

WTW Property Market

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C H Williams Talhar & Wong



WTW
INTERNATIONAL

C H Williams Talhar & Wong

Established in 1960, C H Williams Talhar & Wong (WTW) is a leading real estate services company in Malaysia and Brunei (headquartered in Kuala Lumpur) operating with 24 branches and associated offices. WTW provides Valuation & Advisory Services, Agency & Transactional Services and Management Services.

HISTORY

Colin Harold Williams established C H Williams & Co in Kuala Lumpur in 1960. In 1973, the sole ownership became a 3-way equal partnership of Messrs C H Williams Talhar & Wong following the merger with Johor based Talhar & Co (founded by Mohd Talhar Abdul Rahman) and the inclusion of Wong Choon Kee.

PRESENT MANAGEMENT

The current Management is headed by the Group Chairman, Mohd Talhar Abdul Rahman.

The Managing Directors of the WTW Group operations are :

- | | |
|---|-----------------|
| • C H Williams Talhar & Wong Sdn Bhd | Goh Tian Sui |
| • C H Williams Talhar & Wong (Sabah) Sdn Bhd | Chong Choon Kim |
| • C H Williams Talhar Wong & Yeo Sdn Bhd (operating in Sarawak) | Wong Ing Siong |
| • WTW Bovis Sdn Bhd | Dinesh Nambiar |

Chairman's Foreword

If in the year of the Rooster there was not much to crow about in the property industry, the loud barks that herald the year of the Dog were likely to be more of a warning bark rather than one welcoming that good times are back.

Residential Market

Throughout the last decade the mass affordable popular housing have been described as the mainstay of the industry. We are in danger of flogging the proverbial horse to death. For all we know the horse may have been dead for sometime. The flurry of building activities is likely to be manifestations of the poor animal in its death throes. This certainly is what has happened to the *buy-to-let* sub-sector of the residential market for most parts of the country.

The reflex action solution to most developers is to splurge marketing and sale promotions. Innovative marketing became the buzzword. With excess units available from both primary (developers') and secondary sub-sale markets, desperate in-house sales team and appointed housing agents are hard put to come up with plausible sales pitch. The more extravagant the promotions, the louder the sale pitches, the more desperate the situation appears. The property buying public is now more informed and is unlikely to fall for the hype and guile.

Short of local home-based demand, the industry once again sought to lure foreign interest. International property market for holiday homes, as single owned managed units rather than timeshares or holiday bonds have certainly taken off in the last decade. Sales of such homes are highly dependent on marketing the locale and the country. That market is highly susceptible to international perception and media reports covering aspect of crime, social disorder and level of foreigner-phobia in that country. Other considerations such as direct flight from home base country, cultural or historical attachment, conversance and links are as much part of the decision making process. This effort while worth pursuing can never be regarded as a means of getting rid of excess stock of residential units.

Competition in the international holiday home market is extremely keen. Our soft infrastructure is less developed than other countries to draw enough numbers. New entrant countries in this sub-sector from East Europe, and West Asia are drawing more interest from those same markets we expect to target.

The industry as a whole has fallen victim to its own success. While appearing to have provided home-ownership to our population and in the process providing a network of roads and other urban utilities, the industry has gone beyond what it could sustain.

Reading general statistics on housing stocks and sales transactions without recourse to the circumstances behind the sales can be a cause for misinterpreting the realities of the market. Similarly the industry and the system that regulates it over the last three decades were afflicted by the fixed-percentages syndrome. Percentages were used to regulate the allocation of houses to groups and sub-groups. Percentages were used to determine the number of shop-units to total number of units proposed for development. These percentages were applied without the flexibility necessary to account for the heterogeneous characteristic needs of built environment and its users. These percentages were good as starting points and as indicators only. What is more is that they are well past their use-by-date.



MOHD TALHAR ABDUL RAHMAN

Recourse

The industry needs more refined measures. Our land-use policy and management of land-use need an up close and concentrated look to prevent our landed assets from literally sinking into a quagmire - full of dead horses to stretch the metaphor a little bit more.

Property as Investment

The more noticeable emergence of investment-dedicated institutions as separate entities from being property development enterprises bodes well for the industry in the long run. With yield as the prime consideration for property investment funds to acquire and establish their real estate portfolios, individual small scale investor can be made more aware that property investments need to be managed as investments in a way that is different from owner occupied premises. Investment property can be professionally managed to provide investment return to individual co-owners, and to enable developers to focus on managing the development risk and be rewarded for risk taking by getting their margin of profits from investing institutions. Most of the problems springing from attempting to juggle cashflow by securing sale of units in strata'd units would be avoided.

The re-emergence of REITs caught the industry short of investment-worthy properties. Shopping centres and offices built with strata sale financing can only be poor candidates for a yield-oriented property portfolio. Managed property funds may put yet another nail to *buy to let* traditional shophouses/offices and strata'd commercial units. The number of office buildings and retail centres that litter the urban scene in the country, that do not make the REITs' grade are testament to the industry's failure to appreciate the fundamentals of landuse planning and management, the quest for determining highest and best use, and of regulating sustainable development policies.

Recourse

Drastic structural overhaul is needed involving the questioning of certain *givens* based on generalised statistics. This is one area where real estate professionals need to apply their full weight in leading the industry - not to get out of the morass but to restore the balance between overzealous entrepreneurship and inflexible regulation.

	Office	Retail	Shophouse	Residential	Industrial	Hospitality	Development Land	Agricultural
Kedah	↔	↔	↔	↔	↔	↔	↔	↔
Alor Star	↔	↔	↔	↑	↔	↔	↔	↔
Penang	↔	↔	↑	↑	↔	↔	↑	↔
Butterworth	↓	↓	↔	↑	↔	↔	↑	↔
Perak	↔	↔	↔	↔	↓	↔	↔	↔
Ipoh	↔	↔	↔	↔	↓	↔	↔	↔
Klang Valley								
Kuala Lumpur	↑	↔	↔	↔	↔	↑	↑	na
Petaling Jaya	↑	↔	↔	↔	↔	↑	↑	na
Shah Alam	↔	↔	↔	↔	↑	↔	↔	na
Klang	↔	↔	↔	↔	↔	↔	↔	na
Negeri Sembilan	↔	↑	↑	↑	↔	↔	↑	↑
Seremban	↔	↑	↑	↑	↔	↔	↔	↑
Malacca	↔	↔	↔	↔	↓	↑	↔	↑
Johor								
Batu Pahat	↓	↔	↔	↔	↔	↔	↑	↑
Johor Bahru	↔	↑	↑	↔	↔	↔	↔	↔
Pahang	↔	↔	↔	↔	↔	↔	↔	↔
Kuantan	↔	↔	↔	↔	↔	↑	↔	↔
Terengganu	↓	↔	↔	↔	↓	↑	↑	↑
Kuala Terengganu	↓	↓	↔	↔	↓	↑	↑	↑
Kelantan	↓	↔	↑	↑	↓	↔	↑	↑
Kota Bharu	↓	↔	↑	↑	↓	↔	↑	↑
Sabah								
Kota Kinabalu	↔	↔	↔	↔	↔	↑	↑	↔
Sandakan	↔	↔	↔	↑	↔	↑	↑	↑
Tawau	↓	↑	↑	↑	↔	↔	↔	↑
Lahad Datu	↔	↔	↔	↔	↑	↔	↔	↑
Labuan	↓	↔	↑	↔	↔	↑	↔	na
Sarawak								
Kuching	↔	↔	↔	↔	↔	↔	↔	↔
Sibu	↔	↔	↔	↔	↔	↔	↔	↔
Miri	↔	↔	↔	↔	↔	↔	↔	↔
Bintulu	↔	↔	↔	↔	↔	↔	↔	↔

na Not Applicable

PROPERTY MILESTONES IN 2005

- **Golden Hope Plantations Berhad's** proposed sale of its property arm, **Negara Properties Berhad**, to **Island & Peninsular Berhad** did not materialise.
- Kumpulan Guthrie Berhad announced its plans to sell and recover the cost of constructing the Guthrie Corridor Expressway (GCE) in order to strengthen its core business in the plantation and property segments. The Shah Alam Rawang Expressway was opened in August 2005. This is the final 8 km of the 25 km GCE connecting Paya Jeras to Kuang.
- Pengurusan **Danaharta** National Berhad, the national asset management agency, ceased all operations at the end of 2005 following RM30 billion in NPL recoveries over its lifetime.
- A RM1 billion purpose-built town, **I-City Selangor** will be built over a 72 acre site in Section 7 in Shah Alam. I-Berhad, a digital solutions provider, is undertaking to build a pioneer ICT-based township which includes wireless surveillance.
- The RM550 million **KL Convention Centre** was opened in June 2005. The centre is managed by Convex Malaysia Sdn Bhd and provides for 2.4 acres of exhibition space
- **DUKE** commenced construction - Duta-Ulu Kelang Expressway. The stretch will connect NKVE from Jalan Duta to MRR2, crossing Jalan Segambut, Kuching, Ipoh, Sentul, Pahang, Setapak, Semarak and Setiawangsa with 7 elevated interchanges and 3 toll plazas.
- Impetus for growth in Semenyih is expected following the opening of the **first purpose-built tertiary educational campus outside UK**, the University of Nottingham in Malaysia (UNiM) on Jalan Beroga.
- By the end of 2005, Malaysia had six **Real Estate Investment Trusts (REITs)** with an estimated market capitalisation of RM2.018 billion. In 2005 itself, **three REITs were listed ie Axis REIT, Starhill REIT and UOA REIT** allowing for an additional 11 properties with dividend yields ranging from 5.8% to 6.4% as at end 2005.
- In relation to **REITs**, the **Securities Commission of Malaysia** issued two guidelines ie Guidelines on REITs and Guidelines on Islamic REITs

KEY PROPERTY PLAYERS IN 2005

- Sitiawan/Perak-based developer, **Yu Neh Huat Berhad** made its debut in the Klang Valley in 2005 after making strategic acquisitions in 2004. The key projects that are set to change the skyline in Kuala Lumpur include Menara YNH (Jalan Sultan Ismail), 163 Residence (Jalan Perak) and Radiant Kiara in Mont' Kiara.
- In Cyberjaya, the **Quill** group of companies has dominated construction and facilities and based on leaseback agreements owns one-third of the total purpose built-up-area. Some key facilities undertaken by Quill include global and regional centres for DHL, HSBC and BMW.
- The **Employees Provident Fund (EPF)** made major investments in 2005 :
 - Purchase of Giant's retail properties for RM382 million. This acquisition has led to EPF gaining ownership of all Giant's retail properties in Malaysia.
 - Purchase of The Mall and Putra Place for RM438.3 million from Metroplex Berhad.
 - Purchase of Sogo Departmental Store for RM250 million
- **E&O Property Development Berhad** announced the purchase of :
 - 3 parcels of freehold land in Damansara Heights for RM124.47 million from Selangor Properties Berhad (@RM435 per sq ft) to construct serviced apartments and townhouses.
 - A 1.44 acre site on Jalan Conlay for RM31.4 million (@RM500 per sq ft)
- A subsidiary of **Plenitude Berhad**, Changkat Kiara Sdn Bhd, announced the purchase of a 3.53 acre site in Damansara Heights for RM30 million (@RM195 per sq ft). The acquisition is subject to FIC approval.
- Island & Peninsular Berhad sold:
 - 2 parcels of land in Bukit Jalil for RM57.6 million (@RM26 per sq ft) to **LTAT**.
 - 195.8 acres of land in Precinct 16 Shah Alam (part of the 1,430 acre Alam Impian township) for RM170.6 million (@RM20 per sq ft) to **Tadisma Harta Sdn Bhd**.
- **Sunrise Berhad** purchased more land within its Mont' Kiara enclave for RM40 million (@RM302 per sq ft)
- Another major deal of significance in 2005 included the RM59 million purchase of a 70,400 sq ft parcel on Jalan Raja Chulan by **Public Mutual Berhad** from Lion Plaza Sdn Bhd. The site is located sandwiched between Menara Weld and Menara Affin.



