# 2015 PROPERTY MARKET

C H Williams Talhar & Wong

WTW INTERNATIONAL

# ABOUT US

C H Williams Talhar & Wong established in 1960, is a leading real estate services company in Malaysia & Brunei (headquartered in Kuala Lumpur ) operating with 25 branches and associated offices.

Colin Harold Williams established C H Williams & Co, Chartered Surveyor, Valuer and Estate Agent in 1960 in Kuala Lumpur. In 1974, the company merged with Talhar & Co, a Johor-based Chartered Surveying and Valuation company under the sole-proprietorship of Mohd Talhar Abdul Rahman. With the inclusion of Wong Choon Kee, in a 3-way equal partnership arrangement, C H Williams Talhar and Wong (WTW) was founded.

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

C H Williams Talhar & Wong Sdn Bhd
Mr Foo Gee Jen

C H Williams Talhar & Wong (Sabah) Sdn Bhd
Mr Robin Chung York Bin

C H Williams Talhar Wong & Yeo Sdn Bhd (operating in Sarawak)
Mr Robert Ting Kang Sung

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*Cover Photo*

*Building Name: Menara OBYU at Damansara Perdana,*
*Developer: Tujuan Gemilang Sdn Bhd*

# MESSAGE FROM MANAGING DIRECTOR

Marking our 55th anniversary milestone, we are glad to present to readers WTW PROPERTY MARKET 2015. Apart from the performance and outlook of the respective sectors, we have incorporated WTW's House Price Indicator, which we believe will benefit the readers.

The past year was filled with challenges, both in the nation's property industry as well as economy. The property market which was seen to be bullish in the past few years has slowed down throughout the year of 2014. Transaction activities in most states lacked momentum compared to the previous year. Intervention from the Federal Government by introducing measures especially on lending guidelines had somehow tapered off the speculative sentiments, driving both developers and investors to fall back on the fundamentals.

GST, announced since Budget 2014 has been a dominant topic that somehow spurred the market, with mixed views by both investors and analysts. Given that its impact might be minimal on costs and prices but yet significant in terms of volume of transactions, we are hoping that this policy may be carried out with structured procedures to achieve its main objective, a transparent consumer tax regime.

Moving forwards, the 11th Malaysia Plan (11MP), due to be announced in May 2015, will be the final Malaysia Plan spanning from 2015 to 2020. 11MP will address the measures and solutions for current issues faced by the country, by which the government is anticipating to break through the middle-income trap and transform the country into a high-income nation by 2020.

***Sr Foo Gee Jen***
***Managing Director***
***C H Williams Talhar & Wong Sdn Bhd***

# MALAYSIA IN 2014

## Economic Overview

2014 started with a roar but ended with a whimper as crude oil prices and the Malaysian Ringgit tumbled down.

In 2014, Bank Negara Malaysia reported that the country's economy expanded with growth in all sectors to register a GDP growth of 6.0%. As in previous years, Malaysia's GDP continued to be driven by the services and manufacturing sectors, while construction, agriculture and mining & quarrying remained sturdy.

The country registered the highest annual foreign direct investment (FDI) in 2013, totaling RM38.2 billion. FDI investment continued to grow at a steady pace, RM35.1 billion in 2014. Netherlands, Singapore and United States are the top three countries that brought in investments into Malaysia.

Total trade activities remained strong and a big jump in surplus was recorded in November 2014. Machinery & Transport Equipment contributed the highest exports earnings for the country (38.62%), totaling RM269 million. Electrical and electronic products stayed dominant as the country's main exports, dominated by thermionic valves & tubes as well as other electronic parts.

Towards end of 2014, the drastic drop of crude oil price and weakening of Malaysia Ringgit has drawn a mixed outlook on the country's economy. The rising supplies colliding with weak demand growth had driven towards the dip in oil prices. However OPEC maintained its decision not to cut production. Weakening of Malaysian Ringgit is likely to boost manufacturing, as it will encourage exports. The tourism and retail industries are likely to be bullish as travelling and spending in Malaysia has become cheaper.

Perhaps the silver lining this time is the private sector and its large corporate giants who have remained financially strong and stable and may be the protective bulwark against the coming storm. If less than 30% of the private sector is bumiputra owned, then we will have to thank the non-bumiputra business community as we sail thorough the choppy seas. Or perhaps the Government will at last admit that bumiputras control more than 30% of the private sector and will play a pivotal role in charting the future of the country.

Malaysia's inflation rate rose 2.7% in December 2014, which is 0.1% lower compared to November 2014. For 2014, the inflation rate has increased by 3.2% from the previous year, driven by alcoholic beverages & tobacco, transport, restaurants & hotels, housing, water, electricity, gas & other fuels and food & non-alcoholic beverage categories.

**Malaysia GDP Growth 2013/2014**

| | | | |
|---|---|---|---|
| *1Q 2013* | *4.2%* | *1Q 2014* | *6.2%* |
| *2Q 2013* | *4.5%* | *2Q 2014* | *6.5%* |
| *3Q 2013* | *5.0%* | *3Q 2014* | *5.6%* |
| *4Q 2013* | *5.1%* | *4Q 2014* | *5.8%* |
| *2013* | *4.7%* | *2014* | *6.0%* |

Source: BNM

**Foreign Direct Investment in Malaysia (RM Billion)**

| | | | |
|---|---|---|---|
| *1Q 2013* | *8.950* | *1Q 2014* | *6.964* |
| *2Q 2013* | *8.774* | *2Q 2014* | *10.219* |
| *3Q 2013* | *9.082* | *3Q 2014* | *7.718* |
| *4Q 2013* | *11.432* | *4Q 2014* | *10,184* |
| *2013* | *38.238* | *2014* | *35.085* |

Source: BNM

On 20th January 2015, the government announced Budget 2015 revisions but no clear direction or policies were evident.

| No. | Policies in Revised Budget 2015 |
|---|---|
| 1 | Logistics & Trade Facilitation |
| | - Improve connectivity to Port Klang |
| | - Upgrade the existing Padang Besar (Perlis) railway terminal |
| | - Postpone the scheduled gas price hike for industrial sector in 2015 |
| 2 | Tourism & Retail Sector |
| | - Waiver of visa fee for China's tourists |
| | - Intensify promotions and extend shopping hours of nationwide mega sales |
| | - Competitive domestic air fare to encourage domestic tourism. |
| 3 | Postpone scheduled electricity tariff hikes of industrial users in 2015 |
| 4 | To review levy on foreign workers |

Source: WTW Research

## Infrastructure Overview

The Government continued to invest in infrastructure projects in the country to spur economic growth.

**List of Infrastructure Projects in Malaysia as of 2014**

| Project Name | Connectivity | Est. Project Cost (RM billion) | Commencement Date (Progress as at Dec 2014) |
|---|---|---|---|
| Rail | | | |
| Electrified Double Track Project (EDTP) Ipoh – Padang Besar | Perak - Perlis | 12.5 | 2008 (100%) In Operation June 2015 |
| LRT Extension | Subang Jaya - Puchong | 8.0 | 2010 (60%) |
| KVMRT SBK Line | Sungai Buloh - Kajang | 22.0 | 2011 (52%) |
| KVMRT Line 2 | Sungai Buloh – Putrajaya | 23.0 | 2015 |
| LRT Line 3 | Kelana Jaya – Shah Alam - Klang | 9.0 | 2015 |
| High Speed Rail (HSR) | Kuala Lumpur - Singapore | 38.4 | 2016 |
| East Coast Railway Line Upgrade | Gemas – Mentakab; Jerantut – Sungai Yu; Gua Musang - Tumpat | 0.15 | - |
| Highway/Expressway | | | |
| Jambatan Sultan Abdul Halim Muadzam Shah | Batu Maung (Penang Island) – Batu Kawan (Mainland) | 4.5 | 2008 (100%) In Operation Mar 2014 |
| Sungai Besi – Ulu Kelang Expressway (SUKE) | Sungai Besi – Ulu Kelang | 5.3 | - |
| Damansara – Shah Alam Highway (DASH) | Sungai Penchala – Shah Alam | 4.2 | - |
| Eastern Klang Valley Expressway (EKVE) | Gombak – Kajang | 1.6 | - |
| West Coast Expressway (WCE) | Taiping - Banting | 5.0 | - |
| Kota Bharu – Kuala Krai Expressway | Kota Bharu – Kuala Krai | - | - |
| Pan Borneo Expressway (PBE) | Sabah - Sarawak | 27.0 | - |

Source: WTW Research, ETP, Press Announcements

The federal government has been looking at infrastructure developments to enhance connectivity between the less-developed and developed regions. In view of this, RM75.25 billion was allocated in Budget 2015 to develop expressways and rail projects in West and East Malaysia. In East Malaysia, the ***Pan-Borneo Highway*** spanning 1,663km, is proposed to connect Sabah and Sarawak.

