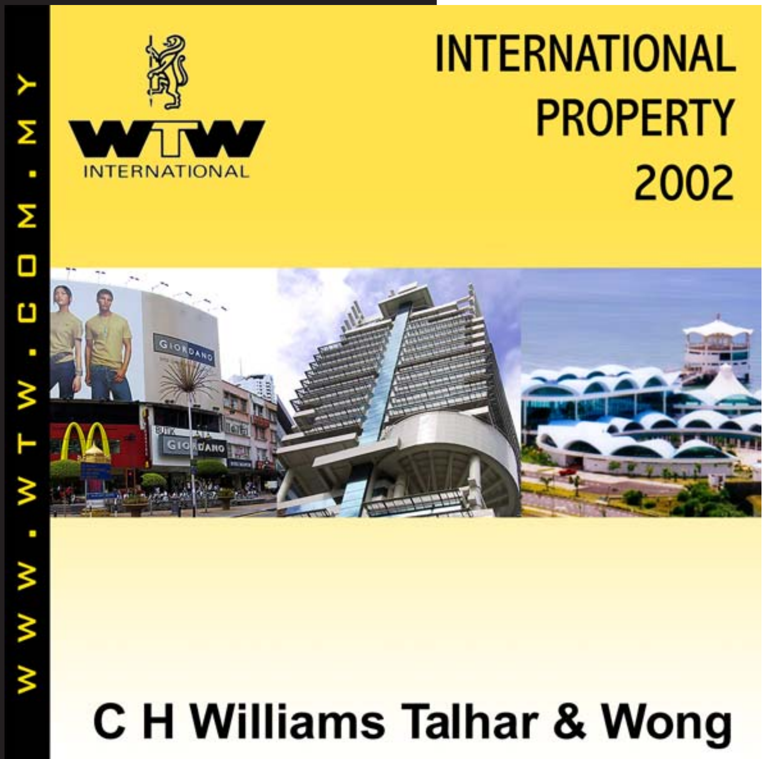
W W W . W T W . C O M . M Y
WTW
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PROPERTY
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CONTENTS

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WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Foreword

In our 1998 foreword we said that even if there was no financial crisis and no economic downturn we would be in for a real estate meltdown. Now in our sixth year post crisis, the property market remains in a state of "hidup segan, mati tak mahu" (reluctant to take-off, unwilling to fall). It is likely to remain so until we can deal with the excess capacity, and until we can manage real needs. The solution does not lie in trying to induce and instil confidence in the market; real solution requires meeting real needs.

Real needs for built environment simply means meeting the needs for homes to live in, for premises to work and trade in, and the needs for space for leisure and recreation. It is in actual occupation and use, in the creation of economic benefit that value in real estate investments are established and sustained. Investors in real estate need to understand and consider such fundamentals. Only those premises which are occupied and used have real value; unoccupied buildings will at best possess virtual value; in time they may even encumbered with negative value.

In the heady days of economic growth of the first half of 1990's speculative buying generated speculative building. The speculative activities of this period formed the market forces that drove the market. "Market-driven" became the mantra for real estate developers and planners. The legacy remains, as is witnessed in vacant buildings and partially completed construction and dust gathering blueprints. Vacant buildings may be filled up if they are built in the right location and if they are appropriately designed and laid-out. Blueprints may never get to see daylight. Partially constructed buildings and inappropriately designed and ill-located premises are likely to remain as monuments of waste, that will eventually blight the urban landscape.

Buildings cannot be erased like figures from ledgers and written down in balance sheets. Nursing the market back to health and planning for recovery must take these erring developments into full account. A full audit on their future occupancy and utilisation must be undertaken; work which requires the combined skills of property professionals. Until such audits are carried out they will cloud the supply statistics, mist up the future development plans, and erode genuine investor confidence.

The future of the property market cannot be built on hopes and expectations that investors will prime up such assets when the economy picks up, or when price levels collapse. Investors in real estate, be they local or foreign will go for assets which will give them the most competitive returns. These will not be those which are not built in the right location, which are ineffectively designed or those which are partially constructed, and held under multiple ownership.

Real estate development which answers the needs of occupation and use, and that give real economic benefit will be the ones that will draw investors back into real estate. It requires the effort of all concerned to ensure that this basic tenet is understood.

Mohd Talhar Abdul Rahman

Chairman

C H Williams Talhar & Wong

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Kuala Lumpur

For most part of 2001, the property market was subdued as sentiment remained cautious . The market took a further dip in the last quarter due to adverse world events.

Amidst the subdued market, the residential sub-sector was the star performer, fuelled by low interest rates and convenience in obtaining mortgage loans. Most launches received satisfactory to brisk sales.

The hospitality and leisure segment witnessed sign of a slight recovery stimulated by higher tourist arrivals resulting in higher occupancy rates and marginal increase in average room rates. However the trend was checked by the September 11 episode.

For the other sub- sectors the market performance remained lacklustre with both price and rental remaining stagnant at 2000 level.

Menara Telekom

OFFICE

The cumulative supply of total purpose-built office space in Kuala Lumpur as at end of 2001 stands at 4.71 million square metres of which 67% is located in the Kuala Lumpur Central Area (KLCA).

The Kuala Lumpur office market occupancy rates eased from 78.3% in 1999 to 76.4% in 2000 and further down to 72.8% in 2001. This is mainly due to the completion of seven (7) buildings contributing 280,639 square metres of new office space in 2001. Almost 90% of this new supply is located in the Kuala Lumpur Metropolitan (KLM) area which fringes the Kuala Lumpur Central Area (KLCA). The completed buildings in KLM include Menara Telekom, KL Sentral, Menara Great Eastern Life, Menara Marinara and Menara Mutiara.

With take-up of new office space in 2001 at a dismal 42,739 square metres (compared to 250,838 square metres in 2000), the market was further aggravated by major relocations of government bodies to Putrajaya such as the Attorney Generals Chambers, Ministry of Science Technology & Environment and the Ministry of Human Resources.

Average gross rentals remain at 2001 levels ranging from RM37.67 to RM48.45 per square metre per month. Two major office transactions took place in 2001; Plaza Kelanamas in Damansara Heights was transacted at RM3,420 per square metre in July; whilst Wisma Hong Leong along Jalan Tun Perak was transacted at RM5,967 per square metre in November.

An additional three (3) buildings with a cumulative supply of 87,538 square metres is expected to be completed within 2002, and together with further movements of government bodies out to Putrajaya, occupancy and rentals are not expected to show any improvement.

Al-fresco eateries along Bintang Walk

RETAIL

With no new additions to the supply of retail space in Kuala Lumpur in 2001; and the closure of one retail centre, the Galleria along Jalan Pahang, occupancy rates improved marginally from 83.5% in 2000 to 85.9% in 2001. Notwithstanding, shopping centres located in the Kuala Lumpur Central area are enjoying higher occupancy (91%) compared to the 78% occupancy at centres located in the fringes of Kuala Lumpur.

Suria KLCC, MidValley Megamall , Lot 10, Starhill and Bukit Bintang/Sg Wang Plaza continue to prevail as prime shopping centres in Kuala Lumpur. Prime ground floor rentals at shopping centres range from RM215 to RM300 per square metre. This is in contrast to the more regional based suburban centres such as Phoenix Plaza in Cheras, Pandan Safari in Pandan and Kompleks Mutiara along Jalan Ipoh which are experiencing low occupancy

The current cumulative supply of 1.51 million square metres of retail space is expected to increase by 244,175 square metres with the impending completion in 2002 of Vision City on Jalan Sultan Ismail, Times Square on Jalan Imbi and Maju Perdana (previously reported as Plaza Potential) on Jalan Raja Laut.

To set a "bustling scene", the Kuala Lumpur retailing market has evolved and moved into new horizons with the emergence of al-fresco eateries, weekend flea markets and bazaars. These new retailing activities have been successful in creating traffic flow in centres such as Bangsar Shopping Centre, Plaza Mont' Kiara and Bintang Walk.

The announcement of expansion of network stores such as Guardian, Body Shop and Watsons indicates growing consumer demand for personal care products.

New entrants into the hypermarket scene such as Debenhams and Tesco is expected to be in operation in Kuala Lumpur in 2002.

The continuing successful sales of selected high-end residential property launches in choice locations in the Klang Valley has dominated the residential market scene in Kuala Lumpur in 2001.

SHOPHOUSES

Shophoues fared badly during the year with weak demand, caused by the contraction of new businesses. High vacancy rate continues to plague secondary locations while vacant lots are becoming visible in better locations despite competitive rental.

In prime areas such as Bangsar and Sri Hartamas the absorption rate is checked as the life-style and entertainment business is reaching a saturation point in the city. Price was generally firm but rentals have declined.

RESIDENTIAL

The most promising of all property sub-sectors. The continuing successful sales of selected high-end residential property launches in choice locations in the Klang Valley has dominated the residential market scene in Kuala Lumpur in 2001. Purchasers of residential units are benefiting from the aggressive marketing for residential mortgage loans by banks. In addition to location, well-built properties and reputable developers are among factors that spur people to queue up at property launches. This trend however, has been seen at the new and up-coming residential enclaves outside the boundaries of Kuala Lumpur City Hall such as Bandar Utama, Kota Damansara, Sunway Damansara and Mutiara Damansara.

The prices of existing conventional 2-storey terraced houses in the more established areas of Bangsar and Taman Tun Dr Ismail consolidated over the year at the following price levels:

Location	1999	2000	2001
Bangsar	RM370,000-550,000	RM400,000-640,000	RM400,000-620,000
Taman Tun Dr Ismail (Sulaiman)	RM430,000-525,000	RM450,000-585,000	RM450,000-580,000
Taman Tun Dr Ismail (other areas)	RM330,000-490,000	RM350,000-520,000	RM350,000-450,000
Taman Midah Cheras	RM250,000-290,000	RM270,000-300,000	RM265,000-290,000

Demand for apartments and condominiums remained weak in 2001 and is expected to continue in 2002. The prices have consolidated as follows:

Location	RM per square metre		
	1999	2000	2001
Mont' Kiara	RM2,400-4,100	RM2,100-4,400	RM2,200-4,400
Bangsar	RM2,300-3,800	RM2,400-3,800	RM2,500-3,800
Taman Tun Dr Ismail	RM2,300-3,400	RM2,600-3,500	RM2,600-3,300
Vista Komanwel	RM1,600-2,000	RM1,600-2,000	RM1,500-2,000

INDUSTRIAL

The industrial sub-sector continued last years trend with limited market activity, attributed by weak demand and no significant additional stock to supply as most new industrial developments are now outside Kuala Lumpur. In secondary locations the persistent overhang of small and medium sized terraced factories despite low rental continues to be a concern.

Price and rental levels remained stagnant like that of 2000 with prime vacant industrial lands pegged at RM538 to RM753 per square metre while monthly rental for prime factory/warehouse ranges from RM12.90 to RM19.40 per square metre.

HOSPITALITY & LEISURE

Tourist arrivals into Malaysia reached 12.77 million in 2001 compared to 10.22 million recorded in 2000. A 40% drop in tourist arrivals in October 2001 was recorded as compared to October 2000. This is due to the immediate effect of the terrorist attacks in US.

Kuala Lumpur played host to a number of international events in 2001. These events include:

- Pacific Asia Travel Association Annual Conference (PATA)
- MATTA International Travel Fair
- KL International Towerthon
- SEA Games 2001
- Commonwealth Graduates Millenium Event
- Malaysia Tourism Carnival
- MAFEX (Malaysia Furniture Export Exhibition 2001

In Kuala Lumpur, occupancy rates for 3-5 star hotels stood at 63% in 2001. The year commenced with the expected low seasonal trend of 59% in the first quarter, followed by 62% occupancy in the second quarter. An unexpected 71% occupancy in the third quarter was followed by poor 58% for the fourth quarter festive season.

Average room rates are still low compared to the years prior to the recession with a marginal increase compared to 2000 standing at RM190 for a 5-star room, RM115 for 4-star and RM79 for 3-star accommodation.

The cumulative supply of 3-5 star hotel rooms in Kuala Lumpur in 2001 stood at 18,724 rooms provided by some 60 establishments. This is compared to a supply of 19,045 rooms in 2000. The decrease in number of rooms is due to the closure or part closure of a number of hotels for renovations. These hotels include, Mutiara Kuala Lumpur, Shangri-La Kuala Lumpur, Mandarin Hotel and Wentworth Hotel. New supply in 2002 will be the re-instatement of the above hotels. Construction works on the Le Meridien and Hilton KL Sentral is expected to be completed in 2003/2004.

2002 MARKET OUTLOOK

With most sectors still experiencing excess capacities coupled with the slowing economy the anticipated direction for the year 2002 is southward. However the exception will be the residential sub-sector which is expected to remain resilient through the year with the continuing easy and competitive mortgage housing loan.

Notwithstanding, if the predicted and anticipated economic recovery in the second half of 2002 materialises, the property market will experience a sign of improvement in particular during the last quarter of 2002.

WTW INTERNATIONAL

C H Williams Talhar Wong Sdn Bhd
#3228, 32nd Floor
Menara Tun Razak
Jalan Raja Laut
P.O. Box 12157
50768 Kuala Lumpur
Wilayah Persekutuan
Tel: (603)-2693 8888
Fax: (603)-2693 6565
wtw@wtw.po.my

Selangor

There is not much improvement in the Selangor property market in year 2001 compared to year 2000. Transactions for the residential sub-sector is still active but very price sensitive. Prices are noted to be stable. For shophouses and industrial properties in prime locations, prices are noted to be stable compared to the previous year.

For the retail and office sub-sectors, rentals have either stablised or eased. The occupancy rates for both sub-sectors remain about the same as year 2000.

OFFICE

Petaling Jaya / Subang Jaya

Existing stock of purpose-built office buildings as at Q3 2001 stands at approximately 748,000 square metres (an increase of about 21,000 square metres compared to Q3, 2000). The new office building which contributed to the increase is Kelana Brem Tower in Kelana Jaya.

Rentals of purpose built office space is either stable or eased slightly when compared to 2000. Rentals for office buildings such as Menara MPPJ and Wisma Integrated has been reduced in order to retain existing tenants as well as to attract new tenants .

Rental and occupancy rates of selected purpose built office buildings in Petaling Jaya/Subang Jaya as at Q 3, 2001 are as follows:-

	Rental per square metre per month (inclusive of service charges)		Occupancy Rate
	2000	2001	
Menara MPPJ	RM34.45	RM30.14	72%
Wisma Consplant	RM34.45	RM34.45	85%
Wisma Tractors	RM32.29	RM32.29	50%
Wisma Integrated USJ 1	RM27.98	RM23.68	70%
Menara Taipan USJ 10	RM32.29	RM32.29	100%
Bangunan 3M	RM23.68	RM23.68	100%

The take up rate for the retail property market and rents have been stable in the first half of the year, with location being the main criteria. Our enquiries for the first half of the year showed a slight increase in overall occupancy rate.

HeiTech Padu Berhad has announced, on 7th September 2001, to purchase Wisma Integrated, a sixteen storey office tower for a consideration of RM45million. The sale is analysed at RM2,835 per square metre.

Sales of purpose-built office premises in Petaling Jaya in 2001 have indicated values ranging from RM2,583 per square metre at Phileo Damansara to RM 4,305 per square metre at Amcorp Trade Centre (Tower B).

Shah Alam

There are no new office buildings entering the market in 2001. The total supply of office space in Shah Alam remains the same as at Q 3, 2000 i.e. at 221,900 square metres. Rentals of office space is either stable or eased when compared to year 2000.

Rental and occupancy rates of selected purpose built office buildings in Shah Alam as at Q3, 2001 are as follows:-

	Rental per square metre per month (inclusive of service charges)		Occupancy Rate
	2000	2001	
Kompleks PKNS	RM16.15	RM16.15	85%
Bangunan UMNO Selangor	RM21.50	RM21.50	87%
Kompleks Perdagangan UMNO	RM24.75	RM24.75	100%
Plaza Massalam	RM30.14	RM19.37 - RM23.76	85%
Plaza Perangsang	RM23.70	RM23.70	98%
Wisma Maritim	RM29.10	RM29.10	48%

Klang

Demand for prime purpose-built office space in Klang remains weak as majority are housed in shophouses. No new completed office buildings entered the market in 2001. The existing office space stands at approximately 21,924 square metres. Current rental rates of office space in Klang town range from RM10.76 per square metre to RM18.30 per square metre inclusive of service charges.

RETAIL

The take up rate for the retail property market and rents have been stable in the first half of the year, with location being the main criteria. Our enquiries for the first half of the year showed a slight increase in overall occupancy rate.

No new shopping centres entered the market in 2001. As such, the total net lettable area remained the same as 2000 at 346,994 square metres in Petaling Jaya/Subang Jaya, 59,104 square metres in Shah Alam and 138,684 square metres in Klang area.

Rentals were mixed in performance depending on location of the shopping centre. Shopping centres located within good locations remained in demand.

Year 2001 saw the emergence of hypermarket operators in the shopping scenario. Active players in the region include Tesco and Giant TMC Berhad. Tesco has acquired a site in Mutiara Damansara and another site in Bandar Bukit Tinggi, Klang for their new hypermarket outlets and Giant TMC Berhad has entered into an agreement to acquire a site in Kelana Jaya Urban Centre for their hypermarket.

With the current slowdown in the economy, hypermarkets will be popular as there will be a shift in shopping preference from upmarket outlets to those perceived to be offering good value buys. Hence, rentals for upmarket shopping centres will continue to ease at the expense of retaining retailers.

The Sunway Pyramid Shopping Centre, One-Utama Shopping Complex, Jaya Shopping Centre and Subang Parade remained the most popular complexes with occupancy rates at more than 90%.

Petaling Jaya/Subang Jaya

The Sunway Pyramid Shopping Centre, One-Utama Shopping Complex, Jaya Shopping Centre and Subang Parade remained the most popular complexes with occupancy rates at more than 90%.

Rental rates of retail space in Petaling Jaya and Subang Jaya (excluding anchor tenants) are as follows:-

Floor level	Monthly Rental 2000 (per square metre inclusive service charge)	Monthly Rental 2001 (per square metre inclusive service charge)
Ground	RM86.11 to RM172.22	RM86.11 to RM247.57
First	RM53.82 to RM139.93	RM53.82 to RM136.70
Second	RM43.05 to RM86.11	RM32.29 to RM96.88

Shah Alam

The opening of Giant Hypermarket Shah Alam has boosted the market activity for the hypermarket and the food and beverage retailers.

To boost attraction to the shopping centres, cultural and promotional activities are needed to lure shoppers to the shopping centres. In order to retain retailers, rents have to be reduced. Rental rates have eased when compared with previous year.

Rental rates of retail space in Shah Alam (excluding anchor tenants) are as follows:-

Floor Level	Monthly Rental 2000 (per square metre inclusive service charge)	Monthly Rental 2001 (per square metre inclusive service charge)
Ground	RM69.96 to RM102.25	RM53.82 to RM80.73
First	RM64.58 to RM80.73	RM32.29 to RM43.05
Second	RM43.05 to RM77.50	RM21.53 to RM32.29

Klang

The established shopping centres within Klang town still remained popular. However, rentals have also eased.

Rental rates of retail space in Klang are as follows:-

Floor level	Monthly Rental 2000 (per square metre inclusive service charge)	Monthly Rental 2001 (per square metre inclusive service charge)
Ground	RM43.05 to RM150.70	RM37.67 to RM193.75
First	RM43.05 to RM107.64	RM35.52 to RM107.64
Second	RM32.29 to RM62.43	RM29.06 to RM86.11

The residential sub-sector is the best performer of the whole property market. Landed properties in prime locations still remained the most popular. The market has turned price sensitive and into a buyers market.

SHOPHOUSES/SHOPOFFICES

With the slowdown in the economy, demand for shophouses have slowed considerably. Demand is mainly centered in established commercial/sub commercial locations. Transactions and rentals have been on a downward trend.

Petaling Jaya

Most of the transactions are concentrated in the popular locations of Damansara Utama and SS2 in Petaling Jaya and USJ9 and USJ10 in UEP Subang Jaya. Prices are sensitive to street locations and access to parking facilities.

Shah Alam

Since Shah Alam has been conferred city status, the commercial areas are mostly concentrated in Section 9 and Section 14 (City Centre).

In the sub commercial centres, PKNS are still offering for sale new double-storey shophouses in Section 24 at RM370,000.

Klang

The commercial shophouses/shopoffices in Klang are mostly concentrated in the town centre and the suburban centres of Bandar Baru Klang and Bayu Perdana. However, fewer transactions were recorded in year 2001.

Recorded transactions of shophouses/shopoffices within selected areas are as follows:-

Location	Type of Property	Value	
		2000	2001
Section 20, 21 Petaling Jaya	Double-Storey	RM750,000 to RM870,000	RM650,000 to RM810,000
USJ 9, UEP Subang Jaya	Three-Storey	RM1,350,000	RM1,040,000 to RM1,120,000
Damansara Utama Petaling Jaya	Four-Storey	RM1,520,000 to RM1,700,000	RM1,550,000
Bayu Perdana Klang	Four-Storey	RM480,000 to RM625,000	RM600,000 to RM650,000

RESIDENTIAL

The residential sub-sector is the best performer of the whole property market. Landed properties in prime locations still remained the most popular. The market has turned price sensitive and into a buyers market. With the economic slowdown, developers are incorporating goodies such as built in cabinets and air conditioners to entice buyers. With price being a major consideration, new launches indicated that the apartment/condominium sector dominated the market supply. On the other hand, developers with large landbanks continue to develop residential schemes with landed components as a self-contained township development.

On the supply side, developers have resumed construction on a cautious mode due to the over supply situation and slowdown in the economy. Developers are providing more quality houses with better layout/design and finishes to fulfill the buyer needs.

Terraced houses

This is the most popular type of landed property. Transactions indicated that prices have stabilised.

The new housing schemes launched by the developers for sale include Kemuning Greenville, Saujana Utama II (Sg. Buloh), Saujana Damansara and Bukit Rimau.

Bungalow/Semi-Detached Houses

The market for bungalows/semi-detached houses was still popular since there is limited supply coming into the market in prime locations.

In Petaling District, most of the transactions are centred in USJ and Damansara which indicated slight increase in prices. The neighbourhoods of SS1, SS3, SS9 and SS20, Petaling Jaya are moderately traded, in particular bungalows which are normally renovated and refurbished after the transaction.

Condominiums/Apartments

With the scarcity of land for development of landed properties, developer's are concentrating on apartment/condominium developments. New launches include Lagoon Perdana in Bandar Sunway which are priced at RM103,900 to RM124,800, Elaeis II Condominium in Bukit Jelutong range from RM136,379 to RM208,888, Vista Indah Putra in Klang range from RM91,800 to RM99,000 and Samudera I Apartments in Port Klang at RM95,000.

Analysis of transactions of condominiums depending on location, density, services and facilities provided range from RM1,719 to RM1,912 per square metre (psm) in Bandar Sri Damansara, RM1,722 to RM1,938 psm in Kelana Jaya, RM1,356 to RM2,153 psm in Shah Alam/Bukit Jelutong and RM839 to RM1,163 psm in Klang.

Demand and Supply Forecast

On the supply side, developers have resumed construction on a cautious mode due to the over supply situation and slowdown in the economy. Developers are providing more quality houses with better layout/design and finishes to fulfill the buyer needs. Nowadays, financial institutions are waging a war to offer the best financing packages in order to lure buyers and developers are offering buyers nominal booking fees and low downpayments to secure buyers.

Well planned schemes/design, location, accessibility, facilities and amenities are the main factors considered by the purchaser.

Transactions of landed residential property in selected locations are as follows:-

Type of Property	Location	Land Area (square metres)	Price Range (unit) 2000	Price Range (unit) 2001
Double-storey terraced houses	USJ 3, UEP Subang Jaya	111.48	RM195,000 to RM260,000	RM218,000 to RM220,000
	USJ 6, UEP Subang Jaya	111.48	RM215,000 to RM271,000	RM170,000 to RM240,000
	Damansara Utama, Petaling Jaya	143.066	RM320,000 to RM388,000	RM317,000 to RM360,000
Semi-detached houses	USJ 5, UEP Subang Jaya	355	RM790,000 to RM970,000	RM960,000 to RM990,000
Bungalow houses	USJ 5, UEP Subang Jaya	650.3	RM1,495,000	RM875,000 to RM1,450,000

The industry continued to soften due to lack of Foreign Direct Investments (FDIs) and slowdown in the world economy.

Transactions of 3 bedroom condominiums/apartments in selected location are as follows:-

Type of Property	Location	Price Range (p.s.m) 2000	2001
Condominium	Gasing Heights	RM1,620 to RM1,735	RM1,962
	Riana Green	RM2,768 to RM3,027	RM2,486 to RM3,223
Apartments	Goodyear Court 8, Subang Perdana	RM1,668 to RM1,959	RM1,658 to RM2,045

INDUSTRIAL

The industry continued to soften due to lack of Foreign Direct Investments (FDIs) and slowdown in the world economy. Transactions have dwindled and prices have eased for most of the industrial properties except for selected properties in prime locations where transactions are mainly for owner occupation.

There are few recorded transactions of industrial premises for year 2001 as demand has been weak and further aggravated by downsizing of industrial/ manufacturing concerns due to softening of the global economic market.

Recorded transactions for industrial properties are as follows:-

Type of Property	Location	Land Area (square metres)	Price Value 2000	2001
1½ semi-detached factory	***Shah Alam***			
	- Temasya Industrial Park	892	RM1,850,000 to RM1,900,000	RM2,000,000
Vacant industrial land/Analysed land values	***Petaling Jaya***			
	- Section 51, PJ	17,579		RM969.00
	Subang Jaya			
	- Sime UEP Industrial Park	10,117	RM430.00	RM549.00
	Shah Alam			
	- Section 15	28,327	RM345.00	RM377.00
	- Section 22	33,585	-	RM345.00
	- Section 28	10,712	RM261.00	-
	Klang			
	- Kota Kemuning	4,047	RM430.56	RM355.21

HOSPITALITY AND LEISURE

In the year 2001, the total number of 3 to 5 star hotel rooms numbered 3,763 in Petaling Jaya, 1,281 in Shah Alam and 938 in Klang. Tourist arrivals improved in the first three quarters of year 2001 compared to 2000. The first half of the year saw a larger growth of tourist arrivals in Malaysia due to aggressive promotions conducted by the Ministry of Culture, Arts and Tourism Malaysia both locally and internationally. This had improved the general conditions in the hospitality industry.

