandemic had also worsened an already challenging market environment as companies now are pushed to rethink and re-strategize their business plans and workplace practices in order to operate within a post-pandemic environment.

Existing Supply & Occupancy Rate of Purpose-Built

Office in Kuala Lumpur (2017-1H 2021)

(Source: JPPH)



In adapting to a new environment, new work practices such as remote working and working from home (WFH) were essential to keeping business going during MCO phases and movement restrictions. As a result, demand for office spaces had changed as companies, while maintaining the importance of having physical office spaces, are now looking to new concept of workplace design and structure that will complement the growing practice of remote working arrangements.

The challenge to surviving a highly competitive office market has taken a step higher as with the further fall in occupancy rate, Kuala Lumpur is now looking at an overwhelming 27.38 million sf of vacant office space sitting empty in the market; not counting the future injection of another 11.78 million sf.

Selected Upcoming Purpose Built Offices in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
Felcra Tower	Jalan Sultan Yahya Petra	1.12 mil	2022
Merdeka 118	Jalan Hang Jebat	1.65 mil	2022
The MET Corporate Towers	KL Metropolis	628,000	2022
UOB Tower 2	Jalan Raja Laut	377,200	2022
Pavilion Embassy Corporate Towers	Jalan Ampang	720,000	2022
Aspire Tower KL Ecocity	KL Eco City	687,000	2022
Daya Bumi (Phase 3)	Jalan Sultan Hishamuddin	1.50 mil	2023
CITITOWER	Persiaran KLCC	1.72 mil	2023
PHB Bangsar 61	Bangsar	548,000	2024
Oxley Tower	Jalan Ampang	346,000	2024



Petaling Street

The market will take some time before a new equilibrium can be reached as demand is still struggling to cope with the uncertain economic conditions yet new supply keeping its pace to entering the market.

2021 saw the completion of several new PBO buildings in Kuala Lumpur, namely Menara IQ (formerly known as HSBC Tower) at TRX, Menara Great Eastern 2, Permata Sapura (formerly known as Lot 91) and TS Law Tower.

Set to be the new economic catalyst for Kuala Lumpur and the next iconic landmark of the city, Merdeka 118 will be the tallest building in Southeast Asia and the second tallest in the world at a height of 678.9 metre tall. It is the first tower in Malaysia to receive triple platinum green ratings in international sustainability certification as well as the prestigious WELL certification. Despite facing the challenges of the pandemic, Merdeka 118 is on track to completion by late 2022. Spanning over 3.1 million sf of floor area, the tower includes 1.7 million sf of net lettable area of Premium Grade-A rentable office space.

International Workplace Group plc (IWG) has launched two new flexible workspace centres in Kuala Lumpur; Spaces Exchange 106 and Regus Bukit Bintang City Centre. Located on the 23rd floor of The Exchange 106 at TRX, Spaces Exchange 106 offers 38,309 sf of customisable and flexible workplace solutions with a 360-degree panoramic view of Kuala Lumpur's skyline, fitting a total of 124 private offices and 3 meeting rooms. Regus Bukit Bintang City Centre is to be located in The Stride of BBCC and will officially be launched in February 2022.

HOTEL

Though 2021 still saw the enforcement of two MCO phases in the first half of the year, openings and upcoming launches of new hotel establishments persisted as operators and developers were confident of the tourism market to make a return with the high vaccination rates and reopening of travel borders. With the ease of movement restrictions in the second half of the year, local traveling resumed and booking rates were seen to have improved, especially during the holiday seasons and weekends for those going on staycation.

1H2021 saw no new completions of hotels as the market was enduring through MCO 2.0 and 3.0 but news of new hotel establishment in the works were seen in the media. Kuala Lumpur's hotel room capacity as of 1H2021 is at 40,897 rooms with an incoming stock of 8,396 new rooms in the pipeline.

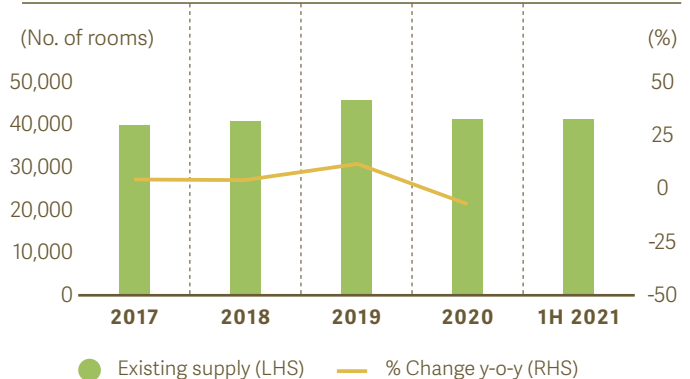
The opening of Fairfield by Marriott Kuala Lumpur in December 2021 marks the second Fairfield by Marriott hotel in Malaysia; the first being Fairfield by Marriott Bintulu Paragon back in December 2019. It is located along Jalan Pahang and just a few minutes' walk to the Monorail Chow Kit Station, sitting right next to the Grand Seasons Hotel. The 186-room new establishment is developed by Johawaki Holdings Sdn Bhd's wholly-owned subsidiary JH Hospitality Sdn Bhd, with a hotel management agreement with Marriot International.

City Motors Group is venturing into the hospitality business with one of its two projects being the Holiday Inn Kuala

Existing Supply of Hotels in Kuala Lumpur

(2017-1H 2021)

(Source: JPPH)



Selected Upcoming Hotels in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Star Rating	No of Rooms	Expected Completion
Pan Pacific Serviced Suites Kuala Lumpur	Bukit Bintang	N/A	210	2022
Parkroyal Collection Kuala Lumpur	Bukit Bintang	5	535	2022
Kempinski Hotel Kuala Lumpur	Jalan Conlay	5	260	2022
Park Hyatt Kuala Lumpur	Jalan Hang Jebat	5	232	2023
Conrad Kuala Lumpur	Jalan Sultan Ismail	5	544	2024
Canopy by Hilton KL Bukit Bintang	Bukit Bintang	4	456	2024
Holiday Inn Kuala Lumpur Bangsar	Jalan Maarof	4	220	2024
Hotel Indigo Kuala Lumpur on the Park	Jalan P Ramlee	5	180	2025
Kimpton Kuala Lumpur	Tun Razak Exchange	5	471	2025

Lumpur Bangsar which will be part of the hotel-cum-serviced apartment tower named Alfa Bangsar. InterContinental Hotels Group has been chosen to operate the 220-room upper-midscale hotel component. Construction of the entire development is scheduled to be completed in 2023. The second project by the group is the Bukit Bintang Gateway which is still in its early stages with construction scheduled to begin in 2022 after receiving development approval from the Kuala Lumpur City Council (DBKL).

Pan Pacific Hotels Group will also be launching the first of their two hotel franchises in Kuala Lumpur in 2022. Set to open in June 2022 is the Parkroyal Collection Kuala Lumpur with an offering of 535 guestrooms – replacing Parkroyal Kuala Lumpur which was closed in 2020 for renovation purposes. Following that, in October 2022, will be the opening of Pan Pacific Serviced Suites Kuala Lumpur offering 210 luxury suites for its guests. Both establishments will be located in a mixed-use complex owned by the Singapore-listed UOL Group Limited, the parent company of Pan Pacific Hotel Group.

2021 saw the closure of three hotel establishments, namely the Silka Maytower Kuala Lumpur on 29th January 2021, the Royal Chulan Bukit Bintang Hotel on 11th February 2021 and Hotel Istana Kuala Lumpur on 1st September 2021. Reasons of these closures vary but the destructive impact the pandemic has wrought on the tourism scene has undeniably worsened an already difficult market environment.

Notable Announcements

- Zepp Kuala Lumpur by Japan-based Zepp Hall Network Inc. will open its concert hall in 2022 as part of the Bukit Bintang City Centre (BBCC) development, covering almost 70,000sf with a capacity size of 2,500 people.
- 3 residential towers will be launched in 2023 as part of the Merdeka 118 mixed-use development, two of which are Merdeka Residences and Oakwood Premier Serviced Residence.
- 15 public housing sites that are dilapidated and unsuitable for occupation have been identified for redevelopment and are included in the draft of the Kuala Lumpur Development Plan 2040.
- The opening of MRT2 Phase 2 (Kampung Batu -Putrajaya Sentral) is on track for January 2023, but the MRT2 Phase 1 (Kwasa Damansara-Kampung Batu) has been delayed to the second quarter of 2022.
- The Kampung Baru Redevelopment initiative continues with the landquisition inquiry postponed to 2022, to enable negotiating discussions between the developer, land owners, and unit owners of the Sungai Baru PKNS flats.
- A proposed draft of the Kampung Baru Land Bill is expected to be tabled in Parliament early 2022 in hopes to provide a lifetime protection to Kampung Baru landowners by preventing any party who wishes to change the status of the land.
- The 49-year-old Plaza Batai retail shophots in Damansara Heights has been acquired from Selangor Properties Bhd and is planned to be redeveloped into a serviced apartment by Motif Budi Sdn Bhd.
- Johor based co-working operator is expanding its INFINITY8 outlets into Kuala Lumpur with the opening of a new outlet in MYTOWN, Cheras, taking up 11,000sf of space.

SELANGOR

Darul Ehsan

Capital: Shah Alam

Est. Population: 6,555,400

Area (km²): 7,951

(Source: DOSM)



Kanching Eco Forest Park Waterfall

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	1,613,669 units	↑	2.1% y-o-y
Transaction Volume	23,711 units	↑	38.0% y-o-y
Transaction Value	RM12,413.79 mil.	↑	47.1% y-o-y

RETAIL

Supply	39.94 mil. sf	↓	0.1% y-o-y
Occupancy Rate	78.8%	↓	1.2%
Rental	Prime: RM9.00psf – RM45.00psf		

PURPOSE-BUILT OFFICE

Supply	46.14 mil. sf	↑	6.4% y-o-y
Occupancy Rate	68.4%	↓	3.0%
Rental	Prime: RM2.50psf – RM6.70psf		

HOTEL

Existing Supply	23,002 rooms	↑	1.3% y-o-y
Incoming Supply	2,143 rooms		

INDUSTRIAL

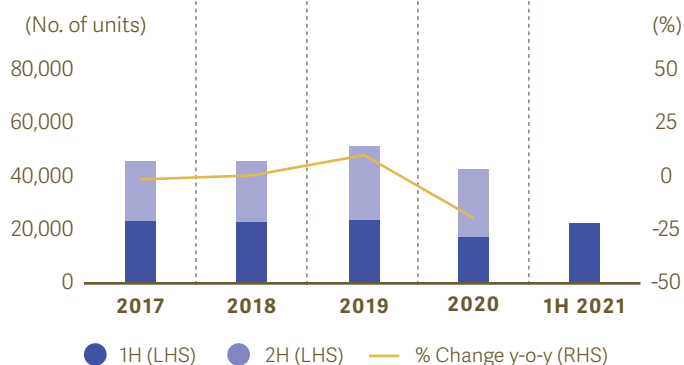
Supply	41,178 units	↑	0.8% y-o-y
Transaction Volume	915 units	↑	34.6% y-o-y
Transaction Value	RM3,464.76 mil.	↑	6.1% y-o-y

RESIDENTIAL

As the state with the highest dwelling stock (including serviced apartment and SOHO types), the market size of Selangor's transaction activities are also the biggest in the country. As at 1H2021, residential transactions have grown by 38.0% and 47.1% in volume and value respectively to 23,711 transacted units worth RM12.41 billion. In comparison to pre-pandemic levels, 1H2021 has proven itself to rebound relatively well as it is not far behind from 1H2019's 24,044 transacted units worth RM11.68 billion. The market has a good chance to getting back on the recovery track that had been disrupted in 2020 after 2019's promising numbers.

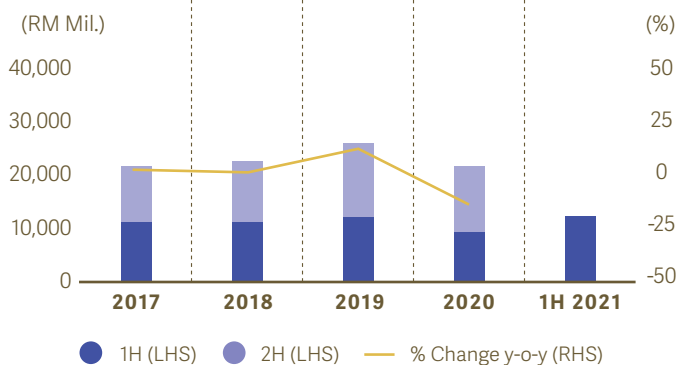
Number of Residential Property Transactions in Selangor (2017-1H 2021)

(Source: JPPH)



Value of Residential Property Transactions in Selangor (2017-1H 2021)

(Source: JPPH)

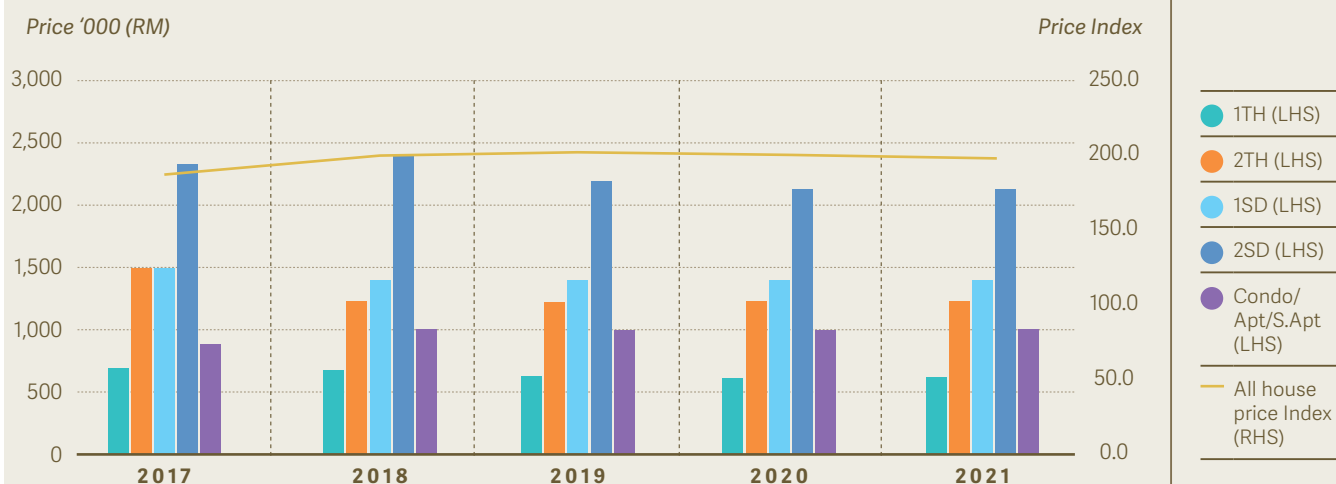


Of Selangor's residential transaction numbers, 65.9% are for units priced below RM500,000 while RM500,001 to RM1.0 million accounts for 24.7% and the remaining 9.4% are of prices above RM1.0 million. This shows demand, while still holding strong to the more affordably priced homes, are also looking to products with high price tags.

Supply wise, unlike Kuala Lumpur's predominantly high-rise stock, is leaning more to landed types due to the supply of land still available, though those would be located on the suburban or the outskirts of the city area. In the pipeline, there are another 174,922 incoming dwelling units at various stages of construction. High-rise dwelling has a slightly higher incoming stock of 64.4% and landed homes (terraced, semi-detached and detached) with 33.4% stock share.

Petaling Jaya Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming High-Rise Properties in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Atwater	Section 13, Petaling Jaya	Serviced Apartment	493	From RM588,000	2022
Sunway Serene	Kelana Jaya	Serviced Apartment	894	From RM670,000	2022
Megah Rise	Taman Megah, Petaling Jaya	Serviced Apartment	228	From RM894,800	2022
The Amber Residence	Kota Kemuning	Serviced Apartment	596	From RM490,000	2022
Verando Residence	Jalan PJS 2, Petaling Jaya	Condominium	1055	From RM460,000	2023
Tuai Residence	Bandar Setia Alam	Condominium	330	From RM493,000	2023
Tropicana Miyu	Jalan Harapan, Petaling Jaya	Condominium	271	From RM780,000	2024
Kita Ria Apartment @ Cybersouth	Dengkil	Serviced Apartment	690	From RM343,800	2024
The Pulse Residence	Bandar Puteri Puchong	Service Residence	580	From RM628,000	2024
Aetas Damasara	Tropicana, Petaling Jaya	Condominium	226	From RM1.6 mil	2025

Selected Upcoming Landed Residential Properties in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Verna @ Serene Heights	Semenyih	2-sty Terraced	72	From RM652,800	2022
Greenwoods Cendana	Bandar Baru Salak Tinggi	2-sty Terraced	237	From RM540,000	2022
The Starling @ Bandar Rimbayu (Parcel 12D)	Teluk Panglima Garang	2-sty Terraced	183	From RM1,003,800	2022
Iris Hillpark	Puncak Alam	2-sty Terraced	241	From RM671,000	2022
Myra Alam (Phase 3)	Puncak Alam	2-sty Terraced	52	From RM480,000	2022
Dahlia Sari @ Saujana Perdana	Sungai Buloh	2-sty Terraced	120	From RM528,800	2023
Aster (Phase 1) @ Myra Gardens	Kundang	2-sty Terraced	96	From RM429,000	2023
Hayla (Daunan)	Alam Perdana	2-sty Terraced	155	From RM580,000	2023
Dahlia Sari	Saujana Perdana	2-sty Terraced	120	From RM587,000	2023
Enso Woods (Phase 1) @ Gamuda Cove	Dengkil	2 & 3-sty Terraced	203	From RM580,000	2024
Regent @ EcoGrandeur	Puncak Alam	2-sty Terraced	N/A	From RM683,000	2024

The overhang picture for Selangor as of 1H2021 is at 7,007 unsold units worth RM4.92 billion, coming in third after Johor and Kuala Lumpur. 75.0% are high-rise dwellings and 18.6% are landed homes. By price bracket, 3,120 units are between RM400,000 and RM600,000.

Despite Covid-19 having spilled over into 2021 with new variant waves calling for reimplementations of MCO phases, new launches and unveilings were still seen happening by developers with many utilising virtual and online means to conduct their launch.

Eco World Development Group Bhd (EcoWorld) had launched Phase 1 of Cheerywood in its Eco Majestic township in Semenyih in 2021. Sitting on a 48.7-acre freehold land, Cheerywood will comprise of 576 2-storey units of Park Homes, Classic Homes and Garden Homes. Phase 1 consists of 346 units while the remaining 230 units will be launched in Phase 2. In keeping to the low-density theme, the development has only 12 units per acre. The units of Phase 1 will have built-up areas ranging from 1,553 sf to 2,530 sf with selling prices starting from RM665,000. Completion is scheduled to be in 2024.

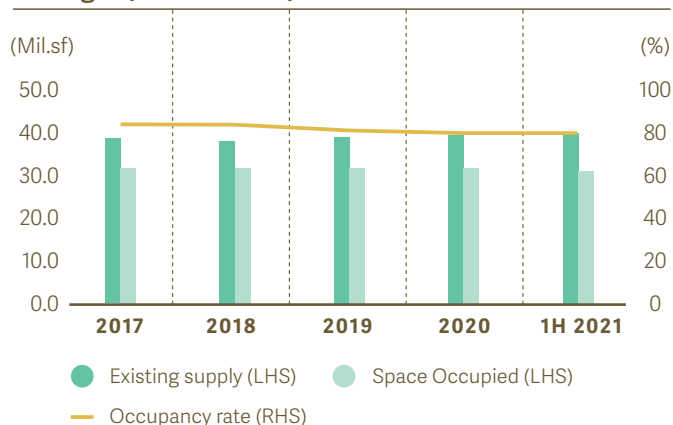
Two new landed projects by Sime Darby Property Bhd was unveiled in 2021 within its own township City of Elmina in Shah Alam. The launches involve 224 units of which 124 units of semi-detached dubbed Hevea at Elmina Gardens and the other 208 units of linked homes Elmina Green Five. The landed units of Elmina Green Five will have its built-up sizes ranging between 2,478 sf to 2,841 sf at selling prices from RM940,000. Hevea saw the launch of its Phase 1 back in December 2020 and Phase 2 later in April 2021. The semi-detached units of Hevea are designed with a bigger built-up area of up to 3,430 sf and as such, come with a high price tag of RM1.8 million and above.

RETAIL

As at 1H2021, the retail segment of Selangor has an existing supply of 39.94 million sf of retail space with an overall occupancy rate of 78.8%; having dropped below 1H2020's 80.0%. As tenancy performance have been on a downward trend in the past 5 years, the concern of oversupply has risen another notch with Selangor's occupancy rate to now be below 80%. At 78.8% occupancy, there are 8.48 million sf of vacant retail space combined sitting empty across the state. And adding further pressure to this is the 5.15 million

Existing Supply & Occupancy Rate of Retail Spaces in Selangor (2017-1H 2021)

(Source: JPPH)



sf of new retail space currently in the pipeline and scheduled to come online in the next coming years.

Similar to the rest of the country, Selangor saw pandemic disruptions in the first half of the year that saw the enforcement of two MCO phases including an almost 2-month long 'lockdown' period during MCO 3.0. But things seemed brighter following that as the second half of 2021 saw the lifting of movement restrictions and reopening of interstate borders, thus re-allowing interstate travelling. This had resulted in the return of shoppers to the malls for those who were fully vaccinated.

But due to Kuala Lumpur's geographical position being engulfed by the state of Selangor and hence both often referred to as Klang Valley, the prospect of Selangor's retail market is also heavily influenced by Kuala Lumpur's retail performance. And with the country's capital state also expecting a large supply of new retail spaces making its way into the market, competition to retaining existing and finding new tenants are even higher.

The new wing of Setia City Mall was completed and opened in the first quarter of 2021, adding another 450,000 sf of retail space to the existing 730,000 sf which makes the mall, as at its expansion completion, the largest shopping mall in Shah Alam. The expansion phase has also added another 1,800 parking bays to the current 2,500 bays.

The eCurve shopping mall in Petaling Jaya has temporarily closed its establishment on 31st March 2021 to pave way for a new redevelopment plan and usher in a new beginning for eCurve after 14 years on operations. While eCurve undergoes the redevelopment works, The Curve mall remains in operation as usual.

Selected Upcoming Retail Malls in Selangor

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
KSL Esplanade Mall	Klang	650,000	2022
Datum Jelatek Mall	Keramat	491,484	2022
EcoHill Walk Mall	Semenyih	280,000	2022

Phase 2 of IOI City mall in Putrajaya may likely take the reign as the largest shopping mall in Selangor as it will be adding an additional 1 million sf of net lettable space to the existing 1.5 million sf. Combined, IOI City Mall will stand at 2.5 million sf of retail space as of June 2022, the expected completion date for Phase 2 after having postponed from the original target of November 2021 due to Covid-19. The current biggest shopping mall at the moment is 1 Utama at 2.19 million sf.

PURPOSE-BUILT OFFICE

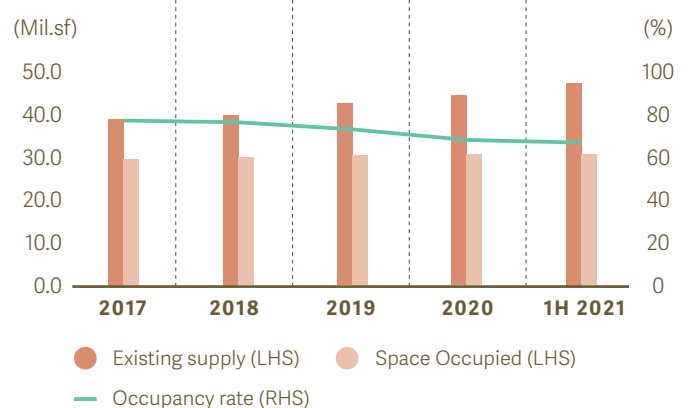
The PBO market of Selangor is facing similar challenges to its other half of Klang Valley as competition grows tougher with falling occupancy rates against rising supply of office spaces. As at 1H2021, the state's office supply on PBO spaces stands at 46.14 million sf with an occupancy performance of 68.4% - a further fall from 1H2020 and has now gone into the 60% range. At this tenancy level, Selangor is looking at 14.57 million sf of vacant space. Adding more pressure to market absorption of office spaces is the incoming 4.44 million sf of new PBO spaces currently in the pipeline as at 1H2021.

Influenced by the need of social distancing and growing practice of remote working, the demand for office space continues its shift to a new set of preference and design as companies look to restructure and re-innovate a more productive and efficient workplace environment.

Existing Supply & Occupancy Rate of Purpose-Built

Office in Selangor (2017-1H 2021)

(Source: JPPH)



Menara Sumurwang in i-City Shah Alam will be welcoming its anchor tenant Maybank Banking Bhd who will be occupying 14 floors of the smart officer tower. With Maybank's entrance into the tower, Menara Sumurwang will be renamed as Mercu Maybank and will feature the Maybank signage on the building's rooftop. The financial hub of i-City, of which Menara Sumurwang is a part of, will be linked to the i-City LRT Station set to open in 2023.

For the state of Selangor, completions of new PBO buildings in 2021 noted of were the HCK Tower at Empire City and the Imazium at Damansara Uptown.

Selected Upcoming Purpose-Built Offices in Selangor

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
Atwater (Tower A & B)	Section 13, Petaling Jaya	366,870	2022
KDDC Office Tower@Kwasa Damansara City Centre	Kota Damansara	219,400	2022

HOTEL

As the pandemic continued into 2021 with two MCO phases implemented in the first half of the year, the hotel sector in Selangor continues to face the disruptive impact Covid-19 had on the tourism sector. But some relief was felt in the second half of the year as interstate borders were reopened and interstate travelling allowed thanks to the high vaccination rates achieved nationwide.

Selangor's hotel room capacity as of 1H2021 stands at 23,002 rooms with an addition of 2,143 new rooms in the pipeline and under construction.

Tradewinds Corp Bhd has launched its latest hotel establishment in Shah Alam, a resort-styled sanctuary named Glenmarie Hotel & Golf Resort in 2021. The 260-room resort overlooks the prestigious golf courses of Glenmarie Golf & Country Club and is located just 30 minutes away from Kuala Lumpur International Airport and 10 minutes from Subang SkyPark Airport. Its strategic location and diverse offerings of facilities and amenities makes Glenmarie Hotel & Golf Resort an ideal choice for a short staycation getaway destination or business stay.

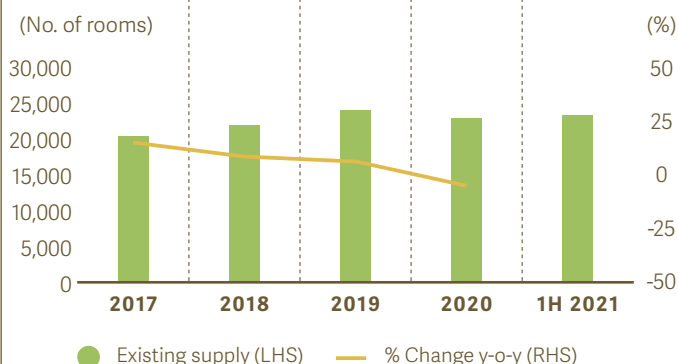
I-Berhad's flagship mixed development i-City, will be seeing the opening of its second hotel DoubleTree by Hilton i-City Hotel in 2022. The 300-room new addition to Hilton's Malaysian portfolio in 2022 will integrate itself as part of the 43-storey skyscraper with the premium Hill10 Residence taking up the upper levels of the tower. The entrance of DoubleTree by Hilton i-City is set to be a game changer for the hotel scene and be the new benchmark for luxury hotels in its surrounding area. Other components in close-reaching distance from the hotel are Central i-City mall, the i-City convention centre and the 33-storey Sumurwang Tower.

Holiday Villa Hotel & Conference Centre Subang has ceased its operations on 1st October 2021 though IJM Land Bhd, as the owner, may not likely opt to put the hotel up for sale as market conditions are not at its optimum for getting the best price. Instead, other options will be examined to boost the property's value up. Situated on a 2.75-hectare land on Jalan SS12/1, the 309-room hotel had first opened its doors in 1988 and mainly saw its customers coming in from Subang International Airport (now Sultan Abdul Aziz Shah Airport) which is just about 8km away.

Existing Supply of Hotels in Selangor

(2017-1H 2021)

(Source: JPPH)



INDUSTRIAL

The industrial market of Selangor had shown encouraging recovery in 1H2021 with a 34.6% and 6.1% increase in volume and value respectively, coming to 915 transacted units worth RM3.46 million. This growth has brought the transaction performance closer to 2019's pre-pandemic levels and bodes good news at seeing the market's return to stability.

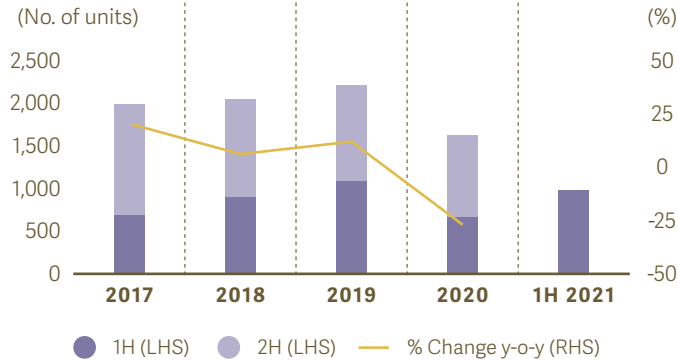
As the biggest holder of industrial property stock nationwide, Selangor's supply as at 1H2021 is at 41,178 units with the top districts being Hulu Langat, Klang and Petaling. Incoming supply adding to the existing number is at another 1,289 industrial units that are currently under construction. A notable portion of the new supply are in Klang, Kuala Selangor and Petaling districts.

Asia Pacific logistics property specialist LOGOS SE Asia Pte Ltd has entered a joint venture with Global Vision Logistics Sdn Bhd to develop a RM1.5 billion sustainable logistics, warehousing and e-commerce hub in Section 16, Shah Alam. The project will be constructed in phases on three pieces of land collectively measuring to about 71 acres and consist of a total development area of 8.01 million sf as well as a gross leasable area of 5.43 million sf in five warehouse blocks.

