



PROPERTY MARKET REVIEW

2017/2018

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FOREWORD

This year promises excitement for many of us - Malaysia will vote in the upcoming 14th General Election, and to those football fans, FIFA World Cup 2018 will kick off in Russia. The conclusion of a successful 29th SEA Games in August 2017 somehow coincided with the better things that came in last year. Over the whole year of 2017, oil prices increased by 17.7% to USD66.87 per barrel, while the Ringgit improved against the Dollar by 9.6%. By mid year, the FBM KLCI had reached 1,792.35 points while the Malaysian Institute of Economic Research's (MIER) Business Conditions Index hit a 4-year high at 114.1 points. Nevertheless, the market remained cautious as macro-economic factors continue to be challenging which then saw the composite index slid to 1,753.07 by year end.

IMF highlighted the strengthening of global economic activity but shared its concern on medium-term risks and imbalances in the economic recovery amongst different countries. Malaysia's economic growth in the 3rd quarter of 2017 at 6.2%, which supports the targeted 5.2%-5.7% GDP growth for 2017, resonated with the general expansion in global economic activity. Bank Negara Malaysia attributed such growth to the robust private sector spending complemented by public sector's support and continued strength in exports.

However, mixed signals from both external and internal factors plus the echoing concerns by consumers over the rising cost of living and income levels had dampened the movement which was much expected for the property market especially after seeing encouraging signs in the country's economic growth. The property market continued its bottoming phase with a slowdown in the number of transactions albeit at a slower pace compared to the previous year.

In the recent statistics released by JPPH, a lower transaction volume was recorded in the first 9 months of 2017 (9m2017) at 229,529 transactions for all property types, signifying a 4.3% drop compared against 9m2016 (239,916). This was a smaller drop than the decline of 11.9% seen between 9m2015/9m2016, indicating some improvement in consumer's affinity towards property purchases. This improvement is underlined by the increase in total value of transactions in 9m2017 of RM102.29 billion. After two successive 9 months' period in 2015 and 2016 where total value of transactions were declining year-on-year, 9m2017 marked a rebounding trend with 7.0% increase from RM95.57 billion in 9m2016.

With some sparks of recovery or at least the showing of a slower decline in the property market, we estimate 2017 would have ended with a stable transaction volume at between 305,000 to 315,000 transactions with its total value ranging between RM140 billion to RM150 billion.

Last year, words like *disruptors*, *IR 4.0*, *autonomous vehicles*, *AI (Artificial Intelligence)*, *AR (Augmented Reality)*, *Bitcoin* and *IoT (Internet of Things)* were the buzz words as the market saw how technology is becoming even more integral in our daily lives. This trend is slowly but surely affecting the property market in the years to come. As autonomous vehicles and more efficient automated public transportation systems are in place - to name just a couple of examples, demand for spaces and its relationship to cities would change, and as IR 4.0 sweeps the globe, advanced robotics would change how societal interactions, hence influencing new forms of urban scape.

Whilst these new technologies begin to mould the new directions in our property market, at present, the market is still adjusting to the supply-demand mismatch. The commercial and retail markets are still challenging with the lurking incoming supply. The residential sector too has its own challenges. Demand for properties is still healthy, but the main challenge is with respect to affordability - which partly contributed to the overhang problem in the market. The government continues to prioritise in enhancing the living standards of the rakyat with a special focus on the lower and middle-income groups through various programmes and provisions as announced under Budget 2018 in October last year - under the theme of "Prospering an inclusive economy, balancing between worldly and hereafter, for the wellbeing of rakyat, towards TN50 aspirations". Other than housing programmes such as PR1MA, PPA1M, Rumah Mesra Rakyat, MyBNHome & others, the government continues to promote new mechanisms to ease the burden of owning a home by implementing Rent-to-Own schemes and extending Step Up End-Financing schemes. We hope that such programmes would be implemented successfully and sustainably, with sufficient control measures and KPI monitoring, for the benefit of the rakyat.

The World Bank's "Economic Monitor Report" issued in December 2017 estimated the Malaysian economic growth to continue at a strong pace of 5.2% in 2018, which is higher than the average growth in emerging markets and developing economies of 4.5%. This is accredited to accelerated growth fueled by strengthening domestic demand, improved labor market conditions as well as improved external demand for manufactured products and commodity exports.

Looking forward in 2018, the property market is expected to remain challenging yet somewhat stable in terms of market transaction activities. We hope with a firmer direction for the country after the General Elections, the property market momentum would begin to show some positive movements.

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

Perlis		
Resi	PBO	Retail

Kedah		
Resi	PBO	Retail

Pulau Pinang		
Resi	PBO	Retail

Perak		
Resi	PBO	Retail

Northern Region

Kelantan		
Resi	PBO	Retail

Terengganu		
Resi	PBO	Retail

East Coast Region

Pahang		
Resi	PBO	Retail

Selangor		
Resi	PBO	Retail

Central Region

Kuala Lumpur		
Resi	PBO	Retail

Negeri Sembilan		
Resi	PBO	Retail

Melaka		
Resi	PBO	Retail

Southern Region

Johor		
Resi	PBO	Retail

Sabah		
Resi	PBO	Retail

Sarawak		
Resi	PBO	Retail

East Malaysia



PROPERTY MARKET SNAPSHOT



> Market Movement <

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

Resi (Residential)

Growth of Residential Property
Transaction Volume
(1H 2016 vs 1H2017)

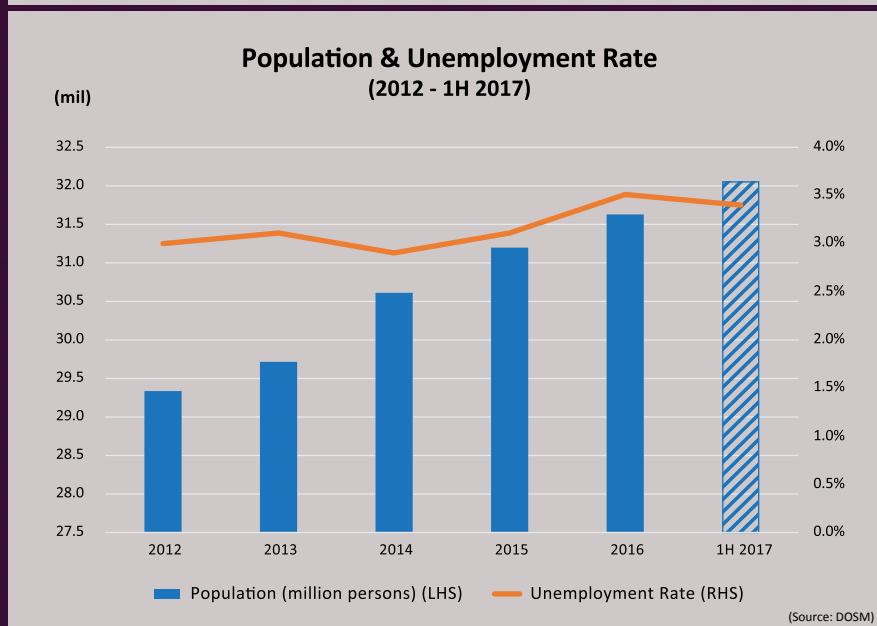
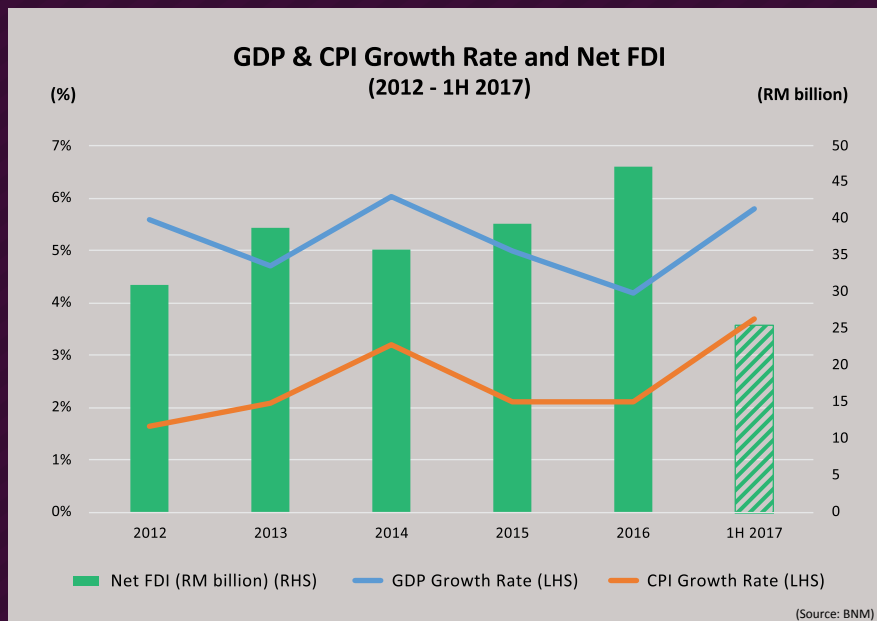
PBO (Purpose Built Office)

Growth of Purpose Built Office
Occupancy Rates
(1H2016 vs 1H2017)

Retail

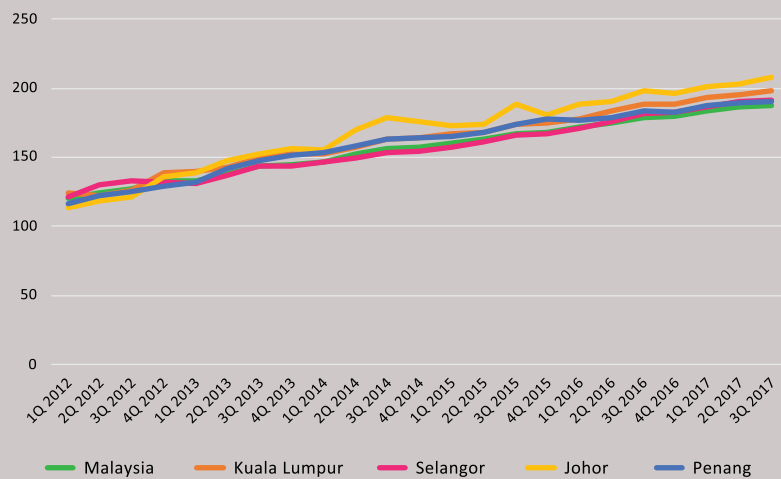
Growth of Retail Complex
Occupancy Rates
(1H2016 vs 1H2017)

> Key Economic Indicators



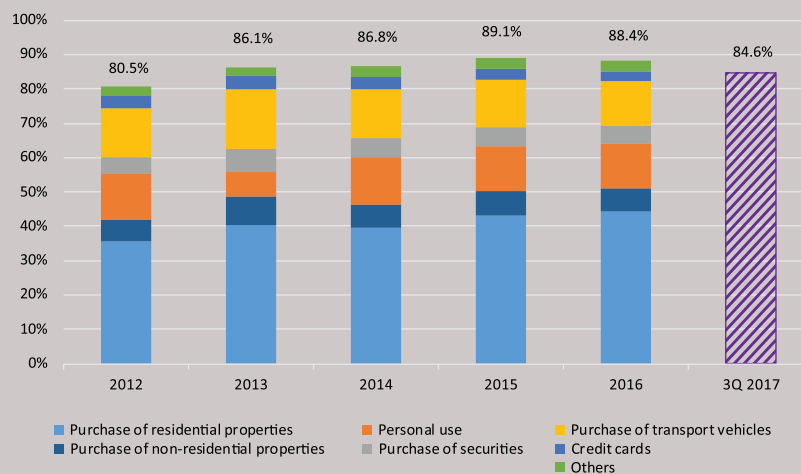
Key Property Indicators <

**Quarterly House Price Index
(2012 - 3Q 2017)**



(Source: JPPH)

**Household Debt to GDP Ratio
(2012 - 3Q 2017)**



(Source: BNM)

Northern Region

Perlis | Kedah | Pulau Pinang | Perak

Perlis

Snapshot

RESIDENTIAL		
Supply	25,004 units	↑ 4.2% y-o-y
Transaction volume	403 units	↓ 10.2% y-o-y
Transaction value	RM86.73 mil	↓ 4.8% y-o-y

SHOP OFFICE		
Supply	4,163 units	↑ 5.3% y-o-y
Transaction volume	51 units	↑ 75.9% y-o-y
Transaction value	RM25.3 mil	↑ 70.8% y-o-y

RETAIL		
Supply	601,401 sf	↔ Stable
Occupancy Rate	100%	↔ Stable
Monthly Rental	Prime: RM0.80psf - RM4.00psf Secondary: RM0.50psf - RM2.00psf	

HOTEL		
Supply	1,111 rooms	↑ 1.4% y-o-y
Average Room Rate	3 & 4-star: RM105 - RM 160 per night	

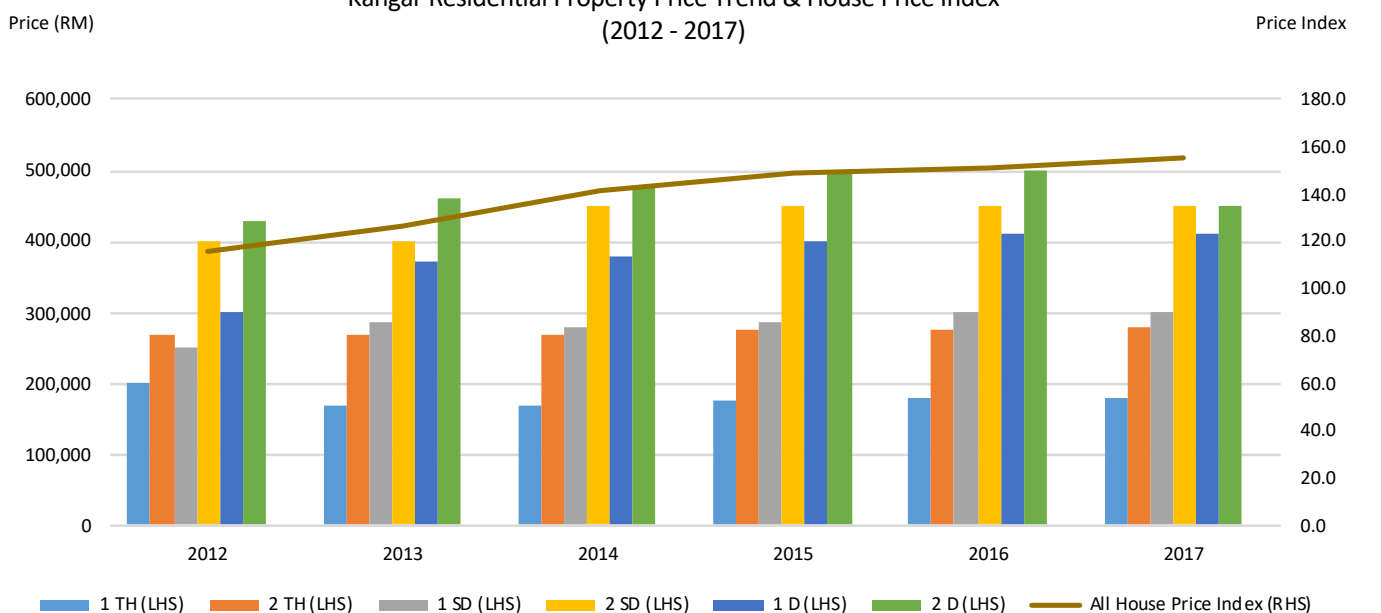
PURPOSE BUILT OFFICE		
Supply	1.41 mil. sf	↔ Stable
Occupancy Rate	100%	↔ Stable
Monthly Rental	Prime area: RM2.10psf - RM2.80psf	

INDUSTRIAL		
Supply	222 units	↔ Stable
Transaction volume	10 units	↑ 100% y-o-y
Transaction value	RM2.9 mil	↑ 437% y-o-y

(as at 1H 2017)
(Source: Rahim & Co Research, JPPH)

Residential

Kangar Residential Property Price Trend & House Price Index (2012 - 2017)



As at 1H 2017, Perlis saw its residential capacity at 25,004 units with low-cost housing units dominating the total supply at 9,047 units (36.2%). In terms of stock growth, 1-storey semi-detached had the highest increase by 541 units.

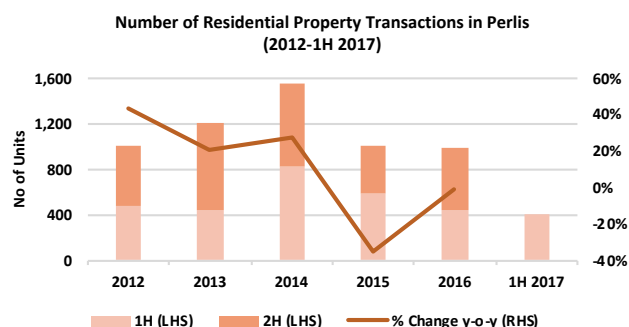
Transaction movement continues to fall after the big drop in 2015 with 1H 2017 experiencing a harder drop in volume of transaction, at 10.2%, than value's softer drop at 4.8% against 1H 2016.

Within the review period, half of the transactions were seen to be for properties priced below RM200,000 and from this, low-cost houses had the highest transaction count at 91 units. That being said, 1 to 1 ½ -storey semi-detached held the highest number of transactions out of all house types in Perlis at 107 units worth RM32.23 million.

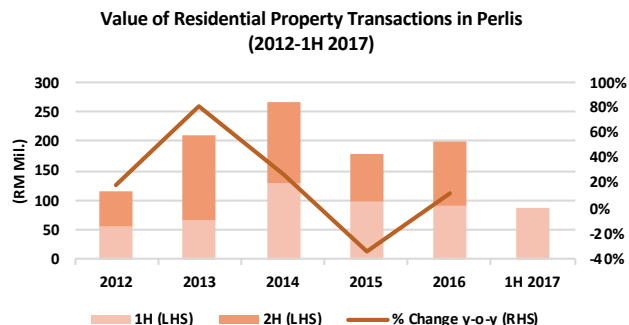
In Kangar, existing house prices remained relatively stable with terrace houses priced between RM180,000 to RM280,000 and semi-detached between RM300,000 to RM450,000.

Early in the year, an upcoming mega mixed development in Kuala Perlis was announced - a collaboration between TH Properties Sdn Bhd and Perlis State Economic Development Corp (PKENPs). At a cost of RM311.4 million, it comprises both commercial and residential components. Residential units will be in the form of a two 35-storey serviced apartment buildings.

Another anticipated development on the horizon is the Kangar City Centre project by Perlis State Economic Development Corp and Safuan Group Holdings Bhd. It comprises of 3 towers, 2 being serviced apartment & SOHO blocks and one hotel block. The residential towers are scheduled for launch in 2018 and has a total of 568 units.



(Source: JPPH)



(Source: JPPH)



Artist Impression of Kangar City Centre's development
Source: Safuan Group Holdings Berhad

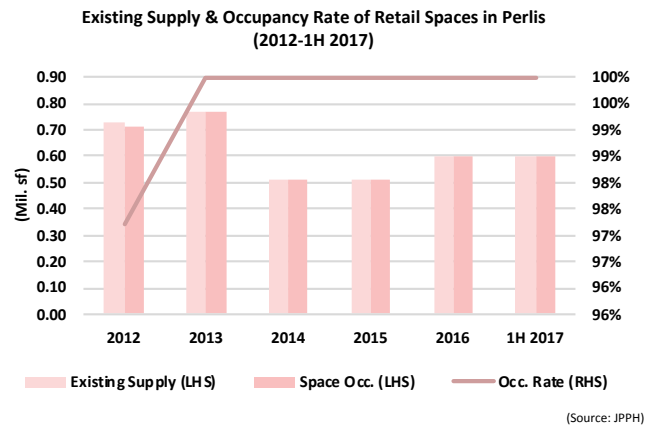
Perlis

Retail

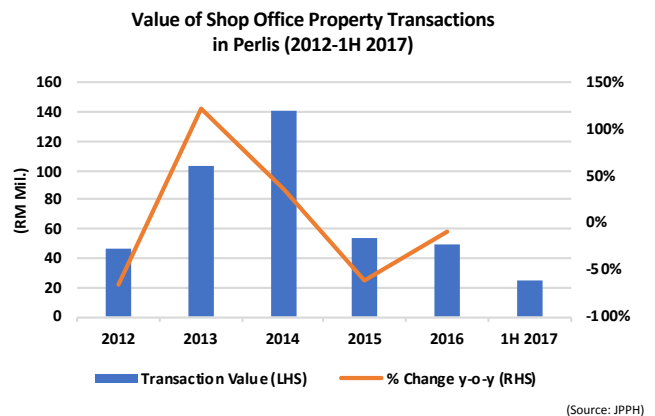
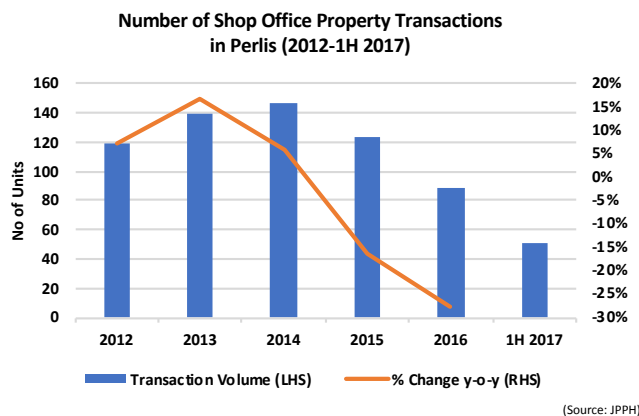
As at 1H 2017, the retail market of Perlis remained stable and has encouragingly maintain its occupancy rate of 100%. There are a total of 21 shopping complexes in the whole of Perlis, with 12 of them located in Kangar. No completions were seen within the review period but an incoming supply of 73,259 sf of retail space is in the pipeline.

Rental rates of shopping malls in Perlis showed some upward movements for malls such as Kompleks Tok Arau and Kompleks MARA by 4% to 14%. Prime lot rentals commanded RM0.80 to RM4.00 psf pm on average whilst secondary went a lower RM0.50 to RM2.00 psf pm. Kompleks Tok Arau reached a higher rate than other malls in Perlis at between RM8.00 to RM14.00 psf pm.

One upcoming development is a 2-storey mall reported to be in the works by a joint venture between TH Properties and Perlis State Economic Development Corp (PKENPs). It will be located in Kuala Perlis.



Shop Office



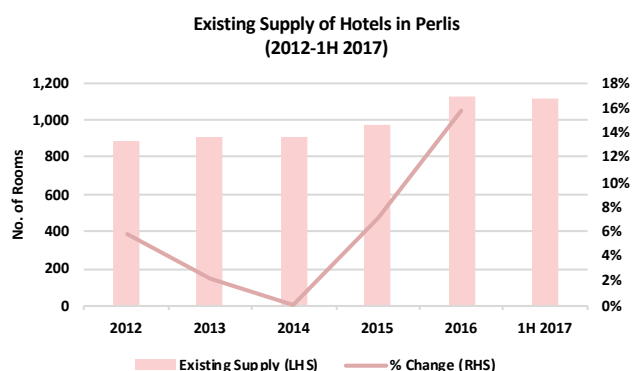
As at 1H 2017, activities in the shop office market were seen to be recovering from 2016's fall, with both volume and value of transactions producing promising results. Though it is not yet back to 1H 2015's numbers – volume at 94 units and value at RM39.13 million – Perlis' recovery is on track.

Looking at the new supply, UDA Holdings completed their K-Parc shop office units at the end of 2016 and is well received by the market, with almost all units selling out. K-Parc offers 3-storey units priced from RM799,000.

3-storey shop office units of Phase 1 Kangar Jaya by Nepta Development is expected to be completed by December 2018. Prices of these units are from RM500,000.

The PBO market in Perlis remains quiet with no changes seen. Supply stood at 1.41 million sqf with an occupancy rate of 100%. Rental rates hovered between RM2.10 to RM2.80 psf pm.

Hotel



(Source: JPPH)

As at 1H 2017, the supply of hotel rooms in Perlis saw a slight increase with the completion of several establishments rated below 2-stars. A total of 103 rooms entered the hotel market.

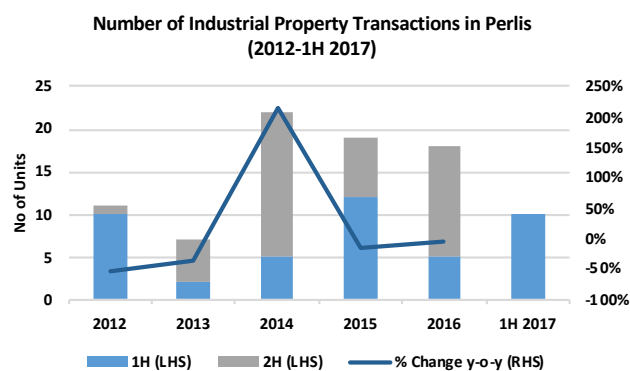
In Perlis, the average room rates of the more popular Putra Regency Hotel, Putra Brasmana Hotel and Hotel Seri Malaysia Kangar hovered between RM105 to RM160 per room per night.

Industrial

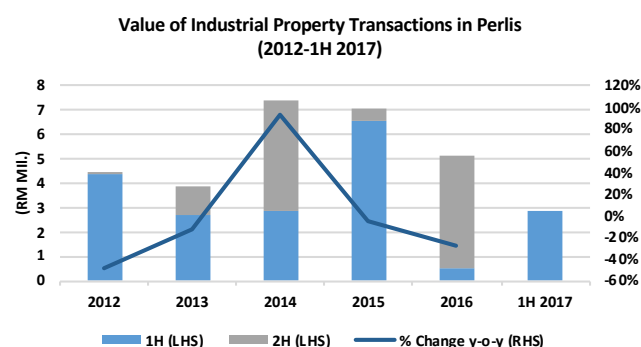
As at 1H 2017, the industrial sector of Perlis saw a positive recovery from the drops suffered at 1H 2016 whilst supply remains the same. Though transaction value had increased significantly from RM0.54 million of 1H 2016, it is still relatively lower than RM6.55 million of 1H 2015.

As one of the seven growth nodes listed under the Northern Corridor Economic Region's (NCER) Development Blueprint 2.0, the 1,214ha Chuping Valley Industrial Area (CVIA) was officially launched by the Raja of Perlis Tuanku Syed Sirajuddin Putra Jamalullail in March 2017.

Dubbed the biggest industrial zone to be developed in Perlis at a cost of RM873.5 million, CVIA is expected to be fully operational by 2025. One of the initiatives within this massive project is the Perlis Inland Port (PIP) which will serve as a logistics hub.



(Source: JPPH)



(Source: JPPH)

Notable Announcements

- Logistic Integration Programme and Padang Besar KTMB Cargo terminal facility upgrading project is set to strengthen Padang Besar's position as a main gateway for Southern Thailand's growing export market. With a RM23.5 million government funding injection, the facility's capacity will be upgraded from 120,000 TEUs* to 150,000 TEUs* annually.
- Perbadanan Kemajuan Ekonomi Negeri Perlis (PKENPs) JV Kumpulan Safuan Holdings Berhad launched a mixed development comprises hotel and apartment worth RM368 million on 1.6 hectares land. The development is called Pusat Bandar Kangar (KCC) and slated for completion in 2020.

*TEUs -Twenty-foot Equivalent Unit

Kedah

Snapshot

RESIDENTIAL		
Supply	316,210 units	↑ 2.0% y-o-y
Transaction volume	6,187 units	↓ 14.8% y-o-y
Transaction value	RM1,303.7 mil	↓ 10.8% y-o-y

RETAIL		
Supply	6.25 mil. sf	↑ 3.9% y-o-y
Occupancy Rate	81.5%	↓ 3.8% y-o-y
Monthly Rental	Prime: RM7.00psf – RM13.00psf Secondary: RM3.00psf – RM6.00psf	

PURPOSE BUILT OFFICE		
Supply	3.90 mil. sf	↓ 0.2% y-o-y
Occupancy Rate	89.8%	↓ 0.3% y-o-y
Monthly Rental	Prime area: RM1.20psf – RM3.10psf	

SHOP OFFICE		
Supply	25,966 units	↑ 1.0% y-o-y
Transaction volume	437 units	↑ 1.4% y-o-y
Transaction value	RM166.1 mil	↑ 2.2% y-o-y

HOTEL		
Supply	16,196 rooms	↑ 26.1% y-o-y
Average Room Rate	5-star: RM450 – RM 3,200 per night 4-star: RM200 – RM570 per night	

INDUSTRIAL		
Supply	3,825 units	↑ 2.9% y-o-y
Transaction volume	124 units	↓ 33.3% y-o-y
Transaction value	RM102.83 mil	↓ 43.5% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

Residential

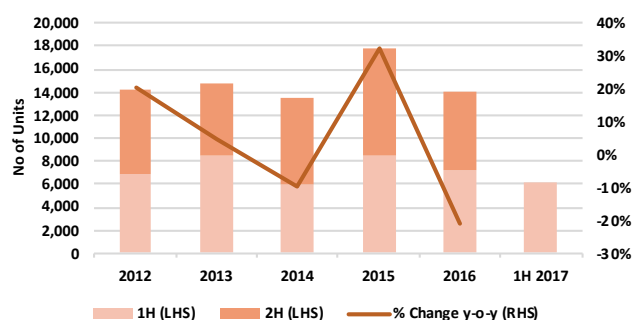
As at 1H 2017, Kedah's residential property market stood at a supply of 316,210 units, an increase of 2.0% from 1H 2016, and is currently dominated by low-cost houses at 31.6% followed by 1-storey terrace houses at 26.2%.

Residential transactions in Kedah within the review period has fallen y-o-y but at a slower pace. 1H 2017 saw a transaction volume of 6,187 units worth RM1,303.77 million, which is a fall of 14.8% in volume and 10.8% in value. 1-storey terrace houses were the most popular property type to be transacted and 79% of them were priced between RM100,000 to RM250,000.

On average, prices of terraced houses in Alor Setar ranged between RM220,000 to RM350,000 and were rented out between RM500 to RM1,200 depending on the size and location. Semi-detached houses were transacted at a higher RM350,000 to RM550,000 and rentals hovered between RM600 to RM1,800.

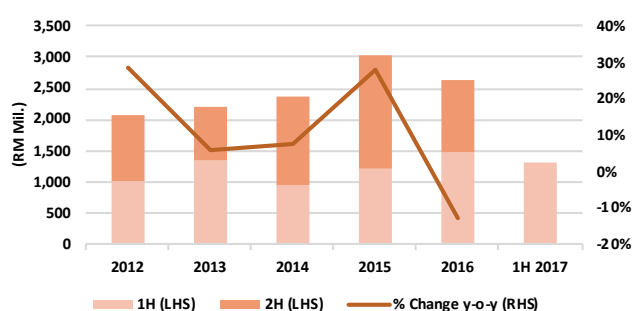
2017 was the year Kedah came out as the state with the most unsold residential units across Malaysia, a total of 4,363 units worth RM1.15 billion out of the nationwide s' 20,876 units. This brings concern on how will this number be absorbed as there is an incoming supply of 18,151 residential units in Kedah.

Number of Residential Property Transactions in Kedah (2012-1H 2017)



(Source: JPPH)

Value of Residential Property Transactions in Kedah (2012-1H 2017)



(Source: JPPH)

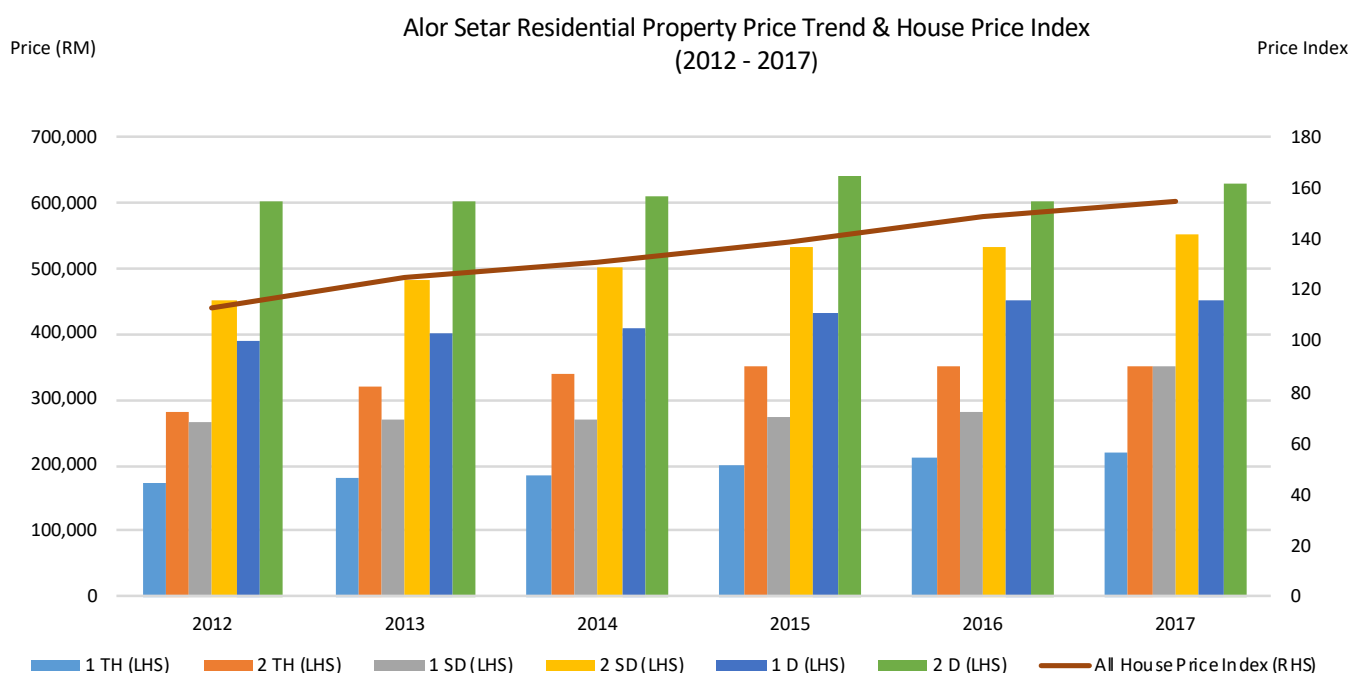
One of Kedah's large-scale residential development Darulaman Perdana by BDB Land Sdn Bhd will see the completion of its units where handover is expected in April 2018. The units offered are 2-storey terrace and 1 & 2-storey semi-detached. Terraces are priced from RM401,475 and semi-detached are from RM415,381 for 1-storey and from RM661,781 for 2-storey types.

There were several completions in the residential sector in 2017. One being the Fairfield Villas@Yarra Park in Sungai Petani which offered 25 units of 2-storey semi-detached priced at RM821,800. Another is the Sapphire@Darulaman Perdana in Sungai Petani with 2-storey semi-detached houses priced at RM592,000.

Selected Upcoming Residential Properties in Kedah

Development	Location	Type	Size (sf)	Price (RM)	Developer
Taman Lagenda	Padang Serai	1-sty Terraced	600	RM179,000	JKG Land Bhd
Taman Desa Cinta Sayang	Padang Serai	1-sty Terraced	1,000	RM158,000	JKG Land Bhd
Taman Puteri	Padang Serai	1-sty Semi-Detached	1,200	RM260,000	JKG Land Bhd
Taman Puteri	Padang Serai	Bungalow	6,168	RM395,000	JKG Land Bhd
Lourve II	Sungai Petani	2-sty Semi-Detached	3,203	From RM454,230	OSK Property Holdings
Kulim Techno City	Kulim	1-sty Terraced	3,057 - 7,104	From RM280,900	Bellevue Group
Taman Permai Utama (Phase 2)	Gurun	Terraced & Semi-Detached	1,400	RM180,180 - RM309,350	SPNB Aspirasi Sdn Bhd
Fuchsia@Darulaman Perdana	Sungai Petani	2-sty Terraced	1,650	From RM401,475	BDB Land Sdn Bhd
Sapphire@Darulaman Perdana	Sungai Petani	2-sty Semi-Detached	3,200	From RM663,118	BDB Land Sdn Bhd
Violet@Darulaman Perdana	Sungai Petani	2-sty Semi-Detached	3,200	From RM661,781	BDB Land Sdn Bhd
Scarlet@Darulaman Perdana	Sungai Petani	1-sty Semi-Detached	3,200	From RM441,176	BDB Land Sdn Bhd
Turquoise@Darulaman Perdana	Sungai Petani	1-sty Semi-Detached	3,200	From RM415,381	BDB Land Sdn Bhd
Bukit Banyan	Sungai Petani	1-sty Terraced	1,400	From RM190,000	Paramount Property

(Source: Rahim & Co Research)



(Source: Rahim & Co Research, IHRM)

Kedah

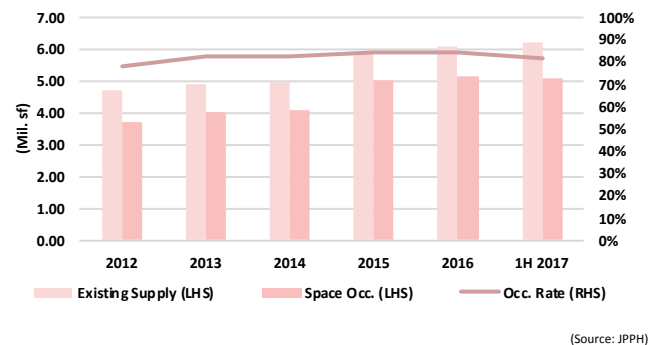
Retail

As at 1H 2017, Kedah has 58 shopping complexes, which totals up to 6.25 million sf. This is an increase of 3.9% from 1H 2016. No completions were seen in the first half of 2017 but occupancy rate has experienced a drop of 3.2% from 1H 2016.

Alor Setar is the biggest contributor to the supply of retail space, offering a total of 2.52 million sf with occupancy rate of 80.8%. Sungai Petani came next, offering 2.01 million sf but comparatively has the lowest occupancy rate of 78.2% amongst districts with shopping malls in them.

Within central Alor Setar, rental rates for prime lots ranged between RM7.00 to RM13.00 psf pm and secondary lots at a lower RM3.00 to RM6.00 psf pm.

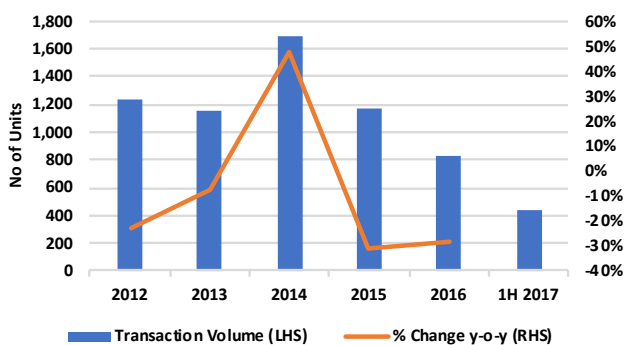
Existing Supply & Occupancy Rate of Retail Spaces in Kedah (2012-1H 2017)



OSK Property's Atria retail mall has been kept on hold for now due to slow economic activities. This is in line with the market's expectation of an oversupply of retail malls in Malaysia and that Kedah's overall occupancy rate has dropped despite no new completions.

Shop Office

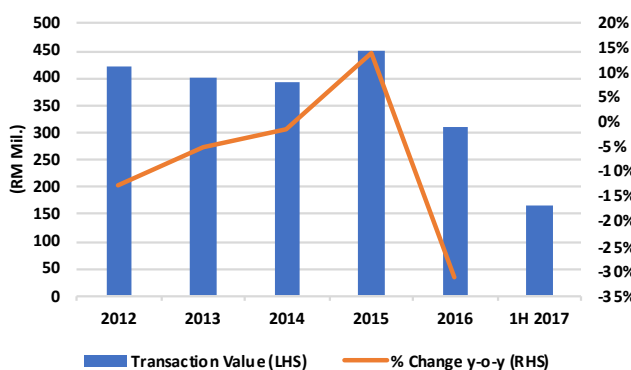
Number of Shop Office Property Transactions in Kedah (2012-1H 2017)



Total supply of shop offices in Kedah has increased slightly by 1% to 25,966 units as at 1H 2017. 2 and 2 ½ -storey terrace types registered the highest count at 13,752 units, followed by 1-1 ½ -storey terrace types at 6,308 units.

Volume of transactions rose by 1.4% (437 units) whilst value rose by 2.2% (RM1.66.13 million). 2-storey shop offices in Alor Setar were seen to be transacted at RM300,000 to RM450,000. Taman Saga in Ayer Puteh showed similar prices of recent transactions at RM350,000 for 2-storey shop offices.

Value of Shop Office Property Transactions in Kedah (2012-1H 2017)



The market will see the completion of the Dayang Walk Commercial Square in Kuah, Langkawi, offering 80 units of 2-storey offices sized between 864 sf to 2,343 sf. It is currently priced from RM770,880 to RM1,096,396.

Another completion to be anticipated in the first quarter of 2018 is the Phase 3 of Kinta Riverfront in Sungai Petani. Offering 78 units of shop offices sized at 1,400 sf, it is only up for lease at RM1.40 psf pm.

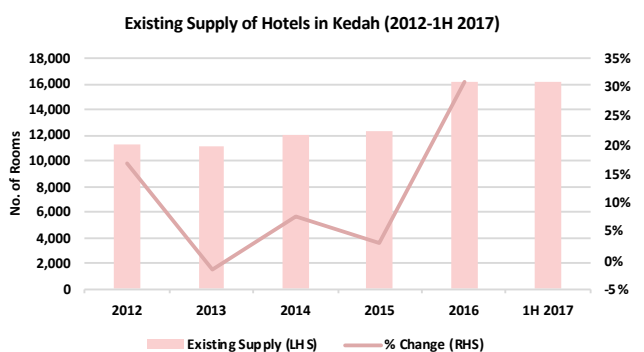
An upcoming development by OSK Property Holdings Bhd to be launched in 2018 is the Taipan Business Park located within Bandar Puteri Jaya, Sungai Petani. It offers 42 units of 2 and 3-storey shop offices sized at 1,400 sf and priced from RM550,000.