The growth of international tourists is expected to decrease in the fourth quarter of the year due to the terrorist attack on 11th September 2001 which made air travel cumbersome and perceived to be unsafe.

The number of 3 to 5 star hotels in Petaling Jaya, Shah Alam and Klang remained unchanged with no new hotels completed in 2001.

The overall occupancy rate of 3 to 5 star hotels in Petaling Jaya, Shah Alam and Klang are as follows:-

	First Quarter		Second Quarter	
	Year 2000	Year 2001	Year 2000	Year 2001
5 star hotels	55%	59%	63%	61%
4 star hotels	46%	55%	55%	61%
3 star hotels	35%	42%	39%	49%

Three hotels providing a total of 1,344 rooms which are still under construction/ uncompleted are as follows:-

Location	Hotels	No. of Rooms
Petaling Jaya	Bankers Hotel, Amcorp Trade Centre	394
Shah Alam	Selbourne Square Hotel	163
Klang	Acmar International Hotel	488
		1,344

With the government's push for Malaysians holidaying locally instead of overseas will enhance the occupancy rates of hotels. Hotels catering for locals/Asean/ Middle Eastern tourists will benefit with higher occupancy rates and conversely hotels that catered for European/American/International guests will suffer due to the terrorist attack.

2002 MARKET OUTLOOK

The terrorist attack of 11th September 2001 has exacerbated the global recession. With the over capacity in the manufacturing sector, coupled with the oversupply situation in majority of the property sectors, demand for properties will ease especially in the commercial and industrial sectors.

With the current global downturn, lack of FDI's and slowing of the Malaysian economy, the rentals/values of office, commercial, retail, industrial and leisure/entertainment sub-sector is expected to ease further. As a result, property transactions will fall. The dilemma for property investors is trying to maintain high occupancy rates at the expense of lower rentals.

For the landed residential sub-sector, rentals/values are expected to maintain only in prime locations. The demand for this sector will be subdued but is bolstered by the current low interest rate regime, attractive loan and fixed interest medium term financing packages together with the miniscule returns on fixed term deposits which makes fixed incomes unattractive.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
15.03, 15th Floor Menara MPPJ
New Town Centre
46200 Petaling Jaya
Selangor
Tel: (603)-7956 9211
Fax: (603)-7957 8049
wtwpj@tm.net.my

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Johor

JOHOR BAHRU

It was a mixed bag of events going through 2001. The beginning of the year started with hope despite an anticipation of a slight downturn in the United State's economy. The effects of the downturn became prominent as Singapore predicted the worst with negative growth figures, and subsequently officially declaring having gone into a recession.

On the local front, investors, home buyers and property 'players' were virtually side lined looking for directions or bargain hunting. The response for the Property Exhibitions in 2001 was cold compared to the previous campaigns.

The overall market was generally, soft.

OFFICE

The office market remained inactive as in the previous year. The average occupancy rates were generally within 50% - 60% with the newer buildings improving to market average whilst the older buildings in a declining trend.

Competition among the office buildings and the pressure on owners of new buildings to achieve break even on cost of operation makes it a tenants market. Rent-free period and favourable option terms were offered. Overall rental rates were generally stable compared to the previous year.

Rental Rates and Occupancy Rates of Selected Office Buildings

Office Building	Rental Rates (RM/sq. m) 2000	Rental Rates (RM/sq. m) 2001	Occupancy Rate
Asia Life Building	21.5	17.2	40%
Bangunan Pang & Sons	21.5	21.5	40%
Bangunan Perisind	24.75	24.75	60%
City Square	28	28	40%
EPF Building	21.5 - 24.2	23.7 - 25.8	55%
Menara Ansar	23.7 - 26.9	24.75	50%
Menara Sarawak Ent.	15.05 - 21.5	15.05 - 21.5	30%
Metropolis Tower	21.5 - 25.8	21.5 - 24.75	1100%

The retail sub-sector continued to enjoy good demand throughout the first half of the year despite an anticipation of a slow down in Singapore.

Year 2002 is expected to be a lacklustre year for the office sub-sector. The impending completion of the TNB Building along Jalan Yahya Awal, the Customs and Excise Building along Susur Tun Razak, and the new office building along Jalan Abdullah Tahir, will cause further vacancies in the various office buildings.

The office rental outlook continues to be depressed.

RETAIL

The retail sub-sector continued to enjoy good demand throughout the first half of the year despite an anticipation of a slow down in Singapore. The second half sentiment was generally cautious in view of numerous negative news on the impact of the United States economy as well as Singapore. Despite the above, occupancy in retail centres located within the Central Business District (CBD) remained high with generally better rental rates compared to the previous year.

Rental Rates and Occupancy Rates of Selected Retail Centres

	Rental Rates (RM/sq.m)				
	2000		2001		
Retail Centre	Ground Floor	Upper Floor	Ground Floor	Upper Floor	Occupancy Rate 2001
City Square	151	73	188.3	80.7	95%
Holiday Plaza	199	73	199.05	59.2	95%
KOMTAR	86	54	75.33	45.75	98%
Kotaraya	108	59	99.55	59.18	91%
Menara Landmark	75	49	69.95	43.05	45%
Plaza Angsana	161	86	161.4	96.85	85%
Plaza Tasek	129	57	129.1	59.18	89%
Waterfront City Lot 1	126	75	118.35	75.33	70%

Upgrading of some of the retail centres to achieve better occupancy was noted in 2001. Plaza Pelangi was refurbished to cater to current trends with space allocation for lifestyle cafes. Pacific Mall, a centre that never actually took off, is now currently being vacated and is to be restructured to meet current demand and needs of tenants and shoppers.

In anticipation of the slow down in consumer spending, hypermarkets are converging closer to the city centre providing convenience to shoppers. An example is the conversion of Leisure Mall into a hypermarket.

The outlook for the retail sector is expected to remain fairly stable despite the slowdown in the economy. The trend would be slightly biased towards a weaker market, evidenced by the declining trend in daily traffic volume crossing the Causeway and Second Link from Singapore.

SHOPHOUSES / SHOPOFFICES

The shophouse sub-sector was not active. The prices and rentals for the shophouses / shopoffices experienced some negative growth, due to the uncertainties in the market and business sentiments.

The residential market remained the most active in Johor Bahru for 2001. Despite being most active, the total volume and value transacted was lower than the previous year.

Price Level of Existing 2-3 Storey Shophouses / Shopoffices in Selected Areas

Location	Price (RM'000) 2000	2001
Taman Pelangi (3 storey)	900 - 1200	800 - 990
Taman Century	780 - 850	715 - 780
Taman Perling	370 - 400	365 - 400
Taman Ungku Tun Aminah	330 - 480	325 - 420
Taman Johor Jaya	350 - 380	330 - 350
Taman Universiti	400 - 430	350 - 420

There were limited launchings of new shophouses / shopoffices. Launches were mainly neighbourhood shops within existing housing schemes, as there are ready catchments. Some of the new launches of shophouses/shopoffices are as follows:-

New Launches of Shophouses/ Shopoffices

Location	Type	Lot Size	Selling Price
Mutiara Rini	2-storey Shophouse	22' x 70'	From RM257,000
Sri Saujana	2-storey Shopoffice	25' x 75'	From RM318,000
Taman Universiti	2-storey Shopoffice	24' x 64'	From RM328,000
Taman Seri Orkid	3-storey Shophouse	24' x 70'	From RM438,800
Park Avenue Business Centre, Taman Tampoi Indah II	4-storey Shopapartment	20' x 70'	From RM199,800

There are no positive signs of any improvements in this sector for the coming year.

RESIDENTIAL

The residential market remained the most active in Johor Bahru for 2001. Despite being most active, the total volume and value transacted was lower than the previous year. This was also reflected by the cold response towards the various Property Exhibitions.

The movement in property prices are reflected in the following table of selected schemes:-

Price Level of Existing 1-2 Storey Terraced Houses in Selected Areas

Location	Single-storey Terraced Price (RM'000) 2000	2001	Double-Storey Terraced Price (RM'000) 2000	2001
Senai-Kulai Area				
Taman Putri Kulai	100 - 116	93 - 130	180 - 225	150 - 180
Indahpura	-	-	156 - 186.9	150 - 180
Pasir Gudang Area				
Bandar Baru Seri Alam	143	130 - 136	NA	170 - 210
Kota Masai	80 - 100	85 - 100	140	140 - 160
Plentong-Ulu Tiram Area				
Taman Johor Jaya	142 - 183	150 - 163	165 - 210	170 - 200
Taman Desa Cemerlang	NA	130 - 150	145 - 250	182 - 250
Kangkar Pulai Area				
Taman Universiti	110 - 165	110 - 160	180 - 242	160 - 200
Taman Ungku Tun Aminah	130 - 188	130 - 160	223	180 - 200
Second Link Area				
Taman Perling	150 - 205	150 - 188	250 - 265	238 - 260
Bukit Indah	146 - 150	138 - 155	175 - 205	188 - 208
Tampoi Area				
Bandar Baru Uda	160	136 - 160	180 - 225	240 - 280
Taman Tampoi Indah	-	-	215	190 - 225

The current trend of development is likely to continue with emphasis towards affordable housing for year 2002.

There were several launchings of residential units in Johor Bahru, comprising mainly 1-2 storey terraced houses and apartments priced below RM200,000 to capture the medium and low-medium income group. These are new phases within existing housing schemes.

There were only a few new housing schemes launched during the year by established developers. These new housing schemes include Setia Indah, Taman Ehsan Jaya, Bandar Uda Utama, Taman Sri Putra, Taman Pulai Indah and Nusa Jaya Mas. Most are integrated townships comprising mainly single storey and double storey terraced houses priced below RM200,000 for the initial phase.

A number of medium-cost apartments were launched during the year. Most were located within 10 kilometre radius from the city centre. These apartments have built-up areas ranging from 79 sq metres to 97.5 sq metres with selling prices ranging from RM78,000 to RM180,000 per unit.

Price Level of Newly Launched Apartment/Condominium in Selected Areas

Location	Built-up Area (sq metres.)	Selling Price	Price (per sq metre)
Sri Akasia Apartment, Taman Tampoi Indah	95.5	From RM117,500	RM1,230
Vista Seri Alam, Bandar Seri Alam	79	From RM 88,800	RM1,123
Molek Pine, Taman Molek	99.8	From RM238,000	RM2,383
Rose Villa Apartment, Taman Putri Kulai	82	From RM 78,000	RM950
Taman Bayu Tebrau Apartment	92	From RM118,600	RM1,292
Danga Bay Resort Apartment	96.4	From RM180,000	RM1,866
Jade Court Condominium, Desa Larkin	88	From RM118,000	RM1,337
Prima Regency Service Apartment	97.5	From RM148,900	RM1,526

The current trend of development is likely to continue with emphasis towards affordable housing for year 2002. Caution need to be practiced by developers of new schemes as demand for such housing is likely to reach a saturation point. Location and pricing will be the formula for successful projects.

INDUSTRIAL

The property market in this sub-sector has been soft since the currency crisis in 1997. The events of 2001 and the slow down in the global economy, especially Singapore, had further dampened the market, especially in the electronic sector.

Even though the government had relaxed the Foreign Investment Committee (FIC) ruling by allowing 100% foreign equity in manufacturing industries, the demand particularly from foreign investors, remained weak. The price level of industrial properties noted a decline in value.

Price Level of Industrial Properties (Factory/Workshop) in Selected Areas

Location	Size (sq. m)	Price (RM'000 per unit) 2000	Price (RM'000 per unit) 2001
JB Perdana Industrial Park	325.16	260 - 280	255 - 280
Taman Mount Austin	289.85	290 - 320	250 - 290
Taman Perindustrian Cemerlang	1,337.80	1,150-1,390	1180 - 1300
Taman Universiti	557.42	440-500	410 - 415
Taman Putri Kulai Light Industrial Park	223	335	266 - 335

Price Level of Vacant Industrial Lands in Selected Areas

Area	Price (RM/sq. m)	
	2000	2001
Senai-Kulai Area	193 - 215	129 - 161
Pasir Gudang Area	172 - 193	161 - 194
Tampoi Area	319 - 344	215 - 269

Closures, down sizing and relocations are likely to be buzzwords in the industrial sector in the coming year. 2002 will prove to be yet another difficult year for this sector.

HOSPITALITY & LEISURE

The Johor Bahru hospitality sub-sector had been experiencing difficult times since the 1997 financial crisis due to slower business activities. However, occupancy rates over the years has increased from a low of 60% up to 70% due to higher occupancies over the weekends from short-term tourist and Singaporeans.

The occupancy rates for year 2001 had however dropped due to external events as well as the additional supply of hotel rooms. The official opening of New York Hotel and the Micasa Hotel Apartments had contributed an additional 463 rooms to the existing supply. The change in occupancy rates are tabulated as follows:-

Number of Rooms and Occupancy Rates of Selected Hotels

Hotel	Star Rating	No. of Rooms	Average	
			2000	2001
The Puteri Pan Pacific	5	476	51%	43%
Hyatt Regency	5	393	57%	49%
Crowne Plaza	5	330	54%	55%
Sofitel Palm Resort & Golf	5	311	49%	53%
Eden Garden	5	400	50%	45%
Grand Blue Wave	4	184	85%	77%
Grand Continental	4	285	70%	70%
Crystal Crown	3	246	80%	70%
Mecure Ace	3	109	59%	50%
Hotel Seri Malaysia	NR	186	73%	50%

The overall market for the hospitality sector is expected to remain soft and challenging for year 2002.

20-acre Bukit Indah Townpark, won the Johor State Landscape Award 2001

2002 MARKET OUTLOOK

The prolonged downturn in the United State economy, the effects of the Singapore recession and the slowdown in the Malaysian economy is likely to affect Johor Bahru most. Johor Bahru's dependency on the Singaporean consumers and the high purchasing power of Malaysians working in Singapore had effected the overall economy of Johor Bahru.

Year 2002 is likely to be a difficult year for the property linked industries, be it developers, financial institutions or related professionals. Demand is likely to be soft for most sectors due to insecurities and strict financing requirements. Rising non-performing loans (NPLs) and forced selling by the financial sector would lead to further declines in property values.

An early recovery in the United State and Singapore economy together with the expansionary monetary policies by the Malaysian government could well buffer the downturn by late 2002.

BATU PAHAT

Generally, the mode of the market is cautiously optimistic with a more selective demand for residential and commercial properties.

Developers are still looking forward toward a more emphatic recovery.

OFFICE/RETAIL

There is now an apparent tendency for more commercial developments to gravitate away from the traditional business centre. In the retail sub-sector, Jalan Bukit Pasir maintained its resilience in terms of capital and rental values. Prices of three storey shophouses remained at around RM450,000 per unit in the year under review, virtually unchanged from the level in 2000. The price of a double storey shophouse in the same neighbourhood peaked at RM380,000 in the third quarter of 2001, up by about 5% on year to year basis.

In the traditional town centre, transactions of prewar shophouses registered a price range of RM340,000 to RM380,000 per unit, slightly up by 2% to 5% from the level in the previous year.

At prime commercial locations, tenancies for ground floors of typical shophouses were generally renewed at monthly rentals of RM1,800 to RM2,000 per unit about 5% higher compared to 2000 level.

Amongst residential areas, prices of two storey shophouses stabilised at around RM180,000 to RM220,000 per unit, registering a drop of less than 5% against previous year level.

Overall, volume of transactions in the commercial market remained lacklustre. In the short and medium term, prices are expected to consolidate at current levels. Sellers and buyers alike were watching the market with little commitment.

Within the office sub-sector in particular, the market continued to be plagued by a mismatch between supply and demand in 2001. Rentals were generally weakened by a noticeable overhang in the market.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
Suite 18 Level 18 Menara Ansar
65 Jalan Trus
P O Box 320
80000 Johor Bahru
Tel: (607)-224 3388
Fax: (607)-224 9769
wtwjb2@po.jaring.my

In the year under review, Jalan Tanjong Laboh appeared to have attracted more residential developments.

RESIDENTIAL

Generally, investors were reluctant to speculate or invest aggressively in the residential market.

There was a gradual return of confidence with interests mainly centered on single and double storey terraced houses. On average, residential prices gained between 5% to 8% from the 2000 level. Rentals were flat or only marginally higher by about 2% to 3%.

In the third quarter of 2001, Taman Harmoni was launched in Tongkang Pecah at the following prices:

Type	Average Price
Single storey terraced	RM 99,800
Single storey semi-detached	RM158,800
Single storey medium cost	RM 79,900
Double storey low medium cost	RM 49,900
Double storey low cost	RM 25,000

At more popular locations closer to the town centre, residential prices may be summarized as follows:

Type	Average Price
Single storey terraced	RM105,000 to RM125,000
Double storey terraced	RM170,000 to RM190,000
Single storey semi-detached	RM175,000 to RM195,000
Double storey semi-detached	RM235,000 to RM260,000

In the year under review, Jalan Tanjong Laboh appeared to have attracted more residential developments. Most banks continued with special housing loan packages to promote demand and lend support to the residential market Generally, we believe the market has become more stable and predictable.

INDUSTRIAL

The market was lethargic . There was no major development or activity in the industrial market.

Transactions of vacant industrial sites were confined to new phases of Kawasan Perindustrian Sri Gading. 60-year leases were generally released into the market at RM 80 to RM86 per square metre in 2001, showing an insignificant improvement of about 3% against the 2000 level.

Prices of industrial properties with ready buildings registered minimal change compared to level in previous year. Within popular industrial schemes, values were maintained at the following levels in 2001:

Type of Development	Price Per Unit
1 ½ Storey Terraced Factory	RM150,000 to RM220,000
1 ½ Storey Semi-detached Factory	RM250,000 to RM300,000
1 ½ Storey Detached Factory	RM350,000 to RM450,000

Amongst industrial schemes in rural areas, a fair percentage of the purchases in recent industrial schemes over the last couple of years were not matched by actual physical utilisation, indicating that the current need for new industrial space may be lagging behind the growth of supply in the market. Many of these early purchases, as some tend to believe, were pure speculative buying.

HOSPITALITY & LEISURE

The market is essentially business rather than tourist based. At the upper end of the market, hotel business came under stress in 2001 as operators have to strive for even the minimum occupancy rate of the industry. Budget hotels, however, performed better. There was no proposal for new ventures in the industry in the year under review.

2002 MARKET OUTLOOK

As the residential sub-sector gradually regains its strength, more local developers may be expected to launch new projects in 2002. The low interest regime should provide the necessary relief and impetus for genuine buyers.

However, any gains in the market are expected to be more subdued in the near future. The momentum for further recovery would hinge on the overall economic scenario of the country in general and the region in particular.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
37-4B,
(2nd Floor) Jalan Rahmat
83000 Batu Pahat, Johor
Tel: (607)-434 6122
Fax: (607)-434 6921
wtwbp@po.jaring.my

INTERNATIONAL PROPERTY 2002

Penang

PENANG ISLAND

The first year of the new millennium proved to be a difficult year for most. As the pace of recovery began to slow down for the manufacturing sector and while the sectors with excess capacity and over supply were still finding their way out of 1997 downturn, the business world was almost turned upside down by the shock of September 11th.

The game plan before September was how to increase market share and what new things to do. New activities include moving out to new locations, outright sale of property, tap the niche market, take advantage of location, renovate old properties and revitalise the old districts, see through the difficulties and plan for the future or simply to adopt a wait and see attitude.

For the first half of the year the property players were interpreting and responding to the market signals differently. The sellers were optimistic about the long term future of the industry but the buyers were pessimistic about the short term future. In the midst of a slowing local and global economy, contraction in the manufacturing sector, and over supply in the office sub-sector, and an over cautious consumer sentiments, more of the same were added to the market – uncompleted projects were revived and completed and new offices, shopping centres, and new supermarkets were opened. Lower interest rates have attracted buyers and property prices have remain stable. Auction sales have not been popular with buyers.

To soften the economic slowdown in the Island, infrastructure projects were announced and this include new flyover, a possible relocation of the government offices from Komtar to a new site and the conversion of the tower block to other uses, planning for the second link and reclamation projects at Jelutong and Tanjung Tokong.

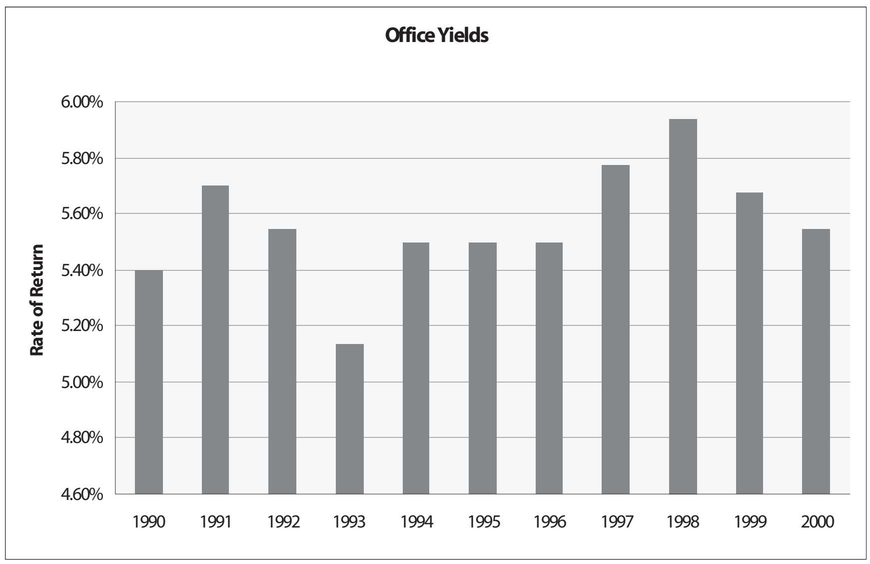
The modern office towers mostly at Jalan Sultan Ahmad Shah may experience some shakeout as the tenants slowly move out to newer and cheaper offices and owners facing stiff competition will reluctantly reduce their rents to hold on to their existing tenants.

OFFICE

This sub-sector has several problems to overcome. The old CBD needs to be rejuvenated and revitalised. It has old pre-war buildings and some medium size office blocks that need to be refurbished and occupied. The modern office towers mostly at Jalan Sultan Ahmad Shah may experience some shakeout as the tenants slowly move out to newer and cheaper offices and owners facing stiff competition will reluctantly reduce their rents to hold on to their existing tenants.

Project	Storey	Area (sq.m)	Location	Expected Completion Date
Northam House	31	40,400	Jalan Sultan Azlan Shah	2001
Victoria Tower	11	4,600	Weld Quay/Lebuh Victoria	2001
Menara Riverview	11	12,500	Jelutong	2002
Weld Quay	11	11,500	Weld Quay	2002
Warisan Penang	23	24,500	Jalan Sultan Azlan Shah	2003
	Total	93,500		

A corporate park on a site of 1.76 hectares was introduced in Bayan Bay in June. A total of 108 offices and 65 retail units were offered at prices between RM2,500 to RM4,800 per square metre. Facilities would include intelligent office automation.



RETAIL

The following shopping complexes were opened:

Development	Total Space (square metres)	Date Opened
Prangin Mall	92,000	Nov-00
Gurney Plaza	65,000	Jul-01

There are now more choices of retail complexes. The more frequented centres will be in a better position to ride out the slow down.

Most of the activities were confined to landed properties such as terraced, semi-detached and detached houses.

SHOPHOUSES

Two-storey shophouses launched during the year include

Location	Selling Price
Pasir Emas, Genting	RM295,000 – RM350,000
Batu Maung	RM328,000
Teluk Indah	RM328,000

Along Jalan Sg Dua, 25 units of three-storey shophouses were launched. The units were sold under strata titles and their combined asking prices were RM1.1m onwards for a whole 3-storey unit. This development comes with 4 lifts and 250 car parks.

RESIDENTIAL

Most of the activities were confined to landed properties such as terraced, semi-detached and detached houses.

A new housing concept was also introduced in Penang - exclusive detached houses with club house amenities, landscape gardens and sold with strata titles at Brook Road and at Batu Feringhi. The Brook Road House has a build up area of 316 square metres and a land area starting from about 385 square metres. The selling price was 1.4 million upwards. In Batu Feringghi the selling price started from RM450,000 onwards. There are seven models available for sale.

Some of the landed property projects that were launched were:

Location	Type	Selling Prices From
Sungai Ara	2 storey terraced	RM 460,000
Bayan Baru	2 storey terraced	RM 310,000 – RM348,000
Paya Terubung	2 storey terraced	RM398,000
Teluk Kumbar	3 storey terraced	RM 338,000
Genting, Balik Pulau	2 storey terraced	RM 220,000 - RM240,000
Tg Bungah	3 storey terraced	RM 498,000
Bukit Gambir	2 storey terraced	RM 408,000
Sg Nibung	2 storey terraced	RM 378,000
Genting, Balik Pulau	2 storey terraced	RM 322,000 – RM 340, 000
BB Air Putih, BP	2 storey terraced	RM 210,000
BB Air Putih, BP	2 storey semi-detached	RM 280,000
Sungai Ara	2-3 storey semi-detached	RM 589,000 – RM 760,000
Bayan Lepas	2 storey detached	RM 489,000 – RM599,000

Prices were mixed with landed properties recording stable to marginal increases and high-rise units recording slight decrease in value. Rents were more sensitive to the market forces and generally they we softening. The residential market was stable during the beginning of the year and landed properties were showing sign of recovery with price increases and slow but steady demand. Developers were quick to respond and a few small scale niche projects were launched.

An up market condominium was re-offered for sale in 2001. Their asking prices were RM1.1 million to RM1.7 million. Their floor area were 360 to 460 square metres. While the above project received favourable response, another condominium project down the road has been abandoned.

INDUSTRIAL

The slow down in this sub-sector was recorded and about 10,000 persons in the state were affected through downsizing programmes. A factory having an area of 2 hectares was offered for sale at RM27 million.