The Mall & Putra Place transacted at RM438.3 million

Kuala Lumpur & Selangor (incl. Putrajaya / Cyberjaya)

- A subsidiary of **Sunway City Berhad** acquired a 56.59 acre site in Melawati for RM44.4 million (@RM18 per sq ft) from Negara Properties Berhad.
- **DNP Holdings Berhad** purchased a 2.41 acre site in Jalan Ceylon for RM59 million (@RM562 per sq ft)
- **FIAMMA Holdings Berhad** purchased a 40,510 sq ft site on Jalan Kia Peng for RM23 million (@RM573 per sq ft)
- Subsidiaries of **TA Enterprise Berhad** made a
 - RM83.7 million 3.075 acre acquisition at Jalan Imbi (@RM625 per sq ft).
 - RM109.9 million purchase of a 26.55 acre site in Bandar Sri Damansara (@RM95 per sq ft)
- Other commercial buildings that changed hands in 2005 include:
 - Vision City Tower 3 at Jalan Sultan Ismail for RM105 million to **Majlis Amanah Rakyat** (@RM479 per sq ft without car park)
 - Plaza Cygal Tower 1 & 2 at Jalan Pantai Baru for RM65.8 million (@RM360 per sq ft) and RM92.3 million to **Telekom Malaysia Berhad**
 - Wisma Socfin in Damansara Heights for RM23.5 million to **Rich Accomplishment Sdn Bhd**
 - Menara Kemayan at Jalan Ampang for RM34 million to **Waterfront Assets Sdn Bhd**
 - Wisma Technip for RM112.5 million (@RM483 per sq ft) to **Singapore's CapitaLand**
 - Selayang Mall for RM120 million (@RM400 per sq ft) to **Amanah Raya Berhad**
 - Wisma TM at Jalan Pantai Baru for RM70 million
 - Menara Merais in Petaling Jaya for RM57 million to **AmFirst Property Trust** (@RM358 per sq ft)
 - Wisma Maritim in Section 13 Shah Alam was sold together with 2 parcels of land to **Puncak Niaga (M) Sdn Bhd** for RM39 million. It has been renamed Wisma Rozali.
 - The pre-war building fronting Jalan Parlimen, Wisma Ekran, was transacted at RM10 million (@RM330 per sq ft)
 - CP Tower in Petaling Jaya was reported sold at RM123 million (@RM445 per sq ft)
 - Menara Maxisegar was purchased by **Ample Zone Berhad** (a subsidiary of the Talam group) for RM77 million (@RM215 per sq ft).

2005 MARKET ACTIVITY

The 2005 property market in Klang Valley commenced with optimism, consolidated by mid-year and eventually ended on a softer note. The market was saturated with considerable focus on the higher-end residential sector; and abuzz with the listing of three new Real Estate Investment Trusts (REITs) offering 11 commercial properties in 2005.

• Offices

As at end 2005, the total office space available in Klang Valley amounted to 61.1 million sq ft. Four new buildings with a cumulative supply of 952,000 sq ft entered the market during the year. These buildings include Menara OCBC, Menara See Hoy Chan, Plaza Cygal Tower 1 and Menara Marina.

Transactions dominated the office market right up to the last day of the year when the sale of Putra Place (together with The Mall) was sold to EPF at RM438.3 million - closing the year with the biggest commercial deal. Whilst there were transactions of significance during the year such as Vision City Tower 3 at RM105 million and Wisma Technip at RM112.5 million, it was the listing of three Real Estate Investment Trusts (REITs) that energetically stirred this sub-sector in 2005. The three REITs ie Axis REIT, Starhill REIT and UOA REIT offered 11 properties as follows:

Axis REIT	Starhill REIT	UOA REIT
Axis Business Park	JW Marriott Hotel	Wisma UOA Centre
Menara Axis	Starhill Shopping Centre	Wisma UOA II
Crystal Plaza	Lot 10 Shopping Centre	Wisma UOA Damansara
Infinite Centre		
Axis Plaza		



Menara OCBC - completed in 2005

Vacancy rates in Klang Valley hovered around 14% at year end 2005 (compared to 11.5% in Kuala Lumpur). Average prime rents in Kuala Lumpur ranges between RM4 - RM6 per sq ft whilst prime capital values are about RM600 per sq ft.

- Menara Standard Chartered - following the makeover of this 15 year old 2nd generation 42-storey skyscraper was announced as the winner of the Malaysia Property Awards 2005 - Office Development Category by the Fiabci (Malaysian Chapter)

Kuala Lumpur & Selangor (incl. Putrajaya / Cyberjaya)

• Residential

A firm interest in well-designed luxurious upmarket homes (landed and non-landed) has been noted in specific prime areas such as the Damansara/Bangsar, Duta-Segambut enclave, Embassy Row in Ampang, Seputeh and KL city centre.

To add to the significant number of higher-end residential market launches, a considerable number of new **serviced apartments** were also launched in 2005 and which are expected to be completed within the next 2-3 years. These city centre developments include The Troika, MyHabitat, 163 Residence, 231 TR, Fairlane Residences, One Residency and Hampshire Residences.

The more traditional terraced houses have particularly been identified in “property hot spots” such as Shah Alam, Klang, Puchong, Balakong and Sg Buloh.

Selected high-end landed residential launches in 2005 include :

Development	Location	Developer	Offering	Price	Expected Completion
Seventy Damansara	Damansara Heights	E&O Development Bhd	12 bungalows	From RM5.63 m	2006
Idamansara	Damansara Heights	E&O Development Bhd	82 units 3-st bungalows semi-d	From RM3.7 m From RM2.9 m	2007
Seri Beringin	Damansara Heights	SPPK	97 bungalow lots 64 semi-detached	RM306 psf From RM1.7 m	2007
The Ara	Bangsar	Mammoth Empire Development Sdn Bhd	30 link bungalows and town villas	From RM1.77 m - RM3.11 m	2006
Seputeh 128	Seputeh	Intan Gergas Sdn Bhd	10 bungalow lots	RM130 per sq ft	na
Mutiara Seputeh	Seputeh	Hunza Properties group	12 bungalows and 86 semi-detached	From RM2.85 m From RM1.6 m	2007
Lake Fields	Sg Besi	JV between EPF & YTL	238 terraced within gated & guarded area with 20 feet ceiling lounge	From RM380,000	2007
Cheras Hartamas	Cheras	Capital Land Sdn Bhd	35 bungalows	From RM1.8 m	2007
Zenia @ Desa ParkCity	Sg Buloh	Perdana ParkCity Sdn Bhd	68 parkhomes	RM590,000 - RM850,000	2008
Puncak Bukit Utama	Ampang	IRDK Developments Sdn Bhd	99 bungalows	RM600,000 - RM1.3 m	2008
Amarin Kiara	Duta-Segambut	Amarin Kiara Sdn Bhd	30 semi-d	From RM1.97 m	2007
Kiara View *	Duta-Segambut	Seni Nusantara Sdn Bhd	96 semi-detached	RM1.4 m - RM1.8 m	2007
Mesra Terrace	Duta-Segambut	Palam Mesra Sdn Bhd	36 semi-detached (4-st)	RM1.42 m - RM1.99 m	2007
Glenmarie Residences	Shah Alam	DRB-Hicom Sdn Bhd	75 bungalows	RM2 m - RM2.9 m	2007

* Malay Reservation Land

Selected luxurious non-landed residential launches in 2005 include :

Development	Location	Developer	Offering	Price	Expected Completion
Tijani II North	Kenny Hills	Bolton Berhad	112 condominium units (2,827-3,133 sq ft) 70 duplex units (2,996 sq ft)	RM653-850 per sq ft	2008
The Loft	Bangsar	Mammoth Empire Devt Sdn Bhd	15 condominium units (from 3,349 sq ft)	RM570 per sq ft	2007
Suasana Sentral	Brickfields	Suasana Sentral 2 Sdn Bhd	600 condominium units (811-3,004 sq ft)	RM430-580 per sq ft	2008
Northpoint MidValley		MidValley City Development Sdn Bhd	228 condominium units (1,400 sq ft)	RM354 per sq ft	2006
Hijauan Kiara	Duta-Segambut	Bukit Kiara Developments Sdn Bhd	188 condominium units (typical 2,090 sq ft)	RM455-460 per sq ft	2008
Mont Kiara Banyan	Duta-Segambut	Sunrise Berhad	147 condominium units (1,838-2,648 sq ft)	RM402-869 per sq ft	2008
Kiara 1888	Duta-Segambut	Mitraland Group	182 condominium units hi-rise : 1,209-3,564 sq ft low-rise : 2,327-3,971 sq ft	RM382 per sq ft	2008
Kiaramas Ayuria	Duta-Segambut	Kiaramas Development Sdn Bhd	480 condominium units (1,605-2,013 sq ft)	RM338 per sq ft	2008
Mont Kiara Meridin	Duta-Segambut	Sunrise Berhad	228 condominium units (1,787-2,680 sq ft)	RM400 per sq ft	2008
Cendana on Sultan Ismail	City Centre	Tan & Tan Development Sdn Bhd	144 condominium units (typical 2,131-5,019 sq ft)	RM573-630 per sq ft	2007
The Avare	City Centre	Magna Prima Sdn Bhd	78 condominium units (typical 3,570-4,700 sq ft)	RM780-1,000 per sq ft	2008
Taragon Yap Kwan Seng	City Centre	Taragon YKS Sdn Bhd	40 condominium units (typical 1,767-1,895 sq ft)	RM410-538 per sq ft	2008
Suria Stonor	City Centre	Glomac Berhad	138 condominium units (typical 3,110-3,264 sq ft)	RM643-868 per sq ft	2008
Idaman Residence	City Centre	TA Properties Sdn Bhd	248 condominium units (typical 877-2,174 sq ft)	RM658-1,330 per sq ft	2008
Madge Residences	Embassy Row	Rainforest Heights Sdn Bhd	21 condominium units (2,865 sq ft)	RM650 per sq ft	2007
Mei-on-the-Madge	Embassy Row	AT Embassy Sdn Bhd	51 condominium units (typical 559-1,058 sq ft)	RM551-595 per sq ft	2007
The Residences Katana	Embassy Row	Katana Developments Sdn Bhd	30 condominium units (3,800 sq ft)	RM720-1,000 per sq ft	2008

• Retail

With three new shopping centres entering the Klang Valley market in 2005, the total retail space stood at 30.8 million sq ft by year end of which 46% is located in Kuala Lumpur. The Galaxy Ampang, Hartamas Shopping Centre and the SACC Mall in Shah Alam cumulatively added some 710,000 sq ft of retail space.