Two infrastructure projects were completed in 2014 included the ***Electrified Double Railway Track Project Ipoh – Padang Besar (EDTP)*** and ***Jambatan Sultan Abdul Halim Muadzam Shah (Second Penang Bridge)***. EDTP has completed construction and was handed over to KTMB in November 2014. Scheduled to operate from 2H 2015, this project will extend the current ETS services (KL – Ipoh) further north to Padang Besar in Perlis and cut short the travelling time to around 4 hours. The Second Penang Bridge which opened in March 2014 provides an important alternative link as well as lessening the congestion on the First Penang Bridge. The Second Penang Bridge also boosts property development prospects on both landing sites of the bridge at Batu Maung of Penang Island and at Batu Kawan of Seberang Perai, and the surroundings.

Also in northern region, the long-awaited ***Penang Sentral*** has started construction work on its terminal after obtaining the development order and building plan approval in August 2014. The RM320 million terminal is the 1st phase of the integrated Penang Sentral and will be connecting the buses, rail, ferry as well as taxi services under one roof. The proposed Penang Sentral integrated project is scheduled to be developed in three phases where the 1st phase is the nine-storey transportation hub, followed by the 2nd phase of the retail component while the 3rd phase is a 307-key hotel development.

Apart from this, Penang State Government has called for an open tender in August 2014 for its ***Penang Transport Masterplan***. The state government has invited companies to become project delivery partners (PDP) and work together in implementing the Masterplan which encompasses the integrated public transport system. A combination of BRT, Tram, Catamaran and commuter rail were proposed as alternatives to support the road/rail infrastructure in Penang.

MALAYSIA IN 2014

## Property Overview

The chart below attempts to depict the past and future outlook of the major property sub-sectors and by main regional areas. This needs to be read with caution as the property market is characteristically fractured and fragmented, with niche markets often moving contrary to the primary market direction.

These charts should be read in conjunction and integral with the accompanying charts in each sectorial report in the subsequent pages.

**WTW 2014 / 2015 Property Indicator**

| | OVERALL | | LANDED RESIDENTIAL | | HIGH-RISE RESIDENTIAL | | OFFICE* | | RETAIL | | HOTEL | | INDUSTRIAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | | | | | | | | | |
| Klang Valley | → | → | → | → | → | → | → | → | → | → | → | → | → | → |
| Penang | | | | | | | | | | | | | | |
| Penang Island | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | → | → | → | ↑ | → | ↑ | ↑ |
| Seberang Perai | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | → | → | ↑ | ↑ |
| Johor Bahru | → | → | → | → | ↓ | ↓ | → | ↑ | ↑ | → | → | → | ↑ | → |
| Kota Kinabalu | → | → | → | → | → | → | → | → | → | → | → | → | → | → |
| Kuching | → | → | → | → | ↑ | ↑ | → | → | ↓ | ↓ | → | → | ↑ | → |
| SUB MARKET | | | | | | | | | | | | | | |
| WEST MALAYSIA | | | | | | | | | | | | | | |
| Northern Region | | | | | | | | | | | | | | |
| Alor Setar | → | → | ↑ | ↑ | → | → | ↑ | ↑ | → | → | → | → | ↑ | ↑ |
| Ipoh | → | → | → | → | ↑ | → | → | → | → | → | → | → | → | → |
| East Coast Region | | | | | | | | | | | | | | |
| Kuantan | → | → | → | → | ↑ | ↑ | ↑ | → | → | → | → | → | → | → |
| Kota Bharu | → | → | → | → | → | → | → | → | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → | → | → | → | → | → | → | → | → |
| Southern Region | | | | | | | | | | | | | | |
| Seremban | ↑ | → | ↑ | ↑ | → | → | ↑ | → | ↑ | → | → | → | ↑ | ↑ |
| Malacca | → | → | ↑ | ↑ | ↑ | ↑ | → | → | → | → | → | → | → | → |
| Batu Pahat | → | → | → | → | → | → | → | → | → | → | → | → | → | → |
| East Malaysia | | | | | | | | | | | | | | |
| Sabah | | | | | | | | | | | | | | |
| Sandakan | → | → | ↑ | → | ↓ | → | → | ↓ | → | → | - | → | → | → |
| Tawau | → | → | ↑ | → | → | → | → | → | → | → | → | → | → | → |
| Lahad Datu | ↓ | → | → | → | - | - | ↓ | ↓ | ↓ | → | - | - | ↓ | → |
| Keningau | → | → | ↑ | → | - | - | → | → | → | → | → | → | → | → |
| Sarawak | | | | | | | | | | | | | | |
| Bintulu | → | → | → | → | ↑ | ↑ | ↑ | → | → | → | → | → | → | → |
| Sibu | → | → | → | → | → | → | → | → | - | - | - | - | → | → |
| Miri | → | → | → | → | → | → | → | → | → | → | → | → | → | → |
| Labuan | → | → | → | ↑ | → | → | → | → | → | → | ↑ | ↑ | → | → |

Source: WTW Research

*Notes:*
** Office Sector in Main Market referred to Purpose-Built Office*
** Office Sector in Sub Market referred to Shop Office*

# FEATURE ARTICLES

FEATURE ARTICLES

# GOODS & SERVICES TAX - CONSTRUCTION COST VS DEVELOPER'S COST

Come April 2015, the existing Sales and Service Tax is to be replaced with the Goods and Services Tax (GST), 6% across the board for all consumer goods and services (unless specifically exempted). In order to avoid double taxation, only the value added at each stage is taxable.

GST is a tax on consumption, applicable to monies spent, which may encourage savings and discourage ostentatious purchasing. This may be more beneficial than purely a tax on income earned. The GST will widen the tax base by ensuring that everyone who spends pays taxes even if that person had avoided paying income taxes.

GST implementation will affect every industry including property development. However, housing is classified as an essential item and thus residential property falls under GST exempted supply. Meanwhile, raw materials, construction services and commercial property are standard rated supply.

The multi stage taxation starts from the supplier who provides raw materials and charges 6% to their clients, who are contractors. It is then followed by contractors who provide construction services and 6% is taxable onto the developer. As construction services and raw materials are standard rated supply, the supplier and contractor are allowed to claim rebates for 6% GST paid to the government for their purchases.

For commercial properties, the developer will charge 6% onto the purchaser and at the same time, he is allowed to claim tax rebates on construction services. However, since developers are not required to make GST payments for residential property sales, they are also not entitled to claim rebates.

