



**Rahim&Co**  
research

# PROPERTY MARKET REVIEW

2015 / 2016

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# Foreword



...the market shall make its own correction because it boils down to the supply and demand factor that should play the key role in pricing mechanism.

Year 2016 marks the starting point of the 11th Malaysia Plan (11MP) spanning over 5 years until 2020. The 11MP is the final Malaysia Plan towards achieving Vision 2020 and is a critical step in the path to become an advanced nation, by which the government is aiming to transform the country into a high-income nation. In line with that, the 2016 Budget's theme "Prospering The Rakyat" reflects the government's determination and perseverance to break through the middle-income trap.

There was no further cooling measures nor market boosters such as reduction in RPGT and reintroduction of DIBS being tabled in the '2016 Budget'. We agree with the government's decision in staying neutral as we believe the market shall make its own correction because it boils down to the supply and demand factor that should play the key role in pricing mechanism. Albeit allowing free market movement for the property sector, the affordable housing sector should still be given due emphasis by the government and concentration in speeding up the efforts of providing the people with affordable houses.

I am pleased to present Rahim & Co's Property Market Review 2015/2016, our annual market roundup, to offer our clients, investors, financiers, developers and other property professionals an insight to the property markets of each region across Malaysia.

I would like to thank all parties who have contributed to the success of this publication including our team at head office for their efforts and technical expertise, and the officers at our branches who provided valuable local market insights.

Following the property market slowdown in 2013, property transaction activities in 2014 has slightly improved by 0.8%, recorded a total transaction of 384,060 (2013: 381,130 transactions). The total value of transaction has maintained its positive growth with an increase of 6.7% and 7.0% in 2013 (RM152.37 billion) and 2014 (RM162.97 billion) respectively.

The Malaysian economy has been impacted by the weakening Ringgit, drop in global crude oil prices and commodities prices (the 2 largest GDP contributors of the country) since the end of 2014. The employment market is also facing some challenges. The political arena also saw some shake-ups with changes to the cabinet line up. Furthermore, the implementation of GST in April 2015 has also subdued the general market sentiment. The market did not see any major rush purchases in the 1st quarter of 2015 as anticipated by many analysts, as many property buyers chose to wait and see. All these have resulted in a decrease in transaction volume of 3.5% to 186,618 transactions in the 1st half of 2015 from 193,405 in the same period of the previous year. The value of transaction in the 1H 2015 was lower than the corresponding period in 2014 with a drop from RM82.03 billion to RM77.08 billion, a decrease of 6.04%. Under the current market condition, transaction volume for the whole year of 2015 is expected to be lower compared to 2014, in between 350,000 to 360,000 transactions with total transaction value lingering around RM160.00 billion.

Home ownership is still beyond the reach of many Malaysians especially the younger generation. Based on our "average terraced house price to average annual household income multiplier" calculation, there was a slight improvement in the ratio – dropping from 3.6 to 3.4 (national average). However, the ratio indicates that generally our houses are still "moderately unaffordable". For Sabah, Penang & Kuala Lumpur, average prices of terraced houses are even categorised as "severely unaffordable". While we applaud the government's various plans for affordable housing throughout the country, the pace of construction and completion would have to be improved in order to address this issue.

Coming into the Year of the Monkey, the property market is expected to show moderate activity yet still sustainable. Many expect it to be yet another challenging year ahead, and hope that the market would pick up in the second half. After all, good things do come to those who wait.

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

# PROPERTY MARKET SNAPSHOT

1H 2015 vs 1H 2014

Perlis		
Resi	PBO	Retail
>-5%	Stable	Stable

Selangor		
Resi	PBO	Retail
<-5%	<5%	<5%

Terengganu		
Resi	PBO	Retail
<5%	<-5%	<-5%

## Resi (Residential)

Growth of Residential Property Transaction Volume

Kedah		
Resi	PBO	Retail
>5%	<-5%	<5%

Negeri Sembilan		
Resi	PBO	Retail
>-5%	<5%	>-5%

Kelantan		
Resi	PBO	Retail
<5%	Stable	<-5%

## PBO (Purpose Built Office)

Growth of Purpose Built Office Occupancy Rates

Penang		
Resi	PBO	Retail
>-5%	<-5%	<-5%

Melaka		
Resi	PBO	Retail
>5%	Stable	<5%

Sabah		
Resi	PBO	Retail
<5%	<5%	>-5%

## Retail

Growth of Retail Complex Occupancy Rates

(Comparing 1H 2015 and 1H 2014)

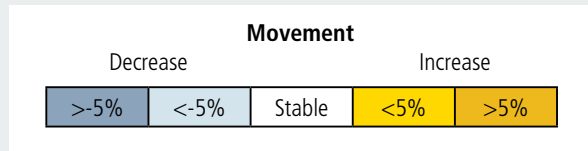
Perak		
Resi	PBO	Retail
>5%	Stable	<-5%

Johor		
Resi	PBO	Retail
>-5%	<5%	<5%

Sarawak		
Resi	PBO	Retail
<5%	<5%	>5%

Kuala Lumpur		
Resi	PBO	Retail
>-5%	Stable	<5%

Pahang		
Resi	PBO	Retail
>5%	<5%	<5%



(Source : Rahim & Co Research, JPPH)

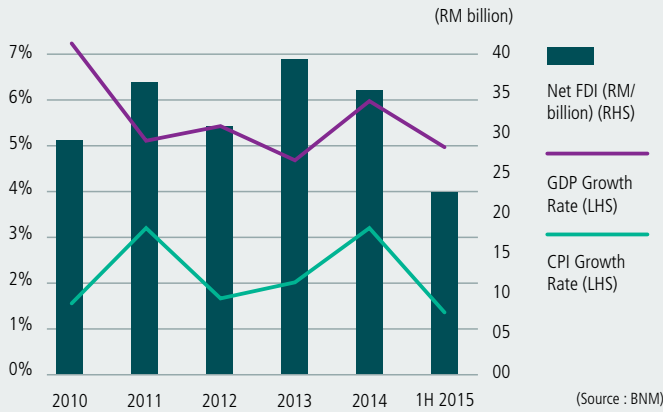
## Average Household Income by State

State	Average Household Income (RM)			Compounded Average Growth Rate (%)		
	2009	2012	2014	(2009-2012)	(2009-2014)	(2012-2014)
Malaysia	4,025	5,000	6,141	7.5	8.8	10.8
W.P. Kuala Lumpur	3,835	8,586	10,629	16.1	14.1	11.3
Selangor	2,667	7,023	8,252	5.6	6.7	8.4
Penang	2,536	5,055	5,993	4.7	6.3	8.9
Johor	4,184	4,658	6,207	6.7	10.1	15.4
Melaka	3,540	4,759	6,046	4.4	7.6	12.7
Negeri Sembilan	3,279	4,576	5,271	8.9	8.3	7.3
Pahang	4,407	3,745	4,343	4.5	5.8	7.7
Kedah	2,809	3,425	4,478	8.7	10.9	14.3
Perak	2,617	3,548	4,268	8.1	8.7	9.7
Perlis	5,962	3,538	4,445	10.6	11.2	12.1
Kelantan	3,017	3,168	3,715	7.7	7.9	8.3
Terengganu	3,102	3,967	4,816	9.6	9.8	10.2
Sabah	3,581	4,013	4,879	9.0	9.5	10.3
Sarawak	5,488	4,293	4,934	6.2	6.6	7.2
W.P. Labuan	4,407	6,317	7,591	12.8	11.5	9.6
W.P. Putrajaya	6,747	8,101	10,401	6.3	9.0	13.3

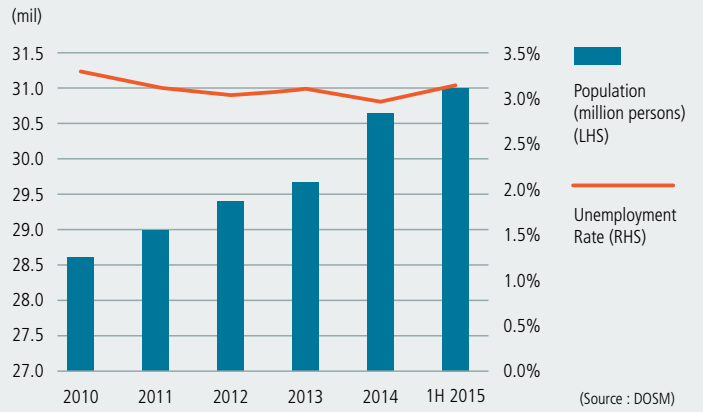
(Source : DOSM)

# KEY ECONOMIC INDICATORS

GDP & CPI Growth Rate and Net FDI (2010 - 1H 2015)

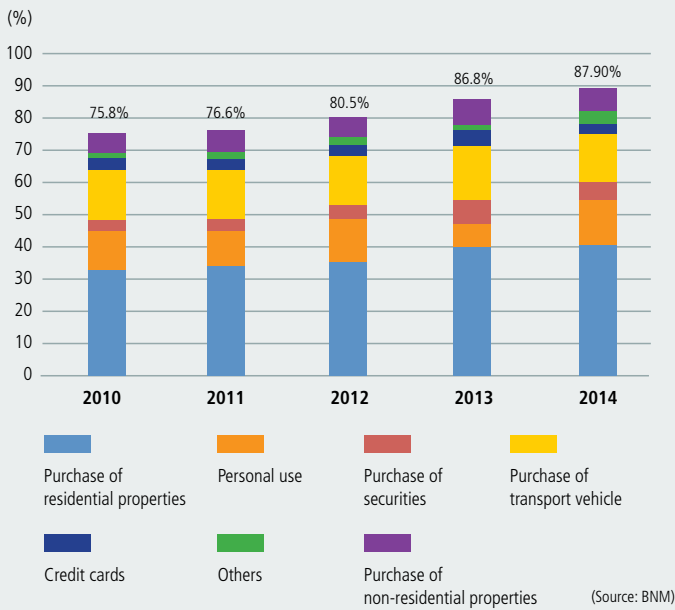


Population & Unemployment Rate (2010 - 1H 2015)

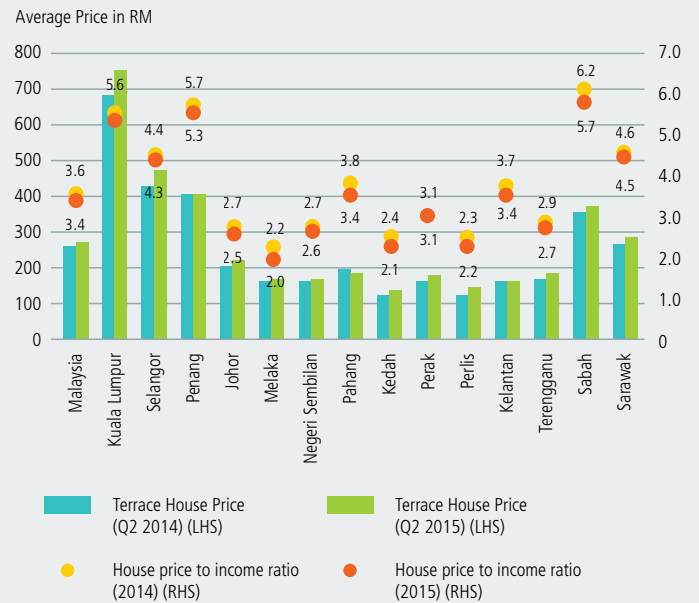


# KEY PROPERTY MARKET INDICATORS

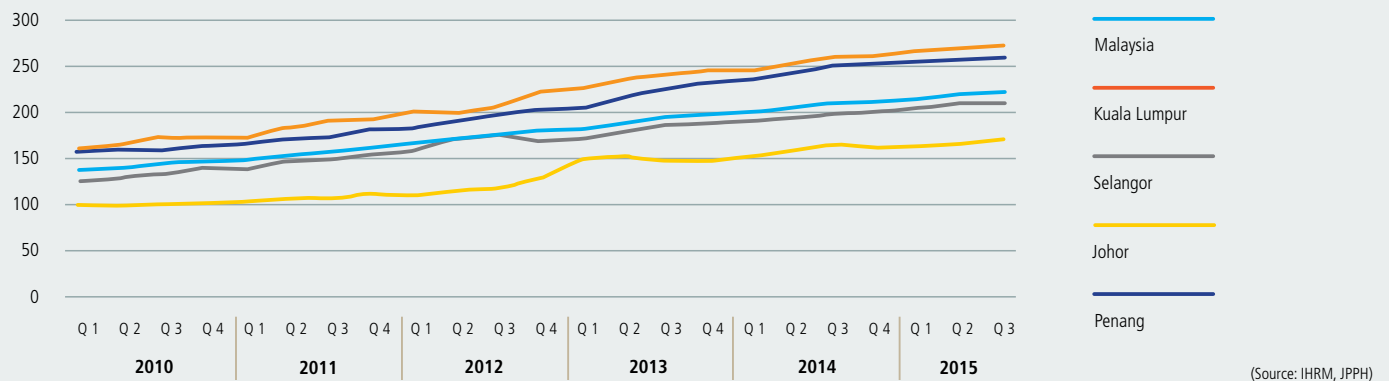
Household Debt to GDP Ratio (2010-2014)



Average Terraced House Price to Annual Household Income Ratio<sup>#1</sup>



Quarterly House Price Index (2010-Q3 2015)



# NORTHERN REGION

## Perlis, Kedah, Penang, Perak

### PERLIS

#### RESIDENTIAL

##### KEY FACTS (AS AT 1H 2015)

Supply	23,668 units	↑ 5.1% y-o-y
Transaction Volume	583 units	↓ 29.2% y-o-y
Transaction Value	RM96.03 mil.	↓ 25.2% y-o-y

(Source: Rahim & Co Research, JPPH)

The residential sector has showed 5.1% growth y-o-y in terms of supply in 1H 2015. However, total transaction volume and value in 1H 2015 moved towards the opposite direction, declined by 29.2% and 25.2% respectively.

About 53% of the total residential transactions in the review period are within the price range of RM50,000 to RM200,000. Existing housing schemes with higher selling prices are Taman Kangar 1 (RM250,000) and Taman Bukit Kaya (RM350,000) in Kangar.

Existing 1-storey terraced houses in Arau are selling between RM150,000 and RM200,000. Notable schemes in the area include Taman Sri Wang and Taman Utara.

PR1MA will soon reveal another project on a 21-acre land in northern Perlis near Padang Besar. The development will consist of apartment units with built-up area of 800 to 1,000 sf, 1-storey and 2-storey terraced houses with built-up area ranging from 1,000 to 1,450 sf.

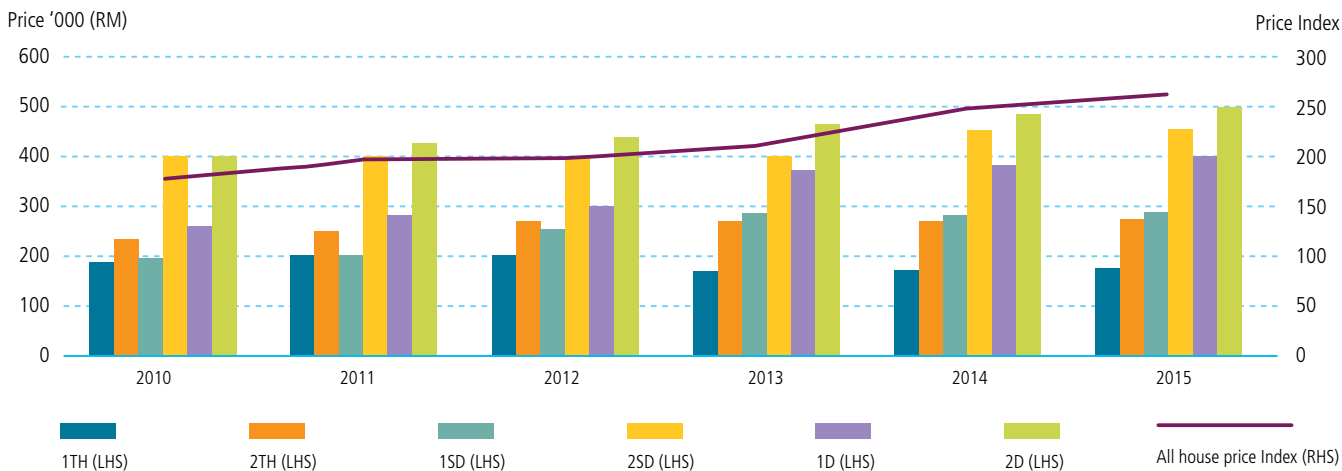
Aima Development Sdn. Bhd., one of the established developers in Perlis will soon develop Taman Hijrah Fasa 5 in Mukim Utan Aji, Kangar. The project is currently in the planning stage.

##### Prices of Residential Properties in Selected Schemes

Scheme by Location	Type	Price
<b>KANGAR</b>		
Taman Putra Utama	2-storey terraced	RM270,000
Taman Sri Murni	2-storey terraced	RM250,000
Taman Kemajuan (low-cost)	2-storey terraced	RM100,000 – RM130,000
Taman Bukit Kaya	2-storey terraced	RM350,000
Taman Desa Bintong	1-storey terraced	RM180,000
Jalan Raja Syed Alwi	2-storey semi-detached	RM490,000
Taman Sentua	1-storey semi-detached	RM310,000
<b>KUALA PERLIS</b>		
Taman Utara Jaya	1-storey semi-detached	RM360,000
Taman Kuala Perlis Indah	1-storey semi-detached	RM270,000
<b>JEJAWI</b>		
Taman Muhibah	1-storey terraced	RM220,000
<b>ARAU</b>		
Taman Sri Wang	1-storey terraced	RM200,000

(Source : Rahim & Co Research)

##### Kangar Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

## RETAIL

### KEY FACTS (AS AT 1H 2015)

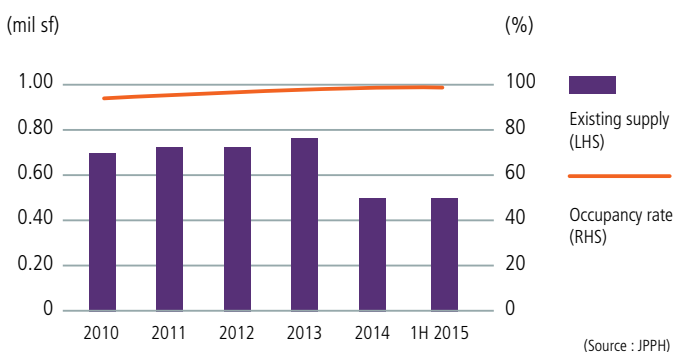
Total Space	512,922 sf	↑ 6.8% y-o-y
Occupancy Rate	100%	↔ Stable
Rental	Prime: RM3.40 – RM6.00 psf Secondary: RM1.70 – RM2.60 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

As of 1H 2015, there is a total of 20 existing retail complexes available in Perlis with 11 located in Kangar. There is an increase of approximately 6.8% of total retail space in Perlis whilst the performance remain good at 100% occupancy rate (mainly due to the limited supply in the market). The rental rate remains stable at range of RM3.40 to RM6.00 psf for prime lots.

There are three upcoming retail complexes in Kangar with one yet to be revealed. A new Giant Hypermarket in Taman Putra Utama, Kangar will start to operate in January 2016, with Giant Hypermarket itself as anchor tenant and also 32 retail lots and kiosks. To date, 80% of the retail lots have been tenanted. Another upcoming retail complex is K-Parc at Jalan Raja Syed Alwi, a retail complex integrated with the office block. It is a joint venture project between UDA Holdings Bhd and Perbadanan Kemajuan Ekonomi Perlis (PKENPs) which is expected to be completed by mid 2016. They are currently in talks with Mydin to be the prospective anchor tenant.

### Existing Supply & Occupancy Rate of Retail Spaces in Perlis (2010-1H 2015)



(Source : JPPH)

### Selected Upcoming Shop Offices in Perlis

Project Name	Location	Type	No. of Units	Selling Prices	Developer
K-Parc	Kangar	3 & 4 storey	3 Storey : 22 4 Storey : 4	3 storey: RM776,000 4 storey: RM1.6 mil.	UDA Holdings Berhad
Kangar Jaya	Kangar	2 & 3 storey	Open for registration		Nepta Bumita Holdings
(Unnamed)	Kuala Perlis	3-storey	16	RM680,000 to RM1.4 mil.	PKENPs

(Source : Rahim & Co Research)

### Newly Completed and Upcoming Retail Malls

Development	Location	Completion
Giant Hypermarket	Taman Putra Utama, Kangar	Q4 2015
K-Parc, Kangar	Jalan Raja Syed Alwi, Kangar	Q2 2016
Bandar Kangar Jaya	Kangar	Not launched yet

(Source : Rahim & Co Research)

### SHOP OFFICE/PURPOSE BUILT OFFICE

#### KEY FACTS > SHOP OFFICE (AS AT 1H 2015)

Supply	3,746 units	↑ 5.50% y-o-y
Transaction Volume	80 units	↑ 11.1% y-o-y
Transaction Value	RM33.91 mil.	↓ 68.8% y-o-y

(Source : Rahim & Co Research, JPPH)

2-storey shop offices still dominated and contributed to 65% of total supply. Most of the shop offices are concentrated in the state capital, Kangar with full occupancy, whilst other supply are in Arau and Kuala Perlis.

Notable newly completed 2-storey shop offices that perform well are located in Taman Putra Utama, Kangar where the occupancy rate is approximately 90%.

Another area concentrated with shop offices is at Arau, where the institutions and colleges are located, and Kuala Perlis near the Jetty to Langkawi Island. However, shop offices in Kuala Perlis do not perform as well as in Kangar.

There are limited upcoming shop offices in Kangar, one of them is K-Parc which was launched in 2013. Another shop office development by Nepta Bumita Holdings is yet to be launched. There is also a new 3-storey shop offices project in Kuala Perlis priced between RM680,000 and RM1.4 million.



# Northern Region

## Prices of Existing Shop Offices in Selected Schemes

Location	Type	Price
<b>KANGAR</b>		
Taman Putra Utama	3-storey	RM977,600
Jalan Raja Syed Alwi	3-storey	RM900,000
Taman Putra Utama	2-storey	RM460,000
Taman Firdaus	2-storey	RM560,000

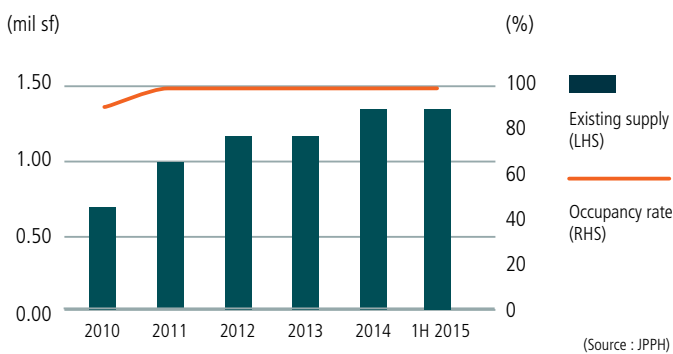
(Source : Rahim & Co Research)

## KEY FACTS > PURPOSE BUILT OFFICE (AS AT 1H 2015)

Supply	1.41 mil. sf	↑ 0.7% y-o-y
Occupancy Rate	100%	↔ Stable
Rental	RM1.80 – RM2.70 psf	↔ Stable

(Source : Rahim & Co Research, JPPH)

## Existing Supply & Occupancy Rate of Purpose Built Offices in Perlis (2010-1H 2015)



(Source : JPPH)

Out of 52 purpose built offices in Perlis, 38 of them are located in Kangar. Most of the PBO in Perlis are mainly occupied by government agencies, only a few are occupied by private institution and colleges. For example, Menara KWSP in Kangar, recorded full occupancy with UNIMAP as its anchor tenant. The rental rate remain stable at RM1.80 to RM2.70 psf.

## HOTELS

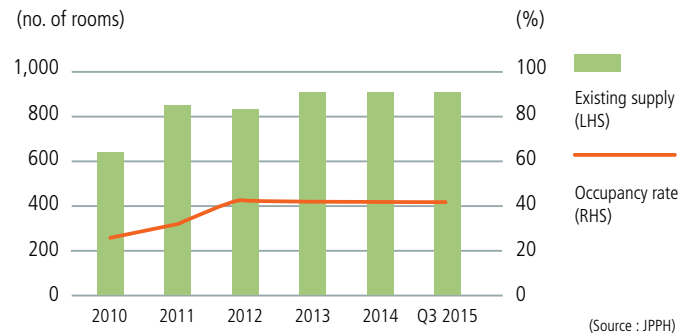
### KEY FACTS (AS AT Q3 2015)

Supply	906 rooms	↔ Stable
Occupancy rate	45%	↔ Stable
Room rate	3 star: RM140-RM180 per night	

(Source : Rahim & Co Research, JPPH)

In general, hotel market performance remains the same as in 2014. There were no newly completed hotels in the review period, thus the supply remains at 21 hotels with total 906 rooms. 33% of the room numbers are made of 3-star hotel whilst 4-star hotel rooms contributed about 16%.

## Existing Supply & Occupancy Rate of Hotels in Perlis (2010-Q3 2015)



(Source : JPPH)

Several notable existing hotels include the 3-star Putra Brasmana Hotel in Kuala Perlis and Seri Malaysia Hotel in Kangar. These hotels offer room rates starting from RM140 per night to RM180 per night for standard rooms.

The highest star rated hotel in Kangar is a 4-Star hotel known as Putra Palace Hotel offering a standard room at RM170 per night. The average occupancy rate for hotel in Perlis range between 42% and 45%, but the better performing hotels recorded a higher occupancy from 60% to 70%.

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	222 units	↑ 4.7% y-o-y
Transaction Volume	12 units	↑ 140.0% y-o-y
Transaction Value	RM6.55 mil.	↑ 125.9% y-o-y

(Source : Rahim & Co Research, JPPH)

Terraced factory is the dominant type, contributing 46% of total industrial supply. Total supply for industrial units has increased approximately 4.7% from 212 units last year. About 57% of the industrial units are located in Kuala Perlis and Jejawi. A 2-storey terraced factory in Jejawi Industrial area is selling at RM370,000.

## OUTLOOK

The state government vision of 'Perlis Maju 2015' has seen some progress with several project completed and many on-going developments in Perlis e.g K-Parc and Ipoh-Padang Besar Double Electric Train Project.

The Ipoh-Padang Besar Double Electric Train Project started its operation in the middle of 2015 and had an overwhelming response by commuters. It is expected to have positive impacts on the population of Perlis due to increased job opportunity.



Under the 11th Malaysian Plan, a Maritime City is planned to be developed in Perlis which will give the state's economy a boost.

With the implementation of Perlis Inland Port (PIP) and Chuping Valley, industrial sub-sector is expected to grow as well as demand for residential.

Residential market in Perlis is expected to remain stable in both transaction activities and prices.

#### NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PERLIS

- Chuping Valley & Perlis Inland Port (PIP) will be implemented under 11th Malaysian Plan between year 2016-2017 or 2018-2019. PIP will cover a land area of 500-acre from Chuping Valley which has a total area of 3,000-acre, which the government will invest an amount of RM1.0 billion.
- KPJ Healthcare, the first private specialist hospital in Perlis is being completed and expected to operate mid of 2016.

## KEDAH

### RESIDENTIAL

#### Key Facts (as at 1H 2015)

Supply	282,826 units	↑ 1.1% y-o-y
Transaction Volume	8,564 units	↑ 41.2% y-o-y
Transaction Value	RM1,210.49 mil.	↑ 27.2% y-o-y

(Source: Rahim & Co Research, JPPH)

Residential supply in Kedah has increased by 1.1% y-o-y compared to 1H 2014 (279,654 units). 97% of the supply is dominated by landed houses. Low cost houses and 1-storey terraced house are the main contributor with 57% as combined.

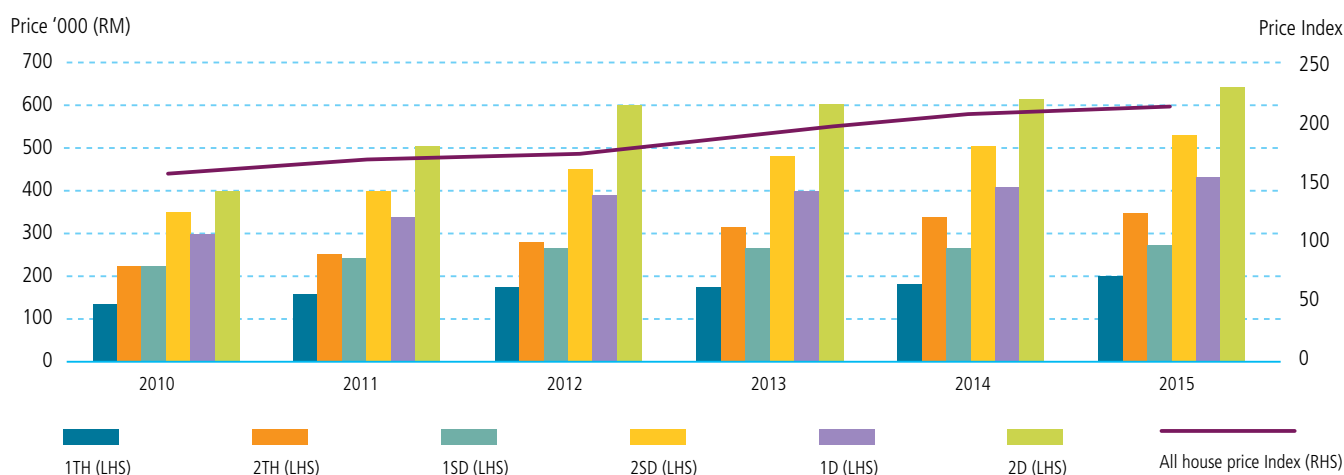
However, more 2-storey terraced houses are being developed as its incoming supply registered a 4% increase compared to 1H 2014 (6,067 units). 14% of 47,101 units incoming residential supply are dominated by 2 and 3-storey terraced houses.

Overall, house prices in Kedah showed positive change. Looking at Alor Setar and Sungai Petani, residential market in both areas are active and growth is evident. Market price for a 2-storey terraced house in both areas has increased about 3% and 19% respectively.

Another popular type of residential property in Kedah is 1-storey semi-detached house. In Alor Setar and Sungai Petani, this type showed an increase in price of 2% and 9% to RM275,000 and RM240,000 respectively.

The overall rental market for residential properties in Kedah is stable with an average yield of 4%. Rental for a 1-storey terraced house in Alor Setar ranging from RM400 to RM700 per month has increased about 8%. Whilst rental for a 2-storey terraced house remains stable, ranging from RM800 to RM1,200 per month. Some schemes such as Taman Berjaya has registered an increase in rental of about 7%. Comparatively, rental for a 1-storey terraced house in Langkawi ranges from RM400 to RM600.

#### Alor Setar Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

# Northern Region

## Selected Upcoming Residential Properties in Kedah

Development (Developer)	Location	Type	Built-up Area (sf)	No of Units	Selling Price
Taman Pulasan 5 (Teguh Harian Group)	Alor Setar	2-storey terraced	1,720 Land Area: 1,400 sf	11	RM465,500-RM617,900
		2-storey semi-detached	1,892 Land Area: 2,480 sf	28	RM585,000 – RM737,400
Taman Bersatu (Teguh Harian Group)	Alor Setar	2-storey terraced	1,720 Land Area: 1,400 sf	46	From RM365,000
Cinta Sayang Resort Villa (Eupe Corporation Berhad)	Sungai Petani	2-storey detached	3,600 Land Area: 4,000 sf	220	From RM727,000
Ametis Valley 3 (Emico Development Sdn.Bhd.)	Sungai Petani	2-storey terraced	1,680 Land Area: 1,400 sf	76	From RM283,930
Taman Songket Indah (Jesin Group)	Sungai Petani	1-storey terraced	900 Land Area: 1,400 sf	62	From RM189,900
Amansuri Residence (Bellevue Group)	Alor Setar	Condominium	1,248 – 3,492	277	From RM530,000

(Source : Rahim & Co Research)

Rental prices for a 2-storey terraced house in Sungai Petani remains stable from RM500 to RM800 per month. Some schemes such as Bandar Puteri Jaya has registered an increase in rental of about 7%. Rental for a 2-storey terraced house in Langkawi also remains stable, ranging from RM700 to RM1000 per month with an average yield of about 4% per annum. On capital prices in 2015, a newly completed 2-storey terraced house in Alor Setar would sell at a minimum of RM365,000, and some can even fetch up to RM620,000 per unit.

Going on to strata type developments, Amansuri Residences still is the new benchmark for high-rise residential in Alor Setar. A condominium being developed by Bellevue Group consists of two blocks (23 & 24-storey). The project offers 277 units with built-up ranging from 1,248 sf to 1,606 sf which is currently selling from RM530,000. The price has increased by 2.5% compared to the launch price of RM516,800 as reported in 2014. Penthouse unit with a built-up area of 3,492 sf is currently selling at RM1.6 million.

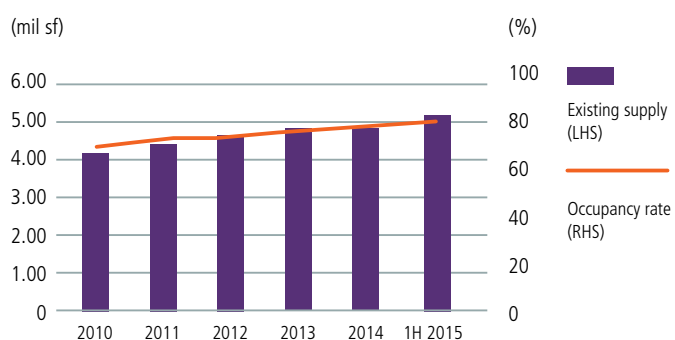
## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	5.24 mil. sf	↑ 6.0% y-o-y
Occupancy Rate	84.5%	↑ 1.5% y-o-y
Rental	RM0.75 - RM17.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

### Existing Supply & Occupancy Rate of Retail Spaces in Kedah (2010-1H 2015)



(Source : JPPH)

As of 1H 2015, there are a total of 55 retail complexes in Kedah. 14 of them are located in Alor Setar. Compared to 1H 2014, there are an additional 3 retail complexes in Kedah, 2 in Alor Setar and 1 in Jitra, which translate to an increase of total retail space by 6%. Today, the accumulative total space is 5.24 million sf.

Sungai Petani remains the highest retail space contributor at 1.85 million sf which accounted for 35% of total retail space. Retail space in Alor Setar has increased from 1.45 mil sf in 1H 2014 to 1.7 mil sf in 1H 2015 (17.2% increase), which commands 32% of total space in Kedah.

The performance of retail sector has also shown positive growth. The occupancy rate has increased by 1.5% to record at 84.5%.

## Prices of Residential Properties in Selected Schemes

Scheme by Location	Type	Price
<b>ALOR SETAR</b>		
Taman Saga	2-storey terraced	RM390,000
Taman Berjaya	2-storey terraced	RM340,000
Taman Saga	1-storey terraced	RM210,000
Taman PKNK	1-storey terraced	RM175,000
Taman Anggerik	1-storey semi-detached	RM285,000
Taman Lumba Kuda	2-storey semi-detached	RM450,000
<b>SG. PETANI</b>		
Bandar Laguna Merbok	2-storey terraced	RM300,000
Bukit Banyan	2-storey terraced	RM340,000
SP Saujana	2-storey terraced	RM330,000
Taman Patani Jaya	2-storey terraced	RM230,000
Bandar Laguna Merbok	2-storey semi-detached	RM600,000
<b>LANGKAWI</b>		
Taman Seri Aman	2-storey terraced	RM280,000
Taman Helang Perdana	2-storey terraced	RM290,000
Century Suria Condominium	Condominium	RM360,000
Laguna Langkawi	Condominium	RM540,000
<b>JITRA</b>		
Taman Golf, Darulaman	1-storey detached	RM360,000
Lakehomes, Darulaman	2-storey detached	RM950,000

(Source : Rahim & Co Research)

As of 1H 2015, the average rental rate of prime lots for selected malls in Alor Setar remain stable at RM8.60 psf to RM17.40 psf. Notable prime retail malls in Alor Setar are Alor Setar Mall, City Plaza and Star Parade. Whilst in Sungai Petani, Amanjaya Mall recorded the highest rental rate for a prime lot at RM5.60 psf to RM14.00 psf.

There are 2 newly completed retail malls in Alor Setar which are AEON Big Hypermarket and Aman Central Mall. AEON Big Hypermarket with an estimated net lettable area of 190,000 sf offers 34 shop lots for lease.

Aman Central Mall is the new landmark in Kedah which was officially opened at the end of 2015. The mall has a net lettable area of about 800,000 sf. There are 330 shop lots offered for lease with Parkson as the anchor tenant. Upon its opening, 85% of the shops lot had been leased to retailers.

