

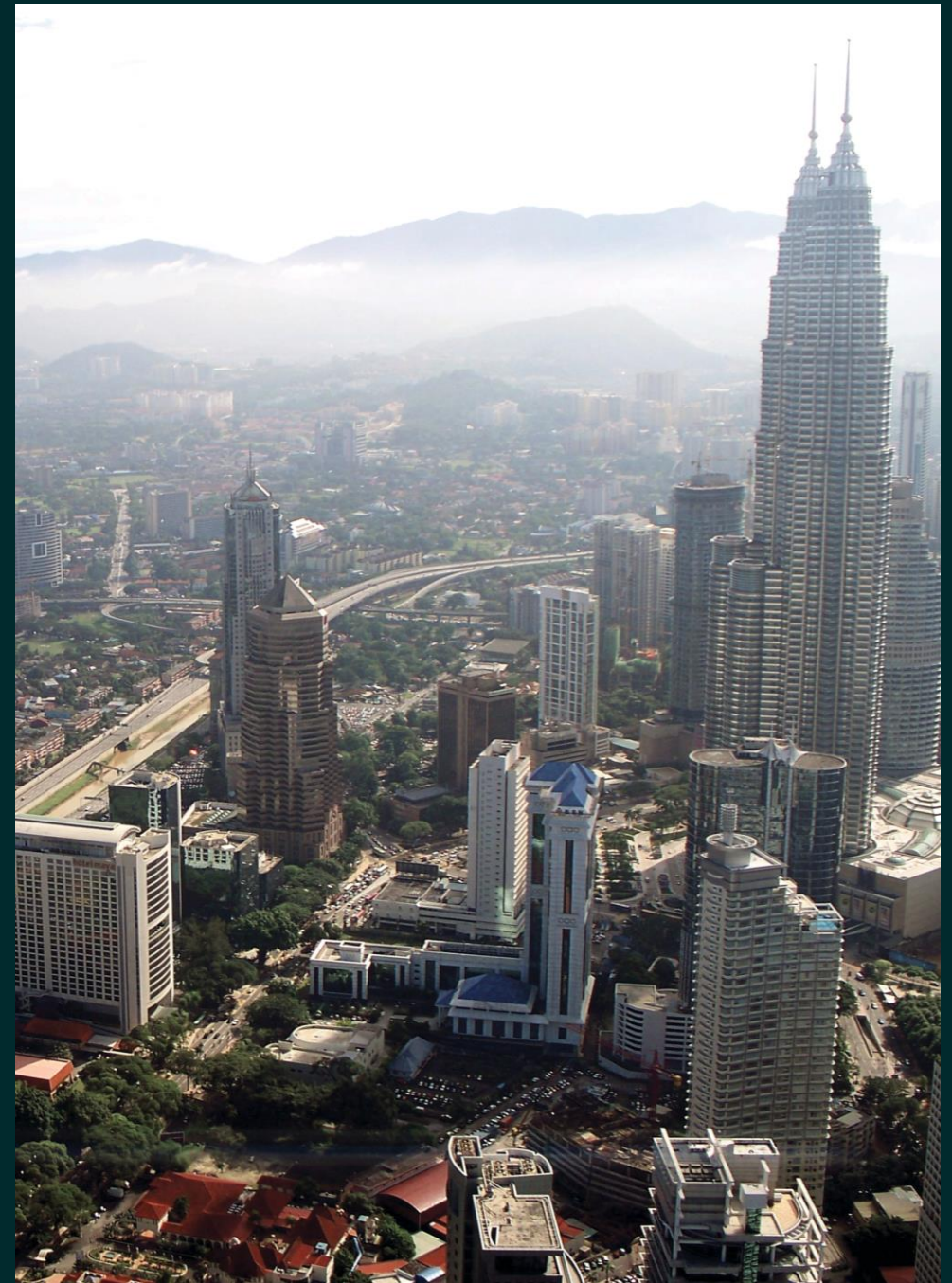
Creating Resilience

Market Outlook 2022

REPORT

MALAYSIA
REAL ESTATE

CBRE | WTW RESEARCH



Contents

- 00 **Introduction**
- 01 **Market Overview**
- 02 **Residential**
- 03 **Purpose-built Office (PBO)**
- 04 **Purpose-built Retail (PBR)**
- 05 **Industrial**
- 06 **Hotel**
- 07 **Significant Transaction**
- 08 **Our Network**



00

Introduction

Introduction

Formation

CBRE | WTW entered into an agreement in May 2016 to form a joint venture that provides a deep, broad service offering for clients of both firms. This combines Malaysia's largest real estate services provider, WTW's local expertise and in-depth relationships in Malaysia with CBRE's global reach and broad array of market leading services.

The union of CBRE and WTW is particularly significant because of our shared history. In the 1970s, CBRE acquired businesses from WTW in Singapore and Hong Kong, which remain an integral part of CBRE's Asian operations.

The wider WTW Group comprises a number of subsidiaries and associated offices located in East Malaysia including:

- C H Williams Talhar Wong & Yeo Sdn Bhd (1975)
- C H Williams Talhar & Wong (Sabah) Sdn Bhd (1977)
- C H Williams Talhar & Wong (Brunei) Sdn Bhd

About WTW

Colin Harold Williams established C H Williams & Co in Kuala Lumpur in 1960. C H Williams & Company merged in 1974 with Talhar & Company founded by Mohd Talhar Abdul Rahman and the inclusion of Wong Choon Kee to form C H Williams Talhar & Wong (WTW).

In 1975, C H Williams Talhar Wong & Yeo (WTWY) was established in Sarawak. C H Williams Talhar & Wong (Sabah) (WTWS) was established in 1977.

The current Managing Directors of the WTW Group operations are:

- CBRE | WTW: Sr Foo Gee Jen
- C H Williams Talhar & Wong (Sabah) Sdn Bhd: Sr Leong Shin Yau
- C H Williams Talhar Wong & Yeo Sdn Bhd: Sr Robert Ting Kang Sung

About CBRE

CBRE GROUP, INC. CBRE Group, Inc. (NYSE: CBRE), a Fortune 500 and S&P 500 company headquartered in Dallas, is the world's largest commercial real estate services and investment firm (based on 2020 revenue). The company has more than 100,000 employees serving clients in more than 100 countries. CBRE serves a diverse range of clients with an integrated suite of services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services.

“ The economy and the property market has now been presented with the rare opportunity to discard unprofitable practices; experiment, innovate, re-price and match market needs to create resilience ”



Sr Foo Gee Jen
Group Managing Director
CBRE | WTW

Malaysia's Economy

Economic activity temporarily hampered

Malaysia's economy contracted 4.5% in 3Q 2021 y-o-y (3Q 2020: -2.7%), while it contracted by -0.3% q-o-q (2Q 2021: 16.1%). The Gross Domestic Product (GDP) growth was weighed down by strict containment measures from Phase 1 of the National Recovery Plan (NRP) as reported by Bank Negara Malaysia (BNM).

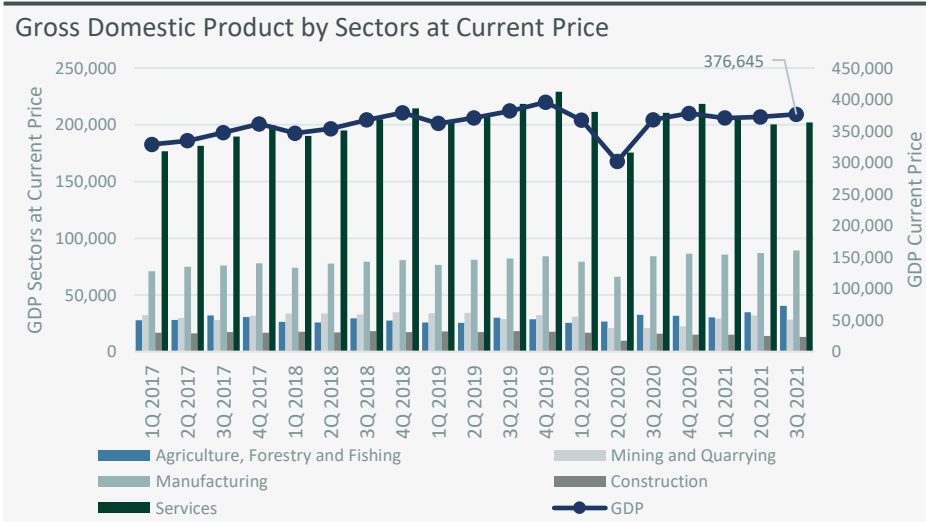
All economic sectors recorded a decline during the review period. The Construction sector was most impacted (-20.6%) followed by Services (-4.9%), Mining and Quarrying (-3.6%) and Agriculture (-1.4%). The manufacturing sector remained resilient, contracting only marginally 0.8% as production was constrained to essential activities, but gradually recovered as restrictions eased.

Entering the recovery phase, sentiments have improved albeit disruptions in the supply chain and production. The Consumer Sentiment Index (CSI) picked up 58.2% q-o-q (101.7 points), in line with the improving labour market conditions, marking confidence and spending momentum. Similarly, the Business Conditions Index (BCI) also improved albeit at a slower pace of 10.9% (97 points). The Consumer Price Index (CPI) moderated slightly to 122.6 points. Meanwhile, the Industrial Production Index (IPI) declined to -1.1 points.

Net Exports contracted by 8.1% q-o-q but maintained a trade surplus (RM18.37 billion). However, Foreign Direct Investment (FDI) registered a higher inflow of RM12.8 billion, mainly manufacturing investments.

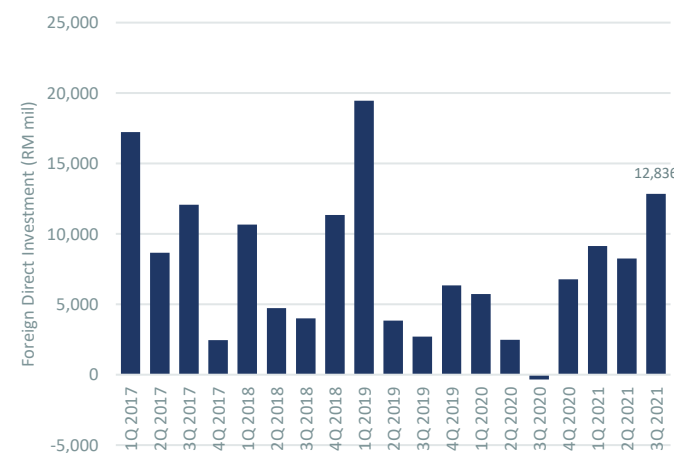
The Overnight Policy Rate (OPR) was maintained at 1.75% throughout 2021 to remain supportive of economic activities whilst cushioning the impact on businesses and households.

Consumer loans moderated during the review period (-24.9% q-o-q) but was picking up in September. Meanwhile, residential loan approval rates hovered at 35.6% (2Q 2021: 36.2%).



Source: Bank Negara Malaysia, CBRE | WTW Research

Foreign Direct Investment (FDI)



Abbreviation: mil – million
Source: Bank Negara Malaysia, CBRE | WTW Research

Better days could be ahead

In the year ahead, some growth is expected with the resumption of more economic activities, successful vaccination rollout and supportive policy measures.

In its efforts, the Government has allocated sizeable expenditure for the coming year, choosing to focus on driving domestic demand and public and private investments. Under Budget 2022, financial aids and tax reliefs such as RM600 million financing for the tourism sector, RM3.5 billion allocation for infrastructure developments and RM2 billion investment fund to attract foreign investments are expected to revitalize the tourism, construction, and service sectors amongst others.

In boosting private consumption, the Government has also introduced employment initiatives and welfare assistance including RM2 billion allocation for the wage subsidy programme, RM8.2 billion cash handouts under the *Bantuan Keluarga Malaysia* Programme, lower Employees Provident Fund (EPF) contributions and several other tax reliefs.

Major Policy Updates

Description	Authority / Agency	Effective Date	Remarks
Fund for affordable homes	Ministry of Finance (MOF)	1 January 2022	<ul style="list-style-type: none"> RM1.5 billion allocation for affordable homes (Rumah Mesra Rakyat) in Budget 2022. RM2 billion guarantee to banks via Housing Credit Guarantee Scheme to gig workers for the purpose of easier access to financing.
Real Property Gains Tax (RPGT)	Ministry of Finance (MOF)	1 January 2022	Exemption of RPGT for properties disposal by Malaysian citizens and permanent residents (PR) from 6th year onwards.
Stamp Duty Exemption	Ministry of Finance (MOF)	1 January 2022	<ul style="list-style-type: none"> Exemption on the Peer-to-Peer (P2P) loan / financing agreement 1 till 31 December 2026. Stamp duty limit of RM200 for each related contract is removed, including for other insurance policies / takaful certificates. Several exemptions for Micro, Small and Medium Enterprises (MSMEs).
Quit Rent	Federal Territories Land and Mines Office	1 January 2020 / 1 October 2020	Quit rent for strata properties will now be payable individually, to be known as Parcel Rent. Johor received rebates between 5% and 15%.
Minimum Value of Property for Foreign Acquisition (revision) in Sarawak	Sarawak Government	1 January 2020	The prescribed amount for foreign acquisition of landed residential property shall be not less than RM500,000 (throughout the State of Sarawak except Kuching), and shall be not less than RM600,000 for Kuching Division. The amount for Malaysia My Second Home (MM2H) shall be not less than RM300,000.

Major Infrastructure Updates

Projects	Location	Completion Year	Remarks
RAIL			
East Coast Rail Link (ECRL)	Tumpat-Kuantan-Mentakab-Jelebu-Port Klang	2026	Under construction
Electrified Double Track Project (EDTP) Gemas-Johor Bahru	Gemas - Johor Bahru	2022	Under construction
Rapid Transit System (RTS)	Bukit Chagar - Woodlands, Singapore	2026	Construction kick-start
Light Rail Transit (LRT) Line 3	Bandar Utama - Klang	2024	Under construction
Mass Rapid Transit (MRT) 2	Sungai Buloh - Serdang - Putrajaya	2022 (Phase 1)	Under construction. Phase 1 to operate by 3Q 2022. Expected completion by 1Q 2023.
HIGHWAY / EXPRESSWAY			
Damansara - Shah Alam Highway (DASH)	Puncak Perdana - Kota Damansara - Penchala	2022	Under construction
East Klang Valley Expressway (EKVE)	Cheras - Hulu Langat - Ampang	2021 (Phase 1)	Under construction. Expected completion by 3Q 2025.
Lebuhraya Putrajaya-KLIA (MEX II)	MEX - KLIA - KLIA 2	2022	Under construction
Pan-Borneo Highway	Tawau - Kuching	N/A	Under construction
Sungai Besi - Ulu Kelang Elevated Expressway (SUKE)	Sungai Besi - Cheras - Ampang - Ulu Kelang	2022	Under construction
West Coast Expressway (WCE)	Banting - Taiping - Sabak Bernam - Changkat Jering	2024	Under construction
Setiawangsa - Pantai Expressway (SPE)	Ulu Kelang - Setiawangsa - Pantai Dalam	2022	Under construction
Nilai - Labu - Enstek Expressway (NLE)	Nilai - Labu - Bandar Enstek	2022	Under construction
OTHERS			
West Port Expansion (380 acres land under the sea & 360 acres of land)	West Port, Port Klang	2040	Under construction (additional 9 container terminal)

01

Market Overview

Market Indicator

Regions / Sub offices	Overall		Landed Residential		High-rise Residential		Purpose-built Office		Shop-offices		Retail		Industrial		Hotel	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
KLANG VALLEY	▶	▶	▶	▲	▶	▶	▼	▼	▶	▶	▶	▶	▲	▲	▼	▲
Seremban	▶	▶	▶	▶	▶	▶	-	-	▼	▶	▼	▶	▶	▶	▼	▶
PENANG	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▼	▶	▲	▲	▼	▶
Alor Setar	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▼	▶	▲	▲	▼	▶
Ipoh	▶	▶	▶	▶	▼	▶	▼	▶	▼	▶	▼	▶	▶	▶	▼	▶
ISKANDAR MALAYSIA	▶	▶	▶	▲	▼	▼	▼	▼	▶	▲	▼	▶	▲	▲	▼	▶
Melaka	▶	▶	▲	▲	▼	▼	▶	▶	▼	▶	▼	▶	▶	▶	▼	▶
Batu Pahat	▶	▶	▶	▶	▶	▶	-	-	▶	▶	▶	▶	▶	▶	▶	▶
Kuantan	▼	▶	▲	▲	▼	▼	▶	▶	▼	▶	▼	▲	▶	▶	▼	▶
Kota Bharu	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
Kuala Terengganu	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
KOTA KINABALU	▶	▶	▲	▶	▶	▶	▶	▶	▶	▶	▼	▶	▲	▲	▼	▶
Lahad Datu	▶	▶	▶	▶	-	-	-	-	▶	▶	▼	▶	▼	▶	▼	▼
Tawau	▶	▶	▼	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▼	▼
Sandakan	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▶	▼	▼
Labuan	▼	▶	▼	▶	▶	▶	▶	▶	▼	▼	▶	▶	▼	▶	▼	▶
KUCHING	▼	▶	▶	▲	▼	▶	▶	▶	▼	▶	▼	▼	▶	▲	▼	▲
Miri	▼	▶	▶	▲	▼	▶	▼	▼	▶	▶	▼	▶	▶	▶	▼	▶
Bintulu	▲	▶	▲	▲	▲	▲	▲	▶	▼	▶	▶	▶	▶	▶	-	-
Sibu	▶	▶	▶	▲	▲	▶	-	-	▼	▶	▼	▶	▶	▶	▶	▶

Note: Capital Letter-Regions; Sentence Case: Sub-offices

Klang Valley

The overall Klang Valley property market is being transformed with new trends, adaptation and repurposing of buildings.

Residential properties* transactions increased in volume and value by 11% and 25% respectively y-o-y, in the first nine months of 2021. This was led by 2/3-storey terraced, and condominiums / apartments.

In 2021, land banking activities were observed continuously. In 2022, the market is expected to be more sensitive to customers' needs and demands, providing more value for money, quality and functionality.

Note: *All types of landed and non-landed residential but exclude low-cost residential.

Developers Replenishing Landbanks

Big developers have been acquiring land with good connectivity, to expand existing projects and also new ones. Such activities were conducted by UEM Sunrise Bhd, Scientex Park Sdn Bhd and Sunway Berhad.

Additionally, with new living trends demanding personal, family and now workspace, developers are re-designing layouts.

Office in transition

The supply of more collaborative workspaces with flexible lease arrangements is expected as working styles shift.

For business continuity, some offices have set up alternative work locations and to streamline work from home arrangements.

Retail Space Improvisation

Well-located retail malls with wide retail variety are maintaining good traffic. Large spaces in malls for promotion events and mini-expos is a thing of the past. However, such spaces offer opportunities for additional revenue points through flexible leases for extended dining areas and sales. E-commerce growth may also see more retail space allocated for pick-ups and deliveries.

Industrial Riding on Market Changes

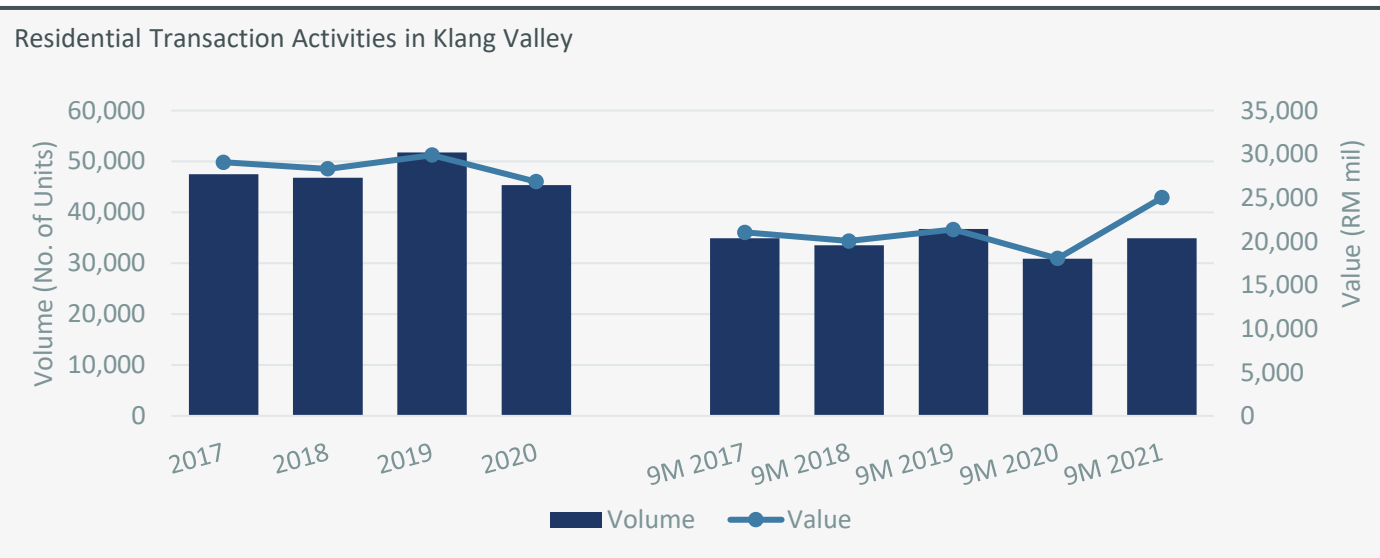
The rapid growth of e-commerce has driven rising interest in warehousing space, leading to the rapid growth and acquisition of warehouses in city precincts as well old established industrial zones in North Klang and Shah Alam.

In addition, there is a growing interest by the businesses to improve their inventory planning to minimise supply chain disruptions.

Worker's accommodation is also observed to be the new driver of the market, boosted by rising health concerns which underlined the current risks of poor worker accommodation.

Survival of the Fittest

Hotels currently depend on domestic tourism. Tourists' arrival from January-June 2021 decreased by about 85% y-o-y to 50,000. To survive, strategies such as low operating overheads and revenue alternatives from Food & Beverage (F&B) are ways for hotels to stay afloat.



Abbreviation: mil – million

Source: NAPIC, CBRE | WTW Research

Note: Includes landed and non-landed residential, excludes low-cost residential

Penang

The Penang property market has generally rebounded in 2021, with recovery expected to extend into 2022. The resumption of land reclamation projects is rescheduled to 2022.

Rebound Amid Lingering Challenges is Expected in 2022

Property transaction activities increased for the period of January to September 2021. 11,981 properties valued at RM7.23 billion were transacted, reflecting 13.9% and 33.9% increase of volume and value respectively y-o-y. As more businesses are allowed to operate, the Penang property market has generally rebounded.

The rebound is expected to extend into 2022. However, the rebound would be gradual as the pandemic lingers on, along with a sluggish economy and higher cost of living.

Bargain hunting for residential units

According to the recently released property overhang data by National Property Information Centre (NAPIC), the overhang remains a concern. Prospective purchasers can negotiate for more discounts in addition to the incentives offered.

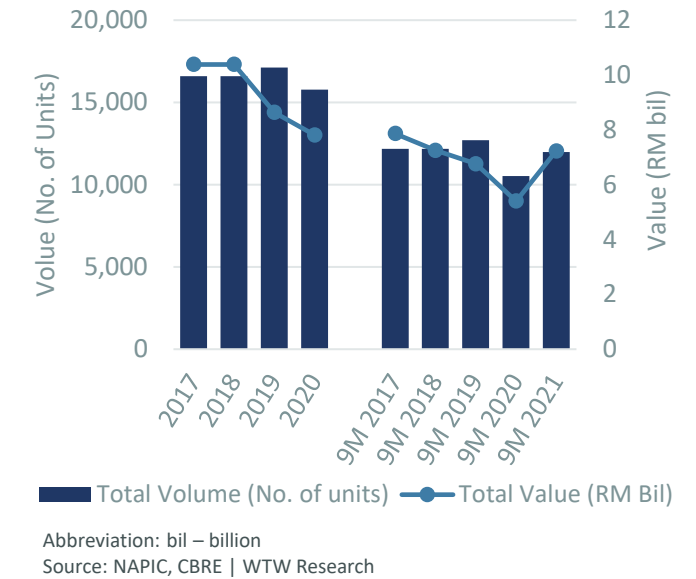
Land Reclamation and Rehabilitation to Start in 2022

The earlier proposals for land reclamation of the Penang South Islands and Linear Waterfront as well as land rehabilitation of the Jelutong Landfill have been deferred and rescheduled to start in 2022. Efforts would still be ongoing to create new development lands in view of the land scarcity in Penang Island.

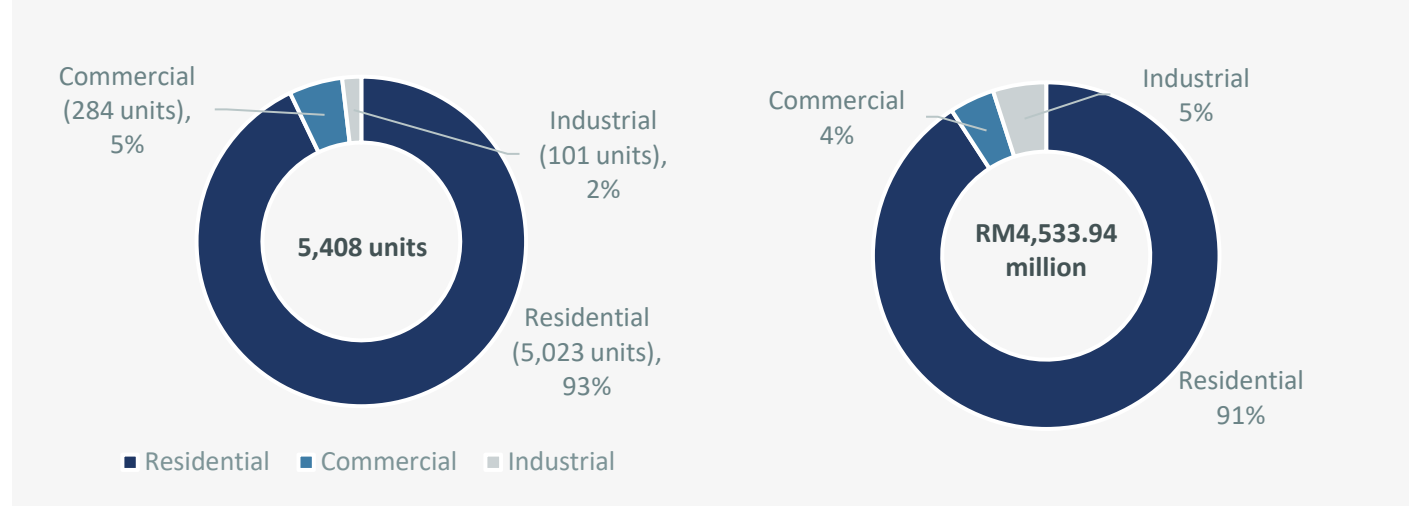
Global Recognition

International Living Magazine listed Penang as third after Malta and Mallorca, Spain on the list of “The 15 Best Islands in the World to Retire in 2021”, which is a good acknowledgement for Penang in attracting retirees. Penang Hill has also been recently included under the UNESCO Biosphere Reserve listing, which provided another reason to visit Penang.

