

PROPERTY MARKET REVIEW

2018 / 2019



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Glossary

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FOREWORD

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

2018 has been an eventful year for all Malaysians, as witnessed by Pakatan Harapan's historical win in the 14th General Election. The word "Hope", or in the parlance of the younger generation – "*#Hope*", could well just be the theme to aptly define and summarize the current year and possibly the year ahead.

The theme "Hope" resonates not only amongst Malaysians but also amongst the world's stakeholders at large, amidst the various challenges and uncertainties that lie ahead in the yonder; be it economically, socially, politically or even environmentally. For example, the on-going trade war between the US and China, further monetary tightening measures from central banks in the developed nations and the repercussions from climate change are but just a few of the headline issues that are creating these risks – hence the "hope" for a better change ahead.

On the local front, the current Malaysian government intends to build up its fiscal buffers and reserves in anticipation of further market volatility ahead, as seen by the postponement of mega projects such as the ECRL (East Coast Rail Line) and the KL-Singapore HSR (High

Speed Rail) project. This move was lauded by the World Bank, who is expecting Malaysia's economy to expand at 4.7% in 2019 and 4.6% in 2020 – a slower growth rate in the short term as a trade-off for greater stability ahead, as the nation addresses its public sector debt and source for alternatives to its over-reliance on oil-related revenue. Coincidentally, Malaysia held on to the No. 1 spot in a recent survey by Bloomberg, ranking ahead of other emerging markets such as Russia, China and Philippines in terms of growth prospects, state of current account, sovereign credit ratings and asset valuations. This is in spite of the almost 25% drop in oil price from January's USD60 to December's USD46 per barrel, and the fact that the KLCI has retreated to the level of 1,700s as compared to the 1,800s earlier in 2018.

As evidence of recovery being much underway, latest JPPH statistics have revealed 1H 2018 to have a lower decline than 1H 2017, with only experiencing a much smaller drop of 2.4% in transaction volume and 0.1% in transaction value; transaction activities as at 1H 2018 coming up at 149,889 transactions worth RM67.74 billion. Looking three years back, the falling trend has significantly softened since the

We foresee 2019 to be a year for further establishment and execution of improvements to the country's market.

period of 1H 2015/1H 2016 where percentage in drop was as high as 12% to 16% in both volume and value. This bodes well for 2019 to possibly produce positive movements for a change – albeit being insignificant.

With technology making headway every minute of every day, industries continue to experience the digitalization of operations and services provided, having to adopt and adapt to new ways and product offerings. The sharing economy has greatly expanded to various points of everyday living and business-making. Airbnb had stated Malaysia to be one of the fastest growing Airbnb community in South-East Asia and as at 2018, there are over 44,000 property listings in Malaysia – an impressive 99% growth from 2017. Not only home-sharing, office-sharing has also been striving into the scene with companies such as WeWork, Regus, Colony and Common Ground stamping their footprint in not only Klang Valley, but in other major states as well. This growing trend of product offering reflects on the evolution of living and business culture that the world is currently experiencing. Adding in more and more injections of Artificial Intelligence (AI) and automated machinery, how we work, live and play has differentiated itself from even a decade back.

Though technologies continue to advance further and further, the property market is still in its effort to adjust to the challenges and conditions the country is facing now. Continuing on with 2017's recovery sentiment, mixed results in 2018 reflects continued adjustments but at a stronger pace to the current economic conditions and newly formed political body. In the residential sector, affordability remains at the forefront of our worry and efforts are pushed to help gradually lessen this financial burden that has seen a staggering unsold level of 41,999 residential units worth RM26.84 billion. The commercial sector too faces a similar dilemma of how incoming supply will be absorbed amidst barely-hanging occupancy rates and the redefinition of commercial spaces due to transference to the online world.

Being less than a year old, our new government is still in the works of establishing itself as the new ruling party and with new leaders comes new ideas and practices. We saw big decisions made on major development projects justified to the cost against Malaysia's critical financial status as claimed by the Ministry of Finance. Budget 2019 showed matters of the property market is of great priority to Malaysia's new government, as can be seen by the various initiatives in improving Malaysia's living standards and conditions, such as the highly anticipated New Housing Policy (NHP) 2.0.

The recent stimulus measures in the form of selected exemptions on RPGT and the introduction of crowdfunding schemes such as FundMyHome are in juxtaposition with the broader consolidative strategies highlighted earlier. In our opinion these strategies are necessary to curb the nation's property overhang scenario while increasing home ownership rate; and we believe that the current government will continue to implement proactive measures as and when necessary to ensure that the nation's wellbeing is taken care of.

Though the expectation of 2018 to take a positive turn up was not met, there are signs of it to happen soon as recovery pace was seen to be more robust. We foresee 2019 to be a year for further establishment and execution of improvements to the country's market. As with the markets being holistically affecting one another and complex in their structure, any changes or new introductions made will require time for solid results to fully form. With new policies and initiatives on hand, we hope Malaysia will progress on positively towards a high-income nation.

Tan Sri Dato' (Dr) Abdul Rahim Abdul Rahman

Executive Chairman, Rahim & Co Group of Companies

PROPERTY MARKET SNAPSHOT 1H 2018

Northern Region

PERLIS		
Resi	PBO	Retail

KEDAH		
Resi	PBO	Retail

PENANG		
Resi	PBO	Retail

PERAK		
Resi	PBO	Retail

Central Region

KUALA LUMPUR		
Resi	PBO	Retail

SELANGOR		
Resi	PBO	Retail

NEGERI SEMBILAN		
Resi	PBO	Retail

Resi (Residential)

Growth of Residential Property
Transaction Volume
(1H 2017 vs 1H 2018)

PBO (Purpose Built Office)

Growth of Purpose Built Office
Occupancy Rates
(1H 2017 vs 1H 2018)

Retail

Growth of Retail Complex
Occupancy Rates
(1H 2017 vs 1H 2018)

Southern Region

MELAKA		
Resi	PBO	Retail

JOHOR		
Resi	PBO	Retail

East Coast Region

KELANTAN		
Resi	PBO	Retail

TERENGGANU		
Resi	PBO	Retail

PAHANG		
Resi	PBO	Retail

East Malaysia Region

SARAWAK		
Resi	PBO	Retail

SABAH		
Resi	PBO	Retail

MOVEMENT

Decrease

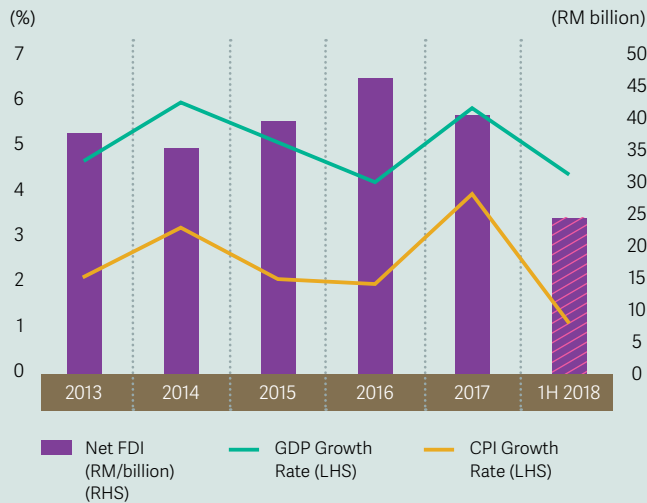
Increase

Major	Moderate	Stable	Moderate	Major
>-10%	<-10%	Stable	<10%	>10%

KEY ECONOMIC INDICATORS

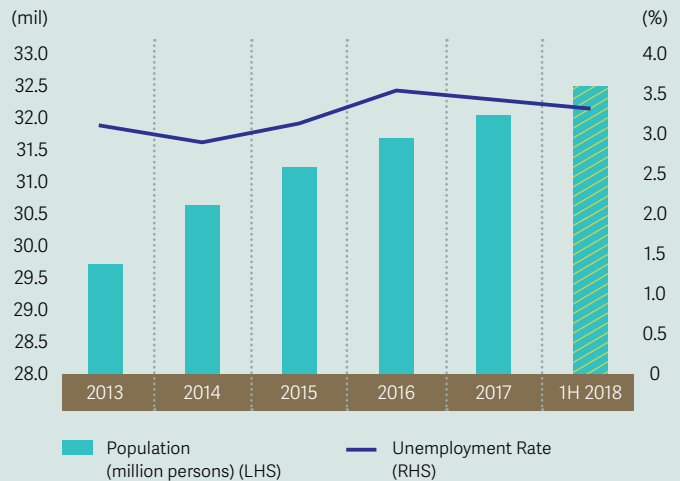
GDP & CPI Growth Rate and Net FDI
(2013 - 1H 2018)

(Source: BNM)



Population & Unemployment Rate
(2013-1H2018)

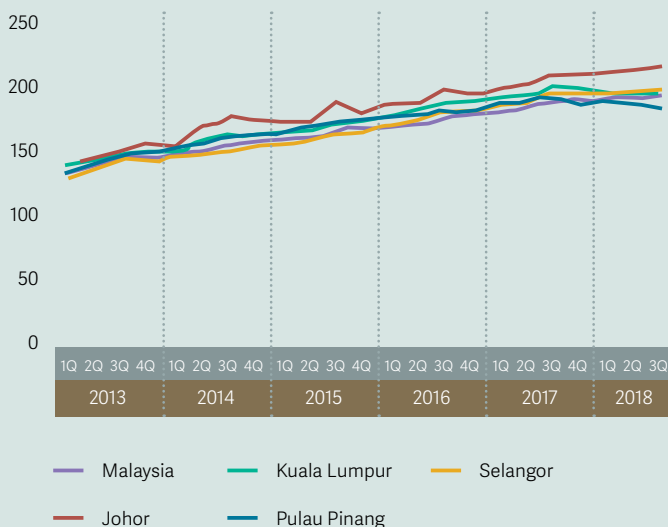
(Source: DOSM)



KEY PROPERTY MARKET INDICATORS

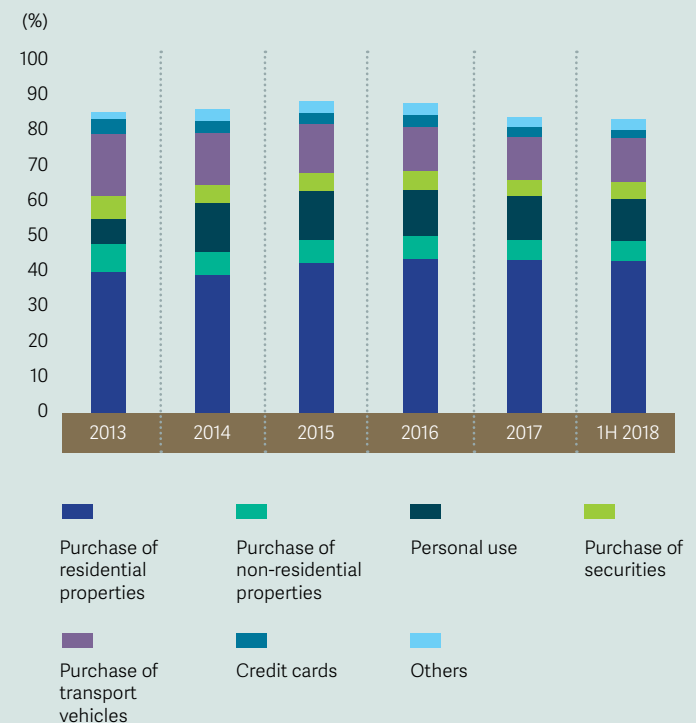
Quarterly House Price Index
(2013 - 3Q 2018)

(Source: IHRM, JPPH)



Household Debt to GDP Ratio
(2013-1H 2018)

(Source: BNM)



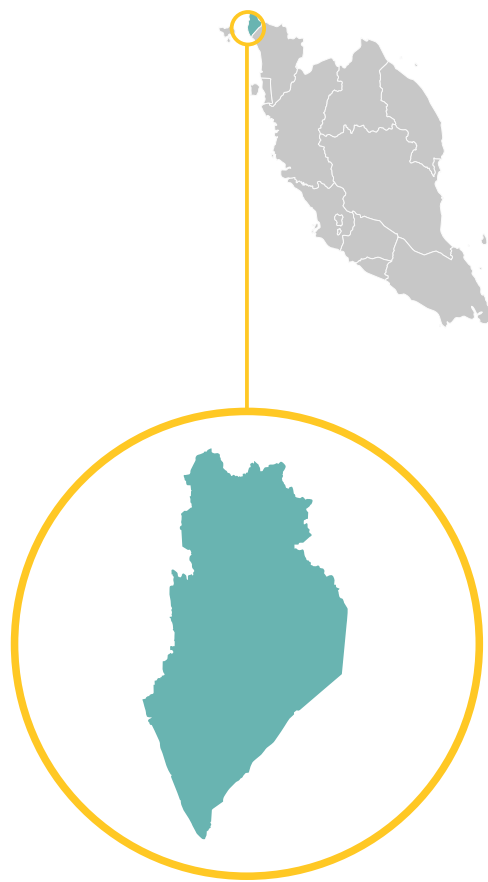
NORTHERN REGION

Perlis | Kedah | Pulau Pinang | Perak



PERLIS

Indera Kayangan



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	25,744 units	↑ 3.0% y-o-y
Transaction Volume	327 units	↓ 18.9% y-o-y
Transaction Value	RM67.65 mil.	↓ 22.0% y-o-y

RETAIL

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

SHOP OFFICE

Supply	5,153 units	↑ 23.8% y-o-y
Transaction Volume	50 units	↓ 2.0% y-o-y
Transaction Value	RM26.82 mil.	↑ 6.2% y-o-y

HOTEL

Supply	1,118 rooms	↑ 0.6% y-o-y
Average Room Rate	3 & 4-star : RM118 – RM200 per room	

INDUSTRIAL

Supply	222 units	↔ stable
Transaction Volume	6 units	↓ 40.0% y-o-y
Transaction Value	RM3.49 mil.	↑ 20.3% y-o-y

RESIDENTIAL

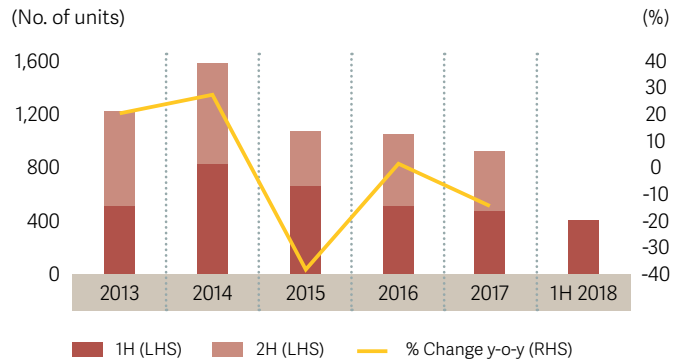
As at 1H 2018, the existing supply of residential units in Perlis stood at 25,744 units of which 35% are low-cost houses and 28% 1-storey terraced houses. Landed homes remain predominantly the preferred type of homes for the locals of Perlis as evidenced by not only its 91% contribution to total supply count, but also that 81% of 1,303 incoming units are of terraced and semi-detached houses. Location wise, areas that recorded existing residential units of above 3,000 are Kuala Perlis, Sena and Utan Aji. Unsold residential units for Perlis by 1H 2018 are on the low side with only 284 units of which 63% are within the price bracket of RM150,001 to RM200,000.

On transaction activities, things continue to fall with 1H 2018 registering a further drop of 19% in transaction volume, amounting to 327 transacted units worth RM67.65 million. Looking 5 years back, 2014 recorded the highest count by both first half and full year at 824 units and 1,559 units respectively. No turn of recovery has yet to be seen.

In 2018, 1-storey terraced houses within areas of Kangar such as Taman Hijrah and Taman Aman were transacted at an average of RM175,000 whilst the 2-storey terraced house in Taman Temak Jaya and Taman Sri Murni went at a higher average of RM400,000. Semi-detached homes went between an average of RM300,000 to RM440,000 and detached homes went at a slightly higher RM387,000 to RM470,000.

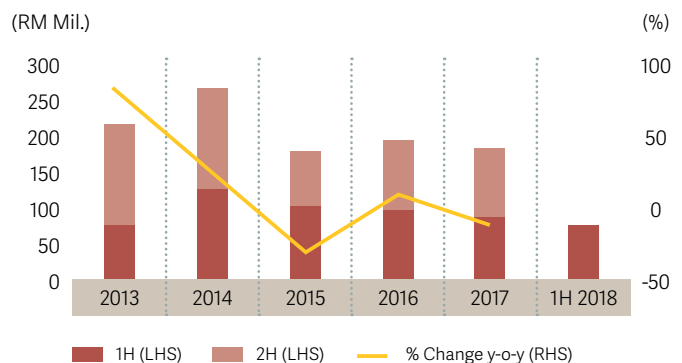
Number of Residential Property Transactions in Perlis (2013-1H 2018)

(Source: JPPH)



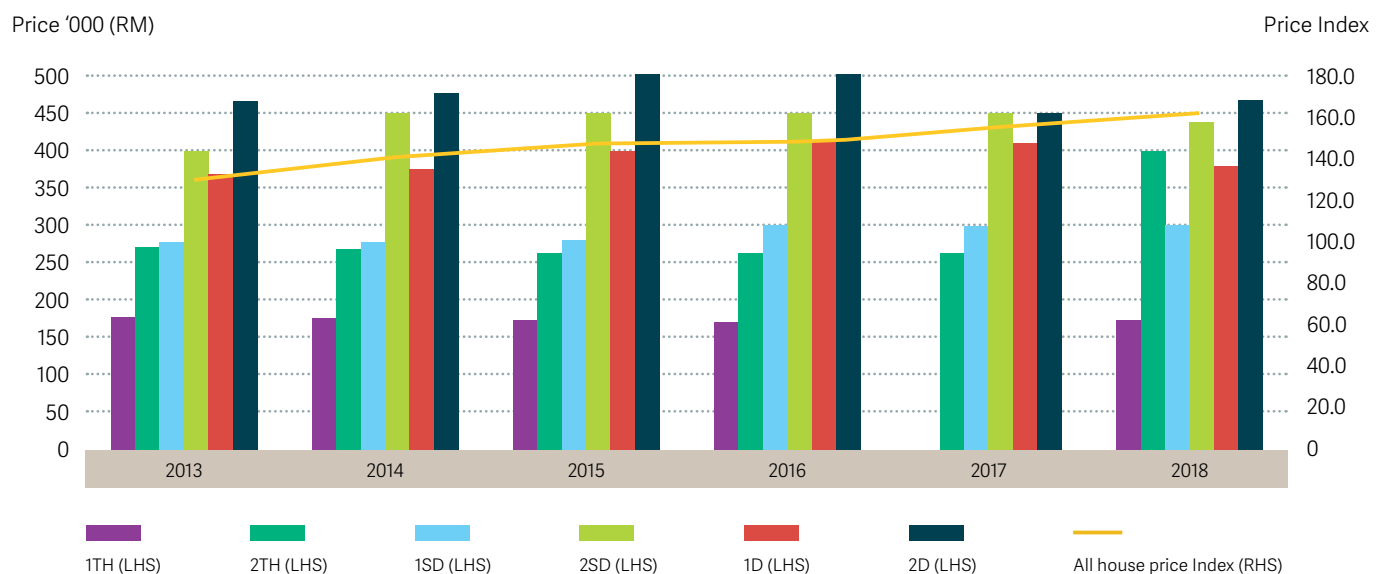
Value of Residential Property Transactions in Perlis (2013-1H 2018)

(Source: JPPH)



Kangar Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



The retail property market of Perlis has been on a steady movement since 2016

RETAIL

The retail property market of Perlis has been on a steady movement since 2016 with supply in retail maintaining at 601,401 sf by 1H 2018 and occupancy rate at 100%. There are a total count of 21 retail malls in the whole of Perlis of which 12 are located in Kangar.

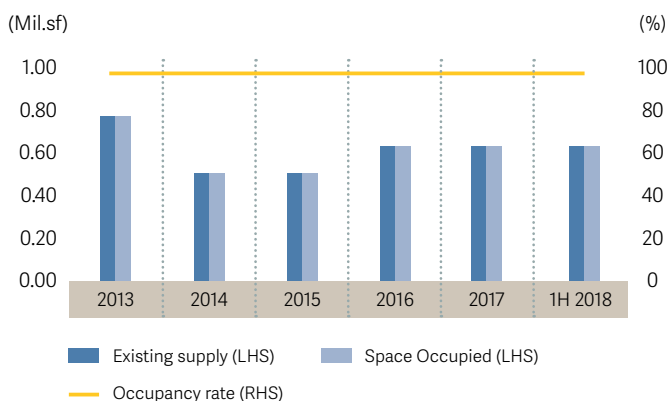
The prime rental rates of malls within Kangar range between RM0.80 to RM2.50 psfpm. Kayangan Square commanded the higher range of RM2.00 psfpm and above.

Back in early 2017, TH Properties and PKENPS have announced their joint venture on a mixed development project to be located in Kuala Perlis. Going at a value of RM311.4 million, it involves a mix of both residential and commercial components, one of which will be a shopping mall complex. Currently the development is still in its planning and approval phase.

The previously announced mixed development named Kangar City Centre (KCC) seems to have reached a stagnant point where no further progress was seen since its announcement a year ago. No official statements have been released in regards to this and the project is considered to be on hold.

Existing Supply & Occupancy Rate of Retail Spaces in Perlis (2013-1H 2018)

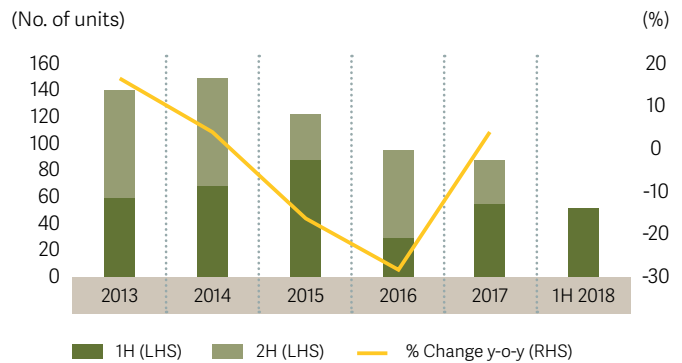
(Source: JPPH)



SHOP OFFICE

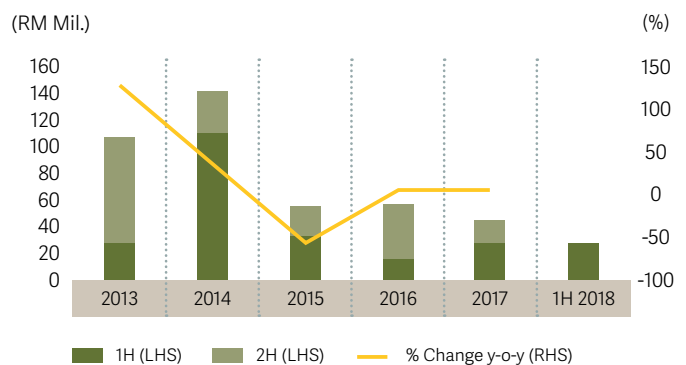
Number of Shop Office Property Transactions in Perlis (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Perlis (2013-1H 2018)

(Source: JPPH)



As at 1H 2018, transaction activities in Perlis are holding with 50 transactions valued at RM26.82 million. In comparison to 1H 2017, transaction numbers only dropped by 1 transaction unit whilst value increased by 6.2%. Though things have seem to be dropping since 2014's highest point, 2017 and onwards are showing recovery albeit at a slow pace.

On the supply side, there is slight increase between the review period with 1H 2018 having 5,186 units across Perlis from a 24.5% increase. 2-2 ½ storey shop offices have the highest count in supply amongst other types and this is correspondent to it also being the most popular type to be transacted within the review period, taking up 62% of total transaction count.

In 2018, the transaction of shop office units in Perlis were seen to averaging at RM426,125 for 2-storey units and RM666,000 for 3-storey units. Pekan Kuala Perlis saw its 3-storey units transacted at around RM575,000 whilst the similarly sized units in Pusat Peniagaan Pengkalan Jaya reached RM600,000.

NOTABLE ANNOUNCEMENTS

• • • • •

As ordered by the Federal Government, 4 mega projects in Perlis has been put on hold to be reviewed. These projects are Chuping Valley Industrial Area (CVIA), Bukit Chabang Sports School, the Integrated Public Transport Terminal and the Padang Besar Hospital.

Phase 1 of Kangar Jaya by Nepta Development will be expecting its completion by mid-2019. Offering a total of 150 units of 2 and 3-storey shop offices, prices start at RM498,000 with sizes from 20ft by 55ft. Another 4 phases are proposed for the project but no further launches have been made aside from Phase 1.

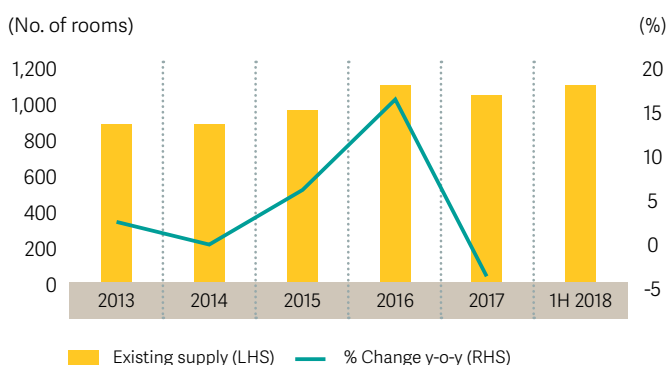
HOTEL

As at 1H 2018, the existing supply of hotels in Perlis stood at 1,118 room which equates to a total of 31 hotel establishments. Of this total, only 2 are popularly known and rated 3-stars and above. They are Putra Regency Hotel and Putra Brasmana Hotel. Perlis will be expecting 232 new hotel rooms to enter the market in the future.

The room rates of both Putra Regency Hotel and Putra Brasmana Hotel start between RM118 to RM200 per room per night.

Existing Supply of Hotels in Perlis
(2013-1H 2018)

(Source: JPPH)

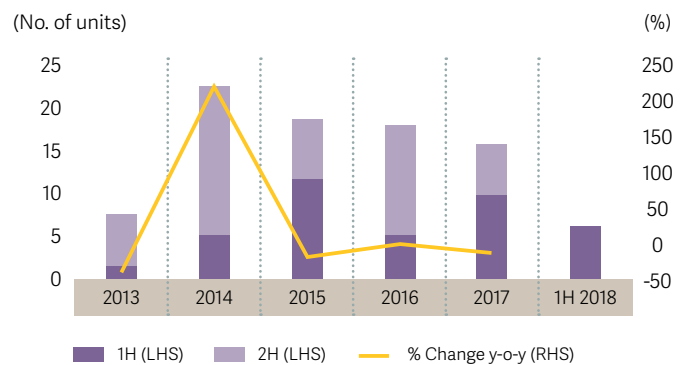


INDUSTRIAL

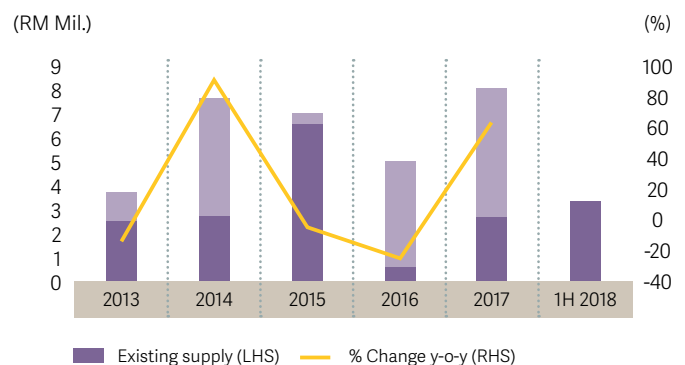
The industrial of Perlis for the past 5 years has been on a steady decline with 2017 coming out with 16 from its highest point in 2014 at 22 in number of transaction. Looking into 1H 2018, we see a lower performance of only 6 transactions conducted, resulting in a drop of 40% from 1H 2017. On the other hand, transaction values had instead rose by 20.3% to RM3.49 million by 1H 2018.

Number of Industrial Property Transactions in Perlis
(2013-1H 2018)

(Source: JPPH)

Value of Industrial Property Transactions in Perlis
(2013-1H 2018)

(Source: JPPH)

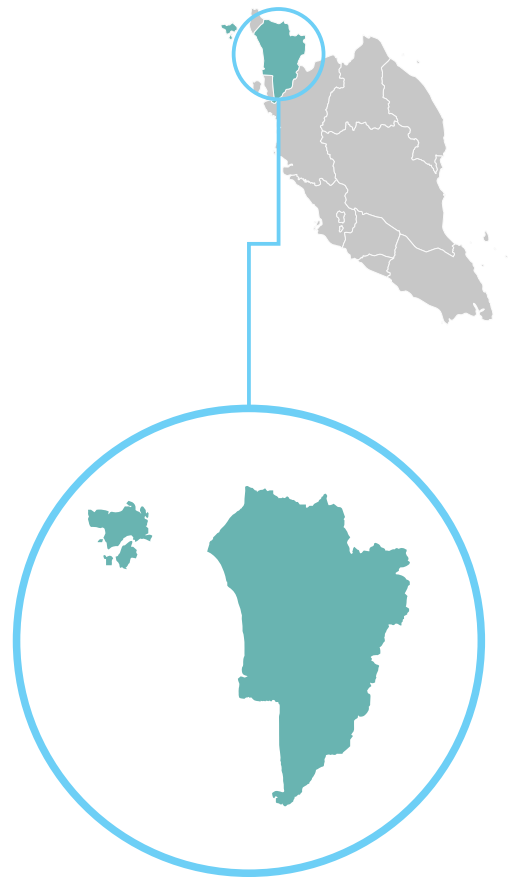


The existing supply of industrial units in Perlis have maintained at 222 units with no completions recorded. Of this total, terraced factory/warehouse dominated the market with a contribution of 45.9%.

Set to be the main industrial site of Perlis, Chuping Valley Industrial Area (CVIA) was slated for completion in 2025 but with the recent change in government and reformations and reconsiderations, there is uncertainty as to how this mega project will proceed. After GE-14, four major projects in Perlis was put on hold by the federal government including CVIA to undergo a review process as what had been done to other mega projects as well. Based on the original proposal, CVIA would spread over 1,214.05ha comprising of Perlis Inland Port, a 202.34ha logistics hub and a 1,011.71ha industrial area that will be focusing on three industrial sectors: renewable energy generation, green manufacturing and the halal industry.

KEDAH

Darul Aman



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	325,669 units	↑ 3.0% y-o-y
Transaction Volume	5,583 units	↓ 9.8% y-o-y
Transaction Value	RM1,043.13 mil.	↓ 20.0% y-o-y

RETAIL

Supply	6.25 mil. sf	↔ stable
Occupancy Rate	79.5%	↓ 2.0% y-o-y
Rental	Prime: RM3.00psf – RM17.00psf	

SHOP OFFICE

Supply	29,440 units	↑ 13.4% y-o-y
Transaction Volume	340 units	↓ 22.2% y-o-y
Transaction Value	RM136.53 mil.	↓ 17.8% y-o-y

HOTEL

Supply	16,568 rooms	↑ 2.3% y-o-y
Average Room Rate	5-star : RM605 – RM2,780 per night	

INDUSTRIAL

Supply	3,858 units	↑ 0.9% y-o-y
Transaction Volume	92 units	↓ 25.8% y-o-y
Transaction Value	RM72.93 mil.	↓ 29.1% y-o-y

RESIDENTIAL

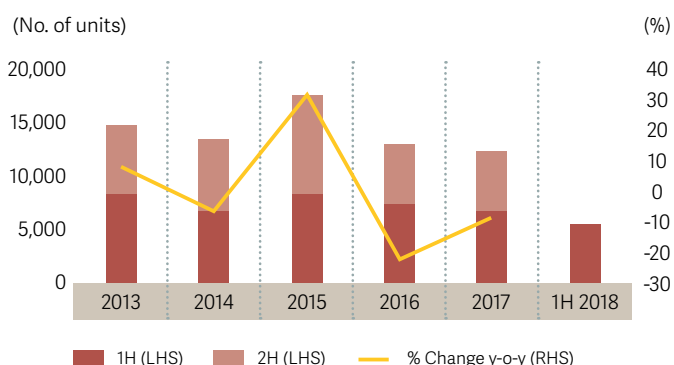
Kedah has been brought into the spotlight in the last year or so due to the worrying numbers in unsold units, indicating strongly of a mismatch in demand and supply. Looking first at Kedah's existing supply, 1H 2018 recorded 325,669 residential units from a growth of 3% from 1H 2017. Of this total number, 80% are mainly located in areas of Kota Setar, Kuala Muda and Kulim. As with Perlis, landed homes still dominate the market by 97%. In the future, Kedah will be expecting the arrival of 16,758 new residential units that are already under construction. This number, in addition to the unsold count at 3,600 units worth RM966.64 million, brings worry as to how long will the market need to absorb them. Of the overhang units, 56% are within the price range of RM250,001 to RM400,000.

Transaction activities also continue to move in a downward trend with 1H 2018 recording at 5,583 transacted units, a 9.8% lower than 1H 2017. Transaction value too has fallen by 20% to RM1,043.13 million. Reflecting on the past 5 years, Kedah's highest point in transaction was in 2015 at 17,821 for the full year and valued at RM3.023 billion.

On average, terraced houses in Kedah went between RM246,000 to RM370,000 and these are within the likes of Taman PKNK and Taman Saga. Semi-detached houses

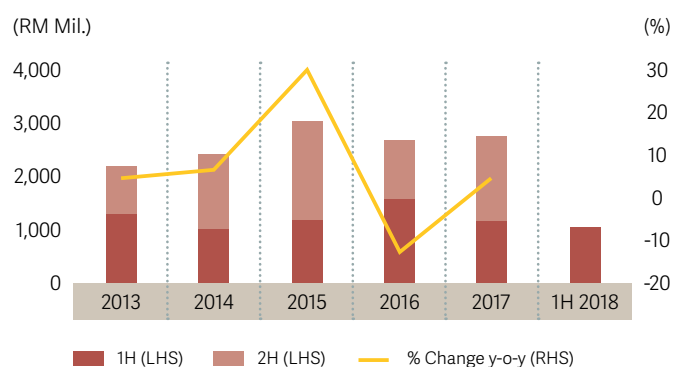
Number of Residential Property Transactions in Kedah (2013-1H 2018)

(Source: JPPH)



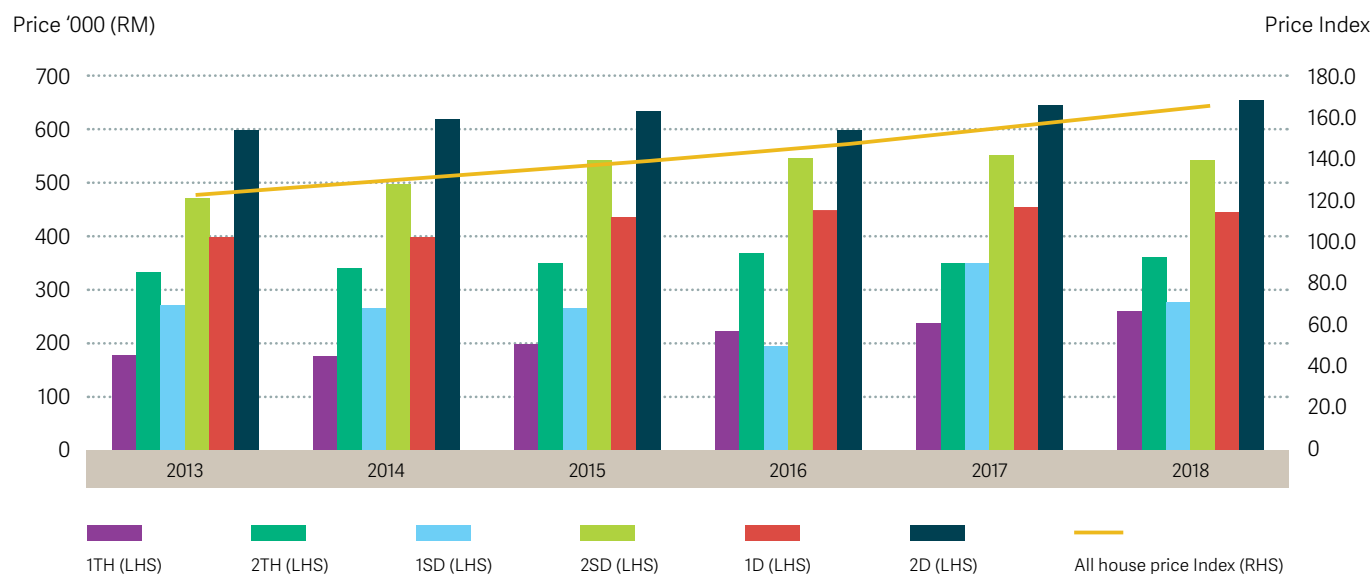
Value of Residential Property Transactions in Kedah (2013-1H 2018)

(Source: JPPH)



Alor Setar Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



Selected Upcoming Residential Properties in Kedah

(Source: Rahim & Co Research)

Development	Location	Type	Prices	Developer	Completion
Taman Puteri	Padang Serai	1-sty Semi-Detached	RM260,000	JKG Land Bhd	2018
Tulip 2 @ Darulaman Utama	Kuala Ketil	2-sty Terraced	From RM 268,442	Bina Darulaman Bhd	2018
Darulaman Perdana	Sungai Petani	1-sty Semi-Detached	RM435,921 - RM543,841	Bina Darulaman Bhd	2018
		2-sty Semi-Detached	RM723,996 - RM751,897	Bina Darulaman Bhd	2018
Salvia@Bukit Banyan	Sungai Petani	2-sty Terraced	RM380,000 - RM480,000	Paramount Property (Utara) Sdn Bhd	2020
Residensi Enesta Desa Aman	Kulim	Apartment	From RM120,000	Thriven Global Sdn Bhd	2021
Desa Aman Indahyu	Kulim	1-sty Semi-Detached	From RM437,500	Thriven Global Sdn Bhd	2019
Bintang Maya 2	Sungai Petani	2-sty Terraced	From RM419,000	Plenitude Bhd	2019

were transacted at a slightly higher average range of RM293,000 to RM527,000 with 2-storeys being RM450,000 and above. Newer schemes such as Desa Seraya and Taman Vistana may fetch even up to RM700,000.

With the issue of housing ownership and easing overhang numbers, the state government was making way to releasing bumiputra lots built as a way offer a solution to this matter. This is to further encourage sales of completed residential properties without being restricted to the terms of owning a bumiputra unit. Other efforts to ease the difficulty of owning a home in Kedah is the reviewing of current homeownership mechanisms and policies. More studies and investigations will be done on the people's purchasing power and eligibility to purchasing a home.

An upcoming development named Aman Laut was officiated by the Chief Minister of Kedah, Datuk Seri Mukhriz Tun Mahathir in late 2018. Boasted to be the new iconic landmark in Kedah, the massive scale development is located on the coastal area of Kuala Kedah's reclaimed land and completion will take up to 10 years that is broken down into 4 phases. Phase 1 will be offering 1,100 residential units priced between RM230,850 to RM274,00 that is scheduled for completion by 2021. This soon-to-

be-iconic project is a joint effort between Kedah State Secretary Corporation, Permodalan Kedah Berhad and Property Builder (Kuala Kedah) Sdn Bhd.

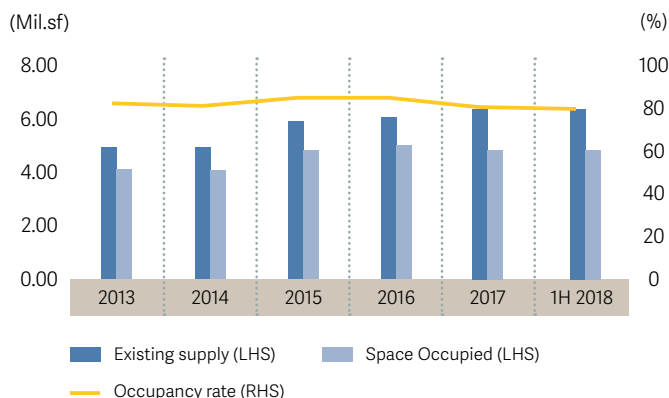
RETAIL

As at 1H 2018, there are 58 retail complexes across Kedah with Alor Setar and Sungai Petani having equal highest count at 15 retail malls each but Alor Setar is ahead with a bigger size at 2.52 million sf. Kedah overall holds in supply of retail space at 6.25 million sf. The occupancy rate stood at 79.5% by 1H 2018, signalling a slight drop of 2% from 1H 2017. The average occupancy rate for past 5 years (2013 – 2017) is 82.8%. Of the districts in Kedah, Sungai Petani continues to hold the lowest occupancy rate with 1H 2018 at 74.6%.

Shopping malls within the district of Kota Setar commanded prime rental rates of between RM3.00 to RM17.00 psfpm. C Mart and City Plaza went at above RM11.00 psfpm whilst Alor Setar Mall reached up to RM17.00 psfpm. Going even higher, the prime spaces of Aman Central Mall is rented at a rate of RM25.00 psfpm due to the mall being of the newest and most popular shopping destination.

Existing Supply & Occupancy Rate of Retail Spaces in Kedah (2013-1H 2018)

(Source: JPPH)



In 2018, Aman Central Mall in Sungai Petani has seen further growth in the range of brands and F&B outlets offered with the introduction of new brands such as Ilao Ilao, Mr Dakgalbi and Xixiang Kaya Kopitiam. Also newly opened is the portable synthetic Ice Skating Rink from Germany named Like-Ice Asia. In encouraging more traffic, the Uber and Grab services have also been launched at the mall.

SHOP OFFICE

By 1H 2018, Kedah's shop office market stood at a capacity of 30,788 units overall with 2-2 2/12 storey shop offices dominating the supply market by 53%. This came from a rise of 24.5% from total supply at 1H 2017.

On the demand side of the market, transactions seem to have taken a fall from 1H 2017 by 22.2%, 1H 2018 coming up with 340 in transaction volume that are valued at RM136.53 million. Looking at a first half yearly basis, 2018 has the lowest whilst previous years have managed to stay above 400 in transaction volume. Though movements in transaction activities have been up and down, overall numbers continue to fall from 2013 at 1,149 units to 2017 at 896 units yearly. The same pattern also runs with transaction values as well.

Within the city of Alor Setar, 2-storey shop offices were seen to be transacted on average of between RM250,000 up to RM630,000. Shop office units that were of the RM300,000 range were located in areas of Taman Saga

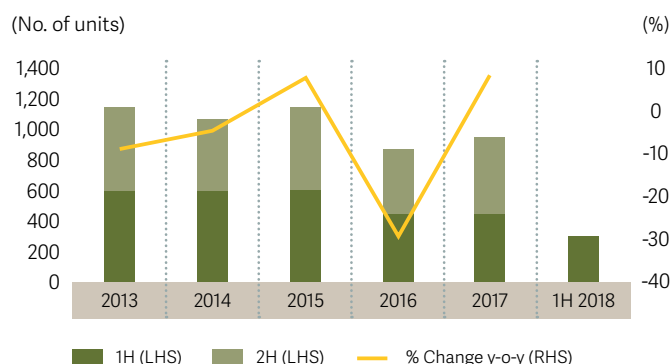
and Stargate but units reaching transacted prices of above RM500,000 are those in Kawasan Industri Tandop Baru and Sri Tandop Industrial Park.

OSK Property Holdings Bhd will be launching the Taipan Business Park in 2019, offering 2 and 3-storey shop offices with built-up ranging between 2,662 sf to 5,212 sf. Prices of these units are indicated to start from RM600,000. The business will be located within Bandar Puteri Jaya, Sungai Petani.

In Kulim, JKG Land Bhd has launched its latest commercial project named Taman Industri Makmur. Located in Lunas, a sub-district of Kulim, the project offers 30 units of 1 and 2-storey shop offices that are priced from RM272,000 and RM550,000 respectively. Completion is expected in 2021.

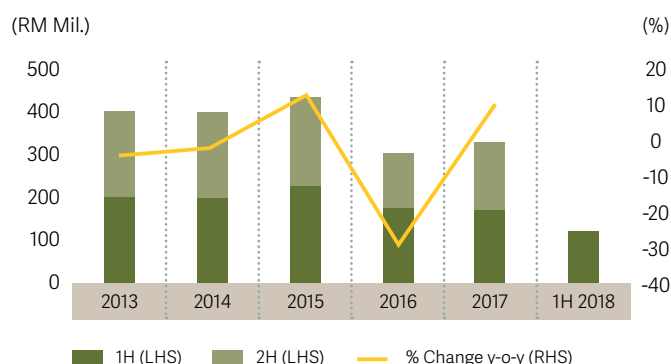
Number of Shop Office Property Transactions in Kedah (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Kedah (2013-1H 2018)

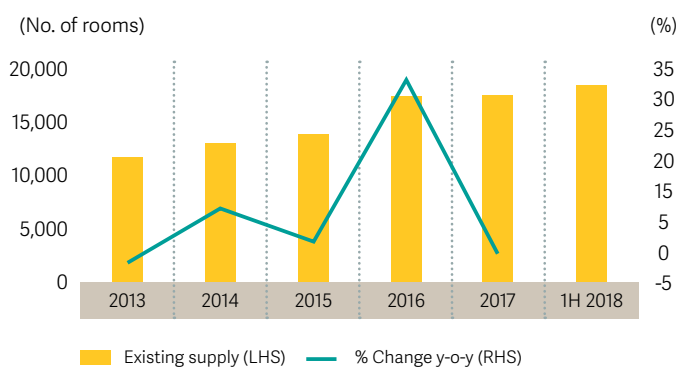
(Source: JPPH)



HOTEL

Existing Supply of Hotels in Kedah
(2013-1H 2018)

(Source: JPPH)



By 1H 2018, Kedah's existing hotel count stood at 178 establishments offering a total of 16,568 rooms. Of this total, 19 establishments are rated 5-stars and 4-stars. A significant portion of these high-rated hotels are located on Langkawi Island due to the island being a popular local and international tourist destination. In view of the Northern Region, Kedah holds 25% of total hotel count

In Alor Setar which is the capital of Kedah, there are only 2 hotels rated at 4-star and above: The Grand Alora Alor Setar and TH Hotel Alor Setar. Other high rated hotels and resorts are to be found on Langkawi Island, some being The Danna Langkawi, Four Seasons Resort Langkawi, The Westin Langkawi Resort & Spa, and Tanjung Rhu Resort.

Room rates of hotels and resorts rated 4-star and above are higher than usual due to Langkawi Island being a popular holiday destination for both local and international tourists. Establishments on Langkawi Island offer room rates of between RM605 up to RM2,780 per room per night whereas establishments in Alor Setar went at a much lower RM220 on average. Rooms that go beyond RM2,000 per night are Four Seasons Resort Langkawi, The Datai Langkawi and The Ritz Carlton.

It was discovered that Holiday Villa Alor Setar has been permanently closed to the public. Originally owned by AmanahRaya Bhd, they have announced in December of

Cenang Beach, Langkawi



2017 their plans to sell several of their assets as part of their strategy in focusing on high-yielding quality assets. Amongst the planned assets to be sold is the Holiday Villa Alor Setar. The hotel's counterpart, Holiday Villa Langkawi, remains in operation.

In November of 2018, Langkawi Island saw the opening of Dash Resort Langkawi, a new international resort at Pantai tengah. The Dash is a hotel brand under Ri-Yaz Hotels & Resorts whom offer the taste of luxury holidays to elite guests around the world. Officiated by the Prime Minister himself, YB Tun Dr Mahathir hails the success of Ri-Yaz Hotels & Resorts for transforming the once government-owned building into a high-end, luxury destination stay. Room rates start at RM690 per room per night for the standard Dash Studio room type.

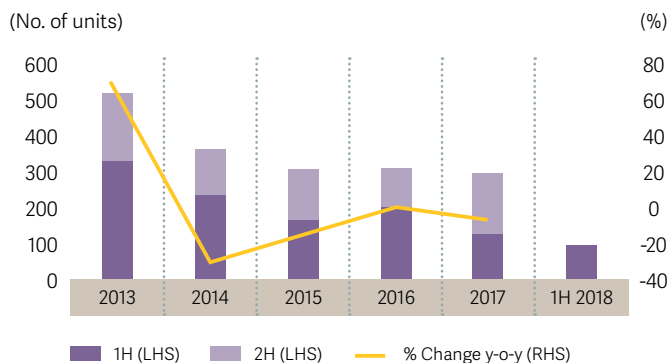
A significant portion of these high-rated hotels are located on Langkawi Island due to the island being a popular local and international tourist destination.