Mydin Mall at Taman Batik, Sungai Petani is still under construction and expected to be completed in September 2016. The development comes with 101 units of 2-storey shop offices that will be a new commercial hub in the area.

## Newly Completed and Upcoming Retail Malls In Kedah

Development	Location	NLA (sf)	Completion	Developer
AEON Big Hypermarket	Jln. Gangsa, Alor Setar	190,000	End 2014	Bellevue Group
Aman Central Mall	Alor Setar	800,000	End 2015	Bellevue Group
Mydin Mall	Taman Batik, Sungai Petani	N/A	Sept. 2016	Teguh Harian Group

(Source : Rahim & Co Research)

## SHOP OFFICE/PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICE (AS AT 1H 2015)

Supply	25,498 units	↑	1.2% y-o-y
Transaction Volume	579 units	↑	3.8% y-o-y
Transaction Value	RM218.50 mil.	↑	15.9% y-o-y

(Source: Rahim & Co Research, JPPH)

As of 1H 2015, cumulative supply of shop offices has increased by 1.2%, whereby 50.3% of the supply are 2-storey shop offices, followed by 1-storey shop offices at 23.6%. Most of the supply for shop offices is concentrated in urban areas such as Alor Setar and Sungai Petani that has a total supply of 1,982 units and 1,468 units respectively.

Meanwhile, transaction volumes of shop offices in Kedah has increased by 11.19%, mostly contributed by 2-storey shop offices with 344 transactions and total transaction value of RM126.2 million.

There is a project under construction known as Taman Batik Biz Central by Teguh Harian Group that offers 101 units of 2-storey shop office. It was reported that 80% of the units have been taken up since its first launch in November 2014. A standard unit with a land area of 1,400 sf is selling from RM520,000 per unit, whilst a corner lot is selling from RM1.1 million to RM1.2 million.

## Prices Of Existing Shop Offices in Selected Schemes

Location	Type	Price
<b>ALOR SETAR</b>		
Taman Mergong Indah Phase 2	2-storey shop office	RM520,000
Star City Industrial Park	2-storey shop office	RM500,000
<b>SG. PETANI</b>		
Bdr. Laguna Merbok	2-storey shop office	RM470,000 – RM500,000
Taman Legenda Heights	2-storey shop office	RM680,000
Bandar Amanjaya	3-storey shop office	RM430,000

(Source : Rahim & Co Research)

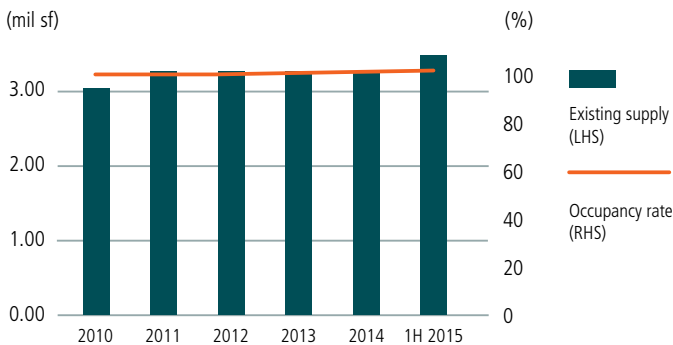
# Northern Region

## KEY FACTS > PURPOSE BUILT OFFICE (AS AT 1H 2015)

Supply	3.65 mil. sf	↑ 6.0% y-o-y
Occupancy rate	92.4%	↓ 0.8% y-o-y
Rental	RM1.20 – RM3.05 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

## Existing Supply & Occupancy Rate of Purpose Built Offices in Kedah (2010-1H 2015)



(Source: JPPH)

As of 1H 2015, total supply for purpose built offices has increased by 6% compared to 3.45 million sf in 1H 2014. Due to newly added spaces, the average occupancy rate reduced to 92.4% compared to 93.1% recorded in 1H 2014.

There are 98 purpose built office buildings in Kedah. 44 of them are in Alor Setar, 12 in Sungai Petani and 23 in Langkawi. Majority of the occupants of purpose built offices in Kedah are government-linked companies and government agencies.

The rental rate for purpose built offices in Kedah remained stable. Rental rate in prime areas such as Alor Setar ranges from RM1.20 to RM3.05 psf. In Sungai Petani, it ranges from RM0.70 to RM2.55 psf whilst in Langkawi, the rental rate for purpose built offices ranges between RM1.00 and RM1.50 psf.

## HOTEL

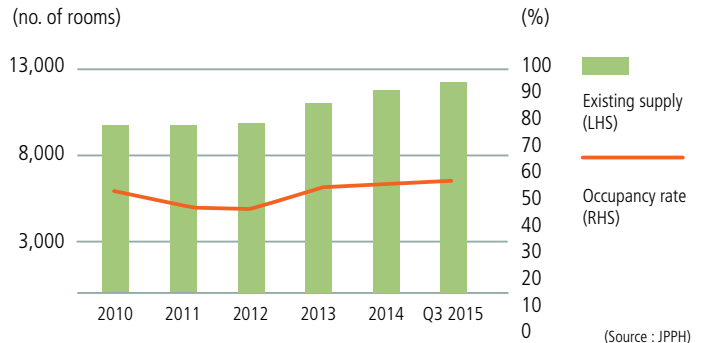
### KEY FACTS (AS AT Q3 2015)

Supply	12,199 rooms	↑ 5.1% y-o-y
Occupancy Rate	55%	↑ 1.0% y-o-y

(Source: Rahim & Co Research, JPPH)

The overall hotel market in Kedah remains stable. Hotel room supply has increased by 3% compared to 1H 2014 (11,758 rooms). There is a slight improvement in average occupancy rate with a 1% increase compared to 54% in 2014. This could be boosted by the 27th Asean Summit 2015 in April 2015.

## Existing Supply & Occupancy Rate of Hotels in Kedah (2010-Q3 2015)



(Source: JPPH)

34.5% of the total number of rooms in Kedah are budget hotel establishments. 3-star hotels contributed most to the total room supply (2,376 rooms). It is followed by 5-star and 4-star rated hotels, which have a total number of rooms of 1,845 and 1,620 respectively. In Kedah, prime hotels and resorts are located in Langkawi Island have an average occupancy rate of 57% with some of the better performing hotels recording an occupancy rate of 60%-65%. Overall, hotels in Langkawi consists of 3 to 5-star rating that are located in Kuah, Pantai Cenang and Tanjung Rhu. A 3-star hotel room rate is ranges from RM150 to RM280 per night, 4-star from RM230 to RM1,200, whilst 5-star hotel from RM470 to RM2,000 per night.

In Alor Setar, the highest rated hotel are 4-star rating e.g Holiday Villa, Grand Alora Hotel and TH Hotel. The average occupancy rate in Alor Setar is 50%. However, some hotels are able to reach 100% during peak season.

Development of new hotels are mostly in Langkawi Island as the main tourism spot in Kedah. Most of the 5-star hotels in Kedah are also located on this island, where The Andaman and The Datai are located. Langkawi Geopark continues to be a hot spot amongst tourists – being a UNESCO recognised geopark. Last year, one of the upcoming 5-star hotels, St Regis Langkawi, was momentarily opened in conjunction with 25th Asean Summit 2015. Since then it was closed again for the finishing works on the remaining parts of the hotel before its official opening slated for later this year. Another upcoming project in Langkawi is Perdana Quay by Tradewinds Corp. Bhd. (including the development of The Bureau) which was announced a couple of years ago. To date, little movement is seen on site but sources told that the project is still in progress.

In Sungai Petani, Dynamic Capital Sdn. Bhd. & MPSPK have invested RM50 million to develop a 4-star hotel with 119 rooms, called The Pure by Ri-Yaz Hotel Sungai Petani that is estimated to be completed in 2016.

## Selected Upcoming Hotel Supply in Kedah

Development	Location	Developer	No. of Rooms	Star Rating	Expected Completion
<b>LANGKAWI</b>					
St Regis Hotel	Kuah	Integrated Nautical Resort Sdn. Bhd	85 suites	5-star	2016
The Ritz-Carlton Langkawi	Bdr. Pdg. Mat Sirat	AJ Resort Sdn. Bhd.	132 rooms & 42 villas	5-star	2016
The Burau	Pantai Kok	Tradewinds Corp. Bhd.	245 rooms, 60 luxury villas & 26 ultra-luxury villas	5-star	2017
Hotel by LGM	Kuah	Lembaga Getah Malaysia	52 rooms	3-star	2016
Maha Hotel@ Maha City Langkawi	Kuah	PFCE Integrated Plant & Project Sdn. Bhd.	300 rooms	3-star	2018
<b>SG. PETANI</b>					
The Pure by Ri-Yaz	Taman Sejati Indah, Sungai Petani	Dynamic Capital Sdn Bhd & Majlis Perbandaran Sungai Petani Kedah (MPSPK)	119 rooms	4-star	2016

(Source: Rahim & Co Research)

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	3,329 units	↑ 2.6% y-o-y
Transaction Volume	182 units	↓ 24.5% y-o-y
Transaction Value	RM127.99 mil.	↓ 7.6% y-o-y

(Source: Rahim & Co Research, JPPH)

Industrial supply showed an increase of 2.6% against 1H 2014 (3,246 units). Transactions of the industrial sub sector dropped by 24.5% against 241 units in 1H 2014. Value of transactions also dropped by 7.6% against RM138.5 million in 1H 2014.

The industrial sector is mostly concentrated in the district of Kuala Muda with 42.4% of the total supply. Notable schemes in the area are Kawasan Perusahaan Sg. Lalang, Quillin Industrial Park

### Price of Industrial Property in Selected Schemes

Development	Type	Land area (sf)	Price
Taman Sri Sentosa, Kulim	1-storey terraced	4,822	RM698,000
Kawasan Perusahaan Sg. Lalang, Sg. Petani	2-storey terraced	1,765	RM350,000- RM375,000
Taman Makmur Fasa 2, Kulim	1-storey detached	20,365	RM1.3 million
Kawasan Perindustrian Bakar Arang	2-storey detached	6,000	RM3.6 million
Kawasan Perusahaan Sg. Petani (LPK)	Detached Plot	10,100	RM12.00- RM14.00 psf

(Source: Rahim & Co Research)

and Kawasan Perusahaan Sungai Petani. District of Kota Setar and Kulim are the two other districts which have most of the industrial supply at 29.32% and 21.18% of total supply in Kedah respectively.

A notable upcoming project is by Osram Opto Semiconductors (Malaysia) Sdn. Bhd., a Germany-based company. The investment, estimated at RM4.67 billion, will be in Kulim Hi-Tech Park (KHTP) where the project is targeted to commence by the end of 2017. The facility will be a new light-emitting diode (LED) chip plant in Kulim, Kedah, located within Phase One of KHTP, measuring 9.7 hectares. The plant is set to be the largest six-inch LED chip production site in the world.

## OUTLOOK

Overall, the residential market remains attractive in Kedah. This is evidenced by the increase in residential supply of 1.13% in 1H 2015 against 1H 2014. Transaction volumes and values are also encouraging in the residential sector, with a drastic increase of 40.79% and 27.22% respectively. Apart from Alor Setar, Sungai Petani continues to grow with sustained interests in its residential sector.

Commercial sub-sectors in Kedah generally shows an active market. Newly completed retail malls in Alor Setar, Aman Central Mall and AEON Big Hypermarket are the new benchmarks in the state catering to the northern markets of Peninsular Malaysia. Upcoming Mydin Mall in Sungai Petani also shows that commercial sector in Kedah is developing.

Kulim Hi Tech Park (KHTP) is one of the successful industrial parks in Kedah. KHTP is still developing and looking for more investors to set up their factories and warehouses there. Osram, a firm from German is one of the investors in KHTP renewing their interest with their latest expansion plan.

# Northern Region

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN KEDAH

- RM320 million has been allocated for the development of Rubber City at Bukit Ketapang, as announced by the Prime Minister in 'Budget 2016'. It was announced in the news that the 400-hectare Rubber City project would have a Gross Development Value of RM11.2 billion and generate 20,000 job opportunities. The city would be an industrial area focused on rubber production and will house tyre, glove and other rubber-centric industries.
- RM200 million initiatives is provided to FELDA to improve the road systems and condition in Felda settlements and construction of 20,000 residences for the second generation of Felda settlers.
- Announced in Budget 2016, a new Maktab Rendah Sains MARA (MRSM) will be built in Sik, whilst another boarding school will be developed in Pendang to increase student enrolments in the state to ensure universal access at any phase of education. This is part of the education improvement plan under the Northern Corridor Economic Region (NCER).

## PENANG

### RESIDENTIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	393,303 units	↑ 2.6% y-o-y
Transaction Volume	7,743 units	↓ 14.2% y-o-y
Transaction Value	RM3,142.14 mil.	↓ 16.6% y-o-y

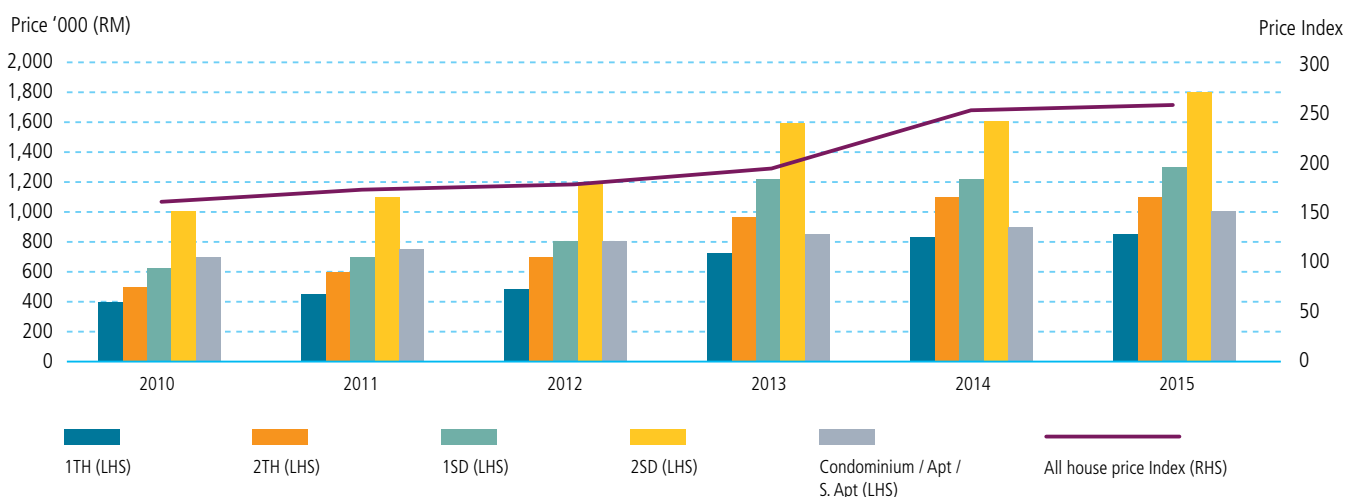
(Source: Rahim & Co Research, JPPH)

Overall, total supply of residential properties in Penang increased by 2.6% to 393,303 units in 1H 2015 compared to 1H 2014. Penang Island remains the largest contributor of total supply with 213,933 units of houses recorded in 1H 2015 showing an increase

of 2.07%. With increasing supply amidst concerns of rising property prices, sales performance of new residential launches slowed down last year. Looking at overall residential transactions, there was a decrease of 14.2% between 1H 2014 and 1H 2015, compared to a 6.4% increase between 1H 2013 and 1H 2014.

Penang Island remains a popular spot for luxury residential properties, be it landed or high-rise. Top existing luxury residential properties are located in Georgetown, Tanjung Bungah and Tanjung Tokong on the island with condominium units showing average prices range from RM2.4 million to RM3.4 million for a built-up area of 2,400 sf to 4,000 sf. Some high-end condominiums reached about RM4.0 million for a built up area of more than 4,000 sf. A 2-storey terraced house in Penang Island close to town can reach

### Penang Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)



## Selected Upcoming Residential Properties in Penang

Development	Location	Type	No of Units	Selling Prices	Developer
Eco Terraces	Paya Terubong	Condominium	333	Not yet confirmed	Eco World Development Group Bhd
The Tamarind	Seri Tanjung Pinang	Condominium	1,104	RM600,000	Eastern & Oriental Bhd
Eco Meadows	Bukit Tambun	2-sty terraced	375	From RM700,000	Eco World Development Group Bhd
Baymont Residences	Teluk Kumbar	3-sty detached	80	From RM3.18 mil.	Relevant City Sdn Bhd
Raintree Park 2@ Pearl City	Simpang Ampat	2-sty terraced 2-sty link semi-detached 2-sty semi-detached	166 112 4	RM588,000 RM668,000 RM698,000	Tambun Indah Land Berhad
Avenue Garden	Simpang Ampat	Serviced Apartment	312	RM268,000	Tambun Indah Land Berhad
D' Pavilion	Batu Maung	Detached semi-detached	4 2	RM2.8 mil. RM1.95mil	M Summit Group

(Source: Rahim & Co Research)

about RM1.0 million to RM1.3 million compared to those further from town, such as Teluk Kumbar and Balik Pulau, where a similar property fetches around RM620,000 to RM700,000.

Seberang Perai (Penang Mainland) also showed some movements of new launches of residential schemes taking place near established industrial areas with ready amenities such as Juru, Bukit Tengah, Air Itam, Bukit Minyak and the one nearest to port, Butterworth. In addition, the opening of Butterworth's ETS (electric train service by KTM Berhad) in mid-2015 connecting to Ipoh and Kuala Lumpur is expected to attract more developments in the surrounding area.

Completion of Penang's second bridge (Sultan Abdul Halim Muadzam Shah Bridge) in 2013 has spurred growth in Batu Maung, Sg. Ara, Teluk Kumbar and Batu Kawan areas. A new project to be launched in 2016 is the RM10 billion Eco Marina project in Batu Kawan. Eco Marina, by Eco World Development Group Bhd, will include high-rise and landed properties on a 299.64-acre land with a golf-course adding prestige to the area. The development will be gated and guarded. Other projects by the same developer are Eco Terraces in Air Itam, Penang Island and Eco Meadows, Bukit Tambun near Juru/Batu Kawan area.

Some other upcoming projects still under construction are Straits Garden Condominium, Platinum III (from RM428,000), D'Zone Condominium and 3-storey detached houses in Baymont Residences (RM3.18 million) in Teluk Kumbar. There are also The Tamarind@Seri Tanjung Pinang, Raintree Park 2 comprise of 2-storey terraced, 2-storey semi-detached houses and Avenue Garden, a 17-storey serviced apartment by Tambun Indah and several others. An international school has recently been completed at Simpang Ampat within Pearl City development by Tambun Indah Land Bhd. The international school would be a K-12 (kindergarten to 12th grade) school, for children aged 3 to 18, that would adopt the National Curriculum for England and Wales, leading to IGCSE and A-level qualifications.

A project nearing completion early this year is D'Pavilion by M Summit Group in Batu Maung. It is a small project of 0.6-acre comprises 6 units of bungalow and 4 units of semi-detached houses. The bungalow is priced from RM2.8 million whilst the semi-detached house starts at RM1.95 million. Another project by the developer are 2 towers of condominium known as Ramah Pavilion to be located in Teluk Kumbar. There will be a total of 759 units with built up area ranges from 800 sf to 1,355 sf with selling price starting from RM198,000. It was launched in January 2015 and about 30% of total units were reported to be sold by mid-2015.

The topic of affordable houses is currently being discussed in depth by the federal and state government. There is an initiative by the state government and private developers to come out with affordable houses for the people. Among new projects to be categorized under affordable housing are I-Santorini by Ideal Property Group in Tanjung Tokong, Granito by BSG Property in Tanjung Bungah, The Clovers by Asia Green Group in Sungai Ara and several others. There will be low-cost and low-medium cost apartments with built-up area from 634 sf and 665 sf respectively with selling prices starting from RM40,000 and RM65,000 respectively (expected completion : 2018).

## RETAIL

### KEY FACTS (AS AT 1H 2015)

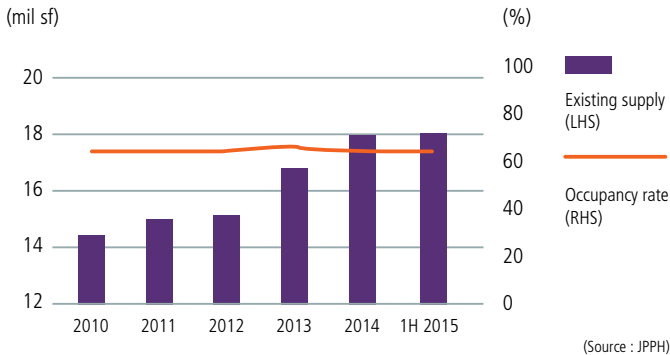
Supply	18.07 mil. sf	↑ 5.7% y-o-y
Occupancy Rate	66.2%	↓ 2.6% y-o-y
Rental	Prime: RM10.00-RM40.00 psf Secondary: RM3.00-RM9.00 psf	

(Source: Rahim & Co Research, JPPH)



# Northern Region

## Existing Supply & Occupancy Rate of Retail Spaces in Penang (2010-1H 2015)



Total supply of retail spaces in shopping malls in Penang has increased from 17.10 million sf to 18.07 million sf with an increase of 971,023 sf, i.e. the completion of Mydin Mall in Perai. With this increase in supply, average occupancy rate of retail malls in Penang has dipped from 68.8% to 66.2% in 1H 2015 y-o-y. The additional new malls are expected to give a pressure on rental rate for the existing retail space. Tenants will be at an advantage with options to new retail spaces with a modern facade where some are embedded within an integrated development.

Some established malls in Georgetown, Penang Island showed rental rate of prime lots at about RM20.00 psf per month to RM45.00 psf per month. Secondary lots are renting out at about RM3.00 psf per month to RM9.00 psf per month. For example, prime lots of Queensbay Mall in Penang Island is renting out at RM20.00 psf to RM30.00 psf per month. Others are ranging from RM2.00 psf to RM4.00 psf per month. In Seberang Perai (Penang Mainland), prime lots are renting out at RM12.00 psf to RM15.00 psf per month.

Following the completion of the 'Second Bridge', developments have been intensified at the southeastern parts of Penang. Mydin Mall has recently opened along Jalan Baru, Perai (Seberang Perai) with a net lettable area of about 1 million sf. The most awaited Premium Shopping Outlets, Design Village in Batu Kawan by PE Land is targeted to open in 2016. There will be about 150 stores within a 400,000 sf of net lettable area. Some tenants reported to be within the shopping outlet are Hugo Boss, Armani Exchange, Calvin Klein, DKNY, Esprit, Samsonite and Starbucks. In early 2015, Parkson had officially opened its outlet in Perda City Mall in Bukit Mertajam, Seberang Perai.

Several upcoming malls still undergoing construction are within integrated or mixed developments such as Penang Times Square Phase 3, Southbay Plaza, Penang World City, The Light Waterfront Mall, Mall@Southbay City and Moulmein Rise in Penang Island. The Designer Village and Ikea & Ikano Power Centre in Batu Kawan area are expected for completion in 2016 and 2018 respectively. Early this year, Belleview Group has launched a new mall with an

estimated built up area of about 1.5 million sf to be within an integrated commercial cum residential development which will be located along Jalan Baru in Seberang Perai.

Prior to this development, Belleview Group has also launched Moulmein Rise Shoppes in early 2014 within an integrated development known as Moulmein Rise in Pulau Tikus, Penang Island. It is a 2-storey boutique podium mall under a 27-storey of 84 units luxury residential suites. Within the mall, there will be a total of 26 shop units with built up area ranges from 1,787 sf to 2,228 sf. When it was launched, prices started from RM2,644,900 onwards. The development is expected for completion in 2016.

In late 2015, there was an initiative by IJM Corporation Berhad (IJM) to build a complex known as Bandar Sri Pinang Hawker Centre & Market located at Lebu Sungai Pinang. The complex has a lettable area of 3,565 sf which will house about 46 booths for food and beverages and another 74 booths for market retailers. The complex will have a separated dry and wet areas of retail areas.

### Newly Completed and Upcoming Retail Malls in Penang

Development	Location	NLA (sf)	Completion
Premium Shopping Outlet, Design Village	Batu Kawan	400,000	2016
Moulmein Rise Shoppes	Pulau Tikus	1,787 – 2,228 per lot	2016
Ikea & Ikano Power Centre	Batu Kawan	N/A	2016
Mall@Southbay City	Batu Maung	750,000	N/A
Penang World City	Bayan Mutiara	1.0 million	N/A
The Light Waterfront Mall	Gelugor	1.0 million	N/A
Mall by Belleview Group	Seberang Perai	1.5 million	Announced in June 2015

(Source: Rahim & Co Research)

### SHOP OFFICE

#### KEY FACTS (AS AT 1H 2015)

Supply	25,423 units	↑ 2.3% y-o-y
Transaction Volume	728 units	↑ 1.7% y-o-y
Transaction Value	RM817.38 mil.	↑ 45.2% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply shop offices in Penang in 1H 2015 has slightly grew about 2.3% from 24,851 units to 24,423 units. 2-storey shop office remains as the majority type contributing about 61.7% of total shop offices in Penang. Total number of transaction for shop offices in Penang has slightly decreased by 0.65% from 619 units in 1H 2014 to 615 units in 1H 2015. On average, a 2-storey shop office in Penang Island was transacted from RM800,000 to RM1.3 million

whilst in Seberang Perai, a similar type would sell from RM450,000 to RM750,000 depending on location and size of the built up area.

Some new launches are still under construction, for example, retail-offices within a new integrated Vona Park City in Bukit Gambier and 4-storey shop offices known as Sky Avenue located in Penang Island. As for Seberang Perai, new developments are seen near Batu Kawan area such as Vervea@Aspen Vision City with 3 and 4-storey shop offices within a gated and guarded community launched recently and expected for completion in year 2018. It was reported to receive overwhelming response since its soft launch in early 2015 with about 90% reported to be sold out. It will comprise of 441 units 3 and 4-storey shop offices with built-up area ranges from 3,294 sf to 7,825 sf (306sq m to 727sq m). Selling prices of 3-storey shop offices starts from RM1.2mil.

Another new project to highlight is Arcaria at Taman Pauh Jaya by UDA Holdings Bhd which was launched at the end of year 2015. There will be about 144 units of shop offices with selling prices to be set between RM800,000 and RM1.6 million. Perennial Penang is a project through joint venture of Perennial Penang Pte Ltd (Singapore-incorporated) and IJM Land Berhad. This project was part of the old Gelugor town and now is to be transformed into an integrated development comprising a shopping mall, thematic shops, residential towers, an office tower, 2 hotels (750 rooms) as well as a convention centre.

Rental for prime shop lots in strategic location such as established shop offices near Queensbay Mall at Bayan Baru and along Jalan Jelutong / Jalan Perak are priced at about RM2.30 psf to RM4.00 psf. Higher rental rate remains for Autocity in Juru with its popularity in Seberang Perai at about RM7.30 psf to RM13.00 psf.

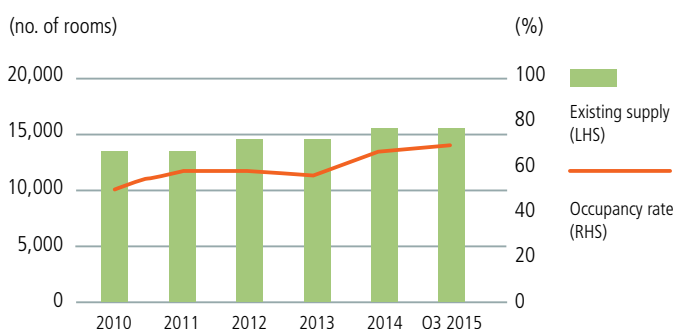
## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	15,556 rooms	↑ 1.3% y-o-y
Room Rate	3 star: RM150-300 per night 5 star: RM400-500 per night	

(Source: Rahim & Co Research, JPPH)

### Existing Supply & Occupancy Rate of Hotels in Penang (2010-Q3 2015)



(Source : JPPH)

Room supply of hotels in Penang has reached 15,556 rooms in Q3 2015 recorded a growth of 1.3% (15,352 rooms) from the same period last year. Total rooms for 4 and 5-star hotels accounted about 47.5% of total hotel rooms in Penang. As one of the tourism destination in Malaysia, Penang Island is still popular for its beachfront hotels.

Room rate of hotels are at its prime with standard room in 5-star hotels ranging from RM400 per night to RM500 per night on average. Notable 3-star hotels within prime areas offering room rates ranging from RM150 to RM300 per night. In 2015, there were 2 newly completed hotels and are already in operation. The hotels are known as The Wembley – St Giles premier Hotel rated as 4-star along Jalan Magazine (opened in August 2015) and a 3-star hotel known as Penang Cititel Express in Georgetown, Penang Island.

Some are still in the pipeline such as 5-star hotels known as The Rice Miller Hotel & Godowns (expected to be ready in 2nd quarter 2016) which will include a 17,000 sf retail, Victoria Street Hotel along Victoria Street and Angsana Hotel at Teluk Bahang (expected for completion in year 2018). Another upcoming 4-star hotel has been introduced by Onyx Hospitality known as OZO Hotel and its completion is expected to be later this year.

A major renovation and extension is being done for a convention centre, once known as Penang International Sports Arena (PISA) to become a new convention centre by SP Setia Group Bhd known as Setia SPICE. It is expected for completion in middle of year 2016. The project, SPICE will also include an Arena indoor stadium, retail & F&B and a 4-star hotel. In addition, there will be another convention centre to be known as Penang Waterfront Convention Centre (PWCC) located at The Light's commercial precinct in Jelutong, Gelugor, Penang Island.

Going forward, completion of all the convention centre and its facilities will ignite more activities and events at domestic and international level, hence tourism activities in Penang is expected to rise once all the facilities are in place. The hotel sector is expected to grow further to accommodate the growing number of tourists into Penang, especially in Penang Island.

### Newly Completed and Upcoming Hotels in Penang

Development	Location	Star Rating	Completion
The Wembley – St. Giles Premier Hotel	Jalan Magazine	4	Q3 2015
Penang Cititel Express	Georgetown	3	Q3 2015
The Rice Miller Hotel & Godowns	Georgetown	5	Q2 2016
Victoria Street Hotel	Victoria Street	5	-
Angsana Hotel	Teluk Bahang	5	2018
OZO Hotel	Georgetown	4	2016

(Source: Rahim & Co Research)

# Northern Region

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	8,016 units	↑ 1.1% y-o-y
Transaction Volume	427 units	↑ 84.8% y-o-y
Transaction Value	RM444.38 mil.	↑ 38.3% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of industrial units in 1H 2015 has increased by about 1.1% to 8,016 units from 7,929 units in 1H 2014. Seberang Perai (Penang Mainland) contributed about 81.5% of total industrial units in Penang. Since the completion of the 'Second Bridge', developments are growing especially within the Batu Maung and Batu Kawan area including industrial areas that are already established towards southern Seberang Perai such as Taman Perindustrian Ringan Juru, Bukit Panchor Industrial Park in Nibong Tebal and Batu Kawan Industrial Park.

There are initiatives by the state government to enhance job opportunity through developing industrial sector within the state. In June 2015, Sime Darby Property (Utara) Sdn Bhd has signed a memorandum with Penang Development Corporation to develop agricultural lands in Byram and Changkat into a premier industrial park to be known as SME High-Tech Park. The state government has also plans to turn Bayan Baru into an international outsourcing hub and attract more shared services and outsourcing (SSO) companies.

Other than that, there are investors planning to secure land banks in Penang for industrial development. An example to note is GUH Realty's proposal to acquire two pieces of land in Seberang Perai, Penang for RM22.6 million, totaling 4.9 hectare, to develop a light industrial park as it is of the view that there would be a growing demand for light industrial factories from small and medium size enterprises.

There are also interests from several investors especially within Batu Kawan area. For example, Jabil Circuit, a global provider of design, engineering manufacturing and supply chain solutions, recently showed interest to purchase 20 acres of land at the Batu Kawan Industrial Park for its expansion plans. The new site will focus on

### Selected Upcoming Industrial Scheme in Penang

Development	Location	Type	No of Units	Selling Prices
The Gates @ The Light	Batu Maung	2-storey semi-detached	12	From RM1.92 million

(Source: Rahim & Co Research)

manufacturing products for the enterprise, industrial, medical and aerospace sectors. Construction of the new facilities is expected to start in the second half of 2016. In October last year, another investor, JA Solar, a Chinese renewable energy solution developer had launched a new 400MW solar cell production facility in Penang Bayan Lepas Industrial Park.

### OUTLOOK

The state government continues its effort to enhance infrastructure services in the state. Some of the proposed upcoming infrastructures are tunnel Sg. Dua-Bagan Ajam undersea tunnel and cable car service (Penang Sky Cab) connecting Penang Island and Seberang Perai (Penang Mainland).

Electric Train Service (ETS) for Kuala Lumpur-Ipoh route has been extended to Butterworth, Penang right up to Padang Besar, Perlis which improves connectivity to the state. On top of that, there are discussions to expand the Swettenham Pier International Cruise Terminal located in Georgetown. Due to plans of enhancing the infrastructure, some new developments are trying to capitalize on such benefit for future population to be brought into the area.

### Selected Existing Industrial Schemes in Penang

Project Name	Location	Type	Selling Price
Diamond Valley	Batu Maung	1.5-storey terraced	RM1.60 million
Bukit Minyak Industrial Park (PERDA)	Bukit Minyak	1.5-storey semi-detached	RM1.50 million
Batu Kawan SME	Batu Kawan	2-storey terraced	RM892,000
Industri Beringin Juru	Juru	1.5-storey semi-detached	RM1.68 million

(Source: Rahim & Co Research)

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PENANG

- The Penang Port Commission is planning for expansion of Swettenham Pier International Cruise Terminal located in Georgetown.
- GEMS International School opened in Pearl City officially opened in September 2015.
- About 1,000 acres of land in Penang Island will be reclaimed as part of the government's land swap deal with SRS Consortium for the Penang Transport Master Plan (PTMP) which is earmarked for industrial development.
- The state government announced in 2015 to build Penang Sky Cab which is the proposed cable car which links Penang Sentral Hub at Butterworth to Nordin Street Ghaut in Penang Island. It is targeted for completion by year 2018.
- Electric Train Station (ETS) for Kuala Lumpur-Ipoh route has been extended to Butterworth, Seberang Perai which was launched in mid of 2015.
- Construction of 3 highways known as Tanjung Bungah and Teluk Bahang road, Air Itam and Tun Dr. Lim Chong Eu Expressway and a bypass joining Gurney Drive and Tun Dr. Lim Chong Eu Expressway are expected to start construction in first quarter 2016 and scheduled for completion in 2020/2021.
- A 6.5km undersea tunnel connecting Sg. Dua and Bagan Ajam is also slated to begin construction in year 2016.

## PERAK

### RESIDENTIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	423,796 units	↑ 2.6% y-o-y
Transaction Volume	15,317 units	↑ 9.9% y-o-y
Transaction Value	RM2,426.78 mil.	↑ 2.0% y-o-y

(Source: Rahim & Co Research, JPPH)

Residential sector has seen encouraging activities in Ipoh. Jalan Sultan Azlan Shah in this former tin-mining town (formerly known as Tiger Lane) has matured and is now known for its high end residential. This includes Upper East@Tiger Lane by Curah Bahagia Sdn Bhd, a condominium project starting from RM488,000 with built up area ranging from 1,162 sf to 1,787 sf. The project is expected to be completed by year end of 2016.

Other established high-rise residential in Ipoh include Allamanda Condominium within Meru Valley Resort that comes with golf facilities, Damaipuri Condominium at Taman Chateau and The Haven Lakeside Residences. Currently, Damaipuri Condominium are priced from RM450,000 to RM500,000 whilst The Haven Lakeside Residences are priced from about RM570,000 to RM650,000 for a standard unit. Allamanda Condominium at Meru Valley Resort are selling from RM470,000 for built up area ranging from 1,800 sf to 2,000 sf.

A new upcoming condominium to be introduced is 1 Manhattan Condominium by Miclebina Properties Sdn Bhd within an integrated development to be known as Manhattan District. Manhattan District will comprise a business centre, 3-star hotel, water-park, condominium and semi-detached (Manhattan Avenue) houses.

New completion are seen for 22 units of 2-storey terraced house in Taman Saikat by Anastoria Sdn Bhd at Gunung Rapat.