Vacancy rates remained at about 12%. The new take-up of 362,420 sq ft recorded during the year is primarily due to the opening of the three new centres.

Transactions recorded during the year included two buildings that have been listed on the Starhill REIT in 2005 :

Sogo, Jalan Tuanku Abdul Rahman	RM250 million
Starhill Shopping Centre, Jalan Bukit Bintang*	RM480 million
Lot 10, Jalan Bukit Bintang*	RM341 million
Selayang Mall	RM120 million
The Mall (together with Putra Place)	RM438.3 million
Globe Silk Store, Jalan Tuanku Abdul Rahman	RM40.6 million

* Starhill REIT

- Hypermarkets played a major role in the take-up recorded in new and existing centres such as Parkson at Alamanda Putrajaya and Tesco at Selayang Mall.
- Starhill Gallery (previously known as Starhill Shopping Centre) was relaunched after a re-branding exercise

One-stop fine dining enclaves opened during the year i.e One-Bangsar on Jalan Ara in Bangsar and Chulan Square on Jalan Raja Chulan. Both enclaves offer F&B with distinct lifestyle themes.



Lot 10 Shopping Centre listed on REITs in 2005

• Hospitality

Following the announcement in the 1st quarter of 2005 that rack rates for 5,4 & 3 star hotel establishments would be increased by about 16%, average room rates increased to RM216, RM142 and RM88 respectively. The overall average occupancy rate of about 65% was achieved in 2005.

Five new hotels entered the market contributing 1,742 rooms. These hotels include:

- Pyramid Tower in Sunway (764 rooms), managed by Allson International
- Boulevard Hotel (390 rooms) in MidValley to complement the 3-star sister Cititel hotel
- Impiana KLCC Hotel & Spa (335 rooms) - formerly the Holiday Inn on the Park
- Royale Bintang Mutiara Damansara (150 rooms) by Boustead Properties Berhad
- Putra Hotel (103 rooms) at Jalan Tun Razak.

Significant hotel rebranding and transactions took place in 2005 :

- The re-opening and re-branding of Hotel Grand Maya as Hotel Maya into a "boutique hotel" with 207 rooms

- The Westin Kuala Lumpur was announced as the winner of the Malaysia Property Awards 2005 - Hotel Category by the Fiabci (Malaysian) Chapter. The Westin is owned by Ireka Hotels Sdn Bhd.
- The almost completed 268-room 4-star Novotel Hydro Majestic Hotel at Jalan Perak was transacted for RM71.8 million.
- As part of the Starhill REIT listing in 2005, the 515-room JW Marriott Hotel was transacted for RM329 million.
- Sale of 398-room Sheraton Imperial Hotel together with 130,000 sq ft of office space.



*Westin Kuala Lumpur, recipient of the Malaysia Property Awards in 2005
JW Marriott listed on the Starhill REIT in 2005*

2006 MARKET OUTLOOK

Amidst concerns of further increases in interest rate, petrol prices as well as electricity tariffs, the general property market is unlikely to be buoyant in 2006. However, interests shown by institutional investors / property funds both local and foreign in investment properties would provide the impetus and most likely compress yields further, as quality investment properties continue to be much sought after.

The residential sector, the pillar of the property market, is expected to be subdued, with sales continuing to experience the slow rate of late 2005 initially before stabilising, as purchasers come to grips to interest rate increases as well as becoming more selective and discerning while developers are increasingly more cautious over concerns of oversupply. However, those in established locations especially landed properties, would continue to perform well. Luxury condominiums and serviced apartments especially in Kuala Lumpur city centre is unlikely to experience the bullishness of previous years.

With the freeze on new office development in Kuala Lumpur introduced in 1999, new supply in office sub-sector in Kuala Lumpur between 2006 and 2008 is only limited to Menara LTAT and Menara Commerce. Rents of prime office space which has been stabilising in the previous years would face upward pressures going forward. However on the investment front, interest is very keen and transactional activities are expected to increase, once the gap between the expectations of the buyers and sellers are narrowed.

Consumer spending which is expected to be adversely affected by inflationary pressures would not put upward pressure on rentals in the prime shopping centres in Klang Valley though occupancies would continue to be high in these centres. Nevertheless centres in selected suburban areas will face stiffer competition with the planned opening of more hypermarkets in 2006, namely Jaya Jusco Balakong, Carrefour Kepong and Mydin Hypermarket Subang Jaya.

Despite the opening of new hotels and the raising of the room rates since January 2005, hotel occupancies have generally improved. Anticipating increasing tourist arrivals and further room rate hikes, the hotel sector is expected to continue to perform well in 2006.

The favourable framework as a result of the changes to the Guidelines on Real Estate Investment Trusts issued by the Securities Commission of Malaysia in early 2005 plus the tax incentives saw the emergence of Real Estate Investment Trusts (REITs) as a viable and attractive alternative investment vehicle for income producing real estate. This has led to greater interest shown in these types of properties and the successful listing of three REITs (viz Axis, Starhill and UOA REITs) would further spur its development. This would be positive for the commercial (especially office and retail) sector, though a REIT involving hospitals is also on the cards. Demand from REITs as well as other institutional investors would auger well for the property market (especially the commercial sector) giving the investment market in the Klang Valley more depth.

PROPERTY MILESTONES IN 2005

- The Langkawi Cable Car Project (part of the Gunung Machinchang masterplan) was opened in 2005. It includes a 125 metre pedestrian bridge suspended 700 metres above sea-level. It is now the world's longest curved pedestrian bridge.
- National carrier, MAS, officially opened its own luxury Four Seasons Resort Langkawi. It is managed and operated by the Four Seasons group. In 2005, MAS increased its frequency to Langkawi directly from London.
- Kulim Hi-Tech Park launched its 3rd phase in 2005, establishing itself as a major centre for wafer fabrication in Malaysia. Two major multinationals operating within Kulim Hi-Tech Park include Silterra and Hamadatec. German-based wafer-maker, Infineon, plans to invest RM1 billion.
- The state Government announced the opening of 200 hectares FTZ for manufacturers of automotive parts seeking a gateway into Thailand, Myanmar and Laos. The Automotive Parts Centre, modelled after Bavaria in Germany, will be located in Kedah. The state is already home to carmakers; Naza in Gurun and Inokom in Kulim.



Four Seasons Resort Langkawi overlooking the Andaman Sea opened in 2005

KEY PROPERTY PLAYERS IN 2005

- OSK Property Holdings Bhd and Kulim Hi-Tech Park operators Kulim Technology Park Corp Bhd were amongst the key property players in the state in 2005.
- **Bandar Puteri Jaya** in Sg Petani, developed by **OSK Property Holdings** Bhd, reported almost 30% capital appreciation of its initial phases launched in 1999. Over 20% of its 2,580 acre project has been developed since 1999. In 2005, about 1,000 acres of its Phase 3 (Bandar Puteri Hillpark) was launched.
 - **Kulim Hi-Tech Park operator Kulim Technology Park Corp Bhd** launched its 3rd phase in 2005, establishing itself as a major centre for wafer fabrication in Malaysia. It also launched the 5th phase of Kulim Perdana comprising 90 units 2-storey terraced homes priced from RM147,000.

2005 MARKET ACTIVITY

The property market in 2005 generally remained stable with the residential sector being the most active. The number of new developments in Bandar Laguna Merbok, Bandar Puteri Jaya and Bandar Perdana, all in Sg Petani, indicates the booming demand for residential units in the area. As Bandar Laguna Merbok made state headlines in the previous year, it did again in 2005 with unprecedented “one-week-long queues” for new launches.

The increasing number of long-haul direct flights from London to Langkawi has opened the tourism industry further.

The following is a summary of selected market activities in 2005:

- Phase 3C2 at Bandar Puteri Jaya, by OSK Property Holdings Bhd offering 68 single-storey terraced homes priced from RM98,800 (with BUA 1,417 sq ft). All units are reportedly sold out.
- Purchasers queued for up to seven days to buy the latest offering of semi-detached homes in Bandar Laguna Merbok in Sg Petani. The units were priced from RM350,000. Almost 90% of the units are reportedly sold out. This development is located along the newly opened Western Bypass which links the north and south toll plazas of the North-South Expressway.
- A 80-hectare plot has been earmarked in Kulim Hi-Tech Park for lease to wafer fabrication factories and other related industries as part of the 3rd phase of the development.

The tourism industry in the state that has always been spearheaded by Langkawi experienced some excitement in 2005.

- Sheraton Perdana Resort in Langkawi was sold via a tender exercise for RM77.5 million in 2005.
- Four Seasons Resort in Langkawi was opened in May 2005 offering 91 villas and pavilions on a 19 hectare site in Tg Rhu. The establishment is owned by national-carrier, MAS. During the year, MAS also increased the frequency of flights landing in Langkawi directly from London.
- Tanjung Sanctuary Resort in Tg Belikit Langkawi will undergo a RM152 million expansion plan to add 60 rooms and upgrade it to a 5-star establishment.



Sheraton Perdana Resort Langkawi sold for RM77.5 million

2005 MARKET OUTLOOK

With the completion and opening of the Western Bypass in 2005 and the impending completion of the RM150 million 40-kilometre road from Kota Sarang Semut (along the Alor Star-Sg Petani main road) leading to Pendang in the east, the spillover effect from neighbouring states will further enhance the demand for the residential sector in 2006.

The expansion at Kulim Hi-Tech Park and the FTZ in Bukit Kayu Hitam which is expected to create new jobs is similarly expected to witness some in-migration into the state.

PROPERTY MILESTONES IN 2005

Whilst the expansion of the North Butterworth Container Terminal and the commencement of the 2nd phase of the Jelutong Expressway brought positive cheer to the market, the year-long PORR-project controversy ended unresolved in 2005.

- Penang Port operators expanded the Butterworth terminal under a RM58 million expansion programme of the **North Butterworth Container Terminal**
- The 2nd phase of the **Jelutong Expressway** commenced in 2005. The 1.6 kilometre stretch is built on reclaimed land to join Weld Quay from Jelutong East.
- The RM1 billion **PORR project** (Penang Outer Ring Road) had been stalled for most part of 2005. The RM1.02 billion project involves 17 kilometres of dual carriageway connecting Penang Bridge to Tanjung Tokong.
- **Tanjung City Marina**, the former Church Street Pier is now the **country's first inner city marina**. The 1.6 hectare site is located adjacent to Weld Quay. The upgrading of the 108 year old pier now provides for 102 berths to accommodate 142 yachts. Other related facilities such as F&B will be fully operational in 2006.
- Penang was officially granted the Cybercity status in January 2005 in an area known as the **Penang Cybercity 1 (PCC1)** which forms part of the Multimedia Super Corridor (MSC). It encompasses part of Bayan Lepas Industrial Park, Bayan Baru and Bayan Mutiara covering almost 900 hectares.

