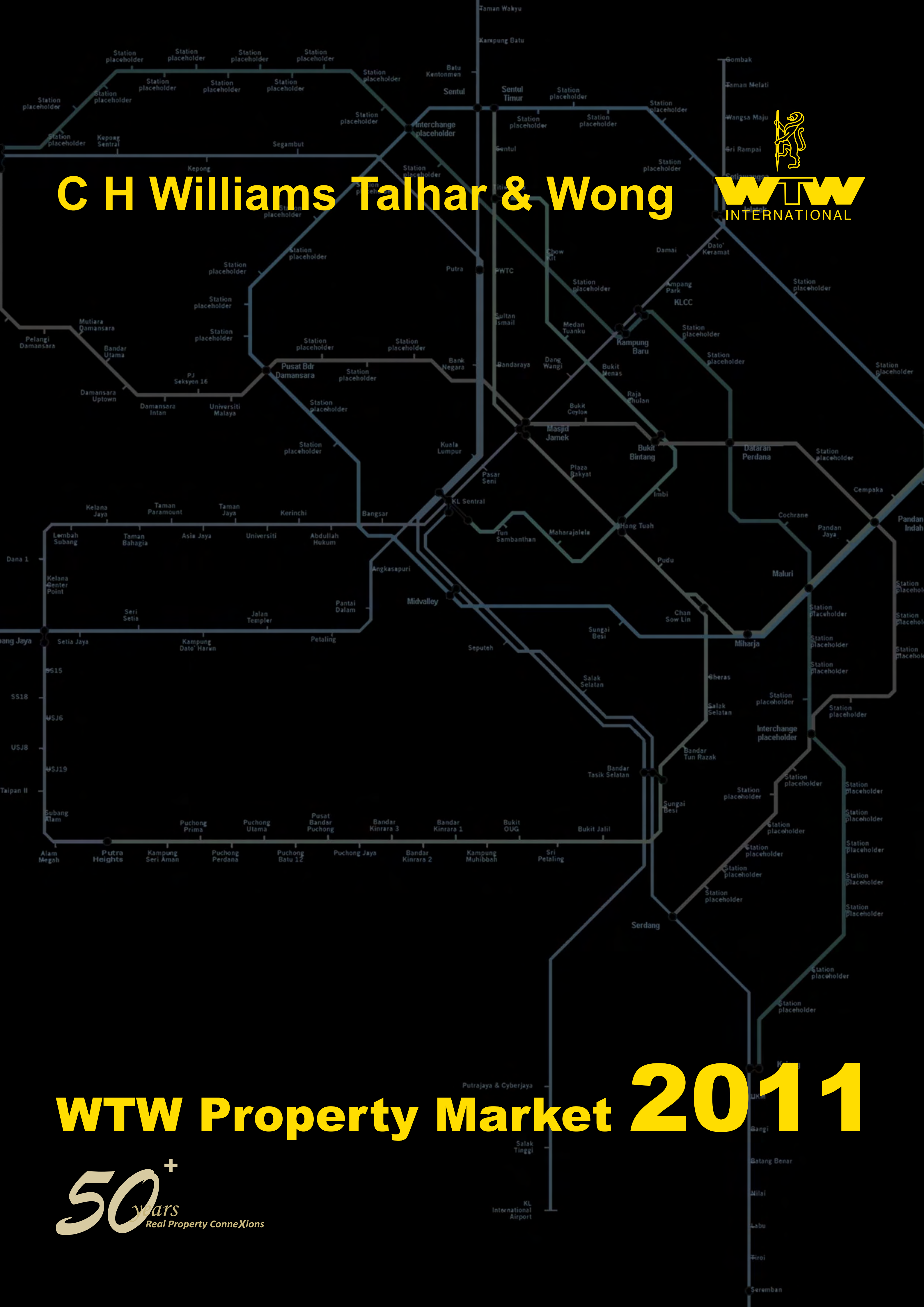


C H Williams Talhar & Wong

WTW INTERNATIONAL

WTW Property Market 2011

50+ years Real Property ConneXions

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 25 branches and associated offices. WTW provides Valuation & Advisory Services, Agency & Transactional Services and Management Services.

HISTORY

Colin Harold Williams established "C H Williams & Co, Valuer & Estate Agent" when he set up office in Kuala Lumpur in 1960. Messrs C H Williams Talhar & Wong was formed in 1973 following the merger with Johor based Talhar & Co (Valuer & Estate Agent) and the inclusion of Dato Wong Choon Kee.

PRESENT MANAGEMENT

The Group is headed by Chairman, Mohd Talhar Abdul Rahman who guides the group on policy developments and identifies key marketing strategies which have been instrumental in maintaining the strong competitive edge of WTW. The current Managing Directors of the WTW Group operations are:

► C H Williams Talhar & Wong Sdn Bhd	Foo Gee Jen
► C H Williams Talhar & Wong (Sabah) Sdn Bhd	Chong Choon Kim
► C H Williams Talhar & Wong & Yeo Sdn Bhd (operating in Sarawak)	Robert Ting
► WTW Bovis Sdn Bhd	Dinesh Nambiar

Mohd Talhar Abdul Rahman

This past year has seen a return of active property transactions in the mass residential market. The resurgent interest in houses in established areas in the re-sale market in different parts of the country is of particular significance. The discount for these ready-built older houses must have proved sufficiently attractive as compared to the newly launched offerings in the market, considering the easier credit terms and transfer facilities afforded to buyers of new residential units. The re-sale market tended to be of secondary interest when considering the mass housing market. This apparent interest in re-sales could be the cue to dealing with the stock of houses remaining vacant and unoccupied in many of our towns. With more accommodating price discounts and given more liberal credit facilities to purchasers, the re-sale market could well take care of the segment of the market that will not be able to catch up with the rising affordability level. This would not affect the performance of established and well financed developers of good repute in the already revived market for new units in the medium and higher end.

The year also saw more incidence of rehabilitation of stalled commercial buildings. The success of these efforts would depend on how well the target users, viz those who will be operating the businesses in the resuscitated space, can generate their trades and on how much was spent to refit the buildings on top of the acquiring cost of the landed assets in the first instance. There are still nonetheless many buildings in major towns and cities which remain unproductive. These bear witness to the excesses of our past euphoric boom periods. Renewed awareness and urgent re-thinking in solving urban blight is as much a priority if the well-being of our urban environment is to rise in tandem with the country's expected economic transformation.

In similar vein, the large scale release of institutional land or grey-sites for urban regeneration in the nation's capital need to be looked at beyond the volume of construction work it can generate and the downstream economic activities the work can generate. Being realistically clear that the scheduling of the supply and the quantum of the space coming on stream will match the functional needs of the populace is critical to the success of the move. The nature of urban activities and these functional needs are in a state of flux with the fast changing urban trends. Successful outcome and preventing the risk of severe mismatch will require greater concerted and wider participatory approach involving feedback from informed interested parties.

In the past year the conjunctive effort to re-focus on and rationalize the mass rapid transportation system in Kuala Lumpur helped buttress the growing sense of confidence in the effort to take the nation's capital city into the top league of world cities. The efficient mobility of the city's resources is a prerequisite to its well-being. Land use may change and values may vary, but location remains the prime determinant of choice and eventual value. An efficient mass rapid transportation system can help distribute and spread locational advantages to a wider area. It will effectively transform the urban economy of the Capital City.

On a similar strain, the improved accessibility of Kota Kinabalu and Kuching from other cities in Asia Pacific region has enabled the eastern States to further capitalize on their tourism potential. And similarly the connectivity factor is highly contributory to Iskandar region's progress in meeting its objectives.

State of the Malaysian Property Market 2011

Drawing on the WTW professional practice over the past 12 months throughout the 13 Malaysian states, covered by 22 branches, the Directors and Key Branch Managers of WTW are pleased to declare that the Malaysian Property Market improved moderately in 2010.

However, the Property Market has never been a homogeneous market and therefore prices and transactional activities can vary widely for different sectors and different localities.

Overall, property prices in 2010 increased more in the Klang Valley, Penang, Johor, Melaka and Sabah as compared to the rest of Malaysia and this trend is expected to carry into 2011.

The landed residential market segment registered better than moderate increases in terms of transactions and prices throughout Malaysia which is expected to be sustained in 2011.

Transactions in the condominiums segment were moderately better in 2010 except in the East Coast states where trends remained flat. Condominium selling prices in 2010 generally increased strongly in the Klang Valley and northern states and this trend will continue into 2011.

The office segment remained stable in the southern and east coast states while the Klang Valley, Sabah and Sarawak managed moderate growth.

Transaction activity in the retail market segment was better in Johor and Melaka but in the rest of Malaysia, transactions and prices were stable or moderate. In 2011, prices of retail properties in the Klang Valley and Johor/Melaka are expected to improve but remain stable to moderate in Sabah and Sarawak and remain stable elsewhere in Malaysia.

The shopoffice segment also recorded better increases in transactions and prices throughout Peninsula Malaysia and prices in 2011 are predicted to further improve.

In 2010, industrial property transactions and prices in the Klang Valley improved better but elsewhere the increase was only moderate. In 2011, industrial property prices are predicted to improve moderately throughout Malaysia.

Overall Property Market			
	Transaction Activity in 2010	Prices 2010	Prices 2011
Klang Valley	Red	Red	Red
North	Red	Red	Red
South	Yellow	Red	Red
East	Yellow	Yellow	Yellow
Sabah	Yellow	Red	Red
Sarawak	Yellow	Yellow	Yellow

	Landed Residential			Condominiums		
	Transaction Activity in 2010	Prices 2010	Prices 2011	Transaction Activity in 2010	Prices 2010	Prices 2011
Klang Valley	Red	Red	Red	Yellow	Red	Yellow
North	Red	Red	Red	Red	Red	Red
South	Red	Red	Red	Yellow	Yellow	Yellow
East	Red	Red	Red	White	White	White
Sabah	Red	Red	Yellow	Yellow	Yellow	Yellow
Sarawak	Red	Red	Red	Yellow	Yellow	Yellow

	Industrial		
	Transaction Activity over 2009	Prices 2010	Prices 2011
Klang Valley	Red	Red	Yellow
North	Yellow	Yellow	Yellow
South	Yellow	Yellow	Yellow
East	Yellow	Yellow	Yellow
Sabah	Yellow	Yellow	Yellow
Sarawak	Yellow	Yellow	Yellow

	Office			Retail			Shopoffice		
	Transaction Activity over 2009	Prices 2010	Prices 2011	Transaction Activity over 2009	Prices 2010	Prices 2011	Transaction Activity over 2009	Prices 2010	Prices 2011
Klang Valley	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Yellow
North	White	White	White	White	White	White	Yellow	Red	Red
South	White	White	White	Red	Yellow	Red	Red	Red	Red
East	White	White	White	White	White	White	Yellow	Yellow	Yellow
Sabah	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow
Sarawak	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

Note: The colour codes represent the following: RED-Better, Yellow-Moderate (+), White-Stable.

Malaysia Overview

In later years, 2010 may be remembered as the watershed year of Malaysia as the Malaysian Government under the leadership of Y.B Datuk Seri Najib Tun Razak unveiled its plan to transform the nation into a high income nation through three major development initiatives:

1. The NEW ECONOMIC MODEL unveiled in March 2010 (mapped out the basis of growth and development)
2. The 10th MALAYSIAN PLAN released in June 2010 (financial development allocations for the next 5 years) and,
3. The ECONOMIC TRANSFORMATION PROGRAMME launched in October 2010 (identified the National Key Economic Activities, 131 Entry Point Projects and 60 Business Opportunities)

In summation, the Government is seeking to achieve an average GDP growth of 6% per year for the next ten years and to increase gross national income from USD8,260 to USD12,140 by 2015 and USD15,000 by 2020.

Five strategic thrusts were identified by the Government:

1. Government Transformation
2. Conducive Business Environment
3 Inclusive Socio-Economic Development
4. First World Talent Base
5. Enhanced Quality of Life Environment

While some growth acceleration is a foregone conclusion, meaningful achievements will depend on successful execution of the projects announced and the strong political will to push through tough reform measures.

The Malaysian Economy

In 2010, GDP at current prices is forecast to be about RM766 billion and a real GDP growth rate of 7.2%. Domestic demand continues to be the main driver of the economy with the services and construction sectors being the major contributors. Despite the contraction in global trade, the balance of payments is expected to remain favourable with a current account surplus of RM109 billion or 14.6% of GNI.

Exports growth moderated on slower exports of electrical and electronic products.

The inflation rate in 2010 was 2.3% and prospects for the Malaysian economy growth in 2011 are expected to be strong, with a growth rate of about 5% - 6%.

The FBM KLCI Index crossed over the 1,500 points in October 2010 and strengthened further following continued buying support from institutional investors.

Bank Negara Malaysia raised the Overnight Policy Rate (OPR) twice in March and May 2010 and again in July 2010 to 2.75% as the Government was confident to adopt a more neutral stance amidst the economy's recovery.

Also in July another round of government subsidy reductions were implemented which raised sugar, LPG, petrol and diesel prices.

Malaysian property firms continued to be internationally recognised for innovative property development designs and concepts and won their fair share of awards at the Asia Pacific Property Awards held in Hong Kong in April 2010:

1. Best High-Rise Development, Asia Pacific - 28 Mont Kiara, Sunrise Bhd
2. Best Architecture Asia Pacific (Retail Category) - Pavilion KL
3. Best Golf Development, Asia Pacific - Tropicana Golf & Country Resort, Dijaya Corp Bhd.
4. Best Residential Property Development, Asia Pacific - One Legenda, Mah Sing Group.

Klang Valley

Selected transactions noted in 2010 were as follows:

Land Transactions		
12-03-10	Cyberjaya land	RM21.74 million for purchase of 6.32 acres of freehold land
30-03-10	Jalan Peel KL land	RM39 million for 240,102 sq ft (RM162.43 per sq ft)
01-04-10	Cyberjaya land	RM32.68 million for 257,711 sq ft plot and adjacent 271,479 sq ft plot
13-04-10	Land in Ulu Selangor	RM345.63 million for 1,322.44 acres in Ulu Selangor
23-04-10	233 Ampang Hilir	RM53.8mil or RM857.32 per sq ft for 1.44 acre plot approved for service suites
02-06-10	Cyberjaya Land	RM78.42 million for 50.01 acre (20.2ha) parcel of land
Building Transactions		
11-01-10	The Icon's East Wing	RM226.5 million or RM860 per sq ft with NLA of 263,435 sq ft
04-03-10	The Coronade Hotel	RM93 million
02-06-10	Starhill Gallery & Lot 10 Mall	RM1.03 billion
05-04-10	Bangunan Emerio, Cyberjaya	RM35.18 million
15-04-10	Wisma Volkswagen, Off Jalan Bangsar	RM40 million
07-05-10	Land and automobile showroom, Jalan Tun Razak	RM49.054 million
04-06-10	Block C, Oasis Ara Damansara	RM39.10 million for 12-storey office block
18-06-10	Wisma Time	RM78 million
29-09-10	Menara Pan Global	RM153.5 million
13-10-10	Wisma Mirama, Jalan Wisma Putra	RM48 million for 17-storey office building

Highest price transacted in 2010:

	Office Sector	Retail Sector	Condos	Shop offices	Factories
Location	Tower B, Menara UOA Bangsar	Starhill Centre	Mont Kiara Verve Suites	Desa Sri Hartamas	Shah Alam
Sale price	RM925 per sq ft	RM2,115 per sq ft	RM800 to RM850 per sq ft	RM3.3 to 3.4 million	RM36 million

	Bungalows	Semi-detached	Link Houses
Location	Mutiara Damansara	Desa Park City	Desa Park City
Land Area	Land size - 4,800s sq ft	5,500 sq ft to 5,500 sq ft	1,500sq ft to 1,650 sq ft
Floor Area	3,600 sq ft	3,500 sq ft to 4,000 sq ft	2,000 sq ft
Sale price	RM3.6 to RM3.8 million	RM2.5 to RM2.7 million	RM1.1 to RM1.3 million

** The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.*

Greater Kuala Lumpur Plan

One of the key strategies of the Economic Transformation Programme (ETP) is the development of Greater Kuala Lumpur into a world class city that could be on par with the world's leading cities such as, Singapore, Seoul, Tokyo, Hong Kong, New York and London. Global competition is being increasingly recognized as one waged between cities rather than countries and leading cities will be the engine of growth of national economies. With the vision of uplifting Kuala Lumpur to the next level in the global marketplace, the Malaysian Government has earmarked eight mega projects that will each create their individual commercial enclaves.

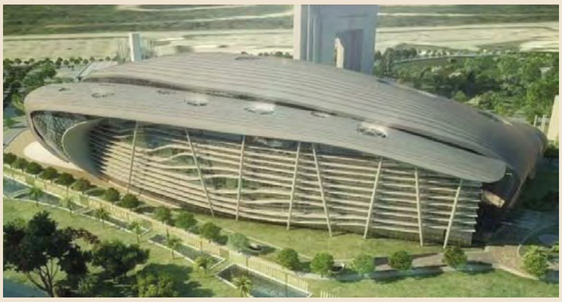
These eight projects are:

Location / Site	Project Name	Developer	Land Area (acres)	Project Cost (As announced)	Possible Total Gross Floor Area	Likely Development Period
Sg. Besi Airport	Bandar Malaysia	1M'sia - Qatar Invt Auth	495	Over RM 10 billion	Over 60 million sq ft	10-20 Years
Bukit Bintang East	KLIFD	1M'sia - Mudabala Devt.	85	Over RM 15 billion	Over 20 million sq ft	15-20 years
Kampong Baru	Yet Un-named	Kg Baru Devt Corp	233	Not reported	Over 60 million sq ft	As yet, undeterminable
"One-room Flats" site Jln Pekeliling	Tamansari	ASIE	55	Over RM 3 billion	Over 10 million sq ft	10-12 years
Jalan Hang Tuah	Warisan Merdeka	PNB	17.8	Over RM 5 billion	Over 5 million sq ft	5-10 years
Pudu Jail Site	Bukit Bintang Commercial Centre	UDA	20	Over RM 5 billion	Over 5 million sq ft	5-10 years
Jln Duta Govt Komplex	Matrade	Naza-TTDI	51.9	Over RM 15 billion	Over 15 million sq ft	15-20 years
Sg Buloh	Yet Un-named	EPF	3,300	Over RM 10 billion	Over 10 million sq ft	25-40 years
		Total	4,258	Over RM 60 billion	Over 185 million sq ft	

- The Sg. Besi Airport Redevelopment will be developed by a JV of 1Malaysia Bhd & Qatar Investment Authority and will cover an area of about 495 acres.
- KL International Financial District, encompassing 30.5 ha (75.36 acres) located in Kuala Lumpur will be developed into a state of the art green city development featuring buildings with rooftop gardens. The concept envisaged -up to 20 buildings surrounding one high rise tower
- The Kampong Baru Redevelopment plan will cover an area of 233 acres. More than 60 million sq ft of commercial and residential developments could be constructed. Due to the fragmented land ownership and the problem likely to be faced in re-settling incumbent residents, any estimation of development time frame would be inopportune
- The proposed Tamansari is to be built on the Pekeliling "one-room flats" site. These flats were first generation low-cost accommodation built in 1967. The developer, Asie Sdn Bhd, expects to to create a lifestyle district taking the form of a village style resort. The development will be strong in residential components with office and hotel facilities integrated via pedestrian-friendly features which have been identified as Citywalk, Riverwalk and Tititransit. The whole project, comprising 24 parcels on 23.08 ha at the intersection of Jalan Pahang and Jalan Tun Razak, is expected to be fully developed in 7 to 10 years.

The proposed Tamansari

- Warisan Merdeka Development by PNB will cover an area of 17.8 acres. Located at the existing stadium complex at Jalan Hang Tuah, the development proposes to include a 100-storey office tower and in the process change the present KL Skyline.
- UDA Holdings (100% owned by Khazanah) has commenced the redevelopment of the 19.16 acre former Pudu Prison site into a RM5 billion integrated mixed use Commercial Centre incorporating residential elements. The project will be known as Bukit Bintang Commercial Centre.
- The Malaysia External Trade Development Corporation Centre (Matrade Centre) at Jalan Duta is expected to become Malaysia's largest exhibition and convention centre when ready in five years time. The RM628 million-project undertaken by Naza TTDI Sdn Bhd, is scheduled for completion in 2014. The development is to be linked to the existing Menara MATRADE.



  Beside the Matrade Centre, a 62.45 acre site will be transferred by the Government to TTDI Metropolis in exchange for TTDI building the Expo Centre. The sitewill be concurrently developed over 15 to 20 years, into a mixed development, provisionally to be known as Naza KL Metropolis.
- The Sungai Buloh development is expected to consist of commercial and residential developments and a transport hub under a joint-venture between the Federal Government and the Employees Provident Fund. The project will help unlock the potential value of the lands in the area, channeling properties to application of their best uses. At the same time, as the new Sungai Buloh urban centre develops and contributes to the dispersal of population, the current growing urban pressures of Kuala Lumpur City Centre will be reduced. The quality of life of both households who have moved to Sungai Buloh and those who chose to remain in the city centre will improve as population densities decline.

Collectively, these mega projects are expected to create thousands of jobs, cause fundamental changes to our lifestyles and aspirations and shift the local economic landscape to a global perspective. On a real estate level, the capital values of various localities in the Klang Valley will experience marked appreciation and more properties within a vicinity of these projects

KLANG VALLEY

and MRT will become viable for commercial and residential developments.

The proposed MRT development by facilitating faster, more convenient and greater traffic flow, will be one of the ways to achieve greater integration of Kuala Lumpur. The new MRT system will be about 156-km long, covering a radius of 20-km around the city centre and have the capacity of moving 2 million passengers per day.