Hotel

In Kedah there are a total of 177 hotels which amounts to 16,196 rooms in 1H 2017. Within this total, 36 are rated 3-stars and above. Most 4 and 5-star hotels are located in Langkawi, a popular travel destination by local and international travellers.

Room rates of Kedah in general are on the higher scale due to Langkawi being a top holiday destination. 5-star hotels such as the Danna Langkawi Hotel, Four Seasons Resort Langkawi and Century Langkawi Beach Resort offer rates between RM450 to RM3,200 per room per night. 4-star hotels such as Holiday Villa Beach & Resort, Langkawi Lagoon Resort and Ombak Villa Langkawi offer a lower RM200 to RM570. On Kedah mainland, the only 5-star hotel available is Grand Alora Hotel whereas the only 4-star hotel is TH Hotel & Convention Centre Alor Setar.

No completions were seen within the review period but another 5-star hotel named Wanda Realm Resort Langkawi located within Tropicana Cenang, a new upcoming mixed development, was announced to be entering the market. Operated by Wanda Hotels and resorts Co Ltd, China's largest 5-star hotel management. It offers a total of 350 guest rooms. The entire Tropicana Cenang development is estimated to be completed by 2030.

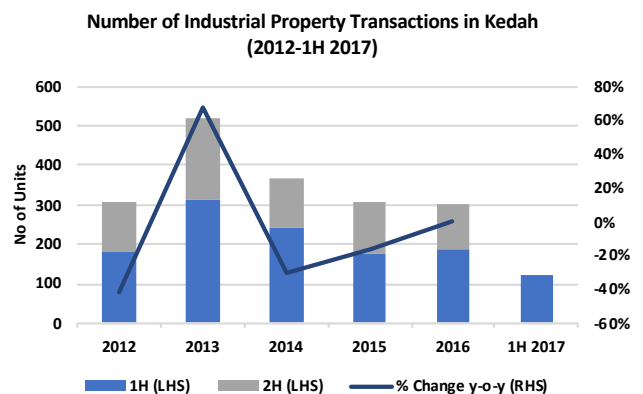


(Source: JPPH)

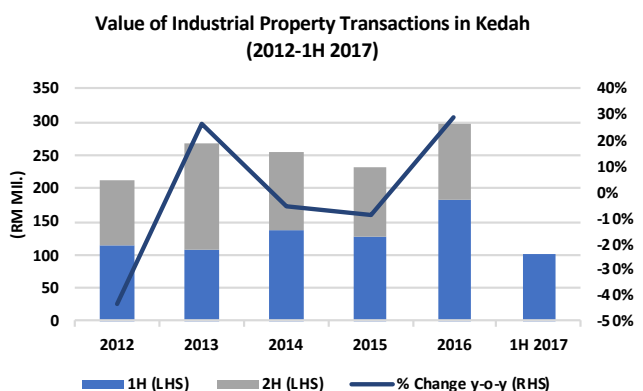
Notable Announcements

- The RM 3.0 billion JV project called Kedah Integrated Fishery Terminal (KIFT) between the state government and China's Qingdao based company, Lu Haifeng Investment Co Ltd, will transform Kedah into an international fisheries centre in 10 years.
- Bukit Kayu Hitam Duty-Free Zone is one of the 5 Main Corridors invested in, with a total allocation of RM1.0 billion.

Industrial



(Source: JPPH)



(Source: JPPH)

For the industrial sector, Kedah seems to have experienced a fall in transaction activities: volume dropped by 33.3% (124 units) and value by 43.5% (RM102.83 million). This puts Kedah's industrial transaction activities even lower than 1H2015 (volume at 175 and value at RM127.99 million) despite the big increase in 1H 2016.

On the supply side, there was an increase of 2.9%, which amounts the current industrial unit count to 3,825 units. Terraced factories have the highest count in existing supply at 1,758 units, contributing about 50% of the whole state supply. This is followed by semi-detached factories at 1,058 units. Kuala Muda has the highest number of industrial units at 1,666 units, followed by Kota Setar at 1,065 units.

Looking at the transactions within the review period, average transaction prices of 2-storey factories in Sri Tandop Industrial Park are at RM566,000 and similar units in Taman Perindustrian Ringan Kristal are at RM543,000.

No completions were seen and incoming supply was only 47 units during the review period.

Pulau Pinang

Snapshot

RESIDENTIAL		
Supply	490,774 units	↑ 3.9% y-o-y
Transaction volume	5,697 units	↓ 14.9% y-o-y
Transaction value	RM2,454.73 mil.	↓ 7.3% y-o-y

RETAIL		
Supply	18.71 mil. sf	↑ 0.6% y-o-y
Occupancy Rate	70.5%	↓ 1.7% y-o-y
Monthly Rental	Prime: RM4.50psf – RM27.00psf Secondary: RM2.50psf – RM17.00psf	

PURPOSE BUILT OFFICE		
Supply	12.0 mil. sf	↑ 1.1% y-o-y
Occupancy Rate	81.9%	↓ 0.7% y-o-y
Monthly Rental	Prime area: RM1.00psf – RM6.60psf	

SHOP OFFICE		
Supply	27,236 units	↑ 3.1% y-o-y
Transaction volume	427 units	↓ 41.3% y-o-y
Transaction value	RM331.7 mil.	↓ 59.4% y-o-y

HOTEL		
Supply	18,659 rooms	↑ 2.3% y-o-y
Average Room Rate	5-star: RM295 – RM560 per night 4-star: RM172 – RM490 per night	

INDUSTRIAL		
Supply	9,057 units	↑ 1.0% y-o-y
Transaction volume	165 units	↓ 16.2% y-o-y
Transaction value	RM283.08 mil.	↓ 39.0% y-o-y

(as at 1H 2017)

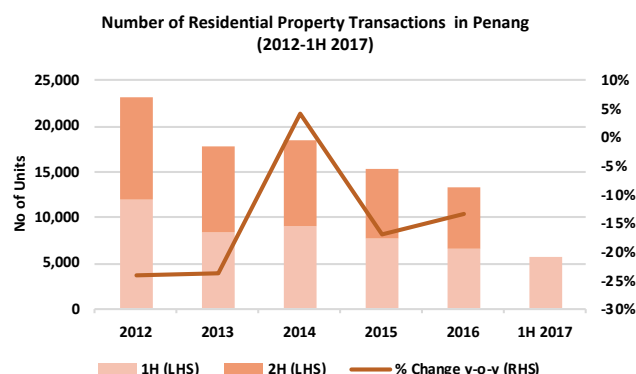
(Source: Rahim & Co Research, JPPH)

Residential

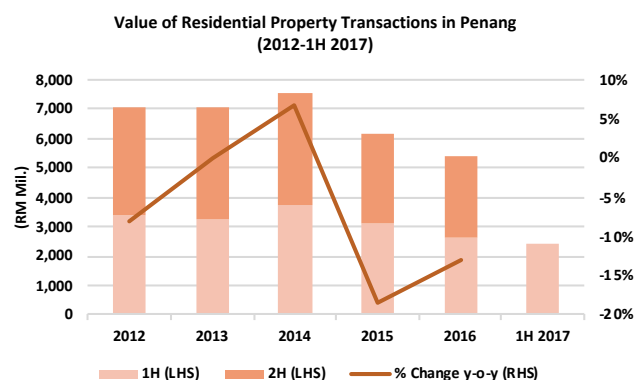
1H 2017 saw Penang's residential supply rose by 3.9% y-o-y to 490,774 units, of which about 49% are high-rise buildings including low-cost units. Flats were the highest by type at 104,162 units followed by condominiums at 77,169 units. The existing supply of residential units were evenly-distributed between Penang Island (241,256 units) and Mainland Penang (249,518 units). There were 2,041 overhang units worth RM1,923.29 million and on the horizon, Penang is expected to welcome in another 46,740 residential units currently under construction. Based on the new launches in 1H 2017, condominiums were the most popular type at 1,291 units out of total 1,408 newly launched units.

Transaction activities continued its downward trend, a decrease of 14.9% in volume and 7.3% in value. 5,697 units worth RM2.45 billion were transacted, mostly within the price range of RM500,001 to RM1.0 million and were predominantly high-rise units.

In Penang Island, 1-storey terraced houses were transacted at an average price of RM700,000 and 2-storey houses at RM1.0 million. 1-storey semi-detached in areas such as Tanjung Bungah and Jelutong were valued at RM1.2 million on average and 2-storeys semi-detached in areas like Island Park and Desa Ria were within the RM2.0 million range. The supply of high-rise units continued to increase due to scarcity of land, with prices in selected high-end units averaging between RM1.0 million to RM2.5 million.



(Source: JPPH)



(Source: JPPH)

2017 saw a handful of completions in residential units around Penang, especially in the high-rise category. Amongst these were condominium projects like Setia Pinnacle in Sg. Ara at RM650,000, Artes in Bayan Lepas at RM853,000, and Iconic Skies in Relau at RM800,000. The serviced apartment of Mahkota Impian was also completed in November 2017 and were sold from RM480,000.

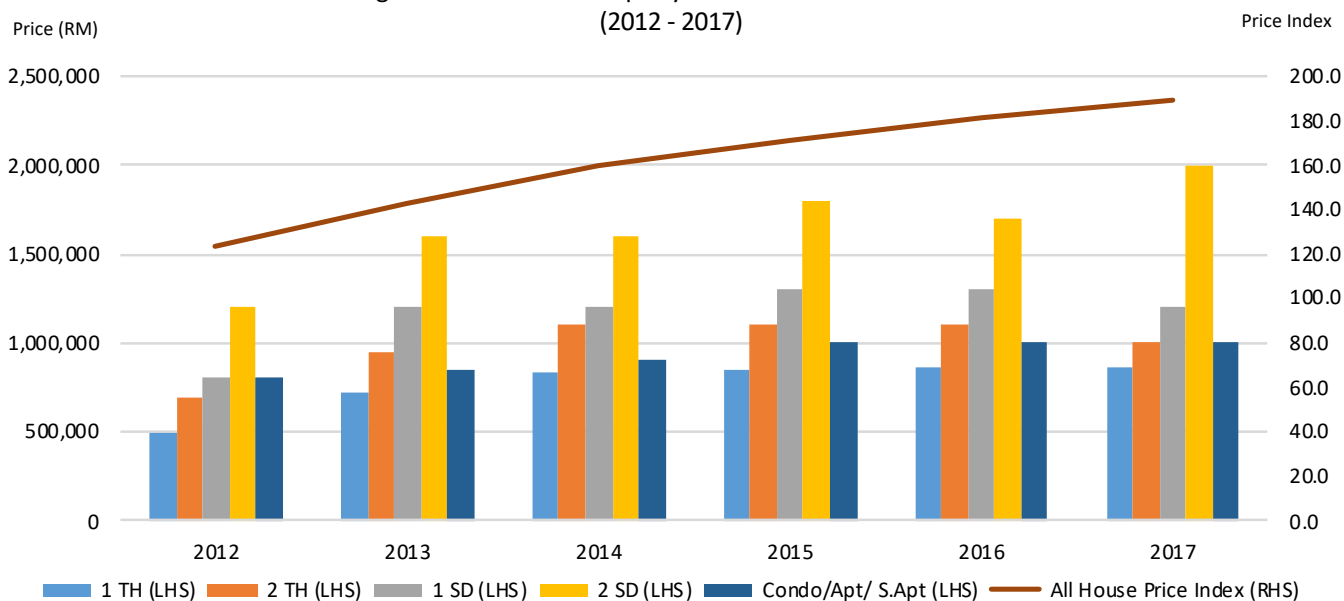
In terms of upcoming numbers, high-rise units still dominated the residential market at 78% of the total 46,740 incoming units. A few of the notable upcoming developments include Vertu Resort by Aspen Vision City, NOVUS by Prisma Bumiraya Sdn and M Vista by Mah Sing Group Sdn Bhd. Upcoming landed developments include Eco Horizon by EcoWorld and SA65 by JMR Conglomeration Bhd.

Selected Upcoming Residential Properties in Penang

Development	Location	Type	Price	Developer	Completion
Ariza Seafront	Seri Tanjung Pinang	2-sty Terraced	From RM2.19 mil.	Eastern & Oriental Bhd	2019
Summer Skye Residence	Bayan Lepas	Condominium	RM550,000 - RM1.1 mil.	Ideal Homes Properties Sdn Bhd	
NOVUS	Sungai Nibong	Condominium	From RM550,000	Prisma Bumiraya Sdn Bhd	
Waterside Residence	Gelugor	Condominium	From RM749,000	IJM Land Bhd	2020
Eco Horizon & Eco Sun (Phase 1)	Batu Kawan	2-sty Terraced	From RM800,000	EcoWorld	
Vertu Resort	Batu Kawan	Condominium	From RM420,000	Aspen Vision City	
Quinton	Balik Pulau	Condominium	From RM233,000	Prisma Bumiraya Sdn Bhd	2021
M Vista	Batu Maung	Serviced Residence	From RM330,000	Mah Sing Group Sdn Bhd	
Taman Perdana (Phase 2)	Simpang Empat	Semi-Detached, Bungalow	From RM500,000	JMR Conglomeration Bhd	N/A

(Source: Rahim & Co Research)

Penang Island Residential Property Price Trend & House Price Index (2012 - 2017)



(Source: Rahim & Co Research, IHRM)

Pulau Pinang

Retail

For the last 5 years, the average occupancy rate of Penang's retail properties maintained at 70% with an increased likelihood of a drop in the future should additional large-scale malls be introduced into the market.

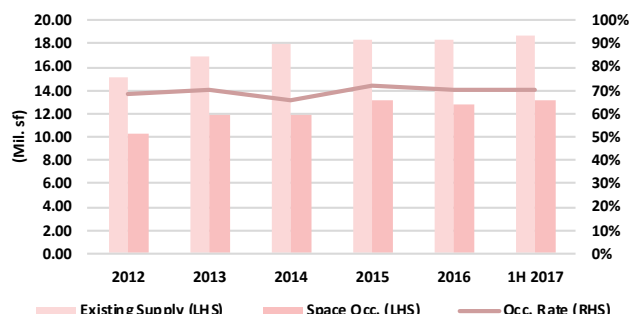
In 1H2017, occupancy rates had dropped by 1.3% from last year's review period with the increase of supply such as the Design Village Penang outlet stores. Currently Penang has a total of 104 shopping malls with the majority located in Georgetown and Bukit Mertajam.

Monthly rental rates of established malls within Penang's prime areas hovered between RM4.50 to RM27.00 psfpm for prime lots and RM2.50 to RM17.00 for second-tier lots. Gurney Plaza and Gurney Paragon were able to reach a much higher RM45.00 psfpm for their prime lots.

Design Village Penang saw its official opening back in November 2016 and had so far reported good responses from visitors, recording a promising 1.3 million visitors since its opening. At an occupancy rate of approximately 80%, its developer PE Land (Penang) Sdn Bhd is still working to increase its local and international visitors through travel agents. The development is sized at 10.1 ha and contains 150 stores.

The next highly-anticipated retail mall is IKEA at Batu Kawan. The ground-breaking ceremony was held in September 2017 and is scheduled for opening in 2019. As

Existing Supply & Occupancy Rate of Retail Spaces in Penang (2012-1H 2017)



(Source: JPPH)

the 4th IKEA store in Malaysia, the Batu Kawan outlet is 430,330 sf in size and includes the popular Ikea Restaurant and Swedish Bistro & Food Market.

The Penang government had announced their plans to refurbish the existing Mayang Mall in Bayan Baru and turning it into a Global Business Services (GBS) centre for investors. This involves a major facelift of the building's façade and infrastructure to meet MSC standards.

In the near future, Penang will be introducing 4 new malls into the market, with a total size 473,214 sf.

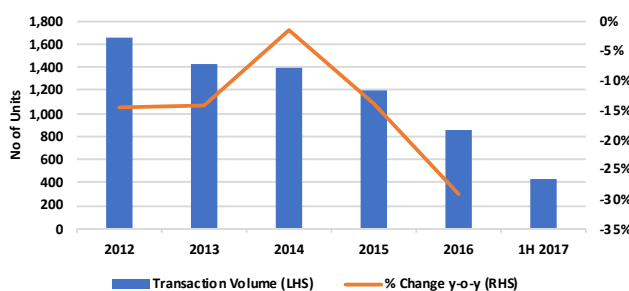
Shop Office

As at 1H 2017, the supply of shop offices in Penang stood at 32,631 units, dominated by 2-2 ½ storey types. Location wise, a little over half of the total supply were situated in the mainland of Penang. There were 57 overhang units worth RM32.54 million and on the horizon, Penang is expected to house another 3,350 units currently under construction.

Transactions have reportedly dropped by 9.9% in volume and 9.2% in value. Within the review period, 698 units were transacted at a worth of RM489.57 million. Out of this, 2-2 ½ storey shop offices were the most transacted and 44% of these were priced from RM500,001 and above.

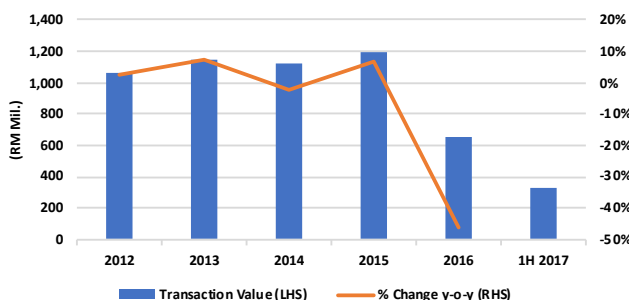
Good sales performance was seen in a project by Farlim Group (M) Bhd. All 54 units in Farlim Square had been sold out at an average price of RM2.48 million, with indicate asking rentals to start from RM12,000 per month for a 3-storey unit.

Number of Shop Office Property Transactions in Penang (2012-1H 2017)



(Source: JPPH)

Value of Shop Office Property Transactions in Penang (2012-1H 2017)



(Source: JPPH)

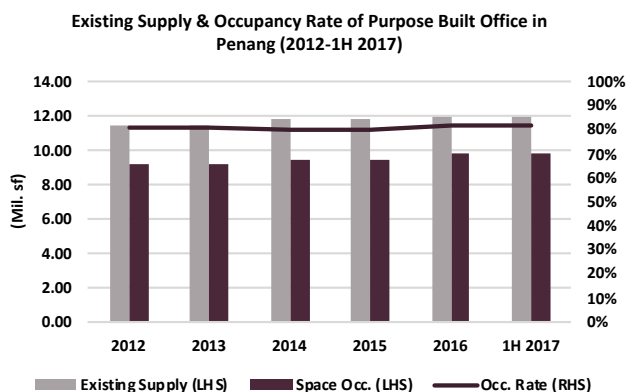
Purpose Built Office

As at 1H 2017, the supply of purpose-built offices in Penang stood at 11.98 million sf, of which 2.17 million were unoccupied. This is after a rise of 1.1% in total supply y-o-y.

Occupancy rate maintained at an encouraging 80% over the past five years, now at 81.9% in by 1H 2017. Incoming supply was recorded at 219,476 sf, represented by 4 office buildings with 3 located in Georgetown.

Monthly rentals of purpose-built office spaces in Penang remained stable at a range of between RM1.00 psfpm to RM6.60 psfpm. Office buildings such as Bangunan KWSP of Jalan Anson and Jalan Sultan Admad Shah as well as Menara IJM Land commanded higher rates of RM3.00 to RM6.60 psf pm.

One of the state government's actions to further improve Penang's economy was via the launch of Global Business Services (GBS) centres. Amongst these was the refurbishment of Mayang Mall whereby upon its completion in January 2018, 110,000 sf of office space will be available. Similarly, the 'GBS by the Sea', an integrated centre featuring two MSC-accredited 8- and 9-storey office buildings will be completed by 2020. These office spaces are to MSC standards.



Hotel

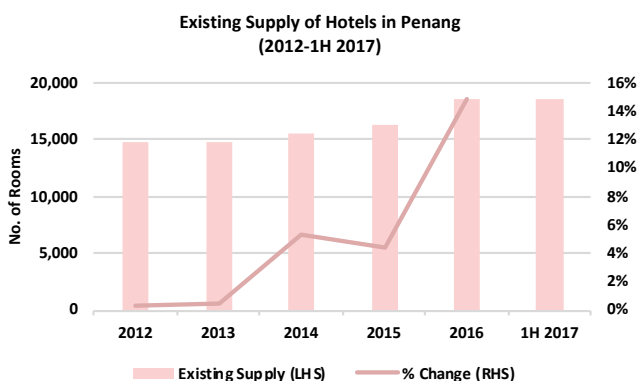


Summit 191 Executive Suites | Source: M Summit 191 Sdn Bhd

By 1H 2017, Penang's hotel supply stood at 18,659 rooms which makes up to a total of 105 hotels. Of these, 29 are rated 4 stars and above. Room rates of 5-star rated establishments were between RM295 to RM560 per night whereas rooms of 4-star hotels were between RM172 to RM490 per night.

One of the notable new entrants within the review period was Areca Hotel Penang, which started its operations in January 2017. Located within the UNESCO World Heritage Buffer Zone, it offers a total of 48 rooms priced at a standard rate of RM285 per night.

Another hotel soon to be opened by February 2018 is the Summit 191 Executive Suites right in the heart of Georgetown, along Jalan Magazine. Positioned as executive suites instead of a hotel, it offers a total of 96 fully-furnished executive suites in 6 different interior designs with room rates to be priced from RM450 per night.



Pulau Pinang

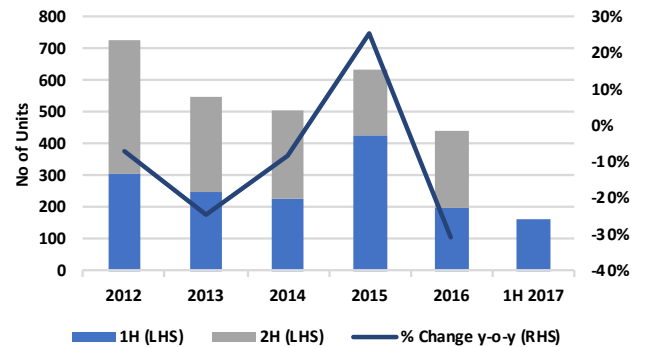
Industrial

As at 1H 2017, the supply of Penang's industrial properties had grown to 9,057 units, a marginal increase y-o-y. Growth was at a slower pace as incoming supply amounts to 246 units. Only 80 units of recently-completed ones were left unsold. The overhang units were worth RM118.85 million and are of semi-detached and detached types priced above RM1.0 million.

Transactions have reportedly dropped by 16.2% in volume and 39% in value. There were 165 units transacted during the review period worth RM283.08 million. Out of these transactions, the majority were the terraced types and were mainly within the RM400,000 to RM1.0 million price range.

Of the transacted units, 1 ½ storey semi-detaches in Handerson Industrial Park and Valdor Industrial Estate were priced between RM700,000 to RM900,000 whilst similar types in Permatang Tinggi Industrial Park was at a higher RM1.67 million on average. But those in Sg. Lokan Light Industrial Park has reached above RM2.0 million.

Number of Industrial Property Transactions in Penang
(2012-1H 2017)

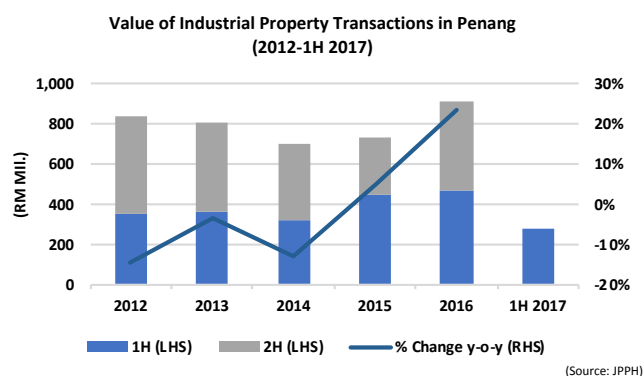
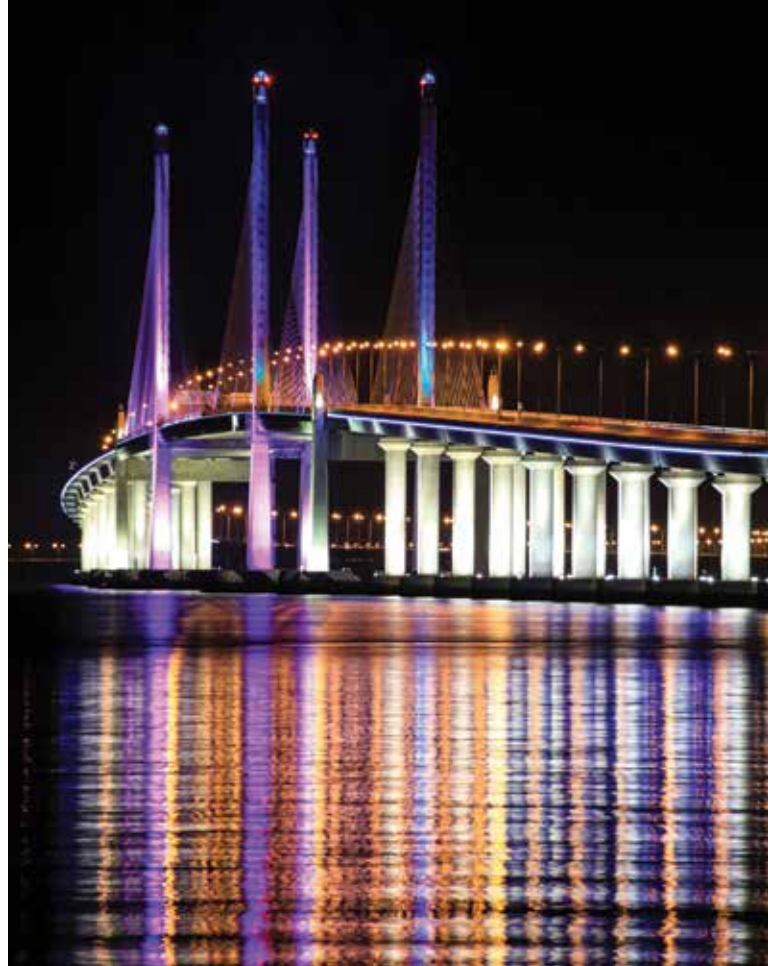


(Source: JPPH)



In spite of the fast-growing service sector, the manufacturing sector is still going strong in Penang. According to MIDA, Penang recorded the highest amount of approved investment amongst its peers in Malaysia at RM7.71 billion as at 1H2017, of which RM6.22 billion were foreign investments. This augured well with the general investors' positive outlook for industrial properties, as could be observed by investments such as the RM49.6-million investments in Batu Kawan Industrial Park by five goldsmith and jewellery firms.

In the context of upcoming developments, Orange Gate by Tah Wah Group is scheduled for completion by mid-2018 and offers 2-storey terraced units priced from RM2.76 million. It is a small-scale development that offers only 16 units sized at 9,500 sf. On a bigger scale, the Penang Development Corporation (PDC) are targeting the completion of the SME Village in Batu Kawan by 2019. The units offered to the market include industrial lots, terraced and semi-detached factories.



Notable Announcements

- The Federal Government will consider the transfer of land in Gelugor and Batu Maung to JKP Sdn Bhd to build 10,000 units of affordable housing.
- The Upcoming Sunway Valley City in Paya Terubong will comprise of shop offices, service apartment, shopping mall, Sunway College, office tower, medical centre.
- Sunway Medical Centre in Seberang Jaya will built in 2 phases, phase 1 to consist of 250-beds out of 400.
- JMR Conglomeration Bhd is redesigning its Marvel City and Marvel View projects with an estimated GDV of RM2.2 billion to be launched before 2020. The RM1.5 billion Marvel City is a mixed development project on 2.2 hectare in Juru which will be developed over 6 years.
- The Lone Pine Hotel in Batu Feringghi was sold by Eastern & Oriental Bhd to Langkawi Saga Shopping Centre Sdn and Lubritrade Trading Pte Ltd for RM85 million.
- As part of the master plan to meet the growing Global Business Services (GBS) needs, the Penang government has announced the refurbishment of Mayang Mall and the construction of 'GBS by the Sea'.

Perak

Snapshot

RESIDENTIAL		
Supply	462,428 units	↑ 2.3% y-o-y
Transaction volume	11,211 units	↓ 6.3% y-o-y
Transaction value	RM2,081.56 mil.	↓ 7.7% y-o-y

RETAIL		
Supply	10.5 mil. sf	↑ 1.3% y-o-y
Occupancy Rate	84.8%	↑ 1.4% y-o-y
Monthly Rental	Prime: RM4.00psf – RM18.00psf Secondary: RM3.00psf – RM16.00psf	

PURPOSE BUILT OFFICE		
Supply	6.67 mil. sf	↑ 0.2% y-o-y
Occupancy Rate	94.7%	↓ 0.2% y-o-y
Monthly Rental	Prime area: RM1.50psf – RM3.00psf	

SHOP OFFICE		
Supply	51,459 units	↑ 2.0% y-o-y
Transaction volume	803 units	↓ 6.6% y-o-y
Transaction value	RM376.6 mil.	↓ 4.9% y-o-y

HOTEL		
Supply	15,936 rooms	↑ 8.2% y-o-y
Average Room Rate	5-star: RM450 – RM1,300 per night 4-star: RM180 – RM240 per night	

INDUSTRIAL		
Supply	8,103 units	↑ 1.6% y-o-y
Transaction volume	232 units	↓ 37.0% y-o-y
Transaction value	RM249.01 mil.	↓ 18.2% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

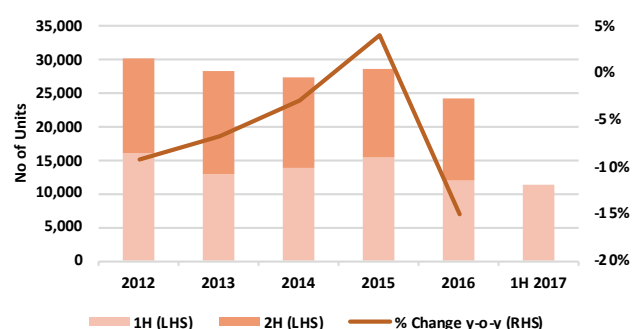
Residential

1H 2017 saw Perak's residential supply increase by 2.3%, amounting to 462,428 units. Transactions continued to drop but at a slower pace in comparison to 2016's review period, where there was a 21.9% drop in volume of transaction. Transaction value moved lower at a similar rate from last year's review period at about 7%.

Perak's market saw a total of 1,364 newly launched units within the first half of 2017 at a sales performance of 31.5%. Though this is still relatively low, it is an improvement from the numbers of the first half of 2016, where new launches were at 1,589 units and sales at only 19.3%. 1-storey terrace houses held the highest count in new launched at 740 units with 65% priced below RM250,000.

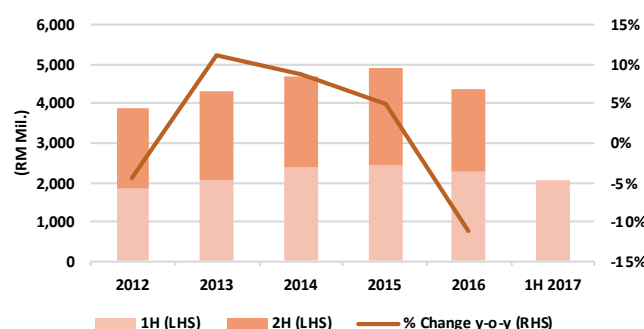
Existing terraced houses in Ipoh averaged between RM225,000 to RM360,000 and high-rise units at about RM355,000. Monthly rentals for similar types ranged between RM650 to RM1500 for terraces and RM1550 to RM2550 for high rises.

Number of Residential Property Transactions in Perak (2012-1H 2017)



(Source: JPPH)

Value of Residential Property Transactions in Perak (2012-1H 2017)



(Source: JPPH)

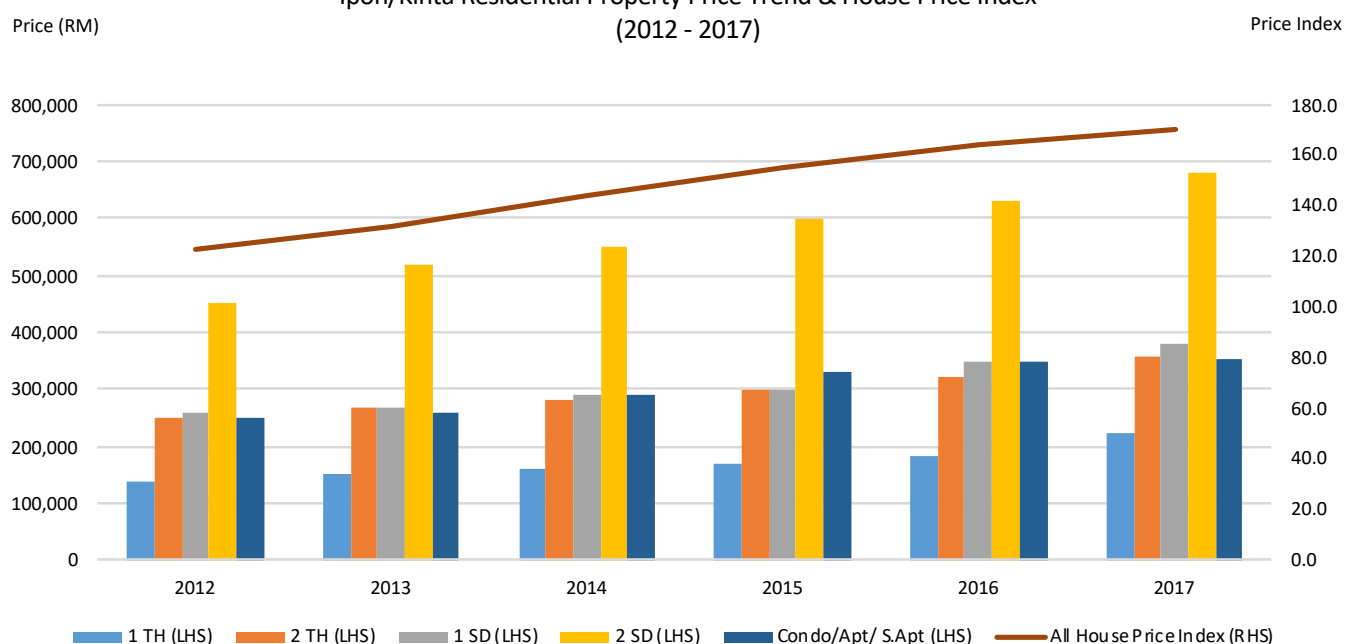
Affordability continues to be a major concern for the state and various counter measures have been implemented such as affordable home developments and supportive financial schemes. A few of these schemes provided by the state government include Elemen@18 and Elemen@Seri Majung, both under Perumahan Penjawat Awam 1Malaysia (PPA1M), and My Beautiful New Home (My BN Home) @Batu 10 Lekir which is already completed. The latter is the country's first project to be executed and completed under the National Blue Ocean Strategy, aimed for the B40 income group.

Selected Upcoming Residential Properties in Perak

Development	Location	Type	No. of units	Selling Prices
Sunland Residences	Ipoh	2-sty Terraced	31	RM440,000 – RM576,600
Palm Ville	Ipoh	2-sty Terraced	12	RM348,800
Puncak Harmoni	Kuala Kangsar	Bungalow	4	From RM887,150
Puncak Harmoni	Kuala Kangsar	2-sty Semi-Detached	20	From RM701,190
Puncak Harmoni	Kuala Kangsar	2-sty Terraced	60	From RM426,580
Taman Bintang Indah	Manjung	2-sty Terraced	24	RM338,000 - RM462,000

(Source: Rahim & Co Research)

Ipoh/Kinta Residential Property Price Trend & House Price Index (2012 - 2017)

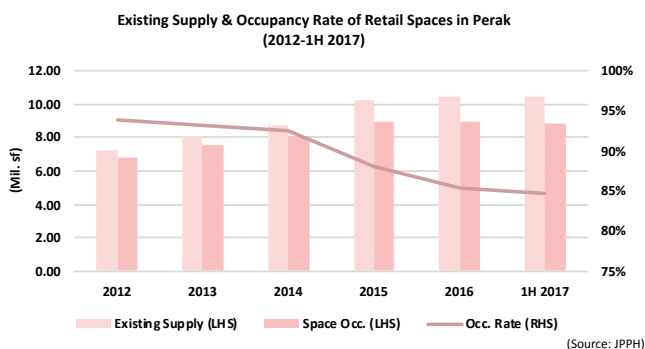


(Source: Rahim & Co Research, IHRM)

Perak

Retail

The retail malls in Perak has recovered slightly with an increase in occupancy rate by 1.4% to 84.8% after the relative fall in 1H 2016 where occupancy rate fell by 5.1%. But all is good as Perak has overall managed to maintain its occupancy rate at above 80% despite new malls coming in. Currently there are a total of 74 shopping malls in the whole of Perak, with 33 located in Ipoh.



Within Ipoh, rental rates remained relatively stable with prime lots commanding monthly rental rates of RM4.00 to RM18.00 psf and secondary lots fetching between RM3.00 to RM16.00 psf. Kinta City fetched the highest ground floor rate at RM33.00 psf followed by Ipoh Parade Shopping Centre at RM24.00 psf.

2017 saw the opening of a Mara Digital Mall along Jalan Datuh, Ipoh and is the third outlet by Majlis Amanah Rakyat (Mara) to be opened in Malaysia after Kuala Lumpur and Shah Alam.

Conversely, it was reported that GCH Retail (Malaysia) Sdn Bhd will be closing several Giant stores and one of them is the Giant store in Sri Manjung. Operations ceased on November 5th 2017 at the expiration of the premise lease.

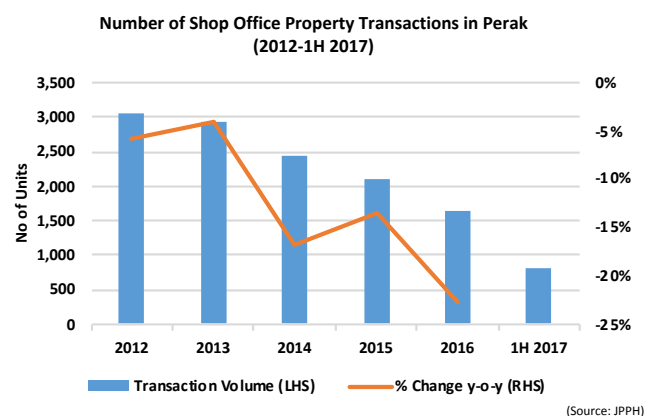
A new mall is seen to be in the works by developer Silverland Capital Sdn Bhd. Named Silverlakes Brand Village Outlet, it is a village-outlet concept mall and is the first of its brand to be built in Malaysia. Construction began in March 2017 and the opening is targeted to be by early 2019. Sized at about 400,000 sf, it will house over 150 shops and is situated within phase one of Silverlakes' development.

Shop Office

As at 1H 2017, the supply of shop offices of Perak stood at 51,459 units after an increase of 2.0% from the same period of last year. Approximately 61% of this rise came from 2 and 2 ½ -storey shop offices which were also predominant in the market.

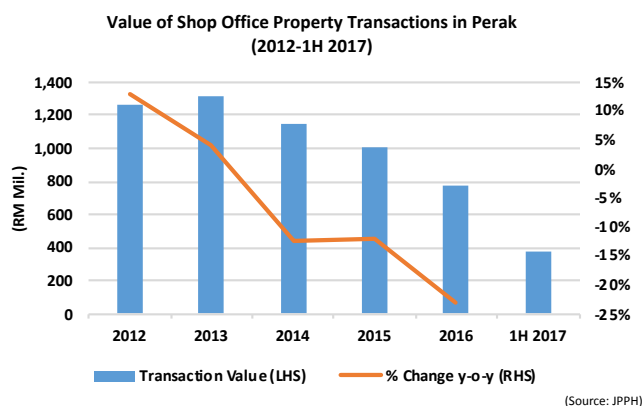
Transaction activities were seen to improve. Both volume and value of transactions dropped by lower than 7% and is now at 803 units worth RM375.6 million.

Prices of existing shop offices in Ipoh vary according to its location and type. In Kinta, 2-storey shop offices were transacted at an average of RM700,000 in Medan Bercham Bistari and Panorama Lapangan Perdana. Similar types but of a lower price range between RM270,000 to RM300,000 were situated in Bandar Cyber Ipoh and Taman Mas Kar King.



By the 1H 2017, a total of 360 completed units worth RM177.37 million were left unsold in the market and Perak is set to see an incoming supply of 5,348 units in the near future.

A development that is scheduled to complete in 2018 is the Uni Square by Sri Kancil Development Sdn Bhd. It is a commercial hub cum student accommodation project that offers shop offices on the ground floor. Sized between 1,600 sf to 1,760 sf, its standard units are priced at RM343,700.



Artist impression of Uni Square | Source: Sri Kancil Development Sdn. Bhd.