Transaction Activities In Penang



Number of Overhang (Developers’ Unsold Completed Units), 3Q 2021



Source: NAPIC, CBRE | WTW Research

Iskandar Malaysia

Improved spending power amongst local buyers is expected to back up the property market and thus the State’s economy

Uneven Recovery of Transaction Activity

In the first nine months of 2021, 11,544 properties worth RM7,345 million were transacted in Iskandar Malaysia (IM), down 5% as compared to 12,098 properties for the same period in 2020. Volume and value of residential and agriculture sectors contracted in 1Q-3Q 2021 as compared y-o-y. Both volume and value of the residential sector contracted slightly by 6% each.

Nevertheless, an upward trend was observed for the industrial sector by 20% in volume and 25% in value. The commercial sector reported a contraction of transaction volume by 10% but a slight increase of about 2% in value.

Committed Investments

From January to April 2021, IM has completed about RM7 billion worth of investment projects which involves 80% of foreign investment and 20% being domestics. From 2006 to April 2021, the cumulative committed investment in IM reached RM341.4 billion with about RM209.9 billion (or 61%) has been realised in the market.

Loosening Travel Restriction

The economic activities resumed as Johor entered Phase 4 of Malaysia’s National Recovery Plan (NRP) with a high vaccination rate and lifting interstate and international travel restrictions. The launched Vaccinated Travel Lane (VTL) scheme allowing quarantine-free travel in stages between Singapore and Malaysia for those fully vaccinated may open up more business activities in the state.

Government incentives were announced in Budget 2022 in reviving the retail and tourism sectors, expected to bring a brighter outlook to the industries in IM.

Property Market Performance

Developers are reconfiguring their product offering to cater more to the local demand for landed affordable homes priced below RM700,000. The move has led to some positive performance in the residential market, such as reduction of overhang landed residential. However, the overhang issue for high-rise residential is still alarming.

The industrial sector stayed resilient with few major deals reported this year.

Purpose-built Offices (PBOs) remained muted with the vacancy rate standing at 37%. Businesses started to adopt the hybrid model while the rental of the existing PBOs remained steady, but some businesses are still cautious about their office space upgrade.

About 45% in vacancy rate was recorded for the retail sector, amongst the highest for the past five years. The number of in-store shoppers dropped in the last two years, but online shopping activities continued to grow.

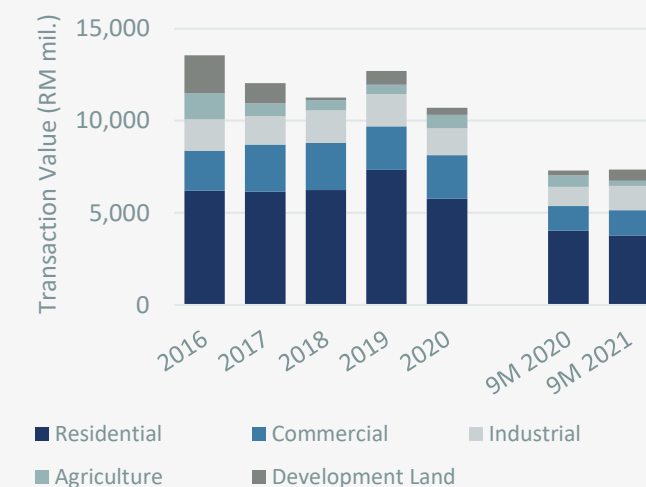
The hotel sector was hit the hardest due to the travel ban since early 2020. While the hotel sector resumed its activities as interstate restrictions loosened, sentiment remains cautious as operators compete for survival.

However, contrary to market trends, Desaru beach resorts outperformed expectations. Domestic tourists are taking the opportunity to take a break and spend their holidays, observed through encouraging occupancy.

Transaction Volume By Sector



Transaction Value By Sector



Abbreviation: mil – million
Source: NAPIC, CBRE | WTW Research

East Coast

Infrastructure The Catalyst

An Aerospace City will be developed in Gebeng, Kuantan for aircraft Maintenance, Repair and Overhaul (MRO) services as well as a centre for aviation-related industries. A modern international airport is also planned to be built as part of the RM10.5 billion Airport City development. Work may begin in 2022. The existing airport (Sultan Haji Ahmad Shah Airport) will be moved to the new location and will serve as an integrated national transit point.

Despite the controversy on its alignment, the construction of the East Coast Rail Link (ECRL) has progressed to 25% as of October 2021. The project is expected to complete as scheduled in December 2026.

Other news reported in the East Coast Region were as follows:

- In March 2021, the World Gloves International Group City & Development Hub announced an initial RM100 million investment for the construction of a glove manufacturing plant in Kuantan being part of its plans to develop a glove manufacturing hub with an in-house value chain ecosystem by 2025. The development will also include a mix of residential, retail and a golf course.
- A TNB subsidiary, TNB Power Generation Sdn Bhd (TNB Genco) will develop a RM5.0 billion 300MW hydroelectric power plant at Mukim Ulu Nenggiri, Jajahan Gua Musang, in Kelantan. The project is estimated to take 5 years, and its expected commercial operation date is 2027.
- In July 2021, the Kelantan state government agreed to develop the Pasir Puteh Inland Port to provide support services for industries in Tok Bali.

Residential – Affordability is the Focus

Improvement of the residential market in Kuantan was seen by the increased number of transactions reported and the House Price Index (HPI) increasing by 2.6%. For Kuala Terengganu and Kuantan, this sector is reported to be stable.

The focus is on more affordable properties. Landed residential properties would still be preferred, despite being located further away from the city centre.

Pahang's high-rise residential properties are mainly in Cameron Highlands, Genting Highlands and Kuantan City. There was a drastic decrease in transactions for high-rise properties in 2021 which may only revive slowly in the future. Bina Puri Holdings is planning a soft launch for their Phase 2 serviced apartments in the Kuantan Waterfront Resort City.

In Kota Bharu some upcoming high-rise residential are PPA1M Lembah Sireh and 19 Residence. In Kuala Terengganu, projects like Pangsapuri Ladang Tanjung and Icon Residence have units for sale.

Purpose-built Office / Shopoffice – Taking A Big Hit

Purpose-built offices (PBO) in this region are mainly owned and occupied by government-linked corporations (GLCs) and have been less impacted by the current situation.

Some office-based businesses are expected to downsize, as flexible and remote working arrangements gain acceptance.

Shopoffices in Kuantan took a big hit in 2021 but picked up in August 2021. In Kuantan, rentals declined about 15% to 30% from 2019, whilst for Kuala Terengganu and Kota Bharu, rentals remained stable.

The highlight of the year is the rise of new start-ups taking up space in shop offices. In 2022, we also expect more home or online businesses to establish their brick-and-mortar presence.

Retail – Expansion by Hypermarket

Retail in the region was hampered by lockdowns. A reduction in the occupancy rate and rentals in Kuantan ranged from 5% to 6%. The East Coast Mall reported gross revenue of RM11.1 million in 3Q 2021, a decrease of about 18.7% against the same period last year.

Hypermarket chains maintained their performance with some new openings this year. Tunas Manja Group (TMG group) opened outlets in suburban areas such as TMG Express Sri Jaya, TMG Mart Pantai Sepat, TMG Mart Maran II, and TMG Express Balok.

A positive turn for the sector this year is expected with some revamping their business strategies.

Industrial – Vital for Regional Development

The industrial property sector in Kuantan remained the best performing with demand from logistics, e-commerce and manufacturing. Meanwhile, the industrial sectors in Kuala Terengganu and Kota Bharu were sluggish, needing more industrial players to uplift the sector.

The East Coast Rail Link (ECRL) and the Kuantan Port is poised to become the all-important backbone connectivity for the industrial sector.

Hotel – 2022 A Year To Rebuild

Hotels in the East Coast were badly hit in the first three quarters of 2021. Hyatt Kuantan closed for 4 months whilst The Swiss Garden had been closed since 2020. Some hotels were used as quarantine centres (mainly for offshore workers) including Seri Malaysia Hotel, PB Square Hotel and Mandurah Hotel in Kuantan, Ming Star Hotel in Kuala Terengganu, and Perdana Hotel and Renai Hotel in Kota Bharu.

Performance gradually improved in October with most hotels recording occupancy rates between 60% and 70%.

Sabah

Transaction activities up to 3Q 2021 improved, y-o-y, both statewide and in the state capital.

Major Developments

An overall moderate property sector in 2021. Several major developments were initiated / announced that will spur the market, and these include, among others:

- Development of a copper foil manufacturing facility at Kota Kinabalu Industrial Park with an annual production capacity of 50,000 tonnes. A land lease agreement for the plant on some 40.5 hectares of land was signed between K.K.I.P. Sdn Bhd and South Korea's SK Nexilis Malaysia Sdn Bhd (a subsidiary of Fortune 500 company, SK Group).
- Inking of an MoU between Sabah Government and a Malaysian company, Linaco Group to invest in large-scale plantations and build and operate an integrated coconut factory in Paitan, Sugut involving a few thousand hectares of land.
- Launching of Lok Kawi Resort City on some 166-hectares of seafront land in Meruntum, Putatan, a collaboration between Yayasan Sabah and a subsidiary of Pavilion Group. The 15-year mixed development will comprise of hotels, tourism spots, shopping complex, theme park, commercial and residential blocks among others, with a potential RM7 billion Gross Development Value (GDV).
- Proposed ultra-luxury, 5-star ecotourism resort on Pulau Mangalum, some 31 nautical miles northwest of Kota Kinabalu by Taiwan's largest real estate group Sinyi Realty. The proposed resort is expected to cost over RM1 billion. The group had earlier acquired 750 acres of land on the island.

- Launching of Sabah Eastern Zone Pan Borneo Highway via Work Packages 15 and 28 to 30, involving some 58 kilometres over the Sandakan-Kinabatangan-Beluran-Telupid alignment with expected completion by 2024. Another new package is the stretch between Serusop in Tuaran to Pituro in Kota Belud is scheduled to begin in 2022 under the 12th Malaysia Plan.

More Active Residential and Industrial Sectors, Lackluster Elsewhere

Statistics from National Property Information Centre (NAPIC) showed that Sabah registered a total of 5,621 transactions amounting to RM2.909 billion up to 3Q 2021, reflecting a growth of 11% and 26% y-o-y, in volume and value, respectively. This, in comparison to a -22% and -36% decline for 3Q 2019-3Q 2020.

Transactions for Kota Kinabalu-Penampang-Putatan also improved by 18% and 33% to 2,532 transactions (3Q 2020: 2,141) and RM1.687 billion (3Q 2020: RM1.269 billion), respectively. In 3Q 2021, the residential sector encompassed 75% of total transaction volume and 56% of transaction value while the commercial property sector accounted for about 16% in both volume and value.

Demand for Kota Kinabalu's landed residential segment remained firm in prime and matured locations where new supply is scarce. New launchings of stratified residences are mainly of affordable and mid-market segments, majorly located in secondary or emerging locations. Availability of end-financing would be crucial to boost market activity and spur transactions. The hike in building material costs will impose a challenge for new projects to maintain the optimal price range.

For commercial and offices, demand still lags behind supply. New concepts, rent incentives and flexibility of lease terms are vital to sustain footfall and retain or attract desired tenancies in retail malls.

Industrial properties improved performance up to 3Q 2021. The demand will be good access and logistic-usage suitability, with Kota Kinabalu as the main entry point and distribution hub for the State. The growth of e-commerce had increased demand for light industrial premises for warehousing and logistics. Expansion of Sapangar Bay Container Port into a transshipment hub for BIMP-EAGA will benefit local industries.

The lifeline for tourism players had mainly been local-based. Some respite towards end-2021 as Sabah moves into Phase 4 of the National Recovery Plan and the relaxation of entry requirements to the state.



Pulau Mangalum
Source: WTWS Research

Sarawak

The State's investment climate, business and market sentiment remain challenging in 2021. Sarawak's market was affected in 2021 by Covid infections.

Uncertainty Lingers and Recovery Delayed

Crude Palm Oil and Crude Petroleum, as 2 major commodities for the State are likely to average higher at more than RM4,300 per MetricTon (MT) and USD60 per barrel respectively for 2021. As at 1Q 2021, Sarawak was the highest producing State and is expected to remain as one of the top CPO producers.

The National Volume index of services for 2Q 2021 is up y-o-y by 17.6% whilst the overall construction sector improved 42.6% amounting to RM28.2 billion, with Sarawak being the 3rd largest contributor at RM3.4 billion.

The state's approved direct investment performance has increased for 2020 spurred by its Manufacturing sector, leading the total nation's share of approved Foreign Direct Investment (FDI) at RM15.8 billion. Positive performance is expected for 2021.

The overall Volume and Value of property transacted for 1H 2021 has increased 37% and 58% respectively y-o-y. The residential sub-sector contributed 47% share of total transactions followed by agricultural (31%). On the commercial side, transactions increased by 63.8% and 121.2% y-o-y in volume and value respectively, led by the shophouse sector.

The Sarawak All House Price (SAHP) climbed slightly to reach an average of RM480,631 as at 2Q 2021 to date (2020: RM480,595), while the Sarawak House Price Index (SHPI) dropped by 1.8% y-o-y. In terms of price growth, Miri performed the best with 5.8% y-o-y price growth as at 2Q 2021.

Expansion of fresh food chains is observed being of hypermarkets and supermarkets. Purpose-built offices (PBO) remained stable in occupancy, slightly below 90%.

Hotels reported 30% occupancy, assisted by the option of being used as quarantine centres. The 2020-launched 'Sia Sitok Sarawak' campaign has generated a good response with more than RM1,569,026 in sales for 941 tour packages and 5,668 pax (August 2020 to March 2021).

Sarawak remains attractive for investment, with four multinational corporations in Sama Jaya (Free Industrial Zone near Kuching) announcing their expansion plans in 2021.

Development Opportunities

Some positive developments happening in the State were:

- Kuching Urban Transportation System (KUTS) implemented by Sarawak Metro kicked off Phase 1 (Samarahan and Serian Lines).
- The new Satok Suspension Bridge was opened to the public in August 2021.
- Sarawak General Hospital Refurbishment and Extension which were completed in 3Q 2021.
- A university hospital started construction at Universiti Malaysia Sarawak's (UNIMAS) campus under its Medicine and Health Science Faculty (FMHS).
- The new completed Sarawak Museum will be opened to the public in 2022.
- PETROS first state-of-the-art three-in-one multi-fuel refuelling station in the country launched at Batu Kawah and Petra Jaya in Kuching with 4 more slated for Sri Aman, Sibu, Bintulu and Miri.
- The Batang Lupar Bridge which will be completed by 2025.

Long Term Property Outlook

The Sarawak State Government had drawn up a development plan to strategise the State's growth post-Covid, which included:

- Double Sarawak's Gross Domestic Product (GDP) to RM282 billion by 2030 (2019:RM136 billion)
- Increase GDP growth to 8.0% per annum for the coming years up to 2030
- Create 195,000 new job opportunities for Sarawak between now and 2030
- Raise household income to RM15,047 (2019: RM5,959) per month

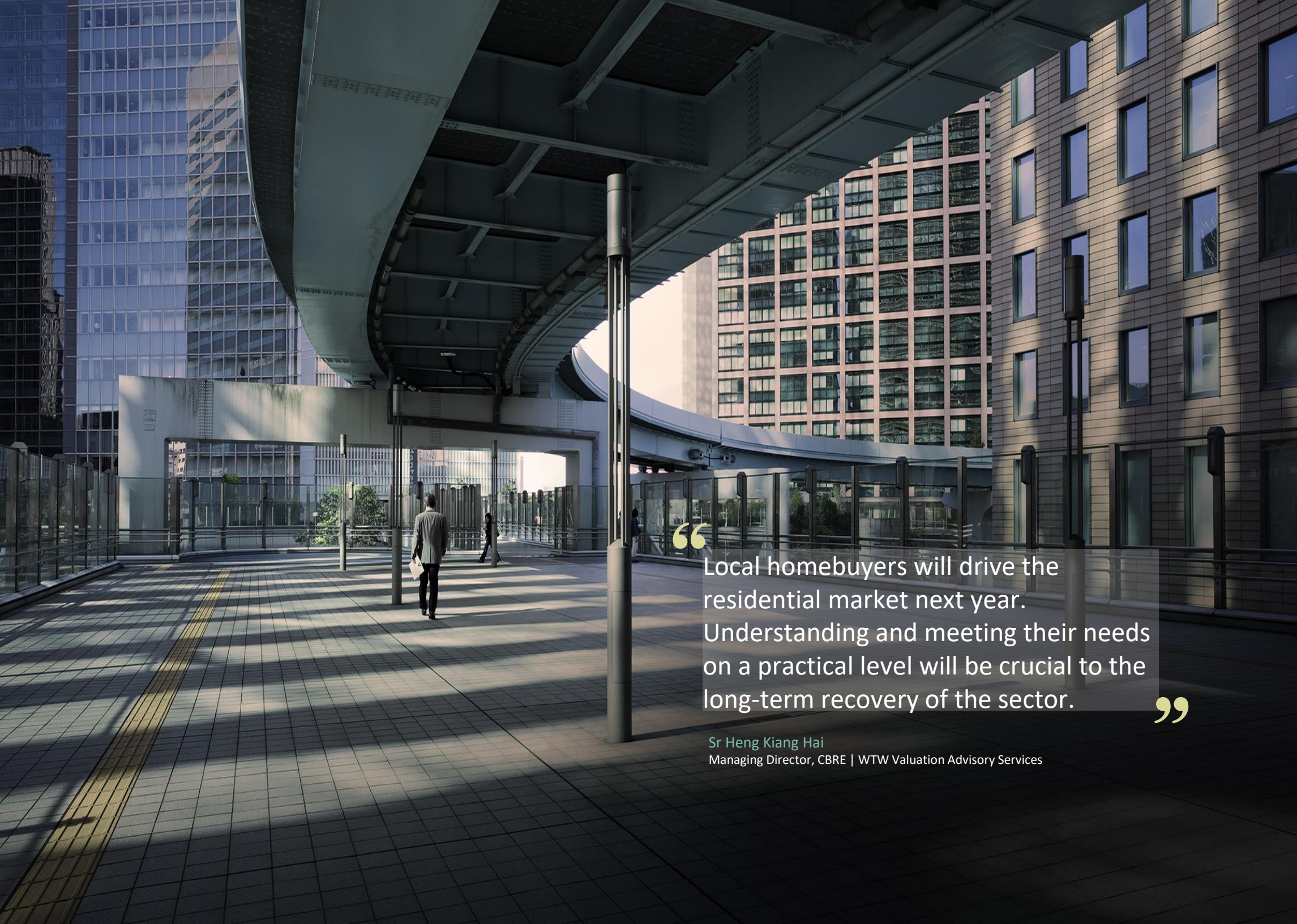
Sectors targeted include Manufacturing, Agriculture, Tourism, Forestry, Mining and Social Services.



New Sarawak Museum, Kuching
Source: WTWY Research

02

Residential



“

Local homebuyers will drive the residential market next year. Understanding and meeting their needs on a practical level will be crucial to the long-term recovery of the sector.

”

Sr Heng Kiang Hai

Managing Director, CBRE | WTW Valuation Advisory Services

Klang Valley

Market recovery will depend on local homebuyers, with opportunities for the development of affordable homes

As at 3Q 2021, existing supply in the Klang Valley stood at 1.97 million residential units, increasing 2.8% as compared to 3Q 2020. Incoming supply increased 12.2% y-o-y to 308,000 units with condominiums and serviced apartments contributing the majority with 71.7%.

Incoming Developments

Total planned supply in Klang Valley moderated by 3.9%, as high-rise residential registered fewer planned supply of about 185,000 units (3Q 2021: -6.7%). Kuala Lumpur and the city fringe would remain the hotspot for high-rise developments. Some of the launches in 2021 were Est8 in Seputeh, Maya Ara in Ara Damansara and Sunway Artessa in Wangsa Maju.

On the contrary, landed planned supply observed an increase by 8.4%, totaling 49,000 units – located largely in the southern of Klang Valley, i.e. Kuala Langat and Sepang. These new supply would likely be from townships such as Serenia City and Bandar Rimbayu which have continually received good response during launches. Notable landed launches this year include Elmina Green 5 in City of Elmina, Bandar Rimbayu's Robin, and Garciae and Validum in Setia Alam.

Developers Replenishing Landbank

Despite the subdued market, developers have been acquiring land in strategic established areas with good connectivity. These include Sunway Berhad's acquisition of 3.34 acres and 6.59 acres of land in Taman Mutiara and Jalan Cochrane respectively; and UEM Land's acquisition of 6.86 acres of land in Taman Connaught. Additionally, Mah Sing also acquired a 5-acre land in Jalan Genting Klang and 8.09 acres in Kepong, while Chin Hin Group acquired 8.24 acres of land in Kuchai Road.

Land acquisitions in this period mark an optimistic expectation of the market outlook, with such actions conducted majorly by reputable developers.

Recovery in Sub-Sale Activities

Transactions in the first 9 months of 2021 recovered to pre-pandemic levels, having grown by 13% and 28% in both volume and value as compared to the same period in 2020. Similarly, the average transacted price per unit recorded a 13% growth.

Landed transactions continue to make up the majority of transactions (63%), with Petaling, Hulu Langat and Klang being the more active locations.

Government Aid

The Real Property Gains Tax (RPGT) waiver on properties disposed of after the 6th year announced in Budget 2022, could stimulate interest in the market. In addition, the Housing Credit Guarantee Scheme will facilitate loans for the self-employed who are unable to secure loans due to the lack of income records.

Rumah Idaman, an affordable housing initiative in Selangor was introduced; where fully-furnished units are priced at RM250,000. Some will also be allocated under a Rent-to-Own programme, i.e., 2STAY.

The Selangor Government has also reduced the minimum foreigner purchase price of completed and leasehold strata properties from RM1.5 million to RM1 million. Furthermore, the resumption of the Malaysia My Second Home (MM2H) programme in 4Q 2021 will help stimulate the return of foreign buyers whilst ensuring better quality of new participants with the new criteria.

Luxury Residential Market

The existing supply increased to 61,200 units in 3Q 2021, whilst 25,570 units are in the pipeline for completion by 2025. Few launches were witnessed in 2021 as developers focused on the sales of their ongoing projects resulting in the overall sales rate increasing marginally to 76.5% in 3Q 2021 q-o-q (cf: 2Q 2021 76.2%).

Developers' current marketing strategy is by launching in small phases via pre-registrations to gauge the market. Official launches that recorded positive take-up rates were mainly soft launches in 2020, namely Bangsar Hill Park (Tower D), Sunway Belfield (Tower A) and Allevia Mont Kiara.

The marginal improvement in primary sales was seen as developers were more focused on clearing their launched projects than rolling out new developments. Apart from the continuous closure of international borders, sales activity will be increasingly dependent on the local market. In relation to that, occupancy rates also went down to 64.1% as short-term rental activity continues to be in a lull.

With the continued closure of international borders and more stringent MM2H requirements, foreign purchasers will be reduced to a smaller market segment and sales will be increasingly dependent on the local market and buyers in the M40 segment.

Klang Valley

Seremban

The residential market will soften due to the contraction in market and construction activity. Property transaction post-Covid-19 was observed with a slow trend as buyers tend to speculate that property value will decrease.

Subsale activities remained active of below RM500,000 selling price, with the secondary market being the current lookout.

Upcoming high-rise residential have been distributed to Seremban 2 (Kalista), Seremban 3 (UniCity) and Nilai (Mesa Hill, Starzvalley, Taman Bucida Hijauan and Youth city).

Market Outlook

Riding on the success of the country's vaccination rollout, the residential sector is currently on the road to recovery with the affordable and M40 housing expected to take the lead. Following the recalibration of the sector in 2021, the market will be more sensitive to buyers' needs and demands; providing more value for money, quality and functionality.

An uptick in project launches is anticipated, though at a controlled pace as developers ease into market recovery.

The local high-end market would continue to be the main target within the six main upmarket residential localities, given the uncertainties surrounding the entry of foreign investors. Nevertheless, the MM2H programme, having been reinstated after a hiatus since 2020, could potentially attract high-quality foreign newcomers into the country, considering its revised terms.

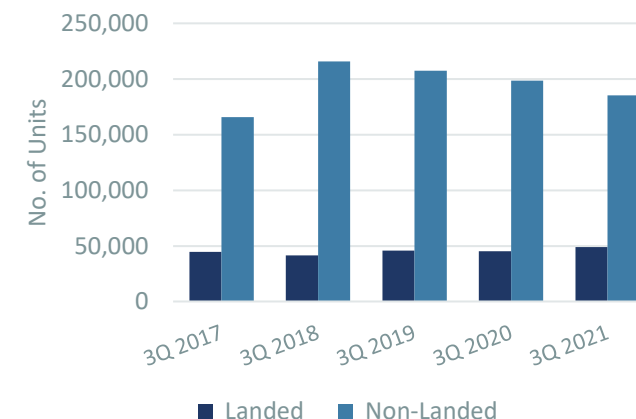
In the city fringe, the M40 group will be the main target market, with landed and high-rise residential priced between RM500,000 and RM750,000 per unit best portraying the current affordability levels. The price level is expected to remain in the foreseeable future until the current supply and household income levels improve.

The local market has proven to remain resilient from the performance of project launches over the past two years in the city fringe. The Home Ownership Campaign (HOC) coupled with developers' marketing strategy, both online and offline, have greatly boosted sales.

Though there will be no further extension of the HOC, future primary sales activities may not be significantly affected as developers will likely continue providing discounts to entice buyers.

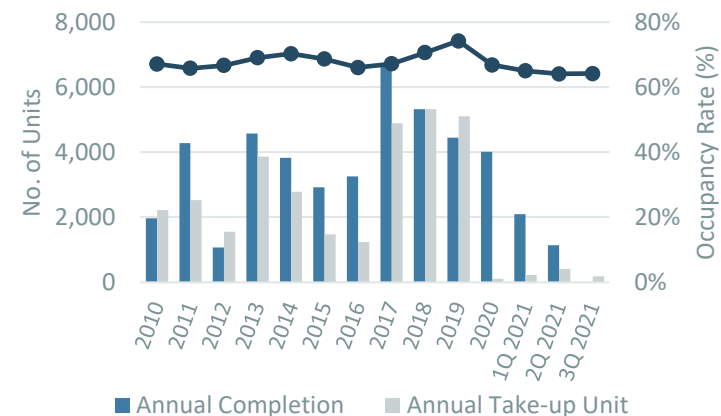
Limited launches in 2021 are expected to result in a surge of launches in the coming two to three years. Some planned projects are observed to suit new buyers' appetites. Apart from that, the Real Property Gains Tax (RPGT) waiver for property disposed of after the sixth year is expected to stimulate the secondary market.

Planned Supply in Klang Valley



Note: Planned supply refers to the total units of landed and non-landed residential unit by NAPIC 3Q 2021.
Source: NAPIC, CBRE | WTW Research

Kuala Lumpur Annual Supply, Take-up & Occupancy Rate



Source: NAPIC, CBRE | WTW Research

Penang

The residential market will be stable in 2022, underpinned mainly by the landed residential segment.

Signs of Recovery

The residential market showed signs of recovery at the start of 2021 with various stimulus measures by the Federal and State Governments and the bank loan repayment moratorium since 2020.

