

# SARAWAK PROPERTY BULLETIN

## Sarawak Property Market

1<sup>st</sup> Half 2024 PROPERTY MARKET REVIEW



### MOVING TOWARDS AN ECONOMIC RECOVERY

For 1<sup>st</sup> half of 2024, market indicators such as OPR, inflation, unemployment and exchange rates, have more or less held steady to remain moderate, broadly reflecting stabilising market demand. An encouraging average GDP growth of 5.1% for the 1<sup>st</sup> half of the year is motivating industry players to outperform the initial growth target.

The recent rationalisation of fuel subsidy going into the 2<sup>nd</sup> half of the year which had raised concerns of upward pressure on costs and imminently on prices especially in the construction and property sectors, were allayed when the impacts are so far observed to be minimal. Maintaining the OPR has also provided some market stability as any increase in OPR will almost certainly increase interest rates and dampen/negatively affect housing loans potential, and hence, housing market demand.

According to MIER, economic growth for 1H 2024 had been upbeat and exceeded expectations, recording 4.2% growth for the 1<sup>st</sup> quarter and 5.9% for the 2<sup>nd</sup> quarter of this year, driven by robust consumer spending and an enthusiastic tourism sector. With the current growth momentum, it is expected that the economy can achieve between 4.5% and 5% growth for 2024, potentially exceeding the initial targeted growth of 4% to 5% (2023: 3.7%).

The Malaysian economy is projected to remain on a steady growth trajectory in 2024, backed by firm domestic demand, primarily through continued expansion in private sector spending.

Economic recovery is still jittery but leaning towards the positive. Upside risks remain as global turmoil in terms of geopolitical tensions such as the Middle East Conflict, Russia-Ukraine War and US/UK-China Trade War continue to impact global trading nations negatively and threaten to derail any progress made. Inflation and trade risks remain high.

While Business Confidence Index (BCI) has gone up for Q1 2024, the Consumer Sentiment Index (CSI) has declined by 2.3 points with cautious spending amidst fears of inflation.

Uncertainty in the global economic climate persists and therefore, is prudent to remain cautiously optimistic as trade effects of sustained inflation on the global supply chain, and weaker-than-expected recovery in China continue to dampen business and consumer sentiment.

Despite ongoing uncertainties, property seekers have adjusted their expectations, suggesting the market is poised for stability especially in the Malaysian residential property market which appears promising, assuming it faces no significant upheavals.

### MARKET SENTIMENTS

#### SURVEY AT A GLANCE

##### SLIGHT DROP IN CONSUMER SENTIMENTS

- Consumer sentiment cool
- Current, expected finances slip a tad
- Expected employment not vibrant
- Inflation worries persist
- Spending plans on hold

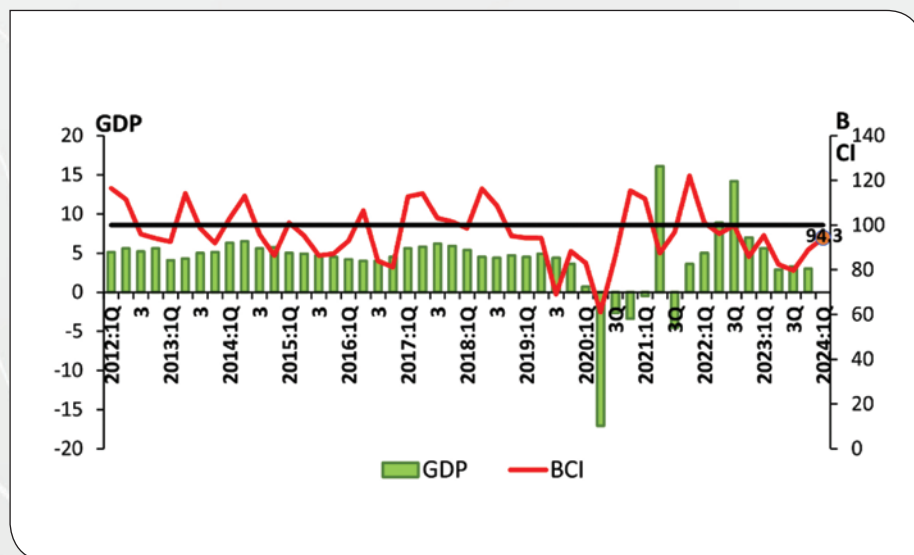
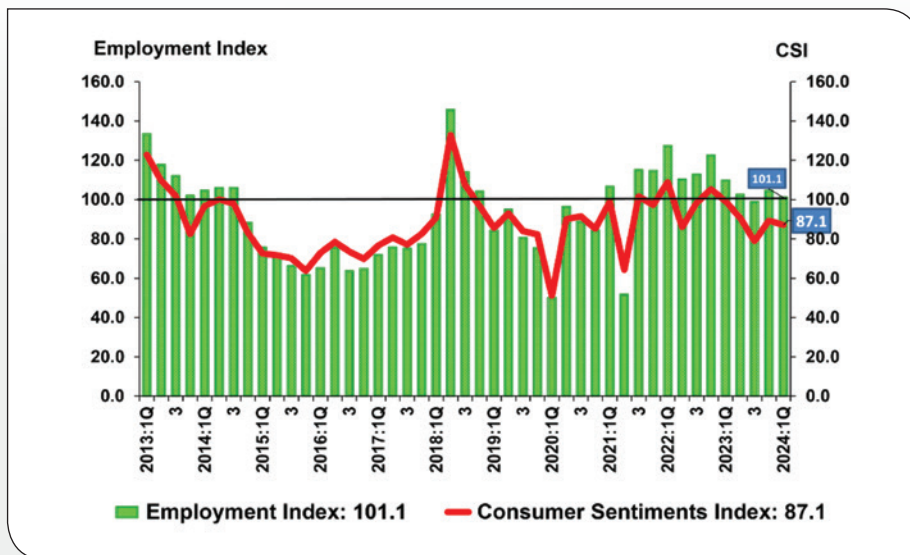
##### BUSINESS SENTIMENT ON UPTICK