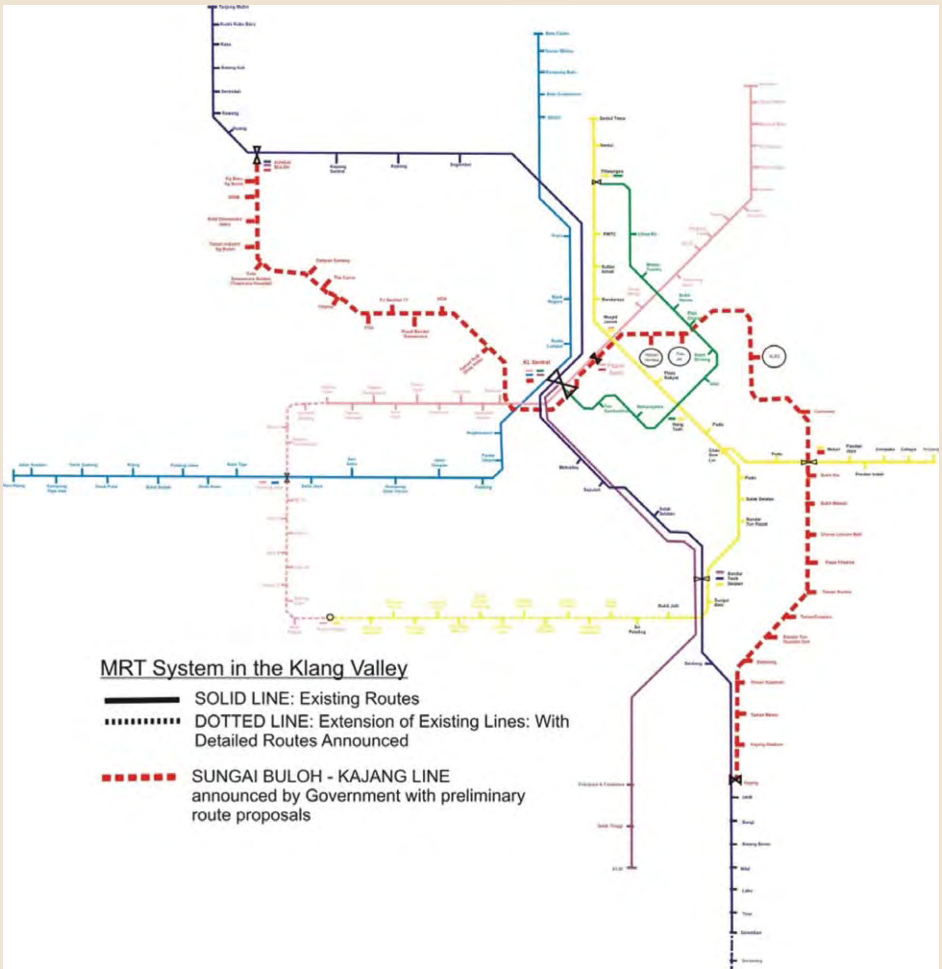
Plus Points: Sungei Buloh, Kota Damansara, Mutiara Damansara, Bandar Utama, TTDI, Phileo Damansara, Pusat Bandar Damansara, Warisan Merdeka, KLIFD, Cheras and Kajang will be well connected KL-wide with the MRT Network.

Minus Points: Subang Airport, Bandar Sunway, Matrade Centre, Desa Park City, Mont' Kiara, Plaza Damansara/ Securities Commission and Bandar Malaysia have been left out of the MRT network.

We would also hope to see extensions of the KLIA Express line to KLIFD and also to Sungei Buloh, with stations at Mont' Kiara and Matrade Centre. More "park-n-ride" stations and improvement on feeder bus services will be the key to the success of the MRT network.

Another vital aspect of integration reflected in the MRT planning is execution and continuous improvements of operations. While new MRT systems will be state of the art, existing MRT systems (LRT and KTM Kommuter) will also have to be re-vamped and up-graded to match the speed and efficiency of the new systems. Otherwise, the overall MRT system can only be as good as its slowest components. Substantial improvements are needed not only in terms of rolling stock but also the level of customer service and train schedules management. Although the KTM Kommuter on the grid shows a convenient public transportation network, actual usage reveals an inefficient and inconvenient service with long waiting times at peak periods, crowded trains and poorly maintained coaches.

If this shortcoming can be overcome in the MRT system, there is perhaps hope that many of the other issues stopping Kuala Lumpur City from becoming a world class city may also be resolved and by doing so, the vision of the ETP will turn into a reality.



OFFICE MARKET OVERVIEW

Ten (10) buildings within the Klang Valley were completed in year 2010, contributing about 2.966 million sq ft to the current supply. Seven (7) buildings were completed during the first half, i.e. G-Tower, Prima 10, Menara Kencana, TRW Boulevard Square, Lot 4C11, 1 First Avenue and Quill Building 6 (HSBC HQ Annexe). A further three (3) buildings, i.e. BRDB Tower, Empire Tower and HPAic (in Laman Seri Business Park, Shah Alam) were completed during the second half of 2010.

Joint Marketing by WTW

Currently there is approximately 21.49 million sq ft of office space expected to be completed by the end of 2014 in Klang Valley, which will increase total office space supply to more than 101 million sq ft in the next 3 years with the bulk of the new supply stemming from Kuala Lumpur area. As at end 2010, overall occupancy rate of prime office space in Kuala Lumpur Central Area is 89.9%.

The latest trend of Green Mark certified office buildings by developers appears to be the popular marketing strategy to differentiate new Grade A office buildings from existing ones and thereby, establishing a new higher class of Grade A buildings more aligned to international standards and definitions.

On the investment front, Bangunan Emerio in Cyberjaya, Wisma KLIH & Menara PanGlobal in KLCA transacted during the year at reported prices of RM35.185 million, RM58 million and RM160 million respectively.


Menara Worldwide, Exclusive marketing agents - WTW

As at end 2010, office space supply in the Klang Valley was estimated as follows:

Kuala Lumpur Central Area	39.72 million sq ft	49.4% of total supply
Kuala Lumpur Metropolitan Area	21.02 million sq ft	26.1% of total supply
Klang Valley Suburban	19.70 million sq ft	24.5% of total supply

RETAIL MARKET OVERVIEW

Supply

- KL Plaza on Jalan Bukit Bintang underwent a RM100 million facelift, renamed Fahrenheit 88 and was opened in September 2010.
- Ue3 Shopping Mall, nearing completion of refurbishments, is to be transformed into a modern, one-stop regional centre for home furnishing and related products and services called Viva Home. It will have 660,000 sq ft accommodating 300 tenants and 2,100 car-parking bays. Anchor tenants are reported to include MBO Cinema (9-screen Cineplex), Old Town Kopitiam (10,000 sq ft), ICT zones (50,000 sq ft) and a Giant Superstore (60,000 sq ft).The mall is expected to be open in May 2011.

As at end 2010 there were a total of 120 of retail centre developments in Klang Valley, contributing over 40.40 million sq ft of retail space.

New shopping malls completed in 2010 were Carrefour Hypermarket Kota Damansara, Axis Atrium, Subang Avenue Promenade, Harbour Place, Empire Subang Gallery, Kepong Village Mall, SSTwo Mall, all in suburban locations.

In the next 3 years, another eleven (11) retail centres totaling approximately 3.84 million sq ft are expected to be completed within Klang Valley. Besides Nu Sentral, Intermark and Lot C in KLCC, the remaining retail space will be located in the suburban areas. It is expected that 72% of this supply will be completed by end of 2011. These include One Mont' Kiara, 1 Shamelin Shopping Mall, First Subang, Citta Mall, Setia City Mall and Jusco Bandar Permaisuri.

The overall occupancy rate of purpose-built retail centres in 2010 was about 90% throughout the Klang Valley.


Empire Subang

KLANG VALLEY

LUXURY CONDOMINIUM MARKET OVERVIEW

Supply

As at the end of 2010, the total supply of luxury condominiums in Kuala Lumpur stood at 84 developments with a total of about 10,323 units. Six developments were completed in 2010 with a total of 705 units. These included the completion of 2 new developments; D9 Bangsar (9 units) and Suasana Bangsar (190 units) which are expected to be handed over to owners in early 2011.

The average occupancy rate for existing luxury condominiums in Kuala Lumpur city centre indicated a slight decline in 2010 as a result of sluggish demand. Most of the newly launched luxury condominiums with a larger proportion of smaller units showed good sales rates of about 90% within the first 12 months of launch whereas most of the unsold units were the larger sized units.

Prices, Rentals & Yields

The transacted prices of luxury condominiums in Kuala Lumpur city centre and Ampang Hilir/ U-Thant ranged from RM650 - 1,000 per sq ft of built-up area in the secondary market. In Bangsar, Damansara Heights and Mont' Kiara / Sri Hartamas, the transacted prices of luxury condominiums ranged from RM620 - RM850 per sq ft, RM500 - RM700 per sq ft and RM500 -RM780 per sq ft of built-up area, respectively in the secondary market.

The asking rentals of luxury condominiums in Kuala Lumpur city centre ranged between RM4.00 and RM5.50 per sq ft per month. Current yields for luxury condominiums in Kuala Lumpur city centre generally range around 6.0% - 6.5%.

Selected Developments Launched in Prime Locations in Kuala Lumpur in 2010 :

Developments	Area	No. of Units	Developer
1H 2010			
Six Ceylon*	Jalan Ceylon	215	Bolton Group
Seri Ampang Hilir	Jalan Ampang Hilir	39	Tan & Tan Development Sdn Bhd
One Kiara	Mont Kiara	118	Monday-Off Development Sdn Bhd
Westside One	Desa Park City	338	Perdana Park City Sdn Bhd
2H 2010			
Arata of Tijani	Bukit Tunku	100	Tijani Bukit Tunku Sdn Bhd
6 CapSquare	Jalan Munshi Abdullah	176	BRDB Development
Dedaun Condominium	Jalan Ampang	38	SDB Properties Sdn Bhd
Sastra U-Thant	Jalan U-Thant	126	CapitaLand & Juta Asia Corporation Sdn Bhd

Source: WTW Research, 2010
**SixCeylon by Bolton Group, is the redevelopment of the 12-storey Bolton Court with only 20 duplex units which was completed in the late 1970s. The redevelopment will then consist of 215 units within a 33-storey building with sizes between 696 sq ft and 1,555 sq ft.*

SERVICED APARTMENT MARKET OVERVIEW

Supply

As at end of 2010, the total cumulative supply of serviced apartments in Kuala Lumpur stood at 49 developments with a total of about 11,709 units. New supply of serviced apartment developments completed by end 2010 included Park Royal Serviced Suites (One Residency-South Tower) and MyHabitat located off Jalan Tun Razak , Sommerset Ampang in Ampang Hilir / U-Thant area and Gateway Kiaramas in Mont Kiara. These added about 1,046 units to the total existing supply which will exert some pressure on overall occupancy rates for the serviced apartment sector in 2011.

In the next three years, a total of 7,352 serviced apartment units in 21 developments are expected to be completed thus increasing total supply of serviced apartments to 19,016 units by end of 2013.

Developer's selling prices for serviced apartments launched in year 2010 ranged between RM800 to RM1,400 per sq ft and these serviced apartment developments showed a relatively good sale rate of 70% to 90%.

The overall occupancy rate for serviced residences and hotel-type serviced apartments dropped as it faced pressure from the large incoming supply. The average occupancy rate for the existing serviced residences declined from 70.7% in year 2009 to 64.6% in year 2010 whilst the average occupancy rate for hotel-type serviced apartments dropped to 70.6% in year 2010 from 73% in year 2009.

Average rent for serviced residences in KL city centre and Mont' Kiara / Bangsar ranged between RM5.00 to RM6.50 per sq ft per month and between RM3.00 to RM5.00 per sq ft per month, respectively.

The hotel-type serviced apartments in Kuala Lumpur City Centre reported average room rates (ARR) of RM210 - RM480 in 2010.

Serviced Apartments Launched in 2010

Development Name	Location	Developer	Total Units
1H 2010			
Livia Residences @ C180	Cheras	Mitraland Group	190
2H 2010			
Vipod KLCC	Jalan Kia Peng	Monoland Corporation Sdn Bhd	418
Quadro Residences	Persiaran KLCC	Monoland Corporation Sdn Bhd	245
M-Suites	Jalan Ampang	Star Residences Sdn Bhd (Mah Sing Group)	442
The Elements	Jalan Ampang	Elite Forwards Sdn Bhd (JV between Land & General Bhd and Mayland Development Sdn Bhd)	1,040
Icon Residences	Jalan Dutamas Raya	Maxim Heights Sdn Bhd (Mah Sing Group)	260
Pacific Placa	Ara Damansara	Island Circle Development Sdn Bhd	960
222 Residency	Jalan Gombak	Kerjaya Prospek	222
288 Residency	Jalan Gombak	Kerjaya Prospek	288
Saville@Melawati	Taman Melawati	Metro Kajang Holdings Bhd	533
The Cascades	Kota Damansara	Mitraland Group	266
I-Residence	Kota Damansara	KLIA Consultancy Services	348

Source : WTW Research, 2010

LANDED RESIDENTIAL MARKET OVERVIEW

On January 1, the Government clarified that RPGT will only be imposed on properties sold within 5 years of purchase and a rate of 5% flat will be payable. This substantially eased the concerns of many property investors.

Also at the start of 2010, the minimum price from which foreigners may purchase residential properties without EPU approval was raised from RM250,000 to RM500,000.

The Subang Jaya Municipal Council was the first local authority to introduce a set of eight key guidelines for the formation of gated communities in existing housing neighbourhoods. While this is commendable, many related issues have not been resolved; enforcement of payment for common services, ownership of community assets, reduced communal integration, etc.

In November, Bank Negara announced a 70% loan cap margin for purchasers buying their fourth and subsequent houses in order to curb excessive speculative activity.

Prices of the landed residential property in Klang Valley were generally on upward trend in 2010 compared to 2009. Generally, increments of more than 10% depending on location and type of property were recorded.

Upward trend was seen in the prime residential housing schemes such as Bangsar, Damansara Heights, Taman Tun Dr Ismail, Bandar Utama, Mutiara Damansara and Mont Kiara area.

Significant price escalation in the secondary transactions market of landed residential property was recorded in Desa Park City, another award winning housing development. In view of the limited supply of land, the development of the landed residential sector has now shifted away from the city centre and selected areas within Seri Kembangan, Puchong, Kinrara, Kota Damansara, Kepong which have become the hotspot areas for landed residential housing. Gated and guarded types of landed residential properties have emerged as the popular trend in the Klang Valley.

Selected High-end Bungalow Residential Projects Launched in Klang Valley

Project Name	Location	Description	Developer
1H 2010			
Seputeh Gardens	Seputeh	42 bungalows	Planet Uno Sdn Bhd
Templer Hills	Selayang	45 bungalows	Rentak Arena Development Sdn Bhd
Nadayu Melawati	Melawati	142 bungalows and 46 superlinks	Mutiara Goodyear Development Berhad
Seri Pilmoor	Ara Damansara	74 bungalows and 34 semi-detached houses	Sime Darby Properties
Twin Palms Kemensah	Kuala Lumpur	42 bungalows	Venus Capital Corporation Sdn Bhd
Jewellery @ Section 7	Shah Alam	28 bungalows	Sejagat Emas (M) Sdn Bhd
2H 2010			
Tsara Bungalows	Bandar Sungai Long	41 bungalows	Fabulous Range Sdn Bhd
Temurun Bayuemas	Klang	14 bungalows	I & P Group
Vasana 25	Seputeh Heights	25 bungalows &villas	Selat Makmur Sdn Bhd

Source: WTW Research, 2010

HOTEL MARKET OVERVIEW

At end 2010, the overall count of 4- and 5-star hotels in Klang Valley stood at 69 hotels or 26,549 rooms, with the completion of The G City Club Hotel and Hilton Doubletree in Kuala Lumpur, the Empire Hotel in Subang Jaya and the Premiere Hotel in Bukit Tinggi, Klang. Approximately 54% of this supply (contributed by 34 hotels) is located within the Kuala Lumpur city centre.

Four hotels are expected to complete by end of 2011 to provide a total of 1,648 extra rooms to the existing pool.

In the next 3 years, eight (8) hotels are expected to be completed by end 2014. These future hotels which are expected to be completed between 2011 and 2014.

The overall occupancy rate of 4 and 5-star major hotels in the KL City Centre was 73% as at end 2010. The average room rates for 4-star hotels improved marginally to RM253 in 2010 whilst the average room rates for 5-star hotels declined to RM425 during the same review period.

As to hotel transactions, the 20-storey 225 rooms Coronade Hotel at Jalan Walter Gernier was purchased by Premium Lodge Sdn Bhd early in the year for RM93 million.

Future Supply of Hotels in Klang Valley

NAME	LOCATION	STAR	DEVELOPER
Year 2011			
Grand Hyatt Hotel	Jalan Pinang	5	Bahagia Investment Corporation Sdn Bhd
Pullman Hotel Kuala Lumpur	Pantai Bharu	5	Cygal Development Sdn Bhd
Taragon Puteri KL Hotel	Pudu , KL	4	JV between Bluestone and Allco Fund Management (Singapore) Ltd
Royale Bintang Surian	Mutiara Damansara	4	Boustead Holdings Bhd
Year 2012			
Lot G, KL Sentral	Jalan Stesyen Sentral 3	4	MRCB & ASEANA Properties Ltd (UK)
The Olives Hotel	Subang Jaya	4	Everest Point Sdn Bhd (Subsidiary of AmanahRaya Development)
Majestic Hotel Kuala Lumpur	Jalan Sultan Hishamuddin	n.a.	YTL Hotels & Properties Sdn Bhd
Year 2014			
St Regis Hotel, KL Sentral	Jalan Travers	6	MRCB and CMY Capital

Source: WTW Research, 2010

INDUSTRIAL MARKET SECTOR

Industrial output grew moderately on the back of a fragile rebound in electronics as construction-related sectors powered on. Exports have recorded double-digit growth owing to windfall gains from commodities and the recent upturn in electronics demand. The leading index is rising cautiously, suggesting moderating growth ahead.

Industrial premises transactions within the State of Selangor were active in the Petaling Jaya, Shah Alam, Subang, Glenmarie, Rawang and Bangi / Kajang areas. These areas have evolved to accommodate specific industrial activities, ie. Shah Alam (Sections 15 & 16) and Port Klang is known as the logistics hub, Rawang for manufacturing, Glenmarie for its motor related industries and a major portion of Sections 13 and 19 in Petaling Jaya for showrooms or office purposes.

Mah Sing acquired 19.18 acres land within Hicom Industrial Estate, Shah Alam for RM45.5 million and plans to develop an industrial park to be dubbed iParc 2 @ Shah Alam. iParc2 is 30km away from iParc & within Section 26 of the Hicom Industrial Estate and will offer semi-detached factories in three basic designs

The Third Industrial Master Plan (IMP3), 2006 - 2020 identified the logistics industry as an important link to enhance the country's progress in industrialisation. As such, demand for warehouses / storage space is expected to increase especially for those in prime areas which are well-served by a good network of roads and highways and easily accessible to both airports and seaports. Logistics warehouses generally have location preferences for the Klang, Shah Alam and Subang Jaya areas.

The industrial complex previously occupied by the Tobacco Importers and Manufacturers Sdn Bhd, located at Jalan Playar 15/1, Section 15, Shah Alam was transacted at RM36 million in October 2010. The deal was closed by WTW.

Jalan Playar 15/1, Section 15, Shah Alam

PROPERTY MARKET OUTLOOK

Office Sector

The office sector is heading towards a very competitive market environment. The outlook for the office market will depend on the success of the Malaysian Government in implementing its Economic Transformation Programme (ETP) as well as the ability of government-linked corporations to efficiently plan and market their mega projects to a more well-defined market segment.

The market is expected have an immense contribution to new supply in 2011 if several mega projects are launched. However if completions are staggered, prime office rentals are expected to stay firm over the near term.

Luxury Condominiums

Luxury condominiums prices have increased better than moderate over the past year. However, it should be noted that the biggest threat to price stability is supply. A significant new supply of luxury condominium units are anticipated to be added to the current market over the next 3 years. Further supply can be expected with a number of approved projects. There is also ample supply of land for future condominium projects. Thus, the supply situation is anticipated to create further pressure on occupancies and rentals upon completion.

As most of the luxury condominiums launched earlier have achieved good take-up rates, the risk is with future launches. The luxury condominiums market is expected to be stable to soft. Hence, it is imperative for a developer to provide purchasers with a good quality product that will stand out amongst its competitors.

Serviced Apartments

Serviced apartments popular with guests on business or leisure in Kuala Lumpur City Centre are expected to remain attractive due to their strategic locations. Healthy GDP growth, increasing tourist arrivals and the government's effort to attract multinational companies into the country is expected to spur demand for serviced apartments.

However, many companies and purchasers are expected to become more cost-conscious and therefore selective in choosing a serviced apartment. This is indicated from the sales trends where the unsold units comprise mostly the bigger units / penthouse units.

Although hotel-type serviced apartments recorded stable occupancy and average room rates, continuing competition and "rate undercutting" among serviced apartment and hotel operators which offer "apartment studio units" are expected to intensify.

Hotels

The hospitality industry had improved since H2 2009 and continued to stabilize in 2010. We remain optimistic about the prospects for Malaysia's hospitality sector in 2011.

The tourism sector has maintained its position as the second largest foreign exchange earner since 2000. With tourist arrivals into Malaysia reaching 24.6 million in 2010 as compared to 23.6 million in 2009, tourist receipts from 24.6 million visitors reached RM56.5 billion this year on the back of increasing promotional activities by the government and growing reputation of the country as a shopping hub.

With more new hotels of international chains coming on stream within the next five years, hotel owners and operators are taking steps to refurbish and re-brand their existing hotels in order to keep abreast with competition as well as the increasingly demanding needs of the visitors.

	Transactions Activity in 2010	Prices in 2010	Prices in 2011
Office	Moderate (+)	Moderate (+)	Better
Retail	Moderate (+)	Moderate (+)	Better
Residential	Moderate (+)	Better	Better
Condos	Moderate (+)	Better	Moderate (+)
Shopoffices	Moderate (+)	Better	Moderate (+)
Factories	Moderate (+)	Better	Moderate (+)

Negeri Sembilan

2010 IN REVIEW

The property market for Negeri Sembilan for year 2010 has been quite vibrant in compared to the past few years with most sectors recording upward trends in prices and sales of new units. The improved road infrastructure in the State elevated the position of the State as one of the investment locations south of Klang Valley to be considered for asset expansion especially for agricultural and industrial properties.

Significant announcements made in 2010 included:-

- The launching of 102 units seafront shopoffices forming part of the RM1.8 billion PD Waterfront development, an integrated commercial development undertaken by TSR Ocean Park Sdn Bhd. Also slated in the first phase of the development are a freestanding restaurant , a hypermarket and a 280-room budget hotel.
- The acquisition of a 52-acre proposed UiTM Campus site in Seremban 3 by the State Government from Menang Corporation Bhd's subsidiary for a total consideration RM35.47 million.
- A 20-hectare site has been earmarked in Bandar Enstek for Epsom College, a British styled boarding school with a target 1,000 students enrolment. The establishment of the college involving an investment of about RM140 million, is expected to capture students from around the South-East Asian region.
- The State Government has launched 1NS*Net and 1NS Wireless City in its effort to build up broadband internet facilities in the State. It is also planning a mini Multimedia Super Corridor (MSC) to attract more investors to the State.
- The opening of a larger and brand new TESCO Seremban store as well as the opening of the French hypermarket chain, Carrefour outlet
- BBN Development Sdn Bhd together with GD Development Sdn Bhd, is developing 135.52 hectares of land in Putra Nilai into a high-end residential and commercial development.

Carrefour

Seremban Terminal 2

- Hua Yang Bhd made its presence in the State development scene with the launching of the RM 45 million Senawang Link project at Sungai Gadut and a proposed residential development at Seremban Country Heights.
- The Legend Water Chalets, Port Dickson was named the winner of the Outstanding Beach Resort Category Award in Malaysia for 2010 by the annually held Hotel Club Awards. Marina Vista at Avillion Admiral Cove, Port Dickson made its debut in April 2010, providing 160 rooms with sea and marina views.
- The Malaysian Chocolate Board is planning to set up a chocolate museum in Nilai as part of the Board's office relocation plan from Bangi, The museum will be fashioned in a similar concept as the one found in Cologne, Germany.
- Opening of the Ampangan and Paroi interchange of the LEKAS Highway and opening of several exits of the Seremban Middle Ring Road (MRRS). The completion of the 3rd and final phase of the MRRS involving the Bukit Chedang, KGV and Tuanku Jaafar interchanges and radial roads, is budgeted under the 10MP. The RM500 million MRRS two-lane dual carriageway is a toll-free highway with a total of 16 interchanges. The Works Ministry is also planning to open new toll plazas in Seremban to replace the existing ones which were deemed unsuitable to cater for the increased traffic.

