

SARAWAK PROPERTY BULLETIN



Sarawak Property Market

2nd Half 2024 SARAWAK REAL ESTATE MARKET OUTLOOK 2025

Sarawak is steering and gearing towards becoming a Developed High-Income State by 2030 in line with its Post-Covid Development Strategy 2030.

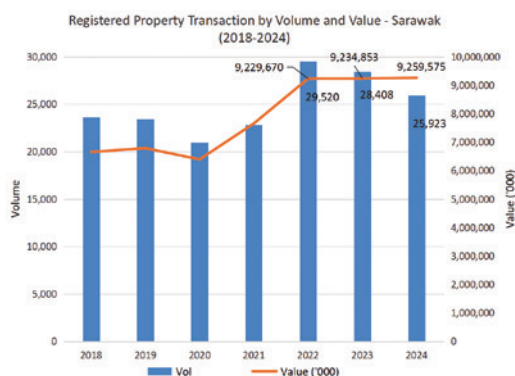
ECONOMY

Sarawak continues to progress well in its economic recovery post-pandemic with a Gross Domestic Product (GDP) growth of between 5% and 6% which is projected to be maintained in 2025. This strong GDP growth for the State has bolstered confidence in most sectors. The State Budget for 2025 will also be expansionary and the highest in the history of Sarawak with RM13.7 billion and a forecast surplus of 486 million.

The greatest rebound was seen in the tourism sector, with a record high of 4.83 million visitor arrivals for 2024, surpassing the last highest arrivals of 4.66 million in pre-pandemic year 2019.

PROPERTY MARKET

Transaction activities were down for 2024 compared to 2023 whilst transaction value remains more or less the same. All the sectors were down in volume except for industrial and development land which was up by 5.6% and 3.8% respectively.



OPPORTUNITIES

The State continues to press on towards sustainable growth in its goal of achieving high-income developed status by 2030. Sarawak's road map is focused on green/clean energy production, carbon footprint reduction, digitalisation, inter-connectivity within Sarawak as well as rural developments to achieve its Post-Covid Development Strategy (PCDS) by 2030.

Sarawak is also emerging as a new power-house with its strong economic performance owing to the State's socio-economic and political stability.

The property development sector in Sarawak continues to provide many opportunities especially with new regions opened up by the progressive infrastructure developments such as the mega Pan Borneo Highway and Sarawak Coastal Roads.

MARKET OUTLOOK

Although the overall property market for 2024 maintains a positive stance, it remains cautiously optimistic going into 2025. The anticipated strong GDP growth of 5%-6% and the maintaining of OPR will continue to support household expenditure. However, spending may remain cautious as inflation risks remain between 2.0% to 3.5%.

The residential sector will remain optimistic as it continues to be the backbone of transactions, but is expected to experience further increase in prices and rentals. For commercial segments, the market has recovered in terms of rentals although there is still catching up to do for occupancy rates. Prospects and outlook for the hotel sector are upbeat which are evident from the increase in occupancy and hotel room rates. The industrial sector is also expected to be positive with the slew of mega projects coming in.

The property market will likely continue to face some headwinds as it navigates through 2025. This comes on the back of on-going challenges within and outside the country, which tend to dampen consumer sentiments and affect business conditions.

RESIDENTIAL SECTOR



NEW SUPPLY OF HIGHRISE OUTSTRIP LANDED

Market Direction

LANDED RESIDENTIAL		HIGH-RISE RESIDENTIAL (HR)	
2024	▲	2024	●
2025	▲	2025	●

Volume & Value	Performance	New Supply	Prices & Rentals
by 5.3% and 1.6% respectively y-o-y.	Housing market remains robust with stable demand.	High-Rise more than Landed.	<ul style="list-style-type: none"> Increase especially for prime areas Average transacted price up by about 4%-5%

