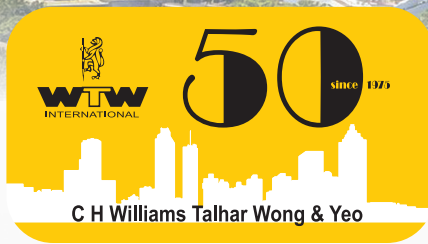


SARAWAK PROPERTY BULLETIN



Sarawak Property Market REVIEW 2025 and OUTLOOK 2026

PROPERTY MARKET REVIEW 2025: Growth, Affordability & Infrastructure Boom

Key Property Indicators

	2025	2024	y-o-y
Kuching Population ('000)	627.2	625.0	▲ 0.3%
	9M 2025	9M 2024	y-o-y
Cumulative Supply			
High-Rise (units)	36,975	35,371	▲ 4.5%
Landed (units)	90,464	89,663	▲ 0.9%
High-Rise Transaction			
Volume (unit)	612	647	▼ 5.4%
Value (RM billion)	0.22	0.24	▼ 7.0%
Landed Transaction			
Volume (unit)	2,277	2,427	▼ 6.2%
Value (RM billion)	0.95	0.98	▼ 3.1%
Overhang			
High-Rise (unit)	409	517	▼ 20.9%
Landed (unit)	266	311	▼ 14.5%
Malaysia Residential Loan Amount Applied (RM billion)	354.26	346.84	▲ 2.1%
Malaysia Residential Loan Approval Rate (%)	40.97	42.18	▼ 1.2 pp
Landed Housing Price Indicator	2025	2024	
2-S Terrace	RM820K	RM740K	▲ 10.8%
2-S Semi-Detached	RM1.62 mil	RM1.59 mil	▲ 1.9%

2025 experienced a period of moderate growth against a backdrop of massive infrastructural expansion. Sarawak's economy is estimated to grow within a robust range of 5.0% to 6.0% for 2025, driven by diversified sectors and significant government investment. This strong economic performance fuels substantial demand across various real estate property sectors, particularly industrial, commercial, and affordable residential.

2025 delivered stable and moderate growth across sectors. Residential remains the main activity driver. Price and rent indicators are up, with decrease in overhang. These improvements reflect strong demand and more disciplined supply. Infrastructure projects such as the Pan Borneo Highway (PBH) and the Autonomous Rapid Transit (ART) open up growth corridors and raise property attractiveness statewide. Overall, Sarawak enters 2026 on a strong footing, supported by infrastructure expansion, tourism growth and rapid industrial transformation under the Post COVID-19 Development Strategy (PCDS) 2030.

Residential and industrial sectors are the major growth drivers with significant movements and impact in the Sarawak market for 2025, particularly for Kuching and Bintulu respectively.

OVERALL SECTORAL REVIEW 2025

- Most sectors showed resilience with moderate expansions.
- Residential remains the main market driver and contributes more than 40% in transaction volumes and values.
- Improving and Positive trends as shown by indicators.
- International hotel brands entering: Sheraton, VOCO, Citadines.
- Infrastructure projects (Pan Borneo Highway, Sarawak Coastal Road, Sarawak 2nd Link Road, Autonomous Rapid Transit) boosting connectivity and surrounding developments.

	Sector	Key Indicators	Performance
KUCHING	Residential	Price ↑ Rent ↑ Overhang ↓	Improving
	Commercial Office	Price ↑ Rent ↑ Overhang ↓	Improving
	Retail	Occupancy ↑	Improving
SARAWAK	Industrial	All Indicators ↑ Overhang ↓	Strong, Positive Growth
	Hotel	Occupancy ↑ Room Rates ↑	Stable

Market Outlook 2026

For 2026, we expect stable, moderately positive growth. Infrastructure connectivity will unlock new suburban corridors. State-level support—SAHTF, the Housing Deposit Assistance Scheme and rental subsidies—will continue to assist to stimulate lower and mid-income demand. Challenges remain around rising construction cost and high-rise oversupply, but the overall picture favours well-located landed housing.