INDUSTRIAL

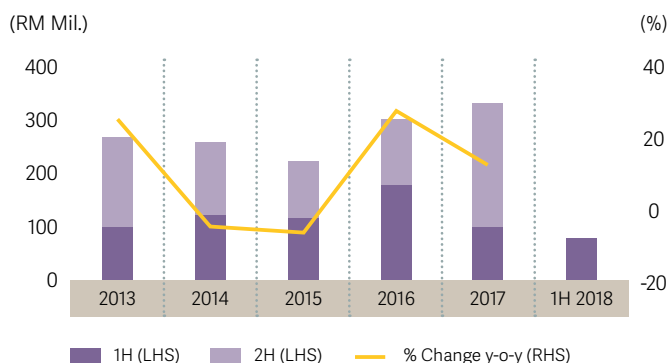
Number of Industrial Property Transactions in Kedah (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Kedah (2013-1H 2018)

(Source: JPPH)



NOTABLE ANNOUNCEMENTS

• • • • •

The new Pendang Hospital began its construction in May 2018 and completions is expected by November 2021. A project worth RM210 million, it will benefit more than 112,000 residents within the district.

Kedah has signed a memorandum of understanding (MoU) between Invest Kedah Bhd and China's Zhejiang XSD Holding Group Co Ltd to develop a green paper industry that is proposed to be established in Padang Meha, Kulim. Phase 1 is estimated to bring in more than RM1.2 billion.

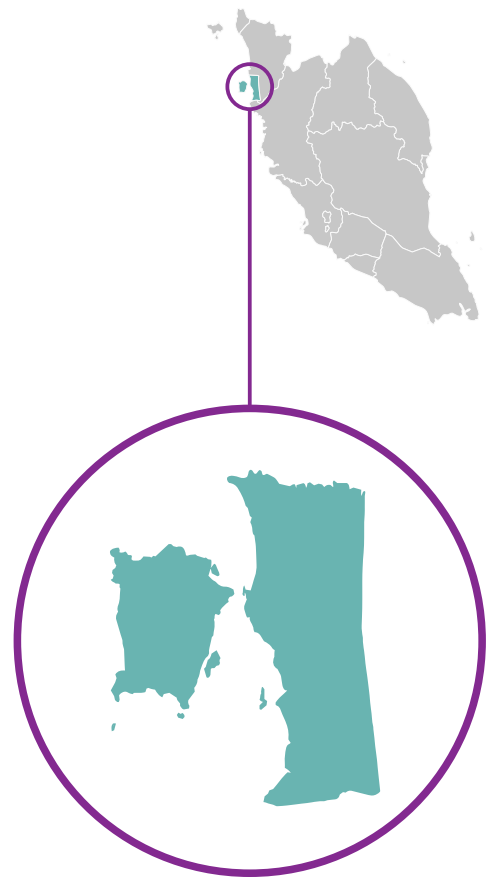
The state government of Kedah continues its plan to construct the RM1.6 billion Kulim International Airport (KXP). It is still currently at the study stage.

Kedah's industrial sector continues to fall in both transaction volume and value with 1H 2018 measuring at 92 transacted units worth RM72.93 million. Of these transactions, 42% were of vacant plots. Looking on a yearly basis, number of transaction continuously fell from the highest point in 2013 at 520 transacted units but value has taken an upturn with 2017 pulling the highest value in the 5 years at RM 336.5 million.

The supply side shows a minor increase of less than 1%, making Kedah's existing industrial unit count as at 1H 2018 to be 3,858 units of which 46% are terraced factory/warehouse type.

1H 2018 saw several transactions done in Taman Perindustrian 2010 (Star City) and Kawasan Perusahaan Mergong. A 1-storey semi-detached factory in Taman Perindustrian 2010 (Star City) went at an average of RM 1.625 million whilst the same factory type in Kawasan Perusahaan Mergong went a lower average of RM900,000. Newly launched this year, JKG Land Berhad will be offering 10 units of 1.5-storey semi-detached factory in Taman Industri Makmur which is located in Lunas, a sub-district of Kedah. Though sales have been made, the remaining units are priced at RM1.9 million.

PULAU PINANG



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	502,886 units	↑ 2.5% y-o-y
Transaction Volume	6,006 units	↑ 5.4% y-o-y
Transaction Value	RM2,457.76 mil.	↑ 0.2% y-o-y

RETAIL

Supply	18.72 mil. sf	↑ 0.04% y-o-y
Occupancy Rate	72.4%	↑ 1.9% y-o-y
Rental	Prime: RM2.40psf – RM32.00psf	

PURPOSE BUILT OFFICE

Supply	12.09 mil. sf	↑ 0.9% y-o-y
Occupancy Rate	82.7%	↑ 0.8% y-o-y
Rental	Prime area: RM1.00psf – RM3.50psf	

SHOP OFFICE

Supply	29,803 units	↑ 9.4% y-o-y
Transaction Volume	336 units	↓ 7.4% y-o-y
Transaction Value	RM255.91 mil.	↓ 20.6% y-o-y

HOTEL

Supply	19,278 rooms	↑ 3.3% y-o-y
Average Room Rate	5-star: RM245 – RM880 per night	
	4-star: RM158 – RM520 per night	

INDUSTRIAL

Supply	9,157 units	↑ 1.1% y-o-y
Transaction Volume	189 units	↑ 14.5% y-o-y
Transaction Value	RM539.38 mil.	↑ 90.5% y-o-y

RESIDENTIAL

For Pulau Pinang's residential market, 1H 2018 recorded existing supply at 502,886 units with island and mainland having almost equal share, the latter being slightly ahead at 51%. High-rise units dominate the market with a share of 38% followed by terraced houses at 24%.

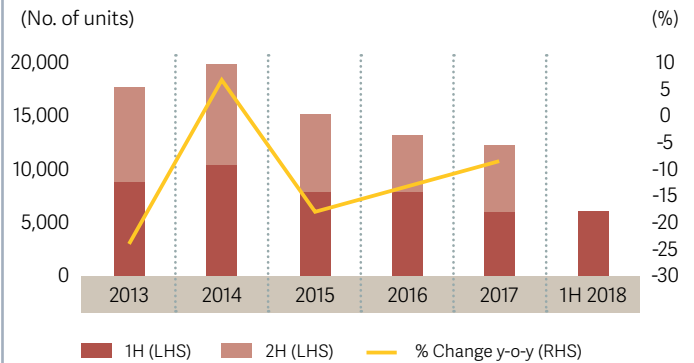
As with the nationwide worry on the overhang situation, Pulau Pinang do hold a considerable number of unsold units at 3,958 in total worth RM3.01 billion. 53% of this are units priced above RM500,000 and 2,225 unsold units are condominium and apartment. With the affordability issue still hanging in the air, there is concern as to how these units of above half a million Ringgit will be absorbed in the current market slowdown.

Looking at transaction activities, there is a slight glimmer of recovery with transaction volume as at 1H2018 to be 6,006 units, a 5% increase from 1H2017. Value of transactions rose too but at a much smaller 0.2% of RM2,457.76 million. Between 2013 to 2017, Penang's highest transaction activity was in 2014 at 18,410 units worth RM7.58 billion.

On the island, 1-storey terraced houses in areas of Ayer Hitam and Tanjung Bungah were transacted on average at RM719,000 and 2-storey terraced houses in Island Glades and Desa Ara were just within the million range at RM980,000 on average. Larger houses of semi-detached

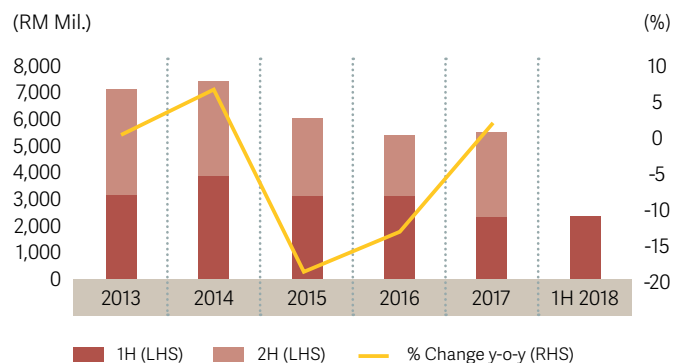
Number of Residential Property Transactions in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



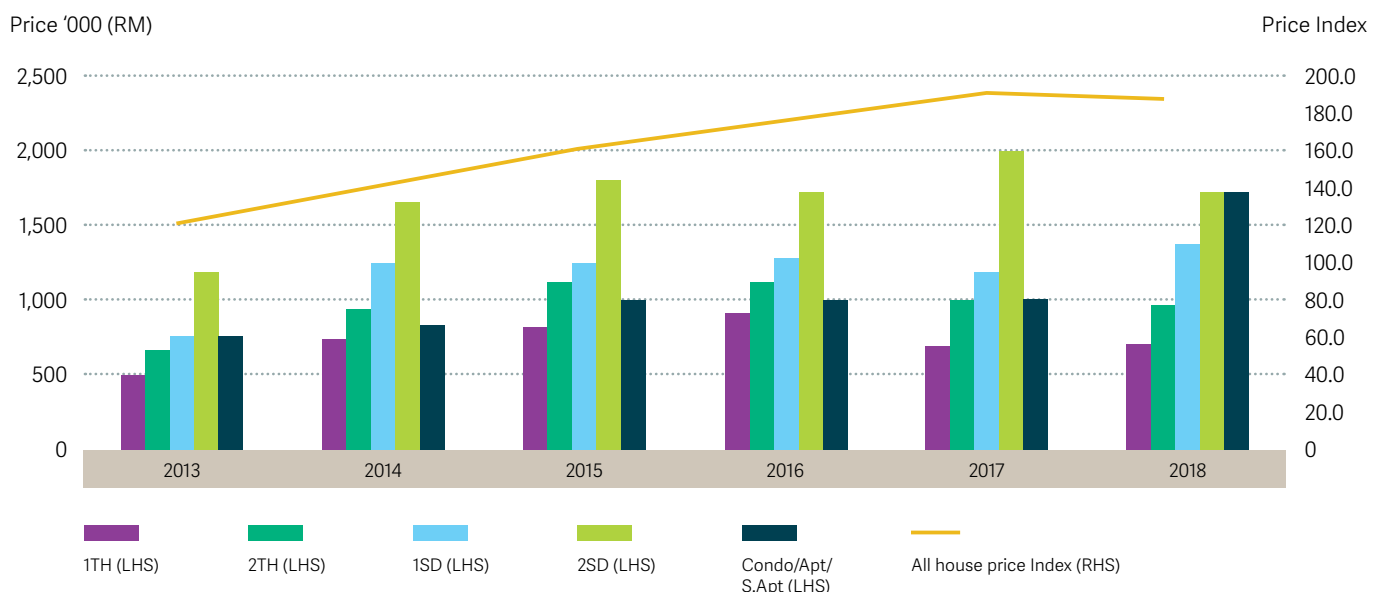
Value of Residential Property Transactions in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



Pulau Pinang (Island) Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



were transacted beyond RM1 million, averaging between RM1.42 million to RM1.76 million depending on number of storeys and location. As with high-rise developments within areas of Tanjung Bungah and Tanjung Tokong, secondary units were transacted on average of RM1.73 million.

In response to demand and wishes for more affordable housing, the state government has announced their intention of reviewing all charges that are currently being imposed on the developers as a way to reduce house prices with consultation to REHDA.

On the newly launched front, 2018 saw several new residential developments being unveiled to the public. As high-rise continue to be a popular choice for developers in highly-urbanized cities, the market saw the launch of high-rise projects such as Farview Residence in Sungai Ara by BSG Property and VST Group, Sunsuri Residences in Bayan Lepas by Ideal Property Group, and Suasana@Utropolis by Paramount Property in Batu Kawan. This high-rise units are being offered at starting prices of between RM388,000 to RM500,000. Landed homes are also seen with the launch of Sanctuary Ridge in Bukit Mertajam by IJM Land Bhd. Offering 208 units of semi-detached and bungalows, selling prices start from RM735,000.

Selected Upcoming Residential Properties in Pulau Pinang

(Source: Rahim & Co Research)

Development	Location	Type	Prices	Developer	Completion
Summer Skye Residence	Bayan Lepas	Condominium	RM550,000 - RM1.1 mil	Ideal Homes Properties Sdn Bhd	2019
NOVUS	Sungai Nibong	Condominium	From RM550,000	Prisma Bumiraya Sdn Bhd	2020
Bertam Perdana 4	Bertam	2-sty Terraced	From RM499,000	Bertam Properties	2020
Bertam Lakeview@Nerine	Bertam	1-sty Semi-Detached	From RM504,790	Bertam Properties	2020
Waterside Residence	Gelugor	Condominium	From RM749,000	IJM Land Bhd	2020
M Vista	Batu Maung	Serviced Apartment	From RM330,000	Mah Sing Group Sdn Bhd	2021
GEM Residence	Seberang Prai	Condominium	From RM558,000	Bellevue Group	2021
Suasana@Utropolis Batu Kawan	Batu Kawan	Serviced Apartment	From RM500,000	Paramount Property	2021

RETAIL

In Pulau Pinang, total retail space as at 1H 2018 maintained at 18.72 million sf from 1H 2017, making up 104 retail complexes across the state. Of this, 21 complexes are located within George Town of Penang Island whilst 15 complexes are in Bukit Mertajam of Penang Mainland. Slight improvement is seen in occupancy rate by 1.9% from 1H 2017, now going at 72.4%. On average, Pulau Pinang's occupancy rate hovered at 70.2% with the lowest being in 2014 at 66% whereby there was an injection of 1.14 million sf. Since then, the market has adjusted and maintained above 70%. As part of the Northern Region, Pulau Pinang

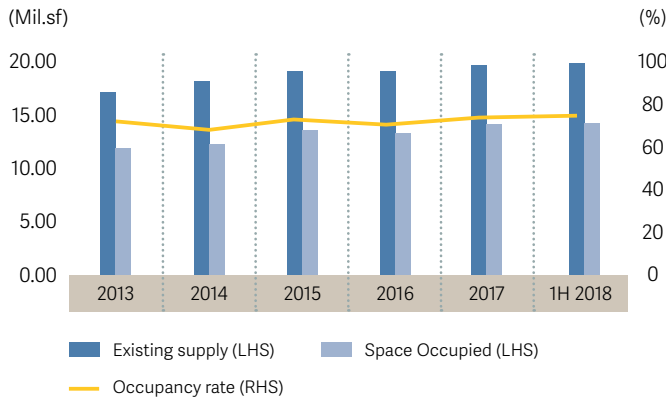
contributes the biggest number in retail mall at 40% in comparison to the other 3 states.

The shopping malls located within Georgetown area generally command prime rental rates of between RM2.40 to RM32.00 psfpm. Such malls are Penang Arcade, Ria Arcade, Prangin Mall and 1st Avenue Mall. But for Gurney Plaza and Gurney Paragon, prime spaces were fetching up to nearly RM45.00 psfpm.

Completions of Phase 1 of Aspen Vision City has been seen on the ground with the recent opening of a 10ha Central Island Park and the soon-to-be opened IKEA

Existing Supply & Occupancy Rate of Retail Spaces in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



Batu Kawan Store. Set to be the anchor tenant of the upcoming shopping centre, IKEA Batu Kawan will be opening its doors to the public in March of 2019. The new IKEA store will be taking up 433,000 sf of the 1 million sf regional integrated shopping centre which will only be fully completed in 2022.

Another major shopping mall to be anticipated is the GEM Megamall by Belleview and LTC Corp Ltd located along Jalan Baru, Seberang Perai. Poised to be the largest shopping mall in the northern region, the 6-storey GEM Megamall will be offering a total net lettable area of 1.2 million sf. It will be featuring the first of many brands and facilities in the north such as the first Sogo departmental store, the first Olympic-sized ice skating rink and the largest Golden Screen Cinema Cineplex in the northern region. Completion is scheduled to be in 2021.

After a decade since its opening, Sunway Carnival Mall in Seberang Jaya will be getting an expansion and refurbishment costing RM500 million. The expansion will see the doubling of the mall's current size of 780,000 sf to 1.45 million sf. The expansion begins in 2018 and will be completed in the fourth quarter of 2020. Following that, the refurbishment phase will proceed and scheduled to finish by 2022.

In 2018, Aman Central Mall in Sungai Petani has seen further growth in the range of brands and F&B outlets offered with the introduction of new brands such as Ilao Ilao, Mr Dakgalbi and Xixiang Kaya Kopitiam. Also newly opened is the portable synthetic Ice Skating Rink from Germany named Like-Ice Asia. In encouraging more traffic, the Uber and Grab services have also been launched at the mall.

PURPOSE BUILT OFFICE (PBO)

As at 1H 2018, Pulau Pinang's PBO market experienced a small increase in office space by 0.9% and now standing at 12.09 million sf. This total office space makes up for 233 office buildings across Pulau Pinang, both the island and mainland. 62% of Pulau Pinang's office buildings are located on the island, specifically within Georgetown area. On the mainland, 14.6% are located in Butterworth and Bukit Mertajam combined.

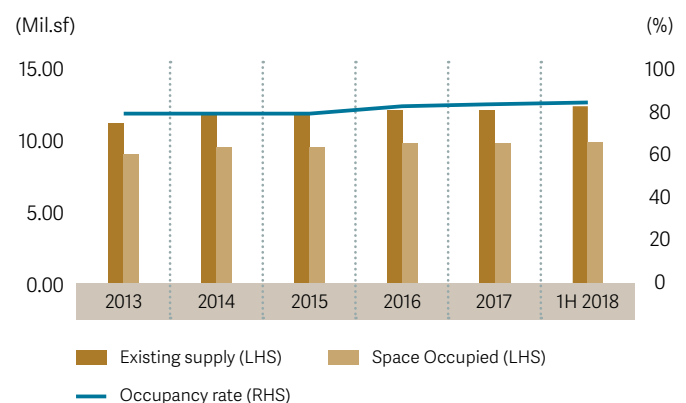
The performance of Pulau Pinang's office market seems to be steadily maintaining good occupancy rate, with an average of 81% for the past 5 years and 1H 2018 going at 82.7%. Incoming supply of new office space in the near future was recorded to be at 219,476 sf or 4 buildings that are already under construction. No completions were seen within 1H 2018.

On the rental rate of office spaces within Georgetown, rentals are seen to be relatively stable and ranging between RM1.00 up to RM3.50 psfpm. Office buildings that offer rental rates higher than RM2.50 are MWE Plaza along Lebuhr Farquhar, Wisma Great Eastern along Lebuhr Light and Menara IJM Land in Gelugor.

The long-awaited development of Penang Sentral in Butterworth has finally reached its first completion mark with the soft opening of its transportation hub in November 2018. Phase 2 of Penang Sentral will be an integrated mix development project that includes office towers but no further information has been revealed.

Existing Supply & Occupancy Rate of Purpose Built Office in Pulau Pinang (2013-1H 2018)

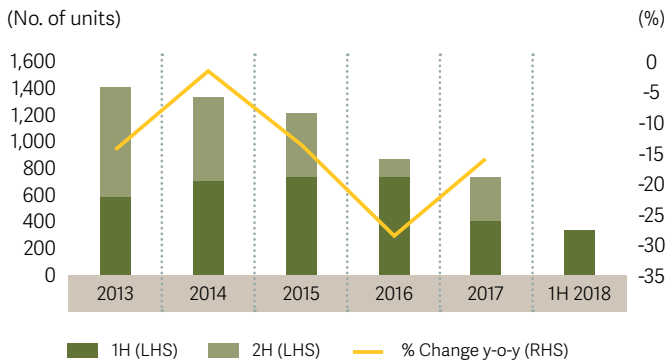
(Source: JPPH)



SHOP OFFICE

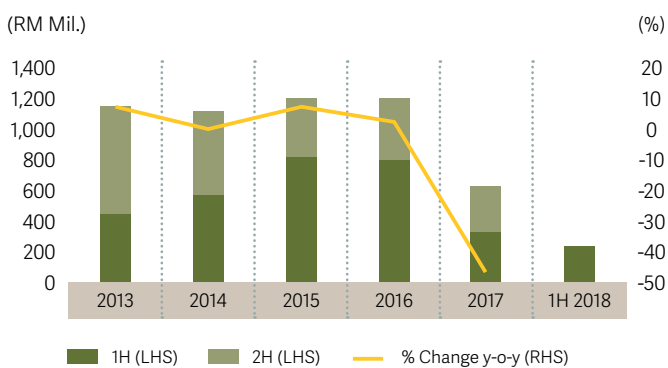
Number of Shop Office Property Transactions in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



Pulau Pinang's shop office market supply stood at 36,917 units in total as at 1H 2018 with 2-2.5 storey shop offices dominating the market, taking up 40.5% of existing supply. From 1H 2017, Pulau Pinang saw an increase of 13.1%. Of this total, 60% are located in Seberang Perai which is the mainland portion of Pulau Pinang. In the future Pulau Pinang's shop office market is expecting another 2,091 new units that already in construction.

Transaction activities continue to fall with 1H 2018's numbers going down by 74% at 336 units that are valued at RM255.91 million. Out of this, a good 63.7% of the transactions involved 2-2.5 storey shop offices.

On the island, transacted shop offices were seen to be priced at an average of RM2.376 million, the units being 3-storeys high. These transactions were seen to happen for units located in Desaria, Farlim Square and Taman Jelutong Height.

Setia Fontaines by S P Setia will be looking to officially launch the commercial component named City Centre Business Hub in 2019. Offering a total of 111 2-storey shop office units, prices range between RM590,000 and RM900,000. As at time of writing, all intermediate units have been fully booked.

Another future proposed project to be located on Pulau Pinang's mainland is a mixed development by Binasco Development Sdn Bhd. Though no further information has been revealed on the official name and products to be offered, the development will involve the construction of commercial buildings comprising of 2-storey shop offices and SOHO units. The proposed development is in Butterworth, situated along Jalan Kampung Benggali.

HOTEL

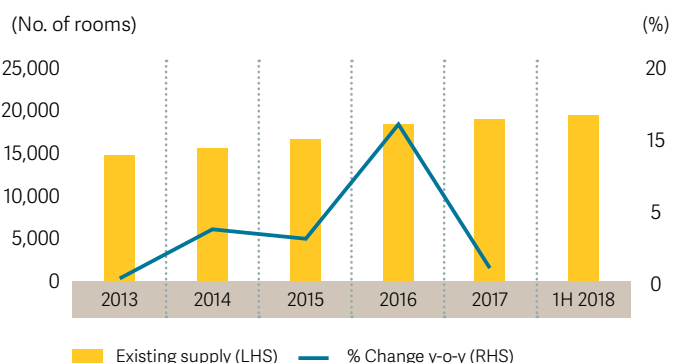
As at 1H 2018, Pulau Pinang's existing hotel supply stood at 19,278 rooms which makes up a total of 191 hotel establishments. Of this, 31 establishments are rated 4-stars and above. On the island, some of the 4-star and above rated hotels are Double Tree Resort by Hilton Hotel Penang, Park Royal Penang Resort, Hard Rock Georgetown and Shangri-La Rasa Sayang Resort & Spa. As part of the Northern region, Pulau Pinang holds the second highest hotel count at 27% of the entire region.

Hotel establishments in Pulau Pinang that are of 5-stars offer room rates of between RM245 up to RM880 per room per night whilst those of 4-stars offer a lower RM158 up to RM520 per room per night.

On the upcoming front, Pulau Pinang will be expecting several luxury hotels to enter the market beyond 2020. In joining the Aspen Vision City development located in Batu Kawan, Marriott International has signed a memorandum

Existing Supply of Hotels in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



To ease traffic congestions, a 7-storey car park for the Penang International Airport has began its construction in March 2018 and is scheduled to complete in 2019. The addition of car park spaces is Phase 2 of Penang International Airport's expansion plan.

Should the plan proceed on, Pulau Pinang will be having their own low-cost carrier terminal (LCCT) that will be operating under AirAsia. The estimated operating year of the LCCT is 2022.

Earlier in 2018, Regus has opened two centres in Pulau Pinang and has brought up their total working spaces to 33. Currently there are 4 operating co-working Regus centres in Pulau Pinang; Gurney Paragon and Menara Boustead in Georgetown, and Spice Arena and iDEAL in Bayan Baru.

Penang Sentral Hub opens Phase 1 of its development to the public in November 2018; the component being the transportation hub.

of understanding (MoU) with Aspen Group and IKEA Southeast Asia, both whom are in a joint venture. Under Marriott International, Aloft Hotel has been appointed as the hotel operator and it will be the first international branded hotel in Batu Kawan. Going at a height of 30 storeys, the hotel is scheduled for completion in early 2023.

Looking even further, Runnymede Group of Companies has signed a landmark memorandum of understanding with Ritz Carlton to the management of hotel and residency units at the Runnymede Place in Pulau Pinang. Poised to becoming an iconic landmark in Pulau Pinang, Runnymede Place is a seafront development situated along Jalan Sultan Ahmad Shah. The hotel is targeted for opening in 2026 and will feature 133 rooms and 18 suites.

INDUSTRIAL

As part of the norther region, Pulau Pinang accounts for 42.5% in existing supply of industrial units and of those, 40% are semi-detached factory/warehouse type. From 1H 2017, an increase of 1.1% was recorded by 1H 2018, ending with 9,157 units in total. A large 91% of Pulau Pinang's existing industrial unit reside on the mainland portion of Penang what with the much larger area space.

Things are looking up for Pulau Pinang's industrial transaction market with positive growth in both volume and value. 1H 2018 recorded 189 transacted units valued

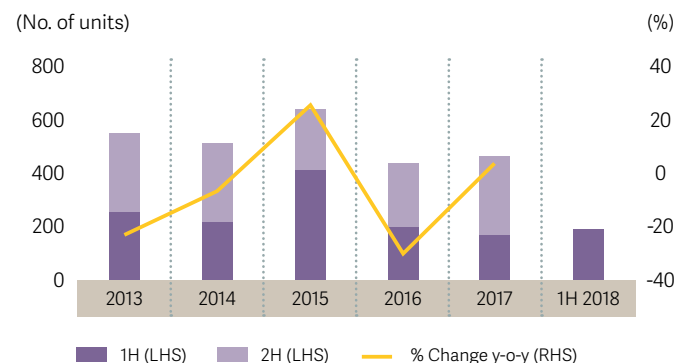
at RM539.38 million, registering an increase of 14.5% and 90.5% respectively. Reflecting on the past 5 years on yearly basis, there is still much room for recovery to return back to 2015's highest count at 632 transacted units.

In Seberang Perai, which Penang's mainland portion of the state, transacted prices of 2-storey semi-detached factory units went between an average of RM1.505 million to RM1.6 million in 2018. These units are located in Taman Asa Jaya (Light Industrial) and Industri Permatang Tinggi. Launched in March of 2018, an industrial development named Golden Gateway by Golden Land Bhd is on its way to completion by November 2019. Golden Gateway is a medium industrial development located in Batu Kawan and is close to the Penang Second Bridge. The development offers 52 units of semi-detached industrial factories and 2 units of detached industrial factories. Prices begin from RM2.8 million.

The SME Village development by Penang Development Corporation (PDC) has launched its fourth phase last December is scheduled for completion by early 2019. 20 semi-detached factory units are up on offer with a built-up of 6,939 sf. Prices start from RM3.75 million.

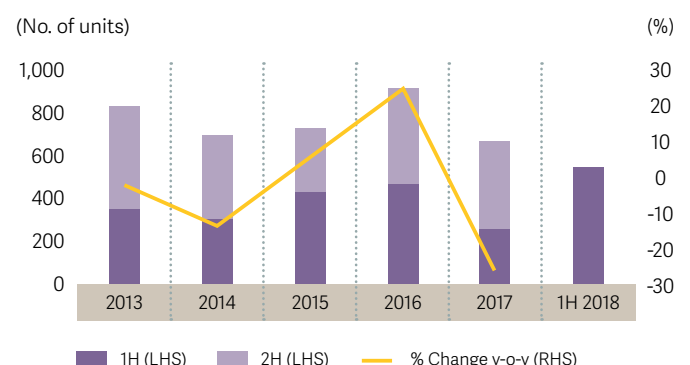
Number of Industrial Property Transactions in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



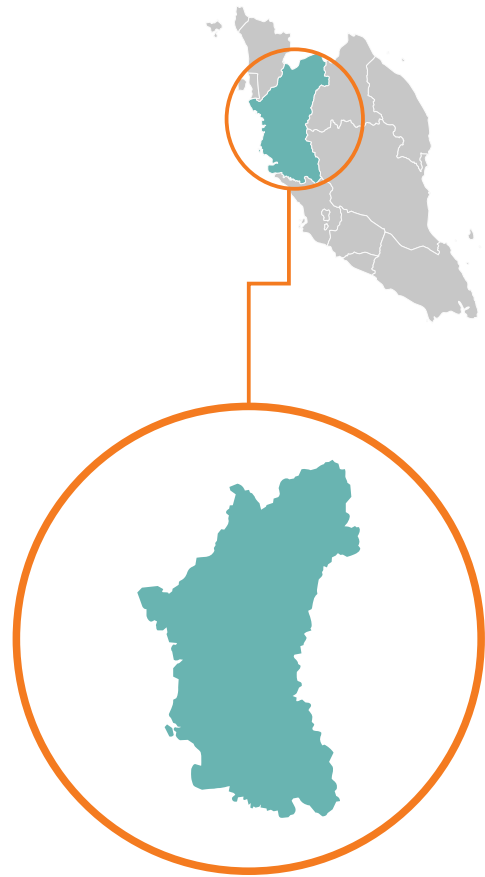
Value of Industrial Property Transactions in Pulau Pinang (2013-1H 2018)

(Source: JPPH)



PERAK

Darul Ridzuan



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	471,638 units	↑ 2.0% y-o-y
Transaction Volume	10,384 units	↓ 7.4% y-o-y
Transaction Value	RM1,961.47 mil.	↓ 5.8% y-o-y

RETAIL

Supply	10.29 mil. sf	↓ 1.9% y-o-y
Occupancy Rate	84.5%	↓ 0.3% y-o-y
Rental	Prime: RM4.60psf – RM32.00psf	

PURPOSE BUILT OFFICE

Supply	6.68 mil. sf	↔ stable
Occupancy Rate	94.4%	↓ 0.2% y-o-y
Rental	Prime area: RM1.20psf – RM3.00psf	

SHOP OFFICE

Supply	56,694 units	↑ 10.2% y-o-y
Transaction Volume	698 units	↓ 13.1% y-o-y
Transaction Value	RM317.01 mil.	↓ 15.6% y-o-y

HOTEL

Supply	16,365 rooms	↑ 2.7% y-o-y
Average Room Rate	5-star: RM460 – RM1,274 per night	
	4-star: RM168 – RM400 per night	

INDUSTRIAL

Supply	8,325 units	↑ 2.7% y-o-y
Transaction Volume	300 units	↑ 29.3% y-o-y
Transaction Value	RM360.10 mil.	↑ 44.6% y-o-y

RESIDENTIAL

1H 2018 saw Perak's existing to be at 471,638 residential units in total of which a sizable 48% are located within Kinta district. Terraced homes dominate the market at 52%, contributing 245,888 units to the state's existing supply. Incoming, Perak will be expecting 35,665 new units that already under construction and 60% of this are terraced homes.

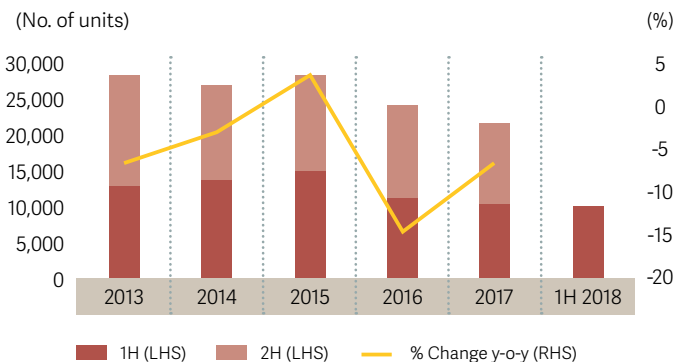
With that number soon to arrive within the next few years, current overhang units for Perak is still worryingly at 2,437 units. 71% of this are within the price range of RM200,001 to RM500,000.

Similar to most states, transaction activities in Perak proceeded to 1H 2018 in a continuing downward trend since 2015, recording 10,384 in volume and RM1,961.47 in value. In comparison to 1H 2017, the market experienced a further fall of 74% in number of transactions. Looking back, 2015 held the highest count at 28,397 transacted units worth RM4.93 billion.

House prices of Kinta in 2018 has seen slight increases though condominium and apartments showed slight decrease. On average, terraced houses were transacted between RM249,000 to RM382,400 in areas such as Bandar Seri Botani, Medan Klebang Restu and Bandar Baru Tambun. For semi-detached houses, average prices

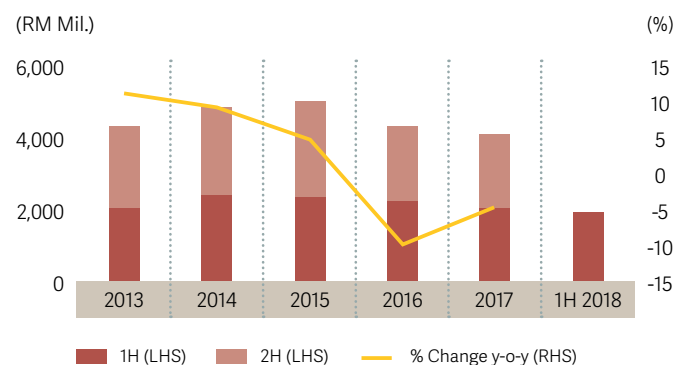
Number of Residential Property Transactions in Perak (2013-1H 2018)

(Source: JPPH)



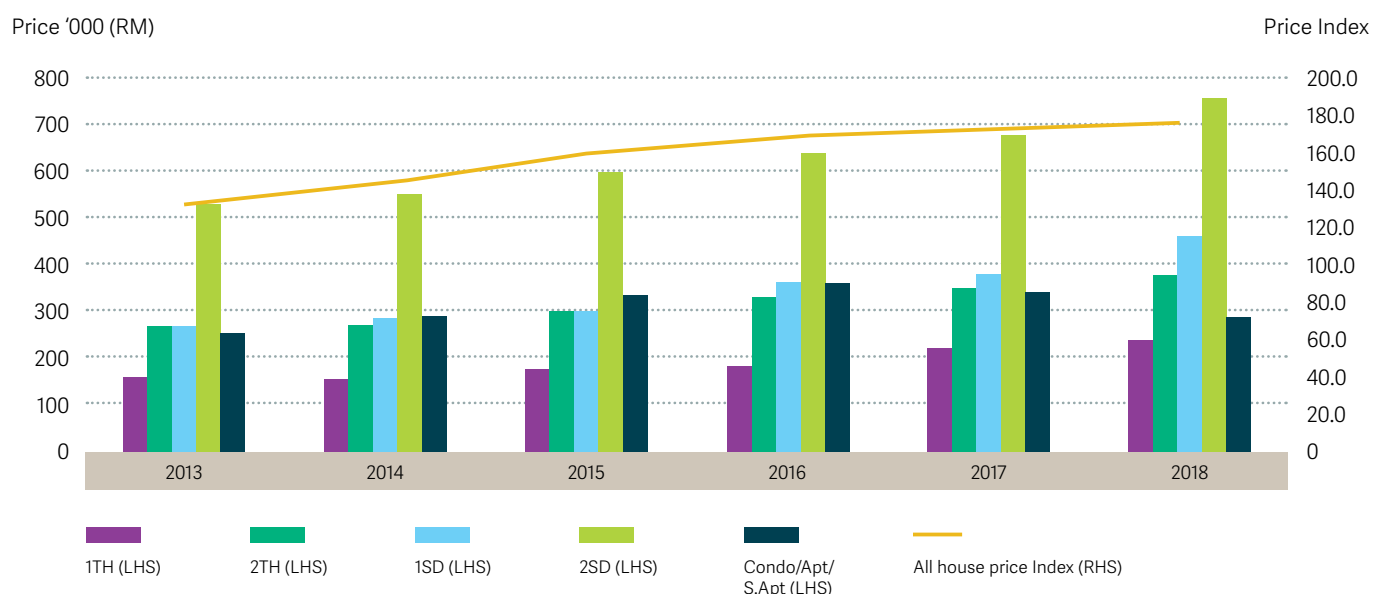
Value of Residential Property Transactions in Perak (2013-1H 2018)

(Source: JPPH)



Ipoh/Kinta Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



hovered between RM468,000 to RM754,000 depending on the size and location. The selected areas are Medan Klebang Mewah, Bandar Seri Botani and Panorama Lapang Perdana. Condominiums and apartments went a lower average of RM291,667 but Damaipuri Condominium came out at a much higher average of RM509,000.

In effort to reduce house prices, the state government has made plans to reduce taxes and development charges imposed onto the developers as a means to achieve so. Perak has strived to also not be left behind with the launching of their very own "Perakku" housing programme. Similarly to "Rumah Selangorku", this housing programme will comprise of low-cost priced between RM70,000 to RM90,000; low-and medium-cost priced between RM150,000 to RM180,000; and affordable housing of below RM250,000 which will be carried out in stages. The state government's final goal is to achieve 50,000 units.

Developers have also been seen to join in the affordable movement. One such is a collaboration between MK Land Holdings Bhd and Perak Menteri Besar Inc (MB Inc) to develop a 226-acre parcel of land in Simpang Pulai. Aiming at a total of 2,400 housing units, Phase 1 will be comprising of estimatedly 200 affordable house units at starting prices of RM70,000. Phase 1 completion is target to be in 2021 while the entire project is expected to take 8 to 9 years to reach full completion.

Sunway City (Ipoh) Sdn Bhd, under Sunway Property, has introduced their new development named Sunway Onsen Suites located in Tambun, Ipoh. Offering units sized 592sf to 1,184 sf, the development pride's itself to be Asia's first serviced suites to offer natural hotsprings in the sky. Prices are expected to begin from RM405,000 onwards.

Selected Upcoming Residential Properties in Perak

(Source: Rahim & Co Research)

Development	Location	Type	Prices	Developer	Completion
Sunland Residences	Ipoh	2-sty Terraced	RM440,000 - RM576,600	Sun Land Sdn Bhd	2019
Puncak Harmoni	Kuala Kangsar	2-sty Terraced	From RM426,580	Kedah Holdings Sdn Bhd	2019
		2-sty Semi-Detached	From RM701,190		
Palm Ville	Ipoh	2-sty Terraced	RM348,800	Vega Supreme Sdn Bhd	2020
Taman Impiana Bidor	Bidor	2-sty Terraced	RM300,000	Farlim Group	2020
Meru Heights Residences	Ipoh	Condominium	From RM246,000	Scientex Group	2021

RETAIL

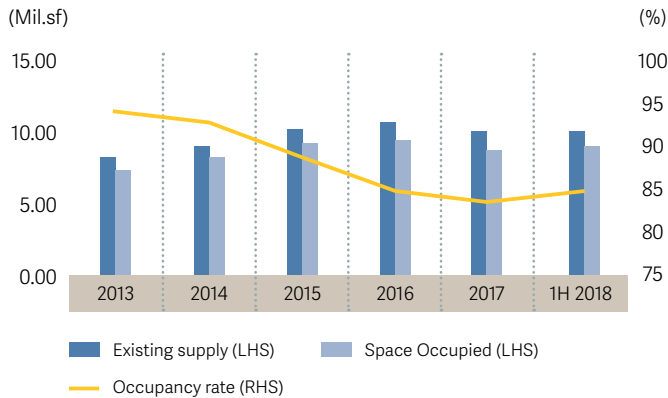
For the past 5 years, the performance of Perak's retail malls have gradually declined in occupancy rate with 2017 coming out at 84% from the highest point of 93% back in 2014. Going into 2018, the first half of the year performed similarly at 84.5% with only 1 completion recorded in Ipoh. Across the state, Ipoh holds the highest count at 34 out of the total 75 retail complexes in Perak, sizing at 10.29 million sf.

For shopping malls within Ipoh, prime rental rates generally went between RM4.60 to RM32.00 psfpm. Such malls are AEON Big Falim, Ipoh Parade Shopping Centre and AEON Station 18.

Set to make its presence in Perak's retail sector, Silverlakes Brand Village Outlet will be having their official launch in the first quarter of 2019 and is currently past 50% in its construction phase. Identifying itself to be a premium outlet, it is part of the rise in popularity of outlet malls sprouting in Malaysia whereby manufacturers sell their products directly to the public without the middle-man being involved.

Existing Supply & Occupancy Rate of Retail Spaces in Perak (2013-1H 2018)

(Source: JPPH)



It was reported that KIP REIT is in the process of buying the 4-storey Aeon Mall Kinta City in Ipoh for RM208 million cash consideration. As at 2018, the mall is 21 years old since its opening.

PURPOSE BUILT OFFICE (PBO)

As at 1H 2018, the supply of Perak's PBO property market stood at 6.68 million sf which is equivalent to 221 office buildings. Of this, 30.3% are located in Ipoh. The market performance in occupancy rate has admirably retained at a high 95% on average for the past 5 years with 1H 2018 only at a slight 94.4% lower. No completions were recorded within 1H 2018 but 4 new office buildings currently under construction are coming, translating to a size of 187,895 sf. Rental rates are more or less stable with some rise and drops; Bangunan Seri Kinta showed an average increase of 16% in rent while Perak Techno-Trade Centre showed an

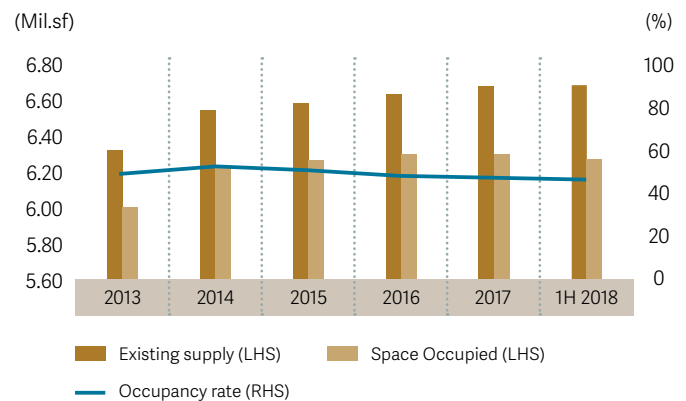
average drop of 4.5% in rent. As at 1H 2018, rent of office space in Ipoh City hover between RM1.20 and RM3.00. Kompleks Islam Darul Ridzuan offered the higher range of above RM2.00.

In December of 2017, Anzo Holdings Berhad announced the construction of a 14-storey office building in Jalan Hospital Bandar, Ipoh. Though no name has been officially released of the new office building, construction is targeted for completion by June 2019.

In update to the launch of the MH Pinnacle project back in 2016, it was revealed through contact that the project has been abandoned and the land has indeed been sold off to a third party with no construction being done at any point. Part of the project included the construction of an office tower. This project was a joint venture between MB Inc and local developer Man Hoe Holdings.

Existing Supply & Occupancy Rate of Purpose Built Office in Perak (2013-1H 2018)

(Source: JPPH)



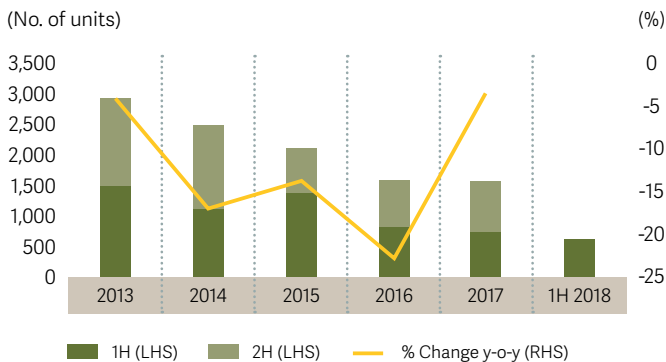
Aerial view of Ipoh Town



SHOP OFFICE

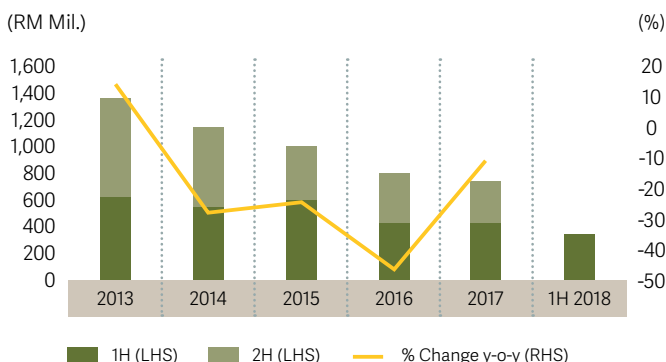
Number of Shop Office Property Transactions in Perak (2013-1H 2018)

(Source: JPPH)



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

(Source: JPPH)



As at 1H 2018, Perak's existing supply count stood at 60,334 shop office units with large 42.3% of it located in Kinta alone. By type, 2-2.5 storey shop offices dominate the market at 54.5% of total supply. In the future, Perak will be expecting 4,417 units that are already under construction and putting it into perspective, 289 completed units worth RM122.71 million remain unsold by 1H 2018.

Transaction activities fell further by 13.1% in transaction volume and 15.6% in transaction value with 1H 2018 reporting transacted units 698 worth RM317.01 million. Looking back 5 years, no recovery has yet to be seen with continuous drops being recorded year by year.

Meru Properties have begun sales of their soon-to-be launched commercial development project named Meru Aria in Bandar Meru Raya, Ipoh. Offering 30 units of 2 and

3-storey shop offices sized from 2,900 sf, prices start from RM788,800 for 2-storey units and RM988,800 for 3-storey units. Strategically located in the heart of Bandar Meru Raya, it is surrounded by existing commercial spots such as the Casuarina Hotel & Convention Centre and Mydin Hypermarket.

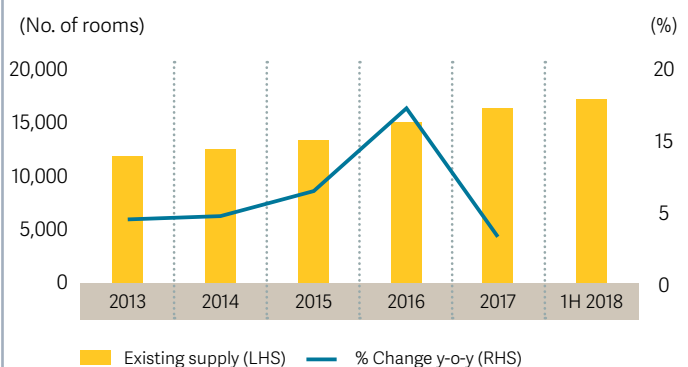
HOTEL

As the largest state in size for the Northern region, Perak contributes the highest portion of hotel establishments amongst the Northern states at 44% or 317 hotel establishments. Of this, only 11 are rated 4-stars and above. Within the review period of between 1H 2017 and 1H 2018, no new entrants are seen for hotels rated 3-stars and above. 5-star hotels in Perak offer room rates of between RM460 up to RM1,274 per room per night with The Banjaran Hotsprings Retreat commanding the highest rates. 4-star hotels went at a lower RM168 up to RM400 per room per night with Impiana Hotel Ipoh commanding the highest starting rates.

In the month of April 2018, 1969 Business Suites opened its doors to the public as a business boutique hotel in Ipoh. Being a non-conventional hotel, the development was repurposed from two corner shop lot units and was converted from 2-storey to 3-storeys filled with hotel rooms and amenities. There are currently 42 rooms offered but plans are in order for an additional 19 more. The design is based on the concept nostalgia and modern chic with colour themes being gold, black and earthy tones.

Existing Supply of Hotels in Perak (2013-1H 2018)

(Source: JPPH)



On the local attractions, concerns were expressed on the sustainability of the Movie Animation Park Studio (MAPS) theme park that was recently opened to the public back in 2017 but the Chief Minister of Perak, Datuk Seri Ahmad Faizal Azumu has stated the theme park to be running well and is currently self-sustaining, as reported by the New Straits Times in December 2018. It was announced last year that the licensing agreement between MAPS and DreamWorks Animation L.L.C had been terminated – the decision was made to ease further development and reduce ticket fees.

INDUSTRIAL

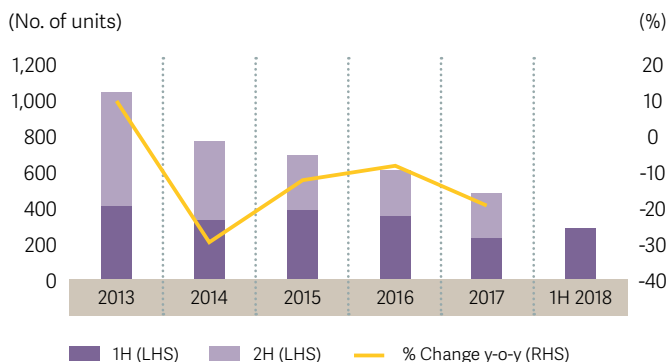
After the fall between 1H 2017 and 1H 2016, things seem to start picking back up again in transaction volume with 1H 2018 recording an increase of 29.3% and value too jumping by 44.6% at RM360.1 million. Of this total count, 50% are transactions involving vacant plots. Though looking on a yearly basis, movement continues on a downward trend from 2013 whom had the highest transaction count at 1,082 units.