Market Outlook for 2011

The property market in Negeri Sembilan for year 2011 is expected to stabilise after the upward trends in 2010. Prospects of the residential market in the State are better than other property sectors. With expectations of a General Election, both domestic and overseas property investors would be taking a more cautious stance.

	Transactions Activity in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Better	Better	Better
Condos	Stable	Stable	Stable
Shopoffices	Better	Better	Stable
Factories	Better	Better	Stable

2010 IN REVIEW

Alor Setar property market showed a slight growth in prices for residential, commercial and industrial properties whilst the prices for office and retail properties remain stable. Demand for residential property remains strong.

Sungai Petani property market remained stable with prices for properties the same as the previous year

The residential property prices for new launches in Alor Setar have increased since the restriction of the state government policy on land swapping. Prices for freehold (non Malay Reservation) residential, commercial and agricultural land with development potential have shown signs of increment.

Highest price transacted in 2010

	Office	Factories	Shop / Office		Residential		
Type	Five-storey office building	Single storey factory	Double Storey Shop / Office	Three Storey Shop / Office	Bungalows	Semi-detached	Link Houses
Location	Taman Sejati Indah, Sungai Petani	Kawasan Industri Sungai Petani (LPK), Sungai Petani	Kompleks Perniagaan Mergong Jaya	Kompleks Perniagaan Sultan Abd. Hamid	Bandar Laguna Merbok	Taman Anggerik Phase 7	Villa Seri Tunku
Land Area	520.24 sq m	19,715 sq m	139.54 sq m	130.00 sq m	1,430.985 sq m	238 sq m	195 sq m
Floor Area	2,372.02 sq m	371.60 sq m	272.95 sq m	345.69 sq m	399.17 sq m	179.39 sq m	297.66 sq m
Sale Price	RM4,000,000	RM3,700,000	RM500,000	RM650,000	RM1,380,000	RM500,000	RM400,000

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Major Events in 2010

The Kedah State government has decided to defer the implementation of the new housing policy, of having a 50 per cent Bumiputera quota in new housing schemes. The policy was supposed to have been in place by September 2009.

a) Kedah will have a new landmark that will change the image of Alor Setar City with the completion of Plaza Tunku Yaacob, a five-star hotel, condominium and a shopping complex, the first in the State. The Plaza, located along Lebuhraya Darulaman, opposite Menara Alor Setar which was abandoned for 28 years, would be revived in two phases - reinforcing the building structure and developing the vacant land nearby.

   The five-star 300-room hotel will be built on land owned by the Kedah State Economic Development Corporation (PKNK). The 21 and 23-storeys condominium blocks will be built on a 1.5 hectares site owned by Bina Darulaman Bhd (BDB). The project, proposed to commence next year, is a tripartite joint venture among Belleview Bina Sdn Bhd, Bina Darulaman Berhad and Kedah State Development Corporation

b) Property developer Bina Darulaman Bhd's subsidiary, Kedah Sato Sdn Bhd (KSSB), has accepted an Islamic financing facility of up to RM330 million from Bank Islam Malaysia Bhd and Affin Islamic Bank Bhd. The facility is to finance the total construction and development costs of the permanent campus of Kolej Universiti Insaniah, Kuala Ketil, Kedah, which will be carried out under a design and build deferred payment contract.

Bank Islam

c) Bank Islam Malaysia Berhad opened a new branch at Persiaran Sultan Abdul Hamid, Kompleks Perniagaan Sultan Abdul Hamid Fasa 2 and EON Islamic Bank Berhad has relocated their premises from Jalan Sultan Badlishah to Persiaran Sultan Abdul Hamid, Kompleks Perniagaan Sultan Abdul Hamid Fasa 2. Kompleks Perniagaan Sultan Abdul Hamid Fasa 2 is fast becoming a new centre for banking premises since its completion in 2009.

d) A tourism resort at the foot of Gunung Keriang near Alor Setar, with a replica of a purpose-built Malay village, is expected to resume operations soon. The village, promoting traditional Malay culture is planned to be another major international tourist destination in Kedah. The RM6.4 million complex had been closed down due to lack of maintenance.

KEDAH

Residential Sector

Alor Star

Action Multi-Resources (M) Sdn Bhd launched Phase 2 of its Taman Bersatu residential development in Kuala Kedah last year and recently obtained its certificate of completion and compliance. This phase comprised:

House Type	Size	Developer's Price per unit
16 double storey semi-detached houses	260.12 sq m (2,800 sq ft)	RM288,888 to RM312,938
22 single storey semi-detached houses	240.05 sq m (2,584 sq ft)	RM178,888 to RM218,673
24 double storey terraced houses	130.06 sq m (1,400 sq ft)	RM188,888 to RM234,088
36 unit single storey terraced houses	130.06 sq m (1,400 sq ft)	RM129,888 to RM162,088

Seri Temin Development Corporation (M) Sdn Bhd launched a mixed housing project on a 200-acre site to be known as Bandar Sejahtera Pokok Sena in 2010. This project is scheduled to be fully completed in 2017 featuring 785 units double storey terraced houses, 579 units low-cost terraced houses, 246 units single storey semi-detached houses, 192 units 1½ storey terraced houses and nine units bungalow.

Pulau Langkawi

Four Seasons Resort Langkawi comprising 91 pavilions and villas was named Malaysia's best resort in the 5-star (resort) category at the 16th Malaysia Tourism Awards 2008/09 in early 2010.

Sheraton Overseas Management Corporation, an affiliate of Starwood Hotels & Resorts Worldwode, Inc (Starwood Hotels & Resorts) is now the Andaman Langkawi's new operator. The property will be rebranded as "The Andaman, a Luxury Collection Resort" and included in the portfolio of The Sheraton Luxury Collection Hotels & Resorts. The Andaman Langkawi consists of 186 suites with views of the Andaman Sea and rainforest, and exclusive access to Datai Bay in Pulau Langkawi, Kedah.

Sungai Petani

Plenitude Heights Sdn Bhd launched Phase 1 of its mixed development project on Lot 88 in 2007 and was recently issued with the certificate of completion and compliance for part of the development. Units in Phase 1 comprised:

House Type	Size	Developer's Price per unit
Completed		
124 double storey semi-detached houses	267.55 sq m (2,880 sq ft)	RM348,000
66 double storey shophouses	130 sq m (1,400 sq ft)	RM628,000
Under Construction		
49 double storey terraced houses	130 sq m (1,400 sq ft)	RM249,800
48 2½ storey semi-detached houses	267.55 sq m (2,880 sq ft)	RM380,000

Cinta Sayang Resort Homes has recorded the highest prices in Sungai Petani. Its double storey terraced houses of 143 sq metres (1,540 sq ft) were priced at RM248,000 and double storey semi-detached houses of 297 sq metres (3,200 sq ft) were priced at RM355,000.

The resort is built on a 132 acres site offering full resort facilities in an exclusive gated and guarded enclave. The units incorporate special features such as private study, with space for a large walk-in wardrobe, private balcony and a Jacuzzi which opens into the room. Some offer a garden terrace which adjoins and opens into the dining area creating an indoor/outdoor entertainment pavilion with an al-fresco dining setting. Residents will have access to golf, water sports, archery, equestrian activities and also a paintball centre. Most of the units are also packaged with a complimentary ordinary membership to Cinta Sayang Resort

Taman Bersatu, Phase 2

Market Outlook for 2011

Budget 2011 which was unveiled in October 2010 stated that the Federal Government will allocate RM133 million for Northern Corridor Economic Region (NCER) projects in Kedah, Perlis, Penang and Perak. The projects to be implemented in NCER are expected to boost the economy in general and to raise the income level among the rakyat.

The double tracking railway project from Ipoh to Padang Besar will also impact on the property developments when easier accessibility to Kedah from the other states and also from neighbouring countries i.e. Thailand, becomes a reality.

The demand for residential properties in Alor Setar remains strong.

The Sungai Petani property market is expected to be stable with prices for properties remaining the same as 2010.

	Transaction Activity 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Moderate (+)	Moderate (+)	Moderate (+)
Shopoffices	Stable	Stable	Stable
Factories	Stable	Stable	Stable

KEDAH

2010 IN REVIEW

Developments within the state of Perlis are mostly concentred within the outskirts of the Kangar town, Arau, Pauh, Jejawi and Kuala Perlis.

In general, prices of properties increased due to limited supply of development lands as most of development lands are restricted to Malay Reservation. As a result, it is pushing prices of freehold non-Malay Reservation properties to higher levels.

Major Events in 2010

Perlis could become the owner of a RM20 billion 4,942 acres man-made island as discussed by the Korean investors with the State Government. It is proposed to be about 1.5 km away from the beach between Kuala Sanglang and Kuala Sungai Padang.

Future proposed Industrial zones in Perlis will include Guar Nangka Industrial area (about 190.2 hectares) and a light and medium scale industrial area within Kuala Perlis (29.0 hectares).

One agreement signed under the Northern Corridor Economic Region (NCER) program is for the creation of the Pauh High-Tech Park (about 161 hectares), a joint-venture project between NCIA and Perlis State Economic Development Corporation.

There are five ongoing projects under the NCER initiatives. These include:

1. The inland release depot in Padang Besar
2. The upgrading of the Kuala Perlis jetty terminal
3. Edu-City project in Arau / Pauh
4. The Muda Agriculture Development Authority (MADA) infrastructure project and,
5. The upgrading of paddy yields within the MADA area.

Kangar

Highest price transacted in 2010

Double storey terraced houses have rapidly increased in 2010 from RM170,000 to RM190,000 to about RM235,000 to RM310,000. In Taman Sri Jelita along Jalan Raja Syed Alwi new link houses were launched at a price of RM402,000/- with a land area of 143.07 sq m.

	Bungalows	Semi-detached	Link Houses
Location	Taman Wira Phase 4	Taman Pertama	Taman Sri Jelita
Land Size	471.80 sq m	260.68 sq m	143.07 sq m
Floor area	137.66 sq m	223.06 sq m	183.26 sq m
Price per sq m	1,272	1,534	2,810
Sale price	RM600,000/-	RM400,000/-	RM402,000/-

Double Storey Shop / Office	Three Storey Shop / Office
Kompleks Raja	Jalan Hospital
Land size : 120.03 sq m	Land size : 111.00 sq m
Floor area : 205.41 sq m	Floor area : 321.44 sq m
Price per sq m : 3,513	Price per sq m : 5,315
Sale price : RM421,667/-	Sale price : RM590,000/-

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Arau / Pauh

The towns of Arau and Pauh have benefited from developments within Ulu Pauh which has been marked as an education zone area with the existing Polytechnic Tuanku Syed Sirajuddin, the ongoing Universiti Malaysia Perlis (UniMAP's) main campus project (1,058 acres) and the ongoing MARA Junior Science College (MRSM) project.

Due to the above developments, property developments and prices, especially residential and shophouses / offices within the town of Arau / Pauh, have increased in expectation substantial business opportunities arising from the growing resident student population.

Highest price transacted in 2010

	Semi-detached	Link Houses	Double Storey Shop / Office	Three Storey Shop /Offices
	Taman Muhibbah Phase 2A	Taman Maju Mesra	Pusat Perniagaan Pekan Arau 2	Pusat Perniagaan Pekan Arau 2
Land size sq m	315.86	139.00	130.10	111.50
Floor area sq m	159.30	83.61	137.66	316.42
Price per sq m	1,203	935	3,597	5,184
Sale price	RM380,000	RM130,000	RM468,000	RM578,000

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

PERLIS

Perlis

Perlis College of Medical Science

Kuala Perlis

The town of Kuala Perlis, about 13 kilometres to the south-west of Kangar now has a new "Medan Ikan Bakar" complex developed by Perlis State Economic Development Corporation, located beside the existing "Medan Ikan Bakar" opposite to the Putra Brasmania Hotel and a new shopping arcade known as Plaza Kuala.

Highest price transacted in 2010

	Semi-detached	Link Houses	Double Storey Shop / Office	Three Storey Shop /Offices
Location	Taman Sentosa	Taman Kuala Perlis	Jalan Sarawak	Jalan Besar, Kuala Perlis
Land size sq m	285.00	165.00	121.14	149.00
Floor area sq m	151.39	118.36	2,23.9	389.28
Price per sq m	860	970	2,559	2,684
Sale price	RM245,000	RM160,000	RM310,000	RM400,000

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

2011 Market Outlook

The double tracking railway project will generate more new developments within Padang Besar, Pauh and Arau. Ulu Pauh which has been zoned for an education area with the existing Polytechnic, proposed Universiti Malaysia Perlis main campus and proposed MARA Junior Science College, will stimulate increased demand of development land and boost the housing development activities in the towns of Arau and Pauh as students seek suitable accommodation in proximity to the colleges and universities.

General Outlook of Property Market

	Transactions Activity 2010	Prices on 2010	Prices in 2011
Shophouses/Offices	Stable	Stable	Stable
Residential	Stable	Stable	Stable
Factories	Stable	Stable	Stable

2010 IN REVIEW

The property market in Penang was buoyant in 2010, boosted by the active transactions market and availability of attractive financing packages offered by financial institutions.

On the island, the residential and commercial sectors were relatively more active compared to 2009. The active locations continued to be in Jelutong, Gelugor, Sungai Ara, Batu Maung, Teluk Kumbar and Balik Pulau.

Highest price transacted in 2010

	Office Sector	Retail Sector	Condos	Shopoffices	Factories
Location	Jalan Macalister	1-Stop Midlands Park	Persiaran Gurney	Bay Avenue	Bayan Lepas FTZ Phase 2
Floor area	7,890 sq ft	31,617 sq ft	3,498 sq ft	6,103 sq ft	126,999 sq ft
Price per sq ft	RM760	RM142	RM786	RM377	RM210

Location	Wisma Great Eastern	Gurney Plaza	Silverton(Persiaran Gurney)	Bay Avenue
Floor area	6,555 sq ft	226 sq ft	4,198 sq ft	6,103 sq ft
Monthly Rental RM per sq ft	RM4.30 per sq ft	RM35 per sq ft	RM1.90 (RM8,000)	RM1.64 (RM10,000)
Net Yield	6.5 - 7.5%	6.5 – 7.5%	5.0 – 6.0%	6.0 – 7.0%

	Bungalows	Semi-detached	Link Houses
Location	Lebuhraya Peel	Medan Tanjung Bungah	Bandar Tanjung Pinang
Land size	30,001 sq ft	3412 sq ft	1,920 sq ft
Floor area	5,392 sq ft	2,368 sq ft	3,120 sq ft
Sale Price	RM7,350,000/-	RM2,200,000/-	RM1,200,000/-

Location	Jalan Sultan Ahmad Shah
Land size	16,748 sq ft
Floor area	3,500 sq ft
Monthly Rental	RM18,000/-
Average Net Yield	2.0 - 3.0%

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Development land sales were also active at end of 2009 and in 2010 with a number of developers acquiring sites on Penang Island as follows:-

- Klassik Tropika Development Sdn Bhd, a subsidiary of Mah Sing Group Berhad had acquired approximately 3.38 acres of development land in Pykett Avenue at RM38,651,118/- (approximately RM262 per sq ft) in December 2009.
- PLB Land Sdn Bhd, a subsidiary of PLB Engineering Bhd has signed a memorandum with the High Court of Malaya, Penang on 31st March 2010 pursuant to the successful bid to acquire the land in the court sanctioned public auction, which it successfully tendered for 49.08 acres of development land in Balik Pulau, South West District of Penang at RM38,000,000/-
- Hunza Properties Berhad announced on 30th December 2009 that it had entered into a Sale and Purchase Agreement for the Proposed Acquisition of 4 parcels of land, Lot 2347 to 2350, Mukim 12, South West District, Penang with a total land area of 16.951 hectares (approximately 41.886 acres) at a total cash consideration of RM82,093,185/-
- Plenitude Bayu Sdn Bhd, a subsidiary of Plenitude had on 10th May 2010 entered into a Sale and Purchase Agreement for the acquisition of 27 parcels of land in Batu Ferringhi, Penang measuring approximately 40.8 acres for a total cash consideration of RM45,000,000/- (approximately RM25.26 per sq ft)
- Plenitude Estate Sdn Bhd, a subsidiary of Plenitude had entered into a Sale and Purchase Agreement on 27th September 2010 for the acquisition of 20 parcels of land in Balik Pulau, Penang with a total land area of 52.63 acres for a total cash consideration of RM40,120,635.98/- (RM17.50 per sq ft)
- Sunway City (Penang) Sdn Bhd, a subsidiary of Sunway City Berhad has entered into a Sale and Purchase Agreement with Sungai Ara Holding Sdn Bhd to acquire a land located in Sungai Ara measuring 32.7 hectares at RM38,765,000/- in September 2010.

Penang

Residential Sector

The residential sector continued to be the dominant driver of the property market on Penang Island. Major players in the Penang property market in 2010 are local and Klang Valley based developers. Amongst them are E&O Development Berhad, IJM Corporation Berhad, IOI Corporation, S.P. Setia Berhad, Sunway City Berhad and Hunza Properties Berhad.

Residential projects which were completed in 2010 are as follows:-

- **Infinity Beachfront Condominium** by Hunza Properties Berhad - Two 35 & 36-storey beachfront condominium with the unit sizes ranging from 3,693 sq ft to 8,917 sq ft. It is located along Jalan Tanjung Bungah.

- **One Ritz Residence** (Formerly Kelawai View) by Econy Development Sdn Bhd - a 31-storey block of luxury condominium located along Jalan Kelawai, near Gurney Drive. The typical floor area per unit is approximately 4,600 sq ft.

- **Platino** by IJM Land Berhad – two 25-storey blocks of condominiums comprising a total of 228 units with floor areas of 1,819sq ft to 2,659 sq ft (typical unit). It is situated next to Tesco Hypermarket and E-Gate off the western side of Bayan Lepas Expressway.

- **The Brezza** by UDA Holdings Berhad – Two 23-storey blocks of condominium located in Tanjung Tokong. The typical floor area is ranges from approximately 1,250 sq ft to 1,450 sq ft.

A few of the residential development projects scheduled to be completed in 2011 include:

- **Fettes Residence** by IOI Corporation Berhad - A 35-storey condominium block comprising 191 condominium units along Jalan Tanjung Tokong priced from RM400 per sq ft.

- **Gurney Paragon** by Hunza Properties Berhad - Two 43-storey high-end condominium blocks comprising a total of 264 condominium units, located along Persiaran Gurney, near St. Joseph Novitiate which is a heritage building under a proposal for restoration and planned to house boutique retailers and restaurants.

- **The Light** by IJM Land Berhad is a mixed development on the eastern coastline of the island. The initial phase which was launched in 2009, known as the Light Linear and the Light Point comprised 328 residential units of varying sizes.
  The RM165 million Light Collection I, launched in 2Q2010, on a 7-acre site next to the Penang Bridge, will comprise 152 condominiums and 24 water villas, priced at RM650 per sq ft and RM800 per sq ft respectively.
  The built-up areas for the condominiums range from 1,375 sq ft to 1,580 sq ft while the water villas have a built-up area of 3,169 sq ft.
  The RM257 million Light Collection II, launched on a 8.58-acre site in the second half of 2010, comprises 297 condominiums with built-up areas ranging from 516 to 3,528 sq ft, priced at about RM700 per sq ft onwards. The RM123 million Maritime Square, which comprises 244 serviced suites and 67 shop and office units was also launched simultaneously.

Retail Sector

The retail sector generally remained stable.

- **1st Avenue**, the city centre retail mall, located along Jalan Magazine in the heart of Georgetown is jointly developed by Asian Retail Mall Limited, Belleview Group and Lion Group. The mall will house 280 shops on approximately 400,000 sq ft of retail space. The Parkson Department Store will be the anchor tenant of the mall occupying approximately 92,000 sq ft across four levels. It opened business in 4Q of 2010.

- Hunza Properties Berhad is constructing the Gurney Paragon Shopping Mall, approximately 1,000,000 sq ft floor area, along Jalan Kelawei and off the south-western side of the Persiaran Gurney.

Hospitality Sector

Construction in the hospitality sector continued as planned during 2010 :

- The Royale Bintang along Pengkalan Weld by Boustead Holdings Berhad has been scaled down from 12 to 5 floors as directed by the State Government to meet the UNESCO's 18 m or 5-storey height requirement in the core heritage zone of Weld Quay following Georgetown's declaration as a UNESCO World Heritage Site.
- The extension of the E&O Hotel along Lebuh Farquhar is in progress.
- IGB Corporation Berhad plans to develop a 550-room Cititel Express Penang Hotel by end of 2010 on part of the site along Jalan Magazine commonly known as Wembley Park.

2011 Market Outlook

The Penang property market is expected to enter a boom cycle as there are signs of gradual price rises due to the scarcity of land, coupled with hikes in building material prices and labour costs.

The shortage in supply of properties in Penang Island cannot be overcome in the short term. This will lead to a situation where the supply is unable to meet demand and further contribute to rising property prices.

In Penang Island, developers have launched over RM1 billion worth of projects in response to continuing demand for high-end homes. Additionally, four major Kuala Lumpur-based developers plan to launch some RM1.16 billion worth of luxurious residential properties in Penang.

The properties are IJM Land Bhd's RM422 million. The Light Collection I & II, SP Setia Bhd's RM60 million Brooks Residences, RM230 million Reflections condominium and semi-detached schemes for its Setia Pearl Island project, E&O Property Development Bhd's RM380 milion first phase of the Quayside project, and Mah Sing Holdings Bhd's RM71 million first phase of the Legenda@Southbay.

The residential properties in the mid to high-end categories had proven to be good hedging instruments and serve as the main growth driver for the property sector.

As part of the Economic Transformation Programme (ETP), the Government has planned to upgrade existing infrastructure such as roads, ports and airports. Key projects such as the Penang Second Bridge (linking Penang Island to the mainland are scheduled to be completed in 2012. Upgrading the Penang Port such as dredging the port channels to cater for bigger vessels and expanding the capacity and expanding passenger and cargo capacity at Penang International Airport are in progress.

These are positive steps towards the development of Penang Island and Seberang Perai.

Property Market Outlook

	Transactions in 2010	Prices in 2010	Prices in 2011
Office	Moderate (+)	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Moderate (+)	Better	Better
Condos	Moderate (+)	Moderate (+)	Moderate (+)
Shopoffices	Moderate (+)	Moderate (+)	Moderate (+)
Factories	Moderate (+)	Moderate (+)	Moderate (+)

PENANG

2010 IN REVIEW

In 2010 there were no residual effects from aftermath of the global financial crisis in the overall performance of Seberang Perai Property Market. The property market continued gaining momentum as more activity was seen in the industry.

Compared with 2009, the overall numbers of property transactions and transaction values have increased by more than 9% and 35%, respectively.

Housing remained the most active sector with prices of new launched housing rising 20% to 30%. Surprisingly, the overwhelming response was not only for landed property but for new strata-titled residential properties as well.

Developers and investors have regained confidence in the property market. This can be seen by several large development projects introduced in Seberang Perai, such as Impiana Commercial Hub and Pinang Laguna Water Park Condominium.