The industrial properties within the Bayan Lepas Industrial Park have a tenure of 60 years. The properties are located in Phases 1, 2 & 3 now have an unexpired term of about 40 - 45 years. Selling prices quoted by PDC is RM215 per square metre for land in the industrial park and RM 2550 per square metre for land designated for Technoplex.

In July 2000, a factory on a site of 41,700 square metres was transacted for RM17.75 million while another similar factory erected on a site of 3.327 hectares was sold for RM18 million.

With the slow withdrawal of investment by some multinational companies, a few of such factories will be offered for sale / to let this year.

HOSPITALITY & LEISURE

There was a new addition for the year and this is the prestigious E & O – a soft opening for 70 deluxe suites was made in February 2001.

With this opening the total number of hotel rooms in Penang is now about 11,500 rooms. A five-star 395-room hotel along Batu Feringghi was refurbished at a cost of RM23m.

In December 2000, Danaharta reported that they had sold two beach hotels in Penang. A three star, 200 room Paradise Bay at Tanjung Bungah was sold for RM19.1m (or RM95,500 per room) and the two star, 126 room Golden Pearl Island Resort was sold for RM15m (or RM119,000 per room).

The uncertainties of the times will increase the risks in this sector. The immediate impact was there was a drop of 30% in tourist arrivals. Penang being an international tourist resort will have to braise itself to face a challenging time ahead. It is time to sell Penang more aggressively and to identify new markets.

HERITAGE PROPERTIES

Some decontrolled properties in the old city district were refurbished and let out. The trend is to identify new viable uses to carve out fashionable entertainment strip users such as boutique restaurant, coffee bars, hotels, tourist shopping centres to provide an alternative to modern office blocks and shopping centres. Some are left vacant awaiting clearer market signals before commitment to additional capital investments.

GOVERNMENT PROJECTS

Major Projects planned or implemented in Penang include the following:

Projects	Government	Cost (RM million)	Start / Completed
Penang Airport Facelift	Penang	46	1998-2001
Tanjung Tokong Road Widening	Penang	31	1999-Apr 2002
3 wet/dry markets	MPPP	12	2002-2003
Jelutong Express	State	400	2000-2008
Penang Outer Ring Road (PORR)	Penang	1200	2001-2004
Jalan Sultan Azlan Shah Flyover	Penang	160	2001-2004

2002 MARKET OUTLOOK

While the sectors with the over supply have yet to undergo an 'industry' shakeout ,the low interest policy is helping to create demand and making it cheaper for investors to hold on to their investment. Sooner or later the fundamentals will have to set in to reassert itself. The sector with limited supply and steady demand will continue to provide niche market activities and lead the industry out of the doldrums. The sector that is experiencing over supply will be exposed to the market forces.

Property investment is a long term investment and it is during times like these that profit margins are thin and developers are reaping normal profit. Thus offering good bargains for buyers.

SEBERANG PERAI

The property market in Seberang Perai remained stable in 2001.

Transactions in the residential sub-sector were active with prices at the previous year's level while those for commercial and light industrial sectors were still soft.

The Federal and State Governments are reviewing suitable locations for the second link to Penang Island. Two potential locations under consideration are Bagan Ajam on the mainland to Bagan Jermal on the northern part of Penang Island and Hujung Bukit on the mainland to Batu Maung on the southern part of the Penang Island. The former will have a link of 9.2 kilometres while the latter will have a link of approximately 20 kilometres.

OFFICE

The office market in Seberang Perai in 2001 generally remained at 2000 level with rentals generally unchanged.

The office building of Kumpulan Wang Simpanan Pekerja was completed during the year. This building is located adjacent to Pusat Bandar Seberang Jaya.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
35, Green Hall
P O Box 1161
10850 Penang
Tel: (604)-263 3377
Fax: (604)-263 0359
wtwpg@po.jaring.my

Bangunan KWSP

In Bukit Mertajam, a new office building belonging to the Trustees of Hock Teik Cheng Sin Temple was also completed during the year. This building is located along Jalan Ciku and it has a total nett lettable floor area of approximately 3,978 square metres.

Existing major office buildings in Seberang Perai are NB Tower, Wisma UMNO, Wisma Peladang, Wisma Suria and Wisma Pantai in Butterworth and Sunway Business Park in Seberang Jaya with asking gross rentals ranging from RM7.54 per square metre to RM16.15 per square metre per month.

The occupancy rate of these buildings range between 13% to 50%.

RETAIL

There were no new addition of commercial complexes in Seberang Perai during the year.

The occupancy rate of the Megamal Pinang Commercial Complex generally remained at 2000 level. The ground floor is almost fully occupied while the upper floors are approximately 30% to 50% occupied.

Rental rates also remained at the previous year's level.

In Bukit Mertajam, the BM Plaza Commercial Complex enjoyed a high occupancy rate of approximately 85%.

SHOPHOUSES

The market for traditional shophouses was soft when compared to 2000 except in selected prime locations of Butterworth and Bukit Mertajam town.

In Bukit Mertajam, double storey shophouses along Jalan Datuk Ooh Chooi Cheng with land areas ranging from 122 square metres to 158 square metres were sold at prices ranging from RM245,000 to RM300,000 while in Butterworth, the double storey shophouses along and off Jalan Chain Ferry with land areas ranging from 127 square metres to 131 square metres were sold at prices ranging from RM250,000 to RM260,000.

In Perai, a 3-storey shopoffice with individual strata titles located at Taman Inderawasih with total parcel area of 337 square metres was sold for RM700,000.

There were also new shophouses/shopoffices which came into the market during the year as follows :-

Location	Type	Price
Bukit Minyak Business Centre	2-storey shophouse	RM238,000
Taman Bertam Permai	1-storey shopoffice	RM170,000
Taman Bertam Indah	1-storey shopoffice	RM191,640
	2-storey shopoffice	RM282,640

Demand for landed residential properties priced below RM100,000 remained strong while demand for those priced above RM100,000 was fairly active especially in the more sought after localities such as Permatang Pauh, Raja Uda and Perai.

RESIDENTIAL

The residential sub-sector was active in 2001. However, prices generally remaining at the 2000 level.

Demand for landed residential properties priced below RM100,000 remained strong while demand for those priced above RM100,000 was fairly active especially in the more sought after localities such as Permatang Pauh, Raja Uda and Perai.

In Chai Leng Park Perai, a double storey semi-detached house with land area of 422 square metres was sold for RM550,000 while in Taman Bagan, Butterworth, a double storey corner terraced house with a land area of 223 square metres was sold for RM390,000.

There were also a few new housing schemes launched during the year as follows :-

Location	Type	Price
Taman Sintar Indah, Nibong Tebal	1-storey terraced	RM88,000 +
	2-storey terraced	RM119,888 +
	2-storey semi-detached	RM176,888 +
Taman Delima Indah, Juru	1-storey terraced	RM92,888 – 108,438
	2-storey terraced	RM148,888 – 189,888
	2-storey semi-detached	RM199,888 – 380,000
Taman Seri Impian Alma	2-storey terraced	RM157,888 +
	2-storey semi-detached	RM261,000 +
Taman Gamelan Indah, Sungai Bakap	1-storey terraced	RM 73,900 +
	2-storey terraced	RM138,000 +
Taman Jernih Phase 3	2-storey terraced	RM195,000 - 282,000
Bukit Mertajam	2-storey semi-detached	RM273,000 - 333,000
Taman Segar	2-storey terraced	RM198,888 - 268,283
Bagan Lallang	2-storey semi-detached	RM298,888 - 345,598

INDUSTRIAL

The industrial sub-sector in Seberang Perai can generally be said to be in the doldrums.

In Prai Industrial Estate (Free Industrial Zone), a detached factory with a total land area of 1.1 hectares was sold for RM5,350,000 while in Taman Perusahaan Pelangi, Perai, a 1½ storey semi-detached factory with a land area of 916 square metres was sold for RM620,000.

Prices of other industrial properties in a few selected areas are as follows :-

No new industrial scheme was launched during the year.

Location	Type	Price
Kaw. Industri Ringan Permata	1½ storey semi-detached factory	RM250,000 – 310,000
Taman Industri Cherok Tinggi To'Kun	2-storey terraced factory	RM260,000
Jalan Permatang Pauh Butterworth	2-storey terraced factory	RM325,000
Jalan Bagan Lallang Butterworth	1½-storey terraced factory	RM420,000
Taman Industri Ringan Teras Jaya	1½-storey terraced factory	RM240,000

HOSPITALITY & LEISURE

There were no new additions of hotels in Seberang Perai during the year.

The existing major hotels in Seberang Perai are Sunway Hotel Seberang Jaya, Pearl View Hotel and Prescott Hotel contributing 518 rooms.

The occupancy rates of these hotels were in the region of 60% to 70%.

EDUCATIONAL

The Universiti Sains Malaysia Transkrian Engineering Campus in Nibong Tebal, Seberang Perai Selatan was opened in June 2001.

This new campus which is located strategically to Penang, Kedah and Perak offers six engineering courses - chemical, electric and electronic, civil, mechanical, aerospace and material and mineral resources.

2002 MARKET OUTLOOK

2002 appears to be a difficult year for the property market given the current global economy.

The residential sub-sector can still be expected to contribute to the market while the other sub-sectors are expected to remain either stagnant or shrink further.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
No. 33, Jalan Todak 4
Pusat Bandar
Seberang Jaya
13700 Seberang Jaya
Pulau Pinang
Tel: (604)-398 1188
Fax: (604)-397 1188
wtwbw@po.jaring.my

Negeri Sembilan

The property market in Negeri Sembilan remained subdue throughout 2001. The residential market remains the most active sub-sector. A number of new launches were recorded throughout the year and attractive housing loan packages provide some degree of incentives for new house buyers. However, the overhang supply of residential properties remains a concern. It was reported, as of July 2001, the overhang registered a total of 2,905 houses worth RM199.3 million. The houses which remained unsold were low cost flats and houses in outlying areas.

Similarly, the commercial sub-sector remains quiet. No new developments took place and the major abandoned projects remain unrevived for the year. The Negeri Sembilan State Government announced, in October 2001, that it is offering special incentives to developers to encourage them to revive their abandoned projects. Among the projects targetted for revival are a hotel and office block at Kemayan Square, a multi-storey building at Jalan Datuk Bandar Tunggal, a hotel at Jalan Tuanku Antah and Terminal One office tower.

The industrial sub-sector also has not shown much progress in terms of volume and value. Prices of industrial lands hover at basically the same rate as the previous year.

Notable developments appearing in the Negeri Sembilan property landscape include the Giant Hypermarket in Senawang, Warisan Puteri township in Sikamat and Forest Heights Seremban development in Rahang.

A few prominent infrastructure projects also experienced some setback. These include the KASEH Highway which was anticipated to start development within the year was delayed while the new Nilai interchange though completed has yet to be opened. Major developments planned within the state include the YTL Power International Bhd RM5 billion 1400MV power plant in Jimah, Kolej Universiti Islam Malaysia in Bandar Baru Nilai which will be built on a 190-hectare site and a new flyover for the Seremban district southern corridor which will be undertaken jointly by a group of eight developers.

Newly completed shophouses along Jalan Yam Tuan

OFFICE

There is no new stock of purpose-built office building in 2001. Office premises in shopoffices in Seremban town centre has shown some increase in supply due to a number renovations and rebuilding of pre-war and older shophouses were been carried out or completed within the year.

Occupancy levels of the existing purpose built office buildings ranges between 80% to 90%.

Monthly asking rental of selected buildings are as follows:

Building	Average Rental (per square metre)
Wisma DPMNS	RM12.92 – 16.14
Yayasan Negeri Sembilan	RM15.07 – 16.14
Arab Malaysian Business Centre	RM17.22 – 19.34

RETAIL

The supply of purpose built retail centres remaines unchanged. The asking rental levels for Terminal One shopping centre is RM96.88 per square metre and RM75.35 per square metre for ground and first floors respectively.

The increase in the prices of shophouses/shopoffices within the town of Seremban indicate upward trend and sustaining demand for such premises. The prices of double storey shophouses ranges from RM500,000 to RM650,000 while the three to four storey recorded a price range from RM650,000 to RM750,000 per unit. The business centres fringing the town also recorded an increase in value.

RESIDENTIAL

Prices and rental of the houses in Seremban are as follows:

Type	Prices per unit	Rental per month
Single storey terraced	RM70,000 to RM130,000	RM300 to RM450
Double storey terraced	RM120,000 to RM180,000	RM450 to RM750
Single storey semi detached	RM120,000 to RM240,000	RM400 to RM650
Double storey semi-detached	RM150,000 to RM320,000	RM500 to RM900

INDUSTRIAL

In general, the prices for the industrial properties has not recorded any increase from previous year. The overhang supply in the form of terraced and semi-detached factories has not increased significantly.

Prices vacant industrial lands of selected industrial schemes are as follows:

Type	Prices per square metre
Oakland Industrial Park	RM150.70 to RM172.22
Senawang Industrial Park	RM161.40 to RM193.68
Arab Malaysia Industrial Park	RM129.17 to RM139.93
Nilai Industrial Park	RM129.17 to RM161.45

HOSPITALITY & LEISURE

Port Dickson remains the popular holiday destination in Negeri Sembilan. The hotel stock remains the same with occupancy level around 30% to 40%. The resort condominiums remain lack lustre with some showing further decline in value compare to the previous year.

2002 MARKET OUTLOOK

The global economic slowdown will have a negative overspill effect on the State property market well-being. Industrial and commercial developments will be mostly affected with residential sub-sector facing further slowdown in its development activity. The investors and financiers will be more cautious and therefore the volume and value of transactions will be heading for a downtrend during this period. The market would need to rely more on the assistance and incentives from the State Government as well as the Federal Government to prod up the market. The developers would need to come up with competitive prices and innovative packages for the sale of new properties.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
1st Floor,
Kompleks Negeri
7- A, Jalan Dr. Krishnan
70000 Seremban,
Negeri Sembilan
Tel: (606)-765 3355 / 765 3356 / 765 3357
Fax: (606)-7653360
wtwsbn@tm.net.my

C H Williams Talhar & Wong

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INTERNATIONAL PROPERTY 2002

Malacca

Overall, the property market in Malacca remained sluggish in the wake of global economic uncertainties and the prevailing property overhang. There were fewer and smaller launches with a marginal increase in take-up rate from 48% to 50%. Price movements were mixed with some moderate gains in some categories of the normally dominant residential and agricultural subsectors.

Around 3,700 units worth about RM400 million were for sale at the MAPEX 2001 held in August, 2001. Of these around 70% were residential units with the majority located in the Melaka Tengah District. The overall response was reported to be lukewarm.

The total housing stock grew marginally by 0.5% to 97,968 units in the first quarter of 2001.

The hotel industry continued to consolidate in 2001 with a slight increase in occupancy rate due to concerted promotion activities undertaken by the Government.

OFFICE

The office subsector remained stable with neither changes in rental nor new developments. There are currently 50 office buildings of which 33 are in Malacca town. The total lettable office space in Malacca is of around 185,000 square metres and the prevailing occupancy rate of about 90%.

As in the past years, the monthly average rentals remained at between RM15 to RM20 per square metre.

Limited office space will be available with the completion of a mid-rise building along Jalan Hang Tuah.

RETAIL/SHOPHOUSES

The retail sub-sector remains unchanged as per previous year. A new supermarket in Plaza Pandan Perdana on the outskirts of town opened for business while another in town closed down recently after about a year in business.

The residential sector continued to be sluggish with mixed price movements. Rentals in most areas remained unchanged.

The overall occupancy rate of retail complexes with a total lettable area of about 175,000 square metres was reported to be 78%.

Dataran Pahlawan. an underground retail complex at the historic Padang Pahlawan was launched during the year. The selling prices of the retail lots with sizes ranging from 18 to 280 square metres are from RM7,850 to 8,830 per square metre. The sale is inclusive of legal fees and transferable clubhouse membership.

Several retail lots in Mahkota Parade was reported sold to the tenants at prices ranging from RM8,610 to 16,000 per square metre.

Prices and rental rates of the shophouses remained at last year's levels whilst rental returns remained at an unattractive rate of around 4 to 5%.

The Price levels of shophouses in and around Melaka Town are as follows:-

Type	Location	Selling Price (p.u.)
Double Storey	Prime	RM250,000 – RM280,000
	Secondary	RM150,000 – RM180,000
Three Storey	Prime	RM360,000 – RM460,000
	Secondary	RM200,000 – RM300,000

In view of the oversupply of shophouses in town there were no new commercial launches during the year. Most of the abandoned commercial projects viz, Bandar Utama Melaka are yet to be revived while another five planned have yet to be launched.

RESIDENTIAL

The residential sector continued to be sluggish with mixed price movements. Rentals in most areas remained unchanged. A total of around 1,400 units were launched during the year . Efforts were more focussed on reducing the property overhang. To attract buyers incentives such as cars and lucky draw prizes were offered.

In Ayer Keroh, a township project, Ozana Country Resort launched its latest phase of double storey terraced houses at prices from RM155,000 and RM162,000 respectively. This is the first gated development in the state as well as having steel roof trusses instead of the timber ones.

The initial two phases of another township project in Merlimau, Bandar Putra Melaka was launched in early 2001. The first phase of 69 bungalow lots priced at RM107 to 130 per square metre achieved a sales rate of 80% while the second phase of 92 lots only garnered a sale rate of 20%. We understand that the developer is reviewing the project in the light of the soft market.

Prices of vacant bungalow land in resorts out of town remain in the region of RM108 to RM130 per square metre while a bungalow lot project, Putra Heights, in Bukit Baru was launched at an upmarket price of RM646 per square metre.

The average prices of various types of houses are as follows:-

Type	Location	Selling Price (p.u.)
1-Storey Terraced	Ujung Pasir	RM120,000 – RM145,000
	Bukit Bruang	RM 85,000 – RM105,000
	Malim	RM 85,000 – RM 95,000
2-Storey Terraced	Kampong Lapan	RM210,000 – RM230,000
	Bukit Katil	RM130,000 – RM145,000
	Ayer Keroh	RM135,000 – RM155,000
1-Storey Semi-Detached	Bukit Baru	RM140,000 – RM170,000
	Malim	RM145,000 – RM165,000
2-Storey Semi-Detached	Semabok	RM290,000 – RM350,000
	Klebang	RM300,000 – RM400,000

Several low-cost housing schemes especially those stratified units received poor response partly due to mismatch as well as indicating a preference for landed properties in Malacca.

Up-market condominium remained weak with low occupancy rate. Prices have stabilised though at levels of around 40% below the peak in 1995/96.

INDUSTRIAL

Large MNC factory sold by WTW

The 2000 property market trend in industrial sub-sector continued in 2001 with limited inquiries for new sites. There are presently nine industrial estates developed by the State Development Corporation and fifteen which are privately developed. These industrial estates experience varying occupancy rates from around 30% to fully occupied depending on factors such as location, pricing, supporting infrastructure, etc. A number of the privately developed industrial projects namely Malaysian – China Light Industrial City, Taman Industri Osson, Rambai Maju Industrial Park are still abandoned.

In order to achieve a developed state status by 2010, the state government has been aggressively promoting investments especially in high-tech manufacturing and tourism. Major new investment in the industrial sub-sector during 2001 include the setting up of a RM170 million car manufacturing plant in the Pegoh Industrial Estate by DRB-Hicom and Honda. An international computer manufacturer closed its Malacca plant recently.

Prices of industrial land generally consolidated while thesale of small-and-medium industry (SMI) units in the outskirts areas remained poor.

The prices of vacant industrial land in selected areas are as follows:-

Location	Price (per square metre)
Cheng	RM150 – RM172
Ayer Keroh	RM110 – RM205
Bukit Rambai	RM 90 – RM107
Merlimau	RM 48 – RM 60
Alor Gajah	RM 70 – RM 85
Batu Berendam	RM110 – RM180
Krubong	RM105 – RM155

HOSPITALITY & LEISURE

Hotel occupancy improved further from last year while room rates remained unchanged. The average occupancy rate was around 57%, up from 48% during the same corresponding period last year due to concerted efforts to achieve the targeted 3 million tourists.

Currently there are 55 hotels (rated from 2 to 5-star) with about 5,300 rooms available. No new hotel development is expected to develop in the next 2 – 3 years. Construction on the proposed 300-room Ambassador Hotel remains in abeyance.

The local tourism industry is awaiting a boost from the expected listing of Malacca under the UNESCO World Heritage List by 2002. Meanwhile the state government is closely monitoring developments and enhancing conservation of heritage areas of the town.

Efforts to ease traffic congestion and the opening of the new coastal highway would help tourism growth in Malacca town.

EDUCATIONAL

The State aims to be a centre of education and there are currently around 20,000 non-local students studying in about 20 institutions of higher learning in Malacca. Another three colleges and a MARA junior science college have been planned.

The Melaka-Manipal Medical College in Bukit Baru was officially opened in July 2001.

2002 MARKET OUTLOOK

The overall property market is expected to remain weak in view of the prevailing economic conditions.

Developers will remain cautious and under pressure as the overhang in commercial and industrial properties remain to be fully absorbed. The dismal performance of low-cost projects especially in rural areas indicates the need for prudent and proper market research. Medium cost terraced houses will continue to dominate the market.

Demand for resort and up-market residential properties is expected to remain sluggish.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
No. 178, Jalan Merdeka
Taman Melaka Raya
75000 Malacca
Tel: (606)-281 2288
Fax: (606)-284 6399
wtwmlc@po.jaring.my

INTERNATIONAL PROPERTY 2002

Perak

Global economic slowdown cast uncertainties and bleak outlook for the property market in year 2001. General public are more cautious on spending and those who can afford are either looking for 'cheap' buy or adopting a wait and see attitude.

Performance of every sector is down except for residential market which is trying to keep up its momentum. Overall supply is easing down. No mega project has been launched in Perak. Small scale launching of low and medium cost residential units is well received with stimulants such as low interest rate offered by banks. Overall, take-up rate of residential property is not as encouraging compared to year 2000.

Office sector suffered decrease rental values and rates of return. Excess office space and relocation of office tenants are the main forces behind the low rental. Occupancy in retail space at established shopping complexes maintained whereas the older and less established ones are still trying hard to entice tenants.

Performance of commercial properties is not consistent with prime properties recording an upward trend in rental and capital values. In contrary, secondary properties performance was dismal.

Industrial sector is badly hit with low demand, decreased capital value and rental yield.

RETAIL / SHOPHOUSES

The only retail outlet completed in 2001 in Ipoh is Pengkalan Emas Mall (previously known as Bukit Emas Mall) located along Jalan Pasir Puteh, the main trunk road linking Ipoh city centre to the southern corridor of Ipoh. Total built-up area of this complex is approximately 2,780 square metres with the developer as the anchor tenant. Purchasers are guaranteed 7% return on their purchases.

Occupancy of the two established retail outlets such as Kinta City and Ipoh Parade is 100% and near 80% respectively. Complexes without anchor tenant and good tenant mix would have to compromise with lower rental.

Sale of new shophouses in prime location within the city is encouraging. Capital values for places like Greentown Business Centre has increased marginally. Rental value also increased in tandem. The strategic location of Greentown Business Centre which is surrounded by Federal Building, Employees Provident Fund Building, City Council, hotels, banks and security firms has managed to attract a big number of corporations to be located in the vicinity.

On the other hand, relocation of offices and retail outlets from old town and Bandar Ipoh Raya has forced down rental value in these areas.

Sunway City

RESIDENTIAL

The performance of residential sub-sector remained stable throughout the year. New housing schemes are mostly taken up especially the low and medium cost houses.

A new high rise development, Orchid Tower in Taman Bercham Jaya, Bercham was launched in 2001. It offers 16 floors of residential apartments and three storeys of commercial lots for sale.

With expectation of higher demand, Sunway City is expected to revive its development of residential properties in Tambun, Ipoh.

Some of the housing schemes launched during the year are as follows:-

Schemes	Land Area	Price
2 ½ storey terraced house		
Taman Peranginan Lembah Meru	24′ x 85′	RM249,800
Double-stoery terraced house		
Anjung Bercham Megah	24′ x 60′	RM 128,000
Desa Rishah	22′ x 70′	RM 129,800
Taman Perpaduan Jaya	20′ x 70′	RM 135,800
Bandar Baru Tambun	22′ x 75′	RM 188,800
Taman Peranginan Lembah Meru	22′ x 80′	RM 199,800
Single-storey terraced house		
Taman Desa Pengkalan	20′ x 65′	RM69,900
Taman Perpaduan Jaya	20′ x 70′	RM86,800

There is no substantial change in rental rates. Certain established housing estates which have good demand such as Ipoh Garden, Canning Garden, Bandar Baru Tambun continue to command a higher rental rates compared to others.

INDUSTRIAL

The industrial sub-sector experienced a sluggish year with both demand and supply recording low activities. Small and sporadic developments consisting of small units were observed in Taiping and Ipoh. Prices remained unchanged in the more established industrial estates.

Some of the big scale industrial schemes have been converted to housing projects such as Behrang 2020 in Behrang, Seri Iskandar High-Tech Park and Bemban Raya in Batu Gajah.

Notable new supplies or those in the pipelines are summarized as follows:-

Scheme	Type	Built-up area (square metres)	Price
Perusahaan Bandar Baru Menglembu (Kledang)	1½ semi-detached factory	297.29	RM300,000
Pusat Perdagangan & Perindustrian Ipoh Garden	1½ teraced factory	249.16	RM238,888

The proposed Ipoh-Lumut Expressway which is scheduled to take off this year linking Ipoh to industrial site such as Seri Iskandar and Lumut will help improve the marketability of the above schemes.

HOSPITALITY & LEISURE

This sub-sector is active within tourist destinations i.e Pangkor Island and Lumut. Occupancy rate in most of the hotels are fair. Economic-class hotels with room rates range from RM50 to RM60 grew in popularity. There is no expansion of existing hotel nor new hotels being built throughout the State.

Saleability of golf club membership is not encouraging. Some of the clubs have slashed the membership price further in order to attract new members. Others have resorted to installment schemes to encourage sales.

2002 MARKET OUTLOOK

The property market outlook is expected to remain poor due to consumer apprehension of an impending global recession.