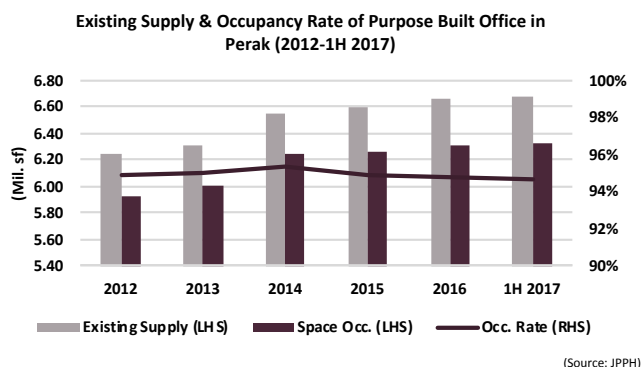
Purpose Built Office

As at 1H 2017, the supply of purpose-built office buildings in Perak stood at 6.67 million sf with an average occupancy rate of 94.7%. In comparison to last year's review period, only slight changes were seen: supply increased by 0.2% and occupancy rate decreased by 0.2%. This paints a positive picture of Perak's office market where supply is well met by demand. In the future, Perak is expected to see an incoming 19,795 sf of office space.

Monthly rental rates remained stable and hovered between RM1.50 to RM3.00 psf on average. Perak Techno-Trade Centre commanded the highest so far with RM4.50 psf in rent.

The addition of completed office buildings in Perak is due to the relocation of the Jabatan Pendaftaran Negara (JPN) of Perak Tengah district from Parit to a new building in Seri Iskandar. Relocation began on 8th Mei 2017.

The office spaces in the soon-to-be completed SOHO Ipoh Commercial Centre (Phase 2) registered good take-up rates with a few notable entities establishing their presence there. Being the new landmark of Ipoh, the SSI Tower will be used as the headquarters of Perak's State Secretary Department. Perak Transit Bhd is currently in an agreement with MH Amanjaya Properties to purchase a 9-storey building and the land it resides on for their own corporate office and leasing 4 floors of it. JM Education Group, an education agency, has also relocated their Ipoh branch office to Soho Ipoh Commercial Centre in November 2017.



Perak

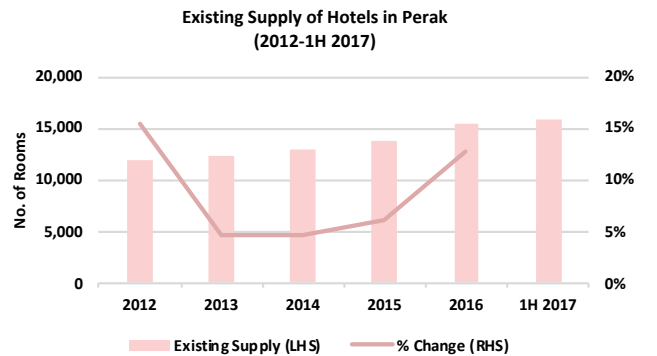
Hotel

The supply of hotel rooms has increased by 8.2% to a total of 313 hotels in the whole of Perak. Out of 313 hotels, 11 of them are rated 4 and 5-star.

Room rates for 5-star hotels averaged RM899 per night. The Banjaran Hotsprings Retreat fetched the highest at RM1,344 per night and is rated as a 5-star luxury spa resort. Hotels of 4-star rating such as Tower Regency Hotel & Resort and Impiana Hotel Ipoh charge between RM180 to RM240 per night on average.

2017's review period saw the completion of 408 rooms. These are Manhattan Hotel along Jalan Pasir Puteh, M Roof Hotel & Residences in Taman Ipoh, and Novotel Taiping Perak (Taiping Mall) along Jalan Tupai.

The Pangkor Resort World (PRW) Hotel is a 3-star hotel offering 50 guest rooms and is located right between Pasir Bogak Beach and the Sungai Pinang forest reserve. It is reported to be near completion and soon-to-be-launched.



The mixed residential and commercial educity development named Qi City will also be offering a hotel component at a capacity of 460 hotel suite units. Though no further information has been revealed on this particular component, the entire development is slated for completion by 2020.

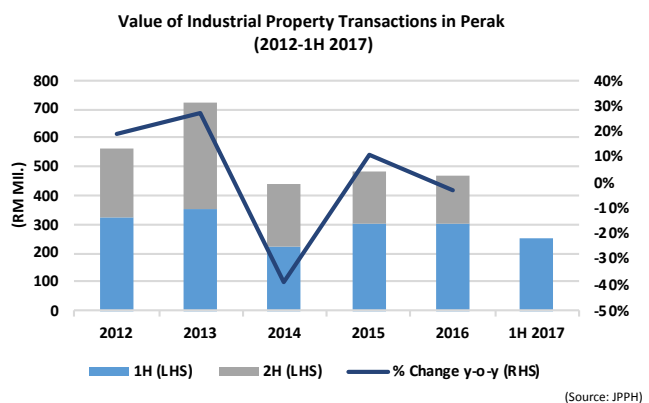
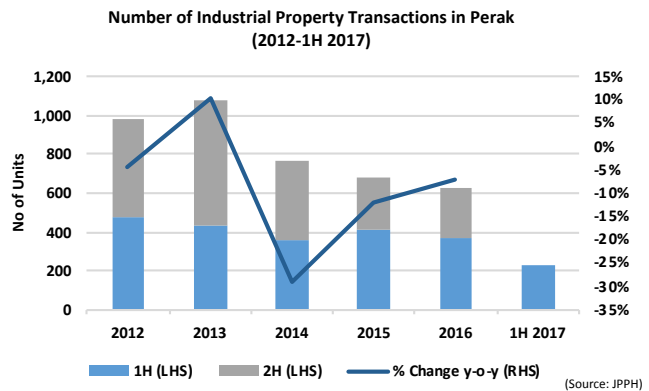


Industrial

The industrial market of Perak seems to have taken a steeper dive with higher drops in both transaction volume and value. Whilst 1H 2016 suffered a relatively big drop of 10.7% in transaction volume, 1H 2017 saw a bigger 37% drop. This indicates that industrial real estate is on a slower move despite the higher increase in supply: 2016's 1.4% growth versus 2017's 1.6% growth.

In the 1H 2017, 1-storey detached factories within the area of Hulu Kinta were transacted between RM1.6 million to RM4.0 million depending on the size and location.

Officialised as the 12th district of Perak in January 2017, Bagan Datuk is expected to experience an economic growth with 12 projects in the pipeline. One of them being the Bagan Datuk Heavy Industrial Park and is currently being developed by the Perak State Development Corporation (PKNP). The overall development is estimated to take 10 to 15 years. The early stages involving land reclamation of 1,375.9 hectares was set to take place by end-2017.



Notable Announcements

- Officialized as Perak's 12th district, Bagan Datuk is set to evolve with big projects such as the Bagan Datuk People's Housing Project (RM79.77 million), the Bagan Datuk District Police Headquarters (RM134 million), Bagan Datuk Sports Complex (RM31 million), and the relocation of Pusat Giatmara Bagan Datuk (RM7.78 million).
- The new Movie Animation Park Studios (MAPS) has opened its doors to the public on 26th June 2017 at Bandar Meru raya. Dubbed as Asia's first animation park at a cost of RM520 million.
- It is revealed that there may be a new airport in Perak, possibly to be located in Seri Iskandar, Perak Tengah. Talks of another bigger airport has been running for years as the current Sultan Azlan Shah Airport is restricted from expansion due to limited land.
- Parit Buntar Hospital in Kerian is expected to complete by 2021 with constructions aimed to begin in early 2018.
- A land and building in Seri Manjung was purchased by IHH Healthcare Bhd to be operated as Pantai Hospital Manjung.
- The upcoming 172.5ha T-City is a mixed development situated within Kinta and Kampar districts. This large development includes a Formula 2 Circuit, an automotive factory outlet, street-concept malls and hotels.
- Plans are underway to build a railway linking Kampar, Batu Gajah, Ipoh and Sungai Siput to facilitate inter-city movement.
- Following the announcement of Bagan Datuk as a new district, there was an announcement to build a bridge from Bagan Datuk to Kampung Sejagop, a sports complex and Pusat Giat Mara.

Central Region

Kuala Lumpur | Selangor | Negeri Sembilan

Kuala Lumpur

Snapshot

RESIDENTIAL		
Supply	458,237 units	↑ 1.6% y-o-y
Transaction volume	5,192 units	↓ 6.3% y-o-y
Transaction value	RM5,040.93 mil.	↑ 19.0% y-o-y

SHOP OFFICE		
Supply	23,766 units	↔ Stable
Transaction volume	214 units	↓ 5.7% y-o-y
Transaction value	RM528.2 mil.	↑ 6.2% y-o-y

RETAIL		
Supply	32.9 mil. sf	↑ 10.8% y-o-y
Occupancy Rate	84.9%	↓ 2.2% y-o-y
Monthly Rental	Prime: RM33.00 – RM90.00psf Secondary: RM20.00 – RM55.00psf	

HOTEL		
Supply	38,695 rooms	↓ 0.4% y-o-y
Average Room Rate	5-star: RM330 – RM700 per night 4-star: RM150 – RM380 per night	

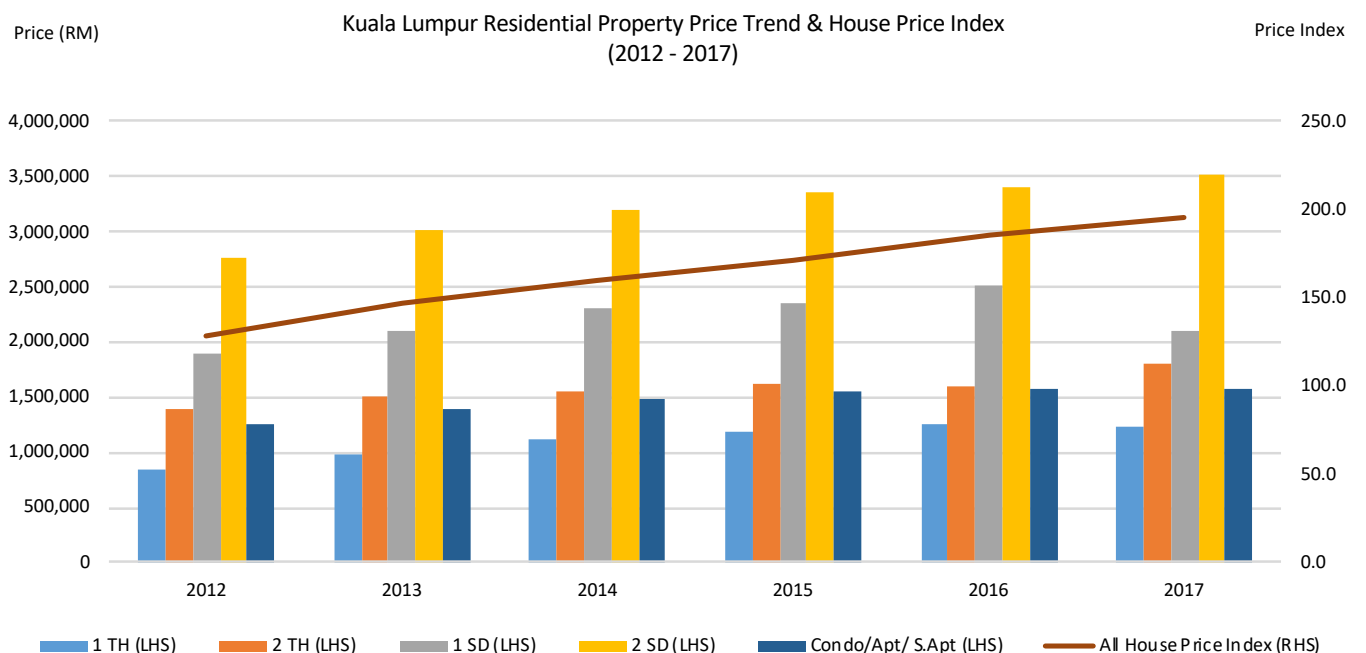
PURPOSE BUILT OFFICE		
Supply	94.1 mil. sf	↑ 3.4% y-o-y
Occupancy Rate	81.4%	↑ 2.1% y-o-y
Monthly Rental	Prime area: RM6.00 – RM12.00psf	

INDUSTRIAL		
Supply	5,138 units	↔ Stable
Transaction volume	48 units	↓ 56.4% y-o-y
Transaction value	RM116.89 mil.	↓ 46.6% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

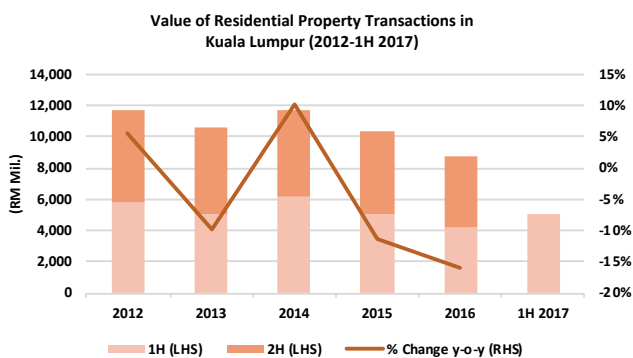
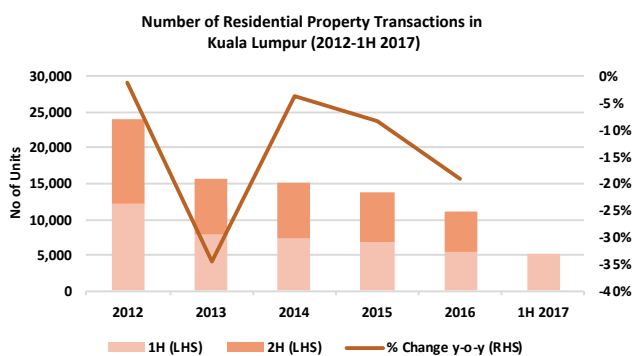
Residential



(Source: Rahim & Co Research, IHRM)

The residential property market in 1H 2017 had softened but at slower rate compared to 1H 2016. Transactions activities slowed down between 1H 2017/1H 2016 with a decline of 6.3% (from 5,539 units in 1H 2016 to 5,192 units in 1H 2017) but was much softer than the sharp decline of 20.2% in 1H 2016/1H 2015 (6,939 units in 1H 2015). The residential market of Kuala Lumpur is dominated by condominium units at 45.3% from the total existing supply of 458,237 units.

In the context of unsold residential properties in Kuala Lumpur, 9.2% of the total 8,151 units launched above RM500,000 were left unsold as at 1H2017. There were no unsold completed properties below RM500,000. This data does not include serviced apartment as it is now considered as commercial properties. If serviced apartment were to be added into the unsold count, it constitutes 11.0% of the overall combined launched units (in 1H 2017 unsold completed properties for serviced apartment was 911 units from the overall 6,333 launched units).



Kuala Lumpur skyline



Kuala Lumpur

In the context of housing affordability, developers had to appeal better to the mass market by offering affordably priced products below RM500,000 albeit with smaller built-ups. Amongst these notable developments include The Holmes 2, The Hamstead, The Hamilton and The Hertz (Block B) by Asset Kayamas Sdn Bhd. These products were fully booked during its preview launching. M Vertica by Mah Sing Group Bhd also recorded a take-up of 85% over its two-day weekend preview.

In response to the on-going concerns of unsold completed properties in the market, the government had implemented a freeze on launches of luxury properties priced above RM 1 mil. This measure began on 1st November 2017, but will not apply to properties within the city centre such as those located in the Golden Triangle subject to the Ministry of Finance's approval. There were only a few new luxury projects launched in 2017, such as The Estate in Bangsar, Isola KLCC and Ascott Star KLCC. The latter two are located along Jalan Yap Kwan Seng.

On a global scale, luxury properties in KL were still affordable as compared to other main cities in Southeast Asia. As such, high net worth individuals and foreign buyers were able to purchase or invest in these products. In this context, KL's luxury properties were selling between US\$400 – US\$700 psf, as compared to Bangkok's US\$900 – US\$1,000 psf and Singapore's US\$2,000 psf and above.

Transit-oriented Developments (TODs) and Transit-adjacent Developments (TADs) are becoming popular amongst the buyers. Both are urban high-density developments that maximizes the amount of residential, business and leisure space within walking distance to a public transport terminal. Sunway Berhad in 2017 had acquired 5 different plots of strategically located landbanks within Klang Valley earmarked for TOD as they are in close proximity to MRT, LRT and monorail stations. Another notable TOD project in Kuala Lumpur is Latitud 8, a mixed-use development sitting directly on top of the underground Dang Wangi LRT station.

Artist Impression of Solaris Parq, Mont'Kiara | Source: UEM Sunrise Bhd



Selected Upcoming High Rise Residential Properties in Kuala Lumpur

Development	Location	Type	No. of Unit	Price (RM)	Completion
Dorsett Residences Sri Hartamas	Sri Hartamas	Serviced Apartment	707	From RM520,000	2018
Residensi RAH	Kg Baru	Condominium	187	From RM622,461	2019
The Herz (Block B)	Kepong	Condominium	329	From RM448,000	
Legend Heights	Kepong	Serviced Apartment	558	From RM473,500	
Dawn @ The Era Duta North (Phase 1)	Segambut	Serviced Apartment	693	From RM375,900	
The Riyang	Kuchai Lama	Condominium	212	From RM830,000	2020
Three33 Residences	Kepong	Serviced Apartment	333	From RM441,700	
The Luxe by Infinitum	Jalan Dewan Sultan Sulaiman	Serviced Residence	300	From RM980,000	
The Estate	Bangsar	Condominium	328	From RM1.8 mil	
M Vertica (Tower A)	Cheras	Serviced Apartment	808	From RM450,800	
The Park 2 @Pavilion Bukit Jalil	Bukit Jalil	Serviced Apartment	709	From RM630,000	
Savio@Riana Dutamas	Segambut	Serviced Apartment	1,018	From RM376,000	
Isola KLCC	Jalan Yap Kwan Seng	Serviced Residence	140	From RM1.2 mil	
Ascott Star KLCC	Jalan Yap Kwan Seng	Serviced Residence	471	From RM1.6 mil	
eNESTA	Kepong	Serviced Apartment	258	From RM450,000	2021
Sentral Suites	KL Sentral	Serviced Apartment	976	From RM750,000	
Trinity Lemanja	Kepong	Condominium	583	From RM453,000	
The Holmes 2 (Block B)	Bdr Tun Razak	Condominium	493	From RM370,000	
The Hamstead	Desa Tun Razak	Condominium	479	From RM387,000	
Hamilton	Wangsa Maju	Condominium	435	From RM498,000	
Sky Five @ Maju KL	Sg Besi	Apartment	618	From RM590,000	
M101 SkyWheel (Designer Suite)	Jalan Raja Muda Abd Aziz	Serviced Residence	94	From RM3.5 mil	
M Centura	Sentul	Condominium	1,413	From RM328,000	
Continew	Jalan Tun Razak	Serviced Apartment	510	From RM501,000	2022
Residensi Solaris Parq	Mont' Kiara	Serviced Apartment	288	From RM873,800	
3rdNvenue	Jalan Ampang	Serviced Apartment	1,110	From RM299,000	
Razak City Residence	Sg Besi	Serviced Apartment	5,748	From RM389,000	

(Source: Rahim & Co Research)

Kuala Lumpur

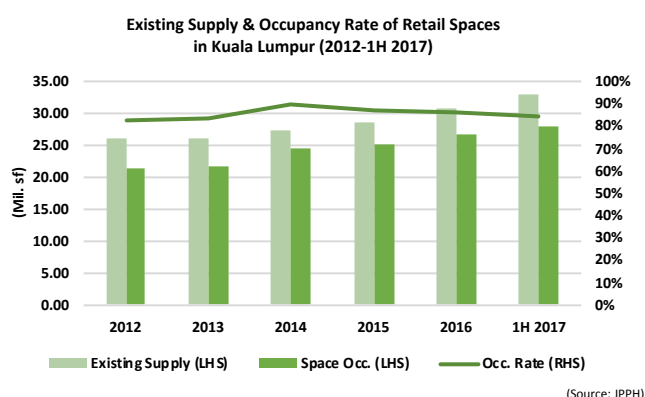
Retail

The supply of retail space in KL had been growing steadily in the previous years. Since 2012, 6.8 million sf of retail space had been added to the current 32.92 million sf recorded in 1H2017. There was a slight decrement in occupancy rate, from 86.9% from the previous review period to the current 84.9%.

MyTOWN began its operation in February 2017 and this marks the third retail mall in Southeast Asia for Ikano Group. Having a direct connection to Ikea Cheras, it was jointly developed by Boustead Holdings Bhd and Ikano Group. KL Gateway Mall too opened its doors to the public in March 2017 and targets full occupancy by year end. It has a net lettable area of 300,000 sf across 7 levels. Melawati Mall, which opened in July 2017 and is a certified Green Building Index, features energy-efficient lighting, rainwater harvesting systems and other environmental-friendly features.

By 1Q 2018, KL Eco City Mall will unveil the biggest urban grocery market in Malaysia named Bangsar Market. The development is inspired by internationally-renowned market places such as Queen Victoria Market in Melbourne and Camden Market in London. In northern KL, the upcoming Fiesta Walk is a 3-storey mall within the integrated development of The Era@Duta North in the mature township of Segambut.

With the operation of the Sg. Buloh – Kajang MRT Line, mall-hopping will be expected from commuters as it will eliminate parking hassles. For example, commuters can reach several prominent malls like Sungei Wang Plaza, Lot 10, Pavilion KL, Low Yat Plaza, and Fahrenheit 88 from Bukit Bintang MRT Station. Station Maluri and its next stop Cochrane Station will also be within reach to several malls including Aeon Maluri, Sunway Velocity, Ikea Cheras and MyTOWN.



Over the next 4 to 5 years, an additional supply of more than 10 million sf in retail space will be added into the current 5 million sf of vacant space in 1H2017. With the continuing growth in the supply of retail spaces, existing and upcoming malls will have to compete amongst each other to retain profitability.

The rise of e-commerce and online shopping will bring about both threats and opportunities as retail players re-strategize to offer better values and experiential retail options to the market. Thus, malls must now see themselves as a place offering more than just retail services, but entertainment and leisure as well.

Selected Upcoming Retail Malls in Kuala Lumpur

Development	Location	Net Lettable Area (sf)	Expected Completion
Retail Mall @ Eko Titivangsa	Titivangsa	600,000	2018
EkoCheras	Jalan Cheras, Kuala Lumpur	600,000	
KL Eco City Retail Podium	KL Eco City	300,000	
Four Seasons Place Retail Podium	Kuala Lumpur City Centre	300,000	
Bukit Bintang Plaza Redevelopment	Jalan Bukit Bintang	300,000	
Aurora Tower	Jalan Ampang	20,000	
Star Boulevard @ Star Residence	Jalan Yap Kwan Seng	130,000	
GM Robertson	Jalan Pudu, Bukit Bintang	122,000	2019
Datum Jelatek Mall	Keramat	491,484	
The Galleria	Jalan Ampang	500,000	
TRX Lifestyle Quarter Mall	Kuala Lumpur	1,200,000	
Kiara 163 Lifestyle Mall	Mont Kiara	N/A	
Retail @ The Quartz	Wangsa Maju	N/A	2020
Pavilion Damansara Heights	Damansara Heights	1,000,000	
Pavilion Bukit Jalil	Bukit Jalil, Kuala Lumpur	1,800,000	
8 Conlay	Kuala Lumpur City Centre	200,000	
Tradewinds Square	Kuala Lumpur	150,000	
Fiesta Walk @ The Era Duta North	Segambut	277,000	
MET 1 (Lifestyle Mall)	KL Metropolis	81,000	2021
Oxley Tower	Kuala Lumpur City Centre	257,801	
Mall@M101 SkyWheel	Jalan Raja Muda Abd Aziz	200,000	
Lalaport Mall@BBCC	Bukit Bintang	1,400,000	

(Source: Rahim & Co Research)

Kuala Lumpur

Purpose Built Office

As at 1H 2017, total office space within Kuala Lumpur had accumulated to 94.06 million sf as compared to 82.15 million sf in 2012. The absorbance of office rate in terms of occupancy rate was good at 81.4% in 1H 2017 as compared to 75.5% in 2012 but had been declining since 2014 with the constant supply injection.

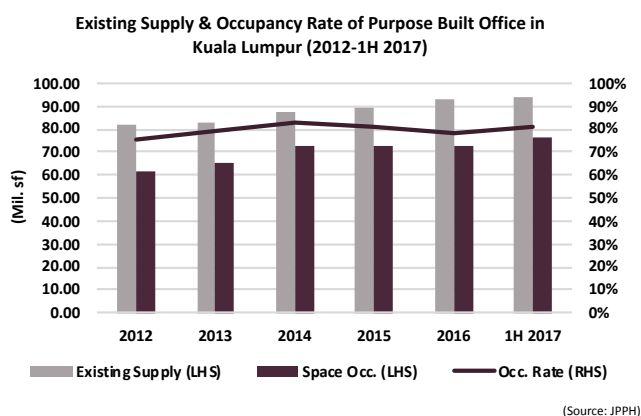
In 2017, a few sales transactions of office buildings were recorded in Kuala Lumpur, namely the sale of Menara Prudential at RM125 million (from OCBC Properties (M) Sdn Bhd to KL 33 Properties), Vista Tower at RM455 million (from The Intermark Sdn Bhd to AmanahRaya-Kenedix REIT Manager Sdn Bhd (ARREIT)), and Wisma Selangor Dredging at RM480 million (from Selangor Dredging Bhd to Golden Eagle Realty Sdn Bhd).

IJM Corp Bhd will be developing and operating an office tower named Menara Prudential in Tun Razak Exchange (TRX) after entering into a sales and purchase agreement with KLIFD Sdn Bhd to acquire 100% equity of Fairview Valley Sdn Bhd, a subsidiary of TRX City Sdn Bhd for the development of a 27-storey office building with a gross floor area of 560,000 sf.

Of the newly completed buildings, Wisma Guocoland in Damansara City is almost 100% occupied with asking rentals of RM8.50 psf pm.

Within the Golden Triangle area, Menara Hap Seng 3 along Jalan Sultan Ismail is the newest addition by Hap Seng Consolidated Bhd after its Menara Hap Seng 1 and Menara Hap Seng 2, both of which were almost fully occupied.

Prudential Assurance Malaysia Bhd and HSBC Bank Malaysia Bhd will be the latest financial institution to be sited in Tun Razak Exchange (TRX), Kuala Lumpur's first dedicated international financial district. Menara Prudential is a Grade A building with LEED Gold-certification and a gross floor area of about 560,000 sf whereas the RM1.06 billion HSBC Malaysia TRX HQ will offer a total office space of 568,000 sf, an investment of in cost.



On the suburban side, Pavilion Damansara Heights will be injecting a total of 1.5 million sf into the market with 10 office blocks; eight being en bloc sales and two on strata basis.

Increasing constructions of major office developments particularly in Kuala Lumpur had raised concerns of oversupply which will put further pressure on both take-up rates and rental rates. Due to this, the government made a move to control approvals of new commercial developments including offices, putting a halt on incoming supply into the market.

The office subsector will remain challenging as the market could see corrections and adjustments to be made between the gaps of supply and demand in the near future. Leasing activities in the office market continued to be slow yet favourable to tenants as absorption rate is expected to reduce due to the scaling down of major business sectors such as finance and banking, O&G and O&G-related sectors. However, high quality office spaces within integrated developments with good connectivity to public transport continue to benefit from the movement of corporate tenants who seek better quality accommodation at favourable terms.

Selected Upcoming Purpose Built Offices in Kuala Lumpur

Development	Net Lettable Area (sf)	Expected Completion
KL Eco City	1,750,000	2018
The Exchange 106 @ TRX	2,650,000	
Southpoint Tower @ Mid Valley City	857,760	
Equatorial Plaza	460,000	
Menara Hap Seng 3	240,000	2019
Menara Prudential @ TRX	560,000 (GFA)	
Dayabumi Phase 3	500,000	
Affin Bank HQ @ TRX	823,439 (GFA)	
Pavilion Embassy	N/A	2020
CitiTower	1,700,000	
Warisan Merdeka @ KL118	1,700,000	
HSBC Malaysia @ TRX	568,000	
Lot 91 Project	1,200,000	2021
UOB Tower 2	N/A	
Oxley Tower	225,000	
The MET Corporate Towers	600,000	
Tradewinds Square	2,500,000	

(Source: Rahim & Co Research)



Kuala Lumpur

Hotel

Over the years, hotel supply in Kuala Lumpur had increased to 38,695 rooms in 1H2017, a CAGR of 3.4% since 2012.

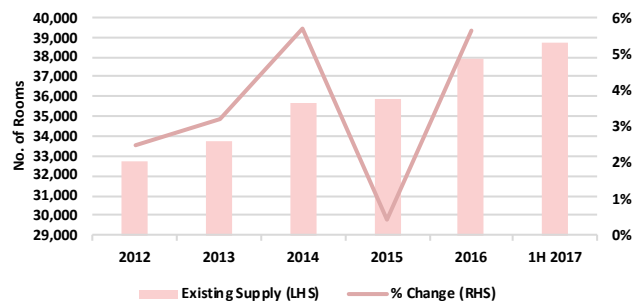
A hotel's performance relies on the quality of accommodation and facilities, location, facilities and most importantly its services offered. Most of the prime hotels which performed well offer services that provide guests with memorable stays.

Despite reports of declining sales due to several factors such as weak corporate demand and rising costs, hotels are still enjoying good occupancy especially during major sporting events in Kuala Lumpur; such as the KL 2017 29th Sea Games & ASEAN Para Games 2017 and large-scale marathons.

New hotel completions observed during the review period include Sofitel KL Damansara in Damansara Heights, eco-friendly Element Kuala Lumpur at Jalan Binjai, Sunway Velocity Hotel KL at Maluri, and JW Marriott Kuala Lumpur at Bukit Bintang which underwent complete refurbishments.

In the context of upcoming hotel supply, the first Canopy by Hilton in Southeast Asia and the third in the world will be sited within the Bukit Bintang City Centre development with an estimated completion by 2021. YTL Corp Bhd and Marriott International Inc inked an agreement in December 2017 to develop 2 new luxury hotels in Kuala Lumpur under the JW Marriott and Edition brands.

Existing Supply of Hotels in Kuala Lumpur
(2012-1H 2017)



(Source: JPPH)

With over 38,000 existing hotel rooms in the market and a further 5,328 rooms from 19 new hotels in the pipeline, stiff competition is to be expected amongst the hoteliers.

Moreover, the growing new threat of non-traditional hotel practices i.e. Airbnb, a home-sharing model will put more pressure on the hotel industry. For the time being, luxury hotels have managed to differ themselves from the home-sharing services but should this new practice continue to evolve and upgrade itself, traditional hotels will be forced to re-strategize their own marketing and business approach.



Selected Upcoming Hotels in Kuala Lumpur

Development	Location	Star Rating	No. of Rooms	Completion
Dorsett Hartamas Hotel	Sri Hartamas	4	290	2018
Royale Pavillion Hotel	Bukit Bintang	5	323	
CitizenM Kuala Lumpur	Bukit Bintang	4	198	
Four Seasons Place	Jalan Ampang	5	250	
W Hotel & Residences	Jalan Ampang	5	150	
The RuMa	Jalan Kia Peng	5	253	
Hyatt House KL	Mont' Kiara	5	298	2019
Kiara 163	Mont' Kiara	5	584	
KL PWTC Hotel	Jln Tun Ismail	6	250	
So Sofitel Hotel	KLCC area	5	207	2020
Fairmont KL	Jalan Ampang	5	750	
Mercure Kuala Lumpur Trion	Jalan Sungai Besi	4	260	
Kempinski Hotel	Jalan Conlay	5	260	
Planet Hollywood Hotel	Jalan Raja Muda Abd Aziz	N/A	N/A	
Crowne Plaza Kuala Lumpur City Centre	Jalan Yap Kwan Seng	N/A	338	2021
Jumeirah Hotel	Jalan Ampang	5	190	
Canopy by Hilton	Bukit Bintang	5	456	
Radisson Red Kuala Lumpur City Center	Jalan Ampang	N/A	166	

(Source: Rahim & Co Research)

Notable Announcements

- The first phase of River of Life (RoL) project and Blue Pool Project (Kolam Biru) at Masjid Jamek Sultan Abdul Samad were launched in August 2018. Situated at the convergence point of the Klang and Gombak rivers, the Blue Pool, is designed to visually transform the rivers into a new attraction. In addition to the Blue Pool, a new bridge, Jambatan Sultan Abdul Samad has also been built to connect the mosque with the Sultan Abdul Samad building and Dataran Merdeka.
- Satellite Services Hub, to be located in Bandar Malaysia. Kuala Lumpur Internet City (KLIC) will be the first satellite services hub of Digital Free Trade Zone (DFTZ) and will be developed by Catcha Group, Southeast Asia's leading internet group. KLIC is set to be the premier digital hub for global and local internet-related companies targeting Southeast Asia.
- Malaysia's first mass rapid transit (MRT) system, the 51-kilometre Sungai Buloh-Kajang (SBK) line, was officially launched and opened to the public on 17 July 2017.
- The biggest government health clinic in the country i.e. the new Kuala Lumpur Health Clinic in Jalan Fletcher opened its doors in April 2017 and will replace the Kuala Lumpur Hospital's Outpatient Department.
- Project 1 of KL Sports City was completed and handed over to the government in August 2017. Task under Project 1 including refurbishment, renovation and upgrading the National Stadium, Putra Stadium, hockey stadium and aquatic centre located in the National Sports Complex, as well as building the common infrastructure, including boulevard, parking, steps and new signage.
- TL Hospitality Real Estate Investment Trust (REIT) acquired the Majestic Hotel Kuala Lumpur from parent company YTL Corp Bhd for RM380mil in cash.

Selangor

Snapshot

RESIDENTIAL		
Supply	1,480,291 units	↑ 2.5% y-o-y
Transaction volume	22,836 units	↓ 8.1% y-o-y
Transaction value	RM10,644.9 mil.	↓ 5.3% y-o-y

RETAIL		
Supply	36.9 mil. sf	↑ 5.8% y-o-y
Occupancy Rate	85.4%	↓ 1.3% y-o-y
Monthly Rental	Prime: RM15.00 – RM36.00psf Secondary: RM5.00 – RM15.00psf	

PURPOSE BUILT OFFICE		
Supply	37.0 mil. sf	↑ 1.3% y-o-y
Occupancy Rate	74.7%	↓ 0.2% y-o-y
Monthly Rental	Prime area: RM3.00 – RM6.50psf	

SHOP OFFICE		
Supply	74,905 units	↑ 0.8% y-o-y
Transaction volume	981 units	↓ 3.5% y-o-y
Transaction value	RM1,181 mil.	↓ 1.7% y-o-y

HOTEL		
Supply	20,221 rooms	↑ 10.8% y-o-y
Average Room Rate	5-star: RM220 – RM530 per night 4-star: RM140 – RM250 per night	

INDUSTRIAL		
Supply	39,139 units	↑ 0.6% y-o-y
Transaction volume	723 units	↓ 1.6% y-o-y
Transaction value	RM2,614.08	↑ 7.4% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

Residential

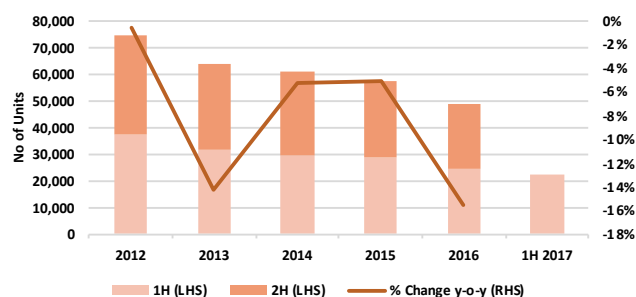
The existing supply of residential units stood at 1,480,291 units during the review period. This number grew at a yearly average of 2.0% over the past 5 years. About 58.2% were landed properties and 41.8% are of high-rise units. The inclusion of serviced apartment in the high-rise count in Selangor brings it up to 1,510,046 units, constituting 42.9% of Selangor's total supply.

2-storey intermediate terrace houses in Bandar Utama were transacted at around RM1.5 million and in Damansara Utama of around RM1.2 million. 2-storey semi-detached houses in Taman Megah on the other hand were transacted at RM2.6 million. The asking rental rate for a 2-storey terrace unit in Bandar Sunway ranged between RM2,500 – 3,000 per month and Surian Condominium in Mutiara Damansara between RM2,800 – 3,500 per month.

The affordable homes scheme under Rumah Selangorku could be actively seen published in the media and property exhibition as participating developers promote their units to the target market. Recently, the Selangor State Development Corp (PKNS) has successfully completed 198 units of 2-storey townhouses under the Rumah Selangorku Idaman PKNS in Kota Puteri, Batu Arang. This is part of its plan to build 12,000 affordable homes by 2020.

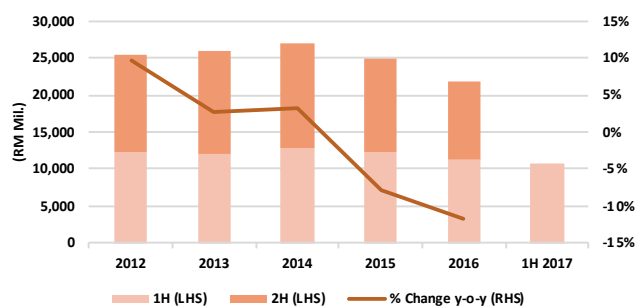
The practice of redeveloping industrial areas into residential and commercial developments have been on the rise of late. This redevelopment trend is actually

Number of Residential Property Transactions in Selangor (2012- 1H 2017)



(Source: JPPH)

Value of Residential Property Transactions in Selangor (2012-1H 2017)



(Source: JPPH)

a form of 'urban regeneration' process and has been practiced for the past decade or so, more so for mixed-use development. It is an urban development approach that utilizes vacant or brownfield sites located within established city areas – brownfield generally defined as vacant or underutilized existing commercial or industrial sites.

Examples of areas experiencing this development approach is Seksyen 13 of Petaling Jaya, characterized by incoming redevelopment projects such as Atwater by Paramount Property, Ryan & Miho by OSK Property Holdings Bhd, and PJ Midtown by IOI Properties Bhd in joint venture with Sime Darby Brunsfield.

As landed properties are still high in demand, developers are looking to the outskirts of Selangor for areas with potential growth. For instance, the southern corridor of Selangor at Bangi/Semenyih & Sepang had witnessed launches of a few prominent developments launched.

These include Eco Forest in Semenyih, Phase 4 of Serene Heights in Bangi, Phase 2 of Monet Residences in Sunsuria City (Sepang), and Ayden of Warisan Puteri (Sepang).

As at 1H 2017, Selangor has 3,664 units of completed yet unsold properties. Condominium/apartment properties constituted 56.5% of the total unsold units and this implies a challenge for new condominium/apartment projects to be launched in the future, as witnessed by the developers' push to clear their existing stock by giving more freebies and lower upfront commitments.