KEY PROPERTY PLAYERS IN 2005

- **Ivory Properties group** are undertaking the following projects:
 - The RM450 million **Penang Times Square** covering 13 acres at Jalan Datuk Keramat. The project includes conserving and restoring the 1908 Birch House (office of the tin smelting company initially known as Eastern Smelting).
 - **The View Twin Towers** was launched in the 1st quarter of 2005. The 3-acre site will comprise two 32-storey towers providing 160 residential units.
- **AMDB** (Arab-Malaysian Development Bhd) staged a comeback into the state with a 62-acre residential **Bayu Mutiara** venture in Bukit Tengah located near the Highway Auto City at the Juru Interchange along the North-South Expressway. The project was launched in May 2005.
- **Hunza Properties Berhad** continued to play an active role in Penang:
 - With the launch of the The Alila in September 2005. This is a RM200 million project, covering 18 acres in Tanjung Bungah, comprising 426 units of 3-storey terraced villas, condovillas, bungalows and condominiums.
 - Hunza's purchase of the 10 acre Christian Brothers site at Kelawei Road during the last quarter of 2004 is gearing towards a RM700 million mixed-development project. The Penang Municipal Council has stipulated that one of the two main existing structures on the site be preserved as a "conservation" building.
- In April 2005, **PLB Engineering Berhad** launched **Serina Bay** sprawled over 8.6 acres in Jelutong comprising 754 apartments and 75 shops.
- The **CP Landmark Group** was invited by Bayan Bay Development to be a "white knight" in a financial restructuring scheme involving the **Queensbay Mall** (the former Bayan World Megamall)
- **I&P Berhad** launched **Bayan Heights**, a low-density hub comprising over 1,000 units on 111 acres.
- **AP Land Berhad** announced the proposed sale of 62,000 sq ft of land at Jalan Sultan Ahmad Shah and a 1.2-hectare site on Penang Hill.
- **SP Setia Berhad** is establishing its presence in Penang with the announcement to purchase a 112.59-acre freehold site in **Sungai Ara** for RM144.28 million @RM29.40 per sq ft). The site is proposed for a development comprising linked houses, semi-detached houses and bungalows.
- **Sunway City Berhad**
 - resumed the construction of **Sunway Carnival Shopping Complex** in Seberang Jaya as part of its 22 hectare development.
 - launched **Sunway Bukit Gambir** on a 9.4-hectare site comprising 238 units of 2^{1/2}-storey terraced houses, and 37 semi-detached and detached units.
- Through the acquisition of shares in October 2005, **DXN Land Sdn Bhd** has completed the acquisition of Richmond Sapphire Sdn Bhd. Richmond had earlier in 2005 acquired 13 parcels of land in Jelutong for a proposed development of condominiums and link houses; and a parcel of land in Section 2, Town of Georgetown, North East District, Penang.

2005 MARKET ACTIVITY

On the island, the market consolidated further from 2004 and as with all other parts of the country, the residential sector took the lead especially in the south and south-eastern regions of the island namely Sg Nibong, Sg Ara, Batu Maung and Teluk Kumbar; and Tanjung Bungah to the north.

On the mainland, the market was considerably active around Seberang Perai Tengah where a new "action spot" has emerged at Bukit Tengah located surrounding the Juru Interchange along the North-South Expressway. The Highway Auto City at the interchange has created an industrial hub which has been an impetus for related developments within the vicinity.

The following is a summary of selected market activities in 2005:

Residential

- **'Birch the Plaza'** and **'Birch the Residency'** are the two blocks of serviced suites at Penang Times Square developed by Ivory Properties group. The units are priced at about RM270 per sq ft and it was reported that 50% of the 252 units at 'Birch the Residency' were sold within 3 days and 70% of the 308 units of 'Birch the Plaza' have been sold.
- **The View Twin Towers** located opposite USM in Gelugor developed by Ivory Properties group was launched in the 1st Quarter of 2005 comprising twin 32-storey blocks of 160 units. The typical units with built-up areas of 2,068 sq ft are priced from RM633,800 (@RM306 per sq ft) onwards. Over 70% of all the units have been reportedly sold.
- **Bayu Mutiara** by AMDB, located at the mainland industrial hub of Bukit Tengah in Juru was launched in May 2005 offering 529 landed residential units, 228 low-cost apartments and 40 shops. The 2-storey terraced homes with built-up areas of 1,900 sq ft to 2,009 sq ft is priced below RM200,000 and the semi-detached homes with built-up areas of 2,459 sq ft are priced below RM300,000. Over 90% of all the units have been reportedly sold.
- The 11.4 hectare **The Sanctuary** by Prima Prai group in Batu Uban has achieved favourable sales rate following the launch of its 1st parcel including 54 bungalows priced from RM1.6 million and 11 semi-detached units priced from RM950,000. Over 50% of all the units have been reportedly sold.
- **Serina Bay** in Jelutong by PLB Engineering Berhad launched 754 apartment units in April 2005. The units are priced between RM125,000 and RM145,000.

Commercial

The **retail scene** in Penang has taken on a fresh image. Over the last ten years, the following centres were opened:

- One-Stop Midlands Park Centre at Jalan Burma
- Prangin Mall at Jalan Dr Lim Chwee Leong
- Megamall Pinang at Bandar Perai Jaya
- Kompleks Bukit Jambul at Bayan Baru
- Island Plaza in Tg Tokong
- Gurney Plaza in Gurney Drive.

Due to the strong competition, some centres have undergone refurbishment to stay in the market such as Sunshine Square in Bayan Baru (opened in 1993), Island Plaza (opened in 1995) and Gurney Plaza (opened in 2001). Island Plaza managed to obtain a new anchor tenant in 2005, Metrojaya, occupying 115,000 sq ft.

Giant in Bayan Baru was opened at end of December, 2005. It is located on a 5-hectare site leased from Koperasi Tunas Muda Sg Ara Berhad for 15 years.

Minimal activity was recorded in the **purpose-built office** sector with the exception of the move of AIA from its own building at Lebuah Bishop to about 44,000 sq ft of space at Wisma Leader at Jalan Larut.

Industrial

- **The Highway Auto City** in Perai Industrial Estate at the Juru Interchange has been set as the venue for events organised by the Sepang International Circuit and has completed its 1st phase (7 acres) and 2nd phase (5 acres). It has been developed into an industrial hub in Seberang Perai Tengah.
- **Naza Corporation** Sdn Bhd concluded an acquisition of 838.2 acres at RM3.50 per sq ft of land in Bertam for its integrated automotive township. It is located 15 kilometres from the Penang Bridge.
- In Bayan Lepas, **Komag Inc** has announced its plans to build an additional 150,000 sq ft facility whilst LKT Industrial Berhad has earmarked the purchase of an industrial plot in Phase 4 of Bayan Lepas Industrial Park.

Hospitality

The hospitality sector has generally returned to normalcy from the aftermath of the Tsunami incident in December 2004 which affected the tourist belt of Batu Ferringhi and Tanjung Bungah.

- Two major establishments are currently undergoing major refurbishment exercises, Penang Mutiara Beach Resort and Shangri-La's Rasa Sayang Resort. The RM60 million exercise on Penang Mutiara will open under the InterContinental brand name whilst Shangri-La's Rasa Sayang will reopen as Shangri-La's Rasa Sayang Resort & Spa.

2006 MARKET OUTLOOK

As with many other parts of the country, the residential sector in Penang will continue to spearhead the market in 2006. With supply of new residential schemes to meet the demand of new and emerging lifestyle patterns, the sector shows positive promise.

For the retail property sector, the performance is expected to vary by location. In the longer term, new supply is also expected to enter the market in the next 3 years including Billion in Seberang Jaya, Queensbay Mall and Sunway Carnival in Seberang Jaya.

With negligible new supply of office and retail space on the mainland, the vacancy rate has remained the same indicating some concerns for the commercial sector.

The industrial sector is not expected to be vibrant in the short term as the manufacturing industry is expected to consolidate. However in the longer term, there could be increased activities following the declaration of PCC1 with MSC status in 2006. PCC2 and PCC3 are expected to be launched in 2008 in Bertam and Batu Kawan respectively.

The hospitality sector is expected to stabilise barring other factors which could detrimentally affect the tourism industry.

PROPERTY MILESTONES IN 2005

- The state is set to be the recipient of major infrastructural projects under the 9th Malaysian Plan (9MP 2005-2020):
 - Tanjung Malim, the base of national carmaker Proton's second manufacturing plant, will be given a RM78 million boost over the next ten years under the Tanjung Malim Redevelopment Plan through the 9MP.
 - A RM1.3 billion allocation to put Perak into a "knowledge-state mode" by 2010. Half would be provided through allocations under the 9MP.
- As prices and demand for tin increases, there are proposals to rehabilitate and revive the tin mining industry in Perak.

KEY PROPERTY PLAYERS IN 2005

- As in the previous year, the 2005 property market players include Perak Corporation Berhad (and/or its subsidiaries) and the Sunway group. Others who dominated the property market in 2005 include MK Land Holdings Berhad, the Kinta Properties Group, Taiko Properties Sdn Bhd, MRCB and Yu Neh Huat Berhad.
- **Kinta Properties Sdn Bhd** and **MK Land Holdings Berhad** are currently making efforts to develop the new growth area in Klebang.
 - **Perak Corporation Bhd's** subsidiary, PCB Development Sdn Bhd continues to further develop new phases of the 800 hectare Meru Raya Township
 - Although the Perak-based, **YNH Property Berhad** has broadened its horizons from Perak to the Klang Valley, the group is still maintaining a significant presence in the state with residential and commercial projects at Taman Manjung Point, Medan Sejahtera Sitiawan, Medan Ipoh and Medan Bercham.
 - Wholly-owned subsidiary of **MRCB**, Malaysian Resources Development Sdn Bhd launched 512 residential units at Bandar Seri Iskandar (a 4,000 acre township)

2005 MARKET ACTIVITY

A generally stable market for all sectors in Perak in 2005.