For the commercial sector, major developers had enjoyed encouraging sales in 2010. For example Sunway Perdana Pusat Komersial which comprises 49 units of 3 storey shopoffices, launched in July 2010 with the selling price of RM1.4 million per unit, recorded a sales rate of 70%.

The manufacturing sector was firm as continued efforts of the State Government and its agencies have brought about a record RM2.2 billion of capital investments as of July 2010, covering both the Island and Seberang Perai. This has in turn given a boost to the industrial property market.

Highest Transactions in 2010					
	Office Sector	Retail Sector	Condos	Shopoffices	Factories
Location	Wisma Pantai, Jalan Kampung Gajah	Pacific Mega Mall	Harbour Place, Butterworth	Bandar Sunway, Jalan Todak 2	Imperial Industrial Park
Floor Area (sq ft)	1,560.00	1,058.95	883.00	1,140.18	6,002.17
Price Per sq ft (RM)	104.49	28.33	215.18	1,261.93	116.62
Highest Rental in 2010					
Location	Wisma Perkeso, Lebuh Tenggiri	Sunway Carnival Mall, Seberang Jaya	Affina Bay	Autocity, Juru	
Floor Area (sq ft)	10,763.91	398.26-1,076.39	1,948.26	1270.14	
Monthly Rental per sq ft (RM)	2.79	9.89	0.82-1.12	6.29-11.57	
Highest Transaction in 2010					
	Bungalows	Semi-Detached	Link Houses		
Location	Taman Tambun Indah	Tmn Bukit Minyak Indah	Taman Kelisa Emas		
Land Size (sq ft)	8,115.98	5,371	1259.37		
Floor Area (sq ft)	2,623.70	2,410.36	1599.94		
Sale Price (RM)	950,000	508,000	333,000		
Highest Rental in 2010					
Location	Taman Mawar	Taman Bukit Minyak Indah	Tmn Inderawasih, Seberang Jaya		
Land Size (sq ft)	N/A	2,537	1,400		
Floor Area (sq ft)	1,905.21	1,905.21	1,380		
Monthly Rental (RM)	3,000	1,100-1,300	600-1,100		
Average Net Yield	N/A	3%	3%		

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

- Island Land Cap Properties Group launched Pinang Laguna Water Park Condominium. It will become the first residential property with a water theme park. The built-up areas of the units ranging from 935 sq ft to 1,010 sq ft were selling at RM220 per sq ft and above.
- The luxury bungalows in Taman Gemilang Permai were fully taken up and semi-detached houses also recorded a 50% sale rate during the early launch.
- The latest residential project in Bandar Cassia which comprises 58 units of double storey detached houses in the guarded Dedaun Bungalow Village which were sold at prices from RM420,000 onwards, was completed in 2010.

Commercial Sector

- Tesco Alma, occupying a land area of approximately 15 acres opened in 2H 2010. The hypermarket has raised the prices of residential units in the vicinity.
- DNP Holdings Bhd has also begun construction of its Impiana Commercial Hub project comprising two to three storey shopoffices to complement the hypermarket. The selling price for a two and a half storey shop-office was RM888,000.
- The commercial precinct Autocity which is located in Juru recorded monthly rentals ranging from RM6.30 per sq ft to RM11.60 per sq ft.

Gemilang Business Park, Jalan Song Ban Kheng

- Gemilang Business Park, is taking its shape at Jalan Song Ban Kheng as the double storey semi-detached and detached shopoffices by Airmas Group were completed in 2H 2010. The contemporary design is expected to attract quality operators to set up business. Construction for the remaining double storey shopoffices are also in progress.

Hospitality Sector

The once abandoned project next to Pacific Megamall has been revived as a 4-star hotel, to be known as Ixora Hotel. The 324-room hotel is scheduled to be completed by the end of 2010.

Office Sector

The office sector was inactive with no new supply observed in the private sector. The completion of Wisma Persekutuan, a government office building in Kepala Batas has contributed towards a higher vacancy rate in office buildings such as Kompleks Sempilai and Wisma Peladang.

Industrial Sector

- There have been additional investments through expansion and diversification by existing manufacturers. For example, Amphenol TCS (M) Sdn Bhd, a US-based connector company, opened its third plant in Bukit Minyak Industrial Park, costing RM18 million. Ixmation's opened a 42,000 sq ft plant in Penang Science Park.
- The selling price of Penang Development Corporation (PDC) for industrial land in Seberang Perai (i.e. Bukit Minyak Industrial Park and Penang Science Park) is RM18 per sq ft. The highest price recorded for the secondary market in 2010 was RM24 per sq ft.
- Two warehouses with the total land area of 2.677 hectares located in Prai Industrial area were acquired in March 2010 for a total consideration is RM24.25 million.

Ixora Hotel, Prai

Wisma Persekutuan, Kepala Batas

Key Announcements 2010

Budget 2011

- The proposed stamp duty reduction to help ease the buyer's burden is not expected to have a significant impact as the maximum rebate is only RM3,000.
- My 1st home scheme by Cagamas Bhd to provide guarantees on 10% of the purchase price for houses below RM220,000 is also likely to have minimal impact on the landed properties in Seberang Perai as the average price of an existing double storey terrace house (not more than 15 years old) is in the range of RM240,000 to RM280,000 and is easily above RM300,000 for new launches

Economic Transformation Programme

- Batu Kawan has been identified as a new site for high value added E&E activities.
- E&E firms in the Northern Corridor will be granted MSC status automatically. This would certainly bring the E&E sector to another milestone.
- High Speed Rail - The proposed railway which will provide direct services from Penang to Kuala Lumpur and Singapore, will create more business opportunities.

Major infrastructure developments in Seberang Perai :-

- Penang Second Bridge – The ongoing project has resulted in more developments in Seberang Perai Selatan particularly Batu Kawan
- The road widening for construction of flyover to give way for Ipoh-Padang Besar double track project is expected to alleviate traffic congestion in Bukit Mertajam Town.

2011 Market Outlook

Despite escalating selling prices, the demand for gated and guarded community projects has not slowed down. The number of such schemes is expected to increase.

There have been more strata-titled residential properties due to increasing land cost in prime areas. The increasing market acceptance in high rise living is also owing to the younger generation who prefer the facilities and convenience provided in condominium living.

Shopoffices located near to prime retail centres, for example, Bandar Sunway are expected to continue to enjoy capital and rental appreciation.

Development lands in Seberang Perai are still in good demand, particularly those near town areas.

Having the advantage of greater industrial land supply compared to Penang Island, the industrial sector in Seberang Perai is heading towards greater growth with more investments, in line with Government's efforts.

	Transactions Activity 2010	Price in 2010	Price in 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Better	Better	Better
Condos	Moderate (+)	Moderate (+)	Moderate (+)
Shopoffices	Moderate (+)	Better	Better
Factories	Moderate (+)	Moderate (+)	Moderate (+)

2010 IN REVIEW

	Condos	Shopoffices	Factories
Location	Tmn Canning, Jalan Tambun	Green Town Business Centre, Persiaran Greentown 4	Kws Perindustrian Ringan Meru, Hala Jati Meru 10
Land Area		1,798 sq ft	50,192 sq ft
Floor Area	124 sq m (1,335 sq ft)	642.23 sq m (6,913 sq ft)	297.68 sq m (3,204sq ft)
Price per sq ft	RM247	RM834	RM32
Unit Price	RM330,000	RM1,500,000	RM1,600,000

	Bungalows	Semi-detached	Link Houses
Location	Jalan Labrooy	Taman Mansion, Persiaran Raja Dr. Nazrin Shah	Meru Valley Resort, Golfview Terrace
Land Size	23,060 sq ft	3,778 sq ft	3,972 sq ft
Floor Area	227.18 sq m (2,445 sq ft)	239.13 sq m (2,574 sq ft)	216.77 sq m (2,333 sq ft)
Sale Price	RM2,150,000/-	RM558,000/-	RM460,000/-

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

The Marina Island domestic jetty was opened in the mid 2010, shortening the distance to Pulau Pangkor. The jetty will cater for international cruise liners and provide docking facilities. Marina Island is a man-made island and aims to be an entertainment hub in the locality.

Marina Island consists of the following development phases:-

- Bus terminal
- Seafood centre
- Marina Island Hall
- Chalet
- Waterfront shopping complex
- Marina Island Yacht Club

Residential Sector

- More gated and guarded housing schemes were launched as they were well received by the locals and are able to fetch premium prices.
- Launched in early 2010 and located at Tambun, the Haven comprises 3 blocks of 26-storey blocks accommodating a total of 489 luxury condominiums units. It is expected to be completed in 2013. This condominium project which is the first luxury condominium project in Ipoh has also attracted foreign purchasers. One of the features of the project is that it is designed to blend into the natural surroundings, given the vicinity is surrounded by magnificent limestone hills.
- East Gate is a gated and guarded housing community located in the Bercham area, next to Bougainvillea Club. The proposed scheme consists of 2-storey shopoffice (20' x 75'/80', 25' x 70') with the selling prices from RM428,880 and 2-storey terraced houses (20' x 80'/85'/104'), with selling prices from RM278,880.
- Sunway City has launched a new phase known as Mont Blue Residence, comprising 220 units of 3-storey townhouses. Expected to be completed in 2013, the townhouses have been priced from RM399,000 - RM682,000.
- SOHO West City is a new “work-cum-live” concept in the Kampar area (shop + studio). There is a ground floor shop with the built up area of 42' x 75' with a selling price of RM450,800. Located on the first floor is a studio unit with a built up area ranging from 301 sq ft - 377 sq ft with selling price ranging from RM58,000 - RM64,000.
- Bercham Nova is another gated and guarded housing community which is located in Bercham area. The proposed scheme consists of 2-storey semi-detached houses (38' x 80') with prices from RM518,000/- and 2-storey terraced houses (22' x 70') with prices from RM318,000/-.

Perak

De Garden

Commercial Sector

De Garden, a two-storey complex with approximately 60 units of retail shoplots, was opened in February 2010. Located along Jalan Sultan Azlan Shah Utara, near to the Jaya Jusco Shopping Complex, the building was based on a concept of a village and street. It has changed the retail landscape in Ipoh, attracting major local as well as international brands such as Burger King, Wong Kok Restaurant, Papa Rich, Domino's Pizza, San Francisco Steakhouse, etc.
Developments of shophouses in prime areas have been well received, especially in the university towns such as Kampar and Seri Iskandar.

The Host Hotel is an integrated hotel and commercial centre with basement car park located at Ipoh new town, along Jalan Horley. Construction started in 2010 and is expected to be completed in 2011. The hotel is a 9-storey building with basement car parking and consists of 112 rooms and 2 penthouses. The commercial centre comprises of 3-storey shopoffices.

Hotel Sector

MH Hotel is the first proposed purpose built hotel in Sungai Siput. The proposed project consists of a 112-room hotel and 2 and 3-storey shopoffices located along the Ipoh - Sungai Siput (Utara) main road. Launched in June 2010, it is expected to be completed in December 2012.

The proposed 3-storey shopoffices incorporating a modern design will cater for new businesses planning to open in the locality but were unable to do so in the past due to the limited supply of shopoffices. With built up areas from 26' x 78', selling prices start from RM528,000.

The proposed hotel will be a new attraction in the locality which is expected to boost the agro tourism industry in the locality. Hotel facilities will include a restaurant, cafeteria, banquet hall, meeting rooms, health centre and swimming pool.

A 7-storey hotel with 99 rooms located along Regat Dato Mahmud, off Jalan Pasir Puteh, Ipoh is also expected to complete in the first half of 2011.

2011 Market Outlook

	Transactions in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Stable	Moderate+	Moderate +
Condos	Stable	Moderate +	Moderate +
Shopoffices	Moderate +	Better	Better
Factories	Stable	Stable	Stable

2010 IN REVIEW

Overall, the Melaka Property Market was stable in 2010 with poorer performance in the residential sector due to unsold developers' units. Performance in the commercial sector was up due to higher rental returns. As one solution for the unsold residential properties, the Melaka State Government has set up HARUM as a body to purchase and to let the unsold units under a hire-purchase scheme.

On 1 January 2010, Majlis Perbandaran Hang Tuah Jaya (MPHTJ) was set up as a result of splitting from Majlis Bandaraya Melaka Bersejarah (MBMB). This is Melaka's 4th local authority. The new local authority aims to make their territory a world-class intelligent city with the green technology concept.

In 2 years' time, the Melaka State Government plans to split Majlis Perbandaran Alor Gajah and Majlis Perbandaran Jasin into two local authorities as well. With that, it is hoped that the works and services from the local authority will be improved and smoother.

Melaka has another international bank coming in - Citibank, which opened its new banking hall in Taman Angkasa Nuri on 20 April 2010.

On 18 September 2010, the monorail service for tourists in Melaka town was officially launched. The monorail serves as another transportation option for tourists to visit the surrounding tourism spots in Melaka town, that is the Melaka River Cruises.

Highest price transacted in 2010:

	Retail Sector	Condos	Shopoffices	Factories
Location	Melaka Megamall Dataran Pahlawan	Ocean Palm	Jalan Munshi Abdullah	Taman Perindustrian Ayer Keroh
Built-up Area	168 sq ft	1,410 sq ft	4,306 sq ft	2,530 sq ft
Price per sq ft	RM2,680 per sq ft	RM355 per sq ft	RM580 per sq ft	RM1,335 per sq ft
Location	Melaka Megamall Dataran Pahlawan	Seri Bayan	Taman Melaka Raya	Taman Krubong
Built-up Area	168 sq ft	3,600 sq ft	4,200 sq ft	45,600 sq ft
Monthly Rental per sq ft	RM 15	RM1.60	RM1.07	RM0.36
Est. Yield	N.A.	N.A.	6.3%	7.5%

	Bungalows	Semi-detached	Link Houses
Location	Taman Beruang Height	Taman Banda Hilir Indah	Taman Kasturi
Land Area	6,265 sq ft	2,939 sq ft	2,939 sq ft
Built-up Area	6,674 sq ft	2,546 sq ft	2,018 sq ft
Selling Price	RM2,400,000	RM560,000	RM480,000
Location	Taman Sri Cempaka	Taman Klebang Besar	Taman Semabok Perdana
Land Area	4,015 sq ft	3,550 sq ft	1,540 sq ft
Built-up Area	1,152 sq ft	1,950 sq ft	1,700 sq ft
Selling Price	RM600	RM1,800	RM800
Est. Yield	4.7%	6.4%	4%

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

The residential sub-sector leads the property market in Melaka by dominating almost 50% of market transactions. However, the performance and activities of the sub-sector had slowed down compared to 2009.

Cheng, Krubong and Bukit Katil were the most active residential development areas in 2010. Some developments such as Bandar Utama Cheng, Taman Krubong Jaya, Taman Angkasa Nuri, Taman Bukit Katil Permai, Taman Saujana Indah, were selling at new higher prices than the previous phases.

Along Jalan Ayer Keroh - Gapam, with the existing and up-coming golf and country resorts, the developments were high-end and luxury homes – bungalow lots, various types of detached and semi-detached houses with gated and guarded concept, i.e. Melaka Perdana, Vista Kirana etc.

Out of Melaka Tengah district, Masjid Tanah, Sungai Udang and Jasin were the areas that also provided with new mixed developments, i.e. Taman Bidara Setia, Sungai Udang Hill Park and Bandar Jasin Bestari.

Three storey semi-detached houses in exclusive high-end residential projects which have been launched at Limbongan Indah, were priced at a record new high of RM730,000 onwards.

Melaka

AEON Bandaraya Melaka

Commercial Sector

Malacca welcomed the second largest AEON shopping centre in Malaysia - AEON Bandaraya Melaka, officially launched on 10 February 2010. However, there was also a special release of 50 units for sale at Dataran Pahlawan in this year, and the upcoming Hatten Square are still the main attractions in Melaka.

Jaya 99, officially launched on 23 October 2010, will be a new Melaka office landmark. 60% of the space has been pre-leased.

Active commercial developments were focusing at Kota Laksamana-Limbonga-Klebang seaside stretch as well as the Bachang-Cheng highway stretch (AMJ highway). The first stretch development was as a result of development spill over from Banda Hilir/Melaka Raya while the second stretch was as a result of opening of Tesco Cheng.

The Business Centre Melaka, Ayer Keroh, with duplex designed business suites and 5-star hotel (Best Western Hotel) is the commercial project planned for the coming year. When completed, this may be the new price benchmark in Ayer Keroh.

Hotel sector

Tourism contributes approximately 70% of Melaka gross income. Therefore, backed with the good flow of the tourists, the hotel sector in Melaka is growing fast.

The Hilton Hotel and the All Seasons Hotel will be constructed next to the Harbour Club in Melaka Raya by the Hatten Group, the developer of Dataran Pahlawan Megamall. The Hilton Hotel, a five-star hotel, will have 250 rooms while the All Seasons Hotel, a two-star hotel, will have 350 rooms. The 43 storey building will change the landscape of Melaka Raya and the Malacca coastline. A 1,100-unit apartment block and a commercial centre will also be built.

Kerjaya Hotel, a 42-storey hotel will be constructed at Jalan Bunga Raya Pantai. It is part of a larger development consisting of four tower blocks, the four-star hotel and three serviced apartments. Two of the serviced apartments are 27-storeys high while the other is 32 storeys. The hotel will have 306 rooms while the apartment blocks will have 700 units. The project is scheduled to be completed by year 2014.

Industrial Sector

Sun Power Corp, a solar cell manufacturer in the United States is investing in a fabrication plant in Rembia Industrial Area (now known as Melaka World Solar Valley). It will be among the major manufacturers contributing to Malaysia's target to be the third largest producer of solar cells after China and Germany under the **Economic Transformation Programme (ETP).**

Krubong, Cheng and Ayer Keroh continue to be the main industrial locations in Melaka.

Agricultural Sector

A number of oil palm estates were transacted this year, namely, Sime Darby Estate in Chabau, Malim Estate in Semujok, and Krubong Estate in Krubong. Some estates are not only sources of good commodity revenue, they will eventually become the land bank for housing developments.

2011 Market Outlook

The upgrade of Lebuh Ayer Keroh with a fly-over near the Ayer Keroh toll is expected to ease traffic congestion to Melaka City Centre. The bus terminal and train station projects adjacent to the Ayer Keroh toll plaza as well as the sea lion park under construction in Pulau Melaka may attract more tourists to visit Melaka.

High end and green landscaped housing schemes such as One Krubong and Vista Kirana may have sparked a new lifestyle trend in Melaka. Retail and office prices and rents in Melaka may reach new higher levels if the new development concepts which were launched are successfully accepted by the market (such as the SOHO developments and retail malls integrated with hotels).

The outlook for Melaka Property Market in year 2011 is expected to remain mixed, with the on-going residential developments still struggling with their unsold units, integrated commercial properties trying to reach new benchmark highs and new hotel constructions hoping for increased tourists. Investment for industrial properties may slow down and keep land values at its current levels.

Property Market Outlook	Transactions in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Better	Better	Better
Residential	Moderate (-)	Better	Better
Condos	Stable	Stable	Stable
Shopoffices	Better	Better	Better
Factories	Moderate (+)	Stable	Stable

2010 IN REVIEW

The property market for Johor has been vibrant especially in the 2nd half of the year. Housing and shop-office developments in Johor Bahru, especially, have experienced a gear shift in sales timing that high take-up rate of 70-100% were achieved within 3 to 6 months after initial launches. Iskandar Malaysia (IM), the country's first economic growth corridor continues to be the driving force of in attracting more investment in the new development areas. The improvement in bilateral ties between Malaysia and Singapore also provided further impetus to the pace of investment in the State. Public infrastructural work works progressed apace, aimed at improving the link between the developed areas in Johor Bahru to the new area in Nusajaya and the south-eastern area of Pengerang.

The Malaysian-Singapore bilateral efforts that would have positive impact on the overall economy and indirectly in the general real estate market in this region include the following:

- Khazanah Nasional Bhd and Temasek Holdings Ltd will form a 50:50 joint venture to undertake an iconic wellness township of up to 200 ha in Iskandar which will be launched in 2011
- Proposed joint development of a Rapid Transit System links between Johor Bahru and Singapore aims at enhancing the connectivity between the countries
- Lowering toll charges for the Second Link by 30% on both sides
- Relocation of the Keretapi Tanah Melayu Bhd (KTM) railway station from Tanjong Pagar to Woodlands Train Checkpoint

The 2010/11 Federal Budget allocated more funding to the State for its infrastructural and building projects which include,

- A total RM1.39 billion has been allocated for the construction of highways, public infrastructure and amenities in addition to the on-going work on the Eastern Dispersal Link and Coastal Highway.
- RM4.7 billion under the 10th Malaysia Plan where RM2.2 billion is allocated for the continuing development of the existing 329 programmes whilethe remaining portion is for the 209 new projects.
- RM1 billion will be spent to construct six buildings to house more than 50 federal departments and agencies in Kota Iskandar.

The State Government has also allocated RM313.33 million under the State Budget 2011. From this, RM58.50 million is for the Menteri Besar's office for the development of village roads and facilities, and promoting entrepreneur programmes, RM143.45 million will be allocated to the Johor Public Works Department for construction and upgrading of roads and bridges as well as government buildings, while the remaining is planned for agricultural-related development, schools building, religious amenities development and promotion, local authorities' projects and maintenance of forestry as well as promotion of tourism etc.

For Johor, conventional manufacturing and service industries continue to be the primary contributors to the State economy. Under the Economic Transformation Programme (ETP), Johor has been identified by the Federal Government as the new growth centre for the Oil and Gas (O&G) industry. The two selected locations are Tanjung Langsat and Teluk Ramunia, the lead investors are Johor Corp's subsidiary TPM Technopark Sdn Bhd and Petronas, respectively.

Government's support on the establishment of the Oil Field Services and Equipment Centre in the State with private investment of RM6 billion over a period of 10 years will help ensure the thriving State economic growth.

Besides relocation of factories to Johor due to lower land, building and labour costs, the influx of Singaporeans on retail and entertainment spending have also been a positive growth. Tapping into the benefit of currency exchange rate and import duty abolished on 300 tourism related goods under the Budget 2011, more Singaporean spending is foreseeable.

In 2010, Johor's number of visitors increased by 16% from 1.8 million to 2 million while the crime index fell by 22.9%. It is expected that the State will continue to be one of the attractive destinations for leisure and investment activities from both local and overseas.

Tesco Bukit Indah

ISKANDAR MALAYSIA (IM) in 2010

Since its inception in 2006, IM had secured RM64.38 billion worth of investments (as of Sept 2010). This has well exceeded the targeted amount of RM47 billion. Catalyst projects are progressing on schedule, with some already completed and operational.