- BCI increases to 94.3 points
- The Expected Index (EI) settles at 103.8 points
- Sales inches up
- Domestic orders have picked up
- A drop in capital investments

Source : MIER CSI and BCI Surveys, Q1 2024

### Consumer Sentiments Index (CSI) downtrending

The consumer sentiments index (CSI) which had edged up to 89.4 points in Q4 2023 seems to have cooled in Q1 2024, decreasing 2.3 points q-o-q to 87.1 points, staying below the optimism threshold of 100 points. The employment index also observed a similar downtrend to 101.1 points in Q1 2024 from 104.5 pts in Q4 2023. Consumer sentiments remain cautious.



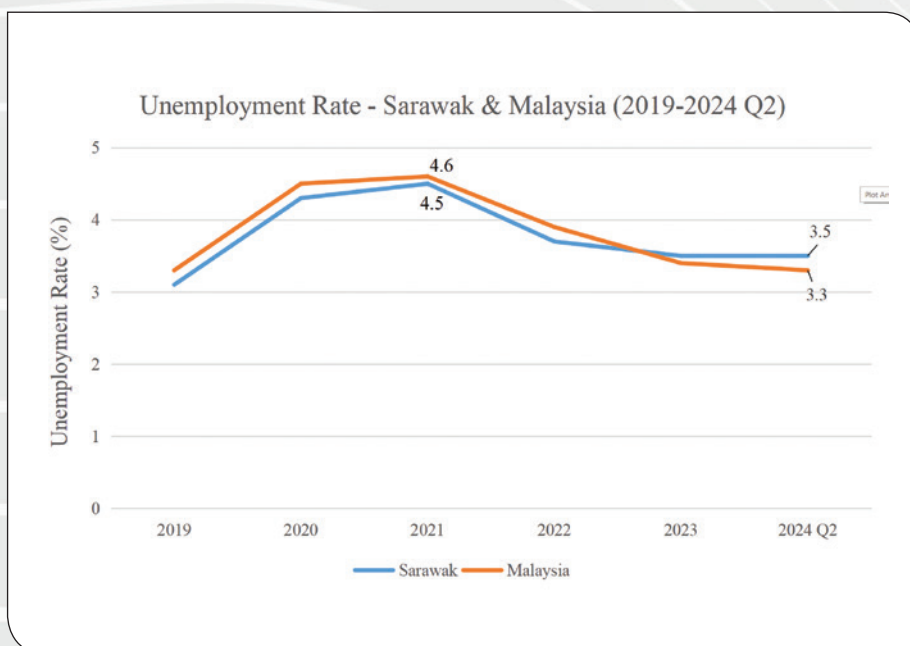
Source : MIER CSI and BCI Survey, Q1 2024

### Business Condition Index (BCI) low

Business conditions which have improved in Q4 2023 to 89.0 points continued to climb for Q1 2024 to 94.3 points, up 5.3 points quarter-on-quarter but still less by 1.1 points year-on-year, showing a cautiously optimistic index, hopefully to carry through the year. GDP figures are still fairly low but growth is expected to be robust for Q2 2024.