LOGOS SE Asia Pte Ltd has also joined a JV with Sime Darby Property Bhd to establish a fund management platform for the logistics sector – making Sime Darby Property the first public listed company in Malaysia to venture into the creation of development funds within the industrial and logistics sector. A 117-acre site within Sime Darby Property's own Bandar Bukit Raja township in Klang has been allocated for this initiative and the focus to be on 'build-to-suit to lease or sell' assets targeted primarily at clients in the logistic sector.

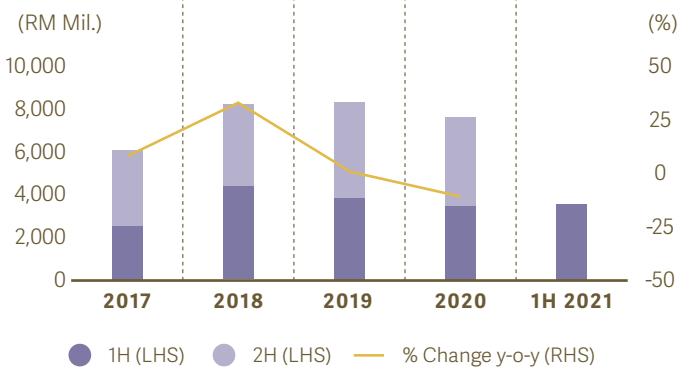
Number of Industrial Property Transactions in Selangor (2017-1H 2021)

(Source: JPPH)



Value of Industrial Property Transactions in Selangor (2017-1H 2021)

(Source: JPPH)



Tri-Mode System (M) Bhd has signed an agreement with Pulau Indah Industrial Park (PIIP) master developer Central Spectrum (M) Sdn Bhd for the purchase of a piece of land, Phase 3C of PIIP Phase 3, sizing approximately 5.38 acres. Plans have been made to construct Tri-Mode's third warehouse cum distribution hub on the newly purchased piece of land with a built-up area of approximately 150,000 sf with a total investment value of RM42 million.

Taking up 220 acres of the 2,600-acre Kota Seri Langat master development is the upcoming Compass Industrial Park developed by MIDF Property Bhd, a wholly-owned subsidiary of Permodalan Nasional Berhad (PNB), KWEST Sdn Bhd as the a wholly-owned subsidiary of Kumpulan Wang Persaraan (KWP) and AREA Group of Companies via a joint-venture agreement. The Compass Industrial Park is divided into two components – Compass Industrial and Logistics Hub; and Compass SME Precinct.

The 58.84-acre Compass SME Precinct will comprise of 81 units of ready-built factories and logistics facilities with selling prices of RM1.5 million to RM22 million. They are slated for completion in 2023.

The Compass Industrial and Logistics Hub sits on a 161.22-acre site and will offer the option to design and build warehouses and manufacturing facilities according to the customer's specifications. The factory sizes can range from 100,000 sf to 1 million sf. This component is expected to reach completion by 2024.

Notable Announcements

- LRT Shah Alam Line, the third LRT project by Prasarana, will be running 37.8km through 20 stations and linking Bandar Utama in Petaling Jaya to Johan Setia in Klang. Operations is slated to commence in February 2024.
- MSekin Wonderland, Sekinchan's first water park has finally opened in the fourth quarter of 2021 after being forced to postpone due to the pandemic.
- The once scrapped Petaling Jaya Dispersal Link (PJD Link) highway project is in talks to be revived by a private construction company. It will run 34.3km long and will link several areas starting from Bandar Utama to bandar Kinrara, and ending at Bukit Jalil Technology Park.
- The township of Setia Alam will have its own specialist hospital. Built on a 90,900sf of land, it will be developed by Setia Alam Specialist Hospital Sdn Bhd, a wholly-owned subsidiary of Sena Healthcare Services Sdn Bhd. The hospital will be 9 storeys high with a 131-bed capacity and a gross floor area of about 393,000sf.
- I-Berhad has been given the approval to build two Tier 3 data centres with a combined space of 200,000sf on 6 acres of land within the i-City Golden Triangle development.
- KL East is expected to welcome the KL East International School by 2022.

NEGERI SEMBILAN

Darul Khusus

Capital: Seremban

Est. Population: 1,129,100

Area (km²): 6,656

(Source: DOSM)



Seri Menanti, Kuala Pilah

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	291,095 units	↑ 1.9% y-o-y
Transaction Volume	5,139 units	↑ 24.9% y-o-y
Transaction Value	RM1,638.00 mil.	↑ 34.2% y-o-y

RETAIL

Supply	6.43 mil. sf	↔ 0.0% y-o-y
Occupancy Rate	66.3%	↓ 3.1%
Rental	Prime: RM4.00psf – RM40.00psf	

PURPOSE-BUILT OFFICE

Supply	3.69 mil. sf	↑ 0.8% y-o-y
Occupancy Rate	91.1%	↑ 1.2%
Rental	Prime: RM1.30psf – RM3.40psf	

SHOP OFFICE

Supply	26,639 units	↑ 0.8% y-o-y
Transaction Volume	259 units	↑ 18.3% y-o-y
Transaction Value	RM162.31 mil.	↑ 38.4% y-o-y

HOTEL

Existing Supply	9,396 rooms	↔ 0.0% y-o-y
Incoming Supply	1,588 rooms	

INDUSTRIAL

Supply	5,528 units	↑ 0.1% y-o-y
Transaction Volume	174 units	↑ 51.3% y-o-y
Transaction Value	RM273.59 mil.	↑ 25.0% y-o-y

RESIDENTIAL

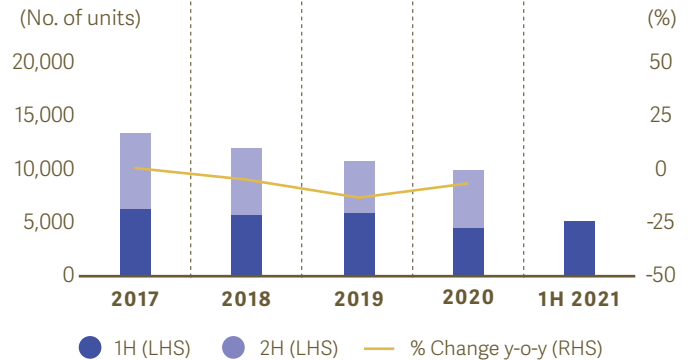
In its recovery from 2020's hard hit year, Negeri Sembilan saw the residential market making a moderate comeback in transaction activities with a growth of 24.9% in volume and 34.2% in value to 5,139 transacted units worth RM1.64 billion for 1H2021. In comparison to 2019, 2021's first half performance had fallen slightly short and it is observed that the residential market had been on a consistent downward trend annually from 2017. It would need a strong second half performance to pull in a much larger number to put the market on a recovery pace.

Of the transacted properties in 1H2021, 84.1% were priced below RM500,000 which indicates the market's demand to still stay strongly within the affordable range. Landed homes also remain as the top choice of home purchase with high-rise units of condominium/apartment type only contributing 4.2% of transaction share.

On the supply side, the same preference and popularity of landed homes in transaction is reflected in the stock of existing homes for the state. Contributing a large share of 77% in stock, landed homes comprising of terraced, semi-detached and detached types make up the bulk of Negeri Sembilan's residential offering. The house prices of landed homes here is a more affordable alternative while being in easy reach to the Klang Valley region.

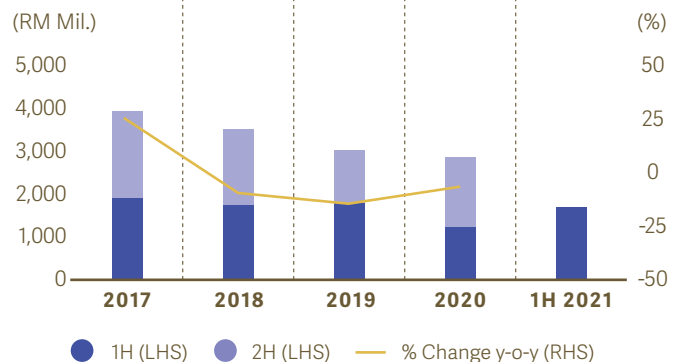
Number of Residential Property Transactions in Negeri Sembilan (2017-1H 2021)

(Source: JPPH)



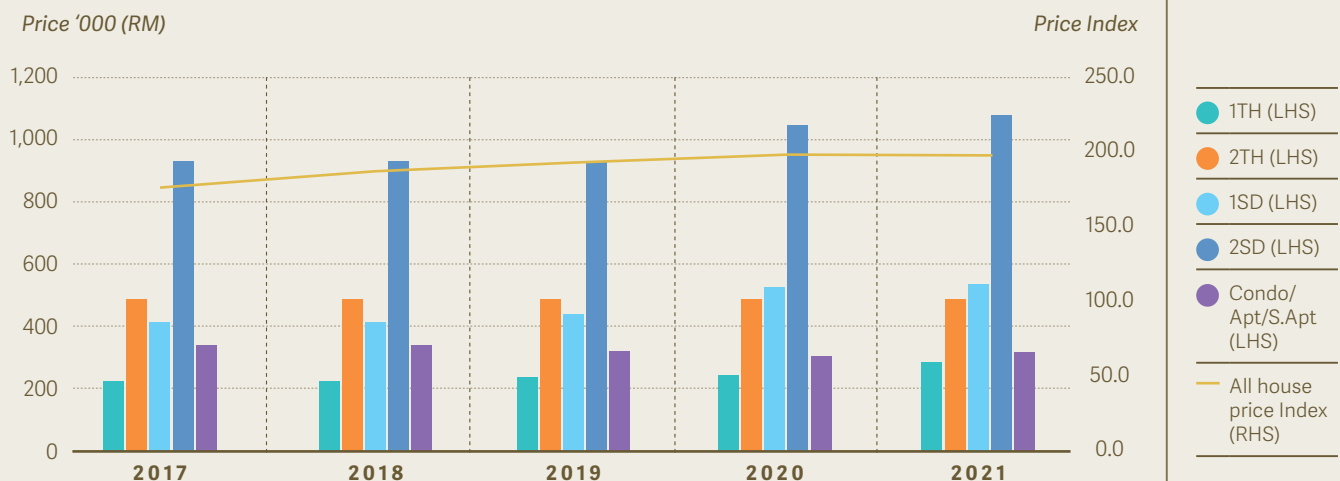
Value of Residential Property Transactions in Negeri Sembilan (2017-1H 2021)

(Source: JPPH)



Seremban Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Negeri Sembilan

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Rimbun Jasmine	Seremban 2	2-sty Linked	129	From RM480,000	2022
Celyn (Phase 1) @ Bayu Sutura	Bandar Sri Sendayan	2-sty Terraced	325	From RM529,000	2022
Damaris @ Ara Sendayan	Bandar Sri Sendayan	2-sty Terraced	244	From RM839,888	2022
Dwi @ Rimbun Kasia	Nilai	Apartment	382	From RM250,000	2022
PR1MA Residensi Seremban Sentral	Seremban	Apartment	1,504	From RM192,960	2022
PR1MA Residensi Bandar Ekar (Phase 1)	Seremban	2-sty Terraced	756	From RM165,000	2022
PR1MA Residensi Port Dickson	Port Dickson	2-sty Terraced	658	From RM238,950	2022
Celyn (Phase 2) @ Bayu Sutura	Bandar Sri Sendayan	2-sty Terraced	255	From RM609,888	2023
Clover (Phase 2)	Bandar Sri Sendayan	2-sty Terraced	183	From RM628,000	2023
Rimbun Kiara (Phase 1)	Seremban 2	2-sty Terraced	110	From RM531,720	2023
Rimbun Kiara (Phase 2)	Seremban 2	2-sty Terraced	145	From RM504,720	2023
Rimbun Aman	Seremban 2	1-sty Terraced	304	From RM350,000	2023
Erama (Phase 8A) @ Iringan Bayu	Seremban	1-sty Semi-Detached	180	From RM534,420	2023
Erama (Phase 8B) @ Iringan Bayu	Seremban	2-sty Semi-Detached	142	From RM680,000	2023
Ara Serviced Residence (Phase 1) @ Myra Impian	Nilai	Serviced Apartment	546	From RM279,720	2024

Looking at the high-rise segment, Negeri Sembilan has a growing presence of condominium/apartment and serviced residence units in its market supply – both at 16,208 units and 11,285 units respectively while SOHO is still on the small scale of just 104 units.

While the demand is in favour of landed homes, stronger attractions are needed for better sales in the high-rise segment as there are another 8,071 new incoming units of condominium/apartment and serviced apartment combined. The overhang figure as at 1H2021 recorded a total of 999 dwelling units (including serviced apartment & SOHO units) worth RM608.41 million – a relatively moderate number when compared to other states. Of the unsold, high-rise dwellings are at 222 units.

2021 may have seen Covid-19 continuing its stay in the country but thanks to progressive vaccination rates and a persevering market sentiment, the residential sector came through with new launches seen and ongoing developments back on track to completion. For homebuyers looking to opt for landed home and not mind being a further bit out from the Klang Valley limits, the areas of Seremban and Nilai are ideal for such home seekers as developments of new landed residential offerings are expected to continue at relatively more affordable prices.

One such is Matrix Concepts Holdings Bhd who is well known through its self-sustaining integrated township Bandar Sri Sendayan. 2021 saw the launch and reveal of several new phases in Bandar Sri Sendayan. Clover is a landed residential

“For homebuyers looking for a landed home and do not mind being a bit further from the Klang Valley limits, the areas of Seremban and Nilai are ideal as developments of new landed residential are expected to continue at relatively more affordable prices”

development sitting on a 30-acre freehold parcel next to the Sendayan Merchant Square, offering a total 366 2-storey terraced homes in two phases. In December it was reported that Phase 1 has been sold out and Phase 2 now open for sale.

Another new development unveiled in Bandar Sri Sendayan is the Celyn@Bayu Sutra which also offers 2-storey terraced homes suited for multi-generational families. Also within the township, Ara Sendayan saw the announcement of its final collection Damaris, offering 244 freehold 2-storey link homes to be launched in two phases.

IJM Land Bhd is yet another developer who has been establishing their presence in Negeri Sembilan's property scene with their own 1,520-hectare self-contained township Seremban 2. Having its roots laid down way back in 1995, Seremban 2 has asserted itself as one of the top progressive and successful township developments in the state. New launches were seen for the township including Rimbun Aman@Seremban 2 Heights and Rimbun Kiara.

Rimbun Aman was launched in May 2021 and offers a total of 304 units of 1-storey terraced homes with prices starting from RM350,000. Rimbun Kiara offers a bigger home with 255 2-storey linked homes at a higher price of RM504,720 onwards. Both developments are slated for completion in 2023.

On the affordable segment, there are currently 3 PR1MA projects currently under construction, 2 of which have been sold out. They are Residensi Seremban Sentral, Residensi Bandar Ekar and Residensi Port Dickson.

RETAIL

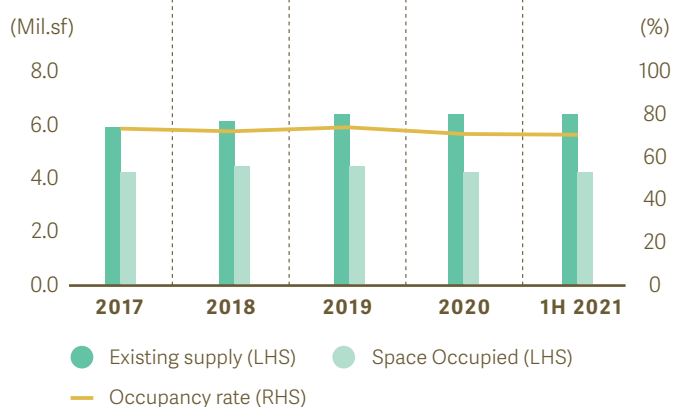
In 1H2021, the retail segment of Negeri Sembilan's commercial property market saw no changes to its supply of retail space, keeping to 6.43 million sf at an occupancy rate of 66.3% after a further fall of 3.1% from 1H2020. This raises concern after having seen occupancy to have further fallen after going below the 70% mark in 2020, despite no new addition of space in the past few years.

At this level in tenancy, there are 2.16 million sf of vacant space in retail complexes combined across the whole of Negeri Sembilan. Though there is some relief to there being only less than 60,000 sf of new spaces in the pipeline at the moment, the worrying issue of a dropping take-up of retail spaces remain. The challenge to overcome so may be more difficult in the current times of a pandemic that is still causing the occasional health scare and the possible risk of reimplementing of movement restriction measures, should Covid-19 cases surge dangerously high.

Existing Supply & Occupancy Rate of Retail Spaces in

Negeri Sembilan (2017-1H 2021)

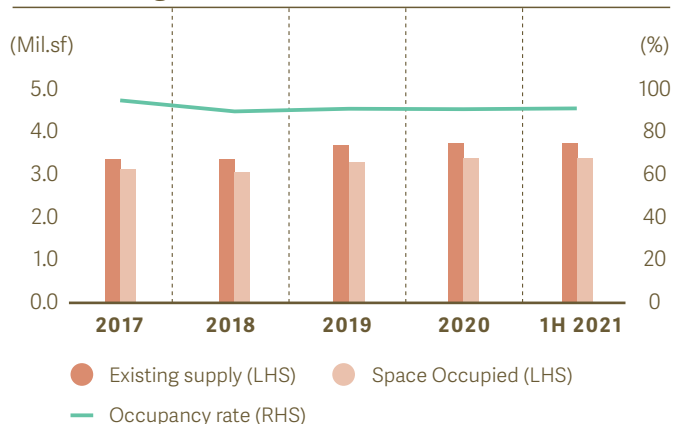
(Source: JPPH)



PURPOSE-BUILT OFFICE

A more positive performance is seen for the PBO segment of the property market as Negeri Sembilan sees its occupancy rate to have improved a slight 1.2% and brought the state's market performance up to 91.1% occupancy rate as at 1H2021 out of the 3.68 million sf of existing PBO space.

Existing Supply & Occupancy Rate of Purpose-Built Office in Negeri Sembilan (2017-1H 2021) (Source: JPPH)



With Seremban being the capital city of Negeri Sembilan, 58% of the PBO space supply are concentrated in the capital alone with other areas having smaller yet still notable supply – being Port Dickson, Putra Nilai and Seremban 2.

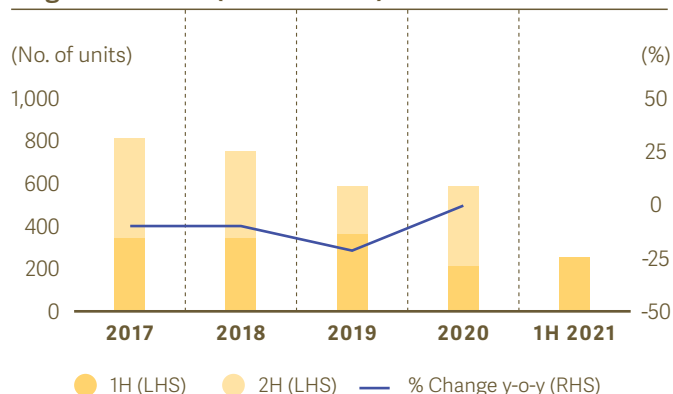
In the pipeline, there are 95,056sf of new PBO space on its way to completion and makes up to 3 new buildings. All 3 are located in Seremban 2 alone. As a PBO market that has more than half of its building being government-owned and tend to be fully occupied for a consistent period, occupancy rates have been steadily high.

SHOP OFFICE

1H2021 saw the shop office market of Negeri Sembilan recovering back up in transaction activities by 18.3% in volume and 38.4% in value to 259 transacted units worth RM162.31 million. Of the shop office units transacted, 57% are 2-storey offices and despite overall performance ending on a positive note, pre-war type saw a big drop of 71% y-o-y to just 6 units transacted.



Number of Shop Office Property Transactions in Negeri Sembilan (2017-1H 2021) (Source: JPPH)



Feeding to the demand of shop offices is a supply size of 26,639 units ranging from pre-war to 6-storey types with just over half being 2-storey units alone. By locality, districts with notable shop office stock are Seremban, Jempol, Port Dickson and Tampin though Seremban's shop office supply is far in the lead at 17,076 units. There are 886 new units in the pipeline and 2-storey units still being the popular type released with 74% incoming supply share.

Selected Newly Completed Shop Offices in Negeri Sembilan

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price
Oakland Lifestyle Retail Shops	Seremban	4-sty Shop Office	86	From RM303,900
Pusat Komersial Lobak 2	Seremban	2&3-sty Shop Office	14	From RM1.79 mil
Tiara Biz @ Tiara Sendayan	Seremban	2-sty Shop Office	50	From RM836,000



“Despite the lack of tourists and temporary closure periods throughout the pandemic period thus far, all 35 hotel establishments have remained in operation.”

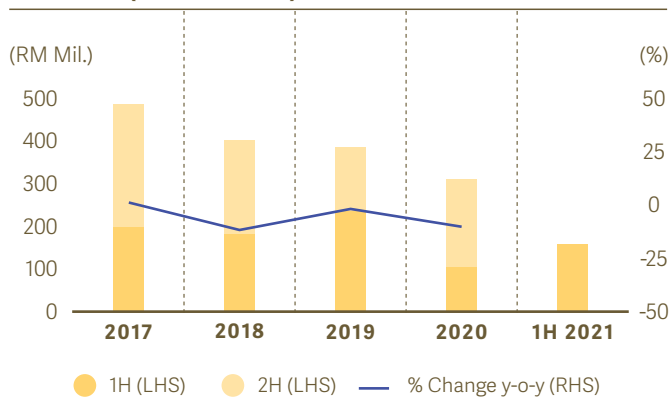
Incoming supply has remained the same at 1,588 hotel rooms in the pipeline which makes up to 6 new hotel establishments though the pandemic will likely have caused delays in construction progress and opening schedules for the time being.

Malaysia Association Hotels Negeri Sembilan (MAH NS) has made a statement in the media that none of the 35 hotels registered under them had ceased operations since MCO 1.0 back in 2020. Despite the lack of tourists and temporary closure periods throughout the pandemic period thus far, all 35 hotel establishments have remained in operation.

Though surviving through had cost the operators a major financial setback, strong hopes and anticipation were held for the gloomy period to end soon enough with the mobilisation of vaccination centres nationwide, thus enabling borders to reopen and economic activities to resume. And in September of 2021, with the reopening of interstate borders and businesses around, Port Dickson became one of the popular holiday destinations locals had flocked to, particularly those from the Klang Valley due to its relatively close distance for a weekend getaway.

Value of Shop Office Property Transactions in Negeri Sembilan (2017-1H 2021)

(Source: JPPH)



Overhang numbers of shop offices have increased slightly to 373 units worth RM266.11 million from 340 units worth RM235.4 million in 1H2020. The top two districts holding these unsold units are Seremban (161 units) and Tampin (150 units).

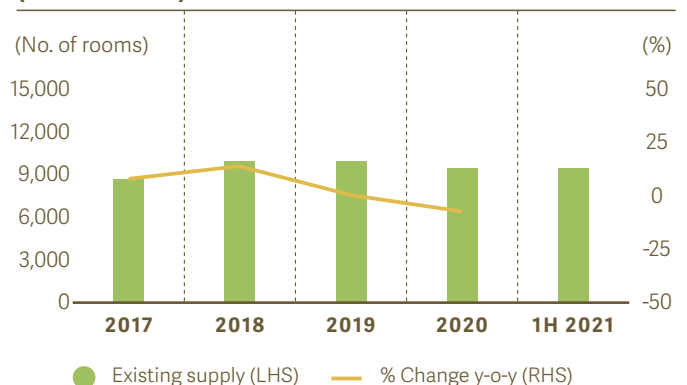
HOTEL

Within the review period, no changes were noted of in the supply of hotel rooms for Negeri Sembilan despite Covid-19 having continued on into 2021 and even having the country undergone two more MCO phases in the first half of the year. Being more of a local tourism destination than a globally known destination such as Langkawi and Melaka, the hotel establishments of Port Dickson and Seremban are mainly reliant on weekend tourists and business travellers as their source of traffic.

Existing Supply of Hotels in Negeri Sembilan

(2017-1H 2021)

(Source: JPPH)



INDUSTRIAL

The industrial sector of Negeri Sembilan has shown positive growth y-o-y by 51.3% in volume and 25.0% in value to 174 transacted units worth RM273.59 million. While this is still behind 2019's higher market performance, the increase is still seen as a good start for the market to get back up on its feet after 2020's hard hitting year.

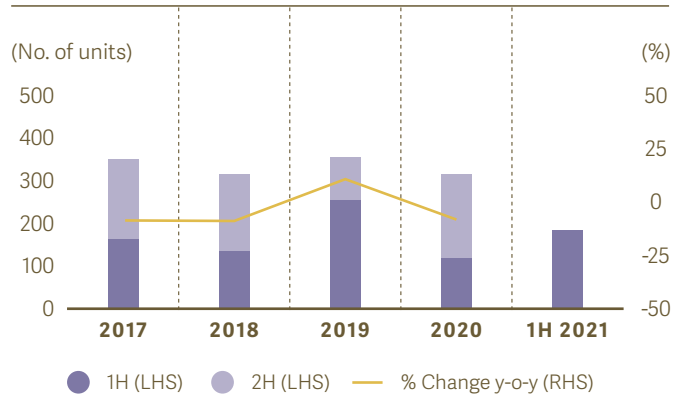
Industrial supply for the state has maintained at 5,528 units with most of the existing properties concentrated in Seremban but other areas to note on a smaller scale are Jempol, Port Dickson and Tampin. There are 105 new industrial units in the pipeline and are located in Jempol and Seremban.

The overhang picture for Negeri Sembilan shows improvement from its already small size, coming to just 59 units worth RM36.83 million at 1H2021. These units are mainly priced between RM500,000 to RM600,000 and above RM1 million. All 59 units are located in Jempol.

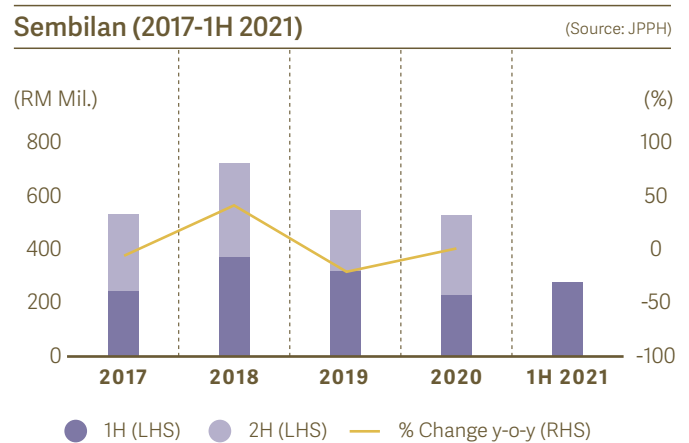
On 26th October 2021, Sime Darby Property Bhd had launched Hamilton City in Nilai as part of their commitment to developing the new growth corridor of the state and the country, Malaysia Vision Valley 2.0 (MVV 2.0). As an integrated economic region that is designed to complement the development of Greater Kuala Lumpur, it aims itself to be a global industrial player that is spurred by four economic drivers – high-technology manufacturing, wellness tourism, skill-based education and research. Being part of this large-scale development, Hamilton City is strategically located in Nilai as an attractive option for businesses seeking efficient production or warehousing options outside of the Klang Valley region.

In addition to its convenient access to the North-South Expressway (NSE) and NSE Central Link (ELITE) as well as the upcoming Nilai-Labu Expressway (NLE), these expressways further connects the township to major logistics hubs such as the Kuala Lumpur International Airport and Port Klang. Hamilton City will be developed in four phases – Phase 1, 2 and 4 focusing on medium and heavy industrial activities while Phase 3 on specifically light industry comprising of detached and semi-detached factories with a managed industrial park concept. Soon after its launch, Phase 1 saw all of its 42 freehold industrial lots sold, its land sizes ranging from 1 to 9 acres and prices starting from RM3.0 million.

Number of Industrial Property Transactions in Negeri Sembilan (2017-1H 2021) (Source: JPPH)



Value of Industrial Property Transactions in Negeri Sembilan (2017-1H 2021) (Source: JPPH)



“Industrial supply for the state has maintained at 5,528 units with most of the existing properties concentrated in Seremban but other areas to note on a smaller scale are Jempol, Port Dickson and Tampin”

Vizione Holdings Bhd has inked a memorandum of collaboration with Negeri Sembilan government agency NS Corp for the development of MVV 2.0. Discussions of the collaboration centres on a development, done by stages, with it's Phase 1 involving an international high-speed processing, logistics and distribution hub (IPLD hub) that will be part of a proposed free trade zone. This is intended to cater for the existing demand for such facilities and the opinion that free trade zones are one of the best catalysts for regional economic development. This collaborative effort will see the industrial facilities of MVV 2.0 be equipped with artificial intelligence, internet of things deployment, electronic data interchange framework, high speed connectivity and automation features.