Selected Upcoming High Rise Residential Projects in Petaling Jaya/Damansara

Development	Location	Type	No. of Unit	Price (RM)	Completion
PJ Midtown	Section 13, PJ	Serviced Apartment	758	From RM460,000	2019
Biji Residence	Section 17, PJ	Serviced Apartment	425	From RM450,000	
Ryan & Miho	Section 13, PJ	Condominium	1,084	From RM470,000	
Dianthus @ Tropicana Gardens	Kota Damansara	Serviced Residence	271	From RM822,000	2020
Cantara Residences (Tower C)	Ara Damansara	Serviced Apartment	188	From RM599,888	
Ara Tre Residence	Ara Damansara	Serviced Apartment	727	From RM460,000	
Atwater	Section 13, PJ	Serviced Apartment	493	From RM590,400	2021
Sunway Serene	Kelana Jaya	Serviced Residence	900	From RM807,000	

(Source: Rahim & Co Research)

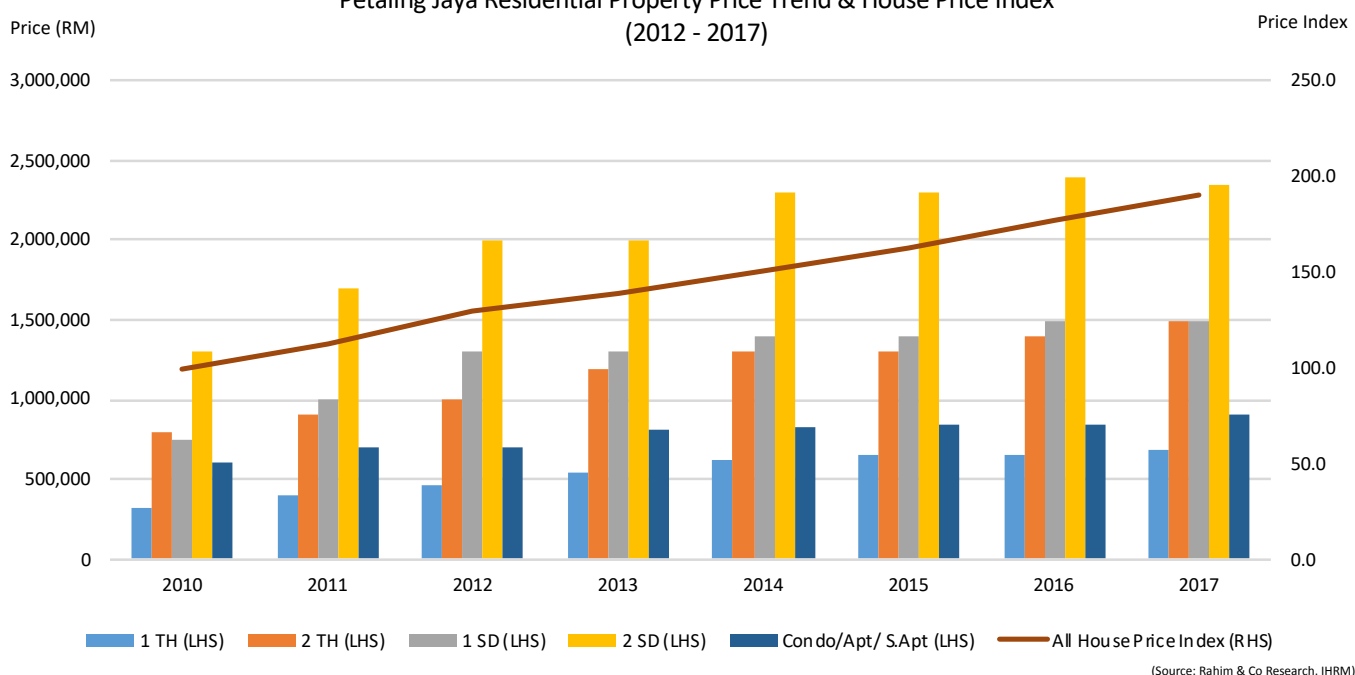
Selected Upcoming High Rise Properties in the Suburbs

Development	Location	Type	No. of Unit	Price (RM)	Completion
Hon Residensi Phase 3	Section 16, Ampang	Serviced Apartment	172	From RM480,000	2019
V-Residensi 5	Selayang	Serviced Apartment	240	From RM537,800	2020
Iris Residence	Sungai Long	Condominium	176	From RM541,800	
Putra Platinum	Kajang	Condominium	166	From RM531,818	
Lot 15	Subang Jaya	Serviced Apartment	204	From RM593,888	
Greenfield Residence	Bandar Sunway	Condominium	816	From RM399,000	2021
The View Residences	Shah Alam	Condominium	315	From RM730,800	

(Source: Rahim & Co Research)

Selangor

Petaling Jaya Residential Property Price Trend & House Price Index
(2012 - 2017)



Selected Upcoming Landed Residential Properties in Selangor

Development	Location	Type	No. of Unit	Price (RM)	Completion
Camellia@Saujana KLIA	Sepang	2-sty terraced	165	From RM478,800	2018
Casira 1	Bukit Raja, Klang	2-sty linked house	N/A	From RM 681,888	
Cheria Residence@Tropicana Aman	Shah Alam	2-sty semi-detached	272	From RM1.3 mil	
Elmina Green	Elmina, Subang	2-sty terraced	187	From RM683,888	2019
Livia@Bandar Rimbayu	Telok Panglima Garang	2-sty linked	346	From RM631,800	
Rimba Villa	Setia Alam	2-sty linked semi-detached	430	From RM1.45 mil	
Serene Heights – Dahlia	Bangi	2-sty terraced	170	From RM585,800	
Broadleaf Residence	Kota Kemuning, Shah Alam	3-sty terraced & 3-sty bungalow	265	From RM1.9 mil (semi-detached) From RM2.79 mil (bungalow)	
Dremien@Eco Ardence	Setia Alam	2-sty Garden homes, 2-sty semi-detached & 2-sty bungalow	259	From RM1.4 mil (2-sty Garden Homes) From RM1.6 mil (2-sty semi-detached) From RM2.4 mil (2-sty bungalow)	2020
Monet Residence	Sunsuria City, Sepang	Townhouse	360	From RM600,100	
Ayden	Warisan Puteri, Sepang	Townhouse	344	From RM450,000	
Ebonylane@Eco Forest	Semenyih	2-sty terraced	685	From RM600,000	
Bellevue @ Cybersouth	Dengkil	Townhouse	264	From RM430,000	

(Source: Rahim & Co Research)

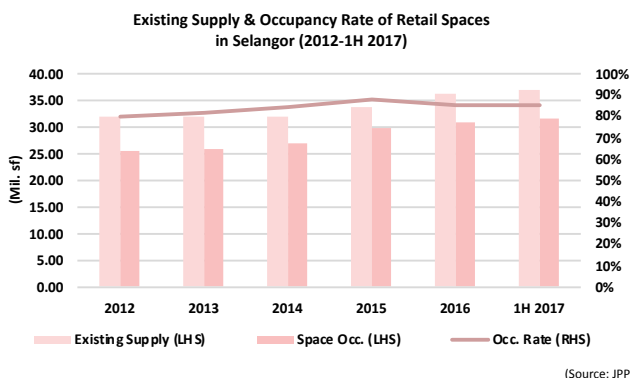
Retail

The performance of retail malls in Selangor remained stable with an average occupancy rate of 85.4%. Currently, there are 144 retail complexes with a total NLA of 31.5 million sf, a rise of 15.8% since end of 2012.

Sanctuary Mall, a neighbourhood lifestyle mall in Eco Sanctuary, Kota Kemuning is targeting its opening in the fourth quarter of 2018 with an NLA of 130,000 sf for Phase 1 and injecting another 500,000 sf in Phase 2. Also within Kota Kemuning is another shopping mall by Gamuda Land named The Quayside with an NLA of 300,000 sf. Phase 2 of Mitsui Outlet Park was opened on 15th December 2017 with an addition of 35 new stores.

Setia City Mall, which had its opening back in May 2012 is now proceeding with the construction of its Phase 2: an addition of 400,000 sf. This brings to a combined total of 1.2 million sf. Ardence Labs in Eco Ardence, Setia Alam is scheduled for operations in early 2018, featuring its pop-up lifestyle hub.

There is an on-going concern of an oversupply in retail malls. The traditional brick-and-mortar malls are currently facing challenges posed from the rise of e-commerce, which is expected to undermine the future of physical retail malls. Changes within the market are



to be expected alongside new opportunities created by the growing digital economy; such as the Digital Free Trade Zone (DFTZ) in KLIA Aeropolis. Owners and retail mall managers must proactively work together in re-strategizing marketing efforts and interior concepts to suit the needs of their target market.



Artist impression of Ardence Labs, Eco Ardence
Source: Eco World Development Group Bhd

Selected Upcoming Retail Malls in Selangor

Development	Location	Net Lettable Area (sf)	Completion
KSL City Mall 2	Bandar Bestari, Klang	2,000,000 (GFA)	
Ardence Labs	Setia Alam	N/A	
Evo Mall	Bandar Baru Bangi	250,000	
Amerin Mall	Seri Kembangan	155,600	
Selayang Star City Mall	Selayang	550,000	2018
Horizon Village Outlet	Selang	400,000	
Tropicana Gardens	Kota Damansara	1,000,000	
Biji Living Puzzle @ Biji Living	Section 17, PJ	80,000	
Retail Galleria @D 'Sara Sentral	Sungai Buloh	160,000	
Central Plaza @ i-City	Section 7, Shah Alam	940,000	
Pacific Star Mall @ Pacific Star	Section 13, PJ	350,000	2019
PJ Midtown	Section 13, PJ	N/A	
Roppongi Cyberjaya	Cyberjaya	150,695	
Paragon Mall	Selayang Hill	1,800,000	
Damansara Avenue	Bandar Sri Damansara	N/A	
The Gallery @ Paragon, Pangaea	Cyberjaya	300,000	2020
Pier8 @ Gravit8	Klang	150,000	

(Source: Rahim & Co Research)

Selangor

Purpose Built Office

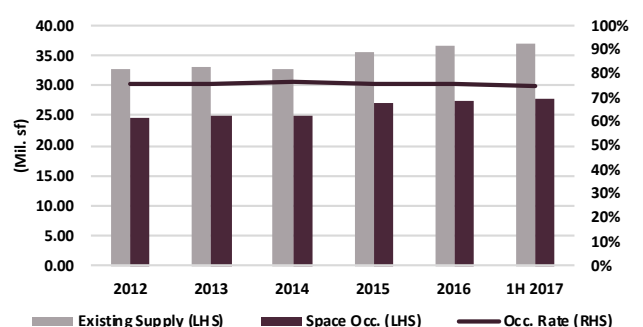
The existing office supply of Selangor had accumulated to 37.0 million sf as at 1H 2017. The trend of occupancy rate on the other hand showed downward movement since 2015 and is now at 74.7%. This puts Selangor as the state with the lowest office occupancy rate in Malaysia.

The green and MSC-certified Mercu Mustapha Kamal Tower 1 & 2 in Damansara Perdana was completed recently with its current asking rental to be found between RM4.80 – RM5.50 psfpm. Asking rentals for other existing office buildings in PJ North such as Surian Tower and Menara UAC ranged between RM4.50 – RM6.00 psfpm. Additionally, the UOA Business Park located close to Subang Jaya KTM is fetching rentals of between RM4.00 – 4.50 psfpm.

PJ Sentral Garden City in Section 52 of Petaling Jaya by Malaysian Resources Corporation Berhad (MRCB) will see 5 new buildings coming up: MBSB Tower, Celcom Tower, MyIPO Tower, PKNS Tower and Tower 5. Selangor is set to welcome another 4.82 million sf of incoming office space into the market in the next coming years. This looming number raises the concern of a glut in the office sector of Selangor. Existing buildings will likely struggle to retain and attract its current and new tenants.

As the public infrastructure in Selangor improved with the completion of MRT Line 1 and the extension of LRT, decentralisation is to be expected from companies seeking for office space at a lower cost and within close proximities to railway stations. This phenomenon is expected to improve the office sector performance in Selangor.

Existing Supply & Occupancy Rate of Purpose Built Office in Selangor (2012-1H 2017)



(Source: JPPH)

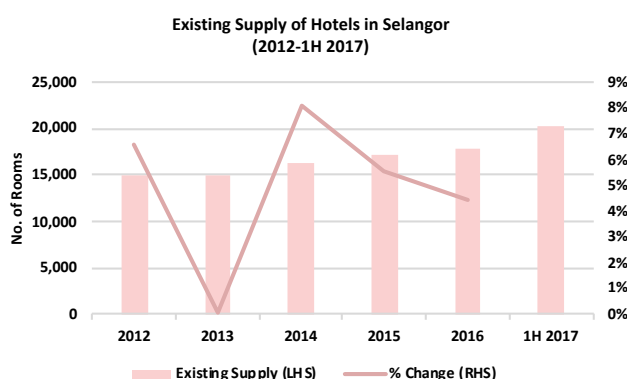
Hotel

There was an influx of hotel room supply over the last five years, from 14,998 rooms back in 2012 to 20,221 rooms in 159 hotels as at 1H 2017. 6 hotels are in the works, bringing in an additional 1,860 rooms to the market.

Sheraton Petaling Jaya at Jalan Utara which comprise of 253 rooms was officially opened on October 2017. AccorHotels further expands its brand in Selangor with

its upcoming Mercure Hotel at Utropolis Glenmarie. Jointly owned by Paramount Corporation Bhd & Lasseters International Holdings Ltd, the 4-star hotel offers 230 guest rooms and is targeting its opening by end 2019. Koperasi Permodalan FELDA Malaysia Bhd is taking its first foray into hotel management with the operation of Hotel Tenera on 15th December 2017 in Bangi.

Within the vicinity of KLIA, Lembaga Tabung Haji has collaborated with Movenpick Hotels & Resorts in the new Movenpick Hotel & Convention Centre KLIA.



(Source: JPPH)

Selected Upcoming Hotel Projects in Selangor

Hotel Name	Location	No. of rooms	Star Rating	Expected Completion
Hotel@KSL Mall 2	Bandar Bestari, Klang	400	4	2018
Movenpick Hotel & Convention Centre	KLIA Sepang	333	4	
DoubleTree by Hilton i-City Hotel	Seksyen 7, Shah Alam	300	4	2019
Mercure Hotel	Utropolis, Glenmarie	230	4	
Container Hotel @ Roppongi Cyberjaya	Cyberjaya	300	5	2020

(Source: Rahim & Co Research)

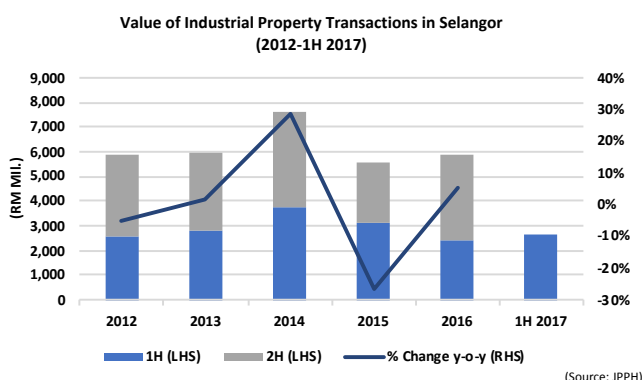
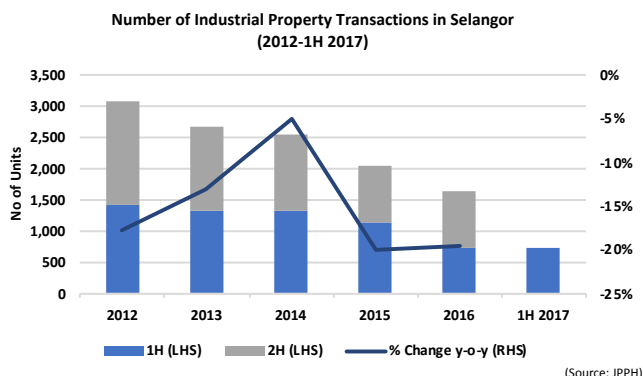
Industrial

Despite the slowdown in transaction volume for the industrial market of Selangor over the last five years, interests from investors remained as more projects were seen to roll out from the state. According to Malaysian Industrial Development Authority (MIDA), Selangor attracted RM1.7 billion of approved investments in the manufacturing sector with a total of 87 approved projects in 1H 2017.

The world's first Digital Free Trade Zone (DFTZ) in KLIA Aeropolis DFTZ Park, Sepang will house Alibaba Group's first regional e-Fulfilment hub outside of China. The DFTZ will be a regional logistics hub catering for the e-commerce businesses. The first phase of DFTZ is a warehousing facility run by Pos Malaysia Bhd and has begun operations in November 2017. Another major milestone in Selangor's industrial sector is the setting up of IKEA's third largest distribution centre in Pulau Indah Industrial Park with an investment of RM908 million.

Eco World Development Group Bhd unveiled their 4th business park i.e. Eco Business Park V in Puncak Alam. It is providing a one-stop industrial solution for business owners such as dealing with authorities, licensing agencies and etc. Selling prices for cluster factory and semi-detach starts from RM1.9 million and RM3.3 million respectively.

Overall, the industrial sector of Selangor is doing well with no record of unsold completed properties as at 1H 2017. The locations of these industrial developments and the availability of infrastructure within the area; such as highways, railway, ports, airports as well as broadband connectivity, on top of the optimised cost of friction between the supply chain & related players are crucial in ensuring the sustainability of a given industrial park.



Notable Announcements

- The second phase of the 51km Mass Rapid Transit (MRT) Sungai Buloh-Kajang (SBK) line has been launched on 17 July 2017 with daily ridership surpassing 140,000.
- MMC Corp Bhd (MMC), Sime Darby Bhd and Adani Ports and Special Economic Zone Ltd (Adani Ports) signed a memorandum of understanding (MoU) to undertake feasibility studies for the development of an integrated maritime city on Carey Island, Selangor. MMC and Adani ports also signed a MoU to explore the feasibility of the Carey Island port project as an extension of Port Klang.
- 11 major projects and initiatives to turn Cyberjaya into a smart city model was announced and they are the Cyberjaya City Centre, the Cyberjaya Innovation Fund for the Future (CIFF), the Financial Technology (FinTech) Regional Hub, the Cyberjaya Futurise Centre, the Blue Ocean Entrepreneurs Township (BOET). The others were the Asian Big Data Centre, the Klang Valley Data Centre (KVDC), high-speed internet facilities, the Cyberjaya Hospital, the Sensor Applications Innovation Centre (SONIC), and CBJ4Annex Data Centre expansion.
- The proposed 288-bed Cyberjaya Hospital with a cost of RM475 million is slated for completion in 2020 and is designed in compliance with the green building index certification standards.
- Malaysia's first interactive wax museum in Malaysia, Red Carpet 2 @ i-City in Shah Alam, was launched in August 2017.
- Road restructuring work to overcome congestion at the Kota Kemuning roundabout started in August 2017 with a cost of RM20 million.
- The new Rawang Bypass, a 9km toll-free highway which features a 2.7km elevated stretch and also the tallest highway in the country was opened to the public on 29th November 2017.
- The first Endocrine Complex in Malaysia to be developed in Putrajaya Hospital with a given allocation of RM 365 million is expected to be completed by 2020.
- Seri Ehsa bridge, the ninth bridge in Putrajaya with a construction cost of RM68.5 million was opened to traffic and it connects Precinct 4 to 19 over a section of the Putrajaya Lake.

Selected Upcoming Industrial Projects in Selangor

Development	Location	Type	No. of units	Selling Prices	Completion
Eco Business Park V	Puncak Alam	Cluster & semi-detached factories	100	From RM1.88 mil. (cluster) From RM3.33 (semi-detached)	2019
SMD Kundang Industrial Park (Phase 1)	Rawang	Semi-detached factories	14	From RM3.29 mil.	2019
Sunway Subang	Kampung Melayu Subang	2.5-sty terraced factories	42	From RM2.50 mil.	2020

(Source: Rahim & Co Research)

Negeri Sembilan

Snapshot

RESIDENTIAL		
Supply	257,870 units	↑ 3.9% y-o-y
Transaction volume	6,352 units	↑ 5.8% y-o-y
Transaction value	RM1,901.80 mil.	↑ 32.2% y-o-y

RETAIL		
Supply	4.98 mil. sf	↓ 0.8% y-o-y
Occupancy Rate	73.2%	↓ 0.6% y-o-y
Monthly Rental	Prime: RM9.00 – RM39.00psf Secondary: RM6.00 – RM10.00psf	

PURPOSE BUILT OFFICE		
Supply	3.3 mil. sf	↑ 3.6% y-o-y
Occupancy Rate	91.1%	↓ 3.0% y-o-y
Monthly Rental	Prime area: RM1.80 – RM4.30psf	

SHOP OFFICE		
Supply	19,662 units	↑ 3.1% y-o-y
Transaction volume	340 units	↓ 19.8% y-o-y
Transaction value	RM199.8 mil.	↓ 16.2% y-o-y

HOTEL		
Supply	8,726 rooms	↑ 19.8% y-o-y
Average Room Rate	5-star: RM400 – RM640 per night 4-star: RM170 – RM500 per night	

INDUSTRIAL		
Supply	5,433 units	↑ 2.5% y-o-y
Transaction volume	158 units	↓ 1.3% y-o-y
Transaction value	RM261.36 mil.	↓ 11.3% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

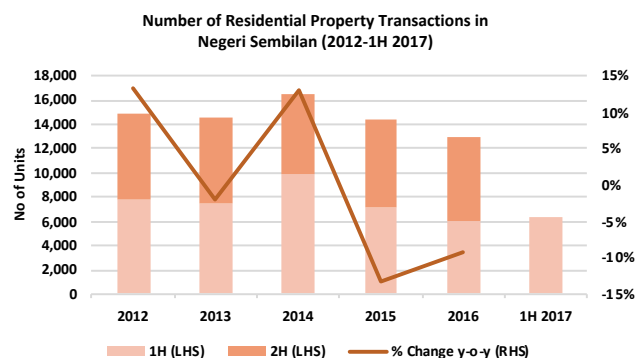
Residential

Over the past 5 years, Negeri Sembilan saw an increase of 9.2% of its residential supply, going from 236,058 units in 2012 to 257,870 units in 1H 2017. The current existing supply is predominantly made up of terrace houses; single storey units at 35.9% and double storey units at 20.0%.

Transaction activities in the residential market was quite active with 6,352 units transacted at a total value of RM1,901.80 million. Comparatively, 1H 2016 had 6,002 units transacted at a worth of RM1,438.07 million.

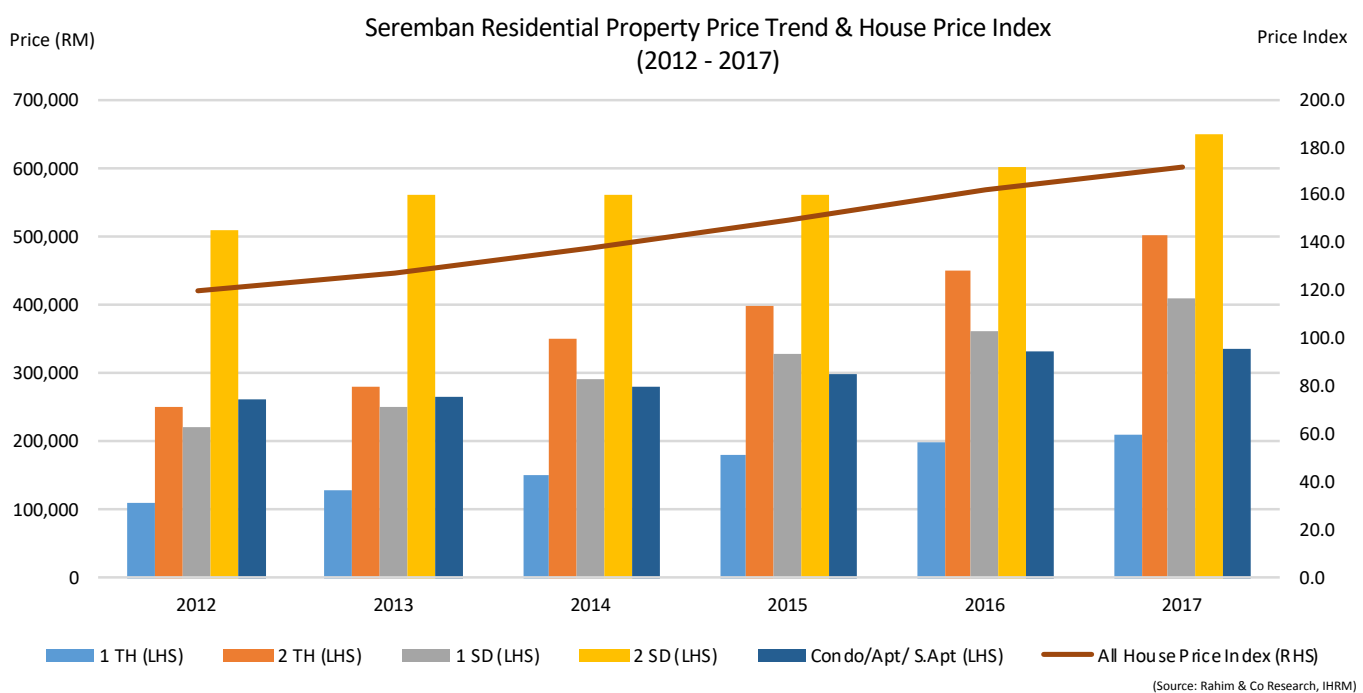
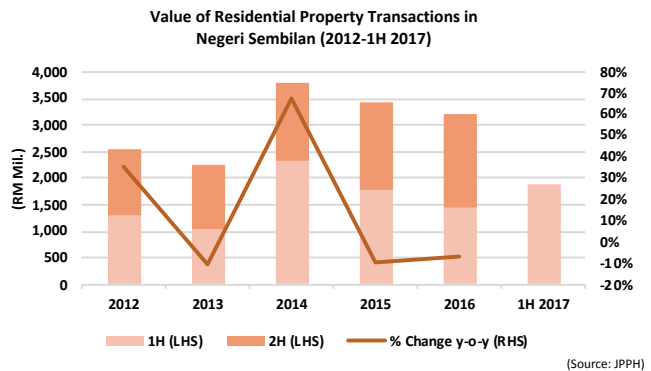
Average transaction price on the current residential scheme for single storey terrace in Taman Nusari Bayu for intermediate unit is around RM240,000 and Seremban 3 at RM270,000. For 2-storey terrace, the average selling price for Taman Bukit Galena was at RM450,000. In terms

of rental rates, single storey terraces in Taman Seremban Jaya are rented out between RM700-750 per month and Taman Rasah Jaya at around RM750. 2-storey terraces in Seremban 2 fetched a higher RM1,200-1,300 per month. Condominiums such as Tasik Mewah Condo were rented out for RM1,000-1,200 per month.



(Source: JPPH)

Upcoming residential schemes in Negeri Sembilan received good response from buyers. Lunaria Resort Homes by Matrix Concepts Holdings Bhd, priced at a minimum RM648,888 achieved 90% take-up after 4 months of its launch. Another project by the same developer named Ara Sendayan (Phase 1) had 269 units of its 2-storey link homes sold out within hours of its launch. Rimbun Vista 2 by IJM Land Bhd, a project of 187 double-storey superlink homes, saw 75% of its offered units taken up within a 2-month period.



Selected Upcoming Residential Properties in Negeri Sembilan

Development	Location	Type	No. of Unit	Price (RM)	Completion
Castilla 2	Chemara Hills	3-sty semi-detached	34	From RM 1,446,888	2017
Eliya Phase 2B	Warisan Puteri 2, Seremban	2-sty terraced	99	From RM454,300	2018
Cempaka Seri Townhouse	Kota Seriemas, Nilai	Townhouse	168	From RM222,888	
Rimbun Vista 2	Seremban 2	2-sty superlink	187	From RM578,000	
Rimbun Harmoni	Seremban 2	2-sty terraced	228	From RM528,000	
Redup	Bandar Ainsdale	2-sty link	45	From RM650,000	2019
Lunaria	Bandar Sri Sendayan	2-sty superlink	129	From RM648,888	
Ara Sendayan (Phase 1A)	Bandar Sri Sendayan	2-sty link	269	From RM618,888	
Ara Sendayan (Phase 1B)	Bandar Sri Sendayan	2-sty terraced	195	From RM558,888	
Sena Parc	Senawang	2-sty semi-detached	533	From RM500,000	2020
Youth City	Nilai	Townhouse	264	From RM430,000	2021

(Source: Rahim & Co Research)

Negeri Sembilan

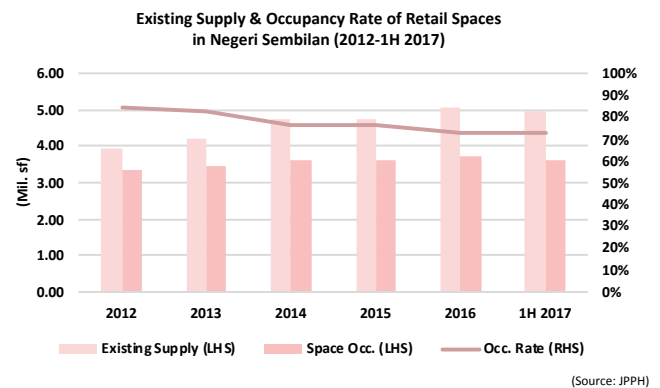
Retail

The performance of the retail sector in occupancy rate has been on a declining trend since 2012 from the highest 85.0% to 73.2% in 1H 2017. This puts Negeri Sembilan as the second lowest state in retail occupancy rate after Penang.

With a total existing supply of 4.98 million sf in 87 retail complexes in Negeri Sembilan, owners now have to re-strategise their marketing efforts in order to fill in the gap and attract more footfall to their respective retails.

A few retail mall transactions in Negeri Sembilan took place recently. One being Mydin Mall Seremban 2 which was sold to Pelaburan Hartanah Nasional Bhd with a value of RM240 million. Another was AEON Mall Seremban 2 by Japan's AEON Reit Investment Corp to Singapore's GIC Real Estate Pte Ltd and valued at RM215 million.

Regina Mall in Port Dickson or formerly known as Oceanic Mall was re-opened in the third quarter of 2017 after an acquisition exercise in 2016 including major renovation works. NSK Trade City in Seremban 2 opened their doors to the public in January 2017.



Shop Office

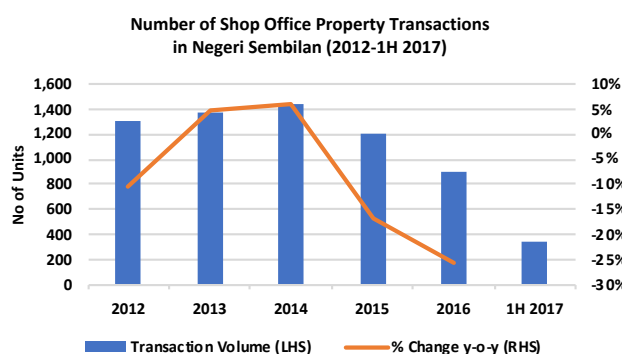
As at 1H 2017, the supply of shop offices in Negeri Sembilan has accumulated to 19,662 units with an increment of 3.1% from the previous year, whereby 54.0% of the supply are 2 – 2 ½ storey units, followed by 3 – 3 ½ storey units at 19.56%. Seremban and Port Dickson has the most number of units with 11,992 units and 2,589 units respectively.

Out of this total existing supply, 402 units valued at RM200 million are unsold units. With another 5,068 units recorded as incoming supply, this will create pressure in both the rental and property transactions.

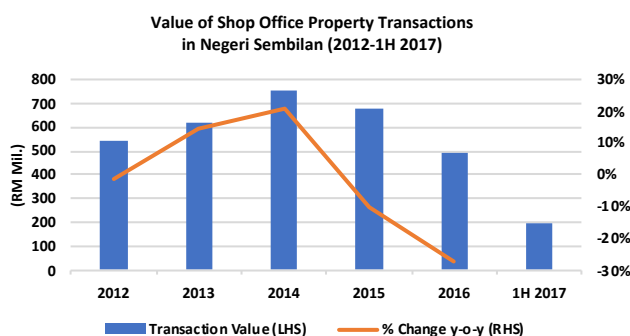
KIP Sentral @ Sri Sendayan, a project by KIP Group was completed in Q2 2017. The current asking monthly rental is between RM2,800 – RM4,000. Anika, the first commercial hub in Bandar Ainsdale is almost completed with an overall take-up rate of 81%.



Artist Impression of Sendayan Metropark
Source: Matrix Concepts Holdings Bhd



(Source: JPPH)



(Source: JPPH)

Selected Upcoming Shop Offices in Negeri Sembilan

Development	Location	Type	No. of Unit	Price (RM)	Completion
KIP Sentral @ Sri Sendayan	Bandar Sri Sendayan	2-sty Shop Office	45	From RM700,000	2017
Anika	Bandar Ainsdale	2 & 3-sty Shop Office	32	From RM988,888	
Mahawangsa Square @ Bandar Enstek	Nilai	2 & 3-sty Shop Office	21	From RM1,235,500	2018
Taman Seraya Shop Office	Mantin	2 & 3-sty Shop Office	6	From RM968,000	
Sendayan Metropark (2B)	Bandar Sri Sendayan	2-sty Shop Office	50	From RM1.04 mil	2019

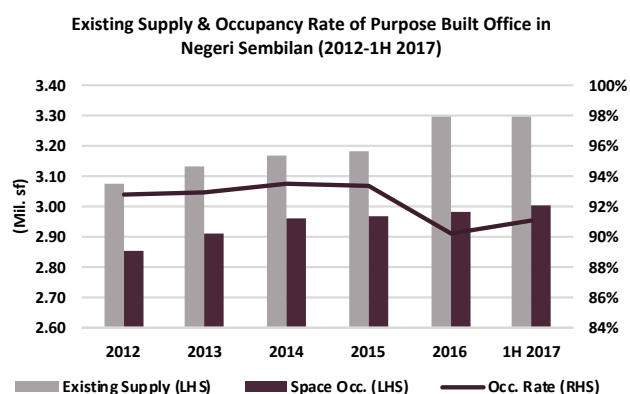
(Source: Rahim & Co Research)

Purpose Built Office

As at 1H 2017, there were 104 purpose built offices in Negeri Sembilan with a total space of 3.30 million sf. These are mainly concentrated in Bandar Seremban and Seremban 2. Bandar Seremban alone housed 58.2% of the total existing supply.

Overall, the average occupancy rate for purpose built office has decreased to 91.1% in 1H 2017 from 93.9% in the previous year. Monthly rental rate remains stable in Negeri Sembilan at a range of RM1.80 to RM4.30 psf pm.

The 18-storey Kompleks Menara MAINS (Majlis Agama Islam Negeri Sembilan) in Taman Tasik Seremban was officially opened in February 2017. This development functions not only as an office but also as an attraction for visitors due to its unique Moroccan inspired retail lots.



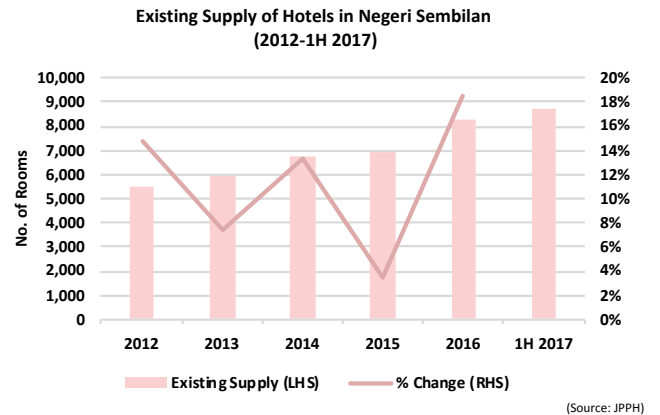
(Source: JPPH)

Negeri Sembilan

Hotel

As at 1H 2017, there were 133 registered hotels in Negeri Sembilan of which 97 are located within the city/town areas and another 26 located along the beach areas of Port Dickson. Over the past 5 years, the hotel room supply in Negeri Sembilan registered a significant increase of 58.1% between 2012 and 1H 2017; from 5,520 rooms in 2012 to 8,726 rooms in 1H 2017.

Lexis Hibiscus, the largest hotel resort in Port Dickson, was officially opened for guest stay in the third quarter of 2017. As the third hotel property after Lexis and Grand Lexis, Lexis Hibiscus is rated at 5-star with 639 spacious pool villas. Each villa has its own private pool and steam room and are priced from RM400 per night. There is also the debut of Asia's first motorsport hotel and it is named Hype Motorsports Hotel. The hotel is located in Nilai and offers 75 motorsports-themed rooms.



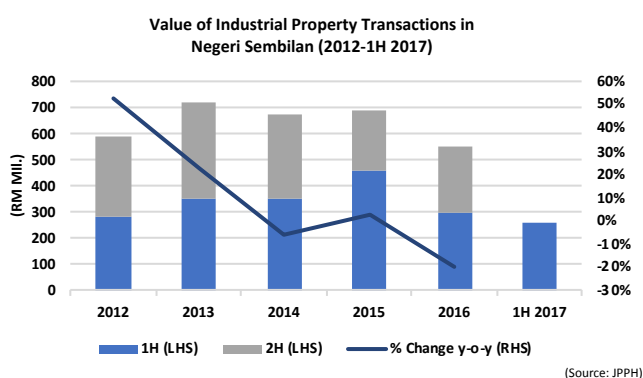
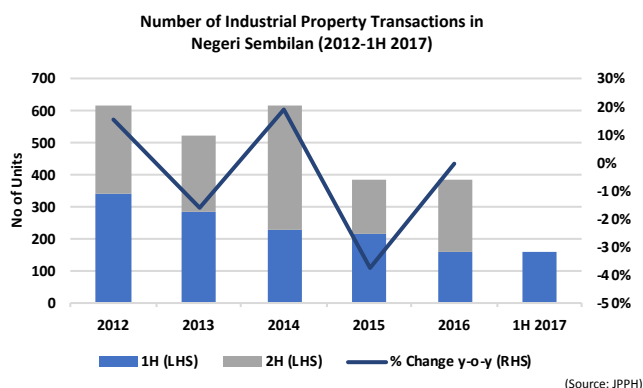
Aerial View of Lexis Hibiscus, Port Dickson | Source: Lexis Hotels & Resorts Sdn Bhd

Industrial

The existing industrial supply of Negeri Sembilan as at 1H 2017 stood at 5,433 units, an overall increase of 23.5% since 2012. A good portion of that supply, specifically 81.5%, is located in Seremban and followed by Jempol at 5.7%. However, Jempol holds most of the unsold completed units at 89 units out of the overall 97 units in Negeri Sembilan.

The current asking price in Bandar Seri Sendayan has increased to RM50–60 psf compared to 2016 where it was around RM45–48 psf.

The setting up of an Industrialised Building System (IBS) factory by Matrix IBS Sdn Bhd & its joint venture partner from Japan, Nissin Ex Co Ltd and Nihon House Corporation will bring high-quality Japanese IBS technology to the Malaysian construction industry. A precast concrete panel manufacturing plant in Nilai is being built by ML Global Bhd & a subsidiary of China's Sany Group Ltd with the capacity to produce precast concrete panels for up to 2,000 apartments per year. Hengyuan Refining Company Bhd was reported to invest in a USD135 million integrated refining complex in Port Dickson known as Euro 4M Plant.



Notable Announcements

- The developer of Bandar IOI @ Jempol has completed the construction of the Mahsan-Rompin bypass and the upgrading works at Jalan Bandar IOI-Mahsan over a period of 18 months at a cost of RM25 million and RM4 million respectively.
- Rembau Hospital with a cost of RM108 million is expected to be completed by end of 2017. Developed on a 19.4ha land in Chembong, the hospital has the capacity of 74 beds with operation theatre, maternity ward, rehab centre and etc.
- Sime Darby Property, Kumpulan Wang Persaraan (Diperbadankan) (KWAP) and Brunsfield Development Sdn Bhd have signed a Memorandum of Understanding to lead the development of Malaysia Vision Valley (MVV) as the master planner called Malaysia Vision Valley Holdings:
 - Spanning a total of 153,000 hectares, MVV encompasses the districts of Nilai, Seremban and Port Dickson.
 - The MVV includes the development of five strategic clusters, namely Edu-Tech Valley, Tourism and Wellness, New Livable Township, Central Business District, and Nature City that will serve as catalysts for growth. Currently, phase one of MVV is being planned for development.
 - Initial infrastructure projects to be implemented under MVV are road upgrading from KLIA – Telok Kemang at RM260 million, new roads from Nilai – Bandar Enstek at RM200 million and an alternative road from the Seremban toll plaza to the Seremban Middle Ring Road at RM90 million.
- The Sendayan Air Base is scheduled for completion by 31st December 2017. Located about 12km from Seremban with a land size of 303.5ha, it will have 693 units of residence of various categories including bungalow, semi-detached houses and apartments for RMAF officers and personnel. The facility however, does not have a runway as it is not involved in aviation operation.
- The Kuala Pilah bypass will be built from Melang to Serting, linking Keratong Highway at Negeri Sembilan's border with Pahang.
- The Urban Transformation Centre (UTC) in Plaza Angsana, Ampangan which was launched in end November 2017 is the first UTC complex in Negeri Sembilan.
- Matrix Concepts Holdings Berhad has inked a Memorandum of Understanding with Changhua Christian Hospital, Republic of China (Taiwan) (CCH) for the proposed establishment of a medical and specialist healthcare service provider in Bandar Sri Sendayan, to be known as Matrix Global Specialist Center (MGSC).
- TSR Capital Bhd's wholly-owned subsidiary, TSR Ocean Park Sdn Bhd, has teamed up with US-based Globe Venture Holdings Inc to jointly develop a 24.2ha waterfront project in Port Dickson, Negeri Sembilan, with a gross development value of RM2.3 billion.

Southern Region

Melaka | Johor

Melaka

Snapshot

RESIDENTIAL		
Supply	176,545 units	↑ 5.5% y-o-y
Transaction volume	4,149 units	↓ 7.4% y-o-y
Transaction value	RM955.85 mil.	↓ 9.2% y-o-y

RETAIL		
Supply	6.1 mil. sf	↑ 30.1% y-o-y
Occupancy Rate	74.9%	↓ 12.2% y-o-y
Monthly Rental	Prime: RM9.00 – RM36.00psf Secondary: RM4.30 – RM16.00psf	

PURPOSE BUILT OFFICE		
Supply	4.3 mil. sf	↑ 0.9% y-o-y
Occupancy Rate	81.5%	↑ 0.2% y-o-y
Monthly Rental	Prime area: RM2.10 – RM4.60psf	

SHOP OFFICE		
Supply	17,416 units	↑ 0.6% y-o-y
Transaction volume	293 units	↓ 12.3% y-o-y
Transaction value	RM154.8 mil.	↑ 3.4% y-o-y

HOTEL		
Supply	13,997 rooms	↑ 0.4% y-o-y
Average Room Rate	5-star: RM270 – RM700 per night 4-star: RM190 – RM370 per night	

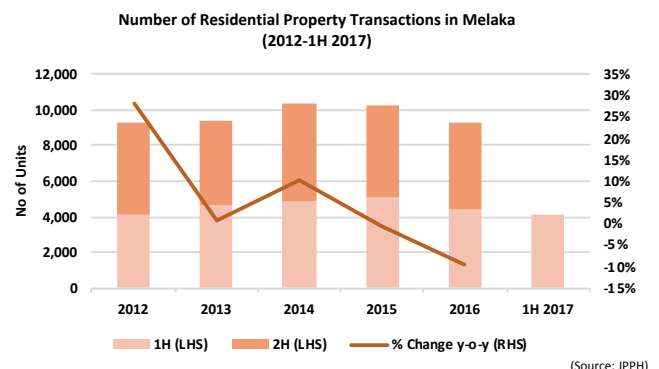
INDUSTRIAL		
Supply	6,495 units	↔ Stable
Transaction volume	172 units	↑ 11.0% y-o-y
Transaction value	RM163.69 mil.	↓ 1.0% y-o-y

(as at 1H 2017)
(Source: Rahim & Co Research, JPPH)

Residential

For the review period of 2017, the supply of residential units had increased from 167,416 units in 1H 2016 to 176,545 units in 1H 2017, registering a growth of 5.5% y-o-y. However, the number of transactions for Melaka's residential property market went down by 7.4% from 4,481 residential units worth RM1,052.75 million in 1H 2016 to 4,149 residential units worth RM955.85 million in 1H 2017.