In November 2013, Menteri Besar Incorporated (Perak) has signed a joint venture with Ipoh City Development Sdn Bhd, a subsidiary of Putrajaya Perdana Development to develop a township known as Bandar Tasik Amanjaya (formerly known as Kinta Lake District) within the locality of Tronoh. Currently, the project is still on-going and its initial stage of 2-storey terraced houses are priced from RM207,000 to RM350,000 and are expected to be completed by 4Q 2016. The township will comprise of apartments, condominiums, retirement village units, landed homes, shops, a street mall and an education institute.

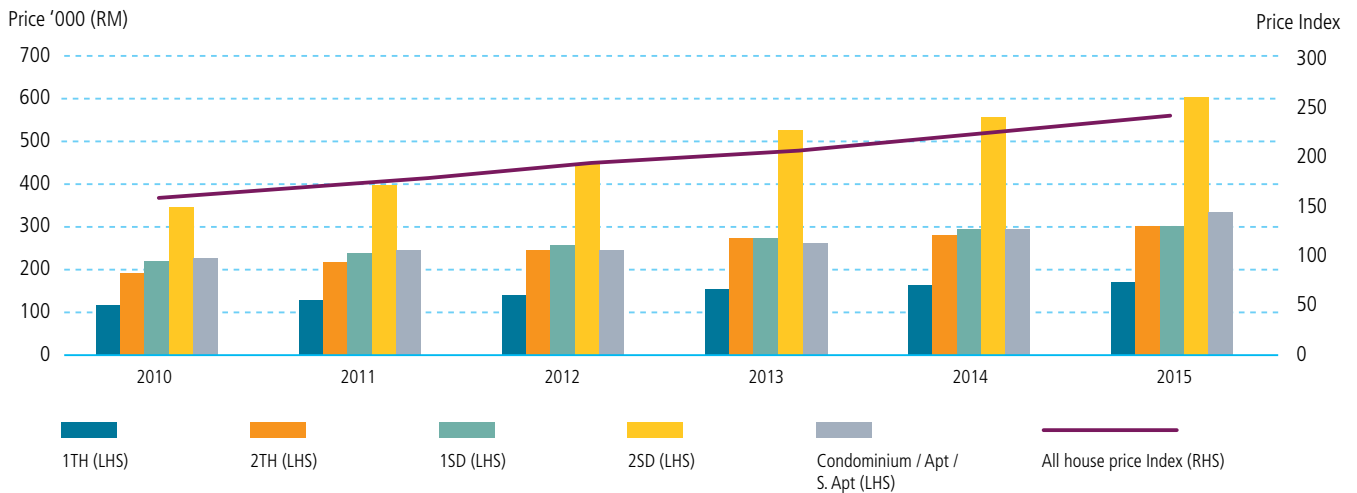
An upcoming project of 10 units 2-storey semi-detached house in Taman Saikat by Anastoria Sdn Bhd in a joint venture with Kam Kok Development Sdn Bhd is expected to be completed by end-2016. It was priced from RM454,000 when it was launched. In Sunway City Ipoh, about 1,000 unit of houses are expected to be built, known as The Hilltop Homes.

Some examples of landed residential include a 2-storey detached house in Sunway City Ipoh currently selling at approximately RM3.2 million and a 2-storey semi-detached house is selling at approximately RM520,000. A 2-storey semi-detached within The Enclave is currently priced from RM1.5 million whilst newly completed ones in The Enclave 2 by Rimbunan Raya Sdn Bhd are already selling from RM1.75 million.

Observing the prices of high end residential in Ipoh, it shows that there is also demand for better living environments and house design. Some projects are noted as award winning projects for residential developments in Ipoh including The Haven Lakeside

# Northern Region

## Ipoh/Kinta Residential Property Price Trend & House Price Index (2010 - 2015)<sup>#2</sup>



Note #2 : Refer explanatory notes on Glossary page

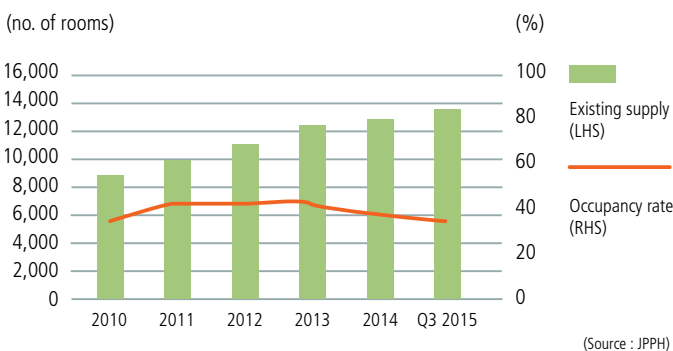
(Source : Rahim & Co Research, IHRM)

Residences (managed by Best Western International, also features some 100 units that operate as condotels) and Sunway City Ipoh. In addition, there is a pattern of modern houses built in proper schemes such as Bandar Meru Raya and Meru Desa Park.

Gated and guarded features are also highly promoted, as upcoming projects with this concept include Meru Desa Park, Thompson, Le Greene, Manhattan Avenue and Tasek Nova Residence II. Another concept for residential development that was introduced in Bandar Meru Raya is a retirement home known as Green Acres Retirement Village that is scheduled for completion in 2016.

The high end developments are also balanced with upcoming affordable houses to be provided by the state. The state is currently aiming to build 10,000 units of affordable houses to be ready by year 2018.

### Existing Supply & Occupancy Rate of Hotels in Perak (2010-Q3 2015)



(Source : JPPH)

## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	8.95 mil. sf	↑ 9.0% y-o-y
Occupancy Rate	88.7%	↓ 2.6% y-o-y
Rental	Prime: RM20.00-RM30.00 psf Secondary: RM3.00-RM11.00 psf	

(Source: Rahim & Co Research, JPPH)

In 2015, AEON Shopping Mall in Klebang was officially opened and had a successful first day of opening. Another new mall, AEON Big Falim was also completed and is expected to serve the growing population in the Falim area although its current occupancy rate is 20% and growing. This adds to the retail spaces that was completed last year, i.e. Taiping Mall and AEON Mall Taiping.

An upcoming mall in Ipoh town is the 600,000 sf mall known as Lost World Outlet Mall in Sunway City Ipoh in Tambun. Currently, prime retail mall such as Kinta City Shopping Mall is rented out at RM13.00 psf to RM33.00 psf whilst AEON Station 18 is rented out at about RM20.00 psf.

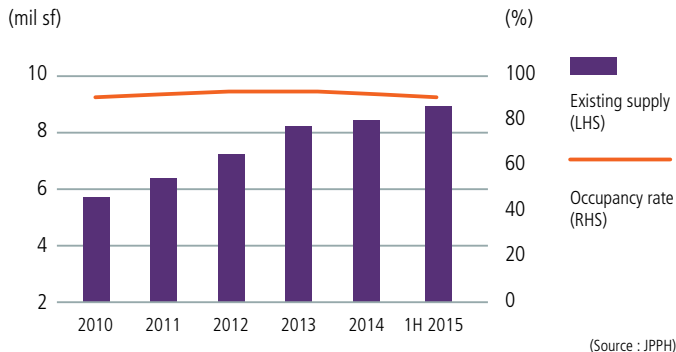
## SHOP OFFICE/PURPOSE BUILT OFFICE (PBO)

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	48,328 units	↑ 4.7% y-o-y
Transaction Volume	1,271 units	↑ 12.5% y-o-y
Transaction Value	RM608.07 mil.	↑ 17.6% y-o-y

(Source: Rahim & Co Research, JPPH)

## Existing Supply & Occupancy Rate of Retail Spaces in Perak (2010-1H 2015)



(Source : JPPH)

Commercial spots in Ipoh spread within some established areas such as Kinta City Shopping Centre with a recognised tenant, AEON and another store opened in Ipoh Station 18 Shopping Mall in year 2012. A 2-storey shop office near Ipoh Station 18 Shopping Mall can easily fetch RM550,000 to RM600,000. There is currently potential for commercial expansion to new areas such as Bandar Meru Raya and Klebang area. Another hot spot to note is Greentown Business Centre located to the east of Ipoh old town.

There are some government offices located in the area such as Bangunan Persekutuan and Ipoh City Council. Standard 4-storey shop lots there are currently priced at an average of RM1.4 million to RM1.5 million. A similar type in Greentown Avenue is currently priced at about RM1.8 million. There are also new upcoming integrated commercial developments such as Manhattan Business District along Jalan Pasir Puteh and Times Square Ipoh.

In Bandar Meru Raya, I-Avenue's 2-storey shop offices are priced at approximately RM780,000. On average, a 2-storey shop office in some notable areas near to established areas such as Ipoh and Manjung are priced similarly such as Medan Beru Bistari (RM700,000), Manjung Point Business Centre (RM750,000) and Jelapang Square (RM830,000).

## Selected Newly Completed and Upcoming Retail Malls in Ipoh, Perak

Development	Location	NLA (sf)	Completion
IT Mall	Tasek Square, Ipoh	32,000	Expected 2016
Mall@The Octagon	Ipoh	N/A	Expected 2016
Lost World Outlet Mall	Tambun	GFA – 600,000	To commence in 2016
AEON Mall Ipoh	Klebang	511,146	Newly opened October 2015
Aeon Big	Falim	N/A	Newly opened October 2015

(Source: Rahim & Co Research)

Within Bandar Meru Raya, new completion of shop offices exist such as Taipan Phase 2 with a 2-storey shop office currently offering prices from RM690,000 and a 3-storey semi-detached shop office in Taipan City offering to sell at RM1.3 million to RM1.5 million. However, commercial activity has slowed down as indicated by low occupancy and slower take up rates for new shop offices especially after GST was implemented in April 2015.

Some notable upcoming shop offices to note in Ipoh are Manhattan Business District shop offices and Tin City commercial shop offices. The Manhattan Business District located along Jalan Pasir Puteh will comprise of 2 to 4-storey shop offices within an integrated development of Manhattan District. The first phase comprising 3 and 4-storey shop offices launched in March 2014 showed selling prices offered from RM1.5 million, whereas the second phase was launched early in year 2015 with 2-storey and 3-storey shop offices priced from RM650,000 and RM1.2 million respectively.

Pre-war shops are also highly in demand as it has become an attraction to locals and tourists for its unique historical presence and heritage value. A 2-storey pre-war shop along some prime roads such as Jalan Osborne, Jalan Hugh Low and Jalan Anderson are transacted at an average of RM500,000.

Rental for shop offices in Ipoh generally range from RM1.00 psf to RM2.00 psf for a 2-storey shop office. Higher rentals range from RM2.50 psf to RM3.50 psf.

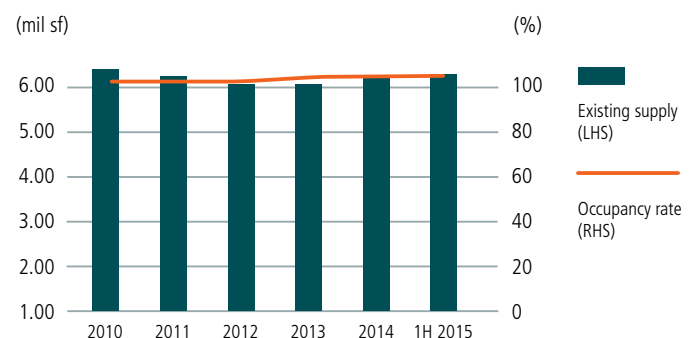
## KEY FACTS > PBO (AS AT 1H 2015)

Supply	6.60 mil. sf	↑ 2.6% y-o-y
Occupancy Rate	95.3%	↔ Stable
Rental	RM1.60-RM2.80 psf	

(Source: Rahim & Co Research, JPPH)

In total, existing space for purpose built offices in Perak showed positive growth of about 2.6% with a total space (net lettable area) of 6.6 million sf. Average occupancy rate of office space is stable at 95.3% in 1H 2015 compared to a similar period last year.

## Existing Supply & Occupancy Rate of Purpose Built Offices in Perak (2010-1H 2015)



(Source : JPPH)



# Northern Region

Many established offices are scattered around Ipoh city centre with few others outside Ipoh. For example, a new building office in Mahkamah Syariah building in Seri Iskandar. New office buildings are proposed to be developed within an integrated development such as Manhattan District and Times Square Ipoh. However, there is concern on whether the number of tenants or businesses are enough to support the new space.

Rental of office buildings in Ipoh city centre on average ranges from about RM1.60 psf to RM2.80 psf.

## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	13,683 rooms	↑ 6.4% y-o-y
Room rate	4-star : RM110-320 per night 5-star : RM600 and above	

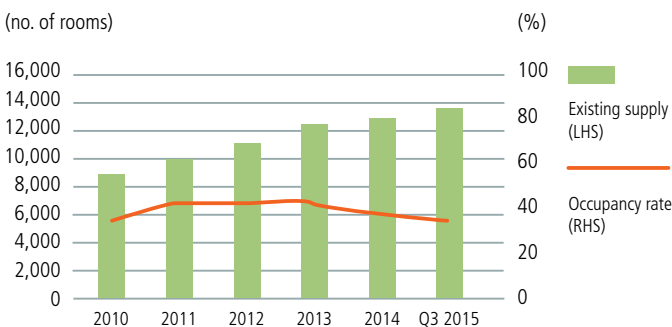
(Source: Rahim & Co Research, JPPH)

Some iconic hotels available are the 5-star hotels known as The Haven Lakeside Resort and The Banjaran Hotsprings Retreat which are among award winning developments. The standard room rate would reach approximately RM600 to RM900 per night and RM1,200 to RM1,400 per night respectively.

Among new hotels completed are Cititel Express Hotel and Weil Hotel in Ipoh City. Some upcoming hotels are being planned or under construction such as Manhattan Hotel to be placed within Manhattan District development which will have 73 rooms. It will be operated by Manhattan Hotel Sdn Bhd and its expected completion is in year 2016.

There is growing excitement for the highly anticipated Movie Animation Park Studio in Bandar Meru Raya to be completed at the end of 2016. Furthermore, there will be another theme park known as Aquaventure Theme Park. Expansion and upgrading of Sultan Azlan Shah Airport is expected to bring in more tourist into the State of Perak.

### Existing Supply & Occupancy Rate of Hotels in Perak (2010-Q3 2015)



(Source : JPPH)

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	7,532 units	↑ 1.6% y-o-y
Transaction Volume	412 units	↑ 13.2% y-o-y
Transaction Value	RM304.41 mil.	↑ 39.2% y-o-y

(Source: Rahim & Co Research, JPPH)

Prime industrial areas in Perak are still concentrated within Kinta Valley and Menglembu areas. The prices maintained at approximately RM500,000 to RM550,000 for a 1½ storey semi-detached factory for Menglembu East Industrial Park and goes a little bit higher for I-Park, Menglembu at about RM640,000 to about RM750,000 for a similar type. In Kinta Valley, a 1½-storey semi-detached factory increased slightly from RM800,000 to about RM830,000 which is about 3.4% in 1 year.

A notable upcoming industrial project noticed is Ipoh Shoe City project which will include a convention centre with about 100,000 sf of space for display of shoe products by companies and manufacturers occupying the factories in the new project. The first phase of the project will include 54 units of 1-storey terraced light industrial units and 65 units of 2-storey semi-detached light industrial units. There will be a second phase of the project to include hotel and shop lots.

The state government of Perak has an initiative to attract more domestic and foreign investors into Perak. There are proposals by Perak investment institution, Invest Perak, to give preferential treatment to developers who intend to upgrade the existing industrial zones. A project under the initiative of the state government is to build Perak Eco Industrial Hub in Rungkup, Hilir Perak.

### NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PERAK

- Green Venture Capital (GVC), a subsidiary of Wawasan Qi Properties Group, signed a Memorandum of Agreement with China Energy Hua Ren Industrial Investment Co Ltd (CEHR) to construct a RM1.1 billion integrated edu-city in Bandar Meru Raya. It will comprise a teaching hospital with public and private wings, Quest International University Perak (QIUP) campus, three condominium blocks, a medical rehabilitation centre and hotel suites and slated to begin construction soon.
- West Coast Expressway connecting Banting to Taiping will proceed.
- Movie Animation Park Studio in Bandar Meru Raya is expected to be completed the end of 2016.



# CENTRAL REGION

Kuala Lumpur, Selangor, Negeri Sembilan

## KUALA LUMPUR

### RESIDENTIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	446,389 units	↑ 4.5% y-o-y
Transaction Volume	6,950 units	↓ 6.2% y-o-y
Transaction Value	RM5,091.09 mil.	↓ 16.7% y-o-y

(Source: Rahim & Co Research, JPPH)

In 1H 2015, total supply of residential units stands at 446,389 units compared to 427,232 units in 1H 2014 (2H 2014: 440,696).

Residential transaction volumes registered at 6,950 units in 1H 2015, equivalent to a 6.2% drop compared to 1H 2014.

Despite number of transactions contracting, landed properties continue to see a price push, especially those located in the matured and established areas of Kuala Lumpur. This is due to the limited new supply of landed properties.

A 1-storey terraced house with land size of 1,700 sf located in Lucky Garden, Bangsar has seen a price surge of 3% from RM1.17million in 2014 to RM1.2 million in 2015. A 2-storey terraced house with land size of 1,600 sf located in Damansara Heights, soared by 3% from RM1.5 million in 2014 to RM1.55 million in 2015.

A 1-storey semi-detached house with land size of 4,000 sf located in Lucky Garden and a 2-storey semi-detached with land size of 4,000 sf house located in Damansara Heights are priced at RM2.35 million and RM3.8 million respectively.

Non-landed segment saw a growth between 2% - 11%. A larger sized apartment in Suasana Sentral with a built up of 1,500 sf command a selling price of RM900p sf with a growth ranging between 2% and 8%. Smaller size serviced apartment in Marc Service Residence with a built up of 800 sf saw a slightly higher growth range between 5% and 11% with a selling price of RM1,500 psf.

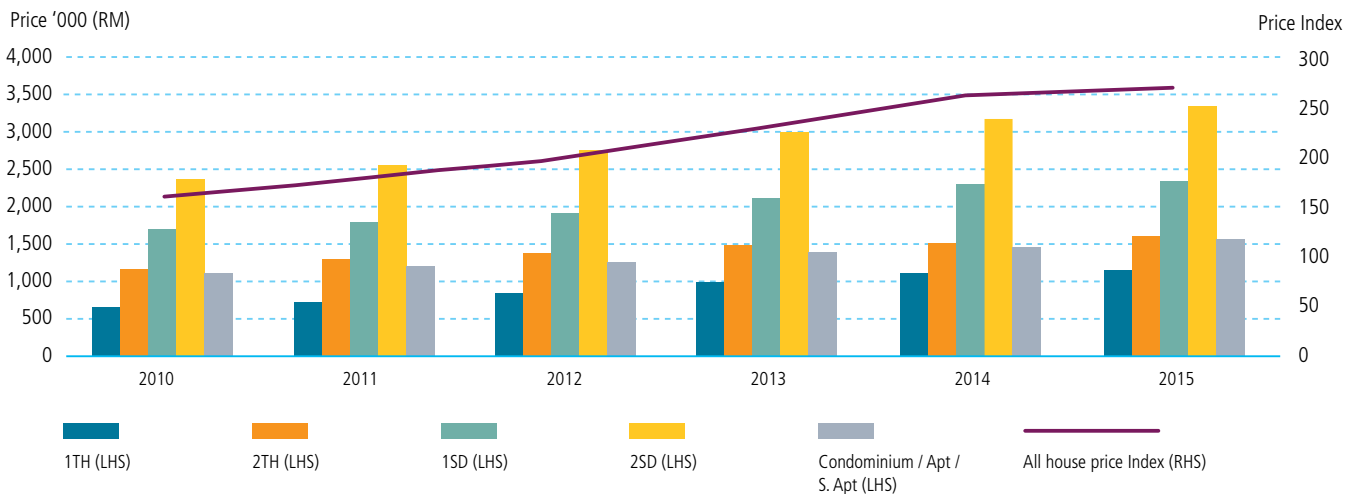
A few developments have been earmarked to be launched in 2015 by notable developers such as Tropicana Corporation Bhd, MRCB, Hap Seng Land Sdn Bhd and IJM Land.

In Kuala Lumpur, PR1MA has revealed approximately 5,000 units via its official website. They are located at Alam Damai, Jalan Jubilee, Bukit Jalil Zon, Brickfields and Setapak Zon.

PR1MA Cheras and PR1MA Bukit Bintang have passed the balloting process, PR1MA Bukit Jalil and PR1MA Brickfields are currently open for registration while PR1MA Setapak is yet to be revealed.

Nonetheless, there are several variations attached to the name of PR1MA projects in Cheras and Bukit Bintang. PR1MA Cheras has now been known as PR1MA Alam Damai while PR1MA Bukit Bintang is currently known as PR1MA Jalan Jubilee.

### Kuala Lumpur Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

# Central Region

## Selected Upcoming Residential Properties in Kuala Lumpur

Development	Location	Type	No of Units	Selling Prices	Developer
Tropicana The Residences	Jalan Ampang	Serviced Apartment	353	1,400,000	Tropicana Corporation Bhd
The Grid	Jalan Kia Peng	Serviced Apartment	277	1,180,000	MRCB
Aria Luxury Residence	Jalan Stonor	Serviced Apartment	598	945,000	Hap Seng Land Sdn Bhd
Secoya Residences	Pantai Sentral Park	Condominium	243	822,000	IJM Land
8 Conlay	Jalan Conlay	Serviced Apartment	1,062	2,240,000	KSK Land Sdn Bhd
The Colony by Infinitum	Jalan Dewa Sultan Sulaiman	Serviced Apartment	723	835,000	Roxy Pacific & Macly Group
Anggun Residence	The Row off Jalan Sultan Ismail	Serviced Apartment	384	880,000	One JSI Development Sdn Bhd
Robson Hill-"Asia Beverly Hills"	Jalan Robson	Serviced Apartment	404	820,000	Instant Bonus Sdn Bhd
The Verve Suites	KL South	Serviced Apartment	321	600,000	Bukit Kiara Properties
8 Kia Peng	Jalan Kia Peng	Serviced Apartment	442	1,500,000	i-Bhd
Kota Semarak	Jalan Semarak	Serviced Apartment & Condominium	Yet to be revealed	Yet to be revealed	MRCB

(Source : Rahim & Co Research)

## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	28.02 mil. sf	↑ 6.2% y-o-y
Occupancy Rate	86.5%	↑ 0.4% y-o-y
Rental	RM6.50-RM60.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

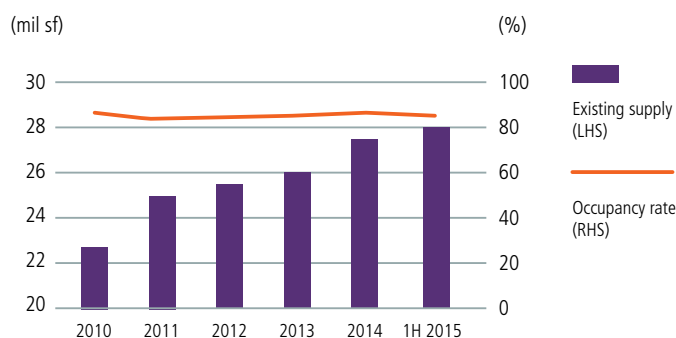
The supply for retail space as of 1H 2015 stands at 28.02million sf with 104 retail buildings as compared to 26.4 million sf with 102 retail buildings in 1H 2014.

The performance of the retail sector saw an average occupancy of 86.5%, an increase of 0.4% as compared to 1H 2014.

Notable newly refurbished retail establishment in 2015 are Sunway Putra Mall, Maju Junction and KL Festival Mall whilst the newly completed retail establishment are the Ikea Cheras and Ben's Independent Grocer in Damansara.

In terms of transactions, The Intermark Mall, a 6-storey retail building entails 225,014sf of retail space and 367 car park bays has inked sale and purchase agreement between The Intermark Sdn Bhd and Pavilion REIT for a consideration of RM160million cash.

### Existing Supply & Occupancy Rate of Retail Spaces in Kuala Lumpur (2010-1H 2015)



(Source : JPPH)

### Selected Newly Completed and Upcoming Retail Malls in Kuala Lumpur

Development	Location	NLA (sf)	Completion
Sunway Putra Mall	Jalan Putra	578,000	2015
Maju Junction	Jalan Tunku Abdul Rahman	358,952	2015
KL Festival Mall	Setapak	475,000	2015
IKEA	Jalan Cochrane	452,000	2015
BIG	Damansara Heights	17,000	2015

(Source : Rahim & Co Research)

## PURPOSE BUILT OFFICE

### KEY FACTS (AS AT 1H 2015)

Supply	88.88 mil. sf	↑ 6.9% y-o-y
Occupancy Rate	81.0%	↔ stable
Rental	RM3.50-RM12.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

The supply for purpose built office space as of 1H 2015 stands at 88.88 million sf with 426 office buildings as compared to 83.13 million sf with 395 office buildings in 1H 2014.

The performance of purpose built offices remained stable with an average occupancy of 81% as of 1H 2015.

Notable new purpose built offices completed in 2015 are Menara Ilham Baru, Menara Bangkok Bank, Naza Tower within the Naza Platinum Park development, Menara Centara, KL Trillion, Solaris Sultan Ismail and Q Sentral.

Menara Ilham Baru, the third tallest building in Malaysia has a net lettable area of 400,000 sf and Menara Bangkok Bank located along Jalan Sultan Ismail has a net lettable area of 464,000 sf. The latter consist of a 46-storey corporate suite tower with prices starting at RM1,100 psf. This Singapore BCA Greenmark Gold Certification award receiver has a GDV of RM1 billion.

Naza Group has launched its 50-storey new Naza Tower headquarters at KLCC's Platinum Park in Kuala Lumpur. The freehold Grade A building has a net lettable area of 505,930 sf. Menara Centara, developed by Fiamma Holdings Berhad is located at Jalan Tuanku Abdul Rahman. It is a 21-storey building with 309 units and individual suites' with built-up ranging between 646 sf and 1,277 sf.

KL Trillion, a development sited on a 4.4-acre land along Jalan Tun Razak has recently been completed. It consists of a 33 storey office block with suites/lots' built up ranging between 1,000 sf and 11,000 sf. The development has a GDV of approximately RM900million.

Solaris, a commercial development by UEM Sunrise consists of 2 tower blocks. The 30-storey development has 400 office suites with built up ranging between 469 sf and 1,347 sf. The development is also known as Summer Suites.

Outside of KL city centre, Q Sentral within the KL Sentral development is a 45-storey building with the largest single floor plate of 40,000 sf and total NLA of 1.4million sf.

Notable transactions and proposed disposal of office buildings are Integra Tower @ The Intermark, Menara Raja Laut, AmFIRST office building, Wisma Genting and Menara Shell.

KWAP has recently acquired the Integra Tower for RM1.06billion from a private real estate fund managed by Black Rock Inc. The LEED Platinum certified building comprises of 760,715 sf of net lettable area and 850 parking bays.

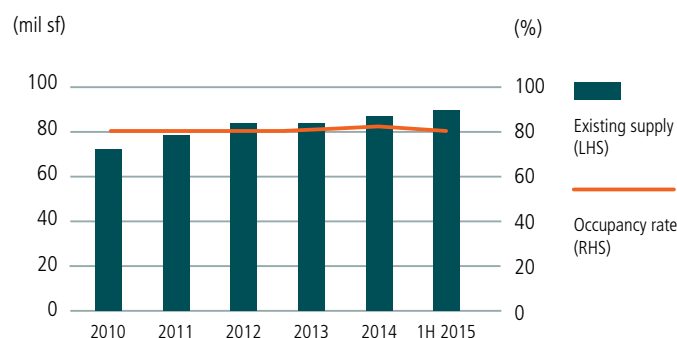
Hong Leong Bank (HLB) has entered into a sale and purchase agreement with Hong Leong Assurance for the proposed disposal of Menara Raja Laut. The 27-storey office building inclusive of a 6-level elevated car park and a lower ground floor has a net lettable area of 397,939 sf. The building reported an occupancy rate of 41% of which approximately 36% are occupied by HLB and its subsidiaries and a consideration of RM220million for the proposed disposal.

AmFIRST REIT is disposing its office building on Jalan P.Ramlee for RM36million. Sited on a freehold 15,370 sf tract, the building entails a 10 storey block, a penthouse and a 3 level car park with a net lettable area of 27,801sf. The proposed disposal is between AmFIRST REIT and Techvance Properties Management Sdn Bhd.

Wisma Genting building is reportedly up for sale via Genting Malaysia Bhd (GMB). The building is a single block with two wings offering 25 levels of office space and six levels of 514 bays car park on the basement car park and a street level car park. The building has an occupancy rate of 95% with the group taking up 65%. It is disclosed that GMB is proposing a sale and a four-year leaseback of Wisma Genting pending the completion of its new building in Jalan Belfield, Kampung Attap. It is reported that Wisma Genting is to sell at RM500million (RM1,222 psf).

MRCB is planning to inject the 33-storey Menara Shell into MRCB-Quill Real Estate Investment Trust (MQREIT). The building has a net lettable area of 556,468 sf and comes with a five storey podium and a 4-storey basement car park. This Grade-A building houses Shell, AmGeneral Insurance Bhd and Tradewinds Corp Bhd and recorded an occupancy rate of almost 100%. The proposed disposal has a price tag of RM640million.

### Existing Supply & Occupancy Rate of Purpose Built Offices in Kuala Lumpur (2010-1H 2015)



(Source : JPPH)

# Central Region

## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	35,806 rooms	↑ 3.0% y-o-y
Occupancy rate	63.0 %	↓ 10% y-o-y
Room rate	5-star : RM320- RM680 per night	↔ Stable

(Source: Rahim & Co Research, JPPH)

The supply for hotel room as of 1H 2015 stands at 35,806 hotel rooms or 197 hotel buildings.

During the review period, Double Tree Hotel by Hilton, a 5-star hotel comprising 540 rooms located along Jalan Tun Razak has entered into a sale and purchase agreement between Black Rock Inc and Royal Group Holdings for a total consideration of RM388 million.

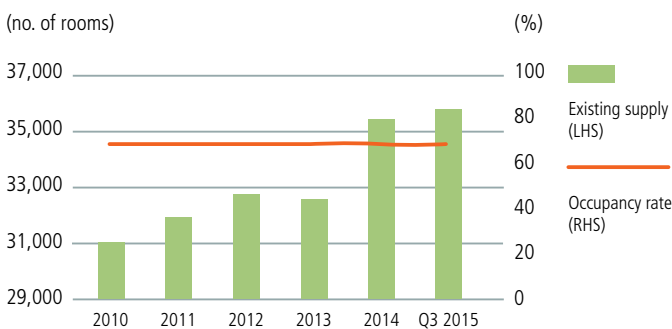
YNH Property Bhd has roped in Hilton Worldwide, a global hospitality player, to manage a hotel planned at Menara YNH along Jalan Sultan Ismail.

The redevelopment of Equatorial Hotel will take 36 months and involves the construction works of the podium block, office tower and hotel tower. KLCC Property Holding Berhad is planning to build a 540-room hotel tower next to Menara Dayabumi and is currently reported in talks with the Shangri-La group to manage the facility. The tower is slated for completion in 2019.

St Regis Hotel, The Ritz Carlton and Banyan Tree are slated for completion in 2016 whilst The Ruma and Fairmont Kuala Lumpur are expected for completion in 2017.

Harrods Hotel located between Jalan Raja Chulan and Jalan Conlay has recently reported to lay off its deal in the Q4 2015.

### Existing Supply & Occupancy Rate of Hotels in Kuala Lumpur (2010-Q3 2015)



(Source : JPPH)

### Selected Notable Land Transactions in Kuala Lumpur

Location	Transaction Value (RM)	Buyers
8-acre French Embassy land on Jalan Ampang	900,000,000	The Putrajaya Ventures Sdn Bhd
1.87-acre German Embassy site on Jalan Kia Peng	259,160,000	MRCB
A 2.7-acre land on the junction of Jalan 1/77b and Jalan Changkat Thambi Dollah	330,000,000	Titijaya Land Bhd & Amona Development Sdn Bhd (proposed)
A 2.06-acre land on Jalan 1/77b next to Sekolah Jenis Kebangsaan (C) Jalan Imbi	388,000,000	Debao Property Development Ltd

(Source : Rahim & Co Research)

### OUTLOOK

Despite the weary economy sentiment, developers are still bullish in the residential segment. Many flock to the Kuala Lumpur city centre to get a piece of the action as land transactions are relatively still active.

The commercial sector, particularly retail and purpose built offices, are expected to favour the tenant's market as supply continues to overtake demand.

The retail sector sees more facelift and refurbishment work in the city centre and is expecting more spaces to be developed in the fringe areas. Competition is expected to be stiffer.

Purpose built offices, on the other hand, sees older buildings being put on sale and seeing more new completions in the city centre. Yields are expected to be under pressure as more spaces come online.

Hotel sector continues to spur with more collaboration inks between the developer and International operators.

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN KUALA LUMPUR

- KLCC Property Holding Berhad has commenced construction on two of its parcels of land located at Persiaran KLCC. One of the parcels will consist of hotel, residential, office and retail spaces, while the other, a 51-storey building consisting offices, exhibition centre and retail spaces.
- 1MDB's developments, the Tun Razak Exchange (TRX) and Bandar Malaysia have been much talked about in 2015. The development is dubbed as Kuala Lumpur's gateway for the high-speed rail-line to Singapore. It is estimated to have a GDV of RM150billion with approximately 200-ha mixed use urban developments envisioned to be an inclusive, public transit-oriented city. Tun Razak Exchange on the other hand has secured several deals for its developments with WCT, Tabung Haji, Affin Bank, Mulia and Land Lease. These deals have worked out to RM2.45billion for a collective total land area of 24.9 acres.
- Bukit Bintang City Centre (BBCC) project, spearheaded by UDA Holdings Bhd, Eco World Development Group Bhd and the Employees Provident Fund (EPF), plans to launch its first phase by 2016. The project will have an estimated total development cost of RM5billion and a gross development value of RM8billion. The project is reported for completion between 8 and 10 years' time.
- Several mega projects owned by Tradewinds Corp are Tradewinds Square in Jalan Sultan Ismail, Menara Tun Razak in Jalan Raja Laut and a prime tract in Belfield, near Kampung Attap are currently in various progress stages. Tradewinds Square will be a new 608-meter skyscraper consisting a 65-storey and 24-storey corporate office block, as well as a 54-storey serviced apartment tower, a 14-storey medical centre and a central plaza inspired by the Rockefeller Centre in New York City. The revised plan for the project reported a 110-storey office tower, 61-storey mixed-use tower and a shopping mall with 1 million sf of floor space. The new skyscraper is approved to commence its construction in 2016 and slated for completion in 2020. In Kampung Attap, there will be residential cum retail project with a gross development value of RM3.8billion.
- KL 118 Tower is planned to be the tallest building at 500m, which will surpass the 452m Petronas Twin Towers. It is reported that the building will consist of office space with net lettable area of 1.7 million sf, 250-hotel rooms to be operated by an international luxury hotel group and retail spaces. The development is slated for completion in 2019.
- KL Eco City, a super-sized integrated development in Kuala Lumpur will consist of 3 major components such as residential, office and retail. Launched back in 2011, the development is currently selling at RM1,400psf. Spanning over 24.38 acres of leasehold land the development is reported to complete in 10 years time.
- Malton Bhd is expanding its portfolio under the Pavilion brand. Amongst the notable projects are Pavilion Banyan Tree Signatures Hotel & Residences, Pavilion Elite (Pavilion KL Mall Extension), Royale Pavilion Hotel@ Pavilion Kuala Lumpur, Pavilion Damansara Heights and Pavilion Bukit Jalil. Pavilion Damansara will consists of 400,000sf retail mall, 9 blocks of offices totalling to 1 million sf and serviced apartments. Pavilion Bukit Jalil, the new 20.2ha integrated development will be divided into four major components; 2 million sf Pavilion Bukit Jalil shopping mall, 1,098 luxury serviced apartments called The Park Sky Residence, 444 units of 2 and 3-storey shop lots and 3 and 5-storey retail offices. The project is slated for completion in 2019.
- Damansara City, an integrated development with a gross development value of RM2.5billion, comprises two office blocks, two residential blocks, the 4.5-storey DC Mall and a hotel with more than 300 rooms.
- Sunway Velocity, a 23-acre integrated development in Cheras is now 40% developed and is on track for completion in 2019. Notable completed components are Signature Retail Suites 2 comprising 24 shop units and 40 retail units. Meanwhile, the Sunway Velocity Mall with a net lettable area of 880,000sf is slated for completion in 2016. Other components such as the hotel, public spaces and healthcare will be completed in 2017, 2018 and 2019 respectively.
- Boustead Holdings Bhd and Ikano Pte Ltd has also made its mark with a retail and residential components located at Jalan Cochrane, Cheras. The retail component will have approximately 1.1million sf net lettable area while residential component will comprise of 800 condominium units with a selling price of RM1,000psf. The retail portion will have a gross development value of about RM2billion while the residential portion, 3 blocks above the mall will have a GDV of RM1billion.
- Lulu Group, the owner of the largest hypermarket chain in the Middle East, has shown its interest to invest RM1.3 billion in the Malaysia's retail scene over the next two years. The first hypermarket is reported to be opening in February 2016 at Jakel Mall.
- SP Setia's land swap, the 16.60-ha Setia Federal Hill in Setia Alam, Shah Alam for a favour of the 21.04-ha Federal Hill in Bangsar. In return, SP Setia will be responsible to develop a new integrated health and research institute, known as the National Institute of Health (1NIH) in Setia Alam. Meanwhile, the Federal Hill will have a proposed mixed residential and commercial project that is expected to be launched in 2017. The deal is inked between SP Setia and 1NIH.