### Unemployment Rate

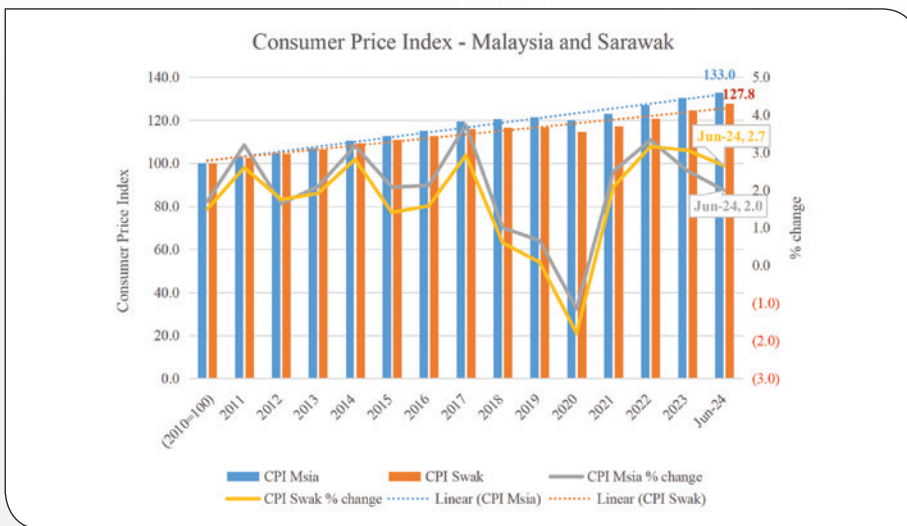
Malaysia’s unemployment rate which reached a high of 4.6% and 4.5% for the nation and state respectively in 2021 continued its recovery path to record at 3.3% and 3.5% unemployment for Malaysia and Sarawak respectively in Q2 2024. However, the unemployment rate seems to have more or less stagnated with Sarawak having a slightly higher rate than the average for Malaysia but slightly improved compared to the previous quarter (Q1 2024: 3.6%). Total number of persons employed for Sarawak is 1,460,400 as at Q2 2024 compared to 1,403,100 a year ago. The labour force is expected to continue to grow steadily in the upcoming quarters.



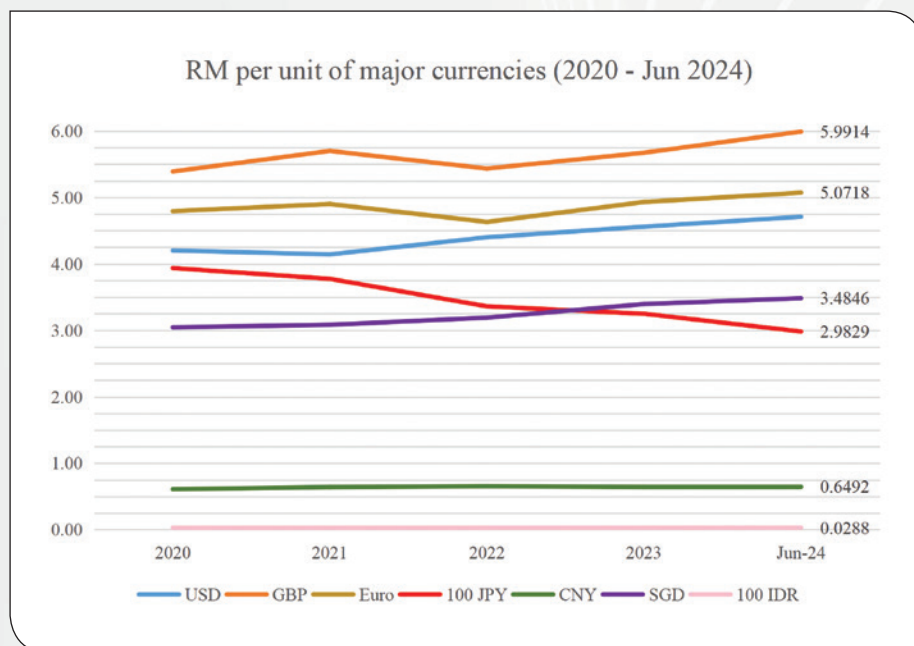
### Inflationary Pressures

The overall inflation for Sarawak accelerated to 2.7% year-on-year (y-o-y) and 0.16% month-on-month for June 2024 with a Consumer Price Index (CPI) of 127.8. The growth in CPI and thus, inflation is relatively higher compared to Malaysia's CPI growth rate of 2.0% y-o-y in June 2024 at 133 points.

Inflation which peaked in 2022 has declined slightly in the last 2 years and is seen to be stabilising in Q2 2024.