Notable Announcements

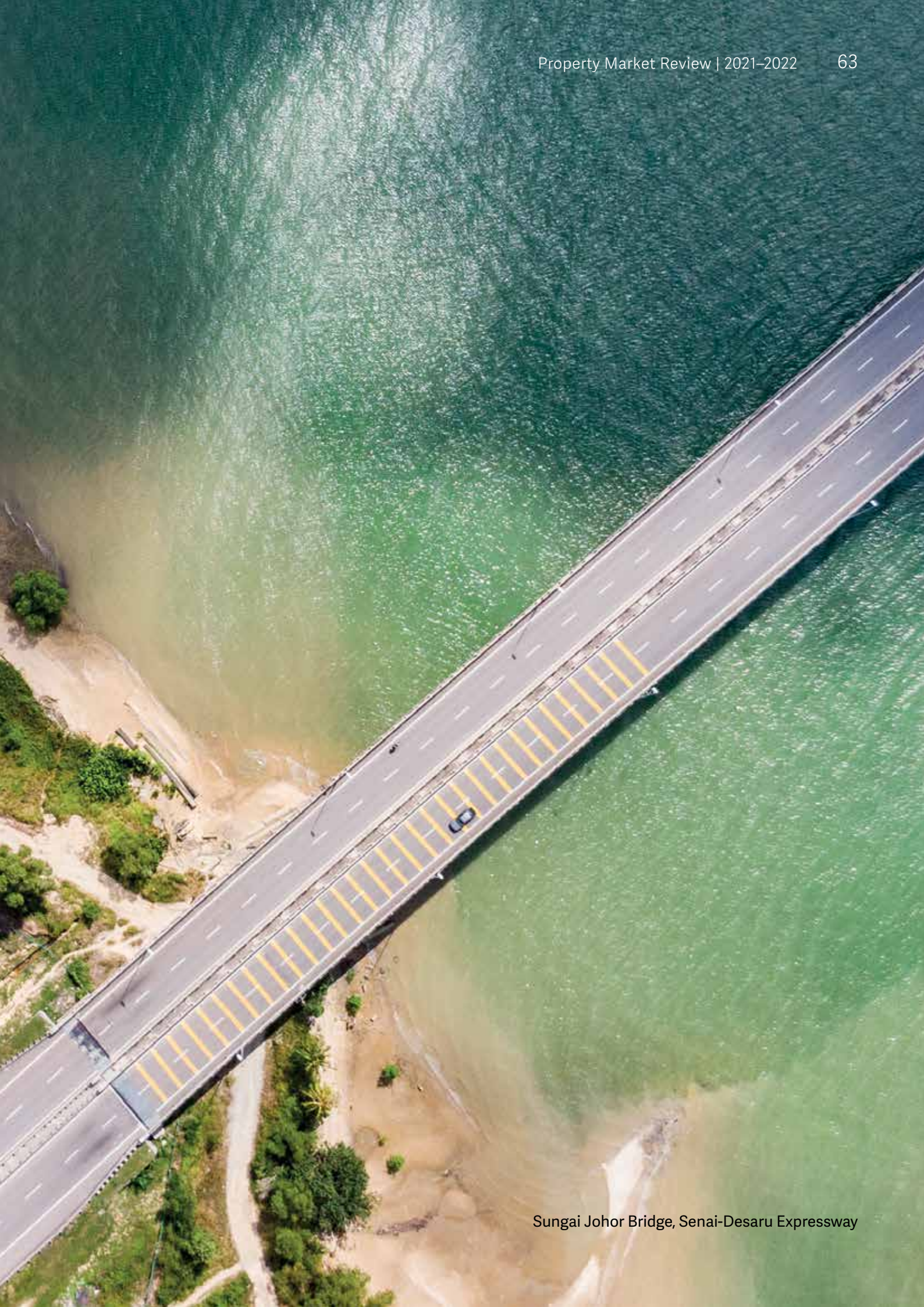
- The estimated 15,400-acre Parcel C of MVV 2.0 is slated to be an aerospace and logistics hub named NS Aerospace Valley. It is strategically located within proximity to the Kuala Lumpur International Airport (KLIA), Port Klang and the North-South Expressway (NSE). It is currently at the feasibility study stage.
- As part of the requirements for MVV 2.0, a 16.82km road connecting Nilai, Labu to Bandar Enstek is currently under construction since 2017, and is slated for completion by 2022 for the Jalan Labu section, and 2023 for the Jalan Nilai section. Construction cost is estimated to be at RM415 million.
- Dutch Lady Milk Industries Bhd (DLMI) has contracted Royal Haskoning DHV to develop DLMI's new environmental-friendly and innovative production facility at Bandar Enstek. It will help increase the state's competitiveness in attracting new investments and create new spin-off economic benefits to the local economy.
- Gemas, Negeri Sembilan will be the northern starting point of the upcoming 192km Gemas-Johor Bharu electrified double-tracking project (EDTP) and is slated for completion by October 2022.

SOUTHERN *Region*

Melaka

Johor





Sungai Johor Bridge, Senai-Desaru Expressway

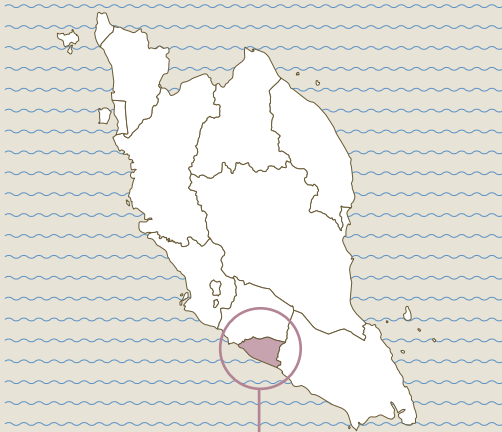
MELAKA

Capital: Kota Melaka

Est. Population: 937,500

Area (km²): 1,720

(Source: DOSM)



Red Clock Tower, Melaka

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	205,035 units	↑	3.2% y-o-y
Transaction Volume	4,123 units	↑	10.4% y-o-y
Transaction Value	RM1,137.40 mil.	↑	17.5% y-o-y

RETAIL

Supply	6.84 mil. sf	↑	6.6% y-o-y
Occupancy Rate	63.3%	↓	4.2%
Rental	Prime: RM4.50psf – RM36.50psf		

PURPOSE-BUILT OFFICE

Supply	4.42 mil. sf	↔	0.0% y-o-y
Occupancy Rate	83.0%	↑	1.6%
Rental	Prime: RM1.30psf – RM3.50psf		

SHOP OFFICE

Supply	21,231 units	↑	2.1% y-o-y
Transaction Volume	205 units	↓	1.0% y-o-y
Transaction Value	RM106.29 mil.	↓	9.4% y-o-y

HOTEL

Existing Supply	17,031 rooms	↑	0.6% y-o-y
Incoming Supply	1,456 rooms		

INDUSTRIAL

Supply	7,158 units	↑	0.5% y-o-y
Transaction Volume	170 units	↑	34.9% y-o-y
Transaction Value	RM156.20 mil.	↑	82.3% y-o-y

RESIDENTIAL

As at 1H2021, the residential sector of Melaka saw its transaction activities grew by 10.4% in volume and 17.5% in value to 4,123 transacted units worth RM1.14 billion. This has shed some relief but is still throttling to return to its recovering pace before Covid-19 swept through the country and the world.

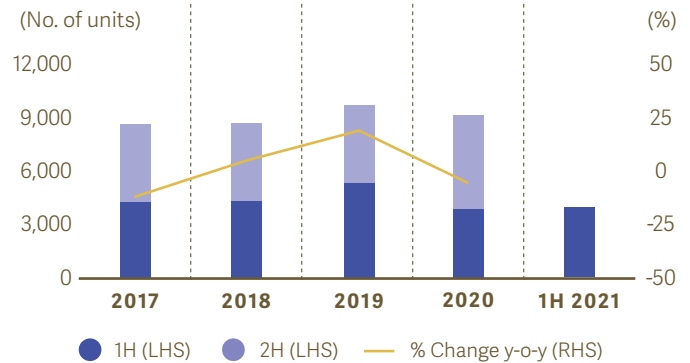
Of the transactions recorded, an overwhelming 89.7% were transacted below the RM500,000 mark and shows Melaka's residential market purchasing power to still be heavily within the affordable range and not on the higher end. Landed homes remain the popular choice in demand which correlates to the existing supply stock as 87.6% are of landed homes.

The high-rise supply was recorded at 19,402 units, i.e. condominiums/apartments and serviced apartments combined. No SOHO has yet to enter the market at this point but there are 352 new units in the pipeline.

As there are another 22,869 new units of residential properties currently under construction and on its way to completion in the next few years, there are budding concerns on whether Melaka's transaction pace will be able to keep up. Already on the ground are a total of 704 overhang units worth RM277.64 million sitting idle and though

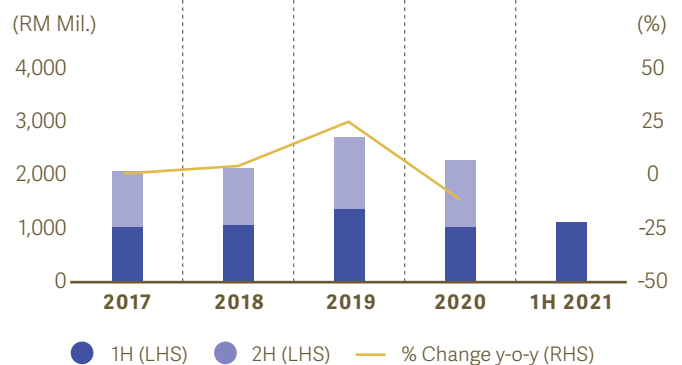
Number of Residential Property Transactions in Melaka (2017-1H 2021)

(Source: JPPH)



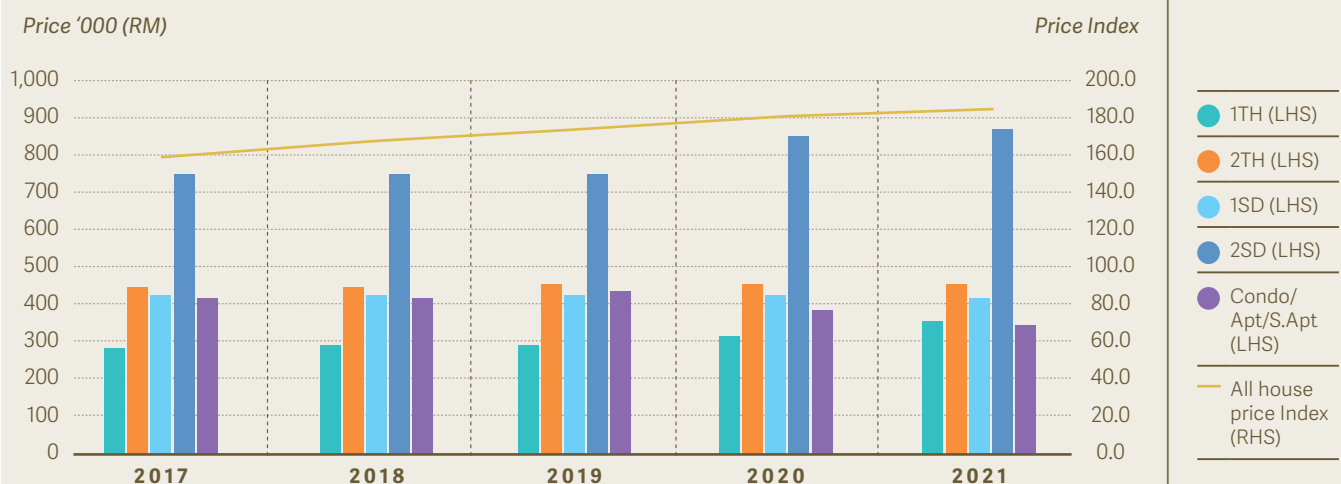
Value of Residential Property Transactions in Melaka (2017-1H 2021)

(Source: JPPH)



Melaka Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Landed Residential Properties in Melaka

(Source: Rahim & Co Research)

Development	Location	Type	No Of Units	Selling Price	Expected Completion
Taman Warisan	Masjid Tanah	2-sty Terraced	25	From RM364,000	2022
		2-sty Semi-Detached	40	From RM508,000	
Scientes Durian Tunggal 2 - Jade	Durian Tunggal	2-sty Terraced	430	From RM320,000	2022
Scientes Durian Tunggal 2 - Pearl				From RM255,600	2023
Taman Muzaffar Shah	Ayer Keroh	1&½-sty Terraced	27	From RM390,000	2022
Krubong Heights	Krubong	2-sty Terraced	76	From RM412,500	2022
Molek Residence	Ayer Molek	2-sty Terraced	281	From RM480,500	2024
		2-sty Semi-Detached	26	From RM1.33 mil	

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 RM387,300	2022
The Dawn @ Impression City	Kota Laksamana	Condo Hotel	648	From RM455,500	2022
Bali Residences	Bandar Melaka	Condominium	811	From RM350,000	2022
Admiral Residences (Phase 1)	Kota Laksamana	Condominium	1440	From RM347,000	2022
Sri Melaka Residensi (Block A & B)	Bukit Serindit	Condominium	2,070	From RM258,000	2022
Sri Melaka Residensi (Block C, D & E)				From RM264,000	2023
PR1MA Residensi A'Famosa (Phase 1)	Alor Gajah	Condominium	475	From RM125,685	2022
PR1MA Residensi Klebang 2	Bandar Melaka	Condominium	800	From RM167,306	2022
Satori Residences	Pulau Melaka	Serviced Residence	192	From RM326,000	2023
PR1MA Residensi Bukit Katil	Bukit Katil	Condominium	527	From RM208,300	2023
PR1MA Residensi Melaka Tengah 2	Bandar Melaka	Condominium	980	From RM109,440	2023
Embique Condotel	Bandar Hilir Melaka	Serviced Residence	152	From RM424,800	2025



A'Famosa

this may seem a relatively small number at the moment, future influx may bring more concern to the state if supply exceeds demand.

As one of the active developers in Melaka, Teladan Setia Group Bhd has several ongoing projects currently being constructed in Melaka. The Bali Residences in Kota Syahbandar is a mixed-use development comprising of 830 serviced apartment units within two 38-storey towers and 18 retail shops. The price tags for the residential units starts from RM350,000. Taman Desa Bertam on the northern side of the city centre offers 2-storey terraced and semi-detached units priced from RM438,800. Taman Belimbing Setia offers a more exclusive collection of 1-storey bungalow units located near the state government's administrative area and its prices start from RM418,800. One of its more recent venture is the plan to develop a mixed-use integrated urban development in Jasin on 136.92 hectares.

On the affordable segment, there are currently 4 ongoing PR1MA residential developments listed on PR1MA's website which are Residensi Melaka Tengah 2, Phase 1 of Residensi A'Famosa, Residensi Klebang 2 and Residensi Bukit Katil.

RETAIL

The retail segment of Melaka's property sector continues to be challenged in keeping tenancy levels as occupancy rate is seen to further decrease to 63.3% from 1H2020's 67.5%.

While some could be attributed to the Covid-19 situation putting a big dampener on the market, this downtrend was already seen in 2019 before the pandemic made headlines.

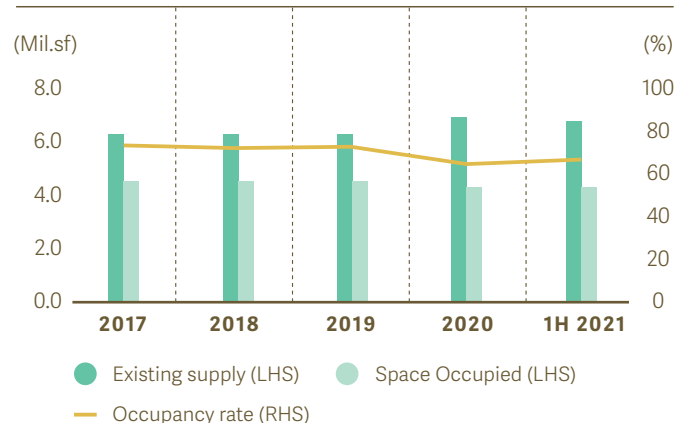
From a total retail space stock of 6.84 million sf, the current occupancy rate has left 2.51 million sf of vacant space in the market. And further on its way are 1.38 million sf currently in the pipeline, making up 4 new retail complexes for the state of Melaka. Oversupply is a notable concern with the millions of sf of retail space to be absorbed in a market where demand is on its downtrend pace. Part of the factors contributing to this overabundant retail situation is the presence of large retail malls in most of the upcoming mixed developments, each boasting its own retail element as the means to attract tenants and visitors.

For the retail component of The Sail Melaka project by Sheng Tai International Sdn Bhd, the developer has signed a MoU with KenTeam International Sdn Bhd in setting it up to be a duty-free hub. Of the different phases planned for The Sail Melaka to be constructed, Phase 2 involves a 362,938 sf of cultural space and Phase 3 a 1 million sf shopping mall as a duty-free zone.

One upcoming retail component within an integrated development is the Terraz Square Retail Mall in Impression City by Yong Tai Bhd. Located in Kota Laksamana, this 7-storey new retail mall is sized at 962,923sf of nett lettable

Existing Supply & Occupancy Rate of Retail Spaces in Melaka (2017-1H 2021)

(Source: JPPH)



area (NLA). Terra Square is positioned next to Encore Melaka with a sky bridge linking both buildings over the saltwater canal.

Despite activities and interests by developers, the retail sector at present sees a challenging environment. Some existing malls face low occupancy despite being several years in operation.

PURPOSE-BUILT OFFICE

No change in supply were noted of in 1H2021 for the PBO sector, keeping Melaka's existing stock of office space at 4.42 million sf with an occupancy rate of 83.0% - an improvement of 1.6% from 1H2020. This is an encouraging move considering the market is still in its recovery phase after having endured through an unprecedented 2020.

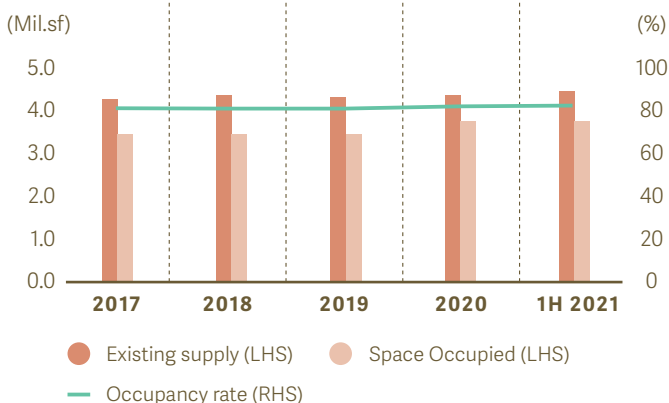
No new PBO supply were recorded which gives the PBO scene of Melaka likely another quiet year in development activities. The steady occupancy rate can also be attributed to 41% of the 81 PBO buildings in Melaka to be government-owned which are typically close to or 100% occupied consistently.

While not officially categorised as a PBO establishment, Sheng Tai International, the developer of The Sail Melaka, has unveiled the Maritime Cultural Tower which is one of nine towers of The Sail Melaka to offer spaces suited for office needs in the form of suites. The 61-storey tower is

Existing Supply & Occupancy Rate of Purpose-Built

Office in Melaka (2017-1H 2021)

(Source: JPPH)



designed to cater to the needs of business owners looking for office spaces as the entire tower is capable of housing up to 1,000 businesses. Measuring at 350,000 sf in nett lettable area (NLA), the selling price of the business suites is averaged at RM1,500 psf. Estimated to have a gross development value (GDV) of RM1 billion, the tower is slated for completion in 2026. Shen Tai International has also signed an agreement with global workspace provider International Workplace Group (IWG) to open 3 co-working centres, one of which will be in The Sail Melaka set to open in 2025.

SHOP OFFICE

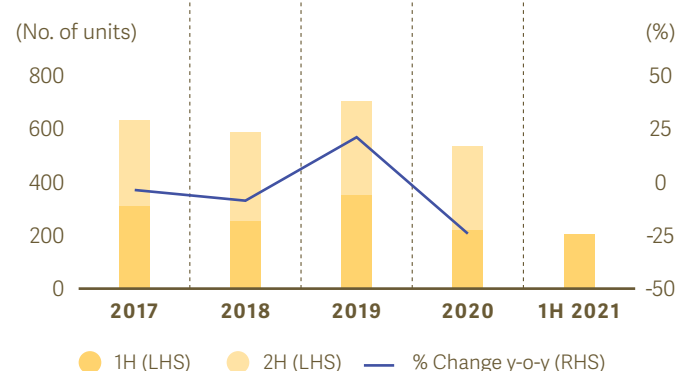
While other sectors have shown improvements in transaction activities for 1H2021, the shop office sector of Melaka had shown a slight drop of 1.0% in volume and 9.4% in value to 205 transacted units worth RM106.29 million. This brings a more subdued sentiment as chances of recovering back to 2019's upward pace has gotten slimmer and while there may still be the second half to pull through, it would require a significant number to make up for it. By type, transactions were mainly seen for the 1-storey, 2-storey and 3-storey shop office units.

Ranging from pre-war to 6-storey types, Melaka's supply is at 21,231 existing units with the highest concentration of stock being in Melaka Tengah. 2-storey units dominate the market as the most common type to be developed and the same pattern is seen for incoming units as 66% of the 1,174 new units are 2-storey units.

Number of Shop Office Property Transactions in

Melaka (2017-1H 2021)

(Source: JPPH)



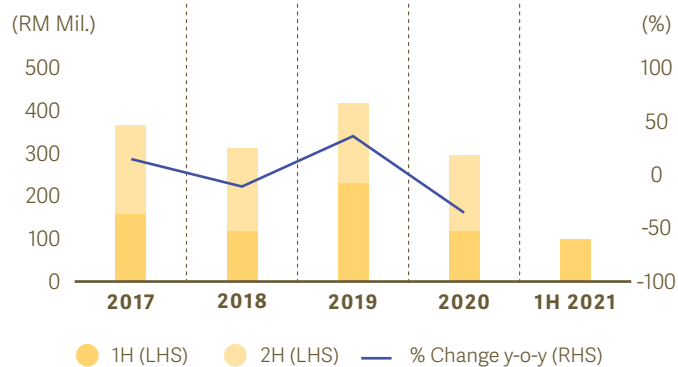
Selected Upcoming Shop Offices in Melaka

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Taman Bertam Impian	Tanjung Minyak	2-sty Shop Office	123	From RM538,000	2022
Gangsa Jaya	Batu Berendam	2-sty Shop Office	34	From RM580,000	2023

Value of Shop Office Property Transactions in Melaka (2017-1H 2021)

(Source: JPPH)



Much improvement was seen for the overhang situation of shop offices in Melaka as numbers had dropped to a much smaller 141 units worth RM71.30 million – coming from 1H2020's 653 units worth RM287.76 million. Most of the unsold stock are located in Melaka Tengah.

HOTEL

Being one of the top popular tourist destinations locally and internationally, it was a sigh of relief for the operators and service providers in Melaka when borders were reopened and local tourism activities were allowed on the condition

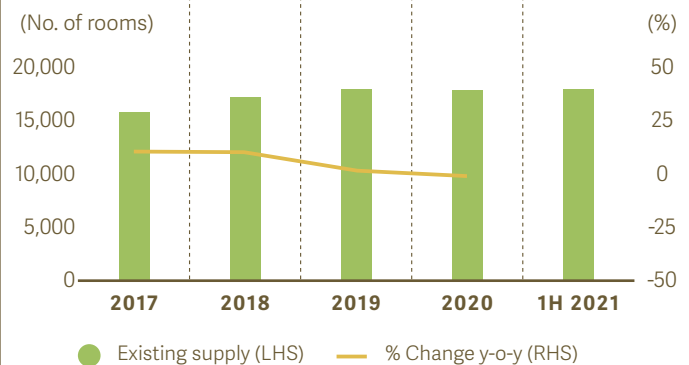
of patrons being fully vaccinated. After having endured months of close to zero business and reimplementation of MCO phases, bookings began to stream in for the last 3 months of the year following the interstate border reopening announcement made by the government in September 2021.

As at 1H2021, Melaka's supply of hotel rooms state wide stands at 17,031 rooms, making up a total of 173 hotel establishments of various star ratings. And in the pipeline, incoming supply maintains at 1,456 new hotel rooms currently under construction though its completion are most likely affected by the disruptive pandemic period, as no major updates were announced thus far for the year.

Existing Supply of Hotels in Melaka

(2017-1H 2021)

(Source: JPPH)



Selected Upcoming Hotels in Melaka

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No of Rooms	Expected Completion
Melia Melaka	Bandar Melaka	4	250	2022
Park Hotel Melaka	Kota Laksamana	4	245	2022
Sheraton Melaka Hotel	Klebang	5	300	2023

Jiankun International Bhd has inked a reclamation and development agreement (RDA) with the Melaka state government to the reclamation and development of a 12.14-hectare land in Bandar XLIV located in central Melaka district. The commercial development will include hotels & resorts, business premises and residential developments as the company ventures into the tourism segment, seeing as Melaka is one of the top popular tourist destinations in Malaysia. The project is expected to be developed within a 12-month period which puts the resort's opening to be sometime in 2023.

INDUSTRIAL

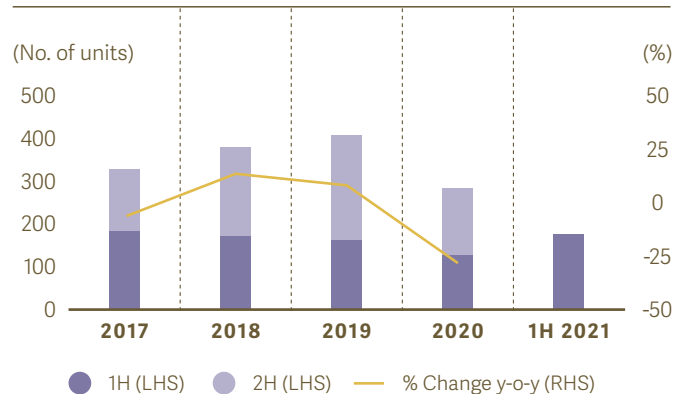
1H2021 saw improvements in transaction activities following 2020's unprecedented year, with notable increase of 34.9% in volume and 82.3% in value to 170 transacted units worth RM156.20 million. The increase had even positioned 1H2021's transaction performance at a higher level than 1H2019's performance (158 transacted units worth RM149.67 million) which is considered the pre-pandemic benchmark. While there is still the second half performance yet to be registered to know the true extent of recovery Melaka's industrial sector has achieved for 2021, a strong comeback in the first half sets a brighter tone to the state's future prospect.

Supply has relatively maintained at 7,158 industrial units with a minimal growth of 0.5% as at 1H2021. Of the state's existing supply, 5,576 units are located in Melaka Tengah and 1,165 units in Alor Gajah. These are primarily terraced, semi-detached and detached homes. Overhang numbers for the state is on the low side at just 22 units worth RM18.54 million and are all located in Melaka Tengah.

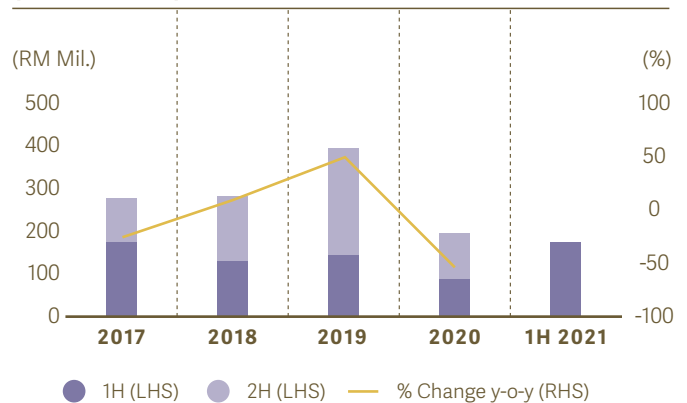
LBS Bina Group Bhd has signed a reclamation and development agreement (RDA) with the Melaka government to reclaim and develop a land area spanning 1,200 acres in Tanjung Bruas. The intended land will be developed into an industry hub with port facilities and is part of the Melaka Waterfront Economic Zone (M-WEZ). The industry hub will include logistic and warehouse, manufacturing, liquefied natural gas and port-related businesses. The reclamation phase is to be carried out within five years upon being granted approval and following that is the development of the industry hub within 15 years from the reclamation period. Ta Win Holdings Bhd has begun construction of Malaysia's first local privately-owned electron beam irradiation plant at

their manufacturing facility in Alor Gajah Industrial Estate with completion slated in April 2022. The director general of Malaysian Nuclear Agency noted that the new irradiation facility will mark Malaysia's step forward to increasing the local production of high value products through high technology, particularly for the wire and cable industry.

Number of Industrial Property Transactions in Melaka (2017-1H 2021) (Source: JPPH)



Value of Industrial Property Transactions in Melaka (2017-1H 2021) (Source: JPPH)



“1H2021 saw much improvement in transaction activities following 2020's unprecedented year, with notable increase of 34.9% in volume and 82.3% in value”

Notable Announcements

- Melaka's new economic corridor, the Melaka Waterfront Economic Zone (M-WEZ), was officially launched in April 2021 with the aim to establish itself as a "maritime hub of Malaysia" and completion is expected by 2035. It is one of the main pillars in the Melakaku Jaya 2035 Strategic Plan, and will cover an area of 25,000 acres along 33km of the state's coastline. There will be five zones which are the Melaka Harbourfront, Smart Logistic Nucleus, Digital Satellite Township, Central Eco Business Park and the Trade Nucleus New Township.
- Sand Nisko Capital Bhd (SNC) has signed a joint venture agreement (JV) with Mutiara Mahajut Sdn Bhd (MMSB) for a dual-phase development on a 162-acre land in Alor Gajah. With the focus being on agriculture and property development, Phase 1 entails the right to plant oil palm, rubber trees, fruit trees or forest trees while Phase 2 will see the construction of a mixed development project.
- Nexgram Holdings Bhd is acquiring a 10.03-hectare piece of leasehold land in Bukit Baru, Melaka Tengah from Melaka State Development Corporation for RM61.53 million to be developed into a mixed development complex that promotes medical tourism and foreign residence in the state. The main medical component of the project is the Melaka Lifecare Specialist complex.
- After having experienced a setback in development progress of the 100-acre Impression City, Yong Tai Bhd has received backing from new partners from China to resume construction in fulfilling Yong Tai's vision of transforming Melaka city into an international tourism hub.
- The existing Melaka Sentral in Bandar Peringggit will be undergoing a redevelopment and transformation process to become a new landmark for the state. The RM3.5 billion project development agreement was signed between Melaka Sentral Sdn Bhd (MSSB) and developer Goodyield Development Sdn Bhd (GDSB). The entire redevelopment project will be implemented through five sectors and will be completed in stages, ending fully in 2029:
 - **First Sector** – a main terminal building, a condominium block, a hotel, a 18-hall cinema and a commercial lot with completion slated in 2024.
 - **Second Sector** – the southern region express terminal, a block of condominiums, an entertainment zone and commercial space with completion slated by June 2025.
 - **Third Sector** – the central region express terminal, two blocks of condominiums and a commercial lot slated completion by December 2026.
 - **Fourth Sector** – the northern region express terminal, a block of condominium and commercial space to be ready by 2028.
 - **Fifth Sector** – the eastern region express terminal, a mosque, a block of condominium, a monorail hub, a banquet hall and commercial space to be ready in 2029.