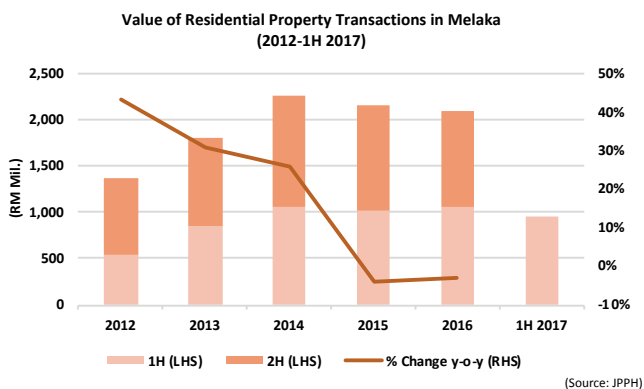
In the past 5 years, the majority of residential transactions conducted in Melaka were below RM250,000 which accounts for 91% of total transactions whereas the price bracket of RM250,001 to RM500,000 only accounts for 8%. But going into 2017, the price bracket of RM250,001 to RM500,000 has increased to 26% of total residential transactions whilst products of RM250,000 and below accounts for 70%. Though transactions were still predominantly below RM250,000, some movements are seen going into the next upper price bracket.



Impression City, a 138-acre integrated mixed development in Kota Laksamana has officially launched their first residential project called Amber Cove serviced apartment. Offering units priced from RM329,000, the response has been overwhelming from local buyers a 100% take-up rate just days from its launch date. This success has then prompted the launch of its second phase; a condominium-hotel named The Dawn.

Melaka is moving towards building a green technology city. Bandar Hijau Ayer Keroh's project is one such example introduced in mid-2017; it comprised of 2,510 residential units of which this 710 are affordable home units.

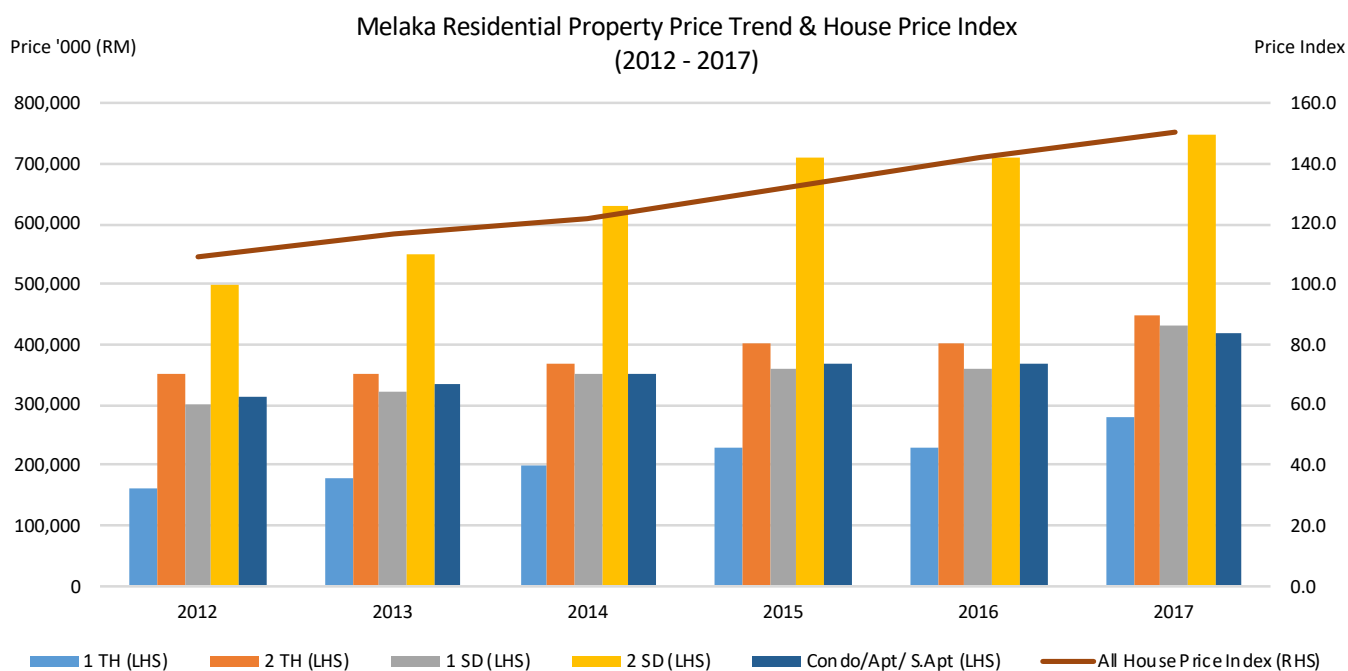
More affordable homes will be introduced with the announcement of 62,644 homes under the "Rumah Mampu Milik" scheme by the state government to be built in Melaka. Of this number, 10,174 has been completed and occupied, 24,268 are still under construction, and the remaining 28,202 have secured approval with construction commencing soon.



Selected Upcoming Residential Properties in Melaka

Development	Location	Type	No. of Unit	Price (RM)	Completion
Taman Desa Bertam	Melaka Tengah	1-sty terraced 2-sty terraced	773	RM180,000 – RM428,800	2019
Amber Cove	Impression City, Kota Laksamana	Serviced Apartment	838	From RM329,000	2020
The Dawn	Impression City, Kota Laksamana	Condominium-hotel	648	From RM448,000	
BJB Heights Residences	Jasin	2-sty Bungalow	133	RM750,000 – RM1.2mil	
Serviced Suites @ SATORI	Pulau Melaka	Serviced Residence	192	From RM300,000	2021

(Source: Rahim & Co Research)



Melaka

Retail

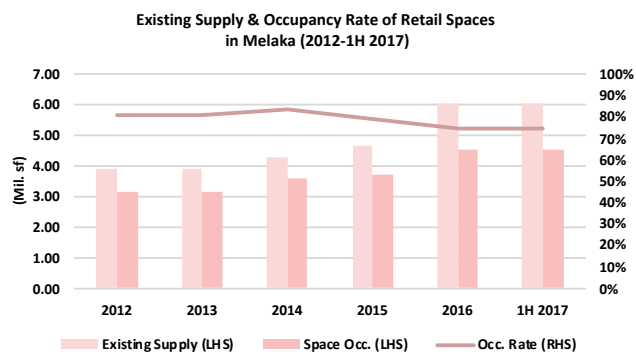
As at 1H 2017, total supply of retail space in Melaka has increased to 6.06 million sf from 4.67 million in 1H 2016. The injection of new retail space into the market has affected the average occupancy rate, resulting in a drop to 74.9% from 85.3% in 1H 2016.

Fronting the Impression Melaka Theatre and the straits of Malacca, the 962,993 sf Terra Square is the latest retail mall launched in 2017. The developer has sold an en-bloc of retail lots worth RM461 million to Orient Venture Properties Bhd.

Freeport A'Famosa Outlet was opened back in December 2015 and due to overwhelming response it is now venturing into Phase 2 where an additional 40 units of retail stores and more parking bays are added.

With the information and communications technology market booming in Malaysia, Melaka will be having its own Mara Digital Mall in Sungai Rambai by 2018. This will be the 5th digital mall under the Mara label after Kuala Lumpur, Shah Alam, Ipoh and Kuantan.

In July 2017, Hatten Land launched Melaka's first wellness-themed mixed development called Satori which includes an 85,250 sqft of retail mall.

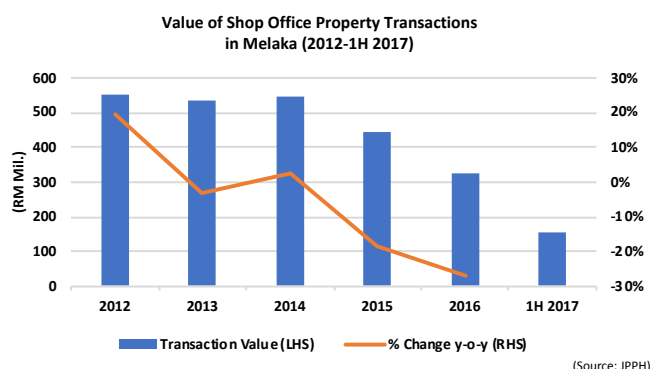
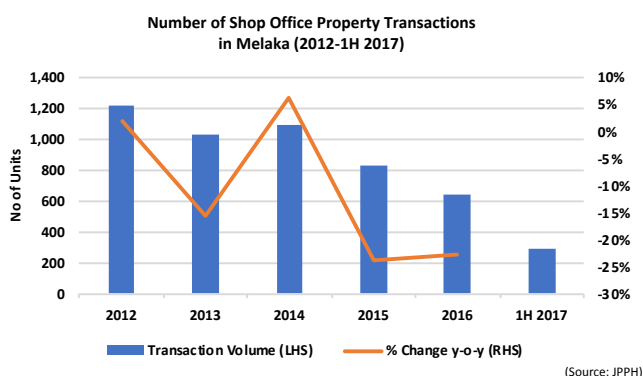


Shop Office

The total supply of shop offices in Melaka as at 1H 2017 was recorded at 17,416 units a marginal increase of 112 units from 1H 2016. 2 – 2 ½-storey terrace types contributed the most with 48%, followed by 3 – 3 ½-storey terrace types with 16% of total share. The average transaction price for a 2-storey terrace shop in Business Park @ MITC is at RM450,000, whereas in Kota Laksamana Business Centre, similar properties were transacted at RM640,000.

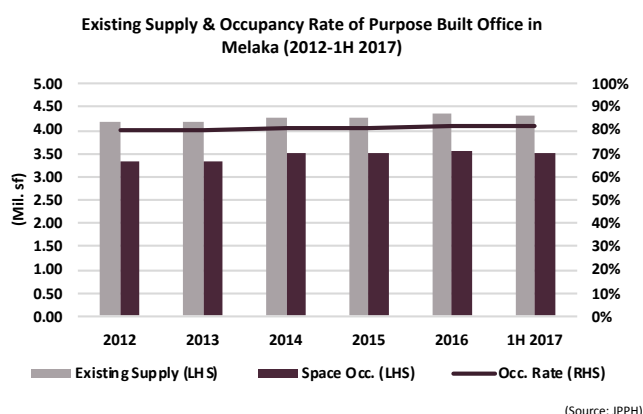
In 1H 2017, 43% from total launched units of 1,016 were unsold, valued at RM167 million. The incoming supply of shop offices in Melaka currently stands at 5,091 units, creating further pressures on Melaka's shop office market.

Some of these include Kompleks Perniagaan Kota Syahbandar, Kota Laksamana Jaya (Porto Historia) and Pusat Niaga Bukit Baru Utama. Notably City Square Business Centre is an incoming project located in Melaka Raya.



Purpose Built Office

Total supply of purpose built office in Melaka as at 1H 2017 has increased by only 0.9% compared to 1H 2016. However, space vacancy of 799,027 sf remains unchanged since 2014 with overall occupancy rate stood at 81.5%. Moving forward, there is no incoming supply of purpose built office in Melaka.



Melaka

Hotel

The current existing supply of hotel rooms in Melaka stood at 13,997 rooms in 155 hotels as at 1H 2017. The supply of hotels had grown at a CAGR of 5.6% since 2012.

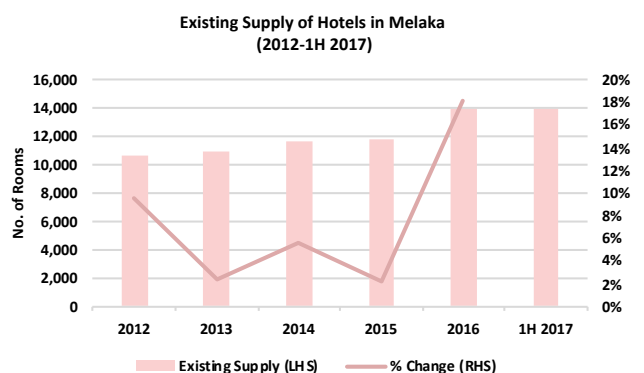
Several additions of new hotels were seen in Melaka such as the Sheraton Melaka Hotel and The Dawn@Impression City. Meliá Hotels International, the leading Spanish hotel company with more than 370 hotels worldwide, has set its fourth property in Malaysia called Meliá Melaka. SATORI, a project by Hatten Land Ltd is selling its strata-title unit in Wellness Satori Suite, a 4-star hotel, with prices from RM400,000 for a room size of 376 sqft.

The once-abandoned MITC Hotel located in Ayer Keroh has been acquired in 2015 and redeveloped by the State Development Corporation (PKNM) and is now officially opened for guest stays in April 2017. Hatten Place and DoubleTree by Hilton Hotel Melaka have also made their debut in the fourth quarter of 2017.

In the first four months of 2017, Melaka had attracted 5.38 million visitors in comparison to last year's 4.77 million. With a total target tourist arrival of 16.75 million and listed in the fifth spot of "The World's Trendiest Holiday Destinations" by The British Post, hotels are expected to achieve good occupancy rates.



Artist Impression of Meliá Melaka | Source: Meliá Hotels International



Selected Upcoming Hotel Projects in Melaka

Project / Development	Location	Star Rating	No. of Rooms	Completion
MITC Hotel	Ayer Keroh	3	189	2017
Courtyard by Marriott	Jalan Tun Sri Lanang	4	284	2018
Park Hotel Melaka	Kota Laksamana	4	245	2019
Hyatt Place	Melaka Gateway	5	200	
Sheraton Melaka Hotel	Klebang	N/A	N/A	
The Dawn@Impression City	Kota Laksamana	N/A	648	2020
Meliá Melaka	Bandar Melaka	N/A	250	

Source: Rahim & Co Research

Industrial

The total supply of industrial units in Melaka as at 1H 2017 remained stable at 6,495 units with about 79.9% located within Alor Gajah. Industrial properties in Melaka consist predominantly of the detached type which contributes to approximately 43.4% of the total supply. The total number of transactions for industrial units has increased by 11.0% from 155 units in 1H 2016 to 172 units in 1H 2017.

Smart Industrial Centre (SIC) Melaka in Bukit Rambai Industrial Park was launched in August 2017 and has been identified as Malaysia's first-of-its-kind manufacturing cluster centered on digital manufacturing.

Known as Block 8 in Batu Berendam, a 302,358 sq ft plant by Infineon Technologies AG is the latest plant expansion designed according to Industry 4.0 standards which includes elements of automation, Internet of Things and cyber-physical systems.

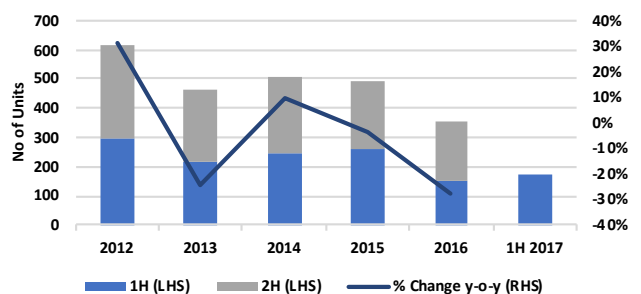
The producer of the Winda and Boto tires from China is also making its first foray into Melaka's industrial property scene by building a tire plant in Kawasan Perindustrian Elkay, Lipat Kajang, Jasin. This development will be adopting green technology into its built.



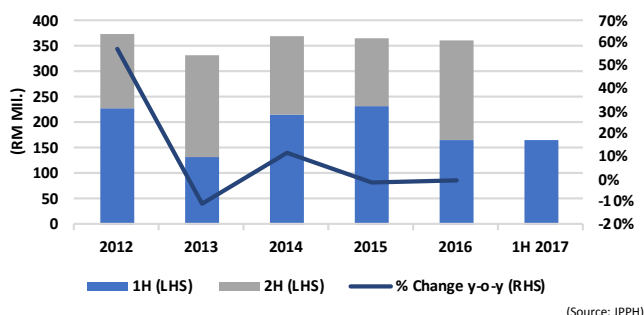
Notable Announcements

- SATORI, Malacca's first wellness-themed mixed development with a gross floor area of about 570,400 square feet will consist of 192 serviced suites, an 85,250 square feet retail mall with an adjoining car park with 457 lots, a 336-room hotel and more than 50 world-class facilities. SATORI is the only development that combine health, fitness, beauty treatments and leisure.
- Grand Pier Melaka, a project that comprised of a three-storey building which would house a hotel, a shopping centre, a Melaka River Cruise operations centre, and an exclusive souvenir shop. It would also include a gallery for local and international artists to exhibit their artworks and hold exclusive cultural performances.
- The Malacca International Airport will see an expansion of its runway from 2,150 metres to 2,500 metres to cater for larger aircrafts such as Airbus A320 and Boeing 747-400 after getting approval from the state government.
- Golden Land Property Development (M) Sdn Bhd is in JV with CCCC Third Harbor Consultants Co. Ltd & Fleur Capital to develop Cheng Ho City. Built in 3 phases on a 121.4ha land in Alor Gajah and commencing from 2018, the project is scheduled for completion within 7 years. Phase 1 includes Cheng Ho Tourism Culture Centre, Cheng Ho Walk, Cheng Ho Co Hotel, serviced condominiums, premium village and resort.
- Durian Tunggal, Alor Gajah has been selected as the fourth KL – Singapore High Speed Rail station which will serve as a catalyst to that area.

Number of Industrial Property Transactions in Melaka
(2012-1H 2017)



Value of Industrial Property Transactions in Melaka
(2012-1H 2017)



Johor

Snapshot

RESIDENTIAL		
Supply	775,174 units	↑ 3.7% y-o-y
Transaction volume	12,162 units	↓ 11.2% y-o-y
Transaction value	RM4,078.82 mil.	↓ 5.2% y-o-y

RETAIL		
Supply	19.1 mil. sf	↑ 3.6% y-o-y
Occupancy Rate	77.1%	↑ 1.6% y-o-y
Monthly Rental	Prime: RM20.00 – RM30.00psf Secondary: RM12.40 – RM18.00psf	

PURPOSE BUILT OFFICE		
Supply	12.2 mil. sf	↑ 5.0% y-o-y
Occupancy Rate	77.7%	↓ 3.8% y-o-y
Monthly Rental	Prime area: RM2.30 – RM6.50psf	

SHOP OFFICE		
Supply	71,751 units	↑ 1.8% y-o-y
Transaction volume	1,075 units	↓ 5.5% y-o-y
Transaction value	RM890.5 mil.	↑ 16.0% y-o-y

HOTEL		
Supply	26,798 rooms	↑ 41.4% y-o-y
Average Room Rate	5-star: RM200 – RM500 per night 4-star: RM120 – RM340 per night	

INDUSTRIAL		
Supply	16,117 units	↑ 3.9% y-o-y
Transaction volume	367 units	↑ 2.5% y-o-y
Transaction value	RM1,024.16 mil.	↑ 10.1% y-o-y

(as at 1H 2017)

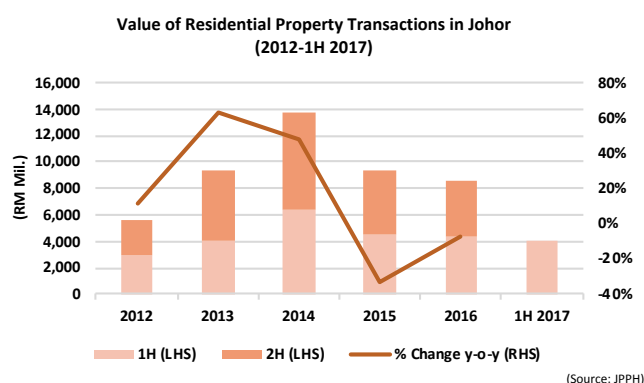
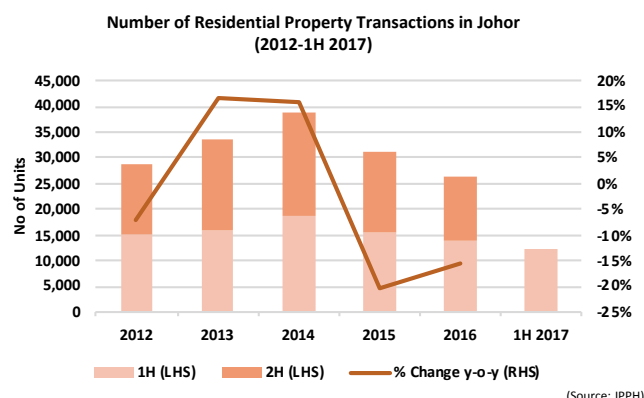
(Source: Rahim & Co Research, JPPH)

Residential

As at 1H 2017, landed properties contributed the most to the existing supply with 84.1% market share, compared to high rise properties recorded at 15.9%. However, the data does not include serviced apartments as it is now classified as commercial properties. If serviced apartment were to be added into the existing residential supply, high rise properties in Johor will constitute 17.3% of the overall units (1H 2017 existing stock for serviced apartment is 12,934 units).

Johor has the second most units of unsold completed residential properties in Malaysia. During the review period, 3,803 residential units were unsold and 76.8% were priced above RM300,000. Johor Bahru area alone holds more than half of the unsold units at 58.7%. Serviced apartments contributed 1,968 unsold completed units priced between RM500,000 – RM750,000. This overhang situation is in line with what has already been reported in the press back in May 2017 whereby 88,000 unsold bumiputra status units in the state sat idle in the property market. Note also that there will be an incoming supply of 87,193 residential units in the next few years.

Nevertheless, demand for landed properties remained strong. Elata Vita@Setia Tropika reported a 90% take-up rate for its 2-storey terrace units within 1 month of its launch. These units were priced from RM588,888. Similar

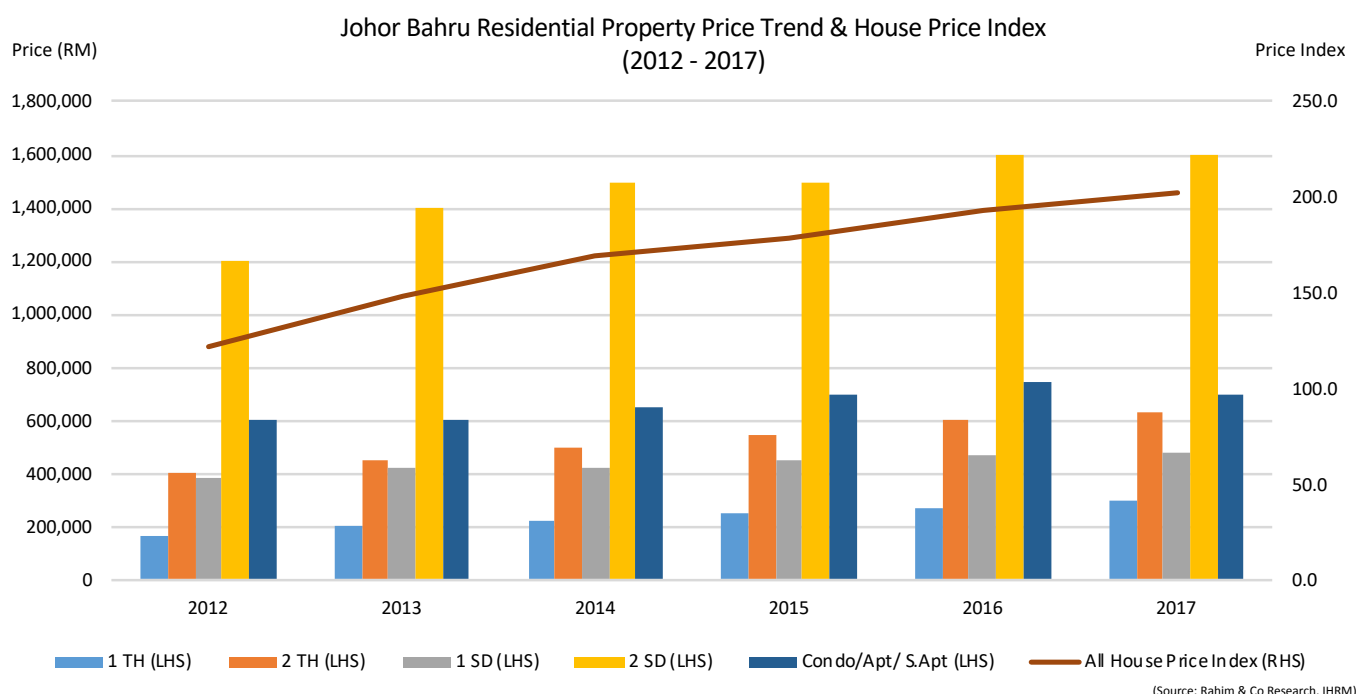


type launch in Taman Mutiara Rini in Skudai also saw all its non-bumiputera units sold within one day. The second phase of Meridin East in Pasir Gudang experienced a lower yet still encouraging performance of 50% take-up rate within 2 weeks of its launch. This phase comprises of The Fern and The Dandelion priced between RM400,000 – 550,000.

The emergence of China based developers, e.g. Country Garden, RNF and Greenland in Johor was seen as a significant factor to the large injection of high rise units. These developers are mainly targeting the China market as their buyers. However, the Chinese government in early 2017 has enforced a capital outflow control policy that has adversely affected these developers. As a result, the restriction of buyers from China had forced the developers to seek for alternative buyers from nearby countries such as Japan, Korea and Singapore as the offered price range does not match the local's affordability level.

The Petrochemical Integrated Development (RAPID) project in Pengerang had proven to be a catalyst to the residential market of Kota Tinggi. This is due to the nature of the oil & gas industry i.e. attracting high income earners thus generating demand for houses. At the moment projects such as Seban Cove by IJM Land Bhd and Bukit Pelali@Pengerang by Astaka Padu Sdn Bhd & Saling Syabas Sdn Bhd are capitalizing on RAPID's positive externalities.

The spillover effect from RAPID's project in Pengerang and tourism in Desaru had generated demand for residential properties in Bandar Penawar. New projects such as Harmonia@Taman Sri Penawar and Phase 2 of Escadia@Taman Desaru Utama had reportedly achieved good take-up rate. Rental rates within the surrounding area of Bandar Penawar ranged between RM2,000 – 4,000 for landed properties.



Selected Upcoming Landed Residential Properties in Johor

Development	Location	Type	Price (RM)	Completion
Bukit Impian Residence (6-D1)	Tebrau	2-sty terraced	From RM648,000	
The Grassten@Eco Botanic (Phase II)	Iskandar Puteri	3-sty terraced	From RM1,273,150	
Plumeria Avenue	Bandar Uda Utama	2-sty terraced	From RM588,330	
Taman Scientex Pulai	Pulai Indah	2-sty & 3sty terraced	Aster (2-sty) - From RM353,000 Acacia (3-sty) - From RM488,000	2018
Imperial Jade Residenz	Bdr Seri Alam	2-sty terraced	From RM586,000	
Clarinet@Taman Desa Tebrau	Johor Bahru	2-sty terraced	From RM792,000	
Meridin East	Pasir Gudang	2-sty terraced	From RM448,000	
The Hills Residence @ Senibong Cove	Permas Jaya	3-sty terraced	From RM1.9 mil.	
The Carason@Eco Tropics	Tmn Kota Masai	2-sty terraced	From RM623,280	2019
Aster 2 @ Seri Austin	Mount Austin	2-sty semi-detached	From RM1.38 mil	

(Source: Rahim & Co Research)

Johor

The state government has committed themselves to a target of 60,000 affordable homes to ensure the well-being of the people of Johor. From 2013 to the third quarter of 2017, 15,139 affordable units had been built.

Moving forward, the prospects of residential sector in Johor remains challenging as the number of unsold properties continued to increase alongside the decrease in the buyers' purchasing power. Developers will have to adapt to this situation by re-strategizing their marketing efforts and promotional schemes.



View from Private Marina of Puteri Harbour | Source: Rahim & Co Research

Selected Upcoming High Rise Residential Properties in Johor

Development	Location	Type	Price (RM)	Completion
Botanika@Tebrau Bay	Tmn Bayu Puteri, JB	Condominium	From RM630,000	2018
TriTower Residence	JB Sentral	Serviced Apartment	From RM940,000	
R&F Princess Cove (Phase 1)	Tanjung Puteri	Serviced Apartment	From RM627,000	
KSL Residency@Daya	Kempas	Serviced Apartment	From RM340,000	
Green Haven	Permas Jaya	Serviced Apartment	From RM570,000	
G Residence	Medini	Serviced Residence	From RM370,300	2019
8scape Residences	Tmn Sutera	Serviced Apartment	From RM450,000	
Jade Palace Waterfront Residences	Jalan Skudai	Serviced Apartment	From RM420,000	
Macrolink Medini	Medini	Condominium	From RM600,000	2020
D'Lagoon Luxury Development by the Lake	JBCC	Serviced Residence	From RM527,000	

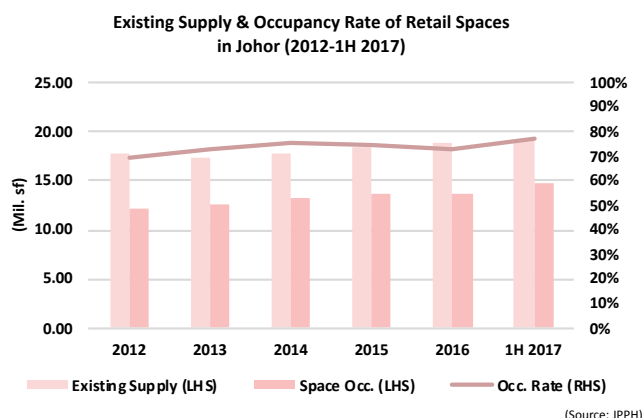
(Source: Rahim & Co Research)

Retail

During the review period, there were a total of 131 retail malls across the state of Johor. The current occupancy rate at 77.1% is the highest recorded since its low in 2012 at 69.3%.

IKEA Tebrau, the largest IKEA store in Southeast Asia at a size of 502,814 sf, received overwhelming response from the crowd during its opening on 16th November 2017. The 27th AEON Mall, which is located in Bandar Dato' Onn opened its door to the public in July of 2017. It houses 150 retail lots. Paradigm Mall by WCT Holdings was opened in November 2017, offering another 1.3 million sf of retail space in the Johor market. In Bandar Penawar, Kota Tinggi, SKS City Mall made its debut early this year and is the closest retail mall to the bustling area of Pengerang.

Notable upcoming retail properties include Eco Galleria @ Eco Botanic, a British colonial-themed high-street mall. It has over 680,000 sf of net lettable area and is currently opened for sale at prices between RM700–1,200 psf and



built up sizes from 725 sf to 4,471 sf. Sunway Big Box Village is the first large-format retail village with 500,000 sf of gross floor area. Angsana Johor Bahru Mall 2 is a 800,000 sf mall by UDA Holdings Bhd that is located next to the existing Angsana Johor Bahru Mall.

With an incoming supply of 5.6 million sf in the coming years, the performance of retail properties in Johor is expected to be adversely-affected and its market players will have to strive harder to sustain the occupancy rate of their respective retail malls.

Selected Upcoming Retail Malls In Johor

Development	Location	Retail Space (sf)	Expected Completion
Sunway Big Box Village	Sunway Iskandar	500,000	2018
Capital 21	Tampoi	1,100,000	
Mid Valley Southkey Megamall	Southkey	1,500,000	2019
Eco Galleria @ Eco Botanic	Iskandar Puteri	680,000	2020
Regalium	One Bukit Senyum	1,500,000	2021
Angsana Johor Bahru Mall 2	Bandar Baru Uda	800,000	

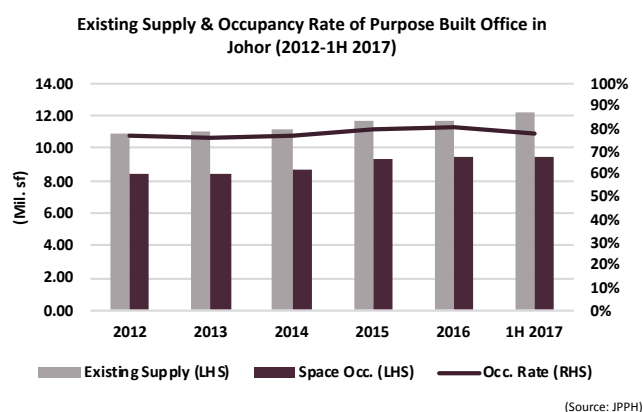
(Source: Rahim & Co Research)

Purpose Built Office

As at 1H2017, an incoming office space supply of 1.44 million sf will be added into the existing 12.25 million sf of office space in the coming years. The positioning of Johor Bahru as the Asian Home for Business in the state's strategic development plan raises its potential to attract more local and international investors into Johor's business market

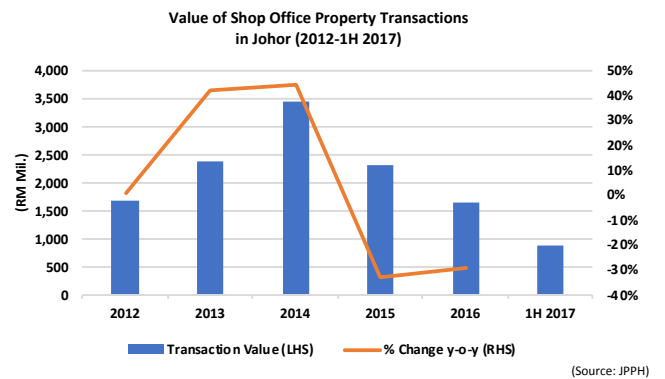
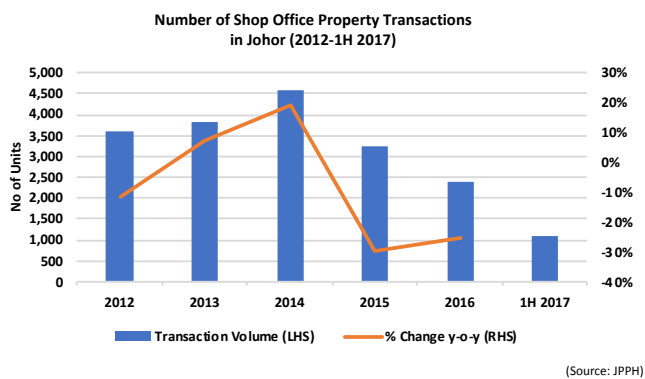
Overall, rental rates for office buildings in Johor remained stable with a few buildings experiencing rental growth movements between 2.1% to 8.7% as compared to the previous period. These buildings include Johor Tower, Menara Ansar and Menara Tabung Haji.

A few of the notable new office buildings completed during the review period include Wisma Muafakat at Jalan Sultan Ibrahim, Johor Bahru and Menara JLand at Jalan Wong Ah Fook, Johor Bahru. Wisma Muafakat is Bank Simpanan Nasional's new 10-storey state headquarters



whilst Menara JLand is Johor's first green certified office building. Other notable new office buildings are Medini 9 & Medini 10, Coronation Square, 1-Bukit Senyum, UMCity Office Tower and d'Pristine Tower@Medini.

Shop Office



Total existing supply of shop offices in Johor stood at 71,751 units as at 1H2017 with 2-2½ storey shop units contributing the most at 40,044 units. It is then followed by 3-3½ storey shops, recorded at 14,036 units and 1-1½ storey shops 10,893 units.

Concerns were expressed on the status of shop offices in Johor as its overhang numbers were the highest in Malaysia, at 1,269 unsold units. The most is the stratified shops at 501 units (39.5%) and 3 – 3 ½ storey shops at 338 units (26.6%).

Looking at the movement in transaction activities, things are not looking any better as transaction volumes continued its downward trend since 2015, now at 1,075 units in 1H 2017.

Nevertheless, new launches were still being injected into the market. For instance, Versis@Medini by BCB Bhd has managed to achieve more than 50% sales in one day of its Phase 1 launch which comprises of 57 units of 3-storey and 5-storey shops priced from RM2.3 million. The new township Taman Seri Penawar in Bandar Penawar, Kota Tinggi displayed impressive sales performance of 80% take-ups for the Desaru Avenue 2-storey shop office units.

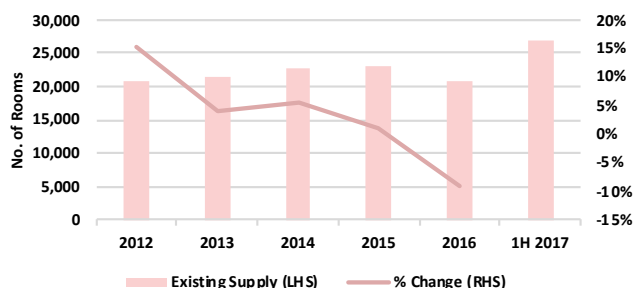
Hotel

Johor has the highest number of hotels in Malaysia, a total of 431 hotels or 26,798 rooms as at 1H2017; an increase of 41.4% y-o-y.

The opening of Impiana Hotel Senai, a 172-room 4-star hotel in October 2017 marked Impiana brand's debut in Johor. Another notable hotel is the 5-star Amari Hotel located within the Suasana Iskanadar development in Jalan Trus, Johor Bahru. It was a collaborative venture between United Malayan Land Bhd and ONYX Hospitality Group.

Hotels located near to the RAPID project site in Pengerang achieved high occupancy rate due to demand from employees seeking temporary residences. Hotel Amansari in Bandar Penawar and Lotus Desaru Beach Resort in Desaru held occupancy rates as high as 90% on weekdays and weekends.

Existing Supply of Hotels in Johor (2012-1H 2017)



(Source: JPPH)

Selected Upcoming Hotels in Johor

Development	Location	No. of rooms
Shama Medini	Medini	196
Capri by Fraser Hotel	Johor bahru	360
Ramada Meridin Johor Bahru	Medini	322
Boulevard Hotel	Southkey Megamall	450
Hyatt Puteri Harbour	Iskandar Puteri	312
Hotel@The Astaka	Bukit Senyum	450
Citadines Medini	Medini	214
Melia Iskandar	Iskandar Puteri	450

Source: Rahim & Co Research

Johor

Industrial

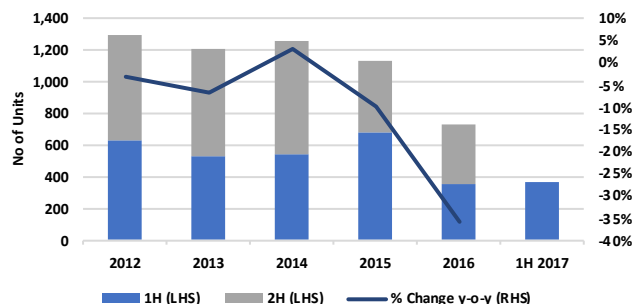
The existing supply of industrial properties in Johor stood at 16,117 units in 1H2017. It is predominantly made up of terrace factories at 47.8% of total share. Next are semi-detached and detached factories contributing respectively at 24.9% and 22.8%.

In Taman Perindustrian Cemerlang, terrace factories were transacted at an average price of RM1.0 million. Transactions of semi-detached units in Tiong Nam Business Park Kempas II were priced around RM3.5 million while similar types at Setia Business Park II were transacted at RM3.9 million per unit.

There is an on-going concern for industrial units priced above RM1 million as these unsold completed properties constituted about 48.6% of the total launched unit of 640. With Johor having the highest number of incoming supply in Malaysia at 30.0% (1,821 units) from the overall 6,064 units, greater competition with the secondary market will be expected along with the risks of an oversupply in Johor's industrial property market.

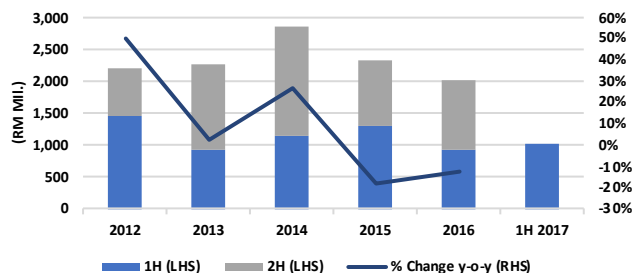
Johor witnessed the launch of the biggest Industrialised Building System (IBS) factory by the master developer of Forest City. With a projected cost of RM2.6 billion, this 168.7-ha development will house six factories to be built in two phases and is set to be the largest of its kind in the world. Another catalyst for industrial sector in Johor is the Verde Palm Plant, the world's first bio-based chemical manufacturing plant. Operations are estimated to begin by 2019. UEM Sunrise Bhd launched its industrial park, Southern Industrial & Logistics Cluster (SiLC) Phase 3 and has secured industrial players such as Crown Worldwide Group for the warehouse facility of corporate documents and Luxx Newhouse Group, Asia's premier solid surface, technological quartz and high-end furniture & interior solution provider.