However, the Full Movement Control Order (FMCO) on 1 June 2021 affected the residential property market as sales and construction activities were restricted. With the subsequent easing of lockdown since 4Q 2021, market activity has revived.

Transactions picked up in the first nine months of 2021 as compared to 9M2020. Transaction volume increased by 18% to 9,133 units while transaction value grew to RM3.93 billion, up 32%.

The overall residential market is expected to be stable in the short term, on the back of the prevailing low-interest rates and Government encouragement including the extension of the National Home Ownership Campaign and Penang Home Ownership Campaign to 31 December 2021 and June 2022, respectively.

High-Rise Residential Buyers' Market

High-rise units continued to form the bulk (88%) of overhang units, totalling 4,257 units worth approximately RM3.30 billion.

High-rise residential projects priced RM1 million and above experienced sales pressure as many buyers viewed them as unaffordable. Various packages and incentives continued to be offered under the challenging situation.

Resilient Price For Landed Residential

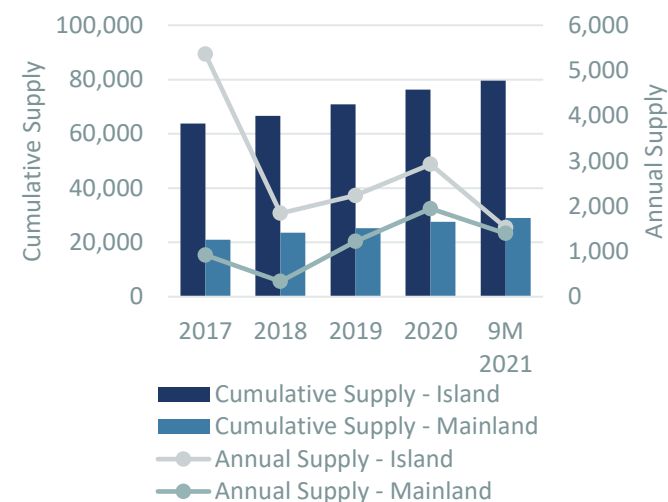
Prices of landed residential properties in Penang Island have been holding strong, due to the current scarcity of development lands.

For Seberang Perai, the prices of the landed residential units remained competitive as compared to the high-rise residential projects launched in recent years.

There has been a trend of launches in townships such as Eco Horizon, Setia Fontaines and Scientex Tasek Gelugor. Each township has adopted product diversification, offering a variety of options from affordable to better quality residential accommodation.

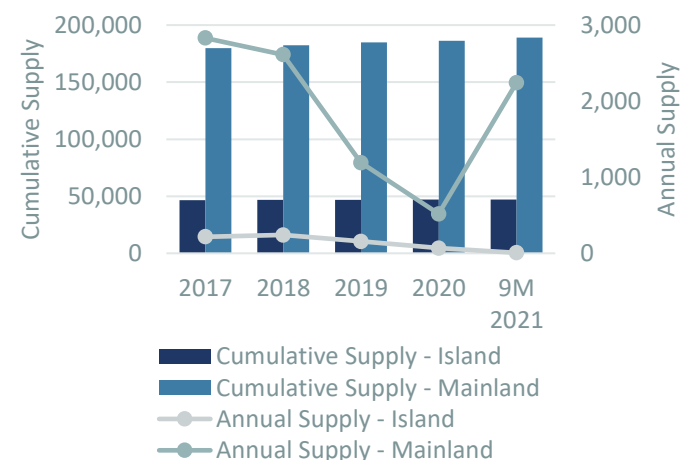
Prices of landed residential units are likely to remain firm in the near future.

Supply of High-Rise Residential Sector



Source: NAPIC, CBRE | WTW Research

Supply of Landed Residential Sector



Source: NAPIC, CBRE | WTW Research

Penang

Cautious Optimism

The Penang residential market will experience a market correction in specific locations, a mixed performance by market segment and location is expected. Asking prices are expected to reflect the subdued market.

The silver lining will be more structured and comprehensive development planning by the developer in future. Future projects will trend towards self-sustained developments and fulfil the demand for affordable units.

Future launches will also be smaller, given the current property overhang, the pandemic and economic uncertainties.

ALOR SETAR

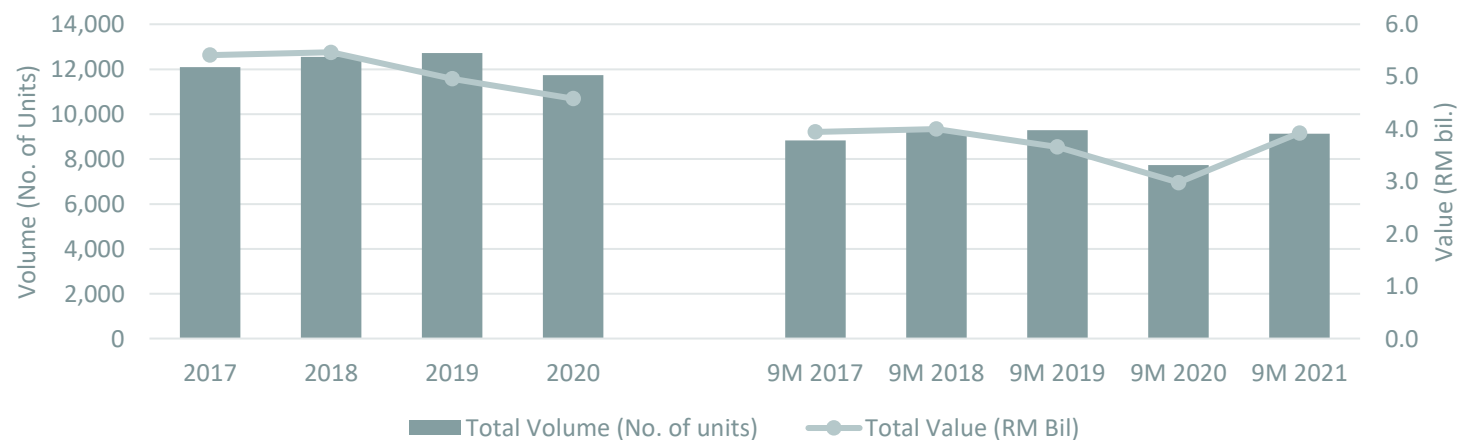
Demand for the residential market is mainly driven by landed properties. Developers are focused on their existing stocks, deferring launches. The secondary market reported more transactions this year.

Overall, the residential market in Alor Setar is stable and will slowly pick up next year for landed and affordable segments.

IPOH

The landed residential sector remains stable with some downward adjustment of prices. Meanwhile, the high-rise segment showed a downtrend.

Residential Transaction in Penang



Abbreviation: bil – billion
 Source: NAPIC, CBRE | WTW Research

Iskandar Malaysia

Transaction activity and new supply growth remain slow. New launches of landed residential in Iskandar Malaysia (IM) still receive positive responses.

The overall performance of the residential sector is stable in 2021 as compared to 2020. Although transaction activities and new completions are still low, developers' efforts to reduce their existing inventories have been successful. This was done by some adjustment on the pricing of new launches to a more affordable price to attract local home purchasers.

Transaction Activity Still Slow

The transaction activity of both landed and high-rise residential properties contracted slightly in the first nine months of 2021 as compared to the same period in 2020.

Transaction for landed dropped by 8% in volume (1Q-3Q 2021: 5,635 units) and 3% in value (1Q-3Q 2021: RM2,929 million) compared to same period in 2020 while high-rise residential transaction volume fell by 13% (1Q-3Q 2021: 1,259 units) and 9% in value (1Q-3Q 2021: RM520 million).

Average sub-sale prices for landed and high-rise houses increased and were recorded at RM385 per square foot over built-up area for terraced houses, RM490 per square foot over built-up area for semi-detached and RM420 per square foot over a built-up area for high-rise houses.

Efforts In Reducing Completed Unsold Units

The overhang for landed residential has reduced significantly from 1,950 units in 2020 to 94 units in 3Q 2021. This had encouraged developers to launch new projects amidst the lockdown periods.

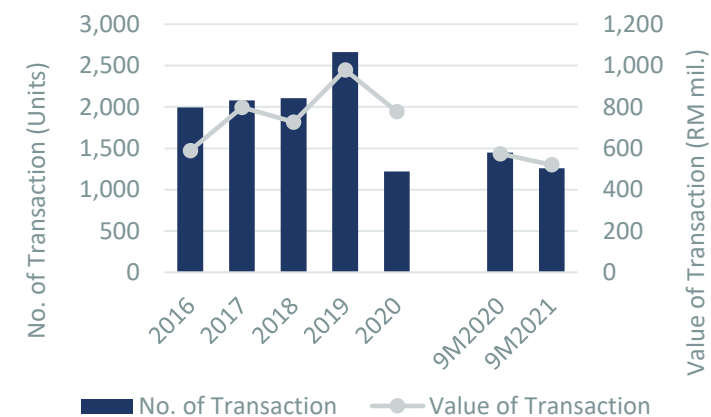
The overhang of high-rise residential showed a downward trend in 2021, a slightly reduced from 19,046 units in 2020 to 16,793 units in 3Q 2021. However, the overhang in high-rise residential is still in a distressed situation.

New Launches Well Received Despite Limited New Completions

Some delayed in completion due to another round of Movement Control Order (MCO) in June has impacted the construction industry to operate in full capacity. Nevertheless, about 2,770 units of new landed residential will be completed by end-2021, bringing the total cumulative supply to 340,755 units.

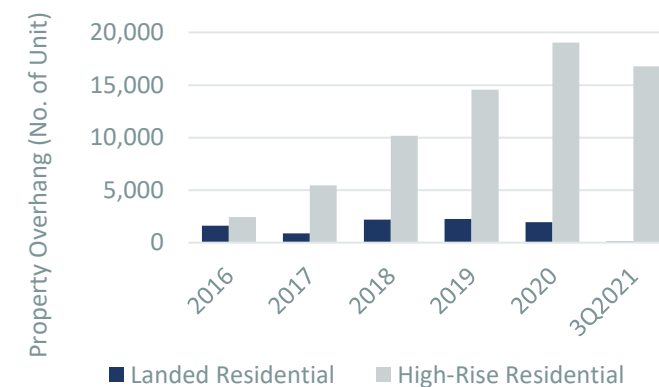
In terms of residential new launches, projects in less popular locations were launched in a much smaller scale compared to projects located in prime locations which has more than 100 units per launch. Generally, terraced houses priced between RM500,000 and RM700,000 recorded an average sales rate of about 40% or more. As these relatively affordable priced houses are intended to target first home buyers and medium-income earners, the recorded sales rate indicates that the new launches of landed residential projects are priced strategically to meet current demand.

Transaction of High-Rise Residential



Abbreviation: mil – million
Source: NAPIC, CBRE | WTW Research

Property Overhang in Iskandar Malaysia



Source: NAPIC, CBRE | WTW Research

Iskandar Malaysia

Melaka

Melaka's landed sector is expected to remain stable in 2022 with a rise in price and occupancy or take-up rate. Landed residential with affordable prices and are located nearby workplace or schools have been well received. However, the increasing unemployment rate and economic uncertainty have caused a delay in the launching of new phases since the second half of 2021.

Apart from that, the high-rise residential market is expected to contract in 2022 due to the oversupply issue. In combatting that, developers are adjusting the prices to stay competitive in attracting interested purchasers.

Batu Pahat

Batu Pahat's residential segment is expected to remain stagnant in 2022 due to job insecurity and affordability issues. There is a limited supply of high-rise residential in Batu Pahat as landed residential is the more preferred choice. Only 5 transactions were observed in the notable high-rise development i.e. Hillview Loft Condominium.

Market Outlook

The residential property in the southern region is expected to stage a sustainable recovery, with affordable housing to remain as the focus of demand especially landed residential.

While the high-rise residential supply glut will take time to resolve, recovery in market sentiment for the property sector should help absorb some of the excess supplies.



Iconia Garden Residence (Phase 10A1)
Source : CBRE | WTW Research

Sabah

Kota Kinabalu

The residential market in Kota Kinabalu saw better performance with improved sub-sale transactions up to 3Q 2021.

More Active Sub-Sales

Despite the implementation of the extended movement control order, sub-sale activities in the residential sector within the Kota Kinabalu-Penampang-Putatan areas increased by 17% and 37% y-o-y in terms of volume and value, respectively. However, the increment is generally still below pre-Covid levels.

Limited New Launches

New launches of landed residences were limited. This includes Rimba Hills, located south of Kota Kinabalu in the Lok Kawi area comprising 2-storey terraced house, 4-storey townhouse and 2-storey shop offices. The townhouses are priced at RM469,300 onwards. Another development in the northern sector in Sepangar is Parklane 2 with 2-storey terraced houses upwards of RM696,000.

New stratified developments opened for sale are mainly medium-cost or mid-range types. These include V21 Residence Phase 1 priced below RM300,000 whilst Elemen Utara KK Presint 2 Block B in Manggatal having larger unit areas, is priced at RM479,000 onwards.

In the sub-sale market, transaction volume for condominiums doubled in 3Q 2021 with value increasing by 73%. Units priced RM400,000 to RM599,000 accounted for about half of transaction volume, followed by those priced RM600,000 to 799,000 (19%) and >RM1 million (6%). Properties below RM400,000 made up about 18% of total transactions.

The high-rise residential segment will be quite challenging with incoming supply from projects launched in previous years. Demand for landed residential will remain firm given limited new supply. Overall, values for well-located and well-managed residential developments would be sustainable. Prices of new double-storey terraced houses in Kolombong breached the RM900,000 mark. The hike in building materials costs is also pushing prices up.

Supply of High-rise Residential in Kota Kinabalu, Penampang & Putatan



Source: WTWS Research



Bukit Bantayan Residences. Blocks E and C completed in 2019-2020. Block D is newly completed and pending issuance of Occupation Certificate as of November 2021. Source: WTWS Research

Sabah

Lahad Datu

Generally, the residential sector had been subdued over the past two years, with the secondary market being relatively active given the lack of new offerings. Overall, the market may see a gradual rebound in late 2022 as purchasers and investors begin to hunt for properties priced between RM400,000 and RM600,000. The main driver of demand would be improved commodity prices, while the higher cost of building materials would be dampeners.

Tawau

Economic uncertainties resulted in a less active sector though prices have held up. Demand for new medium-cost housing in nearby towns was the bright spot, with about 75% of 392 single-storey terraced units in Ria Heights Phases 2A and 2B taken up in 2020-2021.

The high-rise residential segment was the secondary choice for investors. However, attractive sales packages by developers may spur interest for such properties, particularly for young families and the low-medium market segment from B40 / M40.

For Tawau, 2022 is envisaged to thread a gradual recovery, driven by the National Recovery Plan initiatives, improving market sentiment and attractive bank lending rates.

The focus will be on medium-cost landed housing of RM300,000 to RM500,000, which is considered affordable for most homebuyers in Tawau. Investors will be on the lookout for bargains in well-located developments near to town. On the flip side, there is a limited market and challenges in terms of securing mortgage loans for high-end residences of over RM1 million.

Sandakan

An overall stable residential sector in 2021 with no new launches. Secondary sales involved mainly properties priced below RM350,000. There is also increasing interest for new 2-storey terraced houses within RM400,000 and RM550,000 price range.

No significant changes or events within high-rise residential. Demand for condominiums are yet to pick up since the onset of the pandemic. Some 1,032 condominium units from Kingfisher Sandakan and Sri Indah Condominium is expected to be completed in 1H 2022.

Labuan

A muted residential sector with few transactions, stable prices and limited new developments. Affordability is the unrelenting theme of potential home buyers. First-time home buyers are opting for affordable, high-rise residential as landed housing comes with high selling prices.

Newly-completed Taman Sea View 2-storey terraced houses are selling from RM650,000 to RM750,000, while Southsea Pearl Residences, an 80-unit condominium project is priced RM302,000 to RM457,000 for its 789 – 1,078 square feet units.



Elemen Utara KK Presint 2 Block A condominium.
Pending issuance of Occupation Certificate as of November 2021.
Source: WTWS Research

Sarawak

Kuching

Landed housing continues to be active. The number of landed residential units completed increased slightly but decreased significantly for apartments.

Fewer Launches Of New Projects, With Slow Down In Sales

Most landed residential projects launched are in the sub-urban areas, while urban areas are building mainly high-rise residential integrated with some retail.

A few new launches were observed in 2021:

- Samariang Aman Phase 2, at Bandar Baru Samariang by Hock Seng Lee Berhad – 68 mid-range 1-storey and 2-storey terraced units
- Central City Phase 15 by Chen Ling Development Sdn Bhd – 109 units of 2-storey terraced houses priced from RM570,000
- 86 Residence by Lee Onn Development Sdn Bhd – ranging from RM320,000 to RM418,000 at Matang
- Taman Sinarmas at Matang by Sinarmas Land Sdn Bhd – 49 units of terraced houses priced from RM400,000
- Taman Dusun Bayu Townhouses at Demak Laut-3-storey building with forty-four 1.5-storey units.

There were fewer high-rise residential launches, and completions were also down by more than 35% y-o-y as of 1H 2021 (1,250 units) compared to 1H 2020 (2,040 units). However, incoming supply may increase in the next 2 years, due to an increase in the start of construction of previously launched projects.

Some launches in 2021 are:

- 7 Reflection Residences, Jalan Blacksmith (103 units)
- Morrison Residence, Jalan Wan Alwi (110 units)
- RENNA Residence @ Northbank (269 units)
- IXORA Residence @ Stutong Baru (220 units)

Most projects launched are conventional condominiums with full facilities with sizes varying between 1,200 square feet and 1,800 square feet.

Completions included Vantage@TAMU (136 units) and d’Ryx Residences (156 units) at Stapok in 2021. Other completions are Block B of Sapphire on the Park (40 units), Block 7 of P’Residence (84 units) at Jalan Batu Kawa and Block B of Riverine Diamond (156 units) (IJM project) with Block A expected to complete soon.

Although transaction activities were affected by the ongoing movement restrictions, prices are expected to hold steady.

High-rise residential units in Kuching maintained an average price of RM500 per square foot. The supply glut of stratified residential units in the last two years has not eased off, making it a buyers’ / tenants’ market. Sales and leasing are still slow especially those in the higher-priced category.

As the market remains soft, net yields are at a minimal of 3.5%.

Supply of High-Rise Residential in Kuching



Note: Data for the full year of 2021 is based on estimation from NAPIC’s data
Source: NAPIC, WTWY Research



D’Ryx Residences at Stapok, Kuching
Source: WTWY Research

Sarawak

Miri

Landed housings are still the popular choice as reflected in the increase in transactions y-o-y with slightly improved transacted prices in 2021.

Whilst high-rise residential units remain in oversupply, with static transaction activities in 1H 2021 as compared to 1H 2020, with a persistent supply glut and lower transacted prices and occupancy / take up rates.

Some emerging trends are gated and guarded housing estates and increase in affordable housing. A gated and guarded project currently underway is The Noble Courtyard by Green Summit Development Sdn Bhd, consisting of 67 units of terraced houses and 20 units of semi-detached houses. Smaller high-rise apartments and apartments with sea views are trending. Buyers are mostly local young families, first-time homebuyers and buyers under Sarawak-Malaysia My Second Home (S-MM2H) program.

Average Transacted Price And Yield For 2021 For Miri

	Price (RM)			Average Yield (%)	
	2020	2021		2020	2021
Terraced House	451,000	476,000	Per unit	3.0	3.0
Semi-Detached House	688,000	695,000	Per unit	3.0	3.0
Condominium	600	580	psf	4.0	4.0

Abbreviation: psf – per square foot
Source: WTWY Research

Bintulu

As at 1H 2021, the transaction volume of landed residential properties increased from 237 to 391 units y-o-y, whilst the transaction value increased from RM78.47 million to RM141.46 million. In 2021, the landed residential sector improved in terms of transactions, price, occupancy and take-up rates.

Incoming supply of affordable housing were observed, namely Kidurong Sentral (1,154 units), Spektra and Sri Pertiwi (402 units) in Tanjung Kidurong with another 2,470 affordable housing units in the pipeline. The Sri Pertiwi Housing Scheme will be the first to be developed in Bintulu and expected to be completed in 2023.

The increasing housing supply from the public sector may moderate the overall market pricing of residential units in Bintulu.

Transactions of high-rise residential units increased from 26 units to 53 units, and from RM6.23 million to RM12.66 million in value y-o-y for 1H 2021.

The developing character of Bintulu town as an Industrial Hub for Sarawak will create demand for the residential sector as projects coming to Bintulu will draw in more workers and migrants demanding housing.

The residential market forecast for Bintulu will be driven by the following:

- Mega projects such as the construction of the petrochemical hub, Kuala Kemena Jepak Bridge Project, Jalan Johari Sunam – Jalan Kemena Project, could create more job opportunities
- Bank / Government policies will help economic recovery such as OPR, bank base lending rate, moratorium and RPGT rates
- Development of Bintulu into the Industrial City of Sarawak by 2025, is expected to increase job opportunities, encouraging an influx of workers.

Average Transacted Price And Yield For 2021 For Bintulu

	Price (RM)			Average Yield (%)	
	2020	2021		2020	2021
Terraced House	488,000	518,000	Per unit	3%-3.5%	3%-3.5%
Semi-Detached House	713,000	753,000	Per unit	3%-3.5%	3%-3.5%
Condominium	440	480	psf	2.5% -3%	2.5%-3%

Abbreviation: psf – per square foot
Source: WTWY Research

Sarawak

Sibu

The landed residential market is expected to remain stable in 2022 with a balanced supply and demand. However, an increase in costs of building materials resulting from the pandemic will affect property prices. The market will also trend with more affordable housing projects which will pose a competition to other conventional housing.

The key factors spurring landed residential demand are:

- Increase in construction costs – buyers will reserve newly launched units in advance before the revision to higher prices
- Limited launches of landed residential
- Bank / Government policies – lowering of OPR, base lending rate, extending the interest moratorium, zero RPGT tax after 5th year, etc.

At the same time, the Sibu market is also catching on with high-rise residential, as adaptation to new lifestyles drive demand towards a different living experience of security and convenience.

Average Transacted Price And Yield For 2021 For Sibu

	Price (RM)			Average Yield (%)	
	2020	2021		2020	2021
Terraced House	420,000	450,000	Per unit	3%	3%
Semi-Detached House	680,000	700,000	Per unit	3%	3%
Condominium	480	5,050	psf	4%	4%

Abbreviation: psf – per square foot
Source: WTWY Research

Market Outlook

The residential sector is the most active in the Sarawak property market making up more than 45% of volume and value of transacted properties.

The landed residential sector for Sarawak remained steady in 2021, while an up-trend is expected in 2022 depending on overall economic recovery.

High-rise residential overhang continues, as absorption of new supply was further affected by market disruptions arising from the MCO.

With the current soft property market which favours buyers and tenants, prices and rents concluded are generally lower than past years. However, these are expected to stabilize in the short-medium term and the residential market will recover in the long run.

In 2022, property transactions and occupancies, including property prices may improve as the economy begins to re-open. The extension of the HOC up to December 2021, attractive government incentives such as stamp duty exemption, RPGT exemption after the 5th year, uplifting of 70% margin financing, discounts by developers and lower interest rates will provide better opportunities for home purchase. However, the following factors will weigh heavily on the residential market recovery: resurgence / mitigation measures against Covid-19, inflationary pressure and political stability.