Existing supply saw a small increase of 2.7% with 1H 2018 registering 8,325 industrial units of which 40% are semi-detached. A large portion of this supply lies in Kinta, amounting to 6,226 units.

Set to be located within Pengkalan Light Industries Park, a multi-million Ringgit footwear manufacturing centre named Ipoh Shoe City project is scheduled for completion by 2026. First announced back in 2009, this project is aimed to become another tourism destination spot in

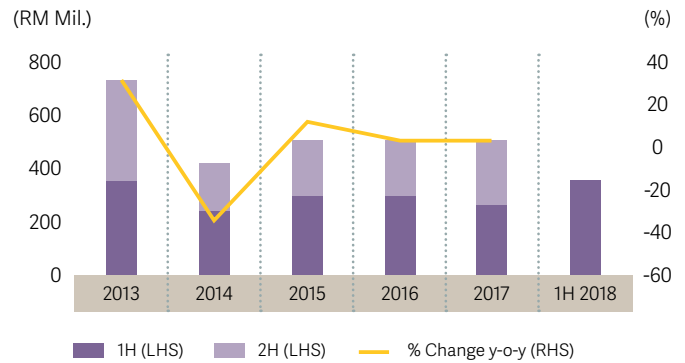
Number of Industrial Property Transactions in Perak (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Perak (2013-1H 2018)

(Source: JPPH)



Perak where tourists are able to admire and appreciate shoes that made by Perak's very own local shoemakers in one common, planned site. A joint venture between Perak Footwear Industry Association (PFIA) and DSG Shuez City Sdn Bhd, the project will consist of 128 factory units, 18 shophouses, one hotel and a convention hall.

NOTABLE ANNOUNCEMENTS

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The state government aspires to transform Ipoh into a Sport City, ensuring the sports facilities and infrastructure constructed in conjunction with the 19th Malaysia Game (Sukma) are being utilized.

The Bukit Merah Laketown Resort has closed its waterpark for 2 months to allow the refurbishments of existing and addition of new attractions. Work was scheduled to commence until end-November.

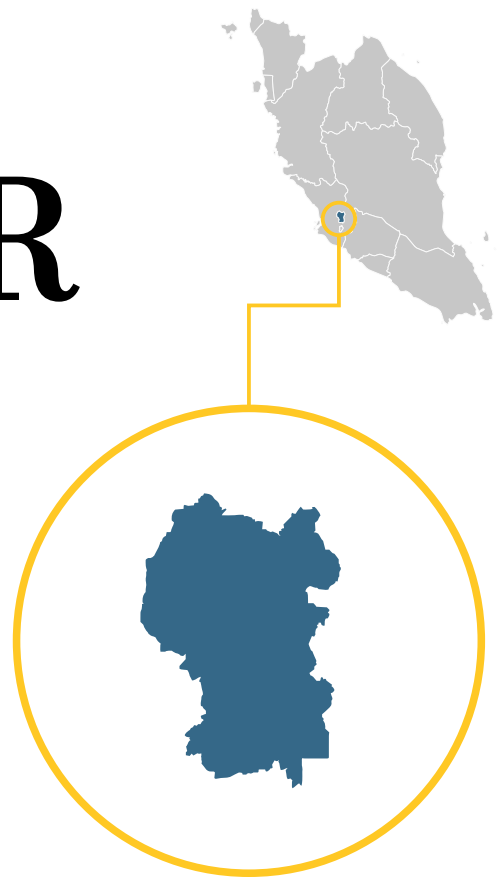
Perak Corp Bhd has revealed the cancellation of DreamWorks Animation theme park as part of Ipoh's Movie Animation Park Studios (MAPS).

CENTRAL REGION

Kuala Lumpur | Selangor | Negeri Sembilan



KUALA LUMPUR



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	476,628 units	↑ 4.0% y-o-y
Transaction Volume	4,942 units	↓ 4.8% y-o-y
Transaction Value	RM4,360.16 mil	↓ 13.5% y-o-y

RETAIL

Supply	32.87 mil. sf	↓ 0.1% y-o-y
Occupancy Rate	83.6%	↓ 1.8% y-o-y
Rental	Prime: RM25.00psf – RM95.00psf	

PURPOSE BUILT OFFICE

Supply	95.69 mil. sf	↑ 1.7% y-o-y
Occupancy Rate	79.4%	↓ 2.0% y-o-y
Rental	Prime area: RM6.50 – RM13.00psf	

HOTEL

Supply	39,818 rooms	↑ 2.9% y-o-y
Average Room Rate	5-star: RM350 – RM1,000 per night	
	4-star: RM200 – RM360 per night	

RESIDENTIAL

The residential property market in 1H 2018 remained lacklustre albeit at a slower rate in terms of volume of transaction, as witnessed by a marginal decline of 4.8% from 5,192 transactions in 1H 2017 to 4,942 transactions in 1H 2018.

There was a 13.4% drop in value of transaction, from RM5.04 billion in 1H 2017 to RM4.36 billion in 1H 2018. This was a stark contrast from the 12% increase in value of transaction between 1H 2016 and 1H 2017.

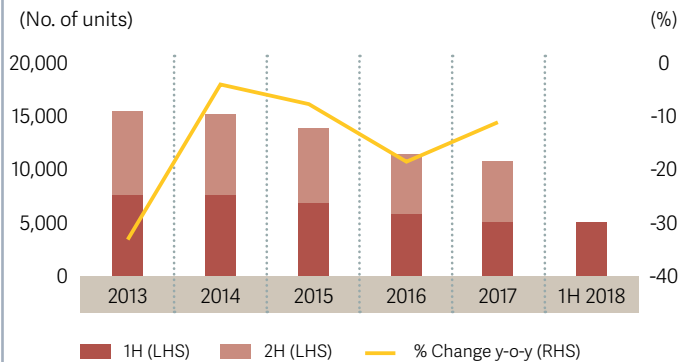
The residential market of Kuala Lumpur is still dominated by condominium units at 44.2% (2,182 units) of the total transactions recorded in 1H 2018. Note also that 47.5% (226,575 units) of the total 476,628 existing residential units in Kuala Lumpur are condominiums as at 1H 2018.

House prices in general continued to trend downwards and was especially true in selected higher-tier housing schemes of international stature e.g. KLCC (-1.6% to -4.8% p.a.), Bangsar (-1.0% to -2.9% p.a.) etc. This scenario was also reflected in the general decline in NAPIC's All House Price Index for Kuala Lumpur (-1.0% between 2Q 2017 and 2Q 2018).

The interrelated issues of overhang units and housing affordability continued to dominate the headlines of property-related news articles of late; in this case houses

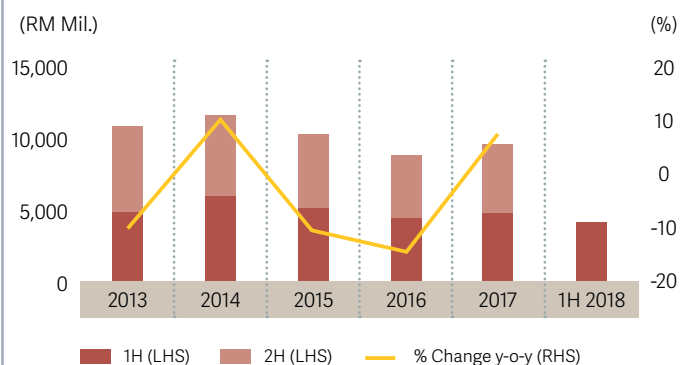
Number of Residential Property Transactions in Kuala Lumpur (2013-1H 2018)

(Source: JPPH)



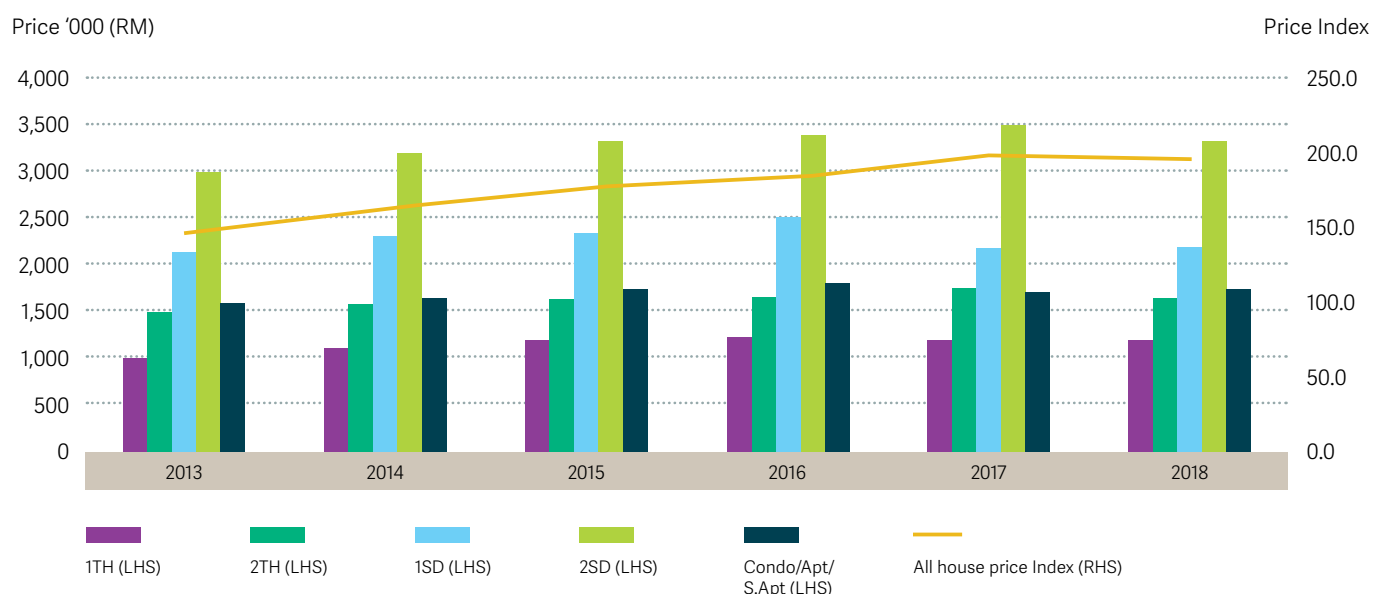
Value of Residential Property Transactions in Kuala Lumpur (2013-1H 2018)

(Source: JPPH)



Kuala Lumpur Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)





Suburban housing area, Kuala Lumpur

are becoming unaffordable as the growth of disposable household income has not been in tandem with the rise in home prices. At the time of writing, there are 4,791 units of overhang units valued at RM3.91 billion within Kuala Lumpur.

The root cause of this overhang scenario lies not only in the cyclical nature of the property market due to the politico-economy structure in most countries (Malaysia included) i.e. alternating between tightening and loosening of monetary and fiscal policies in search of artificial equilibrium of demand and supply in the market, but also the nature of the products and the timing of when these products are offered. In short, there is a mismatch in terms of product (and pricing) offered and more so these products are offered at the wrong time.

In the context of the former (product and pricing mismatch), the fact that 70% of the overhang units as at 1H 2018 are above RM500,000 bodes well with the general findings of research houses such as REHDA Institute: that a given household of KL could only afford houses priced below RM500,000. The mismatch in product is further reflected by the fact that at least 47% of these overhang units are serviced apartments.

In terms of timing, the protracted time to market (due to pre-construction procedures and construction period) of developments will cause further temporal risks in the supply-demand disequilibrium. In other words, what was planned and subsequently built for a rising demand for houses today will only be made available to the market at least four years from now. This structural lag, coupled with the aggregation of incoming supply by developers rushing to “cash in” on this rise in demand will snowball into an oversupply scenario. This situation is made worse by any tightening policies introduced by the authorities during the course of this construction boom, which will then lead to the overhang situation that we are currently in.

In relation to the process highlighted above, recall that various stimulus measures in the form of loosened monetary and fiscal policies were introduced in Malaysia during the Global Financial Crisis (GFC) of 2008 to increase the aggregate demand of the market. A few of these notable measures were the introduction of DIBS, tax exemptions to encourage the purchase of properties and the exemptions of RPGT. The temporal rise in artificial demand as a result of these measures have led to a boom in the property market and subsequently more and more developers rush in to capitalize on this situation.

Fast forward to 2014, various tightening policies were then introduced to cool the property market, such as the cancellation of DIBS, the rise in RPGT and further restrictions in loan approvals. Note that these restrictions were imposed when developments are still underway to fulfil the artificial demand created by the stimulus measures introduced in 2009/10, hence contributing to the overhang scenario.

The property cycle highlighted above is not something new, as it has already happened in the past. The general perception that history will repeat itself i.e. authorities will step in to bail out or stimulate the economy as and when necessary is a cause for concern as it encourages reckless risk taking and moral hazard amongst market participants. As we speak, the government has introduced various stimulus measures in Budget 2019 to increase home ownership rates especially amongst the B40 households and first-time home buyers, more so to alleviate the worrying overhang scenario at hand. A few of these initiatives include P2P financing as an alternative to conventional banks as well as government-backed loans to be extended to the purchasing group mentioned.

Selected Upcoming High Rise Residential Properties in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Residensi Sefina	Mont Kiara	Condominium	245	From RM1.1 mil	2019
The Park Residence @ Pavilion Bukit Jalil	Bukit Jalil	Serviced Apartment	1,000	From RM897,000	2019
The Herz (Block B)	Kepong	Condominium	329	From RM448,000	2020
Legend Heights	Kepong	Serviced Apartment	558	From RM473,500	2020
Dawn @ The Era Duta North (Phase 1)	Segambut	Serviced Apartment	693	From RM375,900	2020
The Riyang	Kuchai Lama	Condominium	212	From RM830,000	2020
Three33 Residences	Kepong	Serviced Apartment	333	From RM441,700	2020
The Luxe by Infinitum	Jalan Dewan Sultan Sulaiman	Serviced Residences	300	From RM980,000	2020
The Estate	Bangsar	Condominium	328	From RM1.8 mil	2020
M Vertica (Tower A)	Cheras	Serviced Apartment	808	From RM450,800	2021
The Park 2 @ Pavilion Bukit Jalil	Bukit Jalil	Serviced Apartment	709	From RM630,000	2021
Savio@Riana Dutamas	Segambut	Serviced Apartment	1,018	From RM376,000	2021
Isola KLCC	Jalan Yap Kwan Seng	Serviced Residences	140	From RM1.2 mil	2021
Ascott Star KLCC	Jalan Yap Kwan Seng	Serviced Residences	471	From RM1.6 mil	2021
eNESTA	Kepong	Serviced Apartment	258	From RM450,000	2021
Sentral Suites	KL Sentral	Serviced Apartment	976	From RM750,000	2021
Trinity Lemanja	Kepong	Condominium	583	From RM453,000	2021
The Holmes 2 (Block B)	Bandar Tun Razak	Condominium	493	From RM370,000	2021
The Hamstead	Desa Tun Razak	Condominium	479	From RM387,000	2021
Hamilton	Wangsa Maju	Condominium	435	From RM498,000	2021
Sky Five @ Maju KL	Sungai Besi	Apartment	618	From RM590,000	2021
M101 SkyWheel	Jalan Raja Muda Abdul Aziz	Serviced Residences	94	From RM1.09 mil	2022
M Centura	Sentul	Condominium	1,413	From RM328,000	2022
Continew	Jalan Tun Razak	Serviced Apartment	510	From RM501,000	2022
Residensi Solaris Parq	Mont' Kiara	Serviced Apartment	288	From RM873,800	2022
3rdNvenue	Jalan Ampang	Serviced Apartment	1,110	From RM299,000	2022
Razak City Residence	Sungai Besi	Serviced Apartment	5,748	From RM389,000	2022
Residensi Bintang Bukit Jalil	Bukit Jalil	Condominium	1,342	From RM553,000	2023
Astrea	Mont' Kiara	Condominium	240	From RM1.1 mil	2023
Sunway Velocity Two	Cheras	Condominium	436	From RM527,000	2023
Sinaran Wangsa Maju	Setapak	Serviced Apartment	206	From RM486,000	2023

RETAIL

The supply of retail space in KL remained relatively stagnant; a slight increase of less than 1% from 32.7 million sf in 2017 to 32.9 million sf in 1H 2018. Overall, the supply of retail spaces in KL have grown by a CAGR of approximately 3.8% between 2012 (26.1 million sf) and 2018.

There was a slight decrement in the overall occupancy rate, from 85.3% in 2017 to the current 83.6%. Note that this is against an incoming retail supply of 2.2 million sf at the time of writing.

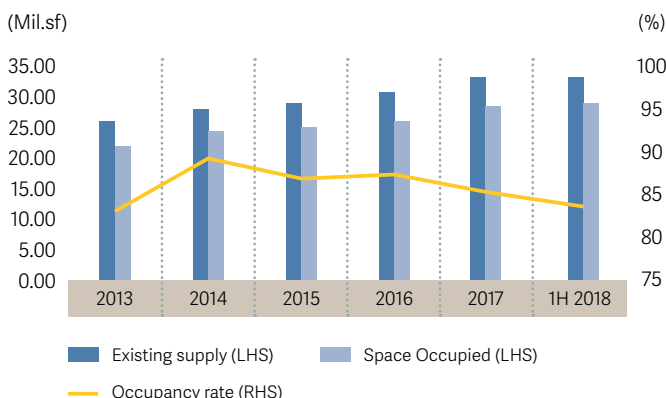
Around five new retail malls with a total NLA of 1.6 million sf started their operations in Kuala Lumpur during the review period, namely Shoppes @ Four Seasons, KL EcoCity's Retail Podium and Kiara 163 Lifestyle Mall. These retail malls were well-received with high occupancy rates.

The Shoppes @ Four Seasons, the retail podium of the Four Seasons mix development adjacent to the KLCC Twin Towers along Jalan Ampang opened its doors to the public in July 2018. This 5-storey retail podium is anchored by Robinson's Departmental Store and is supported by an array of eateries on the lowest retail floor.

The 300,000-sf Kiara 163 Lifestyle Mall opened in November 2018, ahead of its scheduled completion date in 2019. The majority of its tenants are chained F&B outlets and family-oriented diners such as Madam Kwan's, Chili's and Busaba Thai to complement the existing retail outlets along Jalan Kiara 1. The anchor tenants include Jaya Grocer and Daiso.

Existing Supply & Occupancy Rate of Retail Spaces in Kuala Lumpur (2013-1H 2018)

(Source: JPPH)



Retail malls will continue to be dominated by tenants that offer venues for the exchange of experiences and interactions

Another notable retail development which will be opened to the public soon is The Linc by PPB Group, which is located along Jalan Tun Razak. In contrast to the norms of higher-plot ratio builds within its vicinity such as The Intermark and Menara HSC, this nature-inspired development is only 4-storey tall and is poised to host an array of experiential-oriented retail offerings such as boutique F&B outlets, event spaces and fitness studios. Based on our observation, this development could be positioned as an interim use at the moment and to be redeveloped into higher use as and when the market is ready for more high-rise building. This development strategy is similar to that of TREC located along the same Jalan Tun Razak.

In addition to the newly-opened retail malls mentioned above, the upcoming 1.2-million-sf TRX Lifestyle Quarter Mall remains as one of the key highlights in KL's retail scene. Slated for completion by early 2020, this 1.2-million sf development is a 60:40 JV between Lendlease of Australia and TRX City Sdn. Bhd. (a wholly-owned subsidiary of the Ministry of Finance Malaysia) and will form part of the Tun Razak Exchange (TRX), KL's very own international financial district upon its completion. At the time of writing, Lendlease have managed to secure three anchor tenants who will be occupying 26% of the 1.2-million-sf retail space. These are Seibu departmental store of Japan, Golden Screen Cinemas (GSC) and Dairy Farm of Hong Kong.

In the foreseeable future, retail operators will need to further evolve, reposition and differentiate themselves not only to survive in the midst of an influx of newly-completed and upcoming retail spaces in Kuala Lumpur but also to embrace and co-exist with the rise of the IoT (Internet of Things) and e-commerce. As discussed, retail malls will continue to be dominated by tenants that offer venues for the exchange of experiences and interactions i.e. services that could not be purchased online such as dining experience, grooming and wellness.

Selected Upcoming Retail Malls in Kuala Lumpur

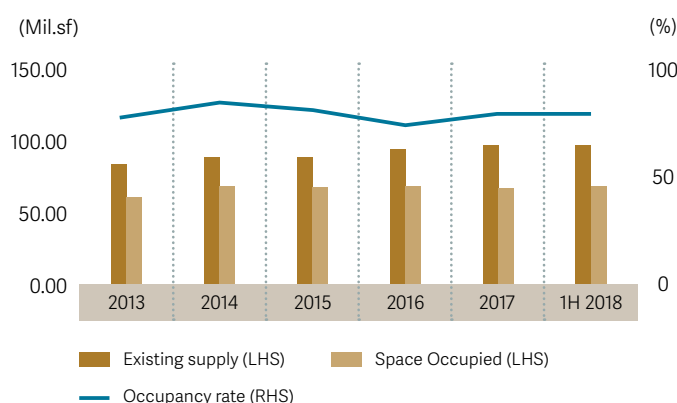
(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Expected Completion
Star Boulevard @ Star Residence	Jalan Yap Kwan Seng	130,000	2019
The Linc	Jalan Tun Razak	130,000	2019
Datum Jelatek Mall	Keramat	491,484	2019
Retail @ The Quartz	Wangsa Maju	N/A	2019
TRX Lifestyle Quarter Mall	Jalan Tun Razak	1.2 mil	2020
Retail Podium @ KL118	Jalan Hang Jebat	900,000	2021
Retail Mall @ Eko Titivangsa	Titivangsa	600,000	2021
Pavilion Damansara Heights	Damansara Heights	1.0 mil.	2020
Pavilion Bukit Jalil	Bukit Jalil, Kuala Lumpur	1.8 mil.	2020
8 Conlay	Kuala Lumpur City Centre	200,000	2020
Tradewinds Square	Jalan Sultan Ismail	150,000	2020
Fiesta Walk @ The Era Duta North	Segambut	277,000	2020
MET 1 (Lifestyle Mall)	KL Metropolis	81,000	2020
Bukit Bintang Plaza Redevelopment	Jalan Bukit Bintang	300,000	2021
Oxley Tower	Kuala Lumpur City Centre	257,801	2021
SkyMall@M101 SkyWheel	Jalan Raja Muda Abd Aziz	200,000	2021
Lalaport Mall @ BBCC	Bukit Bintang	1.4 mil	2021

PURPOSE BUILT OFFICE (PBO)

Existing Supply & Occupancy Rate of Purpose Built Office in Kuala Lumpur (2013-1H 2018)

(Source: JPPH)



As at 1H 2018, there is a total of 95.69 million sf of office space within Kuala Lumpur, of which 77% (73.91 million sf) are located within KL City Centre.

Of the total existing office space in KL, 79.4% or 75.98mil sf are being occupied. This was a marginal drop from 80% occupancy rate achieved in 2017. The overall occupancy rate of office space in KL City Centre is 81.1%, higher than that of its peers outside KL City Centre of 73.6%.

An estimated incoming supply of some 15.5million sf of office space will be introduced to the market between 2018 and 2020, of which more than 80% will be situated in KL City Centre upon completion. Continued downward pressure on rental rates is to be expected of older and obsolete buildings that have yet to upgrade or comply with the technological demands of future tenants i.e. security, MSC-accreditation, etc.

Rental rates of Grade A buildings within Kuala Lumpur could be found within the range of RM6.50 psf to RM8.50 psf pm, with office buildings within the prestigious KLCC precinct commanding rental rates of as high as RM13.00 psf pm. Rental rates of accredited office spaces in Transit-oriented Developments (TODs) in decentralized areas such as KL Sentral and within the Bangsar South-Mid Valley vicinity were fetching rental rates as high as RM7.50 to RM8.50 psf pm. As mentioned, these office spaces have achieved higher rental rates than their older peers within KL City Centre due to the value-added features offered by the former in the form of integrated developments, technological-accredited features in quality built-environment and proximities to transportation systems.

Notable completions of Purpose-built Offices (PBOs) within the Mid Valley – Bangsar vicinity include the 380,000-sf Etiqa Tower in Bangsar, the 858,000-sf Southpoint Tower @ Mid Valley as well as the 1.75-million sf of office space in KL Eco City. A few of the notable tenants of KL Eco City's

offices include Tech Titan, Yinson Holdings and Gibraltar BSN. At least two operators of co-working space have begun their operations in KL Eco City, namely Common Ground and The Colony.

As discussed, further decentralization of tenants away from the congested KL City Centre to newer and better-accredited buildings in well-connected suburban TODs is to be expected, not only due to better economies in the form of time and cost saved but also in line with the eventual structural shifts in the nature of jobs e.g. highly-mobile and tech-savvy workforce in a virtually-connected yet distributed world against the traditional centralized and cubicle-based office headquarters as countries and economies become more and more tech-dependent.

In this case, the trend mentioned is supportive of the rise in co-working spaces by companies such as Common Ground and Co-Labs, which are expected to underwrite part of the risks of an impending oversupply in office

Selected Upcoming Purpose Built Offices in Kuala Lumpur

(Source: Rahim & Co Research)

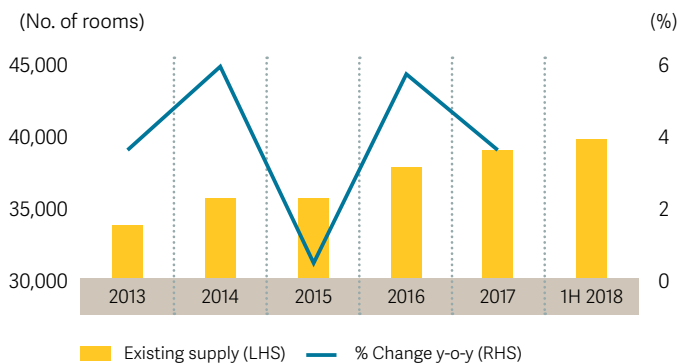
Development	Net Lettable Area (sf)	Expected Completion
Equatorial Plaza	480,000	2019
The Exchange 106 @ TRX	2,650,000	2019
Menara Hap Seng 3	240,000	2019
Dayabumi Phase 3	500,000	2019
HSBC Malaysia @ TRX	568,000	2019
Affin Bank HQ @ TRX	823,439 (GFA)	2020
Menara Prudential @ TRX	560,000 (GFA)	2020
Pavilion Embassy	N/A	2020
CitiTower	1.7 mil	2020
Warisan Merdeka @ PNB118	1.7 mil	2020
Tradewinds Square	2.5 mil	2020
Lot 91 KLCC	1.2 mil	2020
Oxley Tower	225,000	2021
The MET Corporate Towers	600,000	2021
UOB Tower 2	N/A	2021
The Stride @ BBCC	400,000	2021
Aspire Tower KL Ecocity	650,000	2022
Bangsar 61	N/A	2023

spaces in KL. The sub-leasing of these spaces to smaller and more agile firms or start-ups will better complement the market's over-reliance on conventional tenants from Oil & Gas and financial services.

HOTEL

Existing Supply of Hotels in Kuala Lumpur (2013-1H 2018)

(Source: JPPH)



There are currently 39,818 hotel rooms in Kuala Lumpur as at 1H 2018, an increase of some 2.9% or 1,123 hotel rooms from the existing supply of 1H 2017. Note that included in this figure are all categories of hotel rooms, regardless of star ratings.

Room rates of 5-star hotels in KL ranged between RM350 (Hotel Pullman) to RM1,000 (Four Seasons) per night, whereas the rates for 4-star hotels could be found within the range of RM200 (Sunway Putra) to RM360 (Dorsett KL) per night.

At least 1,123 new units of 4- and 5-star hotel rooms were added into the existing supply during the review period, of which around 56% of these are rooms in 5-star hotels. A few of the notable newly-opened hotels include Four Seasons Hotel and W Hotel & Residences along Jalan Ampang, Ibis Hotel along Jalan Yap Kwan Seng and The RuMa in Jalan Kia Peng. Note also that the majority of these new hotel rooms are located within the tourist-centric Bukit Bintang – KLCC vicinity.

Other notable upcoming hotels include the expected opening of the world's first Monopoly-themed hotel by M101 Holdings in collaboration with Hasbro in 2019 as well as the first Kempinski Hotel of Malaysia to be built



Hotel, Kuala Lumpur

There are currently 39,818 hotel rooms in Kuala Lumpur as at 1H 2018, an increase of some 2.9% or 1,123 hotel rooms from the existing supply of 1H 2017.

within the 8 Conlay development by KSL Group by 2020. These developments will form part of the new 5,915 hotel rooms to be added into KL's current supply.

Further efforts to revive the tourism industry by the government i.e. the wooing of tourist dollars to Malaysia will ensure the sustainability of KL's hotels, in spite of the oft-mentioned threats of substitutes to traditional hoteliers in the form of shared lodging services such as Air BnB and SubHome. In this case, the rise of the latter is partly attributable to and is a consequence of the impending problem of residential overhang in the key cities of Malaysia such as Kuala Lumpur. In short, the survivability of both business models will hinge upon the spending powers of their respective target markets (e.g. high-end vs. budget stays) and their ability to maintain its profitability should there be protracted price wars between or within the agencies of their respective business segments.

Selected Upcoming Hotels in Kuala Lumpur

(Source: Rahim & Co Research)

Development	Location	Star Rating	No. of Rooms	Completion
Monopoly Mansion by Sirocco, M101	Bukit Bintang	5	225	2019
Kiara 163	Mont Kiara	5	584	2019
EQ Hotel	Jalan Sultan Ismail	5	440	2019
Fairmont KL	Jalan Ampang	5	750	2020
Mercure Kuala Lumpur Trion	Jalan Sungai Besi	4	260	2020
So Sofitel Hotel	KLCC area	5	207	2020
Kempinski Hotel	Jalan Conlay	5	260	2020
Park Hyatt @ KL118	Jalan Hang Jebat	5	232	2021
Crowne Plaza Kuala Lumpur City Centre	Jalan Yap Kwan Seng	5	338	2021
Jumeirah Hotel	Jalan Ampang	5	190	2021
Canopy by Hilton	Bukit Bintang	5	456	2021
Courtyard by Marriot	Jalan Klang Lama	N/A	276	2022

NOTABLE ANNOUNCEMENTS

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Four Seasons KL opens its doors in July 2018 and offers 209 guest rooms. Its 300,000-sf retail podium Shoppe@ Four Seasons Four Seasons is anchored by Robinsons departmental store.

Sungai Wang Plaza undergoes a major facelift at an expected RM54.5mil. The refurbishment is expected to complete in 2019.

The development of Media City on the existing Angkasapuri Complex by the Malaysian Government is on track to be completed by 2020. Phase 1 & 2 are renovation works with new facilities in Phase 3.

The historical Ampang Park Mall shuts its doors officially on 31 December 2017 to make way for the construction of Ampang MRT station and an underground walkway linking Ampang LRT & MRT

Colony, an operator of co-working space opens its third branch in KL Sentral, Brickfields.

KLCCP Stapled Group to develop their first TOD in Jalan Binjai; featuring a mix of retail, office and hotel components and involves the construction of a bridge linking Bukit Bintang and Suria KLCC.

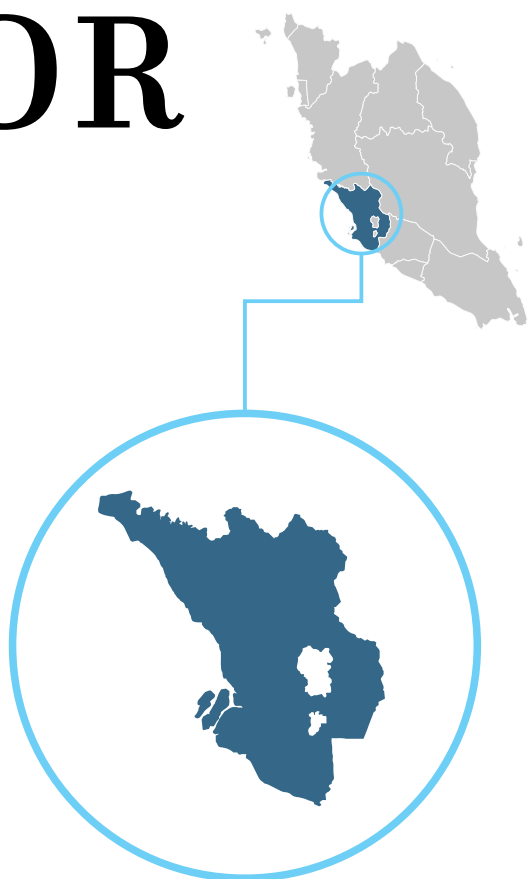
PHB, UEM Group and Japan's MCS to build Rei Seraya Residence, a 400-room luxury senior living project located next to Gleneagles Hospital Jalan Ampang.

Khazanah Nasional bought over the Prince Court Medical Centre from Petroleum National Bhd as it plans to build up Malaysia's healthcare sector.

Malaysia and Singapore have agreed to suspend the RM110 billion KL-Singapore HSR project until 2020.

SELANGOR

Darul Ehsan



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	1,522,635 units	↑ 2.9% y-o-y
Transaction Volume	22,725 units	↓ 0.4% y-o-y
Transaction Value	RM10,475.88 mil.	↓ 1.5% y-o-y

RETAIL

Supply	37.59 mil. sf	↑ 1.8% y-o-y
Occupancy Rate	84.1%	↓ 1.3% y-o-y
Rental	Prime: RM13.00 – RM30.00psf	

PURPOSE BUILT OFFICE

Supply	39.30 mil. sf	↑ 5.9% y-o-y
Occupancy Rate	75.4%	↑ 0.7% y-o-y
Rental	Prime area: RM3.00 – RM6.50psf	

HOTEL

Supply	21,651 rooms	↑ 7.2% y-o-y
Average Room Rate	5-star: RM250 – RM480 per night	
	4-star: RM180 – RM325 per night	

INDUSTRIAL

Supply	40,134 units	↑ 2.5% y-o-y
Transaction Volume	840 units	↑ 16.2% y-o-y
Transaction Value	RM4,447.04	↑ 70.1% y-o-y

RESIDENTIAL

There were 1,522,635 residential units in Selangor as at 1H 2018, a 2.9% growth from the existing supply in 1H 2017. Of the total existing supply, around 54% were landed residential units whereas 46% were high-rise units, including townhouses. There were 72,808 units of serviced apartments and SOHOs which puts the total residential supply at 1,595,443 units.

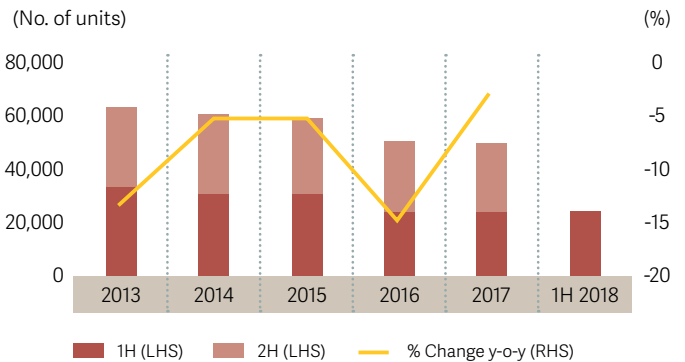
There were 22,725 residential transactions valued at RM10.48 billion as at 1H 2018, relatively unchanged from that in 1H 2017.

Amongst the selected residential schemes surveyed in Petaling Jaya, a typical 2-storey terrace house in Bandar Utama and Damansara Utama were transacted for RM1.1 million to RM1.3 million respectively, a drop of around 10% from 2017's prices. However, there was a 1.4% increase in Selangor's overall house price between 2Q2017 and 2Q2018, as per NAPIC's findings.

Of the total incoming supply of 169,912 residential units, 67% were high-rise units (113,978 units) of which 41,258 units and 17,020 units are serviced apartments and SOHOs respectively. The majority of Selangor's incoming residential supply are located within the District of Petaling (26%, 44,881 units). Note also that almost 50% of the incoming supply in Petaling are serviced apartments.

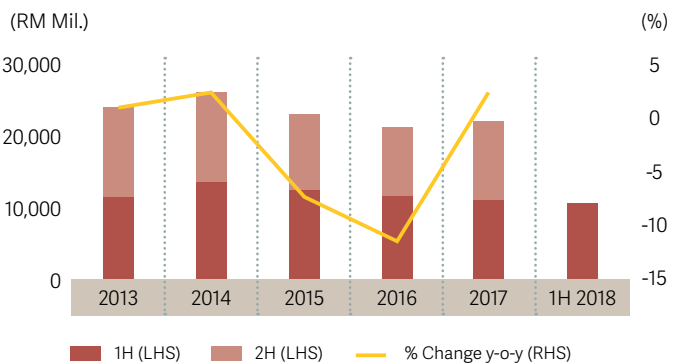
Number of Residential Property Transactions in Selangor (2013-1H 2018)

(Source: JPPH)



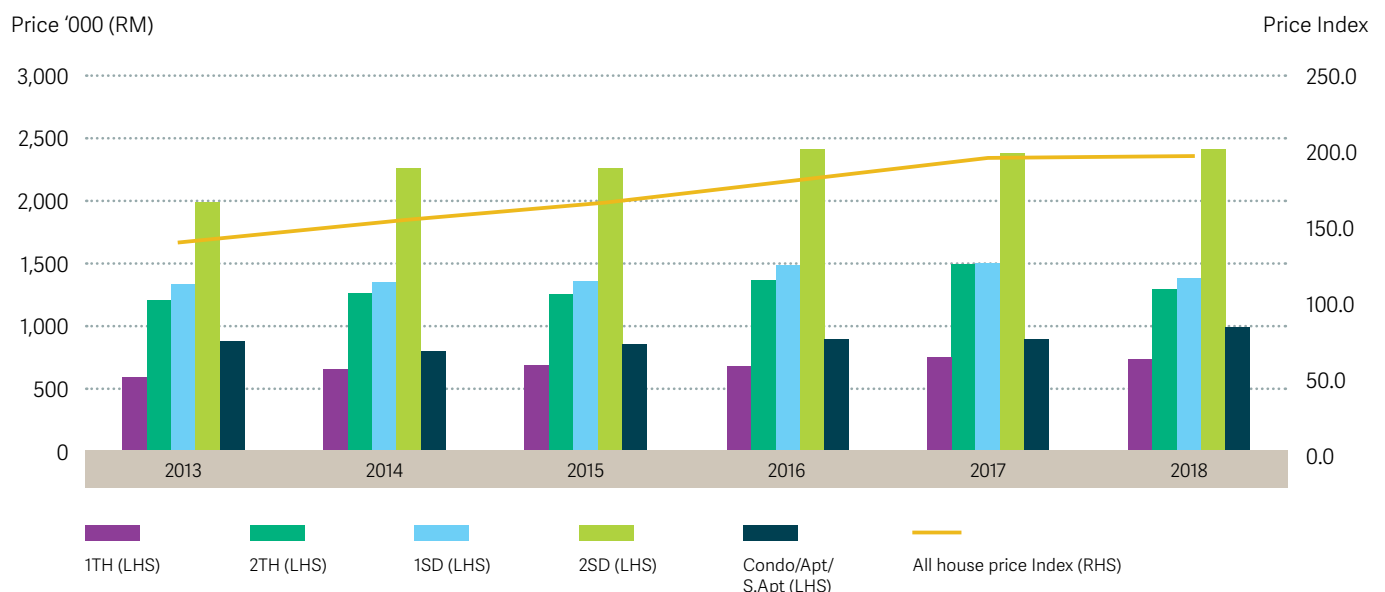
Value of Residential Property Transactions in Selangor (2013-1H 2018)

(Source: JPPH)



Petaling Jaya Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)





As competition amongst the developers heats up, more innovative marketing strategies are to be expected to complement the existing slew of monetary incentives that are available in the market. One of the most recent product differentiation strategy employed can be found in Gamuda Land's landed properties in its upcoming 257-acre TwentyFive7 township development in Kota Kemuning. To begin with, their 3-storey superlink Flexi House allows for the conversion of the ground floor into a work space or even a separate dwelling for an extended family i.e. a dual key unit on a vertical setting for multigenerational living or convertible workspace. Other innovative products offered within the landed units of this township include triple volume living hall and soho-style loft living to promote better natural lighting and spaciousness that are absent in the design features of conventional intermediate terraced houses in the market.

Salak Tinggi is another development "hot spot" in Selangor, characterized by key catalysts such as the 150-acre Xiamen University and the 400,000-sf Horizon Village Outlets (HVO). The latter forms part of the TOD of Salak Tinggi ERL Station, and is surrounded by the upcoming townships of Sime Darby's Serenia City, Sunsuria City and Paramount's Greenwoods Salak Perdana.

Areas to the north of Klang Valley e.g. Rawang and Kundang are also undergoing a facelift, as seen by the presence of more branded developers such as BRDB, Tan&Tan and Mah Sing to revitalize this area. A few of the on-going (and older) townships in Rawang include the 2670-acre Bandar Tasek Puteri and Guocoland's 1000-acre Emerald Rawang.

As competition amongst the developers heats up, more innovative marketing strategies are to be expected to complement the existing slew of monetary incentives that are available in the market.

Selected Upcoming High Rise Residential Properties in Petaling Jaya/Damansara

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
PJ Midtown	Section 13, PJ	Serviced Apartment	758	From RM460,000	2019
Ryan & Miho	Section 13, PJ	Condominium	1,084	From RM470,000	2020
Dianthus @ Tropicana Gardens	Kota Damansara	Serviced Residence	271	From RM822,000	2020
Cantara Residences (Tower C)	Ara Damansara	Serviced Apartment	188	From RM599,888	2020
Ara Tre Residence	Ara Damansara	Serviced Apartment	727	From RM460,000	2020
Atwater	Section 13, PJ	Serviced Apartment	493	From RM590,400	2021
Sunway Serene	Kelana Jaya	Serviced Residence	900	From RM807,000	2021
Megah Rise	Petaling Jaya	Condominium	228	From RM685,000	2022

Selected Upcoming High Rise Properties in the Suburbs

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	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	2020
Putra Platinum	Kajang	Condominium	166	From RM531,818	2020
Lot 15	Subang Jaya	Serviced Apartment	204	From RM593,888	2021
Greenfield Residence	Bandar Sunway	Condominium	816	From RM399,000	2021
The View Residences	Shah Alam	Condominium	315	From RM730,800	2021
Amber Residence	Kota Kemuning	Serviced Apartment	596	From RM417,800	2022
Puchong Horizon	Puchong	Serviced Apartment	902	From RM450,000	2022
Zenopy Residences	Seri Kembangan	Serviced Apartment	398	From RM413,000	2022

Selected Upcoming Landed Residential Properties in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Casira 1	Bukit Raja, Klang	2-sty Terraced	82	From RM681,888	2019
Cheria Residence @ Tropicana Aman	Shah Alam	2-sty Semi-Detached	272	From RM1.3 mil.	2019
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	2019
Rimba Villa	Setia Alam	2-sty Linked Semi-Detached	430	From RM1.45 mil.	2020
Serene Heights – Dahlia	Bangi	2-sty Terraced	170	From RM585,800	2020
Broadleaf Residence	Kota Kemuning, Shah Alam	3-sty Terraced & 3-sty Bungalow	265	From RM1.9 mil. (semi-d) From RM2.79 mil. (bungalow)	2020
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-D) From RM2.4 mil. (2-sty bungalow)	2020
Monet Residence	Sunsuria City, Sepang	Townhouse	360	From RM600,100	2020

Selected Upcoming Landed Residential Properties in Selangor (cont'd)

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Ayden	Warisan Puteri, Sepang	Townhouse	344	From RM450,000	2020
Ebonylane@Eco Forest	Semenyih	2-sty Terraced	685	From RM600,000	2020
Bellevue @ Cybersouth	Dengkil	Townhouse	264	From RM430,000	2020
Adina	Setia Alam	2-sty Terraced	117	From RM530,000	2021
Serenia Amani	Serenia City, Sepang	2-sty Terraced	126	From RM540,000	2021
Gamuda Cove	Banting	2-sty Terraced	490	From RM677,000	2021
Greenwoods Keranji 2	Salak Perdana, Sepang	2-sty Terraced	204	From RM565,000	2022

RETAIL

The performance of retail malls in Selangor remained positive with an average occupancy rate of 84.1%, a marginal drop from 85.4% registered in 2017. There are currently 147 retail complexes with a total NLA of 37.59 million sf as at 1H 2018, a 17.6% growth from 31.96 million sf in 2013.

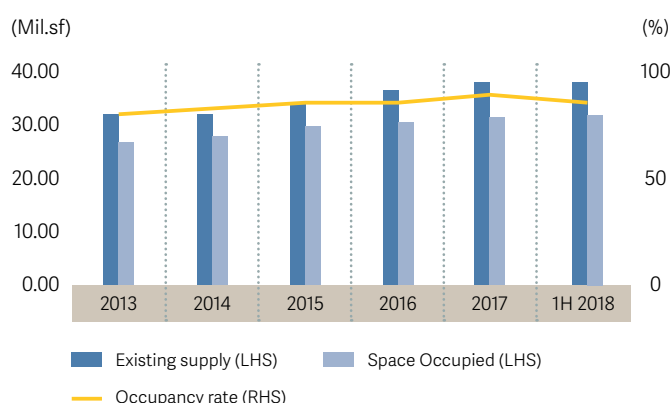
At the time of writing, some 4.56 million sf of retail space is in the pipeline, representing 12% of the existing retail space in Selangor.

Around 700,000 sf of newly-opened retail space were added into the market in 2018. The majority of these new outlets are complementary or neighbourhood-centric in nature i.e. retail podium of mix high-rise developments. For example, built above the recently-opened 80,000-sf retail podium of Biji Living in Section 17 PJ are 425 units of serviced apartments.

Likewise, the 250,000-sf Evo Mall in Bangi forms the retail podium of some 704 units of SoHo suites built above. A few of the notable tenants of this latest mall in Bandar Baru Bangi include Parkson, MaxValu, The Manhattan Fish Market, Mr. DIY and Daiso Japan. On the other hand, tenants have yet to occupy the 160,000-sf retail podium of D'Sara Sentral Sungai Buloh as the owners have only received their notice to Vacant Possession in 4Q2018.

Existing Supply & Occupancy Rate of Retail Spaces in Selangor (2013-1H 2018)

(Source: JPPH)



Two large malls are expected to be fully-operational by 2019, namely the 940,000-sf Central @ i-City and the 1,000,000-sf retail mall of Tropicana Gardens. In this case, Central @ i-City will be operated by the renown Central Pattana Group (CPN) of Thailand who have managed to secure Sogo Department Store, Village Grocer and TGV Cinemas as the anchor tenants for the said retail mall. These tenants will occupy 200,000sf, 40,000sf and 60,000sf of the mall's total NLA respectively.

Another key upcoming retail developments will be The Quayside Mall by Gamuda Land in Kota Kemuning, as it exemplifies the current trend and lifestyle demands of the

homebuyers e.g. The Waterfront retail mall of Desa Park City, Eco Ardence Labs (right next to a lake) and Setia City Mall and Convention Centre (with lakeside water feature). This 300,000-sf neighbourhood mall forms part of the 257-acre Twentyfive7 township development and is expected to serve the occupants within this township and the surrounding population of Kota Kemuning.



Shopping Complex, Mutiara Damansara

Selected Upcoming Retail Malls in Selangor

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Expected Completion
Tropicana Gardens	Kota Damansara	1.0 mil.	2019
Central @i-City	Section 7, Shah Alam	940,000	2019
Pacific Star Mall @ Pacific Star	Section 13, PJ	350,000	2019
PJ Midtown	Section 13, PJ	N/A	2019
Roppongi Cyberjaya	Cyberjaya	150,695	2019
Paragon Mall	Selayang Hill	1.8 mil.	2020
Damansara Avenue	Bandar Sri Damansara	N/A	2020
The Gallery@Paragon, Pangaea	Cyberjaya	300,000	2020
Pier8 @Gravit8	Klang	150,000	2020
KSL City Mall 2	Bandar Bestari, Klang	GFA : 2.0 mil.	2020
Selayang Star City Mall	Selayang	550,000	2020
Horizon Village Outlet	Sepang	400,000	2020
The Quayside @TwentyFive 7	Kota Kemuning	300,000	2020

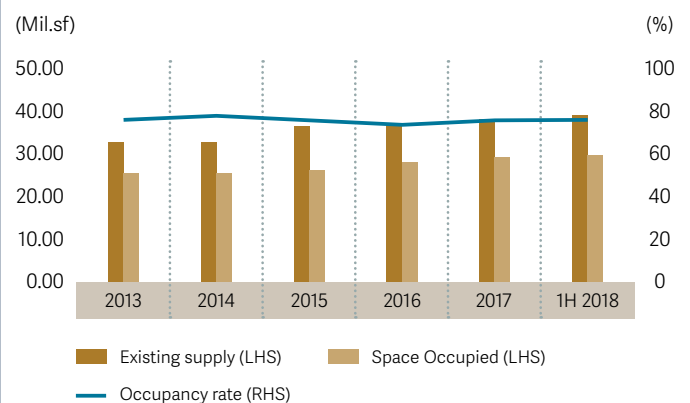
PURPOSE BUILT OFFICE (PBO)

The existing office supply of Selangor had accumulated to 39.30 million sf in 226 purpose-built offices (PBOs) as at 1H 2018, an increase of some 2.3 million sf from the amount registered in 1H 2017.