C H Williams Talhar & Wong Sdn Bhd
13A (1st Floor)
Jalan Panglima
P O Box 562
30760 Ipoh, Perak
Tel: (605)-241 0611 / 253 6858 / 253 0696
Fax: (605)-255 6536
wtwipoh@tm.net.my

Pahang

The residential sub-sector with prices below RM150,000 continued to be the front runner with the purchasers taking advantage of the very attractive low interest loans offered by the financial institutions.

Some selective buys in other sectors were also noted to suggest that the purchasers are willing to enter the market where it was felt that prices had generally bottomed out and the properties on offer were strategically located.

OFFICE

The demand for purpose built office space did not indicate any significant changes from the previous year's trend. Occupancy was noted to be about 94% and rental levels remained stable.

Gross rentals for purpose built offices in Kuantan are as follows:-

Buildings	Rental per square metre
HSBC	RM20.45
Asia Life	RM21.50
Kompleks Teruntum	RM19.37
Puriwirawan	RM18.85

Many shops in Kuantan still remained vacant and supply from this alternative office space could lead to rental reduction of purpose built office space .

RETAIL

2001 did not witness any significant activity in the retail sub-sector. There was no additional development for the year and vacancy rates remained high at approximately 27.6%.

Rental levels for retail market remained stable as follows:-

	Berjaya Megamall (psm/mth)	Kuantan Parade
Lower ground	RM17.22 (anchor tenant)	N/A
Ground floor	RM32.29 - RM75.35	RM56.51 - RM75.35
First floor	RM32.29 - RM53.82	RM40.36 - RM59.20
Second floor	RM12.92 - RM32.29	RM27.99 - RM37.67

Berjaya Megamall

SHOPHOUSES

Shophouses of two and three storey shophouses continued to dominate the commercial market with properties in the price range of RM250,000 to RM500,000 recording the highest number of the total transactions indicating its prevailing good demand.

Prices were generally stable for this sub-sector. Rentals indicated a declining trend for the following Kuantan shophouses:-

Location	Rental (per month) 2000	Rental (per month) 2001
Sri Dagangan 1	RM3,500	RM3,200
Sri Dagangan 2	RM5,000	RM4,200
Lorong Tun Ismail	RM5,000	RM4,800
Jalan Beserah	RM3,500	RM3,000

The decline in rental prices could be attributed to the oversupply situation and existing projects in the pipeline needs to be rescheduled or revised to address the imbalance and avoid a gloomy future.

RESIDENTIAL

Like in previous years, this sub-sector continued to be the front runner in the property market activity.

Schemes located in prime areas received better sales response compared to those in secondary areas, however price still remains the determining factor.

This was evidenced with the good sale response of 2 storey terraced houses in the prime area of Taman Bukit Sekilau Mewah. Selling prices are as follows:

Phase	Type	Price range per unit
3	A	RM200,000– RM200,000
	B	RM175,000– RM250,000
4	-	RM185,000– RM280,000

Single storey terraced houses continued to be most highly sought after with affordability the key marketing factor. Houses at RM150,000 and below recorded the highest demand.

The demand of residential property will continue to be dominated by conventional terraced houses priced at RM100,000 and below. Response were also reported to be encouraging for the revived mixed housing developments in Kempadang/Sungai Soi and Bandar Damansara which were generally priced below RM100,000.

The average prices and rentals for the single and double terraced houses in selected Kuantan areas are as follows:-

Type	Average Price (RM)		Average Rental (RM per mth)	
	2000	2001	2001	2001
Single-storey terraced	90,000	100,000	380	430
Double-storey terraced	160,000	170,000	700	700

Bukit Sekilau

Properties located in the recently flooded areas like Sungai Isap, Bukit Rangin & Permatang Badak housing schemes are anticipated to drop in prices and rental values as tenants and owners have already begun to relocate themselves and the surrounding housing schemes which have not been affected by the flood will enjoy an improvement in their prices and rental values.

The low cost housing development target has yet to be met and remained inadequate. The Government and Private sectors have to embark on a viable venture in order to provide adequate housing for the lower income group.

INDUSTRIAL

In general, the industrial sector recorded a slight improvement in activity in the first half of the year with Kuantan District registering the highest total number and value of transactions in the state.

Vacant industrial land accounted for the majority of the transactions with highest number of transactions being in the price range of RM100,000 – RM200,000. Generally the prices remained stable for the industrial sector.

The oversupply situation still prevail and the trend is anticipated to change upon our economic recovery, completion of the East Coast Highway and the railway linking Kertih, Terengganu to Gebeng Industrial Area and Kuantan Port which are anticipated to boost the demand for industrial sector in Pahang.

HOSPITALITY & LEISURE

Despite having a large existing stock and low occupancy rate, there were five new hotels under construction with 1,885 rooms and 11 proposed hotel establishments (offering 7,162 rooms) with approved building plans in Pahang.

The average occupancy rate is approximately 64% which reflected a slight decline from the previous year due to a large existing supply and less business traveller/tourist as a result of the economic slowdown and impact of the September 11th attacks.

This sub-sector is anticipated to face stiff competition. Three hotels were reported closed during the year.

AGRICULTURAL

The overall market remained generally stable in the agricultural sector though the transaction activity was lower which could be attributed to the low commodity prices in rubber and oil palm which are dominating this sector's market activity. Despite the reducing activity trend, the agriculture sector still maintained its position as the second most active sector in the state property market.

With the latest increasing trend of commodity prices, the rubber and oil palm plantations are expected to correspondingly improve in their prices.

Prices of durian and orchard lands recorded in the popular Bentong locations generally remained stable as follows:-

Location	Price range per hectare
Jalan Kuala Lumpur Lama	RM110,000– RM173,000
Jalan Tras	RM 99,000– RM148,000
Jalan Karak – Cinta Manis	RM 96,000– RM124,000

Plantations located along and nearby the new and under construction East Coast Highway is expected to enjoy the spill over impact and fetch better prices.

2002 MARKET OUTLOOK

Generally, the property market is anticipated to consolidate and remain stable right into the first half of 2002. Should the measures taken by the Government to strengthen the property industry and boost the general economy prove to be effective, the Pahang property market is expected to improve towards the year end of 2002.

The positive outlook is supported with notable projects and announcements likely to spur the property market activities in their vicinities which include the RM600 million University Pahang in Pekan, UNITEN campus in Bandar Muadzam Shah, Internal Islamic University Medical campus in Bandar Indera Mahkota, railway project linking Paka/Kertih (Terengganu)/Gebeng (Kuantan, Pahang), construction of the RM1 billion 169 km East Coast Highway linking the east and west coast and declaration of Tioman Island as a duty free haven.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
5th Floor
Bangunan HSBC Bank
Jalan Mahkota
25000 Kuantan, Pahang
Tel: (609)-5555000
Fax: (609)-5145793
wtwktn@po.jaring.my

Kedah

Generally, market performance was stable with a slight increase in prices and rentals for the residential and commenrcial sub-sectors. The other sub-sectors remained inactive.

Residential developments launched in 2001 was predominantly in Sungai Petani.

ALOR SETAR

OFFICES

The demand for office space is mainly concentrated along Jalan Tunku Ibrahim, Jalan Sultan Badlishah and Jalan Telok Wanjah. The supply remained at about 123,904 square metres. New developments on stream are Kurnia Insurance Building, TNB Building and KWSP building.

Due to the limited supply of office space, occupancy rate still remained high between 90% to 95%.

The rentals inclusive of service charges for selected office buildings in Alor Setar are as follows: -

Building	Rental Rates (per sq. metre)
Menara Peladang	RM18.80 to RM24.70
Menara Zakat	RM15.10 to RM23.70
UMNO Building	RM18.30 to RM21.50
PKNK Building	RM16.15 to RM21.50
Bank Simpanan Nasional Building	RM16.15 to RM21.50

The limited supply of the medium cost units in the market also led to an increase of about 5% to 10% in house prices compared to the previous year.

RETAIL / SHOPHOUSES

Star Parade Complex, Kompleks MPKS and City Plaza Complex continued to dominate the retail market in Alor Setar. The occupancy rates ranged between 80% to 90%.

In City Plaza and Star Parade Complexes, the selling prices for the ground floor unit are between RM8,500 per square metre - RM10,770 per square metre and the rentals are between RM65 per to RM86 per square metre.

The most recent addition was Taman Anggerik Phase 3, along Jalan Tunku Abdul Rahman, comprising 29 units of two storey shophouses. The selling prices was RM305,000 per unit. About 95% of the units have been sold.

The rentals for the ground floor shophouses in the prime area remained at last year's level ranging from RM2,500 to RM5,000 per unit per month whilst at the secondary location the rental rates ranged from RM1,000 to RM1,500 per month.

The selling prices of the traditional shophouses are as follows: -

Type	Location	Price Per Unit
Double-storey prewar	Prime	RM380,000 to RM620,000
Double-storey shophouse	Secondary	RM280,000 to RM470,000
Three-storey shophouse	Prime	RM660,000 to RM810,000
	Secondary	RM420,000 to RM660,000
Four-storey shophouse	Prime	RM850,000 to RM1,150,000

RESIDENTIAL

The supply of residential units in 2001 has increased to about 45,190. New housing schemes are Taman Sri Derga Phase II, Taman Setar Phase II, Taman Gunung Ledang and Taman Limau Manis adding about 266 units to the existing stock of dwelling houses.

Taman Sri Derga Phase II comprises 89 units of low cost houses selling at RM35,000 per unit. Another housing scheme is Taman Limau Manis located at Jalan Alor Mengkudu comprising 85 units of houses of single storey terraced, single and double storey semi-detached. The selling prices are RM89,900 per unit, RM125,000 per unit and RM206,300 per unit respectively. All the units have been sold.

Due to limited supply of completed units, rentals for houses in prime locations have increased. The current rental levels for single storey terraced and semi-detached houses ranged between RM230 per month to RM330 per month. Whilst double storey terraced and semi-detached houses are between RM350 per month to RM550 per month.

The limited supply of the medium cost units in the market also led to an increase of about 5% to 10% in house prices compared to the previous year.

The selling prices of the houses are as follows: -

Type	Price Per Unit
Single storey terraced	RM70,000 to RM90,000
Double storey terraced	RM100,000 to RM150,000
Single storey semi-detached	RM85,000 to RM130,000
Double storey semi-detached	RM160,000 to RM250,000

With the prevailing oversupply situation in the retail sector in Sungei Petani and poor take-up rates, the sector will continue to be grim with a further weakening of prices and rentals.

INDUSTRIAL

There was no additional supply of industrial properties in Alor Setar.

The demand for light industrial units in Sri Mergong Light Industrial Area is still slow with selling price ranging from RM230,000 to RM250,000 per unit whilst in Sri Tandop Light Industrial area, the price ranging from RM170,000 to RM220,000 per unit.

In Bukit Kayu Hitam Industrial area, a 2,400 hectare Free Trade Zone known as Asean Industrial Metropolis 2010 will be set up. It will comprise areas for heavy industries, small and medium industries, an immigration and Custom Complex, a commercial centre and housing.

HOSPITALITY & LEISURE

The occupancy rate of business class hotels in Alor Setar remained at an average rate of 50%. The current total supply of business class hotel rooms in Alor Setar is 703.

SUNGEI PETANI

OFFICES

The existing stock of purpose built office building in Sungai Petani remained at 28,600 square metres. However, upon completion of Wisma PST located along Jalan Sekerat, an additional supply of 840 square metres will enter the market. The occupancy rate of office space has dropped from 95% to 82%.

The general office rentals (inclusive of service charges) are as follows: -

	Rentals (psm per month)	
Building	**Ground Floor**	**Upper Floors**
Wisma OIB, Jalan Bank	RM13.60	RM8.60 - RM11.80
Wisma Keladi, Jalan Bank	RM12.30	RM12.90 to 17.00
S.P Plaza, Jalan Ibrahim	Nil	RM27.00
Wisma Ria, Jalan Badlishah	RM17.80	RM16.00 - RM24.80

RETAIL/SHOPHOUSES

The supply of retail space in Sungai Petani is mainly from commercial complexes and traditional shophouses. Six shopping complexes in Sungai Petani are SP Plaza, Central Square, Cayman Complex I and Cayman Complex II and Patani Parade. Shopping complexes in prime locations enjoyed occupancy rate of about 80% to 90%.

With the prevailing oversupply situation in the retail sector and poor take-up rates, the sector will continue to be grim with a further weakening of prices and rentals.

Double storey shophouses are the most favourable with selling prices ranging between RM200,000 to RM280,000 per unit.

New shophouses are mainly within housing schemes such as Taman Angsana Sari, Taman Gemilang Phase 2 and Taman Intan Phase 3. Collectively the schemes comprise a total of 34 units of single and double storey shophouses. The selling prices of single storey shophouses are RM116,000 per unit whilst for double storey shophouse the selling prices ranges from RM160,000 to RM170,000 per unit. It is reported that about 50% of the units have been sold.

Double storey shophouses are the most favourable with selling prices ranging between RM200,000 to RM280,000 per unit. Rentals are generally stable with ground floor shophouses for prime area ranging between RM1,300 to RM1,800 per month whilst in secondary area ranged between RM700 - RM1,200 per month.

Current rentals of existing shopping complexes in Sungai Petani are as follows: -

	Rentals (psm per month)	
Building	**Ground Floor**	**Upper Floors**
Central Square	RM31.90 - RM54.00	RM16.15 – RM40.90
S.P Plaza	RM21.40 - RM35.70	RM9.80 - RM26.60
Cayman Complex I	RM34.50 – RM54.40	RM10.76 – RM29.40
Patani Parade	RM24.30 - RM69.80	Owner Occupied

RESIDENTIAL

Private developers continue to be the main players in the Sungai Petani residential sub-sector. New launches in 2001 in Sungai Petani include: -

Ambangan Heights, Amanjaya

Type	Price range
Single storey terraced Type 3	RM77,000 to RM117,600
Single storey terraced Type 2	RM69,350 to RM93,400
Single storey semi-detached	RM115,900 to RM164,200
Double storey semi-detached	RM185,000 to RM207,200

Taman Orkid

Type	Price range
Single storey semi-detached type A	RM131,100 to RM146,900
Single storey semi-detached type B	RM160,500 to RM175,700
Detached	RM183,000 to RM203,100

Taman Desa Jaya 4A

Type	Price range
Double storey terraced	RM74,800 to RM125,000

Taman Sutera Suria

Type	Price range
Single storey terraced	RM71,300 to RM86,200
Double storey terraced	RM109,800 to RM157,400

The take up however is comparatively slow as compared to the previous years. In the secondary area, sales are even slower.

Industrial sub-sector remained slow. Demand or take up rate of factory units are poor which led to a price reduction of about 5-10%.

In addition to the above housing scheme, Bandar Perdana also launched their 3rd phase comprising single and double storey terraced houses. The single storey terraced houses are from RM69,990 per unit, whilst the double storey terraced houses are from RM104,340 per unit.

The new phase of Bandar Puteri Jaya was also launched comprising double storey semi-detached houses priced at RM169,760 per unit.

INDUSTRIAL

Industrial sub-sector remained slow. Demand or take up rate of factory units are poor which led to a price reduction of about 5-10%. The units within established Industrial estates such as Sungai Petani LPK Industrial Estate and Bakar Arang Industrial Estate are the most sought after.

There were no new industrial projects launched in the year 2001. However 6 units of semi-detached light industrial building are under construction within Taman Batik. Selling prices for semi-detached light industrial buildings within Bakar Arang Light industrial Area and Sungai Tukang Light industrial area ranged between RM270,000 to RM300,000 per unit.

HOSPITALITY & LEISURE

Presently, Sungai Petani has 7 hotels. They provide a total supply of 876 rooms with an occupancy rate averaging about 50%.

To boost tourism in Kuala Muda District and particularly Kedah state, the Culture, Arts & Tourism Ministry has allocated RM4 million to develop and upgrade a 4 kilometre stretch along Sungai Merbok as an eco-tourism spot. It also includes a jetty at Kampung Semeling.

LANGKAWI

OFFICE

The office sector is mainly concentrated in and around Kuah town. Supply of office space remained at the previous years level. The existing office blocks in Langkawi include Bangunan Tabung Haji and Kompleks LADA enjoyed occupancy rate between 90% to 95%. The rental rates remained stable between RM8.00 to RM11.00 per square metre per month.

RETAIL/SHOPHOUSES

The Jetty Point Duty Free Complex at the Kuah Ferry Terminal and The Langkawi Fair Shopping Mall next to Kompleks LADA remained the two most popular duty-free shopping malls in Kuah town. Monthly rentals of the shoplots within Jetty Point inclusive of service charges remained between RM129.17 to RM199.13 per sq. metre per month. The shopping mall enjoyed an occupancy rate of 100% whilst in Langkawi Fair the occupancy rate was about 60%. The monthly rentals of the shoplots inclusive of service charges remained stable from RM21.53 to RM48.44 per square metre per month.

Traditional shophouses within Pusat Bandar Kuah (Phase I and II), Pusat Dagangan Kelana Mas (Phase 1) continued to be the main commercial centre.

There are no new commercial developments launched in Kuah town for the year. However, an 11 storey commercial cum office complex to be known as Komplek Kuah undertaken by Majlis Amanah Rakyat (MARA) is expected to be completed by early 2002.

Traditional shophouses within Pusat Bandar Kuah (Phase I and II) and Pusat Dagangan Kelana Mas (Phase 1) continued to be the main commercial centre. The demand for shophouses in these areas remained firm with sale prices and rentals unchanged. However, there were no significant improvements in demand for shoplots of 'The Bazaar' and 'The Fiesta' shopping complexes within the Kelana Mas Commercial and Tourist Centre, Water Front Development. The selling price has been reduced by about 10% to 15%. The vacancy rate is reported as high as about 95%.

Prices of traditional shophouses in Kuah town are as follows: -

Type	Price Per Unit
Double storey shophouses	RM280,000 - RM380,000
Three storey shophouses	RM440,000 - RM540,000

RESIDENTIAL

There were no new housing estates launched in 2001.

The selling prices and rentals of residential properties in Kuah are as follows: -

Type	Price per unit	Rental per month
Single-Storey Terraced	RM45,000 – RM90,000	RM250 – RM350
Double-Storey Terraced	RM100,000 – RM150,000	RM300 – RM500
Single-Storey Semi-Detached	RM90,000 – RM125,000	RM350 – RM750
Double-Storey Semi-Detached	RM190,000 – RM280,000	RM700 – RM800

The supply of completed residential units remains at 6,435 units and about 661 units are presently under construction. The projects are Perumahan Rakyat Bersepadu Negeri Kedah, project Ladang Sungai Raya, Palma Ria Condominium and Century Bay Suria serviced apartment.

Langkawi Lagoon is under construction in Pantai Kuala Muda. Upon completion the project will comprise two-storey serviced bungalows, villas-on-the-sea and low-rise serviced apartment. The project also includes a club house, a boardwalk commercial area and a duty-free emporium.

HOSPITALITY & LEISURE

During the year, the construction of a new tourist attraction namely a cable car project at Burau Bay was in full progress. The project spanning 2.2 kilometres will link the Oriental Village integrated shopping complex on the western side of the island to the Mat Chinchang mountain peak, 708 metres above sea level.

Langkawi accommodates largest number of hotel rooms in Kedah ie. about 6,172 rooms. However a few hotels have been converted into student hostels such as Best Region Hotel, Sri Lagenda Condominium Resort and Sri Lagenda Garden Resort.

The declaration of Langkawi as a Tourist City on the 24th March 2001 is expected to enhance the tourist industry in the island.

Residential properties in Kulim priced below RM100,000 was still active in 2001 with prices generally remaining stable at previous year's level.

KULIM

Kulim District Council was alleviated to a Municipality on 30th August 2001.

SHOPHOUSES

Prices of traditional shophouses in Kulim generally remained stable at the 2000 level.

Transactions of such shophouses in the more sought after localities were fairly active.

In Taman Sang Kancil, Lunas, a double storey corner shophouse with a land area of 263 square metres was sold for RM240,000 while in Taman Kangkong, a single storey intermediate shophouse was sold at RM120,000.

Prices of shophouses in other selected locations recorded in 2001 are as follows: -

Location	Type	Price
Taman Selasih	Single Storey Shophouse	RM125,000
Taman Makmur	Double Storey Shophouse	RM140,000
Taman Sri Limau	Double Storey Shophouse	RM195,000
Taman Kemuning	Double Storey Shophouse	RM180,000
Taman Cengal Indah	Double Storey Shophouse	RM173,000
Taman Kenari	Single Storey Shophouse	RM75,000 - 120,000

No major commercial scheme was launched during the year.

RESIDENTIAL

Residential properties in Kulim priced below RM100,000 was still active in 2001 with prices generally remaining stable at previous year's level.

Prices of such properties in a few selected locations are as follows: -

Type	Location	Price
1-Storey Terraced (Low/Medium Cost)	Taman Selasih	RM 50,000 - RM 90,000
	Taman Makmur	RM 55,000 - RM 70,000
	Taman Senangin	RM 78,000 - RM125,000
	Kulim Techno City	RM 74,800 - RM105,000
2-Storey Terraced	Taman Senangin	RM115,000 - RM155,000
	Kulim Techno City	RM118,000 - RM120,000

The year also witnessed the launching of a few residential projects as follows: -

Project/Location	Type	Price
Kulim Perdana,	Double Storey Terraced House (Hacienda)	RM142,025 onwards
Kulim Hi-Tech Park	Double Storey Terraced House (Acasia)	RM128,250 onwards
	Single Storey Terraced House	RM 84,075 onwards
Bukit Kulim, Kulim	Single Storey Terraced House	RM 89,000 - RM190,992
	Double Storey Terraced House	RM160,000 - RM209,912
	Single Storey Semi-Detached House	RM109,984 - RM267,888
	Double Storey Semi-Detached House	RM240,000 - RM342,168
Kulim Square, Kulim	Single Storey Terraced House	RM 88,800 onwards
	Double Storey Terraced House (Type A)	RM158,000 onwards
	Double Storey Terraced House (Type B)	RM139,800 onwards
	Double Storey Terraced House (Type B1)	RM129,800 onwards
	Double Storey Semi-Detached House	RM238,000 onwards
	Flats	RM 35,000

INDUSTRIAL

Prices of industrial properties in Kulim generally remained stable at previous year's level.

In Kulim Industrial Estate, a detached factory located along Jalan Timah was sold for RM1.1 million while in Taman Industri Waja, a 1½ storey semi-detached factory was sold for RM330,000.

There was no new industrial project launched during the year.

2002 MARKET OUTLOOK

The property market is expected to remain stable in the residential, commercial and retail sub-sectors due to local demand. However the demand for hotel and industrial sub-sector are expected to decline.

With several ongoing state government infrastructure and public utilities project, it is hoped that the demand for property market in Kedah will improve.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
2nd Floor Kheng Chew Association
38, Jalan Putra
05100 Alor Setar, Kedah
Tel: (604)-730 3300
Fax: (604)-730 2200
wtwas@po.jaring.my

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Terengganu

The property market experienced a mixed year in 2001 with recovery in the residential, hospitality & leisure sub-sectors, whilst relatively low confidence was experienced in the commercial, retail and industrial sub-sectors

In line with the recovery in the residential sub-sector, new launches was observed especially in the low, low-medium and medium cost types

The retail sub-sector particularly shopping complexes has not fully recovered yet. The deferment of the KT Mall project and poor occupancy rates in Kemaman Centre Point are two main indicators of the poor state of retail market in Terengganu.

OFFICE

Occupancy rates and rentals continued to stabilise with no marked change recorded. Newer purpose-built office buildings namely Menara PERMINT, Wisma PERMINT and Wisma MAIDAM enjoy full occupancy tenanted by government bodies, statutory bodies and corporate sectors. Overall occupancy rates of purpose-built offices in Kuala Terengganu is currently reported at approximately 99%.

The two Wisma MPKT, located along Jalan Tok Lam and in Gong Kapas, are currently being occupied by non-office users. Rentals range from RM7.53 to RM17.22 per square metre depending on the floor level.

It is noted that MAIDAM annexe building has not yet been completed despite the targeted completion date in January 2001.

Rentals remained at the previous year's level i.e. RM17.00 to RM24.80 per square metre per month.

The market rental for selected Kuala Terengganu prime office space are as follows:

Building	2001
Yayasan Islam Terengganu	RM24.50
Wisma MAIDAM	RM20.10 –RM20.50
Menara PERMINT	RM18.30

The residential sub-sector regained confidence during the year with the launching of several projects.

RETAIL

As for the retail sub-sector in Kuala Terengganu, demand still remained poor for shopping centres. Within Kuala Terengganu town centre, the lacklustre, older shopping centres has not been helped by the cancellation of KT Mall, a development that was hoped would turn about the retail scene in Kuala Terengganu. The only ongoing shopping complex development in Kuala Terengganu is Paya Bunga I, which is still under construction at a very slow pace.

This trend may also be seen in towns outside Kuala Terengganu. For instance Kemaman Centre Point, a shopping centre in Cukai has not achieved full take-up rate even after 3 years of completion. Only the lower ground and ground floors are currently fully occupied whilst the majority of shoplots located on upper floors are presently vacant.

The Terengganu Trade Centre situated along Jalan Tengku Mizan has organised numerous sale and exhibition events at its two showrooms.

The ground and first floors of Wisma H&P, currently accommodating a well-known nation-wide furniture warehouse, was transacted at RM2.2mil in April 2001.

SHOPHOUSE

Signs of recovery in the Kuala Terengganu shophouse market may be reflected by the volume and prices paid for these properties.

In Taman Sejati, Kuala Nerus, a row of shophouses is currently under construction. Totaling 14 units, 7 units are to be retained by the developer whilst the remaining units are for sale at RM295,000.

Active transactions were observed in the prime areas of Jalan Engku Sar, Jalan Dato' Isaacs and Bistari Centre along Jalan Hiliran; where 3½-4½ storey shophouses were transacted between RM700,000-RM800,000 per unit.

In Kemaman, a joint-venture project by Majlis Daerah Kemaman, comprising 55 units of 3-4 storey shophouses selling around RM500,000 and RM700,000 respectively. It was reported to be well-received.

RESIDENTIAL

The residential sub-sector regained confidence during the year with the launching of several projects.

Over at Taman Ibai Indah, located within the Ibai Golf & Country Resort, Kuala Ibai double storey detached houses and semi-detached are still available and currently priced at RM546,000 and RM436,000respectively. Desa Ibai Apartments, a component of the said phase is presently under-construction with prices between RM151,095 to RM328,545.