- Malaysian-based international healthcare provider, Columbia Asia opened its RM 70 million hospital in July 2010. This 82-bed hospital is the first medical facility built in the 67 acres Afiat Healthpark in Nusajaya.
- In addition to the Legoland Theme Park that is scheduled to open in 2012, a Family Indoor Theme Park at the Puteri Harbour has started work in Nusajaya. The project with gross floor area of 60,000 sq ft will be located in a complex that also accommodates a 286-room Shangri-la Hotel & Resort (due in 2012), and a 100,000 sq ft of retail space. The indoor entertainment centre will feature world-renowned characters in three main areas i.e. Hello Kitty Town, the Little Big Club (Thomas and Friends, Barney etc) and a themed family restaurant by popular cartoonist, Lat, which upon completion, is projected by the operator will attract over 400,000 annual visitors.
- In the EduCity at Nusajaya, Khazanah Nasional Bhd and Singapore's Raffles Education Corp. Ltd will form a JV to invest RM200 million to establish a university. Other developments of high learning institutions in the pipeline are as follows:

Name of Institute	Land Size (Acres)	Opening Time (Year)
Newcastle University Medicine Malaysia (NUMM)	13	2011
Marlborough College Iskandar Malaysia (MCIM)	90	2012
Management Development Institute of Singapore (MDIS)	30	2013 (Phase 1)
Netherlands Maritime Institute of Technology (NMIT)	Within the 7 acres Multi-Varsity Enterprise Complex	2012
University of Southampton Malaysia Campus (USMC)	Within the 7 acres Multi-Varsity Enterprise Complex	2012

UM Land Holdings Bhd and HELP International Bhd, an operator of tertiary education, have entered agreement in Oct 2010 to collectively invest RM300 million to build a HELP campus in Seri Alam township which UM Land is the developer. The operator projected to open the first phase of the development in 2013. Seri Alam is situated within the precinct of Iskandar which is proximity to the Eastern Development Flagship Zone. Other educational facilities in Seri Alam are as follows :

Name of Institute	Land Size (Acres)	Opening Time (Year)
Masterskill University College of Health Sciences	12.32	In Operation
University Kuala Lumpur (UniKL)	60	2011
MARA Junior Science College	50	2011
Malaysia Art School	52.88	2012
University Technology Mara	200	2013

Highest prices transacted in 2010:

	Condos	Shopoffices	Factories
Location	Austin Serviced Apts	Taman Sutera	Plot D8, Pelepas FZ
Floor Area	650 – 1390 sq ft	5,760 sq ft	171,000 sq ft
Price per sq ft	RM369 – RM432*	RM362.50*	RM175.44
Rental per sq ft	-	-	RM1.40

	Bungalows	Semi-detached	Link Houses
Location	Bukit Kesenangan	Taman Redang	Taman Sutera
Floor Area	7,427 sq ft	3,510 sq ft	1,920 sq ft
Land Area	2,764 sq ft	3,018 sq ft	2,680 sq ft
Sale Price	RM1,338,888	RM1,200,000	*RM628,000

* Developers selling price

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Pelepas Free Zone

Residential Sector

- Bandar Raya Developments Bhd, through its subsidiary, Ardent Heights Sdn Bhd acquired a 60% stake in Haute Property Sdn Bhd. Haute has been granted the right to undertake the development of a parcel of land measuring approximately 111 acres identified as 'Residential North' in Puteri Harbour.
- Kumpulan Prasarana Rakyat Johor (KPRJ) and Walker Corp of Australia teamed up to develop a 208-acres high-end residential project known as Senibong Cove. The first phase of the development will be completed in 2012.
- WTC Bhd, a construction company, will undertake a RM688 million worth of project in Medini, Iskandar that comprises over 1,300 condominium units which will be launched in June 2011. WTC Bhd acquired the 4.1 hectares land from Global Capital & Development.
- SP Setia Indah Sdn Bhd, as of 9 Sept 2010, acquired 259 acres of land from Kelana Ventures Sdn Bhd for a price of RM169.3 million. The land is located to the north of and adjacent to the Setia Indah Township.
- Sunway City Bhd through its subsidiary Asli Budimas Sdn Bhd acquired a residential land ready for development of 64.64 acres on the 28 Dec 2010 for a price of RM134.5 million. The residential land consists of 407 subdivision lots which are located near Ponderosa Golf and Country Club in Johor Bahru.

Commercial Sector

- The State Government announced plans to develop the sites of former LumbaKuda and Bukit Chagar low-cost flats in Johor Bahru into a project similar to KLCC. Components of the project would include buildings that resemble the iconic Petronas Twin Towers, hotels, condominiums, serviced apartments and retail complexes.
- Bina Puri Holdings Bhd entered into an agreement with Medini Land SdnBhd to develop a 1.05 million sf Gross Floor Area to be named as Medini Square in Medini North, the first phase of Medini Iskandar Malaysia.
- Axis-REIT acquired a fully leased retail property of 308,128 sf in Taman Bukit Indah from Bukit Indah (Johor) Sdn Bhd for RM75.6 million in Aug 2010. Tesco Stores (M) Sdn Bhd, a hypermarket operator, is the existing tenant of the property and will continue to lease the complex until March 2040.
- Construction has started on the Johor Premium Outlets, a JV between Genting Plantations and Chelsea Premium Outlets which is projected to open in Sep 2011. The Outlet is located at Asiatic Indahpura in Kulaijaya and upon completion it will house 80 to 90 high quality designer and name brands.
- On 2 Aug 2010, Nagasari Cerdas Sdn Bhd, a wholly-owned subsidiary of the Danga Bay Group entered into an agreement with Global Corporate Development Sdn Bhd to form a JV company, namely Goldhill Quest Sdn Bhd to develop 2 parcels of commercial land, totalling 37.27 acres, in the Danga Bay Integrated Waterfront City. The JV acquired the commercial land for RM308.47 million.
- Encorp through Encorp Iskandar Development Sdn Bhd acquired 13,360 sq m of freehold land within Puteri Harbor for RM25.8 million in Apr 2010.
- In July 2010, a JV company known as Azea Properties, formed by Imperial Marine Pte Ltd, Danga Bay Sdn Bhd and Pembinaan Sahabatjaya Sdn Bhd, announced to acquire a 4.2 acres land in Danga Bay for high-end mixed developments of RM500 million.
- Pantai Holdings Bhd acquired a 10 acres site at Medini North, Iskandar, for hospital development. The RM500 million 300-bed hospital will be called Gleneagles Medini Hospital and jointly developed with Global Capital & Development Sdn Bhd (GCD).

Industrial Sector

- Axis-REIT purchased an industrial premise sited on a leasehold land of 6.12 acres for RM30 million in April 2010 from Zone Capacity Sdn Bhd. There are one single storey warehouse and two storey office building on the land which are currently leased to Nippon Express (M) Sdn Bhd.
- In November 2010, a French based company known as Technip launched its RM630 million plant sited on a 49 acres industrial land in Tanjung Langsat for high technology flexible pipes manufacturing used by deepwater oil and gas fields.

2011 Market Outlook

	Transactions in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Moderate (+)	Moderate (+)	Moderate (+)
Residential	Better	Better	Moderate (+)
Condos	Better	Better	Moderate (+)
Shopoffices	Better	Better	Better
Factories	Moderate (+)	Moderate (+)	Moderate (+)

Batu Pahat

2010 IN REVIEW

The residential market continues to be the largest property sector in Batu Pahat with single and double-storey terrace houses continuing to be the most popular housing type of property for sale.

Generally, the property market is more stable and predictable. The market is flooded with special housing loan packages and incentives from the banking industry.

Pricing of residential properties in the primary market is expected to be primarily based on the purchasing ability of prospective buyers.

The new road which provides a strategic link between Jalan Tongkang Pecah and Jalan Kluang was opened for traffic in the middle of 2010. It may be some time before this road becomes a new corridor of development. Meanwhile, speculative purchases have driven prices of agricultural lands to beyond RM70 per sq m in the year under review.

Highest prices transacted in 2010:

	Retail Sector	Shopoffices	Factories
Location	The Summit	Tmn Flora Utama	Tmn Industri Wawasan
Floor area	480 sq ft	1,540 sq ft	3,000 sq ft
Price per sq ft	RM1,100	RM195	RM80
Monthly Rental per sq ft	RM8	RM2.30	
Net Yield	6.5%	6%	

	Link Houses		Semi-detached
Location	Tmn Maju	Tmn Flora	Tmn Putera II
Land size	1,540 sq ft	1,540 sq ft	3,200 sq ft
Floor area	1,100 sq ft	1,100 sq ft	2,800 sq ft
Sale Price	RM170,000		RM568,000
Monthly Rental		RM550	
Average Net Yield		4%	

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

Taman Sri Pantai was the latest gated community development in the town. Catering to the high end market, it featured mainly two-storey semi-detached houses with a distinctive architectural style. Considered exclusive and luxurious by local standards, Taman Sri Pantai was launched at RM488,000 per unit in 2009 but the developer's price was raised slightly beyond RM500,000 per unit in the year under review.

Double storey semi-detached houses in Taman Putra II were launched in the middle of 2010 at RM568,000 per unit, a significant increase over previous price levels.

Commercial Sector

- With the opening of RHB Islamic Bank, followed by CIMB Bank around Jalan Tan Swee Hoe, the area is becoming the new commercial corridor of development to Batu Pahat. A 24-hour McDonald's drive-in outlet was opened in the vicinity of Carrefour and Square One. The value of shophouses in the locality can be expected to rise in the foreseeable future.
- Taman Sri Pantai and Taman Peserai Jaya were the most active areas with new developments launched while on-going projects include Evergreen Height near the Bukit Banang Golf and Country Club.

- Lot 3274 at the junction of Jalan Zabedah and Jalan Bakau Condong is the focus of commercial sector in the year under review. Situated adjacent to The Summit and containing a plot size of 2,520 sq m, it is now being developed into a new extension to The Summit. It is made up of a multi-storey hotel complex with a podium for shopping area. Construction works was in progress in 2010.
- After the mushrooming of shophouse developments in Taman Maju, Taman Setia Jaya and Taman Flora Utama, commercial developments are taking place in Taman Sri Jaya.
- At the same time, the 12-storey Wisma Supreme, which was originally a commercial and office complex, was being remodeled, altered and renovated into a new hotel block. This is a radical decision to inject a new lease of life into Wisma Supreme, which had all the while underperformed as a retail and office destination since its inception in the early 1980's.
- We expect more players to earmark Jalan Zabedah for medium rise office or commercial developments in the near future.
- Due to the emergence of Square One Shopping Mall, the commercial market, especially in respect of 2-storey shophouses along Jalan Tan Swee Hoe is expected to be more active. Carrefour and Square One Shopping Mall continued to provide the catalyst for more retail activities around Taman Flora Utama, Taman Setia Jaya, Taman Maju and Taman Sri Jaya.
- The low interest regime should provide the necessary relief and impetus for genuine buyers of residential properties.
- Interest is expected to be keen within the secondary market of the residential sector, particularly around prime locations like Taman Setia Jaya and Taman Bukit Pasir.
- The occupancy rate in Taman Industri Sri Sulong, one of the largest private industrial schemes in the region is still low. Prices of ready industrial buildings will continue to be bogged down due to the current oversupply position.

New Annexe to the Summit Batu Pahat under construction

2011 Market Outlook

	Transactions in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Moderately (+)	Stable	Moderately (+)
Residential	Moderately (+)	Moderately (+)	Moderately (+)
Condos	Moderately (-)	Moderately (-)	Moderately (-)
Shopoffices	Stable	Stable	Stable
Factories	Moderately (-)	Stable	Stable

2010 IN REVIEW

The Property Market in Pahang in general remained strong for most of 2010 despite lingering concerns of a perceived property bubble brewing in Kuantan and in most major towns in the State. Most property launches were still well-received by the market albeit at a slower take-up rate. Property prices, in particular, landed properties experienced some sharp escalation in prices in certain choice and high-end locations due to shortage in supply.

The Government stimulus packages, pump-priming activities and Economic Transformation Program, the availability of easy financing from most banks, ample liquidity in the system as well as the sustained low-interest rate regime are contributory factors to the current scenario in the property market.

The launching and implementation of certain key projects in the Malaysian First Special Economic Zones under the East Coast Economic Region (ECER) Master Plan have also helped to boost economic activities and in turn contribute to the growth of the real estate market in the State.

Significant events that occurred in the State in 2010:-

1. Completion of some 80 units of 3-storey shop offices within the Construction Town of the Multi Cultural Commercial Centre themed The Putra Square: There are a total of 400 units of shop offices, a component of the East Coast Mall, the largest shopping mall in the East Coast with over 50,000 sq m of retail space. The Malay-China-Indian and ICT Towns, together with two 23-storey high rise blocks accommodating the 519-room Zenith Hotel and Menara Putra Office building, and a 6,000 seating capacity Sri Ahmad Shah Convention Centre have been slated for soft opening by the end of the year.

   Putra Square is the largest commercial development undertaken by a single developer in Kuantan to-date. It is anticipated that the commercial centre will act as a catalyst for further expansion of Kuantan Town and its immediate surrounding.

2. Opening of Citibank Kuantan Branch at Sri Dagangan Business Centre along Jalan Tun Ismail, adjacent to Berjaya Megamall. This could provide more impetus to the banking services in town.

3. Ground breaking ceremony of the new 150-bed Kuantan Medical Centre at Bandar Indera Mahkota in August.

4. Expansion of the University Islam Antarabangsa Medical Campus with hospital facilities at Bandar Indera Mahkota at a projected cost of over RM1 billion.

5. Completion of the new Pahang Road Transport Department Building, Bangunan Warisan Pahang and the topping-up work at the adjacent main Court House building at Indera Mahkota 14 in Bandar Indera Mahkota: The implementation of these projects have triggered some interest and some significant price movements particularly of industrial properties in Bandar Indera Mahkota area.

6. Commencement and implementation of state's major infrastructure works such as the Pahang Central Spine Road (to improve connectivity of the major towns in the State) and the Pahang-Selangor Raw Water Supply Project: These initiatives which form part of the New Economic Model, Economic Transformation Program, National Key Economic Areas, 10th Malaysia Master Plan and Budget 2011 allocations, can hopefully help to boost economic activities in the State.

The Residential and Agricultural sub-sectors remained the most active property sectors in the State in 2010 with focus on affordable housing below RM200,000. The oil palm sub-sector continued to generate substantial interest in view of the decent returns and high price of the commodity.

The office, retail and condominium segments are generally stable with no significant movement in the price levels.

Highest price transacted in 2010:

	Office Sector	Shopoffices	Factories
Location	Menara Putra (Putra Square)	Kuantan Perdana	Batu 3 Jln Gambang
Floor Area	18,000 sq ft	5,460 sq ft	2,540 sq ft
Price per sq ft	RM380	RM302	RM130

	Office Sector	Retail Sector	Factories	Condos
Location	TNB Building	Berjaya Megamall	Indera Mahkota 14	Tembeling Resort
Floor Area	5,000 sq ft	400 sq ft	3,060 sq ft	1,430 sq ft
Monthly Rental per sq ft	RM2.50	RM12.50	RM0.65	RM1.40
Yield	5 to 6%	6%	5%	2.5%

	Bungalows	Semi-detached	Link Houses
Location	Forest Hill	Forest Hill	Air Putih
Floor Area	7,100 sq ft	3,200 sq ft	1,680 sq ft
Land Area	4,500 sq ft	3,800 sq ft	1,986 sq ft
Unit Price	RM1,498,000	RM1,098,000	RM340,000

Location	Pelindong	Tok Sira	Air Putih
Floor Area	8,200 sq ft	4,100 sq ft	1,540 sq ft
Land Area	4,200 sq ft	3,800 sq ft	2,200 sq ft
Monthly Rental	RM6,500	RM4,000	RM800
Est Yield	2.5%	2.5%	3%

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

Prime residential locations in Kuantan and other major towns in the State continue to enjoy good take-up rates albeit with less upward price adjustments except for certain choice locations such as Tok Sira, Pelindong and Kubang Buaya in Kuantan town and Bukit Istana area in Bandar Indera Mahkota. The highest prices transacted for bungalows and semi-detached or linked houses in these areas were RM1.5 million for bungalows and breaching the RM1 million mark for semi-detached houses. Sales of residential plots have also scaled new heights of RM700 per sq m.

A new Township Development known as Kota Sri Ahmad Shah (KOTASAS) was launched at the periphery of Bandar Indera Mahkota early this year with WTW appointed as the Exclusive Marketing Agents. The initial phase, comprising over 300 units of single-storey semi-detached, double-storey terrace and double-storey semi-detached houses, received overwhelming response from the house buying public, with over 90% sold within 8 months of launching. The project site is a former oil palm estate, located near Kampung Padang, adjacent to the East Coast Highway main toll exit to Kuantan town.

Commercial Sector

On the commercial front, the mushrooming of shop offices in The Putra Square commercial area and some pocket developments in other parts of Kuantan town have led to fears of an over-supply situation and this has dampened prices after witnessing the price of a three-storey shopoffice with lift facility hitting the new level of RM1.3 million in the prime location of Sri Dagangan.
The prices of 3-storey shop offices in The Putra Square enclave have also hit the RM1 million mark, a new record for leasehold titles. Despite the increase in the prices, rentals of commercial properties remained unchanged resulting in lower yields.

Industrial Sector

The industrial sector is experiencing some upward movement in prices particularly in Bandar Indera Mahkota partly due to the shortage of suitable industrial lands in Kuantan and partly by expectations of capital appreciation arising from the impending relocation of Government offices such as the Pahang Road Transport Department, Jabatan Bekalan Air, Jabatan Arkib Negara and the main Court House Complex to this area.

The selling prices of industrial lands with infrastructure in this satellite town of Kuantan hit a new high of RM300 per sq m recently.

The revival of the Linus project at Gebeng Industrial Area near Kuantan Port is the other bright spot in the industrial sector in 2010. After a halt of over a year due to the world financial crisis, the mining company, which is listed on the Australia Stock Exchange, has decided to revive this project estimated to cost up to RM1.0 billion.

Hotel Sector

The hotel sector was also noted to be quite stable in 2010. Budget type hotels and Home Stays are observed to be sprouting all over the town with old and new shop houses and shop offices as well as normal residential houses being converted to cater for the sudden surge in the demand for such accommodation.

Some of these operators have come up with very innovative tour packages to attract outstation families and tour groups for weekend escapes and activities. D'Embassy, a condominium project which was recently completed has also been converted to serviced apartments-cum-hotel to cater to the increasing demand.

Putra Square under construction

2011 Market Outlook

Overall, the 2010 Pahang property market can be described as active despite the worries of a double-dip in the global economy hitting our shores. The launching and implementation of the New Economic Model, the Economic Transformation Program and the 10th Malaysia Plan and with most of the local analysts ruling out another down turn in the Malaysia economy, the outlook for the Property Market in 2011 is encouraging.

	Transactions in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Moderate (+)	Moderate (+)	Moderate (+)
Condos	Stable	Stable	Stable
Shopoffices	Moderate (+)	Moderate (+)	Moderate (+)
Factories	Moderate (+)	Moderate (+)	Moderate (+)

2010 IN REVIEW

- The overall property market sustained its upward movement with a total of RM826.29 million worth of transactions. In the same period, all sectors witnessed increases in volume and in the value of transactions.
- The proposed stamp duty reduction announced in Budget 2010/2011 will help alleviate the home buyer's burden but the impact on the property market is not expected to be significant as the maximum rebate is only RM3,000.
- The introduction of "Skim Rumah Pertamaku" by Cagamas Berhad to provide guarantees on the down payment of 10% for houses below RM220,000 will help first-time house buyers with household incomes less than RM3,000 per month.
- The Cukai Second Bridge project is ongoing and is expected to minimize traffic congestion in Cukai town centre and also attract more developments to the Teluk Kalung area in the future.
- The residential and agricultural property sectors posted declines in market activity as compared to 2009. Vacant lands dominated the residential sector with 75% market share followed by the agricultural sector (42%).
- Prices of residential properties were largely stable except in selected locations. Development lands in the Kuala Nerus area saw price increases due to its proximity to several civic and education facilities: the upgraded Sultan Mahmud Airport, Universiti Sultan Zainal Abidin (UNISZA), Universiti Malaysia Terengganu (UMT) and Terengganu Sports Complex.
- In the primary market, several residential estate developments were launched. The favorable sales performance was a marked improvement from 1H2010 to 2H2010. Single storey terraced houses dominated the new launches in the district of Kuala Terengganu.
- The commercial sector was generally stable with exceptions observed in selected locations. A three storey shophouse along Jalan Sultan Sulaiman, Kuala Terengganu fetched a price of RM1.1 million.
- The rentals of ground floor shops were generally stable except in Kuala Terengganu. In the central town prime area of Kuala Terengganu, rental of ground floor shops along Jalan Tok Lam and Jalan Engku Sar were increased and let out between RM5,500 to RM7,500 per month.
- The industrial property sector was generally stable. Newly completed three storey factories at Jakar Industrial Area, Kemaman were transacted at RM650,000 to RM850,000 per unit.

Highest price transacted in 2010:

	Shop offices	Factories	Condos
Location	Paya Keladi Business Centre	Teluk Kalung Industrial Area	Wisma Tenang
Floor Area (sq ft)	2,800	11,937.166 (Land Area)	1,268.85
Price Per sq ft (RM)	464.29	16.75	186.46
Location	Jalan Air Jernih		
Floor Area (sq ft)	1,200		
Monthly Rental Per sq ft (RM)	4.20		
	Bungalows	Semi-Detached	Link Houses
Location	Kubang Parit	Kubang Parit	Bukit Payung
Land Size (sq ft)	5,285	3,358	1,518
Floor Area (sq ft)	2,532	2,243	1,272
Sale Price (RM)	421,500	355,900	170,000
Location	Batu Buruk	Jalan Pasir Panjang	Kuala Ibai
Land Size (sq ft)	N/A	2,537	1,400
Floor Area (sq ft)	N/A	960	1,600
Montly Rental (RM)	3,000	800-1,000	800-1,200

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

PSJ Group Sdn. Bhd launched Taman Banggol Indah comprising of single storey terraced houses (RM138,800 onwards), double storey terraced houses (from RM218,000 per unit), single storey low medium-cost houses (RM68,000 per unit) and double storey shophouses (RM330,000 onwards).

PERMINT launched Kubang Parit Perdana comprising double storey detached, semi-detached and terraced houses. The price for a double storey detached house is RM421,500, double storey semi-detached house: RM355,900 and double storey terraced house: RM252,950.

The sales of single storey terraced houses and the first three storey shopoffices in Terengganu were launched in a development by Wonder Valuations Sdn. Bhd. The development is located in Wakaf Tapai and known as Tapai Indah. The selling price for single storey terrace is RM81,800 per unit whilst for three storey shopoffice, the price is RM588,000 per unit.

ANZ Sdn. Bhd is developing Taman Adis Indah (Phase II) comprising single storey terraced houses priced from RM106,000/- per unit and double storey terraced houses priced from RM189,000 per unit.

Commercial Sector

A new GIANT Hypermarket under construction at Bandar Baru Kijal is expected to raise the demand and values of residential units in the vicinity.

Hotel Sector

Three to five-star hotels registered a drop in the occupancy rate to 41.7%, as compared to 48.2% in H1 2009 and 56.6% in H2 2009. Primula Park Royal, Permai Park Inn and Grand Continental Hotel continue to be the most popular hotels in Kuala Terengganu

The construction of Hotel Wakaf at Jalan Masjid Zainal Abidin by MAIDAM comprising 7 storey is now in progress.

A new three star hotel with 199 rooms was launched in 2010 known as Tanjung Vista Hotel situated along Jalan Sultan Zainal Abidin.

Office Sector

Bangunan Wisma PERKESO, a 5 ½ storey purpose built office along Jalan Air Jernih was opened in 2010. Currently the first and fifth floor office spaces are owner occupied.