Consequently all GST paid up to the residential development stage will be absorbed as part of development costs. All GST costs will be passed on to the house purchaser if the developer decides to maintain his historical gross margins or GST costs could be partly absorbed if the developer decides accepts a lower gross margin in order to maintain a more competitive price.

| Role in Property Development | Product | Type of supply | Output GST | Claimable |
|---|---|---|---|---|
| Raw Material supplier | Raw material | Standard rated | 6% | Yes |
| Contractor | Construction service | Standard rated | 6% | Yes |
| Developer | Residential | Exempted | NA | No |
| | Commercial | Standard rated | 6% | Yes |

Source: WTW Research

## Impact on construction costs

In general, construction materials are categorized into 5 main elements: structural, architectural, finishes, services and M&E works. Under the existing Sales Tax Act 1972 (Act 64), basic building materials and heavy machinery used in the construction industry are exempted whilst certain building materials are currently taxed at 5% under the Second Schedule of the Sales Tax (Rates of Tax no. 2) Order 2012. The basic services are mainly structural and M&E works, whilst the remaining elements in architecture, finishes and services are currently taxable at 5%.

Upon GST implementation, all types of construction services are subject to GST at 6%. Additional costs are incurred for construction when non taxable materials become taxable under GST or taxable materials are charged at a higher tax rate. A significant impact can be seen on structural elements and M&E works where 6% additional cost will be incurred. However, an additional cost of 0.95% is incurred on materials used for architectural, finishes and services elements.

*(continued next page)*

**Construction Cost: Sales Tax vs Goods & Services Tax (GST)**

| Sales Tax Act 1972 | | GST | |
|---|---|---|---|
| Basic material, i.e. cement, bricks, ceramic products, metal, non alloy steel, lift etc | 0% | All construction material are standard rated. | 6% |
| Certain material, I.e. sanitary ware, wood finishes, asbestos cement, base metal mountings for door, staircase, cabinet | 5% | All construction material are standard rated. | 6% |
| Construction services are not taxable | N/A | Construction services are standard rated | 6% |

Source: WTW Research

Overall, approximately 3.97% in additional costs will be incurred on construction cost of high rise residential. Of the five main elements in construction, structural elements and M&E works will experience the highest hike in the total cost, 6.00% compared to others (0.95%).

"Total Construction Costs is expected to increase **3.97%** with the enforcement of GST in April 2015."

**Construction Cost of Condominium: Pre-GST vs Post-GST**

| | Pre GST | | Post GST | | Net Changes (%) | |
|---|---|---|---|---|---|---|
| | Weightage | Total (RM) | Weightage | Total (RM) | Weightage | Total Cost |
| Structural elements | 43.56% | 51,254,000 | 44.41% | 54,329,240 | 0.85% | 6.00% |
| Architectural elements | 19.29% | 22,698,000 | 18.73% | 22,914,171 | -0.56% | 0.95% |
| Finishes Elements | 17.58% | 20,691,000 | 17.07% | 20,888,057 | -0.51% | 0.95% |
| Services element | 3.38% | 3,980,000 | 3.28% | 4,017,905 | -0.10% | 0.95% |
| M&E works | 16.18% | 19,040,000 | 16.50% | 20,182,400 | 0.32% | 6.00% |
| Total | 100.00% | 117,663,000 | 100.00% | 122,331,773 | 0.00% | 3.97% |

*Notes: Structural elements - reinforced concrete framework, floor slab, staircase*
*Architectural elements – roof, windows, doors, handrailing etc*
*Finishes elements – all finishes on ceiling, floor, wall, staircase , external wall*
*Services element – sanitary wares & fittings*
*M&E works – air-conditioning, fire protection, electrical & telephone services, lift etc.*

Source: WTW Research

**The above costing is estimated based on a 312-units condominium project.*

## Impact on developer's costs

Construction costs are estimated to increase marginally at around 4.0% as mentioned in the earlier section. However, this has yet to include the profit margin by the developers/contractors as well as any intermediate parties that are involved in the construction and delivery of the house.

The table below presents another perspective on the impact on construction cost categorized as to first and second schedule goods and the services of the contractor and developer.

**Pre-GST: Price of Condominium (RM per unit)**

| Sales Tax & Services Tax | Cost | Final Cost after tax claims | Profit Margin | Sales Price | Sales Tax | Final Price (RM per unit) |
|---|---|---|---|---|---|---|
| Materials (Supplier) | | | | | | |
| First Schedule Goods | 52,378 | 52,378 | 20% | 62,854 | 0% | 62,854 |
| Second Schedule Goods | 148,242 | 148,242 | 20% | 177,890 | 6% | 188,563 |
| Services | | | | | | |
| Contractor | 251,417 | 251,417 | 50% | 377,125 | 0% | 377,125 |
| Developer | 377,125 | 377,125 | 50% | 565,688 | 0% | 565,688 |

Source: Loanstreet, WTW Research

**Post-GST: Price of Condominium (RM per unit)**

| Goods & Services Tax (GST) | Cost | Final Cost after tax claims | Profit Margin | Sales Price | GST Tax | Final Price |
|---|---|---|---|---|---|---|
| Materials (Supplier) | | | | | | |
| Standard Rated | 205,498 | 205,498 | 20% | 246,597 | 6% | 261,393 |
| Services | | | | | | |
| Contractor | 261,393 | 246,597 | 50% | 369,895 | 6% | 392,089 |
| Developer | 392,089 | 392,089 | 50% | 588,134 | 0% | 588,134 |

Source: Loanstreet, WTW Research

The cost for a developer to construct the same project post-GST would face an increase of 3.97%, of which construction cost and profit margin are the components that contribute towards the hike. As always, land was the 'biggest' cost component as a price determinant for the developer. However, there is no GST imposed on residential land.

**Price of High-rise Residential: Pre GST vs Post GST**

| No. | Development Cost | Pre-GST (RM) | Post-GST (RM) | Net Changes (%) |
|---|---|---|---|---|
| 1 | Land Cost | 20,000 | 20,000 | 0.00% |
| 2 | Construction Cost | 377,125 | 392,089 | 3.97% |
| 4 | Statutory Contribution | 10,000 | 10,000 | 0.00% |
| 5 | Professional Fees | 30,000 | 30,000 | 0.00% |
| 6 | Marketing & Management Fees | 8,563 | 8,563 | 0.00% |
| 7 | Financing Cost | 10,000 | 10,000 | 0.00% |
| 8 | Developer's Profit | 110,000 | 117,482 | 6.80% |
| | Price Per unit | 565,688 | 588,134 | 3.97% |

**The calculations as illustrated in the above table merely serve as a guide on the impact of GST*

Source: WTW Research

## Conclusion

Construction cost and developer's cost are likely to increase but less than 5%. Of all construction materials which were previously subject to Sales & Services Tax (SST), the impending GST implementation in April 2015 is not likely to have much impact. The low crude oil price since end of 2014 might result in the drop of prices for several raw materials. Consequently, house prices may not be moving upwards even when GST kicks in in April 2015.

Construction costs may also increase due to higher operational and labour costs in addition to GST. Thus, construction cost after GST implementation may be higher than estimated 3.97%. In the property and real estate market, GST will play a significant role although its impact is expected to be minimal.

# HOW SECOND PENANG BRIDGE IS CHANGING THE PENANG LANDSCAPE

*by Peh Seng Yee,*
*Director (based in Penang)*

The Second Penang Bridge, also known as Sultan Abdul Halim Mu'adzam Shah Bridge  was opened on 1st March 2014 by the Prime Minister of Malaysia, Dato Seri Najib Tun Razak. The bridge itself, was named after the 14th and current Yang Dipertuan Agong.

With a total length of 24 kilometres, it is the longest bridge in Malaysia and South-East Asia. The second bridge connects Batu Kawan at the Seberang Perai Selatan District with Batu Maung on  the south-east of Penang Island

Apart from serving as an important alternative link as well as lessening the congestion on the First Penang Bridge, the Second Penang Bridge also boosts property development on both landing sites of the bridge.