19 units of 1½ storey detached houses and 8 units of single storey detached houses in Taman KTGR within the Kuala Terengganu Golf Resort, Tok Jembal was launched at prices ranging from RM161,200 to RM197,000 per unit.

Outside Kuala Terengganu, development is centred along the Paka/Kertih petro-chemical corridor.

Phase 2C of Taman Murni Perdana, Paka, currently awaiting CF, consists of 20 units of single storey semi-detached house of which 50% has been taken up. Currently under construction is Phase 3A comprising 40 units of single storey medium-cost terraced house (RM78,000/- per unit).

The industrial sub-sector also displayed a return in confidence. There have been scattered evidences of sale outside Kuala Terengganu.

Rakyat Jaya, an integrated development accommodating a land area of 64.94 acres in Kampung Balai Besar, Dungun is currently under construction. Upon completion it will comprise 420 units of low-cost terraced house, 94 units of low-medium cost terraced house, 133 units of medium cost terraced house, 36 units of single storey detached house and 15 units of single storey shophouses.

In Kemasik, Kertih, the proposed Bandar Baru Sri Kertih is expected to be launched in the first quarter of the year 2002. It is planned to be developed in 6 phases over a period of 14 years. Upon completion it will comprise 20 units of single storey detached house (RM150,000), 36 units of single storey semi-detached house (RM115,000), 87 units of double storey terraced houses (RM87,000), 171 units of single storey terraced houses (RM70,000) and 29 units of double storey shophouse (RM250,000).

In Kemaman, the residential sub-sector is still the most active sub-sector with the launching of small housing schemes have been launched. A case in point is Taman Semarak Binjai which comprises 143 units of single storey low-cost house (RM35,000), 262 units of single storey medium cost terraced house (RM74,000) and 8 units single storey of single storey semi-detached house (RM123,000). Another scheme is Taman Bukit Kuang comprising 60 units of single storey terraced house at RM72,000 per unit. All units have been sold out within a month.

Another major proposed development by PTB Land is in Ajil, Hulu Terengganu. It is planned to comprise 96 units of single storey low-cost terraced house (RM30,000), 101 units of single storey low-medium cost terraced house (RM53,000/-), 160 units of single storey medium-cost terraced house (RM65,000) and 26 units if double storey shophouses (RM150,000).

INDUSTRIAL

The industrial sub-sector also displayed a return in confidence. There have been scattered evidences of sale outside Kuala Terengganu. Demand for industrial properties was mainly concentrated on vacant industrial lands particularly in Kuala Terengganu. Industrial lands in Gong Badak and Cendering have become more saturatedThere is a towards Batu Rakit industrial area .

The State Economic Planning Unit has obtained the State Executive Council approval to increase all prices of industrial lands within state-developed industrial estates.

A summary of the prices of vacant industrial lands in selected state developed industrial estates may be shown in the table below: -

Location	Price (per square mentre) 2001	2002
Teluk Kalung	45	60
Jakar III	45	50
Gong Badak	25	45
Pulau Serai	36	45
Batu 7	10	35

A recent addition to industrial development just outside Kuala Terengganu is the Bukit Kor industrial area in Marang. A MARA project comprising 24 units of 1½ storey workshop, occupying a land area of 8,974 square metres, is currently awaiting for the certificates of occupation. With built up areas ranging from 239.69 square metres to 696.77 square metres, asking rentals range from RM516 to RM1,500 per unit.

A parcel of industrial land (with building) located in Cendering, Kuala Terengganu with a land area of 4,048 sq. metres was transacted at RM1.015 million in March 2001.

An industrial land in Tanggul, Hulu Terengganu with a land area of 61,420 sq. metres was transacted at RM2.645 million in February 2001.

HOSPITALITY & LEISURE

Similar to the previous year, the hospitality and leisure sub-sector has shown significant improvement. This is reflected in the higher occupancy rates, which average at above 60%. More transactions are recorded this year compared to last year.

A parcel of vacant land in Pulau Redang measuring 1.799 hectares was transacted at RM133,407 per hectare in January 2001. In Merabang Likar, Batu Rakit, a parcel of vacant land proposed for chalet use measuring 2.284 hectares was transacted at RM207,573 per hectare in November 2000.

AGRICULTURAL

Generally, prices of palm oil have reached a plateau before showing a little improvement last year. This has enhanced confidence thus reflected in the prices of agricultural lands planted with oil palm.

A parcel of agricultural land with a land area of 97.375 hectares in Air Jernih, Payoh, Kemasik was transacted at RM1,071,125 i.e RM11,000 per hectare in January 2001.

2002 MARKET OUTLOOK

Similar to the previous year, the property market is expected to continue on a mixed mood with the residential sub-sector leading the market.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
98, 4th Floor,
Jalan Banggol
20100 Kuala Terengganu,
Terengganu
Tel: (609)-622 6760 / 623 0000
Fax: (609)-622 2788
wtwkt@tm.net.my

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Kelantan

The property market in Kota Bharu has continued to remain stable for 2001. Generally, prices and rental for the residential sub-sector remained stable throughout the year whilst rental for shophouse recorded slight increase in prime areas.

OFFICE

The purpose built office sector did not see any change in occupancy in the year 2001. No new supply entered the market during the year. New additions, are mainly from upper floors of new shophouses. Office space in well located premises such as Jalan Kebun Sultan, Jalan Padang Garong , Jalan Pengkalan Chepa and Jalan Pintu Pong continued to be in demand. The total supply of lettable purpose-built office space in Kota Bharu remained at about 234,880 square metres.

Rentals of purpose built office in prime locations in Kota Bharu town are as follows :-

Property	Floor Level	Rental per square metre
Wisma Abrar	Ground Floor	*RM35.52
8-Storey Building	Mezzanine Floor	*RM35.52
Jalan Kebun Sultan	1st Floor to 7th Floor	*RM21.52 – RM26.90
Wisma Square Point	Ground to 2nd Floor	Owner occupied
8-Storey Building	3rd Floor to 7th Floor	RM26.90
Jalan Kebun Sultan	8th Floor	Owner occupied
Wisma Yakin	Ground Floor	*RM21.52
4–storey Building	1st Floor	*RM11.80
Jalan Gajah Mati	2nd to 3rd Floor	*RM10.80
Menara Perbadanan	6th Floor	*RM15.10
14-Storey Building	11th Floor to 14th Floor	*RM16.20
Jalan Tengku Putera Semerak		

*Note: * Rental inclusive of service charges.*

Demand for residential properties in Kota Bharu remained strong. Demand was focused on residential of lower and medium cost type priced below RM80,000.

RETAIL & SHOPHOUSES

The existing supply of retail space in Kota Bharu remained unchanged at about 60,955 sq metres. The asking price of unsold units at Kota Sri Mutiara Complex ranged from RM3,100 – RM5,800 per square metre depending on location. Current rentals inclusive of service charges at Kota Sri Mutiara Complex are as follows:-

Kota Sri Mutiara

Floor Level	Rental per sq metre
Ground	RM120.55 – RM129.16
1st Floor	RM107.64
2nd Floor	RM86.11
3rd Floor	RM64.58
4th Floor	RM43.06 – RM64.58

In Kota Bharu Town demand for shophouses still remained strong in prime areas such as Jalan Kebun Sultan , Jalan Pintu Pong , Jalan Pengkalan Chepa and Jalan Padang Garong. Prices of 3 storey shophouses along Jalan Kebun Sultan reached RM650,000 – RM700,000 while in Jalan Sultan Yahya Petra the price reached RM480,000. Two storey pre-war shophouses in town centre were transacted between RM300,000 to RM380,000. Generally prices and rentals remained stable.

Rentals for the ground floor of two and three storey shophouse along Jalan Kebun Sultan are in the region of RM2,500 to RM3,000 per unit per month.

Prices of shophouses in the various location are as follows :-

Type	Location	Price Per Unit
2 storey shophouse	Kota Bharu – Prime	RM280,000 – RM350,000
	Kota Bharu – Secondary	RM200,000 – RM250,000
	Rantau Panjang	RM200,000 – RM350,000
	Pasir Mas	RM150,000 – RM250,000
	Tanah Merah	RM150,000 – RM200,000
	Gua Musang	RM200,000 – RM250,000
	Pasir Puteh	RM150,000 – RM180,000
3 storey shophouse	Kota Bharu – Prime	RM550,000 – RM650,000
	Kota Bharu – Secondary	RM300,000 – RM450,000
	Tanah Merah	RM200,000 – RM300,000
4 storey shophouse	Kota Bharu – Prime	RM600,000 – RM700,000
	Kota Bharu – Secondary	RM400,000 – RM550,000

RESIDENTIAL

Demand for residential properties in Kota Bharu remained strong. Demand was focused on residential of lower and medium cost type priced below RM80,000.

Rentals were also stable . In the choice areas of Pengkalan Chepa, Panji, Kubang Kerian and Tanjung Chat in Kota Bharu , rentals of single storey terraced houses increased by 5% - 10% due to limited supply.

New developments are still concentrated on the medium cost houses as the demand for these types of properties continued to prevail.

Selling prices and rentals of the various type of residential properties are as follows :-

Type	Selling Price (per unit)	Monthly Rental (Unfurnished)
Single storey terraced	RM45,000 – RM75,000	RM200 – RM350
Double storey terraced	RM90,000 – RM135,000	RM250 – RM500
Single storey semi-Detached	RM90,000 – RM120,000	RM250 – RM450
Single storey detached	RM120,000 – RM160,000	RM300 – RM500
Double storey detached	RM150,000 – RM300,000	RM400 – RM650
Condominium/Apartment	RM180,000 – RM350,000	RM1,500

INDUSTRIAL

With no new supply of industrial sites and low demand prices for industrial land has remained stable for the year.

Generally prices of industrial sites are as follows:-

Location	Price per square metre
Pengkalan Chepa	RM40 – RM54
Lundang (MIEL)	RM140 – RM215
Tanah Merah	RM10 – RM20
Jeli	RM10 – RM20
Kuala Krai	RM10 – RM20
Gua Musang	RM19 – RM22

Rennaissance Hotel, Kota Bahru

HOSPITALITY & LEISURE

The recent opening of the 5 star Renaissance Hotel, contributed an additional 298 rooms to the market. It is situated within an integrated development with residential, hotel, retail and entertainment components The occupancy rates of most hotels in Kota Bharu town averaged at about 45% to 60%.

DEVELOPMENT LAND

Agricultural properties especially those with development potential continued to be in demand. It is also observed that land at the fringes of Kota Bharu are receiving interest from developers due to limited supply of development land in Kota Bharu town. Generally prices for development lands within Kota Bharu town were in the region of RM500 per to RM1,000 per square metre whilst those located at the fringe ranges from RM250,000 to RM495,000 per hectare.

Location	Paddy (RM/hectare)	Rubber (RM/hectare)	Orchard (RM/hectare)
Kota Bharu	30,000 – 60,000	50,000 – 80,000	60,000 – 85,000
Pasir Mas	12,400 – 40,000	24,000 – 40,000	24,000 – 60,000
Tumpat	10,000 – 35,000	17,000 – 35,000	20,000 – 35,000
Tanah Merah	10,000 – 35,000	10,000 – 30,000	20,000 – 40,000
Jeli	6,000 – 25,000	10,000 – 25,000	20,000 – 40,000
Machang	10,000 – 25,000	17,000 – 30,000	25,000 – 45,000
Kuala Krai	10,000 – 25,000	10,000 – 30,000	20,000 – 40,000
Gua Musang	NA	7,000 – 30,000	20,000 – 35,000
Pasir Puteh	10,000 – 30,000	17,000 – 30,000	20,000 – 35,000

AGRICULTURAL

The agricultural sector remained the most active property sub-sectors in Kelantan. However, prices remained stable generated by small holdings transactions.The general prices of agricultural lands are as follows:-

2002 MARKET OUTLOOK

The property market condition is expected to remain in its present stable condition especially the residential and agricultural sub-sectors. However shophouses will continue to enjoy strong demand especially in the selected prime areas. Demand for development lands within prime areas and at the fringe will continue to increase due to limited supply.

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd
Lot 1185, Level 2
Jalan Kebun Sultan
15350 Kota Bharu, Kelantan
Tel: (609)-748 7070
Fax: (609)-744 7545
wtwkb@wtw.po.my

C H Williams Talhar & Wong

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INTERNATIONAL PROPERTY 2002

Sabah

KOTA KINABALU

The property market in Kota Kinabalu continued to consolidate without much marked improvements in prices, except for landed residential properties where capital values had appreciated by about 5% to 10%. Easily the most active sub-sector in the market, this sub-sector has also seen a rise in new project launches during the first half of the year consisting of small to medium scale housing estates in pockets of land located in various residential suburbs. Larger housing estate schemes such as Taman Kingfisher II and Kingfisher Park 3 launched last year, located within Kota Kinabalu's new growth area in Kuala Inanam, are also in various stages of completion. There was an increase in the number of new commercial projects in the form of two to three storey shop/shopoffice being launched in the early part of the year and scant interest in the light industrial sub-sector.

Economic growth during the later part of the year moved at a more subdued pace while the September 11 tragedy dampened the already cautious market sentiments. Despite that, the RM100 million stimulus package for Sabah, plus other measures from the government is expected to hold the economy above water. In the property market, the government's economic stimulus package and the absence of new supply, especially in the office sub-sector, should see the market remaining stable.

OFFICE

General market sentiments in the purpose-built office sub-sector remains at a standstill with the relatively passive demand for office space in the city centre. Average occupancy rates is sustained at about 80% while those recently completed offices such as Menara MAA, Wisma Great Eastern Life and Wisma Fook Loi have improved from last year, with current occupancy rates ranging from 55% to 75%. This gradual increase is mainly due to relocation of offices.

With no new office supply since 1999, the stock of purpose-built office space in Kota Kinabalu remains constant at some 460,000 square metres. Supply is expected to remain as such for next year with the absence of new launches and there being no sign of revival for the 60,000 square metres of office space still under deferment. With no major projects materializing, interest in this sub-sector is dominated by the rental market. Rental rates, which initially suffered a drop of about 20% - 30% in 1999, remain stable; in the region of RM16.00 to RM21.50 per square metre. However, asking rates for newer office buildings like Wisma Great Eastern Life and Menara MAA stands at some RM25.00 to 28.00 per square metre.

RETAIL

There being no new supply of retail space since the completion of KK Plaza in year 2000, retail stock currently stands at some 124,300 square metres in the city centre. Central Shopping Plaza, which is located in the Kepayan Ridge area, is scheduled for completion sometime in 2003. This will add another 5,950 square metres of retail accommodation to the market.

The gradual shift of leisure shopping in the shopping complex rather than in the conventional commercial shophouses has resulted in the gradual appreciation of market value for arcade shops at shopping malls whilst other retail space in the city centre remain stable. Retail space in Wisma Merdeka remains the most sought after and those with good frontage and high customer traffic can command up to RM18,600 per square metre on the ground level.

SHOPOFFICE / SHOPHOUSE

Shophouses located in the city centre and suburban areas continue to sustain their rentals and prices. Developments located in prime suburban areas such as those in Lintas Plaza has been steadily increasing in popularity due to the increasing number of restaurants and retail outlets on its ground floor. Those with good shop orientation and high pedestrian flow have recorded increase in capital values by about 20% since it first entered the market in late 1998. Generally, rentals in this retail centre can fetch about RM2,500 for its ground floor, RM1,200 – RM1,300 for its first floor and RM800 – RM900 for the second floor.

The year 2001 also saw the launching of several new shophouse / shopoffice developments in Tanjung Aru and the Kuala Inanam 'Kingfisher' area, as indicated below. The construction of Plaza Juta, which was previously halted during the economic crisis has been revived and is expected to be completed in 2002.

Plaza Kingfisher

New shophouse /shopoffice developments launched

Name	Location	Developer's Selling Price
5-6 storey		
Plaza Tanjung Aru	Tanjung Aru	GF: RM500,800 – 556,880
		1F : RM306,880 – 349,880
		2F – 4F : RM180,880 – 292,880
		Penthouse : RM252,880 – 289,880
3-Storey		
The Riverside	Kuala Inanam	GF: RM335,000 – 415,000
		1F: RM179,000 – 218,000
		2F: RM121,000 – 131,000
Wisma Damai	Luyang	GF: RM519,000
		1F : RM298,880
		2F : RM200,000

Shophouse /shopoffice under construction

Name	Location	Selling Price
2-storey		
Plaza Kingfisher Utama	Kuala Inanam	RM438,000 onwards, per lot
3-storey		
Plaza Kingfisher	Kuala Inanam	RM688,000 onwards, per lot
4-storey		
Plaza Juta	Likas	RM780,000 onwards per lot

RESIDENTIAL

Radiant Maisonette

The residential subsector continues to be buoyant with about 19 new projects, comprising some 6,300 units launched 2001. The low-medium cost apartment sector make up the largest portion at some 82%, indicating a high impending supply for this sub-sector within the next few years. Landed residential developments launched are generally on a small to medium scale basis, which are reported to be well received. Larger residential projects are contained along Kota Kinabalu's new growth area, stretching from the Kuala Inanam 'Kingfisher' locality to Bandar Sierra in Menggatal.

Prices of landed properties are noted with increases in capital values of about 10% whilst rentals remain stable. Apartments and condominiums are generally on a subdued pace with little increase in rentals and values.

The industrial sub-sector saw the launching of two small-scale industrial developments in the first half of 2001.

A summary of new projects, those completed and those under construction, as at the third quarter of 2001 are indicated below:

New Property Developments in Year 2001

Taman	Location	Selling price
2-2½ Storey Terraced		
Kingfisher Ujana	Kuala Inanam	RM238,800
Puri Saujana	Inanam	RM138,800 – 188,000
Bandar Sierra	Menggatal	RM192,000
Penampang Phase 2B	Penampang	RM200,000 – 245,000
Regency Park	Penampang	RM178,880
Sri Cassia	Minintod	RM133,888 – 187,388
Millenium	Lintas Kepayan	RM188,800 – 266,880
Sri Borneo	Lintas Likas	RM232,000
2-Storey Semi-Detached		
Megaria	Luyang	RM455,000 – 489,000
Bandar Sierra	Menggatal	RM253,000
Sri Borneo	Lintas Likas	N/A
Sri Cassia	Minintod	RM226,888 – 279,338
Apartment		
Melinsung Summer Bay	Melinsung	RM39,888 – 208,888
Lok Kawi Heights	Lok Kawi	RM88,400 – 121,400
Seri Warisan	Inanam	RM84,800 – 109,000
Bandar Sierra	Menggatal	RM82,900 – 125,900
Seri Maju & Maju Jaya	Sepanggar	RM42,000
		RM75,800 – 80,800
Telipok Ria	Telipok	RM42,000
Condominium		
Grace Garden	Sembulan	RM474,200 – 700,800
Bungalow Lots		
Bandar Sierra	Menggatal	RM280 per square metre
Megaria	Luyang	RM430 per square metre

INDUSTRIAL

The industrial sub-sector saw the launching of two small-scale industrial developments in the first half of 2001. Taman Industri Warisan Indah is part of a mix residential – industrial development located along the Inanam bypass due for completion within the next two years. Suria Industrial Park comprises 7-units of double-storey warehouses with land area ranging from 670 – 1,064 square metres and built-up of approximately 840 square metres. Both have reported a sales rate of about 50% up to the third quarter of 2001. Aside from that, several projects consisting of semi-detached and terraced light industrial buildings within the Inanam industrial belt still remain at the blueprint level.

The State's industrial development is still focused on the 3,679 hectare Kota Kinabalu Industrial Park (KKIP). Currently in its sixth year of operation, KKIP has, to date gazetted approximately 1,500 hectares of land for industrial, commercial, residential and institutional developments. Prices for its industrial land stands at RM129 per square metre and commercial lands at RM194 per square metre.

Efforts are currently underway to draw in investors from countries like Korea, Japan and Taiwan. In a couple of years, the market would witness the completion of several training and research institutions within the Park. The Institut Latihan Perindustrian (ILP) located at the fringe of the Park is currently in its early stages of operations while the Sabah Polytechnic, Standard Research Institute of Malaysia (SIRIM), Majlis Amanah Rakyat (MARA) and Malaysian Agriculture Research and Development Institute (MARDI) are currently in various stages of construction.

HOSPITALITY & LEISURE

Occupancy rate for hotels, in general during the first half of the year stood at some 64%, little changed from 65% from the corresponding period last year. Nevertheless, visitor arrivals during the first five months of the year were encouraging, with total arrivals estimated at 402,500, being 83% and 52% of the entire 1999 and year 2000 figures, respectively. The industry, which is largely dominated by the 5-star hotel category, has a current supply of 2,586 rooms to date.

The global contraction in the tourism industry has also affected Sabah. The State's tourism industry is also expected to prepare for a challenging year ahead due to the anticipated drop in global travel, although domestic travel within Malaysia and Sabah, which also caters to local business travelers, should remain largely unaffected.

2002 MARKET OUTLOOK

With the various measures to be implemented by the government to counter the economic slowdown, the property market is envisaged to continue on a stable trend with the bright spot being the landed residential property. The other sub-sectors, most notably, the office, industrial and high-end condominium sub-sectors are expected to remain stable.

LAHAD DATU

Year 2001 was a bad year for the local economy of Lahad Datu due to the weak commodity prices such as palm oil and timber. During the year, Lahad Datu also witnessed the closure of Pacific Hardwoods Timber Complex which is a major employer of timber based industry in Lahad Datu.

Lahad Datu saw the completion of the 268-bed Lahad Datu District Hospital Complex.

RETAIL/SHOPHOUSES

Occupancy rate of office space remained the usual low without substantial improvement. Office space located on upper floors of shopoffice buildings or shophouses had been converted for budget residential accommodation or otherwise left vacant.

Demand for shopoffices/shophouses were still sluggish as seen from the slow take-up rate of the newly completed commercial properties. Average rental was maintained at the 2000 level.

Selling prices and monthly rentals of shophouses in Lahad Datu are as follows:-

C H Williams Talhar & Wong (Sabah) Sdn Bhd
2nd Floor,
EONCMG Life Building
1, Jalan Sagunting
P O Box 14414
88850 Kota Kinabalu,
Sabah
Tel: (088)-24 8801
Fax: (088)-23 0826 / 26 5387
wtwskk@pc.jaring.my

Residential properties had a positive demand mainly driven by the low housing loan interest rate and also the increasing population.

Type	Monthly Ground Floor Rental	Selling Price (per unit)
Two-Storey (Prime)	RM3,000 - RM3,500	RM500,000 - RM600,000
Two-Storey (Secondary)	RM1,500 - RM2,000	RM280,000 - RM320,000
Three-Storey (Prime)	RM3,000 - RM3,500	RM520,000 - RM600,000
Four-Storey (Prime)	RM3,000 - RM3,500	RM700,000 - RM850,000
Four-Storey (Secondary)	RM1,500 - RM2,000	RM500,000 - RM600,000

RESIDENTIAL

Residential properties had a positive demand mainly driven by the low housing loan interest rate and also the increasing population.

Response was overwhelming for the development in Taman Aman Jaya. Many of the purchasers were reported to be government servants or existing house owners upgrading to bigger houses.

Selling prices of residential properties in Lahad Datu are as follows:-

Type	Selling Price (per unit)
Low Cost	RM 40,000
Double Storey Terraced (low-medium cost)	RM 50,000 - RM 85,000
Single Storey Terraced (medium cost)	RM 90,000 - RM 120,000
Double Storey Terraced	RM 120,000 - RM 160,000
Double Storey Semi-Detached	RM 170,000 - RM 200,000
Double Storey Detached	from RM 250,000

INDUSTRIAL

There were few reported transactions as demand was weak. However light industrial workshops continued to be in good demand. The Phase I New Kimbell semi-detached light industrial workshops fared well as all the 16 units constructed was taken-up.

Type	Selling Price (per unit)
Single Storey Warehouses	RM145,000 - RM170,000
Double-Storey Industrial Shophouse	RM240,000 - RM260,000
Single Storey Semi-Detached Workshop	RM165,000 - RM200,000

Prices of industrial properties in Lahad Datu are as follows:-

AGRICULTURAL

The agricultural sub-sector, steered by palm oil, was in a dampened mode in 2001 as it was influenced by volatile CPO proces and adverse worldwide economic trend.

Recorded transactions indicated no significant changes in price movements.

Prices of oil palm estates and undeveloped jungle lands are as follows:-

Type	Prime (per hectare)	Secondary (per hectare)
Mature Oil Palms	RM24,000 – RM26,000	RM18,000 – RM24,000
Undeveloped jungle land	RM7,000 – RM10,000	RM5,000 – RM7,000

2002 MARKET OUTLOOK

As Lahad Datu is an agricultural driven economy the 2002 real estate outlook will be dependent on the performance of commodity prices in particular CPO.

SANDAKAN

Sighs of relief from the oil palm industry were resounding when, from the nadir of Crude Palm Oil/Fresh Fruit Bunch (CPO/FFB) prices of RM658/RM99 per tonne in February, prices firmed to RM948/RM191 in July, then soared to RM1250/RM210 in August. In the aftermath of September 11th, and the resultant disruption to shipping, increased freight insurance, slower off-take and increasing CPO stocks, prices have softened to RM900-1000 per tonne CPO. Prices which the industry could still live with, although a far cry from the industry's zenith prices for CPO/FFBs in 1998 of RM 2332/RM463. Barring any unforeseeable further shocks, this sector appears set to again outperform the other sectors of the property market. The long term plans of the industry for increasing planted hectarages and palm oil milling capacities have been little changed. In the other sub-sectors, off municipal-centre (secondary commercial locations) shophouses saw levelling-off demand and take-up rates; market for residential properties, especially medium-cost terraced houses, was feeling some surplus; the office and industrial sectors were little changed.