Number of Industrial Property Transactions in Johor (2012-1H 2017)



(Source: JPPH)

Value of Industrial Property Transactions in Johor (2012-1H 2017)



(Source: JPPH)

Upcoming Industrial Projects in Johor

Development	Location	Price (RM)	Developer	Completion
Taman Perindustrian Ringan Pulau	Pulai	From RM3.1 mil	Loong Soon Kemajuan Sdn Bhd	2017
Harvest Green@Sime Darby Business Park	Pasir Gudang	From RM1.6 mil	Harvestland Holdings Sdn Bhd	2018
Desa 88 @ Desa Cemerlang	Tebrau	From RM850,000	Teras Eco Sdn Bhd	
Taman Perindustrian Cemerlang	Plentong	From RM1.2 mil	Panoramic Industrial Dev't Sdn Bhd	2019

Source: Rahim & Co Research

Notable Announcements

- The Johor Government will be extending free wireless broadband facilities to 74 hotspots statewide in 2017. Forty-nine hotspots will be in rural areas and the rest in urban areas. At the moment, a total of 135 Johor WiFi hotspots had been activated in the state's urban areas.
- IRDA and Frost & Sullivan inked a Memorandum of Understanding to collaborate in developing Iskandar Malaysia Urban Observatory (IMUO). This includes preparing & publishing IMUO World Class Reports and Smart City Iskandar Malaysia (SCIM).
- Memorandum of Understanding was signed between Institut Jantung Negara Holdings Sdn Bhd (IJN) and Permodalan Nasional Bhd to establish a heart centre in Taman Perling, Johor Bahru.
- Medini Iskandar Malaysia Sdn Bhd opened a 22km cycling path in Medini City, Iskandar Puteri. There is a total of 5 strategically located pit stops along the path.
- The upgrading works for the entire 32km stretch connecting Pasir Gudang and Taman Perling is expected to cost RM1bil over four phases. Phase 2A is slated to be completed by September 2018.
- The first hybrid bus is put into practice in Medini City. Operated by Handal Indah Sdn Bhd, a trial run for the hybrid bus would go on for 5 months, beginning July 2017.
- Medini Iskandar Malaysia Sdn Bhd opened a 22km cycling path in Medini City, Iskandar Puteri. There is a total of 5 strategically located pit stops along the path for cyclists to park their bikes and enjoy the sights.
- Consent was given for the construction of a 25m-high Rapid Transit System (RTS) straight bridge across the Strait of Johor that connect Bukit Chagar, Johor Bahru as its main terminal and Woodlands in Singapore. Slated to begin passenger service by the end of 2024, the RTS link is expected to carry up to 10,000 passengers per direction per hour.
- Shattuck St Mary is a RM935 million all-American school to be set up in Forest City educational Hub. Enrolment is slated to start in August 2018 and developed in 3 phases over 5 years.
- Some RM250 million in allocation will be channelled for the development of the Persada Link Bridge and flyover within the Ibrahim International Business District (IIBD). The link bridge will be a 268m walk, connecting JB Sentral to Persada Annexe while the flyover will link Tebrau Corridor to IIBD connecting Coronation Square.
- A total of 195,000 people registered for the "Rumah Impian Bangsa Johor" housing scheme within the first 2 hours after application was opened to the public. The project which is under The Sultan Ibrahim Foundation comprises more than 1,800 units of houses, will be built in Bandar Dato' Onn, Bandar Baru Majidee and Bukit Saujana in Johor Bahru. The first phase in Bandar Dato' Onn will be priced between RM80,000 to RM420,000 each.
- Johor government launched the "Jauhar Prihatin" programme, a rent-to-own housing scheme to help Johoreans who qualified to buy Rumah Mampu Milik Johor (RMMJ) but were unable to obtain end-financing.
- A memorandum of understanding has been signed between two Malaysian entities and a Chinese company for the development of a RM15 billion robotics industry hub in Johor. Known as the Robotic Future City, it will have an integrated hub covering manufacturing, talent development, financial provisions and R&D for the robotics industry.
- United Malayan Land Bhd (UMLand), via its wholly-owned subsidiary Seri Alam Properties Sdn Bhd, has inked a memorandum of understanding (MoU) with Chong Wei Binajaya Sdn Bhd to develop part of the proposed Lee Chong Wei International Sports City.
- Johor's Iskandar region will soon have its own Bus Rapid Transit (BRT) system worth RM2.56bil that would cover 90% of Iskandar Malaysia and will span over 51 km.
- The new Coastal Highway Southern Link (CHSL) highway was launched on 27 November 2017. The 5.2-km kilometre toll-free highway will connect the Iskandar Coastal Highway to the Second Link Expressway.



East Coast Region

Kelantan | Terengganu | Pahang

Kelantan

Snapshot

RESIDENTIAL		
Supply	77,111 units	↑ 5.1% y-o-y
Transaction volume	3,202 units	↑ 20.6% y-o-y
Transaction value	RM361.07 mil.	↑ 16.3% y-o-y

RETAIL		
Supply	3.60 mil. sf	↑ 6.3% y-o-y
Occupancy Rate	92%	↓ 0.4% y-o-y
Monthly Rental	Prime: RM6.00psf – RM 18.00psf Secondary: RM5.00psf – RM16.00ps	

PURPOSE BUILT OFFICE		
Supply	4.16 mil. sf	↑ 1.2% y-o-y
Occupancy Rate	97.3%	↑ 0.2% y-o-y
Monthly Rental	Prime area: RM1.80psf – RM2.64 psf	

SHOP OFFICE		
Supply	9,873 units	↑ 7.2% y-o-y
Transaction volume	85 units	↓ 34.1% y-o-y
Transaction value	RM49.0 mil.	↓ 42.9% y-o-y

HOTEL		
Supply	4,480 rooms	↑ 2.2% y-o-y
Average Room Rate	5-star: RM230 – RM300 per night 4-star: RM150 – RM300 per night	

INDUSTRIAL		
Supply	604 units	↑ 11.6% y-o-y
Transaction volume	16 units	↑ 33.3% y-o-y
Transaction value	RM127.09 mil.	↑ 955.6% y-o-y

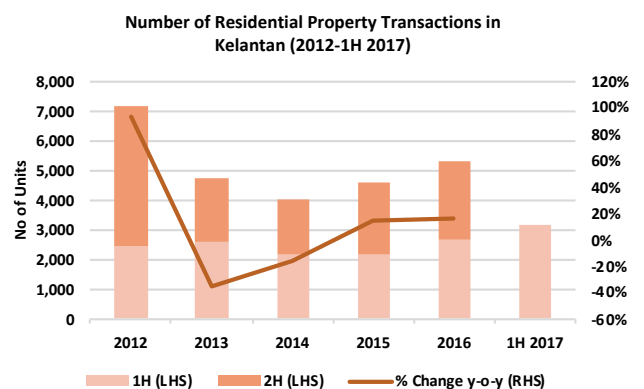
(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

Residential

As at 1H 2017, there were 77,111 residential units in Kelantan with a small increase in supply from previous year of 5.1%. Transactions were on the rise after the lowest mark in 2014. 1H 2017 continued to show improvements with both volume and value rising by 21% (3,202 units) and 16.3% (RM361.07 million) respectively.

Within the review period, residential transactions were seen most within the price range of RM50,001 to RM100,000. Within this price range, vacant plots have the highest transaction count followed by flats and low-cost houses.

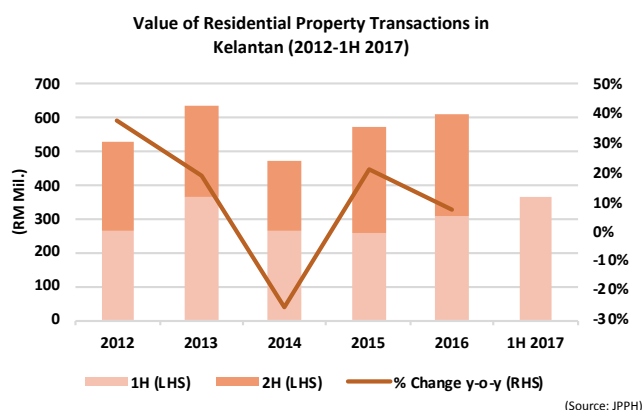


(Source: JPPH)

In 1H 2017, there were 158 overhang units worth RM38.67 million which were mostly condominium / apartment units priced between RM250,001 to RM500,000.

On average, 1-storey terraced houses in Kota Bharu were priced between RM170,000 to RM250,000 per unit depending on its size and location. A 2-storey terraced house unit starts from RM200,000 to RM450,000.

The asking rental range per month for 1-storey terraced houses in Kota Bharu were reported at RM500-RM700, whereas 2-storey terraced houses were at a higher range of RM700-RM1,000 per month.



Selected Upcoming Residential Projects in Kelantan

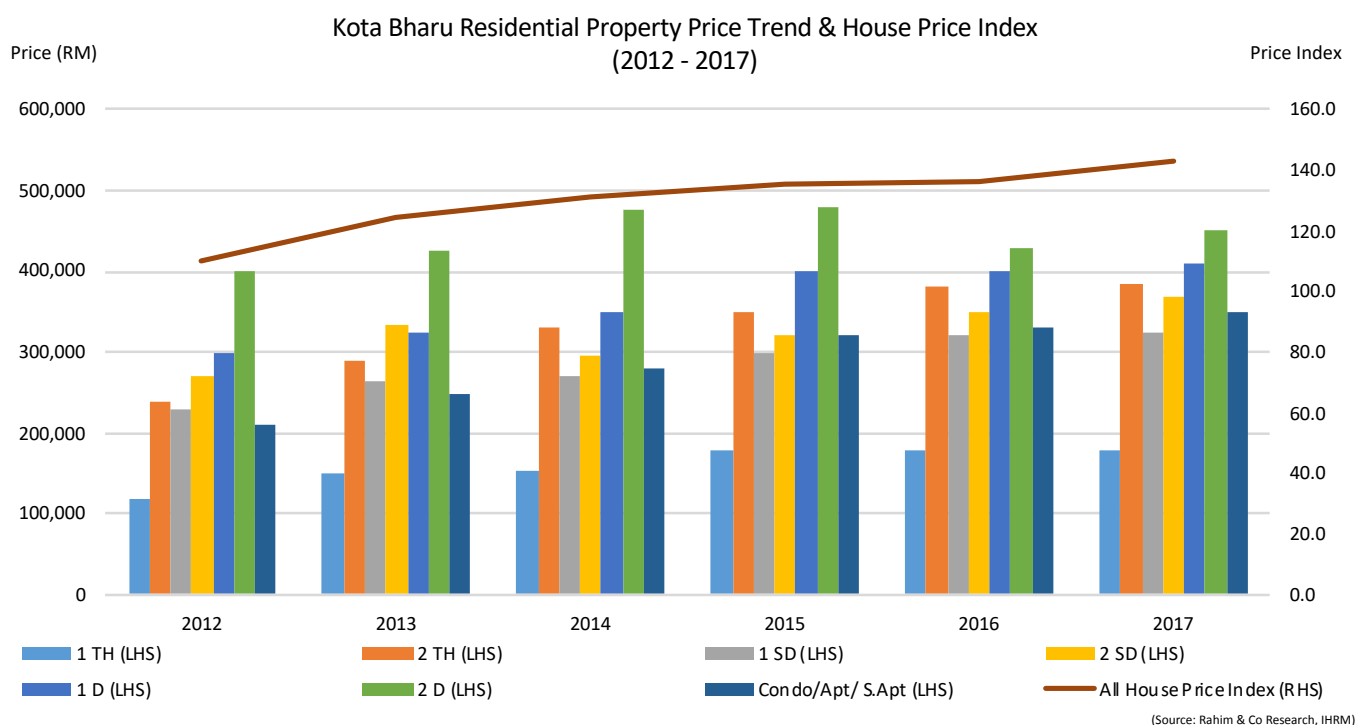
Development	Location	Type	No. of Unit	Price (RM)	Developer	Completion
Tijani @ Raja Dewa	Kota Bharu	3-sty Superlink Terraced	29	From RM1.18mil	Symphony Life Berhad	2018
Tijani @ Raja Dewa	Kota Bharu	3-sty Semi-Detached	26	From RM1.92mil	Symphony Life Berhad	
Tijani @ Raja Dewa	Kota Bharu	Serviced Apartment	150	From RM495,000	Symphony Life Berhad	
Sky Riverfront	Kota Bharu	Serviced Residence	235	From RM322,500	Halaman Group	
Al-Waqf Garden	Bandar Baru Tunjong	Serviced Apartment	206	From RM200,000	Maarij Development	
Taman Haji Ali Pinggiran Istana	Kubang Kerian	1-sty Semi-Detached	4	From RM408,000	Haji Ali Group	2019
Paloh Garden Residence	Kota Bharu	Serviced Apartment	167	From RM410,500	SKT Construction Sdn Bhd	
Troika Residence	Kota Bharu	Condominium	338	From RM326,000	Malvest Group	
Embunuri @ Sireh	Lembah Sireh	Condominium	418	From RM220,000	Kelkon Sdn Bhd	2020
19 Residence	Sri Cemerlang, Kota Bharu	Serviced Apartment	182	From RM280,000	SBJ Sdn Bhd	2021

(Source: Rahim & Co Research)

Kelantan

In September 2017, Kumpulan Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) and Yayasan Islam Kelantan held a ground-breaking ceremony for the development of a 23-storey apartment block in Telipot, known as D'Perdana Telipot Apartment. This project comprises of 568 apartment units and 15 retail outlets. Completion is scheduled within the next 3 years.

Another ground-breaking ceremony was also held by Kumpulan Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK) and SPP Development Sdn Bhd for a RM90 million mixed housing project in Tok Jembal. This project spans over 7 phases with a total of 242 units of 1 and 2-storey of terraced, semi-detached, bungalows as well as 3-storey shop offices. This project is sited on a 30-acre land in the Mukim of Tok Ku and Mesira.



Notable Announcements

- Luster Industries Bhd is taking over a partially completed mixed development project known as Al-Waqf in Kota Bharu from Cosmo Property Management Sdn Bhd
- Prime Minister Datuk Seri Najib Tun Razak has granted an allocation of RM8.5mil to improve facilities and amenities in Machang. The allocation includes RM5mil for the construction of rural roads, RM2mil for social amenities, and RM1.53mil to refurbish mosques and surau.
- KPJ unit buys RM6.8 mil office building in Kota Bharu
- Java Bhd has proposed to sell its subsidiary that holds 1,331 hectares of oil palm estate in Jeli, Kelantan to Fima Corp Bhd for RM5.2 million
- The Sultan Ismail Petra Airport will be expanded.
- The Kelantan government has proposed to the federal government the construction of a new airport of international standard at Bagan Estet, Machang.
- Kampung Laut, a village by Sungai Kelantan in Tumpat, will be set to undergo development as "Kampung Warisan" from February 2018
- The construction work of the Kuala Krai Hospital in Pahi is on schedule for completion by early 2018.
- New townships are seen emerging and growing in Kelantan, namely Bandar Baru Pasir Mas, Bandar Bentara Tumpat and Bandar Baru Pasir Putih.
- The government administrative offices in Pasir Mas were relocated to Bandar Baru Pasir Mas, with plans to move the commercial lots as well.
- Bandar Bentara Tumpat is the next new commercial centre after Bandar Tumpat with more shop lots coming in the future.
- A proposed residential scheme in Bandar Baru Pasir Putih is scheduled to begin construction in 2018. RMMJ units will also be part of this scheme.

Retail

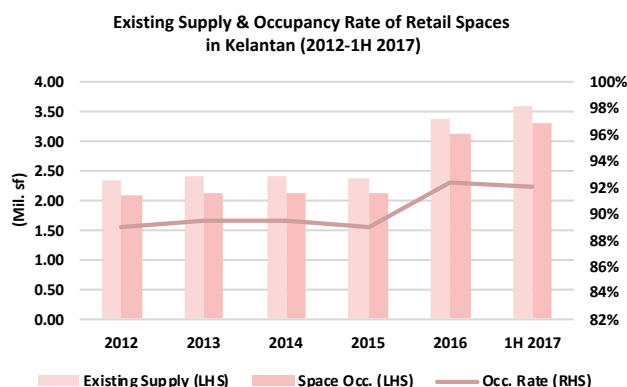
As at 1H 2017, the total supply of retail space in Kelantan rose by 6.3% to 3.6 million sf from last year's 3.3 million sf. This increase has minimal effect on the occupancy rate as only a drop of 0.4% is seen to occur and thus still maintaining above 90%.

Monthly rentals of prime retail malls in Kota Bharu ranged between RM6.00-RM18.00 psf. These include Kota Bharu Trade Centre and KB Mall. Rentals of second tier malls commanded a lower RM5.00 to RM16.00 psf for malls like Tesco Hypermarket Kota Bharu and Podium Block Kota Sri Mutiara.

1H 2017 saw 2 new completions of retail malls. These were Giant Tunjong in Kota Bharu and Pasaraya Pantai Timur in Tumpat injecting 143,816 sf and 68,770 sf of retail space respectively. In addition to that, four shopping malls with a total retail space of 1.24 million sf are registered as incoming supply for Kelantan.

Plans are underway for the development of Plaza IMT-GT (Indonesia-Malaysia-Thailand Growth Triangle) in Bukit Bunga. Strategically located along the border area of Rantau Panjang-Sungai Golok and Pengkalan Kubor-Tak Bai, this development is expected to provide close to 100 local entrepreneurs the opportunity to promote and market their products to the local as well as foreign buyers, namely Thailand. Completion is estimated to be in 2019.

Pantai Timur Group Sdn Bhd (East Coast) has announced to expand its supermarket in Kelantan by opening three more branches in Jelawat, Machang and Gua Musang in the near future.



Selected Upcoming Retail Projects in Kelantan

Development	Location	Net Lettable Area (sf)	Completion	Developer
Al-Waqf Garden Mall	Bandar Baru Tunjong	350,000	2018	Maarij Development
Mydin	Bandar Baru Tunjong	N/A	2018	Tunjong Development Corporation

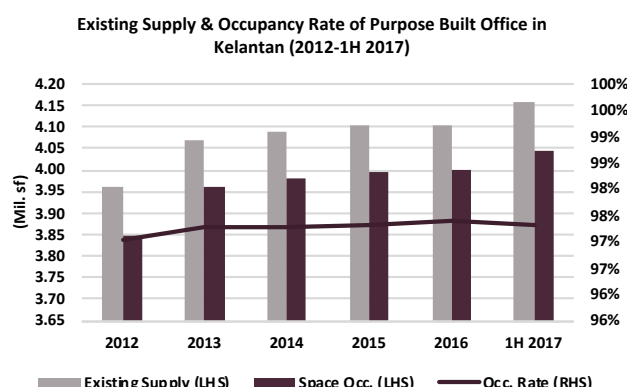
(Source: Rahim & Co Research)

Purpose Built Office

As at 1H 2017, the total supply of purpose built offices in Kelantan rose by 49,600 sf, the addition being Bangunan Pejabat Air Kelantan Sdn Bhd in Kota Bharu.

With this increase, occupancy rate remains strong at 97.3% after a small increase of 0.2% from the previous year. Overall, Kelantan's office market has been performing well in maintaining a high occupancy rate of 97% for the past 5 years.

Rates in the rental market have been stable. Prime office space is renting out between RM1.80-RM2.64 psf per month for buildings the likes of Bangunan AIA, Menara Perbadanan and Bangunan KWSP. Second tier office space such as the buildings of Kelantan Trade Centre (KTC) and Bangunan Sapura are rented between RM1.50-2.50 psf pm.



Selected Upcoming Purpose Built Office Projects in Kelantan

Development	Location	Net Lettable Area (sf)	Completion
Bangunan Gunasama Persekutuan	Tunjong	116,468	2020

(Source: Rahim & Co Research)

Kelantan

Shop Office

The total supply of shop offices in Kelantan as at 1H 2017 stood at 9,873 units with an increase of 660 units from 1H 2016. 2 – 2 ½ storey terrace dominated the total supply (52%) followed by 3 – 3 ½ storey terrace (24%).

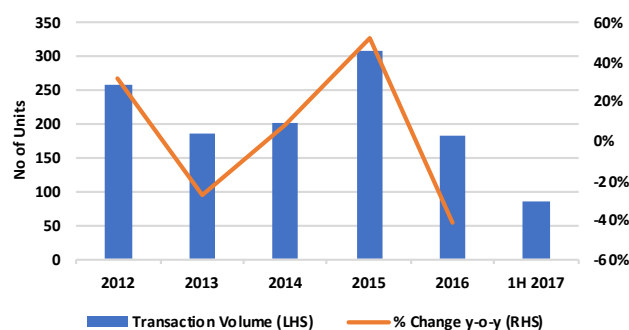
Volume and value of transactions for Kelantan has been moving in parallel to each other over the past 5 years with recent movement being on a downward trend. 1H 2017 showed another drop from last year's figure, now at 85 units worth RM48.99 million.

In 1H 2017, there were only 7 units registered as unsold worth RM4.89 million in Kelantan. These units are mainly of the 4 to 4 ½- storey and stratified shop offices with a price range of RM500,001 to RM750,000.

Prices for a standard 2-2½-storey shop offices located in Kota Bharu range from RM530,000 to RM700,000 whilst 3 and 3½ - storey shop offices were from RM900,000 to RM1.3 million depending on size and location.

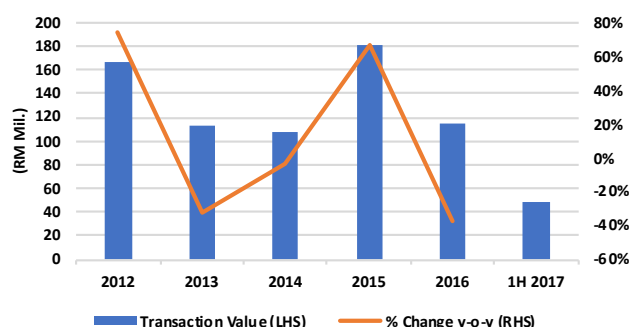
On monthly rental rates, ground floor shop offices in central town prime area such as Jalan Pintu Pong, Jalan Buluh Kubu and Jalan Kebun Sultan averaged RM2.30 to RM4.10 psf pm. Units in secondary town prime area such as Jalan Dusun Muda, Jalan Sultan Ibrahim and Lembah Sireh (Seksyen 17) registered a slightly lower rental of RM2.00 to RM3.70 psf pm.

Number of Shop Office Property Transactions in Kelantan (2012-1H 2017)



(Source: JPPH)

Value of Shop Office Property Transactions in Kelantan (2012-1H 2017)



(Source: JPPH)

Hotel

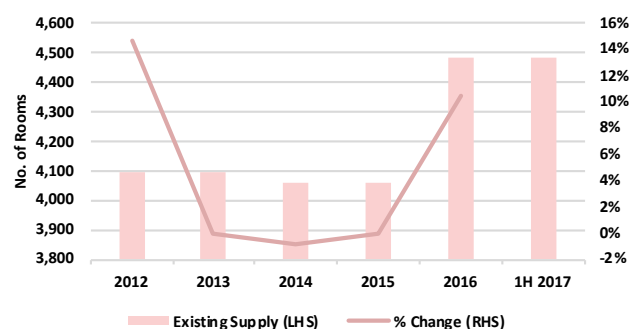
The total number of hotel rooms increased from 4,384 rooms in 1H 2016 to 4,480 rooms in 1H 2017, a 2.2% change.

Kelantan has now 90 hotels with 5 rated 4 to 5-stars and 9 as 3-stars. Average room rates for 5-stars were between RM230-RM300 and for 4-stars between RM150- RM220.

On the horizon, there will be two new hotels with a total of 161 rooms to be added into Kelantan's hotel market.

Usahasama Seri Cemerlang Sdn Bhd has announced that the construction work for the 30-storey Mövenpick Hotel in Kota Baru will begin in the first-half of next year. The hotel will be operated by a Swiss hotel company, Movenpick Hotels & Resorts.

Existing Supply of Hotels in Kelantan (2012-1H 2017)



(Source: JPPH)

Selected Upcoming Hotels in Kelantan

Development	Location	Star Rating	No. of Rooms	Completion	Developer
Mövenpick Hotel	Kota Bharu	5	452	2018	Usahasama Seri Cemerlang Sdn Bhd
Ibis Style Hotel	Kota Bharu	N/A	132	2018	Halaman Group
Al-Waqf Garden Suite	Bandar Baru Tunjong	4	294	2018	Luster Industries Bhd

(Source: Rahim & Co Research)



Artist impression of Mövenpick Hotel
Source: Mövenpick Hotels & Resorts

Industrial

As at 1H 2017, the total supply of industrial units in Kelantan was at 604 units, an increase of 11.6% from 1H 2016. Approximately 66% are located in Kota Bharu area. Terraced factories dominated the existing supply with 250 units.

The volume of transactions for industrial units has increased by 33% from 12 units worth RM12.04 million in 1H 2016 to 16 units worth RM127.09 million in 1H 2017.

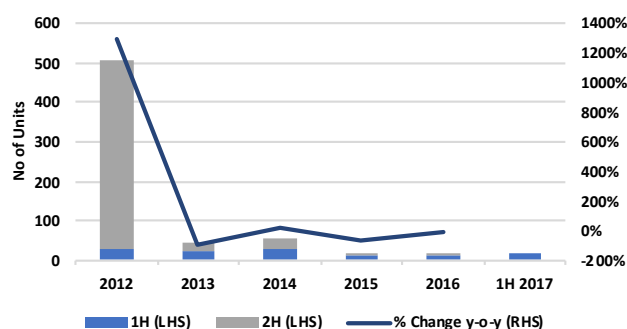
Within the review period, vacant plot dominated the industrial transactions, with most with most of its transaction completed at RM1 million and above.

Phase 1 of Pasir Mas Halal Park (PMHP) has successfully been taken up at 100% and thus construction of Phase 2 has begun to accommodate the strong demand. PMHP is expected for completion by 2020.

Kelantan's biggest investor is also on the move to extend its current building in Pengkalan Chepa Industrial Estate. ROHM-Wako Electronics (Malaysia) Sdn Bhd (RWEM) had invested RM270 million on the new building and its opening was held in March 2017. Within the same industrial area, Ain Medicare Sdn Bhd has been given the approval to expand its factory at the cost of RM100 million.

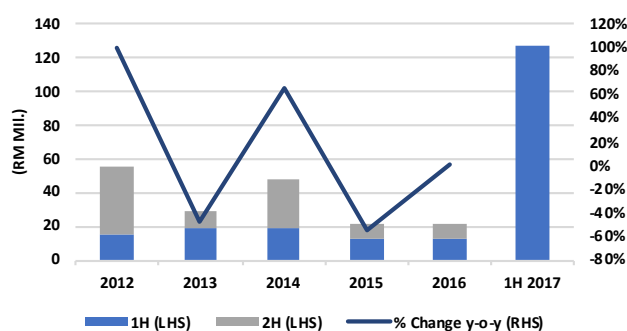
With the industrial estate in Kota Bharu reported to be fully taken up, state government is now in the process of identifying new sites for its industrial estate. Areas highlighted are Gua Musang, Pasir Mas and Sungai Bagan in Machang.

Number of Industrial Property Transactions in Kelantan (2012-1H 2017)



(Source: JPPH)

Value of Industrial Property Transactions in Kelantan (2012-1H 2017)



(Source: JPPH)

Terengganu

Snapshot

RESIDENTIAL		
Supply	96,707 units	↑ 3.6% y-o-y
Transaction volume	5,723 units	↓ 14.1% y-o-y
Transaction value	RM717.59 mil.	↓ 11.3% y-o-y

RETAIL		
Supply	1.77 mil. sf	↑ 8.6% y-o-y
Occupancy Rate	73.6%	↓ 2.8% y-o-y
Monthly Rental	Prime: RM12.00psf – RM22.00psf Secondary: RM6.00psf – RM17.00psf	

PURPOSE BUILT OFFICE		
Supply	3.70 mil. sf	↑ 0.3% y-o-y
Occupancy Rate	97%	↑ 1.8% y-o-y
Monthly Rental	Prime area: RM2.30psf – RM3.60psf	

SHOP OFFICE		
Supply	6,262 units	↑ 6.1% y-o-y
Transaction volume	96 units	↓ 4.0% y-o-y
Transaction value	RM70.7 mil.	↓ 14.3% y-o-y

HOTEL		
Supply	7,860 rooms	↑ 10.4% y-o-y
Average Room Rate	5-star: RM460-RM730 per night 4-star: RM220-RM430 per night	

INDUSTRIAL		
Supply	864 units	↔ Stable
Transaction volume	8 units	↓ 66.7% y-o-y
Transaction value	RM14.29 mil.	↑ 16.7% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

Residential

As at 1H 2017, Terengganu's residential supply saw an increase of 3.6% from 93,346 units in 1H 2016. Detached houses contributed the most in supply with 30,710 units.

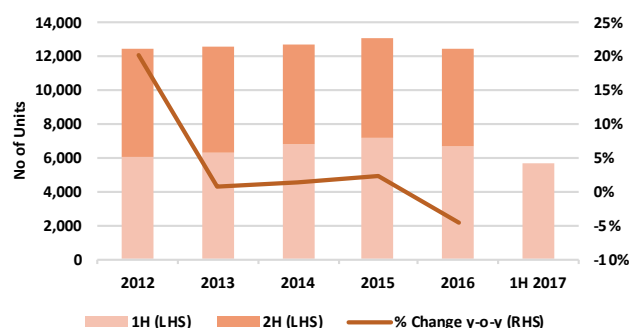
The number of transaction activities for Terengganu's residential property market dropped by 14.1% from 6,659 units in 1H 2016 to 5,723 units in 1H 2017. Within the review period, residential transactions were seen most within the price range of RM50,001 to RM200,000. Within this price range, vacant plot has the highest transaction count.

By 1H 2017, there were 58 overhang units worth RM17.92 million, which were mostly 2 to 3-storey terraced and 1-storey semi-detached units in the range of RM250,001 to RM400,000.

On average, 1-storey detached houses in Kuala Terengganu were priced between RM300,000 to RM400,000 per unit depending on its size and location whereas rentals range between RM1,000-RM2,200 per month.

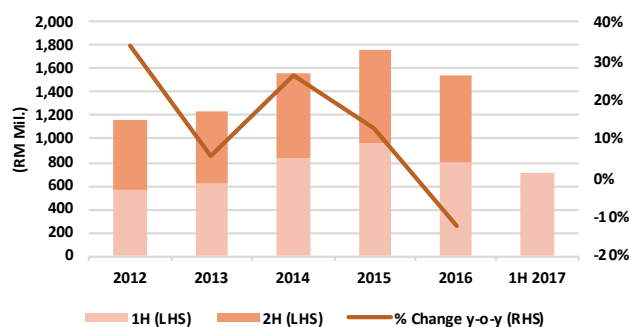
Trive Property Group Bhd has plans to develop a mixed development project in Bandar Baru Kertih Jaya, Kemaman, with an estimated RM284 million in gross development value (GDV). It will start off with Phase 1 comprising of 211 units of 2-storey terraced houses and 68 units of 1-storey semi-detached houses. Construction work is expected to commence in 2018.

Number of Residential Property Transactions in Terengganu (2012-1H 2017)



(Source: JPPH)

Value of Residential Property Transactions in Terengganu (2012-1H 2017)



(Source: JPPH)

In continuance of overcoming the affordability issue, the state government has launched a series of affordable projects across various locations. These projects are as shown in the table below:

Affordable Scheme	Location	Total Unit
Projek Perumahan Rakyat	Kampung Nanas	500
Rumah Idaman Rakyat	Kampung Santong	229
	Besut	72
Rumah Bina Negara FELCRA	Seri Bandi	100
	Bukit Kapah	100
	Setiu, Dungun	1,332
	Kemaman	928
	Kuala Terengganu	109
Rancangan Tanah Berkelompok (RTB)	Marang	71
	Besut	69
	Hulu Terengganu	34
	Kuala Nerus	34

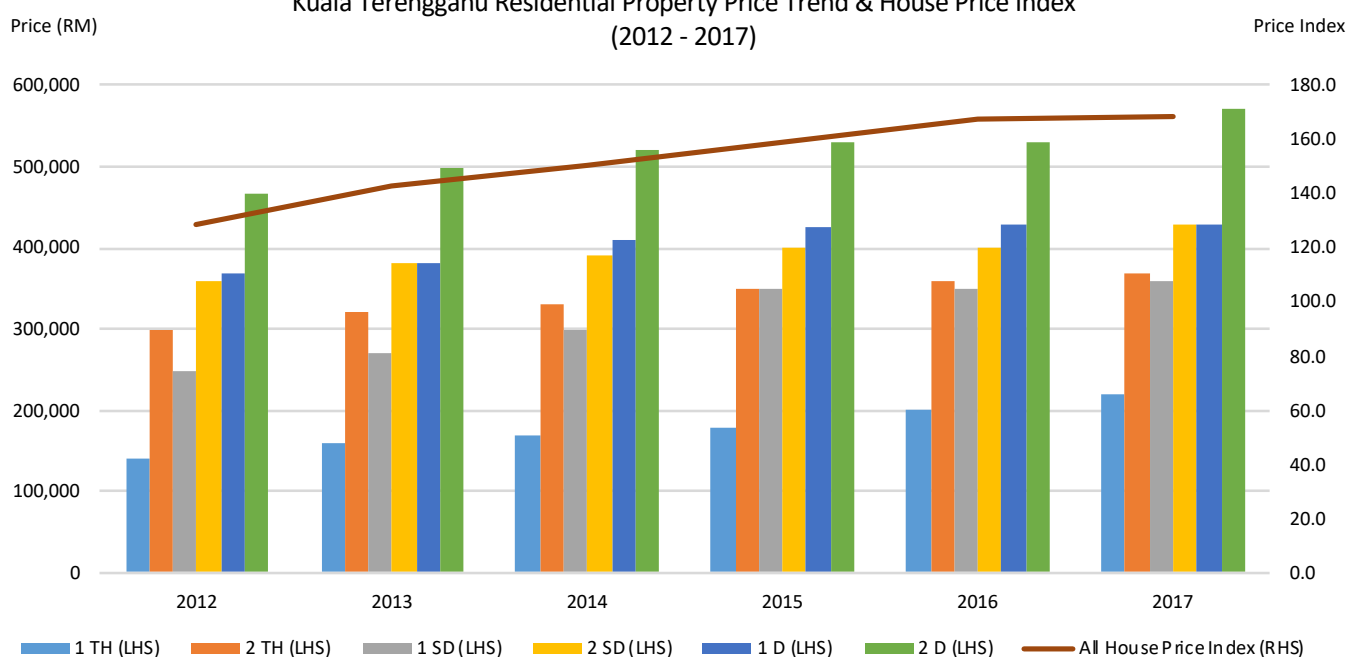
Source: Rahim & Co Research

Selected Upcoming Residential Projects in Terengganu

Development	Location	Type	No. of Unit	Price (RM)	Developer	Completion
Laman Bayu Tok Jembal	Kuala Nerus	2-sty Terraced	15	From RM338,000	Tanjong Developer Sdn Bhd	2018
Bukit Tumbuh	Kuala Nerus	1-sty Semi-Detached	4	From RM385,000	Genius Brilliant GB Property	
Icon Residence	Kuala Terengganu	Condominium	144	From RM455,000	VST Group	
Southern Residence	Kemaman	Serviced Apartment	264	From RM386,650	JV Muhibbah Sdn Bhd	2019
Taman Putera Harmoni	Kemaman	1-sty Terraced	32	From RM269,000	Pingat Harmoni Sdn Bhd	
Geliga Impiana	Kemaman	2-sty Terraced	26	RM430,000	Hartanah Girls Sdn Bhd	
Bukit Tok Beng	Kuala Nerus	1-sty Semi-Detached	2	From RM350,000	Sunsetia Concept PLT	

(Source: Rahim & Co Research)

Kuala Terengganu Residential Property Price Trend & House Price Index (2012 - 2017)



(Source: Rahim & Co Research, IHRM)

Terengganu

Retail

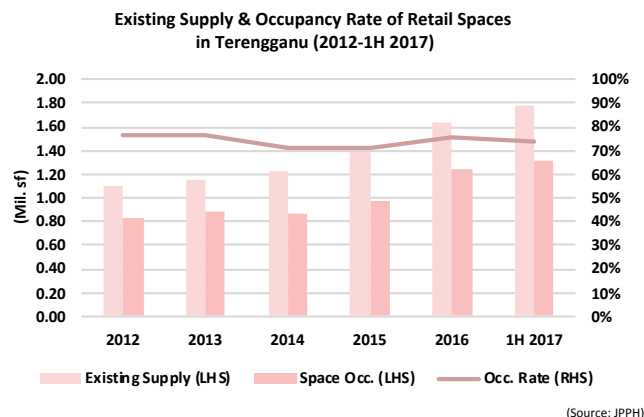


Artist impression of KTCC Mall
Source: East Coast Economic Region Development Council (ECERDC)

The total supply of retail space in Terengganu has been on an upward trend over the past 5 years, now standing at 1.77 million sf as at 1H 2017 but demand seems to be falling behind as occupancy rate remained below 80%.

1H 2017 saw a fall of 2.8% in occupancy with the increase of retail space by 8.6%. There are now 39 retail malls in Terengganu.

Prime retail malls are mainly located within the Kuala Terengganu area such as Giant Hypermarket and Giant Gong Badak. Monthly rental rates for these malls are between RM12.00-RM22.00 psf. Others such as PB Square commanded a lower but still prime rate of RM6.00-RM17.00 psf.



Plaza Paya Bunga has been completed but will only be opening its doors to the public by early 2018. They have announced their major tenants to be The Store and Mara Digital.

In April of 2017, the Sultan of Terengganu had officially launched the project site of the upcoming Mayang Mall. Strategically located along Jalan Sultan Zainal Abidin, this six-storey shopping mall encompasses a total of 715,000 sf and will be managed by Sogo (KL) Department Store Sdn Bhd (Sogo). The mall is scheduled for completion in the year 2020.

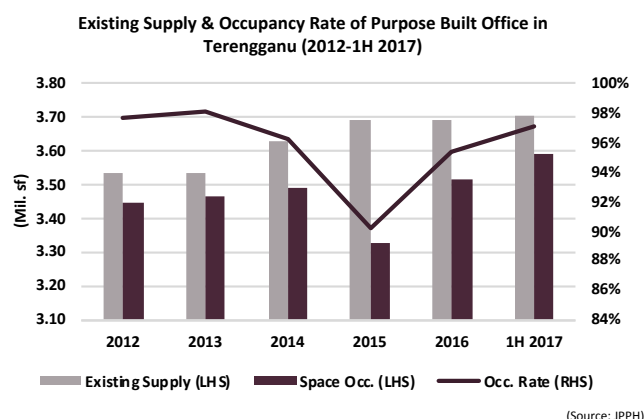
The construction of the KTCC Mall is still within its early stages and its expected completion is by 2019. It is a mall sized at approximately 750,000 sf.

Purpose Built Office

Between 1H 2016 and 1H 2017, the supply of purpose built office space recorded an increase of 0.3% in NLA from 3.68mil sf. Office building count went up by one between the two years with 120 buildings in 1H 2017. Demand remained strong as occupancy rate improved by 2% from 1H 2016. Over a 5-year period, occupancy rates averaged 96% with only a one-time decline in 2015.

Average monthly asking rental rates for purpose built offices located in central town prime area, particularly in Kuala Terengganu area, hovered between RM2.00 to RM3.60 psf.

Only one office building is registered as incoming supply and it is to be located in Kuala Terengganu. Sized at approximately 21,980 sf, the 30-storey Menara MBKT



is currently approximately 70% to completion and the targeted year is 2018. This tower will function as the main administrative centre for the state of Terengganu.

Tenaga Nasional Bhd (TNB) has announced their plans to build a 28-storey tower near Kuala Terengganu City Center (KTCC) and this development has been identified as an East Coast Economic Region (ECER) project. The cost is estimated at RM181 million, excluding the cost of land acquisition of about 4 acres.

Shop Office

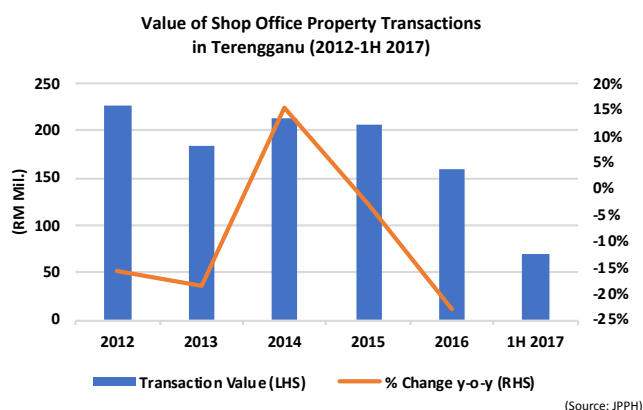
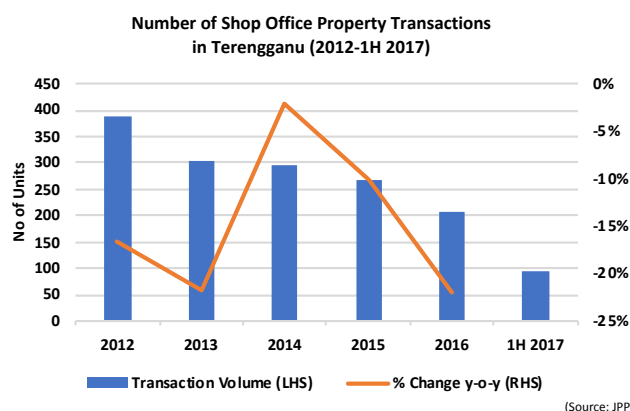
As at 1H 2017, total supply of shop offices in Terengganu accumulated to 6,262 units with the majority contributed by 2 to 2 ½ storey types (51%) and mostly concentrated within the Kemaman area.

Transaction volume in 1H 2017 fell by 4% from 100 units of 1H 2016, now at 96 units. Transaction value also dropped by 14.3%, amounting to RM70.68 million.

In 1H 2017, there were a total of 35 overhang units of shop offices worth RM25.51 million in Terengganu. Most are of 2 to 3 ½-storey types priced between RM500,001 to RM1 million.

On the prices of existing shop office units, 2-storey shop offices in Kuala Terengganu registered an average transacted price of RM1.4 million while a similar type in Kemaman was transacted at a lower RM650,00. In the rental segment, the average rentals of ground floor shop offices in central town prime area range between RM2.50 psf to RM4.40 psf pm.

In Kuala Terengganu, Panji Curve Business Park is a newly completed shop office situated in Dataran Panji. Consisting of 17 blocks of 4-storey shop office units, it is priced from RM2.4 million per block and between RM529,000 to RM1 million per unit. Take-up rate was reported to have reached 80%.