The spillover effect has benefited Seberang Perai (the mainland) more than Penang Island where the mainland is relatively less developed and has sizeable development lands for proper planning and major development. As the landing site of the bridge, Batu Kawan, has benefitted the most with proposals of major property developments.

## Batu Kawan: Third Satellite Town

Batu Kawan is an island situated off the western coast of Seberang Perai South District. It was long considered a quiet backwater, accessible only by ferry from Bukit Tambun on the mainland. In the 19th century, the island was a small fishing village with sugar cane, coconut and rubber plantations before converting to oil palm in the mid of 20th century.

Towards the end of 1980s, the development of Batu Kawan has generated much interest after the State Government chose the island as the third satellite town of Penang after Bayan Baru and Seberang Jaya. The satellite town is proposed to comprise various residential, commercial, industrial and infrastructure developments. Large tracts of land had been acquired by the Penang Development Corporation (PDC), the state investment arm, nearly 25 years ago. In spurring the development, a short bridge had been constructed linking Bukit Tambun with the north-eastern portion of Batu Kawan. In the year 2000, the new Penang State Stadium was completed to host the 8th Sukma Games on that year.


To date, a major portion of Batu Kawan is still undeveloped, comprising mainly vacant lands cleared from oil palm plantation or 'kampung' lands. Most of the developments are located at its northern portion. There are several completed residential projects served by a limited number of shophouses/offices.

*2nd Penang Bridge is the second link which connects the island and mainland.*

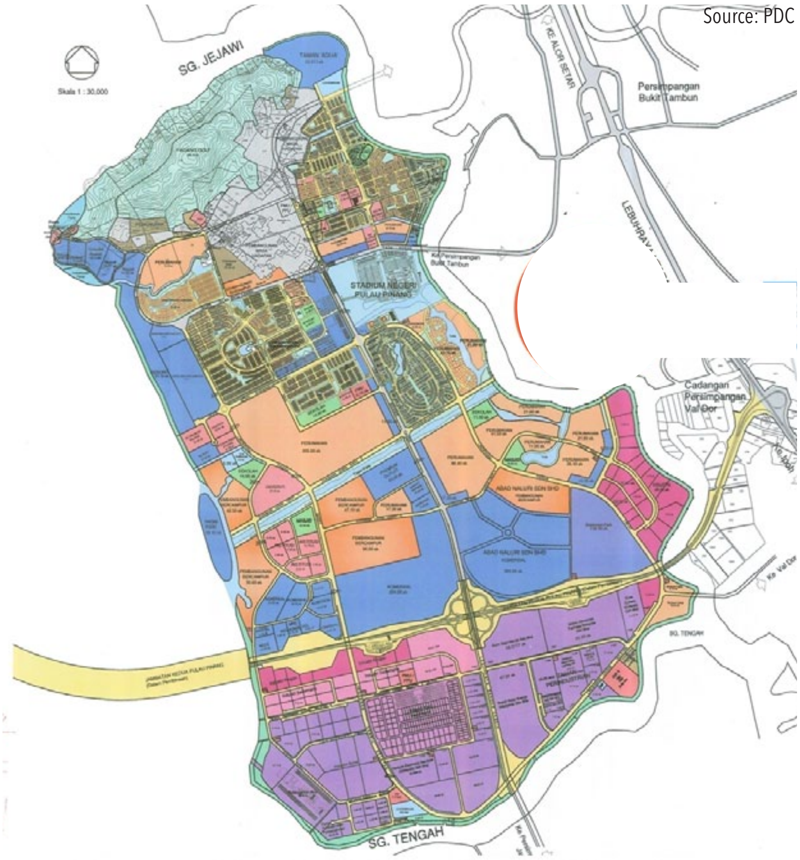
### Batu Kawan Industrial Park

The southern portion of Batu Kawan is designated as an industrial zone. It comprises the 1,500-acre Batu Kawan Industrial Park which is dedicated for high-end industrial, knowledge-intensive and shared services activities. This industrial park is expected to be essential for the growth in the manufacturing and services sector of Penang State for the next 15 years.

Part of this industrial zone is completed with infrastructure and erected with industrial complexes while the remaining portion is undergoing road and infrastructure construction. Currently, there are four industrial complexes existing while another two are under construction.

Apart from the large industrial sites for major companies, also forming part of the Batu Kawan Industrial Park is the Batu Kawan SME Village. Covering a land area of approximately 150 acres, the SME village offers purpose built standard terraced and semi-detached factories for sale or rental. There are also vacant industrial lots for sale, of one to two acres each.

The SME service centre is planned to accommodate a business centre, exhibition hall, meeting and seminar rooms, the SME information and advisory centre, and management, maintenance and security offices. Construction for Phase 1 is ongoing.




*Bandar Cassia in Batu Kawan is a development by Penang Development Corporation (PDC)*


*Boon Siew Honda Industrial Complex in Batu Kawan Industrial Park.*

**Summary of Industrial Complex in Batu Kawan (Existing & Under Construction)**

| Industrial Complex | Based In | Manufacture / Involve In |
|---|---|---|
| Existing | | |
| Magneti Marelli Automotive Lightings | Germany | Car, rear and fog lamps as well as other automotive accessories |
| VAT | Switzerland | High precision valves |
| Boon Siew Honda | Japan | Motorcycles and integrated activities of manufacturing, sales, customer service, spare parts and safety riding |
| Bose | United States | Audio equipment |
| Under Construction | | |
| Haemonetics | United States | Blood management system and provides solution in blood and plasma component collection as well as surgical suite and hospital transfusion services |
| Sandisk Storage | United States | Flash memory storage, involving research and development, product design and manufacturing, branding and distribution for OEM and retail channels |

Source: WTW Research

**Additional investors that have announced capital investment in Batu Kawan Industrial Park in 2014**

| Investors | Based In | Manufacture / Involve In |
|---|---|---|
| Seagate | United States | Data storage, hard drives manufacturer and storage solution |
| Hewlett Packard | United States | Printer heads for high speed inkjet printers |
| Inari Amertron Berhad | Malaysia | Radio frequency |
| ViTrox Corp Berhad | Malaysia | Automated vision inspection system, equipment testers for semi-conductor & electronic package industries, electronic communication equipment |

Source: WTW Research, Press Release

## Batu Kawan : What's next?

| Proposed Developments | Description |
|---|---|
| Golf Course & Mixed Residential Development<br>*(By Ecoworld Development Group Bhd)* | The land is planned to be developed into a golf course of 150 acres. The remaining 320 acres would be for mixed residential development, comprising landed properties on the hilly portion of the land and a waterfront city overlooking Penang Island. |
| Theme Park And Mixed Development | Covering a land area of 215 acres (at the north-west of Batu Kawan), 150 acres are to be developed into a theme park while the remaining 65 acres are for residential and commercial projects or other developments related to the theme park. The entire development including the mixed development is to be fully completed within 10 years. |
| IKEA Store, Ikano Shopping Mall & Mixed Development | The development is on a site with a land area of approximately 245 acres bought from PDC at RM483,951,600 (RM45 psf) and to be paid within 5 years. The proposed development comprises IKEA Store, shopping mall and mixed development of offices and residences |
| Penang Premium Outlet | The RM200 million premium outlet will be built on part of the 40-acre plot of land identified as Penang Designer Village. The 1 billion mixed development project will also include a 300-room international class hotel, food and beverage outlets, landscaped garden and residential units. It is expected to be completed within 3 years. |
| Penang International Technology Park (PITP) | This joint-venture project between PDC and Temasek will focus on attracting market leaders in knowledge based sectors such as business process outsourcing, information communication and technology, and advanced manufacturing. |
| One Auto Hub | Sprawling over approximately 70 acres of land, One Auto Hub will serve as a one-stop automotive logistics hub and provide facilities to branded car markers operating within the Northern Corridor Economic Region (NCER), which includes Perlis, Kedah, Penang and Perak. It will also be the cross-dock hub for trucks into Penang Island via the Sultan Abdul Halim Mu'adzam Shah Bridge. The entire hub is expected to be completed by 2018 in 3 phases. |
| Kolej Damansara Utama (KDU) Campus | The land will be divided into 3 parcels of which one of the parcels, measuring approximately 10.4 acres, will be for the proposed development of Kolej Damansara Utama (KDU) university college campus. The other parcel, of approximately 20.3 acres, is proposed for mixed development. The development of the university college shall commence in 2015 and is expected to be completed within 5 years while the mixed development is expected to be developed over 10 years. |
| University of Hull Within One Auto Hub | The RM130 million campus would be called "The Ship Campus" as it is designed to appear like a ship. Four blocks of student accommodation are proposed to house approximately 5,000 students. Courses to be offered include electrical and electronics engineering, mechanical engineering, business studies, logistics studies, accountancy and law. Construction has kicked off and the first student intake is expected to be in 2016. Other components to be developed in the campus include a sports centre and a lifestyle mall. |