OFFICE

The purpose-built office sector in Sandakan had been static, without any new supply of purpose built office space, totaling 26,097 square metres for the last 14 years. Competing supply of office space has been from upper floors of 'shop offices'. Best example being 234 units of Bandar Indah, completed 1999-2000 adding over 34,200 square metres of such secondary office space to the market. This had resulted, and continues to cause, further voids amongst purpose-built offices. Transactions of purpose built office space remain scarce and rental levels are currently as follows:-

	Monthly Rental (RM per square metre)
With Central Air-cond	11.50-14.00
Without Air-cond	6.50-11.00
Shops upper floors	4.30-5.80

WTW INTERNATIONAL

C H Williams Talhar & Wong (Sabah) Sdn Bhd
2nd Floor,
Lot 2, Block A,
RHB Bank Building
Metro Commercial Centre
Jalan Kiambang
P O Box 60600
91115 Lahad Datu, Sabah
Tel: (089)-88 2393
Fax: (089)-885088
leongsy@tm.net.my

The rental and capital values of commercial shophouses in the municipal centre stabilized over the last year.

RETAIL/SHOPHOUSES

The rental and capital values of commercial shophouses in the municipal centre stabilized over the last year.

For secondary commercial properties, Mile 4 and Mile 8 Jalan Utara (North Road) continued to be the preferred locations. With the completion, and release into the market, of the 234 units of the Mile 4 Bandar Indah shopoffice over 1 year in 1999-2000, voids had initially been high and rental values had softened although capital values had surprisingly been maintained. Take-up of the ground floor shop units has improved discernibly with almost 90% of Phases I and II (132 units) and about 70% of Phases III and IV (102 units) now occupied/let. The notable occupiers here being a supermarket (1 block of 8 units) and the numerous entertainment outlets viz pubs, discos and restaurants but more latterly, direct selling agencies, car showrooms, car accessories shop, clinics, insurance and professional firms and a proposed bank. Newly commercial development at Mile4 is the 'Liberty Chain' in Bandar Kim Fung Phase II: 20 units of 3-storey commercial shop buildings.

In the Jalan Leila Area which had increasingly been losing out in popularity vis-à-vis Mile 4, there had been no new development since the previously reported completion of the 2 blocks each of 8 units of 3-storey shophouses of Bandar Fajar. Among the existing shophouses of Bandar Ramai-Ramai, Bandar Leila, Hsiang Garden and Bandar Nam Tung, while there has been no discernible increase in voids, rental values have softened.

Typical market rental and capital values are as follows:-

Location	Monthly Rental per square metre (RM)	Selling Price/ Capital Value Per Unit (RM)
Municipal Centre 2nd Ave.	50.00-60.00 (Ground Floor)	580,000-650,000 (Ground Floor, 77 square metres)
Bandar Indah M4	13.50-16.50 (Ground Floor)	380,000-400,000 (2 Storey X 102 square metres)

RESIDENTIAL

Over the last decade, demand for low-medium cost (below RM100,000) and medium cost (RM100,000-RM150,000) had been good – remaining unabated even during the Asian Crisis - fuelled by the easy availability of housing loan and low interest rates. Supply which, hitherto, had well matched demand appears to be somewhat in excess.

As previously reported, there were about 1,673 units of landed properties from the current on-going residential development schemes in Sandakan open for booking or/and under construction : 36 2-storey detached houses, 176 2-storey semi-detached houses, 69 1-storey terraced houses and 1,392 2-storey terraced houses (83%). And 1,304 units of Medium-Rise Walk-up Flats. Most of these impending supply of Sandakan's residential units are sensibly targetted below the 'RM150,000 ceiling' (easy saleability and financing); 72% of the 'landed properties' (2-storey terraced) being in the RM 80,000-150,000 price range and, all of the walk-up flats, below RM60,000. However, with almost 3,000 units, some oversupply is being felt in the slower take-up rate. Typical prices of new residential houses/flats are as follows:-

Types	Prices (RM)
Single Storey Terraced House	80,000
Double Storey Terraced House	111,380 - 168,000
Double Storey Semi-Detached Houses	168,000 - 268,000
Double Storey Detached House	660,000 -750,000
Low Cost 5-storey Apartments	42,000
Low-medium Cost 4-storey Apartments	58,100

INDUSTRIAL

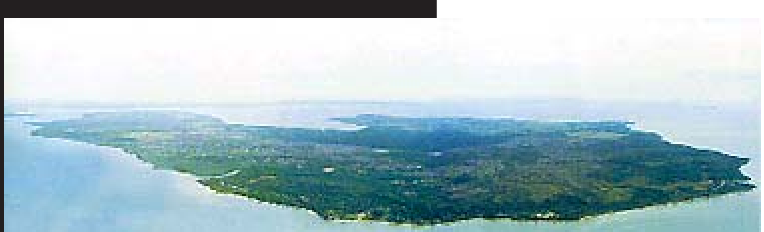
While this sub-sector continues to stagnate overall, demand remains good for small industrial sites of 1-2 hectares for workshops, vehicle depots and chemical/ fertilizers stores on the town fringes, with commensurate values. Construction of the Lintas Bypass (linking Mile 8 Jalan Labuk with Batu Sapi) has filliped demand for these 1 to 2 hectare lots in this area. Sales of Imbas Jaya (Jaful) workshops, off Mile 8, had been good for this small development of only 10 units of semi-detached light industrial workshops (priced at RM250,000).

Demand continued to stagnate for large industrial sites; especially for plywood mills and sawmills, with no new entrants to the industry (new licences for which had been frozen since 1996) and numerous establishments closing, temporarily or permanently. A 'Palm Oil Cluster' Area (110 Hectares) had been earmarked in the Mowtas Area adjoining the Batu Sapi ITC and about 5 km from Karamunting Port and Bulking Installation and the Sandakan Edible Oil (PPB Palms Berhad), the largest palm oil refinery in Malaysia. The existing IOI Berhad refinery is sited here in Mowtas and a palm kernel plant is being proposed to be put up here as the first stage of a palm products/oleo-chemicals complex by IJM. There appears no other major industry planned for Sandakan in the next one year. Reduced supply via conversion of Bandar Kim Fung Phase II industrial lots to commercial lots and some godowns and workshops in various locations being utilized as retail space reflects badly on demand for industrial properties.

AGRICULTURAL

The slide in oil palm CPO/FFB prices from the second half of 2000 continued into the first half of 2001 to as low as RM658/RM99, per metric tonne before prices recovered dramatically with a surge up to RM875/RM175per metric tonne in July 2001. Prices have since been hovering around RM1,000 CPO and RM200 FFB except for some likely short-term cyclical dips in the prices, the outlook for oil palm appears good, not withstanding the call for diversification into other crop such as cocoa and fruit trees. The hitherto good demand for oil palm estates and land for developing into oil palm estates in Sabah is

Pulau Jambongan, Beluran/ Sugut District, Sabah. North 6º 39.9', East 117º 26.0', the new easternmost frontier of oil palm development in Malaysia.



reflected Sabah's greatest growth in the Malaysia Oil Palm Sector as seen from the following table:-

	Planted Oil Palm Hectarages In Malaysia				Prices, Rm/Tonne, Sabah	
Year	P.Malaysia	Sabah	Sarawak	Total	CPO	FFB
1975	568,561	59,139	14,091	641,791	-	-
1980	906,590	93,967	22,749	1,023,306	-	-
1985	1,292,399	161,500	28,500	1,482,399	1,014	133
1990	1,698,498	276,171	54,795	2,029,464	641	107
1991	1,744,615	289,054	77,142	2,097,028	750	138
1992	1,775,633	344,885	77,142	2,197,660	789	163
1993	1,831,776	387,122	87,027	2,305,925	1,027	139
1994	1,857,626	452,485	101,888	2,411,999	1,232	220
1995	1,903,171	518,133	118,783	2,540,087	1,474	259
1996	1,926,378	626,008	139,900	2,692,286	1,191	191
1997	1,956,573	715,736	147,007	2,819,316	1,393	236
1998	1,987,190	842,496	248,430	3,078,116	2,377	463
1999	2,051,595	941,322	320,476	3,313,393	1,449	275
2000	2,045,500	1,000,777	330,387	3,376,664	996.5	194

Source : (Planted Hectarages) Department of Statistics, Malaysia : 1975 to 1984, MOPB (formerly PORLA) :1985-2000

The development of, and demand for, oil palm estates had been particularly frantic between 1992 and 1997with planted hectarage doubling.

To commensurate with the drastic increase in planted hectarages, has been the increase in palm oil milling capacities : in 2000, 12 new mills and 2 mill extensions were completed and commissioned in Sabah, with a total combined additional throughput capacity of 544 tonnes FFB/Hr. Another 5 new mills and 3 mill extensions, with a total combined additional throughput capacity of another 345 tonnes FFB/Hr, are due to be commissioned in 2001.

The softened oil palm estate values since 1999 have shown further softening, not exactly in tandem with the fall in CPO/FFB prices but at a lesser extent as evidenced from transactions and asking prices. Transaction had been few though. Would-be buyers would likely wait out for clearer direction of the oil palm industry.

Values (per Hectare) are now generally as tabulated below:-

Undeveloped jungle land, for oil palm	RM6,000 to RM8,500
Immature oil palm	RM11,000 to RM15,000
Mature, young, oil palm (3 to 5 years)	RM17,000 to RM21,000
Mature, prime, oil palm (6 to 12 years)	RM23,000 to RM29,000

2002 MARKET OUTLOOK

The agricultural sector, principally oil palm remains a pillar of the local economy, its ups and downs would have a ripple effect on the other property market sectors viz residential, commercial and industrial sectors. No significant variations of the various property market sub-sectors would be expected though.

The recovery of the oil palm sector is being fervently wished for, not just for itself, but also for its knock-on effects on the residential and commercial sub-sectors of the property market. Apart from which easier bank loans and low interest rate should continue to be the fillips to the market.

WTW INTERNATIONAL

C H Williams Talhar & Wong (Sabah) Sdn Bhd
Room 602, 6th Floor
Lai Piang Kee Building
Jalan Lima,
W.D.T. No. 110
90009 Sandakan
Sabah
Tel: (089)-21 7025 / 21 9714
Fax: (089)-27 2850
rchung@pc.jaring.my

TAWAU

Tawau New Airport Terminal

The property market in Tawau in 2001 has remained stable without any discernible changes across the board. In the residential sub-sector, the attractive packages and benefits offered by financial institutions has prompted a constant improvement in the demand of houses. In the agricultural sub-sector, a drastic drop in Crude Palm Oil (CPO) and Cocoa Dry Bean (DBE) prices for past years have slowed down the investment in this sub-sectors.

OFFICE

The sentiment in this sub-sector remained bearish and the relatively weak demand of office space in Tawau could continue to persist well into and beyond year 2002. There is no significant purpose built office added to the market for the past one year. New additions were mainly from the upper floors of new shophouses. Overall, activity in the office sector is mainly dominated by rentals which remained fairly stable.

Generally unfurnished office rentals in Tawau for 2001 are as follows:-

	GROSS RENTAL (per square metre per month)	
LOCATION	**Ground Floor**	**1st Floor onwards**
Tawau Old Township		
Wisma Dat	RM17.65	RM11.84 – RM10.76
Wisma DS	RM18.00	RM 4.30 – RM8.60
Wisma Tai & Tai	RM20.90	RM 4.41 – RM5.93
Wisma Man Tong Shing	RM38.70	RM 4.30 – RM9.20
Wisma Yong Hin	RM12.90 – RM23.70	RM 3.20 – RM5.40
Tawau Extension II		
Fajar Commercial Centre	RM19.40 – RM25.00	RM3.30 – RM5.40
Hap Foh Comm Centre	RM19.40 – RM21.50	RM3.30 – RM5.40
Talcoln Comm Area	RM19.40 – RM21.50	RM3.30 – RM6.50
Wisma MAA	RM19.40	RM5.30 – RM6.50
Wisma Sin Kui	RM25.90	RM9.36 – RM12.70
Wisma UMNO	RM21.53	RM5.40 – RM8.60
Bandar Sabindo	RM15.50 – RM27.00	RM3.50 – RM7.70

RETAIL/SHOPHOUSES

Shophouses in the Municipal Centre Commercial Area continued to sustain good rentals and prices, while the demand of shophouses at secondary and decentralised locations are relatively stable.

The shophouses along Jalan Chester and Jalan Dunlop at the Old Municipal Centre continue to sustain high occupancy rates and good rentals, while the demand for retail space and rental have improved slightly in Sabindo area after experiencing a reduction in 1998. The Sabindo Plaza, shopping complex launched in 1998 experienced slow take-up rate with current occupancy of approximately 70%.

Overall, the industrial sector in Tawau shall remain stable without any foreseeable improvement in the short to medium term.

Complex Cahaya Baru which is initially a two (2) storey multi-purpose commercial building is currently being occupied by Milimewa Superstore Sdn Bhd. Another floor has been extended at the rooftop after few months in operation. Gross floor area for the three (3) storey building is 1,942.41 square metres.

A newly completed four (4) storey commercial building owned by Servay Hypermarket and Parkwell Departmental Store will commence operations in December 2001. Gross floor area is 8,622.05 square metres.

The current ongoing or near completion developments in Tawau include the Hap Foh Development in Bandaran Baru, the proposed Sabindo Square along Jalan Dunlop and shophouses in the Town Extension II area.

RESIDENTIAL

Low interest mortgage housing loans has led to some improvements in the demand of houses priced below RM150,000in Tawau. However, demand for better "design and finish" semi-detached houses continue to attract buyers and there is still room for expansion in this sub-sector.

Prices and rentals of unfurnished houses in Tawau are as follows:-

TYPE	SELLING PRICE (RM)	MONTHLY RENTAL (RM)
Single Storey Terrace	77,000 – 90,000	400 – 500
Double Storey Terraced	90,000 – 190,000	500 – 600
Single Storey semi-detached	110,000 – 160,000	700 – 800
Double storey semi-detached	150,000 – 280,000	700 – 800
Double storey detached	250,000 – above	850 – 1,500

New development of semi-detached houses in Tawau are offered for sale at RM250,000onwards.

Kuhara Court, a proposed fully serviced condominium with modern facilities along Jalan Kuhara is still open for booking. Todate, only about 14% or 25 units out of 182 units have been booked. This project is experiencing an initial slow demand from investors since it is a new concept in the Tawau market. The prices range from RM2,840 per sqaure metre for the penthouses and from RM1,800 per square metre for the 9 other types of units.

INDUSTRIAL

The performance of the industrial sub-sector for the past one year has remained static without any visible signs of improvement. The demand for industrial shophouses continues to remain soft with occupancy rates in this sub-sector floatingat around 50% to 70%.

However, the demand for workshops from small-to-medium scale industries has improved resulting in a shortfall of supply for this sub-sector. An appreciation in rental and capital values in this sub-sector is anticipated.

Overall, the industrial sector in Tawau shall remain stable without any foreseeable improvement in the short to medium term.

The drastic drop of crude palm oil (CPO) and dry cocoa bean (DBE) prices has slowed down the investment in the agricultural sector in Tawau.

The current value of industrial lands with good accessibility and sea frontages are as follows:-

Location	Price per sq metre (RM)
Apas Industrial Belt	86 – 170
Tanjung Batu	60 – 180
Pasir Puteh	43 – 75

HOSPITALITY AND LEISURE

There is no new addition of hotels in year 2001. The hotel industry in Tawau remained stable with occupancy rates between 40% - 60%.

The tourism and leisure development in Tawau are far and few between and lacking behind compared to the other major towns in Sabah. The local tourism and leisure development is mainly on the offshore island of Sipadan and Mabul Island Resorts, which are popular international scuba diving and underwater micro-marine exploration destinations. However, Tawau has not fully benefitted from these tourism developments because the town is merely a transit point for tourists enrouting to the island resorts.

AGRICULTURAL

The drastic drop of crude palm oil (CPO) and dry cocoa bean (DBE) prices has slowed down the investment in the agricultural sector in Tawau. Generally, agricultural owners are holding on to their property and this has prompted market activity to remain stagnant. A downside movement of land prices would only be realised if the current level of the major agricultural commodity prices experiences further downfall.

The general price of agricultural land in Tawau are as follows:-

	Mature Oil Palm (RM per Hectare)	Immature Oil Palm (RM per Hectare)	Vacant land (RM per Hectare)	Cocoa (RM per Hectare)
Balung / Sg Burung	23,000 – 28,000	20,000 – 24,000	10,000 – 12,000	12,000 – 17,000
Semporna	19,000 – 25,000	17,000 – 24,000	6,000 – 10,000	12,000 – 15,000
Kunak	19,000 – 25,000	17,000 – 24,000	6,000 – 10,000	12,000 – 15,000
Tingkayu	14,000 – 22,000	16,000 – 19,000	3,700 – 6,200	9,000 – 14,000
Brantian / Kalabakan	20,000 – 25,000	16,000 – 24,000	6,000 – 10,000	11,000 – 14,000

AQUACULTURE

A bearish outlook saddled with environmental pollution in the tiger prawn rearing industry reduced the expansion of aquaculture development in Tawau for the past years. On top of that, the demand of processed tiger prawn in the world market has not seen any improvement which further reduced acquaculture investments.

The current land value of aquaculture land in Tawau are as follows:-

Location	Developed Aquaculture Land (RM per hectare)	Undeveloped Aquaculture Land (RM per hectare)
Apas Parit – Sungai Gading	110,000 – 125,000	55,000 – 65,000
Wakuba	75,000 – 100,000	45,000 – 55,000
Balung/Indrasabah	65,000 – 75,000	25,000 – 40,000
Sungai Burung – Sg Kalumpang	65,000 – 75,000	10,000 – 25,000
Merotai – Umas Umas	60,000 – 70,000	10,000 – 25,000
Pulau Simandalan	55,000 – 70,000	7,000 – 11,000

2002 MARKET OUTLOOK

The property sector in Tawau for 2002 will generally remain stable. The demand for agricultural lands for oil palm planting is expected to slow down. The office sector shall remain soft without distinct improvement. Demand for residential houses in Tawau is stable and should improve in the coming years.

The new Tawau Airport which is located at Balung locality (KM 29) and commenced operations in November 2001 has resulted in the widening and improvement of the existing Apas Road and connection of main water supply up to the new Airport. These factors have attracted good demand and higher land value/price along the highway and expected to be more encouraging and competitive in the near future.

LABUAN

The year saw continuing government-based developments with the completion of the RM33million international sea-sport centre, which was officially opened in August 2001 while the beautification programme of Labuan island continued to dominate the local scene throughout the year. Among the on-going developments were the integrated port project at Ranca-Ranca and the new passenger ferry terminal project. However, given the cautious economic environment, the local property market remained generally sluggish for most part of the year.

OFFICE / SHOPHOUSES

Since its debut as Labuan's largest commercial complex in 1996, the occupancy rate of the Financial Park Complex has progressively improved and was a centre of significant business activity. The occupancy rate stood at about 90% for the retail sapce and about 80% for the office spaces.

The rental rates were at a range of RM32.30 to RM43.00 per square metre for the first and ground floor level (arcade shops) and RM48.43 per square metre for the offices. Rates inclusive of service charges.

Partly due to the relocation of business to the Financial Park Complex, the traditional and main commercial areas within the town centre experienced a

WTW INTERNATIONAL

C H Williams Talhar & Wong (Sabah) Sdn Bhd
305, 1st Floor,
Leong Hua Building
Dunlop Street
P O Box 60394
91013 Tawau
Sabah
Tel: (089)-77 4349 / 77 9739 / 76 3532
Fax: (089)-76 2287
wtwstwu@tm.net.my

The residential sub-sector was holding well although a drop in prices for houses built in the pre-1980s was generally noted.

decline in business with drop in rental rates and occupancy levels showing no sign of improvements.

Selling prices and rentals of shophouses are as follows:-

Location	Type	Selling Price	Ground Floor Rental
Town centre	2 to 3 storey	RM800,000 to RM900,000	RM2,500 to RM3,000
Lazenda Shophouses	3-storey	RM800,000 to RM850,000	RM2,000 to RM2,500
Jati Shophouses	3-storey	RM500,000 to RM550,000	RM1,600 to RM1,800

RESIDENTIAL

The residential sub-sector was holding well although a drop in prices for houses built in the pre-1980s was generally noted. The gap in prices between pre-1980s and newly built houses in Labuan is quite significant as the difference in quality and specifications between the built periods is wide-ranging.

A few new housing projects were launched. The developments were generally small scale and in dispersed locations. The current stock of residential developments appears to be adequate to absorb the current demand.

Some of the proposed residential development projects are as follows :-

Name	Type	No. of Units
Lazenda Villa 3 at Ranca-Ranca	2-storey semi-detached	24
Lazenda Villa 5 at Kg. Lajau	2-storey semi-detached	18
	2-storey terraced	43
Lazenda Villa 6 at Bukit Kallam	1-storey terraced	50
Lazenda Villa 7 at Batu Arang	2-storey semi-detached	26
Taman Ruby at Sg. Bangat	2-storey semi-detached	16
	2-storey terraced	35
Taman Arena at Nagalang	2-storey semi-detached	26
	2-storey terraced	16

The selling prices for the new housing estates range as follows:-

Type	Selling Price
Single-storey terraced houses	from RM118, 000 onwards
Double-storey terraced houses	from RM180,000 onwards
Double-storey semi-detached	from RM280,000 onwards

INDUSTRIAL

The industrial sub-sector may be described as one of oversupply with a glut of industrial buildings. Rentals of such properties have been on the decrease for some time and sales of completed industrial projects were reported to be generally poor and vacancies in completed developments are more evident.

There was no new development reported in the year. Some of the relatively new completed industrial estates are as follows:-

Name	Type	No. of units
Manmohan Warehouses	2-storey terraced warehouse	23
	Detached warehouse	2
Lusu Warehouses	1 ½ storey terraced warehouse	30
Lazenda Warehouse 1	2-storey terraced warehouses	16
Lazenda Warehouse 2	2-storey terraced warehouses	16
Lazenda Warehouse 3	2-storey terraced warehouses	65
Usaha Hebat Sdn Bhd	2-storey terraced warehouses	48
Court Light Industrial Park	1 ½ storey terraced warehouses	19
	2 storey terraced warehouses	24
	1 storey semi-detached warehouses	27
	1 storey detached warehouses	20

Labuan International Sea Sport Centre

The Integrated Port Project spans some 890 acres with phase 1 involving the reclamation of a 91-acre site completed. The second phase, which would comprise the construction of the port facilities, is scheduled for completion by 2003 while the development of individual industrial lots would make-up the third phase.

2002 MARKET OUTLOOK

With the impending global slowdown, at best the outlook for Labuan is expected to continue with the 2001 market undertone. Its performance is sensitive to the Government policies and continuing investment on the Island.

WTW INTERNATIONAL

C H Williams Talhar & Wong (Sabah) Sdn Bhd
1st Floor,
Wisma Chee Sing
48 Jalan Merdeka
P O Box 82229
87032
Federal Territory of Labuan
Sabah
Tel: (087)-416341
Fax: (087)-416342
wtwslbn@tm.net.my

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Sarawak

KUCHING

The first three quarters of 2001 saw the property market in a cautious mood with developers and buyers tending to adopt a wait and see attitude due to the slow recovery of the economy from the economic crisis of 1997/1998. Overall, the property market was stable but this stability remains to be seen due to fears of a global recession following events in the US recently.

OFFICE

The latest significant addition to purpose-built office buildings in Kuching is Wisma STA owned by the Sarawak Timber Association offering 3,400 square metres of office space which adds to the already existing oversupply of office space in Kuching. Wisma STA was officially opened in March 2001 and consists of a 12-storey office block with a 4-storey podium.

There are no new recent records of sales of such properties as office space are preferably leased out.

The rentals (inclusive of service charges) of selected office buildings in Kuching are as follows:-

Building	Location	Gross Rental Rates per square metre
Wisma Bukit Mata	Jln Tunku Abdul Rahman	RM30 to RM65
Wisma Tun Jugah	Jln Tunku Abdul Rahman	RM35
Somerset Gateway	Jln Bukit Mata	RM30
Chinese Chambers	Jln Bukit Mata	RM27
Wisma Ting Pek Khing	Jln Padungan	RM32
Hock Lee Centre	Jln Dtk Abg Abd Rahim	RM23
Wisma Mahmud	Jln Dtk Abg Abd Rahim	RM22 to RM40
Bangunan Binamas	Jln Petanak	RM27 to RM39
Menara MAA	Jln Ban Hock	RM24
Grand Continental	Jln Ban Hock	RM20 to RM24
Kion Hoong Building	Jln Abell	RM34

New Satok Commercial area

Office units located in the prime areas are still in demand due to their location, design and facilities offered. Office buildings outside the Central Business District area may have difficulty in renting out their space due to competition from shop offices that are offering cheaper rental. Moreover, shop offices are preferred over purpose-built buildings due to their comparative visibility and convenience.

RETAIL/SHOPHOUSES

A new commercial project which was recently launched was the RH Plaza which will comprise a 12-storey commercial complex and 112 units of shophouses located at Jalan Stutong. Chonglin Park, another significant commercial cum residential centre, located along Tabuan Road on 10.5 acres of prime land at the perimeter of the city centre and which is due for completion soon will also add another 32 units of shophouses and 598 units of apartments into the market. Other proposed commercial projects are the Tabuan Heights Commercial Centre and Bandar Baru Samarahan. Selling prices for three-storey shophouses within the above mentioned areas range from RM400,000 to RM1,300,000 depending on their size and location.

Generally, selling prices of retail space in prime commercial complexes remained sustainable with occupancy rates remaining at 80% to 100%. Unit owners continue to enjoy gross rental rates of between RM54 to RM59 per square metre for the lower ground floor and RM48 to RM54 per square metre for the upper floors.

Prices for traditional shophouses increased slightly, compared to last year, especially for those in prime locations. Shophouses in secondary areas, however, are expected to see an easing of prices and rentals. Shophouses along choice commercial areas like Jalan Palm-Jalan Satok, Jalan Green-Jalan Rubber, Tabuan Jaya Commercial Centre and 3rd Mile Commercial Centre are still much sought after, with prices for three and four-storey shophouses within this locality ranging from RM500,000 to RM1,200,000.

Sales of shophouses and shopoffices on strata title basis are slowly easing off due to an oversupply.