Commentary	Trend
<ul style="list-style-type: none"> Housing market contributes 40% or so of total property transactions. Number of launches for 2024 UP by 24% compared to 2023. New launches of HR outstrips Landed by 3:1. Limited new supply of landed houses results in secondary market demand. High-rise residential units contribute 53% of Sarawak's total overhang. 	<p>New HR residential projects trending</p> <ul style="list-style-type: none"> away from the city centre higher density smaller-sized units

Overhang	Outlook 2025
<p>Volume ↓ 12.5%</p> <p>Value ↑ 2.0%</p>	<ul style="list-style-type: none"> Prices expected to continue to increase in all major towns, whilst rentals will hold steady. Demand for housing will continue to grow in line with population /households and greatly influenced by location and price. Housing affordability remains an issue with house price increases.



PD Condominium and Apartment

OFFICE SECTOR

A NICHE MARKET





Market Direction

2024	●
2025	●

Volume & Value	Performance	New Supply	Prices & Rentals
3 rd contributor in terms of volume and value, together with retail	<ul style="list-style-type: none"> AOR 2024 : 75% (2023:80%) ARR 2024 : RM2.70 psf (status quo) Average Yield : 4.5% 	160,000 sq.ft. (UNIFOR Complex & Sena Building) (2023: 90,000 sq.ft.)	<ul style="list-style-type: none"> Stable for PBO Increase for prime shop offices

Commentary	Trend
<ul style="list-style-type: none"> There is recovery in rentals but occupancy rates still lagging. Mainly owner and government occupied Recent new supply coming mostly from public buildings Limited demand yet to catch up with recent increased supply Shophouse/offices preferred due to lower fees and costs; and more flexibility and visibility. 	<ul style="list-style-type: none"> Increased potential for green office buildings, in line with the State Government's green and energy-efficient Agenda.

Overhang (Commercial Shops)	Outlook 2025
<p>Volume  14.7%</p> <p>Value  10.5%</p>	<ul style="list-style-type: none"> Slower absorption rate anticipated Overall occupancy rate to maintain for 2025 (75%) No known new incoming supply for 2025 Planned supply includes DUBS HQ Tower, Neu Pendington



UNIFOR Complex

RETAIL SECTOR

SUBDUED NEW SUPPLY



Market Direction

2024	●
2025	●

Performance	New Supply	Prices & Rentals
<ul style="list-style-type: none"> AOR 2024 : 70% (stabilised) ARR 2024 : RM12.00 psf (status quo) Average Yield : 5.0% 	<ul style="list-style-type: none"> Kuching - The Tropics Enrichment Mall (153,000 sq. ft.) Bintulu - SK One Garden Mall (437,000 sq. ft.) 	<ul style="list-style-type: none"> Slight increase for established/thriving malls Low rental rates for most older malls

Commentary

- Overall, the retail sector remains competitive and challenging.
- Addition of new retail space is subdued due to glut in retail market.
- Growth in certain segments such as supermarkets and F&B.
- Retail performance shows improved occupancy and vibrancy in some popular malls whilst most older malls are still experiencing low occupancies and rentals.
- Increased shopper volume from inter-town travellers with the completion of the Pan Borneo Highway Sarawak presents new opportunities for retail development.

Trend

- Rejuvenating of existing malls through refurbishment/revamp activities e.g. The Spring, Boulevard to level up performance
- Areas of Interest : Lifestyle Products and Outside Dining (F&B)
- The supermarkets, F&B (outside dining), DIY and personal care sector continue to dominate retail in Sarawak.
- Online shopping remains a popular option for most consumers.

Outlook 2025

- No known new supply of malls for 2025
- AOR to improve for 2025 (75%)
- Occupancy of older retail malls under pressure
- Older tired malls need to innovate and reinvent to remain relevant.
- The performance of the retail sector will tend to fluctuate with seasonal demand.
- Unique selling points and good marketing and business strategies are crucial to stay in competition.
- Online Shopping will continue to pose challenges in terms of price and convenience.



Tropics Mall

INDUSTRIAL SECTOR

GOVERNMENT DRIVEN



Market Direction

	Sarawak	Kuching
2024	●	▲
2025	●	●

Volume & Value

by 5.6%
and 20.3%
respectively
y-o-y.