The overall occupancy rates of PBOs in Selangor remained at 75.4% as at 1H 2018, the lowest amongst the states of Malaysia. This scenario was partly attributable to the lower occupancy rates of PBOs in Puchong (57.4%) and Sepang (62.0%). The majority of the PBOs are located in Petaling Jaya (16.53 million sf, 42% of total) with an overall occupancy rate of 76.2%.

Existing Supply & Occupancy Rate of Purpose Built Office in Selangor (2013-1H 2018)

(Source: JPPH)





At least 1.5 million sf of Grade A office space will be added into the existing office space supply within the Petaling Jaya – Damansara vicinity in the coming years

There were four transactions of PBOs during the review period, two of which were the MCIS Tower in Petaling Jaya and the Affin Bank Office Tower in Shah Alam. The former was a 204,000-sf tower which was transacted at RM110,000,000 (RM539 psf) between MCIS Insurance Berhad and Koperasi MCIS Berhad whereas the 82,000-sf Affin Bank office was sold for RM43,500,000 (RM532psf) to Serba Dinamik Group.

There were two notable completions of new Grade A PBOs within Petaling Jaya (PJ) during the review period, namely the 260,000-sf Nucleus Tower in Mutiara Damansara and the 540,000-sf Celcom Axiata Tower in Seksyen 52 PJ. The expected range of rental rates for these office space will be between RM6.00 psf pm to RM7.00 psf pm due to their MSC and GBI accreditation.

At least 1.5 million sf of Grade A office space will be added into the existing office space supply within the Petaling Jaya – Damansara vicinity in the coming years, which will put further pressure on the overall occupancy rates and terms of lease offered i.e. incentives, fit-out allowances etc. amongst these newer buildings. This is in spite of the trend of decentralization of tenants from the congested Kuala Lumpur City Centre to the better equipped offices of well-connected TODs in Bangsar and Petaling Jaya at

competitive rates. In other words, further initiatives to “cash in” on the current trend of decentralization by the developers could be nullified by the risk of an oversupply in Grade A offices in these areas if left unchecked.

The majority of the upcoming accredited Grade A office space mentioned above are either TODs or forms part of a well-connected integrated development(s). For example, the 480,000-sf Uptown 8 office tower will be built adjacent to Starling Mall and Uptown Residences, whereas the 600,000-sf 1 Powerhouse is a TOD within the Bandar Utama Commercial Precinct characterized by key landmarks such as One Utama and Sri Pentas. Also, the 250,000-sf KYM Office Tower forms part of The Curve's masterplan in Mutiara Damansara.

In addition to capitalizing on the growing needs for more economical and accredited office spaces in well-connected decentralized areas, developers are also engaging operators of co-working spaces as a risk management strategy i.e. leasing to these “anchor tenants” who will then sublet to individuals and organizations who do not necessarily subscribe to the traditional lease terms. For example, 30,000 sf of the upcoming 250,000-sf office towers of AtWater PJ will be leased to Co-Labs, an operator of co-working spaces upon completion.

Selected Upcoming Purpose Built Offices in Selangor

(Source: Rahim & Co Research)

Development	Net Lettable Area (sf)	Expected Completion
Symphony Square @ Seksyen 13 PJ	200,000	2019
1 Powerhouse Bandar Utama	600,000	2019
KYM Tower Mutiara Damansara	250,000	2019
Uptown 8 @ Damansara Uptown	480,000	2020
At Water Office Towers @ Seksyen 13 PJ	250,000	2021

HOTEL

In Selangor, there were 21,651 units of hotel rooms in 167 buildings as at 1H 2018, a growth of 5.7% or an addition of 1,454 units from 1H 2017. A total of 6 hotels are in the works, bringing in an additional 1,607 rooms to the market.

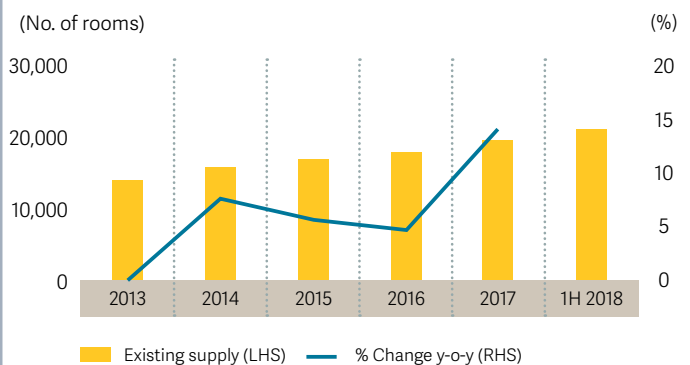
Room rates of selected 5-star hotels in Selangor were within the range of RM250 (Hotel Bangi Putrajaya) to RM480 (Sama Sama Hotel) per night whilst selected 4-star hotels were charging RM180 (Crystal Crown PJ) to RM324 (Movenpick KLIA) per night.

Movenpick Switzerland made its debut in Malaysia via its Movenpick Hotel & Convention Centre KLIA. This 4-star hotel is only 10 minutes away from KLIA, 7 minutes from the Sepang International Circuit and only 5 minutes away from Mitsui Premium Outlet Park. Notable facilities linked to his 333-room hotel are convention halls that could host up to 2,500 delegates and complimentary shuttle transfers to the airport.

Other notable upcoming hotels in Selangor include the 4-star Double Tree by Hilton at i-City Shah Alam, which upon its completion will be the second international hotel chain within the 72-acre development after Best Western. According to the developer, the occupancy rate for this 300-room hotel is expected to be good as there is an average of 90,000 weekly visitors to i-City, and the average occupancy rate for its existing Best Western hotel was 80%.

Existing Supply of Hotels in Selangor (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Hotels in Selangor

(Source: Rahim & Co Research)

Development	Location	Star Rating	No. of Rooms	Completion
DoubleTree by Hilton i-City Hotel	Seksyen 7, Shah Alam	4	300	2019
Mercure Hotel	Utropolis, Glenmarie	4	230	2019
Container Hotel @ Roppongi Cyberjaya	Cyberjaya	5	300	2020
Hotel @ KSL Mall 2	Bandar Bestari, Klang	4	400	2021

INDUSTRIAL

Selangor hosts the most number of industrial properties amongst the state of Malaysia, at 40,134 units as at 1H 2018. However, the overall supply growth rate of the supply has only been 2.5% p.a. (CAGR) or an average annual increase of 922 units from 35,522 units in 2013.

The majority of the current supply are located within the district of Petaling (35.6%, 14,286 units), followed by Klang (20.2%, 8,108 units) and Hulu Langat (18.0%, 7,236 units). In terms of product-type, 70.7% of the existing 40,134 industrial units were terraced factories.

Of the 1,087 units of incoming supply of industrial properties, 443 units (40.7%) are semi-detached factories and 433 units (39.8%) are terraced factories. Overall, the majority of these incoming supply will be located in Klang (43.3%).

The industrial property market of Selangor has been relatively buoyant in spite of the oft-quoted doldrums and uncertainties in Malaysia's property market. For the period of 1H 2018, the number and value of industrial property transactions registered a 16.2% and 70.1% increase respectively from 1H 2017. In this case there were 840 industrial property transactions valued at RM4.45 billion in

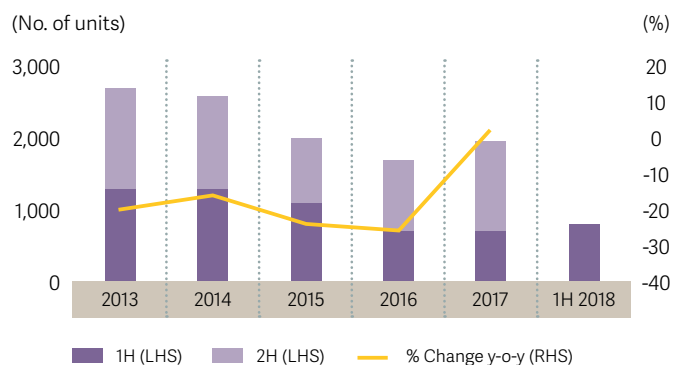
Selangor as at 1H 2018. Note also that the value transacted during this period was the highest amongst the half-yearly transactions since 2012.

There is an impending trend in the construction of large-scale warehouses and built-to-order factories in Selangor of late, as witnessed by the setting-up of developments such as the Digital Free Trade Zone (DFTZ) in KLIA Aeropolis, in collaboration with key global e-commerce players. Other notable completions of mega warehouses in Selangor of late include the 1 million-sf DHL Integrated Logistics Centre in Seksyen 23 Shah Alam and the completion of a 2.5 million-sf distribution warehouse in Sekyen 22 Shah Alam.

In this context, another key upcoming industrial development will be The COMPASS @ Kota Seri Langat, Selangor's first serviced industrial and logistics hub with resort style features. This RM 4 billion fully-integrated industrial project will offer built-to-suit warehouses and manufacturing facilities with sizes within the range of 200,000sf to 1 million sf as well as the smaller detached factories of 12,000 to 75,000 sf for the SMEs. Similar to the "Grade A" industrial parks such as i-Park @ Senai Airport City in Johor by AME Development, The COMPASS offers clubhouse and sports facilities, landscaped environment and purpose-built workers' accommodation.

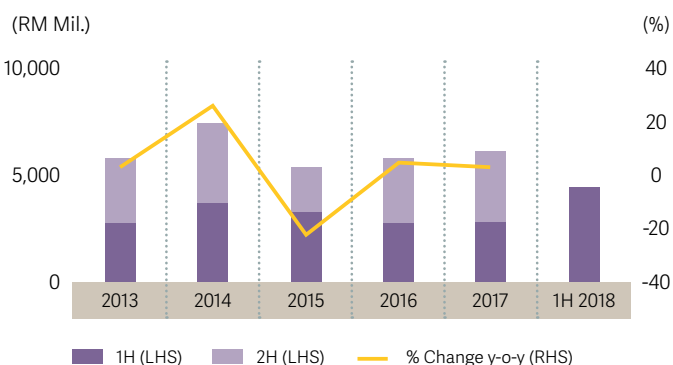
Number of Industrial Property Transactions in Selangor (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Selangor (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Industrial Projects in Selangor

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Eco Business Park V	Puncak Alam	Cluster & Semi-Detached Factories	100	From RM1.88 mil. (cluster) From RM3.33 (semi-D)	2019
SMD Kundang Industrial Park (Phase 1)	Rawang	Semi-Detached Factories	14	From RM3.29 mil.	2019
Sunway Subang	Kampung Melayu Subang	2.5-Storey Terraced Factories	42	From RM2.50 mil.	2020
Compass @ Kota Seri Langat	Banting	Detached Factories	N/A	N/A	2021

*Shah Alam, Selangor*

NOTABLE ANNOUNCEMENTS

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Mitsui Outlet Park opened 20 more stores in early 2018, now with a total of 170 stores with a combined GFA of 608,483 sf.

The former Tropicana City Mall has been rebranded to 3 Damansara Mall.

1 Utama shopping centre has opened the first phase of 1 Utama E, the newest expansion to the mall, adding another NLA of 165,000 sf to the mall's existing 5,000,000 sf.

Regus, a co-working space operator recently opened a business centre in Menara Summit, Subang Jaya.

Co-Labs, also a co-working operator started its operations in Starling Mall in July 2018.

MRCB Land Sdn Bhd will be developing a mixed development project in Kwasa Damansara township with a GDV of RM7.46bil. This 64.3-acre development will be identified as the town centre of Kwasa Damansara.

Plans were underway to expand the KLIA Main Terminal but not the building of a new KLIA3. The expansion will increase its capacity from 30 million passengers per annum 50 million or more. The expected construction period is 5 years.

The Southville City Interchange by Mah Sing Group Bhd that connects the township to the North-South Expressway opened to the public in 1H 2018.

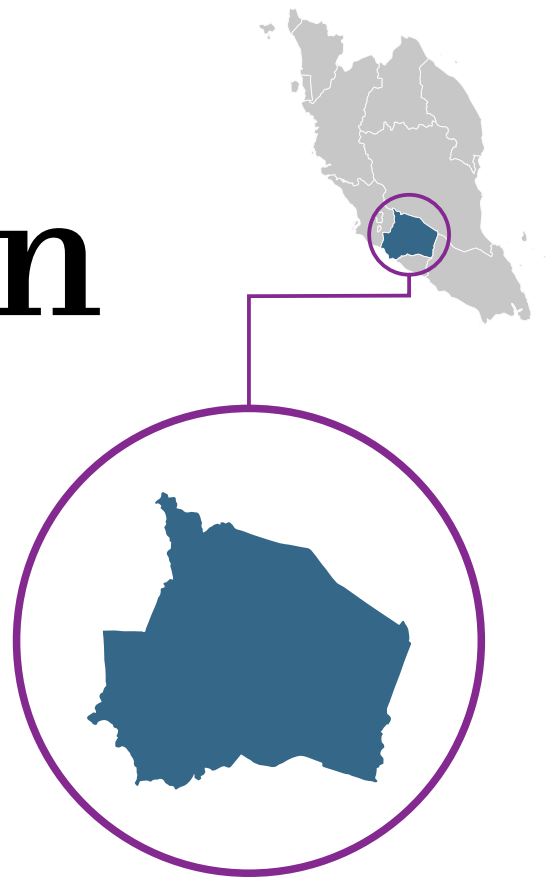
Westports Holdings Bhd will be undertaking a technical study for the proposed doubling of its container-handling capacity. The setting-up of these 10 new container terminals will take a year to complete.

The LRT3 project which links Bandar Utama to Klang will go ahead with a 47% cost reduction to RM16.63 billion. There will be a deferment on the construction of five stations, namely the Lien Hoe, Temasya, Sirim, Bukit Raja and Bandar Botanic stations.

Four Independent Power Producers (IPP) projects were cancelled with a potential of saving RM1.26 billion for the government, one of which was the 700MW Gas Power Plant in Kapar, Selangor.

Negeri Sembilan

Darul Khusus



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	266,469 units	↑ 3.3% y-o-y
Transaction Volume	5,864 units	↓ 7.7% y-o-y
Transaction Value	RM1,665.58 mil.	↓ 12.4% y-o-y

RETAIL

Supply	5.85 mil. sf	↑ 17.4% y-o-y
Occupancy Rate	72.8%	↓ 0.5% y-o-y
Rental	Prime: RM9.00psf – RM39.00psf	

SHOP OFFICE

Supply	23,765 units	↑ 20.9% y-o-y
Transaction Volume	316 units	↓ 7.1% y-o-y
Transaction Value	RM171.56 mil.	↓ 13.7% y-o-y

PURPOSE BUILT OFFICE

Supply	3.30 mil. sf	↓ 0.1% y-o-y
Occupancy Rate	92.6%	↑ 1.5% y-o-y
Rental	Prime area: RM1.80psf – RM4.30psf	

HOTEL

Supply	9,357 rooms	↑ 7.2% y-o-y
Average Room Rate	5-star: RM330 – RM650 per night	
	4-star: RM190 – RM500 per night	

INDUSTRIAL

Supply	5,503 units	↑ 1.3% y-o-y
Transaction Volume	142 units	↓ 10.1% y-o-y
Transaction Value	RM375.43 mil.	↑ 43.6% y-o-y

RESIDENTIAL

There were 277,895 residential units in Negeri Sembilan (including serviced apartments and SOHO units) as at 1H 2018, an increase of 4.6% or some 12,173 units from 1H 2017. The majority of the increase was contributed by 2-storey terrace houses of 4,263 units followed by serviced apartments of 3,574 units. All of the newly-completed serviced apartments were located in Port Dickson.

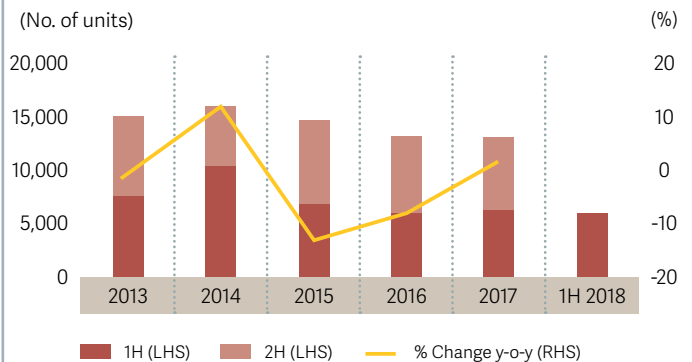
The current existing supply is predominantly made up of terrace houses, single storey types at 34.3% and 2 to 3-storey types at 20.1%. The composition of serviced apartments in Negeri Sembilan's total residential supply have increased from 2.9% in 1H 2017 to 4.1% in 1H 2018.

Residential transactions remained soft for the first half of 2018 in spite of a rebound year-on-year between 2016 and 2017. The volume of transactions declined by 8% to 5,864 transactions valued at RM1.67 billion in 1H 2018. Comparatively, the value of transaction in 1H 2017 was RM1.90 billion.

Average transaction price of selected residential schemes for a single storey intermediate terraced house in Taman Nusari Bayu was around RM240,000 and Seremban 3 at RM300,000. For 2-storey terraced house, the average transaction price for Taman Bukit Galena was at RM435,000. In terms of rental rates, single-storey terraced

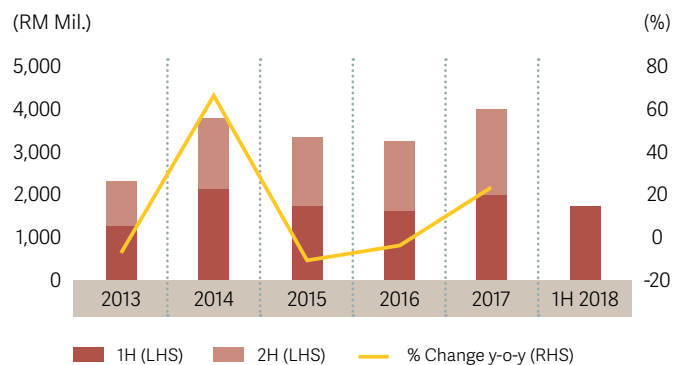
Number of Residential Property Transactions in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



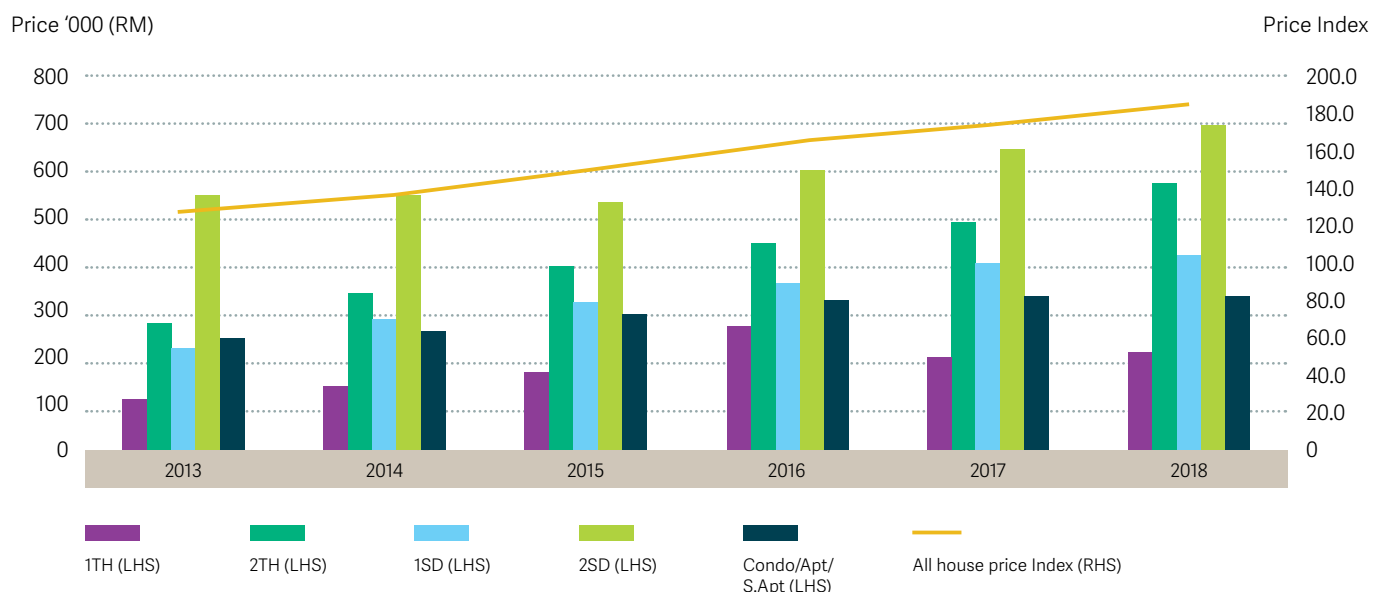
Value of Residential Property Transactions in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



Seremban Residential Property Price Trend & House Price Index (2013- 2018)

(Source: Rahim & Co Research, IHRM)



Residential transactions remained soft for the first half of 2018 in spite of a rebound year-on-year between 2016 and 2017.

houses in Taman Seremban Jaya were rented out between RM700-750 per month and Taman Rasah Jaya of around RM750 per month. 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.

Ireka Corporation Berhad; known for developing key projects in Mont Kiara Kuala Lumpur such as i-ZEN, 1Mont Kiara Shopping Mall and Seni Mont Kiara, has formed a JV with Japan's Hanku Hanshin Properties to develop the Rimbun Kasia development in Nilai with a GDV of RM400 million. The selling price at launch for the 382-unit Dwi @ Rimbun Kasia was RM298,000 onwards, with



another 465 residential units to be launched soon. Upon its completion, the 30.56-acre Rimbun Kasia will form a new residential and commercial enclave in Nilai.

The 770-acre Iringan Bayu Township by OSK was launched in early 2018. This township is built upon the "Bandar Selamat" or Crime Prevention through Environmental Design concept such as safety green buffer walkway and designated bicycle tracks to create a traffic free environment. Another key feature of this development includes the 22-acre Verdant Central Park for community recreational living. The selling price of its first phase terraced houses starts from RM390,000.

Selected Upcoming Residential Properties in Negeri Sembilan

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Cempaka Seri Townhouse	Kota Seriemas, Nilai	Townhouse	168	From RM222,888	2019
Rimbun Vista 2	Seremban 2	2-Sty Superlink	187	From RM578,000	2019
Rimbun Harmoni		2-Sty Terraced	228	From RM528,000	2019
Lunaria	Bandar Sri Sendayan	2-Sty Superlink	129	From RM648,888	2019
Ara Sendayan (Phase 1A)		2-Sty Link	269	From RM618,888	2019
Ara Sendayan (Phase 1B)		2-Sty Terraced	195	From RM558,888	2019
Sena Parc	Senawang	2-Sty & Semi Detached	533	From RM500,000	2020
Pastura 2 @ Iringan Bayu	Seremban	2-Sty Terraced	221	From RM390,000	2020
Youth City	Nilai	Serviced Apartment	570	From RM200,000	2021
Riumbun Ara	Seremban 2	2-Sty Terraced	105	From RM 586,800	2021
Dwi@Rimbun Kasia by Ireka	Nilai	Apartments	382	From RM297,480	2021
Taman Mawar Ehsan	Rembau	2-Sty Terraced	238	From RM360,000	2022

RETAIL

The total supply of retail space in Negeri Sembilan stood at 5.85 million sf in 90 shopping complexes as at 1H 2018, a CAGR of 6.9% p.a. from 4.19 million sf in 2013. Consequently, the overall occupancy rate of the state's shopping complexes has been on a decline, from 83% in 2013 to the current 73% in 1H 2018.

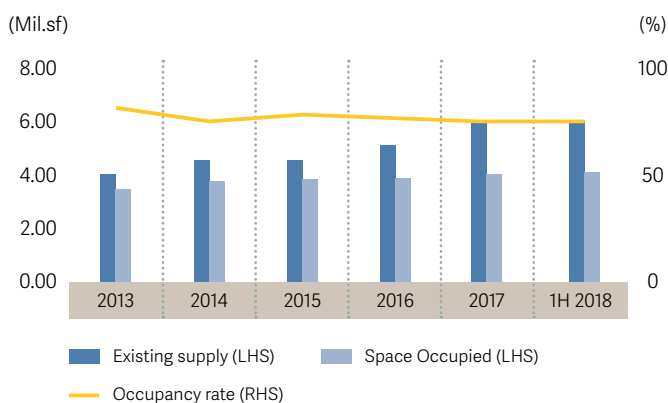
The majority of the existing supply were located in Seremban, representing 60.9% (3.56 million sf in 33 buildings) of the state's total supply as at 1H 2018.

In the context of upcoming retail space supply, at least three more shopping malls are to be expected from the 5,233-acre Bandar Sri Sendayan Township. These include the on-going Kip Sentral development, the upcoming 4H (Hypermarket, Hardware, Household, Home Improvement) Centre and a shopping mall in Sendayan Icon City. The 116-acre Sendayan Icon City is located at the heart of Bandar Sri Sendayan and will be modelled after the successful Bandar Utama and Mid Valley City.

As we speak, the 107,595-sf Central Mall in Bandar Bahau was added into the current supply during the review period, with another two complexes with a total NLA of 513,836 sf in the pipeline. As such, further downward pressure on occupancy rates are to be expected in the near future.

Existing Supply & Occupancy Rate of Retail Spaces in Negeri Sembilan (2013-1H 2018)

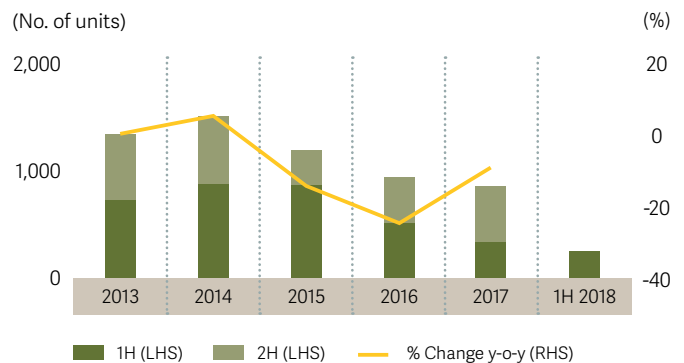
(Source: JPPH)



SHOP OFFICE

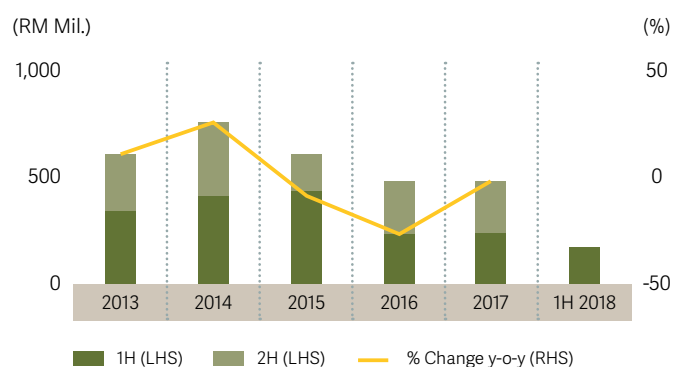
Number of Shop Office Property Transactions in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



The volume and value of shop office transactions in Negeri Sembilan continued to trend downwards in spite of the slower decrease in shop office market activity between 2016 and 2017. Volume of transactions decreased by 7.1% to 316 against a 13.7% decrease in value of transactions to RM171.6 million for the period of 1H 2018 vs. 1H 2017.

As at 1H 2018, the supply of shop offices in Negeri Sembilan has accumulated to 24,976 units, an increase of 27.0% (5,317 units) from 19,659 units in 1H 2017. The majority (63.4%) of the state's shop office supply are located in Seremban.

An additional 2,289 units of shop offices are in the pipeline, which will create further pressure on the rental and selling price as there were around 403 overhang units valued at RM205.61 million at the time of writing.

2-2½ storey shop offices remained as the most popular type in Negeri Sembilan, as shown by the fact that 55.9% of the existing supply are of the 2-2½ storey type and 72.2% of the total 2,289 incoming supply are 2-2½ storey shop offices. Note also that the 3,125 units (58.8%) out of the 5,317 newly-completed units were of the said shop-office type.

In the context of rental and transaction price, 2-storey shops in Nilai Square, Seremban were transacted for RM490,000 whilst 3-storey shops in Bandar Dataran Segar were transacted for RM685,000. Rental rates of ground floor units in Biz Avenue Seremban 2 and Sendayan Metropark were around RM3,500 and RM2,400 per month, respectively.

PURPOSE BUILT OFFICE (PBO)

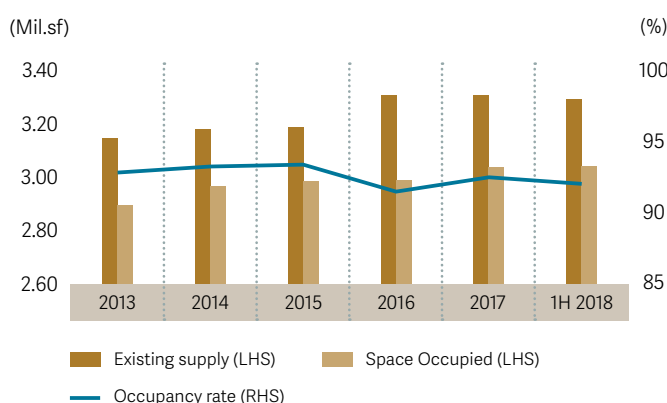
As at 1H 2018, there were 104 purpose-built offices (PBOs) in Negeri Sembilan with a total space of 3.30 million sf, the second lowest PBO supply in Malaysia after the State of Perlis. Incidentally, its overall occupancy rate was amongst the highest in the country at 92.6%.

The majority of the existing PBO space were located in Bandar Seremban and Seremban 2. Bandar Seremban alone housed 58.2% of the total existing supply.

Overall, the average occupancy rate for the state's purpose-built office registered an increase from 91.1% in 1H 2017 to 92.6% in 1H 2018. Monthly rental rates of the state's selected PBOs remained stable at a range of RM1.50 to RM4.00 psf pm.

Existing Supply & Occupancy Rate of Purpose Built Office in Negeri Sembilan (2013-1H 2018)

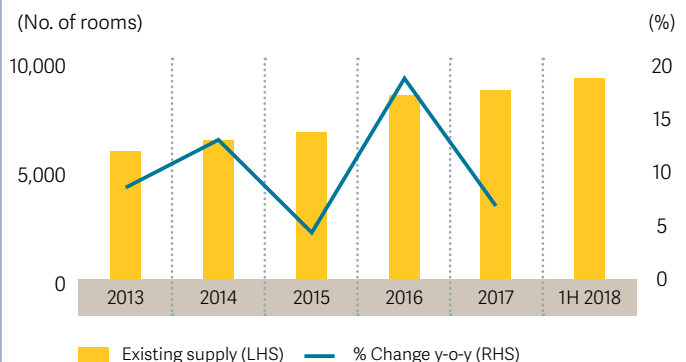
(Source: JPPH)



HOTEL

Existing Supply of Hotels in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



As at 1H 2018, there were 9,357 units of hotel rooms in 141 hotels in Negeri Sembilan, an increase of 615 rooms from 2017. Of the 141 hotels in Negeri Sembilan, 104 were within the city/town areas and another 26 are along the beach areas of Port Dickson.

The number of hotel rooms in Negeri Sembilan grew at a CAGR of 9.6% (around 690 rooms per year) between 2013 to 2018, the highest in Malaysia in terms of relative growth rate.

Hotel transactions recorded during the review period were the 90-room Hotel Cozzi in Teluk Kemang Port Dickson for RM1.18million and a 30-room hotel in Pasir Panjang for RM2 million. There were two newly-completed hotels in Bandar Bahau, namely Hotel Sentral (32 rooms) and River View hotel (51 rooms). Port Dickson saw an addition of 76 rooms by the newly-opened Hotel Palm Spring.

Room rates of 5-star hotels in Port Dickson ranged between RM330 (Thistle Port Dickson) to RM650 (Lexis Hibiscus Port Dickson) per night whilst 4-star hotels were charging RM190 (Avilion Admiral Cove) to RM500 (PNB Ilhan Resort Port Dickson) per night.

INDUSTRIAL

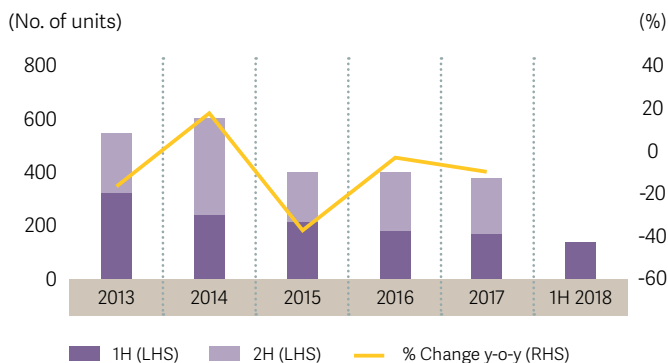
The existing supply of industrial properties in Negeri Sembilan as at 1H 2018 stood at 5,503 units, an overall increase of some 25.1% from the total supply registered in 2013.

The majority of the current supply are terraced factories (67.5%), followed by semi-detached types (15.2%). Overall, 81.1% of the state's current supply are located in Seremban. Subsequently, all of the 22 units of incoming industrial properties are terraced types to be located in Seremban.

In terms of transaction prices, a 1½-storey terraced factory in Senawang Industrial Estate with a lot size of 3,283 sf were transacted for RM1.65 million whilst the transaction price for a 1½-storey semi-detached factory in Tiara Sentral, Seremban with a lot size of 10,764 sf was RM1.95 million.

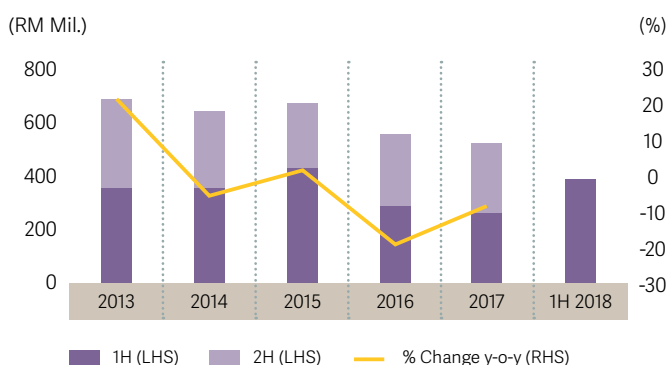
Number of Industrial Property Transactions in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Negeri Sembilan (2013-1H 2018)

(Source: JPPH)



NOTABLE ANNOUNCEMENTS

• • • • •

The Negeri Sembilan government will be spearheading three mammoth projects in Port Dickson soon – an Airbus project in Bukit Pelandok, Chuah, a maritime hub for the shipping industry and the rebranding of Port Dickson as a health tourism and education hub.

The federal government intends to initiate one of the pilot waste-to-energy (WTE) plants in Negeri Sembilan, Melaka and Johor. These WTE plants will convert solid waste into electricity or heat.

Ajinomoto (M) Bhd has recently acquired a 46.6-acre industrial land in Bandar Baru Enstek for RM86.08 million (RM41 psf) from Lembaga Tabung Haji and THP Enstek Development Sdn. Bhd for the development of a food seasoning manufacturing plant.

Nestle to invest RM100 million to expand its current factory in Chembong, Negeri Sembilan into the largest Milo factory in the world.

Edaran Tan Chong Motor have launched a new 12,000-sf Nissan 3S centre in Seremban.

PNB to build 5,000 affordable homes, at least half of which will be built in Port Dickson and Pemas in Negeri Sembilan as well as Banting, Selangor.

GDTC Corporate Holdings Bhd will work with Baiduri Megah Development Bhd to develop a Green Industry Township project in Tampin, in Negeri Sembilan featuring light industries, a university and a biomass research institute. The GDV of the first phase was estimated at RM11.115 billion.

Ajinomoto (M) Bhd has recently acquired a 46.6-acre industrial land in Bandar Baru Enstek for RM86.08 million (RM41 psf) from Lembaga Tabung Haji and THP Enstek Development Sdn. Bhd. The company plans to develop the land into a food seasoning manufacturing plant upon the completion of the said acquisition.

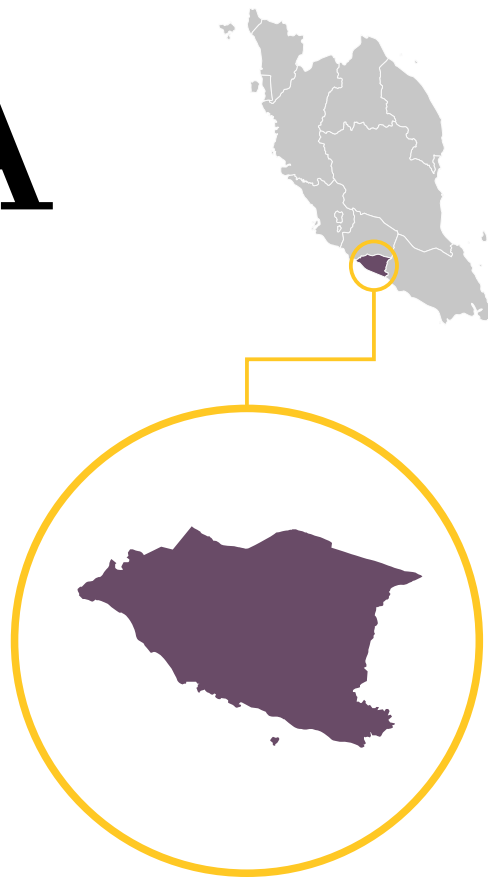
Another notable development includes Nestle's investments of RM100 million to expand its current factory in Chembong, Negeri Sembilan into the largest Milo factory in the world. This investment fund will be sourced from the proceeds of the disposal of its chilled dairy and manufacturing plant in Petaling Jaya for RM155.3 million.

SOUTHERN REGION

Melaka | Johor



MELAKA



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	188,420 units	↑ 6.7% y-o-y
Transaction Volume	4,243 units	↑ 2.3% y-o-y
Transaction Value	RM1,030.05 mil.	↑ 7.8% y-o-y

RETAIL

Supply	6.42 mil. sf	↑ 5.8% y-o-y
Occupancy Rate	70.2%	↓ 4.7% y-o-y
Rental	Prime: RM3.00psf – RM18.00psf	

SHOP OFFICE

Supply	20,062 units	↑ 15.2% y-o-y
Transaction Volume	250 units	↓ 14.7% y-o-y
Transaction Value	RM120.62 mil.	↓ 22.1% y-o-y

PURPOSE BUILT OFFICE

Supply	4.33 mil. sf	↔ stable
Occupancy Rate	81.5%	↔ stable
Rental	Prime area: RM1.30 – RM4.60psf	

HOTEL

Supply	16,172 rooms	↑ 15.5% y-o-y
Average Room Rate	5-star: RM220 – RM720 per night	
	4-star: RM200 – RM285 per night	

INDUSTRIAL

Supply	6,870 units	↑ 5.8% y-o-y
Transaction Volume	165 units	↓ 4.1% y-o-y
Transaction Value	RM135.89 mil.	↓ 17.0% y-o-y

RESIDENTIAL

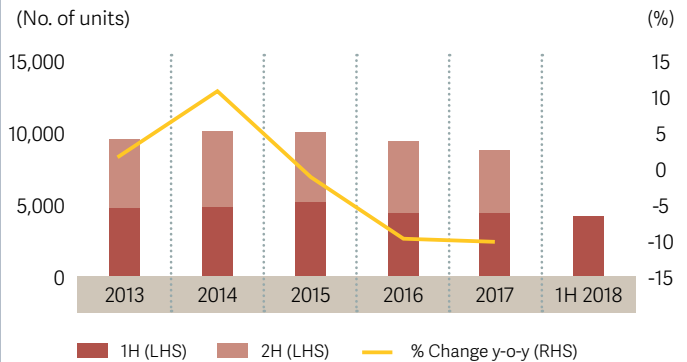
Despite the soft property market performance in 2018, the volume and value of residential transactions in Melaka showed a slight positive growth at 2.3% and 7.8% respectively in 1H 2018 compared to 1H 2017. Within the review period, there were 4,243 transactions worth RM1,030.05 million recorded in 1H 2018, where 1-storey terraced were the most transacted type (34% of total transactions) and were priced between RM100,001 to RM200,000.

During the review period, the supply of residential units in Melaka has increased from 176,545 units to 188,420 units, registering a growth of 6.7% y-o-y. 1-storey terraced house dominated the total supply at 65,844 units. Melaka's residential market is expected to welcome in another 20,282 units of incoming supply in which 1-storey terraced house is the biggest contributor, offering a total of 6,438 units followed by condominium with 4,700 units.

All in all, overall demand for the residential sector of Melaka remained good, especially for landed properties within the District of Melaka Tengah. As a state, Melaka has a particularly strong custom on land restriction whereby up to 50% of the land titles are held under the Bumiputera or Malay Restriction Titles; this including the Malacca Customary Lands wherein all the units within a

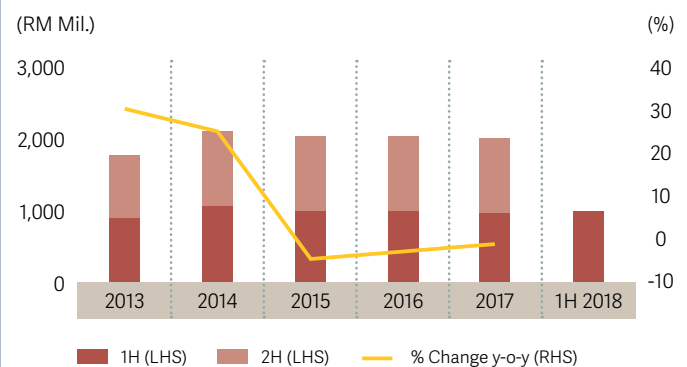
Number of Residential Property Transactions in Melaka (2013-1H 2018)

(Source: JPPH)



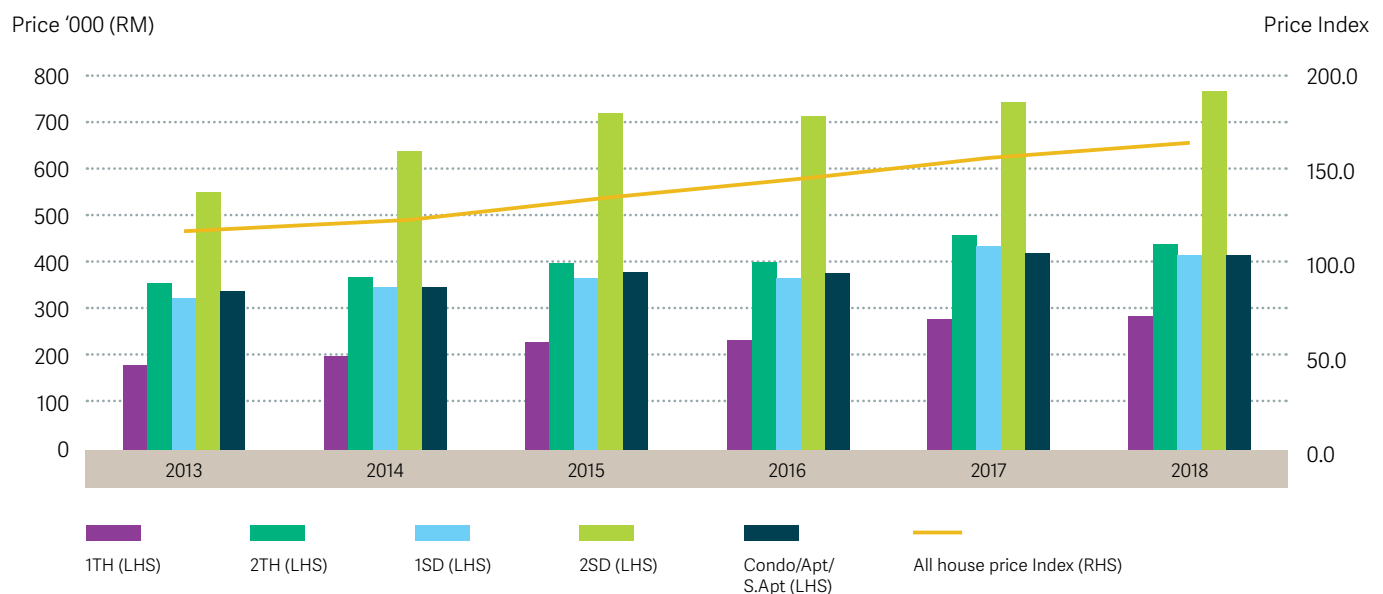
Value of Residential Property Transactions in Melaka (2013-1H 2018)

(Source: JPPH)



Melaka Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



development on this land will be for targeted to Malays only. This above scenario is reflected in the pricing of housing schemes where a rather big difference is observed between Malay and non-Malay units; such example being in Kota Laksamana where 2-storey terraced houses are priced at an average of RM450,000 for a Bumiputera unit against the much higher price tag of RM600,000 for an open unit.

On average, prices for 1 to 1½ -storey terraced houses in Melaka town centre ranged between RM269,000 to RM300,000 and were rented out between RM700 to RM1,000 per month depending on the size and location. While 2 to 2½ -storey terraced houses terraced houses were transacted between RM345,000 to RM498,000 and rentals per month hovered between RM1,000 to RM1,300.

Melaka was among the states that recorded the lowest number of unsold completed or overhang residential properties. The residential overhang in Melaka registered a total of 615 units worth RM240.72 million in 1H 2018. The majority of unsold units were 2 to 3-storey terraced types with a total of 351 units priced between RM250,001 to RM300,000.

Despite ranking on lower scale, there is a rising concern over the possibility of an impending oversupply of incoming high-rise residences units to be added into the market in the near future. This is due to the market witnessing a total of 3,545 newly-launched units in the Melaka's residential market during the review period and of this total, 41% are condominium and apartment units priced up to RM400,000.



A few notable projects launched in 2018 include Primrose @ Pine Park (Phase 1), Admiral Residence, Bali Residence, Swan Residence, Nova 8, Sri Melaka Residensi, Satori Residence, Harbour City @ Pulau Melaka, Melaka Gateway @ Pulau Melaka, The Quartz, Ong Kim Wee Residences and Impression City (The Dawn) @ Kota Syahbandar.

On the other hand, newly-completed projects in 2018 include Parkland Residence, The Wave, The Atlantis Residence, Pansapuri Peringgit Permai, Imperio Residence and The Height Residence. With these completions being high-rise developments, the concern of oversupply grows ever stronger. A particular case best highlights this impending problem which involves The Wave, a newly completed high rise development that unfortunately has been witnessed to have its units up for auction with reserve prices being at RM400 psf – a lower rate than when it was launch at RM500 to RM600 psf.

In line with the increased demand for affordable housing, the Melaka government together with the Federal Government have collaborated to build more than 48,000 units of affordable housing in the Melaka over the next five years. As at September 2018, 24,000 units have been built, while more than 2,000 units are in various stages of construction.

Selected Upcoming Affordable Housing Properties (RMM) in Melaka

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Developer
RMM Kuala Sg Baru	Alor Gajah	1-sty Terraced	393	RM180,000	Mega 3 Housing
RMM Pulai	Serkam	1-sty Terraced	304	RM140,000	Fonion Dev
RMM Ayer Molek	Ayer Molek	1-sty Terraced	785	RM180,000	Kumpulan Gim Aik
RMM Merlimau 2	Jasin	1-sty Terraced	1,218	RM180,000	Wawasan Intact
RMM Bertam & Cheng Setia	Tanjung Minyak	1-sty Terraced	89	RM180,000	Shang Height Realty
RMM Vista Belimbing	Durian Tunggal	1-sty Terraced	257	RM180,000	NKS Development
RMM Bukit Baru	Bukit Baru	Apartment	72	RM180,000	Shang Height Realty
RMM Bandar Hijau Ayer Keroh	Ayer Keroh	1-sty Town House	710	RM180,000	Bintang Urusjuta

Selected Upcoming Residential Properties in Melaka

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Taman Desa Bertam	Melaka Tengah	2-sty Terraced	773	From RM278,800	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	2020
BJB Heights Residences	Jasin	2-sty Bungalow	133	From RM750,000	2020
Primrose @ Pine Park (Phase 1)	Bandar Baru Sri Klebang	1-sty Terraced	226	From RM338,800	2020
		2-sty Cluster			
		Bungalow			
Ong Kim Wee Residences	Jalan Gajah Berang	Condominium	288	From RM385,000	2020
Admiral Residence	Kota Laksamana	Condominium	1,440	From RM328,500	2021
Satori Residence Suite	Pulau Melaka	Serviced Residence	192	From RM300,000	2021
Nova 8 Residence	Kampung Lapan	Serviced Apartment	412	From RM284,000	2021
Sri Melaka Residensi	Bukit Serandit	Condominium	2,000	From RM233,000	2021
The Quartz Residence	Jalan Tengker	Condominium	310	From RM193,000	2021
Bali Residence	Bandar Melaka	Condominium	811	From RM350,000	2022

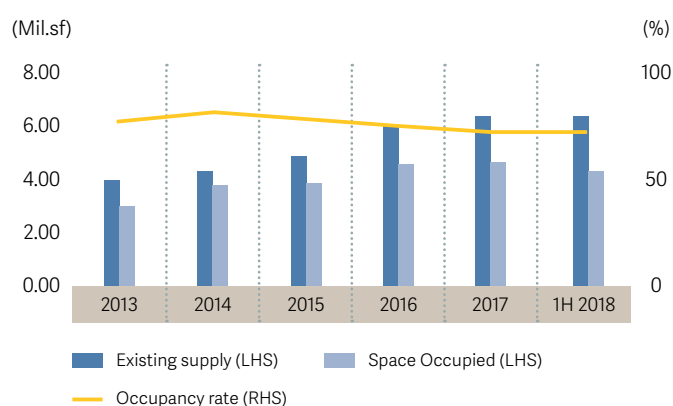
RETAIL

The total supply of retail space in Melaka has increased by 5.8% to 6.42 million sq ft in 1H 2018 as compared to 1H 2017. Since 2015, the overall retail market in Melaka has continued its downward trend in occupancy rate to the current 70.2%, dropping by 4.7% from 1H 2017. This is on top of the incoming supply of some 575,256 sq ft of retail space in the pipeline which will create further pressure on Melaka's retail scene in the near future.