RESIDENTIAL

The residential sub-sector remains one of the most active property sectors in terms of number and value of transactions. Demand for residential properties in Kuching remained high for units priced below RM200,000 as well as medium and low-cost housing whilst demand for high end properties continue to be slow. Residential properties such as single-storey and double-storey terraced units; and single-storey semi-detached units located in the prime areas are still the buyers' favourites although selling prices have not decreased. On the contrary, prices of prime residential properties have increased between 10% and 25%. Most projects are expected to kick-off later in the year in anticipation of more favourable loan condition.

Buyers purchasing condominiums and apartments as an investment are now experiencing poor take-up rates causing rentals to drop as landlords would rather lower their rent in their effort to fill up their vacant units and to maintain their units' occupancy.

The average new prices for various category of houses are as follows:-

TYPE	LOCATION	SELLING PRICE PER UNIT
Terraced House		
Single-storey	Prime	RM135,000 – RM165,000
	Secondary	RM120,000 – RM140,000
Double-storey	Prime	RM230,000 – RM280,000
	Secondary	RM180,000 – RM220,000
Semi-Detached House		
Single-storey	Prime	RM220,000 – RM250,000
	Secondary	RM180,000 – RM200,000
Double-storey	Prime	RM360,000 – RM450,000
	Secondary	RM260,000 – RM300,000

There were also no significant improvements in demand for apartments and condominiums due to a decrease in the number of expatriates. Buyers purchasing condominiums and apartments as an investment are now experiencing poor take-up rates causing rentals to drop as landlords would rather lower their rent in their effort to fill up their vacant units and to maintain their units' occupancy.

INDUSTRIAL

As in previous years, the performance of the industrial sector remains static. The industrial areas of Kuching are concentrated in four belts, namely the Pending/ Bintawa Industrial Estate, Sejingkat/Demak Industrial Estate, Muara Tabuan Industrial Estate and the Sama Jaya Free Trade Zone. The latter caters mostly for the electronics based industry, for companies such as 1st Silicon, Taiyo Yuden and Komag.

Selling prices for industrial lands at the established Pending Industrial Estate and Muara Tabuan Industrial Estate remain at RM250 to RM300 per square metre.

HOSPITALITY & LEISURE

Except for the Borneo Highlands Resort, comprising a hotel, chalets, golf course and flower gardens, which was officially opened last year, the overall hotel industry has been quiet this year with no new hotels being opened. However, with the increasing effort and encouraging flow of activities put in by the state tourism sector, hotels are expected to enjoy high occupancy rates for the remainder of this year, especially from domestic tourists.

AGRICULTURAL

There have not been any big scale projects designated for agricultural properties.

In fact, agricultural properties with development potential seem to be giving way to other developments as evidenced by their sale transactions which have increased in volume and value. Potential lands are those located along Jalan Matang, Petra Jaya, 9th to 13th Mile, Penrissen Road and those scattered within town areas.

INTI College

EDUCATION

In the field of tertiary education, there are about 9 colleges in Kuching at the moment, namely INTI, Chermai Jaya, Swinburne, Sedaya, Institute of Business Management Studies (IBMS), King's Business Institute, Stamford and CADAS Business School. These institutes of higher learning are situated at various locations, ranging from commercial centres to residential areas. Most of these institutions which were formerly housed in shophouses are moving to their own buildings. One of the most prominent colleges is the INTI College which has a student population of about 2,000 and covers a total area of 1.4459 hectares, situated in a prime residential area.

UNIMAS, the first full-fledged university in Sarawak was officially opened in 1993. It started its temporary campus at Kota Samarahan which is located 14 km from Kuching. Since then, it has changed its status from temporary to permanent and is earmarked for further extension to cover a total of 1,040 hectares.

The former Institute Technology MARA (ITM) which status was recently revised to University (UiTM) is also located at Kota Samarahan and is also expanding its campus. Another recent development saw the opening of UniTAR Sarawak branch, an expansion of the former TAR College, at Jalan Ajibah Abol, near the Satok commercial and residential area.

2002 MARKET OUTLOOK

Generally, the property market in Kuching is expected to be quiet with investors remaining on the sideline especially with the recent downturn of the US economy. Big scale projects are unlikely to take off while small and medium scale housing projects are anticipated to continue to be most active.

SIBU

The property activities in Sibu continued to slow down in 2001. The decline that began since late last year continued throughout 2001.

OFFICES

The latest addition is the office space of about 19,774.59 square metres found on Levels 6 to 24 of Wisma Sanyan. It is mainly occupied by Government Departments among which are the Sibu Municipal Council and the Sibu Rural District Council. Collectively they are occupying about 17 levels of the building.

The office space at Wisma Sanyan is mainly occupied by Government Departments which are occupying Levels 6 to 13.

The supply of major office space in Sibu is found mainly on the upper floors of conventional shophouses, located in the Central Business District or its fringe or at non-district centres along the main arterial roads.

WTW INTERNATIONAL

C H Williams Talhar Wong & Yeo Sdn Bhd
No 9 (1st Floor)
Jalan Song Thian Cheok
P O Box 2236
93744 Kuching
Sarawak
Tel: (082)-24 6262
Fax: (082)-41 6909
yhs@wtwy.com

Shophouses in Sibu are predominantly three to four-storeys. The general levels of enquiry for shophouses are low. The oversupply since 2000 still remains.

RETAIL/SHOPHOUSES

Shophouses in Sibu are predominantly three to four-storeys. The general levels of enquiry for shophouses are low. The oversupply since 2000 still remains. The main shophouses/commercial centre can be found at Upper Lanang Ferry Point , Jalan Upper Lanang, Pusat Pedada and Kampung Dato, with an average price of RM400,000 to RM750,000. The two-storey shophouses at Central Business District areas can fetch over RM 1 million. The latest 3-storey shophouses development, consist of 20 units at Jalan Selemo are selling from RM430,000 to RM485,000.00.

As a general trend, shophouse rents during 2001 have remained stable in the town area. The indicative rent ranges from RM3,000 to RM4,000 per unit per month for new four-storey shophouses, and RM50 to RM85 per square metre per month for shopping space in prime town centre locations. It is anticipated that the excess capacity of CBD retail space will continue with very limited potential for rental growth.

However, with the improvements in the road network in Sibu, out-of-town commercial centres have gained popularity, particularly those along Jalan Pedada.

RESIDENTIAL

Apart from Sibu Jaya located at Km 25 Sibu-Durin Link most developments are at outlying suburban areas and along major arterial roads. New housing developments are along Upper Lanang Road, Salim Road, Wong King Huo Road, Deshon Road, Ulu Sungai Merah Road and Tunku Abdul Rahman Road.

For the upmarket segment, a housing scheme (Pulau Li Hua) comprising of 254 units of double –storey semi-detached houses and 189 units of detached dwelling houses, along Upper Lanang Road is well absorbed by the market. The prices of double-storey semi-detached range from RM278,000 and RM320,000 per unit.

Another large housing cum commercial development scheme (Taman Soon Hup Extension) at Permai Road, opposite the Sibu General hospital, comprises a total of about 583 units. Type of property includes single-storey low cost house, single-storey medium cost house, double storey terraced house and double-storey semi-detached house. The price of single –storey and double storey terraced dwelling houses range from RM80,000 to RM170,000 depending on land size. The price of semi-detached houses are from RM185,000 and above depending on their land sizes.

The prices of new houses throughout 2001 have been stable, where double – storey terraced and semi-detached houses in prime location remained about RM150,000 to RM190,000 and RM240,000 to RM330,000 per unit respectively. The new developments near Sibu town can fetch over RM300,000 per unit.

INDUSTRIAL

There are no addition to the industrial sub-sector in year 2001. Presently industrial developments are located at Upper Lanang Industrial Estate, along Lanang Road, Ding Lik Kong Road and Sg. Antu area. A 300-acre site at Rantau Panjang and along the true right bank of Batang Igan is earmarked for the shipbuilding industry.

Purpose built semi-detached industrial shophouses ranges from RM220,000 to RM300,000 depending on location and size.

Vacant detached or semi-detached industrial land is selling at about RM200 to RM250 per square metre with higher range being applicable to land smaller in size.

HOSPITALITY & LEISURE

There was no addition to the stock in Sibu . One hotel still under construction at Kampong Dato area whereby the number of storey had been increased from 8-storey to 11-storey.

The existing 3-4 star hotels are Tanahmas Hotel, Kingwood Hotel, Premier Hotel, Orchid Hotel, Kawan Hotel, Li Hua Hotel and Garden Hotel.

The hotel occupancy rates in Sibu are reported to be between 55 to 75% recording a slight increase compared to 2000 due to various large scale events in Sibu. The average room tariffs of major hotels for standard, deluxe and superior room range from RM100 to RM300 per night stay.

2002 MARKET OUTLOOK

Demand for all types of properties in Sibu will remain weak for 2002. There will unlikely be any significant increase or decrease in property values in all sub-sectors. The lack of confidence and poor commodity prices will not likely attract any major developments. But, we might see some residential activities due to the lower interest rates.

MIRI

The property market condition in Miri in 2001 remained sluggish. However, prices of properties in all sectors generally remained stable with no indication of further decline. Demand for rented properties is low as evidenced by the presence of vacant accommodation available for rent.

Developers are cautious in implementing development projects and have also adopted the 'sell and build' approach so that there is no excess in supply.

RETAIL/OFFICE

The take-up rate for retail and office space has improved in 2001 though there are still some vacant lots in some areas. Nevertheless, rental for shophouses in prime locations remain stable and maintained at the 2000 level. The popular shopping complexes are Bintang Plaza, Imperial Mall and the Boulevard Complex.

Purpose built office blocks are Wisma Yu Lan (18-storey), Wisma AIA (3-storey) and Wisma Yong Lung (6-storey).

However, demand for the purpose-built offices in town is still confined to the upper floors of conventional terraced shophouses.

The prevailing selling prices and monthly rentals for conventional shophouses are as follows:-

Type	Location	Selling Price/Unit	Rental/month
2 storey	Out-of-Town	RM180,000 – RM280,000	RM600 – RM1,500
3 storey	Prime	RM650,000 – RM850,000	RM3,500 – RM4,500
	Secondary	RM400,000 – RM650,000	RM1,800 – RM3,000
4 storey	Prime	RM750,000 – RM1,100,000	RM4,500 – RM8,000

WTW INTERNATIONAL

C H Williams Talhar Wong & Yeo Sdn Bhd
No.11 & 12, (2nd Floor)
Lorong Kampung
Datu 3
P O Box 1467
96008 Sibu
Sarawak
Tel: (084)-31 9396
Fax: (084)-32 0415
wongis@pc.jaring.my

Demand and prices for industrial properties remains stable in the prime locations of Krokop and Piasau while there is a slight decline in rental values especially the detached units.

RESIDENTIAL

Demand for rented residential accommodation of double-storey semi-detached and detached houses and apartment units and their rental levels remain low as evidenced by a high level of vacant and unoccupied units at random locations. However, demand and prices of new residential properties priced below RM250,000 show no signs of declining, as construction costs remain high. Due to the low demand, many approved housing projects have not started or implemented in stages.

Demand for low and medium cost houses priced between RM150,000 is encouraging due to the availability of cheaper financing packages offered by banks.

Major housing schemes for the low and medium cost housing are Permyjaya Desa Senadin and Taman Tunku.

The selling prices and rental values of residential properties for the year 2001 are as follows:-

Type	Location	Selling Price/Unit	Monthly Rental per unit (Vacant/Unfurnish)
Single storey terraced	Prime Secondary	RM90,000 – RM120,000	RM400 – RM500
		RM70,000 – RM90,000	RM250 – RM400
Double storey terraced	Prime	RM130,000 – RM160,000	RM500 – RM700
	Secondary	RM100,000 – RM140,000	RM400 – RM600
Single storey	Prime	RM140,000 – RM170,000	RM500 – RM700
semi-detached	Secondary	RM110,000 – RM140,000	RM400 – RM600
Double storey	Prime	RM180,000 – RM250,000	RM700 – RM900
Semi-detached	Secondary	RM140,000 – RM180,000	RM450 – RM650
Single storey detached	Prime	RM180,000 – RM240,000	RM700 – RM900
	Secondary	RM160,000 – RM200,000	RM600 – RM800
Double storey	Prime	RM280,000 – RM400,000	RM900 – RM1500
Detached	Secondary	RM180,000 – RM280,000	RM700 – RM1000

INDUSTRIAL

Demand and prices for industrial properties remains stable in the prime locations of Krokop and Piasau while there is a slight decline in rental values especially the detached units.

In the secondary locations like Desa Senadin , Permy Technology Park and Taman Tunku, the take-up rate remains slow due to their distance from the town centre (between 12 – 15 kilometres) and the generally sluggish economic activities.

Demand for industrial lands within the designated Kuala Baram Industrial Estate, about 32 kilometres from Miri Town has not being encouraging due to the distance, size of land, lack of new enterprises and amenities.

The current pricing for industrial properties are as follows:-

Type	Selling prices per unit
Double-storey	
Clustered	RM200,000 – RM250,000
Semi-detached	RM280,000 – RM350,000
Detached	RM400,000 – RM550,000
Serviced lot	
Prime	RM220 – RM300 psm
Secondary	RM120 –RM135 psm
Kuala Baram Industrial Estate (1-5 hectares)	RM740,000 – RM860,000 per hectare

HOSPITALITY AND LEISURE

The main 3-5 star hotels, such as Dynasty Hotel, Mega Hotel, Grand Palace Hotel, Holiday Inn and Rihga Royal Hotel are experiencing an increase in the occupancy rate of between 60% to 90% due to the promotional programmes and activities organised by the private sectors and public bodies. No new hotel rooms are added to the market and this trend is expected to remain for the next one or two years.

AGRICULTURE

Oil palm plantation remains the main agricultural crop in Miri and are concentrated in the Miri-Bintulu/Niah/Suai areas. Recently, areas in Kuala Baram, Marudi, Long Lama and Limbang are also alienated and purchased for oil palm plantation.

EDUCATION

Construction works for the Curtin University (Sarawak) is progressing well and is expected to be ready by end of 2003. At the present, the university has about 800 students at its temporary campus.

2002 MARKET OUTLOOK

2002 will also witness a series of projects and programmes being implemented in line with the vision to develop Miri into a Resort City 2005.

Prices in all sub-sectors will remain stable as demand is expected to be low especially those higher end markets. Development activities will be moderate as developers will be very cautious in implementing new projects due to low demand.

BINTULU

T**he overall property market in Bintulu had been active for the first half of 2001 and slowing down during the 2nd half of the year.**

RETAIL/OFFICES

The demand for prime office and retail space remained strong as compared with prices and rentals in 2000. The 4-storey conventional shophouses within the Bintulu Town Centre were transacted ranging from RM800,000 to RM1,100,000 per unit.

The Northern Corridor of the existing Bintulu Town, namely the integrated Bintulu Township developed by Sarawak Land (Kemena Park) Sdn Bhd are fully completed and occupied. The developer will launch the Phase III, 3 storey shophouses with new design by the end of year 2001.

WTW INTERNATIONAL

C H Williams Talhar Wong & Yeo Sdn Bhd
Lot 1139 Miri Waterfront
Commercial Centre
98000 Miri
Sarawak
Tel: (085)-43 2821 / 43 2480
Fax: (085)-41 1786
wtwmiri@wtwy.com

Prices and rentals for residential properties increased compared to 2000's level.

RESIDENTIAL

The immediate and future housing development areas will be concentrated along Jalan Tun Hussein Onn and Jalan Sibiew, as lands at Tanjong Batu are getting scarce and expensive.

Prices and rentals for residential properties increased compared to 2000's level.

Selling prices and rentals of the various types of residential properties are as follows:-

Type	Selling Price (per unit)	Monthly rental (unfurnished)
Flats (2-bedroom)	RM50,000 – RM56,000	RM350 – RM400
Flats (3-bedroom)	RM60,000 – RM68,000	RM380 – RM500
Single-storey terraced (Intermediate)	RM80,000 – RM98,800	RM500 – RM600
Single-storey terraced (Corner)	RM115,000 – RM165,000	RM550 – RM700
Double-storey terraced (Intermediate)	RM125,000 – RM160,000	RM600 – RM800
Double-storey terraced (Corner)	RM150,000 – RM220,000	RM750 – RM900
Double-storey Semi-detached	RM180,000 – RM320,000	RM800 – RM1,800
Double-storey detached	RM300,000 – RM480,000	RM1,300 – RM2,800

Over the next few years, there are more than 1,200 units of houses to be constructed based on the approved projects on hand. About 24% of these would be single-storey terraced houses, 38% would be double-storey terraced houses and 27% would be double-storey semi-detached houses.

INDUSTRIAL

The demand for Kemena Industrial Estate (KIE), developed by Bintulu Development Authority (BDA) had remained slow due to the slowdown of timber activities and downstream development. KIE Phase II's industrial lands were sold at between RM54.12 to RM75.35 per square metre.

BDA is also developing industrial lands in Kidurong for petro-chemical related industries to assist in the development of small and medium industries (SMIs). Industrial lands at the Kidurong Industrial Area (KINDA's) were opened for sale at RM54.40 to RM77.42 per square metre by BDA.

The newly launched industrial estate, "Sibiyu Industrial Estate" situated along Jalan Bintulu-Tatau by the developer, Johabaru Sdn. Bhd. comprising of 49 units of industrial warehouses were selling in the range of RM297,800 to RM568,800 per unit.

HOSPITALITY & LEISURE

No new hotels were opened in Bintulu in 2001. The existing hotels occupancy rates were reported to range between 50% and 90%.

The current supply of hotels/inns in Bintulu are as follows:-

Class	Hotel/Inns	No. of Rooms
Class 1	Hotels	478
Class 2	Budget Class Hotel/Inns	698
Class 3	Low Class Inns/Lodging Houses	62
	Total	1238

Aerial Photograph of Bintulu Town Centre and Bintulu Airstrip

2002 MARKET OUTLOOK

With the ongoing construction of infrastructural projects (such as the New LNG 3 Jetty, MLNG 3 Plant and the ABF plant), the property market is expected to move at a faster rate as more workers and professionals are expected to move into Bintulu in conjunction with these projects.

WTW INTERNATIONAL

C H Williams Talhar Wong & Yeo Sdn Bhd
1st Floor,
35BDA / Shahida Commercial Centre
Lebuhraya Abang Galau
P O Box 363
97008 Bintulu
Sarawak
Tel: (086)-33 5531
Fax: (086)-33 5964
rting@wtwy.com

SUMMARY OF THE CONSTRUCTION SECTOR

The construction sector is progressing slowly against a slower national GDP growth of 3.2% achieved during the first quarter of the year. It contributed 3.3% to the GDP during 2000. The sector grew at just 0.9% year-on-year during the first quarter of the year whilst contracted 7.6% from previous quarter to RM1.66 billion. The loans approved for construction activities during the first quarter of the year have dropped by 1.8% to RM2.78 billion from previous quarter (Bank Negara Malaysia)

The infrastructure projects, particularly roads, railways and utilities will continue to drive the sector. This is endorsed under the Eighth Malaysian Plan by the Government allocation of RM27 billion for the development, an increase of 10.6% from previous plan.

The import of construction materials including mineral products for 2000 has increased by 23.8% year-on-year to RM2.21 billion - January 2001 has increased by 21.5% to RM185 million from previous month. The production output of key construction materials such as cement & concrete, iron & steel and construction-related products for the year 2000 has improved by 36.7%, 20.2% and 18.6% from previous year respectively whilst February 2001 has recorded improvement by 27.3%, 18.1% and 12.5% from previous month respectively. However, production is generally running at around 40-50% of the capacity.(BHC)

RM4.37 billion has been allocated for infrastructure development during this year under the 2001 Budget, namely roads, bridges, railways, ports and airports. The overall budget allocation to the sector however amounted to RM15 billion, a reduction of 21% from previous budget. The Government has also announced a fiscal stimulus package of RM3 billion to include provision for fast-track major infrastructure projects during 2001.

Our philosophy is to work closely with our clients, sometimes becoming an extension of our clients' operations, to ensure delivery of a quality development in a timely and cost effective way.

WTW BOVIS AND OUR POINT OF DIFFERENCE

WTW Bovis is a member of the Bovis Lend Lease Group, in turn a division of Lend Lease Corporation which is listed on the Australian Stock Exchange in Sydney. Bovis Lend Lease is acknowledged as one of the world's leading companies in management services and construction activities. Globally together with Bovis Lend Lease we have 7,000 employees in 93 offices worldwide. Large and small projects are undertaken for a client base that represents many of the world's leading brands. At regional level we offer a delivery service that guarantees on-time, on-budget project completion and an enhanced commercial result for our clients.

WTW Bovis has a rich history of service delivery for nearly two decades, focusing on customer service and value creation. Our project experience covers broad industry sectors. Currently we are undertaking projects ranging from hotel refurbishment, retail centres, railway stations and office upgrades. Our depth of knowledge is unmatched in the industry.

We provide our employees with a stimulating and supportive work structure where they are encouraged to achieve their maximum potential. In this flexible and innovative environment we are able to provide our clients with a level of service few of our competitors can match.

WTW Bovis provide qualified expertise and proven professional management systems that give particular advantages to a project. Our philosophy is to work closely with our clients, sometimes becoming an extension of our clients' operations, to ensure delivery of a quality development in a timely and cost effective way.

We provide construction solutions to accommodate our client needs, our core services include:

- Project/programme Management
- Construction Management
- Design & Build
- Management Contracting

Our scope of services has now been expanded to include new services and have mobilised Business Units in the region who are ready to provide the said services, none of our competition can offer this: Our Point of Difference. Some of the mentioned services include the following:-

- Retail Business Unit:

Concept Design and Retail Planning Services including retail master planning.

- Micros Business Unit:

Microelectronics sector work primarily Design & Build services for all aspects of the industry.

- Pharma Business Unit:

Total Pharmaceutical design, planning, procurement & construction services (turnkey)

Lend Lease Corporation's global real estate investment management ranks as one of the largest in the world with market capitalisation at approximately US$5.5 billion (October 2000)

WTW Bovis have amassed a strong portfolio of experiences in the management of development projects in Malaysia, amongst others :

- ☐ Office Buildings (Petronas Twin Towers, Securities Commission Building, MNI Twins)
- ☐ Shopping Malls & Retail Centres (Suria KLCC, Lot 10, Mid Valley)
- ☐ Hotels (Puteri Pan Pacific, Holiday Inn Shah Alam, Mandarin Oriental)
- ☐ Process Plants (NS Cement Plant, Press Plants for NSTP, MAS Catering)
- ☐ Industrial/ Manufacturing Facilities (Intel, EAC Logistics, MAS Complex, Cargill)
- ☐ Engineering Facilities (MAS Hangar, Advanced Cargo KLIA, Ipoh Water Scheme)
- ☐ Transport (KL Sentral Station)
- ☐ Hospitals (Ampang Puteri Hospital)
- ☐ Leisure (Staffield Country Resort, Samaworld, Selangor Turf Club)
- ☐ Residential (Housing schemes)
- ☐ Building Refurbishment (K&N Kenanga,)
- ☐ Due Diligence study (Plaza Perangsang, K.L Hilton)
- ☐ Industrial-Design&Build(EAC Logistics, Dumex Milk Packaging, Nilai)

The above business units' specialization coupled with our in-house construction and engineering expertise provides superior value to our clients, especially clients who require specific knowledge in certain market sectors. i.e. pharmaceutical, retail, etc.

In addition to project management and construction, the Group also undertakes real estate funds management and property development. Total funds under management and administration for the Group is in excess of US$48 billion, with over US$33 billion in property assets under management in five continents. Lend Lease Corporation's global real estate investment management ranks as one of the largest in the world with market capitalisation at approximately US$5.5 billion (October 2000)

ON-GOING PROJECTS

WTW Bovis is providing a full range of services to its esteemed clients including :

■ The Construction Management of The Refurbishment of Mutiara Hotel, Kuala Lumpur

WTWB is the Construction Manager for the total hotel refurbishment of this over 500-room hotel. Some of the works which include total Mechanical, Electrical & Plumbing works (MEP) changes and upgrade, guest bedroom refurbishment, including bathroom enlargements, corridor and common area improvements and re-engineering will be undertaken whilst the hotel is in operation. As the Construction Management (CM), WTWBovis will ensure disruptions to normal hotel operation and inconvenience to guests are minimised, whilst ensuring that safety & security is of paramount importance.

Our expertise in Retail Planning & Concept design is very much appreciated by the client and has enabled them to enhance the development.

- Project Management For The Refurbishment of K&N Kenanga International Building, Jalan Sultan Ismail

WTW Bovis has been successfully appointed as Project Managers for the refurbishment of this 20-storey building. K&N Kenanga, a long established financial services group requires all refurbishment works to progress whilst the building is fully operational. In addition to the refurbishment of all public areas, our scope includes re-engineering and upgrading the Mechanical, Electrical and Plumbing services with the introduction of Building Control Management Systems (BCMS) and Intelligent Fire Alarm Systems (IFAS).

- Retail Planning & Project Management of a Retail Centre located at Parcel Z, Putrajaya

WTW Bovis is the Retail Planner & Concept Designer and Project Manager for this 185,806 square metre retail centre located at Parcel Z, Putrajaya. This Greenfield site measures 53 acres and is situated beside the Putrajaya lake. The facilities will include cinemas, food courts, boulevards, bowling alleys, and recreational areas and will eventually be connected to hotel facilities. Our expertise in Retail Planning & Concept design is very much appreciated by the client and has enabled them to enhance the development. The WTWBovis stringent Safety procedure is being implemented along with our Environmental & Health Management Plan.

- Kuala Lumpur Sentral Station

Engaged as Employers Representative for the station facilities, WTW Bovis will complete our services in end 2001. The station has been successfully completed and is open to the public. Final account and closing out issues are currently being addressed, all facilities, track systems and infrastructure works are fully operational.

■ Design & Build of Dumex Milk Packaging Facilities at Nilai, N.S.

WTWB were engaged as design & build contractor for this facility. The new 15,000 m2 facility consist of raw material and finished goods warehouse, a 3-storey packaging plant of approximately 4,000m2 and a 1,500 m2 single storey office. This packaging plant was built in compliance with the Good Manufacturing Practice (GMP) which is equivalent to Class 1000K clean room standard.

The RM20 million plant was completed in a record time of 13 months which included the award of Certificate of Fitness from the relevant authorities. WTW Bovis faced many hurdles during construction activities, the national haze problem being one of them. They were all overcome by adopting alternative construction methods and re-scheduling the rest of the works whilst remaining sensitive to the clients requirements at all times.