# Central Region

## SELANGOR

### RESIDENTIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	1,395,034 units	↑ 1.9% y-o-y
Transaction Volume	28,912 units	↓ 1.9% y-o-y
Transaction Value	RM12,322.40 mil.	↓ 4.0% y-o-y

(Source: Rahim & Co Research, JPPH)

In addition to the MRT (Sg. Buloh-Kajang Line) and extension of LRT Ampang Line and Kelana Jaya Line, the MRT 2 (Selayang-Putrajaya Line), LRT 3 (Bandar Utama-Klang Line) and Damansara-Shah Alam Highway (DASH) are expected to kick-off in 2016 and will continue to boost the property sector's growth in the state. These include Petaling Jaya, Subang Jaya, USJ and Klang at the western corridor and Semenyih, Kajang, Cyberjaya and Puchong at the southern corridor.

Standard intermediate 2-storey terraced houses in Bandar Utama, Petaling Jaya have been transacted at between RM1.2 million and RM1.4 million whilst in SS2 Petaling Jaya at between RM1 million and RM1.3 million. Further from Petaling Jaya city centre, standard intermediate 2-storey terraced houses in Kota Damansara have been transacted at between RM800,000 and RM900,000.

Older standard intermediate 2-storey terraced houses in Puchong have been transacted at a minimum of RM600,000. Higher selling prices for houses are observed for those located near to Puchong town such as standard intermediate 2-storey terraced houses in Bandar Puteri and Bandar Kinrara which have been transacted between RM700,000 and RM750,000. At the higher end, for example in Kinrara Residence, standard intermediate 2-storey terraced houses have been transacted at a price up to RM1.3 million.

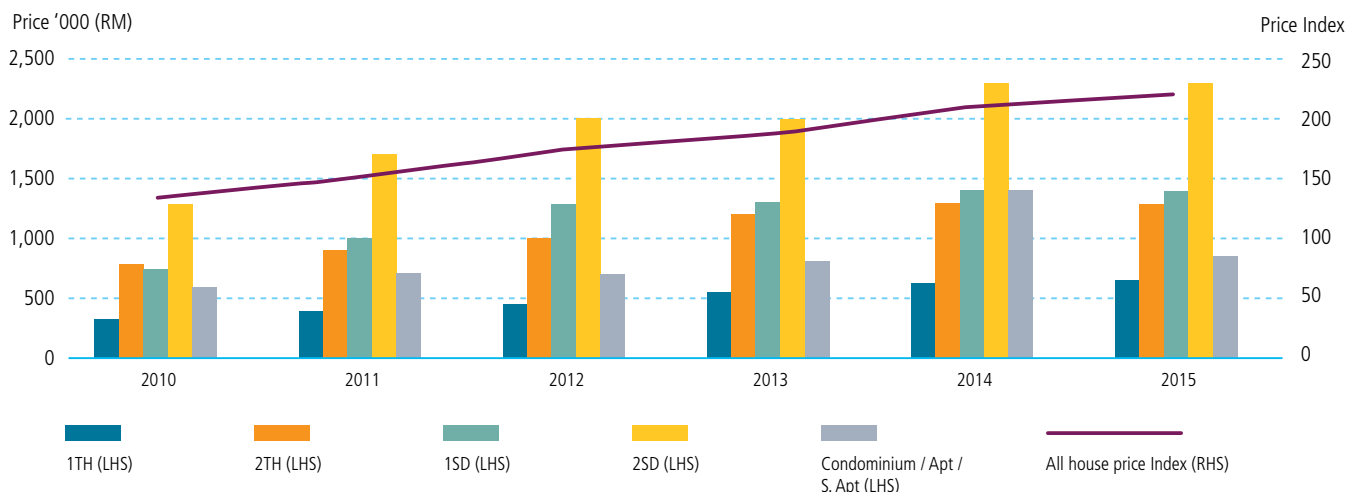
Generally in Kajang, standard intermediate 2-storey terraced houses have been transacted between RM560,000 and RM700,000. In the up market development for example in Jade Hills, standard intermediate 2-storey terraced houses have been transacted at about RM1.0 million per unit. Condominiums with contemporary design have been developed in Saville@Kajang and Oasis 1 at Mutiara Heights.

Lately, some international investors have begun to carry out development in Selangor instead of investing in Kuala Lumpur for real estate development. For example, PANAHOME Corp had announced that it would develop condominiums and landed homes with construction to begin in 2016 and slated for completion in year 2019. Another development by a Japanese developer launched in October 2014 is O'Hako, a freehold condominium project in Puchong by Marimo Land Sdn Bhd. It was reported that the average pre-booking has hit 70% of a total 359 units within 2 towers of condominium with selling price starting from RM480,000 for a minimum built up area of 800 sf.

Apart from landed properties, integrated developments are gaining popularity to suit the lifestyle of the younger generation who look forward to living in a sanctuary with embedded facilities. Currently, many are in the pipeline such as Petaling Jaya Commercial City, Tropicana Metropark in Subang Jaya offering its serviced residence from RM483,000 for built up area of 609 sf, Damen in USJ, MKH Boulevard in Kajang, Gravit 8 in Klang, Selayang Star City in Selayang and many others. In addition, gated and guarded scheme continues to be a popular concept among developers for new projects.

More developments are taking place in Puchong. The thriving Bandar Puteri sees some pocket developments such as IOI Rio City (commercial development) and Puteri Hills (120 units to

#### Petaling Jaya Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)



be completed in 2016). Some new developments are under-construction such as D'Island, Elevelia Residences, EPIC Suites and Skyz Residences (5 blocks of 25 to 30-storey condominiums housing 1,041 units with built-ups of 1,095 to 1,580 sq ft). A 3-storey terraced house within D'Island project is selling from RM1.29 million for a lot size of 22' x 100' and 22' x 80' and built up area of 3,413 sf to 4,710 sf.

Le Pavillion is another new upcoming high rise projects with 606 units of serviced residence having a minimum built up area of 983 sf selling from RM703,000. The project is set to begin construction this year and targeted for completion in year 2019. Parc Ville, another project under construction located in Bandar Puchong Jaya will comprise of 280 units condominium within 2 blocks and expected to complete in 2016. There are two types of units with built up sizes of 1,226 sf and 1,323 sf selling from RM652,000.

The Kajang area is also a matured residential spot that is receiving attention due to the Mass Rapid Transit 1 (MRT 1) station currently being built. Several upcoming developments are taking place in Kajang and Semenyih area. Some notable upcoming projects in Kajang are Kajang 2, Kajang East and Tropicana Heights. Tropicana Heights is reported recently to have completed its 16-acre park known as Central Park. The second phase of Tropicana Height (Parkfield Residences) comprised of 327 units 2-storey terraced houses and 144 units of 3-storey semi-detached houses with selling price starting from RM835,800 and RM1,118,000 respectively.

The Kajang – Semenyih Corridor is popularly being mentioned as the growing southern conurbation of Selangor. Eco Majestic launched its 2-storey terraced houses in 2014 at RM688,000 and Setia Eco Hill at about RM440,000. Currently, new standard intermediate 2-storey terraced houses at Setia Eco Hill are asking at about RM500,000.

In 2015, Sunway Property Bhd set foot in Bangi by introducing its new integrated development of 259 units of serviced apartment and 34 units of retail outlets to be known as Sunway Gandaria, which is targeted to launch in early 2016.

In Bangi, a newly launched project by UEM Sunrise Bhd called Serene Heights captured the market's attention where its Acacia Precinct was sold out within 2 days of launch. Acacia Precinct offers 121 units of 2-storey terraced houses selling from RM550,800. Some units of 2-storey terraced houses are still available within Begonia Precinct with a total of 153 units with selling prices set at RM636,800 onwards. IOI Properties Group Bhd has also launched Bandar Puteri Bangi in 2015 with its Almyra Residence comprising 669 units serviced apartments with built up sizes from 969 sf to 1,217 sf and selling price ranging from RM360,800 to RM707,800. The project is estimated to complete by year 2017.

Recently, in 'Budget 2016', the federal government announced that some allocation would be set aside for Cyberjaya City Centre making it one of the national agendas. This will further promote Cyberjaya as a choice for employment opportunities, thus attracting more investments and more population into the area. More

upcoming projects are seen to take place in Cyberjaya especially near the established Multimedia University. Some improvement of infrastructure works are also seen at the Selangor Science Park 2 next to Cyberjaya. Currently, a 2-storey terraced house in Cyberjaya has been transacted at about RM1.1 million. Mah Sing Group has completed its Garden Residence while SP Setia is currently developing its Setia Eco Glades, OSK Property developing its Pangaea, UEM Sunrise with its Symphony Hills – to name but a few. Among newly launched residential projects seen in Cyberjaya are Opus@Lake Vicinity by Crystalville Group selling 62 units of 2 semi-detached houses from RM1.6 million, One Residence by MCT selling 1,932 units in 4 towers priced from RM250,000 for 850 sf to 1,100 sf and Diandra@Lakefront Residence by Yan Jian Group selling 303 units priced from RM522,500.

On the affordable housing segment, it is observed that some developers have started to launch such products. Besides PR1MA, Selangor state had also launched 'Rumah Selangorku' scheme last year.

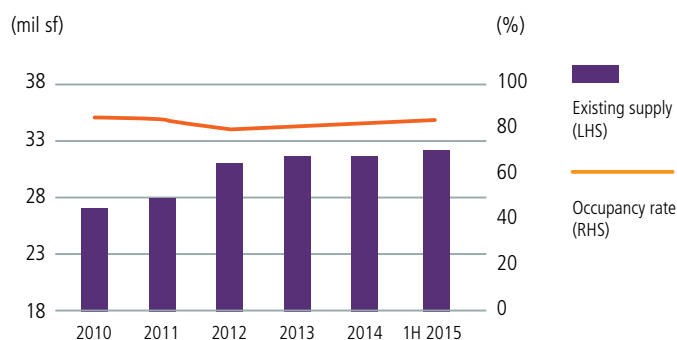
**RETAIL**

**KEY FACTS (AS AT 1H 2015)**

Supply	32.51 mil sf	↑ 8.3% y-o-y
Occupancy Rate	86.4%	↑ 2.9% y-o-y
Rental	RM10.00-RM30.00 psf	

(Source: Rahim & Co Research, JPPH)

**Existing Supply & Occupancy Rate of Retail Spaces in Selangor (2010-1H 2015)**



(Source : JPPH)

Supply of retail complexes in Selangor is growing with more upcoming developments mushrooming with ready amenities, facilities and high population. Some areas to note are Petaling Jaya, Bandar Sunway, Damansara, Subang Jaya, Kota Damansara, Sepang and Cyberjaya.

Several new malls were opened in year 2015, for example, Atria Shopping Mall in Petaling Jaya (a redevelopment project), Sunway Nexis in Kota Damansara, Evolve Concept Mall in Ara Damansara and Mitsui Outlet Park in Sepang. Some upcoming malls are huge and is expected to serve the future population of



# Central Region

## Selected Newly Completed and Upcoming Retail Malls in Selangor

Development	Location	NLA (sf)	Expected Completion
Gem In Mall	Cyberjaya	N/A	Opened in 2015
Star Avenue	Jalan Sungai Buloh	277,086	Opened in 2015
Atria Shopping	Petaling Jaya	470,000	Opened in May 2015
Mitsui Outlet Park	Selangor	260,000	Opened in June 2015
Empire City Damansara Mall	Damansara	2 million	2016
Damen@USJ	USJ	420,920	2016
The Starling@ Damansara Uptown	Petaling Jaya	380,000	2016
Centrus Mall	Cyberjaya	200,000	2016
Selayang Star City	Selayang	550,000	2016
KSL City Mall 2	Klang	2.2 million	2017
Central Plaza@I-City (450 retails)	Shah Alam	1 million	2017
Icon City Mall	Petaling Jaya	565,099	2017
Sunway Pyramid Phase 3	Bandar Sunway	100,000	2018
Kencana Square Retail	Saujana, Glenmarie	277,000	2018

(Source : Rahim & Co Research)

a new township or an area with matured population but lacking in proper retail facilities. Among those are Empire City Damansara Mall in Damansara, Central Plaza@I-City in Shah Alam and a mall within an integrated development known as Tropicana Gardens in Petaling Jaya.

Rental for retail lots within prime regional shopping malls such as Sunway Pyramid are between RM13.00 and RM30.00 psf. Other malls at prime areas such as Tesco in Mutiara Damansara is letting out at about RM9.00 to RM30.00 for prime lots. Malls in other suburban areas command a lower rental for its prime lots at about RM10.00 psf to RM25.00 psf.

With total estimated new retail space of more than 7 million sf by year 2018, tenants will have more choice to get a brand new retail space with facilities within good locations. Therefore, rental for existing malls might face rental pressure when new malls are completed. Some of these upcoming malls are highlighted in the table shown, and several other notable upcoming shopping centres include Roponggi@Cyberjaya, Tropicana Gardens mall in Petaling Jaya and SkyPark@Cyberjaya.

## SHOP OFFICE / PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	73,282 units	↑ 1.9% y-o-y
Transaction volume	1,645 units	↑ 5.9% y-o-y
Transaction value	RM2,050.13 mil.	↑ 14.3% y-o-y

(Source: Rahim & Co Research, JPPH)

Existing shop offices in Selangor has evolved to suit a new lifestyle and some are designed as retail-offices. 2-storey shop offices in Petaling Jaya are currently priced between RM1.5 million to RM2.5 million. There are new shop offices coming into the market in 2016 and more are expected to be ready by 2018.

Several new launches of shop offices in the Selangor are Roponggi in Cyberjaya, Damen USJ, The Two Rawang, PJ Sentral Mall and others. Rental rates for ground floor shop lots in Petaling Jaya/Damansara vary from RM2.30 psf to RM3.50 psf whilst other areas are rented at a lower rates of about RM1.80 psf to RM2.60 psf. In the prime commercial area of Section 14, Petaling Jaya ground floor shoplots command higher rentals of between RM5.40 psf to RM6.80 psf.

### Selected Upcoming Shop Offices in Selangor

Development	Location	Type	Selling Price	Expected Completion
Sunway Nexis	Kota Damansara	3-storey	RM5.5 million (asking price)	Newly completed Q4 2015
Tamarind Square	Cyberjaya	3-storey	RM2.8 million	2016
Radius Business Park	Cyberjaya	3-storey	RM622,415	2018

(Source : Rahim & Co Research)

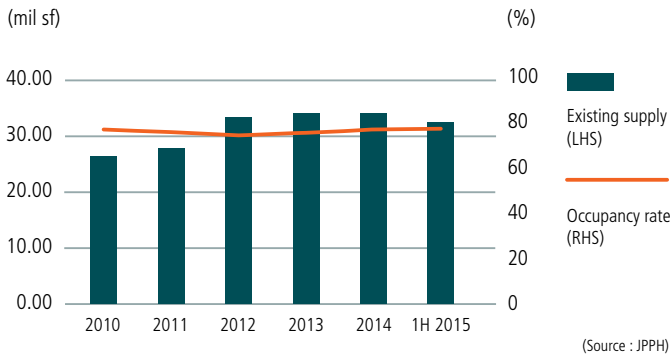
### KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)

Supply	32.82 mil. sf	↓ 1.2% y-o-y
Average Occupancy Rate	77.3%	↑ 1.0% y-o-y
Rental	RM3.50-5.50 psf	

(Source: Rahim & Co Research, JPPH)

In 2015, we saw Setia City in the western parts of Shah Alam establishing itself as a new office hub in central Selangor along with the strengthening image of i-City Shah Alam – adding to the likes of Petaling Jaya, Bandar Sunway, Subang Jaya and Shah Alam town. Top Glove Tower in Setia City, Shah Alam completed in 2015 has added the profile of this new centre to the existing SP Setia Berhad Corporate Headquarters building. In addition to the office space offered in Top Glove Tower, it also offers about 26,564 sf of 2-storey retail space.

### Existing Supply & Occupancy Rate of Purpose Built Offices in Selangor (2010-1H 2015)



Currently, average rental for prime office buildings in Petaling Jaya is about RM7.00 psf per month whilst average rental for others ranges from RM4.00 to RM5.50 psf per month. Older office buildings are being let out at between RM3.00 psf and RM3.50 psf per month. Some new strata office developments are marketed as Small Office Flexible Office (SOFO) or Small Office Versatile Office (SOVO) whilst others are ordinary office suites. The difference in SOFO and SOVO offices are the common facilities provided to the tenants in the building such as business centres, gymnasium and swimming pool whereas normal offices are just office building with no extra facilities. However, there is limited evidence whether this type of office has been successful in the market.

### Selected Newly Completed and Upcoming Offices in Selangor

Upcoming PBO	Location	Net Lettable Area (sf) / Built up Area (sf)	Expected Completion
392 units SOFO (Together with Atria Shopping Mall)	Petaling Jaya	441-1,282	Completed in 2015
Sunway Nexus (SOHO)	Kota Damansara	277,000	Completed in 2015
Top Glove Tower @ Setia City	Shah Alam	267,000	Completed in 2015
Iconic Tower @ Empire City, Damansara Perdana	Petaling Jaya	523,026	2016
Uptown 8	Petaling Jaya	480,000	2018
Sunway Geo Flexi Suites	Bandar Sunway	600-1,500	2016
SOFO @ MKH Avenue	Kajang	863-1,295	2018
Kencana Square	Subang Jaya	-	2018
IOI Rio City	Puchong	Not yet launched	Not yet launched
Gateway Klang (SOVO)	Klang	-	-

(Source : Rahim & Co Research)

Currently, there is stiff competition in terms of rental for offices. An office development nowadays would require more features to attract multinational tenants instead of just depending on local players to occupy the building. Ready amenities and facilities coupled with modern façade and design are basic requirements of tenants. Other attractions are Multimedia Super Corridor (MSC) status for the building as well as Green Certification.

### HOTEL

#### KEY FACTS (AS AT Q3 2015)

Supply	16,219 rooms	↑ 1.3% y-o-y
Occupancy rate	50-70 %	
Room rate	4/5-star : RM230-400 per night	

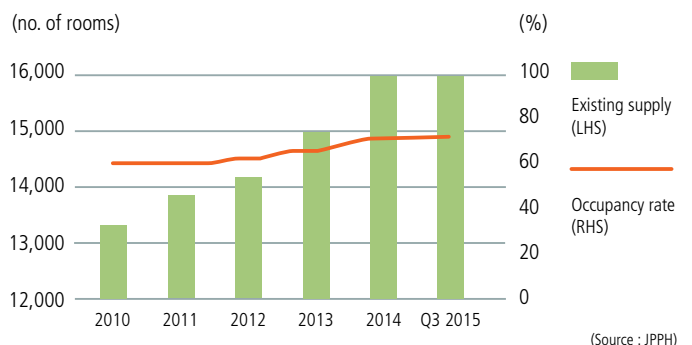
(Source: Rahim & Co Research, JPPH)

Number of hotel rooms in Selangor has increased by about 1.3% from 16,005 rooms in 1H 2014 to 16,219 rooms in 1H 2015.

Room rates of hotels in Selangor vary. Petaling Jaya, Subang Jaya, Putrajaya and Cyberjaya recorded average standard room rates from RM408 per night for 5-star hotels. Other areas such as Shah Alam, Bangi and Puchong command slightly lower room rates for its standard room between RM230 per night to RM400 per night for 4-star and 5-star hotels.

There are several upcoming hotels within integrated developments such as Damansara Uptown, Tropicana Gardens and Empire Damansara. Somerset Damansara Uptown is expected to be completed in 3Q 2016 whilst in Empire Damansara, 3 units of 5-star hotels are being constructed. We could see more integrated developments with hotels to be concentrated within Petaling Jaya such as Sunway Geo Hotel, Wolo Hotel@Empire Remix, D'Twist@

### Existing Supply & Occupancy Rate of Hotels in Selangor (2010-Q3 2015)



# Central Region

DK City and PJ Sentral Garden City. Other upcoming hotels to note is The Sheraton located near Armada Hotel in Petaling Jaya and Le Meridien Hotel in Putrajaya (expected completion in June 2016). Recently, WCT Holdings Berhad had announced that its hotel within Paradigm integrated development in Kelana Jaya would be managed by New World Hotels & Resorts and is scheduled to open in 3Q of 2016.

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	36,249 units	↑	1.8%
No of Transaction	1,170 units	↓	11.8%
Value of Transaction	RM3,159.26 mil.	↓	15.0%

(Source: Rahim & Co Research, JPPH)

Supply for industrial properties in Selangor showed a slight growth of 1.8% in 1H 2015 compared to a similar period in the previous year. However, the total number of transaction fell by 11.8%.

Price of industrial developments within prime areas such as 1½-storey terraced factory in Glenmarie Industrial Park currently is about RM2.3 million. In Subang Jaya, the similar type would sell at about RM1.1 million to RM1.8 million.

Foreign investments in Selangor is showed by China-based edible oils manufacturer XingHe Holdings Bhd setting up a manufacturing plant in a free trade zone in Klang. The construction work is expected for completion in year 2016. Another example is a Germany based company, Hanwha Q Cells planning to construct a 800-MW factory for photovoltaic (PV) modules to be located in Cyberjaya. The new plant is also targeted to be fully operational in year 2016.

## OUTLOOK

Throughout 2015, there were many new launches of residential and commercial developments including integrated developments. Initiative of the federal government to enhance infrastructure has helped to boost some of the new developments and improved connectivity between Kuala Lumpur city centre and suburban areas such as Kajang, Cheras, Petaling Jaya and Subang Jaya and Klang. Challenging economic environment has led the public to be cautious in buying properties. This situation is aggravated by the implementation of the Goods & Services Tax (GST) to properties for sale except residential properties. Developers have responded by developing affordable housing under 'Rumah Selangorku', Perumahan Rakyat 1 Malaysia (PR1MA), SPNB and KPKT.

As for commercial properties, more are being developed and there are concerns of supply exceeding demand. Generally, tenants prefer new buildings although existing buildings in good location remain competitive since it can offer lower rental. Buildings with raised flooring, Green Building Certification and Multimedia Super Corridor (MSC) status are in demand.

Many new integrated developments and townships are taking place at the suburban areas such as Petaling Jaya, Damansara, Kajang and Cyberjaya area. Many are focusing on building a self-contained development with facilities such as retail, recreational space and also convenience of accessibilities and public transport facilities.

As some areas in Selangor are gazetted within the boundary of Greater KL/Klang Valley, some investors showed interest including international investors from Singapore, China and Japan. Going forward, activities within the state of Selangor are expected to boost up further with the completion of new MRT Line 1 (Sg. Buloh-Kajang) and LRT extension of Ampang and Kelana Jaya Line. As well as the upcoming LRT 3 (Bandar Utama-Klang), MRT 2 (Selayang-Putrajaya) and highways such as Damansara-Shah Alam Highway (DASH) and Eastern Klang Valley Expressway (EKVE).

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN SELANGOR

- There are some announcements made within Budget 2016 for new mega projects and infrastructure to be implemented as below :
  - To implement Cyber City Centre in Cyberjaya
  - 'Bandar Lapangan Terbang' or KLIA Aeropolis : 1,300 acres
  - MRT 2 : 52 km Sg Buloh-Serdang-Putrajaya (to commence in 2nd quarter 2016 & completion by 2022)
  - LRT 3 : 36 km Bandar Utama, Damansara – Johan Setia, Klang (to commence in 2016 & completion by 2020)
  - Bus Rapid Transit system (BRT)
  - Highways : Damansara-Shah Alam, Sungai Besi-Ulu Klang, Pulau Indah and Central Spine Road
  - 18.1 km Ampang LRT line extension to be ready by March 2016, 17.4km LRT extension line Kelana Jaya-Putra Heights to be ready by mid-2016
  - MRT line from Sg Buloh-Semantan to be ready for commuters by December 2016 and Phase 2 : Semantan-Kajang to be completed by mid-2017.

# NEGERI SEMBILAN

## RESIDENTIAL

### KEY FACTS (AS AT 1H 2015)

Supply	245,804 units	↑ 2.0% y-o-y
Transaction Volume	7,423 units	↓ 24.8% y-o-y
Transaction Value	RM1,810.63 mil.	↓ 22.0% y-o-y

(Source: Rahim & Co Research, JPPH)

Supply of residential units has increased from 241,046 units in 1H 2014 to 245,804 units in 1H 2015, registering a growth of 2.0%. 1-storey terraced house contributed the majority supply at 82,128 units followed by 2-3 storey terraced house at 40,023 units.

The transaction activities in 1H 2015 has slowed down evidenced by both transaction volumes and transaction values showing downward movement. Transaction volumes of residential properties decreased by 24.8% from 9,867 units (1H 2014) to 7,423 units (1H 2015). About 5,455 transactions were recorded in Seremban alone. Total transaction value dropped by 22.0%, registering RM1,810.63 million in total.

Residential properties with price range of RM400,001 to RM500,000 are the most transacted with a total 2,940 transactions and transaction values totalling RM541.48 million.

The state's new housing policy which comes into effect starting June 2015 has abolished the 30% low-cost housing and replaced with 50% affordable housing components. 15% of the total units must priced below RM80,000, 15% between RM80,001 to RM250,000 and at least 20% between RM250,000 to RM400,000. The new housing policy has also raised Bumiputera quota from 30% to 50%. Many developers have raised their concerns that the new housing policy will slow down the property market further in the challenging year ahead.

In terms of new projects, Kalista 1 Residence in Seremban 2 by IJM Land has reached final development stage and will be ready by early 2016. Kalista 1 is an 18-storey apartment, offering 208 units with sizes ranging from 914 sf to 1,383 sf. The development has reported a good response with take up rate of 80% during the first day of launching. A unit with built-up area of 1,383 sf was launched at RM254,800 in 2013, the prices has now appreciated to RM484,000.

On the landed properties segment, newly completed and upcoming 2-storey terraced house are seen to be priced above RM500,000 whilst the existing older schemes are within the price range of RM300,000 to RM350,000.

### Selected Newly Completed Development in Negeri Sembilan

Development	Location	Type	Asking Rental	Asking Prices (RM)	Land Size
Segar	Bandar Ainsdale	2-storey terraced	RM1,100 – RM1,300	From RM550,000	1,650 sf
Summer	S2 Height	2-storey terraced	RM1,300 – RM1,500	From RM500,000	1,400 sf
Sakura	S2 Height	2-storey terraced	RM1,300 – RM1,500	From RM500,000	1,400 sf
Hijayu 3	Bandar Sri Sendayan	2-storey terraced	RM1,300	From RM425,000	1,600 sf
Laman Orkid @ Medina	Nilai Impian	2-storey terraced	RM1,400	From RM500,000	1,440 sf

(Source: Rahim & Co Research)

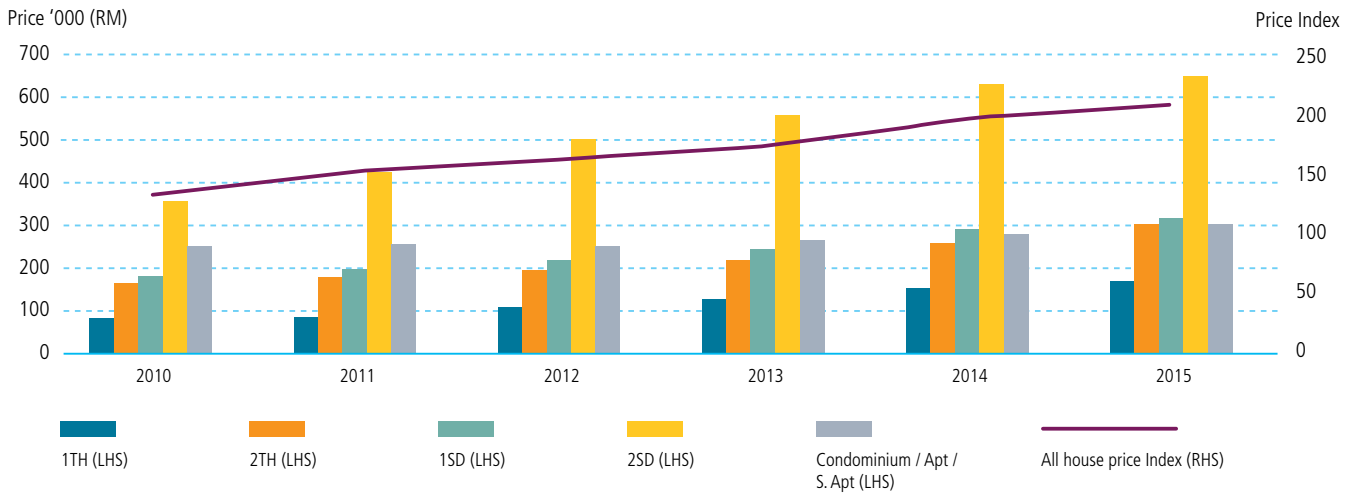
### Selected Upcoming Residential in Negeri Sembilan

Development	Location	Type	No of Units	Selling Prices	Developer	Completion
Suriaman 3	Bandar Sri Sendayan	2-storey terraced	385	From RM563,888	Matrix Concepts	2017
Abadi	Bandar Ainsdale	2-storey terraced	56	From RM498,888	Sime Darby	2017
Tenang	Bandar Ainsdale	2-storey terraced	111	From RM588,888	Sime Darby	2017
Laman Alamanda@ Kota Seriemas	Nilai	2-storey terraced	84	From RM492,888	PNB Development	2016
Kalista 2	Seremban 2	Apartment	522	RM291,800 – RM700,000	IJM Land	2018
Staz Valley	Nilai	Serviced Apartment	1,111	From RM260,000	Golden Plateau	2016
Mesahill @ Putra Nilai	Nilai	Serviced Apartment	308	From RM237,000	Hari Lumayan	2017

(Source: Rahim & Co Research)

# Central Region

## Seremban Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

## RETAIL

### KEY FACTS (AS AT 1H 2015)

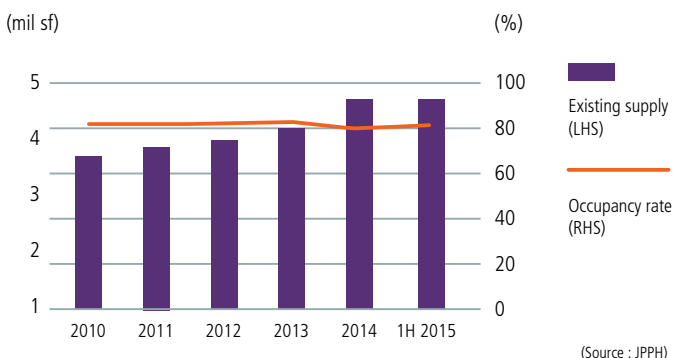
Supply	4.73 mill. sf	↑ 8.0% y-o-y
Average Occupancy Rate	77.0%	↓ 6.2% y-o-y
Average Rental Transaction	RM5.00–RM20.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

The additional retail space of 0.35 million sf during the review period may have posed challenges to the existing retail complexes, which has resulted in the drop of occupancy rate by 6.2% to 77.0% in 1H 2015 from 83.2% in 1H 2014.

Palm Mall which started its operation after the refurbishment works, has managed to achieve an occupancy rate of 90% and the rental rate fetched between RM3.00 psf to RM25.00 psf.

### Existing Supply & Occupancy Rate of Retail Spaces in Negeri Sembilan (2010-1H 2015)



(Source : JPPH)

Aeon Seremban 2 and Tesco Extra Seremban 2 are the other 2 malls that perform well above the state average, both registered 95.0% occupancy rate. Rental rate of Aeon Seremban 2 has remained stable between RM3.00 psf to RM34.00 psf for ground floor retail, recorded as the highest rental rate in Negeri Sembilan.

Seremban Parade has undergone refurbishment works in 2014 and now is renamed as Seremban Prima. Seremban Prima has a net lettable area of 321,800 sf with 74% occupied. The retail mall was up for sale and called for bids. The retail mall also has a planning approval for a 250-room hotel.

During the review period, a retail complex known as Aeon Big outlet in Rahang, Seremban has pulled its shutters down.

As for upcoming malls, there will be another 5 new malls to be completed in between year 2016 and 2018 with a total of about 2.92 million sf. Another MYDIN Hypermarket will set to be open at Bandar Prima Senawang, the hypermarket is expected to start construction in 2016.

### Selected Upcoming Retail Malls in Negeri Sembilan

Development	Location	Net Lettable Area (sf)	Completion
Aeon Senawang	Senawang	600,000	2017
Aeon Nilai	Nilai	1.2 million	2018
Sentral Bazar	Nilai 3	650,000	2016
Seremban Gateway	Sg.Ujong Seremban	120,000	2016
Unicity Mall	Seremban 3	350,000	Mid 2017

(Source: Rahim & Co Research)

## SHOP OFFICE / PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	18,071 units	↑ 3.5% y-o-y
Transaction volume	711 units	↓ 7.9% y-o-y
Transaction value	RM415.24 mil.	↑ 5% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop offices in Negeri Sembilan has slightly increased by 3.5% from 17,459 units in 1H 2014 to 18,071 units in 1H 2015. The supply market of commercial property is dominated by 2-2 ½ storey shop offices at 9,702 units, almost 50% of total supply in Negeri Sembilan. Seremban, the commercial centre of Negeri Sembilan has the highest supply of shop offices and it has recorded 4.9% growth from 10,715 units in 1H 2014 to 11,237 units in 1H 2015.

As at 1H 2015, transaction volumes of shop offices has fallen by 7.9%, registering only 711 transactions compared to 772 transactions in 1H 2014. On the other hand, transaction value showed an increase of 5%, totalling RM415.24 million transaction value. The most transacted shop office type in Seremban are priced within RM500,000 to RM1,000,000, recorded 199 transactions in 1H 2015.

Asking rental for ground floor space of a 2-storey shop office in prime new locations such as Seremban 2 and Seremban 3 is hovered around RM3,000 per month.

### Selected Newly Completed Shop Offices in Negeri Sembilan

Development	Location	Type	Asking Rental (for ground floor)	Asking Prices (RM)
Era Square Terminal 2	Seremban	3-storey shop office	RM2,200 – RM3,600	800,000
Uptown Avenue	Seremban 2	2-storey shop office	RM3,000	1,000,000
Unicity Commercial	Seremban 3	2-storey shop office	RM2,800	600,000
Oakland Commercial centre	Seremban 2	3-storey shop office	RM1,300 – RM2,200	700,000
Biz Avenue	Seremban 2	3-storey shop office	RM3,500 – RM3,900	1,800,000

(Source: Rahim & Co Research)

### Selected Upcoming Shop Offices in Negeri Sembilan

Development	Location	Type	No of Units	Selling Prices	Developer
The Plazo	S2 Height, Seremban	2-storey shop office	176 units	Starting at RM834,601	IJM Land
Sendayan Merchant Square	Bandar Sri Sendayan	2 & 2.5-storey shop office	–	Starting at RM958,800	Matrix Concepts Holdings
Oasis Business Centre	Seremban	3 & 4-storey shop office (with lift)	27 units	Starting at RM744,000	GCPG Group

(Source: Rahim & Co Research)

### KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)

Supply	3.17 mil. sf	↑ 1.0% y-o-y
Occupancy Rate	94.4%	↑ 1.4% y-o-y
Rental Rate	RM 1.50 – RM4.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

There was not much movement in the purpose built office sector, the supply of office space has increased marginally to 3.17 million sf in 1H 2015. The performance of this sector remained stable by which the occupancy rate registered at 94.4% in 1H 2015 (1H 2014: 93.0%), a slight increase of 1.4%.