In summary, Sarawak's real estate market in 2025 stands resilient and poised for growth, driven by economic confidence and a vision of becoming a high-income state by 2030. Sarawak's property market is evolving and transitioning from resilience to relevance to sustainability. The residential sector is steady, commercial remains stable, retail improves selectively, tourist numbers are growing and industrial stands out as a major growth engine. 2026 is expected to be a year of stable performance and targeted opportunities—particularly in industrial, hospitality, landed housing and modern retail formats.

SARAWAK PROPERTY MARKET REVIEW 2025 and OUTLOOK 2026

PRICE & RENT



Upward trend

Reflects stronger demand

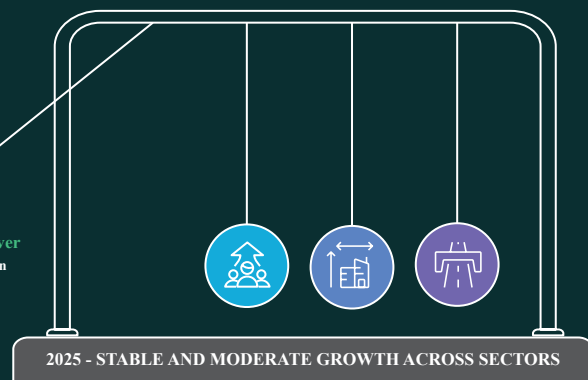
OVERHANG



Downward trend

More disciplined supply

Residential Driver
Remains the main activity driver



Demand Increase
Indicators reflect stronger market demand

Supply Discipline
More disciplined market supply

Attractiveness Enhanced
Infrastructure raises property value

Shifting housing dynamics in demand and supply, particularly in Kuching

Sarawak's strongest growth engine entering 2026 - Driving economic expansion

Key Highlights 2025 – Residential

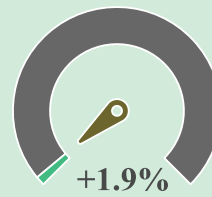
Stable, moderating after post-pandemic growth

State-wide Pattern

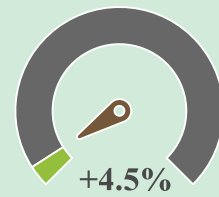
- Transactions moderated after post-pandemic rebound
- Policies (SAHTF, HDAS, SRAS) supporting buyers
- Landed remains preferred vs high-rise
- Stable, healthy demand amid upward pressure in landed pricing