Selected Upcoming Shop Offices in Terengganu

Development	Location	Type	No. of Unit	Price (RM)	Developer	Completion
The Icon	Kuala Terengganu	5-sty Shop Office	11	From RM 2.7mill	VST Group	2018
The Coast Kemaman	Kemaman	3-sty Shop Office	110	From RM1.8mill	UDA Holdings Berhad	
Taman Desa Idaman	Paka	2-sty Shop Office	23	From RM609,700	Syarikat Perumahan Negara Berhad	2019
Paka Uptown	Paka	3-sty Shop Office	7	From RM980,000	Kotamas Development	

(Source: Rahim & Co Research)

Terengganu

Hotel

The supply of hotels in Terengganu over the last 5 years have been relatively stagnant with only 2014 experiencing the largest increased of about 20%. As at 1H 2017, the number of hotels are at 163 with 7,860 rooms, registering a 10% increase.

10 hotels are rated 4 to 5-stars and 16 at 3-stars. Average rooms rates of 5-star hotels are priced at RM570 and for 4-star hotels at RM340.

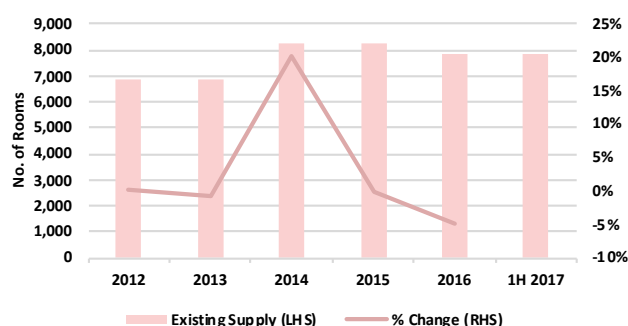
2017 saw the completion of 32 new chalets in Pulau Kapas. The Paya Bunga (PB) Square Hotel had undergone facility upgrades as it levels up to a 4-star rating but the number of rooms remained the same. It will resume its operation by early 2018.

iKHASAS Group has entered into a joint-venture agreement with Marriott International last July to develop a new hotel named Marriott Resort & Spa at Pulau Perhentian.



Artist impression of Chendering Mövenpick Hotel
Source: Mövenpick Hotels & Resorts

Existing Supply of Hotels in Terengganu
(2012-1H 2017)



(Source: JPPH)

Selected Upcoming Hotels in Terengganu

Development	Location	Star Rating	No. of Rooms	Completion	Developer
Mövenpick Resort & Spa Chendering	Kuala Terengganu	5	207	2018	Bina Puri Holdings
Terengganu Halal Business Centre Hotel	Gong Badak	3	220	2019	Sabasun HyperRuncit
Marriott Resort & Spa	Pulau Perhentian	5	220	2020	iKHASAS Group

(Source: Rahim & Co Research)



Pulau Perhentian Kecil, Perhentian Island, Kuala Terengganu

Industrial

As at 1H 2017, the total supply of industrial units in Terengganu remained relatively unchanged with only an increase by one unit from 1H 2016's 865 units. 332 units of these are located in Kemaman area. Terraced factories dominated the existing supply with 390 units.

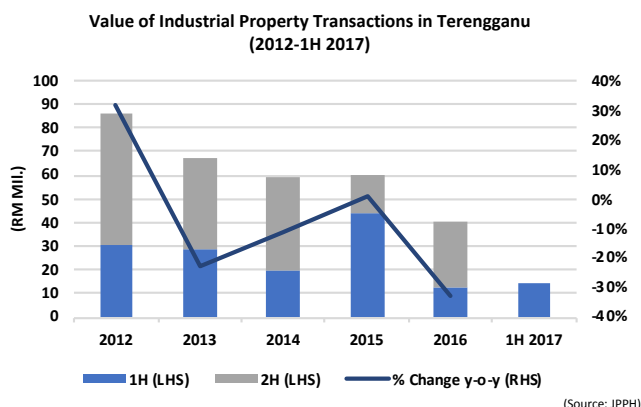
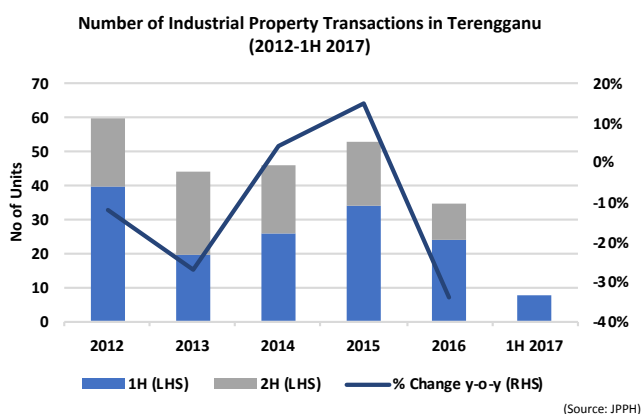
Movement in transaction activities continued downwards with volume falling by 67%. However, value rose by 17%. A total of 8 units were transacted at a worth of RM14.29 million in 1H 2017.

Within the review period, vacant plot dominated the industrial transactions, followed by semi-detached and detached factories.

It was recorded that 15 industrial units worth RM7.85 million remained unsold by 1H 2017, most being semi-detached factories within the price range of RM500,001 to RM750,000 and mainly located in Dungun.

Muhibbah Engineering (M) Bhd has received the green light from the East Coast Economic Region Development Council (ECERDC) to build and complete the main infrastructure works worth RM168mil for Kertih Biopolymer Park in Kemaman, Terengganu.

Terengganu's state government has collaborated with Admal Sdn Bhd, an aircraft maintenance company, to build a MRO (maintenance, repair and overhaul) depot and a flight training centre in Kuala Nerus. The aircraft company has signed a construction agreement and the project will be implemented in three phases with completion expected by 2022.



Notable Announcements

- A 632m drawbridge linking Kuala Terengganu City Centre and Batu Rakit is expecting to be completed over the next 2 years.
- Under Budget 2018, RM2.2 billion is allocated for the housing sector where 600 units of homes under My Beautiful New Homes or MyBNHomes for those under the B40 income group especially in states such as Terengganu, Pahang, Melaka, Johor, Sabah, Sarawak and the orang asli settlement area.
- Malaysia Rail Link Sdn Bhd (MRL), the project owner of the RM55 billion East Coast Rail Link (ECRL) project, has commenced soil investigation, as well as the setting up of base camps.
- RM78 million is allocated to upgrade Pasar Tanjung that will include a 8,900 sf business complex, Kompleks Pasar Kedai Payung and a bigger surau.
- Amanahraya Trustees Bhd, through Amanahraya Trustees Bhd (REIT), plans to take over Mydin's supermarket at Gong Badak, Terengganu, at a price of RM155 million.

Pahang

Snapshot

RESIDENTIAL		
Supply	262,054 units	↑ 2.3% y-o-y
Transaction volume	4,666 units	↓ 7.0% y-o-y
Transaction value	RM1,062.98 mil.	↔ Stable

RETAIL		
Supply	3.14 mil. sf	↑ 7.3% y-o-y
Occupancy Rate	74.9%	↓ 5.8% y-o-y
Monthly Rental	Prime: RM10.00psf – RM33.00psf Secondary: RM7.00psf – RM14.00psf	

PURPOSE BUILT OFFICE		
Supply	4.32 mil. sf	↑ 1.1% y-o-y
Occupancy Rate	87.7%	↓ 0.7% y-o-y
Monthly Rental	Prime area: RM1.50psf – RM3.80psf	

SHOP OFFICE		
Supply	21,926 units	↑ 4.1% y-o-y
Transaction volume	285 units	↓ 28.4% y-o-y
Transaction value	RM194.8 mil.	↓ 25.4% y-o-y

HOTEL		
Supply	28,857 rooms	↑ 9.5% y-o-y
Average Room Rate	5-star: RM460 – RM940 per night 4-star: RM220 – RM780 per night	

INDUSTRIAL		
Supply	3,495 units	↑ 0.2% y-o-y
Transaction volume	88 units	↓ 20.0% y-o-y
Transaction value	RM29.51 mil.	↓ 62.9% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

Residential

As at 1H 2017, Pahang's residential supply increased by 2.3% at 262,054 units from last year's 256,060 units. 1-sty terraced houses contributed the most to existing supply at 73,565 units.

Transactions in Pahang are on a downward trend since 2015's high of 12,213 units worth RM2.5 billion. 1H 2017 showed a drop of 7% from 1H 2016 to 4,666 units worth RM1.06 billion.

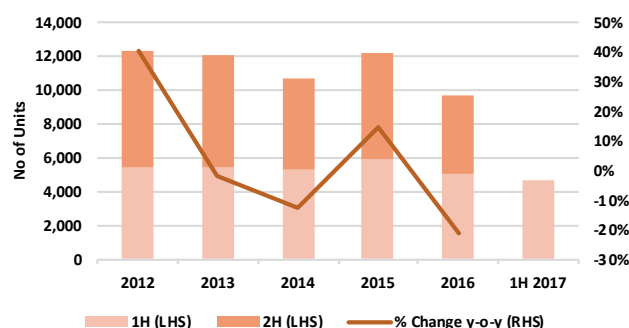
Within the review of period, residential transactions were seen most within the price range of RM400,001 to RM500,000. Within this price range, 1-storey semi-detached has the highest transaction count followed by 2 to 3-storey terraced houses.

On average, existing 1-storey terraced houses in Kuantan were priced from RM200,000 to RM270,000 per unit while for a 2-storey terraced house unit, the minimum price transacted has reached RM360,000 and goes up to RM560,000.

The asking rental per month for 1-storey terraced houses in Kuantan range between RM700-RM900, whereas a 2-storey terraced house is rented between RM800-RM1,500 depending on its size, location and facilities provided by owner.

Yayasan Pahang and O&C Resources Berhad (OCR) has signed a joint venture agreement to undertake a RM166 million mixed development project consisting of

Number of Residential Property Transactions in Pahang (2012-1H 2017)



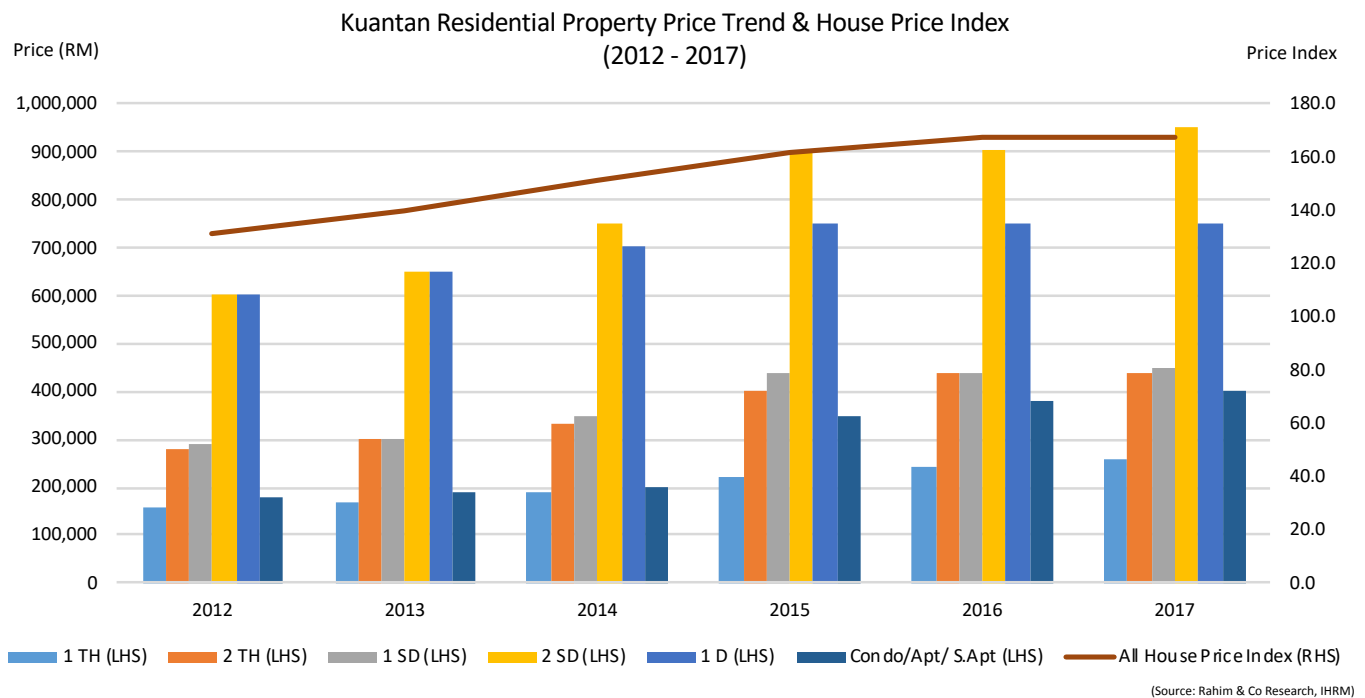
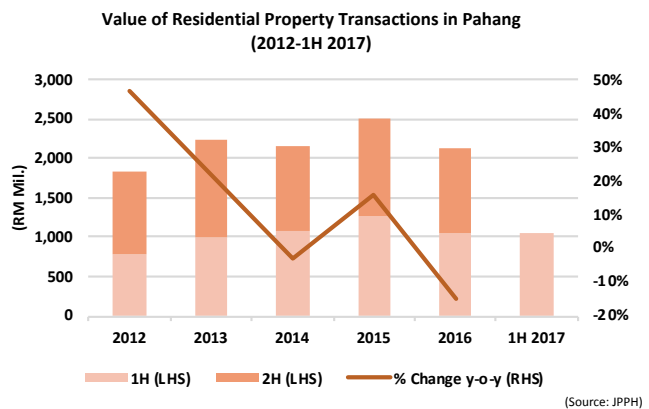
(Source: JPPH)



Artist Impression of Imperium Residence | Source: Ideal Heights Development Sdn Bhd

a commercial development and an affordable housing scheme known as Idaman Priya. Construction is expected to begin later this year, which involves 979 units of terraced houses and 130 units of semi-detached houses.

In 1H 2017, there were 738 overhang residential units worth RM245.63 million, which were mainly comprised of 1-storey terraced units priced from RM300,001 to RM400,000.



Selected Upcoming Residential Projects in Pahang

Development	Location	Type	No. of Unit	Price (RM)	Developer	Completion
Qasadia 2	Kempadang Sg Soi, Kuantan	1-sty Semi-Detached	10	RM345,000	Quek & Co Sdn Bhd	
Taman PSJ-Damansara	Kuantan	2-sty Terraced 2-sty Semi-Detached	238	From RM383,000 (terraced) RM545,000 (Semi-detached)	Perumahan Satelit Jaya Sdn. Bhd	2018
Evergreen II Homes	Kota SAS, Kuantan	1-sty Terraced 1-sty Semi-Detached	229	From RM310,000 (terraced) RM395,000 (Semi-detached)	KotaSAS Sdn Bhd	
Imperium Residence (Block A)	Kuantan	Serviced Apartment	334	From RM295,000	Ideal Heights Development Sdn Bhd	
SpringVale Residences	Precient 7, Kota SAS	2-sty Terraced 2-sty Semi-Detached	207	From RM397,000 (terraced) RM689,000 (Semi-detached)	Tanah Makmur Berhad	
The Colonial (Phase 1)	Raub	2-sty Terraced	115	From RM504,000	Green Target Holdings Sdn Bhd	
TimurBay Seafront Residence	Balok Beach	Serviced Apartment	760	From RM400,000	OSK Property Sdn Bhd	2019
Windmill Upon Hills (Phase 2)	Genting Highlands	Serviced Apartment	1,108	From RM600,000	OSK Property Sdn Bhd	
Vista Residences @Genting Highlands	Genting Highlands	Condominium	378	From RM600,000	Bazarbayu Sdn Bhd	
Hermoso Residences	Kuantan	3-sty Superlink 3-sty Villa	380	From RM698,000 (Superlink) RM988,800 (Villa)	Tunas Land Sdn Bhd	2022

(Source: Rahim & Co Research)

Pahang

Retail

Pahang's retail space over the past 5 years has remained relatively the same with minimal changes. However, it is up by 7.3% to 3.14 million sf during this review period.

This increase is enough to put pressure on demand as occupancy dropped by 6% to 75%. This could be a concern because an estimated 1 million sf of incoming supply is in the pipeline where existing malls will face greater competition in the near future.

Malls located within central town of Kuantan are considered prime and offers monthly rental between RM10.00-RM33.00 psf. Such malls are Kuantan Parade and East Coast Mall. First World Plaza Genting Highlands offers even higher rental rates due to its renowned tourist destination status - between RM13.00-RM29.00 psf.

June 2017 saw the opening of Genting Highlands Premium Outlet to the public. Known as Southeast Asia's first hilltop Premium Outlet Center and Malaysia's second premium outlet, its size is at a net lettable area of 215,278 sf and features over 150 designers and brand name stores. Occupancy rate is reported to have reached 80%.

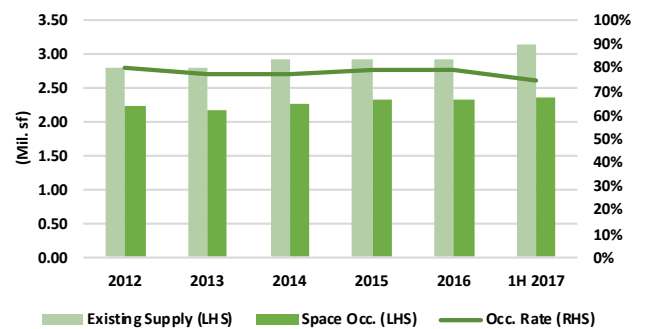
2017 had seen reduced consumer traffic especially in the older malls. Tenants responded by moving out or ceasing operations. Malls such as East Coast Mall held on despite tight competition, achieving 98.4% in 2Q 2017.

Selected Upcoming Retail Malls Projects in Pahang

Development	Location	Size (sf)	Developer	Completion
Lifestyle Waterfront Retails Boulevard	Kuantan	296,208	Ideal Heights Development Sdn Bhd	2018
Aeon Mall Tanjung Lumpur	Kuantan	1.3 mil	Aeon Co (M) Bhd	2019

(Source: Rahim & Co Research)

Existing Supply & Occupancy Rate of Retail Spaces in Pahang (2012-1H 2017)



(Source: JPPH)



Artist Impression of Lifestyle Waterfront Retail Boulevard | Source: Ideal Heights Development Sdn Bhd

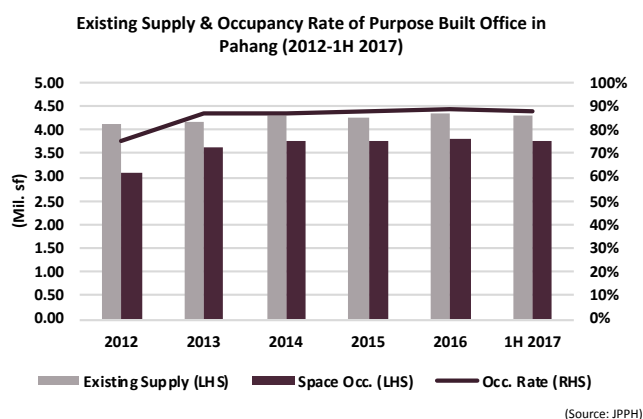
Purpose Built Office

The purpose-built office market in Pahang was observed to be stable in both supply and demand over the past 5 years, which translated to 85% average occupancy rate.

The comparison between the review period of 2016 and 2017 shows little changes; a 1% increase in supply to 4.32 million sf and a drop of 1% to 87.7% in occupancy rate.

Average asking rental rates for purpose built offices located within central town prime areas such as Kuantan hovered between RM1.50-RM3.80 psf pm.

No completions were reported in 1H 2017 but there is one building accounted for as an incoming supply and it is located in Kuantan. Named Sultan Ahmad Shah Administration Center with a total area of 206,398 sf, the development will be sited within Kota Sri Ahmad Shah (KotaSAS) and is expected for completion by 2020.



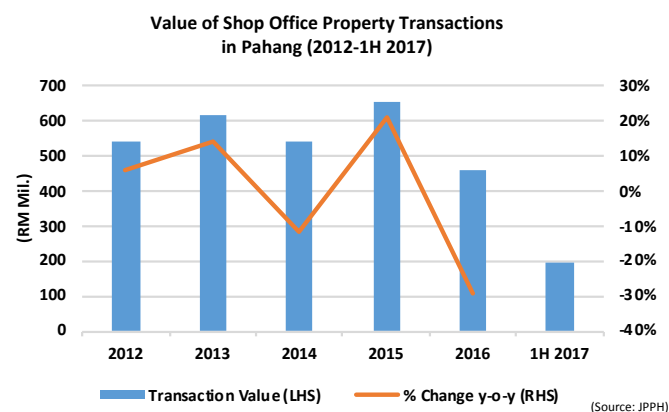
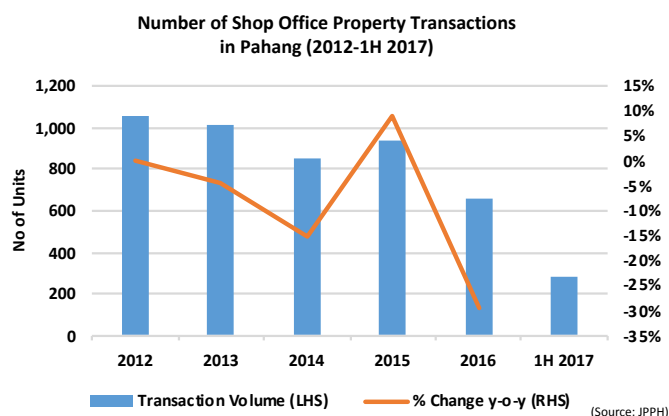
Shop Office

As at 1H 2017, Pahang's shop office supply is at 21,926 units after rising by 4% from previous year's review period. 2 to 2 ½ storeys contributed the most to existing supply with 11,451 units (52%) and are mainly concentrated in Kuantan.

On transaction activities, 2015's recovery did not sustain and again fell in 2016. 1H 2017 also fell by 28.4% against 1H 2016, coming down to 285 units worth RM194.84 million.

In 1H 2017, there were 335 overhang units for all shop office types worth RM222.62 million in Pahang. The majority came from 2 to 2 ½-storey followed by 3 to 3 ½-storey shop office with price tags beyond RM1 million.

The 1H 2017 saw 2-storey shop offices in the central town prime area of Kuantan transacted on average at RM800,000 per unit. Such are the new shop lots in Mahkota Valley which sold its units between RM750,000 - RM850,000. In the rental segment, the average rentals of ground floor shop offices in central town prime area range between RM1.30 psf to RM2.60 psf pm.



Easy Avenue Commercial Point in Kota Sas is a newly completed commercial development that has successfully pulled in strong demand as proven by the sell-out of its 40 units 2 and 3 storey shop offices. Prices started from RM740,000 for 2-storey shop office and RM1.2million for 3-storeys shop office. Another new completion is the East Coast Bazaar (Bukit Gambang Resort City) development consisting of 194 2-storey shop office units. Prices start from RM580,000.

Selected Upcoming Shop Offices in Pahang

Development	Location	Type	No. of Unit	Price (RM)	Developer	Completion
Mahkota Valley (Phase 2)	Kuantan	2 & 3-sty	58	From RM740,000	Aim Realty Development Sdn Bhd	2018
Taman Indera Sempurna	Jalan Kuantan-Pekan	1-sty	63	From RM238,000	Sentoria Group Berhad	
Cameron Centrum Precinct 1	Brinchang, Cameron Highlands	2, 4 and 5-sty	58	RM1.4mil to RM5.5mil	LBS Bina Group Berhad	2021

(Source: Rahim & Co Research)

Pahang

Hotel

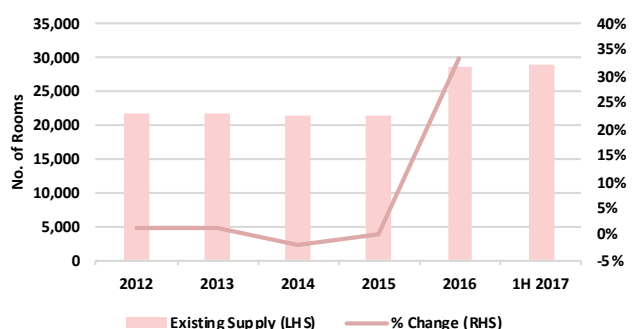
Over the past 5 years, Pahang's hotel room supply underwent a significant increase back in 2015. Now at 1H 2017, the total count stood at 28,857 rooms with an increase of 10% from 1H 2016.

Across the nation, Pahang now ranked 2nd in terms of number hotel rooms after Kuala Lumpur. The increase of hotel supply in the year 2016 is encouraged by the Visit Pahang Year 2017 programme which eventually attracted more tourists to visit Pahang.

Pahang currently offers 4 hotels of 5-star rating and room rates are on average RM470 per room per night as well as 13 hotels of 4-star rating priced at an average of RM340 per room per night.

2 new hotels had opened their door for business in 2017 and they are Grand Ion Delemen in Genting Highlands and the Royal Chulan Cherating Villas in Cherating. Officially opened on April 26, Grand Ion Delemen is a 5-star hotel offering 246- stylish rooms and suites priced from RM464 per room per night. Royal Chulan Cherating Villas in Cherating offers a smaller capacity of 37 villa type rooms priced from RM540 per room per night.

Existing Supply of Hotels in Pahang (2012-1H 2017)



(Source: JPPH)

KB Group (M) Sdn Bhd announced the start of construction for a 5-star boutique hotel on a 20-acre land located somewhere between Pekan and Kuala Rompin. In Kuantan, the ground-breaking ceremony for the upcoming Carlton Holiday Hotel & Suites was held in March 2017.

After undergoing major renovations in 2015, Hyatt Regency Kuantan Resort in Telok Cempedak is recommencing operation in 2018. It was also announced in 2017 by PNB Commercial Sdn Bhd that Lanjut Beach and Golf Resort in Rompin will be having a new wing built named East Wing. It is slated for completion in 2018.

Selected Upcoming Hotels in Pahang

Development	Location	Star Rating	No. of Rooms	Developer	Completion
Imperium Hotel	Kuantan	5	381	Ideal Heights Development Sdn Bhd	2018
Avillion Hotel	Tanah Rata, Cameron Highlands	4	100	Ascendvest Sdn Bhd	
Wu by Tanglir Luxury Resort	Bukit Tinggi	N/A	120	Unique Project Development Sdn. Bhd	2020

(Source: Rahim & Co Research)

Cameron Highlands, Pahang



Industrial

As at 1H 2017, the supply of Pahang's industrial properties stood at 3,495 units in total with a rise of 0.23% from 1H 2016. Terraced factory dominated the supply market with 2,243 units and 83% of that is situated in Kuantan.

Transaction activities are showing no improvements after its continuous fall since 2014. 1H 2017 observed 88 units worth RM29.51 million transacted.

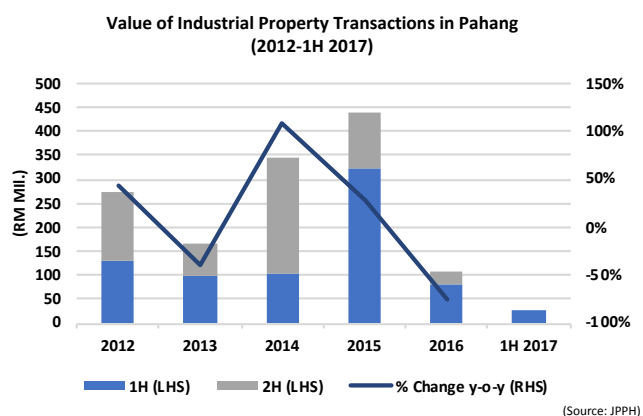
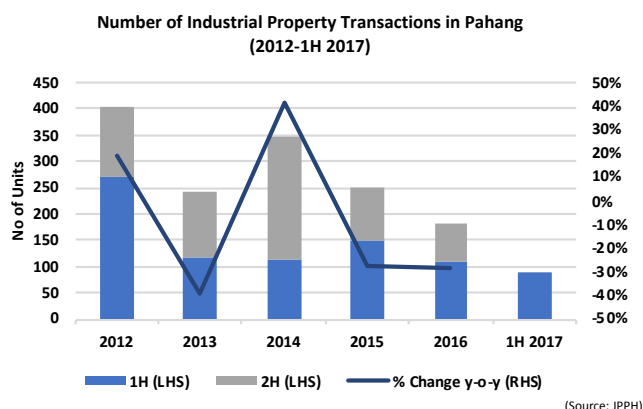
Within the review period, industrial transactions were seen most within the price range of RM100,001 to RM150,000 and this consisted mainly of transactions involving vacant plot lands.

Despite the above, DRB-Hicom built a new hi-tech painting centre in Taman Perindustrian Automotif Pekan with an area of 3.03 hectares. The development began in January of 2016 and was launched for operations in July 2017.

The construction of Tanjung Agas Maritime Industrial Park project in Pekan is still ongoing and currently the Pahang State Development Corporation (PKNP) is actively engaging with potential foreign investors.

The expansion of Kuantan Port is currently above 80% to completion. The outer infrastructures of the port such as road access, interchange and flyover is on track for completion by 2018.

In 1H 2017, 26 overhang industrial units worth RM12 million were recorded and mostly consisted of terraced factory priced above RM1 million and situated in Kuantan.



Notable Announcements

- Matang Bhd is looking to acquire two contiguous parcels of leasehold agricultural land in Raub, Pahang, which measures a total of 4,219.79 acres (1,707.69ha) for RM180 million.
- Axis REIT successfully signed the SPA for the acquisition of an industrial facility in Kuantan in July 2017. Purchase consideration was at RM155 million.
- The construction of the ECRL will spur growth of cities and urban centres across all key economic and industrial areas in Pahang. These areas include Bentong, Temerloh, Mentakab, Maran, Gambang, and Kuantan, which will be directly connected to Kuantan Port and Port Klang in the West Coast.
- Tuanku Abdul Rahman University College (TAR UC) takes root in Kuantan
- UDA Holdings Berhad (UDA) plans to build 1,500 units of affordable homes through the 1Malaysia People's Housing Project (PR1MA) in Kuala Pahang.
- Highrad Sdn Bhd will build 1,040 units of affordable homes through the 1Malaysia People's Housing Project (PR1MA) in Ulu Lepar, Gambang.
- Second bridge for Pahang's Tanjung Lumpur to be completed by 2019.
- Pahang looks forward to a new airport in Pulau Tioman by 2019.
- Kota Sultan Ahmad Shah (Kota SAS) will be positioned as transportation hub and commercial hub as well as an integrated township comprising an administrative centre, commercial centre and residential area that would be completed by 2035.
- DR Group Holdings and the Tioman Development Authority have sealed a collaboration to develop a RM21 million duty free complex on Tioman Island called Tioman Gateway located in Pantai Tekek, Kampung Tekek. Phase 1 begins in Q1 2018.
- Alliance Steel's operation in Malaysia-China Kuantan Industrial Park is set to be at full capacity by early 2018.
- Completion of Central Spine Road (CSR) phase B and C will open better access to Bentong's Pelangai district. Phase B & C commences 2018. Phase D completes 2019. 28km Bentong Bypass project is expected to be fully completed by 2020.

East Malaysia

Sarawak | Sabah

Sarawak

Snapshot

RESIDENTIAL		
Supply	242,438 units	↑ 4.8% y-o-y
Transaction volume	4,686 units	↓ 5.7% y-o-y
Transaction value	RM1,164.58 mil.	↑ 3.6% y-o-y

RETAIL		
Supply	9.52 mil. sf	↑ 10.0% y-o-y
Occupancy Rate	82.0%	↑ 1.6% y-o-y
Monthly Rental	Prime: RM6.00psf – RM23.00psf Secondary: RM2.30psf – RM5.50psf	

PURPOSE BUILT OFFICE		
Supply	7.62 mil. sf	↑ 4.9% y-o-y
Occupancy Rate	93.8%	↔ Stable
Monthly Rental	Prime area: RM2.30psf – RM4.30psf	

SHOP OFFICE		
Supply	28,329 units	↑ 6.3% y-o-y
Transaction volume	556 units	↓ 15.1% y-o-y
Transaction value	RM244.6 mil.	↓ 9.5% y-o-y

HOTEL		
Supply	18,448 rooms	↑ 2.3% y-o-y
Average Room Rate	5-star: RM168 – RM450 per night 4-star: RM135 – RM354 per night	

INDUSTRIAL		
Supply	6,637 units	↑ 12.5% y-o-y
Transaction volume	199 units	↓ 13.9% y-o-y
Transaction value	RM243.72 mil.	↓ 31.1% y-o-y

(as at 1H 2017)
(Source: Rahim & Co Research, JPPH)

Residential

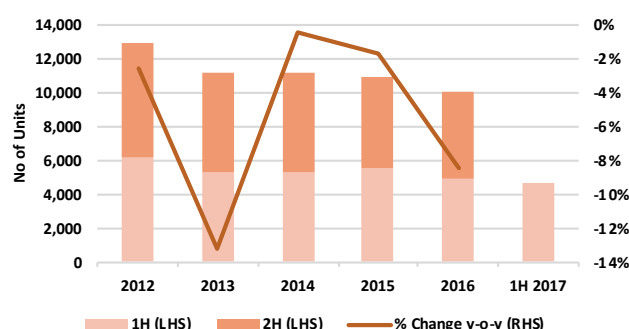
As at 1H 2017, Sarawak's residential supply stood at 242,438 units, dominated by 2 to 3-storey houses at 29% and 1-storey terraces at 26%. The same is seen in Sarawak's 4.8% increase in residential supply whereby terraced houses contributed the most with 5,754 units, making up to 51% of the total increase.

In the residential market, transaction volumes continued to drop but at a slower pace with average percentage change below 10% for the past 5 years except 2013 which experienced a 13.1% drop. Transaction values on the other hand showed some promise of improvements with 1H 2017 up by 3.6% from 1H 2016.

Sarawak's overhang residential units stood at 31.5% as at 1H 2017. Out of the 768 units unsold, a good proportion lies within the price range of RM300,000 to RM1.0 million.

Of landed homes, single storey terrace houses in both Tabuan Desa and Tabuan Jaya are similarly at an average of RM400,000 and rentals at about RM1,500 per month.

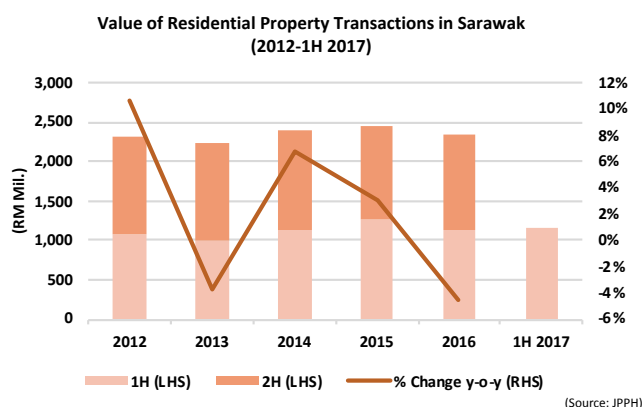
Number of Residential Property Transactions in Sarawak (2012-1H 2017)



(Source: JPPH)

In the context of high-rise homes, Floridale Condominium is valued at RM394,000 on average and De Summit Condominium at a higher RM640,000. Rentals for Floridale are at RM1,500 and De Summit at RM1,800 per month.

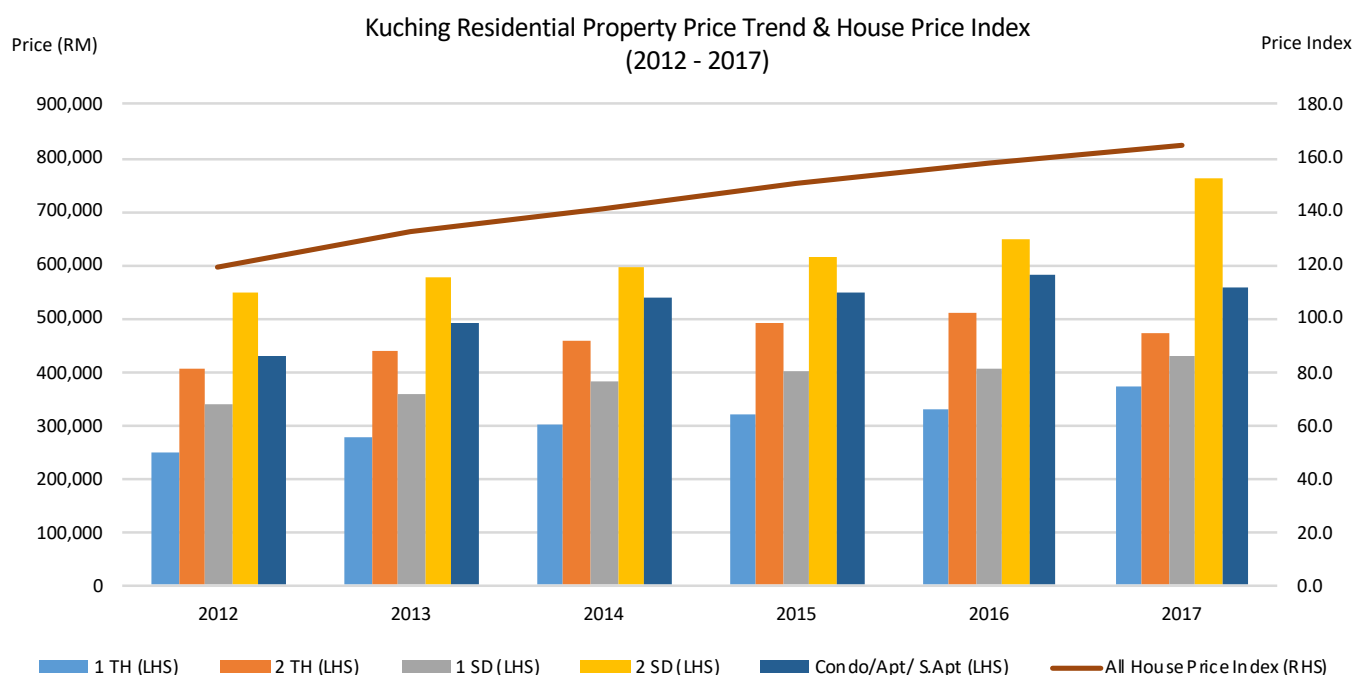
In response to the ongoing issues of affordable housing, several affordable housing schemes had been announced for the people of Sarawak. PR1MA announced their wish to build 17,000 home units in Sarawak and three identified projects are located in Bintawa, Matang and Semenggoh. Units of these three projects are priced between RM235,000 to RM279,000. Civil Servant's Housing Scheme (PPA1M) is making its debut in Sarawak with two projects in Muara Tuang and Ike Village@Kota Samarahan. Townhouses, terrace houses and apartment units are offered at prices between RM198,900 to RM357,900.



Selected Upcoming Residential Projects in Sarawak

Development	Location	Type	No. of Unit	Price (RM)	Developer
Oceania of Samariang Aman 2	Kuching	2-sty Terraced 2-sty Semi-Detached	48	From RM432,000	Hock Seng Lee Bhd
Riverine Diamond	Kuching	Condominium	312	From RM388,456	IJM Land
Hann's Residence	Sibu	Apartment	416	RM533,555	Musyati Development
Royal Richmond Gold	Kuching	Apartment	168	RM410,000 – RM515,000	Kenbest Group
Laticube	Kuching	Apartment	99	RM300,000 – RM700,000	Lafrowda Sdn Bhd
Kafaz River Residence	Kuching	Condominium	54	RM480,000 – RM650,000	CMS Property Development Sdn Bhd
Precinct Luxe@La Promenade	Kuching Samarahan Expressway	Semi-Detached 2-sty Terraced	112	RM860,000 – RM1.0 mil.	Hock Seng Lee Bhd

(Source: Rahim & Co Research)



Sarawak

Retail

As at 1H 2017, Sarawak's retail space stood at 9.52 million sf in total with an average occupancy rate of 82.0%. Looking back at the last 5 years, retail mall's performance in occupancy rate has been steadily improving and has now successfully put itself above the 80% mark. However, a further incoming supply of 1.9 million sf is in the pipeline, thus contributing to the existing oversupply situation in Sarawak's retail market.

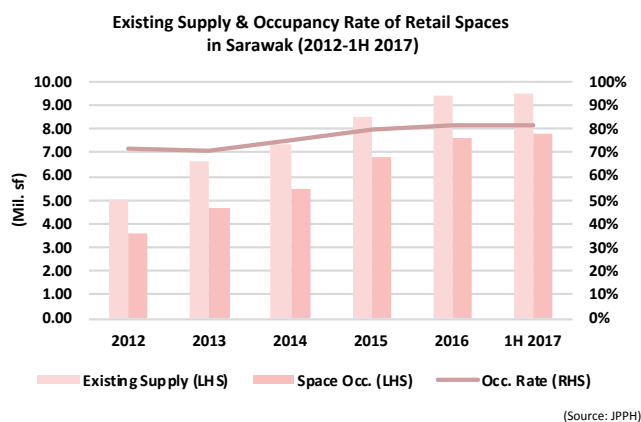
Monthly rentals within Kuching are seen to be stable with average rate of prime lots ranging between RM6.00 to RM23.00 psf pm – both Vivacity Megamall and the Spring Shopping Mall commanding the higher range of above RM20.00. Second tier lots on the other hand commanded average rental rates of between RM2.30 to RM5.50 psf pm.

Sarawak had its first halal mall opened on 22nd April 2017, developed by Aiman Mantap Sdn Bhd. Named Aiman Mall, it is located in Samarahan and has a size of over 120,000 sf.