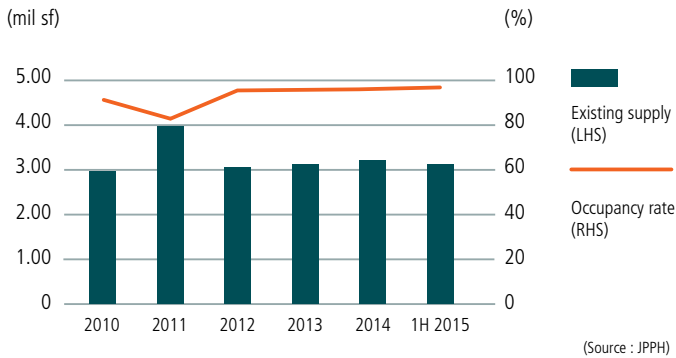
The rental market has also remained stable in the review period. Yayasan Negeri Sembilan is currently tenanted at RM2.00 psf per month. Zurich Tower, one of the prime office buildings in Negeri Sembilan is rented at RM4.00 psf, the rental rate remained as the highest rental rate for office space in the state.

The new upcoming 18-storey MAINS Tower located in Seremban is slated for completion in 2016. It was reported that Majlis Agama Islam Negeri Sembilan (MAINS) will occupy 7-storey of the building whilst the remaining floors will be leased out. This tower will be operated by MAINS Harta Sdn. Bhd..



# Central Region

## Existing Supply & Occupancy Rate of Purpose Built Offices in Negeri Sembilan (2010-1H 2015)



(Source : JPPH)

## HOTEL

### KEY FACTS (AS AT Q3 2015)

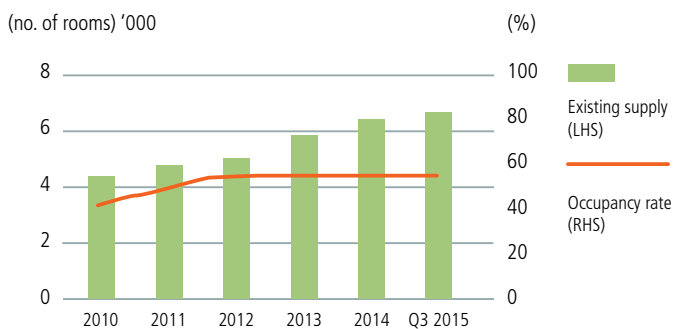
Supply	6,810 rooms	↑ 11.1% y-o-y
Occupancy rate	65% - 70%	
Room rate	5-star	RM600 – RM1,000 per night
	4-star	RM200 – RM500 per night
	3-star	RM100 – RM200 per night

(Source: Rahim & Co Research, JPPH)

There are 120 registered hotels in Negeri Sembilan, registering an increase of 11.1% supply of rooms at 6,810 rooms (1H 2015). Most of the 4-star and 5-star hotels of the state are located in Port Dickson, whilst hotels in Seremban are mainly of 3-star and 4-star rated.

A 5-star hotel, Lexis Hibiscus located in Pasir Panjang, Port Dickson has completed and started operation. This is the 3rd hotel under Lexis Hotel Group in Port Dickson after the opening of Lexis PD and Grand Lexis Port Dickson. The hotel features 642 resort homes with sizes ranging from 770 sf to 872 sf, each resort home has in-room swimming pool with steam/sauna room. The room rate starts from RM650.00 to RM750.00 per room per night.

## Existing Supply & Occupancy Rate of Hotels in Negeri Sembilan (2010-Q3 2015)



(Source : JPPH)

Another new development to note is Splash Park Resort in Port Dickson, a water theme park and 800 units of serviced suites are to be built on the 9.2-hectare site. The serviced suites will be managed by the Impiana Hotels, Resorts & Spas upon its completion in year 2018. The selling prices of the serviced suites starts from RM311,000 for a unit sized 340 sf, all units are fully furnished.

## Room Rate of Selected Hotels in Negeri Sembilan

Hotel	Location	Star Rating	No. of Rooms	Room Rate
Grand Lexis	Port Dickson	5-star	317	RM600 – RM1,200
Thistle	Port Dickson	5-star	251	RM400 – RM3,400
Klana Resort	Seremban	3-star	230	RM220 – RM500
Palm Hotel	Seremban	3-star	189	RM200 – RM500

(Source: Rahim & Co Research)

## Upcoming Hotels in Negeri Sembilan

Development	Location	Type	No. of Rooms	Completion
Splash Park	Port Dickson	Hotel/ Serviced Suites	800 units	2018
Richmond Condotel, PD water front	Port Dickson	Hotel/ Serviced Suites	365 units	2018
Good View suites	Teluk kemang	Hotel/ Serviced Suites	152 units	2017

(Source: Rahim & Co Research)

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	4,425 units	↑ 0.6% y-o-y
Transaction volume	265 units	↑ 16.2% y-o-y
Transaction value	RM455.84mil.	↑ 30.4% y-o-y

(Source: Rahim & Co Research, JPPH)

Total existing supply of industrial property in Negeri Sembilan has amounted to 4,425 units with the majority type being terraced type at 2,927 units. This is followed by semi-detached type with a total of 742 units.



## Selected Upcoming Industrial Schemes in Negeri Sembilan

Development	Location	Type	No of Units	Selling Prices	Developer
Factory 69	Seremban 2	1½ storey terraced factory	69	RM560,800 – RM680,000	IJM Land
Tiara Sentral	Nilai Utama Enterprise Park	1½ storey semi-detached factory	70	RM2.00 mil. – RM2.25 mil.	Kueen Lai Villa
88 Biz Park	Bahau	1½ storey semi-detached factory	123	N/A	IOI Properties

(Source: Rahim & Co Research)

Negeri Sembilan has recorded 265 transactions of industrial property in 1H 2015, an increase of 16.2% compared to 1H 2014 with 228 transactions recorded. In terms of total transaction value, it has showed an increase of 30.4%, totalling RM455.84 million in 1H 2015.(1H 2014: RM349.54 million).

The selling prices of vacant industrial plots in Sendayan Tech Valley has remained stable at RM26.00 to RM30.00 psf. However, the current asking price has reached to RM35.00 psf. Whilst for industrial plots sized between 1 and 3 acres in Arab Malaysian Industrial Park, Nilai are transacted around RM40.00 to RM45.00 psf. A 1½ storey semi-detached factory with land area of 18,000 sf and built-up of 9,600 sf at Nilai Utama Enterprise Park, Nilai is transacted at RM3.2million.

Boustead Holdings' indirect unit, Johan Ceramics Bhd, is selling three parcels of land including machinery and equipment, as well as its trademark to Kim Hin Ceramic (Seremban) Sdn Bhd at RM28million. The proposed disposal is expected to be completed by Q1 2016.

## OUTLOOK

The residential sector will continue to spearhead the property market in Negeri Sembilan. Shorter travelling time from Klang Valley via LEKAS Highway and PLUS Highway and increasing housing prices has benefited the property market in Negeri Sembilan.

On top of that, Malaysia Vision Valley (MVV) is expected to spur the property market growth. Other major projects such as Cyberjaya City Centre & High Speed Rail will also see the spill over effects and fuels the demand for residential and commercial sectors on the areas of the state.

The implementation of Negeri Sembilan Housing Policy (DPNS) will shift the property climate in Negeri Sembilan as more affordable housing will be developed in new housing projects.

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN NEGERI SEMBILAN

- Malaysia Vision Valley, a 108,000-ha project under the 11th Malaysia Plan (11MP) in Negeri Sembilan, aims to be an integrated development that will complement the Klang Valley.
- The High Speed Rail connecting Kuala Lumpur and Singapore has currently identified 7 stations i.e the terminus station in Kuala Lumpur at Bandar Malaysia, Seremban, Ayer Keroh, Muar, Batu Pahat, Nusajaya and the final stop in Singapore at Jurong East.
- The long-delayed final stretch of the RM8 billion electrified double-track (EDT) rail between Gemas in Negeri Sembilan and Johor Bahru, Johor which was supposed to be completed in 2008 has finally moved forward. The Ministry of Transport (MoT) has put up an advertisement on local media to invite public inspection of the project plans.
- Seremban myBAS service under 'Tranformasi Bas Henti-Henti' (SBST) has started their phase one of operation and it will serve a large population in Seremban. This programme is managed by SPAD and it will provides about 24 line roads (656km) that will connect Seremban town centre and rural area once the programme is fully operated.

# SOUTHERN REGION

## Melaka, Johor

### MELAKA

#### RESIDENTIAL

##### KEY FACTS (AS AT 1H 2015)

Supply	167,304 units	↑ 1.3% y-o-y
Transaction Volume	5,133 units	↑ 5.6% y-o-y
Transaction Value	RM1,020.88 mil.	↓ 3.9% y-o-y

(Source: Rahim & Co Research, JPPH)

The residential sector in Melaka has shown growth in transaction activities in 1H 2015. Likewise, prices of houses have also increased with mixed movements noted in several locations. 1-storey terraced houses fetched between RM110,000 and RM170,000 while similar houses in selected neighbourhoods of Melaka Tengah priced above RM200,000.

The rental market was generally stable, a 1-storey terraced house in Melaka Town would be able to fetch a rental of RM350 to RM550 per month. High in demand rental properties are those located near to Melaka Tengah, Melaka Trade International Centre (MITC) and Multimedia University.

The market has seen a lot of non-property industry players venture into property development as a step to diversify their business and will launch their maiden projects soon. These include Sanichi Technology Bhd developing Marina Point in Klebang and Takaso

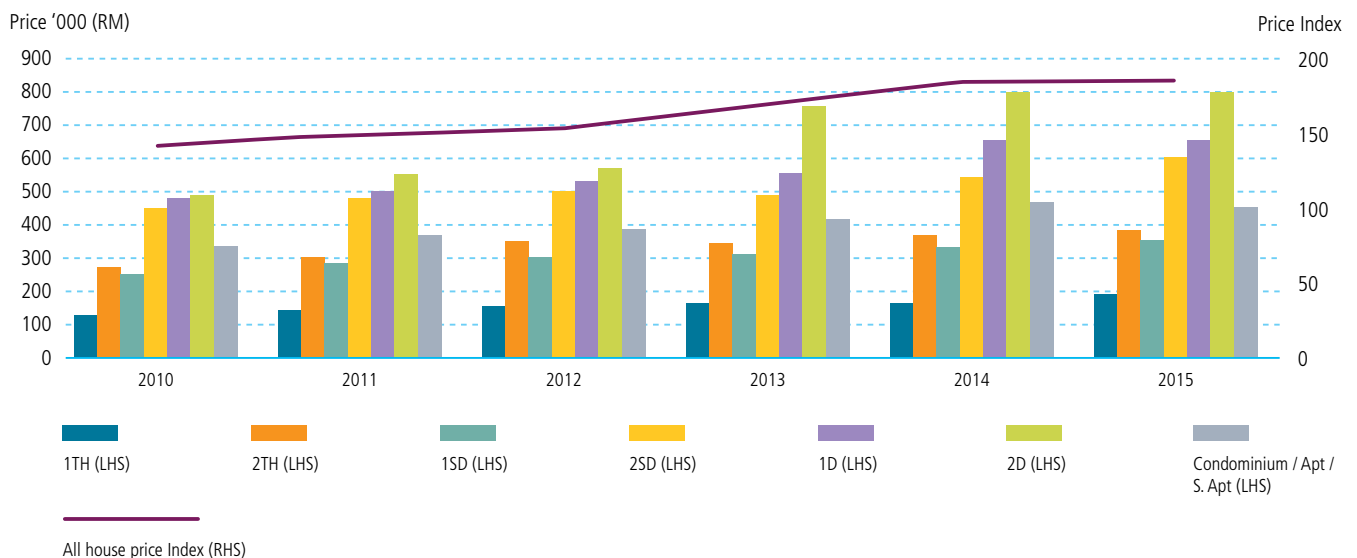
Resources Bhd developing mixed development in Taman Melaka Raya – to name a few.

In view of mushrooming high-end products in recent years, the state government has allocated a bumi quota of 60% for residential buildings and 40% for business buildings except Kota Melaka where the quota is set at 40% for residential buildings and 35% for business buildings to safeguard the bumiputeras' welfare.

On the affordable housing segment, the state government has targeted 15,014 affordable houses by 2018 where the houses are to be priced below RM150,000. The state government has also decided on a proposal to take over a portion of land with expired leasehold for affordable housing development. On top of that, the state government has launched Rumah Mesra Rakyat Melaka (RMRM) in Q3 2015. The affordable houses under RMRM are offered at the price of RM90,000, below the market price of RM120,000.

To date, total affordable houses completed in the state by both federal government and state government is 4,821 units whilst a total of 7,409 units are still under construction and 37,684 units are in the stage of getting development approval. (Source: Utusan Online, 23rd Nov 2015 : 'Melaka tawar harga rumah paling rendah by Melaka Chief Minister, Datuk Seri Idris Haron's speech during the opening ceremony of "Ekspo Rumah Mampu Milik Peringkat Negeri").

#### Melaka Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

## Selected Upcoming Projects in Melaka

Development	Location	Details	Development Period	Developer
Eco Marine Development	Klebang	Land area: 168-acre reclaimed land GDV: RM18.30 billion	6 years Theme park will be launched in Q4 2016	Xin Eco Marine Group Properties Sdn Bhd
Integrated township	Bukit Katil	Land area: 640.98-acre GDV: RM4.90 billion Component: 80% affordable, mid-range and high end residential, 20% office and retail lots	To be launched in Q3 2017 (10 years in 5 phases)	JV between Encorp Bhd and Felda
Mixed development	Taman Melaka Raya	Land area: 0.86-acre GDV: RM134.15 million	NA	Takaso Resources Bhd
Marina Point (mixed development)	Klebang	Land area: 2.14-acre GDV: RM200 million Component: 352 residential units (proposed selling price: RM500psf) and 120 commercial units	To be launched in Q1 2016	Sanichi Technology Bhd
Melaka Gateway	Pulau Melaka	Land area: 609.45-acre GDV: NA Component: luxury homes, retail malls, office, recreational, a port and marina	Completion in 2025, launched in Q1 2014	KAJ Development Sdn Bhd

(Source: Rahim & Co Research)

## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	4.30 mil sf	↑ 1.0% y-o-y
Occupancy Rate	83.3%	↑ 0.2% y-o-y
Rental	RM10.00 psf	↔ Stable

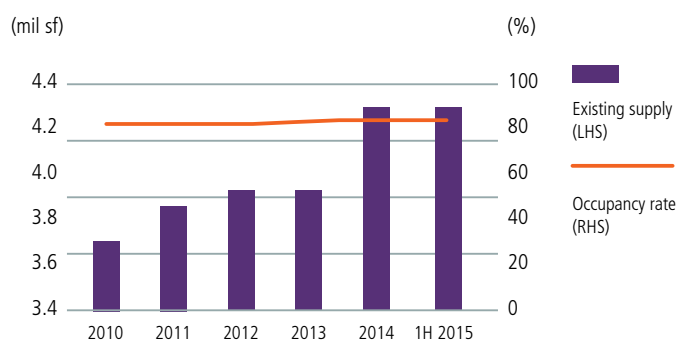
(Source: Rahim & Co Research, JPPH)

The performance of the retail sector remained stable with an overall occupancy rate of 83.3%, a slight increase compared to 1H 2014 (83.1%). Likewise, average retail rental also remained unchanged at RM10.00 psf.

Last year, Mahkota Parade underwent expansion to accommodate a 10-screen cinema from the existing 4-screen cinema and the management had acquired several lots at ground floor which was owned by private individuals. The strategy has slightly improved its occupancy rate to 95.8% as at September 2015 after a dip from 97.0% in 2013 to 94.5% in 2014.

The Shore Shopping Gallery and Freeport A'Famosa Outlet (FAO) are Melaka's latest shopping destination for both locals and tourists. The Shore and FAO were officially opened in March 2015 and December 2015 respectively. The Shore Shopping Gallery was acquired by Pelaburan Hartanah Berhad (PHB) at RM212.0 million, it is second retail asset in the group after Nu Sentral, Kuala Lumpur. The mall has 3 major anchor tenants; TANGS Lifestyle Store, The Shore Oceanarium and Lot 10 Hutong Food Gallery and it is now 100% tenanted. The FAO is the country's 3rd factory outlet after the opening of JPO, Johor and Mitsui Outlet Park, KLIA. Element Mall has also recently being completed and the grand opening is targeted to be in Q3 2016.

### Existing Supply & Occupancy Rate of Retail Spaces in Melaka (2010-1H 2015)



(Source : JPPH)

4 retail malls i.e. Vedro by The River, Parkson Melaka Mall, Imperio@Hatten City and Harbour City with a total NLA of 3.26 million sf are in the pipeline and expected to be completed between year 2016 and 2019. These incoming supply which equals to 75.8% of the state supply as of 1H 2015 may pose a challenge to the retail mall in securing tenants.

# Southern Region

## Newly Completed and Upcoming Retail Malls in Melaka

Development	Location	NLA (sf)	Completion
The Shore Shopping Gallery	near Melaka river	300,000	Q1 2015
Freeport A'Famosa Outlet (FAO)	A'Famosa Resort	N/A (81 retail lots)	Q4 2015
Element Mall	Melaka Raya	800,000	Q4 2015
AEON Store	Klebang	500,000	Q4 2015
Vedro by The River	Melaka Tengah	106,900	Q4 2016
Parkson Melaka Mall	Lion City	1,800,000	Q1 2017
Imperio@Hatten City	Melaka Raya	350,000	Q4 2017
Harbour City	Pulau Melaka	1,000,000	Q1 2019

(Source : Rahim & Co Research)

## SHOP OFFICE / PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	17,261 units	↑ 2.5% y-o-y
Transaction volume	486 units	↓ 13.4% y-o-y
Transaction value	RM268.06 mil.	↓ 3.5% y-o-y

(Source: Rahim & Co Research, JPPH)

In general, the shop office sector has not seen much movement. The overhang situation improved to 455 units worth RM144.16 million in 1H 2015. Having said that, some newly completed shop offices at Taman Kota Laksamana and Taman Kota Shahbandar are yet to fill up by tenants and operators.

A 2-storey shop office in Melaka Tengah is selling between RM350,000 to RM500,000, the same property type in Kota Laksamana Business Centre Phase 3 is selling above RM600,000. Ground floor monthly rental of the same fetch between RM2,000 and RM2,500.

### KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)

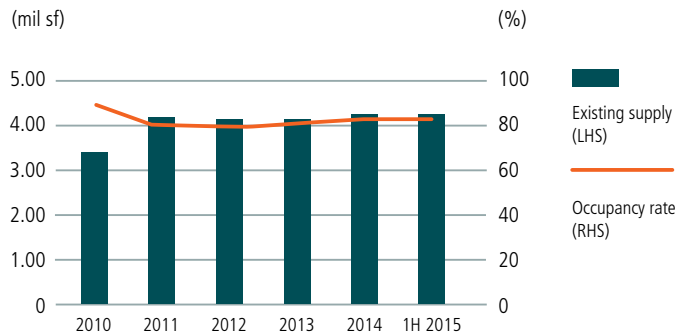
Supply	4.29 mil. sf	↔ Stable
Occupancy Rate	81.4%	↔ Stable
Rental	RM1.80-RM2.50 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

The supply and occupancy rate of purpose built offices (PBO) in Melaka remain unchanged for the last 1½ years. Rental of PBO in Ayer Keroh surpassed PBO's rental in town prime area, for example Menara MITC fetched rental of RM2.00-2.50 psf whilst rental for Bangunan Graha Maju is between RM1.80 to RM2.00 psf. Most of the office buildings in Ayer Keroh are occupied by government agencies and office buildings in Melaka town are mostly occupied by private sector.

Both purpose built office and shop office sector will remain its moderate growth in the coming years.

## Existing Supply & Occupancy Rate of Purpose Built Offices in Melaka (2010-1H 2015)



(Source : JPPH)

## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	11,853 rooms	↑ 3.6% y-o-y
Room rate	4-star : RM220 per night	Stable

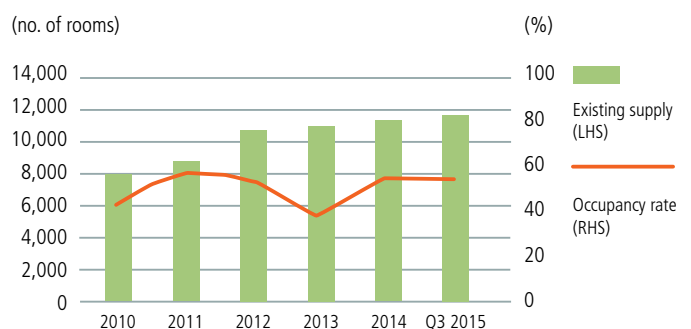
(Source: Rahim & Co Research, JPPH)

Four new 3-star and 4-star hotels added into the hotel market in Melaka this year, the total hotels increase from 141 hotels in 2014 to a total of 144 hotels with 11,853 rooms. Almost 86.8% of the existing hotels are located in town.

Novotel has set its foot in Melaka in September 2015 with 351 rooms. The 4-star hotel is the second Novotel in the country under the Accor Hotels Group. It offers superior, executive, executive premier and suites with room rates starts from RM220 per night.

Hotel Equatorial, one of the few 5-star hotels in Melaka with 496-rooms seeks buyer for an estimated RM18 million. It is the second attempt by Sime Darby Bhd to dispose the 18-year age hotel whereby the first attempt was in 2009 with around the same price being offered but no deal was signed.

## Existing Supply & Occupancy Rate of Hotels in Melaka (2010-Q3 2015)



(Source : JPPH)

## Newly Completed and Upcoming Hotels in Melaka

Development	Location	Star Rating	No of Rooms	Completion
The Straits Hotel & Suites	Melaka Raya	4-star	352	Q2 2015
Estadia by Hatten	Bandar Hilir	3-star	196	Q2 2015
Novotel	Melaka Raya	4-star	351	Q3 2015
Imperial Heritage Hotel	Jalan Merdeka	4-star	329	Q1 2015
Ibis Hotel	Jalan Bendahara	4-star	249	2016
Courtyard by Marriot	Jalan Tun Sri Lanang	4-star	284	2017
Hatten Resort Hotel	Harbour City	5-star	500	2019
Collaboration with Hyatt Group	Harbour City	5-star	250	2019

(Source : Rahim & Co Research)

Noticing the growing demand from international tourists such as from Vietnam and China, the state government is now working to seek approval from federal government to lengthen Melaka International Airport (LTAM) runway further to attract more airlines. LTAM has spent RM240mil to undergo facilities upgrading and runway lengthening exercise in 2014. Five more new air routes to Guangzhou, Ho Chi Minh, Surabaya, Medan and Palembang will debut from LTAM soon to tap demand from these new destinations.

In general, the occupancy rate is expected to experience a slight dip in the short term with the completion of four more hotels with 1,283 rooms which will fuel greater competitiveness. However, in the long term the hotel sector looks positive and will continue to grow driven by the booming medical tourism in Melaka, new excitement like the largest private marina in South East Asia within Melaka Gateway development and several theme parks in the pipeline.

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	4,212 units	↑ 1.7% y-o-y
Transaction volume	257 units	↑ 5.3% y-o-y
Transaction value	RM232.82 mil.	↑ 8.5% y-o-y

(Source: Rahim & Co Research, JPPH)

In general, the industrial sector in Melaka has not seen much change neither in supply, transaction activities nor prices. Industrial overhang situation improved to 33 units worth RM11.17 million in 1H 2015 compared to 90 units worth RM30.82 million in 2014. A single storey terraced factory (land area of 2,400-3,200sf) in Melaka Tengah is priced between RM200,000 and RM300,000 while a single storey semi-detached factory with a similar land size with terraced factory is selling in the range of RM250,000 to RM350,000.

According to MITI, Melaka has received a total investment in the manufacturing sector of almost triple than RM1.5 billion in 2013 to RM4.44 billion in 2014. Foreign investments constitutes 40.9%

of the total or RM1.8 billion. Some notable foreign investments include Honda Malaysia has opened their new pre-delivery inspection (PDI) Yard 3 in Pegoh, Melaka and China's Xinyi Solar invested to construct its ultra-clear photovoltaic glass factory. Infineon Technologies AG (the German microelectronics giant) has also set up a manufacturing facilities in the state.

Under the Melaka Port Development Masterplan, the state government will upgrade six existing ports in Melaka and turn them into specialised hubs. The 6 existing ports, namely Linggi Port would cater for industrial sector), Sungai Udang Port (military), Tangga Batu Port (oil and gas industry), Tanjung Bruas Port (cargo and containers), Umbai Port (fishing industry) and Sungai Rambai Port (mining and mineral).

This less active sector is expected to have more activities in the near future following the signing of seven MoU with Guangdong, China in property, information technology, medical and halal food industries. The ties up may attract approximately RM20 billion investment from Guangdong into Melaka. The Guangdong-Melaka Industrial Park (for electrical consumer goods manufacturing) will be part of the "21st Century Maritime Silk Road" project which may boost the infrastructure and economic growth of Melaka.

## OUTLOOK

As Melaka celebrates the 7th year of UNESCO World Heritage Status, the property market of the state is expected to continue leveraging on its World Heritage Status and the tourism sector. There may be some concern in the residential sector with the influx of high-end residential property. However, the sector is expected to remain stable as residential property is still high in demand especially landed houses.

The retail sector is expected to be challenging where the incoming supply within the next 4 years will raise the competitiveness in securing tenants. Likewise, the hotel sector may experience downward movement in occupancy rate in the short term once 4 more hotels are completed in 4 years time.

# Southern Region

Both the purpose built office and shop office sector will remain its moderate growth. It is interesting to note the continued efforts by the state government to boost investments and economic activities, the industry sector will be the major beneficiary that is expected to grow positively. Strong fundamental in tourism sectors and

infrastructure & economic growth driven by numerous stimulant such as growing China's investment, booming medical tourism industry will see spill over effects on property market in Melaka in long term.

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN MELAKA

- After spending RM240million in upgrading the facilities and lengthen its runway, the state government is now seeking approval from federal government to lengthen Melaka International Airport in Batu Berendam (LTAM) runway further to attract more international airlines.
- 5 more new air routes to Guangzhou (China), Ho Chi Minh (Vietnam), Surabaya, Medan and Palembang (Indonesia) are expected to debut from LTAM soon.
- Proposed coastline highway which connecting Selangor, Negeri Sembilan, Melaka and Johor will help to ease the traffic problem in Melaka.
- Electric buses serving the UNESCO world heritage site area around Bandar Hilir will start operation soon to ease traffic flow in the tourist belt as well as reducing the air and sound pollution.
- Under the Malacca Port Development Masterplan, 6 existing ports will be upgraded besides building the Melaka Gateway Port to serve the tourism industry.
- Seven MoU involving investments between Melaka and Guangdong, China in property, information technology, medical and halal food have signed by Malaysia and China companies in September 2015.

# JOHOR

## RESIDENTIAL

### KEY FACTS (AS AT 1H 2015)

Supply	725,270 units	↑ 2.1% y-o-y
Transaction Volume	15,324 units	↓ 18.1% y-o-y
Transaction Value	RM4,576.36 mil.	↓ 27.8% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of residential property in Johor increased slightly by 2.1% y-o-y to 725,270 units in 1H 2015. Johor Bahru contributed about 41% of the total residential supply. Iskandar Malaysia, which is currently being promoted in Johor included Johor Bahru contributing about 55% of total residential supply available in Johor.

According to National Property Information Centre (NAPIC), residential transaction in Johor in 1H 2015 has showed a decrease by about 18.1% on y-o-y basis compared to an increase of 18% in a similar period last year.

For 2-storey terraced houses, selling prices for prime areas such as Bukit Indah and Taman Sutera have reached RM400,000 for an intermediate unit. On average a similar type would be selling at a minimum of RM350,000 for the schemes located within Johor Bahru city centre. After the completion of Coastal Highway,

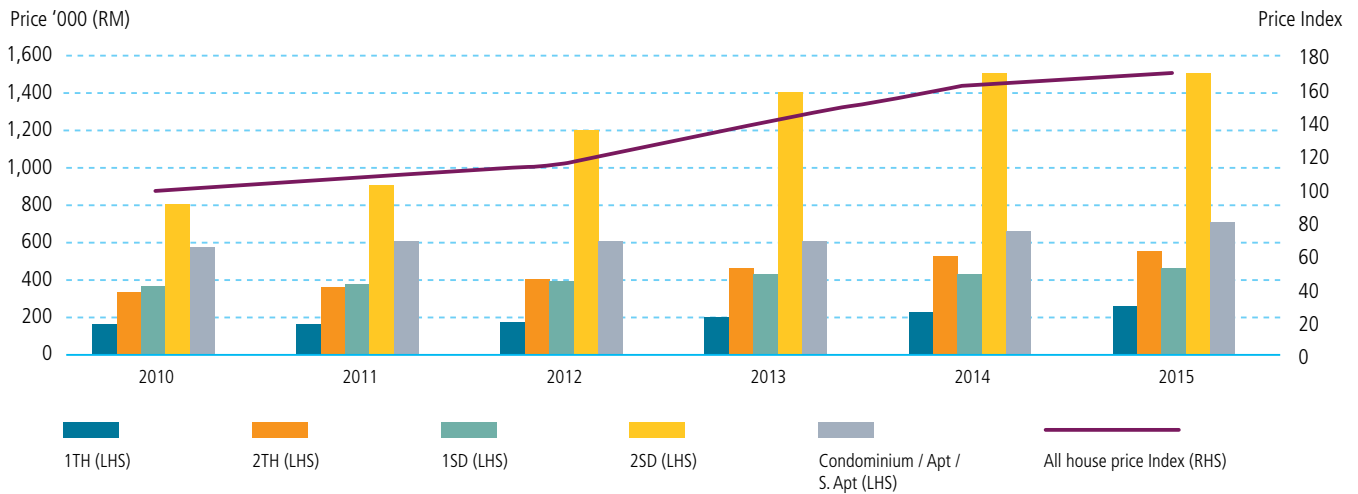
Bandar Baru Seri Alam in Masai benefited with transacted prices for standard 2-storey terraced house priced higher at about RM400,000 to RM500,000 whilst 2-storey semi-detached ranges from RM500,000 to RM600,000.

Mid-range condominium units in Johor maintained an average transacted price of about RM250,000 to RM350,000 for a standard unit with a minimum average built up area of 1,150 sf to 1,200 sf whereas bigger units ranges from 1,300 sf. Sky Loft Apartment in Bukit Indah currently is priced from RM550,000 with about 10% increase annually since it was completed.

Danga Bay and Medini continued to be popular for upcoming developments including integrated developments. In Danga Bay, a large project by Country Garden with about 9,000 units of condominium are expected to be completed by year 2018 and is currently showing progress of about 50%. Amongst other projects are Greenland offering condominium units with a standard built up area from 484 sf to 1,200 sf selling from RM575,460 onwards and Bora Residence@Tropicana Danga Bay currently priced from RM1.07 million for its 694sf. Along Jalan Tebrau, an iconic development, The Astaka near to Johor Bahru city centre at One Bukit Senyum is currently selling from RM900 to RM1,350 psf. Reportedly already 60% sold, the remaining units are priced from RM1.85 million. It will soon be the landmark in Johor Bahru city centre as it is the tallest to be built at 65 and 70 storeys.



## Johor Bahru Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

As for Medini, several developments are in the pipeline such as Shama Medini by UM Land Medini Lakeside Development Sdn Bhd selling its serviced apartment unit from RM750,000 for 583 sf and Grand Medini Lifestyle Residence selling from RM545,000 for 474 sf.

A notable upcoming development is Sunway Iskandar located in Medini by Sunway Group Bhd. In June 2015, Daiwa House Industry Co. Ltd joined hands with Sunway Berhad to develop 100 units of pre-fabricated landed residential encompassing bungalows, semi-detached and cluster houses in Sunway Iskandar. The sales is targeted to start this year. A serviced residence in the same scheme was launched in 2014 known as Citrine Residences. It will comprise of 328 units with built up sizes ranging from 626 sf. It is currently offered at a selling price of RM563,000 which is about RM899psf.

Among new condominiums launched in 2015 are Eco Botanic serviced apartment selling from RM620,000 for 582 sf and Southern Marina Residences in Puteri Harbour with a minimum size of 769sf is selling at RM853,800. Other significant projects include Eco Tropics by Ecoworld Development Group Bhd located in Pasir Gudang (Flagship D Zone of Iskandar Malaysia). Its initial launch started with 600 units of terraced houses selling from RM525,800 for a lot size of 1,400 sf.

A hot issue being discussed recently concerns supply surpassing demand of high rise residential in Johor Bahru. The state government has taken initiative to hold new projects of high residential in the state of Johor. The many units to be completed in 'one go' has brought up chaos in the Johor residential property market talks.

Currently, buyers are being cautious since the take up rate has slowed down for newly launched properties. However a big player such as UM Land is still confident to launch its township known as Seri Albion in Pasir Gudang. The township will span over 347 acres of land and is planned to be built with residential, commercial and industrial developments.

There are many focusing on affordable housing recently as it has become the national agenda. The state government is aiming to build 42,000 affordable houses by year 2018.

There is also an effort to build low-cost houses with price range of RM80,000 to RM150,000 whereby approximately 1,420 units of low cost houses in Taman Scientex are expected to be completed within the next 2 years. The state government has a new guideline proposal whereby those who bought the affordable houses in the state will not be able to sell their houses within 5 years from date of purchase. However, this is still under discussion.

In addition, there are also efforts by the federal government to provide 1 Malaysia People's Housing (PR1MA) houses and to date there are about 14,000 units have been approved under the scheme. Among those are 2 projects currently undergoing construction and are located in Bandar Layangkasa in Masai, Pasir Gudang and Tebrau. Some 475 unit of landed homes in Bandar Layangkasa are expected to be completed by middle of year 2016 with prices start from RM185,000 whilst another 1,284 units of apartment in Tebrau are targeted for completion by year 2017 (price starts from RM180,000).

### RETAIL

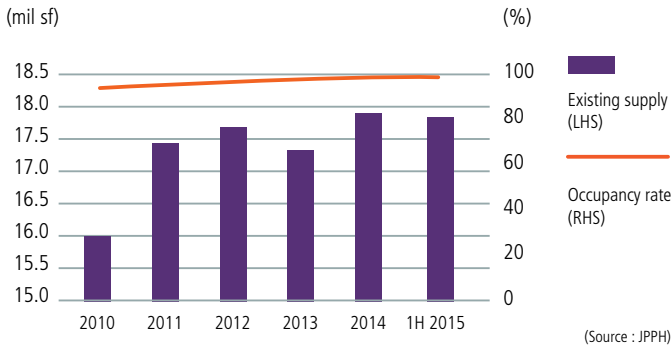
#### KEY FACTS (AS AT 1H 2015)

Supply	17.88 mil sf	↑ 2.5% y-o-y
Occupancy Rate	76.7%	↑ 2.7% y-o-y
Rental	Prime lots : RM30.00-RM40.00psf Secondary lots : RM10.00-RM25.00psf	

(Source: Rahim & Co Research, JPPH)

# Southern Region

## Existing Supply & Occupancy Rate of Retail Spaces in Johor (2010-1H 2015)



Total retail space in Johor as of 1H 2015 stood at 17.88 million sf with an addition of about 437,618 sf from the same period last year. Johor Bahru recorded highest supply contribution of about 11.74 million sf (65.7%) from total retail supply in the state. Average occupancy rate of retail malls in Johor improved a bit from 74.0% in 1H 2014 to 76.7% in 1H 2015. Spaces in Johor Bahru town area also showed slightly higher occupancy rate in 1H 2015 (79.5%) compared to 1H 2014 (76.3%).

Of late, existence of retail space is becoming popular in creating added value to new residential developments or an area with a population who have better purchasing power with lesser quality retail or shops nearby. Some popular malls maintained stable rental such as Sutera Mall, KSL City, JB City Square and AEON Tebrau City Mall. WCT has come up to build Paradigm Mall on the former site of the abandoned Kemayan City Mall with a net lettable area of 1.3 million sf and slated for completion by September 2016. It will be a 6-storey mall with about 600 shops for lease. Some tenants who are expected to come in are SOGO, Golden Screen Cinema (GSC) and Village Grocer. The integrated mall will also feature an ice-skating rink, a 4-star hotel and serviced residences.

Other new malls noted in Johor are Capital 21 @ Capital City to be completed in 2018. Some other retail space in the pipeline is Meridin Walk, a 30 units podium retail within an integrated project known as The Meridin@Medini. IGB Corporation Bhd is currently coming up with its Southkey Megamall with an estimated net lettable area of about 1.5 million sf. The mall is expected to be ready in 2018. There are also new Mydin hypermarkets in Taman Rinting and Taman Pelangi Indah just opened in year 2015.

Currently, prime malls in existence maintained as popular retail space for rental in Johor. Average monthly rental of Sutera Mall in Johor Bahru ranges at about RM15.00psf to RM25.00psf. Prime area command higher rental of about RM 30.00 to RM40.00psf. Another prime retail established in Johor Bahru is KSL City with monthly rental of about RM10.00psf to RM25.00psf.