Opportunities: Mid-range housing, suburban corridors

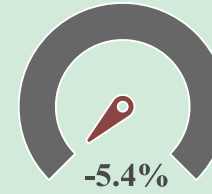
Kuching



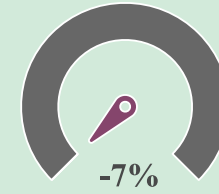
Total Supply Growth



High-Rise Supply Increase

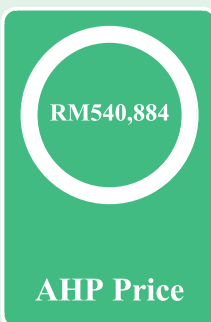


High-Rise Transacted Volume Contraction



High-Rise Transacted Value Contraction

Indicators



Among highest in Malaysia



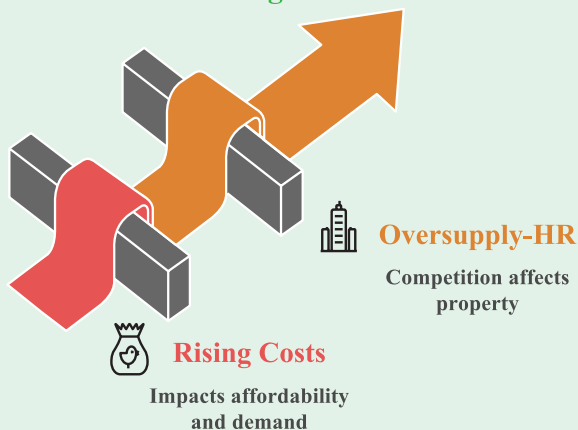
Strong demand

Residential Market Overview

- The residential property market shows steady price appreciation
- Landed remains robust
- Strong demand for Mid-Range housing
- Overhang down due to better market absorption amid cautious launches
- Challenges – lack of new landed vs oversupply of non-landed

Market Outlook 2026 – Residential

Well-located Landed Housing in Demand



Current Market Scenario

Kuching's residential market remains resilient with landed homes outperforming. High-rise transactions contracted, with a general over-supply in this segment. There is increasing demand and hence, opportunities in affordable and mid-range units. Housing in the other cities show stable patterns, with price increases driven by landed housing. Overhang in Kuching has dropped sharply due to tapered launches. Demand is especially strong under RM500,000, driven by first-time homebuyers."

Key Highlights 2025 – Industrial

Strongest Growth Engine for Sarawak's future

State-Wide Patterns

- Transactions: +12.3% volume, +20.9% value
- Rising demand from SMEs, logistics & manufacturing
- Aerospace Industrial Park initiative
- Hydrogen & renewable energy under PCDS 2030
- Upgrading of 14 industrial estates
- Pan Borneo boosts logistics efficiency and industrial growth

BINTULU

Sarawak's designated Industrial Hub



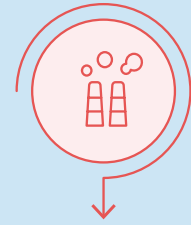
Transactions

Volume ↑ 97.7%
Value ↑ 31.2%
the highest in Sarawak.



All indicators

Price, rental, and yields all trending upwards.



Semiconductor plant

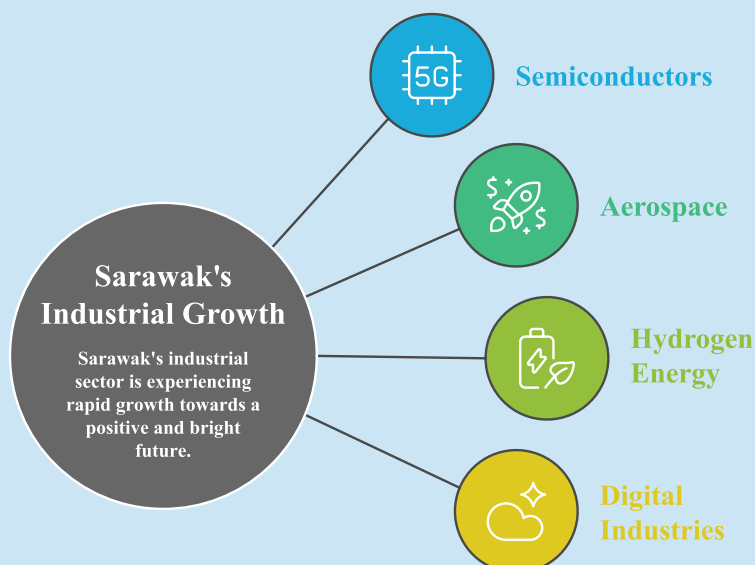
A RM2 billion OCI Tokuyama plant strengthens high-tech industries and create skilled jobs.

New Launches (2025)

Characteristic	Location	Units	Price Range (RM)
PrimeBay Industrial Park	Demak Laut, Kuching	73	1.88 million - 3.74 million
Bumijaya Industrial Park Phase 1	Miri	48	1.5 million - 2.9 million

Market Outlook 2026 – Industrial

Sarawak's Industrial Growth Pathways



The industrial outlook is firmly positive. Sarawak is advancing rapidly in semiconductors, aerospace, hydrogen energy and digital industries. Major investments include OCI TerraSus's RM2 billion semiconductor materials production and the newly planned Aerospace Industrial Park with Airbus. Budget allocations to develop 14 industrial estates—including the Kuching High-Tech Park—ensure long-term capacity. This sector presents the most compelling medium-term investment opportunities.