Performance

- **Total Approved Investments 2024: RM13.4 billion (2023: 22.8 billion)**
- **Rental Rates 2024 : RM0.80 – RM1.20 psf (status quo)**
- **Average Yield : 4.5-5.0%**

Drivers

- Kuching - Manufacturing, Light Engineering, Trading, Showroom, Warehousing & Logistics
- Sibu - Ship-building, Light Industries, Trading, Warehousing & Logistics
- Bintulu – Heavy Industries (LNG, PetChem, Hydrogen, Energy/Power)
- Miri – Oil & Gas and Logistics

New Supply

- Kuching - 26 Industrial Park with 26 units

Prices & Rentals

- Increase in occupancy and price noted
- Rentals remain stable

Commentary

- Largely mooted by the government through JVs, MOAs and MOUs with major industrial investors.
- The industrial sector is robust with the slew of mega projects coming in.
- The industrial sector has room for SME growth and remains stable and steady.

Trend

- Focus on hi-tech, manufacturing, clean & renewable energy and digitalization (PCDS 2030)

Overhang

Volume  7.2%

Value  11.7%

Outlook 2025

- Prices and Rentals expected to be status-quo for 2025.
- The industrial sector is positive with **more downstream activities generated** by the expansion of various Energy & IT sectors.
- Industrial demand is **anticipated to increase for 2025** and beyond.



26 Industrial Park

HOTEL SECTOR

GROWTH TRAJECTORY



Market Direction

	Sarawak	Kuching
2024	●	▲
2025	●	▲

Visitors' Arrivals

Record highest number at 4.83 million (2023: 3.93 million)

Performance

- AOR 2024 : >50%
 - ARR 2024 : >RM215/night
- Overall, improved performance for 2024 compared to previous year

New Supply (3-5 star hotels)

565 new rooms

- Kuching - Extension of Hotel with 2 new floors (62 rooms) and a new wing (145 rooms)
- Kuching - Theatre Hotel (90 rooms) (replacing the former Liwah Hotel)
- Miri - City Rise Hotel (4 star, 268 rooms)

Room & Occupancy Rates

- Room rates continue to increase with increased occupancies

Commentary

- Sarawak's hotel industry outperformed other sectors in 2024.
- Good Recovery for 3-5 star hotels.
- **Significant Events** such as RWMF, Sukma XXI, IDEC, International Concerts in Sarawak helped boost visitor arrivals.
- The RWMF 2024 (largest tourism event for the State) held from 28th to 30th June 2024, recorded an impressive 26,000 visitors.
- Cultural diversity, wide culinary/gastronomical offerings and natural setting of Sarawak are its unique selling points which will spur more tourists.

Outlook 2025

- No known new supply of hotels for 2025.
- The Ministry of Tourism, Creative Industry and Performing Arts (MTCP) Sarawak projects an **all-time high of 5 million visitors** for 2025.
- With the strong rebound, the prospects and outlook for the hotel sector are upbeat.
- **Poised for significant expansion** with several new hotels, including international chains e.g. VOCO, expected to open in Kuching and Miri
- The continued momentum will propel Sarawak to be a "Must-Visit State" on the bucket list of tourists visiting Malaysia.



The Theatre Hotel

(Announced on 18 October 2024)

FEDERAL BUDGET 2025

“Reinvigorating The Economy, Driving Reforms, and Prospering The Rakyat”

Items	RM	
	2025	2024
Total Budget (RM Billion)*	421.00	393.80
Operating Expenditure (RM Billion)	335.00	303.80
Development Expenditure (RM Billion)	86.00	90.00
Projected Revenue (RM Billion)	339.70	307.60
Projected Fiscal Deficit (%)	3.80	4.30
<i>*Excludes contingency reserves of RM2.0 billion</i>		

Impact on Real Estate Sector

Goal: Encourage house ownership for middle and lower-income households

First-Time Home Buyers

Government loans

- Government allocated **RM10 Billion**, expected to benefit over **20,000 Malaysians**
- Eligible 1st-time home buyers can get government-guaranteed loans of **up to RM500,000** on wakaf land.