On a bigger picture, the retail market is struggling and a longer absorption period is expected for the vacant retail spaces in Melaka. This most definitely applies to existing retail malls such as the Element Mall which had only recorded 20-30% in occupancy rate. Other existing malls the likes of The Shore and Melaka Mall are also struggling to attain tenants. Melaka Mall, after having lost their anchor tenant Parkson in early 2018, has yet to find the next tenant despite having offered rates as low as RM1 psf and below.

Existing Supply & Occupancy Rate of Retail Spaces in Melaka (2013-1H 2018)

(Source: JPPH)



What's worrying even more, 2018 saw the completion of a 7-storey retail mall named Imperio Mall which offers 750 retail units to complement the international stature of Melaka as a UNESCO-certified historical city. The developer has offered a sale and leaseback scheme with guaranteed returns for two years for this 350,000-sq-ft

mall. Available unit sizes ranged from 120 sq ft and priced between RM1,600 psf to RM3,500 psf. It is worth noting that Element Mall had also offered this Guaranteed Rental Return (GRR) scheme and yet remained low in occupancy rate till now. Another recently-completed retail mall in early March, Vedro the River was the first love-themed harbour in the country, with a gross floor area of 213,547 sq ft and comes with a total of 736 shops lots.

The average monthly gross rentals of selected prime shopping centres remained stable during the review period. In prime area, a ground floor retail space fetched monthly rental rates between RM3.00 to RM7.80 psf and secondary area between RM2.50 to RM6.00 psf. Dataran Pahlawan, Bandar Hilir fetched the highest monthly ground floor rate of up to RM18 psf.

Selected Upcoming Retail Mall in Melaka

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Completion
Harbour City Mall	Taman Pulau Melaka	500,000	2019

PURPOSE BUILT OFFICE (PBO)

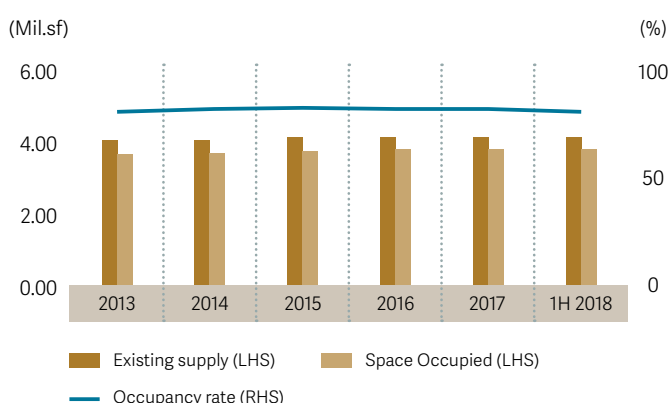
For the past 5 years, occupancy rates of purpose-built offices in Melaka remained stable, at a healthy rate of 81.2%. As at 1H 2018, the cumulative supply of purpose-built office space in Melaka stood at 4.33 million sq ft in 80 buildings. Since there are limited supply of purpose-built office in Melaka, demand for office space has been stable with an average occupancy rate of 81.5% at least for the past five years.

The average office rent for prime office space in Melaka town centre remained stable between RM1.30 to RM2.70 psf per month. However, Pusat Transformasi Bandar (UTC) Melaka in Jalan Hang Tuah commanded higher rental rates ranging from RM3.50 psf to RM4.60 psf per month.

Moving forward, the supply of purpose-built office in Melaka will remain stagnant since there is no incoming supply or planned supply observed in the near future.

Existing Supply & Occupancy Rate of Purpose Built Office in Melaka (2013-1H 2018)

(Source: JPPH)



SHOP OFFICE

Melaka's shop office market in 1H 2018 saw an increase of 2,646 units to its current 20,062 units from the previous year, the majority of which are located in Melaka Tengah. Amongst the existing shop offices in Melaka Tengah, 2 – 2 ½ storey shop office contributed the most by 47.2%, followed by 3 – 3 ½ storey terrace by 20% of total share.

However, transactions have reportedly dropped by 14.7% in volume and 22.1% in value. Within the review period, 250 units were transacted worth RM120.62 million. 2 to 2½ storey shop offices recorded as the most popular shop office type (69.5% of the total) transacted between RM400,000 to RM1 million. 1 to 1½ storey shop offices and 3 to 3½ storey shop offices shared the same percentage as the second most popular type; with transaction prices ranging from RM150,000 to RM200,000 and RM500,000 to RM1 million respectively.

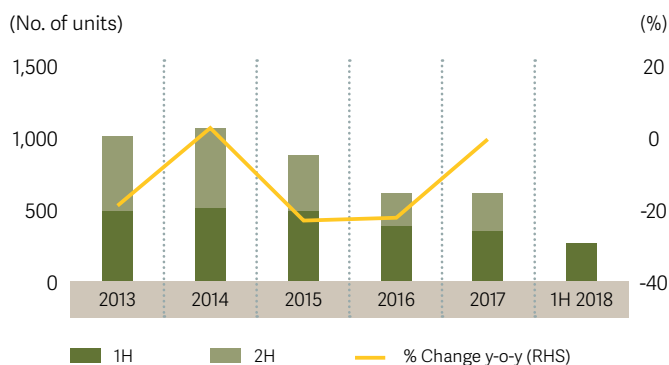
Generally, prices of shops were mainly stable since the tourism sector remains positive in Melaka. 1 to 1 ½ storey shop offices in Melaka town centre such as Taman Merdeka Jaya, Taman Cheng Utama and Taman Kota Syahbandar were transacted between RM194,000 to RM380,000 per unit whereas 2 to 2 ½ storey shop offices were transacted for RM415,000 to RM710,000.

Concerns were expressed on the status of overhang shop offices when Melaka was ranked 2nd place after Johor as the state with the highest number of overhang units. There was a total of 693 overhang units of shop offices worth RM338.18 million, up by 9.8% in volume and 35.3% in value (H2 2017: 631 units worth RM249.88 million). The majority

Generally, prices of shops were mainly stable since the tourism sector remains positive in Melaka.

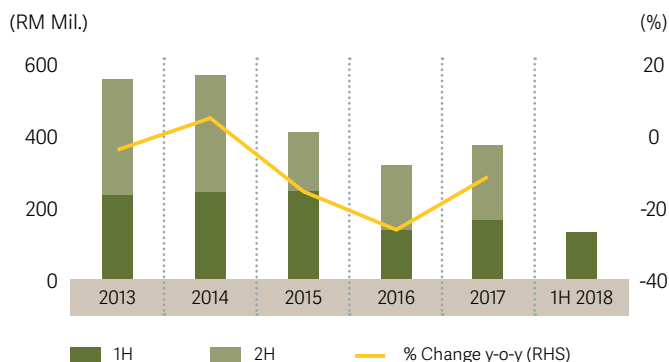
Number of Shop Office Property Transactions in Melaka (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Melaka (2013-1H 2018)

(Source: JPPH)



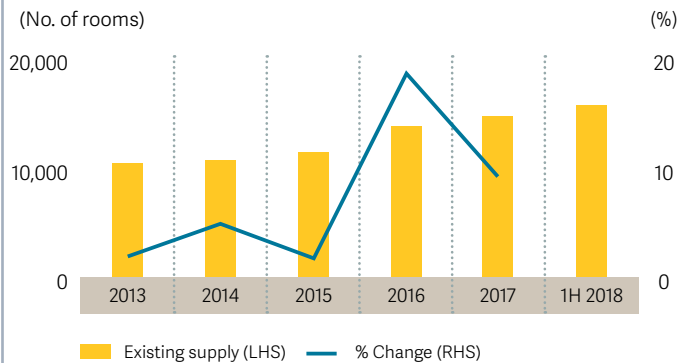
of the overhang units were the 2 to 2½-storey type, at 496 units worth RM201.09 million priced at RM250,001 to RM500,000. Note also this is on top of another 1,499 units in the pipeline.

The risk of oversupply is expected to focus in the areas of Kota Syahbandar, Limbongan, Cheng and Ayer Keroh. In gaining full advantage location wise, a majority of the occupants do favour units facing the main roads for high exposure, thus causing vacant lots situated further back to remain unsold. The oversupply of new units has also brought threat to older, established areas such as Taman Melaka Raya due to tenants relocating themselves to better areas with newer facilities and more suitable size ranges. However, despite so, the overall value of shop-offices in selected schemes in Melaka remained stable.

HOTEL

Existing Supply of Hotels in Melaka (2013-1H 2018)

(Source: JPPH)



Popular for its well-preserved culture and heritage, the hotel market in Melaka is expected to remain competitive yet supported by local as well as foreign tourist arrivals. To date, Melaka registered a total of 16.7 million number of tourists in year 2017, placing Melaka as the main tourist destination in Malaysia. According to statistics, Chinese tourist account for the biggest number of visitors to Melaka, followed by Singaporeans and Indonesians.

As at 1H 2018, Melaka's hotel supply stood at 16,172 rooms in 168 hotels. Of these, 52 hotels are rated 3-to-5-star hotels. Room rates per night of 5-star rated establishments were between RM220 to RM720 whereas rooms of 4-star hotels were between RM200 to RM285 per room per night. To date, there were 2 hotel completions in 2017; the 4-star Hatten Place (474 rooms) and the 3-star MITC Hotel (189 rooms).

The Melaka government is collaborating with Mrails International Sdn Bhd to redevelop Melaka's Upeh Island into D'Upeh Wellness Resort & Spa. The RM20-million project will involve the refurbishment of 39 chalets which are expected to host around 50,000 tourists once the redevelopment is complete. Upeh Island is well known for its landing and breeding sanctuary for turtles.

The first island Melaka Gateway project, a combination of tourism, industrial and commercial elements is expected to be completed by end of 2019. This project is expected to bring an opulent lifestyle and a fulfilling tourist experience upon completion. Located right next to Melaka Gateway is the Harbour City by Hatten Group where upon its completion will be offering cruise-themed hotels, resort-style suites, a retail mall and a water theme park.

Since year 2004, Malaysia Building Society Bhd (MBSB) has placed their four-star Avillion Legacy Melaka Hotel for sale but has yet to obtain any buyer. Located in Jalan Hang Tuah, the asking price for this 237-room hotel is RM60 million.

All in all, operators of shared accommodation services through platforms such as Airbnb are expected to better complement the existing and upcoming hotels within the tourists' destination of Melaka. This scenario could be observed by the active participation of Airbnb services within high-rise developments such as Silverscape Residence, The Wave and The Atlantis.

According to statistics, Chinese tourist account for the biggest number of visitors to Melaka, followed by Singaporeans and Indonesians.

Selected Upcoming Hotel Projects in Melaka

(Source: Rahim & Co Research)

Development	Location	Star Rating	No. of Rooms	Completion
Courtyard by Marriott	Jalan Tun Sri Lanang	4	284	2019
Park Hotel Melaka	Kota Laksamana	4	245	2019
Hyatt Place	Melaka Gateway	5	200	2019
Sheraton Melaka Hotel	Klebang	N/A	N/A	2020
The Dawn@Impression City	Kota Laksamana	N/A	648	2020
Meliá Melaka	Bandar Melaka	N/A	250	2020
Cruise-Themed Hotel	Harbour City @ Pulau Melaka	N/A	780	2020

INDUSTRIAL

The existing supply of industrial properties in Melaka stood at 6,870 units in 1H 2018, an increase of 5.8% from the previous year. It is predominantly made up of detached factories at 41.5% of total share. Melaka's industrial property market will receive a total of 1,051 units of incoming factories in the near future.

Meanwhile, in the sub-sale market, transactions have reportedly dropped by 4.1% in volume and 17% in value. There were 165 units transacted during the review period worth RM135.89 million. Out of these transactions, the majority were vacant plots and semi-detached factories which were mainly between RM500,001 to RM1 million price range.

Despite the slowdown in volume and value of industrial property transactions over the past five years, demand from investors remained robust since there are more and

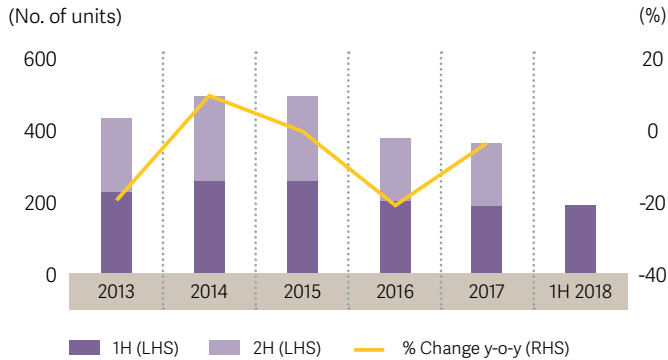
more global companies making Malaysia as their activity hub. According to Malaysian Industrial Development Authority (MIDA), Melaka was one of the top five states in Malaysia which have attracted approximately RM4.7 billion of approved investment in the manufacturing sector in year 2017.

Transaction price of 1 to 1 ½ storey detached factories in industrial area such as Taman Sri Telok Mas, Perindustrian Malim Jaya and Perindustrian Merdeka were seen from RM300,000 to RM699,000 per unit.

To date, the state government has given green light for the much-awaited Melaka Gateway project, a mixed development on three artificial islands, including the construction of International Cruise Ferry Terminal and is expected to be completed in 2025. This RM43-billion Melaka Gateway project has reportedly attracted billions of ringgits in foreign direct investment (FDI).

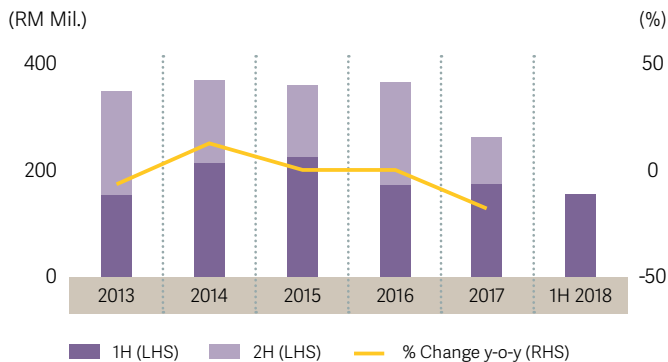
Number of Industrial Property Transactions in Melaka (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Melaka (2013-1H 2018)

(Source: JPPH)



China's halal gelatine company, Gangsu Amin Bio Halal Gelatine Co Ltd (Aminbio) plans to invest RM1.02 billion to set up a bio-gelatine manufacturing plant in Melaka. This manufacturing plant is expected to become their first factory outside of China and the largest in Southeast Asia.

Malacca River

NOTABLE ANNOUNCEMENTS

• • • • •

Melaka Planetarium to be redeveloped and rebranded at a cost of RM200 million and to be complemented with various other attractions such as Snow World and Galaxy World with technologies from abroad. Expected completion date is in 2020.

The construction of an elevated interchange was 82% completed and expected to be ready by February 2019.

The Encore Melaka 360-degree rotating theatre opened its doors in July 2018.

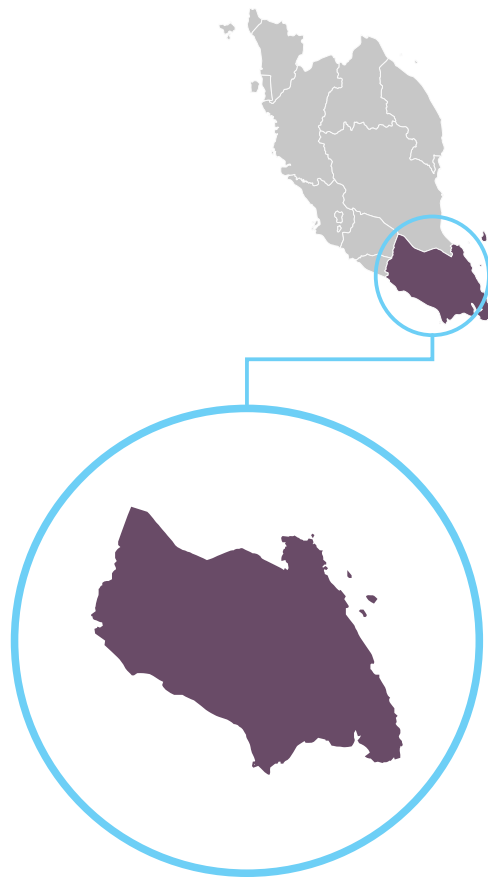
Melaka to welcome its largest water theme park known as Splash World @ Harbour City by 1H 2020.

Edotco Malaysia Sdn Bhd and Melaka ICT Holdings Sdn Bhd (MICTH) announced a collaboration to roll out telecommunications infrastructure that will boost wireless broadband service and quality.



JOHOR

Darul Takzim



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	799,990 units	↑ 3.2% y-o-y
Transaction Volume	13,886 units	↑ 14.2% y-o-y
Transaction Value	RM4,101.39 mil.	↑ 0.6% y-o-y

RETAIL

Supply	22.32 mil. sf	↑ 17.1% y-o-y
Occupancy Rate	74.2%	↓ 2.9% y-o-y
Rental	Prime: RM20.00psf – RM30.00psf	

SHOP OFFICE

Supply	78,647 units	↑ 9.6% y-o-y
Transaction Volume	1,013 units	↓ 5.9% y-o-y
Transaction Value	RM730.64 mil.	↓ 19.0% y-o-y

PURPOSE BUILT OFFICE

Supply	12.26 mil. sf	↑ 0.1% y-o-y
Occupancy Rate	80.4%	↑ 2.7% y-o-y
Rental	Prime area: RM2.30 – RM6.50psf	

HOTEL

Supply	28,607 rooms	↑ 6.8% y-o-y
Average Room Rate	5-star: RM200 – RM300 per night	
	4-star: RM100 – RM900 per night	

INDUSTRIAL

Supply	16,574 units	↑ 2.8% y-o-y
Transaction Volume	319 units	↓ 13.1% y-o-y
Transaction Value	RM810.75 mil.	↓ 20.8% y-o-y

RESIDENTIAL

As at 1H 2018, there were 848,592 residential units (including serviced apartments and SOHO) in Johor, a 5.2% growth from the existing supply in 2017. Almost 79% (669,852 units) of the existing supply were landed residential units, including low cost houses. Of the remaining 178,740 high-rise units, 32% were condominiums and 27% were serviced apartments.

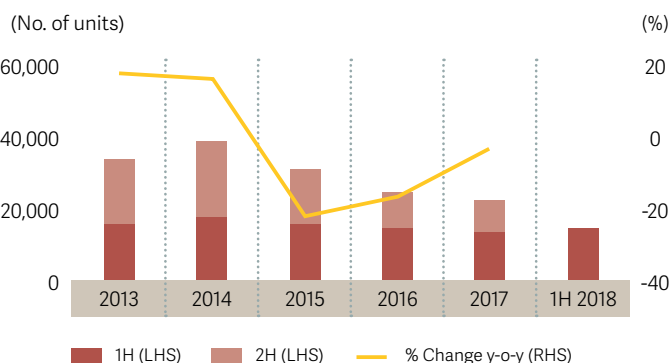
55% of the existing supply of residential units were located in Johor Bahru (467,293 units), of which 65% were landed residences against 36% of high-rise residential units. Note also that 97% of the total 47,956 units of the state's existing serviced apartments were located in Johor Bahru.

There were 13,886 number of residential transactions as at 1H 2018, a 14% increase from that of 1H 2017. However, the value of transactions remained relatively unchanged at RM4.10 billion.

A typical 2-storey terrace house amongst the selected residential schemes surveyed in Johor Bahru (e.g. Taman Bukit indah, Taman Molek) were transacted for RM600,000 to RM630,000, unchanged from 2017's price. Similarly, a single storey terrace house within the same scheme was transacted for RM400,000 to RM425,000.

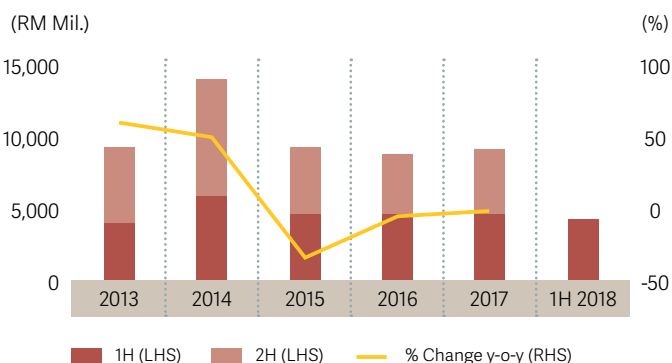
Number of Residential Property Transactions in Johor (2013-1H 2018)

(Source: JPPH)



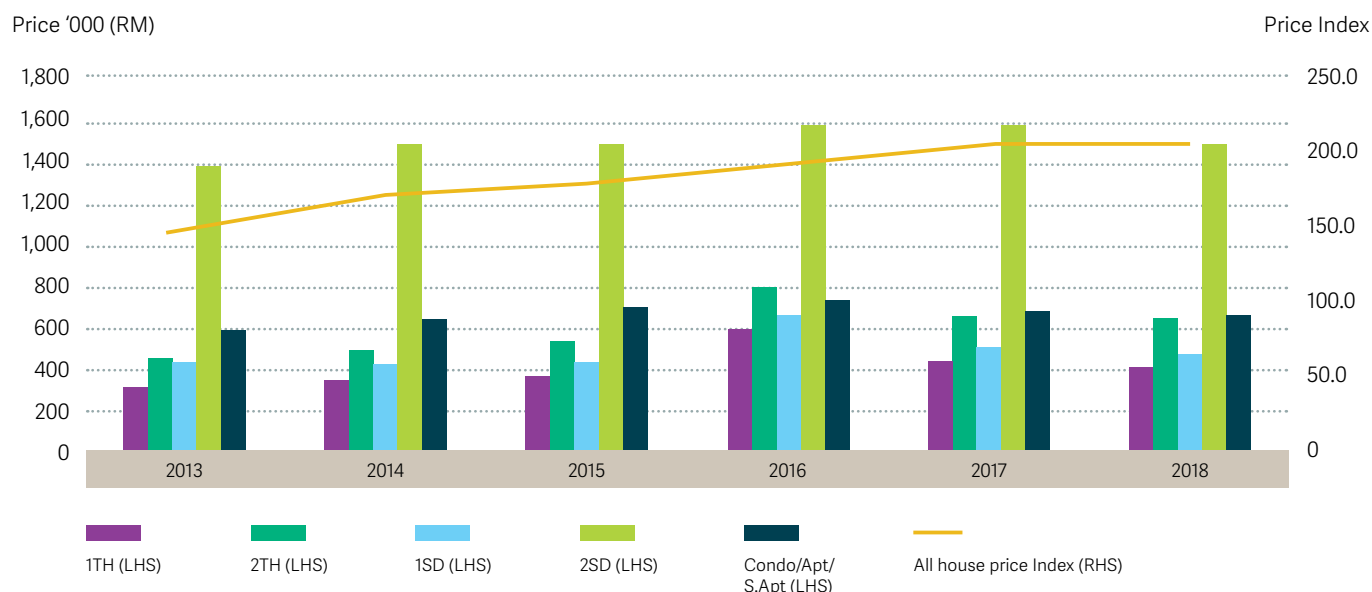
Value of Residential Property Transactions in Johor (2013-1H 2018)

(Source: JPPH)



Johor Bahru Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



Almost 80% of the Johor's incoming residences of 118,549 units were located in Johor Bahru. 64% of the incoming residential supply of Johor Bahru were high-rise residences (60,301 units), of which the majority were serviced apartments (65%, 38,917 units). All in all, serviced apartments have constituted the bulk of the incoming residential product-type in Johor (33%) and Johor Bahru (42%) respectively.

The above finding would be a case for concern as the currently, more than 52% of the total 13,691 overhang units in Johor as at 1H 2018 were serviced apartments. An influx of the abovementioned 38,917 units of serviced apartments would put further pressure on the already alarming overhang situation of Johor. Note also that Johor has the highest number of overhang units in Malaysia i.e. of the total 41,999 overhang units in Malaysia valued at RM26.84 billion, 33% of these units are located in Johor with a value of RM9.82 billion.

These ongoing concerns would be exacerbated by further fiscal consolidation and austerity measures by the current government which would create further uncertainties in the market, especially within the context of Iskandar Malaysia's future prospects. A few of these notable measures include the possibility of further curbs on foreign buyers i.e. the Forest City case, a delay

All in all, serviced apartments have constituted the bulk of the incoming residential product-type in Johor (33%) and Johor Bahru (42%) respectively.

in the construction works of the HSR (High Speed Rail) project, and also further capital outflow clampdown by the Chinese government in light of the impending trade war with the US.

Nonetheless, the existing and upcoming residential schemes within the matured areas of Johor Bahru such as Bukit Indah, Skudai-Taman Universiti and Tebaru-Mount Austin were still well-received by the general public, as observed by their sustainable transaction activities and generally good take-up rates of new launches within these areas.

Selected Upcoming Landed Residential Properties in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
The Hills Residence @ Senibong Cove	Permas Jaya	3-sty Terraced	55	From RM1.9 mil.	2019
The Carason @ Eco Tropics	Taman Kota Masai	2-sty Terraced	120	From RM623,280	2019
Belina	Bukit Indah	2-sty Terraced	97	From RM681,000	2020
Elata Nova @ Setia Tropika	Kempas	2-sty Terraced	93	From RM702,000	2020
Elemence @ Taman Denai Alam	Plentong	Cluster	64	From RM680,000	2020
Vallaris @ Setia Eco Gardens	Iskandar Puteri	2-sty Terraced	188	From RM770,000	2021
Ayera Residence (Phase 2)	Permas Jaya	2-sty Terraced	172	From RM586,000	2021
Sunway Citrine Lakehomes	Sunway Iskandar	3-sty Townhouse	106	From RM590,000	2021
Serimbun	Iskandar Puteri	2-sty Terraced	215	From RM630,000	2021
Autumn Breeze 3	Iskandar Puteri	3-sty Terraced	74	From RM850,000	2021
The Enclave	Pontian	2-sty Semi-Detached	33	From RM1.6 mil.	2022

Selected Upcoming High Rise Residential Properties in Johor

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion
Macrolink Medini	Medini	Condominium	1,005	From RM600,000	2019
G Residence	Medini	Serviced Residence	480	From RM370,300	2019
Botanika @ Tebrau Bay	JB	Condominium	792	From RM630,000	2019
D'Lagoon Luxury Development by the Lake	JBCC	Serviced Residence	262	From RM527,000	2020
Meridin Bayvue @ Sierra Perdana	Masai	Serviced Residence	1,176	From RM625,000	2020
Suasana Iskandar Malaysia	JBCC	Serviced Residence	339	From RM710,000	2021
Country Garden Central Park	Tampoi	Serviced Apartment	1,178	From RM260,000	2021

RETAIL

As at 1H 2018, there were 144 shopping complexes with a combined retail space of 22.3 million sf within the state of Johor; a 7.7% increase from that of 1H 2017. Of the total existing supply, 71% (15.85 million sf) were located in 69 shopping malls of Johor Bahru.

There was a slight decrease in the overall occupancy rate of Johor's retail malls, from 77.1% in 1H 2017 to the current 74.2% recorded in 1H 2018. Likewise, the overall occupancy rate of retail malls in Johor Bahru was 75.6%, a drop from 81.3% in 1H 2017.

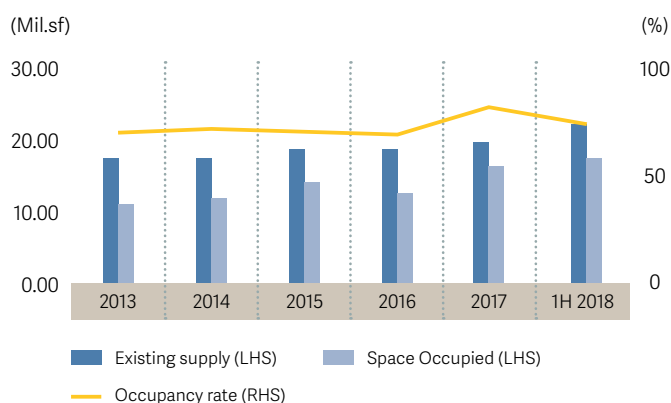
At the time of writing, Johor has an incoming retail space supply of 3.92 million sf in 6 buildings; all of which are located in Johor Bahru.

An addition of 5 newly-opened retail malls in Johor Bahru with a combined retail space of some 5 million sf are to be expected by the end of 2018 and early 2019. Amongst these malls, the three larger (including regional) malls are the 1.5-million sf Mid Valley SouthKey Megamall in Tebrau, the 1.1-million sf Capital 21 in Tampoi and the 750,000-sf Country Garden Shopping Mall in Danga Bay; whereas the other two sub-regional (including neighbourhood) malls are the 300,000-sf Helios Cove Mall in Permas Jaya and Sunway Iskandar's 500,000-sf Big Box Village.

Between 2019 and 2021, a further 3 million sf of new retail space is scheduled for completion within Johor Bahru; namely the 1.5 million-sf Regalium Mall @ One Bukit Senyum and the 800,000-sf Angsana Mall 2 in Bandar

Existing Supply & Occupancy Rate of Retail Spaces in Johor (2013-1H 2018)

(Source: JPPH)



Baru Uda. With an impending glut of retail space supply in Johor Bahru, further pressure is to be expected from the developers and retail operators as they compete to woo and maintain tenants and visitors in the form of monetary incentives and other qualitative features to differentiate their retail offerings. How will this pan out for Johor Bahru's retail scene in the coming years remains unknown.

Having said that, the newly-opened Paradigm Mall and Sunway Citrine's retail mall were well received by the market. In this case, the former was dubbed the largest shopping mall in Johor with an NLA of 1.3 million sf when it first opened to the public; featuring the first indoor ice-skating rink and the first Home Depot outlet in Johor. Similarly, the 75,000-sf Sunway Citrine Mall was anchored by the first Jaya Grocer within the state of Johor to target the growing middle and upper-middle households within the Iskandar Malaysia vicinity.

Another example of the application of retail differentiation strategy will be that of the upcoming 400,000-sf Big Box Village in Sunway Iskandar, featuring its 12 large format free standing stores and 80 “box-in-box” F&B and retail stores. This 24-acre experiential retail and engagement space is targeted at the younger crowd and tourists within its vicinity as it also boasts a 40-acre X-treme Park adjacent to its site. Branding and positioning are but just two of many other key elements that will determine the overall sustainability of retail malls in Johor.

Between 2019 and 2021, a further 3 million sf of new retail space is scheduled for completion within Johor Bahru.

Selected Upcoming Retail Malls in Johor

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Completion
Sunway Big Box Village	Sunway Iskandar	500,000	2019
Mid Valley Southkey Megamall	Southkey	1.5 mil.	2019
SKS City Mall	Larkin	230,000	2019
Eco Galleria @ Eco Botanic	Iskandar Puteri	680,000	2020
Regalium	One Bukit Senyum	1.5 mil. (gross)	2021
Angsana Johor Bahru Mall 2	Bandar Baru Uda	800,000	2021

PURPOSE BUILT OFFICE (PBO)

In Johor, there were 214 purpose-built office (PBO) buildings with a combined area of 12.26 million sf as at 1H 2018, an increase of some 14,200 sf in PBO space from 1H 2017 attributed to the completion of a RISDA office tower in Segamat during the review period. The majority of the state's PBO space are located in Johor Bahru with a combined NLA (77%) of 9.44 million sf in 97 buildings.

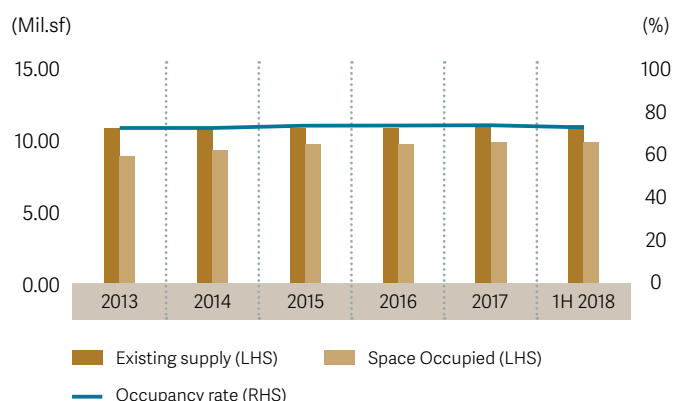
Some 2.16 million sf of PBO space is in the pipeline, of which 1.96 million sf in 5 buildings will be located in Johor Bahru upon completion. The overall occupancy rate of PBOs in Johor and Johor Bahru were 80.4% and 79.0%, respectively.

At the time of writing, Medini Iskandar's Zone B was the most talked-about hotspot for Johor's PBO market due to its affiliation with key accolades such as GBI and MSC certification as well as its tenants of international stature such as Frost & Sullivan and Huawei. In this case, the three PBOs that are up-and-running include the 80,000-sf Medini 6, the 144,000-sf Medini 7 and the

newly-completed 423,000-sf Medini 9. Key tenants in Medini 6 include Huawei Technology Malaysia and Bina Puri, whereas Medini 7 is occupied by Frost & Sullivan. 50% of Medini 9's office space has already been taken up by CO3 Social Office Sdn. Bhd, a co-working space operator whereas the 27-storey Medini 10 is slated for completion by 2019. Rental rates for Medini 6 and 7 were within the range of RM3.50 to RM4.50 psf pm.

Existing Supply & Occupancy Rate of Purpose Built Office in Johor (2013-1H 2018)

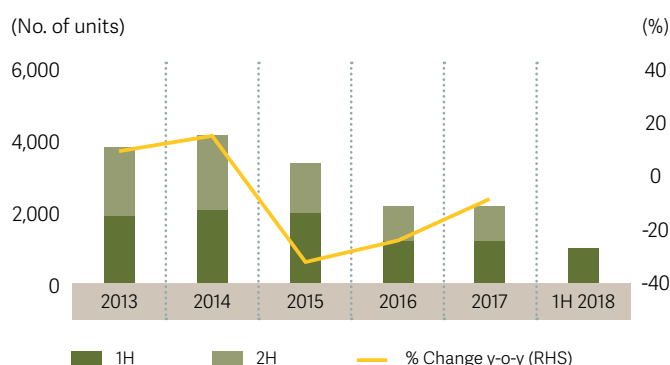
(Source: JPPH)



SHOP OFFICE

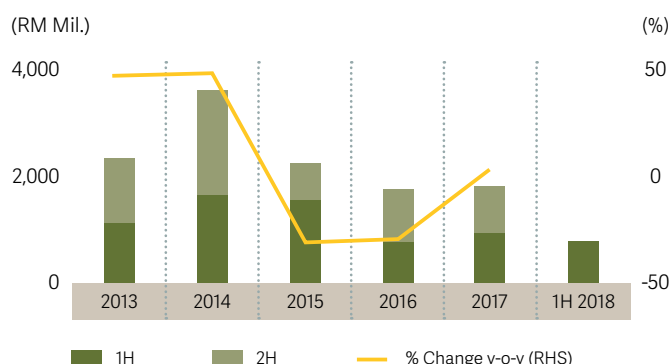
Number of Shop Office Property Transactions in Johor (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Johor (2013-1H 2018)

(Source: JPPH)



The total existing supply of shop offices in Johor stood at 78,647 units as at 1H 2018, an 8% increase or an addition of 6,247 units from 2017. The majority of the existing supply were 2-2½ storey shop offices (54.1%), followed by 3-3½ storey types (20.1%) and 1-1½ storey types (15.1%). 42% of the total existing supply of shop offices (33,339 units) were located in Johor Bahru.

There were 9,393 units of incoming shop office supply within Johor, of which 2-2½ storey shop offices remained as the most popular type, constituting 50.1% of the state's incoming supply. Note however that more than half of the state's incoming shop office supply were located in Johor Bahru (4,756 units), with the majority of these units being the 2-2½ storey (40%) and 3-3½ storey types (41%).

The volume and value of shop office transactions continued to trend downwards; a 6% reduction in volume to 1,013 units against a drop of 19% in value of transactions to RM730.64 million between 1H 2017 and 1H 2018. The significant drop in value is attributable to a 68% decrease in the value of transactions of the 1-1½ storey types across the state of Johor, from RM186.57 million in 1H 2017 to RM59.86 million recorded in 1H 2018.

In Johor Bahru, prices of a typical 2-storey shop in Taman Bukit Indah were transacted for RM1.20 million to RM1.28 million, unchanged from 1H 2017, whereas a 3-storey shop in Taman Adda fetched RM1.5 million per unit. In Iskandar Puteri, an upcoming 3-storey shop unit in Emerald Boulevard 88 @ Sunway Iskandar and Versis Medini were sold for RM1.80 million (RM599 psf) and RM2.28 million (RM520psf) respectively.

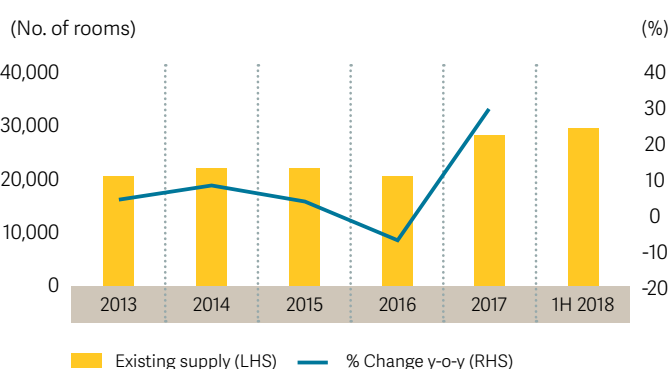
HOTEL

As at 1H 2018, there were 28,607 hotel rooms in Johor, an increase of 1,381 rooms from 2017. The number of hotel rooms have increased by a CAGR of 5.8% p.a. over the past five years, from 21,553 rooms in 2013. Johor currently has the highest number of hotels in Malaysia, a total of 447 hotels of which 81.0% or 362 were located in city or town area.

Daily room rates of selected 5-star hotels in Johor Bahru ranged from RM200 (Grand Paragon) to RM300 (Thistle Johor Bahru) per night whilst 4-star hotels were charging between RM100 (Citrus Hotel Johor Bahru) to RM900 (Legoland Malaysia Resort) per night.

Existing Supply of Hotels in Johor (2013-1H 2018)

(Source: JPPH)



The 4-star Fraser Place Puteri Harbour offers 297 units of serviced residences overlooking the Puteri Harbour Marina and was offering special rates in conjunction with its recent-opening in 2H2018.

Hard Rock Hotel Desaru Coast opens its doors in the latter half of 2018 along with Desaru Coast Adventure Waterpark, featuring a giant wave pool and man-made beach. This 365-room hotel will be supported by a range of amenities such as restaurants, the 23-acre waterfront landscaped

retail and lifestyle village, 45-holes of golf (designed by Ernie Els and Vijay Singh) as well as the kid-friendly Hard Rock Roxity Kids Club. Guests of Hard Rock Hotel will be able to explore the vast collection of carefully-curated iconic music memorabilia within the property. Other notable upcoming hotels within the 3,900-acre Desaru Coast development include the Westin, Anantara Desaru Coast Resort & Villas and the luxurious One&Only Desaru Coast by Kerzner International.

Selected Upcoming Hotels in Johor

(Source: Rahim & Co Research)

Development	Location	No. of Rooms	Completion
Pan Pacific Serviced Suites	Iskandar Puteri	205	2019
Boulevard Hotel	Southkey Megamall	450	2019
D'Pristine Medini	Medini Iskandar	300	2019
Citadines Medini	Medini Iskandar	214	2019
Ozo Medini	Medini Iskandar	198	2019
Hotel @ The Astaka	Bukit Senyum	450	2020

INDUSTRIAL

The existing supply of industrial properties in Johor stood at 16,574 units in 1H 2018, a 2.8% increase or an addition of 457 units from 1H 2017. The bulk of this addition were contributed by cluster factories (244 units) followed by semi-detached factories (126 units).

However, the majority of the existing industrial properties in Johor were the terraced types (46.6%, 7,723 units), followed by semi-detached factories (25.0%, 4,137 units) and detached factories (22.5%, 3,737 units).

The volume and value of industrial property transactions in Johor registered a decline of 13.1% and 20.1% respectively, from 367 transactions valued at RM1.02 billion for the first half of 2017 to 319 transactions valued at RM810.75 million for the first half of 2018.

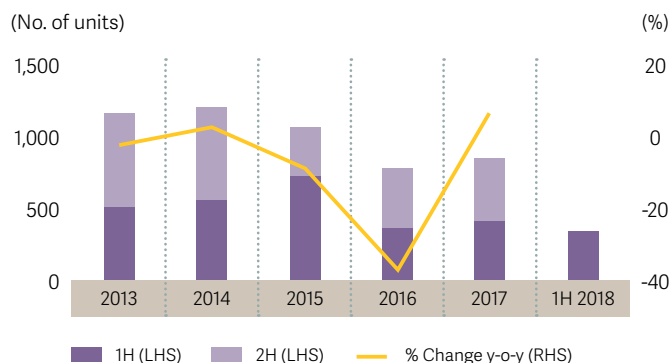
Transaction prices of industrial properties in prominent areas varied according to its location but have remained relatively stable. A 2½storey semi-detached factory in Tiong Nam Industrial Park with a lot size of 11,818 sf was

transacted for RM3.92 million whereas a detached factory on a 130,673-sf lot in Kawasan Perindustrian Pasir Gudang was transacted for RM5.50 million.

AME Development, known for its award-winning green and sustainable industrial parks of i-Park@SiLC and i-Park @ Indahpura is embarking on their third industrial park in Senai. The proposed GBI-accredited 189-care i-Park@ Senai will be an industrial resort that integrates industrial, business and lifestyle facilities within a gated and guarded industrial hub, featuring its very own clubhouse that will host an array of sports facilities such as a swimming pool, futsal courts and a beach volleyball court. This first-of-its-kind industrial resort will be served by bicycle lanes and pedestrian walkways to promote low carbon footprint. This fully integrated industrial complex will be equipped with high-speed broadband, 24-hour security systems as well as workers' dormitory. Apart from its innovative product features, this development is highly-accessible to the surrounding major highways of PLUS and Second Link Expressway, and is also within close proximity to the Senai International Airport and the major ports of Johor.

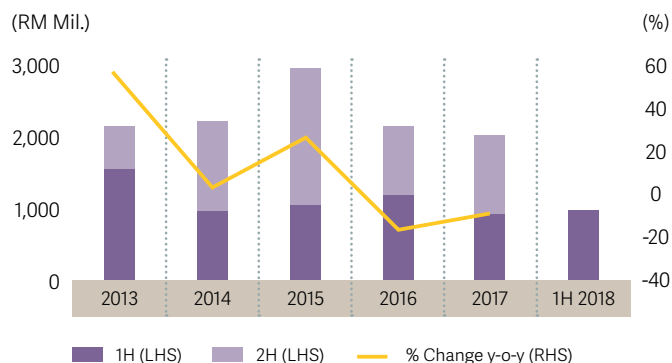
Number of Industrial Property Transactions in Johor (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Johor (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Industrial Projects in Johor

(Source: Rahim & Co Research)

Development	Location	Prices	Developer	Completion
Taman Perindustrian Cemerlang	Plentong	From RM1.2 mil.	Panoramic Industrial Dev't Sdn Bhd	2019
i-Park @ Senai Airport City	Senai	N/A	AME Development	N/A

NOTABLE ANNOUNCEMENTS

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Putrajaya has clarified that the government has no power to bar foreigners from purchasing the remaining properties in Forest City as the man-made islands are located in an international zone.

Shattuck-St Mary's Forest City International School opens in August 2018.

Four more IBS factories in the pipeline to join the existing 18-acre fully-automated IBS plant in Forest City, the biggest in Malaysia. The current site to house six factories over 126 acres upon completion.

Columbia Asia Tebrau and Thomson Iskandar Medical Hub are underway, the latter to open by 2021.

Co-working company CO3 Social Office Sdn Bhd collaborates with Medini Iskandar Malaysia Sdn Bhd to build a CO3 Campus @ Medini, a 200,000 sf co-working space that can accommodate up to 4000 members.

The 297-room Fraser Place Puteri Harbour opens in Puteri Harbour. This 4-star hotel is within close proximity to amenities such as the Puteri Harbour International Ferry Terminal and LEGOLAND Malaysia.

Supermarket chain Jaya Grocer has opened its first outlet in Johor at Sunway Citrine Hub in Sunway Iskandar.

AME Development to develop the 189-acre iPark@Senai Airport City into an industrial resort. This will be their third integrated serviced industrial park within the State of Johor.

JCorp to add two more wharfs in Tanjung Langsat to increase its operational capacities.

Petronas Chemicals Group Bhd to set aside RM4.3 billion in capex for the next two years for the completion of its petrochemical project in Johor's Pengerang Integrated Complex (PIC) in 2019.

The Gemas-Johor Bahru electrified double-track rail project will form part of the complete west coast electrified track system by 2022, from Johor Bahru to Padang Besar in Perlis.

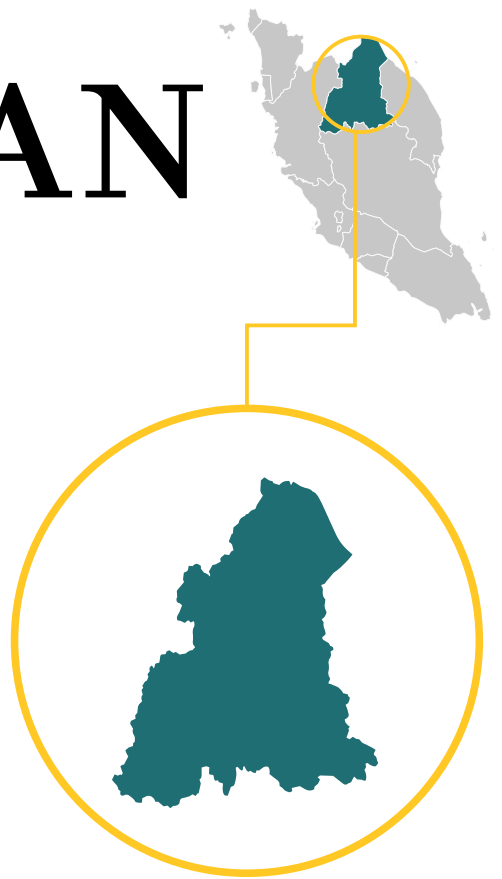
EAST COAST REGION

Kelantan | Terengganu | Pahang



KELANTAN

Darul Naim



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	79,958 units	↑ 3.7% y-o-y
Transaction Volume	2,725 units	↓ 14.9% y-o-y
Transaction Value	RM370.44 mil.	↑ 2.6% y-o-y

RETAIL

Supply	3.60 mil. sf	↔ stable
Occupancy Rate	92%	↔ stable
Rental	Prime: RM1.70psf – RM18.00psf	

SHOP OFFICE

Supply	12,324 units	↑ 24.9% y-o-y
Transaction Volume	70 units	↓ 17.6% y-o-y
Transaction Value	RM40.58 mil.	↓ 17.2% y-o-y

PURPOSE BUILT OFFICE

Supply	4.16 mil. sf	↔ stable
Occupancy Rate	97.3%	↔ stable
Rental	Prime area: RM0.70psf – RM2.60psf	

HOTEL

Supply	4,414 rooms	↓ 1.5% y-o-y
Average Room Rate	5-star: RM260 – RM268 per night	
	4-star: RM188 – RM238 per night	

INDUSTRIAL

Supply	604 units	↔ stable
Transaction Volume	3 units	↓ 81.3% y-o-y
Transaction Value	RM2.15 mil.	↓ 98.3% y-o-y

RESIDENTIAL

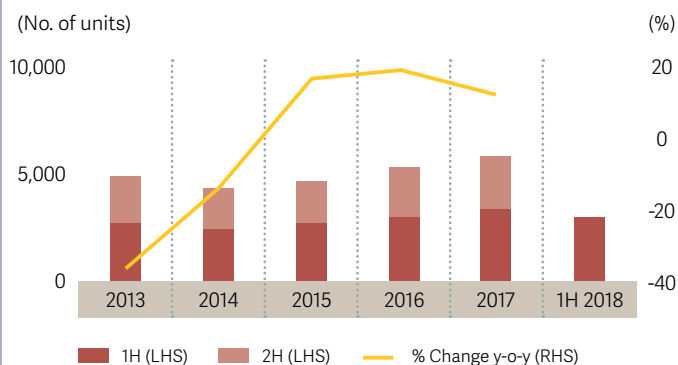
The residential market in Kelantan has remained soft since the significant increase in 2013 to 2015. There were 2,725 residential transactions, a decline of 14.9% in volume from 1H 2017. However, the transaction value showed positive performance with an increase of 2.6% from RM361.07 million to RM370.44 million during the review period. Vacant plots dominated the total transactions, up to 1,648 units transacted with prices below RM100,000 followed by 396 units of 1-storey terraced house priced below RM200,000 per unit.