Hanns Residence Service Apartment, Sibu
Source: WTWY Research



Vantage @ TAMU, Kuching
Source: WTWY Research

Residential – New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
KLANG VALLEY						
Elmina Green 5 @ City of Elmina	City of Elmina	Sime Darby	2-T	2,478 – 2,841	208	> 1,263,000
Serenia Aiora (Phase 1) @ Serenia City	Sepang		2-T	1,866 – 2,132	144	> 702,888
Robin @ Bandar Rimbayu	Telok Panglima Garang	IJM Land	2-T	1,535 – 2,009	308	> 775,800
Garciae @ Setia Alam	Setia Alam	S P Setia	2-C	2,514 – 2,817	48	> 1,218,000
Validum @ Setia Alam			2-T	2,104 – 2,593	93	> 878,000
SEREMBAN						
Bandar Ainsdale Phase BA12A Anggun (Phase 1)	Bandar Ainsdale	Sime Darby Property Berhad	2-T	1,303 – 3,477	59	538,888 – 857,888
Tiara Sendayan (Precinct 9) – Illora	Bandar Sri Sendayan	Bss Development Sdn Bhd	2-T	1,300 – 2,637	90	563,888 – 955,108
Iringan Bayu (Phase 8c)	Seremban	Aspect Synergy Sdn Bhd	2-T	1,410 – 2,928	306	420,000 – 710,000
Iringan Bayu (Phase 8b)			2-SD	2,854 – 6,292	142	665,000 – 905,000
Nilai Impian – Phase R1b1 (Dayana)	Nilai Impian	Sime Darby Property Berhad	2-T	1,202 – 2,487	64	498,888 – 727,888
PENANG						
Mekarsari Anggun	Bertam	Hunza Group	2-T	2,136 – 2,394	294	> 525,000
Ambay Garden @ Pearl City	Simpang Ampat	Tambun Indah Land	2-T	1,380 – 1,480	128	> 418,000
			2-SD	1,804	50	> 568,000
Camdon (Co-Home) @ Eco Horizon	Batu Kawan	Eco World Group	1-T	904 – 1,335	224	> 447,000
Casa Rica @ Setia Green	Sungai Ara	SP Setia Group	2-SD	2,897 – 3,046	22	2,013,000 – 2,710,510
			3-SD	3,512 – 3,573	16	

Note: T- Terraced; SD- Semi detached; D- Detached; C- Clustered; TH – Townhouse
Abbreviation: sq. ft. – square feet

Residential – New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
PENANG						
Lily 2 @ Scientex Tasek Gelugor	Tasek Gelugor	Scientex	2-T	1,123	314	257,000 – 550,000
Lily 3 @ Scientex Tasek Gelugor			2-T	1,123	279	260,000 – 460,000
Daisy @ Scientex Tasek Gelugor			2-T	1,364	386	295,000 – 527,000
Daisy 2 @ Scientex Tasek Gelugor			2-T	1,364	203	305,000 – 393,000
ALORSETAR, KEDAH						
Taman Simpang Perdana	Simpang Empat, Kedah	Aman Setia Resources	1-SD	2,885 – 4,618	44	423,000 – 553,690
			2-SD	2,885 – 5,769	8	628,000 – 806,620
			1-D	5,791	7	561,850 – 601,505
			2-D	6,178 – 5,791	2	812,790 – 825,825
JOHOR						
Eco Botanic 2 (Precinct 2 – Phase 1)	Iskandar Puteri	Melia Spring Sdn Bhd	2-T	1,852 – 2,020	367	> 722,000
Neighbourhood 8 @ Bandar Dato' Onn	Tebrau	Johor Land Bhd	2-T	1,700	200	> 595,000
Angelica @ Bandar Tiram	Ulu Tiram	Johor Land Bhd	2-T	1,541	85	> 522,000
Laurel & Veronica @ Taman Bukit Dahlia	Pasir Gudang	Johor Land Bhd	2-T	1,649 – 1,800	171	> 540,000
Iconia Garden Residence @ Taman Impian Emas (Phase 10A5)	Skudai	Gunung Impian Development Sdn Bhd	2-T	1,868 – 2,057	145	> 588,000
Taman Kota Masai	Pasir Gudang	Medini Heritage Sdn Bhd	2-T	1,569	91	> 448,000

Note: T- Terraced; SD- Semi detached; D- Detached; C- Clustered; TH – Townhouse
Abbreviation: sq. ft. – square feet

Residential – New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
JOHOR						
Erica @ Meridin East	Pasir Gudang	Mah Sing Group	2-T	1,601 – 1,654	155	> 436,000
Bukit Impian Residence@ Taman Impian Emas (Zone 6E3)	Skudai	Gunung Impian Development Sdn Bhd	2-SD	3,609	28	> 1.56 million
Danga Sutera (Phase 3)	Iskandar Puteri	IWCity	2-SD	3,257 – 3,297	84	> 1.80 million
MELAKA						
Taman Anjung Sungai (Phase 1)	Sungai Petai	Teobros Development Sdn Bhd	1-T	1,540	140	> 278,000
Taman Anjung Sungai Petai (Phase 1)			2-SD	3,200	52	> 460,000
Taman Saujana Tehel 2	Bukit Katil	PB Realty Sdn Bhd	2-T	1,400 – 1,540	357	> 430,000
Taman Molek Residen	Ayer Molek		2-T	1,400 – 1,650	281	> 436,000
Taman Molek Residen	Ayer Molek		2-SD	4,200	26	> 1.17 million
Tmn Krubong Heights (Phase 2)	Krubong		2-T	1,540 – 1,584	199	> 470,000
Tmn Bukit Tambun 2	Bukit Tambun		Scientex Heights Sdn Bhd	2-T	1,170	200
Taman Tropika @ Vista Belimbing (Phase 4)	Durian Tunggal	NKS Development	1-SD	2,880	28	> 435,000
			2-SD	2,880	70	> 658,000
Taman Desa Bertam	Bertam Ulu	Teladan Setia Sdn Bhd	2-SD	3,200	258	> 449,000
BJB Heights Residences Phase 2 (Tmn Bestari Impian Sek. 6)	Jasin	Handal Group	2-SD	5,000	48	> 641,000
Tmn Klebang Utama (Phase 3)	Klebang	Faithview Group	3-SD	3,200	52	> 1.0 million
Taman Anjung Gapam (Phase 2C)	Gapam	GJH Development Sdn Bhd	1-D / 1.5-D	4,000	116	> 488,000

Note: T- Terraced; SD- Semi detached; D- Detached; C- Clustered; TH – Townhouse
Abbreviation: sq. ft. – square feet

Residential – New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
KOTA KINABALU, SABAH						
Rimba Hills	Lok Kawi	Asian Pac Holdings Berhad	4-TH	1,519 – 1,653	90	469,300 – 635,000
Parklane 2	Sepanggar	Ramindah Sdn Bhd	2-T	From 1,346	55	> 696,000
LABUAN, SABAH						
Taman Sea View	Labuan	Techouse Sdn Bhd	2-T	2,007	12	650,000 – 750,000
SANDAKAN, SABAH						
Taman Jati 3	Off Jalan Airport	Rich Worldwide Sdn Bhd	2-T	1,226 – 3,246	78	368,600 – 556,000
Utama Park Villa (Phase 7B)	Off Jalan Utara	IJM Properties Sdn Bhd	2-T	2,120 – 6,265	8	755,800 – 942,210
KUCHING, SARAWAK						
86 Residence	Lorong Sungai Tengah 7	Lee Onn Development Sdn Bhd	1-T	1,069	86	320,000 – 480,000
Crestwood Estate	Off Kuching-Samarahan Expressway	Ibraco Berhad	2-SD	4,363 – 4,428	36	2,636,200 – 2,787,100
Sin Hai Min Garden 15	Jln Kpg Stampin Baru	Sin Hai Min Development Sdn Bhd	2-T	1,900 – 2,100	79	648,000 – 900,000
Taman Sinarmas	Jalan Matang	Sinarmas Land Sdn Bhd	1-T	950	27	> 400,000
			2-T	1,600	22	> 500,000
MIRI, SARAWAK						
The Noble	Off Jalan Padang Kebau	Green Summit Development Sdn Bhd	2-T	1,726 – 1,935	67	> 598,000
			2-SD	2,049 – 2,314	20	> 923,000

Note: T- Terraced; SD- Semi detached; D- Detached; C- Clustered; TH – Townhouse
Abbreviation: sq. ft. – square feet

Residential – New Launches (High-Rise Residential)

Projects	Location	Developer	Unit Size (sq. ft.)	No. of Units	Price (RM per square foot)
KLANG VALLEY					
Sunway Belfield (Block A & B)	Kampung Attap	Sunway Belfield Sdn Bhd (Sunway Bhd)	788 - 1,337	880	700 - 800
Bangsar Hill Park (Tower D)	Bangsar	Bangsar Hill Park Development Sdn Bhd (Suez Capital)	917 - 1,478	406	900 - 1,000
38 Bangsar		One JSI Development Sdn Bhd (UDA Holdings Bhd)	580 - 1,442	278	1,100
SkyVogue	Taman Desa	SkyWorld Development Sdn Bhd	1,085 - 2,285	333	580
Maya Ara	Ara Damansara	Sime Darby Property Sdn Bhd	764 - 1,055	351	800
Sunway Artessa	Wangsa Maju	Sunway Properties	1,109 - 1,303	468	630
ALAIA	Titiwangsa	Tago (M) Sdn Bhd	635 - 1,012	436	680
Est8	Seputeh	Eupe Corp Bhd	753 - 1,665	821	850
PENANG					
Signature 3	Perai	Excel Focus Properties Sdn Bhd	900	410	> 280
Goodwood Residence	Bayan Lepas	WHH Land	1,075 - 1,250	260	> 510
Mezzo@The Light City	Gelugor	IJM Perennial Development Sdn Bhd	1,033 - 1,367	456	> 870
22 Macalisterz	Georgetown	Exsim Macalister Sdn Bhd	340 - 497	418	> 1,450
KOTA KINABALU, SABAH					
Elemen Utara KK Presint 2 (Block B)	Manggatal	Sinaland Sdn Bhd	1,055 - 1,636	294	402 - 548
V21 Residence Ph 1 (Stage 1)	Sepangar	K.K.I.P. Sdn Bhd	382 - 710	1,121	364 - 417
LABUAN, SABAH					
Southsea Pearl Residences	Labuan	Growball Development Sdn Bhd	908 - 1,078	80	346,100 - 457,000

Abbreviation: sq. ft. – square feet

Residential – New Launches (High-Rise Residential)

Projects	Location	Developer	Unit Size (sq. ft.)	No. of Units	Price (RM per square foot)
KUCHING, SARAWAK					
P' Residence (Block 9 & 10)	Jalan Batu Kawa	Tenaga Stabil SB / Active Pioneer Sdn Bhd	1,169 - 1,286 / 2,523	168	264 - 500
7 Reflection Residences	Lorong Ang Cheng Ho 7A, Jalan Blacksmith	Mandarin Avenue Sdn Bhd	1,109 - 1,496 / 2,530	103	877-1,029
Morrison Residence	Jalan Urat Mata	Rasaja Sdn Bhd	1,314 - 1,812	110	510 - 555
RENNA Residence @ The Northbank	Off Kuching-Samarahan Expressway	Ibraco Berhad	667 - 1,529	296	480 - 520
IXORA @ Stutong Baru (Block A)	Stutong Baru	Ibraco Berhad	685 - 1,177	220	540 - 545
IXORA @ Stutong Baru (Block B)			799 - 1,177	220	530 - 540
GIZO 11 @ Samajaya	Jalan Muara Tabuan	i-Properties JTL Sdn Bhd	1,093 - 1,485	240	380 - 388
SIBU, SARAWAK					
Lot 781 Seduan Land	Jalan Old Oya	Plustage Sdn Bhd	650 - 1,095	72	358 - 389
BINTULU, SARAWAK					
Serviced Apartments @ Crown Pacific Mall	Jalan Tun Razak	Bintulu Town Square Sdn Bhd	From 560	315	> 519
Lot 483 Block 31	Jalan Tun Razak	Pantiasa Sdn Bhd (Shin Yang Group)	From 442	114	> 699
			From 639	88	> 610
Junction 3 Serviced Apartment	Jalan Sultan Iskandar	BGC Construction Sdn Bhd	394 - 751	90	530 - 585

Abbreviation: sq. ft. – square feet

2020/2021* CBRE | WTW MALAYSIA HOUSE PRICE INDICATOR

ALOR SETAR	2020	2021
2-TH	430,000	430,000
2-SD	570,000	570,000

KOTA BHARU	2020	2021
2-TH	428,000	371,000
2-SD	505,000	458,000

SEBERANG PERAI	2020	2021
2-TH	490,000	500,000
2-SD	730,000	730,000

KUALA TERENGGANU	2020	2021
2-TH	428,000	470,000
2-SD	505,000	458,000

PENANG ISLAND ¹	2020	2021
2-TH	1,086,000	1,070,000
2-SD	1,556,000	1,600,000

IPOH ²	2020	2021
2-TH	412,000	427,000
2-SD	814,000	850,000

KOTA KINABALU ⁴	2020	2021
2-TH	638,000	670,000
2-SD	1,159,000	1,170,000

KUANTAN	2020	2021
2-TH	429,000	450,000
2-SD	877,000	822,000

LABUAN	2020	2021
2-TH	518,000	476,000
2-SD	688,000	695,000

SANDAKAN	2020	2021
2-TH	380,000	410,000
2-SD	580,000	630,000

KUALA LUMPUR / PETALING JAYA	2020	2021
2-TH	1,275,000	1,364,000
2-SD	3,052,000	3,165,000

SUBANG JAYA / SHAH ALAM	2020	2021
2-TH	732,000	725,000
2-SD	1,609,000	1,448,000

SEREMBAN	2020	2021
2-TH	490,000	540,000
2-SD	720,000	1,000,000

MIRI	2020	2021
2-TH	451,000	476,000
2-SD	688,000	695,000

MELAKA	2020	2021
2-TH	575,000	600,000
2-SD	750,000	800,000

JOHOR BAHRU ³	2020	2021
2-TH	657,000	670,000
2-SD	1,152,000	1,357,000

TAWAU	2020	2021
2-TH	407,000	431,000
2-SD	646,000	694,000

BATU PAHAT	2020	2021
2-TH	468,000	505,000
2-SD	808,000	912,000

BINTULU	2020	2021
2-TH	488,000	498,000
2-SD	713,000	753,000

KUCHING	2020	2021
2-TH	641,000	650,000
2-SD	1,100,000	1,200,000

SIBU	2020	2021
2-TH	456,000	468,000
2-SD	665,000	715,000

* CBRE | WTW House Prices for respective towns were analysed based on transactions data of selected townships. The criteria are as follows:

- (i) Double-storey Terraced houses, are sampled with land area of 1,600 - 1,800 sq ft, freehold/leasehold tenure, building age of <5 years & about 10km or less from the city centre (houses in smaller town may be less than 10km from city centre).
- (ii) Double-storey Semi-detached houses, are sampled with land area of 3,500 - 4,500 sq ft, freehold/leasehold tenure, building age of <5 years & about 10km or less from the city centre (houses in smaller town may be less than 10km from city centre).
- (iii) Plot sizes and built-up areas may vary in areas in cities / towns where the market norm differs.
- (iv) Prices for 2020/21 may vary from our previous Market Report due to changes in the housing schemes selected to calculate the average price.

LEGEND	
	INCREASED
	MAINTAINED
	DECREASED

Notes: movements are made based on a yearly comparison

03

Purpose-built Office (PBO)

Klang Valley

The Klang Valley office sector is a tenants’ market. Landlords are focused on tenant retention via cost-cutting, asset enhancement and leasing strategies. Buildings are incorporating wellness, health and safety measures using technology.

The Klang Valley office market continued its subdued performance throughout 2021. Three completions were recorded within the first three quarters of 2021, increasing supply to 118.7 million square feet. The vacancy rate increased to 23.3% (1.7% y-o-y). Limited deals were concluded as tenants are still adopting a wait-and-see approach in this challenging business environment.

Leasing activities are mainly rent renewals. Companies are benefiting from the current market to secure more favourable leasing terms. Landlords are enhancing building specs and offering more flexible leasing arrangements to drive or retain the occupancy. Rentals hovered at RM6.80 per square foot and expected to decline further.

Asking rentals have been weakening amongst newly completed buildings, while older buildings tried to maintain their current rental rates. This may be due to existing oversupply concerns as vacant office spaces were observed for long continuous periods. Some tenants are also re-locating to a lower-grade office building as part of a cost-saving strategy.

One of the most significant transactions in the market was a bundle of ten (10) properties worth RM3.16 billion acquired by IGB Commercial Real Estate Investment Trust (REIT), in mid-2021.

Mercu 2, KL Eco City has been approved as the designated premises for MSC Cybercentre by the Malaysian Digital Economy Corporation (MDEC).

Workspace Revolution

The Movement Control Order (MCO) in June prolonged companies’ Work-From-Home (WFH) arrangements and will delay the return to offices. A few Multinational Corporations (MNCs) announced permanent WFH plans or withdrew their return-to-office plans.

At the same time, some companies have started welcoming their staff to the office, implementing additional wellness tools to enhance office safety and health. Such tools are body temperature scanning, air humidifier, sanitiser machine, ultraviolet disinfectant.

Going Hybrid, Going Green

The vaccination rollout has helped better control the pandemic. Depending on the nature of work, most organizations are likely to adopt a hybrid working model.

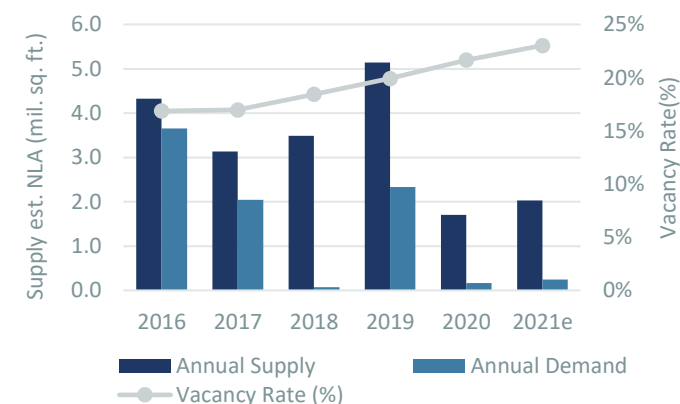
As collaborative arrangements become the main driver to improve work performance, there is a rising trend of work areas for mentoring, learning, and training. Some offices have upgraded, incorporating interactive areas for their staff and reorganizing their workspace allocation.

The increased awareness in Environmental and Social Governance (ESG) has pushed more office tenants to express their interest in green buildings. Energy efficiency and health and wellness are the main considerations for better ventilation.

Flexible-space providers may benefit from the hybrid working paradigm by providing attractive corporate flex packages and short-term (hourly) rentals.

With that, flexi space providers have expanded their footprint and have signed with large occupiers to fully cater to the company’s hybrid working models.

Klang Valley Annual Supply and Demand



Abbreviation: est. – estimated, NLA – Net Lettable Area, mil – million, sq. ft. – square feet
Source: CBRE | WTW Research

Klang Valley

Business Continuity Plan

Businesses have implemented business continuity plans (BCP) to ensure their employees' health and safety are not compromised by the company's operations. There are more inquiries for work solutions for business continuity.

BCP has been conducted by a few sectors since pre-pandemic such as Oil & Gas and finance companies. The trend has been increasing thus co-working space has also started offering BCP plans to expand their offerings from the increasing BCP by corporations. WORQ and Colony have offered BCP quick solutions and offering agents incentives.

Maybank has chosen I-City, Shah Alam, as a part of their business continuity plan, moving part of their operations from their HQ in Kuala Lumpur. This will also accommodate their new work arrangements and remote working. HSBC will also be relocating their new building also their new headquarters to IQ @ Tun Razak Exchange from Leboh Ampang, while Sapura Corporate relocated to their new headquarters in KLCC.

Selected Purpose-Built Office Completions In 2021

Name of Development	Location	Estimated NLA (sq. ft.)
IQ @ TRX	Kuala Lumpur	555,419
Permata Sapura @ KLCC	Kuala Lumpur	670,000
iMazium @ Uptown	Outside Kuala Lumpur	480,000

Abbreviation: NLA – Net Lettable Area, sq. ft. – square feet
Source: CBRE | WTW Research

Seremban

The shop office market in Seremban is striving for more stability in 2022, with higher demand in prime locations influenced by facilities, amenities, and conveniences such as financial institutions and schools.

Food & Beverage (F&B) outlets are seen attracted to new commercial areas, which will improve their occupancy rates.

Market Outlook

The lackluster office market is expected to recover gradually. However, it is still a tenants' market with some companies taking advantage to negotiate for lower rentals.



Ongoing development of Merdeka 118 (also known as PNB 118), Kuala Lumpur
Source: CBRE | WTW Research

Penang

With more multinational companies setting up centralised global shared services operations in Penang, new office buildings with Multimedia Super Corridor (MSC) accredited status would receive better demand.

Healthy Short-Term Market To Prevail With Stable Rentals And Occupancy Rates

End users from the services sector such as professional firms, consulting companies, private education providers, and non-government organisations, retained their existing office space with employees partially working from home as landlords continued providing rental rebates and deferred rental increases.

As the office workplace is necessary for face-to-face interaction, the Purpose-Built Office (PBO) market is expected to remain healthy. Companies with a long-term view, would uphold that high quality office space is vital for corporate image and to attract, retain and nurture top talent.

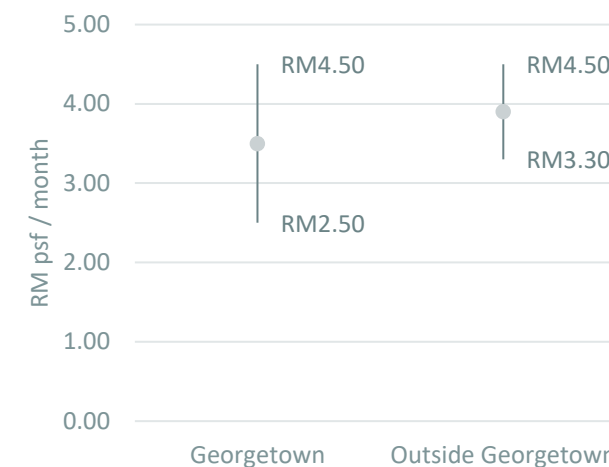
Stable Rental And Occupancy

The overall occupancy rate of PBO in the State was approximately 85% as of 3Q 2021, 88% in Penang Island and 77% in Seberang Perai.

Meanwhile, office rentals in Penang Island ranges from RM2.50 to RM4.50 per square foot per month. Generally, office buildings located outside Georgetown particularly in Bayan Baru and the surrounding areas nearby Bayan Lepas Industrial Park, have been achieving higher rentals as there are more office buildings which are newer and of higher quality. Moreover, there has also been higher demand from multi-national companies (MNCs) and their supporting services for this better office space that comes with relatively higher rentals.

Despite economic uncertainty and challenges in the market, the lack of new supply would stabilise occupancy as well as rentals.

Performance Of Prime Purpose-Built Office Space In Penang Island



Abbreviation: psf – per square foot
Source: NAPIC, CBRE | WTW Research

Penang

MSC Status Office Building In Demand

The demand for Multimedia Super Corridor (MSC) status offices continued in 2021 and will persist. An MSC status office building namely GBS @ Mahsuri in Bayan Baru was completed in 2020, and fully occupied, which included Clarivate Plc and Teleperformance. With the state Government promoting Global Business Services (GBS), more multinationals continue to set up their shared services operations in Penang.

Prospects For Co-working Space

In 2021, the co-working business has been affected with certain tenants opting to shift to cheaper lower grade office space. Notwithstanding the above, the prospects of co-working spaces is still encouraging. For companies who require more office space in the short term, the flexible lease terms and ready-to-use facilities of co-working space is a feasible alternative.

Co-working space also serve to separate employees to multi-locations as well as to minimise business disruptions from staff infections.

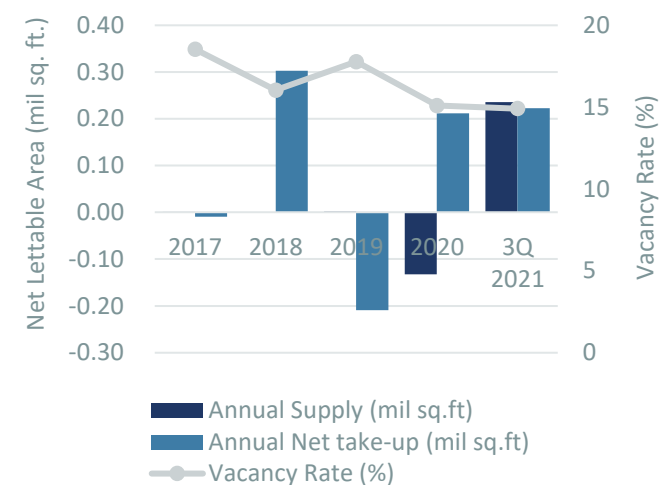
Alor Setar

More transactions of shop offices were observed for the first half of 2021. Improved demand for shop offices was observed in secondary areas. We anticipate a slight improvement in 2022 supported by some business recovery.

Ipoh

A downturn is seen for the shop office market this year. Some businesses closed with others shifting to homebased operations. In 2022, this sector will readjust, adapting to the new demand patterns.

Supply And Performance Of Purpose-Built Office In Penang



Abbreviation: mil – million, sq. ft. – square feet
Source: NAPIC, CBRE | WTW Research

Notable Proposed Purpose-Built Office Projects In Penang

Development	Location	Est. NLA (sq. ft.)
Penang Island		
GBS by The Sea	Bayan Lepas	317,000
The Light City / Light Waterfront	Jelutong	204,400
Penang International Commercial City (PICC)	Bayan Baru	N/A
Seberang Perai		
Vitoria Financial Centre @ Aspen Vision City	Batu Kawan	N/A

Abbreviation: EST. – Estimated, NLA – Net Lettable Area, sq. ft. – square feet
Source: CBRE | WTW Research

Iskandar Malaysia

Challenging market due to the acceptance of hybrid working styles and IT-friendly office support applications. The rental market remained competitive among old and new Purpose-built Offices (PBOs).

Vacancy Rate Worsens

The total purpose-built office (PBO) space supply in Iskandar Malaysia (IM) stood at about 6 million square feet, with 37% vacancy rate. The majority of older PBOs are well occupied by existing tenants while newer PBOs recorded a slower take-up rate.

Three PBO office buildings are currently under construction, which its due completion will add a net lettable area of about 1.075 million square feet by 2022.

Competitive Office Rental

The competitive landscape of PBOs has inevitably created rental competitions among older PBOs to retain tenants and newer PBOs to attract tenants. This comes in the form of among others, rental discounts, rent-free periods and capital expenditure investment. Rentals have remained steady with an average gross rental for prime office space ranging from RM2.50 per square foot to RM3.50 per square foot per month for older office buildings, and RM3.50 per square foot to RM4.50 per square foot per month for newer office buildings.

Changing Working Models

Most businesses are adopting the work-from-home (WFH) culture in response to health concerns and Standard Operating Procedures (SOPs). However, based on CBRE’s survey¹ in October 2020, more than 70% of managers preferred to have office-based staff though the employees have option to work remotely. Most have returned to office aided by certainty from the positive vaccination rollout.

Many businesses adopted a hybrid working model that gives employees the flexibility to work both remotely and from the office. This was also implemented as a precautionary step to face uncertainties posed by the pandemic. The hybrid business module will support the growing office space supply.

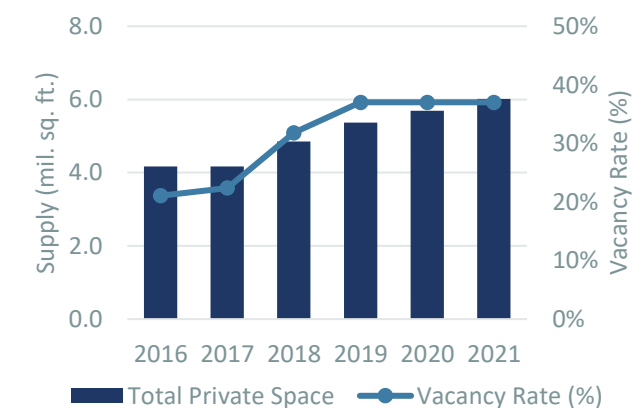
Apart from that, businesses are also required to make some changes to the office layout to implement the health and safety protocols in the workplace, in accordance with the SOPs.

Notable Incoming Purpose-Built Office Buildings in IM

Development	Est. NLA (sq. ft.)
UMCity Premium Corporate Office Tower, Medini	110,000
Medini 10, Medini	415,000
Menara Bank Rakyat @ Coronation Square, JBCC	550,000
	1,075,000

Abbreviation: EST. – Estimated, NLA – Net Lettable Area, sq. ft. – square feet
Source: CBRE | WTW Research

Supply And Vacancy Rate Of Privately-Owned Purpose-Built Office in IM



Abbreviation: mil – million, sq. ft. – square feet
Source: CBRE | WTW Research

Iskandar Malaysia

Melaka

The rental for PBO has been stable throughout the years as no new supply was introduced into the Melaka since 2011. Jaya 99 and United Malacca Berhad maintained as the sole private PBOs in Melaka.

While shop offices in new commercial areas posed competition for tenants. The overall shop office performance is expected to contract in 2022 due to the weak economic sentiment. Shop offices are usually occupied by restaurants, developer's offices, financial institutions and insurance companies. The mushroom of food and beverage (F&B) businesses such as bubble tea beverages and café which are also complemented by the tourism sector, creates new demand for shop offices.

Batu Pahat

Shop offices located in established locations are relatively stable in 2021. Transaction activity, price, rental yield and capital value for shop offices located within 4 kilometers from town centre are expected to be stable in 2022.

In Batu Pahat, shop offices located within prime locations are still in good demand. Looking ahead, the shop office sector will continue to be challenging due to excess supply and the rapid growth of e-commerce.

Market Outlook

The business model in the office sector has shifted from traditional to hybrid style. The hybrid model is expected to support the office sector especially new offices with better information technology (IT) elements. Landlords should be more proactive in offering better facilities and competitive rentals to retain existing tenants and secure new lettings.

Sabah

Kota Kinabalu

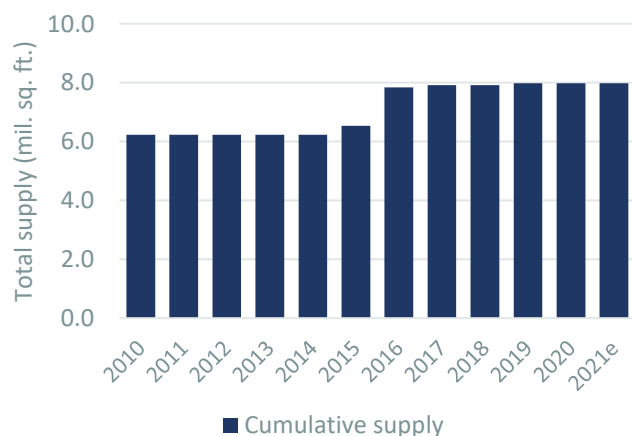
A subdued office sector given the ample availability of office space in upper floors of modern shop offices.