Housing Tax Relief

- Up to **RM7,000** tax relief for properties priced **< RM500,000**.
- Up to **RM5,000** tax relief for properties priced **RM500,000 - RM750,000**

for S&P Agreement between 1st January 2025 - 31st December, 2027

Affordable Housing Initiatives

Ceiling Rate of Assistance

- **Up to RM90,000** for new affordable housing
- **Up to RM20,000** for public housing repairs

Financial Allocations

- Projek Residensi Rakyat (PRR) - **RM 405 million**
- Rumah Mesra Rakyat (RMR) - **RM 452 million**
- Skim Jaminan Kredit Perumahan (SJKP) - **RM 10 Billion**

Sarawak State Budget 2025

(Announced on 11th November 2024)

8 Thrusts

- Transforming and Diversifying Sarawak Economy
- Positioning Sarawak as a Major Investment Destination and Promoting SME's Development
- Strengthening Talent and Educational Development
- Accelerating Digital Transformation and Innovation
- Enhancing People's Well-being and Ensuring Inclusive Development
- Promoting Culture, Sports, and Youth Empowerment
- Enhancing Environmental Sustainability
- Strengthening Public Service Delivery and Capacity

Ordinary Expenditure RM13.7 billion

Operating

RM4.9 billion

Development

RM8.8 billion

+

Development Funds

RM2.1 billion

(brought forward balance)

Development Expenditure

Highest Budget in History of Sarawak

Revenue Estimates

RM14.2 billion

Tax Revenue

RM6.2 billion

Non-Tax Revenue

RM7.0 billion

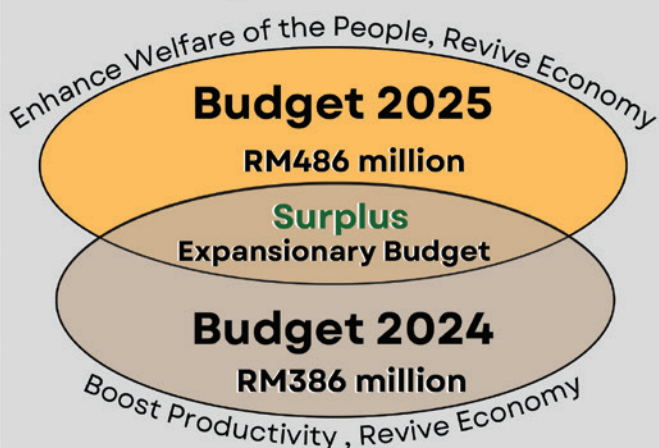
Non - Revenue Receipt

RM 32 million

Federal Grants & Reimbursements

RM937 million

"Together Building a Prosperous Future"



GDP Growth

5%-6%

SIGNIFICANT HAPPENINGS 2024

Sarawak's Sole Gas Aggregator

The appointment of state-owned company, Petroleum Sarawak Bhd (Petros) in February 2024 as Sarawak's sole gas aggregator.

Affin Bank Berhad

The Sarawak State Government has successfully acquired 31.3% stake of Affin Bank Berhad in Sept 2024.

Central Port Authority (CPA)

Establishment of Central Port Authority (CPA) to look after port operations in Sarawak, starting with the takeover of Bintulu Port.

1st Methanol Complex

The State's first owned petrochemical project, costing RM7 billion with 1.8 million mT of methanol capacity, was launched in Bintulu, in line with the Chemical Industry Roadmap (CIR) 2030.

Sarawak Artificial Intelligence Centre (SAIC)

Establishment of Sarawak Artificial Intelligence Centre (SAIC) in line with Digital Economy Blueprint 2030.

Deep Seaports

Announcement of two new deep seaports in Kuala Baram, Miri and Tanjung Embang, Samarahan/ Gedong.