Both headline and core inflation averaged 1.8% in the first five months of 2024. However, Bank Negara is maintaining its 2024 headline inflation growth forecast of 2% to 3.5% year-on-year (y-o-y) and core inflation between 2% and 3% (y-o-y) as inflation in the coming months is expected to trend higher amid the diesel subsidy removal on 1-6-2024, but the increase is expected to be manageable given mitigation measures to minimise the cost impact on businesses.



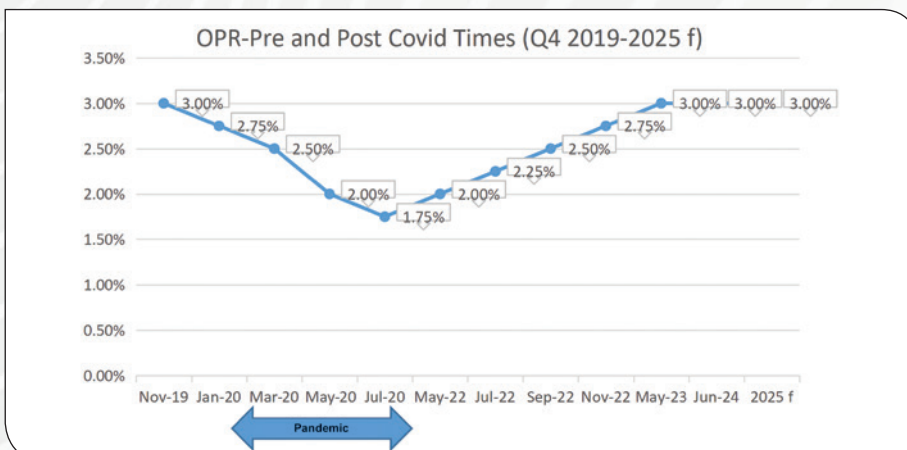
### Exchange Rate

Except for the Japanese Yen, the Malaysian Ringgit continued to decline against most major currencies such as the USD, Euro, GBP and SGD. The Ringgit reached an all-time low exchange rate of RM4.7101 to USD1 and RM3.4846 to SGD1 by end of June 2024.

However, economists expect the Ringgit's performance to improve in the 2<sup>nd</sup> half of 2024 on the return of foreign funds to emerging markets, possibly ending the year at a better rate of RM4.43 to USD1 compared to end of last year while remaining vigilant of potential downside risks, particularly from external factors.

### Overnight Policy Rate (OPR)

As at June 2024, the OPR remains unchanged since its last increase in May 2023 at 3.00%. This will provide more certainty in borrowing rates and maintain some stability, in order to counter the inflationary effects on the construction sectors such as increase in costs of labour and building materials.



## Tourism Rebounded

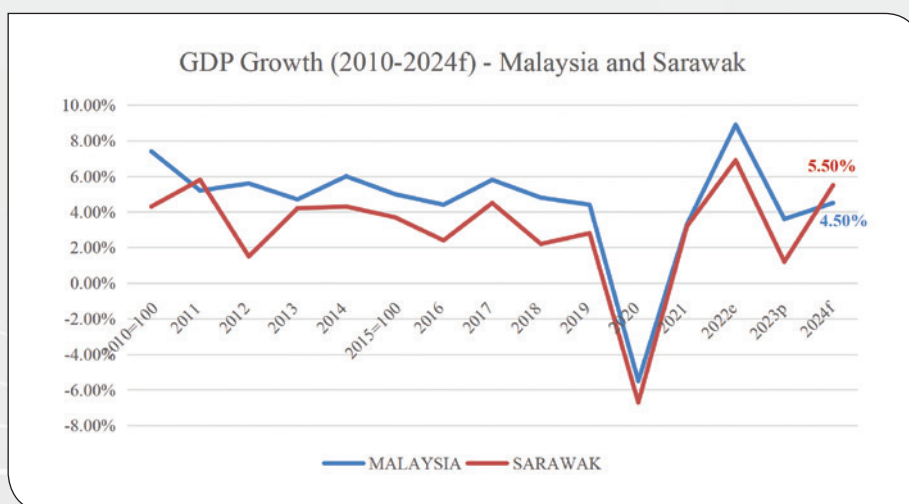
The tourism sector continued its growth trajectory to record the highest number of visitors since its post-pandemic opening at more than 2.4 million visitors by June 2024. The RWMF 2024 (largest tourism event for the State) held from 28<sup>th</sup> to 30<sup>th</sup> June 2024 recorded 26,000 visitors this year, surpassing its 2019 record.