JOHOR

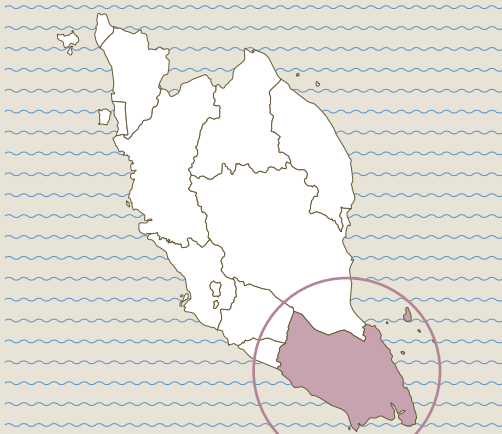
Darul Takzim

Capital: Johor Bahru

Est. Population: 3,794,000

Area (km²): 19,166

(Source: DOSM)



Kota Iskandar, Iskandar Puteri

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	867,070 units	↑	2.1% y-o-y
Transaction Volume	10,681 units	↑	4.8% y-o-y
Transaction Value	RM3,899.85 mil.	↑	15.8% y-o-y

RETAIL

Supply	26.59 mil. sf	↑	0.8% y-o-y
Occupancy Rate	73.4%	↓	4.7%
Rental	Prime: RM9.00psf – RM40.00psf		

PURPOSE-BUILT OFFICE

Supply	14.78 mil. sf	↑	6.1% y-o-y
Occupancy Rate	72.7%	↓	1.2%
Rental	Prime: RM2.00psf – RM6.00psf		

SHOP OFFICE

Supply	85,481 units	↑	2.7% y-o-y
Transaction Volume	899 units	↑	22.8% y-o-y
Transaction Value	RM851.25 mil.	↑	35.6% y-o-y

HOTEL

Existing Supply	31,066 rooms	↑	0.9% y-o-y
Incoming Supply	3,154 rooms		

INDUSTRIAL

Supply	18,179 units	↑	1.0% y-o-y
Transaction Volume	337 units	↑	33.7% y-o-y
Transaction Value	RM859.18 mil.	↑	22.9% y-o-y

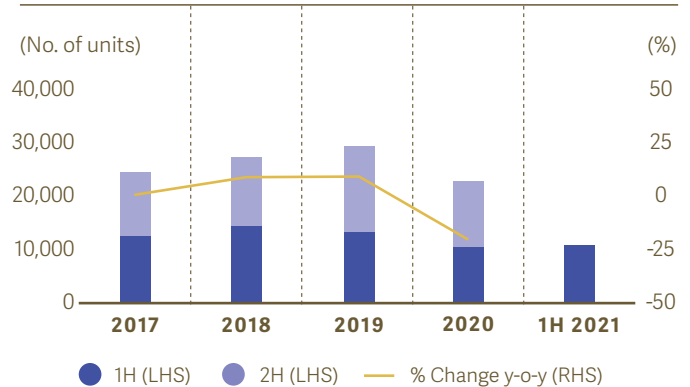
RESIDENTIAL

As at 1H2021, the residential sector of Johor has seen a growth y-o-y of 4.8% in volume and 15.8% in value to 10,681 transacted units worth RM3.90 billion. While it is encouraging to see some upward movement following 2020's fall, there is still some ways to go for the market to regain its recovery momentum seen in 2019 before the pandemic hit the country and the world. Of the transactions recorded in 1H2021, the sub-half million ringgit bracket still runs strong for the market as 80.9% were transacted below the RM500,000 mark.

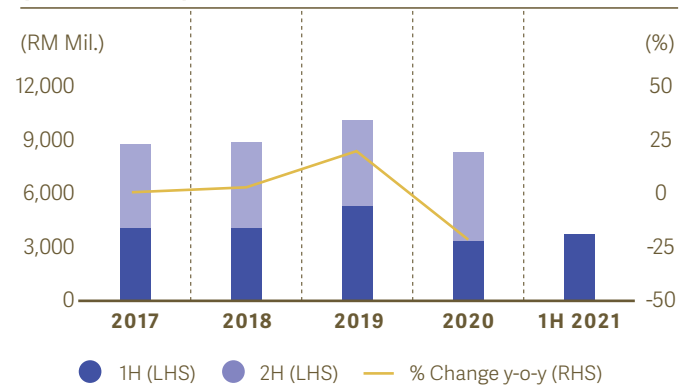
The supply side of the residential market saw minimal growth of just 2.1%, putting Johor's existing residential stock at 867,070 units, excluding the 85,551 units of serviced apartment and 2,843 units of SOHO. Combined, this puts Johor's total dwelling count to 955,464 units – slowly inching its way to the 1 million mark.

Moving alongside the demand trend that is still finding its way back on track to a higher pace, is the 74,391 dwelling units in the pipeline as of 1H2021 of which 43% are condominiums, service apartments and SOHOs combined. With such a large incoming volume to be carried by the market in the next few years, there is concern that the overhang picture will worsen, should demand for high-rise units to remain soft as opposed to the high stock of incoming high-rise units.

Number of Residential Property Transactions in Johor (2017-1H 2021) (Source: JPPH)

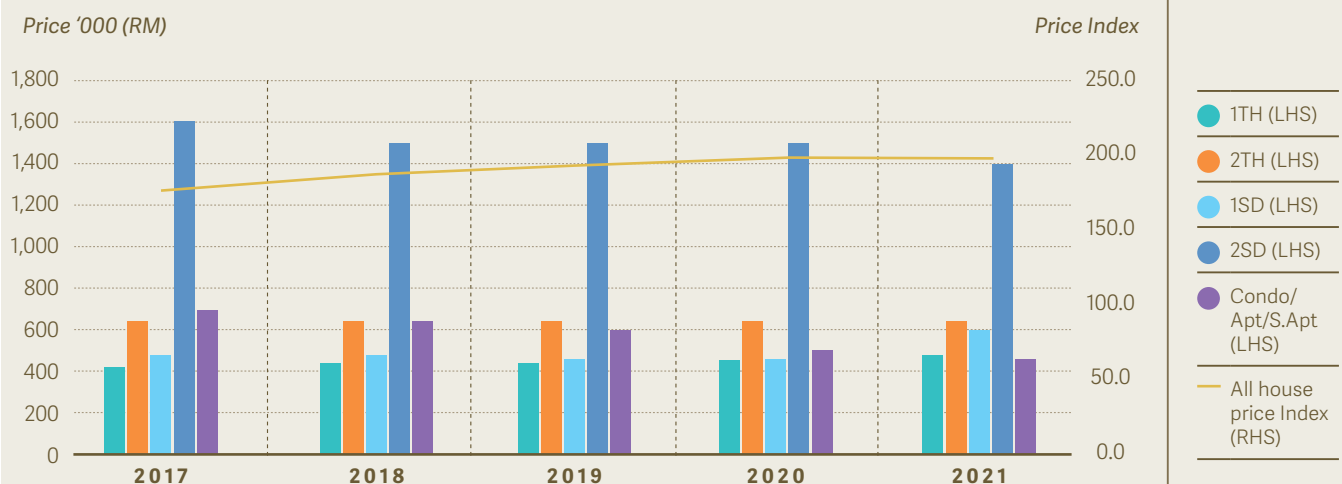


Value of Residential Property Transactions in Johor (2017-1H 2021) (Source: JPPH)



Johor Bahru Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Landed Residential Properties in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Adinia 2 @ Bandar Baru Kangkar Pulai	Pulai	2-sty Terraced	138	From RM480,000	2022
Senadi Hills	Iskandar Puteri	2-sty Terraced	112	From RM656,700	2022
Sunway Citrine Lakehomes (Phase 3)	Iskandar Puteri	2sty Cluster	64	From RM955,000	2022
The Maris Residence	Desaru	2-sty Semi-Detached	66	From RM630,000	2022
Serenita 2 @ Taman Sri Penawar	Desaru	2-sty Terraced	228	From RM588,000	2022
Suria 2 @ The Botany	Sebana Cove, Pengerang	2-sty Terraced	84	From RM546,000	2022
Elona @ Setia Eco Garden	Iskandar Puteri	2-sty Terraced	94	From RM658,000	2022
Kyra @ Setia Eco Garden	Iskandar Puteri	2-sty Terraced	106	From RM768,000	2022
Taman Mount Austin	Tebrau	2-sty Terraced	52	From RM598,000	2023
Seri Austin @ Mount Austin	Tebrau	3-sty Bungalow	40	From RM2.10 mil	2023
Erica Residence @ Meridin East	Pasir Gudang	2-sty Terraced	155	From RM425,000	2023

Selected Upcoming High-Rise Residential Properties in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Grid Residence @ Sunway Iskandar	Iskandar Puteri	Serviced Residence	501	From RM427,000	2022
Residensi Taman Pelangi Indah	Ulu Tiram	Serviced Residence	720	From RM246,368	2022
Paradigm Residence	Johor Bahru	Serviced Apartment	263	From RM383,000	2022
Veranda Residences	Taman Pelangi, JB	Condominium	600	From RM400,000	2022
Sky Trees	Bukit Indah	Serviced Residence	484	From RM420,000	2023
Amber Heights @ Bandar Seri Alam	Masai	Condominium	240	From RM250,000	2023
Optimus Medini	Medini	Serviced Apartment	316	From RM374,000	2023
Prima Larkin Indah	Larkin	Apartment	1,074	From RM300,000	2023
Space Residency	Johor Bahru	Serviced Apartment	995	From RM490,000	2024

As of 1H2021, there are already 23,679 unsold units worth RM19.70 billion sitting idle in the market of which 81.3% are high-rise units (condominiums/apartments & serviced apartments). By price bracket, 59.5% are between RM500,001 to RM900,000.

A new record was made with the official launch of Astaka Holdings Ltd's tallest residential building in Southeast Asia, The Astaka @ One Bukit Senyum on 20th December 2021. Standing at 65 and 70-storey tall for each of the two towers, the entire development offers a total of 435 luxury residential units with a stunning view of the Johor and Singapore's skyline.

On a more luxury scale, Anantara Desaru Coast Residences offers 20 seaside pool villas ranging from 3,100 sf to 6,426 sf with prices starting from RM7.5 million up to the most expensive being RM15.5 million. This high-end resort residences is developed by both Themed Attractions Resorts & Hotels (TAR&H), a subsidiary of Khazanah Nasional Bhd, and Minor International, the brand owner of Anantara itself. Anantara Desaru Coast Residences is the group's flagship project in Malaysia with the villas managed and serviced year-round by the adjacent 5-star Anantara Desaru Coast Resort & Villas that had been operational since December 2019.

TA Global Bhd has unveiled its maiden project outside of Klang Valley, called Idaman Hills in Kluang, Johor. It is located on a 95.16-acre freehold land near Gunung Lambak and will feature 6 phases comprising 545 homes. The first collection of Idaman Hills, Aspen Residences, was also launched. It comprises of 66 units of 2-storey terraced houses with built-ups starting from 2,439 sf. The first phase is slated for completion in 2023.

In addressing the long standing issue of affordable housing, the state government intends to collaborate with property developers to build up to 115,000 affordable homes across the state and that the effort will be mobilised through the Special Johor Housing Programme. This programme is aimed to ensure the long pending 115,000 affordable homes be built successfully and that the prices will range between RM80,000 to RM300,000.

RETAIL

As at 1H2021, there were 26.6 million sf of retail space for the retail segment of Johor and has maintained so from the previous period. Of this supply, occupancy rate is at 73.4% after a decrease of 4.7% from 1H2020. The decrease in tenancy despite supply maintaining, though small in percentage, has ultimately left 7.08 million sf of vacant retail space in the market. The absolute number paints a more severe picture of oversupply considering the market is still struggling to recover from the worst hits felt by the destructive pandemic impact.

As a state that is also reliant on the movement of visitor traffic to and from its next door neighbour Singapore, tightly regulated and monitored border controls and the looming threat of new Covid-19 variants put a dampening effect on the potential recovery pace for the tourism sector.

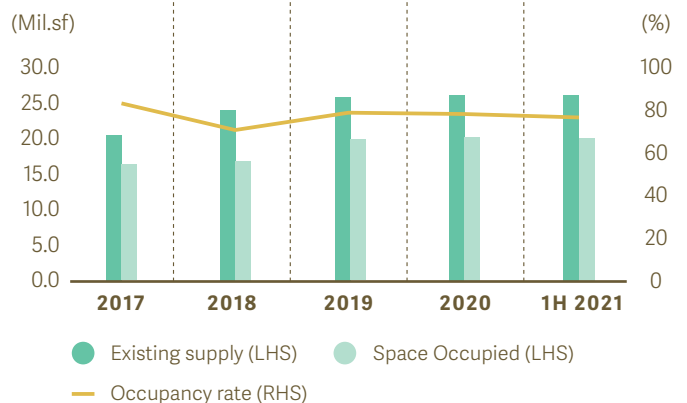
In the pipeline, there are 548,001 sf of new retail space under construction in 3 new retail establishments. All incoming spaces are concentrated in Johor Bahru alone. The relatively small incoming supply gives the market some room to breathe and work to achieving a more healthy take-up rate and lessen the vacant space stock.

A new shopping mall that will soon open its doors to the public is the Eco Galleria @ Eco Botanic in Iskandar Puteri. With a total NLA of 680,000 sf, the shopping mall will be having University of Southampton as its anchor tenant – occupying 15,000 sf of space.

Existing Supply & Occupancy Rate of Retail Spaces in

Johor (2017-1H 2021)

(Source: JPPH)



As part of the retail component of the Coronation Square development in the prestigious Ibrahim International Business District (IIBD) of Johor Bahru by Johor Corporation (JCorp), a 7-storey retail mall sized approximately at 1.2 million sf is in the pipeline with the entire mixed integrated development spanning over a 7-year construction period from 2017 to 2023.

The current environment of new mall entrants coupled with a still challenging market condition has put more obstacles and difficulty on the possibility of reviving long abandoned malls in Johor Bahru. One such establishment is the once iconic 5-storey Water Front City mall which is located in a prime location overlooking the Straits of Johor along Persiaran Tun Sri Lanang in Kebun Merah. It had been shuttered back in 2003, just three years into its operation. Two other abandoned malls in Johor Bahru are Pacific Mall and Danga City Mall.

PURPOSE-BUILT OFFICE

The PBO sector of Johor grew by 6.1% to 14.78 million sf of office space as at 1H2021 with occupancy rates having dropped slightly by 1.2% to 72.7% – putting the state's tenancy performance at the lower to mid – 70% mark since dropping below 80% in 2018.

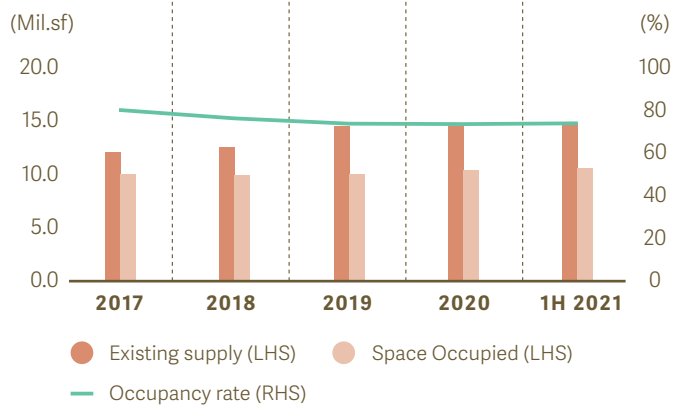
At this occupancy rate, there are 4.04 million sf of vacant office space sitting idle in the market as of 1H2021 and when combined with incoming new supply of 2.30 million sf already in the pipeline, concern is felt for how the market would be absorbing these spaces with occupancy rate being on the downtrend trend for last few years.

As a PBO market that leans more to privately-owned buildings than government-owned buildings, occupancy rates would be more susceptible to economic impacts as opposed to the more stable government occupants. With new workplace arrangements and practices being embraced as result from living through a pandemic environment, demand for office spaces may see some changes to the preference and requirements by existing and potential tenants, such as flexible leasing arrangements and customisable space designs to suit a new workforce arrangement.

Dubbed by some as Johor Bahru's own KLCC landmark, the currently under construction Coronation Square is a mixed integrated development comprising of a retail shopping mall and six high-rise towers of which two are office towers. One of the office towers that is steadily taking shape and making

Existing Supply & Occupancy Rate of Purpose-Built Office in Johor (2017-1H 2021)

(Source: JPPH)



its appearance on the Johor Bahru skyline is the 35-storey Bank Rakyat Tower that will see its completion by end 2021. Coronation Square is the first project under the Ibrahim International Business District (IIBD) transformation plan.

The 2 office towers at Mid Valley Southkey is expected to reach its completion by end of the year and will be adding new spaces into the cumulative PBO space supply of Johor for 2022.

SHOP OFFICE

Johor's supply of shop office ranging from pre-war units to 6-storey units stands at 85,481 units as at 1H2021 after a slight increase of 2.7% y-o-y. The supply stock is largely dominated by 1 to 3-storey types at a supply share of 88.9%. In the pipeline, there are 7,125 new shop office units being constructed with just over half located in Johor Bahru alone.

Against a slower supply growth, demand for shop offices have improved by 22.8% and 35.6% in volume and value respectively, coming to 899 transacted units worth RM851.25 million from 1H2020. But despite such improvements, it is still not up to par with 1H2019's performance of 1,131 transacted units worth RM929.19 million which indicates more room for growth in transaction activities in order for the market to regain its pre-Covid-19 momentum.

On the ground, Johor's overhang situation for the shop office segment is notable with an unsold stock of 1,535 units worth RM1.44 billion sitting idle in the market after an increase of 8.0% from 1H2020. More than 90% of the unsold stock are priced above RM500,001 and are pre-dominantly of the 2 and 3-storey type.

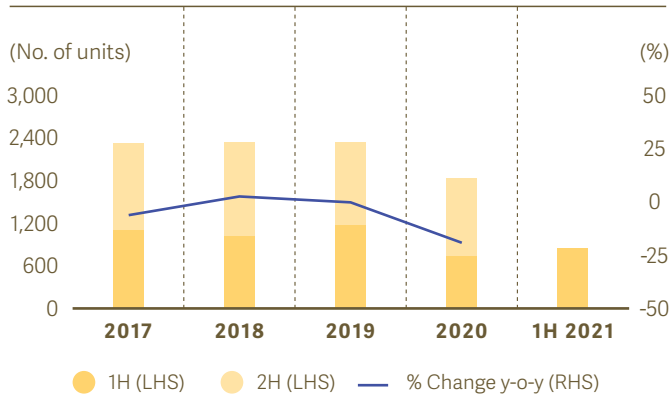
Selected Upcoming Shop Offices in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Impian Link 38 @ Taman Skudai Impian	Skudai	2-sty Shop Office	38	From RM850,000	2022
Aspira Square	Gerbang Nusajaya	2&3-sty Shop Office	59	From RM878,000	2023
Senadi Square	Iskandar Puteri	2-sty Shop Office	20	From RM780,000	2023
Emerald Crest Austin	Mount Austin	3-sty Shop Office	161	From RM1.6 mil	2024
Business Boulevard Central Park	Tampoi	3&4-sty Shop Office	68	From RM1.9 mil	2024

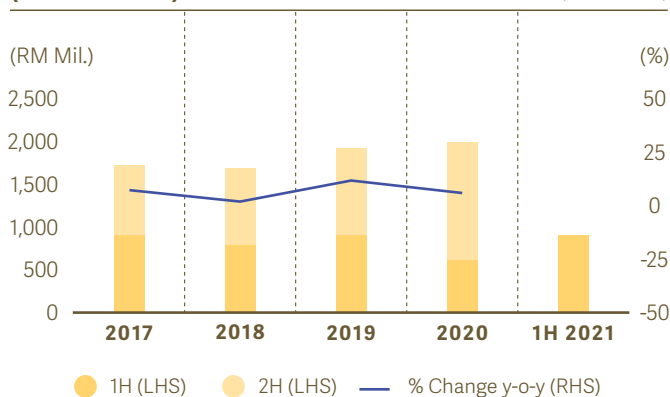
Number of Shop Office Property Transactions in Johor (2017-1H 2021)

(Source: JPPH)



Value of Shop Office Property Transactions in Johor (2017-1H 2021)

(Source: JPPH)



A newly completed commercial development was noted of for the year, called Oasis 3 in Permas Jaya and is part of the Tropicana Danga Cove. There are 180 units of 3-storey and 4-storey shop offices with prices starting from RM1.1 million.

The Bukit Indah township of Johor Bahru will be seeing a new commercial development by S P Setia that was virtually launched on 31st October 2021. Indah Prime is designed to be modern and low in density, with an offering of 40 exclusive 3-storey and 4-storey shop office units with built-ups ranging from 4,907 sf to 10,601 sf.

HOTEL

As at 1H2021, there are 31,066 hotel rooms for the state of Johor after a small increase of 0.9% y-o-y. With the tourism sector facing another difficult period with the enforcement of two MCO phases in the first half of 2021, recovery was very challenging until travel bans were lifted later in the year. In the pipeline, 3,154 hotel rooms are under construction though the prolonged pandemic environment may cause further delays to the completion of new hotel establishments. Yet some have defied the gloomy sentiment with their openings seen in 2021 based on confidence felt for the local tourists to return upon the lifting of interstate travel ban.

Sunway Bhd's Sunway Hospitality had the soft opening of its RM160 million Sunway Hotel Big Box as part of their preparation to welcome domestic tourists following the reopening of interstate travel. Being Sunway Bhd's first hotel in southern Peninsular Malaysia, it aims to be a new haven of nature and adventure with a total offering of 284 guestrooms. Situated in the integrated township of Sunway City Iskandar Puteri, guests are able to enjoy the surrounding amenities and offerings such as the X Park and Sunway Big Box Retail Park.

Selected Upcoming Hotels in Johor

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No of Rooms	Expected Completion
Pan Pacific Serviced Suites	Iskandar Puteri	5	205	2022
Ozo Medini	Medini Iskandar	5	198	2022
Hyatt Palce JB	Johor Bahru	5	200	2023
Citadines Medini	Iskandar Puteri	5	214	2023
The Datai Desaru	Desaru	5	N/A	2025

The fourth quarter of the year also saw the opening of Marriott International Inc's latest addition to their portfolio, Four Points by Sheraton Desaru amidst the ongoing pandemic environment. The opening of this venture by Marriott was in partnership with Continental Management Sdn Bhd, a member of the SKS Group. Under this agreement, SKS Group had refurbished and converted the existing 311-room Amansari Residence Desaru property into the new Four Points by Sheraton Hotel.

On a less fortunate note, 2021 also saw the permanent closure of another long-standing hotel establishment who had fallen victim to the devastating impact of Covid-19 that had caused an almost complete shutdown of the tourism sector during the MCO phases. Johor Bahru's first 4-star hotel Mutiara Johor Bahru, initially called Holiday Inn, closed its doors permanently on 1st June 2021 as it was no longer financially viable due to the prolonged pandemic period.

News of closures and ceased operations have brought worry to hotel operators in Johor on their future prospect to survive through the prolonged pandemic period. While it was a relief for many to see the return of local tourists and

guests to Johor's tourism scene as hotel bookings surged up upon the reopening of interstate travelling, the threat of yet another Covid-19 wave still looms. One new initiative that has been launched to help revive the struggling sector is the Land Vaccinated Travel Lane (VTL) which allows fully vaccinated travellers to travel between Singapore and Malaysia but are subject to Covid-19 tests in lieu of serving quarantine or a stay-at-home notice. At time of print, this has been temporarily suspended.

INDUSTRIAL

The industrial sector of Johor has seen encouraging recovery growths in transaction activity from 1H2020's low point, registering 33.7% growth in volume and 22.9% rise in value to 337 transacted units worth RM859.18 million. But compared to pre-Covid-19 performance levels, it is still behind 1H2019's numbers of 527 units worth RM1.03 billion.

Even so, the industrial sector as a whole is seen to be one of the steadier sectors in overall performance and outlook as logistics and warehousing gets its boost from the surge of e-commerce services and manufacturing investments and ventures making a comeback once physical movement has been reallocated with the successful vaccination rates.

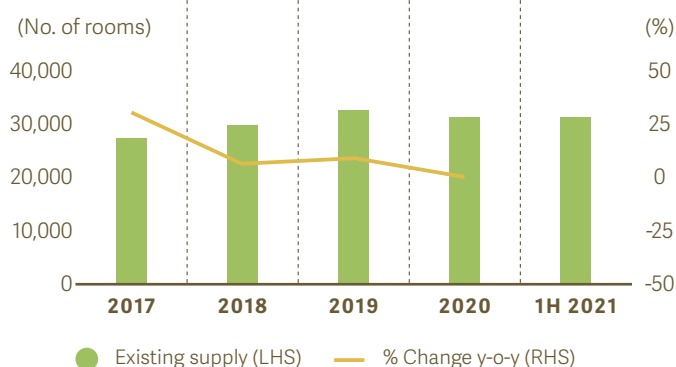
The supply of industrial properties in Johor is at 18,179 units and are mainly concentrated in the areas of Johor Bahru, Batu Pahat and Kulaijaya. Another 1,070 new industrial units are in the pipeline and also mostly located in Johor Bahru and Kulaijaya.

The overhang situation for Johor's industrial sector stands at 462 unsold units worth RM962.66 million with 81.2% of the stock priced above RM1 million.

Existing Supply of Hotels in Johor

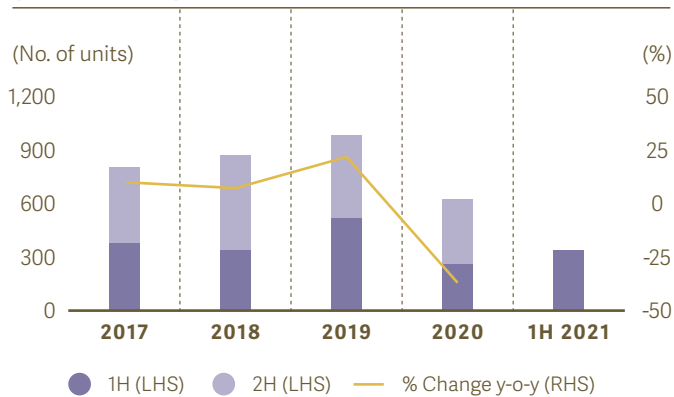
(2017-1H 2021)

(Source: JPPH)

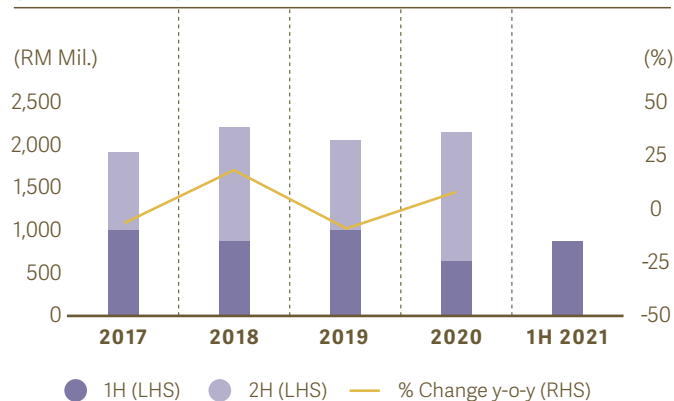


German automaker Volkswagen Group has chosen Port of Tanjung Pelepas as their new regional parts distribution centre, providing a genuine parts supply chain to 21 markets in Asia Pacific. Spanning over 538,200 sf, the new distribution centre can store 65,000 genuine parts of the group's brands of Volkswagen passenger cars, Audi, Skoda and Volkswagen commercial vehicles. This will mark Johor's second global carmaker presence in the state with the first being BMW Group Malaysia back in 2017 who opened their regional parts distribution centre at the Free Industrial Zone of the Senai International Airport.

Number of Industrial Property Transactions in Johor (2017-1H 2021)
(Source: JPPH)



Value of Industrial Property Transactions in Johor (2017-1H 2021)
(Source: JPPH)



Notable Announcements

- As part of the strategy to create ECER Dairy Valley, a collaboration agreement was signed between the ECER Development Council and the Johor State Government on 8th September 2021 to develop the Jemaluang Dairy Valley (JDV) in Mersing, Johor. Full operations is expected to be in 2023.
- The Gemas-Johor Bahru Electrified Double Track project is slated for completion by October 2022. This 192km track with 11 stations starting from Gemas in Negeri Sembilan will pass through several areas in Johor including Bandar Segamat, Kluang, Bekok and Kulai.
- The RM2.56 billion Iskandar Malaysia Bus Rapid Transit (BRT) system in Johor with a development progress reaching 22% as of April 2021, is scheduled for completion and will begin operation by end 2023. The BRT system will cover a total of 2,043km through three main lines; namely Iskandar Puteri, Skudai and Tebrau, with 44 direct routes and 55 feeder routes.
- Following the resumption of the Johor Bahru-Singapore Rapid Transit System (RTS) in July 2020, a Link grantor agreement has concluded between the two governments in November 2021 which stipulates the responsibilities of the two grantors in carrying out their roles and obligations in relation to the concession agreement. Passenger service is slated for operation by end 2026.
- The Sungai Pulai Bridge connecting Gelang Patah in Johor Bahru to Tanjung Bin in Pontian is expected to cut the commute duration from an hour to just 15 minutes and open up more opportunities for new industries around Tanjung Bin. Completion is slated in October 2022.
- Bridge Data Centre, a subsidiary of ChinData, is planning to build a new data centre called MY06 in the KIDEX Sedenak business park. This new data centre is set to be the largest of its kind in Malaysia. Phase 1 is slated to open by end 2022 and Phase expected shortly thereafter.
- The 26,000sf Angry Birds Activity Theme Park located in Komtar Johor Bahru City Centre (JBCC) mall has closed its doors for good on 5th April 2021 after operating for 6 years.

EAST COAST

Region

Kelantan

Terengganu

Pahang





Cameron Highlands, Pahang

KELANTAN

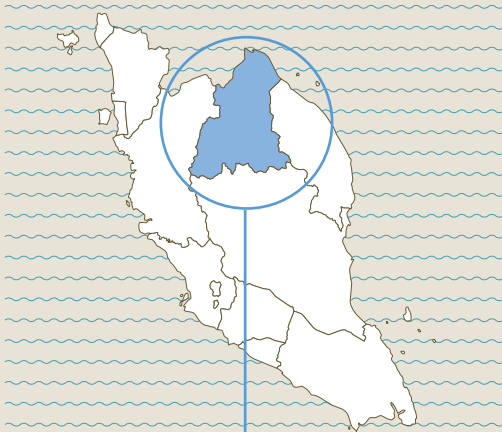
Darul Naim

Capital: Kota Bharu

Est. Population: 1,928.8

Area (km²): 15,040

(Source: DOSM)



Gua Musang, Kelantan

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	86,210 units	↑ 2.8% y-o-y
Transaction Volume	2,614 units	↑ 16.6% y-o-y
Transaction Value	RM428.66 mil.	↑ 22.8% y-o-y

RETAIL

Supply	4.10 mil. sf	↑ 11.5% y-o-y
Occupancy Rate	80.1%	↓ 11.3%
Rental	Prime: RM7.00psf – RM24.50psf	

PURPOSE-BUILT OFFICE

Supply	4.21 mil. sf	↓ 0.1% y-o-y
Occupancy Rate	93.7%	↓ 1.1%
Rental	Prime: RM1.50psf – RM2.70psf	

SHOP OFFICE

Supply	13,341 units	↑ 0.5% y-o-y
Transaction Volume	94 units	↑ 46.9% y-o-y
Transaction Value	RM71.40 mil.	↑ 93.6% y-o-y

HOTEL

Existing Supply	4,360 rooms	↔ 0.0% y-o-y
Incoming Supply	144 rooms	

INDUSTRIAL

Supply	613 units	↑ 1.2% y-o-y
Transaction Volume	7 units	↑ 133.3% y-o-y
Transaction Value	RM8.11 mil.	↓ 47.1% y-o-y

RESIDENTIAL

1H2021 saw Kelantan's residential market improve in its transaction activities, coming to 2,614 transacted units worth RM428.66 million after a growth of 16.6% in volume and 22.8% in value respectively. But in comparison to pre-Covid performances in 1H2019, transaction activities are still slightly lower.