Kenyalang Smart City

The launching of Kenyalang Smart City, a hi-tech smart city/ township with mixed developments - medical, hospitality, education, industrial - in Miri.

Friendship City

A MOA to establish a friendship city relationship between Miri City and Zhaoping City in Guangning County, China

Sarawak 10-year Gas Roadmap

1 Kuching

Circular sustainable city

- LNG regasification terminal & trucking network
- New CCGT plant
- Sustainability-linked initiatives (e.g., plastics waste recycling, bioplastics, etc)
- Industrial clusters @ Kuching, Samarahan, Sri Aman & Betong

2 Bintulu

Integrated PetChem Complex

- Methanol cluster (e.g., acetic acid & other methanol derivatives)
- Olefins-aromatics complex (with integrated mixed feed cracker & condensate splitter)
- Clean ammonia
- LNG trucking network
- Industrial cluster @ Mukah & Sibu

3 Samalaju

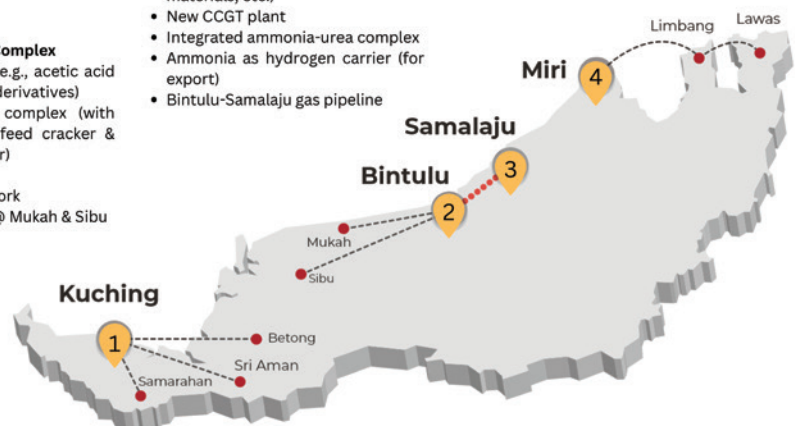
Integrated industrial development

- Industrial cluster (e.g., iron & steel, ceramic, rubber, building materials, etc.)
- New CCGT plant
- Integrated ammonia-urea complex
- Ammonia as hydrogen carrier (for export)
- Bintulu-Samalaju gas pipeline

4 Miri

Light industrial, residential, commercial development

- New CCGT plant
- LPG plant
- Small scale LNG and LNG trucking network
- Light industries



MMDA (MIEA Million Dollar Achievers) Award



THE MIEA MILLION DOLLAR ACHIEVERS (MMDA)

Our heartiest congratulations to our Real Estate Negotiator, Mr. Wong Kiing Ung, on being conferred the MMDA (MIEA Million Dollar Achievers) Award at the MIEA - NREA Awards 2024 Event held on 27th July 2024 in Kuala Lumpur

TIPS TO AVOID FRAUDULENT REAL ESTATE AGENTS (REAS) / NEGOTIATORS (RENs) (Public Advisory from BOVEAP dated 17-7-2024)

- 1. VERIFY CREDENTIALS:** Verify authentication of REAs and RENs through BOVEAP's website www.lppeh.gov.my. The mobile numbers advertised in any media MUST correspond with the listed phone numbers in the BOVEAP system.
- 2. INSPECT THE PROPERTY:** Insist on viewing the property in person before making any payments. Be wary of agents who refuse or make excuses for not allowing physical inspections.
- 3. SECURE PAYMENT METHODS:** Use secure payment methods for transactions and avoid transferring large sums of money without proper documentation and confirmation. Wherever and whenever possible, always ensure payments are made to Registered Real Estate Agencies and / or other legal stakeholders.

WTWY New Staff Appointment 2nd Half 2024

Name	Commencement Date	Position	Branch
Mr Shaiful Bin Jamain	4 November 2024	Clerical cum Dispatch Clerk	Kuching



C H Williams Talhar Wong & Yeo

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