1H 2018 saw Kelantan's residential supply increased by 3.7%, amounting to 79,958 units. Low-cost houses represented the majority of supply with 26,974 units followed by 24,797 units of 1-storey terraced house in the market. The total number of residential units is expected to increase by another 11,787 units in the near future where surprisingly incoming condominiums (3,559 units) have slightly surpassed the incoming supply of 1-storey terraced houses (3,587 units). This points to the growing popularity of high-rise residential in Kelantan especially in Kota Bharu area.

On average, prices for 1 to 1½ -storey terraced houses in Kota Bharu ranged between RM160,000 to RM180,000 and were rented out between RM550 to RM700 per month depending on size and location. While 2 to

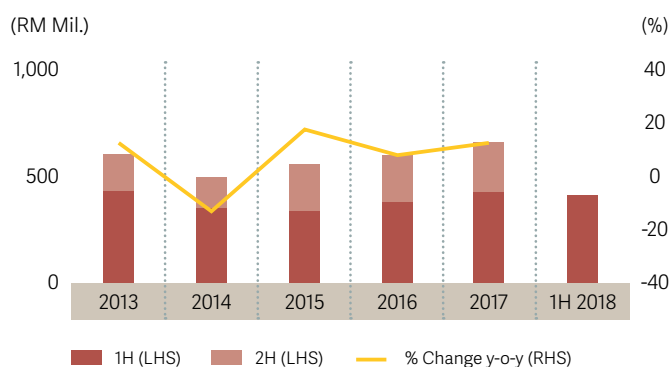
Number of Residential Property Transactions in Kelantan (2013-1H 2018)

(Source: JPPH)



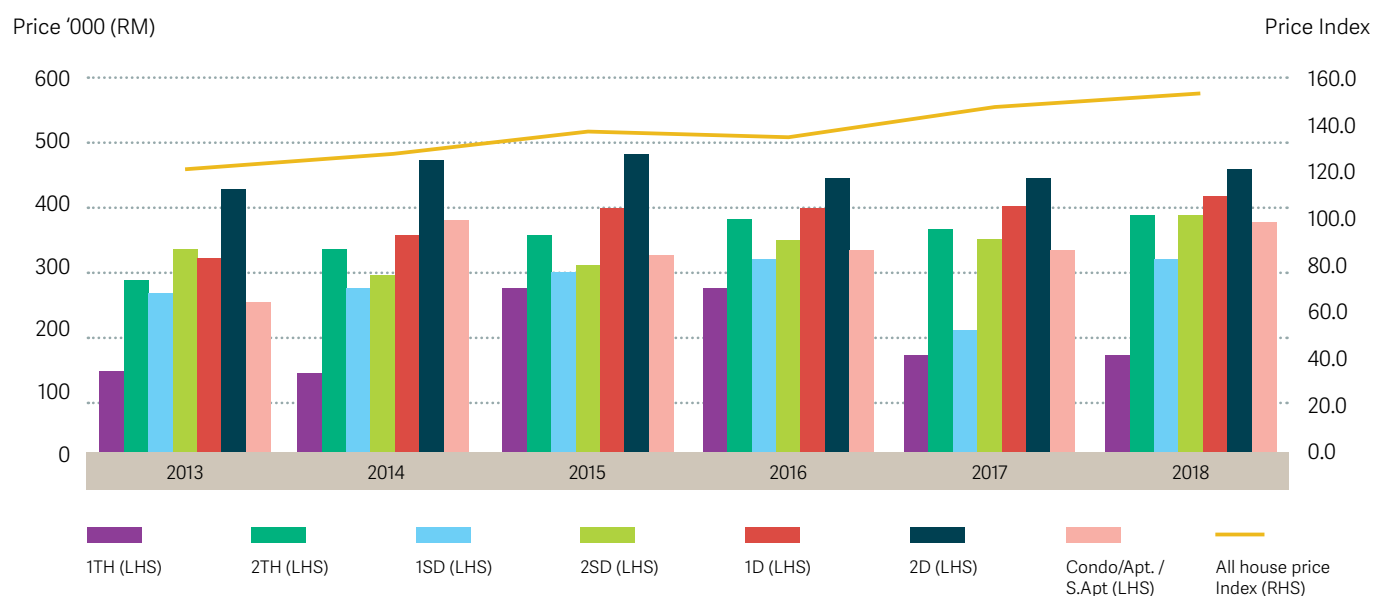
Value of Residential Property Transactions in Kelantan (2013-1H 2018)

(Source: JPPH)



Kota Bharu Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



2½-storey terraced houses were transacted between RM370,000 to RM410,000 and rentals per month hovered between RM800 to RM1,100.

Due to a softened market, Kelantan's residential overhang has worsened during the review period. There were 211 overhang units worth RM42.41 million recorded, indicating an increase of 59.8% and 55.6% in volume and value respectively compared to 2H 2017. This is on top of the 1,452 newly-launched residential units to be injected into the market in the near future. This raises concerns and will give pressure to the existing residential market.

Additionally, 37.6% of the newly-launched units were 1-storey terraced house with selling prices of between RM150,001 to RM200,000 per unit.

In the context of newly-completed residential project, Tijani @ Raja Dewa in Kota Bharu by Symphony Life Berhad has received good take up for their 29 units of 3-storey terraced house and 26 units of 3-storey semi-detached house with selling prices from RM1.2 million and RM1.9 million respectively. Another project completed was their 150 units of serviced apartments with a selling price of RM490,000 onwards per unit.

Upcoming Residential Projects in Kelantan

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Al-Waqf Garden	Bandar Baru Tanjong	Serviced Apartment	206	From RM270,000	2019	Maarij Development
Taman Haji Ali Pinggiran Istana	Kubang Kerian	1-sty Semi-Detached	6	From RM408,000	2019	Haji Ali Group
Taman Seri Bali Harmoni	Tok Bali	1-sty Semi-Detached	10	From RM240,000	2019	Pingat Seri Harmoni
Taman D'Bali Harmoni	Tok Bali	2-sty Terraced	27	From RM328,000	2020	Pingat Seri Harmoni
Troika Residence	Kota Bharu	Condominium	338	From RM326,000	2020	Malvest Group
Sofea Residensi	Kota Bharu	Serviced Apartment	248	From RM316,000	2020	TH Properties
19 Residence	Kota Bharu	Serviced Apartment	182	From RM289,000	2021	SBJ Sdn Bhd
Azalea Perdana (Phase 1)	Machang	1-sty Terraced	111	From RM191,000	2021	SPNB Aspirasi
Taman Alhamra (Phase 1A)	Tanah Merah	1-sty Terraced	130	From RM170,000	2021	SPNB Aspirasi

RETAIL

Overall, Kelantan's retail market remained strong with an average occupancy rate of 92% since 2016, despite an injection of some 1.23 million sq ft of new NLA between 2016 and 2017. This was evidenced by the completion of several retail malls namely, Aeon Mall Lembah Sireh, Giant Hypermarket Bandar Baru Tanjong, Lagenda Galleria (GIANT) Kota Bharu and Pasaraya Pantai Timur in Tumpat. To date, as at 1H 2018, there were 27 existing shopping

malls with approximately 3.60 million sq ft and another 4 shopping malls with approximately 1.24 million sq ft in the incoming supply.

Generally, rentals of retail space were stable for most shopping complexes with good differentiated offerings and high customer traffic. Established malls located within the central town of Kota Bharu such as KB Mall and Aeon Mall received good occupancy rates of up to 80% and monthly rental rates for ground floor of these retail malls



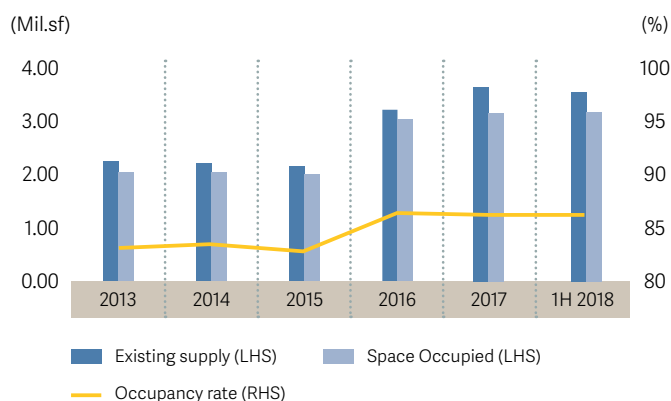
Kota Bharu

can reach up to RM18.00 psf. On the contrary, older retail centres such as Bazaar Tengku Anis and Medan Usahawan have a lower rental rate range of between RM1.70 to RM4.40 psf pm.

One shopping complex transaction was recorded in the review period namely The Store Supermarket in Jalan Pintu Pong, Kota Bharu.

Existing Supply & Occupancy Rate of Retail Spaces in Kelantan (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Retail Mall Projects in Kelantan

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Completion
Plaza IMT-GT	Bukit Bunga	N/A	2019
Al-Waqf Garden Mall	Bandar Baru Tunjong	350,000	2019
Platinum Wholesale City Mall	Lembah Sireh	N/A	2019
Troika Avenue	Jalan Sultan Ibrahim	N/A	2020

PURPOSE BUILT OFFICE (PBO)

For the past five years, the purpose-built office market in Kelantan sustained its firm performance. As at 1H 2018, the cumulative supply of purpose-built office space in Pahang stood at 4.16 million sq ft in 288 buildings, with no office space being added since 2017.

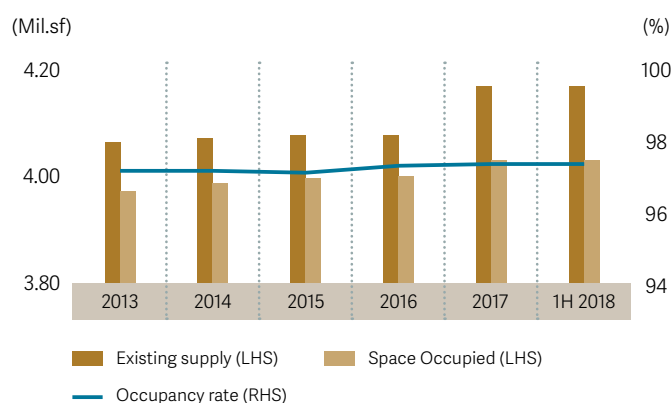
To date, Bangunan Pejabat Air Kelantan Sdn Bhd was the latest completed building that injected 490,600 square feet to the market in 2017. In terms of demand, the overall occupancy of office space in Kelantan has maintained at 97% since 2013.

Likewise, the rental market for purpose-built office space in Kelantan remained stable. Average asking rental rates for purpose-built offices located within central town prime areas such as Bangunan PNINK, Wisma Ilmu and

Bangunan KWSP hovered between RM0.70 to RM2.20 psf whilst Menara Perbadanan and Bangunan AIA commanded higher rental rates at RM1.80 to RM2.60 psf.

Existing Supply & Occupancy Rate of Purpose Built Office in Kelantan (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Purpose-Built Office Projects in Kelantan

(Source: Rahim & Co Research)

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

SHOP OFFICE

For the past 5 years, the shop office market in Kelantan has been fluctuating, with 2015 having the highest count in transactions at 309 units worth RM180.63 million followed by a softening of the market thereafter. As at 1H 2018, there were 70 transacted units worth RM40.58 million, a drop of 17.6% and 17.2% in transaction volume and value as compared to 1H 2017.

3 to 3 ½-storey shop office recorded as the most popular shop office type with a total of 27 units transacted followed by 2 to 2 ½ storey shop office with a total of 23 units transacted.

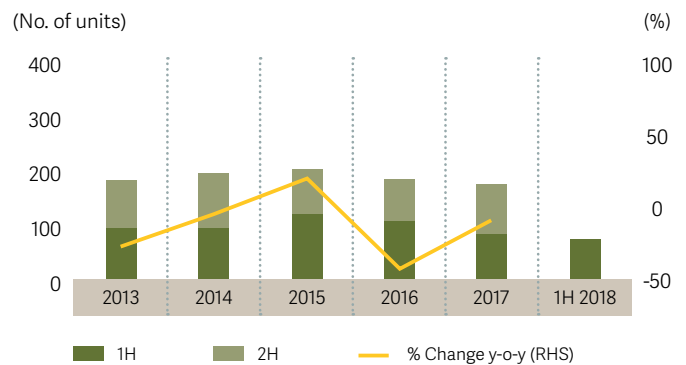
In terms of supply, the shop office market in Kelantan saw an increase of 2,453 units to the current 12,324 units as at 1H 2018, of which the majority of existing shop offices are located in Kota Bharu. Overall, 2 to 2 ½ storey shop office contributed the most of Kelantan's supply at 50%, followed by 3 to 3 ½ storey at 25.3%.

In the shop sub-sector, prices were generally stable. Average transaction price of 2 to 2 ½ storey shop offices located in commercial areas such as Kota Bharu town and Bandar Satelit Islam Pasir Tumbuh was within the region of RM570,000 to RM900,000 per unit whereas 3 to 3 ½ storey shop offices were transacted for RM800,000 to RM1.20 million depending on size and location.

Overhang situation coupled with softened market sentiments cast a challenge on the shop office sector in Kelantan. There was a total of 123 overhang shop offices worth RM78.65million, up by 16.6% in volume and 15.1% in value (H2 2017: 7 units worth RM4.90 million). 2 to 2½-storey type has the highest number of overhangs with 65 units worth RM35.87million priced from RM500,001 to RM750,000. With another 1,605 units recorded as incoming supply, further pressure will be expected in both the rental and property transactions.

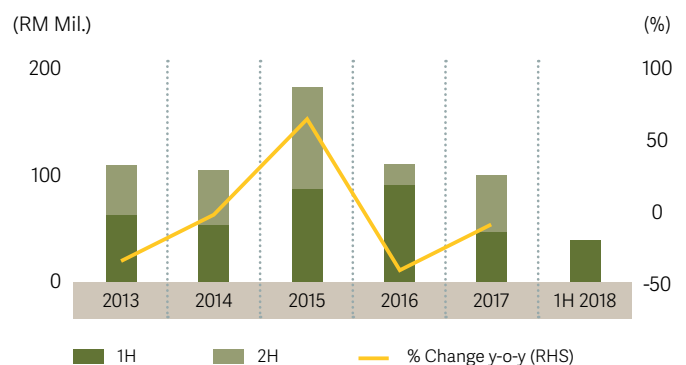
Number of Shop Office Property Transactions in Kelantan (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Kelantan (2013-1H 2018)

(Source: JPPH)



In terms of supply, the shop office market in Kelantan saw an increase of 2,453 units to the current 12,324 units as at 1H 2018.

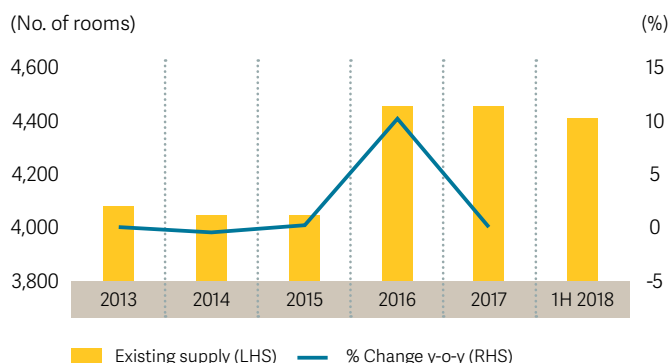
HOTEL

As at 1H 2018, the cumulative supply of hotel in Kelantan stood at 4,414 rooms from 90 hotels which of these, 14 hotels are rated 3-to-5-star hotels and 41 hotels are unrated. Looking forward, hotels currently in the works are Mövenpick Hotel, Al-Waqf Garden Suite and Ibis Style Hotel which will inject about 878 new rooms into the Kelantan hotel market.

To date, in Kelantan, hotels of 4 star and above are Hotel Perdana Kota Bharu Kota Bahru, The Grand Renai, Grand Riverview Hotel and Holiday Villa Hotel & Suites Kota Bharu and these are mainly located in Kota Bharu. Room rates of 4 and 5-star hotels are generally between RM188 to RM268 per room per night.

Existing Supply of Hotels in Kelantan (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Hotels in Kelantan

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No. of Rooms	Completion	Developer
Ibis Style Hotel	Kota Bharu	N/A	132	2019	Halaman Group
Al-Waqf Garden Suite	Bandar Baru Tunjong	4	294	2019	Maarij Development
Mövenpick Hotel	Kota Bharu	5	452	2020	Usahasama Seri Cemerlang Sdn Bhd

INDUSTRIAL

Kelantan was one of Malaysia's vibrant destinations for investments as well as inclusive human capital development programmes. According to Malaysian Investment Development Authority (MIDA), as at September 2017, a total of 292 manufacturing projects have been approved in Kelantan, with investments worth RM6.48 billion. The majority of these investments worth RM5.04 billion were from domestic sources, while the rest were from foreign sources and have created over 38,500 job opportunities.

Over the past 5 years, the highest count in industrial property transaction was recorded in 2014 at 54 units worth RM47.81 million. Between 1H 2017 and 1H 2018, there was a drop in volume of 81% to 3 units and value by 98.3% to RM2.15 million, which puts the current industrial property activities to be even lower than that of 1H 2015 (volume at 11 units and value at RM12.47 million).

By 1H 2018, the supply of industrial factories in Kelantan remained unchanged at 604 units with about 66% located within Kota Bharu. Industrial properties in Kelantan were predominantly of the terraced and detached type which contributes to approximately 67% of the total supply.

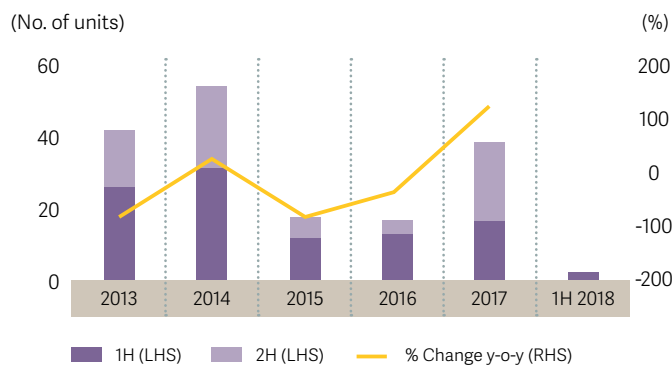
In terms of prices, the selling price for 1-storey terraced factories in Pengkalan Chepa Industrial Park, Kota Bharu are from RM470,000 to RM850,000 per unit whilst 1-storey semi-detached factories were transacted within the range of RM550,000 to RM1.2 million.

To date, notable existing Kelantan industrial areas are in Pengkalan Chepa, Lundang, Tanah Merah, Lubok Jong (Pasir Mas), Jeli, Kuala Krai and Gua Musang. The new completed industrial areas that will be growth catalysts for Kelantan are Pasir Mas Halal Park (PMHP), Tok Bali Integrated Fisheries Park (TBIFP), Collection, Processing and Packaging Centre (CPPC).

Notable foreign companies operating in Kelantan include CMNM Mining Group from Singapore, Esquel from Hong Kong, Manakas from Germany and Rohm Wako from Japan. These five companies have invested a total of RM1.1 billion and provided 2,872 jobs for Kelantan. On the other hand, local investors include Terang Nusa, Ain Medicare Sdn Bhd and Kompleks Perkayuan Kelantan with a total investment of RM336.0 million and provided 3,269 jobs for the state.

Number of Industrial Property Transactions in Kelantan (2013-1H 2018)

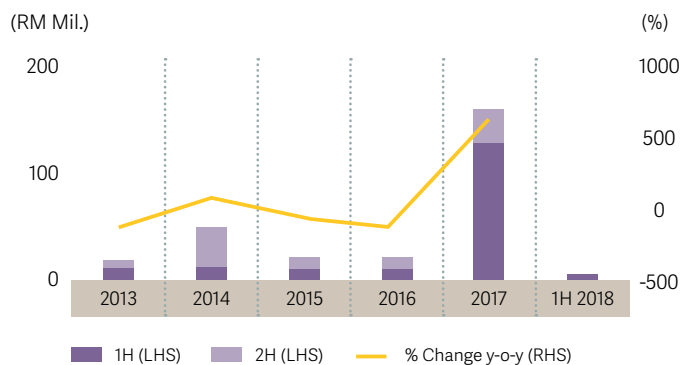
(Source: JPPH)



Kubang Kerian, Kota Bharu

Value of Industrial Property Transactions in Kelantan (2013-1H 2018)

(Source: JPPH)



NOTABLE ANNOUNCEMENTS

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The state government is redeveloping and rebranding Tanah Tinggi Lojing to Lojing Highlands, the next tourism and investment destination of Kelantan.

The newly-appointed Malaysian Ambassador to Thailand has stated their ongoing negotiation regarding the construction of a bridge to connect Pengkalan Kubor in Kelantan to Takbai in Narathiwat and an expansion of the Sungai Golok bridge.

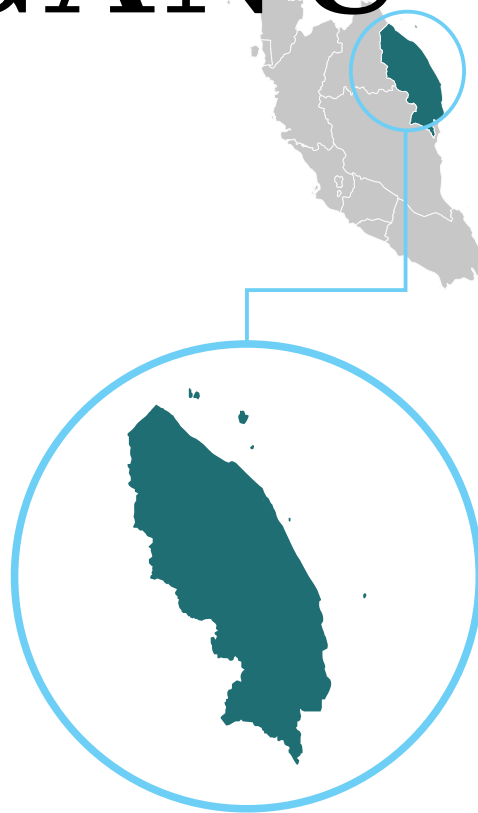
A total of 364 projects worth RM14.83 billion is being implemented in Kelantan under the 11th Malaysia Plan (11MP). Out of these, 97 high-impact projects are in the midst of being implemented at a cost of RM11.62 billion which includes:

- Upgrading of the Sultan Ismail Petra Airport (expected to begin in 2020)
- Kota Baru-Kuala Krai Highway (Package 1b: Pasir Hor-Kadok)
- Kota Baru-Kuala Krai Highway (Package 2b: Ketereh to Kok Lanas)
- Kota Baru-Kuala Krai Highway (Package 2A: Kadok-Ketereh)
- Central Spine Road (CSR) Package 3 (Gua Musang to Kampung Relong, Pahang)
- Construction of the flyover linking Kota Baru and the Wakaf Baru Roundabout

Malaysia and Thailand have agreed to open up their borders for 24 hours every day and also the building of two bridges which will connect Kelantan to the Thailand border.

TERENGGANU

Darul Iman



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	99,325 units	↑ 2.7% y-o-y
Transaction Volume	5,905 units	↑ 3.2% y-o-y
Transaction Value	RM791.45 mil.	↑ 10.3% y-o-y

RETAIL

Supply	1.78 mil. sf	↔ stable
Occupancy Rate	72.9%	↓ 0.6% y-o-y
Rental	Prime: RM1.50psf – RM27.00psf	

PURPOSE BUILT OFFICE

Supply	3.70 mil. sf	↔ stable
Occupancy Rate	97.2%	↑ 0.2% y-o-y
Rental	Prime area: RM1.50psf – RM4.60psf	

SHOP OFFICE

Supply	7,420 units	↑ 18.5% y-o-y
Transaction Volume	110 units	↑ 14.6% y-o-y
Transaction Value	RM66.83 mil.	↓ 5.4% y-o-y

HOTEL

Supply	8,405 rooms	↑ 6.9% y-o-y
Average Room Rate	5-star: RM280 – RM810 per night	
	4-star: RM234 – RM350 per night	

INDUSTRIAL

Supply	866 units	↑ 0.1% y-o-y
Transaction Volume	17 units	↑ 112.5% y-o-y
Transaction Value	RM14.8 mil.	↑ 3.6% y-o-y

RESIDENTIAL

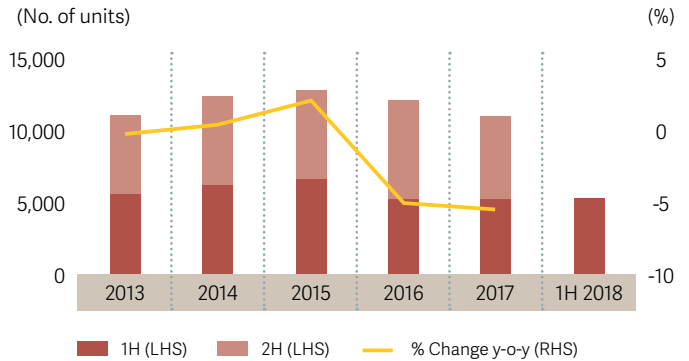
Terengganu's residential market witnessed the volume and value of its transactions improved at 3.2% and 10.3% respectively as at 1H 2018 despite the weak market sentiment. Within the review period, there were 5,905 transactions worth RM791.45 million recorded in 1H 2018, where vacant plots dominated 68.5% of the residential property transactions. The majority (80%) of the total vacant plot transactions were priced below RM100,000 followed by 1 to 1 ½ storey semi-detached house with transacted price below RM400,000.

In terms of supply, the total number of existing residential in Terengganu was 99,325 units in 1H 2018, an increase of 2,618 units compared to 1H 2017. Low-cost houses contributed the majority of the supply with 19,972 units, followed closely by 1-storey terraced house with 19,172 units. Furthermore, the total number of residential units is expected to increase by another 16,543 units of incoming supply with the majority are of the detached type. Overall, the supply of residential properties in Terengganu were concentrated in Kuala Terengganu and Kemaman; representing 53% of the total percentage share in existing supply and 44% in incoming supply.

The issue of overhang is not a major concern as compared with other states as there were improvements recorded as compared to 2H 2017. There were 271 units worth

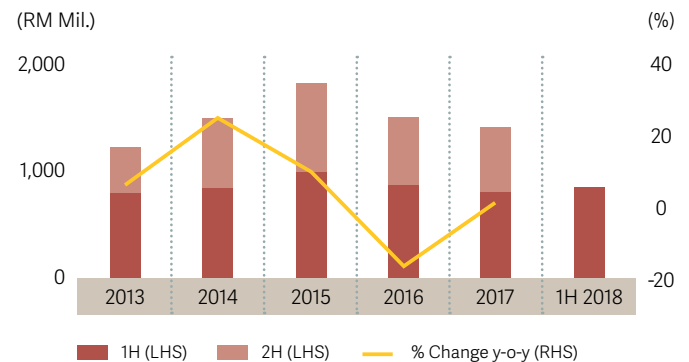
Number of Residential Property Transactions in Terengganu (2013-1H 2018)

(Source: JPPH)



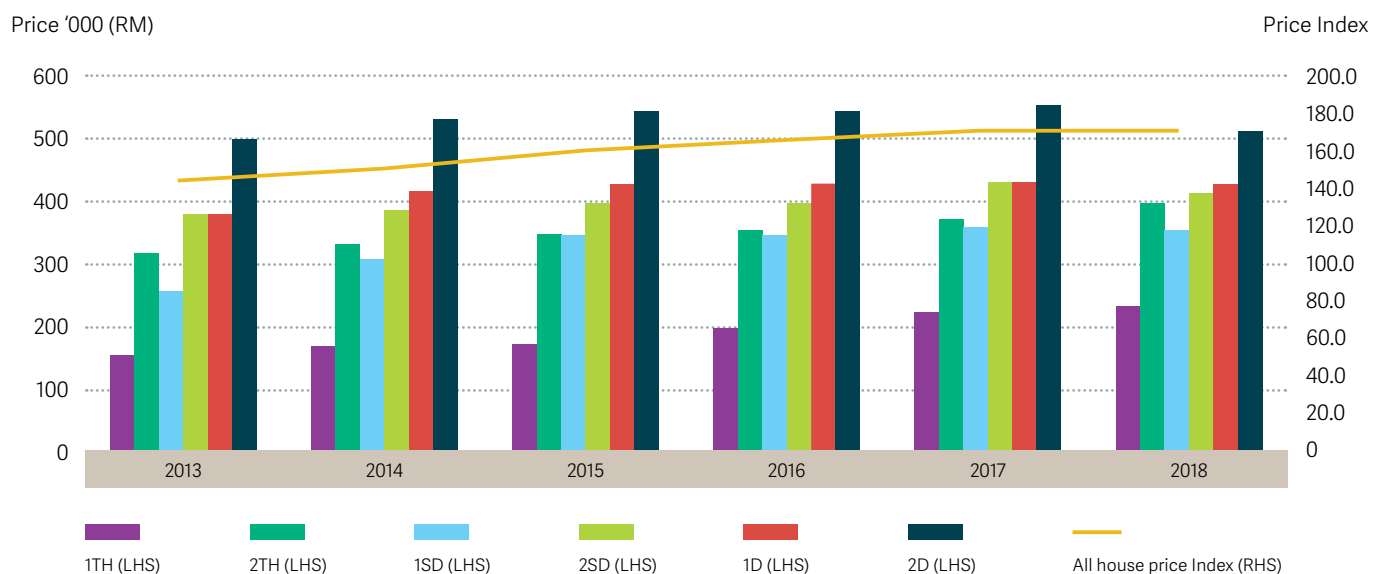
Value of Residential Property Transactions in Terengganu (2013-1H 2018)

(Source: JPPH)



Kuala Terengganu Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)





Floating Mosque, Kuala Ibai

RM98.57 million, a drop of 52.1% in volume and 29.1% in value. Surprisingly, most of the overhang units were mainly located in Kemaman with 245 units, where 2 to 3-storey terraced house were among the highest contributor and were priced between RM250,001 to RM400,000 per unit. Note also that this is in addition to the 209 newly-launched units where, again majority were 2-storey terraced houses representing 56% of total percentage share.

Prices and rental of residential property in Terengganu were generally stable with an upward trend noted in choice locations. On average, 1-storey terraced houses in Kuala Terengganu were priced between RM200,000 to RM230,000 per unit, whereas rentals range between RM500 – RM1,000 per month. In Kemaman, there is a high demand for schemes located in flood-free areas. 1-storey terraced house were between RM200,00 to RM250,000 per unit and rentals ranged from RM500 – RM850 per month.

Selected Upcoming Residential Projects in Terengganu

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Southern Residence	Kemaman	Serviced Apartment	264	From RM300,000	2019	JV Muhibbah Sdn Bhd
Taman Huzaifah Pelagat	Jerteh	1-sty Terraced	58	From RM180,000	2019	Tele Towers Sdn Bhd
		2-sty Terraced				
Taman Putera Harmoni	Kemaman	1-sty Terraced	32	From RM193,000	2019	Pingat Harmoni Sdn Bhd
Geliga Impiana	Kemaman	2-sty Terraced	26	From RM430,000	2019	Hartanah Girls Sdn Bhd
Zircon @ Tiara Paka	Dungun	1-sty Terraced	46	From RM190,000	2019	Kemaman Technology & Industrial Park
Amethyst @ Tiara Paka	Dungun	1-sty Semi-Detached	17	From RM235,000	2019	Kemaman Technology & Industrial Park
Taman Medina Sari	Dungun	1-sty Semi-Detached	16	From RM380,000	2019	Ting Mee Development (M) Sdn Bhd
Laman Pantai Penarik	Setiu	1-sty Detached	10	From RM230,000	2020	Anggun Armada Sdn Bhd
Alam Mutiara Residensi Pesisiran Air	Kuala Terengganu	2-sty Terraced	43	From RM420,000	2020	Dacing Sempurna Housing Sdn Bhd
		2-sty Villa	30	From RM488,000		
		2-sty Bungalow	7	From RM1.01 mil.		
Setok @ Casa Idaman	Kuala Nerus	2-sty Terraced	124	From RM319,000	2021	SPNB Idaman Sdn Bhd
		2-sty Semi-Detached				

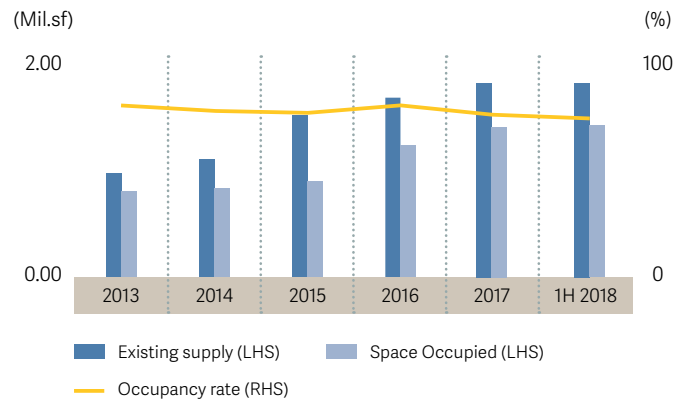
RETAIL

Overall, Terengganu's retail market remained stable as there was no new supply added during the review period. As at 1H 2018, there were 39 retail malls in Terengganu with a total area of approximately 1.78 million sq ft; with approximately 1.23 million sq ft or 69.1% of existing supply within Kuala Terengganu. In spite of the stagnant supply, the average occupancy rate in Terengganu recorded a slight drop of 0.6% to 72.9% in 1H 2018 compared to occupancy rate in 1H 2017.

As existing retail spaces in Terengganu were predominantly taken up by older retail space and hypermarket such as Bazar MAIDAM, retail lots in Jalan Banggol, Mydin Hypermarket and Giant Hypermarket; the retail space rental market was generally stable. Ground floor retail space located within Kuala Terengganu commanded monthly rental rates of RM1.50 to RM7.30 psf. However, Mydin Mall, Giant Hypermarket, PB Square & Giant Gong Badak commanded higher rental rates from RM8.00 and up to RM27.00 psf.

Existing Supply & Occupancy Rate of Retail Spaces in Terengganu (2013-1H 2018)

(Source: JPPH)



Looking forward, the local retailers may see more retail space or modern shopping mall to be added to Terengganu's retail market, led by the completion of KTCC Mall and Nu Mayang Mall which were reportedly still under construction and are expected to be completed within the next two years.

Selected Upcoming Retail Mall in Terengganu

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Completion
KTCC Mall	Kuala Terengganu	750,000 sf	2020
NU Mayang Mall	Kuala Terengganu	715,000 sf	2020

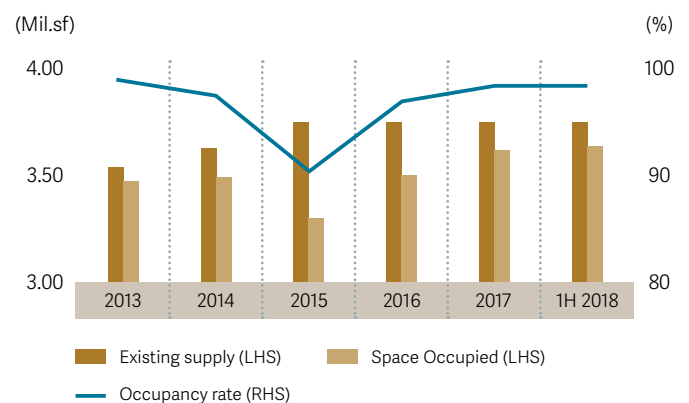
PURPOSE BUILT OFFICE (PBO)

The office market in Terengganu has remained relatively stable where purpose-built offices were mainly developed for government use. As at 1H 2018, the cumulative supply of existing purpose-built office space in Terengganu was 3.70 million sq ft.

Approximately 2.84 million sq ft or 79% of existing supply is within Kuala Terengganu Central Business District (CBD) with the rest located in city fringe or suburban localities. Since there is limited supply in purpose-built office in Terengganu, the demand for office space has remained strong at an average occupancy rate of 97%.

Existing Supply & Occupancy Rate of Purpose Built Office in Terengganu (2013-1H 2018)

(Source: JPPH)



As a result, the rental market for purpose-built office space in Terengganu remained stable, especially office buildings located in central town prime area. Average asking rental rates for purpose-built offices located within central town prime areas such as Bangunan Tabung Haji, Bangunan

Yayasan Islam Terengganu and Wisma Maidam hovered between RM1.50 to RM2.70 psf. However, PB Square and Darul Takaful Kuala Terengganu commanded higher rental rates at RM2.30 to RM4.60 psf.

Selected Upcoming Purpose-Built Office in Terengganu

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Completion
Menara MBKT	Kuala Terengganu	21,980 sf	2019

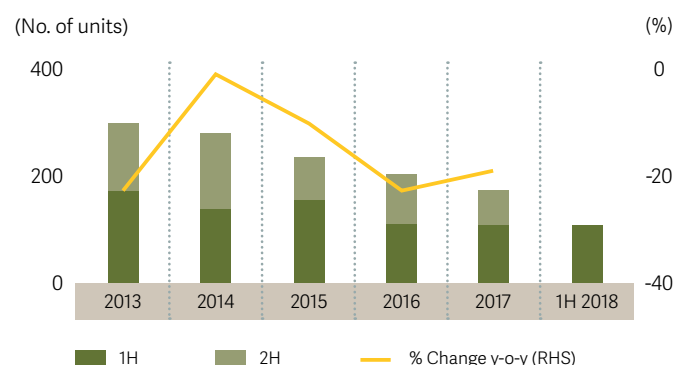
SHOP OFFICE

Terengganu's shop office market in 1H 2018 saw an increase of 1,158 units to the current existing supply of 7,420 units. The majority of the shop offices were located in Kuala Terengganu. 2 – 2 ½ storey shop office contributed the most with 51.3%, followed by 3 – 3 ½ storey terrace with 25.6% of total share.

In terms of demand, transaction volume saw an improvement after a major drop in 2016. Within the review period, there were 110 transactions recorded in 1H 2018, an increase of 14.6% where 2 to 2½ storey was the most popular type in the shop office market (57.1% of the total transactions), and were within the price range of RM500,001 to RM1 million. On the contrary, transaction value recorded a drop of 5.4% amounting to RM66.83 million in 1H 2018 from RM70.68 million in 1H 2017.

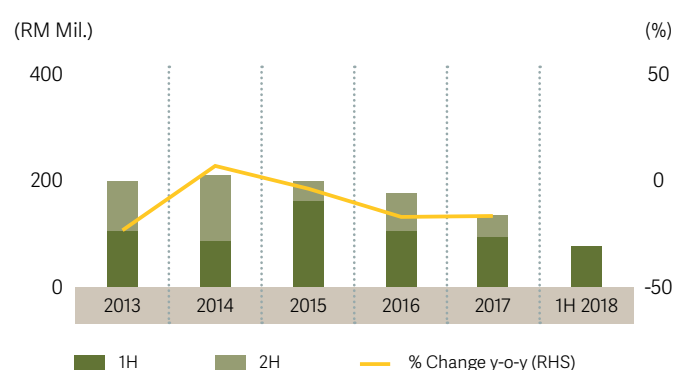
Number of Shop Office Property Transactions in Terengganu (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Terengganu (2013-1H 2018)

(Source: JPPH)



Although Kuala Terengganu was the largest contributor to Terengganu's shop office market in terms of total supply, Kemaman led in terms of transactions. This is shown by the fact that the majority of the shop office transactions in Terengganu took place in Kemaman i.e. 56 units transacted with 2-2½ storey shop was the most popular type of shop office among the buyers.

Prices of shops were mainly stable in Terengganu. For instance, 2 to 2½ storey shop offices in Kuala Terengganu were transacted from RM585,000 and can reach more than RM1 million due to limited availability. On the other hand, 2 to 2½ storey shop offices in Kemaman fetched RM480,000 to RM700,000 per unit.

2018 saw several completions of shop office development in Terengganu. The icon, 5-storey shop office in Kuala Terengganu by VST Group and The Coast Kemaman, 3-storey shop office by Uda Holdings Berhad.

Selected Upcoming Shop Offices in Terengganu

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Taman Desa Idaman	Paka	2-sty Shop Office	23	From RM609,700	2019	Syarikat Perumahan Negara Berhad
Paka Uptown	Paka	3-sty Shop Office	7	From RM980,000	2019	Kotamas Development
Shoplot @ Alam Mutiara Persisiran Air	Kuala Terengganu	2-sty Shoplot	42	From RM685,000	2020	Dacing Sempurna Housing Sdn Bhd

HOTEL

Terengganu is rich with natural attractions which is reflected in the state's emphasis on the tourism industry as a major revenue earner. As a result, on June 2017, Terengganu recorded 269,512 tourist arrivals, an increase of 8.3% compared to the 247,089 who visited during the same period 2016 and in 2018, and the state government is targeting to achieve tourist arrivals of 5.5 million.

Over the past 5 years, there was a steady growth in the supply of hotels in Terengganu except in 2014 where there was a notable increase of 1,389 rooms into the market. As at 1H 2018, there were 8,405 rooms in 166 hotels, a slight

increase of 1.2% as compared to the same period last year. Of these, 29 hotels with 3,670 rooms are rated 3-to-5 star hotels and 76 hotels with 2,566 rooms were unrated.

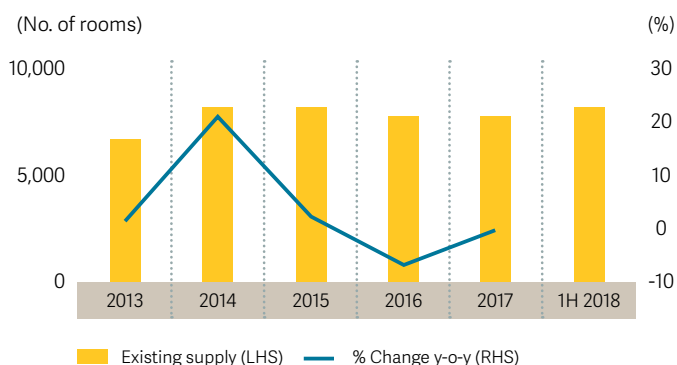
On average, room rates per night at a 5-star hotel such as Duyong Marina & Resort, Resort World Kijal and The Taaras Beach & Spa Resort were priced between RM280 to RM810 per night and 4-star hotel such as Hotel Grand Continental Kuala Terengganu, Laguna Redang Island Resort, Primula Beach Hotel and TH Hotel & Convention Centre Kuala Terengganu were offered between RM234 to RM350 per room per night.

To date, in Terengganu, no new hotel completion took place in 2018 and looking forward, there were two 5-star hotels known as Mövenpick Resort & Spa Chendering and Marriott Resort & Spa Pulau Perhentian and one 3-star hotel known as Terengganu Halal Business Centre Hotel Gong Badak in the pipeline.

Several new tourism initiatives have been introduced by the state government to spur Terengganu as a tourism corridor and attract more tourists regardless of their countries of origin. For instance, the construction of the draw-bridge which connects Kuala Terengganu Town to Seberang Takir, which would be the latest attraction to lure tourists apart from the beauty of the island and Tasik Kenyir.

Existing Supply of Hotels in Terengganu (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Hotels in Terengganu

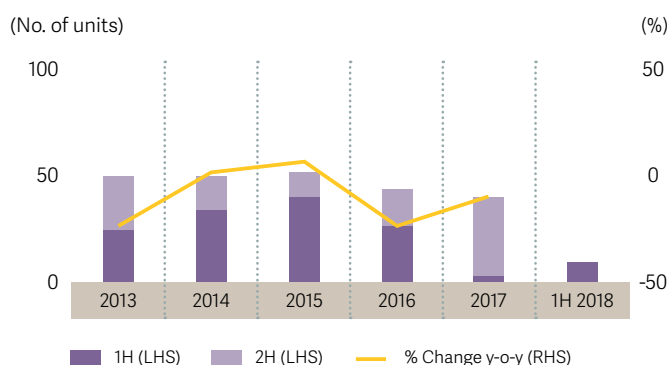
(Source: Rahim & Co Research)

Development	Location	Star Ratings	No. of Rooms	Completion	Developer
Mövenpick Resort & Spa Chendering	Kuala Terengganu	5	250	2019	Bina Puri Holdings
Marriott Resort & Spa	Pulau Perhentian	5	220	2020	iKHASAS Group

INDUSTRIAL

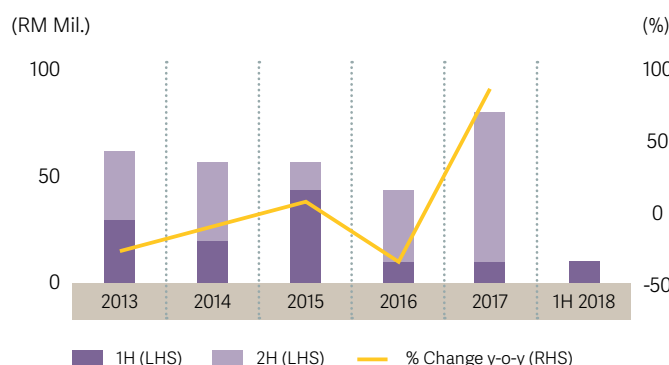
Number of Industrial Property Transactions in Terengganu (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Terengganu (2013-1H 2018)

(Source: JPPH)



For the past 5 years, the industrial market in Terengganu has been moving up and down with 2015 having the highest count in transaction at 53 units worth at RM60.06 million. But looking between the review periods, 1H 2018 showed a slight increase of 26.6% at 17 transacted units worth RM14.8 million. Vacant plots were the most popular type in terms of transactions.

On the other hand, the supply of industrial factories in Terengganu remain relatively unchanged with only an increase by one unit of newly completed detached factory in Besut which made the total existing supply of factories in Terengganu to 866 units during the review period. Terraced and semi-detached factories remained as the most unit type and most of these factories are concentrated in Kemaman and Kuala Terengganu industrial areas.

In terms of prices, the selling price for 1-storey terraced factories located in Kuala Terengganu have reached above RM1.3 million. In Kemaman, the selling price for 1 to 1½ storey terraced factories ranges from RM300,000 to RM450,000 per unit. Within the industrial area of Gong Badak, transaction values have been reported to increase due to its strategic location near Kuala Nerus Administrative Commercial Centre.

According to Malaysian Investment Development Authority (MIDA), as at December 2017, among the states in the east coast of Malaysia, Terengganu records the highest amount of investments in the manufacturing sector. There were 210 implemented projects valued at RM33.9 billion. Most of these projects are from domestic sources recording a total of RM20.4 billion or 60% while the rest are from foreign sources.

Terengganu Incorporated (Terengganu Inc) has signed a deal with PETROLIAM Nasional Bhd (PETRONAS) Inc to conduct a feasibility study on the possibility of developing energy-related infrastructures for Terengganu Silica Valley (TSV). TSV is an industrial area located in Jambu Bongkok, Marang that is dedicated to silica-based and quartz-based industries with expectation to create up to 7,200 jobs for the locals of Terengganu. With a gross development value of RM13 billion, the Silica Valley will be developed in two phases — 470 hectares (ha) in the first phase and 3,520 ha in the second phase. Completion is targeted to be in 2020.