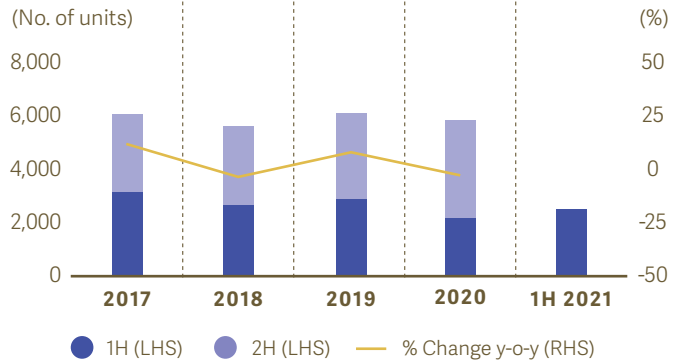
By price tag, the residential properties transacted remain primarily under the RM500,000 mark with 50% below RM100,001 and 48% up to RM500,000. This is much influenced by the fact that the Kelantan market is still in favour of purchasing vacant plots as opposed to ready-made houses as evidenced by the 58% contribution in transactions.

Condominiums/Apartments remain as the less popular choice of residential property purchase as land and landed homes are still ample in supply for the state, resulting in just 1.6% of transaction volume. This is further supported by the number of overhang units recorded as at 1H2020, 363 dwelling units worth RM145.08 million of which 95% are high-rise including serviced apartments.

If this slow pace in demand for high-rise persist, Kelantan may likely be looking at a bigger overhang burden as 2,757 new units of condominium/apartments and 500 new units of serviced apartments make its way into the market. It is

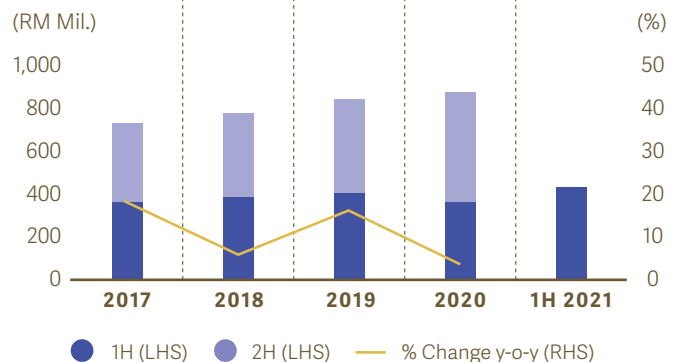
Number of Residential Property Transactions in Kelantan (2017-1H 2021)

(Source: JPPH)



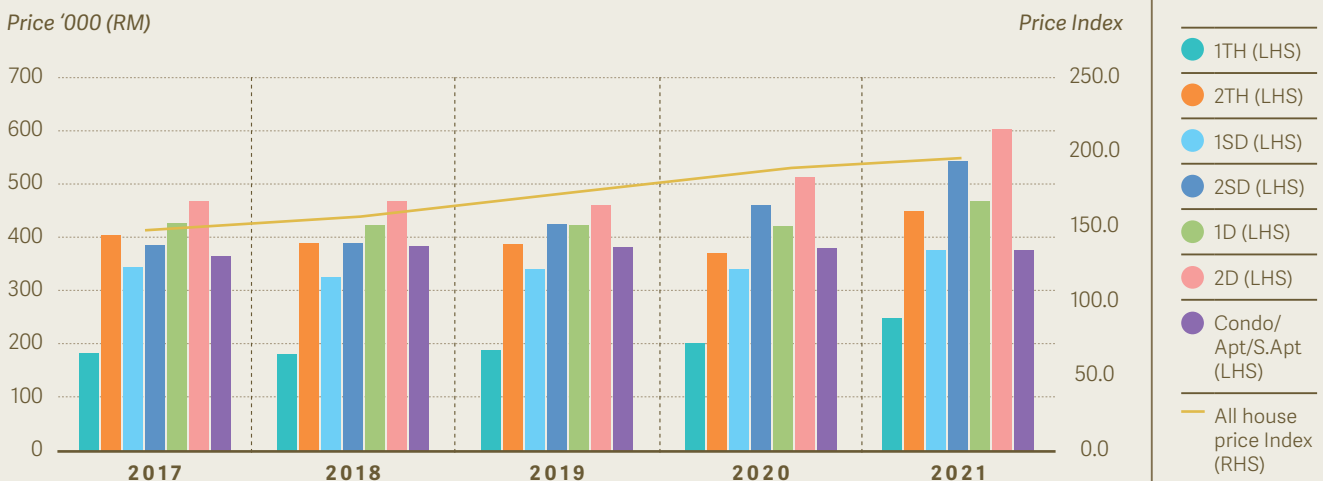
Value of Residential Property Transactions in Kelantan (2017-1H 2021)

(Source: JPPH)



Kota Bharu Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Kelantan

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Sireh Residence	Kota Bharu	Apartment	1,500	From RM274,600	2022
19 Residensi	Kota Bharu	Serviced Apartment	182	From RM293,000	2022
Taman Baiduri	Machang	1-sty Terraced	63	From RM218,000	2022
Teluk Panji	Kota Bharu	1-sty Bungalow	6	From RM485,000	2022
Taman SBJ Sri Sering 2	Pulau Belanga	3-sty Terraced	13	From RM575,000	2022
Perumahan Rantau Baru	Rantau Panjang	1-sty Terraced	30	From RM229,000	2023
Taman Kota Jembal	Kota Bharu	1-sty Bungalow	34	From RM426,500	2023
Taman Kemunin Huwainaa	Pengkalan Chepa	2-sty Terraced	13	From RM401,000	2023
Taman Sri Ayu	Tanjung Mas	2-sty Terraced	NA	From RM390,000	2023
Bandar Baru Setia Hartamas	Pasir Pekan	1-sty & 2-sty Terraced	2,000	From RM245,000	N/A

still a challenge for the developers in Kelantan to persuade buyers to consider high-rise units for a change against a market that favours landed homes.

Within the review period, new launches were on the low side as the market was still trying to recover after a hard hit by the pandemic. One noted new residential project launched is the D'Anggun Melawi Residence in Bachok by Anggun Armada Holdings Sdn Bhd. Offering a total of 28 units consisting of 1-sty semi-detached and 1-sty detached homes, with prices starting from RM314,000.

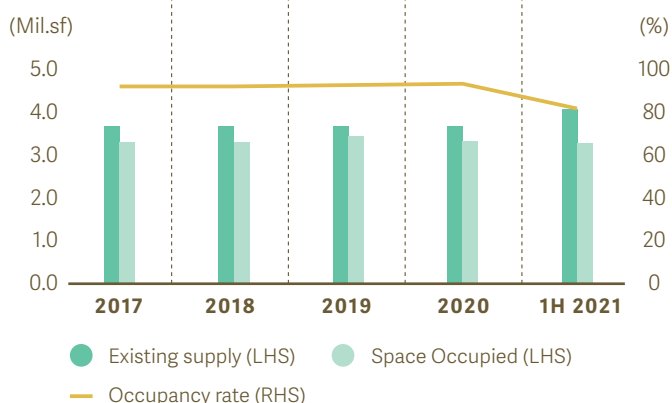
In observing the transacted prices of 2021, landed homes were seen to have positive capital appreciation and in particular, 2-sty detached homes in Telok Bharu, Taman Uda Murni and Mentuan. This price movement further adds weight to Kelantan's strong demand for landed homes as high-rise, on the other hand, relatively maintained in transacted prices for the year.

RETAIL

Of the three states in the East Coast region, Kelantan has the second highest supply of retail space at 4.10 million sf, coming just behind Pahang's 4.61 million sf. But despite seeing growth in supply by 11.5%, equivalent to over 400,000 sf from 1H2020, demand growth was slower hence occupancy rate was negatively affected and had dropped to 80.1%.

Existing Supply & Occupancy Rate of Retail Spaces in Kelantan (2017-1H 2021)

(Source: JPPH)



This comes after a sustaining occupancy performance of 91.4% in the past 5 years, indicating that despite Kelantan having held well at above 90% in the previous years, further addition of new retail mall spaces have disrupted the balance achieved between demand and supply. It may be even more difficult to recover to post-pandemic occupancy performance as physical retail presence and shoppers are still being threatened by the oncoming waves of Covid-19.

A new retail complex that will open its doors to the public is the MYDIN Mall Tunjong in Bandar Baru Tunjong. Set to be the biggest MYDIN mall in Kelantan, this new retail complex will be offering an array of retail brands and services to the locals, adding yet another sizable retail landmark for the state.

PURPOSE-BUILT OFFICE

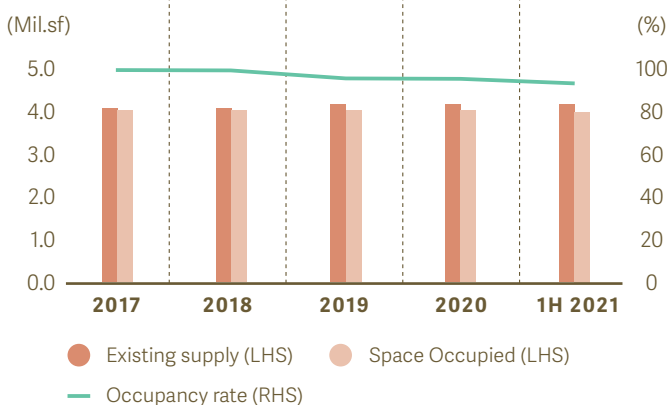
The purpose-built office (PBO) segment of Kelantan's property market maintains its supply at 4.21 million sf and on occupancy rate, albeit a slight drop yet keeping above the 90% mark, at 93.7% as at 1H2021. 70% of the PBO spaces are concentrated in Kota Bharu.

The high occupancy rate is credited to the PBO buildings in Kelantan being 57% government-owned office buildings which are typically 100% occupied and consistently remains so over time, lending a big hand to the stable demand performance for the state in PBO real estate.

No new supply of office spaces are recorded for the state and has been so for the past few years, keeping PBO supply steady at its current level. It is yet to be seen if new working norms and practices post-pandemic would have any impact on the state's demand of PBO spaces.

Existing Supply & Occupancy Rate of Purpose-Built Office in Kelantan (2017-1H 2021)

(Source: JPPH)



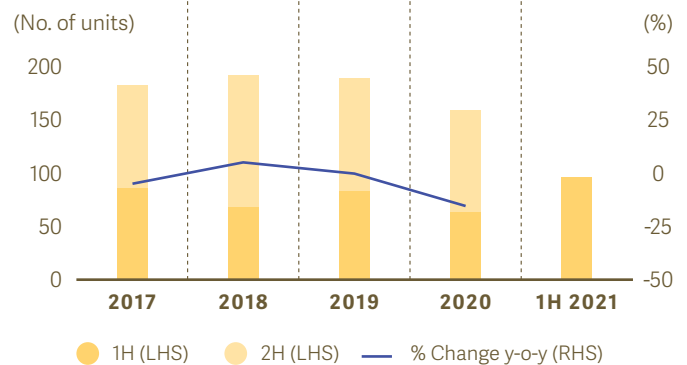
SHOP OFFICE

The shop office market of Kelantan remains on the small side in volume with just 94 units transacted at a value of RM71.4 million though both registering solid growth of 46.9% and 93.6% respectively – even surpassing 1H2019's transaction performance. Past transaction patterns have shown the second half of the year to be pulling in bigger sales volume and should the same apply in 2021, we may see a strong recovery growth in 2021 after 2020's depressing market situation.



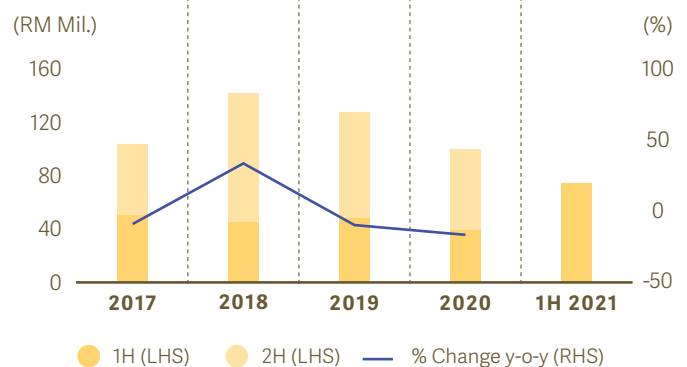
Number of Shop Office Property Transactions in Kelantan (2017-1H 2021)

(Source: JPPH)



Value of Shop Office Property Transactions in Kelantan (2017-1H 2021)

(Source: JPPH)



In supply, Kelantan has 13,341 units of shop offices in stock ranging from pre-war to 6-storey units. By type, 2 and 3-storey units are in the most abundant in supply and aside from Kota Bharu with the largest stock concentration, other areas with prominent shop office presence include Gua Musang, Kuala Krai, Tanah Merah and Tumpat.

There are 1,255 new shop office units currently in the pipeline and the areas expecting most of this new stock are Bachok, Kota Bharu and Kuala Krai.

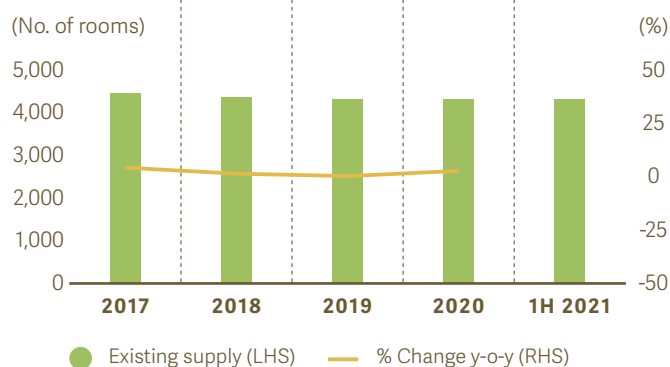
HOTEL

Between the three states of the East Coast region, Kelantan has the lowest number of hotel rooms at 4,360 rooms as at 1H2021 with most hotel establishments being on the lower star-rating scale. Kelantan's tourism scene is predominantly supported by local tourists and while a mixture of international tourists made up the traditional profile for its island resorts, the state would rely more on major catalysts being added to boost the state's tourism pace. Post-MCO recovery was rather immediate following the lifting of interstate borders.

Within the review period, no new openings and completions were noted and incoming supply maintains at 144 hotel rooms currently under construction.

Existing Supply of Hotels in Kelantan

(2017-1H 2021) (Source: JPPH)



INDUSTRIAL

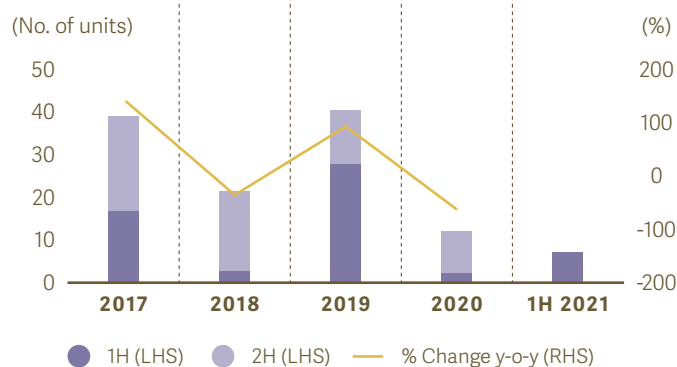
Due to its rather small market scale with yearly transactions going at 40 units and below in the past few years, changes in between have been quite volatile. Both 1H2018 and 1H2020 saw significantly low transaction performances of below 10 units, with the latter due to Covid-19, 1H2021 pulled through strongly with 7 transacted units worth RM8.11 million, though there is still some room to go to having a repeat of 2019's booming performance. While volume had drastically increased, value on the other hand suffered a fall of 47.1% which indicates that the industrial units transacted are going at a lower price for 1H2021.

The supply side of the industrial market remains flattish with just a small growth of 1.2% in stock, coming to 613 industrial units in total. By locality, prominent supply concentration is seen for the areas of Kota Bharu, Gua Musang, Kuala Krai and Tanah Merah. In the pipeline, only 25 new industrial units are currently under construction and almost all will be in Kota Bharu. Nationwide, Kelantan's industrial segment remains on the lower side in capacity in comparison to other states such as Selangor, Johor and Sarawak where large-scale industrial hubs are found.

Listed under the 12th Malaysia Plan (12MP) with an allocation of over RM70 million, Malaysia's first ever Industrial Building System (IBS) industrial park will be developed in Sungai Bagan, Machang on a 200-acre plot that has been donated by the state government. This new industrial landmark will serve as a one-stop reference centre to increase the capacity and capability of industrial buildings, especially on the East Coast region. Completion of the industrial complex is estimated to be within 24 months.

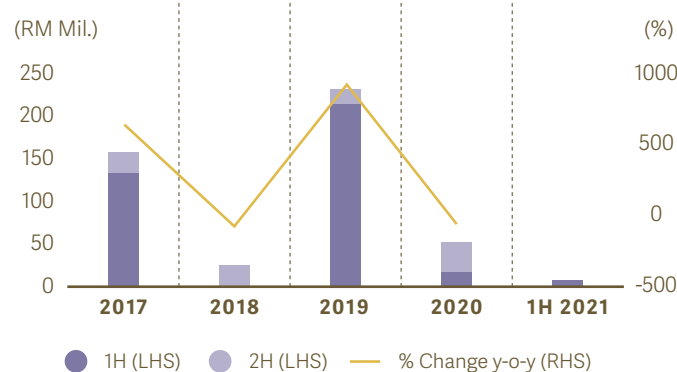
Number of Industrial Property Transactions in Kelantan (2017-1H 2021)

(Source: JPPH)



Value of Industrial Property Transactions in Kelantan (2017-1H 2021)

(Source: JPPH)



Notable Announcements

- Kelantan's section of the upcoming Central Spine Road Highway (CSR) will run for 107km from Kuala Krai to Jambatan Sungai Lakit, Gua Musang, and will connect to Pahang at Kampung Relong. Full completion is scheduled to be in 2026 after some pandemic-due delays.
- The construction of the Palekbang Bridge that connects Tumpat to Kota Bharu is scheduled to begin by end 2021 at an estimated cost of RM300 million.
- Phase 2 of the Laman Warisan Kampung Laut redevelopment that aims to transform Kampung Laut into a thriving tourism and cultural destination will be completed in March 2022.
- As part of the East Coast Railway Line (ECRL), Kelantan will be looking forward to having two stations located within its state, namely Pasir Puteh and Kota Bharu.
- The Sultan Ismail Petra Airport (LTSIP) in Pengakalan Chepa is currently undergoing upgrading and expansion works costing about RM440 million and involves a new terminal building, 2-sty parking space, and new arrival and departure halls. Upon its expected completion in 2024, the airport will be able to cater to an estimated 4 million passengers annually.
- The Kota Bharu-Kuala Krai Highway which is currently under construction is targeted for completion by 2025, spanning a distance of 74km.
- With construction beginning in August 2021 and expected to take up a period of 2 and a half years till completion, the upcoming Kuala Nal-Pasir kelang Bridge crossing over the Sungai Kelantan will be 100m in length at a cost of RM25 million.
- Once abandoned, the incomplete Hospital Bachok has now resumed its construction progress in October 2021 and is expected to complete within 24 months.

TERENGGANU

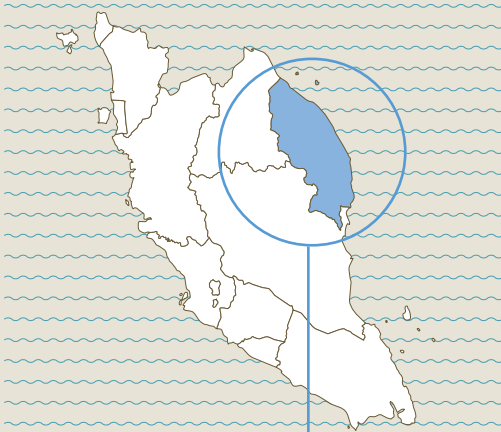
Darul Iman

Capital: Kuala Terengganu

Est. Population: 1,275,100

Area (km²): 13,052

(Source: DOSM)



Terengganu Drawbridge

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	104,978 units	↑	2.2% y-o-y
Transaction Volume	5,678 units	↑	1.8% y-o-y
Transaction Value	RM786.11 mil.	↑	12.8% y-o-y

RETAIL

Supply	2.08 mil. sf	↓	6.6% y-o-y
Occupancy Rate	78.5%	↑	7.5%
Rental	Prime: RM4.00psf – RM32.00psf		

PURPOSE-BUILT OFFICE

Supply	3.88 mil. sf	↓	0.6% y-o-y
Occupancy Rate	96.4%	↑	1.1%
Rental	Prime: RM1.80psf – RM3.90psf		

SHOP OFFICE

Supply	7,797 units	↑	2.5% y-o-y
Transaction Volume	86 units	↔	0.0% y-o-y
Transaction Value	RM52.33 mil.	↓	19.4% y-o-y

HOTEL

Existing Supply	10,718 rooms	↔	0.0% y-o-y
Incoming Supply	767 rooms		

INDUSTRIAL

Supply	866 units	↔	0.0% y-o-y
Transaction Volume	8 units	↓	46.7% y-o-y
Transaction Value	RM8.39 mil.	↓	65.0% y-o-y

RESIDENTIAL

The residential transaction market of Terengganu saw a slight improvement in volume of transaction following 1H2020's most challenging period at 1.8% though value improved at a higher 12.8%, coming to 5,678 transacted units worth RM786.11 million.

By price tag, Terengganu's residential transactions are still within the range of below RM400,000 which makes up 96% of the total residential transaction. Of that, 3,314 residential properties transacted were priced below RM100,000 and mainly comprised of vacant plots.

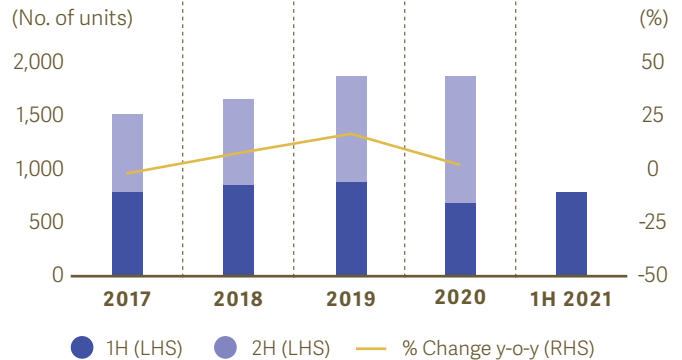
On the supply side, Terengganu's residential stock stands at 104,978 units as at 1H2021 after a small increase of 2.2% y-o-y. By type, detached units come on top with the biggest supply contribution of 31%, followed by terraced units at 27%. High-rise units remain a minority with just 1% supply share and only a small stock of 132 serviced apartments at the moment.

In the pipeline, Terengganu will be expecting the completion of 18,526 new units that are currently under construction and, just as with the transaction trend, most are of the landed homes. No new serviced apartment units were recorded. The top three areas expecting these incoming units are Kuala Nerus, Kuala Terengganu and Kemaman.

Number of Residential Property Transactions in

Terengganu (2017-1H 2021)

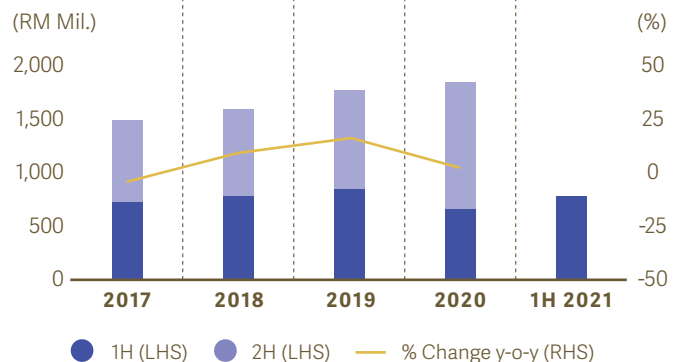
(Source: JPPH)



Value of Residential Property Transactions in

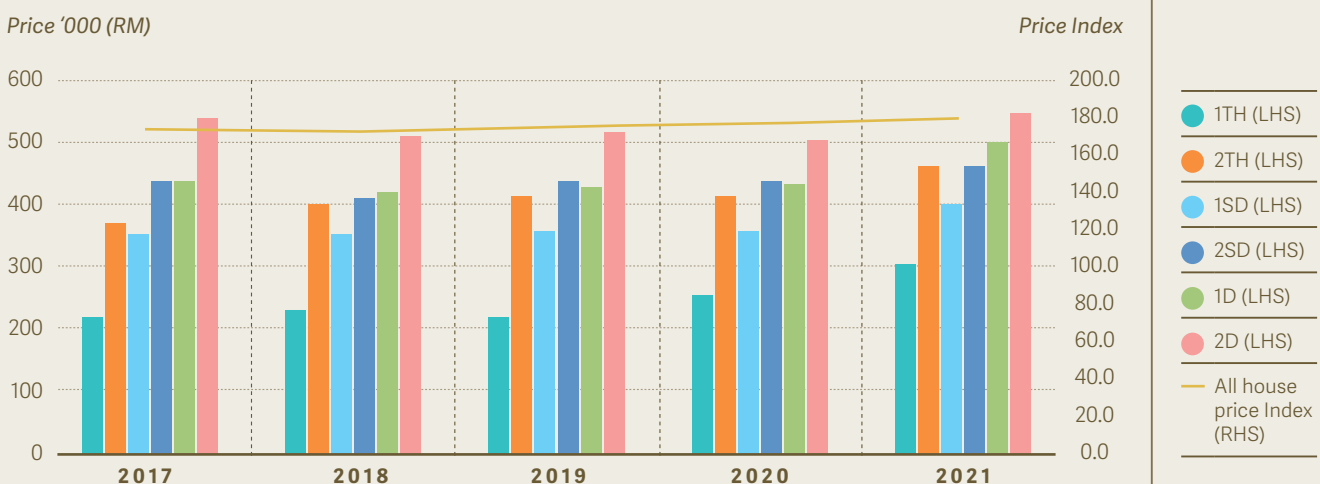
Terengganu (2017-1H 2021)

(Source: JPPH)



Kuala Terengganu Residential Property Price Trend & House Price Index (2017-2021)

(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 Serai Impian	Dungun	1-sty Terraced	29	From RM230,000	2022
Taman Desa Buchu Utama	Batu Rakit, Kuala Nerus	1-sty Terraced	23	From RM220,000	2022
Taman D'Jaya	Jerteh	2-sty Terraced	20	From RM299,000	2022
Taman Desa Mariam	Besut	1-sty Semi-Detached	12	From RM289,000	2022
Kg Padang Mengkuang	Marang	1-sty Terraced	26	From RM245,000	2022
Kuala Terengganu Golf Resorts	Kuala Terengganu	2-sty Bungalow	13	From RM727,000	2023
Taman S'Kepas Putera	Jerteh	1-sty Bungalow	40	From RM383,000	2023
Taman Nusa Idaman	Kuala Ping	1-sty Terraced	118	From RM188,500	2023
Taman Sabadin	Bandar Permaisuri	1-sty Bungalow	22	From RM238,000	2023

Overhang stock in Terengganu is at a moderate 545 units worth RM209.53 million as at 1H2021. 96% of that are priced between RM200,001 to RM500,000 and are mostly landed homes although it is to note that there are 101 overhang units of serviced apartments for the state as well.

In effort to drive the state's economic recovery for the construction sector, the state government has awarded Ireka Development (Terengganu) Sdn Bhd (IDTSB) to be the developer of affordable and mixed housing developments in both Bandar Kerteh Jaya (200 acres) and Kampung Semayor (11.55 acres). A bulk of the development will be focusing on affordable housing with 90% of the units being built to be priced at below RM300,000. Overall construction period is estimated to take up to 6 years and broken into 4 phases.

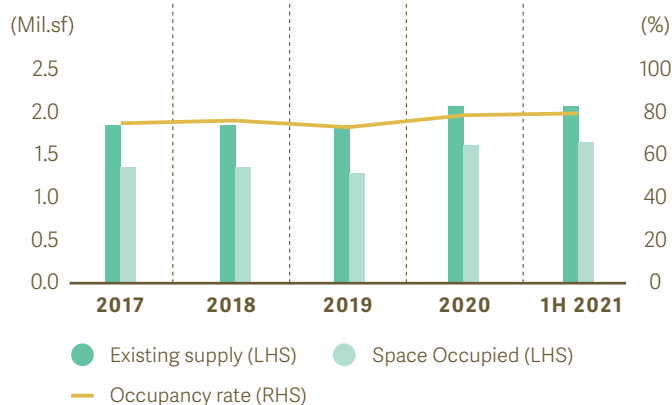
Another developer looking to contribute to the affordable homes segment is Syarikat Perumahan Negara Bhd (SPNB) who has identified a land in Kampung Tok Jembal, Kuala Nerus as the site for their upcoming "Kediaman SPNB" project – this being one out of three in the overall plan, the other two are in Kuala Lumpur and Sabah. Keeping to the affordable range, these new apartment units will be sold at below RM300,000.

RETAIL

The retail sector in Terengganu stands at 2.08 million sf as of 1H2021 with an overall occupancy rate of 78.5% - an improvement from 1H2020. KTCC Mall which opened in early 2020 is operating at full tenancy since then.