The Ministry of Tourism, Creative Industry and Performing Arts (MTCP) Sarawak projects that Sarawak could possibly hit 5 million visitors for 2024 which would be the highest number of visitors ever recorded for Sarawak, surpassing the record of 4.6 million recorded in 2019.

## GDP Growth Malaysia

Malaysia’s economy recorded a strong performance of 5.9% in Q2 2024, which was 1.7% above Q1 2024’s growth of 4.2%. (Source: BNM, 16/8/2024). Q2 2024’s better GDP growth was driven by the Services and Manufacturing sectors. On the demand side, the economy was mainly fuelled by resilient household spending, vigorous investment activities and significant boost in tourism revenue. On average, Malaysia’s economy grew at 5.1% for the 1st half 2024, a 1% growth y-o-y (1H 2023: 4.1%).

BNM views Malaysia’s economic growth to be on track to end the year on the higher end of the 4.0% to 5.0% forecast range with the overnight policy rate (OPR) expected to remain unchanged for the rest of the year. However, BNM maintains its stance on the inflation forecast rate at 2.0% to 3.5% for 2024, citing rising demand that could lead to demand-pull inflation in the 2nd half of the year, as well as uncertainties in the global economic conditions and domestic policy changes.



## Property Market Review

### Volume and Value of Property Transactions

Volume and value of property transactions for Q1 2024 have increased year-on-year by 2.1% and 12.3% respectively with 6,867 transactions (Q1 2023: 6,727) worth RM2.27 billion (Q1 2023: RM2.02 billion) compared to the same period last year. Compared to the last quarter (Q4 2023), the total transacted volume for Q1 2024 increased even more significantly by 11.8% but only slightly more by 2.5% in the value transacted.

Period	% Change		Remarks
	Volume	Value	
Q1 2024P /Q1 2023	2.1	12.3	y-o-y
Q1 2024P /Q4 2023	11.8	2.5	q-o-q

Source : NAPIc, JPPH, Ministry of Finance Malaysia, Property Transactions Sarawak Q1 2024

A growth in the volume of property transacted was largely contributed by the commercial property sub-sector at a growth rate of 21.2% y-o-y. Substantial increase in value transacted was noted for development, commercial and residential subsectors, by 48.1%, 12.9% and 9.5%, respectively.

## Sarawak House Price

The Sarawak House Price which had seen cyclical growths since 2019 with a highest positive growth of 5.5% in 2020 and lowest growth of 1.0% in 2021 recorded a recessive growth of -1.5% for Q1 2024 as noted by a drop in the Sarawak House Price Index (HPI) from 202.7 to 199.7 and also the Sarawak Average House Price from RM516,917 to RM509,267 from Q4 2023 to Q1 2024 respectively.

By type, the house price index for Terraced and Semi-detached in Sarawak recorded an annual negative growth of -2.7% and -1.2% respectively whilst Detached grew slightly at 0.9%. Recessive growth was also recorded for the overall AHPI for Malaysia but at a smaller decrease of -0.6%.

## Residential Overhang

On a positive note, the number of residential overhangs in Sarawak decreased slightly y-o-y by 7.37% to 1,646 units (Q1 2023:1,777) worth RM 686.48 million (Q1 2023:RM 760.8 million) in Q1 2024. Number of launches in Sarawak had decreased more significantly by 35% from 6,554 units to 4,261 units.