The residential market continued to show its dominance in the market particularly in active locations:

- **Klebang**, to the north of Ipoh, close to the Kinta FTZ, has been identified as a new growth area. Two new developments within the area include Bandar Baru Sri Klebang, developed by Kinta Properties Sdn Bhd and Taman Klebang Putra by MK Land Holdings Berhad. Kinta Properties Sdn Bhd launched 200 super-sized semi-detached and detached bungalows in 2005.
- The 800 hectare **Meru Raya Township** (developed by state owned PCB Development Sdn Bhd) will move into its 2nd phase in 2006 comprising 2,439 units
- Growth further north of **Tambun towards Chemor** has also introduced a new Ipoh address at Bukit Kinding Orchard Homes by Sunrise Excelsior (M) Sdn Bhd. The bungalow plots are priced at RM228,000 per plot whilst the bungalows are offered in 7 designs priced between RM180,000 and RM770,000.
- The **Tambun** locality continues to be active with various phases of the 1,300 acre Sunway City Ipoh
- The areas surrounding TAR College and UTAR in **Kampar**

Two major condominium projects in Ipoh include Ipoh Kiara Heights and Damaipuri Condominium@Chateau Garden.

- Ipoh Kiara Heights, developed by Morubina group offers 214 units in five designs priced between RM120,000 and RM180,000 per unit. It is located along Jalan Bercham.
- Having completed the first two phases, Damaipuri Condominium@Chateau Garden developed by Orrington Enterprise Sdn Bhd offers 130 units as part of its 3rd phase priced from RM268,000. The development is located between Jalan Raja Permaisuri Bainun and Jalan Raja Dr Nazirin Shah.

Two hypermarkets, Tesco and Giant, entered the retail scene in 2005. Perak-based developer, YNH Property Berhad is currently developing 300 shophouses at Medan Ipoh adjacent to Tesco; and 150 shops at Medan Bercham located opposite Makro. The shops adjacent to Tesco and Medan Ipoh have been showing positive price movements in 2005.

2006 MARKET OUTLOOK

With the exception of the industrial sector, all other sectors are expected to remain stable as these sectors are locally driven. Concerns for a declining foreign dependent industrial sector stems from the impact of AFTA and stiff overseas competition.

It is hoped that the proposal to revive the mining industry in the state and the financial benefits from the 9th Malaysian Plan (9MP) will herald positive sentiments beyond 2006.

PROPERTY MILESTONES IN 2005

- The completion and opening of the **Port Dickson - Telok Kemang** portion of the Port Dickson Highway has allowed for better accessibility to the PD region.
- The expansion of roads under the **Seremban Ring Road** along Jalan Haji Said/Jalan Rasah/Jalan Kuala Pilah commenced to ease the congestion on the stretch and enable more developments.
- The first in Malaysia, a RM40 million **bio-diesel plant** to manufacture bio-diesel products has been planned for **Labu**. It is expected to be fully operational in 2008. The project will be undertaken as a joint-venture between Golden Hope Plantations Berhad and the Malaysian Palm Oil Board (MPOB).
- Two more industrial estates to be established in **Nilai and Sg Gadut** areas to cater for new manufacturing facilities.

KEY PROPERTY PLAYERS IN 2005

- **TH Properties Sdn Bhd** forged ahead in 2005 with launches of various precincts of the 5,116 acre project. The RM6 billion **@enstek** was unveiled in 1999 and is expected to be completed in 30 years. In 2005, **jentayu@enstek**, **cenderawasih@enstek** and **technopark@enstek** were launched.
- **MUI Properties Berhad** acquired 4 parcels of freehold commercial land totalling 4.82 acres for RM27.4 million (@RM130 per sq ft) through a public auction. The site is located at Jalan Tuanku Munawir and has been approved for the construction (which is partially completed) of a 5-storey retail complex and 27-storey office complex.
- **GIC Real Estate Pte Ltd** of Singapore acquired Swiss Advance Technical Institute (SATI) for RM95 million. SATI is the developer of a 3-storey shopping centre in Seremban 2 which will be leased to **Aeon Co (M) Bhd** for a **Jusco** store.
- **RB Land Sdn Bhd** announced that it has an additional 1,000 hectares that has yet to be developed at Seremban 2. A commuter hub has been planned for this portion.

2005 MARKET ACTIVITY

The Negeri Sembilan property market remained relatively stable in 2005 with minimal price movements. The residential sector lead the market in terms of volume of transactions and number of launches of new projects particularly located in Seremban town, Senawang and Nilai.

The following is a summary of selected market activity in 2005 :

Residential

- **@enstek by TH Properties Sdn Bhd** launched 170 bungalows and semi-detached units under **jentayu@enstek** and **cenderawasih@enstek**. The 2-storey bungalows are priced from RM371,000.
- **Lavender Heights** in Senawang by Senawang Mewah Sdn Bhd (a subsidiary of Bolton Berhad) launched bungalows with built-up-areas of 1,356 sq ft-2,238 sq ft priced between RM238,000 and RM406,000. Bungalow land (about 6,000 sq ft) is priced at RM 24 per sq ft.

Hospitality

With the completion of final link of the PD Highway, accessibility to the 8th Mile and onwards has opened opportunities in the area.

- Asia's 3rd **Hard Rock Hotel** will be opening in Port Dickson in 2007. The RM175 million 300-room establishment is located on a 6.8 hectare beachfront site at the former Si Rusa Inn. The other Hard Rock Hotels in Asia are located in Bali and Pattaya.
- The **Legend Water Chalets** in Port Dickson have reported sales of 90% of its water chalets and 40% of its serviced suites. It is expected to be completed in 2006.

- The soft-opening of **Tiara Beach Resort**, Malaysia's biggest one-of-its-kind 5 acre water theme park.
- **Tanco Holdings Berhad** launched its **Palm Springs Resort City** in Port Dickson. Sprawled over 8 acres, it comprises:
 - Duta Grand Resort Suites of 800 units. The first 160 units were launched at RM170,000.
 - Extreme Park with racing car facilities, go-carting, paint ball and ATV power bikes.

Industrial

- **@enstek by TH Properties Sdn Bhd** launched **technopark@enstek** as a bio-technology destination. It is a 527 acre site set for high-tech non-pollutant industries.
- A joint-venture between Golden Hope Plantations Berhad and Malaysian Palm Oil Board for a pilot bio-diesel RM40 million facility to manufacture bio-diesel products in Labu. It is expected to be operational in 2008.
- Two more industrial estates have been identified for Nilai and Sg Gadut.

Retail

- Pacific Supermarket took-up 130,000 sq ft at **Seremban Centrepoint** following the closure of Ocean Supermarket.
- 297 vacant commercial terraced lots were sold for RM15.5 million at **Pusat Bandar Senawang**.
- Aeon Co (M) Bhd is spending RM74 million to set up a **Jusco** store in **Seremban 2**.

2006 MARKET OUTLOOK

The retail, shophouse and residential sectors is expected to be the mainstay of the property market in 2006 with expectations that existing rentals for retail space and shophouses will be reviewed at higher prices. As with all other parts of the country, the residential sector will continue to provide excitement with new launches outside Seremban town.

PROPERTY MILESTONES IN 2005

- Increased retail activity is expected with the revival of the abandoned **Dataran Pahlawan Melaka** project. The long abandoned project was re-launched in March 2005. Located opposite Mahkota Parade, the 19-acre site is set for a RM174 million development for 600 retail lots sized between 119 sq ft and 350 sq ft. The project is undertaken as a joint-venture between the state government and Lianbang Ventures Sdn Bhd.
- The RM120 million expansion of Malacca's **Batu Berendam Airport** was announced. The expansion will upgrade the facilities to an international airport accommodating Boeing-737 aircrafts. The upgrade involves airstrip expansion, new control tower and a new land terminal and aerobridge. The project is expected to be completed in 2008/09.

KEY PROPERTY PLAYERS IN 2005

The property sector in 2005 was dominated by a few players that included :

- Bcom Holdings Sdn Bhd (subsidiary of Bolton Berhad)** offering residential units at Seri Telok Mas
- Meda Inc's** Nusun Dua Orchard Resort
- Gromutual Bhd** through its subsidiaries acquired land at Pekan Sg Udang (205 building lots), Taman Cheng Point (43 building lots) & Alor Gajah (18.22 hectares) for a total consideration of RM10.08 million.
- GJH Construction Sdn Bhd** purchased 85.87 hectares land in Krubong for RM11.44 million (@RM54,000 per acre).
- A plot of prime commercial land measuring 21,388 sq ft along Jalan Munshi Abdullah was transacted at RM85 per sq ft
- MRCB** with its Taman Seri Sarkam project

2005 MARKET ACTIVITY

The market remained considerably cautious in 2005 as the residential market continued to provide the lead. Most activities were centred around Ujong Pasir/Semabok, Kg Lapan, Cheng/Paya Rumpit and Bukit Katil/Ayer Keroh.

The **office** market was inactive with no major transactions recorded. Rentals remained stable at about RM1.85 per sq ft per month. Shophouses/offices in prime areas in Melaka Raya, Bacang and Malim achieved improved occupancy levels compared to the previous year.

In the first quarter, activity in the retail sector was given a boost with the revival of the Dataran Pahlawan Melaka project and the purchase of Kota Mas Shopping Centre by the Malacca State Government.

- The RM174 million Dataran Pahlawan project will offer 600 retail lots priced between RM1,600-RM2,500 per sq ft for 119 sq ft to 350 sq ft lots. The 19-acre development is located opposite Mahkota Parade at Jalan Merdeka.
- Kota Mas Shopping Complex in Ayer Keroh was purchased by the state government for RM27.5 million with the aim of increasing bumiputera participation in retailing in the state.
- Two major retailers, Mydin and Y&W, opened during the year occupying shophouses in Malacca Sentral Bus & Taxi Terminal complex.
- Three motorcar showrooms were constructed during the year for major car dealers; Mercedes, Honda and Toyota.

The **residential** sector in Malacca predominantly caters for the medium and medium-high cost sectors. Residential developments are expanding out of the town areas to Durian Tunggal, Paya Rumpit and Bukit Katil.

- In Bukit Katil, an upmarket project, **Taman Suria 2** was launched based on the "build & sell" concept. The semi-detached units are priced at RM520,000 per unit. The development is undertaken by NKS Development Sdn Bhd.
- Meda Inc launched its 3rd phase of **Nusa Dua Orchard Resort**. The development comprises one-acre plots that are offered with ten kampung bungalow designs priced from RM280,000.
- A relaunch of the abandoned Nyonya-Baba Heritage Resort (renamed The River Villa) in Gapam in December 2005 with bungalow lots priced at RM13 to RM15 per sq ft.

The **hospitality & tourism sector** experienced an active year:

- The five-star 262-room **Golden Legacy Hotel** located along Hang Tuah Walk which was closed in February 2005 re-opened under a new management. The 15-storey hotel, owned by MBSB, is to be managed by Reliance Pacific Berhad.
- Local developer, Hean Yi Holdings Sdn Bhd (subsidiary of Singapore-based Kienta group) is to undertake the construction of a new hotel, the **Holiday Inn Melaka**. The 270-room establishment is to be managed by the Inter-Continental group and is expected to be completed in 2007. It is located adjacent to the Malacca Pier and Century Mahkota Hotel.
- The 189-room **Ancasa Hotel** in Ayer Keroh was opened in February 2005
- The 460-room Mutiara Beach Resort in Tangga Batu is expected to re-open as **Merak Malacca Beach** Resort
- The 105-room **Hotel Seri Malaysia** in Ayer Keroh is expected to be opened in the 1st quarter of 2006.
- Emergence of new budget hotels -**The Trend, Fenix Inn, Tropicalle Hotel**.
- The RM30 million **D-Paradise Tropical Fruit World & Aboriginal Village**, opened for business. It is sprawled over 68 hectares in Lubok China.