Lackluster Office Sector

Overall, the purpose-built office (PBO) segment has been quiet. Demand is subdued given the ample availability of office space in upper floors of modern shop offices where the market was generally stable with only a marginal increase in transaction activities.

New purpose-built office space will come from Menara SEC expected in 2022, forming part of the ongoing Likas Boulevard mixed commercial development.

Supply Of Purpose-built Office Space In Kota Kinabalu



Abbreviation: mil – million, sq. ft. – square feet
 Source: NAPIC, WTWS Research

Lahad Datu

The office market is relatively stable in terms of transactions, prices and rents. Values and yields have been depressed but is unlikely to go down further although restriction of business activities had exerted downward pressure on occupancy.

Moving forward, the shop office sector is expected to be stable. Once the pandemic subsides, transaction activities, occupancy and values could pick up. However, rents and yields may remain low as supply exceeds demand.

Tawau

Developers have been offering incentives to offload shop offices but showing little success.

Observed demand is primarily for ground floor shops with good footfall in high catchment areas at newer commercial centres, being majorly by retail / consumer household goods and F&B outlets. Lesser demand is expected for upper floor offices as some small-medium businesses practice hybrid work from home and some via home offices.

Sandakan

A static PBO sector, while requirements for office space are mostly being met by office supply from conventional shop offices.

Labuan

With the absence of new supply, the office sector is expected to be unchanged from previous years.

Demand for shop offices is mainly driven by visitors to the island, duty-free businesses, offshore and oil and gas sector. Being dependent on visitors, a number of business premises have closed indefinitely, opting not to continue or moving to smaller premises.

Sarawak

Kuching

Records of total commercial transactions doubled in volume and value, along with reduced rentals between 30% and 50%. The purpose-built office (PBO) sector remains a niche market.

Sarawak’s First Smart Office Building

Half a million square feet of new commercial office space was added in 2021 with the completion of Baitul Makmur II. Another purpose-built office (PBO) due for completion by 2022 is Hikmah Exchange, touted as the first smart building in Sarawak.

Panggau Dayak Towers which will house the Dayak Cultural Foundation (DCF) and Dayak Chamber of Commerce and Industry (DCCI), started construction and is expected to be completed by 2023 / 2024.

Rentals remained similar to the previous year, averaging around RM2.70 per square foot.

Subdued Shop Office Sector

Pressured by the supply glut, planned supply for Kuching dropped in 2021 although incoming supply in 2021 was estimated at about 500 units.

There were no significant new launches, while most transactions were 2-storey and 3-storey shophouses with prices between RM300,000 and more than RM1 million per unit.

Although new shops entering the market have been subdued, supply is still high and continued to suppress rental rates and occupancies. During the MCO, most rents are discounted by 20% to 30%, or at best maintained for renewals.

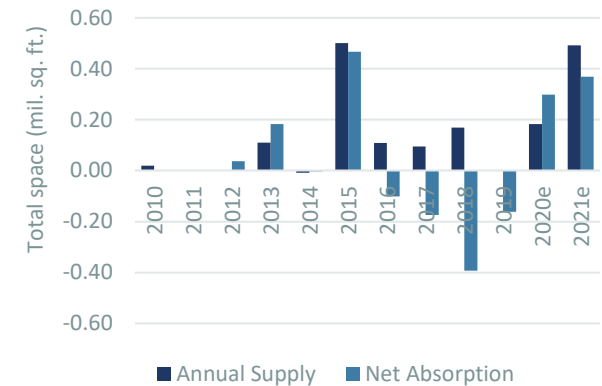
Miri

As per past years, the demand for purpose-built office (PBO) in Miri is mostly dependent on the oil & gas, oil palm, and Government sectors. Shell’s relocation of its head office operations to Miri will positively affect the Oil & Gas sector.

New challenges faced by the office sector post-pandemic include the shift towards remote working and the requirement for social distancing, affecting office space planning.

The Miri City Hall building at Marina ParkCity was completed. A 9-storey building facing the South China Sea, it resembles an oil barrel to reflect Miri’s past as a thriving oil town, making it the new iconic landmark.

Performance Of Purpose-built Office In Kuching



Abbreviation: mil – million, sq. ft. – square feet
Source: NAPIC, WTWY Research



Miri City Hall Building at Marina ParkCity, Miri
Source: WTWY Research

Sarawak

Bintulu

The demand for PBO in Bintulu is mainly from the Government Sector and for owner occupation.

There were two notable transactions:

- Wisma Forego (Lot 7809 Block 31 Kemena Land District) – Transacted between Bintulu development Authority (Vendor) and Forego Sdn Bhd (Developer)
- LHDN Building – Lot 2429 Bintulu Town District – Transacted between Hold Hold Development Sdn Bhd (Vendor) and Lembaga Hasil Dalam Negeri (existing Tenant)

Sibu

Sibu's PBO market continued to be small, low-key and unexciting. Demand for PBO is mainly from local corporate companies seeking to enhance their corporate image with bigger modern office space. Existing tenants have the upper hand for rental reduction due to the abundance of shop-office

Market Outlook

The PBO sector in Sarawak remains a niche market with limited supply and demand. Oversupply persists and may have worsened. Reduced rentals with discounts between 30% and 50% were the common practice for 2021.



Baitul Majmur II, Kuching
Source: WTWY Research

04

Purpose-built Retail (PBR)

Klang Valley

Improved sales growth and consumer sentiment point to a positive outlook for 2022. Tenant retention remains the primary strategy.

In 2Q 2021, retail sales had a 3.4% growth y-o-y compared to -30.9%, followed by a plunge to -27.8% in 3Q 2021 y-o-y. This was impacted by the Movement Conditional Order (MCO) and rising Covid-19 cases in the first half of 3Q. The Consumer Sentiment Index (CSI) had risen to 101.7 in 3Q 2021, a 58.2% increase q-o-q and 11.1% y-o-y, since all economic sectors re-opened in stages in August.

With a surge in usage, e-commerce income in 2Q 2021 had increased 5.1% q-o-q and 23.3% y-o-y. From a study by Statista in 4Q 2020, Shopee led the Malaysian e-commerce market as the most clicked site, followed by Lazada and PG Mall. This medium is growing and will continue to grow.

Since early 2021, several Government initiatives were rolled out for Small and Medium Enterprises (SMEs) in terms of finance and wage subsidies.

In 2022, the Government will allocate RM250 million for the Shop Malaysia Online campaign and Go e-Commerce initiatives.

Some malls opened in 2021 namely Quayside Mall in Kota Kemuning, Setia City Mall Phase 2 in Setia Alam, the renovated Starhill in Bukit Bintang and Pavilion Bukit Jalil.

Anticipated openings in 2022 are Mitsui Shopping Park Lalaport, The Exchange TRX Mall, and Warisan Merdeka Mall. New brands expected to enter the market include Zepp Hall Network, Seibu, Cineplex and Takashimaya.

Retail segments such as convenience stores, fresh food and dollar stores are thriving. Fast-food chains have expanded into drive-throughs and new neighbourhood retail malls, while Korea and Japan-based retailers-maintained interest with the debut of convenience stores (CU Mart, Don Don Donki), fashion & accessories (BAAPE) and F&B (Arabica%).

Retailers were on the move with business mergers and rebranding, to maintain a stronger market position. These included the acquisition of MBO Cinema by GSC Cinema, the acquisition of Tesco by CP Thailand to Lotus, and the rebrand of Giant Malaysia.

Convenience, The New Demand Factor

Since health concerns were on the rise, convenience became the primary demand of consumers.

Selected Upcoming Purpose-Built Retail In 2022 – 2023

YEAR	DEVELOPMENT	LOCATION	EST. NLA (sq. ft.)
2022	Datum Jelatek	Jelatek	350,000
	Mitsui Shopping Park Lalaport KL	Bukit Bintang	1,200,000
	Sapura Corporate HQ	KLCC	120,000
2023	Pavilion Damansara Heights	Damansara Heights	1,100,000
	Tun Razak Exchange Lifestyle Quarter	Tun Razak Exchange	1,300,000
	Warisan Merdeka Mall	Stadium Merdeka	900,000

Abbreviation: EST. – Estimated, NLA – Net Lettable Area, sq. ft. – square feet
Source: CBRE | WTW Research.

Klang Valley

Usage of other payment methods, be it debit / credit cards, e-wallets (eg. Touch'nGo, BoostPay, WeChat Pay) increased. Channels of goods delivery are also expanding, commonly boasting 24-hour delivery service and affordability such as Beepit, Lalamove and Lapar.

Retail malls are also offering online shopping such as Sunway e-mall, PG Mall and The Starhill. Retail malls are also facilitating use of online platforms, such as collection counters and drive-thrus, and mobile apps for mall navigation, personalised updates, and available offers and discounts. Some examples are SunwayPal and Sunway Velocity, MyTown and Pavilion KL mobile apps.

Improved Usage Of Retail Space

Despite the surge of e-commerce usage, retail malls around Klang Valley maintained consumer interest for dining and shopping for fashion, home products and groceries.

Open circulation spaces can be opportunities for flexible multiple usage such as temporary extended dining areas and special sales for additional revenue points.

Seremban

In 2021, the overall retail sector was muted. However, it is expecting an improvement in 2022 as interstate travel and movement restrictions are eased. The average rent and yield were maintained at RM4-RM15 per square foot and 6% respectively.

Market Outlook

Tenant retention and lease flexibility will be key to mall survival in the Klang Valley. Upcoming malls with pre-leasing activities may remain competitive with existing malls. Continuous pressure on occupancy is expected as additional retail space enters the market.

Neighbourhood malls are performing well, being the most convenient. Tourist-focused retail malls may only improve when international borders re-open.



Renovated The Starhill, Bukit Bintang
Source: CBRE | WTW Research



China's Dadi Cinema entries into Pavilion KL and Pavilion Bukit Jalil
Source: CBRE | WTW Research

Penang

Accelerated efforts should be conducted to accommodate the changing pattern of consumer behaviour, by establishing omnichannel, incorporating experiential elements, embracing digitalisation, and replanning the spatial design of stores.

Spurred By “Freedom Euphoria” Into 2022

With vaccinations in full swing and businesses re-opening, improvement in shopper traffic was observed in Gurney Plaza, Queensbay, Gurney Paragon, and Sunway Carnival.

There has been a “V” shape recovery in shopper traffic as Malaysians have been travelling and spending more domestically as well as spurred by the “freedom euphoria”.

The encouraging recovery is expected to extend into the 1st half of 2022, boosted by the Chinese New Year in February and Hari Raya Aidilfitri in May.

Stabilisation En Route To Recovery

As of 3Q 2021, the overall occupancy rate of retail complexes in Penang State reduced slightly to 70% from 73% in 2020, 78% in Penang Island and 58% for Seberang Perai.

Landlords were slowing down renewing or replacing tenants as they were in a weaker bargaining position. Renovation works by replacement tenants were also delayed during the lockdown, impacting occupancy.

Although household spending is expected to grow after two years of contraction, its growth is not expected to recover to pre-pandemic levels.

Landlords will continue managing rental arrears and offering rental waivers. In being more competitive, efforts are expected to be stepped up for a higher variable portion as turnover rent. Rental revision may be quite flattish in the coming year, with signs of stabilisation en route to recovery.

Widening Gap Of Performance

Retailers in older retail complexes continued facing pressure. For instance, the Popular Bookstore in Komtar closed down in November 2021 after 30 years of operation.

On the other hand, new retail complexes attracted new tenants. Food and beverage (F&B) outlets such as Burger King and Haidilao Hotpot have newly opened at Prangin Mall and Queensbay, respectively. Krispy Krème (doughnuts) are opening new outlets in Gurney Plaza and Sunway Carnival. Other entrants in 2021 included Original Classic (sports & lifestyle), Aetrex (shoes), Bratpack (bag, footwear and apparel), and North Face (outdoor clothing and equipment) at Gurney Paragon; Urban Republic (electronic gadget) at Queensbay; and Honor (electronic gadget) at Aeon Bukit Mertajam.

Newer single-owner retail complexes such as Gurney Plaza, Gurney Paragon, Queensbay Mall and Sunway Carnival, are expected to sustain more stable occupancies and rental rates compared to older complexes which are stratified with multiple ownership. The gap of performance between the newer single-owner retail complexes and older multiple-owner complexes, will be widening.

Omnichannel Of Physical And Virtual Integration

The change of consumer behaviour during the pandemic has resulted in retailers incorporating online services to drive their businesses in the new normal.

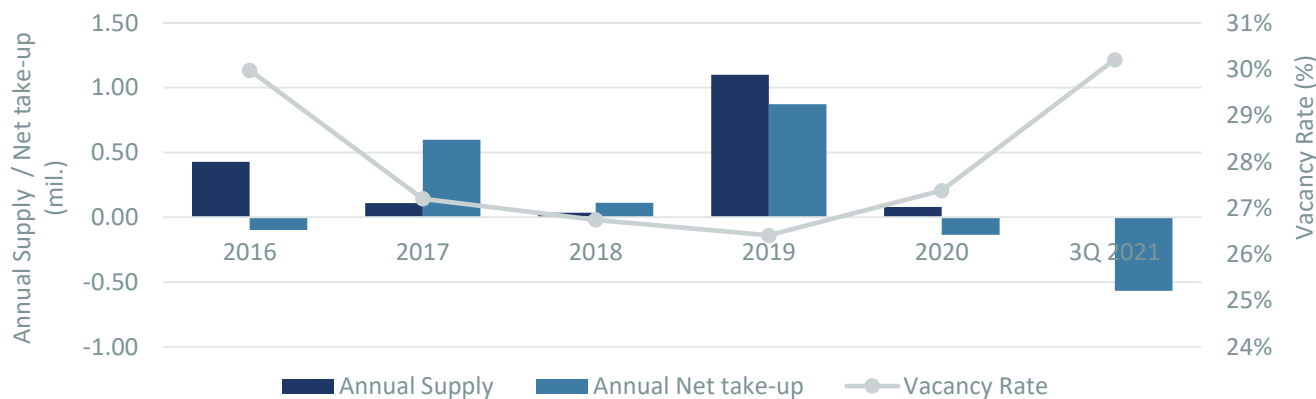
Penang

For Gurney Plaza, shopping online is conducted via “Luxe E-Concierge” with brands such as Kate Spade, Coach, Boss, Calvin Klein, Aesop, etc. Other fashion retailers have also turned to online shopping platforms such as Shopee and Lazada.

F&B retailers have partnered with GrabFood and Food Panda and other platforms. These include Texas Chicken (1st Avenue) and Din Tai Fung (Gurney Plaza). Retailers in purpose-built retail (PBR) complexes with their own dedicated delivery services include Hai Di Lao (Gurney Paragon and Queensbay) and Mercato (Gurney Plaza). Through “GPTreats” of Gurney Paragon, shoppers can browse through the F&B directory, pre-order, and collect orders at the designated pick-up point.

For the retail industry to recover, efforts are required to accommodate the changing patterns of consumer behaviour. These efforts incorporating omni channels, experiential elements and digitization, are expected to accelerate.

Supply, Take Up And Vacancy Of Retail Complexes In Penang



Abbreviation: mil – million
Source: CBRE | WTW Research

Alor Setar

The retail market was muted in 2021 and is anticipated to prolong into 2022. The performance of retail malls is mainly contributed by groceries and hypermarkets.

Ipoh

As people gain confidence in stepping out, the sector is expected to gain momentum in 2022. The recovery will be slow as people are shifting to online purchasing.

Future Purpose-Built Retail Space In Penang

Development	Est. NLA (sq. ft.)	Completion Year
PENANG ISLAND		
Penang Times Square Phase 3	230,000	2022
Retail Mall @ Sunshine Tower	900,000	2022
Retail Mall @ The Light Waterfront	1,000,000	2024
SEBERANG PERAI		
Sunway Carnival Extension	350,000	2022
GEMS Megamall	1,200,000	Deferred indefinitely

Abbreviation: EST. – Estimated, NLA – Net Lettable Area, sq. ft. – square feet
Source: CBRE | WTW Research

Iskandar Malaysia

The retail industry is poised for growth with a positive vaccination roll-out, at the same time cautious of the uncertainties associated with the Covid-19 spread.

Retail Sector Recovering Slowly

Iskandar Malaysia (IM) retail performance was highly dependent on the 400,000 daily travelers of Singapore visitors and commuters who lived in Johor while working in Singapore before the pandemic. This was also the main reason for retail malls in IM to lose footfall since the border closure, leading to some businesses closing down. Other than that, in-shop domestic shoppers have mostly turned to online shopping for their daily needs which lead the vacancy rate to 45% over the 16.5 million square feet of retail spaces in IM.

The retail sector is looking forward to brighter days ahead as interstate and overseas travel restrictions are lifted for those fully vaccinated. IM also expects visitors from Singapore as Johor-Singapore Causeway launched the VTL-land scheme which facilitates quarantine-free cross-border movement. This will benefit the overall businesses in IM especially to retail segment which expected to receive more footfall.

Rise Of Community Mart & Convenience Store

The community mart and small convenient stores receives more footfall as consumers turn to these retail spaces in the neighborhood for their daily needs. As most of these spaces offers the same essentials as retail malls and is more convenient for visit, retail malls are visited for more leisure activities and non-essential purchases.

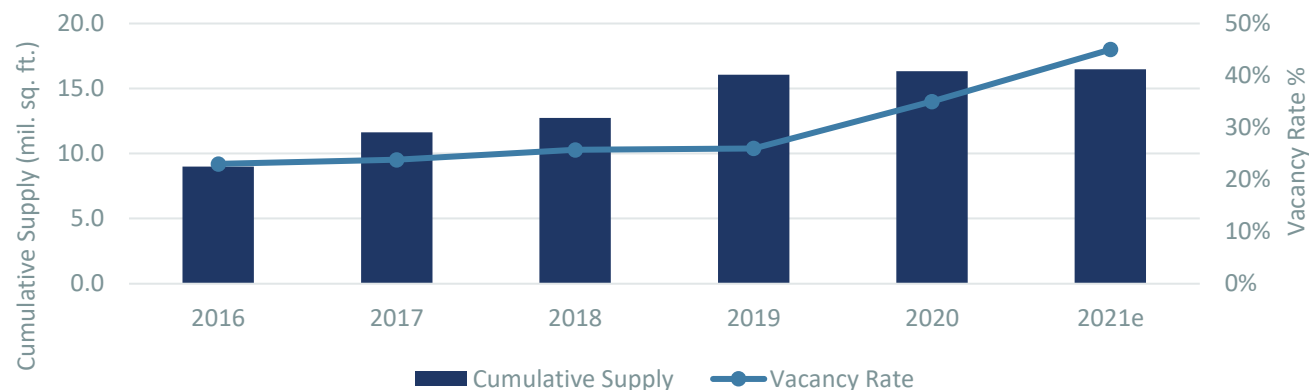
E-commerce Vs Brick And Mortar Demand / Changing Consumer Preferences

E-commerce has been adopted as the new shopping medium by most consumers which pushed the sales via this channel sharply. Businesses are re-strategising their business model to incorporate online services to stay afloat during this tough time. This has increased the rate of technology adoption in the retail sector.

However, with movement restrictions lifted, prominent retail malls with strong brand records have seen a swift return of footfall. This underscores the relevancy of physical retail stores despite the adoption of technology in the sector as consumers still demand shopping experience for some retail categories, and services prior to their purchases especially big-ticket items such as furniture, cars, and home appliances.

Thus, the retail spaces are expected to be ready to address the changing post-pandemic consumer expectations i.e. better ventilation, safety, health and cleanliness concerns, and in-store digital experiences. This will enhance the shopping experience and indirectly boost visitors' footfall.

Cumulative Supply And Vacancy Rate Of Retail Mall In Iskandar Malaysia



Note: Data for the full year of 2021 is based on estimation.
 Abbreviation: mil – million, sq. ft. – square feet
 Source: NAPIC, CBRE | WTW Research

Iskandar Malaysia

Melaka

Similarly, the performance of retail sector has been dampened by the weak market sentiment. Thus, more retail centres are shutting down as malls are venturing into wholesale online businesses and short-term businesses like kiosks. Several on-going retail mall projects and newly completed projects have slowed down while some even stop their progress.

Batu Pahat

The Batu Pahat retail market is yet to recover while online shopping trends has further dampened the sector. As there were no new shopping malls are in the pipeline, the malls located in high populated area are expected to revive its activities.

Market Outlook

Retail malls in IM are looking forward for active days in 2022 as local and international travel restrictions have been relaxed, especially the land travel restrictions between Malaysia and Singapore.

The retail market, in general, is expected to improve in performance, supported by Government incentives announced in Budget 2022 in reviving the retail and tourism industries. These announced incentives are such as RM250 million allocation set aside to continue Shop Malaysia Online and Go-ecommerce Onboarding campaigns while RM74 million allocated for training programs and business guidance and a simple zero financing scheme for six months together with a moratorium.

The Larkin Junction and D'Pristine Lifestyle Mall in Johor has completed construction in 2021 but unable to open to the market due to dampened economical activities. This mall are expected to open for lease in 2022 with the revival of commercial activities.

Sabah

Kota Kinabalu

Uneventful retail sector for the most part of 2021 due to prolonged movement control though some bright spots emerged towards year end with lifting of controls and easing of travel restrictions.

Subdued Retail

Activities in retail malls remain muted, with no new major supply. Depressed occupancy and rental in retail malls are observed.

Online shopping and e-commerce continue to be popular, competing with traditional brick-and-mortar retailers. This has exerted pressure on retail malls to reinvent themselves to stay relevant in the present market and offer more flexible lease terms to retain desired tenancies.

Moving forward, the easing of movement restrictions and re-opening of international borders in 2022 may revitalise the retail sector.

Lahad Datu

Branded outlets have started to establish their presence in Lahad Datu albeit on a small scale. The recovery of palm oil prices and employment in the agricultural sector would be the main drivers of demand.

Tawau

There is relatively good demand for ground floor space at locations having high pedestrian flow. Consumer demand is mainly met by F&B, supermarket and specialty retail categories. The preference of customers is for take-away food, compared to other shopping activities.

Occupancy is largely unchanged but ground floor retail units of retail mall, supermarket and food outlets have remained at a reasonable take-up. Yields for ground floor shops are at a downtrend with temporary discounted rents of 30%-50% offered to new or existing tenancies, understanding that current market conditions call for flexibility in rental terms.

In relation to that, ground floor retail space at Kubota Sentral Commercial Centre continues to attract good take-up for newer lifestyle F&B outlets and specialty shops as vendors continue to offer lower market rental and flexible lease terms.

Overall, a stable outlook for 2022. Gradual recovery.

Sandakan

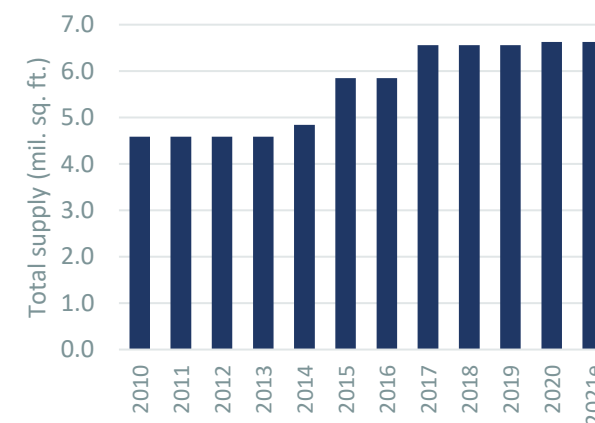
There are only 2 existing retail complexes in Sandakan namely Harbour Mall Sandakan in the town centre with units only for lease, and Sejati Walk 2-storey pedestrian mall located off Jalan Airport. The malls have occupancy rates of about 95% and 70%, respectively.

Retail activities in Sandakan are mainly contained within ground floor shop space in conventional shop offices. Business activities are mainly moving out of towns towards suburban areas.

Labuan

A reduction in consumer expenditure, dampening the retail market is also observed in Labuan, exacerbated by the small population base and plunge in visitor arrivals to the island.

Supply Of Retail Space From Retail Malls In Kota Kinabalu, Penampang & Putatan



Abbreviation: mil – million, sq. ft. – square feet
Source: NAPIC, WTWS Research

Sarawak

Kuching

The overall retail property sector continues to decline with occupancies and rentals deteriorating further. However, food chains are expanding. The increased preference for contactless and cashless dealings have resulted in a surge in e-commerce.

Worsening Occupancies

Worsening occupancies are seen in retail malls due to the prolonged movement and business restrictions in 2021, reducing some to a worryingly low occupancy rate below 50%.

The new norm of doing business has greatly reduced capacity (the need for bigger space for social distancing) and entailed higher operation costs (additional cleaning and sanitizing). The increased preference for contactless and cashless dealings has resulted in a surge in e-commerce.

Despite a tough market, retail sub-sectors such as supermarkets/grocers, pharmacies, personal and household essentials, have managed to thrive.

Some significant retail expansions include three new stores by Sarawak-grown hypermarket Emart:

- 3rd store at Summer Mall in Samarahan
 - 4th store at Demak Laut Commercial Centre, Sejingkat
 - 5th store, Emart@Moyan at Genesis Walk Mall 2 at Matang
- It's 6th store, Emart@King'sCentre is expected to open soon.

In addition, LePapa expanded to Sematan through its Xpress Store, and to Malihah Square, Matang.

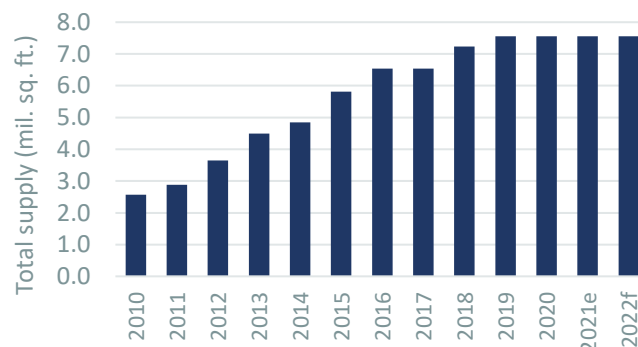
In early-2021, Eco-Mall@SemariangPJ took over the commercial spaces formerly occupied by Giant Hypermarket, while Choice Supermarket opened its higher-end supermarket, Choice La Promenade at Wisma Hock Seng Lee in Samarahan. These activities involved about 400,000 square feet of retail space.

The average rental rate for conventional retail lots has fallen further to about RM7.50 per square foot in 2021.

The retail podium of Vantage@TAMU at Jalan Stampin Tengah was completed in early 2021, while Tropics City Mall at Jalan Song is expected to be completed by 2022.

Most retail businesses in Kuching are still slow. Regaining a stable market position will depend on business resilience in the new norm.

Supply Of Retail Malls In Kuching



Abbreviation: mil – million, sq. ft. – square feet
Source: NAPIC, WTWY Research

Miri

Increased shophouse transactions were recorded in 1H 2021 y-o-y but declined in average transacted price.

Demand is mostly from local business owners and investors. The influencing sectors are the agricultural commodity and oil and gas sectors, which form the backbone of the Miri economy.