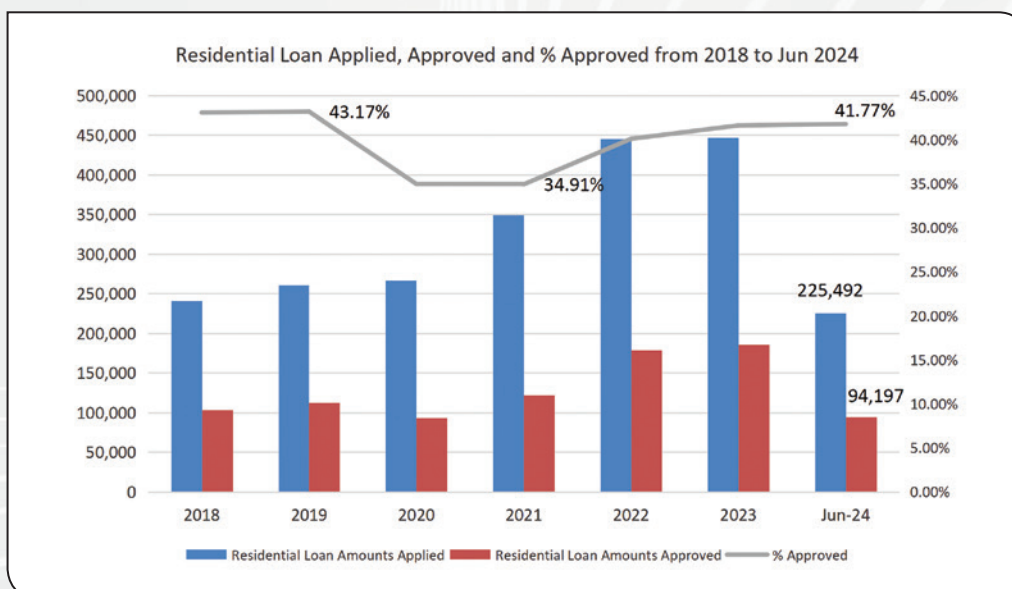
## Residential Sales Launch

Most of the residential units launched in Q1 2024 are 2 to 3 storey terraced units in the region of between RM500,000 and RM600,000 with most number of units launched in Miri followed by Kuching.

## Property Loans

The approval rate of property loan amounts applied is seen to stabilise y-o-y with about 41.8% loan amounts applied having been approved as at June 2024 (2023:42.3%).

Property loans which have consistently made up 33% to 36% of total loans approved continue to account for the biggest loan segment making up 37% (2023: 34%) of total loans approved by banks in the 1st 6 months of 2024.



## Property Market Outlook

Despite the improved GDP growth and increased market demand, continuing uncertainties and market volatility as a result of external global uncertainties and local policy changes continue to plague the market. Thus, we expect the overall property market to remain cautiously optimistic going into the 2<sup>nd</sup> half of 2024. The maintaining of OPR will help to quell high interest fears and continue to support household expenditure. However, spending may remain cautious as inflation risks remain between 2.0% to 3.5%.

Continued recovery is seen in the first half of 2024, and remains on track to achieve the anticipated 4% to 5% economic growth for the year and likely, to regain or even surpass pre-pandemic levels if the same momentum is maintained, especially in the tourism sector.

Residential properties continue to be the major contributor to transaction volume and value and remains optimistic. For commercial segments, the market has recovered in terms of rentals although there is still catching up to do for occupancy rates. With the strong rebound in the tourism sector, the prospects and outlook for the hotel sector are upbeat which are evident from the increase in hotel room rates.

The Malaysian property market will likely continue to face some headwinds as it looks to maintain the same momentum for the remainder of 2024. This comes on the back of on-going challenges within and outside the country, which tends to dampen consumer sentiments and affect business confidence.

## Malaysia Budget 2024 on the Real Estate Sector

### Malaysia My 2<sup>nd</sup> Home (MM2H) Program

<i>Overhauled in June 2024 based on a 3-tier category</i>	Silver	Gold	Platinum
Minimum Deposit	US\$150,000	US\$500,000	US\$1,000,000
Minimum Real Estate Purchase	RM 600,000	RM 1,000,000	RM 2,000,000
Visa Duration	5-year	15-year	20-year
Employment Eligibility in Malaysia	No	No	Yes
Investment Eligibility in Malaysia	No	No	Yes
Minimum Age of Applicant	25		
Spouse and Dependents	<ul style="list-style-type: none"> <li>For those applicants who aged between 30-49 years, their spouse and dependents are required to spend 60 days a year in Malaysia.</li> <li>Maximum age of the children of the main applicant has been raised to 34 from 21, unmarried and not be in employment in Malaysia.</li> </ul>		
Purchase of residential property	<ul style="list-style-type: none"> <li>Obligatory.</li> <li>Prohibited to sell the property in the first 10 years, except the purchaser wants to upgrade to a more expensive property.</li> </ul>		
Permanent Resident Status	<ul style="list-style-type: none"> <li>Not eligible.</li> </ul>		

### Financial Focus on Affordable Housing Projects

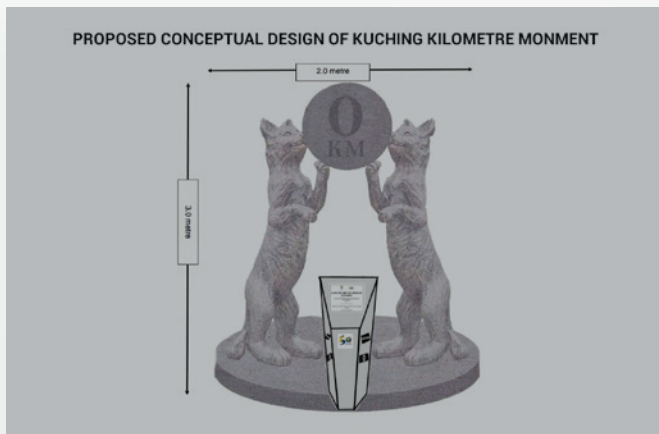
- RM 2.47 billion on Program Perumahan Rakyat (PPR)
- RM 1 billion for identified abandoned projects
- RM 546 million to continue 36 Program Perumahan Rakyat (PPR)
- RM 358 million for a total of 14 Program Rumah Mesra Rakyat (RMR) to build 3,500 housing units