Infrastructure Developments

Major infrastructure developments in Terengganu include:-

1. Proposed infrastructure development for an integrated shrimp aquaculture park (iSHARP), Setiu, Terengganu – The ongoing project is proposed to be a fully integrated 1,000 hectares aquaculture industrial park equipped with a Seawater Intake Syatem consisting of submarine pipes and the necessary infrastructure to support 638 grow-out ponds, processing plant, a feed mill, a hatchery, office, staff accommodation, utility buildings and other support buildings. The RM300 million project is expected to be completed in 2012.
2. Cukai Second Bridge – The ongoing project expected to minimize / alleviate traffic congestion in Cukai town centre and also has resulted in more developments in Teluk Kalung area.
3. The widening and upgrading of Kuala Berang to Bukit Payung main road will create three lanes which will minimize the traffic congestion from all directions entering Kuala Terengganu City Centre.

2011 Market Outlook

Overall, the 2010 Pahang property market can be described as active despite the worries of a double-dip in the global economy hitting our shores. The launching and implementation of the New Economic Model, the Economic Transformation Program and the 10th Malaysia Plan and with most of the local analysts ruling out another down turn in the Malaysia economy, the outlook for the Property Market in 2011 is encouraging.

	Transactions Activity 2010	Price in 2010	Price in 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Better	Better	Better
Condos	Stable	Stable	Stable
Shop-offices	Stable	Better	Better
Factories	Stable	Stable	Stable

2010 IN REVIEW

- The property market was encouraging in the first half of 2010 with 4,305 transactions worth RM328.71 million recorded. Against the corresponding period of 2009, volume of transactions decreased by 14.2% (5,018 transactions) but total value increased by 24.0% (RM265.01 million).
- The residential and commercial sectors recorded declines in market activity against year 2009 but development land and industrial sectors improved.
- Prices of housing & development land showed increases in several areas of Kota Bharu. Development lands along Tapang, Jelutong, Padang Enggang, Tiong, Seterpa and Pendek area recorded increases of 8.9% to 22.3%, between RM25.90 per sq m and RM88.00 per sq m. Developments at Bandar Baru Tunjong and Wakaf Che Yeh is expected to stimulate development in nearby locations.
- The construction of the Sultan Yahya Petra Second Bridge is now taking shape together with the construction of an elevated road connecting three locations from Wakaf Siku, Jalan Hamzah. The three lanes dual carriage highway when completed will minimize the traffic congestion from all directions entering the town centre.
- The relocation of government offices to Bandar Baru Tunjong is in progress. Bomba and KPTG premises are now ready for occupation. Audit Negara premises are under construction whilst earthworks have commenced on the Pejabat Tanah building site. Other proposed offices in the area include Kompleks Mahkamah Persekutuan, Kompleks Mahkamah Syariah, Jabatan Pertahan Awam, Pejabat Imigresen and Pejabat Pendidikan.
- The widening and upgrading of Kubang Kerian road to Sabak will begin soon. The construction works will commence with the construction of the flyover at Pasir Hor - Kubang Kerian intersection, follow by road widening and upgrading to Pulau Melaka and Sultan Yahya Petra Airport.

Highest price transacted in 2010:

	Office Sector	Retail Sector	Condos	Shop office		Factory Land
Location	Kelantan Trade Center	Kota Bharu Trade Center	Kota Seri Mutiara	Jln Pengkalan Chepa	Jalan Kebun Sultan	Pengkalan Chepa industrial area
Floor Area (sq ft)	10,600	555	1,373	4,800	4,800	43,034
Price Per sq ft (RM)	204.43	15.00	250.00	183.3		9.76
Rental Per sq ft (RM)	2.00	15.00	0.73-0.95		1.35-1.56	
Monthly Rental (RM)	21,200	8,325	1,200-1,300		6,500-7,500	

Highest transaction in 2010			
	Bungalow	Semi-Detached	Link Houses
Location	Jalan Dusun Muda	Jalan Telipot	Padang Bongor
Land Size (sq ft)	4,905	2,971	1,400
Floor Area (sq ft)	2,872	1,112	1,739.4
Sale Price (RM)	450,000	310,000	268,000
Highest Rental In 2010			
Location	Telipot	Teluk	Telipot
Land Size (sq ft)	5,000	2,537	1,400
Floor Area (sq ft)	1,500	1,560	800
Monthly Rental (RM)	700-1,000	600-800	400-500

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

- The primary residential market saw more launches in the previous 9 months than 4Q 2009 - 2Q 2010. Sales of single storey terraced houses were encouraging with prices ranging from RM50,000 to RM100,000 and detached houses with selling prices of RM200,000 to RM250,000. In 2Q 2010, more units were offered for sale for double storey terraced houses at prices ranging from RM250,000 to RM500,000 per unit, for instance, Taman Kurnia Jaya (Phase 5B) developed by Profil Impian Sdn. Bhd.
- SBJ Sdn Bhd launched Bayang Residency Apartment, an eight storey apartment building with 80 units with selling prices from RM197,000 – RM324,000 per unit.

Bandar Baru Tunjong

- Binaraya PKINK Sdn Bhd launched Taman Itqan Binaraya (Phase 1) comprising of 16 units of single storey detached houses priced from RM260,000 per unit.
- Promosi Mantap Sdn Bhd launched One Residence condominium. The 23-storey condominium will comprise of 5 types of units with built-up areas ranging from 937 sq ft to 1,404 sq ft per unit. The selling price is from RM197,000 – RM324,000 per unit.
- The first three storey superlink houses in Kota Bahru were introduced by MSO Corporation Sdn Bhd. The development is located in Pasir Tumboh. The selling price is from RM450,000 per unit with a built-up area of 2,300 sq ft.

Commercial Sector

In the commercial sector, the shophouse overhang saw higher numbers in early 2010 with more offerings of new shops at locations within the town area but lower interest from buyers.

Rentals remained stable but the current oversupply situation has lowered occupancy rates.

- FBO Berhad launched Bandar Tasek Raja, Pasir Mas, a new commercial development which will comprise 226 units of 2 and 3 storey shop offices, stalls, wet/dry market and a bus/taxi terminal. The price for 2 storey shopoffices is RM398,000 onwards and RM618,000 onwards for 3 storey shopoffices.
- Bandar Satellite Islam is taking its shape at Pasir Tumboh about 8 kilometres from Kota Bharu town centre. The development will comprise 38 units of 3 storey shop offices, 40 units of stratified office, 30 bazar and hotel. Selling price for shopoffices is from RM 768,000 per unit.
- The construction of 3 storey shop offices within Kota Bharu Waterfront project is continuing. There are about 162 completed shophouse units out of the total proposed of 2,016 units.
- Queenspark comprising 32 units of 2 storey shopoffices and sports facilities, is under construction and was scheduled to open in 4Q 2010. The selling price for shophouses for Phase 1 was from RM600,000 to RM1,700,000.
- Naim Indah has successfully constructed 138 Units of 3 storey shopoffices in Bandar Baru Tunjong. The sellng price ranges from RM408,000 to RM1,200,000 per unit.
- The construction of KB City Centre (KBCC) by HLK Ventures Sdn Bhd comprising a 14-storey serviced apartment block, a 3-storey shopping podium and a 9-storey Tune Hotel is now in progress.
- The opening of KTC (Kota Bharu Trade Centre) along Jalan Bayam comprising an 8-storey purpose built office, convention hall and serviced apartment has made the area more vibrant. Currently, 2 floors of the office building has been leased to Prudential Assurance Bhd with the total area of 21,946 sq ft.

Industrial Sector

With no new supply of industrial sites, the industrial sector continues to remain quiet for the year. The transactions of existing properties recorded a marginal increase over the 2009 level.

Hotel Sector

Three to five star hotels registered a slip in the overall occupancy rate to 31.4%, lower than the 36.4% recorded in 1H 2009 and 40.0% in 2H 2009. Renaissance Hotel and Grand Riverview Hotel are the largest hotels in Kota Bharu.

The 88-room of Crown Hotel is now open, located within town centre along Jalan Kebun Sultan

Bazar Tok Guru

KB Central

2011 Market Outlook

RM178 million is allocated for the East Coast Economic Region projects in the Budget 2011 announced by the Prime Minister recently. Construction activity generally declined across the sectors in the 1st and 2nd quarters of 2010 but is expected to increase in 2011 due to the improving economic conditions.

The residential sector will continue to expand with more developers offering single and double storey terraced, semi-detached and detached houses.

Demand for shop-offices is expected to decline largely due to oversupply.

With no new factory building supply added in Pengkalan Chepa industrial area, the asking prices of existing industrial properties is expected to escalate.

Overall the direction of the property market in 2011 will be influenced by the completion of some of the government offices in Bandar Baru Tunjung with and the construction of the second bridge and widening of the Kubang Kerian highway.

	Transaction Activity 2010	Price In 2010	Price In 2011
Office	Stable	Stable	Stable
Retail	Stable	Stable	Stable
Residential	Better	Better	Better
Condos	Stable	Stable	Stable
Shop Offices	Stable	Stable	Stable
Factories	Stable	Stable	Stable

KELANTAN

Kota Kinabalu

2010 IN REVIEW

Overall, market sentiments are little changed with property prices maintaining a steady uptrend from the second half of 2009. This, mainly driven by improved oil palm prices, growing tourism sector and confidence boosted by Federal-initiated stimulus plans and subsequent recovery of regional markets following the global financial crisis and fall in world commodity prices during end 2008-early 2009.

Indeed, the pace at which prices have risen has become a common lamentation among prospective buyers. Increasing land prices and materials and construction costs, attractive lending environment and demand spill-over from oil palm rich East Coast towns are among the main factors that have pushed up property prices in Kota Kinabalu. Increasing property prices have also seen yields hardening although investors still stand to gain from both rental returns and capital appreciation.

Highest price transacted in 2010:

	Office Sector	Retail Sector	Condos	Shopoffices	Factories
Location	Menara Jubilee	KK City Waterfront Ground floor unit	Peak Vista II, Signal Hill	Kg Air, KK	Likas Industrial Estate, Kolombong
Floor area		N.A.	2,446 sq ft	6,720 sq ft (4-storey corner)	2.96 acres (Land area)
Sale Price per sq ft	RM 340 per sq ft	RM2,988 per sq ft	RM 697 per sq ft	RM3.15 million	RM8 million

	Bungalows	Semi-detached	Link Houses
Location	Tanjung Aru	d'Banyan Residency @ Sutera	d'Banyan Residency @ Sutera
Land area	31,100 sq ft approx	6,800 sq ft	5,000+ sq ft
Floor area		5,639 sq ft (with swimming pool)	4,600 sq ft (corner, with swimming pool)
Sale Price	RM5 million	RM2.6 million	RM2 million

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

SABAH

Significant property market developments in 2010:

- Through a tender exercise, the former State-linked Borneo Film Organisation (BFO) cinema complex previously under Tan Sri Robert Kuok was acquired by Hap Seng Group at RM28.5 million. The building was mainly occupied by Golden Screen Cinema up until December 2009. The land area is about 2.16 acres.
- The State Government is working with University Malaysia Sabah (UMS) to turn Wisma Khidmat into a medical school with clinic facilities.
- A general hospital equipped with up to 800 beds will be built in Bukit Padang in 2011 under the 10th Malaysia Plan (10MP). The land, measuring 20.2 hectares has already been identified for the project.
- Property developer Syarikat Kapasi Sdn Bhd signed a RM200 million financial guarantee facility agreement which will enable the Company (subsidiary of Asian Pac Holdings Berhad) to develop the second phase of KK Times Square, a shopping mall and serviced apartment development. The project will have 9 floors with a gross floor area of 3.7 million sq ft Parkson has signed on as the mall's anchor tenant occupying about 120,000 sq ft of retail space.
- The Kota Kinabalu International Airport (KKIA) was launched as Malaysia Airlines' Eastern air hub, which will be the gateway to Australia, China, Hong Kong, Taiwan, Japan and Korea. The hub, which will be developed in three stages from November 2010 to

Former BFO Cinema

June 2011, will also promote travel within Sabah and Sarawak.

- The Federal government will allocate RM100 million under Budget 2011 to part finance an RM3 billion integrated resort development comprising 4 and 5-star hotels, waterfront properties and entertainment centre, among others in Karambunai Resort, Kota Kinabalu. Karambunai Resort with a land bank of about 600 hectares in Karambunai Peninsular, is expected to start in 2011 and will take about 5 years to complete. About 130 hectares has been used to build a five-star resort hotel, golf course and beachfront villas.
- Petronas Chemicals Group Bhd, a subsidiary of Petronas plans to set up an ammonia and urea plant in Sabah involving investment up to US$1 billion.
- Tan Chong Motor Holdings Bhd plans to invest up to RM285 million to set up a four wheel-drive manufacturing plant in Kota Kinabalu Industrial Park. The project on a 50-acre land would be implemented over several phases and the company's wholly owned subsidiary, TC Manufacturing Company (Sabah) Sdn Bhd, had obtained the license to manufacture and assemble luxury passenger cars at KKIP from the International Trade and Industry Ministry.

Residential Sector

In terms of new developments, the residential sector was the most active, with an estimated 1,545 units launched / opened for sale where two to three storey terraced houses dominated.

Starting prices for 2-storey terraced houses launched in 2010 are around RM380,000-RM450,000, about 10%-15% higher than last year's prices for similar new developments in Kota Kinabalu-Penampang. Although selected developments were offered at less than RM300,000, these were in secondary localities with smaller plots and built-up areas.

New 2½ and 3-storey terraced houses have been priced at more than RM600,000. These new benchmark prices have shifted what was traditionally a mid-market segment into an up-market property segment, taking the double storey terraced house beyond the financial resources of many home buyers. This would see apartments and mid-range condominiums, which generally range about RM180,000-230,000 and RM250,000-350,000, being considered as alternatives.

At the pace of price increase for landed homes, the proposed 10% guarantee (100% full loan) for first time house buyers for properties below RM220,000 tabled during the 2011 Budget is expected to benefit only mid-range strata-titled developments.

Residential Developments Launched / Opened for Sale 2010

Taman	Location	Developer Selling Price (approx RM)	No. units (approx)
Apartment			
Malawa Ria Ph. 1	Sepangar	205-228 per sq ft	176
Puncak Menggatal	Menggatal	200 per sq ft & up	220
Sungai Mas	Menggatal	200 per sq ft & up	54
		Sub-Total	**450**
Condominium			
R55	Penampang Bypass	333-430 per sq ft	55
D' Vantage	Tuaran Bypass	268-348 per sq ft	96
Puncak Luyang Ph. 2	Luyang	420-490 per sq ft	62
Surian Residences	Nosoob	285-316 per sq ft	176
		Sub-Total	**389**
Terraced house			
Duta Garden Ph. 2 (2½-storey terraced)	Bundusan	369,800 & up	44
Seri Krystal (2-storey terraced)	Penampang	308,000-448,000	24
Eramas 118 Ph. 1-3 (2-storey terraced)	Penampang (Ramaya area beyond Donggongon)	243,880 (for ph. 1) 292,000 average for subsequent phase	123
Kingfisher Park 3 Ph. 2C (2-storey terraced)	Kingfisher	388,888 & up	57
Kingfisher Cove Ph. 2 (duplex terraced)	Kingfisher	644,700 & up	44
Ujana Seri Fantasi (2&3-storey terraced)	Likas	395,000 & up	82
Inanam Jaya (2-storey terraced)	Inanam	389,999 & up	46
Bukit Sepangar Ph. 1B (2-storey terraced)	Sepangar	398,000 & up	100
Amansutra (2s townhouse)	Lintas Luyang	438,000-448,000	75
Seri Chimera Ph. 3 & 4 (3-storey terraced)	Kolombong	598,000 & up	19
Seri Pelangi (2½-storey town villa)	Tuaran Bypass	612,000-625,000	24
		Sub-total	**638**
Semi-detached house			
Putera Villa Kobusak (3-storey)	Penampang	848,888 & up	16
Mahkota Bundusan Ph. 2 (2-storey)	Bundusan	733,800-755,800	24
Ceriamas 118 Phase 3A (3-storey)	Putatan	720,000 & up	28
		Sub-total	**68**
		TOTAL	**1,545**

Note: List is non-exhaustive
*excludes developments that are opened for booking / registration of interest but yet to be officially launched

SABAH

Kota Kinabalu

Cyber City Apartments

Among the recently completed apartment developments in Kota Kinabalu are Cyber City Apartments (1,172 units) along Jalan Lintas in Kepayan, University Apartment 2 (560 units) and University Condo Apartments 1 (560 units), the latter two located along Kota Kinabalu-Sulaman Road.

Well-managed condominiums with a seaview or in preferred locations have enjoyed substantial appreciation in the last few years. New condominium developments are mainly tagged at RM400-500 per sq ft or higher for those nearer to the city centre or with added facilities and features, with those in the mid-range segment or secondary localities ranging at RM270-350 per sq ft

Among the larger, ongoing mid-range condominium

Alam Damai

units that are under construction are Alam Damai (552 units) and 1Sulaman (1,008 units), which make up more than 50% of condominiums under construction. A number of upmarket condominium developments are in the planning stage and expected to be launched in 2011-2012.

Commercial Sector

Commercial properties in Kota Kinabalu and established suburban centres and with good management continue to sustain values. Commercial developments completed in 2010 are Megalong Mall, which claims to be Sabah's longest retail mall with about 160,000 sq ft of retail area and 88 Market Place, with 88 units of two and three storey shopoffices in Kepayan, along the Penampang Bypass.

A two storey intermediate shopoffice in 88 Market Place was reported transacted at RM1.25 million. Other transactions in the shopoffice sector are for a four storey corner shopoffice lot in City Mall, Luyang area at RM2.9 million whilst a 4-storey intermediate shopoffice lot in downtown Warisan Square fetched RM3 million.

New launches in the commercial sector have been minimal, consisting mainly of conventional shopoffice developments in suburban localities although a few mixed commercial developments are in the blueprint

88 Market Place

stage, among them; ITCC Penampang Complex comprising a proposed science centre, convention centre, shopping mall, banquet hall, hotel and office have been initiated. Developer's prices for the retail portion of the proposed ITCC project is RM888-1,188 per sq ft for the first and second floors, with the ground floor to be retained by the developer.

Major ongoing developments in downtown Kota Kinabalu are The Mall (KK Times Square Phase 2) comprising a hypermall with condominium towers and KK City Waterfront consisting of retail mall, condominium and hotel.

Hotel Sector

Preliminary statistics from Sabah Tourism Board indicates that visitor arrivals to Sabah totaled some 2.5 million in 2010, a 11.5% increase over the same period last year, indicative of a recovery and growth after a decline of -7.2% and -2.4% in 2008 and 2009, respectively. International arrivals have recovered steadily since the slowdown in the global economy and A(H1N1) threat that affected the world travel industry.

The 260-room Gaya Centre Hotel (city centre) and 102-room Tang Dynasty Bay Hotel (Sepangar) were completed in 2010 together with a number of budget / boutique hotels converted from commercial shopoffices. Year 2011 can expect to see several 2-4 star hotels completed, namely South China Sea Palace hotel (174 rooms, Sembulan), Hotel Horizon (184 rooms, city centre) and TD Plaza Hotel (260 rooms, city centre), amongst others.

The high tourism value accorded to Sabah's eco-treasures and biodiversity supported by government initiatives to position Sabah as a premier nature and adventure destination and new hotels being built and planned should ensure that the tourism sector remain a significant revenue earner for the State. Moving forward, a more promising regional economic outlook compared to previous years and pick-up in travel rates coupled with the completion of KKIA's runway extension to accommodate larger aircraft and passenger capacity, increased flight frequencies and plans by the national carrier to make Kota Kinabalu its eastern air hub would see positive growth for Sabah's tourism and hospitality sectors.

Property Market Outlook

Overall, Sabah's Property Market is expected to be poised for growth, driven mainly by firm palm oil prices, together with the oil and gas sector and tourism and supported by public spending. Kota Kinabalu, as the State administrative, trade and services, communication, education hub and the main gateway into Sabah, is well-placed to benefit from the anticipated growth. The lack of new road projects to open up access to new localities should also see sustained interest for developments in prime and established localities in Kota Kinabalu. Generally, property prices are expected to be on a stable growth trend coming into 2011.

	Transaction Activity in 2010	Prices in 2010	Prices in 2011
Office	Stable	Moderately (+)	Moderately (+)
Retail	Moderately (+)	Moderately (+)	Moderately (+)
Residential	Better	Better	Better
Condos	Better	Better	Better
Shopoffices	Moderately (+)	Better	Better
Factories	Stable	Moderately (+)	Moderately (+)

Notwithstanding, looking at the trend of price appreciation, there is a need for more affordable housing for the lower and middle-income sector with price increases exceeding buying power for the average wage earner.

Keningau

2010 IN REVIEW

Keningau is the main administrative district for the Interior division of Sabah with the township situated about 150 km from the State Capital. Previously a major timber town for Sabah, the oil palm industry has emerged as the major economic sector for the district over the last 10-15 years. Lands opened up or redeployed for oil palm plantations, mainly in neighbouring Sook, Nabawan / Pensiangan and Tenom coupled with earnings from favourable palm oil prices has benefited the property market in Keningau.

Significant announcements in 2010:

- A Universiti Teknologi Mara (UiTM) campus and nursing college will be proposed under the 10th Malaysia Plan (10MP, 2011-2015) as part of a rural education hub in Sabah. The Chief Minister Datuk Musa Haji Aman announced that the campus would be built in Sook, Keningau with the land already identified. On the nursing college, Yayasan Sabah was entrusted to evaluate whether the school would be private or public administrated.
- The Tourism, Culture and Environment Ministry is planning for tourism products in the Interior to be upgraded and added to the State and national tourism calendar to attract more tourists to the Interior, particularly Keningau as the centre of tourism in the Interior. The World War II Memorial will also be upgraded to attract more visitors to the Interior. The government will also be studying the tourism potential of Crocker Range, Bandukan Park and Laing Cave in Bingkor.
- The first palm fibre oil extraction (PFOE) plant in the State was launched at KM 3, Karamatoi Road off Nabawan Road in Keningau. The opening of the palm pressed fibre oil extraction plant was significant not only because it is the first in Sabah but it would spur the opening up of possibilities in palm oil downstream industries, especially in nutraceuticals (manufacturing vitamins and food supplements) due to its high Vitamin E properties. The plant extracts residual oil from mesocarp fibres of oil palm fruits. Malaysia's pioneering development of PFOE technology cements Malaysia's position as a leader in palm oil-related innovations identifying new value-adding palm oil applications to achieve higher oil extraction ratios and revenues.

Residential Sector

Residential developments in Keningau are located within a 4-5 km radius of the town centre with higher concentration within the 1.5 km radius, which is the more established and preferred housing area. Housing developments here are mostly single storey to double storey terraced or semi detached houses. For the past couple of years, the residential sector has been very active due to high demand. The recently completed housing estates include Taman Adika Phase 8, Taman MDK Phases 2A and 3A. Those that are still under construction include:

Name	Type	No. units	Developer selling price
Taman Adika ph 9	Single-storey terraced	38	RM162,000
	Double-storey detached	2	RM520,000
Taman Yen Villa	Single storey detached	21	RM304,000-320,000
	Single storey semi-detached	21	RM290,000
Taman MDK ph 4B	Single-storey terraced	122	RM183,000
Taman Tropicana ph 1 & 2	Double-storey terraced	198	RM200,000
Taman Kota ph 2	Single-storey terraced	65	188,800

The take-up for ongoing housing developments in Keningau were reported to be quite favourable. Current secondary sale prices of typical single storey and double storey terraced houses in the district are around RM140,000-180,000 and RM200,000-250,000, respectively; and RM350,000-500,000 for detached houses.