NOTABLE ANNOUNCEMENTS

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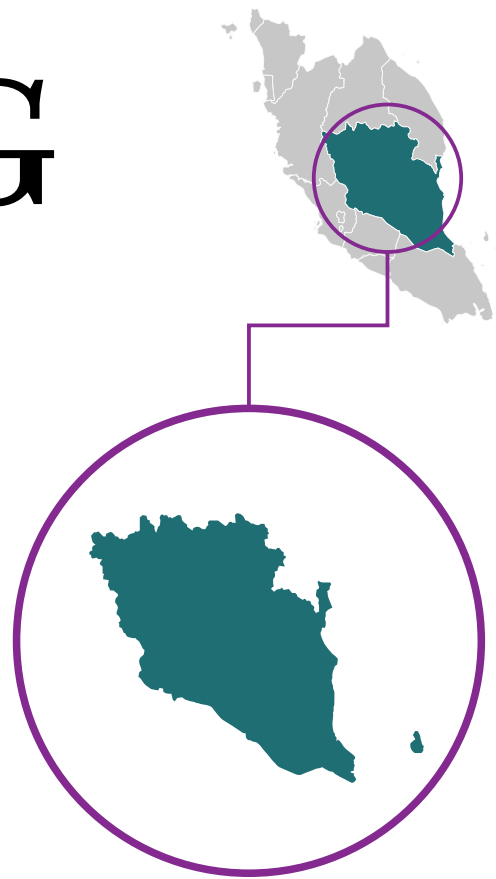
There were still uncertainties on the implementation and status of the ECRL project moving forward.

The construction of a new road in Kuala Terengganu City Centre (KTCC) under Package One, stretching from KTCC Muara Utara, Seberang Takir towards Sultan Mahmud Airport is expected to be completed by April 2019.

In continuance of overcoming the affordability issue, the state government will build a total of 300 PR1MA homes in each constituency priced at RM68,000 each.

PAHANG

Darul Makmur



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	269,961 units	↑ 3.0% y-o-y
Transaction Volume	4,517 units	↓ 3.2% y-o-y
Transaction Value	RM1,058.02 mil.	↓ 0.5% y-o-y

RETAIL

Supply	4.14 mil. sf	↑ 31.5% y-o-y
Occupancy Rate	68.7%	↓ 6.2% y-o-y
Rental	Prime: RM3.00psf – RM38.00psf	

PURPOSE BUILT OFFICE

Supply	4.52 mil. sf	↑ 4.5% y-o-y
Occupancy Rate	92.7%	↑ 5.0% y-o-y
Rental	Prime area: RM1.50psf – RM4.00psf	

SHOP OFFICE

Supply	22,868 units	↑ 4.3% y-o-y
Transaction Volume	266 units	↓ 6.7% y-o-y
Transaction Value	RM198.04 mil.	↑ 1.6% y-o-y

HOTEL

Supply	28,986 rooms	↑ 0.4% y-o-y
Average Room Rate	5-star: RM268 – RM470 per night	
	4-star: RM210 – RM295 per night	

INDUSTRIAL

Supply	3,538 units	↑ 1.2% y-o-y
Transaction Volume	84 units	↓ 4.5% y-o-y
Transaction Value	RM244.44 mil.	↑ 728.3% y-o-y

RESIDENTIAL

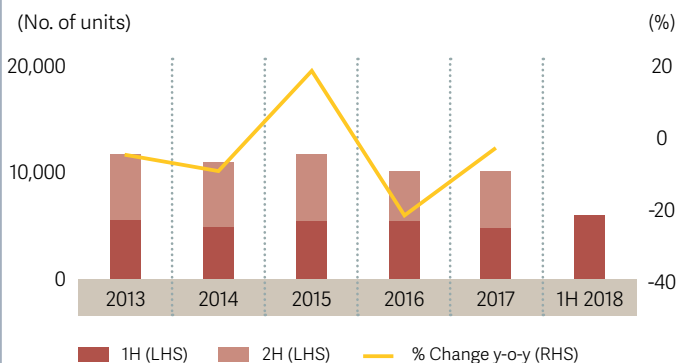
As at 1H 2018, residential market in Pahang continued to fall but at a slower pace compared to 1H 2017. Pahang recorded 4,517 transactions worth RM1,058.02 million, indicating a small decline of 3.2% in volume and 0.5% in value from the previous year. Of the total transactions, 33.2% (1,501 transactions) comprised of 1-storey terraced houses priced between RM200,001 to RM250,000.

On the existing supply, 1H 2018 showed Pahang residential supply to increase by 3% y-o-y to 269,961 units, whereby 1-storey terraced houses contributed the most with 76,233 units followed by low-cost houses at 60,277 units. Looking forward, Pahang will be expecting another 22,739 residential units currently under construction of which are mainly 1-storey terraced and 1-storey semi-detached houses. This observation shows Pahang's residential market to still be leaning more on landed residential than high-rise residential.

Interestingly, high-rise residential units are gaining popularity as a form of investment or as first-time homes with the market witnessing an increase of supply built, especially serviced apartments. Serviced apartments, which are considered as residential units with commercial titles, recorded an increase of 12.4% in existing supply from 2,759 units in 1H 2017 to 3,102 units in 1H 2018. Adding on, there are 1,565 incoming units of serviced apartment which will add on to the supply of high-rise developments

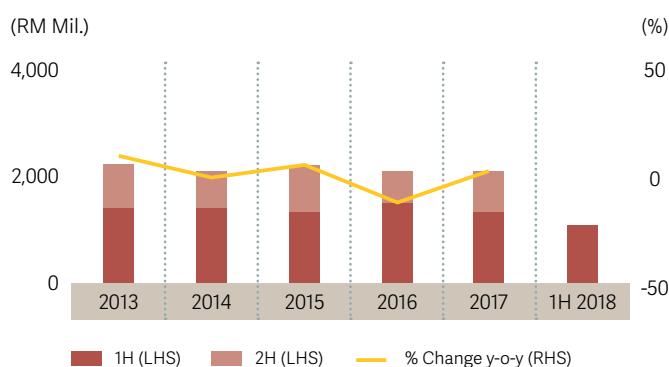
Number of Residential Property Transactions in Pahang (2013-1H 2018)

(Source: JPPH)



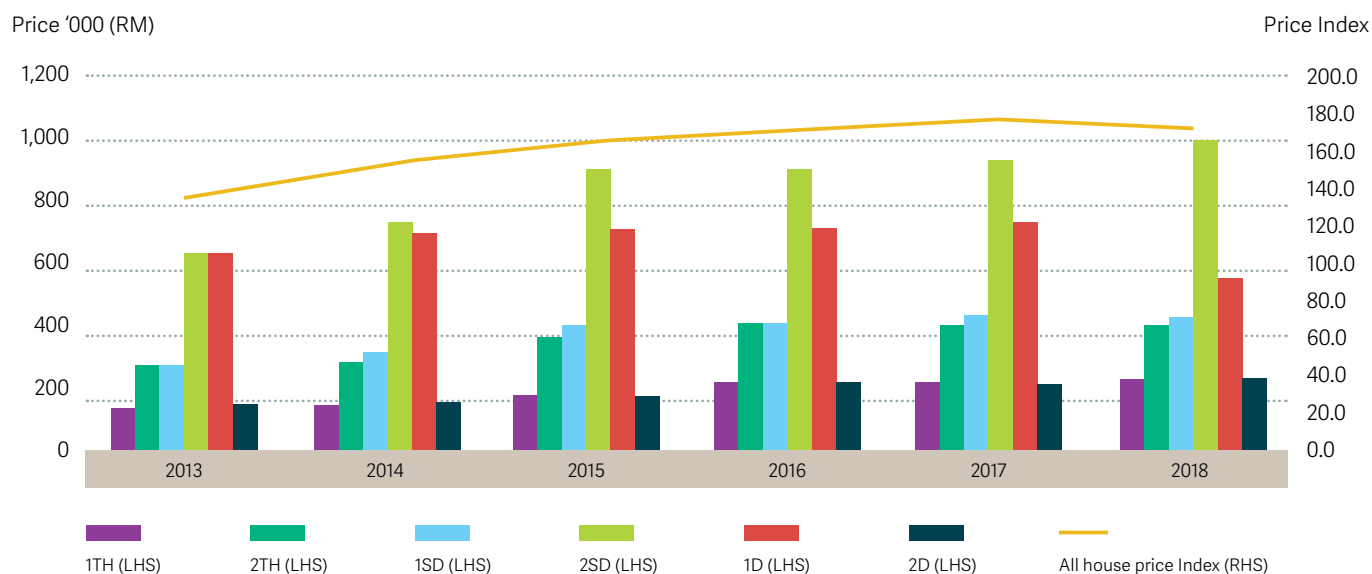
Value of Residential Property Transactions in Pahang (2013-1H 2018)

(Source: JPPH)



Kuantan Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



in Pahang. Most of the serviced apartments in Kuantan are mainly used for AirBnB (Air Bed & Breakfast) services with most of the established serviced apartments located within close distance to tourist spots i.e Kuantan Tembeling Resort fronting Teluk Cempedak.

The overhang situation in Pahang brought concerns on how total of 1,690 residential units will be absorbed into the market, this number including serviced apartments. A majority of the unsold completed units are condominium and serviced apartment type, totalling at 758 units worth RM204.77 million with prices below RM500,000. Though the market is considered soft, improvement is seen on the newly launched residential units as at 1H 2018. A total of 3,410 units were launched and sales performance was reported to have increased by 36.3% compared to 22.5% in 1H 2017. Of the new launches, 1-storey terraced and 1-storey semi-detached units were the most popular at 1,324 and 1,155 units respectively.

On average, prices of 1 to 1 ½ storey terraced houses in Kuantan ranged between RM250,000 to RM270,000 and are rented between RM800 to RM1,200 per month depending on the size and location. 2 to 2 ½ storey terraced houses went at a higher RM400,000 to RM450,000 and rentals hover between RM950 to RM1,200 per month.

2018 witnessed a newly completed project by KotaSAS Sdn Bhd, Evergreen II Homes @ KotaSAS which consisted of 99 units of terraced houses and 130 units of semi-detached houses. The selling price of the terraced houses starts from RM310,000, while the semi-detached have a minimum selling price of RM398,000 per unit.

Launched in May 2018, the first 6-star serviced suites in Genting Highlands, known as Grand Ion Majestic successfully received overwhelming responses from buyers from having achieved a 100% take-up rate. Phase 1 (Block M1) consists of 742 units of fully furnished

Selected Upcoming Landed Residential Projects in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Mahkota Height III	Bandar Indera Mahkota 1 & 2	1-sty Terraced	19	From RM398,000	2019	Liew Sing Development Sdn Bhd
		2-sty Terraced		From RM498,000		
PJ Residence	Kuantan	2-sty Terraced	128	From RM331,000	2019	Alam Tenggara Sdn Bhd
		1-sty Semi-Detached		From RM401,000		
Taman PSJ-Damansara	Kuantan	2-sty Terraced	238	From RM368,000	2019	Perumahan Satelit Jaya Sdn Bhd
		2-sty Semi-Detached		From RM550,000		
Taman Sejahtera (Phase 1)	Kuantan	1-sty Terraced	100	From RM210,000	2020	Khidmat Cemerlang Sdn Bhd
SpringVale Residences	KotaSAS	2-sty Terraced	207	From RM397,000	2020	Tanah Makmur Berhad
		2-sty Semi-Detached		RM685,000		
The Colonial (Phase 1)	Raub	2-sty Terraced	115	From RM302,000	2020	Green Target Holdings Sdn Bhd
Laman Hijauan	Kuantan	2-sty Terraced	217	From RM370,000	2021	Webcon Land Sdn Bhd
Hermoso Residences	Kuantan	3-sty Superlink	380	From RM698,000	2022	Tunas Land Sdn Bhd
		3-sty Villa		RM988,800		

studio suites for RM400,000 and two-bedroom suites at RM800,000 onwards. As a result of the impressive sales performance, Phase 2 has been opened for sale, offering studio-type serviced apartments sized at 380 sq ft with prices starting from RM500,000. Impiana Sdn Bhd too saw the soft launch of their own development named Impiana Residences Cherating in December 2018. This project offers built-up sizes of 565 sf to 1,398 sf and will be on a sale-and-leaseback basis with guaranteed returns.

Affordability is a major concern in the East Coast region. As a solution to this, the Pahang government will build 35,000 units of affordable houses within the next 5 years under the state's 1Malaysia People's Housing (PR1MA) programme to cater the demand for the low- and medium-income groups in the state. Currently, about 5,000 PR1MA units are being built in Tanjung Lumpur, Jalan Gambang and Halal Park Gambang.

Upcoming PR1MA Projects in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
PR1MA	Kampung Baru Sungai Dua	2-sty Terraced	28	RM135,000	2019	Penamin Sdn Bhd
PR1MA @ Gambang (Phase 2)	Bandar Gambang	1 Semi-Detached	302	RM150,000	2019	Nilaitex (M) Sdn Bhd
PR1MA @ D' Marina	Kuantan	1 & 2-sty Terraced	1,286	From RM192,000	2019	WZS BinaRaya Sdn Bhd
PR1MA @ Gambang 3	Bandar Gambang	1 & 2-sty Terraced	1,631	From RM199,000	2020	Franky Land Sdn Bhd
PR1MA Pahang	Sungai Baging, Cherating	1-sty Semi-Detached	206	RM150,000	2020	Kencana Agri Sdn Bhd

Selected Upcoming High-Rise Residential Projects in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Imperium Residence @ Kuantan Waterfront Resort City	Tanjung Lumpur	Serviced Apartment	300	From RM302,000	2019	Ideal Heights Development Sdn Bhd
TimurBay Seafront Residence	Balok	Serviced Residence	523	From RM340,000	2019	OSK Property Sdn Bhd
Windmill Upon Hills (Phase 2)	Genting Highlands	Serviced Apartment	1,108	From RM690,000	2019	OSK Property Sdn Bhd
Vista Residences @ Genting Highlands	Genting Highlands	Condominium	378	From RM600,000	2019	Bazarbayu Sdn Bhd
Valley Suite @ Mahkota Valley	Bandar Indera Mahkota	Serviced Residence	436	From RM229,000	2020	AIM Realty Development Sdn Bhd
Impiana Residences Cherating	Cherating	Serviced Apartment	257	From RM585,000	2021	Impiana Sdn Bhd
Grand Ion Majestic	Genting Highlands	Serviced Suites	1,668	From RM500,000	2022	Galeri Tropika Sdn Bhd

RETAIL

The additional retail space of 1.40 million sq ft since 2017 may have posed challenges to the existing retail complexes, which has resulted in the drop of occupancy rate by 6.2% from 74.9% in 1H 2017 to the current 68.7% in 1H 2018.

As at 1H 2018, there were a total of 36 retail complexes in Pahang with a total net lettable area of approximately 4.14 million sq ft, an increase of 31% from 1H 2017 and majority are located in Kuantan. Having experienced the drop on occupancy rate from the newest addition, it brings worry on how Pahang's retail market will have to cope with an additional incoming 5 retail complexes with approximately 536,258 sq ft space area in the future.

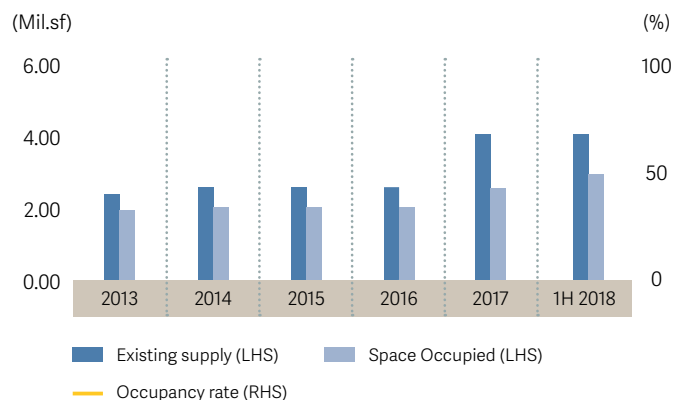
For rental of retail space, various rental rates were seen within established retail malls with good differentiated offerings and high customer traffic. Established malls located within central town of Kuantan such as Kuantan City Mall and East Coast Mall received a healthy occupancy rate of between 70% and 99% respectively and rental rates for ground floor can reach up to RM38.00 psf. In contrast, Berjaya Megamall had several tenants exit and causing a fall in occupancy rate to 60%. But the rental rates remain stable with ground floor lots offered up to RM17.00 psf. A quick recap of 2017, Pahang saw the opening of 2 major malls which are Genting Highlands Premium (GPO) and Kuantan City Mall.

During the review period, Skyavenue at Genting Highlands successfully opened its door to the public and offers a variety of new lifestyle and entertainment in one place. With an area of 1.4 million sq ft, this 4-storey shopping mall brings a new experience in shopping and dining with a total of 100 retail outlets. Notable brands here include Thomas Sabo, Calvin Klein, Charles & Keith, Adidas, Austin Reed, Pandora, Tissot, Tomei, and Sephora.

Also opening its doors is a new supermarket outlet by Tunas Manja Group located in Indera Mahkota 7 on 21st December 2018. Occupying a 2 ½ -storey retail building with a total of net floor area (NFA) of 73,894 sf, Tunas Manja Bandar Indera Mahkota (TMG BIM) offers an alternative shopping destination for the locals.

Existing Supply & Occupancy Rate of Retail Spaces in Pahang (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Retail Malls Projects in Pahang

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Developer	Completion
Tunas Manja	Tanjung Lumpur	103,619	Tunas Manja Group	2019
Kuantan Waterfront Mall	Tanjung Lumpur	N/A	Ideal Heights Development Sdn Bhd	2020

PURPOSE BUILT OFFICE (PBO)

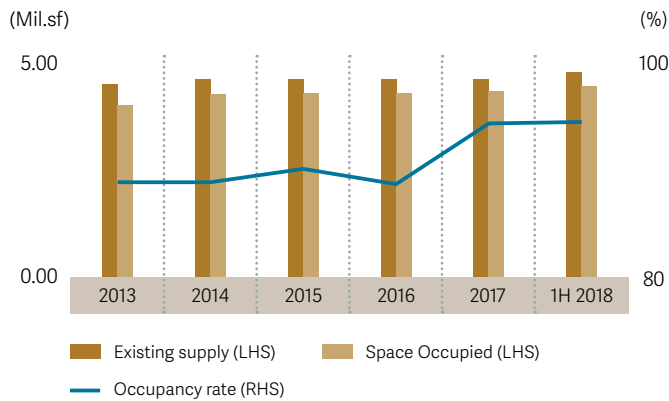
For the past five years, the purpose-built office market in Pahang showed relative stability in supply. As at 1H 2018, the cumulative supply of purpose-built office space in Pahang stood at 4.52 million sq ft in 154 buildings, an increase of 5.0% of office space from the previous year.

Majlis Perbandaran Kuantan saw the relocation of its new headquarters to a newly completed building sized at 206,398 square feet. The absorbance of the office space in Pahang in occupancy rate was good at 92.7% in 1H 2018, registering higher than 1H 2017's 87.7%.

Overall, rental market for purpose built office space in Pahang remained stable. Average asking rental rates for

Existing Supply & Occupancy Rate of Purpose Built Office in Pahang (2013-1H 2018)

(Source: JPPH)



For the past five years, the purpose-built office market in Pahang showed relative stability in supply.

purpose built offices located within central town prime areas such as Hongkong Bank, Bangunan BSN and Lembaga Tabung Haji Building, Jalan Bukit Ubi hover between RM1.50 to RM2.70 psf. However, Menara Zenith and Bangunan KWSP, Bandar Indera Mahkota Tuah commanded higher rental rates at RM2.00 to RM4.00 psf.

Selected Upcoming Purpose Built Office Projects in Pahang

(Source: Rahim & Co Research)

Development	Location	Size	Completion	Developer
Sultan Ahmad Shah Administration Center	KotaSAS	206,398	2020	KotaSAS Sdn Bhd

SHOP OFFICE

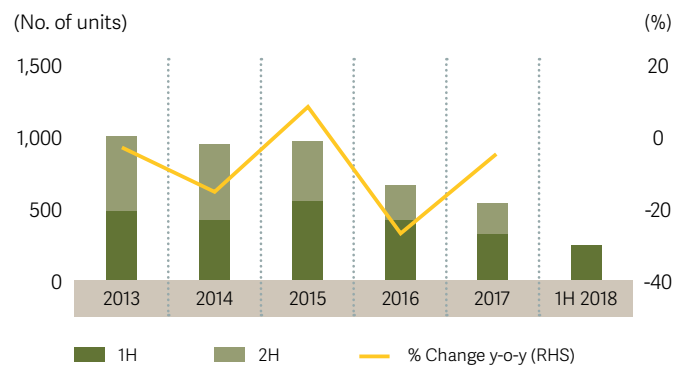
In general, shop office market in Pahang remained soft, whereby 1H 2018 witnessed the drop of 6.7% in transaction volume, recording 266 transactions. 2 to 2½ storey dominated the shop office transaction activities and 57% of the total shop office transactions were within the price range of RM500,001 to RM1 million. Even though transaction volume dropped, transaction value reported an increase of 1.6% to RM198.04 million.

Overall the supply of shop offices in Pahang has accumulated to 22,868 units, an increment of 4.3% from the previous year. 52.3% of the supply were of 2 to 2½ storey units, followed by 3 to 3½ storey units at 29.3%. Location wise, most of the supply are located in Kuantan and Temerloh.

Overhang numbers revealed a total of 277 shop offices worth RM184.26 million in Pahang were left unsold and were mostly comprised of 2 to 2½-storey shop office units (154 units worth RM77.44 million) and priced between RM250,001 to RM750,000. Unexpectedly, Temerloh recorded the highest overhang unit amongst all districts in Pahang with 103 units. With another 2,003 units recorded as incoming supply in Pahang, the shop office market will expect greater pressure in the near future.

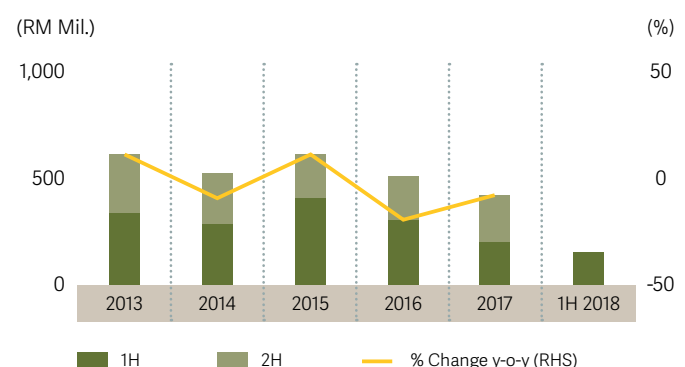
Number of Shop Office Property Transactions in Pahang (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Pahang (2013-1H 2018)

(Source: JPPH)



On transaction prices, 2 to 2 ½ storey shop offices in Kuantan were transacted from RM630,000 to RM1 million whilst the same type in Temerloh were transacted from RM600,000 to RM900,000 per unit depending on the size and location.

2018 saw several completed shop office projects. Mahkota Valley (Phase 2) was one of a newly completed commercial

development that has achieved a good take up rate of its 60 units 2-storey shop offices and was sold at price start from RM850,000 per unit. Other new completions are the 2 and 3-storey shop office @ Taman Premiergold at RM790,000, 2-storey Semambu Permai at RM880,000 per unit, 3 & 5-storey Suria Atabara from RM1.25 million and 2-storey Jaya Gading Business Centre from RM655,000.

Selected Upcoming Shop Offices in Pahang

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Pusat Komersial Air Putih Junction	Jalan Semambu	3 ½-sty Shop Office	27	From RM1.44 mil.	2019	Ming Hooi Development Sdn Bhd
Shop Office @ Taman Guru	Jalan Gambang	2-sty Shop Office	20	From RM892,000	2019	Kota Emas Sdn Bhd
Taman Indera Sempurna	Jalan Kuantan-Pekan	1-sty Shop Office	63	From RM238,000	2019	Sentoria Group Berhad
Shop Office @ Taman Indera Sempurna 3	Kuantan	1-sty Shop Office	64	From RM228,000	2020	HA Properties Sdn Bhd
2 & 3-s Shopoffices Project @ Sungai Isap	Kuantan	2 & 3-sty Shop Office	9	From RM1.58 mil.	2020	Megaday Development Sdn Bhd
Shop Office @ Tropics Tanjung Lumpur	Kuantan	2-sty Shop Office	5	From RM610,000	2020	Nilaitilik M Sdn Bhd
Shop Office @ Jalan Haji Ahmad	Kuantan	2-sty Shop Office	11	From RM900,000	2020	Gremleen Sdn Bhd
Cameron Centrum Precinct 1	Brinchang	2, 4 & 5-sty Shop Office	58	From RM1.4mil. to RM5.5mil.	2021	LBS Bina Group Berhad

HOTEL

Located about 125km northeast of Kuala Lumpur, Pahang is a gold mine for tourists who love nature in all its forms such as highlands, rainforests, islands and beaches, catching the interest of tourists from countries such as Singapore, Indonesia, Thailand, China and India. According to statistics by Tourism Pahang, overall tourist arrivals in Pahang had seen an increase of 15.6% in domestic and foreign tourist, going from 12.83 million in 2016 to 14.83 million in 2017.

With the presence of Genting Highlands, Cameron Highlands, Bukit Tinggi, Cherating and several other touristic hotspots, developers have high interest to build more tourist accommodations in Pahang. Over the past 3 years, Pahang experienced an influx of hotel room supply from 21,470 rooms back in 2015 to 28,986 rooms by 1H 2018.

Of the existing hotels, 40 establishments are rated 3-star and above and 186 hotels are unrated.

Room rates of 5-star hotels in Pahang such as Genting Grand Hotel, Grand Ion Delemen Hotel, Hyatt Regency Kuantan and The Zenith Hotel ranged between RM268 to RM470 per room per night whilst 4-star hotels such as Heritage Hotel Cameron Highlands, Legend Cherating Beach Resort and Arabian Bay Resort were charging from RM210 to RM295 per room per night.

To accommodate the growing number of visitors, Pahang welcomes hotel developers and other tourism industry players into Pahang's tourism market. Amongst the tourism-related investments, the state was anticipating the completion of the 20th Century Fox theme park alongside the establishment of surrounding premium outlets and luxury accommodation. The opening of the

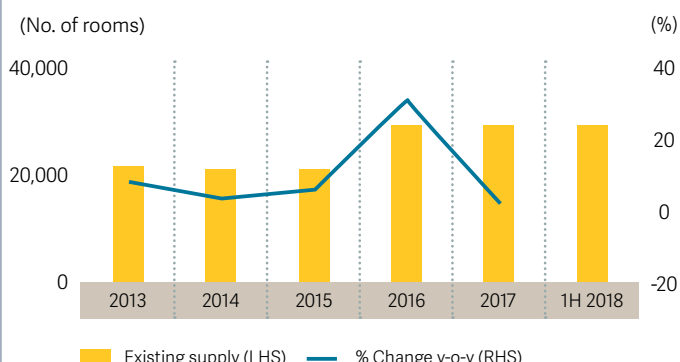
park, which was initially set to be in 2016, was delayed several times over the years with the last expected date to be in 2019. Unfortunately, recent news had reported Walt Disney and 20th Century Fox pulling out of the agreement to build the Fox World theme park. According to Genting Malaysia, several of the Fox-themed attractions at the park are almost completed while other rides are already under construction at the cost of tens of millions of dollars.

The latest completions in Pahang include Avillion Cameron Highlands who made its debut in earlier this year. It is a new hotel situated in a new commercial and lifestyle development in Tanah Rata and developed by Ascendvest Sdn Bhd. The hotel offers 100 spacious studios and suites, with facilities such as a shared courtyard playground, an in-house F&B outlet and a gymnasium.

In order to improve number of hotel visitors, Swiss-Garden International has introduced a signature programme, Meet and Meet Again (MaMA), in which companies get 10% discount on the master bill of their first event to be offset against their next event at any of the participating hotels such as Swiss-Garden Beach Resort Damai Laut

Existing Supply of Hotels in Pahang (2013-1H 2018)

(Source: JPPH)



in Perak, Swiss-Garden Beach Resort Kuantan in Pahang, Swiss-Garden Hotel and Residences Kuala Lumpur, Swiss-Inn Sungai Petani in Kedah and Swiss-Inn Johor Baru, Johor. The programme is available for meetings, seminars, company outings, team-building excursions, exhibitions, training groups and incentive outings.

Selected Upcoming Hotels in Pahang

(Source: Rahim & Co Research)

Development	Location	Star Ratings	No. of Rooms	Completion	Developer
Swiss-Belhotel Imperium Hotel Kuantan	Tanjung Lumpur	4	366	2019	Ideal Heights Development Sdn Bhd
Carlton Holiday Hotel & Suites	Kuantan	4	112	2019	Koop Sahabat & Megaday Development Sdn Bhd
Avillion Bukit Tinggi Resort	Bukit Tinggi	N/A	120	2020	Unique Project Development Sdn. Bhd

INDUSTRIAL

Generally, the industrial market of Pahang remained soft in which during the review period, 84 industrial properties worth RM244.22 million were transacted in 1H 2018, a positive recovery from the drops suffered at 1H 2017. Though transaction value increased significantly from RM29.5 million in 1H 2017 to RM244.22 million in 1H 2018, it is still relatively lower than RM322.67 million in 1H 2015.

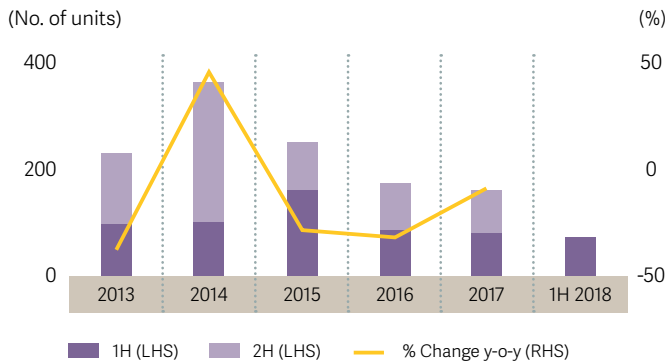
In existing supply, the existing industrial properties in Pahang stood at 3,538 units as at 1H 2018, an increase of 1.2% from the previous year. It was predominantly made up of terraced factories at 65% of total share and are mostly located in Kuantan and Temerloh. Market also witnessed the completion of 40 units of terraced factories in Bera.

Meanwhile, there was an issue on the overhang situation of Pahang's industrial market. Statistics recorded about 10 units of terraced factories left unsold in Rompin area with sale prices below RM250,000 per unit. Pahang's industrial market will be expecting to receive a total of 89 units incoming factories in the near future.

1 to 1 ½ storey terraced factories in Kuantan industrial area such as Kawasan Perindustrian Batu 3 and Kawasan Perindustrian Ringan Sektor III were transacted at prices between RM300,000 to RM390,000 while 1 to 1 ½ storey terraced factories in Temerloh industrial area such as Temerloh Industrial Park and Industri Seberang Termeloh were transacted between RM265,000 to RM370,000 per unit.

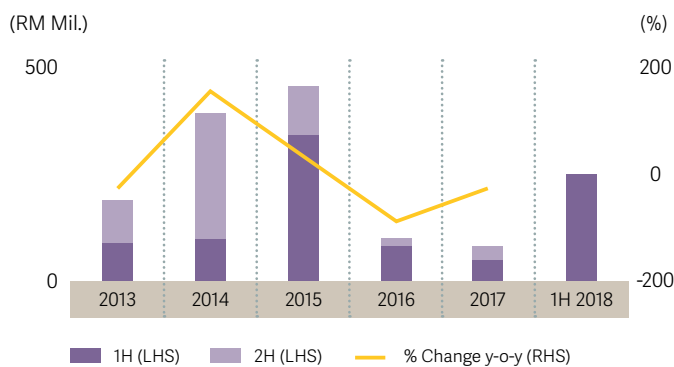
Number of Industrial Property Transactions in Pahang (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Pahang (2013-1H 2018)

(Source: JPPH)



Last September, it was reported that two companies have shown interest setting up operations worth billions of ringgit within the Malaysia-China Kuantan Industrial Park (MCKIP). With the tax holiday of zero-rated Goods and Service Tax (GST) and rise of China-US trade war, positive interest and attraction are captured in Malaysia's foreign direct investment (FDI). Also, according to IJM Corporation Bhd, both the MCKIP and Kuantan Port have attracted a total of RM42.56 billion in investment value.

The 410-acre Green Technology Project (GTP) is being developed over five phases with completion in 2020. Phase 1 of the project, which will be complete by May 2019, features a pulp and paper mill factory with a production capacity of 10,000 tonnes of wood-free paper, as well as a 5,000-tonne tissue paper factory. November 2018 witnessed a memorandum of understanding (MoU) signed between Nextgreen and two Japanese firms which will help decide the best way to raise funds for the second phase of GTP. The construction is expected to start by March 2019 and slated for completion by 2021. Phase 2 will involve the set-up of a new factory with the capacity to produce 100,000 tonnes of box liner paper, as well as 120,000 tonnes of corrugated paper.

NOTABLE ANNOUNCEMENTS

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The Pahang state government has submitted two road-widening plans to the Works Ministry to restore traffic flow in Cameron Highlands.

The development of LYC Wellness Valley, Genting Highlands which will feature a medical centre, a retirement home, a medical tourism hotel, service apartments and retail buildings are expected to commence in 2019 and is targeted for completion by 2025.

Malakoff Corp Bhd has partnered with Touch Group Holdings Sdn Bhd to develop several renewable energy projects, particularly in the large-scale photovoltaic (PV) and mini hydro power projects in Pahang.

A new smart-tech centre will be set up in Pahang Technology Park

Phase 1A of the new deep water terminal (NDWT) was successfully operational in November 2018, while Phase 1B of the NDWT is scheduled to complete by mid-2019. Phase 2 is expected for completion 2039.

Berjaya Group has submitted a proposal to the government on building an airport worth RM1.2 billion in Tioman.

More priority is seen by the state government on infrastructural development as evidenced by various ongoing projects including:

- A 451-metre second bridge crossing Sungai Kuantan from Tanjung Lumpur to Kuantan and Indera Mahkota costing RM181.24 million with completion targeted by 2019.
- Phase 2 of road upgrading works along Jalan Muadzam-Segamat
- Road upgrading works of Jalan Pekan-Nenasi and Jalan Chenor-Bandar Tun Razak
- Phase 5 of Central Spine Road (CSR) Federal road Route 8 & 9 from Raub to Bentong.

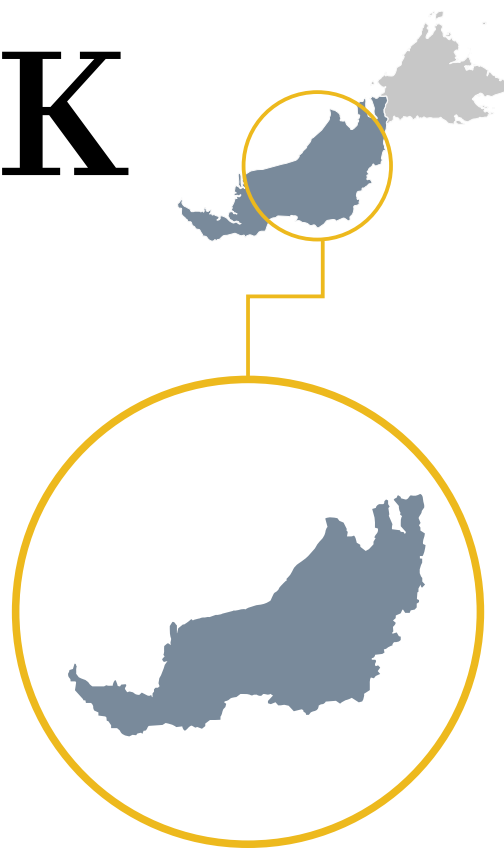
EAST MALAYSIA REGION

Sarawak | Sabah



SARAWAK

Bumi Kenyalang



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	251,968 units	↑ 3.9% y-o-y
Transaction Volume	4,381 units	↓ 6.5% y-o-y
Transaction Value	RM1,194.49 mil.	↑ 2.6% y-o-y

RETAIL

Supply	9.70 mil. sf	↑ 1.9% y-o-y
Occupancy Rate	81.3%	↓ 0.7% y-o-y
Rental	Prime: RM2.00psf – RM23.00psf	

PURPOSE BUILT OFFICE

Supply	7.69 mil. sf	↑ 1.0% y-o-y
Occupancy Rate	91.7%	↓ 2.2% y-o-y
Rental	Prime area: RM2.10psf – RM4.00psf	

SHOP OFFICE

Supply	30,253 units	↑ 6.8% y-o-y
Transaction Volume	706 units	↑ 26.8% y-o-y
Transaction Value	RM342.42 mil.	↑ 39.7% y-o-y

HOTEL

Supply	19,388 rooms	↑ 25.1% y-o-y
Average Room Rate	5-star: RM187 – RM500 per night	
	4-star: RM138 – RM220 per night	

INDUSTRIAL

Supply	6,854 units	↑ 3.3% y-o-y
Transaction Volume	170 units	↓ 14.6% y-o-y
Transaction Value	RM126.74 mil.	↓ 48.0% y-o-y

RESIDENTIAL

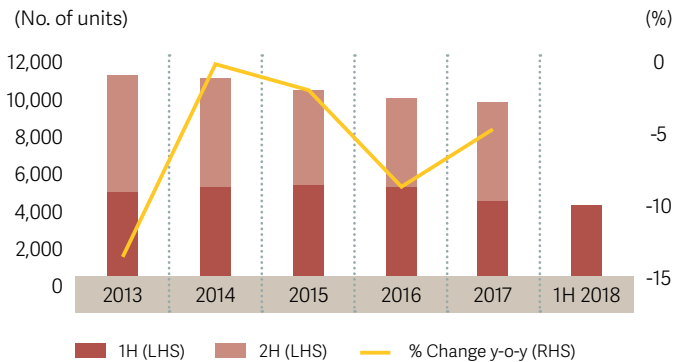
As at 1H 2018, Sarawak's residential market recorded a capacity of 251,968 housing units in existing supply of which 59% are located within the districts of Kuching and Miri. By type, terraced houses dominate the market with 138,915 units, making up 55% of total count. Condominiums and apartments take up a smaller 7% of supply share but looking at the incoming supply, it is noticeably gaining ground. From total incoming supply of 20,118 units, 45% are condominium and apartment units that are already in construction and in comparison to its incoming number back in 1H 2017, there is an increase of 9%.

Sarawak's overhang units are moderate at 1,504 housing units but of this number, 40% are high-rise units and within this category, 50% are priced above RM500,000. With expected incoming supply favouring high-rise units, the overhang number may continue to get worse as market has been lacklustre for the past year or so, with house prices hitting the roof, though preferences are still heavy on landed homes.

Sarawak's transaction market by 1H 2018 continued on a downward slope from the past 5 years, ending with 4,381 transacted units valued at RM1,194.49 million. With only some slight recovery boost in 2014 and 2015, things are persistently slowing down as are the rest of Malaysia.

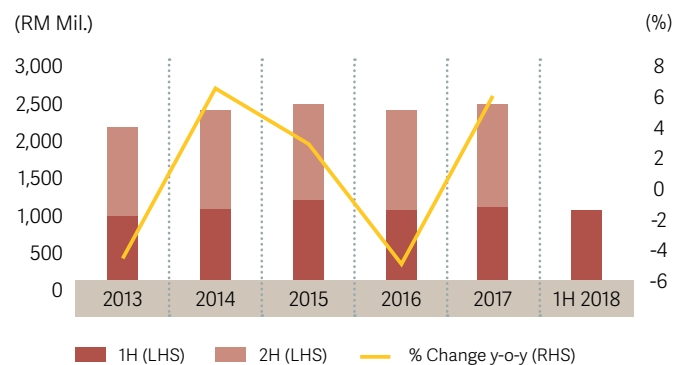
Number of Residential Property Transactions in Sarawak (2013-1H 2018)

(Source: JPPH)



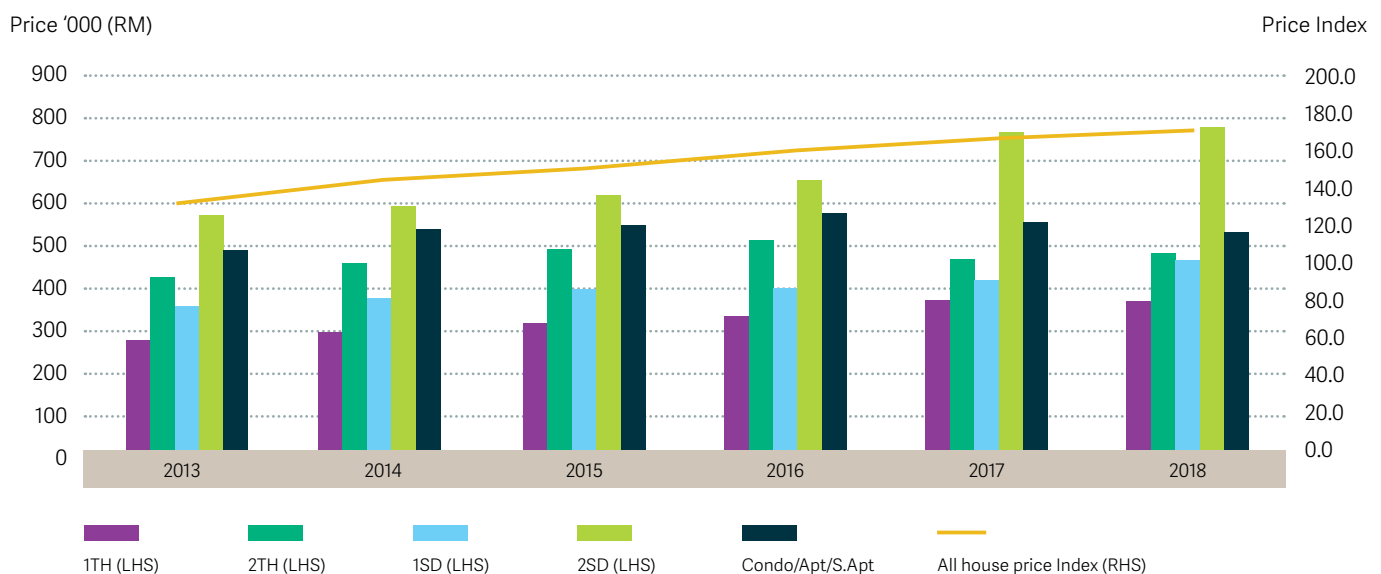
Value of Residential Property Transactions in Sarawak (2013-1H 2018)

(Source: JPPH)



Kuching Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



Of landed residential units, terraced houses within areas of Tabuan Jaya, Tabuan Desa and Taman Satria Jaya were transacted on average between RM373,000 to RM488,000 depending on the size and location. For high-rise units, developments such as De Summit Condominium and Jazz Suites@Viva City were transacted at an average of RM536,000.

In joining the movement to increase supply of affordable housing, Housing Development Corporation (HDC) will be seeing the completion of the affordable housing scheme named Sourabaya Height by end of 2019. Located along Jalan Bako in Kuching, the development involves the construction of 236 2-storey terraced units and 14 2-storey semi-detached units. This project is expected to receive good responses particularly by the communities of Petra Jaya due to its strategic location. Prices will be between RM50,400 to RM100,000 depending on the size.

Naim Holdings Bhd are actively seen around Sarawak's property market with completions lining up in the next year or so. In Kuching Paragon, the second and third tower of "Sapphire On The Park" will be completed by 1Q2021 while the first tower, at 18-storeys high, is already finished and its occupation permit issued. In another development over in Bintulu, the condominium in Bintulu Paragon named "The Peak" will be seeing its completion in the 2Q2019. Going at 34 storeys high, this residential tower will be the tallest ever in Sarawak at the point of completion. Not to be left behind, Naim Holdings Bhd has also announced their target of building 20,000 units of affordable homes in Sarawak over the next 10 years. These affordable homes will be priced around RM300,000.

Selected Upcoming Residential Properties in Sarawak

(Source: Rahim & Co Research)

Development	Location	Type	Prices	Developer	Completion
P' Residence (Phase 2)	Kuching	Condominium	From RM600,000	Tenaga Stabil Sdn Bhd	2018
Oceania @ Samariang Aman 2	Kuching	2-sty Terraced	From RM432,000	Hock Seng Lee Bhd	2019
Riverine Diamond (Block B)	Kuching	Condominium	From RM463,000	IJM Land Bhd	2019
Laticube	Kuching	Apartment	From RM300,000	Lafrowda Sdn Bhd	2020
Urban Residences	Kuching	Condominium	From RM878,000	E-Heritage Sdn Bhd	2020
Prima Bintawa Riverfront Apartment	Kuching	Apartment	From RM265,000	Prima Development & Hong Seng Construction (E.M) Sdn Bhd	2020

RETAIL

On the Eastern part of Malaysia across the South China Sea, Sarawak contributes 60% of retail malls for East Malaysia at 70 malls that are a total size of 9.7 million sf. Within the review period, Sarawak saw a slight increase in retail space of 1.9% from the completion of 1 new retail mall in Kuching.

Occupancy rates are on the rise, bringing positive outlook to Sarawak's retail market performance that has been on the worrying end with fear of oversupply and slow uptake on the new retail spaces. 1H 2018 recorded 81.3% and the

average occupancy rate for Sarawak for the past 5 years (2013 – 2017) is at 77.8%, the lowest point being in 2013 at 71%. Across the state, Kuching holds the highest number of retail malls at 43 with a healthy occupancy of 83.1% as at 1H 2018.

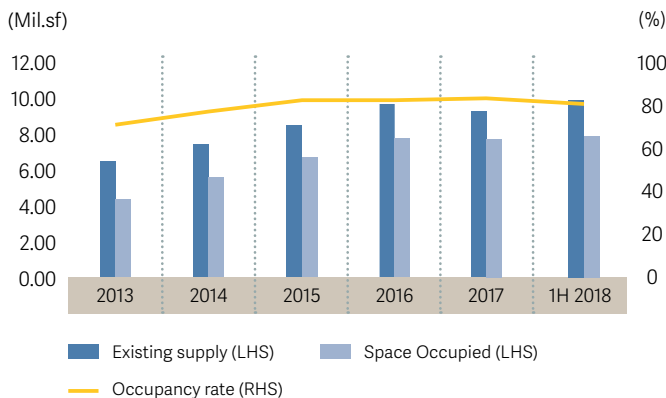
The prime rentals of shopping malls in Kuching Sarawak vary between RM2.00 and RM23.00 psfpm generally, with The Spring Shopping Mall and Vivacity Megamall commanding the higher rents of surpassing above RM20.00 psfpm. The other malls within this prime range are Plaza Merdeka Mall, Riverside Shopping Complex and City One Mall.



Kuching

Existing Supply & Occupancy Rate of Retail Spaces in Sarawak (2013-1H 2018)

(Source: JPPH)



AEON CO (M) Bhd has successfully seen its first East Malaysian mall be open to the public in April of 2018. Operating as a General Merchandise Mall (GMS), AEON Kuching will offer a unique and new shopping experience for Sarawakians. Sized at 560,000 sf and at 3 storeys high, AEON Kuching is AEON's 27th mall in Malaysia.

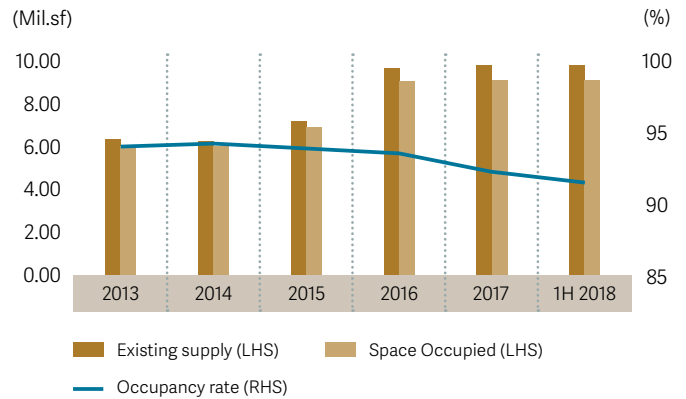
As mobile technology advances to higher levels, the need for physical money seems to lessen with the rise of e-wallet or going cashless. Sarawak too jumped onboard this cashless approach with the introduction of e-wallet applications in two malls; the Spring Shopping Mall in Kuching and Star Mega Mall in Sib. The e-wallet services introduced are Boost e-wallet app, Touch 'n Go and AliPay.

PURPOSE BUILT OFFICE (PBO)

By the first half of year 2018, Sarawak's office market stood at a capacity of 7.69 million sf which had only a slight 1% increase from the first half of 2017. This size amounts to 103 office buildings of which 62.1% are located within Kuching. Occupancy rates have been holding strong with

Existing Supply & Occupancy Rate of Purpose Built Office in Sarawak (2013-1H 2018)

(Source: JPPH)



an average of 93.7% for the past 5 years and 1H 2018 still maintaining above the 90% mark at 91.7%. The market will be expecting 4 new office buildings that are already under construction with a total size of 946,083 sf. 2018 saw one entrant into Sarawak's office market.

Rental rates of office spaces within Central Kuching ranges between RM2.10 up to RM4.00. Menara MAA went at a lower range of RM2.30 to RM2.60 while Gateway Kuching and Wisma Bukit Mata Kuching went at a higher RM2.50 to RM4.00.