### Stamp Duty

- Property transfers from beneficiaries who renounce their rights—whether in a testate (under a will) or intestate (without a will) estate—to other eligible beneficiaries under the will, Faraid, or the Distribution Act 1958, will incur a nominal stamp duty of RM10.00. Previously, such transfers were subject to ad-valorem stamp duty.
- Revised Stamp Duty for Foreigners (non-citizens and foreign-owned companies, excluding Malaysian permanent residents) for Property Transfer Instruments (MOT) w.e.f. 1st January 2024.

Property Price	StampDuty Rate (2019-2023)	Stamp Duty Rate (w.e.f. 1-1-2024)
RM100,000	1%	4%
≥RM100,000≤RM500,000	2%	4%
≥RM500,000≤RM1,000,000	3%	4%
≥RM1,000,000	4%	4%

## HAPPENINGS IN SARAWAK



### New Kuching KM0 Monument

- Kuching's KM0 Monument was unveiled at RISM's 50th Anniversary at BCKK on 9-5-2024 to start the survey to pinpoint the exact spot from which distances from Kuching is measured e.g. in relation to 3rd Mile and 7th Mile Bazaar.
- 3 locations were identified to become Kuching's new KM0 namely:
  - The open area facing Jalan Tun Abang Haji Openg (30m from the old post office)
  - Pangkalan Batu opposite Charles Brooke Memorial (90m from the old post office)
  - Pangkalan Batu near Masjid India Bandar Kuching facing Jalan Gambier (150m from the old post office)

### New Methanol Complex @ Bintulu

- A state-of-the-art facility complex positioning Sarawak as a top methanol producer in the Asia Pacific region worth RM7 billion and capable of producing 1.75 million mT of methanol
- Operated by Sarawak Petchem Sdn Bhd, it is the 1st of 6 catalytic projects aimed at bolstering the manufacturing sector and increasing the State's GDP
- Aim to enhance Malaysia's chemical industry capabilities in line with the Chemical Industry Roadmap (CIR) 2030



### New Deep Sea Port @ Kuching & Miri

The construction of 2 new deep sea ports announced in April 2024, namely:

- Kuala Baram in Miri allocated RM300 Million
- Tanjung Embang in Western Sarawak to be built in the sea and connected to the coast (Tanjung Embang to Samarahan and Gedong)
- Set to become a major maritime gateway for the oil and gas (O&G) industry in the southern region

### Takeover of Bintulu Port

- Takeover of Bintulu Port by the State within the year
- Establishment of Central Port Authority to look after the operation of Ports in Sarawak



### Belgium-based Melexis @ Kuching Sarawak

- Melexis' largest worldwide wafer testing site opened at the Sama Jaya High Tech Park in Kuching, Sarawak with an investment of 70 million euros (RM356.18 million).
- The new 4-storey building, designed by, both award-winning, Belgian architect Sebastian Mortelmans and Sarawakian architects DNA, covers a ground surface of 4,500 square metres, with modern design referencing local longhouse architecture, advanced energy-saving systems, a solar installation that can generate 30,000 kWh per month, and minimal environmental footprint.