Source: WTW Research

*The landing site of the Second Penang Bridge at Batu Kawan.*

## Batu Maung

Batu Maung was initially a small fishing village located at the south-eastern portion of Penang Island. Due to land reclamation, Bayan Lepas Industrial Park has expanded to Batu Maung. This locality has also experienced rapid development in recent years due to accessibility provided by the Tun Dr Lim Chong Eu Expressway, which connects Batu Maung to Weld Quay at Georgetown.

Even before the recent opening of the Second Penang Bridge, developers of various upcoming property projects especially at Batu Maung, Teluk Kumbar and Gertak Sanggul, have been capitalising on the Second Penang Bridge, with its benefit of enhancing the linkage of Penang Island to the mainland.

Southbay, a project by Mah Sing Group in Batu Maung, is being developed in phases since 2008. This mixed development project over a land area of approximately 35 hectares, comprises gated and guarded terraced and detached houses, condominiums, two blocks of hotels, retail suites, a retail mall, shopoffice blocks and a corporate office tower.

Southbay is developed according to three distinct precincts:

**(i) Residence @ Southbay (Phase 1)**
This gated and guarded project of 288 units of 3-storey terraced houses with facilities, has been completed and fully sold.

**(ii) Legenda @ Southbay**
It is a gated and guarded precinct offering 76 units of 3- and 4-storey detached houses with facilities.

**(iii) Southbay City**
Sited on approximately 13.9 hectares of land, it is a mixed development comprising residential and commercial components.

**Development Components in Southbay City**

| Component | Details |
|---|---|
| Southbay Plaza | Residential Suites & retail outlets |
| Trends | Shopoffices (47 units) |
| The Coastal Professional Suite | Professional Suites (156 units); Residential Suites (100 units); Shops (12 units) |
| The Loft | Two blocks of 3 storey condominiums (156 units) |

Source: WTW Research

## Conclusion

The recent opening of the Second Penang Bridge has provided the impetus to property development in Seberang Perai, especially Batu Kawan as the "immediate landing place" for the bridge. With the major projects being proposed in Batu Kawan, it resembles a "mini Iskandar Malaysia" at the northern region of the country. Batu Kawan Industrial Park is also poised to be Bayan Lepas Industrial Park No. 2 as it is well connected to Bayan Lepas Industrial Park by the Second Penang Bridge. Bayan Lepas Industrial Park is known as the "silicon valley" of Malaysia, accommodating the industrial premises of various multi-national companies.

Other surrounding areas of Batu Kawan such as Bukit Tambun and Simpang Ampat, are also boosted by the opening of the Second Penang Bridge. More major mixed development projects have been recently launched, captalising the increasing traffic and enhanced accessibility to Penang Island, especially to Bayan Lepas Industrial Park.

On the other hand, the positive impact due to the opening of the Second Penang Bridge was less pronounced for Penang Island in general and Batu Maung in particular, compared to Seberang Perai. Batu Maung and the surrounding areas of Bayan Lepas, Teluk Kumbar and Gertak Sanggul have been actively developed even before the completion of the Second Penang Bridge. The earlier opening of the Tun Dr Lim Chong Eu Expressway, which enhances the accessibility between Batu Maung and Georgetown, has provided the stimulus for the rapid development at the south-eastern portion of Penang Island.

*Batu Kawan SME Village*

*Jambatan Sultan Abdul Halim Mu'adzam Shah, with total length of 24km, connects Batu Maung of Penang Island and Batu Kawan of Seberang Perai.*

FEATURE ARTICLES

# ISKANDAR MALAYSIA
## DESTINATION OR SPECULATION?

*by Tan Ka Leong,*
*Director (based in Johor)*

Encompassing an area of 2,217 sq km, Iskandar Malaysia ("IM"), consists of Johor Bahru District, Kulaijaya District and a part of Pontian District, and is the nation's first economic corridor with a Comprehensive Development Plan of 20 years from 2006 to 2025. Under the plan, IM is poised to become the most developed region in Southern Peninsula Malaysia, where living, entertainment, and business seamlessly converge within a bustling and vibrant metropolis.

### Iskandar Malaysia: Ripple Effect

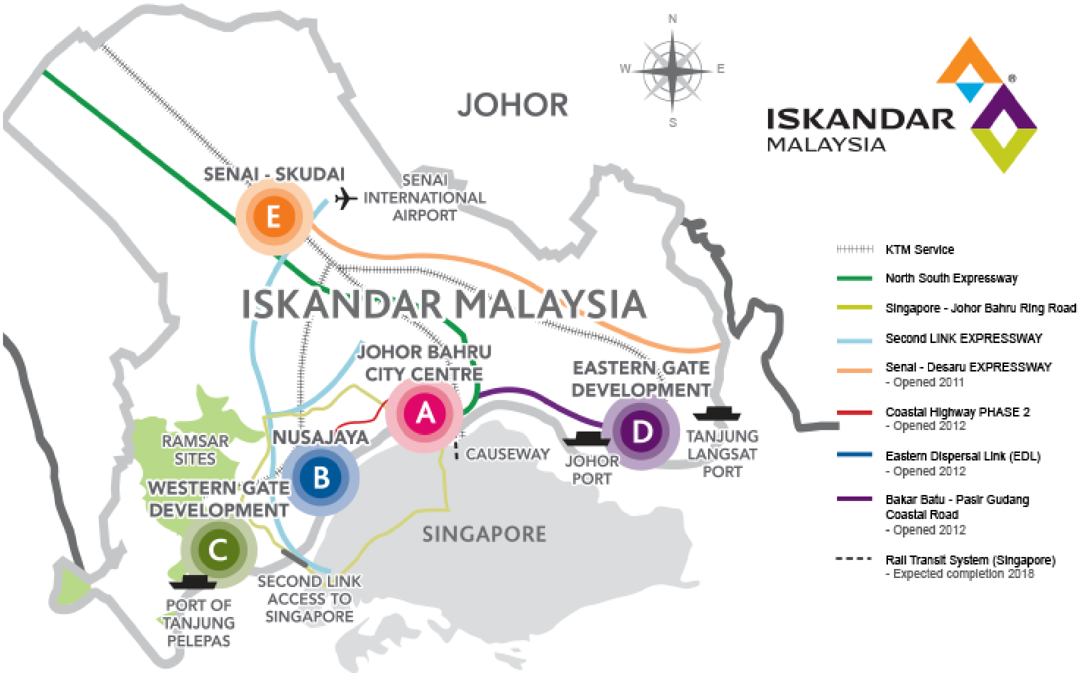
For any investment into IM, the investor is required to have the planning, groundwork and foundation works completed within the first five years. As most of IM's developments have taken shape since 2011 concurrently with the completion of several major projects (i.e. highways, education facilities, tourist destinations and etc.), IM has risen as one of the top investment destinations on par with the Klang Valley.