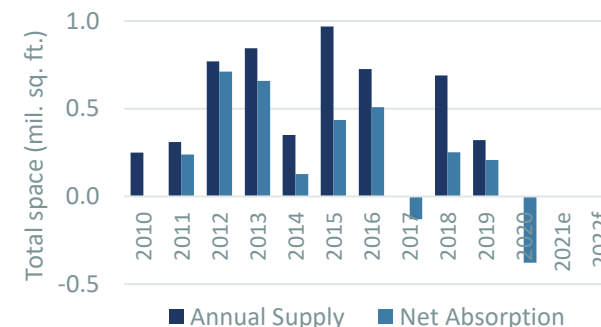
Overhang of shophouses with slow take up rate has put price pressure on these commercial units as owners and developers try to cash out.

Average Yield Of Shophouses In Miri

	Shophouse	
	2020	2021
Average Rent (RM psf)	1.20	1.20
Average Yield (%)	4.0	4.0
Average Transacted Price (RM per unit)	1.2 million	1.2 million

Abbreviation: psf – per square foot
Source: WTWY Research

Performance Of Retail Malls In Kuching



Abbreviation: mil – million, sq. ft. – square feet
Source: NAPIC, WTWY Research

Sarawak

Bintulu

As at 1H 2021, shop office transactions increased y-o-y from 46 units to 62 units, and from RM32.03 million to RM41.30 million.

There has been a reduction in selling prices due to the soft market experienced by the closure of businesses coupled with the increased supply of shophouses. The current oversupply remains a challenge to landlords in retaining tenancies as well as renting out vacant shops.

Average Yield of PBO and Shophouses in Bintulu

	Purpose Built Office		Shop Office – 3-storey intermediate shop	
	2020	2021	2020	2021
Average Rent (RM psf)	1.40 - 2.80	1.40 - 2.80	1.20 - 1.30	1.20
Average Yield (%)	NA	NA	4% - 5%	4% - 5%
Average Transacted Price (RM per unit)	NA	NA	1,200,000	1,150,000

Abbreviation: psf – per square foot
Source: NAPIC, WTWY Research

Average Yield of PBO and 3-storey shophouses in Sibü

	Purpose-Built Office		Shop Office	
	2020	2021	2020	2021
Average Rent (RM psf)	NA	NA	1.20	1.20 – 1.30
Average Yield (%)	4.0% - 4.5%	4.0% - 4.5%	4.0%	4.0%
Average Transacted Price (RM per unit)	NA	NA	1.1 million	1.1 million

Abbreviation: psf – per square foot
Source: WTWY Research

Sibü

Owners/landlords have to resort to rental deductions and discounts to retain tenants during the pandemic year. Local businessmen/entities and private companies continue to contribute to the main demand for the shophouse/shop office market. Prices and values for this sector is however generally maintained.

As long as there is no big surge in supply, the market for shophouse/shop office is expected to remain stable. Purchasers and tenants currently have an advantage over sellers and owners in terms of price and rental negotiations.

Market Outlook

The overall retail market growth was affected as retail businesses were forced to either exit or find alternative options in shophouses which offer lower rentals.

Shop owners are inclined to give rental discounts in order to retain tenants and maintain occupancy. The retail sector is expected to pick up in line with economic recovery. However, many customers may have switched to online retail as e-commerce has become the new norm. This will affect the demand and supply of retail spaces going forward.



Emart @ Sejingkat, Kuching
Source: WTWY Research



EcoMall @ PJ, Kuching
Source: WTWY Research



Farley Mall @ Mile 6, Kuching
Source: WTWY Research

05

Industrial



“ Continuing growth of the industrial sector will be supported by rising demand from e-commerce activities and awareness of improved inventory planning to mitigate impacts of supply chain disruptions. ”

Sr Tan Ka Leong
Managing Director, CBRE | WTW Property & Facility Management

Klang Valley

E-commerce growth has encouraged warehouse demand, including last-mile delivery facilities and regional logistics. Modern purpose-built facilities in mature locations will continue to be high in demand. More cold storage is required to support the rise in demand by pharmaceutical players.

Industrial Sector Remains Active

As at August 2021, the Industrial Performance Index (IPI) averaged 10.4, compared to -6.5 last year.

RM107.5 billion of investment were reported in Malaysia from January to June 2021 of which 58% or RM62.4 billion were foreign investments. The manufacturing sector led with 367 projects worth RM66.9 billion. About RM4.1 billion (6.12%) approved investments in Klang Valley were mainly in rubber products, paper publishing and food manufacturing.

Active acquisitions of industrial lands were reported mainly in Northern Klang / Shah Alam and Kuala Langat areas, indicating the rise of demand along West Coast Expressway (WCE). Transactions in Bukit Raja and Shah Alam by foreign warehousing investors, indicate investment interest in the sector.

About 2 million square feet of new logistics and warehousing facilities were completed this period, namely IKEA Distribution Hub Pulau Indah and Hap Seng Industrial Hub in Shah Alam.

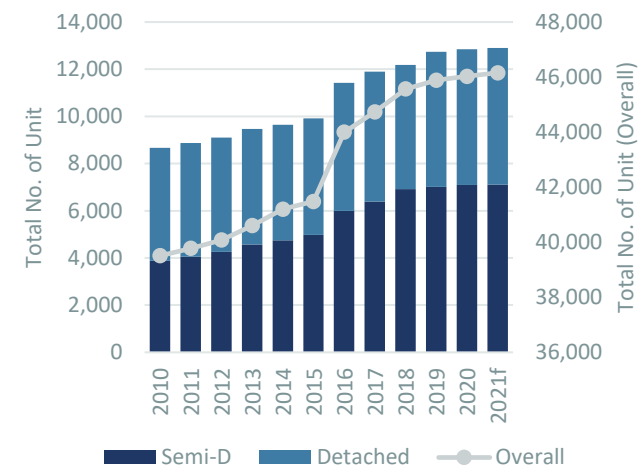
Logistics & E-Commerce

Online platforms are expanding, reporting high growth rates. Based on an independent market research report by Statista, the total revenue from e-commerce in overall Malaysia is to reach about US\$10.95 billion in 2025. In 2021, the revenue is estimated at US\$6.29 billion of which fashion accounted 31% of the total, followed by electronics (28%) and toys & hobbies (19%).

The rapid growth of e-commerce will drive demand for the warehousing space. It is estimated that about 1.31 million square feet of warehousing are under construction. On top of that, it is also planned warehousing development after the purchase and joint-venture development of industrial land within the prime industrial areas in Klang Valley. Despite the rising of the warehousing supply, it is not likely to lead to an oversupply situation as this incoming supply offers high-quality warehouses which are limited in Klang Valley.

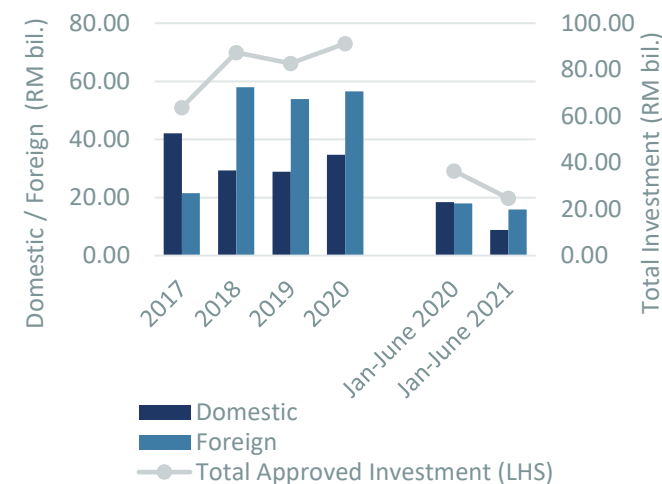
Northern Shah Alam tops the list of high demand locations due to good connectivity, proximity to business facilities, and land availability at reasonable prices and rentals.

Industrial Property Supply



Source: NAPIC, CBRE | WTW Research

Total Approved Investments in Klang Valley



Abbreviation: bil – billion
Source: Malaysian Investment Development Authority (MIDA), CBRE | WTW Research

Klang Valley

Seremban

Benefiting from its close proximity to the Klang Valley, Nilai is the most vibrant area for industrial activities in the state.

Availability of land and reasonable pricing are the key attractions.

Enstek Techpark, Sendayan Techvalley and Nilai Industrial Area are the hotspots. The sector has a bright outlook supported by the latest developments of Malaysian Vision Valley (MVV) and several infrastructure projects.

Market Outlook

The industrial property sector continues to perform. Regional logistics and warehousing will be the primary focus due to the expansion of e-commerce.

Modern purpose-built facilities in mature locations will continue to be high in demand. More cold stores are required to support the rise in demand by pharmaceutical players.

Penang

The manufacturing industry consolidated, setting the stage for sustainable future growth. The hotspot would still be Seberang Perai as greenfield investments are to extend to Batu Kawan Industrial Park 2. An active market is expected to spillover to 2022, with some increases in prices and rentals.

Consolidation for Continuous Growth

After two consecutive years of outstanding investment performances including an all-time high in 2019, the growth of manufacturing investment has been in consolidation in 2021.

Notwithstanding the above, Penang has been strengthening the ecosystems of the promoted industries of electrical and electronics products, machinery and equipment and medical devices. There were investments particularly in Batu Kawan Industrial Park (BKIP) as well as in other industrial parks, with expansion of existing companies and machine upgrades.

Announcements of significant new manufacturing investments into Penang in 2021 include:

- South Korean-based semiconductor company Simmtech Holdings Co Ltd, one of the world's largest producers of Printed Circuit Boards (PCB), announced that it had chosen an 18-acre site at BKIP for its first factory in South East Asia. Phase 1 will cost RM508 million, with operations slated to commence by in 2022.
- Hotayi Electronics (M) Sdn Bhd will invest RM300 million— Hotayi BK2 in BKIP. The plant is expected to be completed in April 2022.

- Intel Corporation announced its plan to invest RM30 billion in BLIP to expand manufacturing related to advanced semiconductor packaging technology.

As the manufacturing industry consolidates further, momentum will be set for sustainable growth and further underpin the Penang industrial property sector.

Seberang Perai To Remain The Hotspot

Foreign and domestic investments have accelerated into BKIP particularly in 2021.

Apart from Simmtech Holdings Co Ltd and Hotayi, other major companies which have acquired industrial lands in BKIP for development of in 2021 include:

- Vitrox Technologies Sdn Bhd (21.04 acres)
- UWC Industrial Sdn Bhd (12.09 acres)
- Pentamaster Equipment Manufacturing Sdn Bhd (11.8 acres)
- Morrissey Assembly Solution Sdn Bhd (9.0 acres)
- Greatech Integration (M) Sdn Bhd (5.9 acres) and,
- QES Mechatronic Sdn Bhd (2.0 acres).

Investments in Batu Kawan Industrial Park (BKIP) are due to the availability of large tracts of industrial land, supporting small and medium-scale industries, good infrastructure, direct connection to Penang Island via the 2nd Penang Bridge, broadband internet, major complementary commercial developments such as Ikea Store and Design Village Outlet Mall, as well as residential developments.

As BKIP matures further, the Penang Development Corporation is embarking on developing Batu Kawan Industrial Park 2 which will add approximately 1,500 acres of industrial land, slated to come onstream in phases from 2023.

Active Market To Spillover To 2022

According to the National Property Information Centre (NAPIC), there were 247 industrial property transactions worth RM775.61 million in Penang during the first half of 2021. Transactions were up y-o-y by 62.5% in volume and 89.8% in value compared to 1H 2020.

In Penang Development Corporation's (PDC's) industrial parks, land values have been generally stable, ranging between RM25 and RM55 per square foot in Seberang Perai, and between RM80 and RM140 per square foot in Bayan Lepas. PDC which is the State's development agency has maintained its selling prices of industrial land.

Rental of industrial space generally range between RM0.80 and RM2.20 per square foot per month in Seberang Perai, and between RM1.20 and RM3.30 per square foot per month in Bayan Lepas. Improvement in prices and rentals are expected in 2022.

Penang

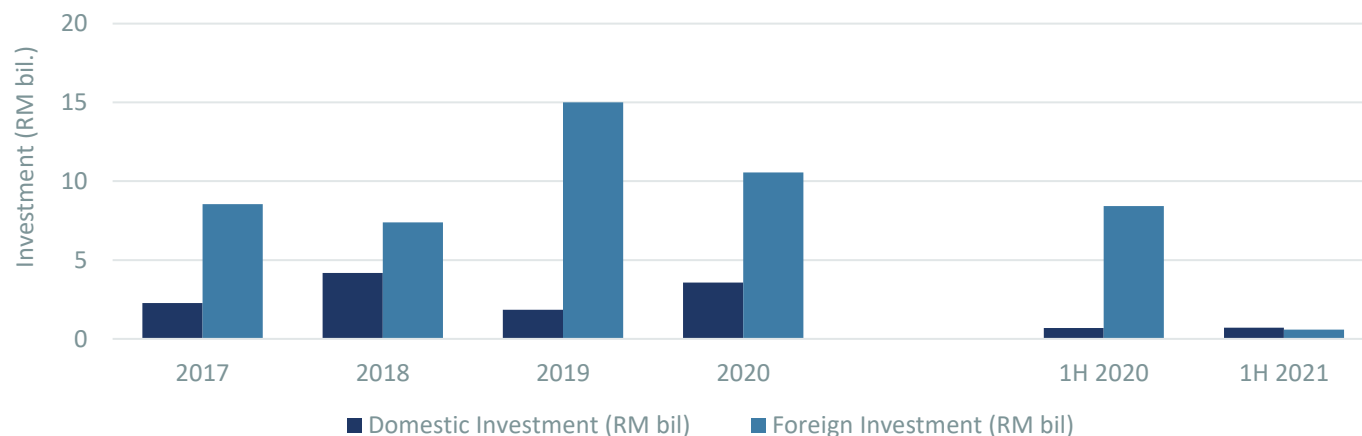
Growing Opportunity For Purpose-built Workers' Dormitories

Health concerns following the previous rise in Covid-19 clusters in workplaces, have led to the enforcement of the amended Act 446 of the Workers' Minimum Standards of Housing and Amenities Act (2019), to ensure a minimum standard for workers' accommodation.

As stakeholders strive to comply with Act 446, developers are embarking on partnerships with industrialists to construct workers' accommodation.

This growing demand has led to higher asking prices of lands surrounding industrial parks particularly in Valdor and Sungai Bakap.

Approved Manufacturing Investments in Penang



Abbreviation: bil – billion
 Source: Malaysian Investment Development Authority (MIDA), CBRE | WTW Research

Alor Setar

The industrial sector is on a downward trend due to low demand. Rental remained soft as property owners tried to retain their tenants by maintaining or reducing rental.

However, the proposed Kedah Rubber City may provide a bright note to the industrial sector in the state.

Ipoh

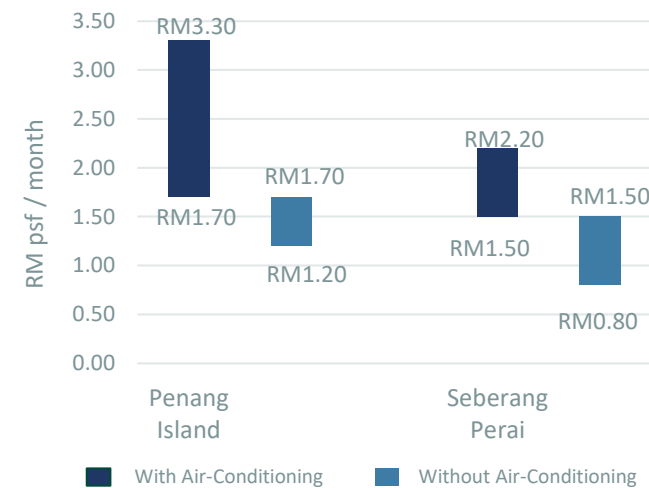
The sector remains unchanged this year. In the coming years, the sector is expected to maintain where the supply is sufficient with the demand.

Market Outlook

The gradual reopening of the economy augurs well for the sector. The vibrant acquisition and disposal activities has also been spurred by the global shortage of semiconductors and increasing demand for logistics services.

The trend seems towards recovery and an active market is anticipated into 2022 with acquisitions of properties for expansion.

Indicative Rentals In Penang Development Corporation Industrial Parks



Abbreviation: psf – per square foot
 Source: CBRE | WTW Research

Iskandar Malaysia

The Industrial Sector is still resilient, attractive for investments and an active sub-sale market. Challenges are the lack of foreign labour, the risk of Covid-19 infections in factories and construction project delays.

On The Lookout For Investments

Iskandar Malaysia’s industrial sector continues to attract investments. Johor recorded about RM3.77 billion total approved investments in 2Q 2021, ranked 4th among the states. About 78% was domestic investments and 22% by foreign direct investment.

The top 5 industry with highest approved investment in 2Q 2021 contributed 81.6% of the total approved investment. The top 5 industry were in the chemicals & chemical products, electrical & electronics, food manufacturing, machinery & equipment and plastic products industries.

The Resilience of the Sector

Total supply of industrial units in 2021 stood at 14,304 units of which 4,040 units (28.4%) are semi-detached factories and 2,803 units (19.7%) are detached factories.

Transaction activity recovered; volume increased 20% to 375 units in 1Q-3Q 2021 (312 units in 9M2020). The transaction value increased by 25% y-o-y to RM1,313 million.

The industrial sector was the least impacted as most operations remained open, being categorised as essential services. Operations capacity was capped at 60%. Despite that, Johor industrial sector stayed resilient.

Environment, Social & Governance

There has been greater emphasis on Environmental, Social, and Governance (ESG). The termination of a contract in IM underscored an additional challenge – labour shortage and catching up to the global standards of ESG.

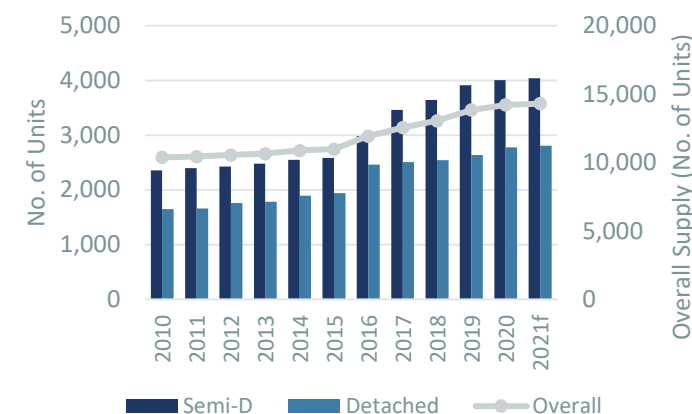
To help resolve the nationwide labour shortage, the Federal Government has announced to allow the entry of 32,000 foreign workers, with priority for the plantation industry.

Iskandar Malaysia Gained Traction

Several prominent transactions were noted :

- A sale and leaseback of XinHwa Pasir Gudang factory by Axis REIT for RM75 million in March 2021.
- An acquisition of 11.07-acres land by Shengda New Energy Sdn Bhd from MMC Corporation Berhad at Senai Airport City (SAC), for RM24 million, in April 2021, to expand manufacturing of solar panels.
- Tiong Nam Logistics purchase of a warehouse at Port of Tanjung Pelepas for RM30 million, with built-up area of 158,013 square feet and 6.6 acres land.
- Land acquisition in Nusajaya Tech Park by China CDS in July 2021, for their data center.
- Tiong Nam’s acquisition of 60-acres at Senai Airport City (SAC) for RM30 million. At the same time, Tiong Nam signed an agreement to lease 1.1 million square feet of warehouse space at SAC commencing 2023.

Industrial Property Supply In Iskandar Malaysia



Note: Data for the full year of 2021 is based on estimation
Source: NAPIC, CBRE | WTW Research



Eco Business Park @ Senai Airport City
Source : CBRE | WTW Research

Iskandar Malaysia

Melaka

SMEs involved in essential products and services are looking for opportunities to expand. Melaka is competing with neighbouring states to attract manufacturers by provision of better facilities and infrastructure.

Newly launched Eco Park offers 38 two-storey terraced factories which are expected to complete by 2024.

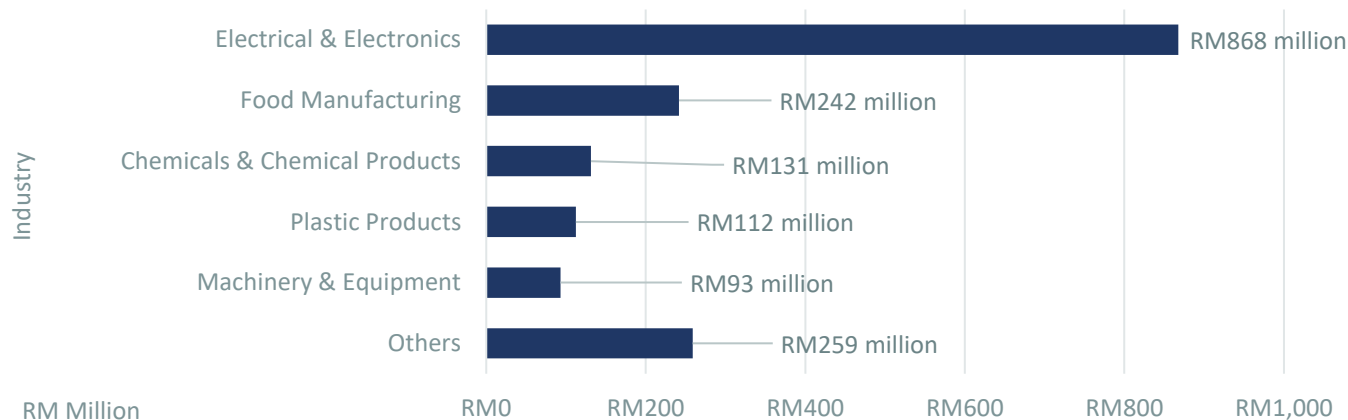
Batu Pahat

In Batu Pahat, the industrial estates are almost fully occupied, mostly owner occupied. The industrial market will be stable in 2022.

Market Outlook

The industrial sector is facing challenges and uncertainties due to the lack of foreign labour, risk of Covid-19 infections in factories and construction project delays. However, prospects for the industrial sector is positive as the economy starts to recover.

Total Approved Investment By Industry



Source: NAPIC, CBRE | WTW Research

Sabah

Kota Kinabalu

A more active secondary market for industrial lands and buildings for Small and Medium Enterprises (SMEs) and logistics.

More Active Sub-sales

Sub-sales of industrial properties within the Kota Kinabalu-Penampang-Putatan area from January-September 2021 recorded a 50% growth in terms of transacted value amid a marginal change in volume y-o-y.

Terraced light industrial buildings had the most transactions (36%), although the bulk of transaction value comprised detached factories, followed by vacant industrial plots (25%). The average value per transaction for terraced, semi-detached and detached factories was analysed to be about RM702,000, RM2,600,000 and RM6,400,000, respectively.

Kota Kinabalu as the State administrative capital, and commercial centre, is also the distribution hub for Sabah, for which industrial lands and buildings are required for warehousing and logistics use.

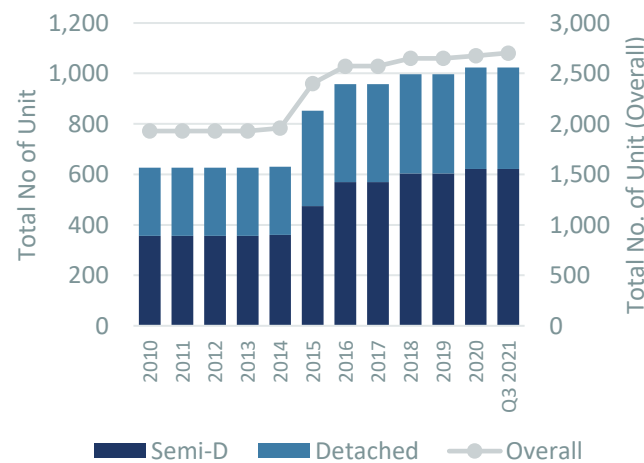
The expansion of the Sapangar Bay Container Port which had commenced, will benefit local industries. Industrial properties, particularly light industrial premises with good infrastructure would remain in demand given limited new supply.

Lahad Datu

Vacant industrial land is abundant, without matching demand. The lack of skilled and experienced workers also poses a challenge to the industrial sector.

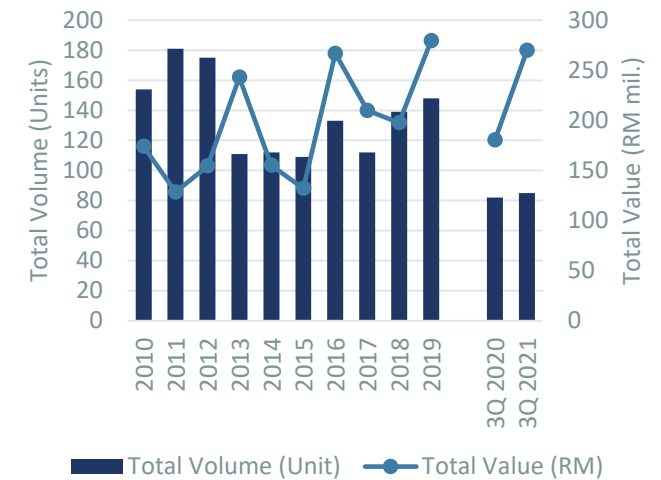
Existing operators will maintain their production facilities. Industrial activities especially downstream palm oil and oleochemical processing are likely to be further enhanced.

Supply of Industrial Units in Kota Kinabalu, Penampang & Putatan



Source: NAPIC, WTWS Research

Volume & Value Of Industrial Transactions in Kota Kinabalu, Penampang & Putatan



Abbreviation: mil – million
Source: NAPIC, WTWS Research

Sabah

Tawau

Tawau's industrial sector remains unchanged with limited activities. Most of the demand are for light engineering, storage and light manufacturing for local demand and consumption.

There is also an emerging trend for premises for parcel collection and delivery for e-commerce.

Demand is observed for 1.5-storey terraced and semi-detached units, with smaller built-up but bigger land areas making them suitable for open storage and future extension to suit individual needs. However, these are limited in supply.

1-Kuhara Centre, a light industrial business hub achieved 100% sales rate after its launch in 2020. The project is located within the town centre, easily accessed from all parts of town.

Scarcity of suitable land at strategic locations with access to the town centre hinders the industrial sector's expansion. Apart from that, this sector is anticipated to be stable in terms of transactions, prices, rents and yields.

Labuan

A dull industrial sector, stemming from unfavourable oil prices and post-pandemic effects. However, signs of gradual pick up are observed.

Sarawak

Kuching

The industrial sector remained generally stable in 2021, supported by several State Government funded financial aids. Potential remains particularly for high-tech electronics sub-sector.

Affected but Stable

Due to the business operation disruptions caused by the movement restrictions, the State Government stepped in to provide:

- Interest subsidies via three facilities, namely, Special Relief Facility (SRF), Targeted Relief and Recovery Facility (TRRF), and Penjana Tourism Financing (PTF) under Bank Negara Malaysia (BNM) to assist local Small and Medium Enterprises (SMEs)
- Rental waivers of up to 6 months for all Government owned properties under Bantuan Khas Sarawakku Sayang (BKSS) 7.0 .

Supply under construction for Q2 2021 exceeded that of Q2 2020 with more than 85% being semi-detached industrial factories. Transactions of double-storey units were also observed to range between RM250 to RM350 per square foot in the secondary market.