INFRASTRUCTURAL EXPANSION UPDATES

Significant Infrastructure Projects Status

Project	Current Progress (Approx.)	Key Features / Recent Milestones	Expected Completion
Pan Borneo Highway (Sarawak Phase 1)	99.98%	10 of 11 work packages are fully open. The final 4.2km stretch in Lambir, Miri is delayed due to water pipe relocation.	Q1 2029 (Final section)
Sarawak-Sabah Link Road (SSLR) Phase 1	~57.6%	Connecting Lawas to Long Lopeng; ahead of schedule.	November 2026
Sarawak-Sabah Link Road (SSLR) Phase 2	Early Stages	Officially launched in Sept 2025; 335km route with 30+ bridges to bypass Brunei.	June 2029
Sarawak 2nd Trunk Road (STR)	~30%	Designed as a high-speed “shortcut” between Kuching and Sibü; 15 work packages are active.	2028
Sarawak Coastal Road	~78%	Spans 896km; focuses on connecting coastal towns and replacing ferry services.	2027

Key Bridge Projects Status (2025–2026)

Sarawak has entered what the state government describes as the “Bridge-Harvesting Year,” with nine major bridges scheduled for delivery in 2026 alone. These projects are critical to the Sarawak Coastal Road and Second Trunk Road initiatives, aimed at eliminating ferry dependency.

Project Name	Primary Purpose / Feature	Update & Progress	Expected Completion
Marudi Bridge	Replaces ferry to Marudi town	Completed and opened in early 2025.	Completed (Jan 2025)
Bintulu-Jepak Bridge	Links Bintulu town to Jepak	Completed and opened in March 2025.	Completed (Mar 2025)
Batang Saribas 1 Bridge	Links Pusa and Beladin	Completed and opened in May 2025.	Completed (May 2025)
Sungai Limbang Bridge II	Cross-border link to Brunei	Construction finished in late 2025; final testing underway.	April 2026 (Operations)
Batang Lupar 2 Bridge	Tallest cable-stayed in Malaysia (145.5m)	72.57% complete ; on track for early 2026.	March 2026
Sejingkat Bridge	Dual carriageway (1.28km)	~55% complete; delayed by 3% due to technical issues in 2025.	March 2026
Batang Lupar 1 Bridge	Longest river bridge in Malaysia (4.8km)	93.09% complete ; structural work nearing finish.	May 2026
Sungai Krian Bridge	Part of Coastal Road network	Undergoing final phases of construction.	April 2026
Batang Saribas 2 Bridge	Part of Second Trunk Road	Under active construction.	Q3 2026
Batang Igan Bridge	Major coastal link	Significant structure underway; scheduled for 2026 finish.	Late 2026
Batang Rambungan Bridge	Links Kuching to Lundu	Under active construction.	Late 2026

PUBLIC POLICY CHANGES, IMPACTS & IMPLICATIONS - SARAWAK

A. Development of lands reclassified from Native Area Land (NAL) to Mixed Zone Land (MZL)

- Financial Contribution in Lieu of Construction (SPA Circular No. 1/2025 & 2/2025):**

Developers undertaking projects of 10 acres or more on reclassified land are required to make a financial contribution to the Sarawak Housing Contribution Trust Fund (SHCTF) instead of constructing physical units. This contribution is currently valued at RM110,000 per unit, with a requirement equivalent to 1.3 units per acre (totalling RM130,000 per acre) calculated to reflect a total of RM1.43 million per every 10 acres.