As of 1H 2014, cumulative committed investments into IM has reached RM146 billion, increasing almost 13 fold compared to its debut in 2006 (RM11.30 billion).

Out of the committed amount, about 48% of the investment target has been realized.

According to IRDA, local investors accounted for 64% of the cumulative committed investment while the remaining of 36% was contributed by foreign investors. Also, the investment was distributed among various sectors of which 34.5% was to manufacturing, 23.2% to property, 5.7% to Government and the remaining 36.6% was a combination of utilities, tourism, education, healthcare, emerging technology, financial, logistics, retail, etc.

Johor Bahru's property market has benefited from the development of IM. Demand for student/staff accommodation is rising with the establishment of Edu-city while hotel rooms are in need with the completion of tourist hotspots. In other words, the property market is supported by rising demand since IM kickstarted back in 2006.




*Iskandar Malaysia comprise of five main flagships.*

**Summary of Major Projects Completed in Iskandar Malaysia**

| Name of Project | Description | Completion Year |
|---|---|---|
| Infrastructure | | |
| Iskandar Coastal Highway | 23 km in length connecting Nusajaya to Johor Bahru city | 2012 |
| Eastern Dispersal Link Highway | 8 km in length connecting CIQ to North-South Expressway | 2012 |
| Johor Bahru East Coast Highway | An alternative route to Pasir Gudang from Johor Bahru city | 2013 |
| Education | | |
| UniKL MITEC @ Bandar Seri Alam | Specialising in industrial logistics & quality engineering | 2011 |
| Newcastle University | Medical campus from UK at Nusajaya | 2012 |
| Marlborough College | Co-ed boarding school from UK at Nusajaya | 2012 |
| University of Southampton | Malaysia campus at Multi-Varsity Complex at Nusajaya | 2013 |
| Netherlands Maritime Institute of Technology | At Multi-Varsity Complex at Nusajaya | 2014 |
| Tourism | | |
| Johor Premium Outlet | By Genting Group and Simon Property Group of USA | 2011 |
| Mall of Medini | Shopping centre adjacent to Legoland Malaysia | 2012 |
| Legoland Malaysia | Outdoor theme park development from Netherland at Medini | 2012 |
| The Little Red Cube | Family indoor theme park at Puteri Harbour | 2012 |
| Pinewood Studios | Media production studio facility of world class standard | 2014 |
| Granada Hotel, Traders Hotel, Renaissance Hotel & DoubleTree by Hilton | Adding more than 1,000 hotel rooms in total | 2013/2014 |

Source: WTW Research

## The Singapore Factor: Upbeat?

Located at the southern tip of the Peninsula and neighbouring Singapore, IM has been an investment destination for Singaporeans, especially the property sector.

- **RTS & HSR**: Joint effort by the Malaysian and Singapore Government in the proposed Rapid Transit System (RTS) to link Johor Bahru and Singapore, and the High Speed Rail (HSR) from Kuala Lumpur to Singapore.

- **Friendship Bridge**: A third bridge between the two countries was proposed in April 2014.

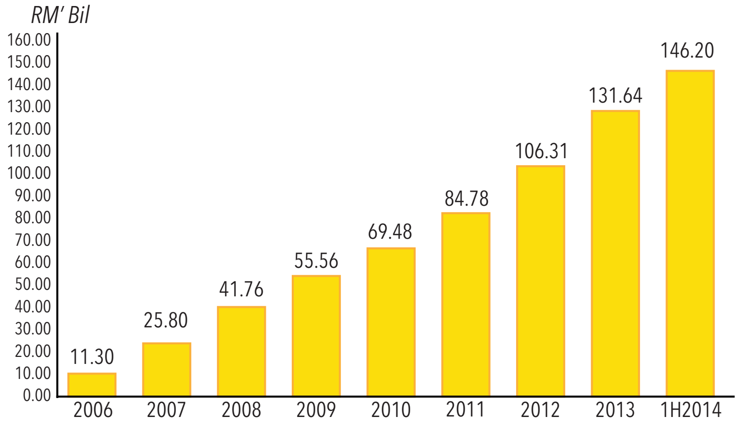
- **Cost of doing business**: Changes in policy, land scarcity, and higher cost of doing business in Singapore have made the industrial sector in IM appealing to factories in Singapore, as a destination for relocation. For instance, a 60-year leasehold industrial property in Singapore costs about SGD190 to SGD220 (RM475 to RM550) psf of the built-up area but in Johor Bahru, the freehold property is 58% to 66% less at about RM300 to RM330 psf.

- **Affordability**: The expensive property market in Singapore has in fact made IM a more attractive investment destination for Singaporeans and foreigners.

- **Accessibility**: According to unofficial statistics, an estimated 300,000 to 350,000 Malaysians work in Singapore and 150,000 travel from Johor Bahru daily. With a salary income of two to four times (taking currency exchange rate into consideration) more than one can get in Johor Bahru, this group of people have been and will continue to be the potential buyers/investors in the local property market.

- **Government-backed**: Singapore government backed companies such as CapitaLand, Ascendas and Temasek have acquired lands for development in Nusajaya and Danga Bay by way of joint venture or otherwise in recent years. This would definitely boost the confidence of Singaporean individuals and corporates to cross the straits.

Cumulative Committed Investment (2006 - 1H 2014)




Source: IRDA

"As of **1H 2014**, cumulative committed investment flowing into IM has reached **RM146 billion**, increasing almost **13 fold** compared to its debut in 2006 (RM11.30 billion)."

## More FDI in IM: Foreign Confidence?

According to IRDA, the cumulative committed investments by foreigners in IM was recorded at RM52 billion as of 1H 2014, increasing about 128% since 2008. The market witnessed the growth of Foreign Direct Investment (FDI) mainly in the manufacturing, services and property sectors.

Out of the overseas investors, Singapore has been the largest group in IM with cumulative committed investments of RM11.82 billion followed by USA RM6.2 billion and Spain RM4.2 billion. The increase of foreign interest will help the region to reach metropolitan status by 2025.

**Selected Major Manufacturing Projects in Iskandar Malaysia**

| Year | Country of Origin | Investor | Nature of Operation | Location |
|---|---|---|---|---|
| 2014 | Japan | Adeka Corporation | Food Processing | Tanjung Langsat Industrial Estate |
| 2013 | America | Hershey Chocolate | Food Processing | Senai |
| 2013 | China | Daiyin Textile & Garment Group | Clothes & Textiles | Sedenak Industrial Park |
| 2013 | India | Biocon | Bio-technology | SiLC |
| 2011 | Germany | Linde Group | Chemical manufacturing | Pasir Gudang |

Source: WTW Research

**Selected Property Developments by Foreign Interests in Iskandar Malaysia**

| Country of Origin | Developers | Location | Land Area | Project Remarks |
|---|---|---|---|---|
| Japan | Mitsui & Co Ltd | Medini | 2,230 acres | Acquired 20% ownership stake in Medini |
| America | Simon Property Group *(JV with Genting Bhd)* | Kulai Jaya | - | Johor Premium Outlet, in operation since 2011 |
| Singapore | Keppel Land & CapitaLand | Johor Bahru | 1,000 acres | Integrated Mix Development |
| Singapore | Ascendas Group *(JV with UEM Sunrise Bhd)* | Nusajaya | 519 acres | Integrated Industrial Park |
| China | Country Garden | Danga Bay | 55 acres | Condominium |
| | | Tanjung Kupang | 3,380 acres | Integrated Mix Development *(on reclaimed islands)* |
| China | Zhuoda Group | Medini | 17.8 acres | Integrated Mix Development |
| China | R&F Properties | Tanjung Puteri | 115.8 acres | Integrated Mix Development |
| China | Greenland Group | Danga Bay | 13.8 acres | Integrated Mix Development |
| | | Sungai Tebrau | 128 acres | Integrated Mix Development *(on reclaimed waterfront land)* |
| China | China Vanke | Johor Bahru | 148 acres | Seafront Integrated Mix Development |

Source: WTW Research

## Property Market : Sustainable?

### Residential

Between 2009 and 1H 2014, 76,000 high-rise residential units were approved by the local authority. With the existing 31,322 units reported by NAPIC as of 2Q 2014, there will be around 107,000 units by 2017/2018.