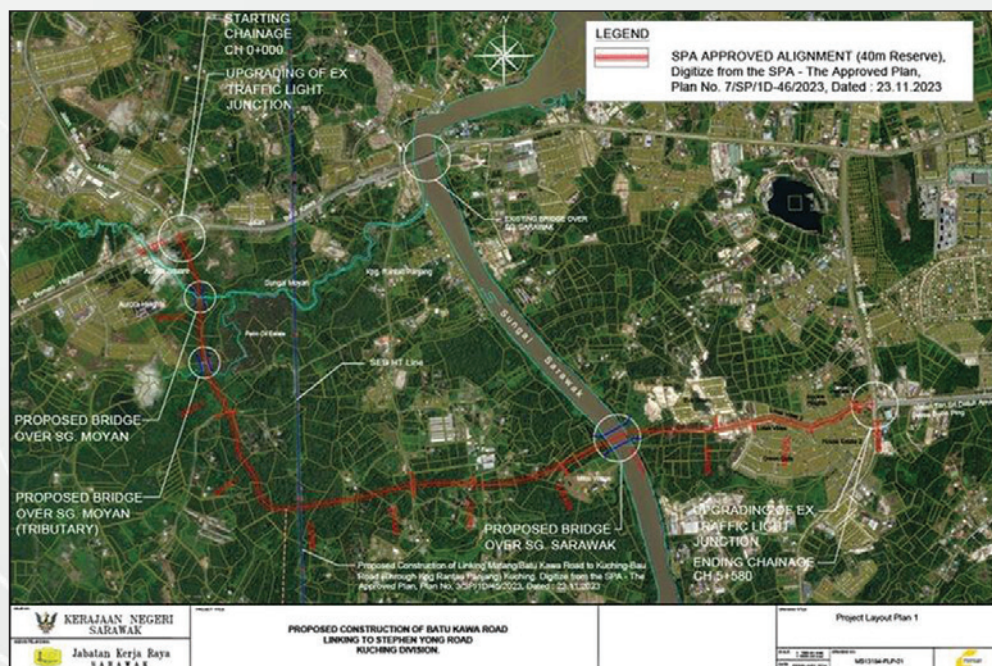
## HAPPENINGS IN SARAWAK

### Sarawak Artificial Intelligence Centre (SAIC)

- Announced to be established next year, it is a collaboration between Sarawak's public and private sector to establish Green Data Centres.
- SAIC will focus on AI research, development, and commercialisation in line with Digital Economy Blueprint 2030, using AI to revolutionise healthcare and agriculture besides optimising crop yields and resource management.
- SAIC would play a crucial role in enhancing Sarawak's competitiveness in attracting investments.

### SMD Semiconductor Sdn Bhd Design Centre

- 4.1 hectare of land at the Samajaya High Tech Zone was granted to state-owned chip designer SMD Semiconductor Sdn Bhd to expand its semiconductor operations.
- Assist Sarawak to be a high-value added hub in semiconductor in the South-east Asian region by 2030 with an aim to increase Sarawak's GDP.



Source : JKR, Jabatan Negeri Sarawak

### Second bridge at Batu Kawa (5km)

- Connected to a dual carriageway from Jalan Batu Kawa/Matang traffic light junction at Moyan and end at the Jalan Tan Sri Wee Boon Ping and Jalan Datuk Stephen Yong intersection.
- Aims to ease traffic congestion, reduce travel time to Bau, Lundu and Sematan.

## PUBLIC LISTED COMPANY ANNOUNCEMENTS

Naim Holdings Berhad through its wholly owned subsidiary, Naim Land Sdn. Bhd. ("Naim Land") had on 3<sup>rd</sup> July 2024 entered into a Conditional Sale and Purchase Agreement with Onlyee Flora Sdn. Bhd. for the disposal of approximately 180.8 hectares of land, situated at Sungai Sajiram/Sungai Kuap, Sungai Merdang, Samarahan and described as Lot 5234 Block 25 Muara Tuang Land District for a cash consideration of RM223.38 million.

Source : Bursa Malaysia Company Announcement Ref. No GA1-03072024-00018 dated 03 Jul 2024

Rimbunan Sawit Berhad ("RSB") had on 21 December 2023, entered into conditional sale and purchase agreements for the disposal of its lands to Mahawangsa Sungai Bok Plantation Sdn Bhd (MSBPSB) through its respective wholly owned subsidiaries as follows :

- R. H. Plantation Sdn Bhd ("RHPSB") for the disposal of 4,857 hectares of agricultural land described as Lot 56 Sawai Land District in Miri, Sarawak along with the buildings constructed thereon and the oil palm plantation (Selangor Estate) with a consideration sum of RM90 million (RM18,529.96 per ha).
- Jayamax Plantation Sdn Bhd ("JPSB") for the disposal of 4 parcels of agricultural lands encompassing 5,077.66 hectares described as Lot 4 & Lot 6 both of Block 9 Dulit Land District and Lot 101 & Lot 102 both of Sawai Land District in Miri, Sarawak along with the buildings and oil palm plantation (Jayamax Estate) for a consideration sum of RM75 million

Source : Bursa Malaysia Company Announcement Ref. No GA1-21022024-00052 dated 21 December 2023





Surveyor’s Congress @ BCKK, Kuching on 8-9 May 2024

**WTWY New Staff Appointments 1<sup>st</sup> Half 2024**

Name	Commencement Date	Position	Branch
Mr Donellydann Wong Anak Menis	15 March 2024	Graduate Valuer	Bintulu
Ms Jacinthia Then Anak Johnny	13 February 2024	Administrative Assistant	Miri



C H Williams Talhar Wong & Yeo

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