Bovis
WTW
A LEND LEASE COMPANY

WTW Bovis Sdn Bhd
WTW Bovis Sdn. Bhd.
Level 11, Tower 1
MNI Twins, 11 Jalan Pinang
50450 Kuala Lumpur
Tel: (603)-2163 4511
Fax: (603)-2161 5421
wtwb@ap.bovislendlease.com

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Brunei

The year 2001 saw a further decline in the property market, although the trend is apparently heading towards a stabilization phase. The general property market was mainly stagnant except for several isolated transactions involving houses and shophouses which were completed during the year.

RETAIL/OFFICE

The 6 storey retail cum office building along Jalan Sultan within the town centre was completed during the first quarter and added an approximate 2,230 square metres of gross floor area to the existing supply of retail/commercial space. This building was about 80% occupied by the third quarter.

Bangunan Takaful IBB has reached an advanced stage of completion and expected to come into the market no later than the first quarter of 2002. Another major ongoing project is Bangunan Persekutuan Guru-Guru Melayu Brunei along Jalan Kianggeh.

Supply and demand of retail and office space within the town centre remained the same as in the previous yearwith retail and office experiencing full and approximately 85% occupancy rate respectively. Rentals for retail and office space remained at B$50 to B$70 per square metre per month whilst office maintained B$10 to B$25 per square metre per month. However, some complexes have failed to attract tenants despite a 20% to 30% reduction in rent.

RESIDENTIAL

No new major residential developments were seen throughout the year except for those within the National Housing Resettlement Schemes such as those found in Kampung Lambak in the Brunei Muara district, and Kampung Pandan in the Belait district.

From the limited transactions that took place during the year, the residential market was apparently stabilizing as no major drop in prices were recorded. However, rentals were still declining. A fair number of landlords failed to secure tenants despite up to 50% reduction in rents.

INDUSTRIAL

The industrial sub-sector has not been spared from the current property slump. There were no new industrial developments although some projects involving shophouses categorized under 'light-industrial' developments were progressing well during the year. These projects were initiated a few years ago.

Some of these developments were seen in Kampung Serusop and along Jalan Muara. Those which were completed within 2001 were selling in the region of B$500,000 per unit and market response was somewhat encouraging.

On the other hand, response in ongoing projects was slow, thus indicating that investors are more readily prepared to consider investing in completed shophouses in the light of the increasing number of abandoned projects.

HOSPITALITY & LEISURE

There was some excitement in the market as the Sultanate started its Visit Brunei Year, 2001. Although there was reportedly an increase in inflow of tourists, the existing supply of 2,000 rooms remained in excess. Most hotels located outside the Bandar Seri Begawan area are still operating poorly.

2002 MARKET OUTLOOK

The property market is expected to stabilize although still vulnerableto marginal decline. Recovery shall remain doubtful, particularly in the hospitality and leisure sector; hoteliers shall be up for another difficult year. Banks are expected to remain cautious and this in turn shall translate into weak purchasing power. On the whole, however, much shall depend mainly on Government expenditure as this will determine how much money will be flowing into the market.

WTW INTERNATIONAL

C H Williams Talhar & Wong (Brunei) Sdn Bhd
Shop No. 11, 3rd Floor
Jalan McArthur
Bandar Seri Begawan BS8711
P O Box No. 1287
Bandar Seri Begawan BS8672
Negara Brunei Darussalam
Tel: (673)-222 8050
Fax: (673)-222 8050
wtwb@brunet.bn

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Professional Services

WTW, with extensive experience and its large research capability and local knowledge offers to the market place, reliable advice with a commitment to serve over a wide geographical area. The WTW Property Market Report released since 1977 and the CEO Property Sector Opinion Surveys compiled since 1990, continues to provide reliable information to the market place. A full range of professional services are available.

VALUATION

Valuation of all real properties for various purposes including mortgage credit security, fire insurance, taxation, liquidation/receivership. Valuation for investment decisions such as sale, purchase and letting. Asset valuation for corporate accounting and financial statements, and submission to the Securities Commission.

Valuation and consultancy for compulsory acquisition compensation claims including appearance as expert witness in judicial proceeding. Valuation of "going concern" and special purpose properties such as timber concessions, mining lands and quarries.

RESEARCH

Undertake market studies - surveys and market intelligence. Provide analyses to determine demand and supply. Conduct marketability studies - pricing levels and strategies. Undertake viability studies - assessment of feasibility of projects. Assess development proposals on their suitability to client's needs.

Provide continuous market research capabilities. Provide investment and economic analysis. Undertake property market forecasting. Provide market research and develop property indices. Prepare development plans/schemes. Advice on planning of comprehensive development and redevelopment schemes. Make recommendations on highest and best use.

PROPERTY MANAGEMENT

Management of buildings from a single residential unit to a property portfolio consisting of various types of properties. Recommendations on rental, service charges, sinking fund and sale policies. Collection of rent and payment of all outgoings. Maintaining rent-rolls and accounts.

Control and supervision of repairs, maintenance and redecoration. Advice on insurance and valuation for fire insurance. Ensuring performance of tenancy agreements and implementing rent reviews.

AGENCY / MARKETING

Sale, purchase and letting of all types of real estate ranging from vacant lands and individual houses to high-rise office blocks, shopping complexes, hotels, industrial schemes, development lands and plantations. Locating, identifying and securing sites for special users. Advice on and implementation of marketing strategies of commercial, retail, industrial and office space.

DEVELOPMENT MANAGEMENT

Advice on property development process with emphasis on environmental concerns. Evaluation of existing property portfolio. Acquisition of lands, which are ripe for development. Facilitate applications to state and relevant authorities for alienation of land and other approvals.

Determine the most appropriate layout for subdivision to achieve the optimum return. Consider relevant forms of development for a particular site including the development concept, mix, layout design and expected marketability. Advice on the most effective mechanism of development through Joint-Venture. Development Right, Sale & Leaseback, etc.

Source for and recommend joint-venture partners. Conduct project tendering and evaluate development proposals to achieve the best use. Monitor progress, costs and quality. Consider special interests in environment, tourism, aviation, maritime, energy, agriculture, science, education and taxation where they relate to property.

PLANT & MACHINERY

Valuation of plant & machinery for various purposes including insurance, finance, sale, credit security and foreclosure. Valuation of building services plant and fit-out for depreciation purposes. Chattel valuation such as office furniture and fixtures, hotel operating equipment and accessories.

CORPORATE REAL ESTATE

Redefine strategic plans, processes and activities for both public and private sector organisations. Produce improvements in operating efficiencies and performance of real estate holdings. Develop and apply technology to corporate real estate. Provide corporations with an edge over competitors by focusing on improved productivity ie people, space and capital.

Consider real estate as a major component of an organisation's balance sheet. Translate growing pressures to contain and reduce costs. Outsource corporate real estate management functions to enhance shareholder value.

STRATEGIC CONSULTING

The early success or failure of any investment, proposed occupation and use of project depends greatly on the strategy adopted. Advice on the appropriate strategies to adopt in maintaining a property portfolio to maximise return over the long term.

AUCTION

To act for High Courts, Land Administrators and other clients to conduct auctions of land, buildings and chattels. To act for clients in bidding for properties at public and private auctions.

FACILITIES MANAGEMENT

Managing business support services, workplace audits and benchmarking, service level measurement, procurement and management of support services.

PROJECT AND CONSTRUCTION MANAGEMENT

'Single point' commercial management expertise in the coordination of the project team involved in the design and construction of development project to meet clients' objectives in terms of time, cost and quality. The scope of work includes design management, value engineering, cost control techniques, time control procedures, quality management, contracting and procurement strategies to design, construct and commission the project.

INVESTMENT CONSULTANCY

Advice on property investment strategy and the right mix for real estate portfolio. Advice on asset diversification and risk management. Advice on the acquisition and holding of property for long or short term investment. Consider aspects of property taxation. Assessment of viability of each project. Facilitate foreign investments. Help in the understanding of the real estate market.

C H Williams Talhar & Wong

WTW INTERNATIONAL

INTERNATIONAL PROPERTY 2002

Professional Staff

KUALA LUMPUR

John S C Loh SSA PJK
M.Sc (NUS), MBA(Finance) (Hull) FRICS FISM APEPS
Managing Director

Goh Tian Sui
B.Sc (Hons) Est. Mgt (Reading) FRICS FISM APEPS
Deputy Managing Director

P.A. Chong SMP
B.Sc Est.Mgt (Leicester) FRICS FISM APEPS
Director

Muhammad Baharuddin Mustafa
B.Surv (Hons) Prop. Mgt (UTM) MISM MMIM APEPS
Director

Aziah Mohd Yusoff
BLE (Hons) (Aberdeen)
MBA (Real Estate, UWS) MRICS MISM APEPS
Associate Director

Abdul Halim Othman
B.Sc Est.Mgt (Reading) FRICS FISM APEPS
Consultant

Peter Chee
M.B.A (Finance) (Hull)
Consultant

Carol Chin
B.A. Econs (Hons) (B'ham) MIM
Manager (Business Development)

Eva David
B.A (Hons) Adelaide
Manager (Corporate)
Acting Manager (Research)

Norbaya Abdul Rahim
B.Sc(Hons) Urban Est. Mgt (Liverpool) MISM
Manager (Property Management)

Ang Nooi Kiang
Manager (Finance)

Vincent Wong Yuen Koong
Head (Commercial & Industrial)

Anna Wong Kok Ling
Head (Residential)

Shuraiya Abdul Rahman
B.LE (Hons) (Aberdeen)
Head (Marketing)

Mokhtar Hj Mahmud
Adv. Dip. Est. Mgt (ITM)
Senior Assistant Manager (Relationship)

Chen Chee Weng
B.(Hons) Est. Mgt. (UM)
Assistant Manager (Webmaster)

Tan Ka Leong
B.Surv (Hons) Prop. Mgt (UTM)
Assistant Manager (Valuation)

Carol Billy Spencer
B.Sc (Hons) Urb Est. Mgt (Northumbria)
Assistant Manager (Research)

Ma Ying Shy
ACIS
Assistant Manager (Administration)

Mohd Khalid Bin Hj Abdul Rahman Aman
B.Sc (Hons) Building Surveying
Assistant Manager (Property Management)

Wong Fook Choy
Dip. in. Electrical / Electronics
Assistant Manager (P & M)

Ainuddin Jalaini Ismail
B.Sc (Hons) Urb. Est. Mgt. (Liverpool)
Assistant Manager

Yeo Kian Aun
MBA (Finance) (CSU) B. (Hons) Est. Mgt. (UM)
Assistant Manager

Rajeswary Kalidass
M.Sc (Facilities Mgt) B.Surv (Prop. Mgt.) UTM
Assistant Manager

Marlene Padan
B.Com (Hons) Prop. Econ (UWS)
Assistant Manager

Celine Tan Paik Hoon
Grad ICSA
Personal Assistant (Finance Director)

Liew Kuo Ching
B.Surv (UTM) Prop. Mgt.
M.Sc Prop. Mgt.

Azizul Rahman Bin Mohammad
B.Sc (Hons) Est. Mgt. (UiTM)

Tan Shu Yuen
B.(Hons) Est. Mgt. (UM)

Alexander Manyin
B.Sc (Hons) Land Mgt (Reading)

Azam Abdul Aziz
B.Sc(Hons) Est.Mgmt.(UK)
Dip.in HE (Law) UK

Burhan Salleh
B.Bs (Prop. Mgt.) (RMIT)

Lim Chai Yin
B.(Hons) Est. Mgt. (UM)

Lam Tuck Kiong
B.Sc (IT) (Queesland)

Nathalene Bong Sim Peng
B.Bs (Tasmania)

Vasantakumar Machap
B.Sc Real Est. Mgt. (UTM)

Wong Huey Feng
B.Sc (Hons) Est. Mgt. (UM)

PETALING JAYA

P'ng Soo Theng
B.Sc (Val. & Est. Mgt.) (Bristol)
FRICS MISM APEPS
Director

Sabariah Binti Eni
Adv. Dip. in Est. Mgt. (ITM)

Mujahid Bin Sulaiman
Bach. in Est. Mgt. (UiTM)

Khaw Eng Leng
B.Sc (Land Management)(U.K)

Wong May San
ACCA

JOHOR BAHRU

Mohd Talhar Abdul Rahman
FRICS FISM MSISV APEPS
Group Chairman

Danny S K Yeo
Asso. Dip. in Val. (RMIT) MISM APEPS
Director

Goh Boon Guan
B.Surv (Hons) Prop. Mgt. (UTM)
Senior Assistant Manager (Valuation)

Abdul Jalil Hashim
B.Surv (Hons) Prop. Mgt. (UTM)
Assistant Manager (Valuation)

Linda Lee Choon Huay
(E428)
Assistant Manager (Estate Agency)

Norsiyati Mamat @ Nawi
B.Sc (Hons) Est. Mgt. (Liverpool)

Mohd Rasyidi Bin Mohd Salleh
B.A (Hons) Est. Mgt (ITM)

Cheng Wui Kiang
B.Surv (Hons) Prop. Mgt (UTM)

Nawal Dato' Khudzairi
B (Hons) Est. Mgt (UM)

Mohd Diah Md Tahir
B.Sc (Hons) Prop. Mgt. (UTM)

Hawari Md Khalid
Dip. Est. Mgt. (ITM)
Licensed Auctioneer

Lee Kun Thye
B.Sc (Hons) Prop. Mgt. (UTM)

BATU PAHAT

Tew You Kian
B.Surv (Hons) Prop. Mgt.(UTM) MISM
APEPS
Director

PENANG

David Khoo Tiang Huat
FRICS FISM MBA APEPS
Director

Kenny Koay Chin Kean
Senior Assistant Manager (Property)

BUTTERWORTH

Tony Lee Eng Kow
B.Sc. (Hons) Est. Mgt. MISM APEPS
Director

Fook Tone Huat
B.Sc. (HBP) (Hons)
Senior Assistant Manager

Mohd Radi Bin Mohd Noh
B.Surv (Hons) Prop. Mgt. (UTM)

Azlan Bin Yusof
Dip. in Est. Mgt. (ITM)
B.Surv. (Hons) Prop. Mgt. (UTM)

SEREMBAN

Ku Fuziah Ku Hamzah
BSc. Urban Land Admin (P'mouth)
MISM APEPS
Associate Director

Azahari Bin Alias
Bsc. Prop. Mgt. (UTM)

Khairee Ekma Bin Sulaiman
Bsc. Prop. Mgt. (UTM)

Mohd Helmi Bin Omar
Diploma in Architecture (UITM)

Mohd Nazri Bin Omar
Diploma in Business Study (UITM)

MALACCA

Foo Gee Jen
B.Surv (Hons) Prop. Mgt. (UTM) MISM
APEPS
Director

Hazni Bin Hassan
B.Sc ULE (Sheffield)

Mok Thai Thong
Dip.Val (UTM)

Ab. Razak Bin Abdullah
Dip. Est. Mgt. (ITM)

Azlan Abd. Hamid
Dip. Est. Mgt. (ITM)

IPOH

Heng Kiang Hai
B.Surv (Hons) Prop.Mgt.(UTM)
MBA (Real Estate, Aust) MISM APEPS
Associate Director

Asnida Isa
Adv. Dip.Est.Mgt.(UITM)
Assistant Manager (Valuation)

Gerard Arthur Pereira
Licenced Auctioneer

Tham Wai Ping
B Sc.(Hons) Const.Mgt.(USM)

Chong Ying Haan
B.Sc (Hons) Prop.Mgt.(UTM)

KUANTAN

Hj Wan Nordin Hj Wan Salleh
Dip. Val (Auckland) Dip. Est. Mgt. (ITM)
MISM APEPS
Director

Liom Hong Sang
Registered Estate Agent (E-535)

Pek Kok Hing
B.A Econs. (Hons) (UM)

Md Anizam bin Md Muis
B.Sc (Property Mgmt) (UTM)

Fauzan bin Ismail
B.Sc (Property Mgmt) (UTM)

KUALA TERENGGANU

Mohd Firdaus Bin Idris
Dip Val (UTM), B.Sc (Hons) Est. Mgt. (Lond) MISM APEPS
Branch Manager

Hasniyati Hamzah
B.Sc. Land Mgt (Reading)

Muhamad Haneef Bin Ali
B.Sc. Est Mgt (UTM)

Nik Mohd Nazirin Nik Zakaria
Dip. in Val (UTM)

KOTA BHARU

Muhd Kamal Bin Mohamed
Bsc.(Hons) Est. Mgmt. MISM
Branch Manager

Wan Alida Fairuz Bin Wan Daud
B.Surv(Hons) Prop,Mgt. (UTM)
Assistant Manager

Mat Nori Bin Mat Yusoff
Diploma in Est, Mgmt. (UiTM)

ALOR SETAR

Muzlini Said
B.Sc Land Mgt. (Reading) MISM
Branch Manager

Fazida Amir
B.LE (Hons) (Aberdeen)

Norrushidah Zakaria
Adv. Diploma in Est. Management (ITM)

Rosli Mansor
Diploma in Est. Management (ITM)

SABAH

KOTA KINABALU

Chong Choon Kim
B.Sc MRICS FISM
Managing Director WTW (Sabah)

Lim Kah Chen
BCom (Acc) MA (Property Valuation & Law) MISM
Valuation & Estate Agency Manager

Agnes Lee Siew Ngoh
B.Sc (Hons) (UM)
B.Sc (Hons) Est. Mgt. (Reading)
Business Development Manager

Anna Vun Mei Na
B.Sc (Land Administration & Development)

Azizan Bin Idris
Diploma (Estate Management)

Benjamin VK Mu
B.Sc (Hons) Urban Property Surveyor

Chen Yen Ping
B.Bus Economics & Finance

Eric Chong Chen Loong
B.BS (Valuation & Property Management)

Elise Ngoi Leh Ming
B.BS (New Zealand)

Victor Yong
B.Eng (Mechanical Engineering)

Vivian Cham Sen Yun
B.A (Hons) Marketing

LAHAD DATU

Leong Shin Yau
B.Comm (Canterbury) MISM APEPS
Director

SANDAKAN

Robin Chung York Bin
B.Sc (Estate Management) (CNAA)
MBA (Reading)
Dip. Proj. Man. MRICS FISM
Director

Raymond Chu Tai Keung
B.Sc (London)
Senior Assistant Valuer

Al Fazli Bin Mohd Salleh
B.Surv (Hons) & M.Sc (Prop. Mgt.)(UTM)

TAWAU

Frederick Victor Kilos
B.Sc (Land Administration)
Director

Liew Vui En Desmond
B.Sc (Hons) Estate Management

LABUAN

Doreen Lee
B.Sc (Estate Management) MISM
Director

SARAWAK

Henry Yeo Hap Soon
B.Sc. Est. Mgt. (Reading) FRICS MISM APEPS
Consultant & Founder Managing Director

KUCHING

Alan Chew
B.Sc. Est. Mgt. (Reading) FRICS FISM APEPS
Director

Lucas Lau Chuo Kong
B.Sc Est. Mgt. (Birmingham)
Director

Sim Guan Hiong
Dip. Mech. Eng & Dip. Rub. Process (IPM)
Manager (Plant & Machinery)

Elaine Tan Li Hui
B.A Econs. (UM)

Chan Jui Hui
B.Business (Property) (RMIT)

Shafiza Jaya
B.Sc. (Land Mgt.) (Portsmouth)

SIBU

Wong Ing Siong
B.Sc (Hons) Est. Mgt. (Reading) MISM IRRV MRICS APEPS
Managing Director WTWY (Sarawak)

Mo Ping Ping
B. Property (Auckland)

MIRI

Haji Radzali Bin Hj Alision
B.Sc Est. Mgt. (Southbank) MRICS MISM APEPS
Director

Kenneth Wong Cheng Ai
B.Business (Property) (RMIT)

Stanley Anyie
Dip. Investment Analysis (ITM)

BINTULU

Robert Ting Kang Sung
B.Bus (VLE) (Perth)
Director

BRUNEI

Cornelius Koh
B.Sc (Hons) Est. Mgt. (Reading) MRICS IRRV
Associate Director

Company Network

BRANCHES

C H Williams Talhar & Wong Sdn Bhd

KUALA LUMPUR
3228, Menara Tun Razak
Jalan Raja Laut
P O Box 12157
50768 Kuala Lumpur
Malaysia
Tel : 03 – 2693 8888
Fax : 03 – 2693 6655 / 6565
E-mail: wtw@wtw.po.my

ALOR SETAR
2nd Floor, Kheng Chew Assc.
38 Jalan Putra
05100 Alor Setar
Tel : 04 – 730 3300
Fax : 04 – 730 2200
E-mail : wtwas@po.jaring.my

BUTTERWORTH
No. 33, Jalan Todak 4,
Pusat Bandar
Seberang Jaya
13700 Seberang Jaya
Tel : 04 – 398 1188
Fax : 04 – 397 1188
E-mail: wtwbw@po.jaring.my

PENANG
35, Green Hall
P O Box 1161
10850 Penang
Tel : 04 – 263 3377
Fax : 04 – 263 0359
E-mail: wtwpg@po.jaring.my

IPOH
13A, 1st Floor,
Jalan Panglima
P O Box 562, 30760 Ipoh
Perak
Tel : 05 – 241 0611
Fax : 05 – 255 6536
E-mail: wtwipoh@po.jaring.my

PETALING JAYA
15th Floor, Menara MPPJ
New Town Centre
46200 Petaling Jaya
Tel : 03 – 7956 9211
Fax : 03 – 7957 8049
E-mail: wtwpj@tm.net.my

SEREMBAN
1st Floor, Kompleks Negeri
7-A, Jalan Dr Krishnan
70000 Seremban
Tel : 06 – 763 7373
Fax : 06 – 762 4840
E-mail: wtwsb@po.jaring.my

MELAKA
1st Floor, Madonna Building
56, Jalan Laksamana
P O Box 224
75000 Melaka
Tel : 06 – 281 2288
Fax : 06 – 284 6399
E-mail :wtwmlc@po.jaring.my

BATU PAHAT
37-4B, Jalan Rahmat
83000 Batu Pahat
Tel : 07 – 434 6122 / 6686
Fax : 07 – 431 6921
E-Mail: wtwbp@po.jaring.my

JOHOR BAHRU
Unit 18B Level 18
Menara Ansar
65 Jalan Trus
P O Box 320
80000 Johor Bahru
Tel : 07 – 224 3388
Fax : 07 – 224 9769
E-mail: wtwjb2@po.jaring.my

KUALA TERENGGANU
4th Floor, 98, Jalan Banggol
20100 Kuala Terengganu
Tel : 09 – 626 2760
Fax : 09 – 622 2788
E-mail: wtwkt@po.jaring.my

KOTA BHARU
PT 1185, Level 2
Jalan Kebun Sultan
15350 Kota Bharu
Tel : 09 – 748 7070
Fax : 09 – 744 7545
E-mail: wtwkb@po.jaring.my

KUANTAN
5th Floor, Bangunan
Hongkong Bank
Jalan Mahkota
25000 Kuantan
Tel : 09 – 555 5000
Fax : 09 – 514 5793
E-mail: wtwktn@po.jaring.my

ASSOCIATED OFFICES

C H Williams Talhar & Wong (Sabah) Sdn Bhd

KOTA KINABALU
2nd Floor,
EONCMG Life Building
No. 1, Jalan Sagunting
P O Box 14414
88850 Kota Kinabalu
Tel : 088 – 248 801
Fax : 088 – 230 826
E-mail: wtwskk@pc.jaring.my

SANDAKAN
Room 602, 6th Floor
Lai Piang Kee Building
Jalan Lima, W.D.T No. 110
90009 Sandakan
Tel : 089 – 217 025 / 271 973
Fax : 089 – 272 850
E-mail: rchung@pc.jaring.my

LABUAN
1st Floor, Wisma Chee Sing
48 Jalan Merdeka
P O Box 82229
87032 F. T. Labuan
Tel : 087 – 416 341
Fax : 087 – 416 342
E-mail: wtwslbn@tm.net.my

TAWAU
305, 1st Floor
Leong Hua Building
Dunlop Street,
P O Box 60394
91013 Tawau
Tel : 089 – 774 349 / 779 739
Fax : 089 – 762 287
E-mail: wtwstwu@tm.net.my

LAHAD DATU
2nd Floor, Lot 2, Block A
RHB Building
Metro Commercial Centre
Jalan Kiambang
P O Box 60600
91115 Lahad Datu
Tel : 089 – 882 393
Fax : 089 – 885 088
E-mail: leongsy@pc.jaring.my

C H Williams Talhar Wong & Yeo Sdn Bhd

KUCHING
No.9 (1st Floor)
Jalan Song Thian Cheok
P O Box 2236
93744 Kuching
Tel : 082 – 246 262
Fax : 082 – 416 909
E-mail: yhs@wtwy.com

SIBU
No. 11 & 12, 2nd Floor
Lorong Kampung Datu 3
P O Box 1467
96008 Sibu
Tel : 084 – 319 396
Fax : 084 – 320 415
E-mail: wongis@pc.jaring.my

MIRI
Lot 1139 Miri Waterfront
Commercial Centre
98000 Miri
Sarawak
Tel : 085 – 432 821 / 480
Fax : 085 – 411 786
E-mail: wtwmiri@wtwy.com

BINTULU
1st Floor, 35BDA/Shahida
Commercial Centre
Lebuhraya Abang Galau
P O Box 363
97008 Bintulu
Tel : 086 – 335 531
Fax : 086 – 335 964
E-mail: rting@wtwy.com

BRUNEI
C H Williams Talhar & Wong (B) Sdn Bhd
Shop 11, 3rd Floor Jalan McArthur
Bandar Seri Begawan BS8711
Negara Brunei Darussalam
Tel : 673 – 228 050 / 234 695
Fax : 673 – 228 050
E-mail: wtwb@brunet.bn

WTW BOVIS SDN BHD
Level 11, Tower 1
MNI Twins, 11 Jalan Pinang
50450 Kuala Lumpur
Tel: 603 – 2163 4511
Fax: 603 – 2161 5421
E-mail: wtwb@ap.bovislendlease.com