Occupancies and take up rates are generally stable as exits and new entries are more or less balanced out in 2021, with rentals remaining between RM0.80 and RM1.20 per square foot for semi-detached units.

Significant investments were seen in the manufacturing sector, particularly in the electrical and electronics sub-sector. Four (4) multi-national firms have confirmed investing RM6.31 billion in their business expansion at Sama Jaya High Tech Park, namely Taiyo Yuden (Sarawak) Sdn Bhd, HGST Malaysia Sdn Bhd, IMM Technology Sdn Bhd and LONGi Kuching Sdn Bhd. This would create employment for more than 1,000 workforce.

Taiyo Yuden (Sarawak) Sdn Bhd will expand its multi-layer ceramic capacitors production plant by close to 400,000 square feet while HGST Malaysia Sdn Bhd will expand its computer storage devices manufacturing plant, both by 2023.

2 industrial estates are being developed by the Ministry of International Trade & Industry, Industrial Terminal and Entrepreneur Development (MINTRED), in Sematan and Bau in Kuching, covering 5 hectares and 7 hectares respectively. They are to complete by 2022.

The industrial sector is expected to be more active depending on the economic recovery.

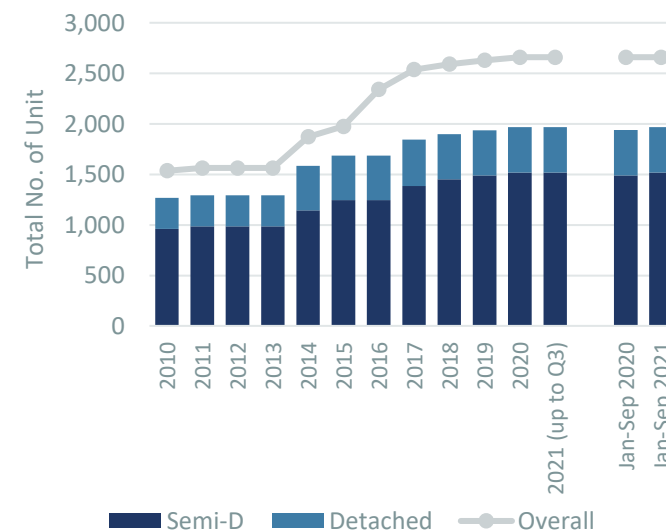
In the long run, good potential remains for industrial developments in Kuching particularly for the high-tech electronics sub-sector.

Miri

Based on JPPH data, transaction activity increased slightly in 1H 2021 y-o-y. The average rent and yield for semi-detached units were maintained between RM0.80 and RM1.20 per square foot, and 3.0% to 3.5% per annum respectively.

The industrial growth in Miri is driven by the oil & gas industry and its downstream activities. There is increased demand from the logistics sub-sector. Heavy industrial activities have in recent years shifted away from Miri to Bintulu as the latter has been designated as the State’s Industrial City by year 2025.

Supply of Industrial Units in Kuching



Source: NAPIC, WTWY Research

Sarawak

Bintulu

Based on JPPH 1H 2021 data y-o-y, transactions of industrial units decreased from 35 units to 31 units but increased in value from RM35.17 million to RM39.97 million. Industrial rentals were stable with no significant changes in take-up rate.

Activity remained quiet with no new completions and 8 units under construction. However, the planned supply increased from 44 units (2020) to 114 units as at 1H 2021.

The average rent and yield for industrial semi-detached units were maintained at RM1.80 per square foot and 4.5% per annum respectively. The industrial sector was generally stable in 2021 and expected to extend into 2022, supported by upcoming projects such as the petrochemical hub, Kuala Kemena Jepak Bridge Project, and Jalan Johari Sunam – Jalan Kemena Project. Industrial property demand comes mainly from large corporations and SMEs and sub-contractors.

Industries sited in prime industrial areas such as Kidurong Industrial Estate with good accessibility and proximity to the Bintulu deep-sea port (located in Kidurong and Samalaju), are generally preferred and are in higher demand.

Sibu

Overall, supply and demand in the industrial sector for Sibu has reached equilibrium with currently no over-supply nor shortage. This balance is expected to remain for 2021 and 2022.

The average rent and yield for industrial semi-detached units were maintained at RM1.20 per square foot and 4.5% - 5.0% per annum, respectively.

Demand comes mainly from light industries, shipbuilding and ship repair businesses.

Although the industrial sector is generally stable, the shipbuilding and ship repair service businesses had been affected by weaker demand.

Average Rent And Yield Of Industrial Units In Sibu

	2021	2022
Average Rent (RM psf)	1.20	1.30
Average Yield (%)	4.0% - 4.5%	4.5% - 5.0%

Abbreviation: psf – per square foot
Source: WTWY Research

Market Outlook

The overall industrial sector is seen to be stable with Government financial aid in terms of pay-outs, interest subsidies and rental waivers. The continued award of contracts from big state projects have also had a positive impact on the relevant industries.

06

Hotel

Klang Valley

Reinventing hospitality and F&B have become the major paths for hotels to stay on track

Continuing To Survive

Tourist arrivals in January to June 2021 decreased by about 85% y-o-y to 0.05 million arrivals, due to the continued closed borders within the review period.

Hotels continue to survive, mitigated by local tourists, lower operation costs and government support through wage subsidies and utilities discounts.

The hotel performance in Klang Valley remained lower than the pre-pandemic days. The overall average room occupancy (AOR) decreased y-o-y from 29% in 3Q 2020 to 21% in 3Q 2021 while revenue per Available Room (RevPAR) trended down from RM45 to RM34. However, the average room rate (ARR) increased to RM164 in 3Q 2021 from RM151 in 3Q 2020.

Several hotels in Kuala Lumpur have ceased operations or closed temporarily for renovations. The increasing number of hotels listed for sale indicated distress among hoteliers. With less concluded transactions, only the sale of Royale Chulan Bukit Bintang was completed in February 2021, a carry over from 2020.

Hotels with low operating overheads may be more resilient under the current low volume business model. Several hotels have not renewed management contracts after their expiry.

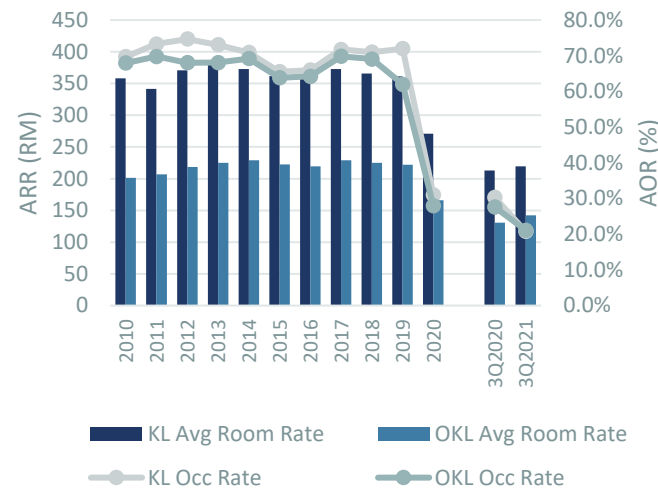
Partial Recovery

Moving into Phase 4 of the National Recovery Plan (NRP), the tourism sector is moving slowly back into recovery.

Hotels need to accommodate the domestic market demand for a wider range of hospitality quality under one roof. Luxury brand hotels recorded AOR of 18% in September 2021, up from 8% previously. Midscale and upscale hotels also reported higher AOR, 33% and 21% respectively.

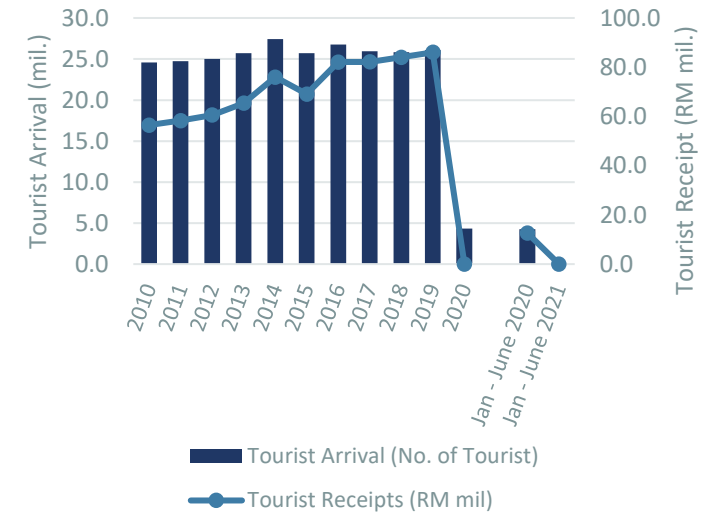
As full recovery is not expected soon, hoteliers expected to remain cautious.

Hotel Performance, 3Q 2021



Abbreviation: ARR – Average Room Rate, AOR – Average Occupancy Rate
Source: CBRE | WTW Research

Tourist Arrivals And Receipts



Abbreviation: mil – million
Source: Malaysia Tourism Board, CBRE | WTW Research

Klang Valley

Oversupply

Cumulative supply stood at 60,105 rooms (total of 209 hotels; 70% in KL and 30% outside KL) as at 3Q 2021. Fairfield by Marriot and Capri by Fraser are expected to open by end-2021, almost a year later than their schedule opening in 2020. Several hotels deferred their openings to 2022 such as Double Tree by Hilton and Santa Grand KL. About 2,851 rooms which are under construction are planned for completion in 2022 depending on the economic situation.

By 2023, 10 more hotels with 3,242 rooms had been planned, of which the majority were luxury hotels.

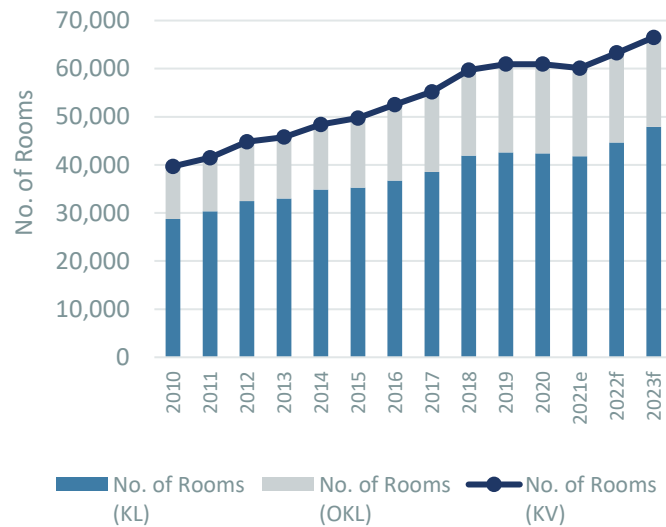
Seremban

Tourism activities mainly in Port Dickson are picking-up after the re-opening of inter-state travelling. Beach hotels and resorts attracted people from Klang Valley and other main cities.

Market Outlook

The tourism sector will continue to rely on domestic travellers. Support from the Government and attractive room packages by the hoteliers will help recovery. Performance remains subdued as operators strive to remain afloat.

Klang Valley Hotel Supply



Abbreviation: KL – Kuala Lumpur, OKL – Outside Kuala Lumpur, KV – Klang Valley
 Source: CBRE | WTW Research

Penang

The sector’s recovery is expected to be spearheaded by the possible extension of the travel bubble as well as other Government initiatives. The additional new supply would intensify market competition and it would be a situation of the “survival of the fittest”.

Domestic Tourism As The Lifeline

Struggling with low occupancy and room rates, hotels were forced to evolve to survive by lowering overheads and finding various alternative sources of revenue.

Hotel Equatorial Penang ceased operations while Cititel Penang, Golden Sands Resort and Jen Hotel explored alternative sources of income by selling affordable set meals, hawker fare and drinks. Other hotels such as St Giles, The Wembley Penang, Bayview Hotel Penang, Hompton By the Beach and Rasa Sayang Resort & Spa provided delivery services for set meals. Several hotels were operating as Covid-19 quarantine centres such as Vouk Hotel, Bahang Bay, Rainbow Paradise Beach Resort, Royal Chulan Penang, and Mei Hotel.

Following the rollout of the vaccination programme, domestic tourism has become the lifeline for the tourism industry and hotel property sector.

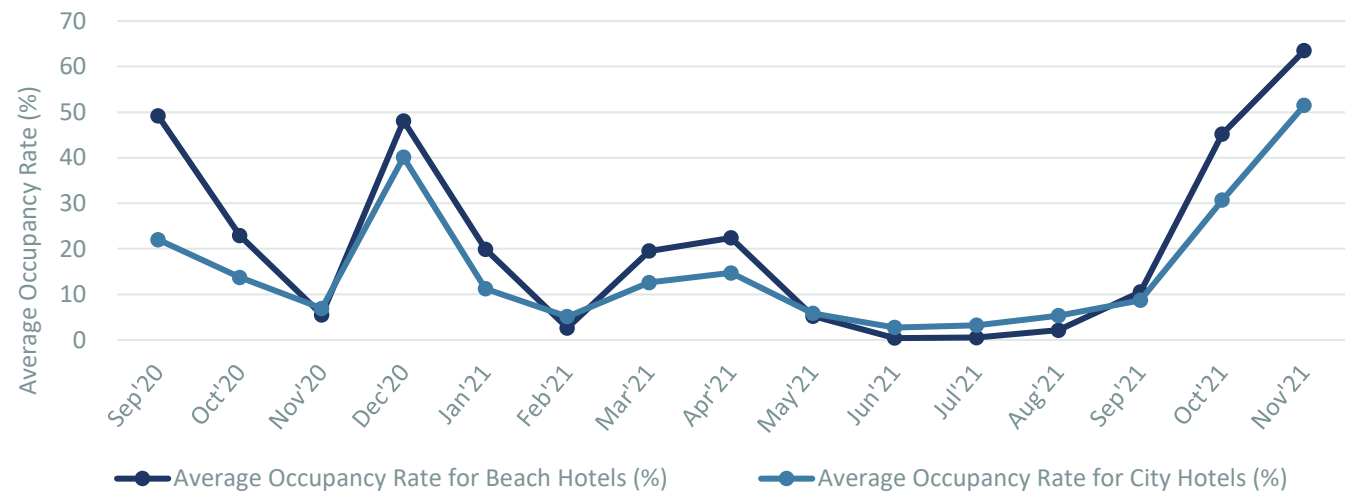
Most people would have travelled overseas for their year-end holidays but domestic vacations has been the only available alternative. Penang is a popular domestic getaway destination as the state is conveniently accessible by road, air and rail for those going for short vacations before year end.

The year-end “holiday” mindset and pent-up demand after the restrictions may see some rebound in the tourism and hotel property sector. Hoteliers are expecting domestic tourists to remain active until the 2022 Chinese New Year. Resort hotels are anticipated to fare better than city hotels.

Travel Bubbles And Government Initiative

With the implementation of the Langkawi travel bubble, the confidence among travellers is building up. Other Government initiatives to revive the industry included a service tax waiver and income tax relief. The Penang State Government also initiated the Covid-19 Standard Operating Procedure (SOP) accreditation system, to motivate tourism operators to adhere to hygiene and safety protocols.

Hotels Average Occupancy Rate in Penang



Source: STR, CBRE | WTW Research

Penang

Penang will be banking on culture and nature to draw international tourists when they return. Both elements would complement Penang’s two Unesco listings i.e. Georgetown as a Unesco World Heritage Site and Penang Hill as a Unesco Biosphere Reserve.

Pent-up Demand For Medical Tourism

According to the Malaysia Healthcare Travel Industry Blueprint 2021-2025, Penang is recognised as the most established state in healthcare travel / medical tourism. However with closed borders, foreign patients could not enter Penang to seek treatment. Private hospitals are conducting tele-consultations with foreign patients, indicating strong pent-up demand for medical tourism.

Intensifying Market Competition

Approximately 2,000 rooms are scheduled to complete and enter the Penang market, with 1,400 new hotel rooms expected in Penang Island and 600 rooms in Seberang Perai. If there is no demand growth, the pressure on hotel occupancy and room rates would be severe, a situation of “survival of the fittest”.

Alor Setar

The tourism industry was badly impacted during the first three quarters of the year. The travel bubble in Langkawi introduced by the government in September has brought some hope. From September to November, 204,953 domestic tourists were reported to have generated over RM211 million.

Ipoh

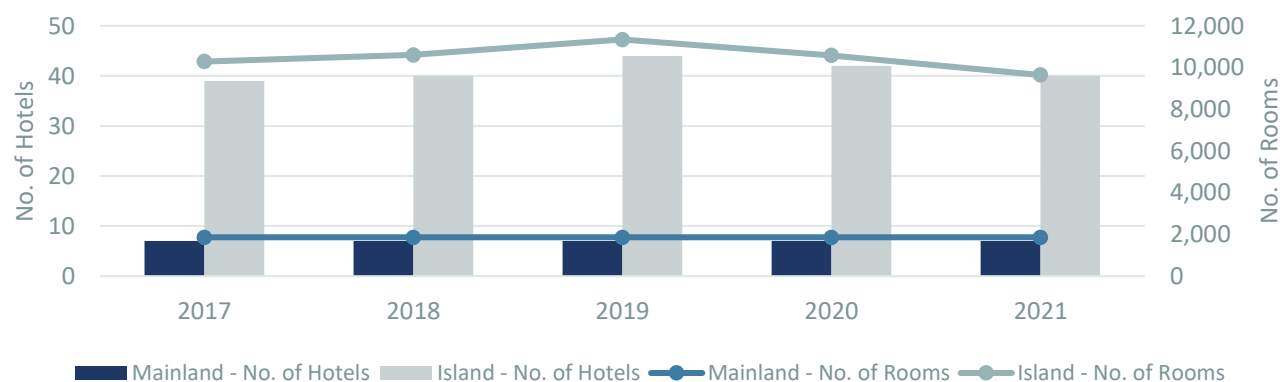
The hospitality sector in the state was severely impacted and we anticipate some restructuring activities next year. Businesses have to restructure, with major focus on the domestic tourism.

Major Hotel Developments in Penang

Development	No. Of Rooms	Expected Year Of Opening
Penang Island		
Amari @ Setia SPICE	453	2022
Proposed Hotel @ Sunshine Tower	320	2022
JW Marriott at Persiaran Gurney	313	2023
Iconic Hotel @ Jalan Sultan Azlan Shah	304	2023
Seberang Perai		
Holiday Inn & Suites	288	2022
Proposed hotel at Jalan Bagan Luar, Butterworth	364	2023

Source: NAPIC, CBRE | WTW Research

Hotel Supply In Penang



Source: CBRE | WTW Research.

Iskandar Malaysia

Loosening travel restrictions will restart the hotel industry though the uncertainties related to the pandemic is still around.

Challenging Beginning

In the first nine months of 2021, the Average Room rate (ARR) for hotels in Iskandar Malaysia (IM) recorded a slight decline to RM212 with 23% Average Occupancy Rate (AOR), compared to RM216 and 34% respectively in the same period in 2020. Hoteliers were offering various promotional packages such as hotel staycation, food delivery and takeaways in order to stay afloat. At the same time, some hotels opted to close temporarily.

In 1H 2021, The Mutiara Hotel One (previously known as Holiday Inn / Crown Plaza) with 332 rooms permanently closed its door on 1st Jun 2021 after being in operation for approximately 39 years. This was due to the decline in income.

In 4Q 2021, IM has welcomed the opening of Sunway Big Box Hotel which offers 284 guest rooms. With this new supply, the total number of hotels in IM registered at 37 hotels with 10,372 guest rooms. Some hoteliers who closed operations temporarily earlier also resumed their operation in 4Q 2021.

Other than that, the launch of the Vaccinated Travel Lane (VTL-Land) anticipated to open the route of recovery for the sector. This scheme facilitates quarantine-free, seamless cross-border movement integrating health protocol, security and immigration clearance allowing around 1,500 travelers. The quota of travelers will be increased on a weekly basis.

However, the number of incoming hotels in the pipeline also posed another challenge which may lead to a competitive rental market. In attracting tourists and travelers, hoteliers have to offer competitive rental rates, discounts and other perks.

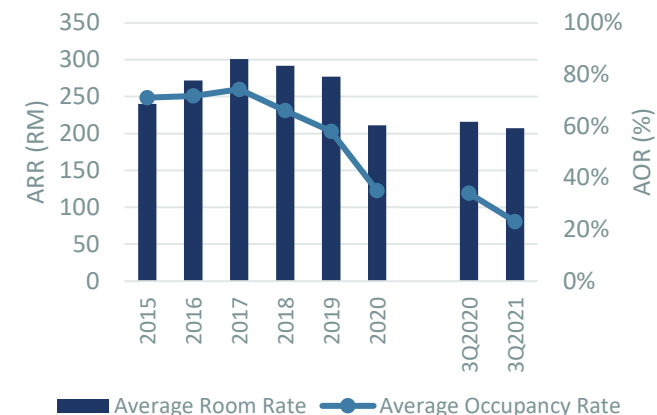
Melaka

The hotel industry in Melaka has been competitive due to the emergence of homestay, Airbnb and other rental facilities. Some hotels had been trying to manage their financial losses even before the pandemic, hence leading to closure of businesses during the pandemic.

Hotels are mostly dependent on local visitors to survive due to border closure and only limited functions were allowed to be held. Some started to offer underpriced room rates to attract customers. In Melaka, few 4- to 5-star hotels also ceased operation due to financial losses.

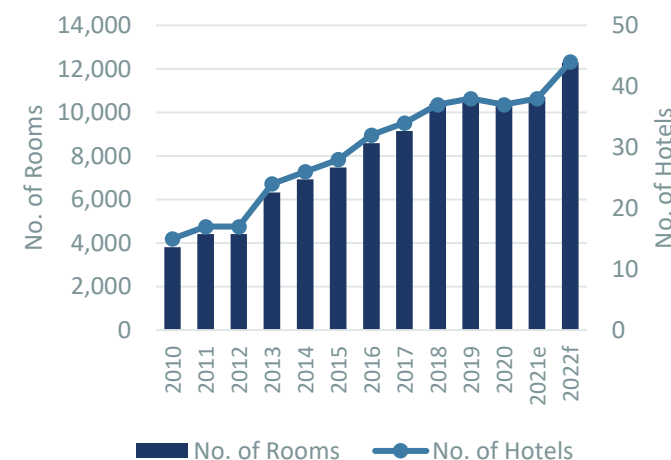
In 2020, Melaka has attracted only 5.05 million visitors which resulted in RM5.81 million earnings. This is the lowest record since 2015.

Average Occupancy Rate & Average Room Rate Of Upscale Hotels In Iskandar Malaysia



Abbreviation: ARR – Average Room Rate, AOR – Average Occupancy Rate
Source: Horwath HTL, STR, CBRE | WTW

Hotels Supply In Iskandar Malaysia



Source: CBRE | WTW Research

Iskandar Malaysia

Batu Pahat

None of the hotels in Batu Pahat has ceased operation in the lockdown period although some have been running at low capacity. There is limited hotel supply in the locality. The industry is only expected to recover in a couple of year's time as the locality has limited tourists activities.

Market Outlook

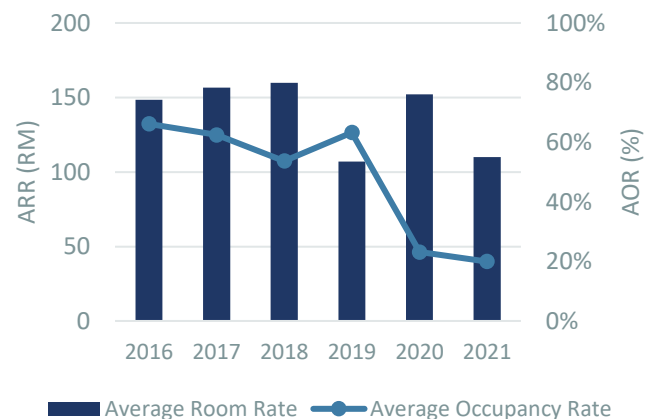
With some consolidations, occupancy rate and hotel room rates are expected to recover as Malaysia has reached herd immunity and global countries are embracing the pandemic to endemic.

Tourist Arrivals & Tourist Receipt In Melaka

Year	Average Length Of Stay	Tourist Arrivals (millions)	Tourist Receipts (RM '000)	RM Spent / Day
2015	2.18	15.74	16,759.75	488.53
2016	2.16	16.28	18,289.49	520.04
2017	2.25	16.79	19,651.04	445.90
2018	2.46	17.02	20,979.52	501.07
2019	2.55	18.73	21,298.60	446.00
2020	1.61	5.05	5,811.41	714.26

Source: Melaka Tourism Board, CBRE | WTW Research

Average Occupancy Rate & Average Room Rate Of Upscale Hotels In Melaka



Note: Data for the full year of 2021 is based on estimation
 Abbreviation: ARR – Average Room Rate, AOR – Average Occupancy Rate
 Source: Melaka Tourism Board, CBRE | WTW



Sunway Big Box Hotel, Iskandar Puteri
 Source: CBRE | WTW Research

Sabah

Kota Kinabalu

Cuti-Cuti Sabah is the only tourism activity for the year of 2021. The planned reopening of borders in 2022 is eagerly anticipated though the possibility of further movement restrictions still looms with the emergence of more Covid variants.

Crumbs Of Domestic Tourism

From January till July 2021, Sabah registered 117,039 visitor arrivals, down from 806,428 arrivals within the same period last year.

As of November 2021, there were 266 weekly direct flights into Sabah from other Malaysian states with a seat capacity of 43,000. Within Sabah there are about 123 weekly flights with 16,700 seats connecting Kota Kinabalu, Lahad Datu, Sandakan and Tawau.

Some hotels and short-term stay operators had to face permanent or indefinite closure. Hoteliers, tour operators and other tourism industry players have had to adapt while operators of hotels and resorts continued to offer promotional room rates. Tourism-related activities mainly comprised staycation packages, “back to nature”, community and rural tourism.

In October 2021, Taiwan’s largest real estate company Sinyi Realty Group announced its plan to build an ultra-luxury 5-star ecotourism resort in Pulau Mengalum, located some 31 nautical miles northwest of Kota Kinabalu city centre. The proposed resort is expected to cost over RM1 billion. Sinyi had earlier acquired 750 acres of land on the island in 2019 and 2020.

Following the high vaccination rate nationwide, international borders are set to reopen in early 2022 whilst entry to Sabah has been relaxed effective December 2021, allowing in fully vaccinated visitors without undergoing swab tests. The establishment of more vaccinated travel lanes (VTLS) and travel bubbles is hoped to spur tourism activities.

Lahad Datu

Tourism in Lahad Datu was badly hit for the past 2 years. Many budget and business hotels closed as room occupancies hit an all time low. 2022 is unlikely to see any change.

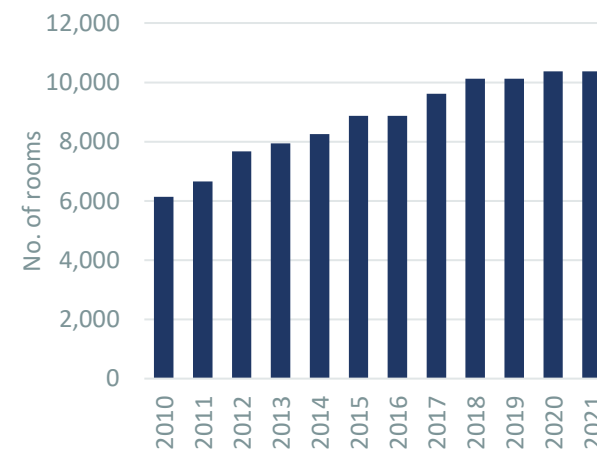
Tawau

A stagnant hotel sector is observed. No new hotels are expected in the short to medium term, while new supply in Semporna has been delayed or put on hold indefinitely. Full re-opening of the tourism industry in stages will help uplift the sector.