## SHOP OFFICE / PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	68,904 units	↑ 2.1% y-o-y
Transaction volume	1,942 units	↓ 6.2% y-o-y
Transaction value	RM1,399.26 mil.	↓ 5.1% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop offices in Johor has reached 68,904 units in 1H 2015, an increase of about 2.1% y-o-y. Johor Bahru accounted about 43.1% of total shops in Johor. Transaction of shop offices in Johor showed a decrease of 6.2% from 2,071 units in 1H 2014 to 1,942 units in 1H 2015. However, there was slight increase seen for shop office transaction in Kluang, Muar and Segamat.

New/upcoming shop offices are noticed within integrated developments such as Danga Bay, Molek Avenue in Molek and Horizon Avenue in Nusajaya. For example, Danga Boulevard at Danga Bay will be comprised of 86 units 3, 4 and 5-storey shop offices with selling price starts from RM1.5 million. For 3-storey shop office unit, its lot size will be 24'x 65' (1,560sf) with built up area of 4,510 sf. There will be a total of 53 units for 3-storey shops, 29 units of 4-storey shops and 4 units of 5-storey shops.

Currently, some notable shop office schemes in Johor Bahru are Taman Bukit Indah, Taman Nusa Bestari, Taman Sutera Utama and Danga Utama Commercial Centre. A typical 2, 3 and 4-storey shop office is currently transacted at a range of RM1.5 million to RM2.0 million.

Aside of shop office or retail cum office properties, growing investment in Johor has also encourage the establishment of purpose built offices especially within the Iskandar Malaysia. Overall in the state of Johor, there is a total existing space of about 11.45 million sf, an increase from last year by 1.6%.

Recently, some new integrated developments comprising office components be it office suites style or a purpose built office. Some examples to note are Small Office Versatile Office (SOVO) within The Meridin@Medini by Mah Sing Group Bhd and UMCITY Corporate Office Tower within integrated UM City Medini Lakeside (105 units to be completed by 2018).

**KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)**

Supply	11.45 mil. sf	↑ 1.6% y-o-y
Occupancy Rate	79.6%	↑ 4.0% y-o-y
Rental	RM3.00-RM5.00psf	

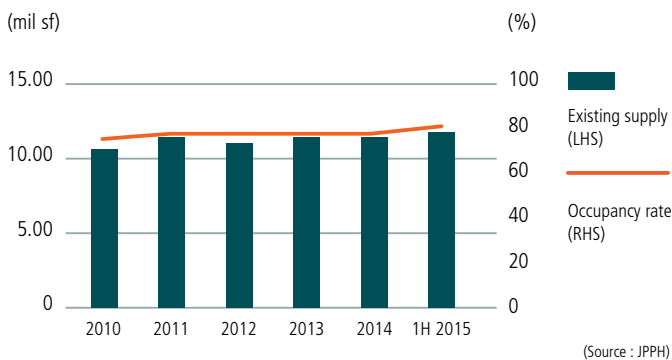
(Source: Rahim & Co Research, JPPH)

Average occupancy of office buildings has improved by about 4.0% to 79.6% in 1H 2015 from 75.6% in a similar period of previous year.

High-rise offices in Johor are mainly concentrated in Johor Bahru, with Johor Baru City Square noted as the hot spot of commercial activities taking place in Johor Bahru city centre. Some notable existing purpose built offices in Johor Bahru are Public Bank Tower, Menara Ansar and office building within an integrated development such as Johor Bahru City Square.

Some upcoming offices are concentrated within Medini@Iskandar and currently under construction. Several examples to note are UMCity Medini Lakeside, D’Pristine and Medini Square. On average rental for offices in Johor Bahru ranges from about RM3.00psf to RM5.00psf.

**Existing Supply & Occupancy Rate of Purpose Built Offices in Johor (2010-1H 2015)**



(Source : JPPH)

**HOTEL**

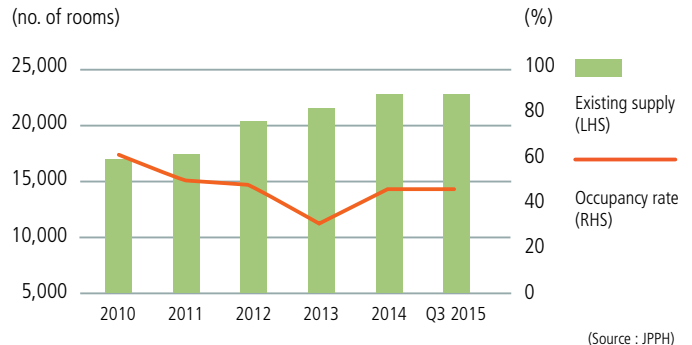
**KEY FACTS (AS AT Q3 2015)**

Supply	22,774 rooms	↑ 4.1% y-o-y
Occupancy rate	70.0%	
Room rate (standard room)	4-star : RM150-RM170 per night 5-star : RM300-RM500 per night	

(Source: Rahim & Co Research, JPPH)

Total number of hotel room’s supply increased from 21,878 rooms in Q3 2014 to 22,774 hotel rooms in Q3 2015.

**Existing Supply & Occupancy Rate of Hotels in Johor (2010-Q3 2015)**



(Source : JPPH)

Some new hotels begin to operate this year such as a 4-star hotel known as Somerset Puteri Harbour in Nusajaya near Hello Kitty amusement park and a budget hotel known as Bello Hotel JB Central in Johor Bahru near Johor Bahru City Square.

Melia Hotels International a well-known brand, is launching its new 450-room Melia Iskandar (5-star) and 350-room Inside Iskandar (4-star) hotel. The hotels will be developed within an integrated project including a shopping mall, office building and convention centre (150,000sqm). Another to note is Ramada Encore which will house the Meridin Hotel.

Another new theme park operator, Six Flags Entertainment Corporation based in the United States is keen to enter Malaysia mentioning Iskandar Malaysia in Johor as one of the potential state to set the new theme park. Six Flags currently has established 18 parks in the US, Mexico and Canada.

**INDUSTRIAL**

**KEY FACTS (AS AT 1H 2015)**

Supply	14,218 units	↑ 1.6% y-o-y
Transaction volume	678 units	↑ 23.7% y-o-y
Transaction value	RM1,294.43 mil.	↑ 14.1% y-o-y

(Source: Rahim & Co Research, JPPH)

In 1H 2015, there is a total of 14,218 industrial units available in Johor. Johor Bahru contributed about 65.2% with highest being terraced factory with more than 5,000 units. Total transaction of industrial increased by 23.7% in 1H 2015 compared to 1H 2014. Some new investments were announced recently in boosting economic activity within the state especially within the Iskandar Malaysia region. For example, manufacturing sector in Johor recorded RM27bil of investments for the first half of 2015 compared to only RM15.7bil in 1H 2014 – a staggering 72% increase. MMC Corp Bhd has in 2015 announced the sale of three parcels of land measuring 188.74 acres in Senai, Johor to AME Group for

## Southern Region

RM370mil to build an industrial park project known as I-Park at Indahpura, Kulaijaya. Prime industrial areas in Johor Bahru are mainly industrial plots such as SILC 2 with selling prices are set at RM120-130psf and I-Park at about RM70-80psf.

Bosch has successfully opened its new office in Johor Bahru provided with a showroom to showcase a range of products provided for its customer base in the region.

Some upcoming developments still under construction are IBP Nusajaya and Frontier Industrial Park-Phase 2 at Desa Cemerlang@ Ulu Tiram. 1st phase of Frontier Industrial Park was successfully completed in 2014 whereby it comprises of 10 units of semi-detached factories. With limited units and its special features of being gated and guarded, it was reported to have sold out after 7 weeks of launching. Built up area offered ranges from 12,278sf to 12,592sf.

For its Phase 2, there will be 86 units of semi-detached and 6 units of detached factories to be provided with a 2-acre Central Park. Its 2-storey semi-detached factory is offered with a minimum lot size of 69'x166' (built up area of 7,008sf) selling from RM2.2 million. The phase 2 of Frontier Industrial Park is expected for completion in July 2018.

In Senai Industrial Park, Logistics Holdings plans to acquire an industrial land of about 11.5 hectares at RM38.8 million. It is intended to be developed with light and medium industrial factories to complement the expanding of new township nearby known as Scientex Innoparc. The Scientex Innoparc is envisioned to be a premier industrial hub including some residential developments. AME Group managing director, Kelvin Lee Chai claimed that as Port of Singapore Authority moves to Tuas nearby Port of Tanjung Pelepas, there will be more demand for logistic and warehousing properties.

Among notable industrial parks to be developed in Johor which are currently in the pipeline are Nusajaya Tech Park, The Scientex Innoparc, Frontier Industrial Park (Phase 2) and several others. UM Land plans to introduce an integrated halal biotech park which is to be HALMAS-certified by Halal Industry Development Corp (HDC). HALMAS is an accreditation given to halal park operators who have successfully met the requirements and guidelines stipulated by HDC.

### OUTLOOK

Recently, a concern was seen for high rise residential in Johor, whereby the state government has taken action to hold approval for development of incoming high-rise residential project. However, new investments into Johor is expected to continue to spur demand on residential properties. Some iconic projects like the D'Pristine and The Astaka are still under construction and expected to be completed in year 2017. Furthermore, there are other mega projects such as Forest City on a 1,400 hectare of reclaimed land which are still going ahead that will create further interest in the market in the years to come.

Looking through the performance in year 2015, overall property market in Johor seems to have slowed down since it was highly dependent on the new investments into Johor to create more job opportunities and hence will stimulate economic growth in Johor especially within Iskandar Malaysia. Nevertheless, some local big players of real estate have set foot in Iskandar Malaysia such as Mah Sing Group Bhd, Sunway Group Bhd and SP Setia Bhd. Therefore, good products in established location such as Johor Bahru area will still be competitive. Some affordable houses are being pushed due to public pressure as the price for residential properties are increasing.

### NOTABLE ANNOUNCEMENTS / ACTIVITIES IN JOHOR

- KTM Intercity has started to operate shuttle train services from Johor Bahru Sentral to Woodlands in Singapore in July 2015. The Shuttle Tebrau service will help reduce congestion at the Johor Causeway.
- Rapid Transit System will be linking Johor Bahru and Singapore is to be completed by 2018 and the High Speed Rail connecting KL and Singapore is targeted to complete by 2020. The location of new station of the Rapid Transit System is not yet confirmed officially.
- Gemas-Johor Baru electrified double tracking project (EDTP) will be awarded to China Railway and it is slated for completion by year 2020.

# EAST COAST REGION

## Pahang, Terengganu, Kelantan

### PAHANG

#### RESIDENTIAL

##### KEY FACTS (AS AT 1H 2015)

Supply	234,460 units	↑ 3.4% y-o-y
Transaction Volume	5,948 units	↑ 12.0% y-o-y
Transaction Value	RM1,264.56 mil.	↑ 18.2% y-o-y

(Source: Rahim & Co Research, JPPH)

In 1H 2015, the total supply of residential properties stands at 234,460 units compared to 226,814 units in 1H 2014.

Pahang has seen an average of 2.17% (CAGR) growth in residential supply from 2011 to 1H 2015.

In 1H 2015, the total number of residential transactions in Pahang was 5,948 units, with 48.7% of transactions took place in Kuantan. 1-storey terraced houses recorded the highest number of transactions in Pahang, accounted for 32.5% of total transactions.

In Temerloh, notable existing housing schemes are Taman Bahagia Makmur, Taman Mentakab, Taman Bahagia Permai and Bandar Temerloh.

Prime 1-storey terraced houses are located along Jalan Bukit Sekilau, Kuantan (RM250,000) and Taman 1 Malaysia, Temerloh (RM240,000). Approximately 4.3% to 8.7% increase in the value of transaction for the prime 1-storey terraced houses was seen.

Existing 1-storey terraced houses in Kuantan are selling between RM180,000 and RM250,000, whereas in Temerloh, it ranges from RM160,000 to RM240,000 in notable schemes such as Taman Bahagia Makmur, Taman Chengal and Taman Rimba Permai.

There are a few upcoming developments in Pahang such as Delima Residences, Imperium Residences, Ion Delemen, Midhills, KotaSas, Taman PSJ-Damansara, Hermosa Residences and Persisiran Residences.

Tanjung Lumpur/Soi/Kempadang area has seen an increase in upcoming projects. Along with Hermosa Residences and KWFC, other new housing schemes include Bandar Putra, Kempadang Bay, The Trends and Persis Ujana. This area also has Yayasan Pahang HQ, Ikip College hostel and houses the relocation of Kuantan Specialist Centre (KPJ). The area which is a seafood haven will have a "Medan Ikan Bakar", currently being constructed under ECER initiative.

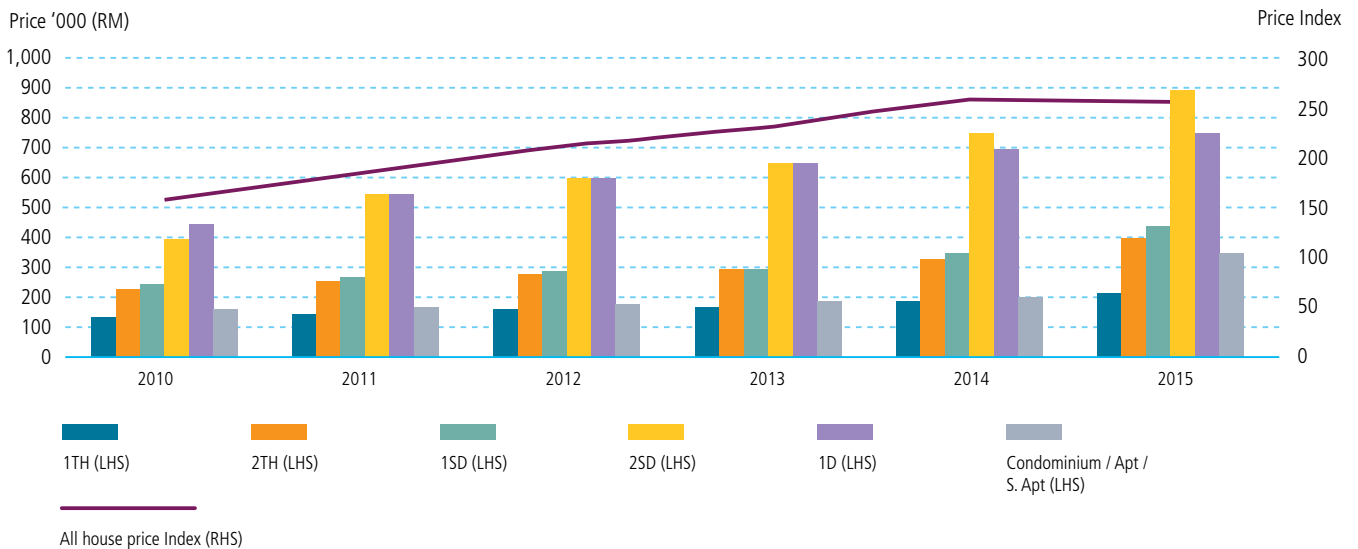
#### Selected Upcoming Residential in Kuantan, Pahang

Development	Location	Type	No of Units	Selling Prices	Completion	Developer
Delima Residences	Kuantan	Serviced Apartment	280 units	RM300 psf and above	2018	Highrise Property Sdn Bhd
Imperium Residences	Kuantan	Serviced Apartment	334 units	RM719.76 – RM769.88 psf	End of 2017	JV between Newston International Group Sdn Bhd & Ideal Heights Development Sdn Bhd
Ion D'Elemen	Genting Highlands	Condominium	673 units	RM1,250 – RM1,450 psf	2018	JV between NCT United Development Sdn Bhd & Galeria Troika Sdb Bhd
Geo 38 Residences	Genting Highlands	Condominium	579 units	RM408,528	July 2019	Pesat Bumi Sdn Bhd
Midhills	Genting Highlands	Condominium	610 units	RM 726.93 psf	2018	LBS Bina Group Berhad
KotaSas	Kuantan	Landed Residential	N/A	RM543,939 and above	2024	KotaSas Sdn Bhd
Taman PSJ-Damansara	Kuantan	Landed Residential	238 units	RM433,550 – RM902,750	2017	PSJ Group
Hermosa Residences	Kuantan	Landed Residential	380 units	RM863,000 – RM1,596,800	2022	Tunas Land Sdn Bhd
Persisiran Residences	Kuantan	Landed Residential	40 units	RM1,168,900 and above	November 2017	THP Pelindung Sdn Bhd

(Source: Rahim & Co Research)

# East Coast Region

## Kuantan Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2: Refer explanatory notes on Glossary page.

(Source : Rahim & Co Research, IHRM)

## RETAIL

### KEY FACTS (AS AT 1H 2015)

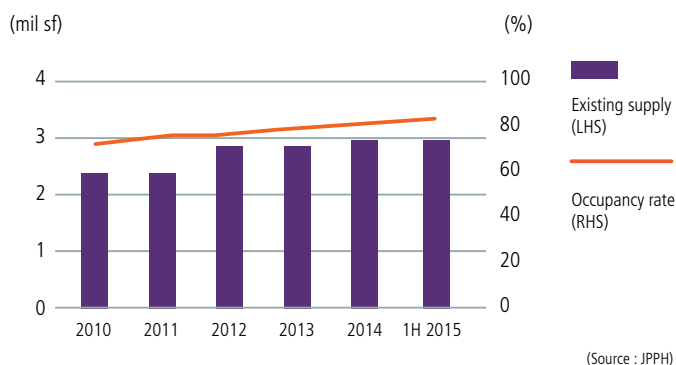
Supply	2.94 mil sf	↑ 5.2% y-o-y
Occupancy Rate	79.6%	↑ 0.4% y-o-y
Rental	RM26.70 psf	↑ 10.3% y-o-y

(Source: Rahim & Co Research, JPPH)

The supply of retail space as of 1H 2015 stands at 2.94 million sf with 29 retail buildings compared to 27 retail buildings at 2.79 million sf in 1H 2014.

Today Kuantan has 13 retail complexes with a total space of 1.92 million sf. A positive change of 3.8% compared to 1.85 million sf (12 retail complexes) in 1H 2014. Whilst in Temerloh, the total retail space remain stagnant at 242,144 sf (5 retail complexes).

### Existing Supply & Occupancy Rate of Retail Spaces in Pahang (2010-1H 2015)



(Source : JPPH)

There are 2 new retail malls in Kuantan adding to the current supply totalling approximately 293,263 sf of retail spaces. One of them is located next to the East Coast Mall along Jalan Tun Ismail 2 which is unofficially known as Family Mall. East Coast Mall refurbishment has also contributed to the injection of additional retail space in Kuantan. It is a transformation of the old East Coast Mall to be more interesting and competitive. In addition, the facilities of the mall will also be upgraded.

The average occupancy rate of shopping malls in Pahang for 1H 2015 has slightly shifted from 79.3% in 1H 2014 to 79.6% in 1H 2015. This shows that the performance of the retail sector in Pahang is slightly better in 1H 2015.

The East Coast Mall recorded the highest rental rate in Kuantan at approximately RM26.70 psf for prime retail lots. Kuantan Parade's rental rate is recorded at RM22.00 psf and in Temerloh, the rental rate of retail malls remained stagnant.

## SHOP OFFICE / PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	17,945 units	↑ 3.9% y-o-y
Transaction volume	538 units	↑ 42.7% y-o-y
Transaction value	RM374.38 mil.	↑ 57.4% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of shop offices in Pahang as of 1H 2015 was recorded at 18,480 units, with 41.2% from Kuantan. In Pahang, 2-2½ storey shop offices contributed the most with 52.3% of the total supply.



The total number of transactions in Pahang for 1H 2015 is 538 units, with 2-2 ½ storey shop offices contributing about 53.7% of the total transactions. 2-2 ½ storey shop offices are also the most transacted in Temerloh, making up 61.0% (47 units) of the total transaction in Temerloh.

#### KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)

Supply	4.27 mil sf	↑ 1.6% y-o-y
Occupancy Rate	87.7%	↑ 0.3% y-o-y
Rental	RM0.40-RM2.30 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

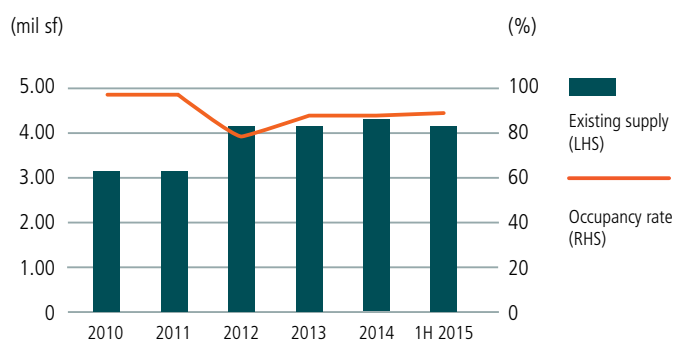
The supply of purpose built office space recorded an increase of 1.4% in NLA from 4.21 million sf (152 buildings) in 1H 2014 to 4.27 million sf (153 buildings) in 1H 2015.

In Pahang, purpose built offices are mostly concentrated in Kuantan with 61 buildings and an accumulative office space of 2.87 million sf. There are 17 buildings located within Temerloh with accumulative office space of 297,353 sf.

The average rental transaction in Pahang for 1H 2015 is generally stable from the previous year ranging from RM0.40 to RM2.30 psf. But the rental market for purpose built office space in the prime area of Kuantan such as Menara Zenith has reportedly increased from RM3.00 to RM6.00 psf. On the other hand, in Temerloh, the rental rates range from RM0.35 to RM2.28 psf.

The entire 13-storey Menara CDO, another modern building, located at Jalan Wong Ah Jang, is presently leased to LHDN.

#### Existing Supply & Occupancy Rate of Purpose Built Offices in Pahang (2010-1H 2015)



(Source: JPPH)

### HOTEL

#### KEY FACTS (AS AT Q3 2015)

Supply	21,444 rooms	↓ 0.5% y-o-y
Occupancy Rate	79.7%	↔ Stable
Room Rate	RM190-RM345	↑ 46.8% y-o-y

(Source: Rahim & Co Research, JPPH)

The hotel sector in Pahang continues to grow with a total of 21,444 rooms in supply from 284 hotels throughout the state. The supply of hotel rooms had decreased by 0.5% from the previous years.

Existing hotels are mainly 3-star hotels with a total of 7,762 rooms. 4-star hotels contributed a total of 3,740 rooms to supply. Besides that, 5-star hotels contributed 1,801 rooms and the remaining rooms are below 3-star hotels.

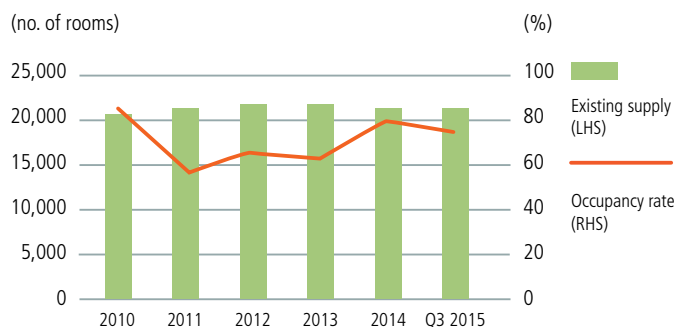
The Zenith Hotel, a 5-star hotel is offering room rates of RM345 per night for deluxe rooms. This rate has increased from RM235 per night in 1H 2014 which is about 46.8% increase.

Hyatt Regency Kuantan Resort (5-star) is temporarily closed for 12 months to undergo extensive renovation and refurbishment on its 300 guestrooms and suites. Another hotel which is currently undergoing major expansion is The Royale Bintang Villa Cherating (5-star beach resort). It was previously a private exclusive villa and is expected to reopen to the public in 2016.

The average occupancy rate for hotel rooms in Pahang for 1H 2015 is stable at 79.7%. 100% occupancy rate could be achieved during peak season for selected areas in Pahang. Overall, the average room rates in Pahang for 1H 2015 has increased by 10.0%, currently ranging from RM190 to RM345 per room night.

There were news saying that the 20th Century Fox World theme park by Genting Malaysia has pushed back its opening to 2017. It was originally scheduled to open in 2016. This most talked about theme park is 25 acres in size and will replace the iconic Genting Outdoor Theme Park which has been closed since 2013.

#### Existing Supply & Occupancy Rate of Hotels in Pahang (2010-Q3 2015)



(Source: JPPH)

### INDUSTRIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	3,422 units	↑ 15.9% y-o-y
Transaction Volume	149 units	↑ 30.7% y-o-y
Transaction Value	RM322.67 mil.	↑ 209.8% y-o-y

(Source: Rahim & Co Research, JPPH)

## East Coast Region

The total supply of industrial units as of 1H 2015 is 3,422 units, recorded 15.9% increase from previous year. Terraced industrial type contributes to the highest supply (2,217 units) followed by detached type (762 units).

In Pahang, approximately 53.3% of industrial properties are located in Kuantan, the economic centre of Pahang.

In 1H 2015, the total number of transactions for industrial properties in Pahang has increased to 149 units from 114 units in 1H 2014. Vacant industrial plots are the most transacted, accounted for 46.6% of total whilst terraced factory/warehouse type contributed about 33.1% of the total transactions.

The total transaction value for industrial in Pahang for 1H 2015 is RM322.67 million, with RM275.92 million transaction in Kuantan and RM19.85 million in Temerloh.

Kuantan Port Consortium Sdn Bhd in collaboration with the Government has embarked on a port expansion project to cater for ships up to 150,000 DWT and to commence operation in early

2017. The expansion of the port shall act as a catalyst for the creation of Malaysia-China Kuantan Industrial Park (MCKIP) in Gebeng.

### OUTLOOK

Overall, the residential property market remains attractive in Pahang. This is shown by the increase in residential property transaction volume of about 12.0% from 1H 2014 to 1H 2015.

In 2016, more upcoming developments are estimated to set in Kuantan following upcoming industrial property that was set up at Gebeng, Kuantan and expected to be completed to within 2 to 3 years.

The 10-year Genting Integrated Tourism Plan (GITP) which includes the 20th Century Fox World theme park, it is expected to enhance Genting Highlands as a major tourist hub. The GITP has spurred growth of new launches in surrounding areas such as Ion D'Elemen by joint-venture between NCT United Development & Galleria Troika, Midhills at Genting by LBS and Windmill Upon Hills by PJD Group.

### NOTABLE ANNOUNCEMENTS / ACTIVITIES IN PAHANG

- Mitrajaya Holdings Bhd has secured a RM52.19mil contract to build the main infrastructure at Pahang Technology Park in Gambang. It is expected to be completed by April 2018.
- IJM Corporation Bhd's jointly-owned company Kuantan Port Consortium (KPC) Sdn Bhd plans to invest RM3 billion to develop a new deep water terminal (NDWT) in Kuantan, Pahang. The NDWT, located adjacent to the existing Kuantan Port and able to cater to bulk carriers and container vessels of up to 150,000 deadweight tonnage (DWT), is expected to commence operations in 2017.
- A new branch of the Tunku Abdul Rahman University College (TAR) will be built within Mahkota Valley (previously Astana) at Indera Mahkota, Kuantan here on a land area of more than 6 hectares at a cost of RM45 million.
- Kuantan Waterfront Project (PKW) along 7.7km Sungai Kuantan from Taman Gelora to Tanah Putih bridge cost of RM50 million by ECER. This development has the potential to attract a broader audience of tourists and commercial investors enhancing the value of property in Kuantan.
- The opening of the first Muslim fashion mall in Malaysia at Kuantan known as Gio Mall (previously Kamdar) on 25th December 2015.
- BASF PETRONAS Chemicals has built a new plant on its existing site that is located in Kuantan. The new plant will produced 50,000 tonnes of highly reactive polyisobutene (HR-PIB) and is expected to start the production in Q4 2017.
- According to hearsay, the Government has approved a new double-track rail line project linking Mentakab to Kuantan. The cost is estimated to be around RM5 billion or more. The rail line project is expected to accelerate the growth of Kuantan Port.

# TERENGGANU

## RESIDENTIAL

### KEY FACTS (AS AT 1H 2015)

Supply	90,013 units	↑ 5.9% y-o-y
Transaction Volume	7,161 units	↑ 4.0% y-o-y
Transaction Value	RM961.18 mil.	↑ 14.3% y-o-y

(Source: Rahim & Co Research, JPPH)

The total existing supply of residential properties in 1H 2015 is 90,013 units, an increase of approximately 5.9% from 1H 2014. Supply in Kuala Terengganu makes up about 48.7% of the total state supply, followed by Kemaman (18.0%) and Dungun (12.8%). From 2011 to 1H 2015 residential supply has grown by 17% on average.

There were about 7,161 residential units transacted in 1H 2015. Kuala Terengganu contributed to the highest number of transactions with 1,985 units followed by District of Marang (1,327 units).

Generally, prices of residential properties saw a stable upward trend. In terms of value, as of 1H 2015, the total value of transactions has increased by 14.3% (RM 961.18 million). In Kemaman, 1-storey terraced in flood-free areas recorded price increase of 13.9% to 17.6%, commanded a higher price between RM70,000 to RM110,000 per unit in 1H 2015.

Detached plots were the most sought after property type in Terengganu. In Kuala Terengganu, the average price of detached plots ranged from RM8.70 psf to RM23.40 psf. It has increased by 4.3% to 16.5% compared to 1H 2014.

There is a plan for PR1MA housing scheme in Terengganu which located at Batu Rakit. However, the project detail has yet to be revealed.

## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	1.24 million sf	↑ 7.9% y-o-y
Occupancy Rate	71.6%	↓ 4.9% y-o-y
Rental	RM0.14 to RM27.87 psf	Stagnant y-o-y

(Source: Rahim & Co Research, JPPH)

In 1H 2015, there are 36 retail complexes in Terengganu with total space of 1.24 million sf. Kuala Terengganu has 5 shopping centres (365,919 sf), 7 arcade (88,318 sf) and 3 hypermarket (315,167 sf).

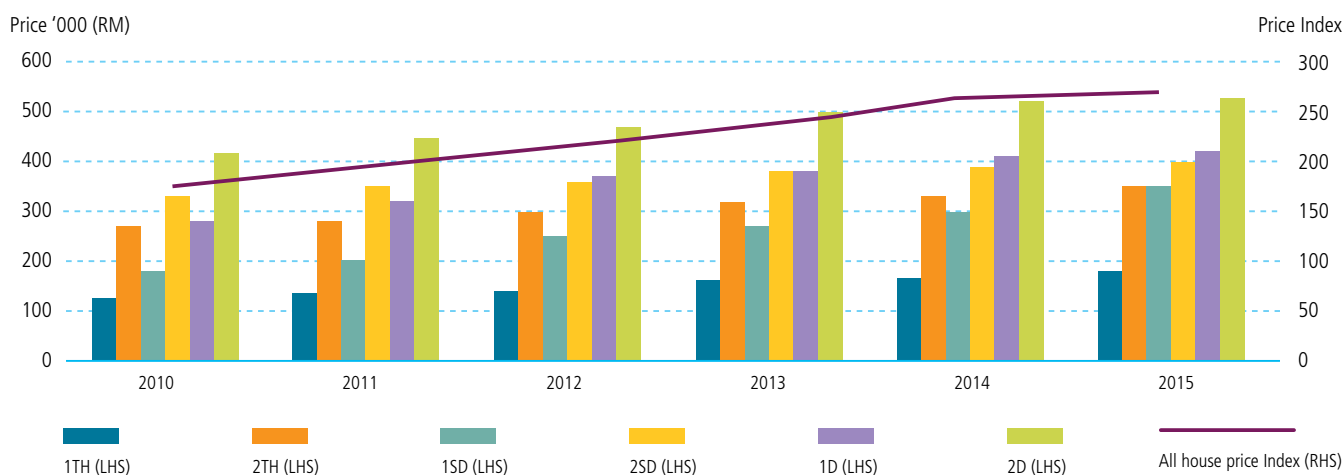
There are 3 shopping centres in Kemaman with total space of 225,407 sf, 4 arcade (60,246 sf) and one hypermarket (45,908 sf).

Changes in supply caused somewhat a decrease in occupancy rate to 71.6% in 1H 2015, 4.9% lower than 1H 2014.

The rental rate for retail space in Terengganu remained stagnant from 2014 to 1H 2015.

Kuala Terengganu has 3 upcoming retail complexes with total space of 468,865 sf, Setiu has 1 upcoming retail complex with total space 9,688 sf and Besut also has 1 upcoming retail complex with total space of 93,000 sf.

## Kuala Terengganu Residential Property Price Trend & House Price Index (2010 - 2015) #2

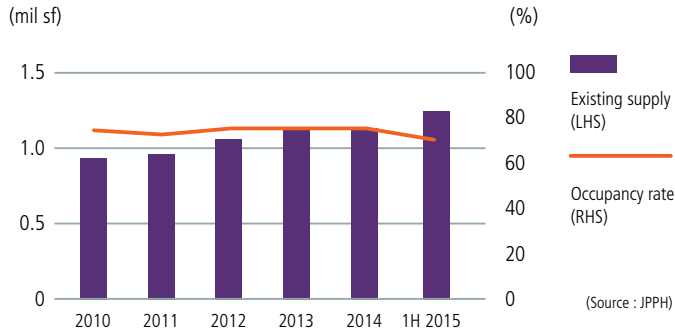


Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

# East Coast Region

## Existing Supply & Occupancy Rate of Retail Spaces in Terengganu (2010-1H 2015)



The new Paya Bunga Square in Kuala Terengganu, which was opened in December 2014 is expected to spur more business activity in the centre of the Kuala Terengganu District.

### SHOP OFFICE / PURPOSE BUILT OFFICE

#### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	5,645 units	↑ 2.8% y-o-y
Transaction Volume	163 units	↓ 20.7% y-o-y
Transaction Value	RM133.99 mil	↑ 58.4% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of shop offices in Terengganu has accumulated to 6,209 units, with 40% from Kuala Terengganu. In Terengganu, 2-2½ storey shop offices contribute the most, accounting for 48.9% of the total supply.

There were 163 shop office transactions in 1H 2015, where 33.1% of them were in District of Kemaman. 2-2½ storey shop offices are the most transacted in Terengganu in 1H 2015 registered about 54%.

A new 4-storey shop office currently under construction in the District of Dungun, developed by Perbadanan Memajukan Iktisad Negeri Terengganu (PMINT), is reportedly selling at RM446,925 with built-up area ranging from 5,077 sf to 5,797 sf. The development progress is reported at 87%.

UDA Holdings Berhad (UDA Holdings) has recently launched its commercial development in Kemaman known as Coast Kemaman. The project will have 101 units of 3 and 4-storey shop offices worth RM66.0 million. The selling price ranges from RM440,000 to RM1,400,000. The development is expected to be completed in November 2017.

#### KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)

Supply	3.63 mil sf	↑ 2.2% y-o-y
Occupancy Rate	96.2%	↓ 2.3% y-o-y
Rental	RM0.70-RM2.30 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

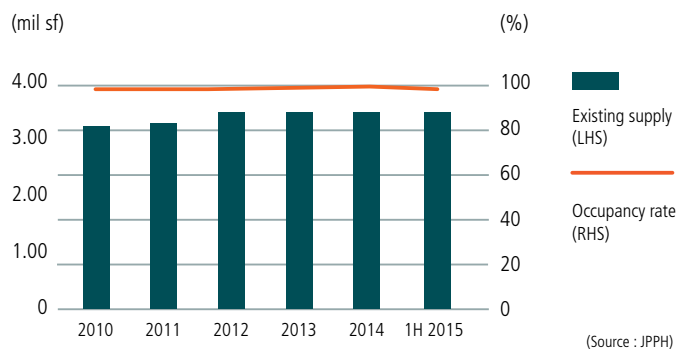
As of 1H 2015, there were 118 purpose built offices in Terengganu, with a total space of 3.63 million sf. Purpose built offices are mainly concentrated in Kuala Terengganu and Kemaman. Kuala Terengganu alone has 52 purpose built offices with a total space of 2.79 million sf. Meanwhile, supply for purpose built offices in Kemaman remains unchanged at 231,715 sf.

Overall, the average occupancy rate for purpose built offices has decreased marginally to 96.2% from 98.5% in the previous year. Currently the average occupancy rate of purpose built office in Kuala Terengganu and Kemaman are stable at 96% and 92% respectively.

The rental rates for purpose built offices in Kuala Terengganu remain stagnant, ranging from RM0.70 to RM2.30 psf.

A new upcoming purpose built office in Kuala Terengganu known as Paya Bunga Square, will inject approximately 79,264 sf of office space and is expected to be completed this year.