Commercial Sector

Commercial developments in Keningau are mainly conventional two to four storey shophouses / shopoffices located in the township. Current secondary sale prices of the typical 2-storey and 3-storey commercial shoplots in the town centre are around RM500,000 and RM700,000-800,000, respectively. 2011 will sy shopoffices coming from the ongoing Apollo Atrium (33 units), Adnan Shopping Complex (34 units) and a block of 7 shopoffices (un-named).

Apollo Atrium was sold floor by floor, sub-divided by strata titles. Prices ranged from RM110,800 for the second floor and up to RM338,800 for the ground floor for floor areas of 728-738 sq ft Developer's selling prices for Adnan Shopping Complex is from RM730,000 onwards.

A proposed development tentatively known as "Pekan Baru Keningau", a mixed residential-development has been earmarked at KM 3 Jalan Keningau-Apin Apin-Tambunan. Preliminary plans for this proposed development includes approximately 277 units of two storey shopoffices, a hypermarket and 348 units of terraced houses. The development is expected to be carried out in phases.

Market Outlook

	Transaction Activity in 2010	Prices in 2010	Prices in 2011
Retail	Stable	Stable	Stable
Residential	Better	Better	Moderate (+)
Shopoffices	Better	Better	Moderate (+)
Factories	Better	Better	Moderate (+)

Sandakan

2010 IN REVIEW

As in other major East Coast towns of Sabah and, to some extent, Kota Kinabalu, the property market in Sandakan is largely driven by a strong agriculture sector and by the bullish palm oil outlook/prices. Palm oil prices touching RM3,000 per tonne in Q4 2010, compared to RM1,800 per tonne Q1 2009 and improving to about RM2,400 per tonne Q4 2009, has been a fillip for the property market in Sandakan, driving up property prices over the last 1-2 years and lowering yields as rent increases lagged behind prices.

Mile 4 to Mile 7 localities at the northern precinct of Sandakan municipality continued to be preferred locations where ongoing developments and new property launches (mainly residential) are predominantly located along/off Miles 6 and 7 Jalan Utara-Labuk. One of the more active locations in Sandakan is the Bandar Utama mixed residential-commercial development with its newly launched Utama Park Villa “Super Large” or “XXL” terraced houses in Phases 2A and 2B and Sri Utama Condominium, the latter slated to be the first condominium development in Sandakan.

Highest prices transacted in 2010:

	Office Sector	Shopoffices	Condos	OP Estates
Location	Bandar Indah	Harbour Square	Sri Utama	Sukau Sg Sapagaya
Floor Area	5422 sq m	94 m² X 4 Floors	122 sq m	930 per ha
Price per sq m	RM3,689	RM11,000 (gross area)	RM3,074	RM 64,500 per ha

Location	Municipal Centre	Harbour Square	
Floor Area	100 sq m	94 sq m (GF)	
Monthly Rental per sq m	RM 10	RM 65	
Est Yield	4-5%	6-7%	
	Semi-detached	Link Houses	Bungalows
Location	Bandar Utama	Taman Tyng	Bandar Utama
Floor Area	460 sq m	230 sq m	1000 sq m
Land Area	140 sq m	130 sq m	200 sq m
Unit Price	RM 650,000	RM 350,000	RM 1,500,000

Location	Bandar Utama	Taman Tyng
Floor Area	460 sq m	230 sq m
Land Area	140 sq m	130 sq m
Monthly Rental	RM1800	RM 1400
Est Yield	3-4%	4.50%

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

Prices for conventional double storey terraced houses in Sandakan are within the region of RM220,000-250,000, although new benchmark prices for selected developments are noted at more than RM300,000 albeit with larger plots and built-up areas. Developer’s prices for newly-launched “XXL” double storey terraced houses within Bandar Utama are tagged at RM338,800-348,800, with land and built-up areas of 2,125 sq ft (25’ x 85’) and 1,774 sq ft, respectively whilst the ongoing Taman Harbour View at Mile 1.5 is tagged at RM326,000 for plots and built-up areas of 2,200 and 1,680 sq ft, respectively. Transactions in the secondary market are noted to be more active in the light of increasing property prices for new developments.

A summary of new residential developments launched in 2010 are as follows:

Name	Location	Type	No. units	Developer selling price (approx)
Utama Park Villa Ph. 2A & 2B	Mile 6, Jalan Utara	DSTH	100	RM338,800 (Ph. 2A) RM348,800 (Ph. 2B)
Taman Utama Ph. 6	Mile 6, Jalan Utara	DSSD	67	RM467,800 (Type A) RM510,800 (Type B)
Sri Utama Condominiums	Mile 6, Jalan Utara	CONDO	432	RM208,800-446,800 (RM185-340 per sq ft) RM1.02-1.3 million for penthouse
Sejati Ujana Apartment (Blk D10-D12)	Mile 7, Jalan Airport	4-storey APT	128	RM144,000-165,200 (RM200-230 per sf)
Bahagia Ph. 4 & 5	Mile 7, Jalan Airport	DSTH	187	RM243,000 (Ph. 4)
Harbour View	Mile 1.5, Jalan Utara	DSTH DSSD	45 36	RM326,000 & up RM526,000 & up

* list is not exhaustive

Some 920 units of medium and low-medium cost flats in 8-storey and 15-storey blocks together with 24 units of 2-storey shopoffices under Syarikat Perumahan Negara Berhad (SPNB) have been planned at Mile 1.6, Jalan Leila. The shopoffices, which are under construction reportedly have selling prices of RM409,000-511,000.

Sandakan

Commercial Sector

The Municipal Centre commercial area - including the post-2007 Sandakan Harbour Square (SHS) shop offices - remains the premier commercial centre with the Mile 4 to Mile 6 Jalan Utara, the next most sought after commercial precincts. But more new shop-offices and showrooms centres are observed to be gradually coming up in areas along Mile 7 to Mile 8 of the Labuk Road nearing the junction with Jalan Sungai Batang leading to the proposed Sandakan Education Hub.

Further new commercial developments will be minimal although the increase of shop office units from recently completed and ongoing developments like Bandar Prima Phase 2 (99 units) and Phase 3 (75 units), Bandar Letat Jaya (94 units), Bandar Utama Zone 3 (40 units) and Bandar Utama One Avenue 8 (75 units) are likely to see a saturation of commercial / retail space in 2011 for suburban commercial centres, particularly along / off Jalan Utara.

Another major commercial component under construction is Harbour Mall, a 5 level, 200,000 sq ft retail mall to be integrated with the Four Points Sheraton Hotel, Sandakan. The upcoming shopping mall would be the first major retail complex in Sandakan and is situated within the Sandakan Harbour Square (SHS) urban renewal scheme that comprises a new central and fish market, hotel and 129 units of 3 and 4-storey shopoffice units.

Harbour Mall & 4 Points Sheraton Hotel

Recent secondary transactions for the SHS 4-storey intermediate shop offices fronting main thoroughfare Jalan Pryer in Sandakan town centre have reached RM1.8 million, about 55% higher than original developer's price at the time of launch some 5 to 6 years back.

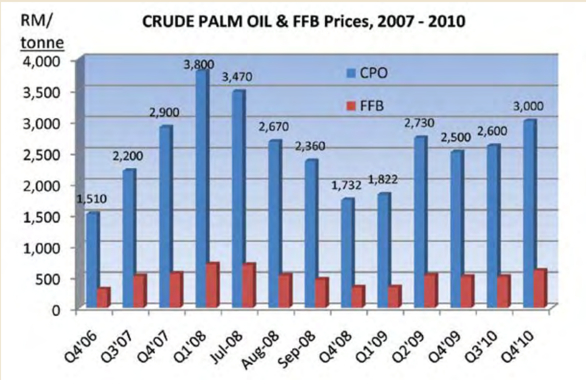
Another major commercial project to look out for is the proposed shopping mall and 200-room hotel in Bandar Utama at Mile 6, Jalan Utara, currently on the drawing board. Similar to Harbour Mall, the retail space is for lease only.

Notable office transactions in Sandakan for 2010 is a stand-alone office building with basement located at Mile 4.5, Jalan Utara within Bandar Indah commercial centre. The 9-storey office complex was transacted at RM20 million from Priceworth Wood Products Berhad to Rickoh Holdings Sdn. Bhd. The building has a gross floor area of approximately 51,325 sq ft

Agricultural Sector

In the agriculture sector, current values of oil palm land ranges from RM50,000-75,000 per ha. With little unplanted land available, raw jungle land can command prices of RM14,000-20,000 per ha.

Apart from a brief hiatus (Q4 '08 and Q1 '09, during the Global Financial Crisis) palm oil outlook and prices had been bullish since 2007. CPO/FFB Prices per tonne were:



With a moderately bullish outlook for the short to medium term, prime oil palm (7-15 years old) lands have commensurately appreciated from the RM 40,000 per ha of 2006 to the RM75,000 per ha of today.

Market Outlook

With the outlook for palm oil demand and prices continuing to be moderately bullish in 2011, the oil palm industry will continue to drive economic growth. The ripple effects from this sector to the property market will be increasing market values/selling prices but stagnant/reducing rentals. Declining yields are likely to continue but to less extent in the shopoffices sector.

	Transaction Activity in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Residential	Better	Better	Better
Condos	Stable	Stable	Moderate +
Shopoffices	Better	Better	Stable
Factories	Stable	Stable	Stable

SABAH

2010 IN REVIEW

The property market generally remained on a steady uptrend with agricultural (oil palm lands) and housing sectors being the main engines of growth. The spillover effect on the robust oil palm industry has attracted more investors from Peninsular Malaysia to invest in the agricultural sector, driving up demand and oil palm land prices by 30% to 40%. The commercial and industrial sectors remained stable throughout. Overall, the sentiment and performance for all property sectors were positive though buying interest in the residential sector was increasingly moving towards medium cost housing.

Highest price transacted in 2010:

	Condos	Shopoffices	Agricultural Sector	Bungalows	Semi-detached
Location	Kuhara Court	Bandar Perdana Jaya	Sg Burung	Taman Fuji	Taman Korintus
Floor Area	1,070 sq ft	1,211 sq ft		17,000 sq ft	3,600 sq ft
Land Area			178 acres oil palm land	6,500 sq ft	2,400 sq ft
Sale Price	RM310 per sq ft	RM825 per sq ft	RM46,500 per acre	RM3,000,000	RM800,000
Location	Kuhara Court	Fajar			
Land / Floor Area	1,070 sq ft	4,500 sq ft			
Monthly Rental	RM1.68 per sq ft	RM4.00 per sq ft			
Est Yield	6.5%	10.6 %			

Bandar Perdana Jaya

Significant property market developments in 2010:

- A MacDonald Fastfood Restaurant had leased a vacant piece of commercial land of 30,000 sq ft (WTW being the closing agent) for setting its very first fastfood restaurant in Tawau. The drive-thru restaurant will commence operation by the second half of 2011.
- The Shervinton Boutique Hotel commenced operations in October. The newly refurbished hotel comprises 100 guest rooms and a penthouse coffee house. Business travellers and tourists are the main customer market for the hotel.
- The proposed Tawau-Kalabakan-Nabawan-Kota Kinabalu Highway will significantly cut short the travelling time between Tawau Town and Kota Kinabalu by at least 2 hours. The project will cost RM150 million and will be implemented during the 10th Malaysia Plan.

Kubota Square

Residential Sector

The residential sector performance in 2010 remained robust but significantly the trend of development was leaning towards the launching of medium cost housing projects with houses priced below the RM300,000 bracket.

The prices of medium cost houses of the newly launched projects of single storey terraced houses were 15% to 20 % higher compared to the previous year. These houses were priced at RM280,000 and above for projects located nearer to town but the prices of similar units were significantly cheaper for projects located at the outskirts or secondary locations.

Residential Developments Launched / Open for Sale January-October 2010

Taman	Location	Developer's Selling Price (approx RM)	No. units (approx)
Terraced house			
King Fook I (Single Storey Terraced)	Jalan Utara Baru	From 298,000	36
King Fook II (Single Storey Terraced)	Jalan Utara Baru	From 285,000	28
King Fook III (Single Storey Terraced)	Jalan Utara Baru	From 245,000	28
Perwira (Single Storey Terraced)	Jalan Ranggu	From 148,000	280
Sawit (Single Storey Terraced)	Balung	From 148,000	599
Pinery Height (2 Storey terraced)	Jalan Sin On	395,000 & up	24
Melinium (2 Storey terraced)	Jalan Eastern	300,000 & up	24
Wira (2 Storey terraced)	Jaln Bunga Raya	350,000 & up	40
Sub-total			1,055
Semi-detached house			
Pinery Height (2-Storey)	Jalan Sin On	695,000 & up	8
Detached house			
Bandar Sri Indah (2½-Storey Linked Detached)	Jalan Apas	860,000 & up	80
Bandar Sri Indah (22½-Storey Detached)	Jalan Apas	1,200,000 & up	40
Sub-Total			**120**
Total			**1,183**

Tawau

The announcement of the proposed 100% full loan for first time buyers for properties below RM220,000 during the 2011 Budget will spur the buying interest of this medium price houses located at the secondary locations.

Commercial Sector

Commercial properties in town which comprise conventional shophouses continue to fetch better prices at the prime locations of Fajar Commercial Centre and Bandar Sabindo, The decentralised commercial developments at prime residential localities had been a new revelation over the last one year with developers adopting a new strategy of launching smaller pocket projects at heavily populated catchment areas. The new commercial shophouse projects at these localities had achieved very good response from investors. Prices for three storey and two storey shophouse units were priced at RM850,000 – RM1,000,000 and RM700,000 – RM828,000 respectively. There will be more similar projects to be launched in the coming year.

Hospitality Sector

The offshore island resorts at Semporna Town continued to attract more visitors from foreign countries. High-end resorts that offered better accommodation and facilities appeared to attract more visitors. There will be two proposed resort development projects to be launched in Mabul Island and Mataking Island in the coming year. The 100-room Shervinton Boutique Hotel was officially opened for business in October and the under construction 118 rooms LA Hotel will commence operation by 3Q 2011.

Agriculture Sector

The agriculture sector was by far the best performing sector in Tawau. The good commodity price of palm oil continued to attract more oil palm investors from Peninsular Malaysia to venture into the oil palm industry. The demand for oil palm land had driven up oil palm land prices to an unprecedented level with the highest transacted price at RM46,500 per acre. With the increased in demand for oil palm land and the scarcity of vacant agricultural land available for new planting, the prices of agricultural land and oil palm land are expected to further trend up in the coming year.

Sri Indah Industrial Park

Property Market Outlook

The outlook for the property sector for 2011 in Tawau will remain positive with the main engine of growth led by the oil palm industry. The oil palm industry will remain robust and buying of oil palm land continues to be considered a gilt-edge investment. The good performance in the agricultural sector will have a positive spillover effect into the residential and commercial property sectors. Residential development will be more on medium cost residential units while for the commercial property sector, developers will continue to switch their attention to the development of small localised “pocket-sized” projects in heavily populated catchment areas.

	Transaction Activity in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Moderate(+)	Moderate(+)	Moderate(+)
Residential	Better	Better	Better
Condos	Stable	Moderate(+)	Moderate(+)
Shopoffices	Moderate(+)	Better	Better
Factories	Moderate(+)	Moderate(+)	Moderate(+)
Agriculture Sector	Better	Better	Better

SABAH

2010 IN REVIEW

Lahad Datu has always been known as a "planter's town": for its agricultural-driven economy and vast hectarages of oil palm plantations. It is centrally located within Sabah's Agriculture Belt that stretches from Sandakan in the north to Tawau in the south. Oil palm cultivation is the main engine of growth for the district and a major contributor to Sabah's economic growth.

Lahad Datu was also chosen to house Malaysia's first large-scale dedicated palm oil industrial park (Palm Oil Industrial Cluster or POIC) with its strategic location in the heart of Sabah's palm oil belt and within major palm oil and coconut oil producing provinces in neighbouring countries. Its natural, sheltered deep-sea harbour also puts it at an advantage over other locations in Sabah as a future shipping hub for vegetable oils. The establishment of POIC has also seen a small, but increasing number of companies expanding their local offices and foreign investors visiting Lahad Datu. Consequently, more developers are being attracted to the Lahad Datu Property Market.

View of Perdana Hill

Highest price transacted in 2010:

	Semi-detached	Link Houses
Location	Sri Perdana 4A	Sri Perdana 4A
Land size	351.91 sq m	302.31 sq m
Floor area	176.15 sq m	123.11 sq m
Sale Price	RM450,000	RM370,000

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Residential Sector

Residential properties in well-established and new growth locations continue to be sought after. Previously, housing developments in Lahad Datu were located to the west of Lahad Datu, i.e. along/off Jalan Silam, the arterial road leading to neighboring Tawau District with development activities dominated by Hap Seng Properties Development Sdn Bhd. However, new developers in residential and commercial developments are venturing into new areas such as Jalan Dam and Jalan Lahad Datu - Sandakan.

New residential developments which have been launched/advertised for sale in year 2009/2010:-

Name	Location	Type	No. Units	Building Area (sf)	Developer Selling Price (standard)	Date of Completion
Perdana Hill (Bdr Sri Perdana, Phase 4B)	KM 4.5, Jalan Silam	2-Storey Semi- Detached	168	3,364	RM638,000 - RM969,300	June 2012
Seri Permata 66	KM 2.5, Jalan Dam	2½ Storey Semi-Detached 2-Storey Semi-Detached	66	2,827 - 3,511	RM680,200 - RM1,061,000	December 2011

Commercial Sector

Over the last 15 years, expansion of oil palm plantations and growth of downstream activities brought about the establishment of more commercial shophouses in Lahad Datu. The most recent expansion of the town centre is Darvel Bay commercial centre and ongoing Darvel Bay Plaza.

View of i-Peak Business Centre

Previously, the commercial development in Lahad Datu was limited to development of conventional two to four storey shophouses in the town centre and certain established locations that have experienced steady capital and rental appreciation. The new commercial areas have expanded to suburban areas such as Jalan Silam and Jalan Dam. Bandar Sri Perdana is located at Km 4.5, Jalan Silam and the latest project, i-Peak Business Centre which was launched recently, is located along Jalan Dam.

These ongoing and new commercial/shopoffice developments are summarised as follows:-

Name	Location	Year launched	No storey	Units	Standard Floor area (sq ft)	Developer selling price @ launch (RM)
Lahad Datu Square	Off Jalan Dam-Jalan Sinar intersection	Nov 2008	2-storey & 3-storey	36	2,422-2,906 (2-storey) 3,597-4,202 (3-storey)	588,000-688,000 (2-storey) 768,000-878,000 (3-storey)
i-Peak Business Centre (ph1 & 2)	Jalan Dam	Sept 2010	2-storey to 4-storey	200	800-1,200 per floor	678,000-2,500,000
First Palm City Centre (ph1, 1A & 2)	Along Jalan Pantai	Sept 2010	2-storey & 3-storey	166	800-1,200 per floor	498,000-598,000 (2-storey) 628,000-1,298,000 (3-storey)
			2-storey Shoplex	156	389.4-536.5	199,000-305,000
Port City @POIC (ph1A)	Km 4.5, Jalan Tengah Nipah (POIC, Phase 2)	Oct 2010	3-storey & 4-storey	36	3,229-3,854 (3-storey) 4,342-5,155 (4-storey)	799,000-1,009,000 (3-storey) 948,000-1,227,000 (4-storey)

Lahad Datu

Retail Sector

Lahad Datu will see its first lifestyle shopping mall with the completion of Darvel Bay Plaza. Darvel Bay Plaza is part of the Darvel Bay Commercial Centre spread over 17 acres of land at the southwestern sector of the town. The development was opened for sale in 2008 with completion expected in 2011.

A breakdown of the floor area and current developer's selling prices are summarised as follows:

Level	Standard retail lots		Anchor lots		Selling price for standard lots (RM per sq ft)		Sales rate for standard lots (May 2010)
	Units	Floor area (sq ft)	Units	Floor area (sq ft)	in 2008	Current (May 2010)	
Ground	135	82,412	-	-	800-1,265	824-1,154	68.5%
First	160	72,196	2	26,084	600-966	618-995	66.0%
Second	-	-	1	54,287	-	-	-
Total	295	154,608	3	80,371			67%

Total retail space : 234,979 sq ft (estimated)
Generally, developer's selling price for unsold lots have increased by 3% since the launch in 2008.
Source: WTWS Research

Industrial Sector

Lahad Datu industrial areas are mainly situated in the port area and along Jalan Tengah Nipah; where POIC Lahad Datu is located. Demand for industrial land are from the oil palm related industry. A few logistics companies serving the downstream palm oil industry have also acquired lands in the vicinity.

Behn-Meyer and CCM (Chemical Company of Malaysia Bhd) have set up their fertiliser factory warehouses in POIC Lahad Datu. Zurex Coporation and Mewah Group Singapore would also be setting up their palm oil refineries in POIC Lahad Datu soon.

Views of Lahad Datu Jaya Industrial Centre

A number of biomass power generation operators have also expressed their interest to set up their plants in POIC Lahad Datu.

To cater to the needs of the palm oil industry and its downstream activities, many property developers had taken the opportunity to develop light industrial properties. The development projects launched and/or completed in year 2010 are as follows:-

Name	Location	Year launched	Type	Units	Building Area (sq ft)	Developer Selling Price
Singa Point	Jalan Pantai (opposite Harbour Town)	Sept 2008	2-storey LISOB	92	2,576	RM558,888 - 643,888
Lahad Datu Jaya Indus. Centre (ph1)	Km 7, Jalan Lahad Datu - Sandakan	Sept 2010	2storey-3storey LISOB 1½-storey TF	90 40	2,520 - 3,930 2,250	RM668,000 - 938,000 RM698,000 - 860,000
Port City @POIC (ph1A)	Km 4.5, Jalan Tengah Nipah (POIC, Phase 2)	Oct 2010	Detached LIW Semi-D LIW	2 15	12,433 6,737	RM3,835,499 - 3,998,940 RM1,908,913 - 2,027,366

Note: LISOB – Light Industrial Shopoffice Building, TF – Terraced Factory, LIW – Light Industrial Warehouse

Agricultural Sector

The oil palm industry enjoyed another good year despite the lower crop production and labour shortage during the year. Crude palm oil was traded up to RM3,000 per metric tonne in late 2010 resulting in a much improved market sentiment in the industry. Small mature oil palm lands and estates fetched RM75,000 to RM85,000 per ha.

Property Market Outlook

Given the present good palm oil prices, the sentiment for the property market continues to be positive but prices may peak in early 2011. As more business opportunities attract workers to Lahad Datu, a shortage of residential properties has resulted, especially in the low to medium cost housing sub-sectors.

As the supply of commercial properties will only increase in 2012 when some of the on-going projects are completed, the rental market for commercial properties would not be affected much in 2011. Once all the on-going projects are completed, Lahad Datu could experience a glut of commercial properties.