2006 MARKET OUTLOOK

With continued Government support, the state hospitality & tourism sector is expected to grow. The retail sector can expect increased competition in 2006 as hypermarkets, Tesco and Giant, expand and enter the market respectively.

There are concerns for the industrial sector in the state largely due to the oversupply and decreasing foreign investment due to competition from the regional competitors.

PROPERTY MILESTONES IN 2005

- A RM37.5 million contract has been secured for the redevelopment of **Sultanah Aminah Hospital** located at Jalan Abu Bakar.
- **Johor's new administrative centre** will be located in Bandar Nusajaya. It will be jointly developed by UEM Land Sdn Bhd and Gamuda Berhad.
- Work has commenced on the 77 kilometre **Senai-Desaru Highway**, Malaysia's 3rd longest toll road. It is undertaken by Senai-Desaru Expressway Berhad. The highway is expected to be completed in 2008.
- The government has allocated RM1.4 billion to develop the east coast town of **Mersing** under the 9th Malaysia Plan (9MP). This move is to ensure accessibility to the tourist islands off the east coast incl Pulau Tioman and Pulau Pemanggil. A jetty will be built at the Sg Mersing estuary to improve ferry services to the islands.
- Two property and hotel projects have commenced in **Desaru** and are expected to be completed in two years and ready in time for the new Senai-Desaru highway.
- The 1,765 acre **Leisure Farm Resort** (developed by Mulpha International Berhad) won Fiabci's Malaysian Property Awards (Masterplan Category). The project commenced in 1992 and bungalow lots are being sold at RM25-53 per sq ft.



Leisure Farm Resort by Mulpha International Berhad won the Fiabci's Malaysian Property Awards 2005 (Masterplan Category)

- Johor Corporation Berhad is undertaking the **Persada Johor International Convention Centre** project. The RM50 million project is located on a 3 acre site in town centre. It is expected to be ready in mid-2006.
- Singapore-based Flextronic has selected **Port of Tanjung Pelepas (PTP)** as a new site for its RM1 billion expansion programme. Sprawled over 16 hectares and offering about 1.2 million sq ft of manufacturing space, the building will be the biggest in Pelepas Free Zone.
- KIC Oil Terminal Sdn Bhd, oil-storage and blending operator, has obtained the contract to build a RM1.31 billion storage facility in **Tanjung Bin**.
- A **2nd bridge across Muar River** and the Outer Ring Roads was completed in 2005. The RM380 million 14-kilometre road stretches from Parit Bunga to Jalan Abdul Rahman.

KEY PROPERTY PLAYERS IN 2005

- Segamat-based **KSL Holdings Berhad** is currently developing three major townships with a combined gross development value of RM2.5 billion. The projects include Taman Nusa Bestari, Taman Bestari Indah and Taman Kempas Indah.
- **Danga Bay Sdn Bhd** launched RM500 million worth of mixed development properties in Danga Bay. The 562 hectare integrated waterfront city will be developed over 20 years. **The Festive Street Mall** is a RM200 million component of Danga Bay comprising 400 retail units in Danga Walk, 155 boutiques and offices.
- **Johor Land Berhad** with its 3,000 acre landbank located in Pasir Gudang, Ulu Tiram, Senai, Tampoi and Johor Bahru; is currently undertaking four major projects ie Bandar Tiram, Taman Bukit Dahlia, Taman Bukit Tiram and Bandar Dato' Onn.
- **Johline Realty Sdn Bhd** acquired land from FBO Land (Pulai) Sdn Bhd located along the Skudai-Lima/Gelang Patah road. The 146 acre site was purchased for RM39.7 million (@RM6.30 per sq ft) and has approval for industrial use.
- **SP Setia** launched **Setia Tropika** in August 2005. The RM2.5 billion development is sprawled over 740 acres located along the Tebrau corridor. The site was purchased from EPF in 2004 for RM277.3 million (@RM8.60 per sq ft)
- UEM World Berhad disposed two parcels of land in 2005:
 - **Crescendo Corporation Berhad** acquired 40 acres of land in Pulai for RM11.5 million (@RM6.60 per sq ft). The site is located adjacent to Taman Perindustrian Nusa Cemerlang.
 - **Country View Berhad** acquired 174 hectares for RM85.99 million (@RM6.80 per sq ft) located within Bandar Nusajaya.
- The **Mah Sing** group acquired 261 acres of land in Plentong for RM62.52 million (@RM5.41 per sq ft).

2005 MARKET ACTIVITY

An overall stable market in 2005 with some significant acquisition of development land by local property players boosting their presence especially in southern Johor. The Tebrau and Skudai corridors in JB and Tanjong Laboh to the north maintained its stronghold in the state. Joining this rank of popular locations is Kempas with the Pasir Gudang Highway running through.

The following is a summary of selected market activity in 2005 :

• **Retail**

- Danga City Mall (previously Best World) will be repositioned following a RM30 million rehabilitation exercise. The centre was opened in 1996 and closed in 1998. In 2004, it was sold by tender for RM50 million. It is scheduled for opening in 2006.
- Lion Diversified Holdings Berhad has agreed to dispose Xtra Supercentre to GCH Retail (M) Sdn Bhd for RM15 million.
- Hypermarket operator, Tesco, has signed an MoU with UM Land Berhad to open an outlet in Bandar Seri Alam.
- Fajar Supermarket opened for business at Jalan Zabedah in Batu Pahat.

• **Hotel**

- The 149-room Merlin Inn was sold to Nikmat Hartamas Sdn Bhd for RM10.5 million. It was previously owned by the Faber group.

- In an internal share transaction, Johor Corporation Berhad acquired Grand Continental Hotel, the 288-room establishment located at Jalan Tebrau. It has been renamed Hotel Selesa.
- The French International hotel chain, Accor, has taken over the management of the 120-room M-Suites Hotel. Following its RM10 million refurbishment, it is now rebranded and renamed Mercure Hotel.
- M-Resort Sdn Bhd has acquired a 3.2 hectare site in Desaru for the purposes of establishing a new resort.

• **Residential**

- Swissharta Sdn Bhd launched the 2nd phase of Pulau View Condominiums in 2005. It is located in Tampoi offering 260 units in two blocks. The units are sized from RM1,133 sq ft and priced from RM178,000
- Puncak Banang was launched by Berjaya Land Development Sdn Bhd in Batu Pahat. It comprises 69 freehold bungalow lots located adjacent to the Bukit Banang Golf & Country Club.
- Maharani Ayu, the first gated & guarded project in Muar, was launched by Pulau Spring Sdn Bhd. The 10-hectare gated & guarded project offers 20 bungalow lots, 152 courtyard homes and other affordable homes.

2006 MARKET OUTLOOK

A continued cautious market in 2006 is expected with the residential sector maintaining its bastion position in the market. Emphasis will be along the Tebrau and Skudai corridor where most development activity is concentrated. Prices for the residential sector is however expected to be maintained at the present levels due to oversupply and the highly competitive situation.

The retail sector is expected to provide some excitement with the opening of Danga City Mall and the AEON Tebrau City Mall in Johor Bahru and a new focal point of retail activity along Jalan Tan Swee Hoe in Batu Pahat.

The state is also preparing itself for the impending completion of the Senai-Desaru Highway and implementation of the infrastructure for Mersing which will open the tourism industry to the east coast stretching from Desaru to Mersing.



AEON Tebrau City Mall opening on 17th January 2006

PROPERTY MILESTONES IN 2005

The RM10 billion Pahang-Selangor interstate water project was revived whilst the Pulau Tioman marina project and airport extension commenced in 2005.

- The state government is looking at alternatives to revive and proceed with the **Pahang-Selangor interstate water project**. The project features the construction of a dam in upstream Sg Pahang, flooding some 24 sq km creating a catchment of 330 sq km. The original plan was to build a tunnel drilling through the Titiwangsa Range to connect the supply to Selangor. However, alternatives are being considered to reduce the length of the tunnel to 30 km from 45 km.
- The controversial RM40 million marina project on Pulau **Tioman** was approved for development by the Department of Environment. The project would include yacht-docking facilities off Kg Tekek on the island.
- Mitrajaya Holdings Bhd commenced work on the RM119.5 million **Tioman** airport project which is expected to be completed in 2006.
- Works commenced on the widening of the 25-kilometre **Kuantan By-Pass** into a dual carriageway.

KEY PROPERTY PLAYERS IN 2005

- In May 2004, Damansara Realty Berhad announced that it would sell large tracts of land in Kuantan (Bandar Damansara Kuantan) in its debt-reduction programme. In 2005, the purchasers, **PASDEC Holdings Berhad** (a Pahang state controlled corporation), **Franky Construction** and the **Tunas Manja Group**, took over 1,000 acres of mixed development land at Bandar Damansara Kuantan.
- **Tunas Manja** opened a retail outlet known as Tunas Manja Commercial & Baby Centre at Transit Point, Jalan Dato' Lim Hoe Lek in Kuantan.
- D'Embassy, a high-end apartment project located at Jalan Tengku Mohamed in Kuantan was opened for registration by **Tunas Manja** Development in the 4th quarter of 2005. The project is proposed for 168 units of 3-bedroom apartments.

2005 MARKET ACTIVITY

The property market sentiments remained generally stable in 2005 in the state as developers remained cautious with minimal new developments introduced into the market. The Kuantan district, more specifically within a 16 kilometre radius of the town centre, remained the most active location.

The following is a summary of selected market activity in 2005 :

Retail (Purpose-built and Shops)

- The Sri Dagangan locality witnessed a new emerging trend with al-fresco dining outlets
- The telecommunications company, DIGI, relocated its Kuantan service centre to Berjaya Megamall. Tesco Express, the retail arm of Tesco group also opened their first outlet in Berjaya Megamall.

- Tunas Manja Commercial & Baby Centre opened for business in the 2nd quarter of 2005.
- **Sri Pahang Business Centre**, a commercial project located at the junction of Jalan Beserah/Jalan Haji Ahmad comprising 105 units of 3-storey shops, was completed and issued with CFO during the 3rd quarter of 2005.

Office

- TNB relocated to its new premises at Jalan Gambut which was completed the year before. This is a modern 14-storey purpose-built office building with a gross floor area of 154,000 sq ft.

Industrial

- During the year, Daimler-Chrysler (M) Bhd announced its plans to move into its local assembly operations in Pekan.

2006 MARKET OUTLOOK

The general positive sentiment for the Pahang property market after the opening of the ECE in August 2004 is expected to prevail into 2006. Additionally, the opening of the ECE is expected to open the doors for the hospitality sector especially along the coast.