#### Existing Supply & Occupancy Rate of Purpose Built Offices in Terengganu (2010-1H 2015)



(Source: JPPH)

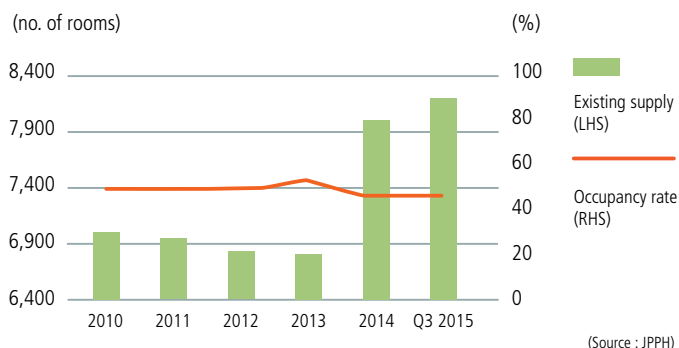
### HOTELS

#### KEY FACTS (AS AT Q3 2015)

Supply	8,241 rooms	↑ 10.9% y-o-y
Occupancy Rate	55% to 60%	↑ 10% y-o-y
Room Rate	RM450-RM630 per night	↔ Stable

(Source: Rahim & Co Research, JPPH)

## Existing Supply & Occupancy Rate of Hotels in Terengganu (2010-Q3 2015)



There are 169 registered hotels in Terengganu with a total of 8,241 rooms. There are four 5-star hotels and six 4-star hotels.

Tanjong Jara Resort, a 5-star resort that offers 99 spacious rooms, is still seen as one of the best hotels in the country. Its Bumbung room starts from RM630 per night. Duyong Marina Resort, also a 5-star resort, charges from RM450 per night.

Prinzpark Terengganu Hotel, a 4-star hotel is priced at RM390 per room per night, while TH Hotel & Convention Centre Terengganu at RM250 per room per night. Generally, the average occupancy rate of hotels in Terengganu is between 55%-60% throughout the year and has seen steady improvement over the past year.

Hotels in Kuala Terengganu are able to achieve almost 100% occupancy during peak season fuelled by demand from seasonal tourists. Some hoteliers accounts this to the currency exchange situation which brings back local tourists to patronise local tourist destinations.

An upcoming hotel located within the Paya Bunga Square development is expected to begin operations in 2016. The hotel offers 199 rooms, seminar halls that will accommodate approximately 400 people, restaurants and swimming pool.

A new upmarket resort will open its doors in Terengganu by mid-2017. The Movenpick Spa Resort project is being undertaken by Bina Puri Holdings Bhd and is worth RM128.5 million. It is located at Cendering, Kuala Terengganu. There are 207 guest rooms including suites, villas, apartments and stand-alone pavilion condominiums.

## INDUSTRIAL

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	824 units	↑ 9.4% y-o-y
Transaction volume	34 units	↑ 30.8% y-o-y
Transaction value	RM44.03mil	↑ 125.2% y-o-y

(Source: Rahim & Co Research, JPPH)

There are a total 824 units of existing industrial properties in Terengganu. Terraced factories dominate the existing stock in 1H 2015 with 370 units whilst semi-detached factories stand at 250 units.

In Kuala Terengganu, the selling price for a 1½ storey terraced factory with a built-up area of 3,046 sf is RM510,000 per unit. For Kemaman, the selling prices for similar type range from RM200,000 to RM365,000 per unit.

There is a new industrial plant in Teluk Kalong, Kemaman. The RM325 million project undertaken by MIDA and the state government was invested by Tosoh Corporation. This company will be the first producer of High Silica Zeolite in Malaysia located in Kemaman, Terengganu.

Kertih Biopolymer Park has launched the world's first integrated bi-methionine and thiochemicals plant. The integrated facility will be the first in the world to use fermentation process in producing bi-methionine, an amino acid commonly used in the manufacturing of animal feed, and will be built on a 70-hectare site.

Under the Terengganu New Transformation Programme (TTB), Kampung Seberang Pak Abu, Seberang Takir will be developed into an industrial fishing village in 2016. The development is worth RM170 million and is expected to create at least 500 new jobs.

## OUTLOOK

In 2016, supply of residential properties are expected to increase to meet the demand for housing industry in the selected areas in the state.

The hotel sector in Terengganu will continue to capitalise on the state's natural gifts such as Tasik Kenyir and Redang Island. The hotel sector is expected to continue growing upon the opening of a duty-free island in Tasik Kenyir in 2016.

The industrial sector in Terengganu generally shows an active market. The positive change in supply of industrial units in the state are to fulfil the demand required by industrial players. It is shown by the expansion plan of Kemaman Supply Base, at Teluk Kalong, Kemaman. It seems that the expansion will boost the industrial sector in Terengganu as well as increasing job opportunities.

# East Coast Region

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN TERENGGANU

- Federal Government through ECERDC had previously approved a RM1.1bil budget allocation for the implementation of 41 high-impact projects and programmes in the state. It is part of the effort to transform ECER into a developed region by 2020. Of the 41 high-impact projects, there are only 5 projects left to be completed and undergoing construction.
- Eastern Pacific Industrial Corp (EPIC), is planning a RM2 billion expansion for the Kemaman Supply Base (KSB) in the state.
- Uniza (University Sultan Zainal Abidin) has recently launched its hospital worth RM600 million. The hospital will have 400 beds and slated for completion in 2017.
- Over 40% of the duty-free area at Tasik Kenyir, Hulu Terengganu has been completed and expected to operate in year 2016.

## KELANTAN

### RESIDENTIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	62,322 units	↑ 2.3% y-o-y
Transaction Volume	2,176 units	↑ 0.6% y-o-y
Transaction Value	RM255.29 mil.	↓ 4.1% y-o-y

(Source: Rahim & Co Research, JPPH)

Kelantan registered an average growth of 2.7% per annum in residential property supply from 1H 2011 to 1H 2015. As of 1H 2015, the total existing residential property supply in Kelantan has reached 62,322 units, showing a positive change of 2.3% compared to 1H 2014.

1-storey terraced houses are the highest contributor of residential property supply in Kelantan, totalling 18,526 units in 1H 2015, followed by 9,641 units of low cost house.

The number of transactions for residential properties in Kelantan increased about 0.6% in 1H 2015. The average selling price for 1-storey terraced houses in Kelantan is RM165,000, approximately a 6.5% increase from 1H 2014.

Generally, new landed residential developments in Kelantan only comprised of limited units – the most significant development is Tijani@Raja Dewa in Kota Bharu town.

The serviced apartment and condominium market in Kota Bharu have been rather active over the past few years. Prices of serviced apartment and condominium in Kota Bharu are now reaching RM600 psf on average where it is no longer uncommon for the market to talk about RM600 to RM650 psf (for smaller units).

Bandar Baru Tunjong, a new integrated urban development where there will be residential, business and retail outlets, government departments and more is located approximately 5km from the town centre of Kota Bharu. The serviced apartments that have been launched in that area including Prima Lagenda and Al Waqf Garden where prices put by developers are between RM500 to RM600 psf. Although much have been said about Bandar Baru Tunjong, it has been the town centre developments that have strongly pushed its presence in the past year with Troika Residences and Tijani Raja Dewa spearheading the headlines.

Tijani Raja Dewa, an established brand of Tijani which was brought by its developer Symphony Life Bhd, has also marking its prominence in Kota Bharu. Located at an exclusive address at Raja Dewa, it features a private world of lush linear garden and luxurious semi-detached, superlink terrace and low-rise apartments.

Troika Residences, a joint venture development between Malvest Group (a Penang based developer) and Yayasan Kelantan Darul Naim (a Kelantan state's statutory body) is developing the tallest building in Kelantan at 36 storeys. Located on Jalan Sultan Ibrahim, the development possesses very close proximity to KB Mall and therefore the take-up rate for the project is quite remarkable as it has sold over 50% after 4 months of launch.

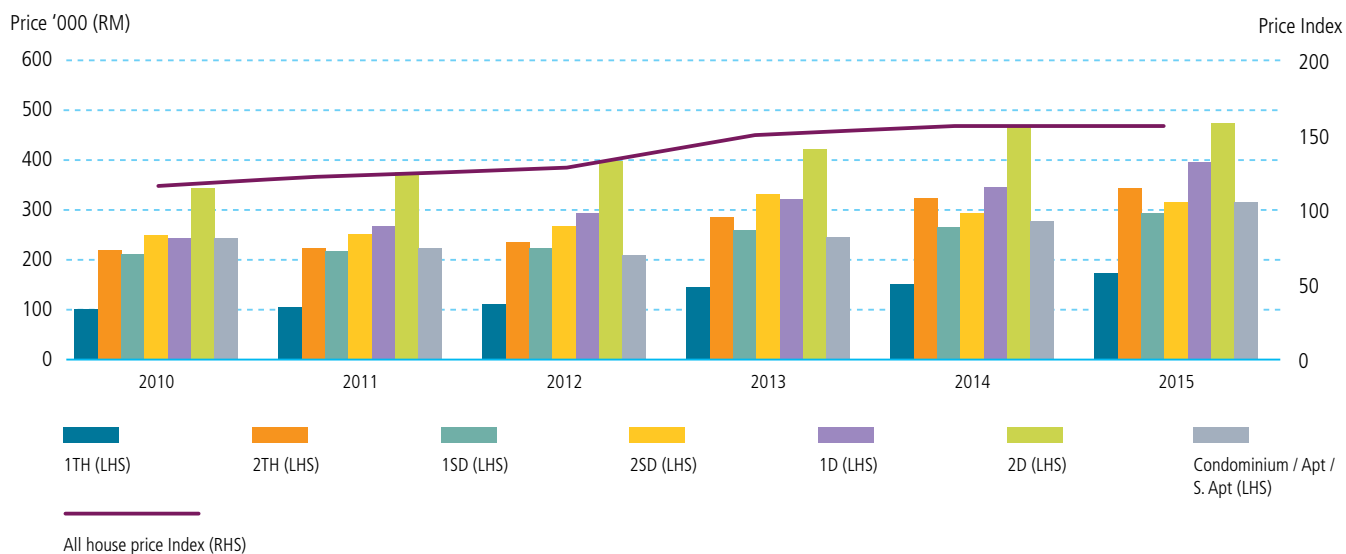
#### Selected Upcoming Residential Properties in Kota Bharu

Development	Location	No of Units	Selling Prices	Developer
Tijani @ Raja Dewa	Kota Bharu	3- storey semi-detached: 16 3-storey superlink terraced: 41	From RM2.046 mil. From RM1.262 mil.	Symphony Life Bhd

(Source : Rahim & Co Research)



## Kota Bharu Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

With these newer developments, prices of condominiums and serviced apartments which had linger in the range of RM230 to RM400 psf has now jumped to reach beyond RM600 and RM650 psf. Earlier developments such as Kota Sri Mutiara, Pelangi Mall Condominium, KB Sentral Service Apartment, Anjung Vista Condominium and Viana Court are now seeing a new grade of condominiums and serviced apartments like Tijani@Raja

Dewa, Troika Residences and the upcoming Sentosa Puri Tower in Kubang Kerian.

There is a new plan for PR1MA housing schemes in Kelantan, which is located in Kok Lanas, Pasir Puteh Kelantan. However, the project is yet to be finalised.

### Table of Existing High-Rise Residential in Kelantan

Development	Location	Type	No of Units	Selling Prices	Developer
Kota Sri Mutiara	Jln Sultan Yahya Petra, Kota Bharu	Condominium	N/A	RM237 psf	Kota Sri Mutiara
Pelangi Mall Condominium	Jln Post Office, Kota Bharu	Condominium	N/A	RM226-RM411 psf	Finconsult (M) Sdn Bhd
KB Sentral Serviced Apartment	Jln Hamzah, Kota Bharu	Serviced Apartment	200 units	RM362 psf	Sara-Timur Sdn Bhd
Anjung Vista Condominium	Jln Raja Perempuan Zainab 1, Bandar Kubang Kerian	Condominium	251 units	RM340-RM560 psf	Gazzriz Sdn Bhd
Kota Bharu City Point	Section 11, Bandar Kota Bharu	Serviced Apartment	178 units	RM521-RM599 psf	Sensa Timur Sdn Bhd

(Source : Rahim & Co Research)

### Table of Upcoming High-Rise Residential in Kelantan

Development	Location	Type	No of Units	Selling Prices	Completion	Developer
Prima Lagenda	Bandar Baru Tunjong	Condominium	Open for sale : 155 units	RM500- RM538 psf	2018	JV between Perbadanan Menteri Besar Kelantan, Tunjong Development & Sara-Timur Urban Development Sdn Bhd
Al Waqf Garden	Bandar Baru Tunjong	Serviced Apartment	206 units	RM599- RM627 psf	2017	Maarij Development Sdn Bhd
University Garden Kubang Kerian	Kubang Kerian	Condominium	25 units	RM374- RM452 psf	2016	AUEI Teras Holdings Sdn Bhd
Tijani Raja Dewa	Raja Dewa, Kota Bahru	Condominium	150 units	RM507- RM691 psf	2018	Symphony Life Bhd
Troika Residences	Jalan Sultan Ibrahim	Condominium	338 units	RM570- RM650 psf	2019	Kelmedic Sdn Bhd (JV between Malvest Group and Yayasan Kelantan Darul Naim)

(Source : Rahim & Co Research)

# East Coast Region

## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	2.42 million sf	↑ 0.9% y-o-y
Occupancy Rate	89.3%	↓ 0.2% y-o-y
Rental	RM0.80-RM15.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

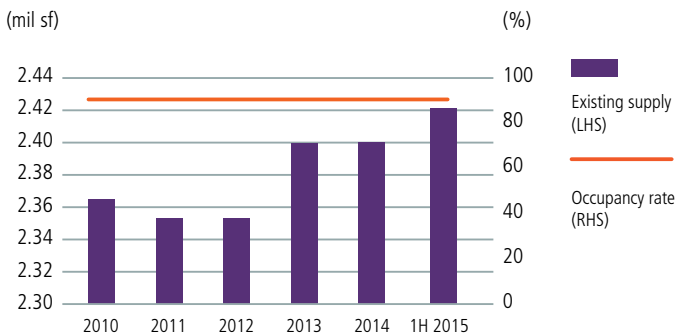
The total retail space in Kelantan has increased by 0.9% from 1H 2014. As of 1H 2015, the total supply of retail space is 2.42 million sf. Majority of the complexes are located in Kota Bharu (16 buildings) whilst the remaining are located in Pasir Mas (3 buildings), Tanah Merah and Pasir Putih (2 buildings) and Bachok (1 building).

The performance of shopping malls in Kelantan was stable at 89.3% although has slightly inched down by 0.2% from the previous year (89.5%). Nevertheless, the rental rate remains stable, ranging from RM0.80 to RM15.00 psf.

In Kelantan, the latest additional retail malls are Kota Bharu City Point and G-Orange mall. The performance of these buildings are yet to be determined and measured as the tenants are still moving in. Accumulatively, the malls have injected an additional 535,000 sf of retail space as of 1H 2015.

There are four upcoming retail complexes in Kota Bharu i.e Che Siti Village Mall, Lagenda Galleria, Al Waqf Mall and the soon-to-be-completed Aeon Mall. The upcoming supply is expected to be completed by 2016 except for Al Waqf Mall in 2017.

### Existing Supply & Occupancy Rate of Retail Spaces in Kelantan (2010-1H 2015)



(Source : JPPH)

### Upcoming Retail Malls in Kota Bharu

Development	Location	NLA (sf)	Completion
Che Siti Village Mall	Bandar Baru Tunjong	490,000	2016
Lagenda Galleria	Bandar Baru Tunjong	200,000	2016
Al Waqf Mall	Bandar Baru Tunjong	490,000	2017
AEON Mall	Lembah Sireh	700,000	2016

(Source : Rahim & Co Research)

## SHOP OFFICE / PURPOSE BUILT OFFICE

### KEY FACTS > PURPOSE BUILT OFFICES (AS AT 1H 2015)

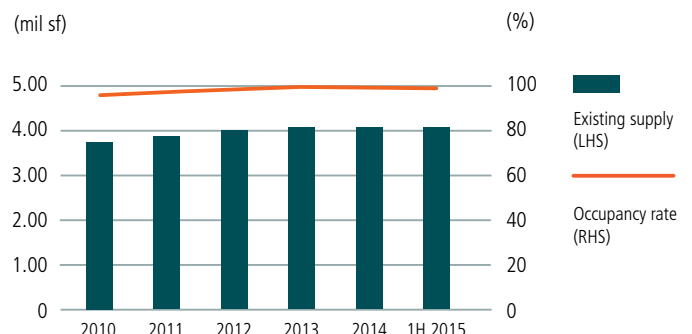
Supply	4.09 mil. sf	↔ Stable
Occupancy Rate	97.3%	↔ Stable
Rental	RM0.80-RM2.70 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

The existing stock for purpose built offices in Kelantan is totalling approximately 4.09 million sf with an average occupancy rate of 97.3% (1H 2015). Most of the purpose built offices are located within the Kota Bharu area.

Rental for purpose built offices remains stable. Within Kota Bahru, the rental for Bangunan KWSP, Jalan Padang Garong remained at RM2.18 psf for ground floor area. The rental for Kelantan Trade Centre (KTC), Jalan Bayam recorded a rental rate ranging from RM2.00 to RM2.50 psf for ground floor area. As of 1H 2015 there is no upcoming projects for purpose built offices in Kelantan.

### Existing Supply & Occupancy Rate of Purpose Built Offices in Kelantan (2010-1H 2015)



(Source : JPPH)

### KEY FACTS > SHOP OFFICES (AS AT 1H 2015)

Supply	8,673 units	↑ 1.5% y-o-y
Transaction Volume	137 units	↑ 39.8% y-o-y
Transaction Value	RM80.96 mil.	↑ 61.4% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of shop offices in Kelantan has slightly grew by 1.5% in 1H 2015, recorded at approximately 8,673 units compared to 8,549 units in 1H 2014.

As of 1H 2015, the total number of transactions for shop office in Kelantan is 137 units. It has increased by 39.8% from 98 units in 1H 2014.

Rental rates of the shop office are generally stable. The highest rental rate was recorded at the prime town centre area which ranges from RM5,000 to RM6,000 per unit particularly at Jalan Pintu Pong, Kota Bharu. Rental rates for shop offices in Pekan Jeli, on the other hand, ranges from RM500 to RM700 per unit.

In 1H 2015, there are 2,861 incoming shop office units in Kelantan. 3-3½ storey shop offices and 2-2½ storey shop offices contribute almost 43.5% and 43.2% of incoming supply respectively. The upcoming developments for shop offices in Kelantan are mainly of small scale developments.

## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	4,056 rooms	↑ 0.3% y-o-y
Occupancy Rate	70%	↔ Stable
Room Rate	RM180 – RM340 per night	↑ 3.0% y-o-y

(Source: Rahim & Co Research, JPPH)

As of 1H 2015, there are 83 hotels with 4,056 rooms in Kelantan, whereby 36.3% of the total room supply falls under 3 to 5-star rated hotel category.

The Renaissance Kota Bharu Hotel and The Perdana Hotel are the only two 5-star hotels in Kota Bharu town. The Renaissance recorded 65% to 70% occupancy rate with room rate for a deluxe room at RM340. Perdana Hotel offers room rate at RM300 for a premier double room. The occupancy rate is above 70%.

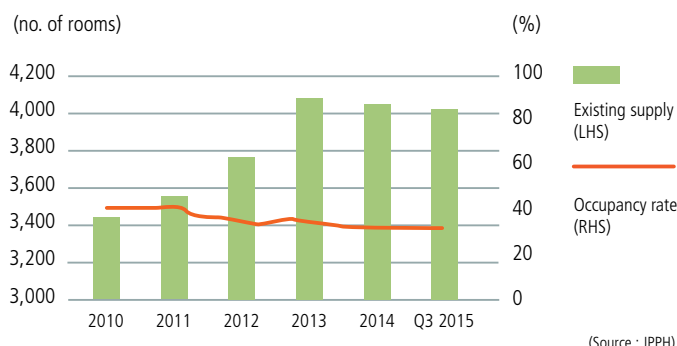
There is a new 5-star hotel proposed on Jalan Telipot known as Damai Hotel & Suites. The 30-storey hotel building is estimated to cost about RM300 million and expected to be completed in 2018.

### Upcoming Hotel in Kota Bharu

Hotel	No. of Floor	Completion Date	Star
Damai Hotel & Suites	30	2018	5 Star

(Source : Rahim & Co Research)

## Existing Supply & Occupancy Rate of Hotels in Kelantan (2010-Q3 2015)



(Source : JPPH)

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	478 units	↑ 0.2% y-o-y
Transaction volume	11 units	↓ 64.5% y-o-y
Transaction value	RM12.47 mil.	↓ 33.3% y-o-y

(Source: Rahim & Co Research, JPPH)

The total supply of industrial units in Kelantan in 1H 2015 was about 478 units, about 68.2% is located within Kota Bharu. Industrial properties in Kelantan are mainly of terraced type which contributes to approximately 38.5% of the total supply.

The total number of transactions for industrial units in Kelantan has significantly dropped about 64.5% from 31 units in 2014 to 11 units in the 1H 2015.

In Kuala Krai, there is a new upcoming industry known as Eco-Industrial Park by SEAL Ventures Sdn Bhd. The group is developing about 60 light industrial buildings on a 6-acre site. The project is estimated to generate a gross sales value of RM25 million. The Eco-Industrial Park is designed and targeting for the birds nest cultivation business and other industrial uses.

The state government of Kelantan, has appointed Xia Baowen (the Chinese presiding chairman of China-ASEAN International Logistic Committee) and Huang Hanliang (chairman of Malaysia-China Chamber of Commerce) as their economic development counsellors for that state. It is expected that more Chinese investments could come to the state and perhaps rejuvenate the state's industrial sector.

## OUTLOOK

Kelantan saw rapid growth for high-rise residential in the recent years shown by the increasing demand for condominium and serviced apartment particularly in Kota Bharu. Many developers have been targeting the many Kelantanese who work outside Kelantan as the main buyers on top of the local buyers who have traditionally limited choices in good grade investment properties.

## East Coast Region

The retail sector is relatively active compared to shop office, purpose built-office, hotel and industrial sector. Additional 1.88 million sf of retail space will be injected into the market by year 2016 and 2017. Observing that there more retail complexes to be developed, it will change the spending pattern of the locals and expected to

boost the retail market. Aeon Mall in Lembah Sireh that is expected to open soon has re-injected new interest and confidence in the KB Waterfront area. To some, Aeon's presence is a mark of the maturing spending pattern of the locals.

### NOTABLE ANNOUNCEMENTS / TRANSACTIONS IN KELANTAN

- The state government has identified 24 hectares of land in Enggang (Kuala Krai) and 8.4 hectares in Telekong (Kuala Krai) for the construction of permanent houses for the flood victims who do not have their own land.
- Approximately RM101 million has been allocated by the federal government to the state government for repairing the infrastructure damaged by floods in the previous year.
- Mitra Food Industries Sdn Bhd, signed an MOU with China's Zhuolun (Nanning Guangxi) Co. Ltd. to export its coffee products worth RM3 million to China.
- Kelantan received an investment of RM200 million from Tok Bali Supply Base (TBSB) Sdn Bhd that operates a supply base in Tok Bali.
- Highway Kota Bharu - Kuala Krai has entered phase 1B and 2A. Phase 1B from Pasir Hor to Kadok along 7 kilometres has reached 31% completion and Phase 2B from Kadok to Keteroh is about 4% completed.
- East Coast Rail Line was damaged during flood in 2014. About RM300 million is allocated for the repairing of the rail lines which will take about 2 years.

# EAST MALAYSIA REGION

## Sarawak, Sabah

### SARAWAK

#### RESIDENTIAL

##### KEY FACTS (AS AT 1H 2015)

Supply	220,659 units	↑ 3.0% y-o-y
Transaction volume	5,519 units	↑ 2.7% y-o-y
Transaction value	RM1,267.32million	↑ 10.8% y-o-y

(Source: Rahim & Co Research, JPPH)

The supply of residential properties as of 1H 2015 stands at 220,659 units compared to 214,291 units in 1H 2014 (2H 2014: 217,165). Kuching accounts for approximately 42% of total supply in Sarawak at 92,608 units in 1H 2015.

Residential property transaction volumes saw a growth of 2.7% on a y-o-y basis with 5,519 units in 1H 2015. Kuching contributed towards 42% of the transactions with 2,323 units in 1H 2015.

In terms of pricing, an intermediate 1-storey terraced house located at Tabuan Jaya commands a selling price between RM350,000 and RM400,000 whilst an intermediate 2-storey terraced house located at Tabuan Heights has a selling price between RM450,000 and RM615,000.

For a 1-storey semi-detached house located in Tabuan Jaya, the selling price hovers between RM420,000 and RM650,000. Whilst 2-storey semi-detached house located at Tabuan Heights has a selling price between RM800,000 and RM1.25 million.

On the non-landed segment, a condominium located at De' Jewels are priced between RM700,000 and RM1.13 million. Several other developments have also seen a price tag beyond the RM1 million mark.

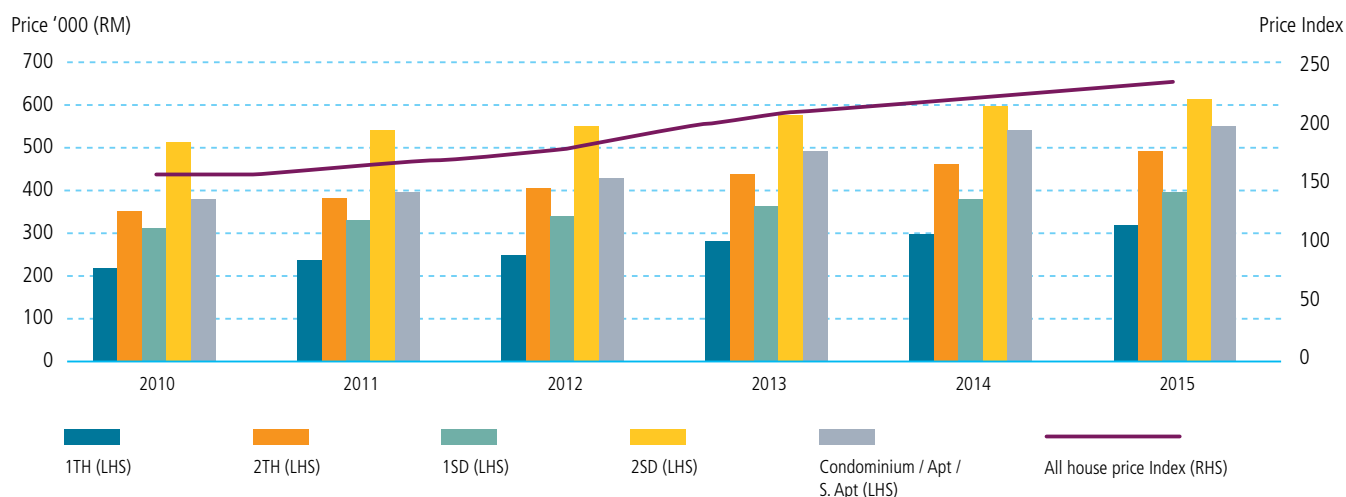
#### Prices of Residential Properties in Selected Schemes

Location	Type	Price Range (RM)
Tabuan, BDC, Stutong, Hui Sing areas	1-storey terraced	350,000-400,000
	2-storey terraced	450,000-615,000
	1-storey semi-detached	420,000-650,000
	2-storey semi-detached	800,000-1,250,000
Matang - Batu Kawa areas	1-storey terraced	230,000-250,000
	2-storey terraced	350,000-400,000
	1-storey semi-detached	300,000-380,000
Kuching-Serian Road areas	1-storey terraced	235,000-270,000
	2-storey terraced	350,000-400,000
	1-storey semi-detached	300,000-350,000
	2-storey semi-detached	450,000-550,000
D'Infinia Residence	Condominium/Apartment Built-up: 1,600-1,700	600,000-730,000
Kuching Riverine Resort	Condominium/Apartment Built-up: 1,100-2,900	450,000-1,288,000
The Republic	Condominium/Apartment Built-up: 1,400-3,800	850,000-1,500,000
De'Summit	Condominium/Apartment Built-up: 1,700-1,800	500,000-780,000
The Tropics	Condominium/Apartment Built-up: 1,500-1,700	500,000-735,000

(Source : Rahim & Co Research)

Sentoria Group Bhd, a theme park operator-cum-property developer has remained optimistic with its Borneo Samariang Resort City (BSRC) development in Kuching. The project, on a 500-acre site, is expected to yield a GDV of RM2 billion. It will feature a water theme park, safari park, a hotel with conference and exhibition facilities, and various types of affordable housing and commercial properties.

#### Kuching Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

# East Malaysia Region

## RETAIL

### KEY FACTS (AS AT 1H 2015)

Supply	7.33 mil sf	↑ 11.1% y-o-y
Occupancy Rate	80.4%	↑ 9.2% y-o-y
Rental	RM1.50-RM23.60 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

The cumulative supply of retail sector stands at 7.33 million sf with 56 retail buildings as of 1H 2015 in Sarawak.

The average occupancy rate for the retail sector is reported to be 80.4% in 1H 2015 and is expected to face some pressure in the coming years with new supply entering the market.

Kuching accounted for 61% of the total supply in Sarawak at 4.48 million sf made up of 33 retail buildings.

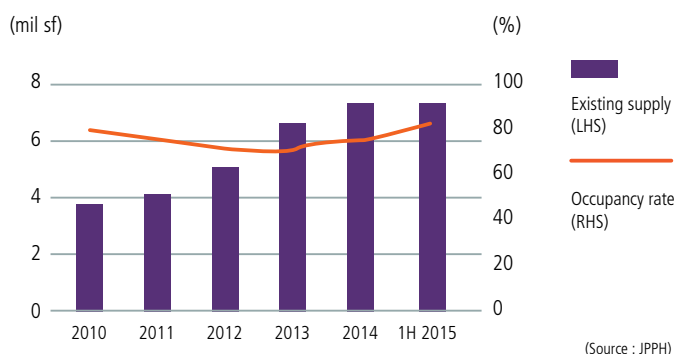
The rental rates for retail malls in Kuching have been stable in previous years. In 2015, rental rates have maintained at 2014 levels. There are no significant sales of retail spaces in 2015 with values holding between RM1,100 psf to RM1,900 psf.

Viva City Mega Mall, the latest addition of retail malls in Kuching reported to have an opening occupancy rate of more than 90%. This mall opened to the public on the 12th of December 2015. The anchor tenants are Parkson, Everise and TGV Cinemas. Spanning over 1 million sf of net lettable area, the Mega Mall will feature more than 300 brands and has 3,000 parking bays.

The hypermarket segment on the other hand has stimulated additional hypermarket frontiers such as Giant, Mydin and Aeon to enter the market.

Giant Petra Jaya has a total built up area of 221,000 sf. The main anchor tenant occupies approximately 30% of retail space made up of 71,000 sf including a warehouse, staff areas and offices. The project has a GDV of RM128 million and was opened (soft opening) in December 2015.

### Existing Supply & Occupancy Rate of Retail Spaces in Sarawak (2010-1H 2015)



Mydin Isthmus will occupy a prime site of 6.69-acres adjacent to Jalan Keruing. The 300,000 sf development will comprise of a 63,000 sf hypermarket, 69,000 sf mall space, 4,000 sf promotional area and 14,000 sf food court. The project has a GDV of RM77 million and is slated for completion in 2016.

Mydin Samariang will be developing a 1-storey, 116,000 sf hypermarket on a 8.1-acre site adjacent to Jalan Sultan Tengah. It will comprise of a 43,500 sf hypermarket, 16,300 sf mall space and 6,500 sf food court. The project has a GDV of RM53 million and is slated for completion in 2016.

Mydin Supermall Vista Tunku will have a net lettable area of 466,000 sf and 1,500 parking lots including 780 in basement parking. It is also slated for completion in 2016.

Aeon has made its foray in the hypermarket scene of Kuching. Slated for completion in 2017, the mall will be built on a 20-acre site, which has to date been cleared and piling works has begun.

## SHOP OFFICE/ PURPOSE BUILT OFFICE

### KEY FACTS > SHOP OFFICE (AS AT 1H 2015)

Supply	25,244 units	↑ 2.5% y-o-y
Transaction volume	1,030 units	↑ 29.1% y-o-y
Transaction Value	RM441.01 mil.	↑ 34.1% y-o-y

(Source: Rahim & Co Research, JPPH)

Total supply of shop offices in Sarawak has slightly increased by 2.5% from 24,625 units in 1H 2014 to 25,244 units in 1H 2015. The supply market of commercial property is dominated by 3-3 ½ storey shop offices at 12,278 units, almost 50% of total supply in Sarawak.

Kuching, the commercial centre of Sarawak has the highest supply of shop offices and it has recorded 2.0% growth from 10,279 units in 1H 2014 to 10,488 units in 1H 2015.

As of 1H 2015, transaction volume of shop office in Kuching has increased by 19.6%, registering 408 transactions compared to 341 transactions in 1H 2014. On the other hand, transaction value showed an increment of 33.7%, totalling RM206.08 million transaction value.



## Prices of Shop Offices in Selected Centres

Location	Type	Price Range (RM)
3-storey shophouse	Premier 101	1,250,000-2,200,000
	Tabuan Heights Junction / Tabuan Jaya	1,350,000-1,800,000
	Brighton Square / Song Plaza	1,300,000-1,800,000
	Kuching City Mall	900,000-1,200,000
4-storey shophouse	Jalan Satok / Kulas / Hj Taha	1,600,000-2,730,000
	Jalan Padungan / Tunku Abdul Rahman	1,500,000-2,420,000
	Jalan Petanak	1,000,000-1,800,000
	3rd Exchange	1,300,000-1,850,000

(Source : Rahim & Co Research)

## KEY FACTS > PURPOSE BUILT OFFICE (AS AT 1H 2015)

Supply	6.99 mil sf	↑ 8.1% y-o-y
Occupancy Rate	94.2%	↑ 0.2% y-o-y
Rental	RM1.00-RM4.30 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

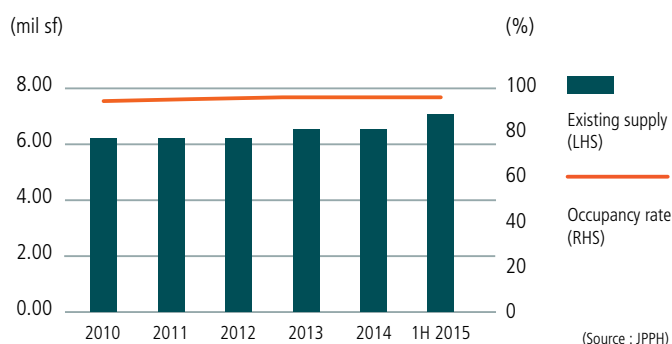
The supply of purpose built office space stands at 6.99 million sf with 95 office buildings as of 1H 2015. The average occupancy rate is reported to be 94.2% and is expected to remain stable in the coming years to allow for a more saturated market.

Kuching accounted for 67% of the total supply at 4.68 million sf in 1H 2015.

Price levels of office sector in 2015 remained stable in terms of rental rates and sale value. There are no significant transactions noted in 2015.

Notable upcoming office buildings within mixed developments include the Gateway Towers, Isthmus Commercial Showrooms, Kuching Paragon, iCom Square, Baitul Makmur @ Bukit Siol and Tabung Haji Complex.

## Existing Supply & Occupancy Rate of Purpose Built Offices in Sarawak (2010-1H 2015)



The Tabung Haji Complex will be spanning across 6.16 acres of land. There are three new offices to be developed for Tabung Haji Kuching, Tabung Haji Plantation and Tabung Haji Travel ranging between 3,000 sf and 17,300 sf. The project is slated for completion in 2017.

Land Custody and Development Authority (LCDA) and Yoshikawa Corporation and Development Sdn Bhd are building iCom Square on 15 acres of land located in Jalan Pending, strategically between the old business district and the new commercial growth area. The new development is divided into five main blocks with 438 units to cater to the office and commercial shop market and is to be completed in multiple phases.

Another project is the 18-storey Baitul Makmur 2 located in Bukit Siol, Petra Jaya. The building will provide 521,000 sf of net lettable area.

## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	16,898 rooms	↑ 1.1% y-o-y
Occupancy rate	55.2%	↑ 15% y-o-y
Room rate	5-star :RM280-RM520	↔ Stable

(Source: Rahim & Co Research, JPPH)

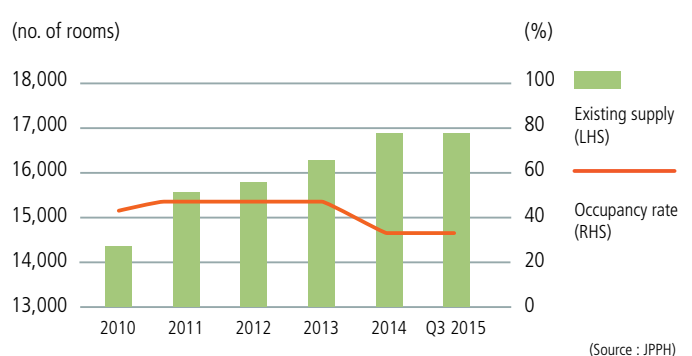
The hotel sector continues to grow steadily in Sarawak. There are 16,898 rooms from 339 hotel buildings throughout the state.

Kuching accounted for approximately 55% of hotel rooms made up of 9,241 rooms from 78 hotel buildings.

There was no new transactions in the hospitality sector in 2015. In 2014, Merdeka Palace Hotel & Suites was acquired by Felda Investment Corporation Sdn Bhd for a total of RM153 million.

On average room rates, 5-star hotels such as Kuching Hilton is priced at RM315 per room per night, Riverside Majestic (RM200 per room per night) and Pullman (RM292 per room per night); while 4-star hotels such as Grand Magherita is marked at RM200

## Existing Supply & Occupancy Rate of Hotels in Sarawak (2010-Q3 2015)



# East Malaysia Region

per room per night and Four-Point by Sheraton at RM190 per room per night. Rate for 3-star hotels such as Harbour View is priced RM150 per room per night.

Notable hotel developments in the pipeline or currently under-construction are the Promenade Hotel, Roxy Hotel, UCSI Hotel, Majestic Hotel, Waterfront Hotel and TH Hotel.

The Promenade Hotel, a 3-star hotel will be constructed near the current Sarawak Urban Transformation Centre (UTC). The 22-storey hotel is slated for completion in 2018. Works have already commenced on the site. UCSI Hotel, a 5-star hotel located on the banks of The Isthmus confluence, will have green features and to be certified with the Green Building Index (GBI). The 2.5-acre site will have a 15-storey hotel with 168 rooms.

Sarawak Economic Development Corporation (SEDC) is constructing another hotel, the Majestic Hotel, a 5-star hotel, located between Riverside Majestic and the Hilton Kuching. The RM60 million hotel will have 263 rooms within the 18-storey building.

The Waterfront Hotel is a brand new 5 star boutique hotel located in the heart of the Legacy Square historic district of Kuching. Situated above the Plaza Merdeka shopping center, the hotel will have 208 rooms upon completion with a net lettable area of 169,000 sf. The hotel will also provide a ballroom that can accommodate 500 people and a 12,000 sf gymnasium. The hotel had its soft opening in December 2015 with 136 rooms available for booking.

Tabung Haji's TH Hotel, a 3-star hotel located across Kuching International Airport, is a 9-storey hotel proposed to accommodate 182 rooms. There will be a convention hall with a capacity of 1,000 pax. The development is slated for completion in 2016. Construction works have already begun on the site.

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	4,968 units	↑ 8.0% y-o-y
Transaction volume	318 units	↑ 22.3% y-o-y
Transaction value	RM190.20 mil.	↑ 7.6% y-o-y

(Source: Rahim & Co Research, JPPH)

There are 4 main agencies developing industrial zones and estates throughout Sarawak i.e. the Ministry of Industrial Development (MID), Sarawak Economic Development Corporation (SEDC), Sarawak Timber Industry Development Corporation (STIDC) and the Bintulu Development Authority (BDA).

The cumulative supply of the industrial sector recorded a total of 4,968 industrial buildings as of 1H 2015. Kuching contributed to 38% of the total supply at 1,895 industrial buildings. The main industrial estates in Kuching are the Pending/Bintawa Industrial Estate, Demak Laut Industrial Estate and the Samajaya Free Industrial Zone.

Industrial transaction volumes grew 22.3% y-o-y with 318 units registered in the 1H 2015.

Kuching had approximately 35% of the total transactions at 110 units in 1H 2015.

There are no major industrial developments in Kuching. Most of the industrial developments take the form of 2-storey semi-detached industrial buildings and are developed on a piecemeal basis.

2-storey semi-detached units are selling between RM600,000 to RM1.2 million per unit. Detached industrial buildings are sold from RM2 million, depending on land sizes and built-up areas. Notable industrial parks yet to be completed are within the Sama Jaya Free Industrial Zone (SJFIZ).

The expansion of 70.8 hectare Sama Jaya Free Industrial Zone (SJFIZ) is close to completion and set to become a major attraction for multinational industrial players to invest in Sarawak.

### Prices of Industrial in Selected Schemes

Location	Type	Price Range (RM)
Pending Industrial Estate	2-storey semi-detached industrial	500,000-980,000
Demak Laut Industrial Estate	2-storey semi-detached industrial	530,000-800,000
Batu Kitang Road	2-storey semi-detached industrial	750,000-1,200,000

(Source : Rahim & Co Research)

## OUTLOOK

In general, the market will experience a phase of consolidation with the population adopting a "wait and see" attitude, resulting from the rise in costs of living, subsequent to the introduction of GST in April 2015. The pessimistic view of the population may lead to the fall in property prices, which are at an 'all-time-high.'

The tightening of credit lending by financial institutions will also contribute to slow market movement, with supply outstripping the demand. Already the market is experiencing a low take up rates of the developed units, be it in residential, commercial or industrial sub-sectors. Coupled with the current economic slowdown, the property market is set to consolidate in 2016.

## NOTABLE ANNOUNCEMENTS / ACTIVITIES IN SARAWAK

- San Chin BBC JV Sdn Bhd plans to develop a 13-hectare site known as Gala City strategically located in Stampin fronting Jalan Tun Jugah. The project will comprise of a hotel, shop lots, commercial complex, offices, apartments, a school and condominiums. The development will have a GDV of approximately RM1 billion and is slated for completion within the next five to seven years.
- Another project, City Square is being built by Timber Land Group on 8.1 ha land located between iCom Square and The Isthmus. The project will be developed in multiple stages, starting with shops, serviced apartments and commercial space in 2015. This will be followed by a second phase of shop houses and a hotel, the third phase include a shopping mall and serviced apartment called Sphere Complex slated for completion in 2017.
- Kuching Paragon, a 13.4ha integrated commercial and residential development located in the matured enclave of Batu Lintang will comprise of retail spaces, condominiums, office towers, a hotel and serviced apartments. The development is owned by Naim Holdings Bhd and is slated for completion in 2018.
- A local player, Chong Kia Hoi Realty Sdn Bhd, has recently launched as part of their on going 183 acre project, the Metrocity Square. The RM250million site will be made up of SoHo apartments, strata-titled retail shops, commercial shop offices, a multi-storey car park and a corporate office tower.
- Sarawak's Pan Borneo Highway spans approximately 1,090km from Telok Melano in the south towards Miri in the north. Altogether, the entire project will reportedly span a total distance of 2,239km. The RM16billion Sarawak's Pan Borneo Highway is reported to be toll-free.
- The Tun Salahuddin Bridge is reported to become toll-free in 2016. The 339m bridge which connects the north and south of Kuching city had a cost of RM136 million and has been collecting tolls since October 2003 charging between RM1.60 and RM3.30 depending on the vehicle class.

## SABAH

### RESIDENTIAL

#### KEY FACTS (AS AT 1H 2015)

Supply	162,689 units	↑ 2.0% y-o-y
Transaction volume	2,557 units	↑ 2.3% y-o-y
Transaction value	RM831.98mil.	↑ 5.0% y-o-y

(Source: Rahim & Co Research, JPPH)

The supply of residential properties in Sabah as of 1H2015 stands at 162,689 units as compared to 159,512 units in 1H 2014.

Kota Kinabalu makes up about 34% of total supply in Sabah at 55,795 units in 1H 2015.

Residential transaction volumes saw a relatively benign growth of 2.3% y-o-y with 2,557 units registered in 1H 2015 (1H2014: 2,500).

Kota Kinabalu contributed to 37% of the total transactions at 944 units in 1H 2015.

A 1-storey terraced house located at Taman Sri Kepayan has seen a price increase of 6% from RM320,000 in 2014 to RM340,000

in 2015 whilst a 2-storey terraced house located at Golden Hill Garden increased by 5% from RM620,000 in 2014 to RM650,000.

For a 1-storey semi-detached house located at Austral Park and a 2-storey semi-detached house located at Taman Seri Manis saw an increase of 6% and 12% to current prices of RM850,000 and RM1,100,000 respectively.

1-storey detached houses in Austral Park and 2-storey detached houses in Kingfisher Park phase II rose 17% and 2%, at selling prices of RM1.45 million and RM2.5 million in 1H 2015 respectively.

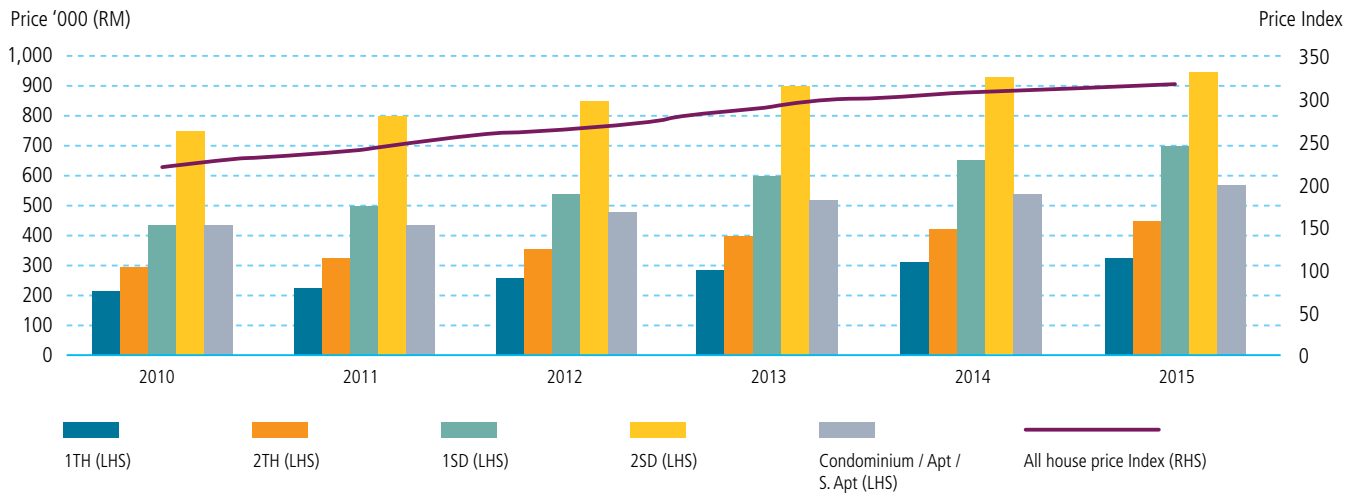
Non-landed segments saw a relatively benign growth between 3% to 6%. In 1H 2015, a condominium located at The Peak is priced well above RM550,000 with a growth of 6% compared to 2014.

Future developments include Tower 3 of The Residences serviced apartment at Sutera Avenue, Pacific Heights and Tijani Signal Hill.

Following the encouraging response from the first launch of its serviced apartment, Mah Sing Group Berhad continues to build Tower 3 of The Residences serviced apartment within Sutera Avenue mixed development. The 11-storey building will be comprised of 100 unit of serviced apartments with sizes ranging from 726 sf to 1,220 sf. The selling price starts from RM605,000.

# East Malaysia Region

## Kota Kinabalu Residential Property Price Trend & House Price Index (2010 - 2015) #2



Note #2 : Refer explanatory notes on Glossary page

(Source : Rahim & Co Research, IHRM)

Pacific Heights, an integrated development located in PacificCity is slated for completion in 2016. The development has a built up of 1,060 sf and 3,450 sf with 2 to 4 bedrooms. The selling price starts at RM698 psf and includes a 2 year complementary membership to the PacificCity club.

Symphony Life Bhd is set to showcase its maiden project in East Malaysia, Tijani Signal Hill located along Jalan Istana, Kota Kinabalu. The 10.33-acre project will have 500 units of luxury condominiums and 50 units of 3-storey landed villas. The project's GDV is estimated at RM358million and will start construction in 2016.

### RETAIL

#### KEY FACTS (AS AT 1H 2015)

Supply	7.05 mil sf	↑ 22.9% y-o-y
Average Occupancy Rate	81.20%	↓ 8.9% y-o-y
Rental	RM2.00-RM25.00 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

The cumulative supply for retail properties was recorded at 7.05 million sf with 42 retail buildings as of 1H 2015. Retail supply grew by 22.9% compared to 5.74 million sf in 1H 2014.

Kota Kinabalu makes up about 77% of total supply in Sabah at 5.40 million sf in 1H 2015.

Newly completed retail malls include The Imago Mall at KK Times Square and Riverson Walk.

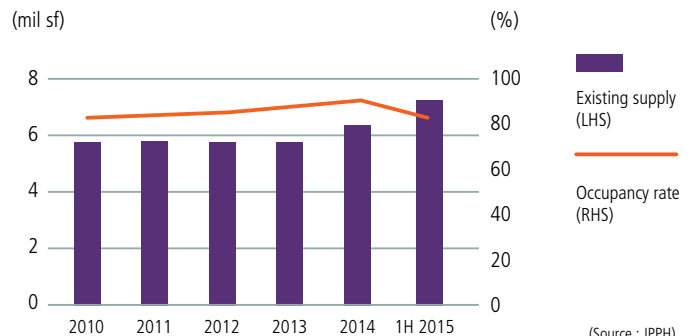
The Imago Mall at KK Times Square claims to be one of the largest shopping malls in Kota Kinabalu. It was recently opened its door in 2015. The 800,000 sf non strata, fully leased shopping mall offers more than 300 retail outlets and 2,500 parking lots.

Riverson Walk consists of 247 retail outlets on a 3 storey retail development with sizes ranging between 100 sf to 937 sf. The development has a net lettable area of 114,000 sf.

Notable upcoming retail developments include the Grand Merdeka Mall and Pacific Parade. Grand Merdeka Development Sdn Bhd's project, the Grand Merdeka Mall will be comprised of 840 retail lots within the proposed 240,000 sf of net lettable area. The development is slated for completion in 2016.

Pacific Parade, a revival project by Pacific Sanctuary Holdings Sdn Bhd, will be completed by 2016. The retail space with a net lettable area of 450,000 sf has two separate and distinct retail concepts, the strata bazaar and a fully retained lifestyle mall. The strata bazaar has a selling price of RM500 psf to RM650 psf and is reportedly having more than 85% of its space committed already while the lifestyle mall has secured anchor tenants such as TGV Cinemas and Everise hypermarket.

#### Existing Supply & Occupancy Rate of Retail Spaces in Sabah (2010-1H 2015)



(Source : JPPH)

## PURPOSE BUILT OFFICE

### KEY FACTS (AS AT 1H 2015)

Supply	7.23 mil sf	↓ 0.3% y-o-y
Average Occupancy Rate	90.3%	↑ 1.8% y-o-y
Rental	RM1.00-RM3.50 psf	↔ Stable

(Source: Rahim & Co Research, JPPH)

As of 1H 2015, the total office supply stands at NLA of 7.23 million sf from 93 purpose-built offices. Kota Kinabalu makes up 85% of the total supply with 6.16 million sf of net lettable area from 63 office buildings.

The overall average occupancy rate for the office sector remains healthy at 90.3% in 1H 2015.

Notable new purpose built offices that were completed in 2015 include Menara Hap Seng and Riverson Suites & Soho.

Menara Hap Seng, the first truly Grade A office tower in Sabah has set a new standard for the office market in Kota Kinabalu. The 14-storey building has a net lettable area of 435,055 sf renting to big names such as Shell and Mercedes.

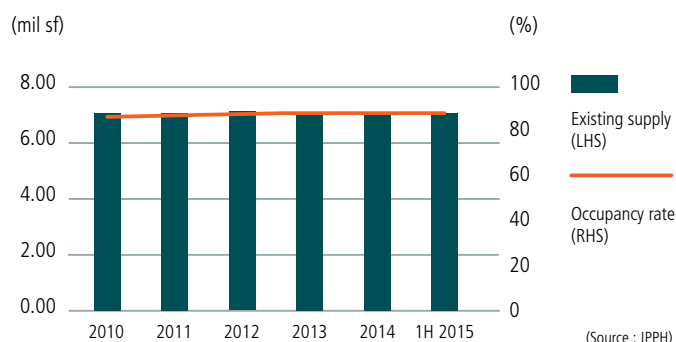
A development by Riverson Corporation includes 6-storey office suites (with mezzanine floor of Riverson Suites) and a 7-storey tower (made of Riverson Soho's) was recently completed with individual lot's built up area of 530 sf and 1,755 sf and customizable corporate suites of 1,000 sf to 20,000 sf.

Other notable purpose built office developments in the pipeline are Sabah State Administrative Complex, The Aeropod @ Tanjung Aru, Sutera Avenue and Pacific Enterprise.

A Sabah State Government project, the Sabah State Administrative Complex, is slated for completion by 2016 and is currently 80% constructed. Located at Likas Bay, the project is dubbed to be the tallest structure in Sabah.

Another two office buildings, The Aeropod and Sutera Avenue are more than 80% completed and expected for completion in 2016.

### Existing Supply & Occupancy Rate of Purpose Built Offices in Sabah (2010-1H 2015)



Pacific Enterprise is another office development located within the integrated development of PacifiCity. The office space ranges from 650 sf to 9,000 sf with a selling price that starts at RM728 psf. The development is expected to be completed in 2016.

## HOTEL

### KEY FACTS (AS AT Q3 2015)

Supply	17,009 rooms	↑ 2.7% y-o-y
Occupancy rate	60% -70%	↑ 13% y-o-y
Room rate	RM300-RM900 per night	↔ Stable

(Source: Rahim & Co Research, JPPH)

The hotel sector continues to grow in Sabah. There are 17,009 of rooms from 297 hotel buildings throughout the state.

Early this year, Sabah Oriental Hotel, a 4-star hotel comprised of 200 rooms has entered into a sale and purchase agreement between Karamusing Hotel Sdn Bhd and Bonus Streams Sdn Bhd for a total consideration of RM50million.

Other notable prime hotel developments in the pipeline are Jen Hotel, New World Hotel and The Citadines Waterfront Serviced Residence.

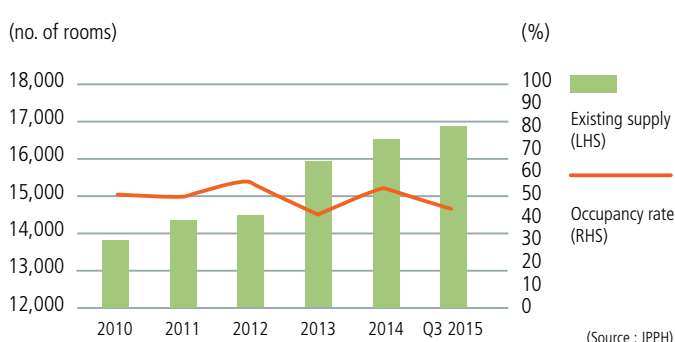
Shangri-La International will board its first 4-star Jen Hotel in Kota Kinabalu. Jen hotel will include twin iconic towers strategically located in PacifiCity's lifestyle mall that is slated for completion in 2018.

New World Hotel & Resort, the umbrella of Rosewood Hotel Group was proposed by Homesign Network to operate its hotel. The 5-star New World Hotel is scheduled to open in 2018.

The Ascott will also embark on its serviced residence known as The Citadines Waterfront. The proposed 1, 2 and 3 bedroom apartment layouts will have built up between 376 sf to 1,076 sf. The project has a GDV of RM97 million and is slated for completion in 2018.

Among notable hotels slated for completion early 2016 include Mercure Kota Kinabalu and Hilton Kota Kinabalu.

### Existing Supply & Occupancy Rate of Hotels in Sabah (2010-Q3 2015)



# East Malaysia Region

## INDUSTRIAL

### KEY FACTS (AS AT 1H 2015)

Supply	5,452 units	↑ 25.6% y-o-y
Transaction volume	120 units	↓ 31.8% y-o-y
Transaction value	RM131.69 million	↓ 31.8% y-o-y

(Source: Rahim & Co Research, JPPH)

The cumulative supply for the industrial sector was recorded at 5,452 industrial buildings as of 1H 2015.

Kota Kinabalu accounted for 33% of the total supply with 1,823 industrial buildings. Industrial transaction volumes dropped by 31.8% y-o-y with 120 units registered in 1H 2015.

Transactions in Kota Kinabalu comprised 37% of the total transactions at 44 units in 1H 2015. Notable newly launched industrial factories are Golden Hill Industrial Park and Delta Riverside Light Industrial Park.

Golden Hill Industrial Park located in Inanam will be offering 62 units warehouse with a built up of 2,400 sf to 8,000 sf. The development selling price starts at RM1.45million and is slated for completion in 2017.

Delta Group has launched its proposed Delta Riverside Light Industrial Park, a light industrial park in the city. The 48 units detached factory has a built up of 4,185 sf to 8,240 sf. The development is slated for completion in 2018.

## OUTLOOK

The residential market has seen to garner a healthy demand with steady growth of prices. Prices have grown healthily over the past few years with an increase between 3% and 17%. West Malaysia's developers has recognised Kota Kinabalu as one of the hot spots in Malaysia and has been noticed in several launches throughout Kota Kinabalu.

Kota Kinabalu retail scene has seen a rapid growth. There were a number of retail projects that have been completed in 2015 and more upcoming in the pipeline.

The purpose built office has seen a Grade A and new concept such as office suite being completed throughout the year. These have shown concern in the rental performance as the new establishment have set a standard for the purpose built office sector.

Hotel sector continues to spur in Kota Kinabalu. International operators such as Shangri-La International, New World Hotel & Resort and the Ascott have strengthen their positions within the hotel segment in Kota Kinabalu.

Overall, the property scene in Kota Kinabalu continues to grow with vibrant and prominent property players in the market.



## NOTABLE ANNOUNCEMENTS / TRANSACTIONS IN SABAH

- KKCC, an integrated development is located in the heart of Kota Kinabalu city along the waterfront. The mixed development will include hotels, convention centres, retails, offices and residential properties.
- ITCC Penampang, a mixed-development by Sabanilam Enterprise Sdn Bhd will consist of a science and technology centre, ITCC suites, a shopping mall and a banquet hall. The development has a proposed net lettable area of 1.68 million sf and is expected to be completed in 2016.
- Jesselton Quay, a joint venture development between SBC Corporation and Suria Capital Holdings are going to develop serviced suites, retails and signature offices on 16.25 acres land. The development has a GDV of RM1.8 billion.
- Gabungan AQRS Bhd and Suria Capital Holdings Bhd will develop a mixed development that consists of retails and corporate office. There will be two proposed retails known as One Jesselton Mall and Suria with a net lettable area of 473,795 sf and 74,892 sf respectively. The corporate office on the other hand will be called Suria Corporate Office with a net lettable area of 74,487 sf. The development has a GDV of RM1.8billion.
- SP Setia's maiden project in Kota Kinabalu, the Aeropod@Tanjung Aru will have a mixed development featuring a prime office space, a shopping mall, high-end retail outlets, international class hotels, serviced apartments, SOVO, luxury residential towers and a modern railway station – as previously announced. The 60-acre integrated development is expected to be fully completed in 2022 with a GDV of RM1.8billion.
- PacifiCity is a 25-acre integrated retail, commercial and residential development in Likas Bay that will be ready in multiple phases. The whole development is slated for completion in 2020.
- Another notable project from Mah Sing Group is the Sutera Avenue. It is strategically located along the coastal highway featuring integrated shop offices, retail, serviced apartments and boutique hotels. Sutera Avenue is targeted to be completed by early 2016.
- Riverson, a RM590 million integrated development as a joint-venture between Riverson Corporation Sdn Bhd, Sabah government's investment arm, Warisan Harta Sabah Sdn Bhd and Sahamurni Sdn Bhd is comprised of retail outlets, commercial and residential components. Part of development is already completed in 2015 (Gleneagles Hospital & office tower).
- In medical tourism, the opening of Gleneagles Kota Kinabalu (GKK) Hospital is poised to be the referral centre in East Malaysia for international patients from Indonesia, Brunei, Korea and Japan who seek high-quality medical care. The wellness centre has a capacity of up to 250 beds, 6 operating theaters and a large operating complex.
- Sabah's Pan Borneo Highway spans approximately 706km from Sindumin in the south towards Tawau on the north of Sabah. Altogether, the entire project will reportedly span a total distance of 2,239km that includes a dual carriageway with 4 lanes and 4 bridges. The RM12.8billion Sabah Pan Borneo Highway project is reported to be toll-free.

# THE YEAR AHEAD

Last year (2015), the Malaysian economy was impacted by the Ringgit's depreciation to a 17-year low against the USD, a sharp drop in global crude oil price and some political shake ups, coupled with general slowdown in the major regional economies such as China, Malaysia's largest trading partner.

Investors, businessmen, developers and the rakyat alike are concerned with "Where is the Malaysian economy and property sector heading in the year 2016?".

Amidst these concerns, there are still some good news for the country. Our global ranking in business competition and ease of doing business has improved as reported in Global Competitiveness Report 2015-2016 and the report of Doing Business 2016 respectively. The big three global credit rating agencies i.e. Fitch Ratings, Standard & Poor's and Moody's have also upgraded their credit ratings on Malaysia in mid-2015. Fitch Ratings and Standard & Poor's have a "stable" outlook on Malaysia's credit rating while Moody's has a "positive" outlook.

Malaysia has shown signs of gaining back foreign investor's confidence especially from China (the world's second largest economy). China is expected to sign an MoU between Lianyunngang Port Holdings Group and Port Klang Authority as part of its "One Belt, One Road" plan.

We remain with a cautiously optimistic outlook on the residential sector. Transaction activities in the residential sector are expected to remain as the main driver of the property sector, but there are concerns on whether number of transactions may slightly drop in 2016 or grow marginally, at best. New property launches may face more challenges and slower take-up but developers are expected to be more creative in their marketing strategies to maintain buyers' interest. The market with strong owner occupier and local purchasers' base is still expected to perform well. Going forward, the spiralling cost of living will drive the dependence on public transportation rather than private vehicle, thus will continue to spur demand for transit oriented developments (TOD) and transit adjacent developments (TAD).

Growth towards the south of Klang Valley will be accelerated with a number of government initiatives and support for Malaysia Vision Valley (MVV), Cyberjaya City Centre (CCC) and Aeropolis KLIA as announced in Budget 2016.

The office sector will remain challenging. Absorption of new supply coming into the market is expected to slow down. More office buildings are anticipated to undergo refurbishment exercises in the near future as a step to prevent tenants from relocating to newer office buildings. The strategy of refurbishment will also benefit the older office buildings in getting higher rental rate.

The Malaysian Institute of Economic Research's Consumer Sentiment Index (CSI) slid down to a new low of 70.2 in Q3 2015. Consumers will become more cautious with their spending habits to increase household savings. The presence of large retail malls especially in Klang Valley and its growing number is expected to fuel competition in the retail sector. The rental market growth is expected to be more subdued.

The mushrooming of luxury hotels in major cities are likely to see dampened performance in the short term, putting pressure on occupancy and room rates – but is expected to be stable overall. Weakening of the Ringgit may have impacted businesses in general but it is expected to fuel the demand for domestic travel instead of outbound travels. For international travellers, Malaysia is a more economical and affordable travel destination. The introduction of E-Visa to 7 countries including China and US by mid 2016 is expected to facilitate more tourist arrivals. In the long term, the hotel market will remain resilient, driven by strong market fundamentals and tourism infrastructure investments.

We believe the industrial sector will continue its stable and steady growth driven by government support. Intensified efforts are planned to spur foreign and domestic investments.

Overall, the property market is expected to show moderate activity in this coming year. Developments in location with strong fundamentals are still expected to perform well – but buyers are definitely becoming ever more weary and discerning in their purchases across all sectors while expecting bargain purchases to slowly creep up in the market.

# GLOSSARY

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

<b>1TH</b>	Single storey terraced house
<b>2TH</b>	Double storey terraced house
<b>1SD</b>	Single storey semi-detached house
<b>2SD</b>	Double storey semi-detached house
<b>1D</b>	Single storey detached house
<b>2D</b>	Double storey detached house
<b>1TF</b>	Single storey terraced factory
<b>2TF</b>	Double storey terraced factory
<b>1SF</b>	Single storey semi-detached factory
<b>2SF</b>	Double storey semi-detached factory
<b>1DF</b>	Single storey detached factory
<b>2DF</b>	Double storey detached factory
<b>1H/H1</b>	First half
<b>2H/H2</b>	Second half
<b>All House Price Index</b>	All House Price Index as published by JPPH in their publication entitled Indeks Harga Rumah Malaysia
<b>Apt</b>	Apartment
<b>Bil</b>	Billion
<b>BNM</b>	Bank Negara Malaysia
<b>CAGR</b>	Compounded Average Growth Rate
<b>Condo</b>	Condominium
<b>CPI</b>	Consumer Price Index
<b>DOSM</b>	Department of Statistics Malaysia
<b>ETS</b>	Electric Train Services
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>IHRM</b>	Indeks Harga Rumah Malaysia / Malaysia House Price Index

<b>JPPH</b>	Jabatan Penilaian & Perkhidmatan Harta, Kementerian Kewangan Malaysia
<b>Km<sup>2</sup></b>	Square kilometre
<b>KTMB</b>	Keretapi Tanah Melayu Berhad
<b>LHS</b>	Left hand scale
<b>Mil</b>	Million
<b>MIDA</b>	Malaysian Investment Development Authority
<b>NLA</b>	Net lettable area
<b>PBO</b>	Purpose built office
<b>PR1MA</b>	Perumahan Rakyat 1 Malaysia
<b>Psf</b>	Per square foot
<b>Q1/1Q</b>	First quarter
<b>Q2/2Q</b>	Second quarter
<b>Q3/3Q</b>	Third quarter
<b>Q4/4Q</b>	Fourth quarter
<b>RHS</b>	Right hand scale
<b>RM</b>	Ringgit Malaysia
<b>S.Apt</b>	Serviced apartment
<b>sf</b>	Square feet
<b>Sg.</b>	Sungai
<b>SOFO</b>	Small office flexible office
<b>SOHO</b>	Small office home office
<b>SOVO</b>	Small office versatile office
<b>Sty</b>	Storey
<b>UniMAP</b>	Universiti Malaysia Perlis
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>y-o-y</b>	Year on Year

## EXPLANATORY NOTE :

#1 : The "Average Terraced House Price To Annual Household Income Ratio" is calculated based on JPPH's All Terraced House Price (i.e. average prices for the category) as at Q3 2015 against the estimated state average annual household income for 2015. This estimated income figure is based on average monthly household income published by DOSM for 2014 that has been adjusted and annualised for this calculation purposes.

#2 : Graphs are constructed based on new sampling as opposed to the graphs presented in 2014/2015 report last year. The new sampling revision is based on 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 last year.

# DIRECTORY OF OFFICES

## Rahim & Co International Sdn Bhd

### HEAD OFFICE

Level 17, Menara Liberty,  
1008 Jalan Sultan Ismail,  
50250 Kuala Lumpur  
**T** +(60 3) 2691 9922  
**F** +(60 3) 2691 9992  
**E** kl@rahim-co.com

### CHERAS

118-1, Jalan Cerdas,  
Taman Connaught,  
56000 Cheras,  
Kuala Lumpur  
**T** +(60 3) 9100 5007  
**F** +(60 3) 9100 5008  
**E** cheras@rahim-co.com

### JOHOR BAHRU

Unit 19A, Level 19, Metropolis Tower,  
Jalan Dato' Abdullah Tahir,  
80300 Johor Bahru,  
Johor  
**T** +(60 7) 333 7166 / 7170  
**F** +(60 7) 331 7201  
**E** jb@rahim-co.com

### ALOR SETAR

1st Floor, 1546 Jalan Sultan Badlishah,  
05000 Alor Setar,  
Kedah  
**T** +(60 4) 732 0177 / 0178  
**F** +(60 4) 732 0185  
**E** as@rahim-co.com

### SUNGAI PETANI

108C, Jalan Pengkalan,  
Taman Pekan Baru,  
08000 Sungai Petani,  
Kedah  
**T** +(60 4) 422 1619  
**F** +(60 4) 422 1718  
**E** sp@rahim-co.com

### KOTA BHARU

3486-J/A, 1st Floor,  
Jalan Sultan Ibrahim,  
15050 Kota Bharu,  
Kelantan  
**T** +(60 9) 748 1252  
**F** +(60 9) 748 5824  
**E** kb@rahim-co.com

### MALACCA

326A Jalan Melaka Raya 1,  
Taman Melaka Raya,  
75000 Melaka  
**T** +(60 6) 284 8237 / 7286  
**F** +(60 6) 283 0134  
**E** malacca@rahim-co.com

### SEREMBAN

124, 1st Floor,  
Jalan Dato' Bandar Tunggal,  
70000 Seremban,  
Negeri Sembilan  
**T** +(60 6) 763 2492 / 764 8151  
**F** +(60 6) 762 0796  
**E** seremban@rahim-co.com

### KUANTAN

B60 Lorong Tun Ismail 8,  
Sri Dagangan 2,  
25000 Kuantan,  
Pahang  
**T** +(60 9) 513 6633  
**F** +(60 9) 513 1575  
**E** kuantan@rahim-co.com

### TEMERLOH

19, 1st Floor,  
Jalan Ahmad Shah, Bandar Sri Semantan,  
28000 Temerloh,  
Pahang  
**T** +(60 9) 296 5044  
**F** +(60 9) 296 5642  
**E** temerloh@rahim-co.com

### PENANG

Lot 10.01, Level 10, Menara KWSP,  
38 Jalan Sultan Ahmad Shah,  
10050 Penang  
**T** +(60 4) 229 9913 / 229 9013  
**F** +(60 4) 227 3326  
**E** penang@rahim-co.com

### IPOH

18, Persiaran Greenhill,  
30450 Ipoh,  
Perak  
**T** +(60 5) 249 5586 / 5587 / 5588  
**F** +(60 5) 249 5585  
**E** ipoh@rahim-co.com

### KOTA KINABALU

Unit B-02-17, 2nd Floor,  
Block B, Warisan Square,  
Jalan Tun Fuad Stephens,  
88000 Kota Kinabalu,  
Sabah  
**T** +(60 88) 484 995 / 996  
**F** +(60 88) 484 997  
**E** kk@rahim-co.com

### KUCHING

2nd Floor,  
14 Jalan Kulas 1,  
Lot 373, Section 11,  
93400 Kuching,  
Sarawak  
**T** +(60 82) 235 998 / 236 998  
**F** +(60 82) 237 998  
**E** kuching@rahim-co.com

### KLANG

12A-2, 2nd Floor,  
Jalan Tiara 2A/KU 1,  
Pusat Perniagaan BBK,  
Bandar Baru Klang, 41150 Klang,  
Selangor  
**T** +(60 3) 3344 7579  
**F** +(60 3) 3344 7578  
**E** klang@rahim-co.com

### PETALING JAYA

36A, 1st Floor, Jalan Yong Shook Lin,  
Seksyen 52, 46200 Petaling Jaya,  
Selangor  
**T** +(60 3) 7957 9528  
**F** +(60 3) 7956 5386  
**E** pj@rahim-co.com

### KEMAMAN

KCP 52 Level 1, Centre Point Fasa 2,  
Jalan Lebai Saras,  
24000 Cukai, Kemaman,  
Terengganu  
**T** +(60 9) 859 3887 / 1887  
**F** +(60 9) 859 6887  
**E** kemaman@rahim-co.com

### KUALA TERENGGANU

104, 1st Floor,  
Jalan Sultan Ismail,  
20200 Kuala Terengganu  
Terengganu  
**T** +(60 9) 622 7508  
**F** +(60 9) 623 5126  
**E** kt@rahim-co.com



Rahim & Co Head Office – Kuala Lumpur  
Level 17, Menara Liberty  
1008, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

T +(603) 2691 9922  
F +(603) 2691 9992  
E [research@rahim-co.com](mailto:research@rahim-co.com)  
[www.rahim-co.com](http://www.rahim-co.com)

KUALA LUMPUR · ALOR SETAR · CHERAS · IPOH · JOHOR BAHRU · KEMAMAN · KLANG · KOTA BHARU ·  
KOTA KINABALU · KUALA TERENGGANU · KUANTAN · KUCHING · MALACCA · PENANG · PETALING  
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