The performance of high-rise residential has slowed down since cooling measures were in effect in 2014. Average take-up rates which hovered between 60% to 70% during the good times (2011 to1H 2013), has dropped to 30% to 40% in1H 2014.

The high-rise residential sector is expected to face additional challenges as many of these new units will be completed in the next few months to a year. Whether the market is sustainable by providing sufficient rental returns to cover loan repayments, or having enough demand for re-sale units, is uncertain.

### Hospitality

In the hospitality sector, the completions of new tourist destinations in IM viz. Legoland Malaysia, The Little Red Cube and Johor Premium Outlet, have driven the hotel sector. The market has witnessed the opening of several 5-star hotels, including Granada, Traders, Renaissance, DoubleTree by Hilton and Legoland Hotel, supplying an additional 1,300 hotel rooms.

### Office

As at 1H 2014, the property market has seen some increasing interest in office space where the first purpose built office with GFA of 80,000 sq ft was completed. Situated in Medini, the office was near 100% leased at around RM4.50 psf. This rental rate has set a new benchmark in Johor Bahru where most prime office rents range from RM2.80 to RM3.50 psf.

## Destination or Speculation?

From the economic aspect, the growth of IM has been transformed from a vision to reality: the state's GDP growth has been among the best in Peninsular Malaysia, placed third after Selangor and Kuala Lumpur. Also, IM has achieved realised investments approximately 50.6% of its investment target according to statistics released by IRDA.

The influx of foreign developers into IM has changed the landscape of the local property market as new launches are targetting for the higher income segments. Developments by foreign developers are mainly targetted either to their country of origin or Singaporeans. The past few years saw a majority of Mainland Chinese as well as Singaporeans snap up most of the new launches in IM. IM has managed to position itself as an investment destination in the international market specifically China with the success of Country Garden's project in Danga Bay.

Back before DIBS was abolished, newly launched properties were easily obtained with just a small downpayment or deposit. If the properties purchased two to three years back then, the project is likely slated for completion in the next two to three years. A pertinent question to ask: are the purchasers (local & foreign), opportunists and property flippers who bought units and have no holding power to service loans upon completion?

IM is structured with a comprehensive masterplan, backed with various development components to ensure it is self-sustaining. The government's move in intervening in the development of serviced apartments, stringent lending guidelines and tighter minimum foreign purchase price in recent years is aimed to regulate IM to make it a sound destination for investment.

# SECTORIAL REPORT

# LANDED RESIDENTIAL

The landed residential market has been softening but remained stable in 2014 in most of the states. The number of new launches have declined compared to 2013 partly due to the increasing difficulty of securing end financing following the stringent lending rules by Bank Negara Malaysia since 2013 and government measures to curb property prices in Budget 2014. Further to that, the abolishment of DIBS schemes, hike in the minimum purchase price of houses by foreign purchasers and increase in RPGT rates applied further challenges to the market.

Effective 10th July 2014, Bank Negara Malaysia had raised the overnight policy rate by 25 basis points to 3.25% as part of measures to curb the rising household debts. Concurrently, financial institutions had raised their Base Lending Rate (BLR), from 6.60% to 6.85%. The effective lending rate from local financial institution is expected to remain stable when Base Rate (BR) replace Base Lending Rate (BLR) come January 2015. Budget 2015, has its focus concentrated in affordable housing where policies such as Youth Housing Scheme is introduced.

| | Transaction Activity | | Price Trend | | Take-up / Occupancy Rate | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | |
| Klang Valley | → | → | ↑ | ↑ | → | → |
| Penang | | | | | | |
| Penang Island | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Seberang Perai | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Johor Bahru | → | → | → | → | → | → |
| Kota Kinabalu | → | → | ↑ | → | → | → |
| Kuching | → | → | ↑ | ↑ | → | → |
| SUB MARKET | | | | | | |
| WEST MALAYSIA | | | | | | |
| Northern Region | | | | | | |
| Alor Setar | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Ipoh | → | → | → | → | → | → |
| East Coast Region | | | | | | |
| Kuantan | → | → | ↑ | → | → | → |
| Kota Bharu | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → |
| Southern Region | | | | | | |
| Seremban | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Malacca | ↑ | ↑ | ↑ | ↑ | → | → |
| Batu Pahat | → | → | → | → | → | → |
| East Malaysia | | | | | | |
| Sabah | | | | | | |
| Sandakan | → | → | ↑ | → | ↑ | → |
| Tawau | ↑ | → | ↑ | → | → | → |
| Lahad Datu | → | ↓ | → | → | → | → |
| Keningau | → | → | ↑ | → | ↑ | → |
| Sarawak | | | | | | |
| Bintulu | → | ↓ | → | ↑ | → | ↓ |
| Sibu | → | → | ↑ | ↑ | → | → |
| Miri | → | ↓ | → | ↑ | → | ↓ |
| Labuan | ↑ | ↑ | ↑ | ↑ | ↑ | → |

LANDED RESIDENTAL

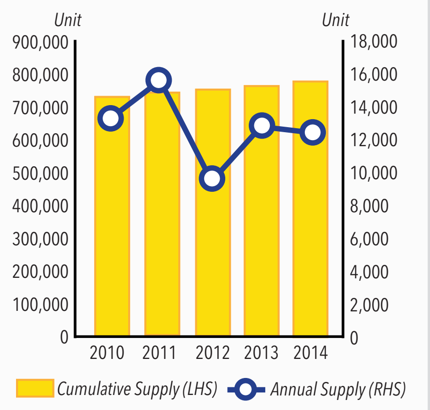
# KLANG VALLEY

The landed residential sector in Klang Valley in 2014 has been a general slowdown as the Government's cooling measures (i.e. tightening lending rules) continued to take effect. Apart from the cooling measures, the dip in sales volume compared with previous year was also affected by the rising costs and dwindling household affordability.

To tackle the affordability issue, the Federal Government has taken steps by introducing several incentives and policies to aid the low-medium income group and youngsters to own a house.

Cumulative existing supply for landed residential in the Klang Valley is 774,269 units, registered positive growth of 1.6% since 2013. The landed residential sector was relatively flat and take-up rates for new launches had remained steady.

Despite a general slowdown, landed residential developments in strategic locations, with infrastructure development plans in place remained attractive where take-up rates for new launches were relatively healthy.



Source: WTW Research

In general, new launches in the Klang Valley in 2014 skewed towards suburban areas in the past few years, the ongoing infrastructure developments specifically MRT SBK Line has spurred landed residential developments in the suburban region such as Semenyih, Kajang as well as Puchong.

New launches comprised of majority double-storey terraced houses or semi-detached, coupled with gated and guarded facility which have become the norm in most landed residential projects.

Moving forward, prices for landed residential are unlikely to come down especially for houses in the medium price range where the demand is the most acute. Backed by the implementation of various infrastructure developments, prices in the landed residential sector in the Klang Valley is expected to be steady but sales activities could contract drastically. Implementation of GST come April 2015 will only see minimal impact of around 4% increase in the house prices.