PROPERTY MILESTONES IN 2005

In 2005, Kota Bharu was declared an Islamic City whilst the state government called for support from developers to create the new township, Bandar Baru Tanjong.

- Bandar Baru Tanjong is a RM2 billion project sprawled over 967.2 hectares. The new township will be developed in three phases.
- Proposed Second Bridge adjacent to Jambatan Sultan Yahya Petra across Sg Kelantan was announced in 2005
- Road widening project from Bulatan Wakaf Siku in Kota Bharu to Bulatan Pasir Pekan commenced in 2005.

KEY PROPERTY PLAYERS IN 2005

- Kota Nawira, undertaken by the KL-based **Syedex group**, is a RM20 million mixed development project located at Wakaf Mek Zainab.
- **Furqan Business Organisation (FBO)** has undertaken two new projects worth RM200 million in Kelantan located at Tumpat and Pasir Mas.
- Kota Sri Tumpat in Tumpat comprises 473 single-storey low cost homes, 274 single-storey medium cost homes and 56 2-storey shopoffices
- The project in Pasir Mas comprises 237 2&3 storey shophouses.
- **Rimbun Kisana Development Sdn Bhd** purchased two parcels of development land along Jalan Sultan Yahya Petra, adjacent to Kompleks Kota Sri Mutiara. It was transacted at RM2.8 million. The site will be developed with a 21-storey building.
- **SBJ Sdn Bhd** purchased a 7.38 acre site for RM8.55 million (RM26.60 per sq ft) at Wakaf Che Teh for a residential development.

2005 MARKET ACTIVITY

Property market sentiments remained generally stable in 2005 in the state. The residential and commercial (shophouse) sectors have remained as the most active in the property market. The shophouse market activity has been confined to Panji, Wakaf Che Yeh, Kubang Kerian and Jalan Parit Dalam/Jalan Kebun Sultan in the town centre.

Works have also commenced on the 19-storey Kelantan Trade Centre, a joint-venture project between Kelantan SEDC and Kelkon Development Co at Jalan Bayam. The development comprises a 8-storey office building, 19-storey apartment building and a convention hall. Standard units are priced between RM60,000 and RM140,000.

The following is a summary of selected market activity in 2005 :

Retail (Purpose-built and Shops)

- The opening of 2-storey Pantai Timur Hypermarket at Taman Bendahara in Pengkalan Chepa. The centre offers 178,000 sq ft (GFA) and is located 1 kilometre south of the Pengkalan Chepa airport.

- **Pelangi Mall** located along Sg Kelantan is being developed by Finconsult (M) Sdn Bhd. Upon completion, it will comprise a multi-storey building, shophouses, a budget hotel, a retail centre and apartments.

Residential

- Intan Plaza comprising 80 apartment units located at Jalan Sri Intan by **Menang Intan Sdn Bhd** is currently under construction. The apartments are with built-up areas between 1,079 sq ft and 1,208 sq ft priced between RM149,000 and RM182,000.
- **Dinibiru Corporation Sdn Bhd** is developing **Taman Desa Kujid located at Panji**. The project comprises a 15-storey condominium block and townhouses. The townhouses are priced from RM328,000 and the condominiums are priced from RM218,888.
- **Kota Nawira** by the KL-based Syedex group is developing a mixed development at Wakaf Mek Zainab comprising 160 apartment s and 21 commercial lots.

2006 MARKET OUTLOOK

The residential sector will continue to show positive promise and this is expected to boost the demand for agricultural and development land .

With the completion of new office buildings and shopoffices in Kota Bharu town, a further decline in rentals is expected due to the increasing oversupply.

The industrial sector has not shown much improvement since 2003 and this is expected to continue into 2006. More tenants occupying factory premises for trading businesses at Pengkalan Chepa have moved out.

PROPERTY MILESTONES IN 2005

Considerable boost for infrastructure outside the capital as Kemaman, Kertih and Pulau Redang benefitted from development projects in Terengganu.

- A RM536 million allocation has been made to boost the **water supply in Terengganu** to increase treated water supply to meet demand. The project will include a RM400 million treatment plant and RM136 million allocation to replace the old pipes.
- A boost for the tourism sector on **Pulau Redang** where a RM10 million pontoon jetty is expected to be installed at Teluk Kalong.
- Road Builder (M) Holdings Bhd is to facilitate the setting up of a RM1.3 billion iron ore palletisation plant in **Kemaman**
- The announcement by the Prime Minister to develop a tertiary institution, University Darul Iman (UDI) in Terengganu

KEY PROPERTY PLAYERS IN 2005

- The move to transform Kemaman into a major iron ore processing hub in the region will be undertaken by **Road Builders (M) Holdings Bhd**. Road Builders will be setting up a RM1.3 billion plant in Kemaman.
- Terengganu state government is teaming up with **Petronas Nasional Bhd** to develop a 40 hectare site in Kertih to place vendors involved in petro-chemical based industry. The 40 hectare site is the first phase of a 400 hectare allocation to be developed state-wide. The 1st phase involves shifting 33 SMI entrepreneurs from Dungun.
- **ABI Construction Sdn Bhd** revived the abandoned Plaza Paya Bunga project. Upon completion the project will offer 250,000 sq ft retail space and a 105-room hotel.

2005 MARKET ACTIVITY

The property market sentiment remained generally stable in 2005 in Terengganu. The hospitality sector has been identified as the most active sector in the state whilst Gong Badak and Batu Rakit have remained as the most active locations in terms of property activity in 2005 as in 2004, mainly as a result of the expansion of KUKTEM and KUSZA Institutions of Higher Learning. In addition, plans to transform Kemaman into an iron ore processing hub in the region has also created property related activity in the vicinity.

The following is a summary of selected market activity in 2005:

Commercial (Retail/Shophouses/offices)

- Cosmopoint College has taken-up shop space at **Jalan Sultan Ismail**.

- Opening of four new 7-Eleven outlets in Kuala Terengganu at **Jalan Air Jernih, Jalan Pejabat, Jalan Tok Lam and Jalan Sultan Omar**.
- Eastern Pacific Industrial Corporation Bhd purchased a 5-storey office building at **Jalan Pejabat** for RM5.75 million.
- **Plaza Paya Bunga** project was revived in 2005 by ABI Construction Sdn Bhd. The project was initiated in 1996 and abandoned in 1998. The 7-storey commercial complex will provide for 250,000 sq ft of retail space and a 105-room 3-star hotel upon completion.

Industrial

- Kemaman Bitumen Co Sdn Bhd purchased vacant industrial land at Teluk Kalong Industrial Estate at RM19.8 million (@RM6.85 per sq ft).

2006 MARKET OUTLOOK

Developments in Kemaman and Kertih are expected to make headway in 2006 whilst there are concerns for the commercial and industrial sectors in Kuala Terengganu. The hospitality sector is expected to take the lead in anticipation of the Visit Terengganu Year 2008. The demand for smaller agricultural and development land is also expected to continue to be of interest to investors.

PROPERTY MILESTONES IN 2005

The proposal to upgrade two major airports in Sabah made major headlines as the state prepares itself for a tourist influx which will result from carrier increases into the state. Also, a 3rd successive deepwater oil discovery in two years gives much hope for more.

- In October, Shell-ConocoPhillips-Petronas made a 3rd successive **crude oil discovery at Ubah 2**.
- RM200 million has been allocated to upgrade **Labuan Airport**.
- The 2nd busiest airport in Malaysia after KLIA, **Kota Kinabalu International Airport** will undergo a RM1 billion upgrade which will involve tripling the size of the terminal and involving land reclamation to extend the runway by another 1 kilometre. At the same time the state government braces itself for a major tourist influx and has opened invitations to build hotels and resort in coastal areas stretching from Tuaran to Papar.

- A RM315 million integrated **barter trade terminal** is planned for Sandakan. The 46 acre site in Batu Sapi will provide for a barter distribution and transshipment hub for the region. It is expected to be completed in 2008.
- Completion of the **Sugut Highway** from Labuk River to Paitan and westwards to Kota Marudu. The Labuk-Sugut stretch is a fast developing oil palm area and was previously handicapped by poor accessibility will now positively affect plantation prices in the area.
- The proposed **Palm Oil Industrial Cluster (POIC)** in Lahad Datu is expected to be a new catalyst to the east-coast region. Work on the 350-hectare site commenced in October 2005. Upon completion, the site will provide industrial land for palm oil and kernel downstream processing.

KEY PROPERTY PLAYERS IN 2005

- A subsidiary of state-owned **Suria Capital Holdings Berhad**, Suria Bumiria Sdn Bhd will undertake the coveted **Jesselton Waterfront** project. It is a RM2 billion 50 acre conceptualised plan for the KK Port.
- Piling works for the massive Borneo Hypermall project located adjacent to Universiti Malaysia Sabah (UMS) has commenced. This integrated, one-stop complex that will provide retail, leisure / entertainment outlets, corporate offices, hotel, serviced apartment accommodation and educational facilities is jointly developed by **Sagajuta (Sabah) Sdn Bhd** as the lead developer, **Warisan Harta Sabah Sdn Bhd**, the state investment arm of Sabah as co-developer and **United Sabah Islamic Association (USIA)** as the landowner.
- **AC Property Development Sdn Bhd** is embarking on the 2nd phase of the Asia City development. Phase 2A Kompleks Asia City comprising 4-storey shopoffices and mini retail complex is at an advanced stage of completion, while **Kompleks Star City**, a 10-storey shopping complex has commenced earthworks.
- **Golden Hope Plantations Berhad** is entering into partnership with Sabaland Construction Sdn Bhd to build homes in Kunak, located 40 kilometres from Semporna. The RM125 million project will cover the 567 hectare Mostyn Estate.
- **Wong Kwok Group**, the major developer of medium cost apartments in Kota Kinabalu, is developing **University Apartment Sulaman**, a 1,456 unit walk-up apartment development located within KK's northern corridor, sandwiched between Jalan KK-Sulaman and Tuaran Bypass.
- **Karambunai Corporation Berhad** is investing RM100 million to develop products in Karambunai as part of a move to position Karambunai as a top tourism destination.

2005 MARKET ACTIVITY

A generally stable property market for 2005 for the state which was supported by favourable palm oil prices and the off-shore oil discoveries. In 2005, the agricultural sector in Sandakan, Tawau and Lahad Datu provided positive promise; whilst the tourism sector in Kota Kinabalu begins to take roots with an impetus provided for by the Kota Kinabalu International Airport expansion programme.

The residential sector along the KK-Sulaman-Sepanggar route certainly provided excitement with various new phases of Kingfisher Park, Taman Bukit Sepanggar and Kingfisher Sulaman.

With some 2 million sq ft of retail space proposed / under construction in Kota Kinabalu, there has been an announcement that a temporary “freeze-on-malls” will be implemented. The centres which are currently under various stages of construction include Warisan Square, Kompleks Asia City, Kompleks Star City, 1 Borneo Hypermall, City Mall and KK Megamall. The hypermarket conglomerate, Giant is also making its debut in Sabah in 2007.