Impact: Shift the responsibility for affordable housing construction to the State to allow for more strategically planned affordable housing while giving private developers flexibility to focus on market-driven housing.

- Bumiputera Unit Reservation (SPA Circular No. 3/2025):**

For developments involving the reclassification of NAL to MZL, 30% of the total number of subdivided residential units must be reserved for sale to Bumiputeras with landed housing units to be maintained as NAL and strata titled units to be classified as MZL. These reserved units come with a discount of 5% for Bumiputera buyers and a no-dealing clause without the Minister's approval.

Impact: Increased developers' obligations with regards to NAL.



The developer's financial contribution to SAHTF is paid in stages tied to the project's progress as follows:

- 10% upon Planning Approval (SPA Approval)
- 20% prior to the submission of the Building Plan to the Local Authorities
- 20% prior to the approval of the Sales and Advertisement Permit
- 50% prior to the issuance of the Occupation Permit

B. Updated Building Standards and Sustainability (Building (Amendment) Bill 2025)

- The Sarawak Building Board :**

Established to oversee stricter enforcement of green building standards and introduce heavier penalties for building failures.

- Department of Irrigation and Drainage (DID) Sub-Storm Initiative :**

Developers' compliance to stricter, more technical standards to mitigate long-term urban flash flooding and improve sustainability.

Impact: Legislative updates passed on November 24, 2025 have introduced stricter requirements for safety and environmental impact by adopting modern, sustainable building standards.



C. Affordable Housing Targets and Modern Methods

- Affordable Housing under the 13th Malaysia Plan (2026-2030):**

Aims to deliver 20,000 affordable units for the State, a significant jump from the previous 3,000-unit target.

- IBS Adoption:**

The state is mandating the widespread use of **Industrialised Building System (IBS)** technology to improve efficiency, quality, and lower reliance on foreign labour.

Impact: Increased supply to meet the State's imminent demand for affordable housing, given the rise in housing costs and affordability issues.



D. Enhanced Buyer/Renter Assistance Schemes

- Housing Deposit Assistance Scheme (HDAS):**

Provides a **RM10,000 deposit** for first-time homebuyers.

- Sarawak Rental Assistance Scheme (SRAS):**

Expanded to include students studying outstation within the state and low-income single individuals with **RM200 monthly** subsidy for up to 36 months.



- **Budget 2026 Allocations:**

RM121 million was allocated to deliver 1,547 units for the B40 group, and RM20 million to **Mutiara Mortgage and Credit** to support low-interest home financing.

Impact: Improve homeownership for the B40 and M40 groups.

E. SST Implementation on construction services and materials (w.e.f. 1-7-2025)

- **Increased Costs on Specific Materials & Services:**

While essential goods like sand, cement, and iron are exempt from the sales tax, the expanded scope includes 5% sales tax on items such as industrial machinery and 6% service tax on non-residential construction services.

Impact: While basic materials remain exempt from the sales tax, the cost of most projects has risen due to increased taxes on services and specific goods, resulting in -

- **Higher Overall Project Costs**
- **Indirect Cost Transfer to Homebuyers**
- **Financial Strain on Developers**
- **Impact on Renovation and Maintenance**



F. E-invoicing (implemented in stages between August 2024 to July 2026)

Required for transactions within the property industry for businesses with annual revenue/turnover of more than RM1 million, which covers -

- Sale of property units.
- Rental income from business tenants.
- Commission payments to property agents.
- Property management and valuation fees.



Impact: The mandatory implementation of E-invoicing which will transform operational processes, enhance compliance, and potentially increase some short-term costs will affect developers, property managers, landlords, and agents across Malaysia, including Sarawak.

IMPLICATIONS

The above recent changes in government policies have a complex impact.