Industrial developments in POIC Lahad Datu although sluggish, were moving in a positive direction. In the light industrial sector, many transactions are expected as many investors and operators are looking to a boom in Lahad Datu.

Property Sector	Transactions Activity in 2010	Prices in 2010	Prices in 2011
Retail	Stable	Stable	Moderately (+)
Residential	Better	Better	Better
Office	Better	Better	Better
Light Industrial	Better	Better	Better
Factory/Warehouse	Stable	Stable	Moderately (+)

2010 IN REVIEW

Overall, market sentiment remains positive as property prices maintained a healthy uptrend. This is mainly driven by the oil and gas industry and the favorable tourism sector. However there is a shift in development activities. Where development activities on the island were primarily residential and industrial based in previous years, 2010 showed more development in the commercial sector. Several mega projects are currently being undertaken, many of which are located within the immediate vicinity of the town centre. The skyline of Labuan town is expected to change in the next couple of years with the introduction of several high rise commercial developments. Previously the main town comprised mainly 3 to 4 storeys traditional shophouses.

The following table shows the highest prices transacted in 2010 for various sectors in the property market

	Retail Sector	Condos	Shopoffices	Factories	Semi-D House
Location	Financial Park Complex	Alpha Park Condo	Labuan Township Jalan Muhibah	Saguking Warehouse Jalan Patau-Patau	Taman Ikhlas
Floor Area	100.92 sq m (Ground floor)	188.50 sq m	585.27 sq m (5-st corner shop)	557.418 sq m (Land Area: 278.71 sq m)	209.42 sq m (Land size: 481 sq m)
Unit Price	RM1,410,000	RM470,000	RM2,150,000	Price : RM850,000	RM600,000
Price per sq ft	RM1,298	RM340			

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Commercial Sector

The commercial sector has been quite active in the town centre with several mega projects currently under construction.

• Labuan Times Square
Costing RM120 million on a 7 acre site next to Labuan Square; Labuan Times Square (LTS) comprises an 8 storey building which includes 75 shop lots from ground to 2nd floor; 48 office lots from 4th to 5th floor, and condominiums on the 6th to 8th floor. Also included within the Square will be a 4 star hotel with 192 rooms and 132 car parks. The project is to be developed in 3 phases. Phase 1 of the project is in the final stages of completion and is expected to be completed in 2011. Reported sales rate has been good with units offered being fully taken up.

Labuan Times Square

• Lazenda Central
Costing RM100 million on 3 acre site developed by the Lazenda Group, the project comprises a 4 star, 16 storey 200 rooms hotel complete with basement car parking; 25 units of 3 storey shopoffices (RM1.38 million to RM1.65 million), a 9-storey shopping mall and offices. The project is about 60% completed. The commercial portion is reportedly fully sold. Its completion is expected to be in 2011.

Lazenda Central

• Wisma Oceanic
Previously known as Wisma Oceanic, an 11-storey office building located in the heart of the town centre was purchased by Labuan Corporation in 2007 at a price of RM15 million. The building has since undergone refurbishment and renovation works. We understand that it would later house some of the many government offices on the island. Renovations started in early 2009. So far only the ground to 3rd floors of the building has been occupied by the Labuan Public Library.

Wisma Oceanic

Industrial Sector

For the last couple of years the oil and gas sector has been the main economic driver for the Island.

The once defunct Sabah Shipyard (now known as Labuan Shipyard and Engineering Sdn Bhd) is now making a turnaround with staff strength gradually increasing. Labuan Shipyard comprises a fully developed and well equipped yard sited on an area close to 100 acres along Jalan Patau Patau and is now ready to play a major role in to the oil and gas industry. However, the departure of some oil and gas personnel with the near completion of some major projects has created some uncertainty in the local economy.

There are no new developments of warehouses on the Island besides the existing few namely Sagunking Warehouse, Bestari Warehouse Lazenda Warehouse, Phases 1, 2 and 3, Pertama Warehouse, SLPP Warehouse, Manmohan Warehouse and Skillmart Warehouse. The demand for warehouse storage facilities has seen prices increase quite significantly

LABUAN

Residential Sector

Over the last 10 years, the housing developments on the Island have been dominated by local developer, Lazenda Group. Most houses built by them are well received and reportedly to be sold out even before they were launched.

Buoyed by the above, in the last 2 to 3 years, some new and previously active developers have re-entered the housing market. It is evident that there is a shortage of well located and quality design houses on the Island. Fresh and new designs of houses were brought in by developers from outside Labuan.

A majority of the buyers are locals although quite a fair number of buyers are from neighboring States. Investors would be looking to let the houses to the professional oil and gas industrial personnel. A fully furnished semi detached house could easily fetch rental in the range of RM3,500 to RM4,000 per month.

However with the near completion of several major projects from the oil & gas industry on the Island, the demands of such properties are expected to moderate. The demand for houses depends heavily on the eventual number of outstation personnel joining the offshore banking or oil and gas related companies.

Recently completed / on-going housing estates are as follows:-

Type	Taman	Location	No. of units	Original Developer's Selling Price
2-storey Terraced 2-storey Semi Detached	Jade Garden	Tg. Aru	68 units 8 units	RM330,000 onwards RM528,000 onwards
2-storey Terraced 2-storey Semi Detached	Pantai Avenue	Kg. Pantai	50 units 16 units	RM338,000 onwards RM518,000 onwards
1-storey Terraced 2-storey Semi Detached	Lazenda Villa 5C	Kg Lajau	60 units 4 units	RM198,000 onwards RM488,000 onwards
2-storey Semi Detached	Lazenda Villa 12	Kg Durian Tunjong	22 units	RM488,000 onwards
2-storey Terraced 2-storey Semi Detached	Tm Ruby	Kg Sg Bangat	35 units 16 units	RM310,000 onwards RM548,000 onwards
2-storey Semi Detached	Lazenda Villa 10	Kg Batu Arang	24 units	RM480,000 onwards
2-storey Terraced	Impian	Kg Sungai Bangat	28 units	RM360,000 onwards

Prices for a new double storey semi detached houses are currently priced from RM550,000 onwards, while new double storey terraced houses are priced from RM350,000 onwards. As a whole, the residential market is still enjoying a healthy rise in prices due to a lack of supply and pushed by the increase in raw materials prices and escalating land costs.

Hotel Sector

Overall, the tourism industry is doing well. The demand is fueled by those involved in the oil and gas sector, especially those staying for short to medium term. Occupancy rates for hotels generally hovered around 80% in 2009 as reported in Daily Express dated 2nd January 2010. Future supply of hotels would be from Labuan Times Square with the 192 hotel rooms, Lazenda Central with 200 rooms and the conversion of Labuan Lido Cinema into a 3-star 10 storey hotel with 130 rooms. The above projects are currently under construction.

In early 2010, the long abandoned 10 storey Hotel Labuan which comprises 150 rooms along Jalan Merdeka was reported sold to the Government for RM38 million. The sum of RM38 million had been agreed upon as goodwill and amicable settlement to the hotel owners in 2007.

3 star 10 storey hotel along Jalan Mustapha

Property Market Outlook

The property market in Labuan is largely dependent on the oil and gas and related sectors. Despite the departure of some expatriate personnel, the outlook for oil and gas industry is positive with the revival of one of the major oil and marine related entities.

Although Labuan's estimated 80,000 population is considered small, Labuan's property market should remain stable with gradual appreciation, supported by the positive regional economic condition and government development allocations under the 10th Malaysia Plan.

The residential and industrial sectors would continue to enjoy a healthy uptrend due to the shortage of supply. As for the commercial sector, the ongoing projects are expected to be completed in 2011 and this will add to the existing supply of commercial space especially in the town centre. The new commercial space is likely to take same time before achieving substantial occupancy.

The following table summarizes our outlook of various sectors based on our knowledge and with reference from transactions activities from the Valuation and Property Services Department.

	Transaction Activity in 2010	Prices in 2010	Prices in 2011
Office	Stable	Stable	Stable
Retail	Better	Better	Moderately (+)
Residential	Better	Better	Better
Condos	Stable	Stable	Moderately (+)
Shop offices	Better	Better	Moderately (+)
Factories	Better	Better	Better

2010 IN REVIEW

The re-implementation of the RPGT had little impact on the property market, curbing only short term speculative investments.

Selling prices especially of residential properties which had taken a hike in the past 2 years continued to increase, albeit at a lower rate. In contrast to property prices which have appreciated as high as 20% for some prime areas, rental yields have remained largely stagnant and are still not attractive due to low demand.

As in the previous year, there has been continued interest in high end properties which offer larger spaces and improved designs and functionality. Although these developments are small and insignificant in terms of numbers, they have set record high prices of more than RM2 million for units in Kuching with average land areas of 7,000 sq ft and built up areas of 3,500 sq ft and recorded brisk sales.

The secondary market for houses is also now more active as these houses are more affordable and located in more established locations. The short leases remaining on real estate properties in Sarawak are no longer an issue for contention as the renewal premiums announced in May 2010 by the state government, were reasonably priced.

More shopping complexes are being built with some large scale ones like City One, Boulevard Extension and ST3 in Kuching; Times Square in Bintulu; Permy Mall and MYY Mall in Miri; and Star Mega Mall in Sibu. Except for Bintulu, there are concerns whether these will create a greater overhang in this segment.

Kuching

Highest prices transacted in 2010:

	Retail Sector	Condos	Shophouse	Factories	Link Houses	Bungalows	Semi-detached
Location	Jalan Song-Tun Jugah	Jalan Airport	Kuching-Samarahan Expressway	Jalan Setia Raja	Jalan Stutong	Jalan Stampin Tengah	Jalan Stutong
Floor Area (sq ft)	674	3,315	8,043	2,987	1,706	3,500	3,518
Price RM per sq ft	2,100	142	200	189	274	628	341
Location		Bamfylde	Jalan Song	Jalan Penrissen	Jalan Song		
Floor Area (sq ft)		1,000	4,660	2,000	1,700		
Monthly Rental RM per sq ft		2.50	1.60	1.15	0.50		
Average Yield		7%	6.50%	5.50%	3.50%		

The above estimates are based on our knowledge arising from professional services provided to the property sector and with reference to transaction activities from Valuation and Property Services Department where relevant.

Driven by stronger business and consumer sentiments carried over from 4Q 2009, new launches for 2010 for Kuching and Samarahan have picked up, recording about 10% to 15% increase from the previous year. About 80% of these were launched in the 1st half of 2010, probably as a correction of the lull in the last 2 years. The 2nd half of 2010 was quieter, probably due to diverse investment interest in the recovering economy, as seen in a more steady and buoyant stock market in the 3rd quarter of 2010, the increasing price of commodities like gold etc.

Residential Sector

As most of Kuching City residential areas, located in South East Kuching are developed, there has been a natural expansion into the adjacent Samarahan areas further east and south, forming the greater Kuching residential area. More than 50% of the total launches for 2010 are found in the Samarahan District where land is more abundant and cost is lower.

Major residential launches in 2010 included Taman Sentoria by Jung Kuo SB and Central Villa/City by M/s Mdkwangtai at Kota Samarahan; Green Acres and continuing phases in Taman Genesis by M/s Lee Onn at Batu Kawa-Matang area; Lot 1 Block 8 @ Penrissen by Regal Advantage SB and Taman Lan Hua along Jalan Kuching-Serian. Most of these developers are relatively new, concentrating on land banks in secondary areas, building affordable houses.

For the most parts of Kuching and Samarahan, the majority of the new developments are small, not exceeding 100 units, and are located in the suburbs, particularly along the Kuching-Samarahan expressway.

Residential developments in Kuching have remained quite steady in terms of output and pricing and there is no large overhang due to strict planning approval guidelines and control by the State Planning Authority.

Kuching

Small, high-end niche residential developments in prime areas continue to enjoy strong interest and sales.

Generally, the prices of residential units in Kuching have shown considerable price increases of more than 10% and even up to 20% for some prime areas. Property prices for niche developments have reached an all-time high of over RM1 million for semi-detached houses and more than RM2 million for detached houses with standard lots.

Commercial Sector

There were a few major commercial developments launched in 2010, namely, ST3 at Jalan Tun Jugah, City One at Jalan Song, Tabuan Tranquility at Stutong and Summer Mall at Kota Samarahan. Except for City One which is sited next to an existing thriving commercial area, the latter 2 are in fairly new suburban locations.

The increasing number of retail complexes built in the last few years is worrisome as the existing retail sector is already showing unhealthy signs. Even as new and more modern retail complexes are coming into the market, some older retail complexes in Kuching are not faring well with occupancy rates dropping significantly, as they struggle to maintain their market share whilst the new complexes face delays in filling up their units. Occupancies in some city complexes have even dropped below 50%.

ST 3 @ Jalan Simpang 3

City One @ Jalan Song

Bintulu

Highest prices transacted in 2010:

	Retail Sector	Condos	Shopoffices	Factories	Semi-detached	Link Houses	
Location	Parkcity Mall Btu	Btu Beach Resort Condominium	Btu Township	Jalan Sibiew	Jabai Area, Jln Tg Batu	Golden Villa	
Floor Area sq ft	734	1,883	8,636	2,583	3,262	1,947	
Price per sq ft	RM1,450	RM265	RM208	RM259	RM245 (RM800,000)	RM161 (RM315,000)	
							Bungalows
Location	Parkcity Mall Btu	Btu Beach Resort Condominium	Parkcity	Jalan Sibiew	Tmn Emas	Happy Garden	Jalan Tg Batu
Floor Area sq ft	734	1,883	3,955	2,583	1,990 sq ft	1,685	3,813
Monthly Rental per sq ft	RM10 - RM12	RM1.60 - RM1.80	RM1.10 -1.30	RM1.00	RM1.50 RM2,500-3,000 (furnished)	RM0.90 (RM1,500)	RM0.92 (RM3,500 furnished)

The housing sector in Bintulu which experienced more housing construction activity in 2010 due to stronger demand will continue to be active in 2011. There will also be increased construction of low cost housing by developers judging by the increased budget allocated by the government for low cost housing to achieve zero squatters.

Bintulu is also set to experience a boost to its retail sector with the building of a few new shopping malls expected to be completed in 2012 or 2013, such as Times Square Mall at Jalan Tun Hussein Onn & Commerce Square at Jalan Ahmad Zaidi.

Property prices will continue to hold or even increase due to rising material costs as evidenced by the upward revision of selling prices of the existing launches by property developers. The recent housing schemes announced by the government for 2011 will also go a long way in assisting the young house-buying population in Bintulu.

Sibu

Sibu Aerial View

Wisma Sanyan

2010 IN REVIEW

There has not been much movement in the property market for Sibu as the majority of on-going property development projects in 2010 are a continuation of the projects launched in previous years.

Sibu is still reeling from the recent property economic crisis coupled with high inflation and increasing building costs. The market for double-storey semi-detached dwelling houses in Sibu is hard-hit due to their limited market demand and the high selling prices. The majority of developers now prefer to concentrate on more affordable residential units such as single and double-storey medium cost houses although these have also increased in price.

Residential Sector

Major on-going housing projects are located at outlying areas in Nang Sang/Teku area, along old Jalan Ulu Oya and Jalan Tunku Abdul Rahman.

Prices in the housing sector continue to rise slightly, with 2-storey intermediate terraced house and 2-storey semi-detached house in prime locations commanding more than RM350,000 and RM500,000 per unit, respectively. Purchasers have become more aware and selective of housing locations, avoiding the low lying areas in Sibu which are prone to flooding and soil settlement.

The heavy toll of industries and silting over the years have resulted in less than desirable soil conditions which present a major problem for housing developers in Sibu. In recent years, many Sibu businessmen and investors have shifted their investment preferences to other towns like Kuching.

Star Megamall under construction

Giant Hypermarket under construction

Commercial Sector

Compared to 2009, 2010 witnessed slight improvement in sale and selling prices for shophouses in Sibu.

A summary of some major on-going commercial developments in and around Sibu are as follows:

Project/Developer	Location	Type	Units Launched & Units Under Construction
Nice Realty S/B	Jalan Ulu Sungai Merah.	2-storey Shophouse	55 units plus 1 mall
Nice Realty S/B	Jalan Ding Lik Kwong	2-storey Shophouse	15 units
Loh Ing Kiong Construction S/B	Jalan Tun Abang Haji Openg	3-storey Shophouse	23 units
	Sungai Merah Bazaar	3-storey Shophouse	34 units

Compared to 2009, the Sibu commercial sector showed signs of improvement and prices for shophouses have stabilized.

The year 2011 will witness the completion of two large shopping complexes in Sibu, namely Star Mega Mall, a 2-storey commercial building situated along Jalan Tunku Abdul Rahman, 6 km from Sibu town centre, offering over 240,000 sq ft of retail space; and Giant, situated along Jalan Ling Kai Cheng. This will be a fresh change to the retail scene in Sibu.

Developed and managed by Daesim Management Sdn Bhd, the Star Mega Mall will be occupied by Daesco hypermarket as anchor tenant and is expected to open for business in the 2nd half of 2011. On the adjoining lot to Star Mega Mall, there are 48 units of 3-storey shophouses of which 24 units have been completed in 2010. The rest are still under construction and nearing completion.

Miri

Residential Sector

With the recent announcement of higher housing loan margins and lower stamp duties for first time buyers in the 2011 Budget, it is anticipated that there will be more launches for houses within the RM200,000 price range as well as higher sales for on-going medium cost projects especially in the areas of Taman Tunku, BB Permyjaya and Desa Senadin.

In view of the positive economic outlook for 2011, demand for properties will continue to rise in Miri. However, it is anticipated that there will be less large-scale housing projects compared to 2010, although higher end apartment and condominium projects will continue to be in the picture. Construction of the Bay Resort Condominium and Grace Heights apartments, both having sea views, are in full swing and are due to be completed next year.

Highest prices transacted in 2010:

	Retail Sector	Shopoffices	Factories	Condos
Location	Merdeka Mall	Jalan Raja	Eastwood Valley Ind.	Brighton Condo
Floor Area sq ft	527	1,355	6,780	1,572
Price per sq ft	949	701	81	305
Location			Piasau Light Ind. Est	Brighton Condo
Floor Area sq ft			308	146
Monthly Rental			RM 4,200	RM3,500 - 4,000

	Bungalows	Semi-detached houses	Link Houses
Location	off Miri-Bintulu Rd	Luak	Luak
Land Size sq ft	15,231	6,113	2,492
Floor Area sq ft	5,081	1,938	1,393
Sale Price	850,000	560,000	285,000
Location	Pujut	Pujut	Kuala-Baram
Land Size sq ft	10,000	3,627	1,884
Floor Area sq ft		2,852	1,615
Monthly Rental	6,000	4,500	1,800

Bintang Megamall

Commercial Sector

The retail sector in Miri will experience another jolt with the recent completion of the Merdeka Mall located along Miri-Bintulu road towards the Southern part of Miri and the Bintang Megamall extension. The construction of several new malls are also underway, namely, Permy Mall at Bandar Baru Permyjaya and MYY Mall at Lutong which are due to be completed next year.

The Marina Park project, with its unique and classic waterfront environment for business and living, is progressing in terms of construction stage and sales. In particular, the commercial units are sold out and more sales are expected from this mixed development project in the coming year.

Industrial Sector

The Eastwood Industrial Estate and Senadin Park Enterprise are currently the only on-going industrial projects in Miri. It is anticipated that the industrial sector will continue to remain stable for next year.

Imperial Palace Hotel

Sarawak Market Outlook

The property sector continues to improve in tandem with the recovering economy. As GDP growth is expected to reach 7% for 2010, the property sector is also expected to gain some momentum.

The number of property sales is expected to be aided slightly in 2011 by the 1st House Scheme introduced in the recent Budget whereby house buyers with household income of less than RM3,000 can apply for 100% loans for properties priced below RM220,000, and the 50% reduction of stamp duty on loan and transfer instruments for houses below RM350,000. However, this Scheme will not have a significant impact on private conventional housing within Kuching proper as most new housing units including terraced units are priced above RM250,000. Likewise, the 50% exemption on stamp duty may not benefit home buyers greatly since many developers are already offering to pay for legal and stamp duty costs.

Demand for lower to lower medium range residential properties still appear to be low, due to their less desirable locales, design and size.

Overall property prices which have been on the steady rise since 2009 will continue to increase slightly due to increasing costs of construction materials, land and labour but will remain competitive next year. The most saleable types of residential properties are still terraced houses followed by semi-detached units whilst 3-storey shophouses are preferred to their 4-storey counterparts.

The design layout and features of new houses in the Sarawak market, especially in the capital of Kuching are also now becoming more savvy in meeting the modern customers' needs and tastes.

Commercial properties, mainly in the form of shophouses, still enjoy strong demand particularly those within or close to established business and residential centers. Recent launches indicate good sales rates although this may change with more upcoming commercial developments slated for launch in 2011.

The fear of withdrawal of cheap credit, further increases in interest rates by end of 2011 and further increase in raw materials costs may spur some degree of house buying in the 1Q 2011.

There seemed to be a bullish sentiment prevailing in the last quarter of 2010 but how this will translate to the property market remains to be seen, particularly since many investors appear to be more focused on the equities market at the moment.

Obvious changes, if any, will only be felt and seen in 2012 and 2013 when the 10th MP and SCORE projects are fully underway and when the spin-off effects on demand as a result of increasing labour force and per capita income in the State, are more evident.

KUCHING	Transactions Activity 2010	Prices 2010	Prices 2011
Office	Stable	Stable	Stable
Retail	Moderate (+)	Moderate (+)	Moderate (+)
Residential	Better	Better	Moderate (+)
Condos	Stable	Stable	Stable
Shopoffices	Moderate (+)	Stable	Stable
Factories	Stable	Stable	Stable

MIRI	Transactions Activity in 2010	Prices in 2010	Prices in 2010
Office	Stable	Stable	Stable
Retail	Moderate (+)	Moderate (+)	Moderate (+)
Residential	Better	Better	Better
Condos	Stable	Stable	Stable
Shopoffices	Better	Better	Better
Factories	Better	Better	Better

BINTULU	Transactions Activity 2010	Prices in 2010	Prices in 2011
Office	Moderate (+)	Moderate (+)	Moderate (+)
Retail	Moderate (+)	Moderate (+)	Moderate (+)
Residential	Stable	Stable	Stable
Condos	Moderate (+)	Moderate (+)	Moderate (+)
Shopoffices	Stable	Stable	Stable
Factories	Moderate (+)	Moderate (+)	Moderate (+)

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Established in 1960, and with a network of 25 offices

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

Our range of professional services encompasses :

VALUATION & ADVISORY SERVICES	AGENCY & TRANSACTIONAL SERVICES	MANAGEMENT SERVICES
Valuation	Estate Agency	Development Management
Market Research Studies	Project Marketing	Property Management
Consultancy	Investments	
	Corporate Real Estate	

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- Initial Public Offerings (IPOs)
- take-overs, mergers & acquisitions (M&A), joint-ventures
- corporate accounting and asset review
- Local Authority rating valuations and Appeals
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- submission to Securities Commission
- compulsory acquisition
- asset acquisition & disposal
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- Land Use and Development Strategy on existing portfolio of real estate assets
- Advice in rationalising disposal or use of non-operational excess land or premises
- Advice in Development Funding Options, Sale and Leasebacks, and Joint Venture Arrangements

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- Effecting efficient handover

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- Management of life-cycle of building and equipments and maintenance programme

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