The 2nd Le-Meridien hotel in the country opened its doors in Kota Kinabalu. The 5-star establishment offers some 300 rooms located along Jalan Tun Fuad Stephens. KK has also been slated for the 2nd Club-Med in Malaysia.



Le-Meridien Hotel opened in 2005

In **Sandakan and Tawau**, the sustained CPO prices at over RM1,300 per tonne has lead to transactions of estates in the Labuk-Sugut (Beluran) district and the Semporna and Kunak regions. New developments along Jalan Kuhara in Tawau dominated the market with Kuhara Point and Taman Kuhara Indah and at Km 16 Jalan Apas on the way to the Tawau Airport with Hap Seng Group’s new township development of Sri Indah. The 104-room King Park Hotel opened in Tawau



Kuhara Court at Jalan Kuhara, Tawau

In Lahad Datu , positive market sentiments of the earlier part of 2005 weakened by year end. Sri Perdana, undertaken by the Hap Seng group, is the only on-going project. Sale of the residential units were more encouraging than the sale of the commercial and industrial units

With no new projects in Labuan in 2005, the industrial sector is viewed with anticipation in view of the oil & gas industries. The proposed expansion of the Petronas Methanol plant and the arrival of project teams for implementation is expected to boost the market.

2006 MARKET OUTLOOK

A relatively exciting year ahead for the state in general, where the agricultural sector is expected to take the lead again with the prevailing favorable commodity prices of oil palm. Further oil & gas discoveries will further boost the market with downstream processing plants.

Improving accessibility to Kota Kinabalu and beyond is expected to boost tourism related developments. With some 2 million sq ft of retail space in the pipeline, concerns for the commercial complex sector have been duly addressed with the “freeze-on-malls” implementation. This implementation is expected to get the sector back on its feet after a few years.

The promotion of Lahad Datu into a palm oil trading hub (similar to that to Pasir Gudang in Johor) brings adequate promise to Lahad Datu’s industrial sector. The POIC is to be a catalyst to the region.

2005 MARKET ACTIVITY

The general slow down of the property market in Sarawak was felt more deeply in the 2nd half of 2005, though houses in prime locations were still in good demand. Prices remained at levels slightly higher than the 2004 levels.

Residential sector

In 2005, new housing schemes at existing housing estates or in totally new settings have been developed and were launched for sale in Kuching, Sibü, Bintulu and Miri.

There have been more road-shows by housing developers to promote their products either on its own or under the Sarawak Housing Developers Association or in conjunction with other trade exhibitions.

The sale of high-end semi-detached houses has slowed down, more so in the 2nd half of the year.

New housing units 2005

Region	Type	Units completed	Units Under Construction	Units Launched	Units construction Started
Kuching	1-st terraced	1000	1441	1185	835
	2-st terraced	1542	1776	1478	1267
	1-st semi-detached	273	326	238	114
	2-st semi-detached	803	519	416	290
	2-st quadruplex	0	504	0	0
Samarahan	1-st terraced	1448	1830	633	633
	2-st terraced	270	860	394	236
	1-st semi-detached	206	233	115	111
	2-st semi-detached	32	80	72	72
Sibü	1-st terraced	184	291	585	244
	2-st terraced	600	1544	1040	781
	1-st semi-detached	0	4	8	4
	2-st semi-detached	208	465	262	214
Bintulu	1-st terraced	0	38	0	0
	2-st terraced	355	51	292	130
	1-st semi-detached	0	0	0	0
	2-st semi-detached	103	104	72	10
Miri	1-st terraced	978	632	216	208
	2-st terraced	158	216	321	202
	1-st semi-detached	41	124	156	124
	2-st semi-detached	75	207	281	205

Selling prices of houses launched in 2005 (RM)

Type	Kuching	Samarahan	Sibü	Bintulu	Miri
1-st terraced - Int.	51,000 - 170,000	131,000 - 163,000	From 130,000	120,000 - 135,000	84,000 - 107,888
2-st terraced - corner	150,000 - 210,000	163,000 - 203,900	From 158,000	130,000 - 165,000	87,888 - 115,000
2-st terraced - int.	180,000 - 350,000	168,000 - 240,700	210,000 - 265,000	199,000 - 330,000	123,888 - 183,888
2-st terraced - corner	200,000 - 550,000	185,000 - 310,000	265,000 - 350,000	207,800 - 344,800	125,000 - 198,000
1-st semi-detached	200,000 - 382,000	141,200 - 240,800	From 245,000	N/A	181,000 - 205,000
2-st semi-detached	250,000 - 550,000	292,800 - 371,888	330,000 - 450,000	328,800 - 478,000	268,000 - 340,000
Detached plot	200-250 psm	N/A	N/A	150-300 psm	217 - 219 psm

Commercial/Retail sector

Apart from one (1) new shopping complex each under construction in Bintulu and Kuching, new additions of retail and office space in 2005 are mostly found in 2-4 storey shop-offices/shophouses developed at out-of-town commercial centres or as part of housing schemes.

Shop-offices/Shop-houses 2005

Region	Type	Units completed	Units Under Construction	Units Launched	Units construction Started
Kuching	1-storey shop	20	0	0	0
	2-storey shop	67	12	25	25
	3-storey shop	122	338	483	240
	4-storey shop	106	149	109	109
Sibu	3-storey shop	49	46	86	20
	4-storey shop	28	84	14	14
Mukah	3-storey shop	76	57	133	57
Bintulu	3-storey shop	167	165	69	69
	4-storey shop	8	0	0	0
Miri	3-storey shop	0	111	111	111
	4-storey shop	0	167	167	167

Selling prices of shop-offices/shop-houses 2005 (RM)

Region	3-storey int	3-storey corner	4-storey int	4-storey corner
Kuching	600,000 - 1,000,000	800,000 - 1,200,000	800,000 - 1,200,000	1,000,000 - 1,500,000
Sibu	500,000 - 600,000	700,000	700,000 - 850,000	900,000 - 1,000,000
Mukah	485,000 - 550,000	680,000 - 710,000	N/A	N/A
Bintulu	648,888 - 738,888	938,888 - 1,038,888	N/A	N/A
Miri	328,000 - 440,000	444,888 - 520,000	From 725,000	From 1,038,888

Industrial sector

Private development of industrial units is mainly semi-detached type, with some detached plots.

Semi-detached industrial units 2005

Type	Units completed	Units Under Construction	Units Launched
Kuching	130	158	116
Sibu	150	60	64
Bintulu	0	24	0
Miri	8	20	103

Selling prices of semi-detached industrial units

Region	Land size (sm)	Built-up area (sm)	Selling prices (RM)
Kuching	534 - 873.1	173 - 347.2	401,800 - 779,800
Sibu	From 690	223	From 430,000
Bintulu	542.7 - 869.5	147 - 294	369,800 - 599,800
Miri	380 - 630	163 - 496	From 198,000 / 398,000

Industrial estates by public agencies (MIDS, SEDC, STIDC, BDA etc) are a continuation of the existing ones. MIDS is offering for sale 68 units of semi-detached read-built factory and for rent 18 units of 1 1/2-storey terraced factory at Demak Laut Industrial Park Phase 3, Kuching.

Hospitality sector

With the growth in the State tourism, supplemented by the various clan associations' international conference (particularly in Sibul), hotel occupancy is reported to be generally higher than 2004, with some experiencing over 85% occupancy in the 2nd half of 2005, when the adverse impact of the Asian Tsunami was fading.

3-star and above hotels

Region	Existing hotels	(no./rooms)	Under Construction	(no./rooms)	Proposed	(no./rooms)
Kuching	15	2,950	1	388	1	315
Sibu	4	566	1	228	1	No Data
Mukah*	1	99	0	0	1	No Data
Bintulu	2	386	0	0	1	No Data
Miri	5	878	0	0	1	176

*Kingwood's Mukah Resort Hotel soft opened on 20-12-2005

Agriculture sector

With the State Government's encouragement of commercial agricultural development, more land has been opened up for large scale oil palm plantation.

Sales of raw land for oil palm plantation show prices ranging from RM2,500 to RM4,000 per hectare, depending upon the location, accessibility and topographical terrain.

2006 MARKET OUTLOOK

The 2006 Sarawak property market demand growth is generally expected to slow down. Many prospective buyers may adopt a wait-and-see attitude in the face of further increases in the banking base lending rate (BLR), higher deposit rates and slower growth in the general economy of the State.

The fear and threat of further increases in petrol prices and inflation rates, the global slow down in economic growth and the global trend of rising interest rates are expected to dampen the buying sentiment in the property market. High-end housing, non-prime commercial and industrial properties are expected to suffer more compared to the mass-housing market. This is partly due to the shrinking number of prospects after the past six (6) years or so of active participation.

Demand for reasonably priced medium-cost housing is expected to remain strong in Kuching, Sibu, Bintulu and Miri.

One major supplier of new medium-cost housing in Sarawak from 2006 onwards will be Syarikat Perumahan Negara Berhad (SPNB) which is expected to commence its over RM1 billion worth of housing projects in Kuching, Sibu, Bintulu and Miri.

House prices are not expected to be reduced by housing developers in view of higher land cost and higher building and development costs.

On the retail/commercial sector, construction of a few complexes will likely commence in 2006 in Kuching, Sibu, Bintulu and Miri.

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C H Williams Talhar & Wong (WTW) is well positioned and competent to provide comprehensive and focused property services to national and international Clients

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- Valuation
- Market Research Studies
- Consultancy

AGENCY & TRANSACTIONAL SERVICES

- Estate Agency
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Valuation of all real properties for wide-ranging purposes including :

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- credit security
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- submission to Securities Commission
- corporate accounting and asset review
- compulsory acquisition
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Our valuation expertise and experience include appraisals of plantations, timber concessions, plant, machinery and equipments, *specialised properties* such as steel mills, mining land and quarries, and *properties valued on trading/business basis* such as private hospitals, hotels and resorts.

Market Research Studies to provide the basis for planning and development of townships, and town centre regeneration and redevelopment, distribution parks and industrial estates; for the design and development of retail centres, offices, hotels and resorts, leisure centres. WTW conducts

- Market Studies for general landuse planning and for specific development projects
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Consultancy in the management of property resources for purposes of securing the highest and best use of land through the best means. WTW offers:

- Advice on Development Options to render projects more feasible
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- Land Use and Development Strategy on existing portfolio of real estate assets
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Estate Agency

Acting as agents to buy or rent, sell or let out residential , commercial & industrial units

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Acting as Marketing Agents to sell residential and commercial units in development schemes; to sell or lease out units in retail centre and office developments

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- Effecting efficient handover

Property Management

Managing individual, collective and portfolios of residential, retail and office units on behalf of Clients or Management Corporations. WTW undertakes, inter alia:

- Management of rental income and accounts
- Auditing & reviewing of cost of building operations
- Management of life-cycle of building and equipments and maintenance programme

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Menara Tun Ismail Md Ali, Kuala Lumpur, Malaysia officially opened by the Honourable Prime Minister in August 2005

C H Williams Talhar & Wong

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