While government affordable housing initiatives aim to reduce costs for specific groups, broader new taxes and regulations are generally expected to increase overall housing prices due to higher development costs from the following -

- **Development Requirements:** Private developers involved in bigger projects are now required to contribute upfront to a housing fund, which can impact the overall economics and pricing strategy of their projects.
- **Expanded Sales and Service Tax (SST):** The expansion of SST to include more building materials and non-residential construction services has directly increased developers' operational expenses, which are typically passed on to end consumers, resulting in higher house prices.
- **Increased Compliance Burden:** New policies such as the mandatory e-invoicing system, better protection rights for employees and labourers add administrative and financial burdens on developers.

These increased operational costs combine with existing external factors like inflation, global supply chain disruptions, and general rises in land acquisition costs, will have a cost-push effect on property prices and adversely affect affordability, especially for the M40 and B40 income groups.

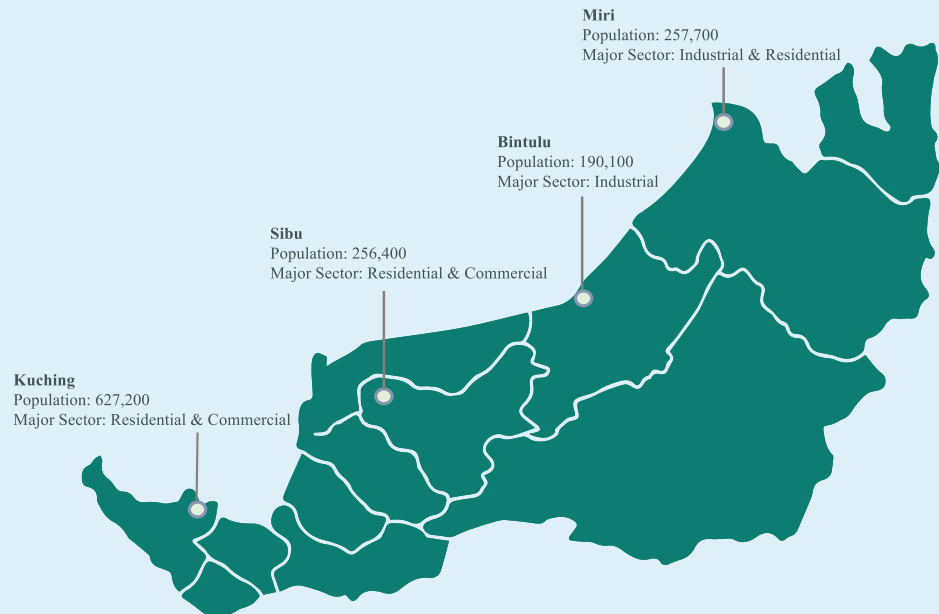
Industry associations have voiced concerns that these changes could stifle industry growth, delay project launches, and ultimately result in a higher cost of living and property ownership in Sarawak.

In essence, while targeted government schemes and the push for efficient building methods aim to provide affordable options, the general increase in construction-related taxes and compliance costs place upward pressure on the broader housing market, making homeownership a continued challenge for many Sarawakians.

Sarawak's unique position — as Malaysia's largest state with strong renewable energy foundations — gives it competitive advantages that will shape demand across all real estate sectors in 2026 and beyond.

HIGHLIGHTS

- **Strong fundamentals**
Stable governance, surplus budget, strong tourism, infrastructure expansion.
- **Key cities**
Kuching, Miri, Sibü, Bintulu.
- **Demand**
Domestic-driven with increasing foreign investments.
- **Drivers**
Population growth, Investments, Infrastructural expansions, Tourism, and state-led developments.



MARKET DIRECTIONS

Office	Overall		Landed Residential		High-Rise Residential		Purpose-Built Office		Shop Offices		Purpose-Built Retail		Industrial		Hotel	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Kuching	•	•	▲	•	▼	▼	•	•	▲	•	•	•	•	•	•	•
Bintulu	•	•	•	•	•	▲	•	•	•	•	•	•	▲	▲	•	•
Miri	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Sibü	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•



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