Labuan

Visitor arrivals had been on a declining trend. Statistics from Labuan Corporation showed only about 76,000 visitor arrivals to Labuan between January and July 2021, or just under 11,000 arrivals per month. This is a significant drop compared to 47,500 monthly arrivals in 2020 (2019: average monthly arrivals 105,250). This resulted in high vacancy rates of hotels, forcing the reduction of room rates to boost occupancy. Some of these hotels have also been converted to quarantine hotels in order to counter the occupancy drop.

Supply of 3-5 Star Hotel Rooms In Kota Kinabalu



Note: including 5-star hotels in Tuaran
Source: WTWS Research

Sarawak

Kuching

Visitor arrivals for Sarawak up to November 2021 had dropped by more than 86% y-o-y (160,266). Hotels sustained by operating as quarantine centers with average occupancy hovering around 30% (January – August 2020:1,078,067).

Hotels Sustained As Quarantine Centres

Most hotels would have closed if not for the lifeline offered by the State Government to operate as Quarantine Centres. Hotels adapted their F&B department to offer take-outs and delivery services akin to other normal food outlets.

3- to 5-star hotels managed to record an average room rate of RM150.00, the rate subsidized by the State Government for Sarawakians returning home.

Hotel occupancy rate for Kuching averaged around 30% for the first 3 quarters of 2021. Hotel occupancies are expected to fare better in 4Q 2021 with the re-opening of inter-state travel. Many locals are seen flocking to places of leisure. The tourism sector is expected to start its recovery, although with uncertain growth momentum.

Two (2) hotels opened in Kuching in 2021, namely the Serapi Verdure Hotel and Regatta Suites. The Serapi Verdure Hotel is part of the refurbished Sarawak General Hospital with 160 rooms, catering mainly to out-patients and families of patients. The Regatta Suites with 148 rooms at the LD Lagenda building is located adjacent to the hospital.

The construction of the 19-storey Promenade Hotel in the Kuching Central Business District (CBD) area will delay completion to 2022. Hotel 56 located along Jalan Tun Jugah has a new wing which is currently under construction.

Miri

With Brunei still closing its borders, Miri which had largely depended on Brunei visitors saw a drastic drop in hotel occupancies.

Selected hotels are currently being used as quarantine centres especially for offshore workers who are required to quarantine before and after their offshore deployment as well as other travelers coming into Sarawak.

The average occupancy rate of Miri Hotels hovered around 30% with hotels used as quarantine centres having higher occupancies of around 50% to 60%.

There are two hotels under construction in Miri City Centre, namely the 15-storey Mercure Hotel, along Jalan Merbau, and a 20-storey hotel by Shin Yang SB along Jalan Brooke. Both hotels' completion have been delayed.

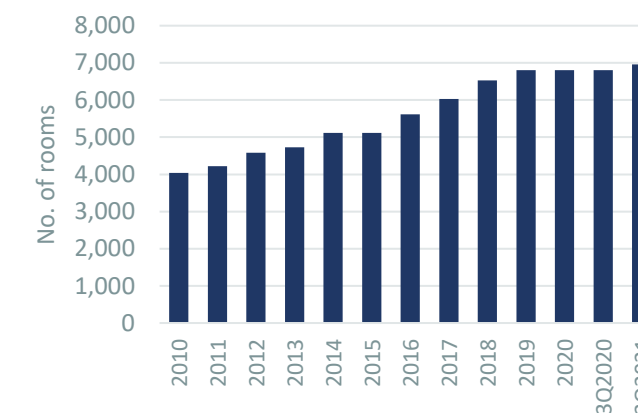
Miri's proximity to the sea and its large reserves of natural flora and fauna in its national parks could perform well with tourism campaigns.

Visitor Arrivals Into Sarawak

Year	2019	2020	2021 (up to November)
Visitor Arrivals	4,662,419	1,199,872	160,266

Source: Immigration Department of Sarawak

Hotels Supply In Kuching



Source: WTWY Research

Average Room Rate for Miri

	Average Room Rate (RM per room per night)		
	2019	2020	2021
3 stars	165 – 400	137 – 400	105 – 240
4 stars	175 – 485	149 – 358	110 – 360
5 stars	320 – 800	250 – 800	190 – 888

Source: WTWY Research

Sarawak

Bintulu

Most hotels in Bintulu are also occupied as quarantine centres with the daily room rate of RM150. Hotels which have seen improved occupancies during this period is foreseen to revert back to normal (lower than 50%) in 2022 with reduction in Covid-19 cases requiring quarantine.

Sibu

Most of the star-rated hotels in Sibu were occupied as quarantine centres resulting in a sustainable occupancy rate albeit at lower average room rates. As Sibu is not the main tourist destination and is highly reliant on domestic demand, hotels were relatively less affected by the pandemic. On the other hand, the hotel F&B revenues were affected due to the restricted in-house dining, celebrations and group events.

Room rates are expected to continue to be lower owing to the need to offer attractive rates to attract more guests. The trend of budget hotels to cater more to local business travelers will continue.

Average Room Rate, 3-5-star Hotels, Bintulu

	Average Room Rate (RM per room per night)		
	2019	2020	2021
3 stars	180-500	150-500	150-500
4 stars	250 & above	200 & above	200 & above
5 stars	NA	NA	NA

Source: WTWY Research

Market Outlook

With the State now in recovery mode, going into the 4th quarter of 2021, Sarawak's hotel industry is expected to slowly pick up. The State's tourism programs and hotel promotions may play a vital role in appealing to tourists.

Average Room And Occupancy Rates, 3 And 4 Star Hotels, Sibu

	Average Room Rate (RM per room per night)		
	2019	2020	2021
3 stars	120-170	120-170	120-170
4 stars	120-200	120-200	120-200
Overall	170	170	170
	Average Occupancy Rate (%)		
	2019	2020	2021
3 stars	60%	60%	60%
4 stars	60%	40%	40%
Overall	60%	50%	50%

Source: WTWY Research



Serapi Verdure Hotel & Meditel @ SGH, Kuching

Source: WTWY Research

07

Significant Transactions

Malaysia

Projects	Description	Vendor	Purchaser	Transaction Price (RM)
Klang Valley				
Menara IGB, IGB Annexe, Centrepoint South, Centrepoint North, Boulevard Properties, The Gardens South Tower, The Gardens North Tower, Southpoint Properties, Menara Tan and Tan, G Tower, Hampshire Place	11 office buildings. Deemed to be Related Party Transactions (RPT). Yields of 3% to 4%.	IGB Bhd	IGB CIGB Commercial Real Estate Investment Trust (REIT)	3,313,400
Jalan Cochrane Lane	6.59 acres vacant residential land	Mutiara Rini Sdn Bhd (subsidiary of Boustead Holding Bhd)	Sunway Rahman Putra Sdn Bhd (subsidiary of Sunway Bhd)	233,390,000
Cruise business Boustead cruise Centre Sdn Bhd (BCC)	Nine land parcels with buildings and jetty	Boustead Holdings Bhd	Westports Holdings Bhd and Klang Port Management Sdn Bhd	230,000,000
WCT Land	12 pieces (602.5 acres) of freehold land	Jubilat Courtyard (subsidiary of WCT Group)	MDCOn (Simpang Empat Sdn Bhd)	214,296,500
Development Land	5 pieces of freehold land (250.7 acres)	Seriemas Development Sdn Bhd (subsidiary of Master Developer PNB Development Sdn Bhd)	Scientex Park (M) Sdn Bhd	207,562,538
Dutchlady Milk, Section 13*	Industrial premise	Dutchlady Milk Berhad	UEM Land Bhd (wholly owned subsidiary of UEM Land Holdings Bhd)	200,000,000
Development land	6.86 acres land	Accolade Sdn Bhd	UEM Sunrise Bhd (UEM Group)	197,000,000
Industrial premise*	20.75 acres land consisting a single-storey detached warehouse building, 2 single-storey detach factory buildings, single-storey detached store and 3-storey office building	FIW Stell Sdn. Bhd.	AXIS REITs	120,000,000

Note: *deals closed by CBRE | WTW

Malaysia

Projects	Description	Vendor	Purchaser	Transaction Price (RM)
Penang				
Logan Heritage along Lebuhr Pantai, Georgetown, Penang*	3-storey heritage building	OCBC Limited	Tiong Tyhe Properties Sdn Bhd	36,200,000
Industrial complex at Valdor Industrial Park, Seberang Perai	Freehold with a land area of approximately 15.54 acres	Eonmetall Industries SB	Power Portal SB	58,800,000
Industrial land at Bukit Minyak, Seberang Perai	Freehold with a land area of approximately 19.60 acres	Limsa Ekuiti SB	Wangsaga Industries SB + 1	46,962,465
Industrial complex at Perai Industrial Park, Seberang Perai*	10.47 acres leasehold with unexpired term of 31 years	CSC Steel SB	Tashin Hardware SB	43,500,000
Industrial complex at Penang Science Park, Seberang Perai*	9.43 acres leasehold with unexpired term of 49 years	Jeenhuat Foodstuffs Industries SB / Maybank	A company involved in seafood	34,627,500 (via auction)
Industrial complex at Perai Industrial Park, Seberang Perai	15.13 acres leasehold with unexpired term of 21 years	Southern Steel Bhd	Kobay UA SB	33,088,000
Industrial land at Batu Kawan, Seberang Perai	21.04 acres leasehold with unexpired term of 60 years	The Penang Development Corporation	Vitrox Technologies SB	48,329,095
Industrial land at Batu Kawan, Seberang Perai	12.09 acres leasehold with unexpired term of 60 years	The Penang Development Corporation	UWC Industrial SB	28,959,711
Industrial land at Batu Kawan, Seberang Perai	11.80 acres leasehold with unexpired term of 60 years	The Penang Development Corporation	Pentamaster Equipment Manufacturing SB	28,279,304
Aman Central at Alor Setar	6-storey shopping mall	Great Realty Sdn Bhd	AC First Genesis Berhad (Special Purpose Vehicle - SPV)	750,000,000
Econsave Pokok Sena at Jalan Pokok Sena, Kuala Narang	Hypermarket (Lettable Floor Area: 145,843 square feet)	Long Zhuan Development Sdn Bhd	Value Dollar Store Sdn Bhd	18,000,000
Kedah Rubber City at Mukim Padang Terap Kiri, Padang Terap, Kedah	Vacant development land of 102.69 acres	Northern Corridor Implementation Authority (NCIA)	Hong Seng Industries Sdn Bhd	44,692,560

Note: *deals closed by CBRE | WTW

Malaysia

Projects	Description	Vendor	Purchaser	Transaction Price (RM)
Johor				
Land transaction at Tebrau, Johor Bahru	Entered into a conditional sale and purchase agreement of 960 acres of freehold land in Tebrau, Johor Bahru.	S P Setia Bhd's wholly-owned subsidiary Pelangi Sdn Bhd	Scientex Quatari Sdn Bhd	RM518.1 million
Warehouse at Kawasan Perindustrian Pasir Gudang	Sales and leaseback exercise for two plots of land with warehouse property.	XinHwa Trading & Transport Sdn Bhd	Axis REIT	RM75 million
Land at Senai Airport City (SAC), Senai, Johor	Purchase of two vacant lands of vacant land measuring 20 hectares (50 acres) and 5 hectares (12.62 acres) in Senai Airport City (SAC).	Senai Airport City Sdn Bhd	Tiong Nam Logistics Holdings (subsidiary of Tiong Nam Logistics Solutions Sdn Bhd)	RM136.38 million
2 parcels of vacant industrial land at Kawasan Perindustrian Tanjung Langsat.	Sales of two parcels of vacant industrial lands measuring approximately 31.05 acres at Kawasan Perindustrian Tanjung Langsat.	Southern Steel Berhad	Sinppa Industrial Sdn Bhd	RM65 million
2 plots of freehold commercial land @ Bandar Seri Alam	Sales of two plots of commercial lands measuring approximately 11.27 acres at Bandar Seri Alam.	Seri Alam Properties Sdn Bhd	Kii Melodia Sdn Bhd	RM40.5 million
Melaka				
Three (3) parcels of industrial land & two parcels of residential land	Three (3) parcels of industrial land & two parcels of residential land measuring 338.33 acres located along Jalan Gapam, Ayer Panas	Bakat Muhibbah Sdn Bhd	Riverwell Resources Sdn Bhd	RM111.90 million
Commercial Land at Golden Valley, Ayer Panas	Sale of 519.80 acres of commercial lands in Golden Valley, Ayer Panas	Eramaju Tegas Sdn Bhd	Asal Harta Sdn Bhd	RM95.10 million
Sandakan, Sabah				
Ladang Gomantong, Ladang Ong Yah Ho & Lahad Datu Palm Oil Mill	7,431 acres of Agriculture land	TSH Palm Products Sdn Bhd / TSH Plantation Sdn Bhd	Sharikat Keratong Sdn Bhd	248,000,000

Malaysia

Projects	Description	Vendor	Purchaser	Transaction Price (RM)
Kuching, Sarawak				
Commercial development land at Jalan Kedandi	2.13 acres land at Lot 3232 Muara Tabuan LD	Mid-East Holdings Sdn Bhd	CCA Engineering Sdn Bhd	10,117,500
Residential development land at Jalan Sultan Tengah	46.48 acres land at Lot 300, Salak LD	Bestari Semadi Sdn Bhd	Kadier Holdings Sdn Bhd	23,000,000
Vacant development land at Jalan Batu Kawa	8.74 acres land at Lot 6737 Block 225 Kuching North LD	Standard Parade Development Sdn Bhd	Lee Onn Development Sdn Bhd	15,295,000
Commercial development land at Jalan Tun Jugah	0.95 acres land at Lot 3253 Kuching Central LD	Arif Hemat Properties Sdn Bhd	Borneo Medic Realty Sdn Bhd	10,340,000
Bintulu, Sarawak				
Commercial / office cum residential building at Assyakirin Commerce Square, Jalan Sultan Iskandar, Bintulu	8-storey commercial / office cum residential building measuring 72,796 square feet at Lot 7809 Block 31 Kemena LD	BDA	Forego Sdn Bhd	23,130,000
Office building at Bintulu Town	6-storey office building with 1 level basement measuring 38,793 square feet at Lot 2429 Bintulu Town District	Hold Hold Development Sdn Bhd	Lembaga Hasil Dalam Negeri Malaysia	RM45,300,000
Miri, Sarawak				
Development land at Kuala Baram Land District, Miri	2.08 acres land approved for Hypermarket at Plot 1 of Survey Lot 3829 of Parent Lots 567 & 2548 both of Block 17 Kuala Baram Land District	Viva Vantage Sdn Bhd	Everwin Supermarket Sdn Bhd	12,000,000
Sibu, Sarawak				
Estate Land at Jalan Bintulu-Bakun	Oil Palm Plantation measuring 28,588 acres at Lot 26 Punan Land District	NA	NA	115,809,180

08

Our Network

CBRE | WTW HQ

30-01 30th Floor
Menara Multi-Purpose
8 Jalan Munshi Abdullah
P O Box 12157
50100 KUALA LUMPUR
T : +(6 03) 2616 8888
F : +(6 03) 2616 8899
E : kualalumpur@cbre-wtw.com.my

Contact Person

Foo Gee Jen, Group Managing Director
E : geejen.foo@cbre-wtw.com.my
Danny Yeo Soon Kee, Group Deputy Managing Director
E : danny.yeo@cbre-wtw.com.my
Heng Kiang Hai,
Managing Director – Valuation & Advisory Services
E : kianghai.heng@cbre-wtw.com.my
Tan Ka Leong,
Managing Director – Property & Facility Management
E : kaleong.tan@cbre-wtw.com.my
Lim Chai Yin,
Managing Director – Advisory & Transaction
E : chaiyin.lim@cbre-wtw.com.my
Aziah Mohd Yusoff PJK, Director
E : aziah.myusoff@cbre-wtw.com.my
Ungku Mohd Iskandar Ungku Ismail, Director
E : iskandar.ismail@cbre-wtw.com.my

CBRE | WTW Branches

Contact Person

Suite 15B Level 15 Menara Ansar
65 Jalan Trus
P O Box 320
80000 JOHOR BAHRU
T : +(6 07) 224 3388
F : +(6 07) 224 9769
E : johorbahru@cbre-wtw.com.my

Jonathan Lo Kin Weng, Director
E : jonathan.lo@cbre-wtw.com.my
Paul Brendan Chan, Director
E : paul.chan@cbre-wtw.com.my
Lee Kun Thye, Assistant Director
E : kunthye.lee@cbre-wtw.com.my
Giselle Chong Shek Heong, Senior Manager
E : Giselle.chong@cbre-wtw.com.my

1st Floor No. 71-B
Lebuhraya Darulaman
05100 ALOR SETAR
T : +(6 04) 730 3300
F : +(6 04) 730 2200
E : alorsetar@cbre-wtw.com.my

Azmil Rohimie Zakaria, Manager
E : azmil.zakaria@cbre-wtw.com.my

D-1-3 & D-1-5 SOHO Ipoh 2
Jalan Sultan Idris Shah
P O Box 562
30760 IPOH
T : +(6 05) 246 1133
F : +(6 05) 246 1313
E : ipoh@cbre-wtw.com.my

Khor Seong Wah, Assistant Manager
E : seongwah.khor@cbre-wtw.com.my
Ruwen Wong, Assistant Manager
E : ruwen.wong@cbre-wtw.com.my

CBRE | WTW Branches

Contact Person

Suite 2.7 Level 2 Wisma Great Eastern
No 25 Lebu Light
10200 PENANG
T : +(6 04) 263 3377
F : +(6 04) 263 0359
E : penang@cbre-wtw.com.my

Peh Seng Yee, Director
E : sengyee.peh@cbre-wtw.com.my
Tan Chean Hwa, Director
E : cheanhwa.tan@cbre-wtw.com.my
Byson Lim Yong Choon, Manager
E : yongchoon.lim@cbre-wtw.com.my

2nd Floor
37-4B Jalan Rahmat
83000 BATU PAHAT
T : +(6 07) 434 6122
F : +(6 07) 431 6921
E : batupahat@cbre-wtw.com.my

Toh Heng Suan, Officer-in-Charge
E : hengsuan.toh@cbre-wtw.com.my

PT 1185 Level 2
Jalan Kebun Sultan
15350 KOTA BHARU
T : +(6 09) 748 7070
F : +(6 09) 744 7545
E : kotabhbaru@cbre-wtw.com.my

Muhd Kamal Mohamed, Director
E : kamal.mohamed@cbre-wtw.com.my

CBRE WTW Branches	Contact	CBRE WTW Branches	Contact
4 th Floor 98 Jalan Banggol 20100 KUALA TERENGGANU T : +(6 09) 626 2760 F : +(6 09) 622 2788 E : kualaterengganu@cbre-wtw.com.my	Mohd Yusri Ngah , Assistant Manager E : yusri.ngah@cbre-wtw.com.my	No 178 Jalan Merdeka Taman Melaka Raya 75000 MELAKA T : +(6 06) 281 2288 F : +(6 06) 284 6399 E : malacca@cbre-wtw.com.my	Teh Hong Chua , Senior Branch Manager E : hongchua.teh@cbre-wtw.com.my
5 th Floor Bangunan HSBC Bank Jalan Mahkota 25000 KUANTAN T : +(6 09) 515 0000 F : +(6 09) 514 5793 E : kuantan@cbre-wtw.com.my	Zulkamal Ruhaizat Ooi , Branch Manager E : zulkamal.ooi@cbre-wtw.com.my Lok Siew Mei , Assistant Manager – Advisory & Transaction E : siewmei.lok@cbre-wtw.com.my Alex Yap , Assistant Manager – Valuation & Advisory Services E : alex.yap@cbre-wtw.com.my	Lot 4981 Tingkat 3 Jalan Dato' Sheikh Ahmad P O Box No 190 70710 SEREMBAN T : +(6 06) 765 3355 F : +(6 06) 765 3360 E : seremban@cbre-wtw.com.my	Latifah Harun , Assistant Manager E : latifah.harun@cbre-wtw.com.my
C H Williams Talhar & Wong (Sabah) Sdn Bhd		Contact	
2 nd Floor Menara MBf No. 1 Jalan Sagunting P O Box 14414 88850 KOTA KINABALU T : 088-248 801 F : 088-230 826 E : kotakinabalu@wtwsabah.com.my		Leong Shin Yau , Managing Director E : syleong@wtwsabah.com.my Cornelius Koh , Director E : ckoh@wtwsabah.com.my Chong Fui Mei (Karis) , Director E : karischong@wtwsabah.com.my Benjamin Mu Vi Ken , Director E : benjaminmu@wtwsabah.com.my Chan Mon Hueg @ Moon , Director E : chanmonhueg@wtwsabah.com.my	
WTWS Branches	Contact	WTWS Branches	Contact
1 st Floor Wisma Chee Sing No 48 Jalan Bunga Kenaga P O Box 82229 87032 LABUAN T : 087-416 341 F : 087-416 342 E : labuan@wtwsabah.com.my	Chong Fui Mei (Karis) , Director E : karischong@wtwsabah.com.my	2 nd Floor, Lot 2, Block A RHB Bank Building Metro Commercial Centre, Jalan Kiambang P O Box 60600 91115 LAHAD DATU T : 089-882 393 F : 089-885 088 E : lahaddatu@wtwsabah.com.my	Leong Shin Yau , Managing Director E : syleong@wtwsabah.com.my

WTWS Branches	Contact	WTWS Branches	Contact
Rooms 605-608 6 th Floor Wisma Khoo Siak Chiew 90000 SANDAKAN T : 089-217 025 F : 089-272 850 E : sandakan@wtwsabah.com.my	Benjamin Mu Vi Ken , Director E : benjaminmu@wtwsabah.com.my Robin Chung York Bin , Consultant E : rchung@wtwsabah.com.my	305 (1 st Floor) Leong Hua Building Dunlop Street P O Box 60394 91013 TAWAU T : 089-774 349 F : 089-762 287 E : tawau@wtwsabah.com.my	Chan Mon Hueg @ Moon , Director E : chanmonhueg@wtwsabah.com.my Desmond Liew , Manager E : tawau@wtwsabah.com.my
Lot 11, 1 st Floor Suria Shopping Centre Jalan Masak 89000 KENINGAU T : 087-336 803 F : 087-338 803 E : keningau@wtwsabah.com.my	Cornelius Koh , Director E : ckoh@wtwsabah.com.my		
C H Williams Talhar Wong & Yeo Sdn Bhd			
No 26 (1 st Floor) Lot 352 Section 54 Wisma Nation Horizon Jalan Petanak 93100 KUCHING T : 082-231 331 F : 082-231 991 E : kuching@wtwy.com	Yip Phooi Leng , Director E : ypl@wtwy.com	1139 (Ground & 1 st Floors) Miri Waterfront Commercial Centre 98000 MIRI T : 085-432 821 F : 085-411 786 E : miri@wtwy.com	Ting Kang Sung (Robert) , Managing Director E : rting@wtwy.com Lim Tien Yang , Director E : tienyang@wtwy.com
Sublot 54 (Lot 4229) 1 st Floor Parkcity Commerce Square Ph 6 Jalan Tun Ahmad Zaidi 97000 BINTULU T : 086-335 531 F : 086-335 964 E : bintulu@wtwy.com	Jeffrey Pui Zen Thung , Director E : jeffreypui@wtwy.com	No 10C (First Floor) Jalan Kampung Datu 96000 SIBU T : 084-319 396 F : 084-320 415 E : sibu@wtwy.com	Hii Wei Jin , Director E : hiiwj@wtwy.com
C H Williams Talhar & Wong (B) Sdn Bhd			
Unit No 18, 1 st Floor Jaya Setia Square Simpang 13 Kampung Setia Jaya Bandar Seri Begawan Bandar Seri Begawan BB2713 NEGARA BRUNEI DARUSSALAM	Kathy Lim , Director T : 673-2228 050 F : 673-2234 695 E : wtwb@brunet.bn		

Contacts

CBRE | WTW Research

Sr Aziah Mohd Yusoff ^{PJK}
Director, CBRE | WTW
aziah.myusoff@cbre-wtw.com.my

Sr Peh Seng Yee
Director, CBRE | WTW
sengyee.peh@cbre-wtw.com.my

Sr Jonathan Lo Kin Weng
Director, CBRE | WTW
Jonathan.lo@cbre-wtw.com.my

Michael Chai
Manager
CBRE | WTW
michael.chai@cbre-wtw.com.my

Published by
C H Williams Talhar & Wong Sdn Bhd 197401001098 (18149-U)
CBRE | WTW Kuala Lumpur, Malaysia.
December 2021

This report was prepared by the CBRE | WTW Malaysia Research Team, which forms part of CBRE Research – a network of preeminent researchers who collaborate to provide real estate market research and econometric forecasting to real estate investors and occupiers around the globe.

All materials presented in this report, unless specifically indicated otherwise, is under copyright and proprietary to CBRE | WTW. Information contained herein, including projections, has been obtained from materials and sources believed to be reliable at the date of publication. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. Readers are responsible for independently assessing the relevance, accuracy, completeness and currency of the information of this publication. This report is presented for information purposes only exclusively for CBRE | WTW clients and professionals and is not to be used or considered as an offer or the solicitation of an offer to sell or buy or subscribe for securities or other financial instruments. All rights to the material are reserved and none of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without prior express written permission of CBRE | WTW. Any unauthorized publication or redistribution of CBRE | WTW research reports is prohibited. CBRE | WTW will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this publication. Additional copies may be downloaded from our website www.cbre-wtw.com.my

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at www.cbre.com/research-and-reports

WTWS Research

Cornelius Koh
Director
ckoh@wtwsabah.com.my

WTWY Research

Sr Robert Ting Kang Sung
Managing Director, WTWY
rting@wtwy.com

Analyst
Nurawani Abdul Latiff
nurawani.latiff@cbre-wtw.com.my

Khairunnisa Zulkifli
khairunnisa.zulkifli@cbre-wtw.com.my

For more information regarding global research, please contact

Richard Barkham, Ph.D., MRICS
Global Chief Economist &
Head of America Research
richard.barkham@cbre.com

Henry Chin, Ph.D
Global Head of Investor Thought Leadership
Head of Research, Asia Pacific
henry.chin@cbre.com

Neil Blake, Ph.D
Global Head of Forecasting and Analytics
EMEA Chief Economist
niel.blake@cbre.com

Spencer Levy
Chairman Americas Research &
Senior Economic Advisor
spencer.levy@cbre.com

Printed by:
Maziza Sdn Bhd
9 Jalan Helang Sewah
52100 Kepong Baru,, Kuala Lumpur



30-01, 30th Floor, Menara Multi-Purpose, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia
Tel: 03-2616 8888 Fax: 03-2616 8899
www.cbre-wtw.com.my

KDN No. PP9013/07/2012 (030726)