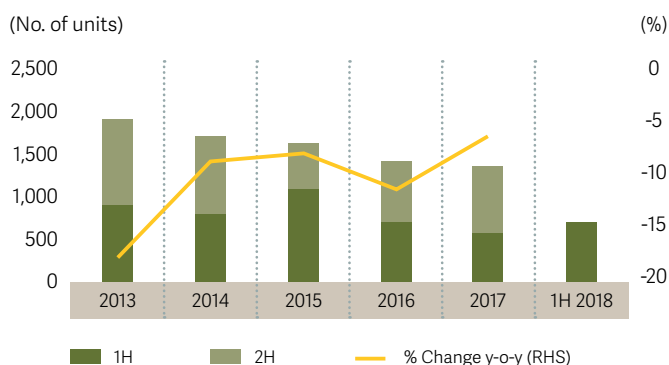
Phase 1 of Town Square Bintulu along Jalan Tun Ahmad Zaidi has been completed, including an 8-storey corporate office that is open for sale or lease. The office tower is the first office building in Bintulu to be accredited with the MSC Malaysia Cybercentre Status. Phase 2 of Town Square Bintulu includes a 13-storey SOHO Tower that is already at 70% progress and set for completion by 2019. Hock Seng Lee Bhd (HSL) will be seeing the completion of their new headquarter office building by the end of 2018. Located along Kuching-Samarahan Expressway, aptly named HSL Tower will be the first private Green Building Index (GBI) certified office in Sarawak. At 10 storeys high, HSL will be occupying the top 6 floors while the first 3 floors will be La Promenade Mall – a services-oriented mall.

Announcement was made in early 2018 of a joint development project between Dayak Chamber of Commerce and Industry (DCCI) and the Dayak Cultural Foundation (DCF) that involves the construction of 2 office towers and 2 condominium blocks. The office towers will each be owned by the developers and to be named DCCI Tower and DCF Tower.

SHOP OFFICE

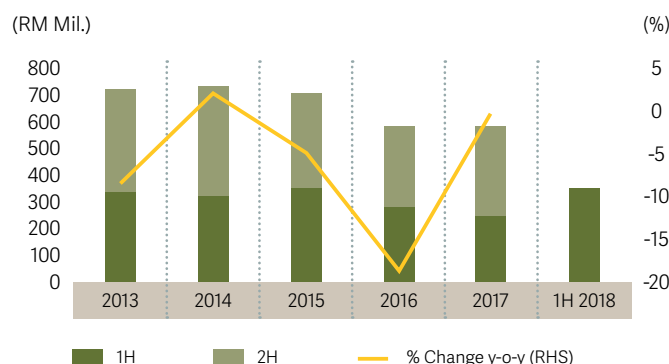
Number of Shop Office Property Transactions in Sarawak (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Sarawak (2013-1H 2018)

(Source: JPPH)



Amongst the falling numbers in transaction activities by most states, Sarawak seems to have pulled through with positive growth in both volume and value by 26.8% and 39.7% respectively in the first half yearly period. On a bigger scale, Sarawak's annual transaction numbers continue to fall but seeing a positive growth brings hope to a change sometime soon.

1H 2018 was reported to have 706 in transaction volume worth RM342.42 million. Of these transaction activities, 53% involves 3-3.5 storey shop offices. This lines up with 3-3.5 storey shop offices contributing the most to Sarawak's existing supply at 51.7%. In total, there are 32,955 units currently in the market from a 7.2% increase from 1H 2017. On the horizon, there is an expected 2,584 incoming units that are already under construction.



Sarawak River Esplanade, Kuching

Prices of shop office units in Sarawak vary according to the size and location. 3-storey shop offices in Riveria Square by Naim Holdings Bhd were seen to be transacted at an average of RM908,944 whilst a similar type in Pekan Sri Aman, Simanggang Town went at a lower RM748,000.

The entrance of new commercial spaces have been on the slow side with concerns of oversupply running in Sarawak for the past few years. One of the newly completed development seen in 2018 is the Gala City development by San Chin-BBC JV Sdn Bhd. Expressing confidence in this latest development due to its unique positioning and complementary factors, the developer recognizes the retail environment to be challenging because of the rise in e-commerce and so has responded to this by focusing more on Food & Beverage (F&B), lifestyle serves retailers to fill in Gala City's commercial spaces. Identifying its main commercial development as a shophouse-mall hybrid, the Gala Street Mall is designed to not only accommodate the spatial need of retailers, but also offices and showrooms.

HOTEL

In East Malaysia, Sabah and Sarawak are close in equal to contribution in hotel establishment, with Sarawak coming in at 357 hotels which amounts to 19,388 rooms. Of this, 19 establishments are rated 4-stars and above. 5-star hotels in Sarawak are the Marriott Resort in Miri as well as the Pullman in Miri and Kuching. 4-stars are Grand Magherita Hotel, Imperial Hotel Kuching and Miri, Century Kuching Hotel and Hotel Grand Continental Kuching.

5-star hotels offer room rates starting from RM460 per room per night. Mulu Marriott Resort were amongst the highest at starting room rates of RM500 per night. 4-star establishments offered at a lower RM168 to RM400 per room per night.

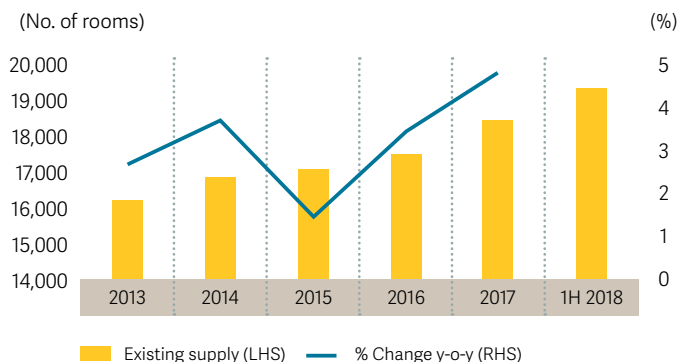


The much anticipated TH Hotel Kuching has yet to open its doors to the public but announcement has been made of it to be soon, within 2018 or 2019 as no specific date has been released. Boasting a total of 237 rooms and a convention center that can accommodate 1,090 pax, it was awarded the Best New Hotel Construction & Design Asia Pacific Award at the International Property Awards 2017. An attractive feature of this soon-to-be opened hotel is the “pua kumbu” roof design. The hotel is strategically located in front of Kuching International Airport – only 3 minutes away.

Another hotel arriving soon is the Fairfield by Marriott Bintulu Paragon located within Naim Bintulu Paragon, the largest integrated development in Bintulu. The 9-storey hotel will feature 238 accommodation rooms. Not only will it be Bintulu’s first international hotel, but this new mid-tier hotel will be Fairfield by Marriott’s first venture into Malaysia. The doors are expected to open to the public in 2019.

Existing Supply of Hotels in Sarawak (2013-1H 2018)

(Source: JPPH)

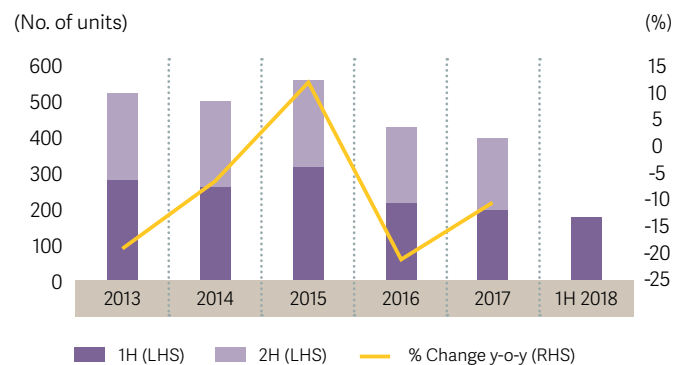


To encourage growth of the shipbuilding industry, the Rantau Panjang Industrial Estate is looking at an expansion

INDUSTRIAL

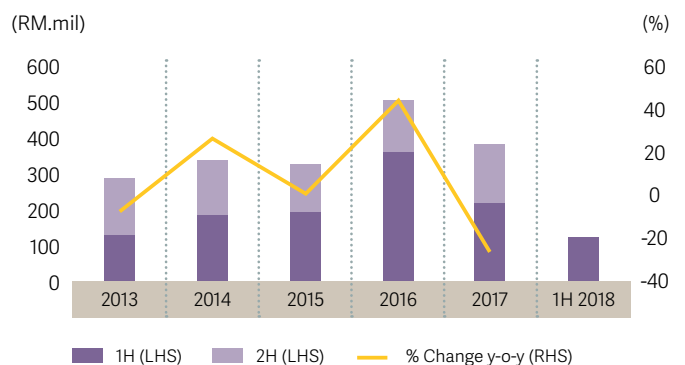
Number of Industrial Property Transactions in Sarawak (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Sarawak (2013-1H 2018)

(Source: JPPH)



Post-2015, Sarawak’s transaction activities are seen to still be falling in both volume and value by 14.6% and 48.0% respectively as at 1H 2018 – amounting to 560 transactions worth RM126.74 million. Though transaction volume is softening in its drop, transaction value went at a steeper

fall in comparison to 1H 2017's 31.1% against 1H 2016. Of these transactions, 57% were of semi-detached factory/warehouse type.

Existing supply as at 1H 2018 stood at 6,854 units after a 3.3% increase from 1H 2017. Semi-detached factories/warehouses dominate the market at 65% and of the total number, 2,538 (37%) units are located in the district of Kuching.

Prices of 2-storey semi-detached industrial units within the industry parks of Sarawak vary according to the size and location. Transactions in 2018 showed these units located in Kuap Light Industry Park to be sold at an average of RM815,000 whilst those in RH Park Industry went at a higher RM1.2 million; both of these industry parks are situated within Muara Land district. In Kuching, Kota Sentosa Industry Park saw transactions of the same units at an even lower RM600,000.

To encourage growth of the shipbuilding industry, the Rantau Panjang Industrial Estate is looking at an expansion of 100ha specifically for shipbuilding and ship repairs. This is justified by the fact that of the 68 shipyards in Sarawak, 42 of them are located in Sibu.

Though the state government has approved an area of 150 acres for the development of Sibu's SME Industrial Park, concerns were voiced of the infrastructure development to be held back due to lack in funding after Budget 2019 was tabled in November 2018.

NOTABLE ANNOUNCEMENTS

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Miri will be expecting its second Columba Asia Hospital Miri (CAHM) located at Marina by 2020. This will mark the hospital's third venture in Sarawak, the other 2 being in Miri and Bintulu.

Early in 2018, AirAsia has announced their plans to construct a low-cost carrier terminal (LCCT) in Kuching with an estimation cost of between RM200 million to RM300 million. Negotiations has been conducted with the state government on this plan.

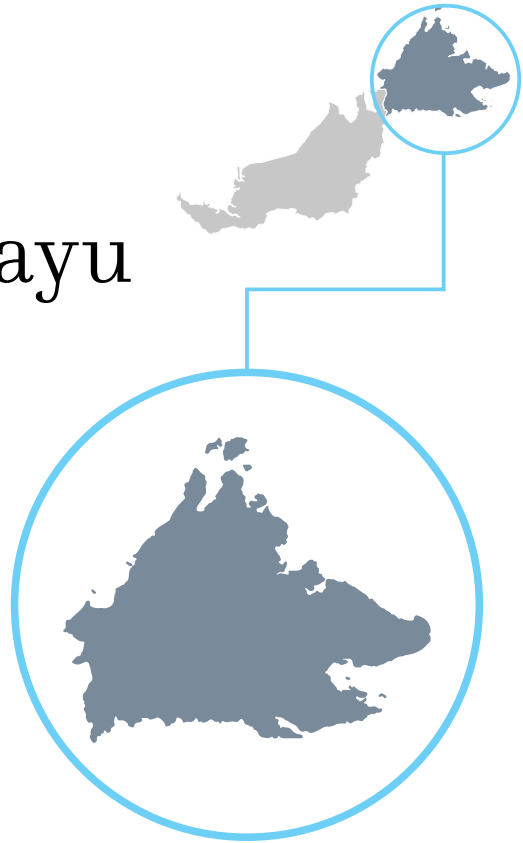
In June of 2018, the RM10 million Batang Samarahan bridge connecting Samarahan and Asajaya has been opened to the public. This 774-metre bridge would reduce commuting journey between Asajaya and Kuching City by 30 minutes.

Darul Hana Golden Bridge, Kuching



SABAH

Negeri Di Bawah Bayu



Key Facts (as at 1H 2018)

(Source: Rahim & Co Research, JPPH)

RESIDENTIAL

Supply	209,433 units	↑ 1.9% y-o-y
Transaction Volume	2,422 units	↑ 5.4% y-o-y
Transaction Value	RM905.24 mil.	↑ 7.5% y-o-y

RETAIL

Supply	7.94 mil. sf	↑ 6.1% y-o-y
Occupancy Rate	82.8%	↓ 6.0% y-o-y
Rental	Prime: RM6.00psf – RM27.00psf	

PURPOSE BUILT OFFICE

Supply	8.66 mil. sf	↑ 9.8% y-o-y
Occupancy Rate	90.4%	↑ 1.2% y-o-y
Rental	Prime area: RM2.00psf – RM6.50psf	

SHOP OFFICE

Supply	29,089 units	↑ 65.7% y-o-y
Transaction Volume	246 units	↑ 3.4% y-o-y
Transaction Value	RM172.92 mil.	↑ 9.6% y-o-y

HOTEL

Supply	21,101 rooms	↑ 2.6% y-o-y
Average Room Rate	5-star: RM430 – RM840 per night	
	4-star: RM265 – RM326 per night	

INDUSTRIAL

Supply	6,067 units	↑ 0.3% y-o-y
Transaction Volume	96 units	↓ 9.4% y-o-y
Transaction Value	RM94.01 mil.	↓ 38.3% y-o-y

RESIDENTIAL

Overall residential market in Sabah, as the second biggest state in Malaysia and also known as the Land Below the Wind, has experienced improvements since 2017 after a downtrend performance since 2014. As at 1H 2018 the volume and value of residential transactions registered increments of 5.4% and 7.5% respectively when measured against the previous years.

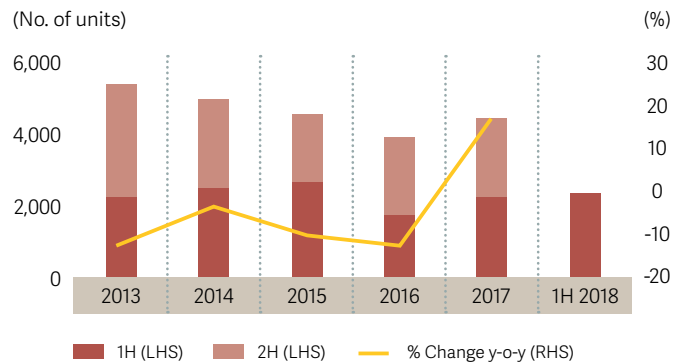
Within the review period, there were 2,422 transactions worth RM905.24 million recorded by 1H 2018, with condominium dominating the residential market with 601 units, followed by 2 to 3 storey terraced house with 559 units transacted. By price bracket, 57% (1,371 units) of the total residential properties transacted in Sabah for 1H 2018 were properties priced below RM300,000, followed by properties with priced RM300,000 to RM400,000.

Kota Kinabalu and Penampang make up the majority of the number and value of residential property transacted in Sabah. 56% (1,356 units) of the total number of residential property transactions and 70% (RM640.12 million) of total transaction value.

On the supply side, residential units increased from 205,602 units in 1H 2017 to 209,433 units in 1H 2018, registering a growth of 1.9% y-o-y, where 2 to 3-storey terraced houses contributed the most at 50,548 units followed closely by condominium at 48,472 units. Meanwhile, Sabah

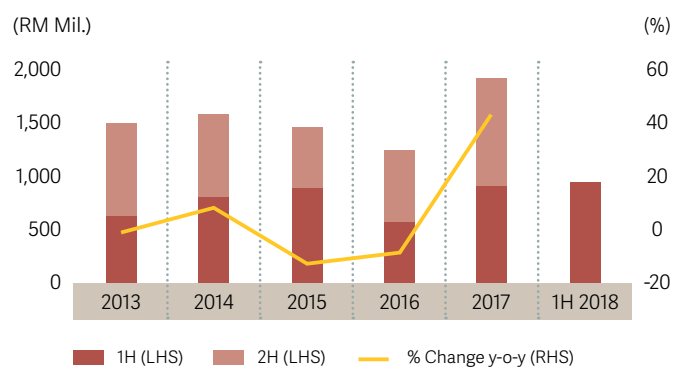
Number of Residential Property Transactions in Sabah (2013-1H 2018)

(Source: JPPH)



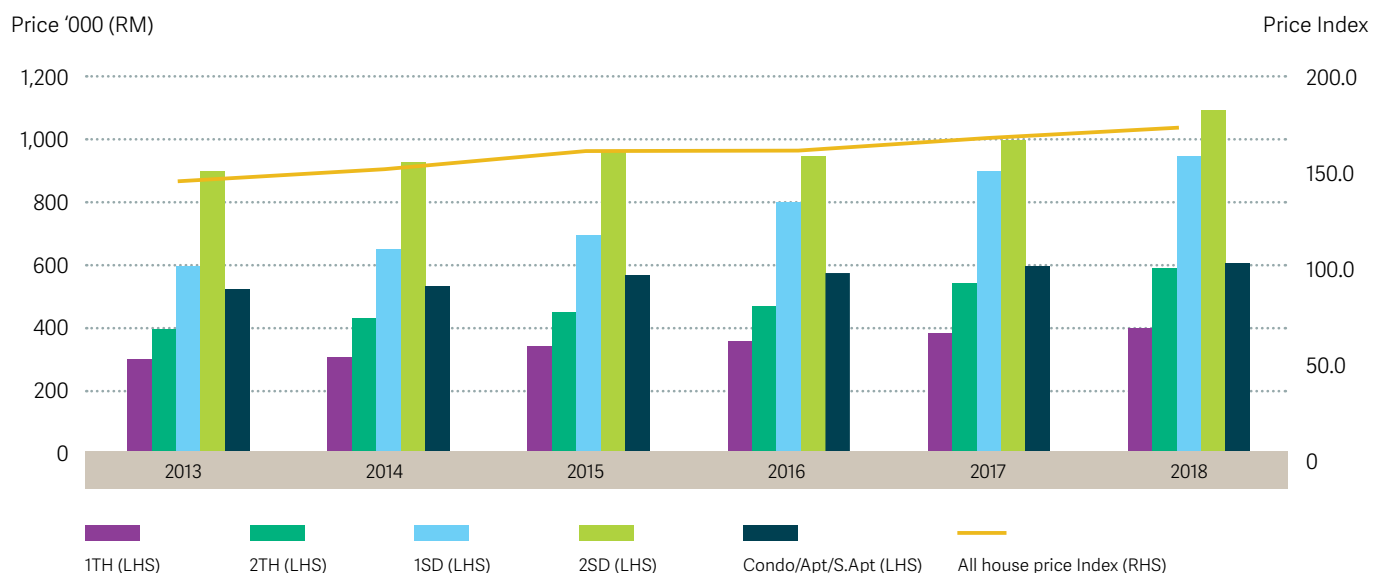
Value of Residential Property Transactions in Sabah (2013-1H 2018)

(Source: JPPH)



Kota Kinabalu Residential Property Price Trend & House Price Index (2013 - 2018)

(Source: Rahim & Co Research, IHRM)



residential market is set to receive an incoming supply bulk of 24,295 units with condominium making up the most at 12,282 units.

The issue of overhang properties in Sabah remains a worry for many. Sabah's overhang numbers recorded an increase from 2H 2017 (879 overhang units worth RM357.20) to a total of 925 units worth RM437.77 million by 1H 2018. Kota Kinabalu and Sandakan recorded as the highest number of overhang properties with 394 and 330 units respectively. According to type, a majority of the unsold units were of condominium/apartment at 611 units followed by 2 to 3-storey terraced houses (115 units). What's worrying even more, the market witnessed 1,762 units of newly launched

condominium/apartment units in 1H 2018 which will add further pressure onto the market in the future.

Despite the challenging conditions in a soft market, prices of residential property were generally on the uptrend and rental market was generally stable with positive movements recorded in several areas. Selected developments recorded price increment, particularly those located close to city centres and commercial centres. On average, 2-storey terraced houses in housing schemes like Taman Jindo, Taman Sri Borneo, Millenium Height, Ujana Kingfisher, Luyang Perdana and Taman Indah Permai, had average transacted prices of between RM500,000 to RM800,000 and rental rates ranging between RM1,400 to

Selected Upcoming Residential Projects in Sabah

(Source: Rahim & Co Research)

Development	Location	Type	No. of Units	Prices	Completion	Developer
Kingfisher Inanam (Block A)	Inanam	Condominium	255	From RM398,000	2019	Hap Seng Properties Development
SkyVue Residence	Penampang	Condominium	200	From RM700,000	2019	NBLand Group
E Residence	Telipok	Apartment	320	From RM288,000	2019	Cahaya Hartamas Sdn. Bhd
Bukit Bantayan	Inanam	Condominium	296	From RM480,000	2019	Gamuda Land
Taman Formosa Phase 1E	Bundusan	2-sty Semi-Detached	22	From RM1.46 mil.	2019	Homesign Network Sdn Bhd
Jesselton Quay(CityPad)	Kota Kinabalu	Serviced Suites	698	From RM600,000	2019	SBC Corporation Berhad
Arc Residences	Tuaran	2-sty Terraced	27	From RM469,000	2020	Jesselton Formation Group
Coral Bay @ Sutera	Kota Kinabalu	Condominium	460	From RM1,500,000	2020	GSH Corporation Limited
Pacific Heights	Likas	Serviced Residence	204	From RM1.02 mil.	2020	Pacific Sanctuary Holdings
Triconic Tower	Penampang	Condominium	768	From RM462,000	2020	Kinsabina Group of Companies
The Shore	Kota Kinabalu	Serviced Suites	627	From RM509,000	2021	Titijaya Land
The Crown Serviced Suites	Kota Kinabalu	Serviced Suites	323	From RM654,000	2021	Ho Hup Group
Sky City Residence Suites	Karamunsing	Serviced Suites	N/A	N/A	2020	Homesign Network & Ministry of Local Government and Housing Sabah (KKTP) Sdn Bhd
360 Boulevard Serviced Suites	Bundusan	Serviced Suites	750	N/A	2020	Homesign Network and Borneo Kemuncak Riang Sdn Bhd



Kota Kinabalu

RM2,150 per month. For higher end scheme like Golden Hill Garden, prices have reached up to RM1 million and rental rate going as high as RM2,550 per month.

For 1-storey terraced houses in housing schemes like Taman Tuan Huat, Taman Nelly Ph 9 and Taman Sri Kepayan, average prices are from RM450,000 per unit and rental rates hovering between RM1,350 to RM1,650 per month.

Although landed property being the preferred choice of homebuyers, the lower quantum price of condominium units (in comparison to the quantum price of 2-storey terraced houses), coupled with the facilities, safety and lifestyle offered at condominium developments encourage the prices of condominium to remain stable. For instance, the average prices in selected high-rise units such as Likas Square, 1 Borneo Condominium, Jesselton Condo and The Peak Condominium have an average of between RM390 psf to RM645 psf and the rental rate per month of between RM1.70 psf to RM2.73 psf.

There were several newly completed residential projects seen in 2018. One of the completed projects was Sutera Avenue Residence by Mah Sing Group. This project reported a good take-up rate with selling prices from RM700,000. Another completed project was Taman Vila Arc @ Tuaran by Jesselton Formation Group. The products offered are 30 units of 2-storey terraced houses with selling prices from RM456,000 per unit.

Looking forward, the residential property market is expecting to pick up, especially for stratified residential properties in the secondary market that had fallen within the mid-range segment and are situated in matured residential areas. Encouraging even more, the new housing policy to be introduced by The Housing and Local Government Ministry (KPKT) is expected to further benefit the lower income group in Sabah.

RETAIL

Over the past 5 years, the average occupancy rate in Sabah's retail market maintained at 86% which is within the healthy range. Growth in the tourism sector with Sabah as a popular holiday destination would call for a strong retail environment in Sabah.

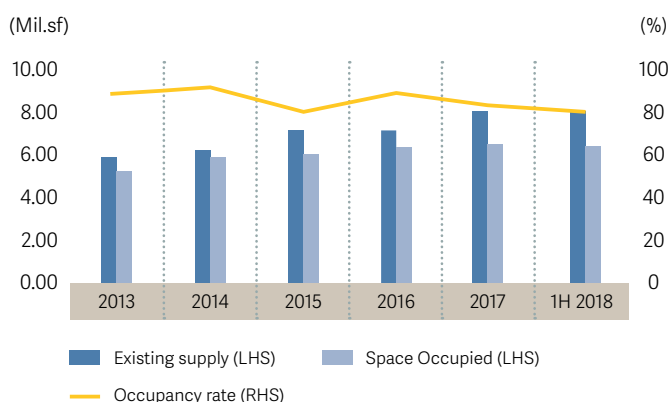
As at 1H 2018, no completions were recorded though occupancy rate fell slightly by 6%. This may be contributed to 2017 having seen 2 new retail mall openings, namely Grand Merdeka Mall in Menggatal and the International Technology and Commercial Centre (ITCC) in Penampang. To date, there are now 45 retail complexes in Sabah with a total space of approximately 7.94 million sq ft. an increase 6.1% from 1H 2017. 73% of existing space is located within the district of Kota Kinabalu.

Future supply of retail space will come from three developments with approximately 1.02 million sq ft in total, all 3 to be located in Kota Kinabalu. This growing number of malls in Kota Kinabalu raises a concern whether the market can absorb and maintain healthy occupancy rates, especially in Kota Kinabalu.

Generally, rentals of Sabah's retail space remained stable. The rental market varies quite significantly with those having a more established presence and high customer traffic commanding higher rents. For instance, ground floor lots in prime areas could fetch between RM6psf to RM14 psf. Kompleks Karamunsing recorded an even higher monthly rental rate of between RM17 psf to RM27 psf.

Existing Supply & Occupancy Rate of Retail Spaces in Sabah (2013-1H 2018)

(Source: JPPH)



Selected Upcoming Retail Projects in Sabah

(Source: Rahim & Co Research)

Development	Location	Net Lettable Area (sf)	Completion	Developer
PacificCity Lifestyle Mall	Likas	620,000	2020	Pacific Sanctuary Holdings
Sky City Lifestyle Mall	Karamunsing	600,000	2020	Homesign Network & Ministry of Local Government and Housing Sabah (KKTP) Sdn Bhd
360 Boulevard Retail	Bundusan	538,000	2020	Homesign Network and Borneo Kemuncak Riag Sdn Bhd
Jesselton Quay	Kota Kinabalu	340,000	2020	SBC Corporation Berhad
The Shore Mall	Kota Kinabalu	N/A	2021	Titijaya Land Berhad

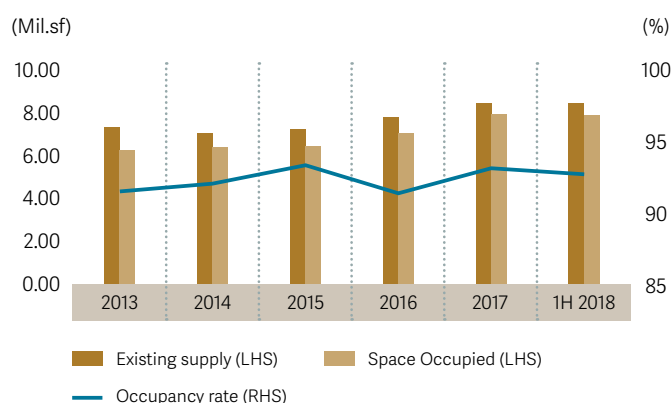
PURPOSE BUILT OFFICE (PBO)

As at 1H 2018, the cumulative supply of purpose-built office space in Sabah stood at 8.66 million sq ft, with no additional stock added within the review period. The absorbance of office rate in terms of occupancy rate for 1H 2018 was good at 90%, 1.2% higher when compared to 1H 2017. In 2017 market witnessed the completion office buildings, namely the State Administrative Complex in Likas, Sutera Avenue in Sembulan and Aeropod Boutique Retail Offices Phase 2A in Tanjung Aru.

Current supply has been categorised into public and private building where private building contributed 65% of supply and are mostly concentrated in Kota Kinabalu. On the incoming supply, there are 4 buildings anticipated to enter the market, adding another 620,789 sq ft of office space in Kota Kinabalu, Tawau & Penampang.

Existing Supply & Occupancy Rate of Purpose Built Office in Sabah (2013-1H 2018)

(Source: JPPH)



In July of 2018, Sabah's office market witnessed the completion of an eight-storey seismic designed building that has been designated as Sabah Custom Tower along

Selected Upcoming Purpose Built Office Projects in Sabah

(Source: Rahim & Co Research)

Development	Location	Completion	Developer
Pacific Enterprise	Likas	2020	Pacific Sanctuary Holdings
Sky City Grade A Office	Karamunsing	2020	Homesign Network & Ministry of Local Government and Housing Sabah (KKTP) Sdn Bhd
360 Boulevard Office Tower	Bundusan	2020	Homesign Network and Borneo Kemuncak Riag Sdn Bhd
Jesselton Quay Signature Offices	Kota Kinabalu	2020	SBC Corporation Berhad

Jalan Sulaiman, Kota Kinabalu. Constructions began in 2014 and completion was 2-days ahead of the original schedule. The eight-storey Sabah Custom Tower will be housing the Kota Kinabalu Custom office. Additionally, this office tower is the first ever earthquake-resistant building in Malaysia.

Generally, rentals of Sabah's purpose built office space remained stable where the rentals of purpose built office space in Kota Kinabalu hovered between RM2.00 psf to RM3.00 psf per month. Office buildings such as Riverson SOHO and Riverson Suites had rental rates reaching up to RM4.00 psf per month. Not missing out the first Grade A office and Green Building in Sabah, Plaza Shell also recorded higher monthly rental of RM5.00 psf to RM6.50 psf per month.

During the review period, one office building was transacted known as Wisma AIA located at Karamunsing, Kota Kinabalu, Sabah.

SHOP OFFICE

As at 1H 2018, the supply of shop offices in Sabah has accumulated to 29,089 units with an increment of 63.1% from the previous year. 43.3% of the supply was 2 to 2½ storey units, followed by 3 to 3½ storey units at 28.9%. Kota Kinabalu and Sandakan has the most number of units with 8,578 units and 3,748 units respectively. The sudden jump in supply of shop offices in Sabah showed shop offices to be more popular within the local business community.

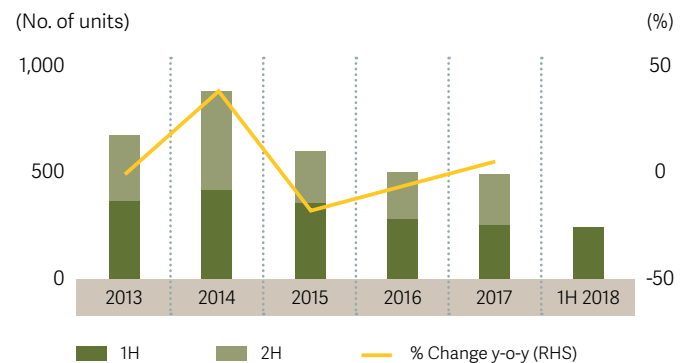
But out of this total existing supply, 326 overhang units of shop offices worth RM 243.54 million in Sabah was recorded and are mostly of 3 to 3½-storey shop offices (64 units worth RM90.86 million) priced more than RM1 million. With another 2,416 units recorded as incoming supply, this will create pressure in both the rental and property transactions.

Surprisingly, transactions activities were seen to improve where both volume and value showed positive percentage change of 3.4% and 9.6% respectively when measured against the previous year. Within the review period, there were 246 transactions recorded as at 1H 2018, where 2 to 2½ storey dominated the shop office market and 40.5% of the total shop office transactions were within the price bracket of RM500,001 to RM1 million. The upward trend was mostly contributed by market activities in Sandakan, Labuk Sugut, Tungod and Kinabatangan market.

On current transacted prices, 2-storey shop offices in Kota Kinabalu went between RM650,000 to RM1.20 million, whereas 3-storey shop offices went at a higher RM800,000 to RM1.70 million per unit.

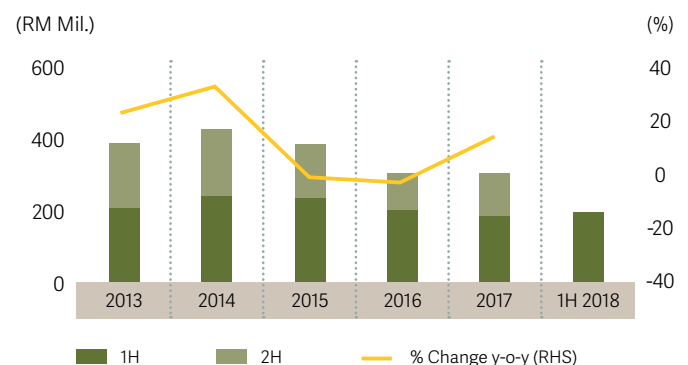
Number of Shop Office Property Transactions in Sabah (2013-1H 2018)

(Source: JPPH)



Value of Shop Office Property Transactions in Sabah (2013-1H 2018)

(Source: JPPH)



HOTEL

Sabah is famous for its rich natural landscape and cultural diversity, making it a unique point to drive the tourism industry as a popular tourist destination. According to statistics from Sabah Tourism Board, tourist arrivals to Sabah have continued on a steady growth trend over the last 3-4 years.

As at January 2018, Sabah recorded 312,670 tourists as compared to 294,557 tourists in January 2017 and International and domestic tourists are projected to grow by end of 2018 in Sabah. The continued increase in the number of tourist arrivals to Sabah has raised concerns by the Sabah Tourism, Culture and Environment Ministry regarding the inadequate number of existing hotel rooms in the market to accommodate future tourist arrivals.

With aggressive promotion by government to promote Sabah's tourism, future prospects for the hotel market should remain promising.

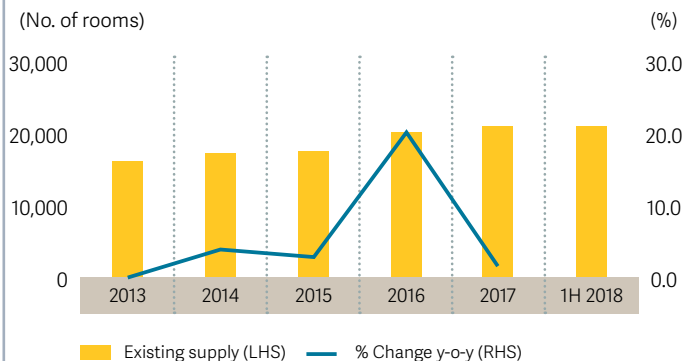
The continuous improvement in tourism sector has created demand for leisure property development in Sabah. As at 1H 2018, Sabah's hotel supply stood at 21,101 rooms making up 397 hotels; an increase of 2.6% compared to the previous period. Of these, 66 hotels are rated 3-to-5 star hotels. Looking forward, there are another six hotels in the works to be anticipated, totalling at 1,288 rooms.

Room rates of 5-star rated establishments hotels such as Shangri-La Rasa Ria Resort, The Pacific Sutura Hotel and Nexus resort & Spa Karambunai were between RM430 to RM848 per room per night whereas room rates of 4-star hotels such as Four point By Sheraton Sandakan, The Palace Hotel and Ming Garden Hotel & Residence offered rates between RM265 to RM326 per room per night.

2017 saw several completions and opening of new hotels in Sabah such as 5-star Hilton Kota Kinabalu and 4-star Mercure Kota Kinabalu. In 2018, Kota Kinabalu Marriott Hotel announced its opening in June with a total of 332 rooms and priced from RM489 whilst Ibis Styles Kota

Existing Supply of Hotels in Sabah (2013-1H 2018)

(Source: JPPH)



Kinabalu Inanam Hotel opened its doors to the public in February with rooms priced from RM164 nett a night.

2018 saw Marriott International, Inc and City Waterfront Sdn Bhd announcing the official opening of the 5-star Kota Kinabalu Marriott Hotel in Sabah, Malaysia. Nestled along Jalan Tun Fuad Stephens, the hotel offers 332 expansive guest rooms and suites with room rates from RM697 per night.

With aggressive promotion by government to promote Sabah's tourism sector and more direct flights bound for Kota Kinabalu from major countries, future prospects for the hotel market should remain promising. To date, Sabah will be collaborating with Brunei Darussalam Tourism for the enhancement of tourism growth with direct flights from the neighbouring Brunei Darussalam to London and Seoul, and a forthcoming direct flight to Tokyo in March next year via Royal Brunei Airlines (RBA).

Selected Upcoming Hotels in Sabah

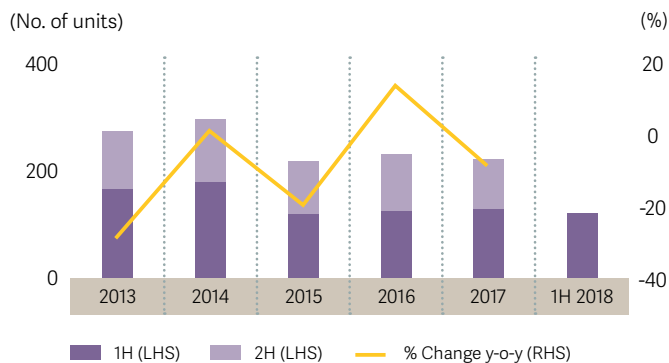
(Source: Rahim & Co Research)

Development	Location	Star Ratings	No. of Rooms	Completion	Developer
Jen Hotel	Likas	3	440	2019	Pacific Sanctuary Holdings
New World Kota Kinabalu Hotel	Karamunsing	5	400	2020	Homesign Network & Ministry of Local Government and Housing Sabah (KKTP) Sdn Bhd
Jesselton Quay Hotel	Kota Kinabalu	N/A	N/A	2020	SBC Corporation Berhad
360 Boulevard Hotel	Bundasan	N/A	N/A	2020	Homesign Network and Borneo Kemuncak Riang Sdn Bhd
Crowne Plaza Kota Kinabalu Waterfront hotel	Kota Kinabalu	N/A	367	2021	Ho Hup Group
Citadines Waterfront Kota Kinabalu	Kota Kinabalu	N/A	222	2021	CapitaLand

INDUSTRIAL

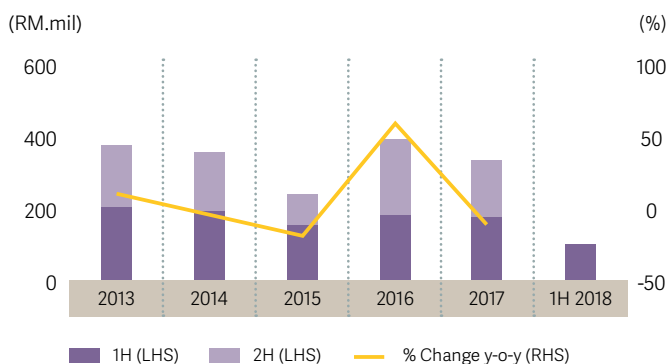
Number of Industrial Property Transactions in Sabah (2013-1H 2018)

(Source: JPPH)



Value of Industrial Property Transactions in Sabah (2013-1H 2018)

(Source: JPPH)



The existing supply of industrial properties in Sabah stood at 6,067 units in 1H 2018, an increase of 0.3% from the previous year. It is predominantly made up of terraced factories at 68.1% of total share. Following that is semi-detached and detached factories contributing respectively at 20.5% and 10.9%.

Out of this total existing supply, there were a total of 18 overhang units of industrial factories worth RM13.50 million in Sabah and a majority are of terraced factory units priced from RM500,001 to RM750,000. With this already on hand, Sabah's industrial market will be expecting another 394 units incoming factories in near the future. This will create pressure in both the rental and property transactions.

NOTABLE ANNOUNCEMENTS

• • • • •

The new Kota Kinabalu Court Complex in off Jalan Kolam Punai was completed in April and will be fully operational in September 2019.

A new 150m bridge crossing Sungai Papar in Kampung Simpudu, is the first one completed under the Sabah Pan Borneo Highway Project and was opened to the public in July 2018.

The construction of a new bridge to replace the Datuk Salleh Sulong Bridge will begin in January 2019 and expected to be completed by March 2020.

It was announced that the Trans-Sabah Gas Pipeline (TSGP) projects has been cancelled on August 2018, owing to the country's financial woes.

Jeju Airlines have commenced direct flights from Muan to Kota Kinabalu on December 23rd 2018 and from Busan to Kota Kinabalu within the 2Q 2019.

Airasia has launched direct flights between Kuching and Tawau on December 5th 2018.

The Palm Oil Industrial Cluster (POIC) in Sandakan is set to become Sabah's furniture manufacturing hub.

Putatan receives RM8.8 million in federal allocation to construct a district sport stadium.

A development Project funded by Petronas, known as Asrama Harian Luar Bandar, is being built to improve access to education among Sabahan students in the remote area of Balambangan Island, off Kudat. Completion is scheduled to be in 3Q 2019.

Sabah International Convention Centre (SICC) is expected to be fully completed by August 2019.

In the sub-sale market, transactions have reportedly dropped by 9.4% in volume and 38.3% in value. There were 96 units transacted during the review period worth RM94.01 million. Out of these transactions, the majority were of the terraced types and mainly priced between RM500,001 to RM1 million.

On existing prices, 1 to 1 ½ storey terraced factories are seen to be transacted in 2018 at prices between RM310,000 to RM500,000 whereas 2 to 2 ½ storey were transacted at a higher of RM400,000 to RM780,000.

THE YEAR AHEAD



Upon observation of the transaction activities of first half 2018, mixed signals are seen in all sectors for Malaysia but this can be taken in a positive light to indicate a recovery is on the horizon from what has been a rather depressing few years back.

With things falling since 2014/2015, worrying sentiments were felt on when would the next rise be which when coupled with issues of affordability and oversupply, aggravated the whole situation even more. Many placed hope in things taking a turn for the better from the 14th General Election held in May 2018 and though there has been changes from the result – the biggest being a historical moment – the reality of having a change in government for the first time in history is that time is needed to establish and reconfigure the mechanisms running a country. More time than we had initially predicted is needed with new policies being drafted and implemented alongside consolidation and improvement to existing structures and regulations.

On transaction activities, statistics reveal 1H 2018 to have experience even softer drops in number by 2.4% year on year, in comparison to 1H 2017's drop at 6.1%. Value was seen to be holding steady with only a slight drop of 0.1%. Looking at the past 5-year trend, transaction activities are shown to have fallen at a slower rate and thus proving that the lower-end of a cycle is coming to an end – as had been anticipated by all within the property market.

Being the largest market sector, the existing supply of residential units for Malaysia stood at approximately 5.51 million units of which Selangor came on top amongst all states with 1.52 million homes. Johor follows up with almost 800,000 homes, boasting a rather large number even in comparison to Kuala Lumpur whom held 476,628 homes. But of these numbers, unsold units remain a hot issue as the numbers at almost 42,000 units remain worryingly high. Buyers lament on these units to be out of their reach – both financially and conveniently, thus making the purchase a hardship on top of having difficulty in securing housing loans. With these vacant units sitting

idle, the situation may take an even more unmanageable turn should nothing be done to ease this hanging burden as Malaysia will also be expecting an incoming supply of close to half a million new homes that are already in construction.

As affordable homes remain at the forefront of our nation's worry, both the private and public sectors are hard at work to offer solutions via financial aid or affordable supply. Though transactions as at 1H 2018 show 55% of residential transactions to be below the RM250,000 price mark, only 32% of newly launched homes are priced below that. If this pattern of new offerings continue, developers will find prolonging difficulty in making sales as the products offered are out of the majority's financial means. On the secondary market, prices are seen to be moving upwards or downwards and this mix of movement which is within the 5% range indicate market adjustments happening rather than the feared market crash or wishful hope of market surge.

Reflecting back to Budget 2019, the government had us anticipating several initiatives proposed to ease the falling market with most aiming to encourage take-up of unsold units that as at 1H 2018, are worth RM26.84 billion sitting vacantly across Malaysia. Such initiatives are allocation of funds to build more affordable homes, allocation of funds to assist first-time home buyers struggling to meet market prices, stamp duty exemptions, and recent topic of discussion – property crowdfunding. Being the first of its kind to be implemented, no judgement can be made while it is still in its premature phase and 2019 will be an interesting year to observe the results of such in addition to the much anticipated release of National Housing Policy (NHP) 2.0.

On to the commercial segment, the incoming wave of new office space sized in millions calls for concern of how the market will adjust to it as looking back in the past 5 years, occupancy rate has been lingering between 82% to 85% for the whole of Malaysia with minimal change over the years. Narrowing down to Klang Valley which holds the highest concentration of office spaces, occupancy rates are even lower at between 77% to 80% from 2013 to 2017. As with seeing newer, better equipped and technologically enhanced spaces entering the market, relocations are expected to happen even more as tenants find themselves having the advantage of competitive rates and attractive package deals. Having technology seep further into the daily operations and forms of communication, it is vital for corporates to ensure their site of residence are sufficiently equipped on par with the general standards of

other advanced countries and thus ensuring a successful running of their business. Decentralization enabled by the expansion of highways and railway lines have also added on to the benefit of relocating to avoid congestion and limited space. For older, out-dated office buildings, the pressure is greater with the rivalry of newly completed spaces and the encroaching 18 to 20 million sf in the next 5 years. Rental rates for these older buildings are seen to be dipping in effort to maintain tenancy whilst Grade A buildings remain stable due to their up-to-date facilities and modern facades. A new sub-market of the office sector is also making headway known as co-working spaces. Though it may not exactly be new as a form of office space, co-working as a new way of renting space is picking up the pace for Malaysia as companies such as Common Ground and Regus are slowly expanding their operations beyond Klang Valley. Co-working is considered as not only benefitting small, mobile companies but also in helping fill up vacant office spaces via flexible and more affordable packages.

Similarly to the office market, retail malls are also at the risk of oversupply with new malls soon to come into the market in the future. Currently, Klang Valley's total existing retail space stands at approximately 70.5 million sf with occupancy rates at an average of 84% by 1H2018. Though previously e-commerce has been deemed as a threat to the brick-and-mortar of malls, it seems to not be the case as Malaysia's overall occupancy rates are holding up above 80% despite the increase in space over the past few years. Instead, mall operators are realizing that rather than being at risk of closure out of irrelevancy, the retail experience has now taken an evolution to being an entertainment and social experience. No longer are malls only a place of product-buying, but is now primarily a place of social interactions and fun experience. Non-shopping elements such as Food & Beverage (F&B), leisure entertainment and customer services continue to be irreplaceable by e-commerce. Recent additions to mall amenities include free Wifi, phone charging docks, e-car docks and e-hailing service spots. In keeping up with the latest trend in technology, malls are able to retain their relevancy amidst the ever growing world of online shopping and social media.

Technological advancement brings along further growth to the digital economy and day after day, we continue to witness the changes and effects digital economy has on the world we live in. From the virtual world to Artificial Intelligence (AI), borders are constantly pushed against and the property market is no stranger to technological modernisation. In the industrial sector, we see the rise of

e-commerce triggering the rise of business in logistics where warehouses are now in demand to keep up with consumer demand, making them a viable option for investment. Developments seem to be in favour of industrial parks whereby investors are pulled in through well-provided facilities and services. The manufacturing industry too is not left behind with the revolutionary changes brought upon with the next phase named Industry 4.0 with AI being the core in operations. In real estate practices, we see the encroachment of the internet more and more by transferring physical connections to the virtual, on the justification that the solutions to your problem is only a click away. One may argue that going digital is the way to go for efficient and speed sake, but we stand strong on the belief that there is no replacing real-life interactions; particularly during the process of purchasing a property which for some is a dream come true.

On the whole, mixed results observed in Malaysia's property market reflects the market to be in its adjusting phase to the current economic and political climate. As we enter 2019, we foresee the new year to be a period of further consolidation and anticipated introduction of new policies and incentives aimed at the property market such as the National Housing Policy (NHP) 2.0 and Property Crowdfunding platform. As with the property market being a complex and holistic form of transaction, a longer time and bigger space is needed to produce sound results before any judgement can be made on the effectiveness or failure of new trends and methods. Collectively, the continuation of the wait-and-see sentiment and the persisting struggle of buyers securing housing loans contributed to the market's stagnation and the rising of inventory levels.

To our fellow property buyers, the abundant of property supply – both completed and incoming – is in your favour to having a wide selection to choose from based on your individual needs and preferences. Though more alternative financing schemes have been introduced in the past year such as Rent-to-Own and Property Crowdfunding, we caution buyers to be selective in their choice of scheme as each scheme differs in who it is targeted at. Despite having the common end-goal of owning a home, the process and steps to achieve so is only beneficial to some and not all. With the effort to reduce unsold units sitting idle in the market, bargains can be expected and your dream home may just be within reach with a cup of patience and a handful of thorough research.

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

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

EXPLANATORY NOTE

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

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