Existing Supply & Occupancy Rate of Retail Spaces in Terengganu (2017-1H 2021)

(Source: JPPH)





Pulau Redang

No new injection of retail complex space were recorded within the review period though 1.36 million sf are currently in the pipeline. The two areas expecting these new spaces are Kuala Terengganu and Besut.

Previously reported to reach completion in 2021, the upcoming Mayang Mall by Pelaburan Hartanah Bhd (PHB) is now looking at its completion in the third quarter of 2022. Located within the city of Kuala Terengganu, the new mall is constructed in two phases with Phase 1 consisting a 15-sty serviced apartment block and a 6-sty shopping mall boasting a net lettable area of approximately 715,000 sf. SOGO KL has been chosen as the anchor tenant for Mayang Mall.

PURPOSE-BUILT OFFICE

The purpose-built office (PBO) segment of Terengganu's property market is at 3.88 million sf in stock across the state with 78% of the office space concentrated in Kuala Terengganu alone. Occupancy rate maintains strong at 96.4% despite having endured a prolonged pandemic period but this is due to the nature of Terengganu's PBO buildings where almost 70% of them are government-owned buildings. As government-owned buildings are typically close to or fully occupied consistently, this lends a big hand to keeping Terengganu's demand level for PBO spaces steady for the past years.

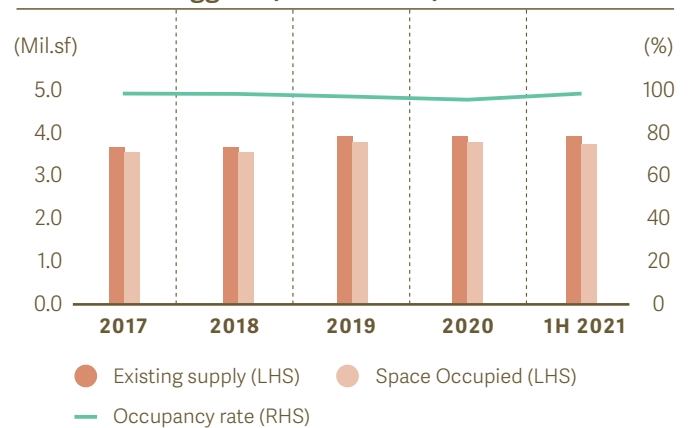
In the pipeline, only one new PBO building is recorded which is the government-owned Menara MBKT in Kuala Terengganu town with an expected size of 686,382 sf. Though there has been a debate on changing the name to Menara Darul Iman, the state government has decided on keeping to the original Menara MBKT on costing reasons. Initially expected to finish in 2020, construction works were still observed at the time of writing. Going at a height of 31-storeys tall, the upcoming Menara MBKT is set to be the tallest building in Terengganu upon its completion.

Kuala Nerus is also anticipating its own administrative centre that is currently still under construction with Phase 1 and Phase 3 involving road and infrastructure works. Phase 2 will include the construction of an administrative complex comprising of a District Office building, a Dewan Perdana, the Bangunan Gunasama, a mosque and a promenade. Acting as the district's main town area, the administrative centre has been officiated as Bandar Al-Wathiqu Billah back in 2015.

Existing Supply & Occupancy Rate of Purpose-Built

Office in Terengganu (2017-1H 2021)

(Source: JPPH)



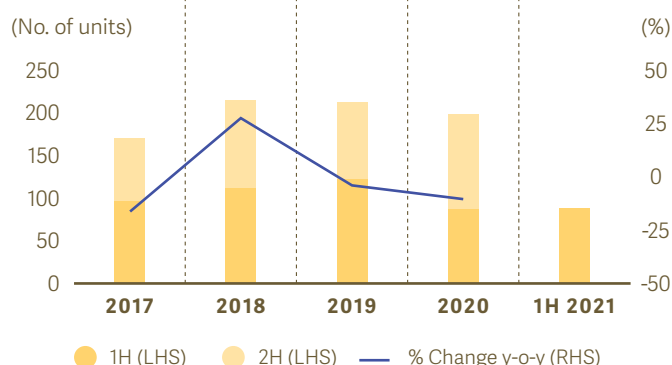
SHOP OFFICE

1H2021 saw Terengganu's shop office market maintaining at 86 transacted units worth RM52.33 million from 1H2020, though value had experienced a drop of 19.4%. As a market that is relatively small in transaction volume, Terengganu had shown marked improvement in market activity for 2018 and 2019 but the pandemic had brought it down since 2020. There is still hope for bigger improvements in the second half of 2021 but it has yet to be seen if Terengganu's shop office market will resume its upward pace as new supply are coming into the pipeline regardless.

The shop office stock for the state for types ranging from pre-war to 6-sty units is at 7,797 for the review period. By locality, Dungun, Kemaman and Kuala Terengganu holds the highest concentration in supply and of the total stock, 71% are 2-sty and 3-sty shop office units. As at 1H2021, there are a total of 934 new units in the pipeline with most concentrated in Hulu Terengganu and Kemaman.

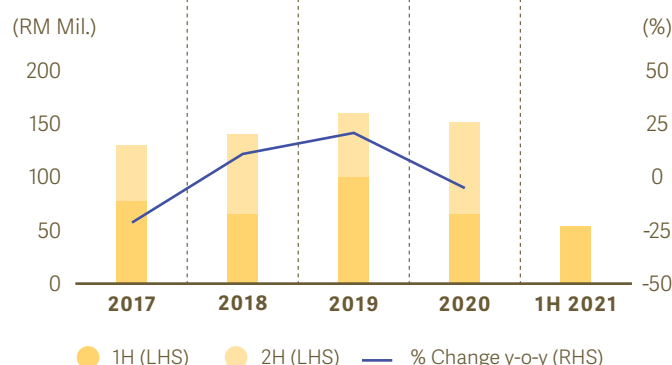
Number of Shop Office Property Transactions in Terengganu (2017-1H 2021)

(Source: JPPH)



Value of Shop Office Property Transactions in Terengganu (2017-1H 2021)

(Source: JPPH)



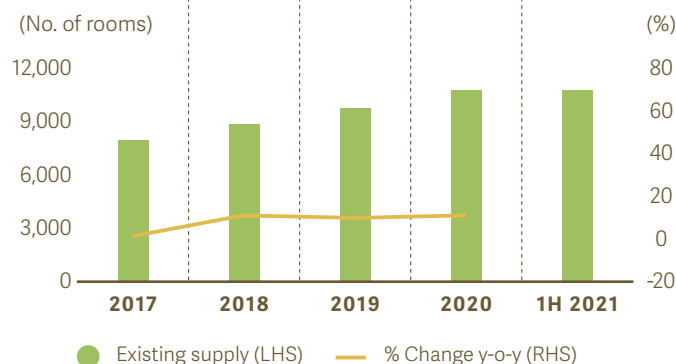
HOTEL

The hotel sector of Terengganu saw no changes to its hotel room supply, maintaining at 10,718 hotel rooms across the state and making up 241 hotel establishments of various star-ratings. Of this stock, 33 establishments are rated 3-stars and some of the luxury hotels and resorts found in Terengganu include Tanjong Jara Resort in Dungun, the Taara Beach & Spa Resort on Redang Island and the BuBu Long Beach resort on Pulau Perhentian Kecil.

A new 3-star hotel will be seeing its completion in 2022 as construction progress has reached more than 90% as at December 2021. Located on Pulau Poh in Tasik Kenyir, this upcoming hotel establishment is set to revive the tourism scene of Tasik Kenyir. Standing at 8 storeys high, it will offer a total of 150 rooms and Terengganu Incorporated Sdn Bhd

Existing Supply of Hotels in Terengganu (2017-1H 2021)

(Source: JPPH)



“Targeting 1.5 million tourist arrivals by end December 2021, the state’s Tourism Culture and Digital Technology Committee are optimistic on Terengganu’s tourism revival”

(Terengganu Inc.), as the developer, will be looking for a hotel operator to manage the new establishment in the first quarter of 2022. Terengganu Inc. is also hoping to have the future hotel operator manage the Kenyir Waterpark, previously closed due to renovation works, that will be reopened by mid-2022.

As part of the reopening efforts for the revival of the tourism sector, Terengganu officially opened its borders for fully vaccinated local tourists beginning 1st September 2021 with activities such as snorkelling and diving allowed to resume – a popular recreational activity for Terengganu thanks to its popular islands and beaches.

Targeting 1.5 million tourist arrivals by end December 2021, the state’s Tourism Culture and Digital Technology Committee are optimistic on Terengganu’s tourism revival after the hard-hitting pandemic period. Encouraging bookings were received by tourists and hotel operators due to pent-up demand from local tourists after being confined for more than a year.

INDUSTRIAL

Contrary to other states who saw a recovery in 1H2021, Terengganu's industrial sector fell by 46.7% in volume and 65.0% in value to 8 transacted units worth RM8.39 million. This coming after an increase was seen in 1H2020 despite pandemic conditions and so it may be interpreted as the pandemic impact only being felt in 2021. It should be noted that the large percentage change is due to the low base effect.

Supply has maintained at 866 industrial units with a small stock of 76 new units in the pipeline for the areas of Kemaman and Kuala Nerus.

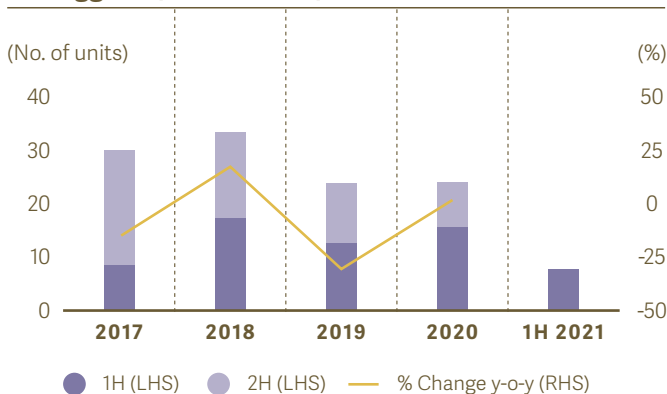
After the completion of Kerteh Biopolymer Park's (KBP) Phase 3 construction, it is now currently undergoing expansion works for Phase 3B and Phase 4. 50-acres of land in KBP has been leased over to Greenverse Sdn Bhd (GVSB) from Lembaga Tabung Amanah Warisan Negeri Terengganu (LTAWNT) to develop an integrated scheduled waste management plant – further boosting Terengganu's Oil, Gas & Petrochemical sector with the plant targeted to be in operation by January 2025.

LBS Bina Group Bhd's subsidiary, MGB Bhd has signed a turnkey construction agreement with Retro Court Sdn Bhd to jointly develop an industrial land sizing at about 1,000 acres in Kertih. This is part of the Kertih Biopolymer Park which will be Asia's largest second-generation bio-refinery complex with a GDV of RM680 million.

Number of Industrial Property Transactions in

Terengganu (2017-1H 2021)

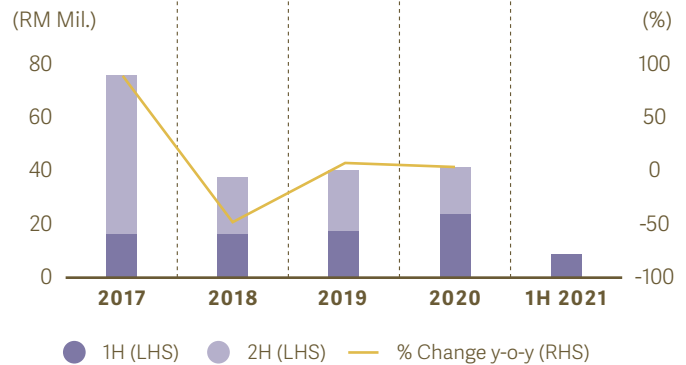
(Source: JPPH)



Value of Industrial Property Transactions in

Terengganu (2017-1H 2021)

(Source: JPPH)



Notable Announcements

- The 871m tunnel in Dungun, Terengganu which is part of the East Coast Railway Line (ECRL) achieved a successful breakthrough 6 months ahead of schedule. Overall infrastructure works for the tunnel is expected for completion by 2Q 2022.
- As part of the East Coast Railway Line (ECRL), Terengganu will be looking forward to having six stations located within its state, namely Chukai, Kemasik, Dungun, Kuala Terengganu, Bandar Permaisuri and Jerteh, with a possible 7th being Pengkalan Berangan.
- Two new hospitals are expected to begin operation in 2022, namely the 200-bed capacity Hospital Pengajar Universiti Sultan Zainal Abidin (UniSZA) in Kuala Nerus and the 110-bed capacity Hospital Dungun.

PAHANG

Darul Makmur

Capital: Kuantan

Est. Population: 1,684,600

Area (km²): 35,965

(Source: DOSM)



Cherating Beach, Pahang

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	291,534 units	↑	2.5% y-o-y
Transaction Volume	5,080 units	↑	26.1% y-o-y
Transaction Value	RM1,192.25 mil.	↑	38.7% y-o-y

RETAIL

Supply	4.61 mil. sf	↑	3.2% y-o-y
Occupancy Rate	71.8%	↓	1.6%
Rental	Prime: RM9.00psf – RM40.00psf		

PURPOSE-BUILT OFFICE

Supply	4.53 mil. sf	↔	0.0% y-o-y
Occupancy Rate	88.4%	↓	1.4%
Rental	Prime: RM1.90psf – RM3.40psf		

SHOP OFFICE

Supply	24,494 units	↑	0.6% y-o-y
Transaction Volume	244 units	↑	33.3% y-o-y
Transaction Value	RM171.93 mil.	↑	10.4% y-o-y

HOTEL

Existing Supply	25,375 rooms	↔	0.0% y-o-y
Incoming Supply	222 rooms		

INDUSTRIAL

Supply	3,578 units	↔	0.0% y-o-y
Transaction Volume	72 units	↑	26.3% y-o-y
Transaction Value	RM48.76 mil.	↓	9.2% y-o-y

RESIDENTIAL

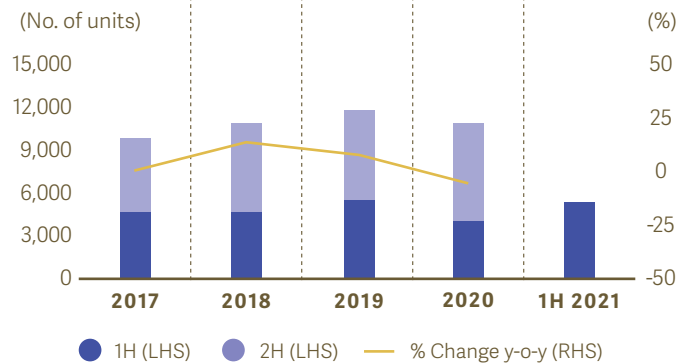
Following the difficult year of 2020 as the country was caught by surprise, Pahang's residential sector has shown encouraging positive growth (after 1H2020's fall), registering an increase of 26.1% and 38.7% in volume and value respectively to 5,080 transacted units worth RM1.19 billion. Though still slightly behind 2019's half year performance, there is better potential of upward movement from here on out, yet there is still the lingering risk of recurring movement restrictions should the latest Covid-19 variant proves to be too dangerous for the local community.

Affordable price tags continue to dominate buyers' preference, more so with the pandemic having tightened most wallets, as evidenced by the largely 77% of residential transactions to be below RM300,000. Landed homes also continue to hold its popularity in preferred house type and high-rise developments having yet to gain enough traction state wide, though city and highland resort areas have seen the start of the shift.

As construction activities were much affected by the recurrence of lockdown periods in 2020 and 2021, growth in supply are at a minimal with just 2.5% in 1H2021, bringing the state's residential stock to 291,534 units excluding 6,398 serviced apartment units. No SOHO stock have yet to be recorded thus far but 48 units are listed under the incoming supply category, signalling the first entry of SOHO units into Pahang's property market, specifically in Cameron Highlands. These high-rise dwellings (including serviced

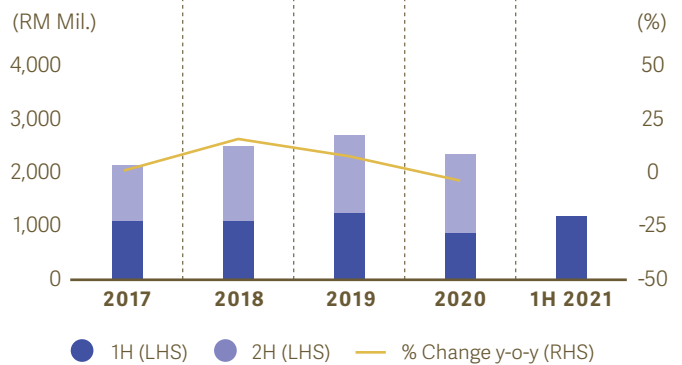
Number of Residential Property Transactions in Pahang (2017-1H 2021)

(Source: JPPH)



Value of Residential Property Transactions in Pahang (2017-1H 2021)

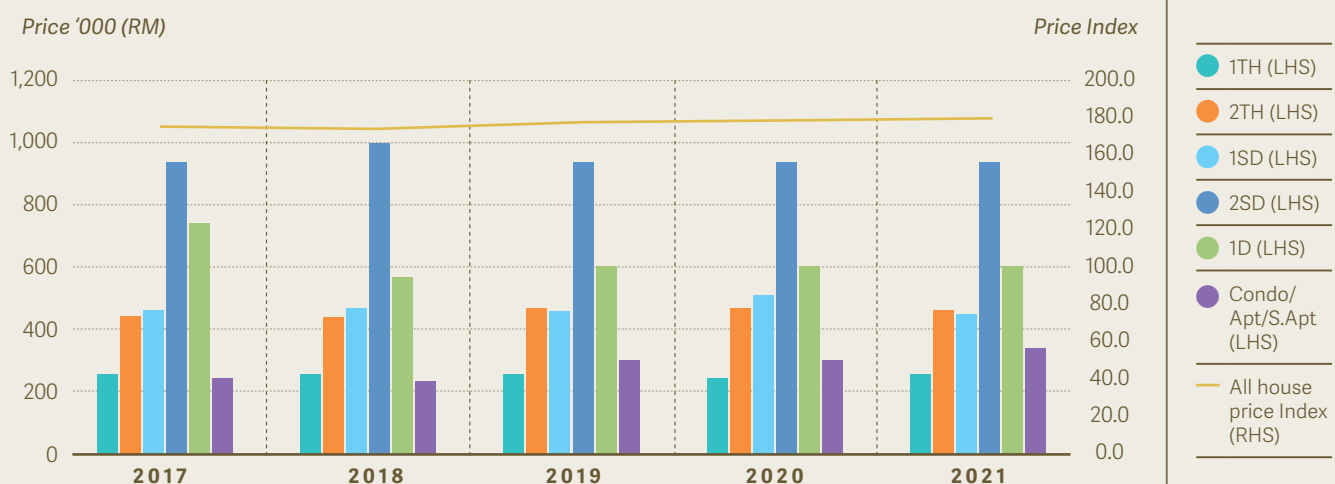
(Source: JPPH)



apartments) are mostly found in the district of Bentong, Cameron Highlands and Kuantan. 16,377 dwelling units are in the pipeline.

Kuantan Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
SpringVale2	KotaSAS	1½-sty Terraced	133	From RM450,000	2022
Priya Scheme Kuantan	Penor	1-sty Terraced	978	From RM163,880	2022
		1-sty Semi-Detached	146	From RM200,000	
Bandar Kuantan Putri	Kuantan	1-sty Terraced	25	From RM232,000	2022
Kempadang Bay	Tanjung Lumpur	1-sty Terraced	85	From RM222,000	2022
Serene Residence	KotaSAS	2-sty Terraced	85	From RM582,222	2023
Majestic Homes	KotaSAS	1½-sty Semi-Detached	44	From RM800,000	2023
Central Residence	KotaSAS	1½-sty Terraced	84	From RM508,888	2023
Grand Icon Majestic	Genting Highlands	Serviced Apartment	1,885	From RM480,000	2023
Impiana Residences Cherating	Cherating	Serviced Residence	257	From RM475,000	2023
Baluk Baru (Ph 3)	Baluk	1-sty Terraced	122	From RM245,000	2023
Geo Antharas	Genting Highlands	Serviced Residence	476	From RM520,300	2024

Pahang's overhang situation is at a moderate level with 1H2021 having 1,443 overhang units worth RM605.78 million. 53% of this unsold stock are priced between RM300,001 to RM500,000 and 2 to 3-storey terraced homes and condominium/apartment units being the top two by type. This indicates a combination of mismatch in product preference and the price tag that is on the higher end of the affordable spectrum.

As part of Tropicana Corp Bhd's latest product, the upcoming Tropicana Grandhill in Genting Highlands is one of the two resort-themed products under the Tropicana Journey Collection product line with the other being Tropicana Cenang in Langkawi. Sitting on a 112-acre site and is part of the larger master development called Tropicana WindCity, Tropicana Grandhill will be the developer's first township foray in Genting Highlands and to be developed in three phases. Phase 1 will feature the TwinPines Serviced Suites, an international school, retail facilities and a wellness hub. Offering a total of 1,443 serviced apartment units within two towers, the unit built-up ranges from 379 sf to 1,330 sf and, at its estimated completion in May 2026, will be priced from RM397,000. Two other developments making up Tropicana WindCity are Tropicana Paradise and Tropicana Avalon of which both are still in the planning stages.

Following the completion of Kuantan Waterfront Resort City's (KWRC) Phase 1 construction, Bina Puri Holdings Bhd is now looking to launch Phase 1B of the integrated development which comprises of one serviced apartment tower and 17 units of 2-storey sea-facing shoplots that will be retained by the developer. A total of 456 serviced apartment units will be on offer in Phase 1B, adding on to the already completed serviced apartment developments in Phase 1, Imperium Residence and Swiss-Belhotel Kuantan.

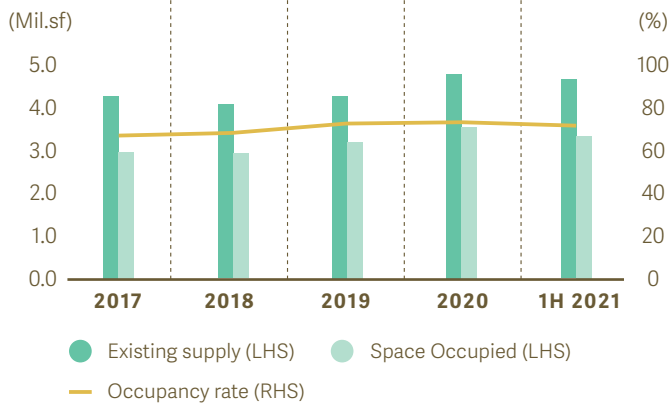
RETAIL

Tenancy levels in retail complexes for the state of Pahang has been stable in the past 5 years. As at 1H2021, total existing space stands at 4.61 million sf with occupancy rate falling slightly by 1.6% to 71.8%. This tenancy performance leaves 1.30 million sf of vacant space in the market.

In adding to the already sizable vacant retail stock is another 227,129 sf of new space currently in the pipeline – making up 3 new retail complexes located in Kuantan, Raub and Cameron Highlands. Though interstate borders have reopened and movement resumed thanks to the successful vaccination rates, commercial spaces still face the challenge

Existing Supply & Occupancy Rate of Retail Spaces in Pahang (2017-1H 2021)

(Source: JPPH)



of a highly competitive market condition coupled with the e-commerce segment having gained much more traction as the new way to shop post-pandemic.

KIP Group of Companies has entered into a partnership with Lotus's Stores (Malaysia) Sdn Bhd in opening a new Lotus's store in Bandar Indera Mahkota, Kuantan. Aside from having Lotus's as its anchor tenant, the 1-sty mall will also have 1 mini anchor tenant, 22 retail and F&B shops, 23 promo counters and 1 food court. Operations of the new mall is expected to commence in June 2022.

8th January 2021 saw the official opening of the state's second Mydin Mall located in Bandar Tun Razak. Dubbed as Mydin Mall Jengka, the new retail complex is sized at 289,161 sf of net lettable area (NLA) and offers a variety of retail and F&B options for visitors to choose from aside from the Mydin store itself. Mydin Mall Jengka is Pahang's third Mydin store establishment, the other two being in Kuantan and Pekan which have smaller NLA and not a retail complex of its own.

PURPOSE-BUILT OFFICE

Pahang's PBO market in 1H2021 has held up relatively well following 2020's extra challenging year and Covid-19 still plaguing the market in 2021, keeping to the relatively high 88.4% after a small drop of 1.4% y-o-y. At this tenancy level, there is a total 524,633sf of vacant office space left in the market.

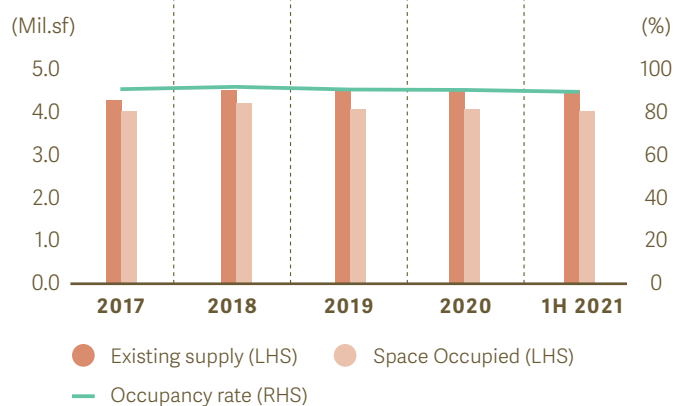
PBO buildings in Pahang are mostly government-owned with 83 buildings out of the total 154 buildings state wide. This has helped keep occupancy rates healthy as government-owned buildings tend to remain close to, if not consistently fully occupied.

Another 391,537sf of new office space is in the pipeline and currently under construction, leaving the PBO market some space to regain an even better equilibrium between supply and demand.

Set to be an iconic architectural structure in Kota SAS, Kuantan, the Sultan Ahmad Shah Administration Centre (PPSAS) which is still under construction, will comprise of a 4-sty Dewan Undangan Negeri, a 7-sty Menteri Besar and State Secretary Office, a 7-sty State Building Office and a 7-sty Federal Building Office.

Existing Supply & Occupancy Rate of Purpose-Built Office in Pahang (2017-1H 2021)

(Source: JPPH)

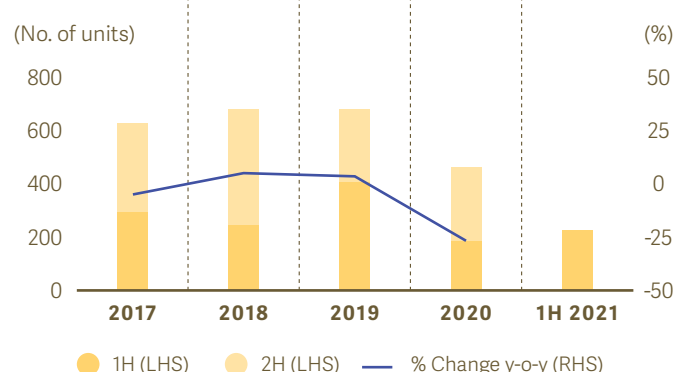


SHOP OFFICE

At a market supply size of 24,494 shop office units, ranging from pre-war to 6-storey high units, Pahang saw barely any growth to its stock, yet 1,313 new units are in the pipeline and under construction. Completion expectations have been affected by the recurring movement restriction orders in the past 2 years. Districts having more than 100 new units in the pipeline are Bera, Jerantut, Kuantan, Maran, Raub and Temerloh.

Number of Shop Office Property Transactions in Pahang (2017-1H 2021)

(Source: JPPH)



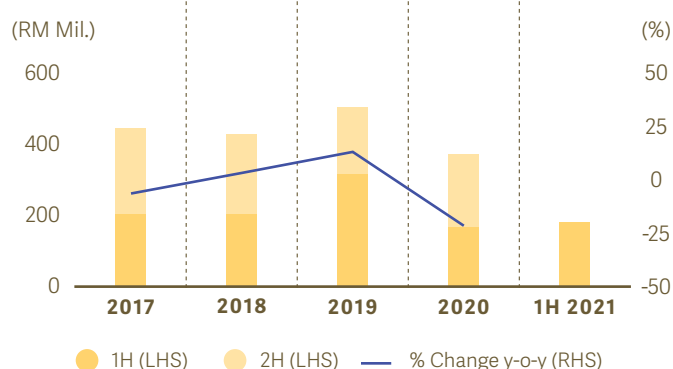
Selected Newly Completed Shop Offices in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price
MH Tanjung Lumpur (Ph 3)	Kuantan	2-sty Shop Offices	15	From RM588,000
Taman MH Kg Padang	Kuantan	2-sty Shop Offices	12	From RM600,000
Cameron Centrum Precinct 1	Cameron Highland	2, 4 & 5-sty Shop Offices	58	From RM290,000
Taman Armani	Kuantan	2-sty Shop Offices	7	From RM418,000

Value of Shop Office Property Transactions in Pahang (2017-1H 2021)

(Source: JPPH)



On the demand side, transaction activities have improved from the previous period though not as much as some other states. 1H2021 registered a growth of 33.3% in volume and 10.4% in value to 244 transacted units worth RM171.93 million. There is still room for recovery to bring the market back up to pre-Covid-19 levels and hopefully onwards to the upward cycle of the property market.

HOTEL

As at 1H2021, the hotel sector in Pahang saw no changes to its existing hotel room supply, maintaining at 25,375 hotel rooms state wide with 222 new rooms in the pipeline.

Being a popular local weekend getaway destination, both Cameron Highlands and Genting Highlands saw an influx of visitors when interstate borders were reopened after MCO 3.0.

Cameron Highlands will be welcoming a new recreational attraction, Escape Cameron Highlands. This upcoming nature-based adventure theme park developed by Sim Leisure Group is designed to be a 'zero-energy facility' and will be relying fully on renewable energy.

The first phase of the theme park spanning over a 60-acre valley is scheduled for completion within the first half of 2023. While it will be the first European-themed park offering an outdoor ski attraction within an equatorial climate, Escape Cameron Highlands is the third Escape brand theme park in Malaysia after Escape Penang, and Escape Challenge in Petaling Jaya, Selangor.

May 2021 also saw the soft opening of Zenith Cameron, the third hotel establishment by Zenith Hotels & Resorts; with the other two being Zenith Kuantan and Zenith Putrajaya. Situated on a 3.43-acre land in Cameron Highlands, the eco-conscious hotel comprises of 175 guestrooms including 22 suites and stands at 9 storeys tall.