In the matured township of Tabuan Tranquility, Ibraco Berhad has launched the TT3 Soho Commercial, which is a commercial podium located below TT3 Soho, Ibraco's first Soho development. Consisting of a 2-storey retail outlet made up of 57 units on the ground floor of sizes ranging between 86 sf to 385 sf, the units offered are priced from RM70,000. The entire upper floor will be taken up by an anchor tenant.

Aeon Co (M) Bhd has revealed their plans to expand even further, including opening an Aeon Mall in Kuching in the second quarter of 2018 based on encouraging consumer sentiments in the retail market since 2016. No further details have been given so far.

An upcoming mall that is slated for completion by end 2018 is the Aeroville Mall by Lee Onn Group of Company located along Jalan Stutong. It is a 2-storey mall with a size of 330,000 sf and is made up of 63 strata titled retail units sized between 947 sf to 1798 sf. These units are priced between RM400psf to RM650psf. It has secured 2 anchor tenants: Econsave and Hoi Tin Lau Restaurant Sdn Bhd.



India town walkway bazaar in Kuching, Sarawak

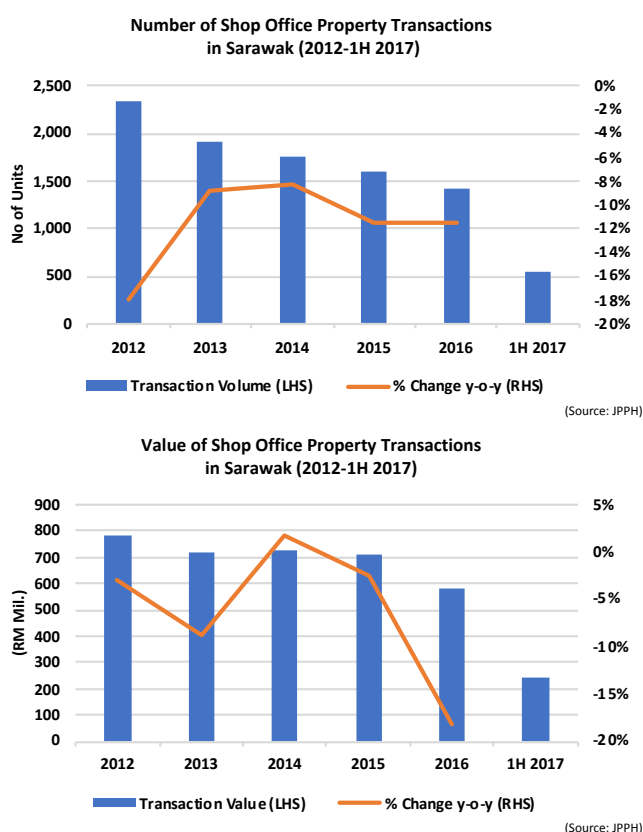
Shop Office

With a rise of 6.3% in existing supply from the first half of 2016, Sarawak's shop office count is now at 28,329 units as at 1H 2017.

Transaction activities on the other hand showed a steady downward trend in transaction volume, starting with 2,341 units back in 2012 and ending with 1,422 units in 2016. Within the review period, 556 units were transacted at a worth of RM244.6 million and both volume and value experienced a fall of 15.1% and 9.5% respectively from last year's review period.

In Kuching, 3-storey shop offices in places such as Metro City and RH Plaza were seen to fetch a price averaging RM945,000. On a higher price tag but bigger space, 4-storey shop offices in Stutong Parade were transacted at an average of RM1,500,000.

Sarawak anticipates an incoming 3,404 shop offices units in the near future. This year a few of the completions seen are Saradise@Moneta De Borneo along Jalan Stutong and shoplots within Isthmus, Kuching. Similar to the retail market, the incoming supply of shop offices will add on to the existing oversupply situation in Sarawak.

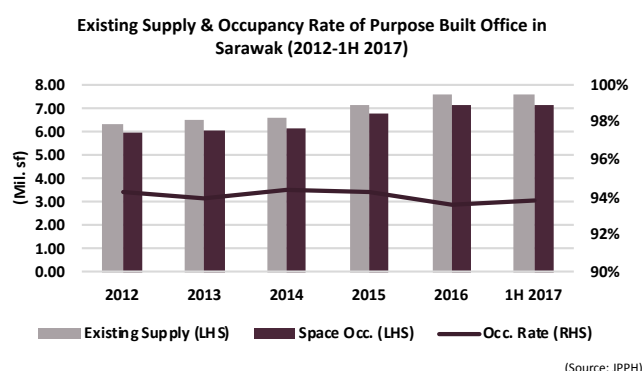


Purpose Built Office

1H 2017 saw an increase in supply of purpose-built office space in Sarawak by 4.9%, amounting to 7.62 million sf. This amount is currently occupied at a rate of 93.8%. On the overall property outlook, there are 101 purpose-built office buildings in Sarawak with Kuching housing the portion at 5.12 million sf.

Monthly rental rates for purpose-built offices within Kuching in general ranged between RM2.30 to RM4.30 psf. Buildings such as Gateway Kuching, Wisma STA and Wisma Bukit Mata Kuching commanded the higher range of RM2.70 to RM4.30 psf. Others like Menara MAA commanded a lower RM2.30 to RM2.60 psf.

December 2017 saw the completion of the Gala 2 Tower in Kuching by San Chin-BBC JV Sdn Bhd. Located within a mixed development named Gala City, it is a stratified office tower sold at RM1.1 million. Also within the same development site are shop houses set for completion in March 2018.



Sarawak

Hotel

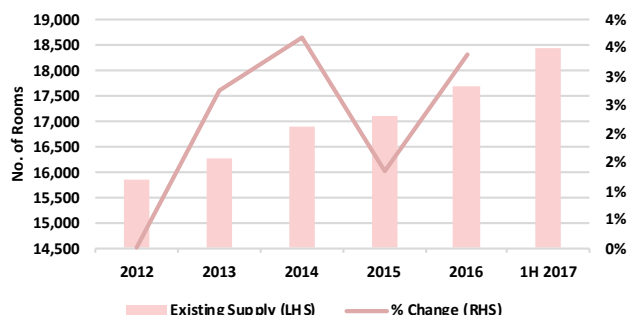
As at 1H 2017, there are a total of 18,448 hotel rooms in Sarawak, making up 353 hotels. Out of the total, 17 are rated 4 and 5-stars.

Room rates of 5-star hotels such as Hilton Kuching, Mulu Marriott Resort & Spa, Pullman Kuching and the Riverside Majestic Kuching were between RM168 to RM450 per room per night. 4-stars such as Century Kuching Hotel, Hotel Grand Continental and Imperial Hotel Miri ranged at a lower RM135 to RM354 per room per night.

2017 saw several completions and opening of new hotels in Sarawak. The UCSI Hotel Kuching has opened its rooms for stay with a capacity of 209 hotel rooms. The Riverside Majestic Hotel has a new 18-floor wing named Astana. In Bintulu, Li Hua Hotel had opened its doors for guests stay in August of 2017. Offering 165 rooms, it is located strategically within the Bintulu Sentral Bus Terminal and is situated along the main Kidurong Road – the bus terminal being a mixed development project by a JV between Bintulu Development Authority (BDA) and Hock Peng Organisation.

Initially set to operate by end-2017, Fairfield by Marriott Bintulu Paragon has postponed its opening to 2018 but no specific date has been revealed. It will be the first international hotel in Bintulu as well as the first Fairfield by Marriott hotel in Malaysia.

Existing Supply of Hotels in Sarawak
(2012-1H 2017)



(Source: JPPH)

Notable Announcements

- A new bridge will be built across Batang Lassa, Daro and it will be the longest in the state. It connects Pulau Bruit, Daro, Matu, Mukah and coastal areas.
- The construction of the Serian Conference Centre and the adjacent Serian Division Administration Complex began in September 2017. At a cost of RM200 million, it is developed by Sarawak Incorporated Sdn Bhd on a 32-acre site.
- The completion of new airport in Mukah will be done by Ibraco Bhd as contracted by Public Works Department, Kuching.
- Kanowit bridge is now open to public after it soft launching by Deputy Chief Minister Tan Sri Dr James Jemut Masing on 21 May 2017. This bridge is among the few major bridges – the other being Katibas and Ngemah bridges along the 102km long Kapit-Song-Kanowit road.
- Construction of the Institute for Rural Advancement (Infra) Sarawak branch in Kota Samarahan is ahead of schedule and completion expected in February 2018. Under the Public Works Department (JKR) Malaysia, campus will house the Infra Sarawak branch office and the Ministry of Rural and Regional Development (KKLW) Sarawak office.
- A new healthcare hub will be developed in Kota Samarahan named Kuching Integrated International Medical Centre (KIMhub). It is a joint venture between KHK Development Sdn Bhd and Tianbei Heping Development Pte Ltd.

Industrial

Up till the 1H 2017, Sarawak's industrial supply stood at 6,637 units and out of these, semi-detach took the highest portion of 4,238 units. It is also recorded to have the biggest number in incoming supply.

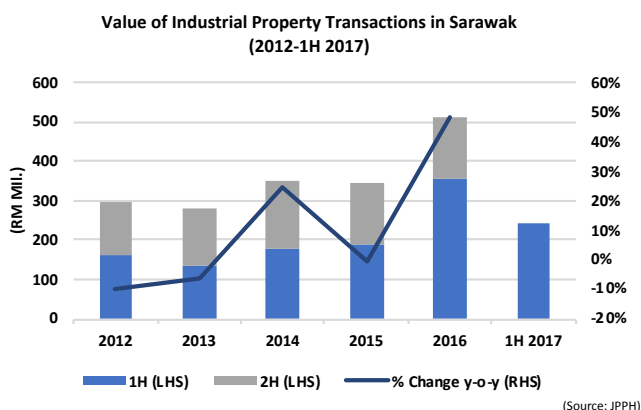
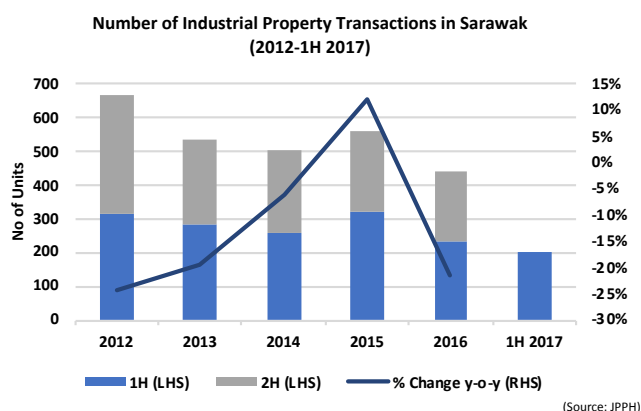
Transaction activities continue to fall from the high point in 2015 with volume dropping by 13.9% and value falling by 31.1% but this took place after a big surge between 2015 and 2016 at 86%.

On existing prices, 2-storey semi-detach factories are seen to be transacted in 1H 2017 at prices between RM480,000 to RM560,000 whereas the same type of similar size in Batu 13 Light Industry were transacted at a higher RM735,000.

Looking at new operating schemes, the Samalaju Industrial Park has been fully operational since April 2017. It is a state-owned development and is currently managed by Bintulu Port Holdings Bhd.

The Vista Industrial Park by Hock Seng Lee Bhd (HSL) has launched its second phase in mid-2017 and offers the same products to Phase 1 with an addition of 2 detached units. Phase 1 is currently at 90% completion and is targeting 2018 for its official handover. The products offered are semi-detached industrial units sized between 3,000 sf to 3,500 sf and priced from RM1.15 million. Vista Industrial Park boast of its strategic location near the Samajaya Industrial Park and caters for high-tech industries.

Other incoming news is an investment from China worth RM12.65 billion: the setting up of a steel plant in Bintulu and in Sibu. A new industrial estate/zone will be established to compliment the growth of small and medium-scale industries. State government has agreed to this and is currently identifying a suitable site.



Artist Impression of Vista Industrial Park | Source: Hock Seng Lee Berhad (HSL)

Sabah

Snapshot

RESIDENTIAL		
Supply	205,602 units	↑ 5.1% y-o-y
Transaction volume	2,298 units	↑ 37.9% y-o-y
Transaction value	RM842.12 mil	↑ 50.7% y-o-y

RETAIL		
Supply	7.49 mil. sf	↑ 2.5% y-o-y
Occupancy Rate	88.8%	↑ 9.9% y-o-y
Monthly Rental	Prime: RM5.00psf – RM18.00psf Secondary: RM2.00psf – RM8.00psf	

PURPOSE BUILT OFFICE		
Supply	7.81 mil. sf	↑ 5.8% y-o-y
Occupancy Rate	89.3%	↓ 0.9% y-o-y
Monthly Rental	Prime area: RM1.80psf – RM3.00psf	

SHOP OFFICE		
Supply	17,745 units	↑ 5.5% y-o-y
Transaction volume	238 units	↓ 12.8% y-o-y
Transaction value	RM157.8 mil.	↓ 10.3% y-o-y

HOTEL		
Supply	20,570 rooms	↓ 1.4% y-o-y
Average Room Rate	5-star: RM500 – RM1,000 per night 4-star: RM300 – RM700 per night	

INDUSTRIAL		
Supply	6,051 units	↑ 2.3% y-o-y
Transaction volume	106 units	↓ 10.9% y-o-y
Transaction value	RM152.25 mil.	↓ 12.2% y-o-y

(as at 1H 2017)

(Source: Rahim & Co Research, JPPH)

Residential

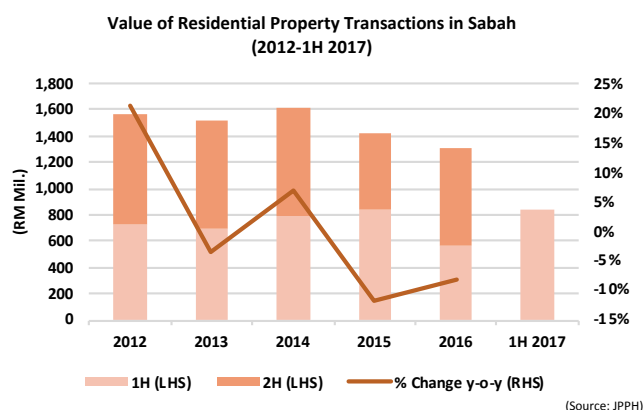
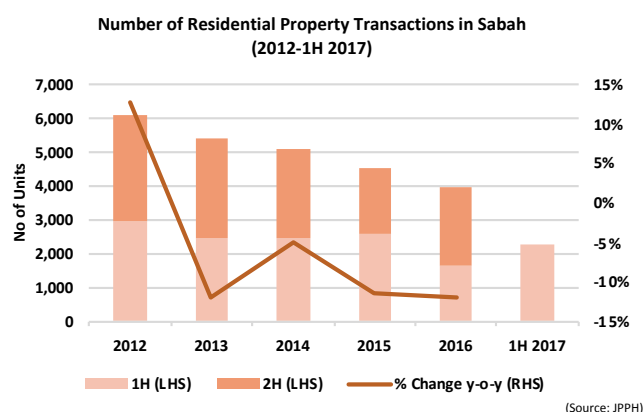
For the review period of 2017, supply of residential units had increased from 195,554 units in 1H 2016 to 205,602 units in 1H 2017, registering a growth of 5.1% on y-o-y, where 2 to 3-storey terraced houses contributed the majority of supply with 49,590 units.

There were 2,298 transactions worth RM842.12 million recorded in the 1H 2017, an improvement of 37.9% in volume and 50.7% in value from 1H 2016. Within the review period, residential transactions were seen most within the price range of RM500,001 to RM1 million. According to type, transactions of 2 to 3-storey terraced house dominated 25% of the residential property market, followed by condominium/apartment with 24%.

In 1H 2017, there were 940 overhang residential units worth RM419.92 million, which were mainly comprised of condominium/apartment units (664 units worth RM288.27 million) priced between RM500,001 to RM1 million.

On average, 1-storey terraced houses in housing schemes like Taman Tuan Huat, Taman Nelly Ph 9 and Taman Sri Kepayan were priced from RM450,000 per unit and the asking rental hovered between RM1,350-RM1,650 per month.

For a 2-storey terraced house in Ujana Kingfisher, Luyang Perdana and Kingfisher Park Phase 2, prices were seen from RM500,000 to RM700,000 per unit and rental rates were recorded at RM1,400 to RM2,050 per month. For higher end schemes like Golden Hill Garden and Taman Sri Borneo, prices can go up to RM1 million and the rental rates could reach up to RM2,450 per month.



Looking forward, the total number of high-rise residential units may surpass its landed counterpart in the near future. The 1H 2017 saw the completion of some 1,150 condominium units in Sabah, bringing the estimated total supply to over 47,028 units. A few of the established high-rise residential such as 1borneo Condominium, The Peak Condominium and Bayshore Condominium are priced from RM390 to RM625 psf with average rental rates of RM1.58 to RM2.69 psf pm.

On the new launches of 2017, Elemen Utara KK by SinaLand is a 2-block condominium offering 588 units priced between RM460 - RM600 psf. The blocks are adjoined to a commercial complex.

Another new launch is The Shore by Titijaya Land Bhd which is a mixed development located near Wawasan Plaza Commercial Complex. The residential component offers 561 units and prices start from RM 1,100 psf. It will be managed by Ascott Group.

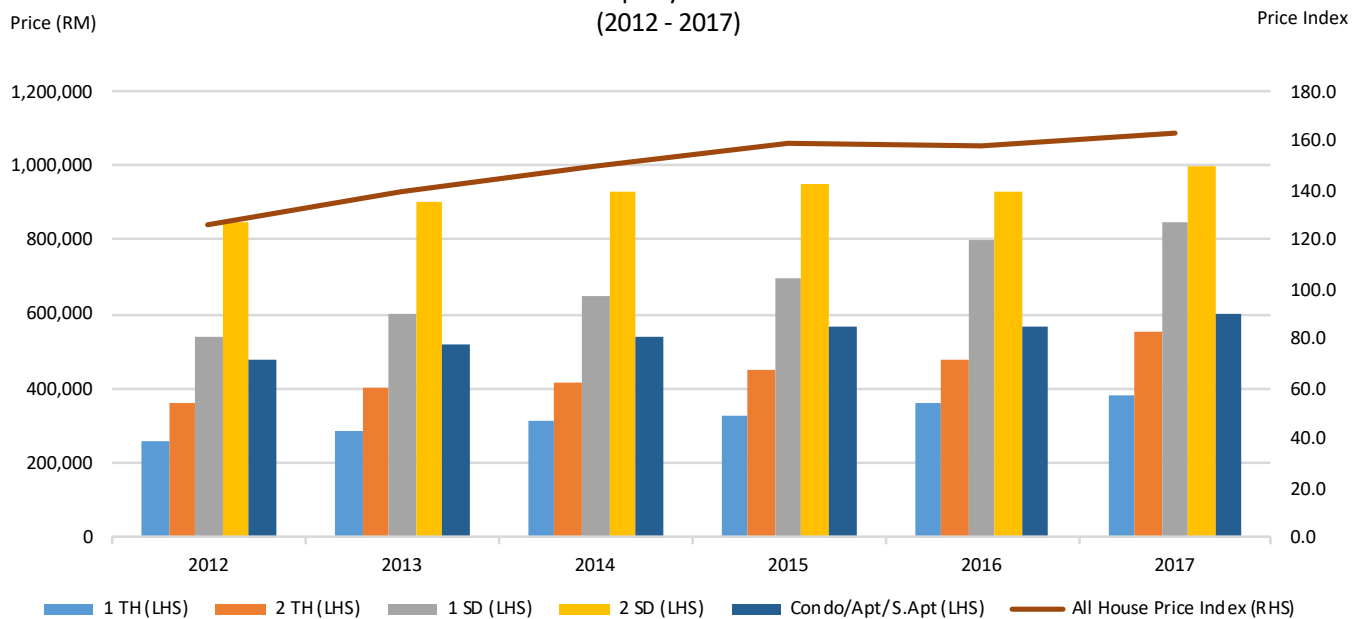
Overall the rising number of new high-rises affects the price growth of older condominiums, requiring a longer absorption period. The demand for affordable homes were continue to grow as more people move into the city from other districts and states.

Selected Upcoming Residential Projects in Sabah

Development	Location	Type	No. of Unit	Price (RM)	Developer	Completion
Pacific Residences	Likas	Serviced Residences	204	From RM748,000	Pacific Sanctuary Holdings	2018
Sutera Avenue	Kota Kinabalu	Serviced Apartment	320	From RM605,000	Mah Sing Group	
Sky City Residence	Kota Kinabalu	Serviced Apartment	350	N/A	Homesign Network & Ministry of Local Government and Housing Sabah (KKTP) Sdn Bhd	
SkyVue Residence	Penampang	Condominium	200	From RM723,600	NBLand Group	2019
E Residence	Telipok	Apartment	320	From RM308,000	Cahaya Hartamas Sdn. Bhd	
Triconic Tower	Penampang	Condominium	768	From RM450,200	Kinsabina Group of Companies	
Bukit Bantayan	Inanam	Condominium	296	From RM397,800	Gamuda Land	2020
Sri Indah Kondominium	Sandakan	Condominium	480	From RM390,000	WMG Holdings	
The Shore	Kota Kinabalu	Serviced Apartment	561	From RM453,000	Titijaya Land	
Coral Bay @ Sutera	Kota Kinabalu	Condominium	460	From RM1.5 mil	GSH Corporation Limited	

(Source: Rahim & Co Research)

Kota Kinabalu Residential Property Price Trend & House Price Index (2012 - 2017)



(Source: Rahim & Co Research, IHRM)

Sabah

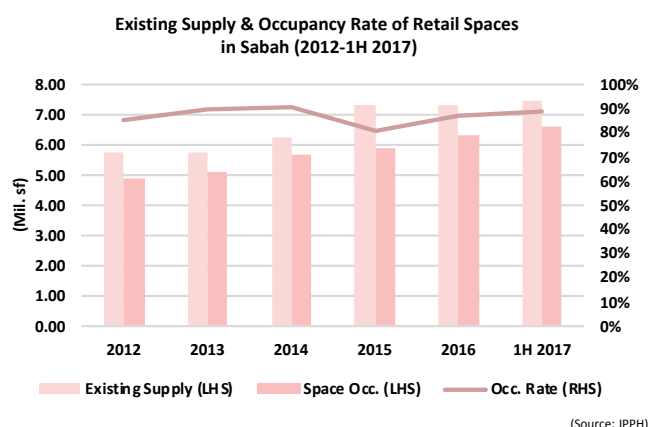
Retail

As at 1H 2017, the total supply of retail space in Sabah has increased to 7.49 million sf (44 buildings) from 7.31 million sf (43 buildings) at 1H 2016. The average occupancy rate for this sector showed an improving trend from 81% in 1H 2016 to 89% in 1H 2017.

August 2017 saw the soft opening of Phase 1A of ITCC Penampang, publicly known as ITCC Shopping Mall. With over 677 retail outlets available, the mall has an NLA of about 1.68 million sq ft.

Another mall which made its public debut is the Grand Merdeka Mall. Located in the suburb of Bandar Sierra, in the district of Telipok, this 3-storey shopping mall with a basement carpark has approximately 240,000 sq ft of retail space with a total of 800 retail lots.

On the rental rates, prime lots within established malls such as Imago Shopping Mall, One Borneo and Riverson and Wisma Merdeka are rented out from RM10.00psf to RM16.00 psf pm whilst malls such as Kompleks Karamunsing, Wisma Merdeka and Centre Point could reach premium rentals of above RM24.00 psf pm.



Front View of ITCC Penampang, Sabah | Source: Rahim & Co Research

Selected Upcoming Retail Projects in Sabah

Development	Location	Net Lettable Area (sf)	Developer	Completion
Pacificity Lifestyle Mall	Kota Kinabalu	N/A	Pacific Sanctuary Holdings	2018
Sky City Mall	Kota Kinabalu	N/A	Homesign Network & Ministry of Local Government and Housing Sabah (KKTP) Sdn Bhd	
Sejati Walk	Sandakan	N/A	WMG Holdings Bhd	
Mydin Hypermarket	Kota Kinabalu	N/A	Permaju Industries Bhd & Mydin Mohamed Holdings Bhd	2019
The Shore Mall	Kota Kinabalu	N/A	Titijaya Land Berhad	
One Jesselton Waterfront	Kota Kinabalu	473,795	SBC Corporation Berhad	2022
Suria Retail	Kota Kinabalu	74,892	JV Suria Capital Holdings & Gabungan Aqrs Berhad	

(Source: Rahim & Co Research)

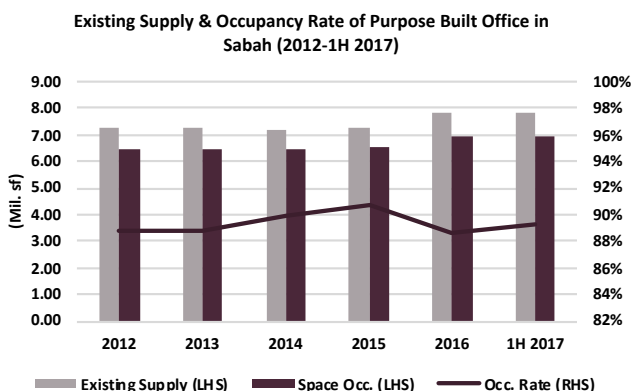
Purpose Built Office

The supply of purpose-built office market in Sabah during the review period of 1H 2017/1H 2016 recorded an increase of 5.8% in NLA from 7.38 million sf as at 1H 2016 to 7.81 million sf in 1H 2017.

The performance of purpose built offices in occupancy rates experienced a slight drop of 0.9% from 90% in 1H 2016 to of 89% in 1H 2017.

Average asking rental rates for purpose built offices in Kota Kinabalu was RM1.80 to RM3.00 psf pm. Plaza Shell commanded higher rental rates of RM3.50 to RM5.00 psf pm.

As at 1H 2017, there were no newly completed purpose-built office in Sabah. But there are three purpose built office buildings with a total NLA of 512,620 sf recorded as incoming supply for Sabah's office market.



(Source: JPPH)

Selected Upcoming Purpose Built Office Projects in Sabah

Development	Location	Net Lettable Area (sf)	Completion	Developer
Suria Corporate Office	Kota Kinabalu	74,487	2022	JV Suria Capital Holdings & Gabungan Aqrs Berhad

(Source: Rahim & Co Research)

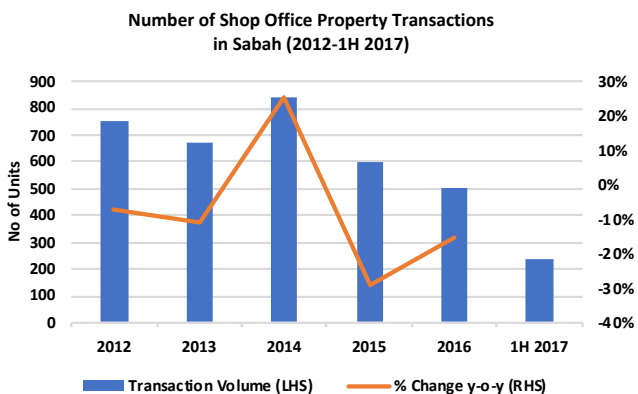
Shop Office

As at 1H 2017, the total supply of shop offices in Sabah accumulated to 17,745 units with the majority consisting of 2 to 2 ½ storey 9,010 units (51%) and are mostly concentrated within Sandakan and Kota Kinabalu area.

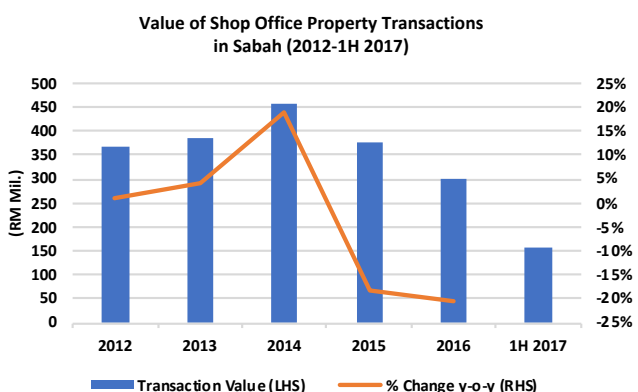
Transaction volume in 1H 2017 fell by 12.8% from 273 units in 1H 2016 to 238 units. Transaction value also dropped by 10.3% to RM157.76 million.

In 1H 2017, there were a total of 285 overhang units of shop offices worth RM165.98 million in Sabah. Most of these units are of 2 to 2 ½-storey types priced between RM250,001 to RM500,000.

On existing prices, 2-storey shop offices in Kota Kinabalu's CBD area are transacted up to RM1.7 million per unit whereas the same type on the outskirts went a lower RM1.2 million per unit. In the rental segment, the average rentals of ground floor shop offices in central town prime area ranged from RM1.50 psf to RM2.30 psf pm.



(Source: JPPH)



(Source: JPPH)

Sabah

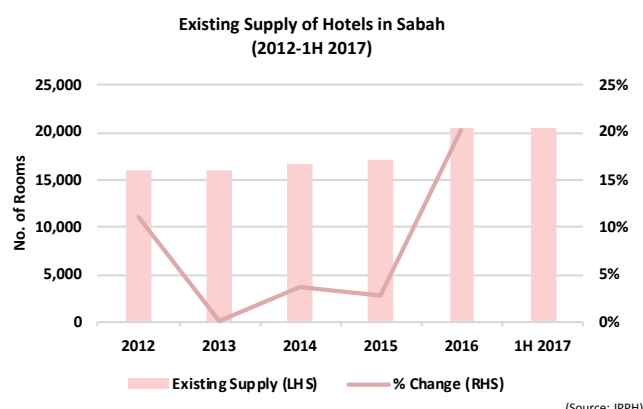
Hotel

The supply of hotels in Sabah over the last 5 years has been on a steady upward movement with the largest injection of about 20% reported in 2016. As at 1H 2017, the number of hotels are at 363 with 20,570 rooms, registering a slight decrease of 1.4% from 1H 2016.

23 hotels are rated 4 to 5-stars and 43 at 3-stars. Average rooms rates of 5-star hotels are at RM580 and for 4-star hotels at RM310 per room per night.

2017 saw 2 newly opened hotels in Sabah. The 5-star Hilton Kota Kinabalu offered 305 rooms at RM490 per room per night. The 4-star Mercure Kota Kinabalu City offered 410 rooms at RM255 per room per night.

There are another seven hotels in works to be anticipated, totalling at 1,688 rooms.



Selected Upcoming Hotels in Sabah

Development	Location	Star Rating	No. of Rooms	Completion	Developer
Jen Hotel @ Pacificity	Kota Kinabalu	3	440	2018	Pacific Sanctuary Holdings
New World Kota Kinabalu Hotel	Kota Kinabalu	5	400	2019	Homesign Network Sdn Bhd
Crowne Plaza Kota Kinabalu Waterfront hotel	Kota Kinabalu	N/A	367	2021	Golden Wave Sdn Bhd

(Source: Rahim & Co Research, JPPH)



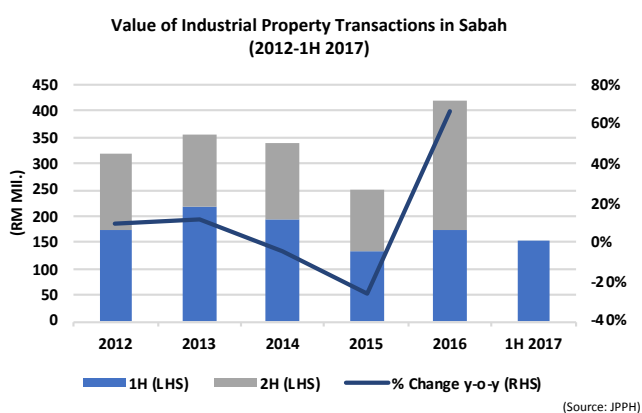
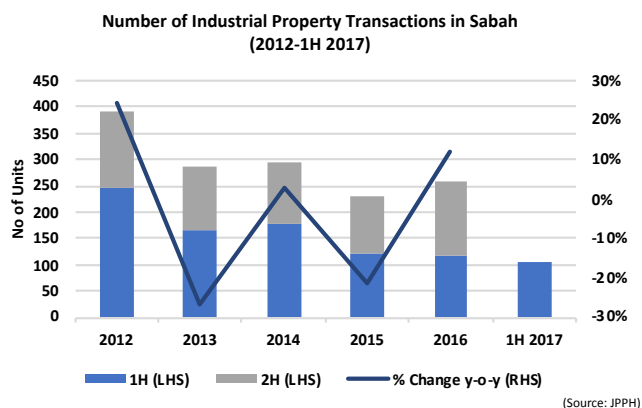
Industrial

The cumulative supply for the industrial sector was recorded at 6,051 units as at 1H 2017, registering an increase of 2.3% from 1H 2016. Terraced factories dominated the existing supply with 4,118 units.

Transaction volume continues its downward trend with volume falling by 10.9%: a total of 106 units were transacted at a worth of RM152.25 million in 1H 2017 as compared to 119 units worth RM173.34 million in 1H 2016.

Within the review period, terrace factories dominated the industrial transactions and were seen most within the price range of RM500,001 to RM1 million.

It was recorded that 44 industrial units worth RM50.43 million remained unsold by 1H 2017. The majority of these units are terraced factories within the price range of more than RM1 million and are mainly located in Kota Kinabalu.



Notable Announcements

- Hap Seng Consolidated Bhd is disposing of 10.06 acres (4.07ha) of leasehold land in Tawau, Sabah for RM175.28 million to a related party
- Boustead Plantations plans to buy land from Pertama Land & development Sdn Bhd for RM750 million
- Government will build concrete bridge in Tuaran
- The new 6-storey library next to Perdana Park in Tanjung Aru, Kota Kinabalu has been completed and will open in 2018.
- Construction works for Pan Borneo project has officially began. The 43km road from Nyabau to Bakun is expected to be completed by early 2018 followed by the Tanjung Datu-Sematan-Miri-Limbang-Lawas route in the middle of 2023.
- Sabah's first sky bridge over Jalan Coastal to be completed in early 2018.
- Three flyovers are set to be constructed this time along the Lintas-Lido-Hotel No 5 stretch which is expected to be completed by June 2020.
- Suria Group will be undertaking the construction of a Kota Kinabalu International Cruise Terminal (KKICT)
- Sabah will receive a RM927.64 million allocation from the Rural and Regional Development (KKICT) Ministry for projects involving rural areas, village roads and social amenities.
- In January 2018, Malindo Air and Xiamen Airlines added more direct flights from Beijing, Changsha and Chengdu, China to Kota Kinabalu.

THE YEAR AHEAD

Looking forward, 2018 will be yet another challenging year for our property market but many are hoping that the results of the forthcoming General Election would give a firmer direction for the nation hence re-igniting the momentum in the property sector. Despite the challenges faced by the market in 2017, property market activities were slowing down in its decline. In fact, volume of transactions in the 3rd quarter of 2017 was almost at par with the same period in the previous year. Its total value of transactions for the first 3 quarters of 2017 was reportedly higher than 2016's. Although it may be too soon to say that the market has bottomed out, we do not expect the market in 2018 to be much worse off than in 2017. Rather, it would be flat and stable - while waiting for the consumers' wait-and-see attitude to warm up. Nevertheless, some of their concerns are validated.

On the supply picture, JPPH revealed that a total of 20,304 newly completed units of residential properties that were left unsold by 3Q 2017, which is 43% higher than 3Q 2016 at 14,193 units. This residential unsold completed category is also known as residential "overhang units", which is a subset to the total unsold units at various stages of construction including prior to construction commencement (totals up to 97,004 as at 3Q 2017). According to Bank Negara Malaysia in their quarterly bulletin article named 'Imbalances in the Property Market', this oversupply situation is also happening in other sectors, namely an incoming supply of 38 million sf of office space and 140 new shopping malls by 2021 within Klang Valley, Penang and Johor. In response to the market glut situation, the Malaysian government had attempted a countermeasure by freezing new development applications for shopping malls, office buildings and luxury high-rise units priced over RM1.0 million. The freeze was effective on 1st November 2017 - although details are still being sorted out. Such is the subsequent amendment to the rulings whereby now approvals may be issued subjected to market studies and the likes. Nevertheless, such freeze on luxury projects is expected to bring some degree of control to the supply-demand mismatch situation.

The largest market sector, the residential property sector, is expected to see more units within the "affordable range" according to the location of the properties. Generally, this covers units of up to RM500,000. We expect competition within this market segment is to intensify as many developers are shifting their focus on this segment. Products within the price bracket of RM250,000 to RM500,000 are performing well in the market especially for middle-income earners in urban areas - depending on the location, concept, quality, type and size of the offerings.

As developers continue to be creative with their products and sales packages, the market are seeing more units that are within their budgets but are with smaller built-up areas. Sales performance of some of these projects are still commendable, but one may soon realise the risk of market saturation for these small bite-sized units, especially amongst those with growing families. Another growing trend seen is where developers with sufficient financial muscles may convert their products into rent-to-own residential schemes which may help address their unsold units albeit addressing end-financing woes of purchasers. Step-up end-financing schemes which was extended to the private sector as announced in Budget 2018 could also play a factor for new housebuyers.

Transit-Oriented-Developments (TODs) and Transit-Adjacent-Developments (TADs) are fast becoming very popular. Though it was thought to be targeted for the working class hence are affordably priced, many of these concepts are moulded into the mid-upper target with its self-sustaining concept. Trends from more developed countries are slowly being adopted where Transit-based Communities are nurtured, hence promoting lesser dependence on private transportation.



Moving on to the commercial segment, oversupply concerns still lurk the market. In Kuala Lumpur, despite the almost 4 million square feet in additional occupied floor space in 2017 as reported by JPPH - higher than the historical average annual take up of 2 to 3 million square feet per annum, the sheer size of the incoming supply in Klang Valley of 18 to 20 million square feet in the coming years is still overwhelming. As mentioned last year, this will undoubtedly put more pressure on rentals and occupancy. Other than global market factors, collective efforts by InvestKL, MIDA, MITI and other agencies in both public & private sectors are going to be key for Kuala Lumpur's office market sustainability. According to InvestKL, 64 MNCs have established their regional headquarters in Greater KL since 2011 and are targeting to secure another 36 MNCs by 2020.

The retail sector is also facing a similar situation of oversupply against the backdrop of passive consumer spending and deteriorating consumer sentiment. In addition, the emergence of e-commerce and mobile shopping trends is also seen as a disruptor to brick & mortar retail. The convenience of ordering online and having the items delivered straight to the buyers negates the purpose of physical shopping malls and has now forced mall operators to re-strategize their mall attractions to be more than just a place to shop, but a place of experience and entertainment. Newer opportunities are seen for the digital economy with the built of supporting infrastructures such as the Digital Free Trade Zone (DFTZ).

Moving in line with the wave of Industrial Revolution 4.0 or IR 4.0, the Digital Economy has already begun shaping new needs and wants by the consumers across the globe. This has, in turn, evolve the form of goods & services to be rendered, and how they are to be delivered and manufactured - which inadvertently impacts the new form of demands for industrial properties. In Malaysia, with the proliferation of e-commerce coupled with the establishment of DFTZ, industrial properties are expected to be on the radar of many players in the years to come especially for logistics and warehousing purposes.

Moving forward, standing on solid foundation with a growing and young population backed by strong economic fundamentals, the Malaysian Property Market is expected to be stable this year. The government's cooling measures and responsible financing guidelines which have been in place for the past few years, have helped moderated the spiralling price growth in recent years to a more sustainable 5% to 7.5% and may have mitigated unwanted risks towards any Non-Performing-Loans issues. In the past year or two, prices have been holding up although transaction frequencies have been declining, indicating the holding power within the market. To buyers, this is the time to buy should you find a property that meets your requirement and is within your financial means. Although prices are generally holding up, glimpses of bargains are there, waiting to be captured. As how it was last year, and still is this year, do keep an eye out for your dream property be it within the primary market or the secondary market.





NOTES



NOTES

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
TH	Double storey terraced house
1SD	Single storey semi-detached house
2SD	Double storey semi-detached house
1D	Single storey detached house
2D	Double storey detached house
1TF	Single storey terraced factory
2TF	Double storey terraced factory
1SF	Single storey semi-detached factory
2SF	Double storey semi-detached factory
1DF	Single storey detached factory
2DF	Double storey detached factory
1H/H1	First half
2H/H2	Second half
9m	9-month
All House Price Index	All House Price Index as published by JPPH in their publication entitled Indeks Harga Rumah Malaysia
Apt	Apartment
BNM	Bank Negara Malaysia
Condo	Condominium
CPI	Consumer Price Index
DOSM	Department of Statistics Malaysia
FDI	Foreign Direct Investment
GDP	Gross Domestic Product

IHRM	Indeks Harga Rumah Malaysia / Malaysia House Price Index
JPPH	Jabatan Penilaian & Perkhidmatan Harta, Kementerian Kewangan Malaysia
Km²	Square kilometre
LHS	Left hand scale
Mil	Million
NLA	Net lettable area
PBO	Purpose built office
pm	Per month
Pop	Population
Psf / psf	Per square foot
psf pm	Per square foot per month
Q1/1Q	First quarter
Q2/2Q	Second quarter
Q3/3Q	Third quarter
Q4/4Q	Fourth quarter
q-o-q	Quarter on quarter
RHS	Right hand scale
RM	Ringgit Malaysia
S.Apt	Serviced apartment
sf	Square feet
SOFO	Small office flexible office
SOHO	Small office home office
SOVO	Small office versatile office
Sty	Storey
y-o-y	Year on year

Explanatory Note

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

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