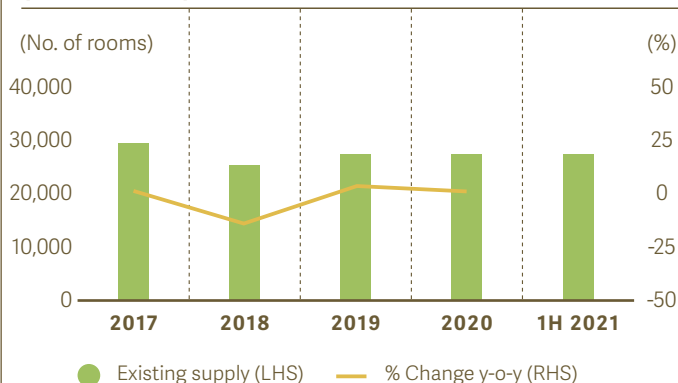
Pahang's other popular highland holiday destination Genting Highlands also saw the soft opening of a new hotel, Scapes Hotel @ Midhills by LBS Bina Group, in February 2021. At 10 storeys high, the first flagship hotel under LBS Bina Group offers 176 guestrooms and is within close distance to top tourist attractions in Genting Highlands.

After delays, the highly anticipated Genting Skyworld theme park has finally opened its doors to the public on 10th December 2021. With a total of 9 uniquely-themed worlds within the 26-acre theme park, Genting SkyWorlds is slated to be a top-choice holiday destination. As of December, not all sections of the theme park has fully opened.

Existing Supply of Hotels in Pahang

(2017-1H 2021)

(Source: JPPH)



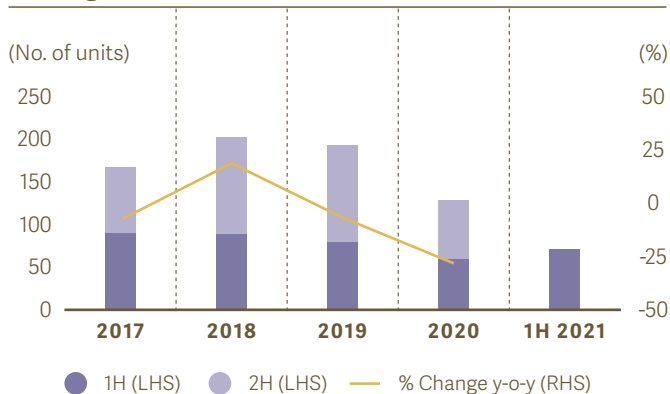
Impiana Hotel Bhd has commenced the development of its upcoming Impiana Resort & Residences in Cherating, Kuantan. Covering a beach front land area of 30 acres, Impiana Cherating will be developed in three phases and is expected to be completed by 2023. Strong interest was expressed for Phase 1 as the entire 144 units and 8 villas were taken up by two buyers. For the development of Phase 2 and 3, Impiana Hotel will be joining hands with Artha Global Sdn Bhd.

INDUSTRIAL

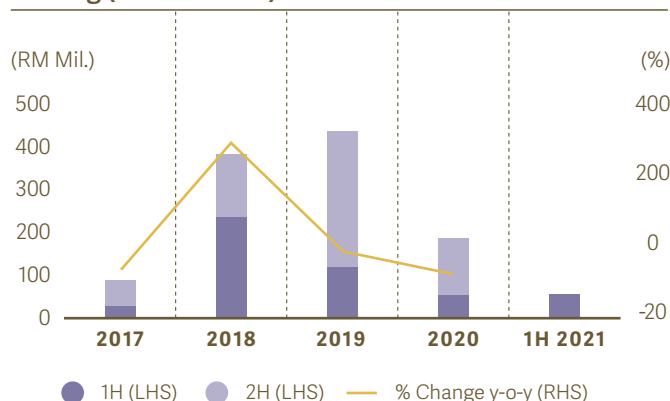
As at 1H2021, Pahang saw some improvement to its industrial market with a growth of 26.3% in volume but a fall of 9.2% in value to 72 transacted units worth RM48.76 million. This indicates that the industrial properties purchased though increased in number, have slightly reduced in price on average.

Of the transacted industrial properties, 50% were vacant plots whereas 23.6% were terraced factories/warehouses.

Number of Industrial Property Transactions in Pahang (2017-1H 2021) (Source: JPPH)



Value of Industrial Property Transactions in Pahang (2017-1H 2021) (Source: JPPH)



The existing supply of industrial units saw no changes between the review periods, with areas having notable presence of industrial property stock in Bentong, Jerantut, Lipis, Rompin and Temerloh aside from Kuantan. There are 106 new industrial units currently in the pipeline which are mostly located in Bentong, Kuantan and Rompin.

Notable Announcements

- The Pahang section of the East Coast Railway Line (ECRL) will have seven stations namely Bentong, Temerloh, Maran, Paya Besar, KotaSAS, Kuantan Port City and Cherating.
- As one out of the two states involved in the Central Spine Road (CSR) Highway, the Pahang stretch will have roads passing through Kampung Relong, Raub, Bentong and ends at Simpang Pelangai, with a total distance of 240km.
- A 2.3km bridge crossing over Sungai Pahang in Temerloh is one of the unique features of the ECRL section running from Paya Besar to Lanchang. Construction began in March 2021 and is scheduled for completion in December 2023.
- The Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah has officiated the opening of Kuantan's new landmark Menara Kuantan 188, which is aimed to enhance the Kuantan waterfront as a tourist destination.
- The new Jambatan Putra, a 451m long bridge connecting Tanjung Lumpur to Kuantan city will help reduce congestion for daily commuters.
- One of the high-impact mega projects currently in the planning is the development of an Aerospace City in Gebeng which will see an overall construction period between 2022 to 2026. The existing Sultan Haji Ahmad Shah Airport will be moved to this new location as well as the construction of a modern international airport.
- On 21st February 2021, Kuantan was officially proclaimed as a city.
- WZ Satu Bhd has signed a joint development agreement with PRIMA Corp to develop 763 affordable homes under the Phase 2 of PRIMA D'Marina Residency in Kuantan.

EAST MALAYSIA

Region

Sarawak

Sabah





SARAWAK

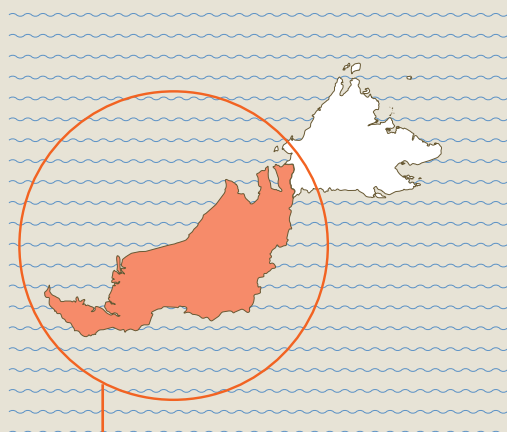
Bumi Kenyalang

Capital: Kuching

Est. Population: 2,822,200

Area (km²): 124,450

(Source: DOSM)



Bako National Park

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	277,048 units	↑ 3.8% y-o-y
Transaction Volume	4,843 units	↑ 49.4% y-o-y
Transaction Value	RM1,562.52 mil.	↑ 62.9% y-o-y

RETAIL

Supply	11.23 mil. sf	↑ 4.0% y-o-y
Occupancy Rate	74.7%	↓ 3.3%
Rental	Prime: RM2.70psf – RM23.00psf	

PURPOSE-BUILT OFFICE

Supply	8.81 mil. sf	↑ 10.9% y-o-y
Occupancy Rate	90.7%	↑ 0.3%
Rental	Prime: RM1.30psf – RM4.00psf	

SHOP OFFICE

Supply	33,062 units	↑ 1.9% y-o-y
Transaction Volume	758 units	↑ 58.6% y-o-y
Transaction Value	RM404.60 mil.	↑ 57.5% y-o-y

HOTEL

Existing Supply	19,954 rooms	↔ 0.0% y-o-y
Incoming Supply	318 rooms	

INDUSTRIAL

Supply	7,374 units	↑ 3.2% y-o-y
Transaction Volume	213 units	↑ 2.9% y-o-y
Transaction Value	RM206.25 mil.	↑ 31.3% y-o-y

RESIDENTIAL

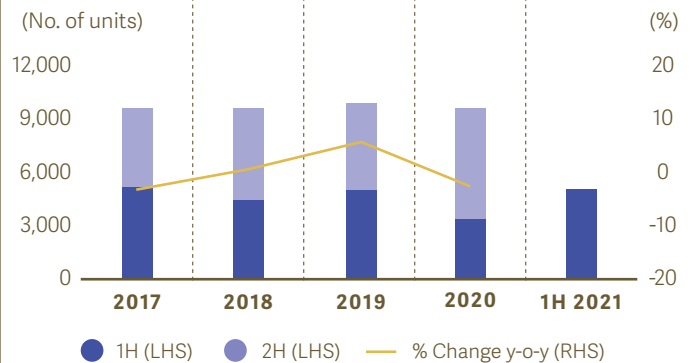
Similar to its other half of the East Coast region, Sarawak has also seen much positive growth for 1H2021 in transaction activity for the residential sector – registering 49.4% and 62.9% in volume and value respectively to 4,843 transacted units worth RM1.56 billion. Though falling just slightly behind 1H2019's transaction performance (4,963 units worth RM1.38 billion), there is potential for the market to maintain its recovery pace though the ongoing presence of Covid-19, still holds a risk to another possible market set back in the event of yet another Movement Control Order.

Preference of demand remains strongly in housing properties priced below RM500,000 as evidenced by the overwhelming 87% transaction of units priced at such. By type, landed homes maintain its popularity for the local buyers as high-rise units make up a smaller portion of the market volume scale, though interest is gradually shifting as more new high-rise units are making its way into the market.

Despite the pandemic having brought fear of demand to be reduced significantly due to job losses and business closure risk, the immediate response of bottled-up demand released once movement restrictions were lifted proves that demand has remained in the market.

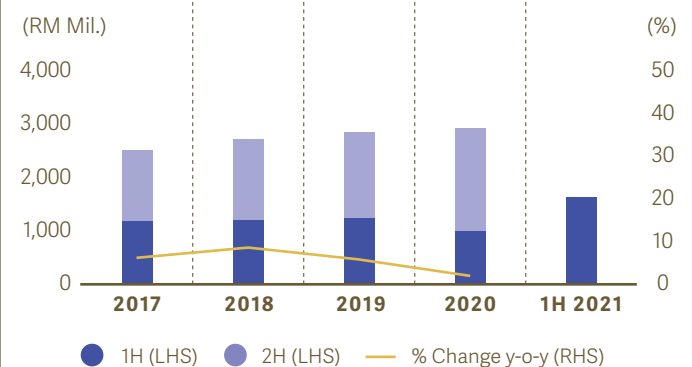
Number of Residential Property Transactions in Sarawak (2017-1H 2021)

(Source: JPPH)



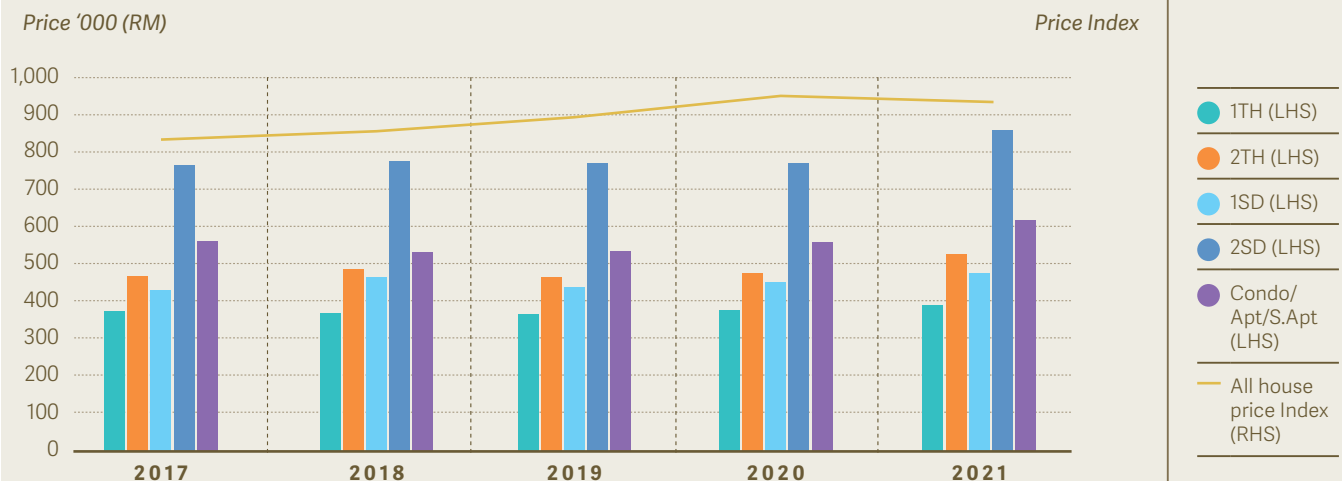
Value of Residential Property Transactions in Sarawak (2017-1H 2021)

(Source: JPPH)



Kuching Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Sarawak

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Landeh Heights 2	Kuching	2-sty Terraced	57	From RM458,000	2022
Urban Residences	Kuching	Condominium	132	From RM878,000	2022
Armada Residence	Kuching	Serviced Apartment	141	From RM590,000	2022
GEM Suites	Kuching	SOHO	198	From RM444,000	2022
Alyvia Residence @ NorthBank	Kuching	3-sty Townhouse	102	From RM625,000	2022
Exodus Moyan	Kuching	2-sty Terraced	46	From RM488,000	2022
Uni Central (Phase 15)	Kota Samarahan	2-sty Terraced	109	From RM570,000	2022
Doncaster Residence	Kuching	Serviced Residence	216	From RM474,300	2023
Lumos Residence	Kuching	Serviced Apartment	72	From RM715,000	2023
D'Millenia	Kota Samarahan	Condominium	400	From RM260,000	2023
Ava Grove @ Stapok Kuching	Kuching	2-sty Terraced & Semi-Detached	60	From RM638,000	2023
		2-sty Semi-Detached		From RM898,000	
Avona Residence @ Northbank	Kuching	Apartment	298	From RM533,000	2023
The Glen	Kuching	Apartment	628	From RM250,000	2023
Urban Heights	Kuching	2-sty Terraced	66	From RM709,800	2023
Milano Eight	Kuching	Condominium	780	From RM398,000	2024

Sarawak's overhang situation, though having grown incrementally since 2017's 1,358 overhang count, is still at a controllable level as 1H2021 registered 2,315 overhang units worth RM885,71 million including serviced apartment and SOHO types. Of this unsold stock, 55% are solely condominium/apartment units which is considerably high when compared to the combined share of landed homes (terraced & semi-detached) of 33%. It appears that the overhang is most likely due to mismatch in location or type as 75% of the unsold stock are priced below RM500,000.

As at 1H2021, there are a total of 15,560 dwelling units (including serviced apartment and SOHO) in the pipeline and are already under construction. Combining this to the moderate overhang situation, Sarawak will need to maintain its recovery pace in order to be able to absorb these units in the future.

2021 saw several more launches for The NorthBank – a self-sustaining, integrated township by Ibraco Bhd that comprises a mix of residential, education, healthcare and commercial components surrounded by greeneries and

By type, landed homes maintain its popularity for the local buyers as high-rise units make up a smaller portion of the market volume scale

outdoor spaces. The month of October 2021 saw the official launch of Renna Residence, the second high-rise apartment unveiled for township after Avona Residence. This 13-storey apartment offers a total of 296 units of various design types with prices starting from RM325,300 and completion is expected to be by May 2025.

The next residential component to be launched in November 2021, by way of virtual platform, is the luxury homes of Crestwood Estates. Offering 36 units of 3-storey semi-detached properties, these luxury homes come with a price tag of RM2.64 million onwards. The units have been designed



to cater for a multi-generational family and provide sufficient spaces for comfort and privacy, more so with working from home being the new norm, post-pandemic.

Facilities contributing to making The NorthBank a self-sustaining township includes Kuching's earliest international school Tunku Putra-HELP School, the upcoming 8-storey NorthBank Specialist Hospital targeting for completion in 2023, and the NorthBank Business Exchange (NBX).

The Sarawak branch of Syarikat Perumahan Negara Bhd (SPNB) has opened an office in Kuching as part of their rebranding initiative of the agency in Sarawak in April 2021. Having built 2,904 housing units thus far for the state, future launches by SPNB include another 2,187 units for the districts of Miri and Kuching.

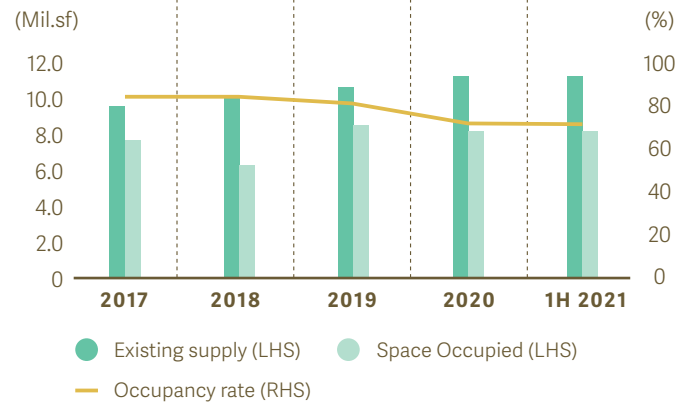
RETAIL

The retail segment of Sarawak saw a supply growth of 4.0% from the previous period, pushing the state's existing retail space up to 11.23 million sf with an occupancy rate performance of 74.7%. This comes after yet another fall that has been consecutively so since 2018, now putting the occupancy rate to below the 80% mark. This leaves 2.84 million sf of vacant retail space in the market and looking at this with the decreasing demand bodes worry for future absorption rate and adding more to the oversupply phenomenon. Less than 500,000sf is in the pipeline at the moment.

La Promenade Mall by Hock Seng Lee (HSL) officially opened for business in January 2021 with the anchor tenant being the 10,000 sf Choice Supermarket's flagship outlet, named as Choice La Promenade. The new 4-storey commercial development is located along the Kuching-Samarahan Expressway and is part of the new HSL Tower complex – a 10-storey office block housing the headquarters of the multidisciplinary construction specialist. Both the office tower and retail mall are built to the latest Green Building Index standards and are 25% more energy efficient.

Existing Supply & Occupancy Rate in Retail Spaces in Sarawak (2017-1H 2021)

(Source: JPPH)



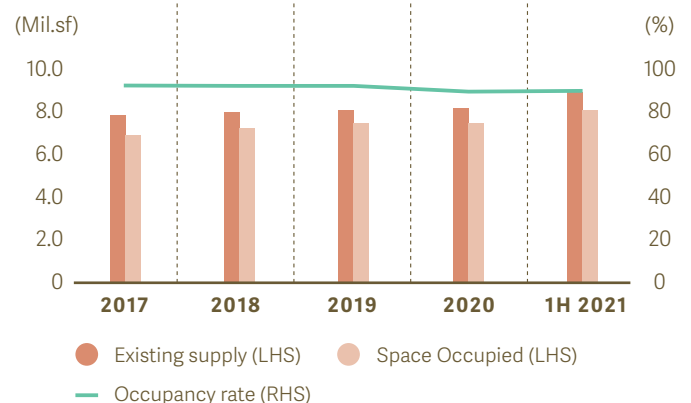
PURPOSE-BUILT OFFICE

As at 1H2021, Sarawak's PBO market holds a total existing supply of 8.80 million sf after an increase of 10.9% y-o-y. Occupancy rate is at 90.7% and had held steady from the previous period. This leaves about 800,000 sf of vacant office space in the market.

In the pipeline, another 613,026 sf of new office space is currently under construction and are concentrated in Kuching. As a state that leans more to privately-owned PBO buildings than government-owned buildings, it is encouraging to see a healthy tenancy level despite the prolonged pandemic period but there is still time to see how the office market would settle itself to post-pandemic, as new norms in workspace design and practices are gradually embraced and sought after.

Existing Supply & Occupancy Rate of Purpose Built Office in Sarawak (2017-1H 2021)

(Source: JPPH)



SHOP OFFICE

Despite being hit hard by the pandemic wave in 2020, the shop office segment of Sarawak's property market saw significant improvement in demand with an increase of 58.6% in volume and 57.5% in value to 758 transacted units worth RM404.60 million as at 1H2021. However this is still behind 2019's recovering performance before the pandemic swept in.

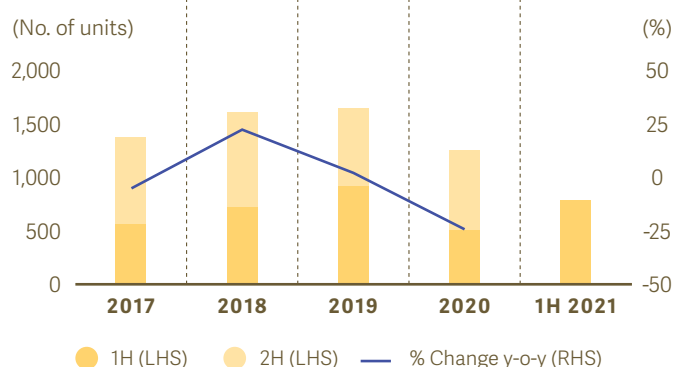
Supply relatively maintained at 33,062 units after a small increase of 1.9% y-o-y, ranging from pre-war to 6-storey shop office units. Further adding to this existing stock in the next few years are another 1,158 new units that are currently under construction. Miri and Kuching being the two top districts holding the highest incoming stock at 399 units and 300 units respectively.

The overhang picture for Sarawak's shop office segment is on the moderate side at 361 units worth RM425.02 million though the larger incoming supply may be at risk of adding to the overhang number should demand not pick up and instead fall behind.

Number of Shop Office Property Transactions in

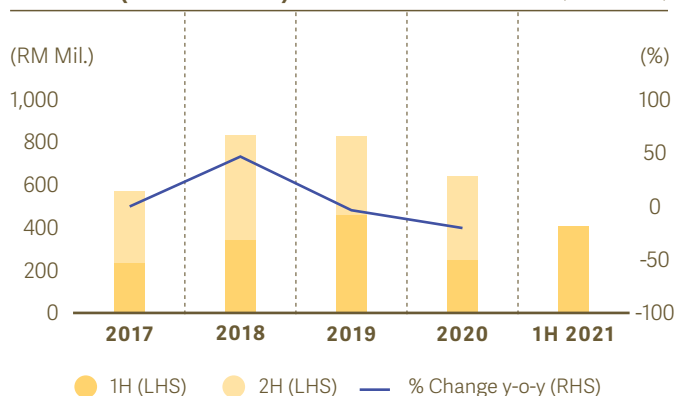
Sarawak (2017-1H 2021)

(Source: JPPH)



Value of Shop Office Property Transactions in Sarawak (2017-1H 2021)

(Source: JPPH)



HOTEL

No changes were seen in either the existing or incoming supply of hotel rooms in Sarawak, maintaining at 19,954 rooms currently in the market with 318 in the pipeline.

The struggle to recover back from 2020's hard hit remains as international borders are still restricted and just at the end of 2021, a new variant was discovered which brought in the risk

Selected Upcoming Shop Office Properties in Sarawak

(Source: Rahim & Co Research)

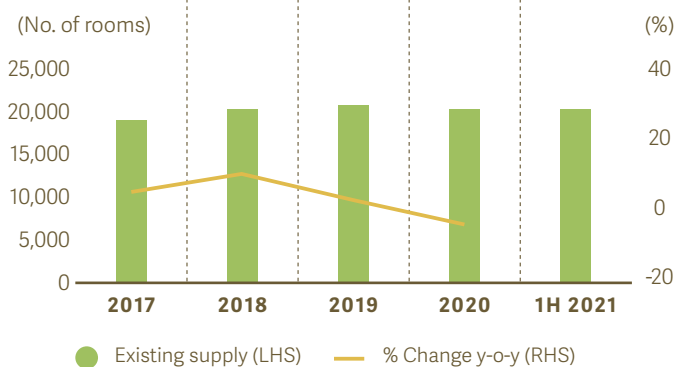
Development	Location	Type	No of Units	Selling Price	Expected Completion
Pine Square @ Eden Parade, Batu Kawa	Kuching	2 & 3-sty Shop Offices	266	From RM600,000	2022
Parkway @ Stutong Baru	Kuching	4-sty Shop Offices	33	From RM1.45 mil	2023
The NorthBank - Phase 2	Kuching	3-sty Shop Offices	49	From RM1.62 mil	2023



Existing Supply of Hotels in Sarawak

(2017-1H 2021)

(Source: JPPH)



of yet another Covid-19 wave to the country. Hotel operators have been hard at work adapting and surviving during the pandemic but there is still the need for a full resumption of tourist movement, both local and international to reboot the tourism sector back on track.

In December 2021, Daesim Group of Companies had the soft opening of Starlink Hotel, their first foray into the hotel business. Located along Jalan Tunku Abdul Rahman in Pekan Sib, the 11-storey hotel offers a total of 144 guestrooms with five different room types to choose from.

With the acceptance by Unesco as a member of the Unesco Creative Cities Network (UCCN) in the field of gastronomy, Kuching has become Malaysia's first city to be admitted to the list. It is deemed as an outstanding achievement as this will increase the state and country's image on the international stage.

In the state's effort to revive the tourism sector of Sarawak, one of the initiatives done is the hosting of the Sarawak Tourism Virtual Product Update which is a B2B platform organised

by the Sarawak Tourism Board. This virtual platform acts as the middle ground to connect Sarawak's own local travel and tour service sellers to travel buyers from Peninsula, Sabah and even countries within the ASEAN region. In addition to immediate access and sharing of information, both parties were also able to engage in conversations pertaining to future tourism-related plans under the new normal environment.

INDUSTRIAL

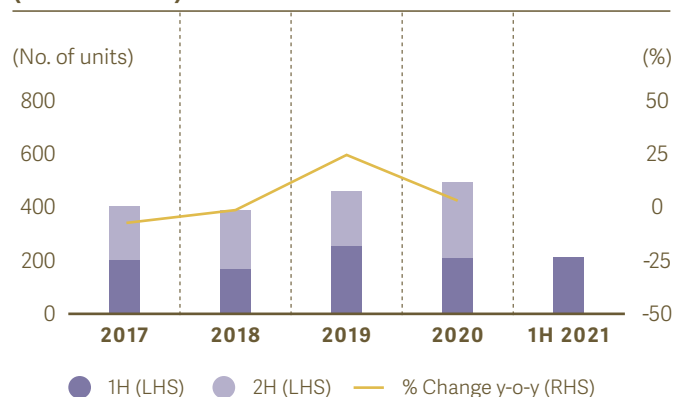
The demand market of Sarawak's industrial sector saw some improvements from 1H2020 though not high enough to confidently signal a change in market movement but there may still be a chance for overall annual recovery should the second half of 2021 pull through with a much higher increase. Registering a small growth of 2.9% in volume and a higher 31.3% in value to 213 transacted units worth RM206.25 million as at 1H2021, there is still some ways to go to getting back to 1H2019's pre-Covid-19 market performance.

Supply of industrial units for the state has relatively maintained at 7,347 units with a minor increase of just 3.2%. Another 230 new industrial units are in the pipeline in areas of Kuching, Miri and Sib. The same three areas also have the most concentrated of industrial stock as well as Bintulu. The overhang situation is worth to take note of as there is a moderately sizable 326 unsold industrial units worth RM220.89 million currently sitting idle in the market.

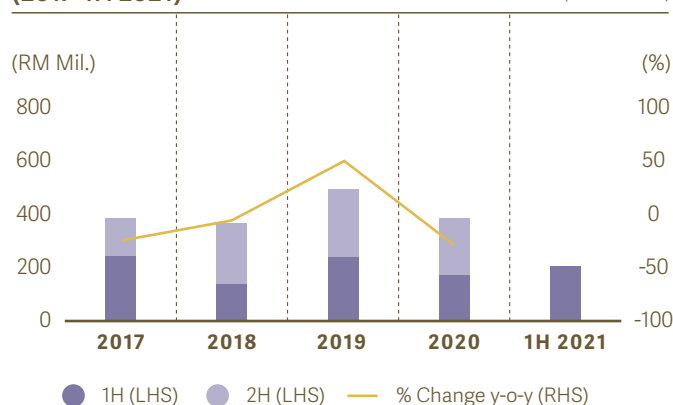
Sarawak Petrochemical Hub (SPH) in Tanjung Kiduron of Bintulu will be expecting its first plant to be in operation by late 2023 – a methanol plant by Sarawak Petchem Sdn Bhd in partnership with Samsung Engineering Co. Ltd. and Air Liquide SA. The Sarawak Methanol Project is believed to be a catalyst to further transform Bintulu into a petrochemical hub with future added value downstream activities.

“The industrial sector registered a small growth of 2.9% in volume and a higher 31.3% in value to 213 transacted units worth RM206.25 million as at 1H2021”

Number of Industrial Property Transactions in Sarawak (2017-1H 2021) (Source: JPPH)



Value of Industrial Property Transactions in Sarawak (2017-1H 2021) (Source: JPPH)



Notable Announcements

- The 33.65km Serian Section alignment of Work Three Package of the Pan Borneo Highway was fully completed on 4th December 2021, connecting Bulatan Serian to Balai Ringin.
- The completed 28.5km Julau alignment of Work Contract Package 07, connecting Sibu town to Pantu and Miri was open for public use as at 28th October 2021.
- The Autonomous Rapid Transit (ART) system in Kuching which is developed by Sarawak Metro Bhd, a subsidiary of the Sarawak Economic Development Corporation (SEDC) is in its design stages and construction is expected to begin in 3Q2022.
- The proposed link road stretching a distance of 4.5km from Jalan Johari Sunam to the new Jalan Kemena in Bintulu has begun construction.
- The Kuala Kemena Jepak Bridge in Bintulu with a length of 1.28km, and costing RM467 million is scheduled for completion in 2023.
- Mukah's new airport, bringing a new capacity of 264,000 passengers per annum, replaces the nearby STOLport. It has opened for operation in June 2021 since its construction in August 2017.
- As the final link to completing the alternative 896km coastal highway linking Kuching to Samarahan, the 1.28km cable-stayed bridge crossing over Sarawak River at Sejingkat is under construction and expected to complete by July 2023.
- Sarawak state government is working towards making Sibu the state's third town to be declared a city by 2031. Driving this aim is several projects currently in the pipeline including the redevelopment plan of Bukit Assek and the expansion of Sibu's urban and commercial areas, to be implemented within the Post Covid-19 Development Strategy 2030 (PCDS 2030) long term plan.

SABAH

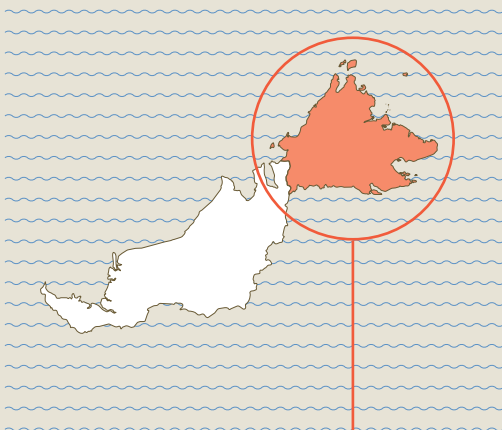
Negeri Di Bawah Bayu

Capital: Kota Kinabalu

Est. Population: 3,833,000

Area (km²): 73,904

(Source: DOSM)



Floating Mosque, Kota Kinabalu

Key Facts (as at 1H 2021)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	227,339 units	↑ 2.6% y-o-y
Transaction Volume	2,226 units	↑ 34.8% y-o-y
Transaction Value	RM905.98 mil.	↑ 61.0% y-o-y

RETAIL

Supply	8.18 mil. sf	↓ 1.4% y-o-y
Occupancy Rate	77.9%	↓ 1.7%
Rental	Prime: RM2.00psf – RM27.50psf	

PURPOSE-BUILT OFFICE

Supply	8.91 mil. sf	↑ 3.5% y-o-y
Occupancy Rate	87.8%	↓ 2.3%
Rental	Prime: RM1.60psf – RM4.20psf	

SHOP OFFICE

Supply	30,195 units	↑ 0.3% y-o-y
Transaction Volume	238 units	↑ 28.0% y-o-y
Transaction Value	RM157.41 mil.	↑ 55.8% y-o-y

HOTEL

Existing Supply	22,799 rooms	↑ 1.1% y-o-y
Incoming Supply	1,975 rooms	

INDUSTRIAL

Supply	6,212 units	↑ 0.4% y-o-y
Transaction Volume	92 units	↓ 21.4% y-o-y
Transaction Value	RM217.05 mil.	↑ 75.5% y-o-y

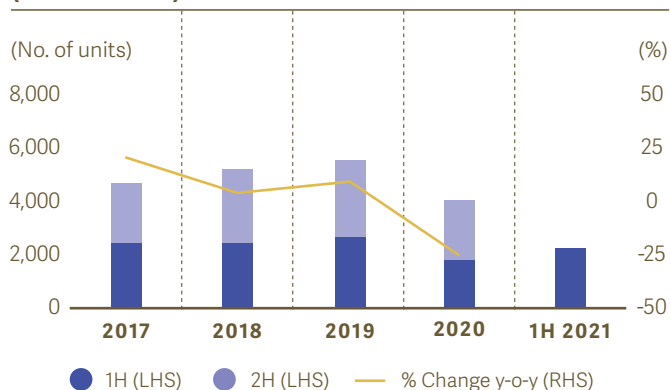
RESIDENTIAL

The residential sector of Sabah's property market had pulled through after 1H2020's low point with a recovery of 34.8% in volume and 61.0% in value, coming to 2,226 transacted units worth RM905.98 million. While it may be slightly lower than 1H2019's transaction performance, this recovery growth bodes well for the state to be back on its track from here onwards.

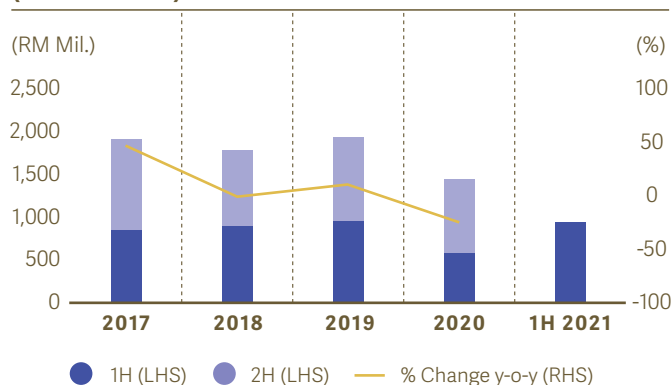
Of the residential units transacted, 80.8% are below the RM500,000 mark and the popular product type include terraced houses, semi-detached houses and condominiums/apartments – the latter having a notable share of 27% in transaction volume as a singular property type. Though high-rise units continue to hold a moderate share in preference by type, prices are still mainly within the affordable range as seen by the 64% of condominium/apartment units transacted being below RM300,000.

With an even tighter wallet and job securities at its highest risk, buyers have been on a 'wait & see' mode for the best bargains to be offered, as financial priorities and spending patterns have taken a change for longer sustainability. International buyers have been affected in their investment appetite due to recurring border restrictions in response to the Covid-19 waves that have hit over several times in the past year or so.

Number of Residential Property Transactions in Sabah (2017-1H 2021) (Source: JPPH)

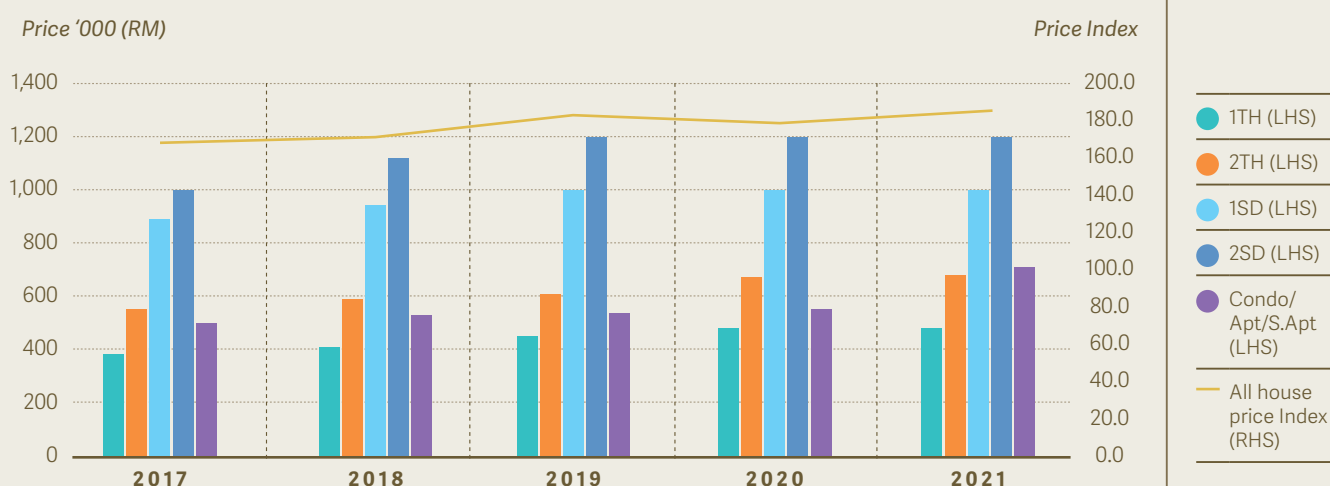


Value of Residential Property Transactions in Sabah (2017-1H 2021) (Source: JPPH)



Kota Kinabalu Residential Property Price Trend & House Price Index (2017-2021)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Sabah

(Source: Rahim & Co Research)

Development	Location	Type	No of Units	Selling Price	Expected Completion
Jesselton Twin Tower @ Jesselton Quay	Kota Kinabalu	Serviced Suites	819	From RM650,000	2022
Sri Indah Condominium	Sandakan	Condominium	480	From RM400,000	2022
Parklane @ Taman Bukit Sepangar	Kota Kinabalu	2-sty Terraced	115	From RM648,000	2022
Vision Garden Elite (also known as Taman Wawasan Mahandoi)	Penampang, Kota Kinabalu	2-sty Terraced	42	From RM718,000	2022
K Avenue Kepayan	Kota Kinabalu	Condominium	563	From RM486,000	2022
Taman Beringgis 1	Kota Kinabalu	2-sty Terraced	264	From RM295,360	2022
Rimbayu Indah (ph 1D)	Sandakan	2-sty Terraced	57	From RM544,000	2023
Coral Bay @ Sutura Harbour	Kota Kinabalu	Condominium	460	From RM2.9 mil	2023
Forest Hill Residences	Bundusan	Condominium	396	From RM450,000	2023
313 Suites	Kota Kinabalu	Serviced Suites	226	From RM345,000	2023
Alam Pesona	Putatan	Condominium	400	From RM268,800	2023
Residensi Fantasi	Likas	Condominium	60	From RM630,000	2023
Vetro II Designer Suite	Kota Kinabalu	Serviced Apartment	260	From RM370,000	2023
Eco Peak Residences	Donggongan	Condominium	321	From RM350,000	2023
Taman Sri Suria Jaya 2 (Phase 1)	Tuaran	1-sty Terraced	92	From RM290,000	2023
Accacia @ Menggatal	Menggatal	Aparment	288	From RM317,000	2024

The supply segment of the market saw minimal growth of just 2.6% to 227,339 residential units state wide, excluding serviced apartment and SOHO types with each at 1,215 units and 340 units respectively as both are of the commercial category.

Aside from Kota Kinabalu, the next top three districts with notable high concentration of residential stock are Penampang, Sandakan and Tawau. As the capital city of Sabah, a significant portion of the high-rise dwellings (including Serviced Apartments and SOHOs) are found in Kota Kinabalu though there is also a notable stock of 17,547 units of condominium/apartment in Penampang. SOHO types are currently exclusively found in Kota Kinabalu at this point.

Moving forward, high-rise dwellings make up the bulk of incoming units in the pipeline as at 1H2021 with more than half the share – 16,090 high-rise dwelling units out of the

27,824 total incoming dwelling units. On the overhang side, Sabah's unsold stock of completed units at 1H2021 stands at 2,361 dwelling units worth RM841.99 million. This adds a challenge to the potential market absorption rate of these incoming high-rise dwelling units. In addition to the new ones coming in, there is already 1,891 condominium/apartment units completed yet unsold sitting in the market – this number making 80% of the total overhang count. As a whole, further acceleration is needed for Sabah's residential market to be able to absorb and be on par with the new supply coming online into the market in the next few years or be at the risk of further adding weight to its overhang situation.

MARA Corporation Sdn Bhd (MARA Corp) through its subsidiary MARA Incorporated Sdn Bhd (MARA Inc) will be making their debut in Sabah with the development of a condominium at Signal Hill in Kota Kinabalu. Comprising of 441 units spread across two residential towers, the residential development is aimed to attract potential participants of

“International buyers have been affected in their investment appetite due to recurring border restrictions which have been placed in response to the Covid-19 wave that have hit over several times in the past year or so”

the Malaysia My 2nd Home (MM2H) program looking to make Kota Kinabalu as their alternate place of residence – Sabah having to offer much in the natural flora & fauna environment.

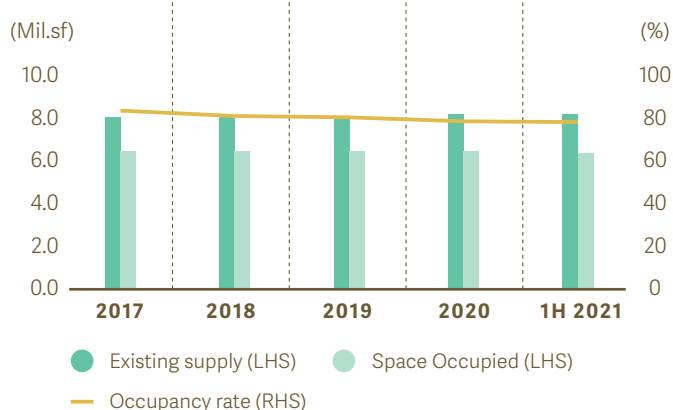
KTI Sdn Bhd and the Housing and Town Development Board (LPPB) has embarked on a JV partnership to develop a high-profile mixed development project in the suburb of Luyang and aims to transform a once derelict land into an upscale residential, commercial and lifestyle hub. The Logg is funded by Sabah Development Bank (SDB) and targeted for completion in the next 4 years. The project as a whole will comprise of two luxurious condominium towers named Shore and Astoria, a shopping boulevard, a 4-star hotel and an apartment block.

RETAIL

As at 1H2021, Sabah's retail segment stands at 8.18 million sf of space state wide, mostly concentrated in Kota Kinabalu, a sizable 5.93 million sf. Occupancy rate has continued its incremental decline in 1H2021, coming to 77.9% which leaves 1.81 million sf of vacant retail space.

With consideration to a market environment that has become even more competitive and challenging to navigate around, demand for physical retail space has now taken a more experiential approach with e-commerce steadily taking

Existing Supply & Occupancy Rate of Retail Spaces in Sabah (2017-1H 2021) (Source: JPPH)



more hold of the convenient purchasing element of the retail industry. Only 1 new retail complex is recorded to be in the pipeline but there is a possible lag in data update as at 1H2021 as several complexes were noted to be coming online in the next two years.

After a delay in its opening due to Covid-19 back in 2020, Inanam finally saw the opening of its first ever retail mall in their neighbourhood, aptly named Inanam Mall. Spanning over 80,000 sf of retail space, the 3-floor mall (including basement) offers a total of 170 retail units. Developed by Upyield Progress Sdn Bhd since 2016, the new mall is aimed for residents living in the areas of Kolombong, Inanam, Telipok and Meggatal.

Selected Upcoming Retail Malls in Sabah

(Source: Rahim & Co Research)

Development	Location	Area (NLA/GFA) sf	Completion
The Shore Mall	Kota Kinabalu	N/A	2022
360 Boulevard Retail	Budusan	538,000	2022
PacifiCity Lifestyle Mall	Likas	620,000	2023

PURPOSE-BUILT OFFICE

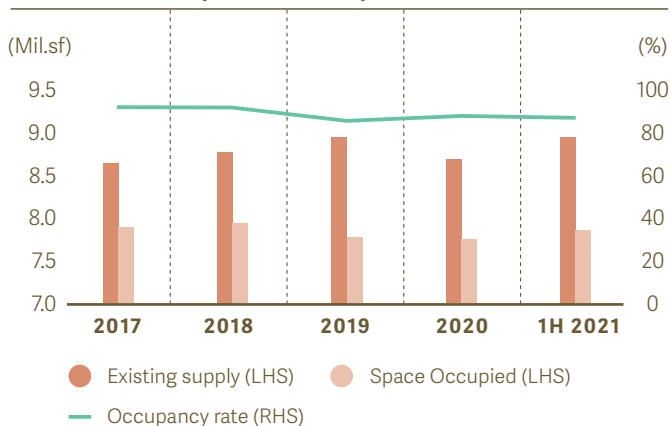
As at 1H2021, the PBO market of Sabah stands at 8.91 million sf after a slight increase of 3.5% y-o-y and occupancy rate performance falling slightly by 2.6% to 87.8%. Despite so, tenancy levels are still on the healthy scale but that still leaves 1.08 million sf of vacant PBO space currently in the market.

Similar to other major states, the nature of PBO buildings in Sabah are more in favour of the privately-owned than government owned; 69 of the 103 PBO buildings being privately owned. This lends encouraging news as to Sabah's capability of holding up healthy occupancy rates and not relying on government-owned buildings to do so.

Only one new PBO building is recorded to be in the pipeline according to public data provided, set to bring in 74,949 sf of new PBO space into the market at its completion. In addition, there are two new PBO establishments noted that are scheduled for completion in 2022.

Existing Supply & Occupancy Rate of Purpose-Built Office in Sabah (2017-1H 2021)

(Source: JPPH)



SHOP OFFICE

Following the contraction in transaction activity for the shop office segment of Sabah back in 1H2020, the market has seen a recovery with a growth of 28.0% and 55.8% in volume and value respectively to 238 transacted units worth RM157.41 million; ranging from pre-ware units to 6-storey shop office units.

By type, demand is prominently seen for the 2-storey and 3-storey units which matches the supply side as both types are also the top two in number of stock; making up 73% of total existing stock. Aside from Kota Kinabalu, other districts with noteworthy stocks are Beaufort, Keningau, Lahad Datu, Papar, Penampang, Sandakan and Tawau.

There are 1,756 new shop office units in the pipeline with 83% consisting of 2-storey and 3-storey types. Alongside these incoming units are also 517 overhang units worth RM454.06 million already sitting vacant in the market. This may add a concern to the absorption performance of the incoming units and the success will rely much on the unique selling points, match to price and location of the units when competing against completed yet unsold units.

2021 saw the completion of Seri Putatan Commercial Centre located in Putatan, offering 22 units of 2-storey and 3-storey shop offices. Developed by Excel Pave Sdn Bhd, prices of the shop office units start from RM899,880.

Another commercial development looking to its completion right at the end of 2021 is Plaza Legacy by Legacy Group Development, a commercial development located along Jalan Sulaman in Tuaran that offers 53 units of 2-storey shop offices with price tags starting from RM748,000.

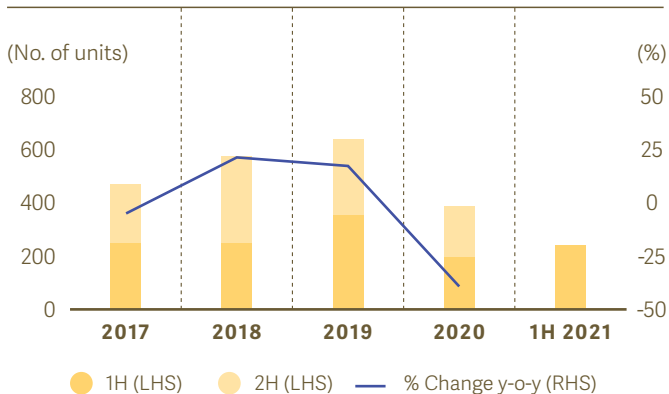
Selected Upcoming Purpose-Built Office in Sabah

(Source: Rahim & Co Research)

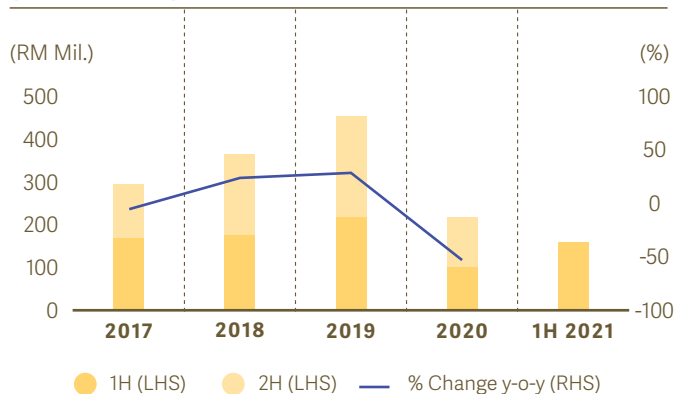
Development	Location	Completion
Pacific Enterprise	Likas	2022
360 Boulevard Office Tower	Bundusan	2022



Number of Shop Office Property Transactions in Sabah (2017-1H 2021) (Source: JPPH)



Value of Shop Office Property Transactions in Sabah (2017-1H 2021) (Source: JPPH)



Kinarut will be expecting a new business hub into the area with WSG Group having soft launched their recent project Rose Avenue Plaza. Set to be part of a bigger development which includes the 1-storey Servay Hypermarket and the 328-unit offering Rose Avenue Condominium. The upcoming commercial plaza is offering 20 units of 2-storey shoplots that are priced from RM988,000. Construction will commence in January 2022 and completion expected in June 2024.

HOTEL

Coming into 1H2021, the hotel sector of Sabah held relatively well despite the prolonged pandemic situation, as supply has maintained at 22,799 though incoming supply has reduced by 11.2% to 1,975 rooms in the pipeline.

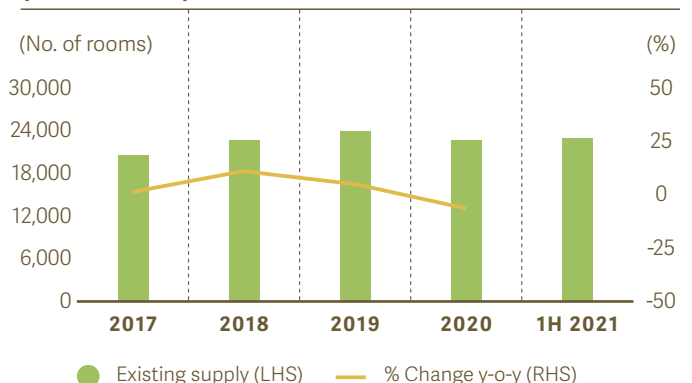
At almost 2 years into the pandemic, though vaccination rates have been successful and borders reopened for travel, the hotel sector is still struggling to get their feet back on the ground and recover from the major loss incurred during the long closure periods. While some have found relief in influx of guests when movement restrictions were lifted, others are still having a hard time gaining enough visitors to keep them afloat as fixed costs remain, regardless.

As a state that relies mostly on flight travelers coming in, the return of local and international tourists is dependent on the current policy and regulations of airline travels which would require a different set of SOPs to adhere to. Much recovery is still to be done whilst keeping the required SOPs in place as Covid-19 has yet to reach its end in 2021 and threats of new Covid-19 waves possibly hitting the country inciting a new bout of fear within the communities.

Through a joint venture between Pavilion's affiliate Tegas Bangsa Sdn Bhd and Yayasan Sabah Group, a mega development is in the works to add value to Sabah's tourism sector as well as creating about 5,000 job opportunities upon its completion. Named the Lok Kawi Resort City, it is nestled on a 166-hectare site in Kampung Meruntum, Lok Kawi and will be developed in phases across a 15-year construction period. The RM7 billion project will feature resort hotels,

Existing Supply of Hotels in Sabah

(2017-1H 2021) (Source: JPPH)



Selected Upcoming Hotels in Sabah

(Source: Rahim & Co Research)

Development	Location	Star-Rating	No. of Rooms	Expected Completion
Jen Hotel	Likas	3	440	2022
Citadines Waterfront Kota Kinabalu	Kota Kinabalu	4	222	2022
Crowne Plaza Kota Kinabalu Waterfront	Kota Kinabalu	5	367	2022
Hyatt Centric	Kota Kinabalu	5	226	2022
Avani Hotels & Resorts	Jalan Lintas	4	378	2023
Club Med Borneo	Kuala Penyu	NA	400	2023
New World Kota Kinabalu	Karamunsing	5	400	NA
Doubletree by Hilton	Kota Kinabalu	5	237	NA

a theme park, a shopping mall, residential properties and commercial blocks. Recognised as an initiative to bring a positive impact to the tourism sector, Lok Kawi Resort City serves as the latest tourism product for the state and a tool to further spur Sabah's economy.

Another mega development coming in, though still in the early stages, is the redevelopment of the Tanjung Aru Eco Development (TAED) with a new concept and master plan. Components of this redevelopment effort includes hotels & resorts, residential and commercial areas with public parks and recreational areas adding the green value to the whole development.

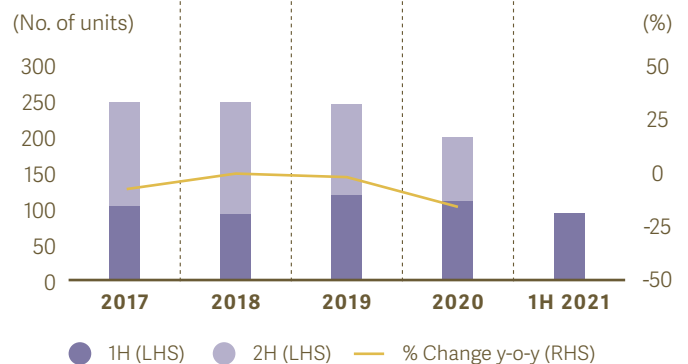
INDUSTRIAL

Contrary to other sectors having seen improvements in 1H2021 as the market gradually adjusted to operating in a pandemic environment, the industrial sector of Sabah has notably fallen by 21.4% in volume, yet increased by 75.5% in value to 92 transacted units worth RM217.05 million within the review period. This signals a situation of less industrial properties being purchased but at a higher price tag on average.

The supply side has maintained at 6,212 industrial units with an additional 301 new units being in the pipeline to complete in the next few years. By locality, districts aside from Kota Kinabalu with stock higher than 500 units are Lahad Datu, Penampang, Sandakan and Tawau.

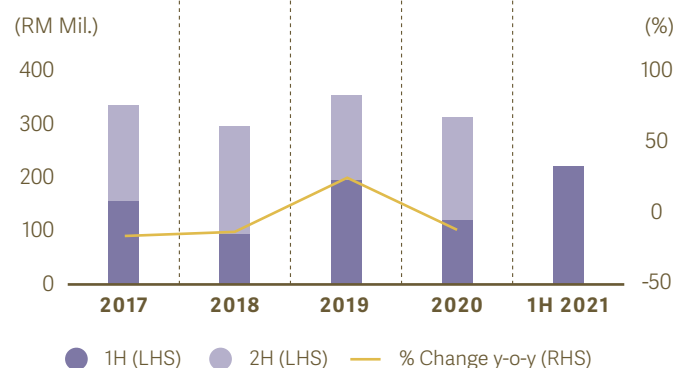
Number of Industrial Property Transactions in Sabah (2017-1H 2021)

(Source: JPPH)



Value of Industrial Property Transactions in Sabah (2017-1H 2021)

(Source: JPPH)



“The industrial sector of Sabah has notably fallen by 21.4% in volume yet increased by 75.5% in value to 92 transacted units worth RM217.05 million within the review period”

The overhang picture shows things to be on the low side for Sabah with just 92 unsold units worth RM148.17 million currently sitting idle in the market. Coupled with the relatively moderate incoming supply, Sabah is looking at a more subdued industrial market at the moment.

An investment of RM4.2 billion was successfully secured at the Kota Kinabalu Industrial Park (KKIP) by the state government following a land lease agreement that was signed between KKIP Sdn Bhd and South Korea's SK Nexilis Malaysia Sdn Bhd. The agreement was on building a copper foil manufacturing facility at KKIP with an annual production capacity of 50,000 tonnes. This will be SK Nexilis's first overseas production based in Malaysia with commercial operations scheduled to commence by 2023.

Bina Puri Holdings Bhd has signed a power purchase agreement (PPA) with Sabah Electricity Sdn Bhd (SESB) to develop a five-megawatt alternating current (MWac) large scale solar photovoltaic (PV) plant in Kunak. Commercial operation is scheduled to begin in June 2023.

Notable Announcements

- The construction of the Labuan-Menumbok Bridge will commence in July 2022 and provide a convenient and shorter commute between the island and Sabah's mainland via Membendai and Tanjung Aru.
- One of the four projects to be continued under the 12th Malaysia Plan is Phase 1 of Labuan Smart City. This project, in collaboration with the Malaysian Meteorological Department, involves the construction of a siren and smart pole system in 13 areas which channels updated weather information and natural disasters to locals.
- The state government launched the Sabah Maju Jaya (SMJ) Roadmap in March 2021 which consist of 573 initiatives to help revive the economic sectors after being badly affected by the pandemic. The three main sectors in focus are agriculture, industry and tourism.
- A memorandum of understanding (MoU) was inked between Qhazanah Sabah Bhd (QSB) and Berjaya Land Bhd to develop a new Information and Technology driven satellite township to help stimulate growth in Sabah's northern region and enhance Kota Belud's position as a tourism town. Named Bandar Digital Tun Said, it is located 5km from Kota Belud.
- Kota Kinabalu may be welcoming their own Skytrain rapid transit system that will link the airport to the city centre. A MoU was signed between 4 parties; Qhazanah Sabah Bhd, Warisan Harta Sdn Bhd, Vizione Construction Sdn Bhd, Sycal Skycity Sdn Bhd and Guangcai China (M) Sdn Bhd. Developed in two phases, Phase 1 will involve a 10.5km link at a cost of RM1 billion.
- AP Holdings Bhd (APHB) has entered a JV deal with Chase Perdana Sdn Bhd to develop a mixed development project on a land area of 25 acres in Kota Kinabalu which comprises of home offices, shopping complexes, luxury condominiums and bungalows.
- On 6th November 2021, the Prime Minister launched the Sabah Eastern Zone Pan Borneo Highway for the Sandakan-Kinabatangan- Beluran-Telipid alignment that will stretch over 58km. Construction began in November 2021 and is expected complete in October 2024.
- Suria Capital Holdings Bhd and Gabungan AQRS Bhd have forgo plans to develop the One Jesselton Waterfront in Kota Kinabalu, six years after the agreement was first inked, as the project is no longer viable under the current economic and market condition.

GLOSSARY

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

1TH	Single storey terraced house	JPPH	Jabatan Penilaian & Perkhidmatan Harta, Kementerian Kewangan Malaysia
2TH	Double storey terraced house	Km²	Square kilometre
1SD	Single storey semi-detached house	LHS	Left hand scale
2SD	Double storey semi-detached house	Mil	Million
1D	Single storey detached house	N/A	Not Available
2D	Double storey detached house	NLA	Net lettable area
1TF	Single storey terraced factory	PBO	Purpose built office
2TF	Double storey terraced factory	Pop	Population
1SF	Single storey semi-detached factory	Psf	Per square foot
2SF	Double storey semi-detached factory	Psf pm	Per square foot per month
1DF	Single storey detached factory	Q1/1Q	First quarter
2DF	Double storey detached factory	Q2/2Q	Second quarter
1H/H1	First half	Q3/3Q	Third quarter
2H/H2	Second half	Q4/4Q	Fourth quarter
All House Price Index	All House Price Index as published by JPPH in their publication entitled ' <i>Indeks Harga Rumah Malaysia</i> '	q-o-q	Quarter on quarter
Apt	Apartment	RHS	Right hand scale
BNM	Bank Negara Malaysia	RM	Ringgit Malaysia
Condo	Condominium	S.Apt	Serviced apartment
CPI	Consumer Price Index	sf	Square feet
DOSM	Department of Statistics Malaysia	SOFO	Small office flexible office
FDI	Foreign Direct Investment	SOHO	Small office home office
GDP	Gross Domestic Product	SOVO	Small office versatile office
IHRM	Indeks Harga Rumah Malaysia / Malaysia House Price Index	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 previous issues. The sampling revision is based on a growing and evolving list of popular and established developments or schemes in the relevant towns with the intention of providing a general overview of the price trend movements. The new graph as presented in this publication overwrites/supersedes the graphs presented in the previous issue.

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