**Selected New Launches in Klang Valley in 2014**

| Name | Location | Type | Unit Sizes (sq ft) | No. of unit | Min Selling Price (RM per unit) |
|---|---|---|---|---|---|
| Semenyih Parklands | Semenyih | 2-T | 1,943 | 218 | 490,500 |
| Kajang East | Semenyih | 2-T | 1,837 | 116 | 854,000 |
| Dolomite | Selayang | 2-T | 3,283 / 3,373 | 98 | 1,400,000 |
| | | 3-SD | 5,134 | 112 | 2,700,000 |
| | | 3-T | 4,600 | 10 | 2,499,600 |
| Hillpark Shah Alam | Puncak Alam | 2-T | 1,677 / 2,598 | 755 | 440,000 |
| Park Villa | Puchong South | 3-SD | 3,065 | 66 | 1,800,000 |
| Laman Greenville | Bukit Tinggi | 2-D | 4,460 | 92 | 2,280,000 |
| | | 2-SD | 3,065 | 174 | 1,275,000 |
| Country Hills Residences | Rawang | 2-D | 3,434 | 12 | 998,000 |
| | | 2½-D | 4,290 | 15 | 1,308,000 |
| The Andes | Bukit Jalil | 3-T | 3,500 | 22 | 1,600,000 |
| Kajang East | Kajang | 2-T | 2,299 | 110 | 788,000 |
| Desiran Bayu | Sri Rampai | 3-T | 3,213 | 70 | 1,580,000 |
| Nafiri 1 Residence | Bukit Raja | 2-T | 2,024 | 125 | 698,888 |
| Serena Residence | Rawang | 2-T | 2,700 | 99 | 661,000 |
| Foreston Bukit Puchong | Puchong | 3-SD | 4,777 | 20 | 2,880,000 |
| 6 Sierra | Cyberjaya | 3-T | 3,572 | 113 | 1,500,000 |
| Camelia Residence | Semenyih | 3-T | 2,002 | 206 | 438,000 |
| IRDK Residence | Puchong | 4-T | 5,700 | 28 | 3,588,000 |
| Pool Villas | Puchong South | 3-T | 4,300 | 155 | 1,398,000 |
| Bandar Mahkota | Cheras | 2-T | 3,460 | 71 | 1,501,880 |
| Bayumas | Klang | 2-T | 1,852 | 128 | 630,000 |
| JIA Melawati | Melawati | 2-T | 2,970 | 12 | 1,700,000 |
| | | 2½-T | 3,700 | 67 | 1,900,000 |
| Acacia Park Rawang | Rawang | 2-T | 1,660 / 1,766 | 439 | 447,100 |
| Gemilang | Klang | 2-T | 2,108 | 96 | 650,800 |
| Taman Tasik Prima | Puchong | 2½-SD | 4,111 | 4 | 2,300,000 |
| Alam Sari | Bangi | 2-T | 2,429 | 63 | 746,800 |
| Eco Majestic | Semenyih | 2-T | 2,019 / 2,253 | 344 | 596,000 |

Source: WTW Research

# PENANG

Overall, landed residential developments are focusing on Seberang Perai due to the availability of lands with a comparatively lower land cost as compared to Penang Island. According to NAPIC, existing supply of landed residential was 141,599 units of which 104,804 units (74.0%) are in Seberang Perai and 36,795 units (26.0%) in Penang Island.

## Penang Island

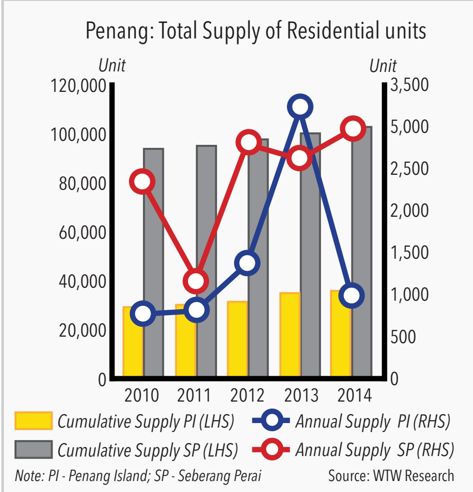
In Penang Island, 985 units of landed residential came into the market in 2014. The construction and completion of the Second Penang Bridge has been a catalyst for new developments in the southern region of Penang Island. The existing supply in North-East district is slightly ahead of South-west district (i.e 51% of existing supplies in north-east district & 49% in south-west district).

Scarcity of land in Penang has driven up land cost and snowballing into the hike of prices for newly launched projects. As a result, sales in the primary market showed signs of slowing down compared to 2013. In the secondary market, market prices have generally remained stable or increased slightly from last year, backed by the fixed land supply.

Although more attractive and relatively affordable condominiums are being launched in the market, landed residential properties remained the preferred choice of accommodation for Penang residents.

The prices of newly-launched houses continue rising unabated to new benchmark levels. Older residential units in established and growing neighbourhoods such as Greenlane remained highly sought-after despite higher asking prices. The steep hike in prices is expected to taper off in the near future with more choices of new housing accommodation entering the market.

*Artist's Impression of Hijuan Valdor, Sungai Bakap*




## Seberang Perai

With a land size nearly triple that of Penang Island, Seberang Perai has abundant land but lacks extensive infrastructure and connectivity. Landed residential developments predominated in the past few years with high-rise residential (i.e condominiums) making strong inroads. Cumulative supply of landed residential developments stood at 104,804 units, comprising mainly terraced houses.

In 2014, low take up rates were observed for newly launched projects in Seberang Perai. The landed residential market appeared to be weakening as developers are having a hard time to push sales in order to clear the unsold units. However, the transaction activities regained its momentum in 2H 2014. Compared to the primary market, the secondary market in Seberang Perai remained active with an upward trend observed in the transaction values of the properties.

**Selected New Launches in Seberang Perai in 2014**

| Name | Location | Type | Unit Sizes (sq ft) | No. of unit | Min Selling Price (RM per unit) |
|---|---|---|---|---|---|
| Hijauan Valdor | Valdor, Sungai Bakap | 1-T | 1,250 | 62 | 350,000 |
| | | 1-SD | N/A | 32 | 464,000 |
| | | 2-T | N/A | 22 | 550,000 |
| | | 2-SD | N/A | 16 | 680,000 |
| Scarlet Villa | Taman Pauh Jaya | 3-T | 3,234 | 17 | 810,000 |
| | | 3-SD | 4,320 | 12 | 1,264,000 |
| | | 3-D | 6,048 | 17 | 1,814,000 |
| Cassa Innova | Bandar Putera Bertam | 2-T | 1,628 – 1,892 | 760 | 383,000 |
| Spectrum Garden | Jalan Song Ban Kheng, Bukit Mertajam | 3-T | N/A | 128 | 530,000 |
| | | 3-D | N/A | 4 | N/A |

Source: WTW Research

LANDED RESIDENTAL

# JOHOR BAHRU

The supply of landed residential in 2014 stood at 286,809 units and terraced houses continued to be the majority at 82% of the total. In the near future, the number of houses is expected to increase by 40,579 units, approximately 14% of the existing stock.

Out of the incoming supply, terraced houses are the most popular product type with 30,692 units in the pipeline.

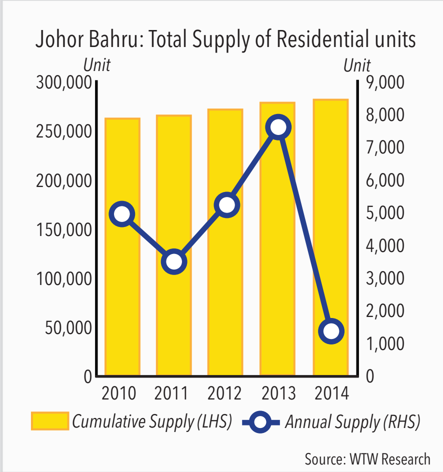
In the sub-sale market, double-storey terraced houses were transacted at RM285 psf on average or approximately 19% higher than 2013. In older housing schemes, Taman Pelangi recorded the highest transaction value at RM360 psf, followed by RM250 psf achieved by both Taman Perling and Taman Setia Indah.

In newer developments such as recent phases of Bukit Indah, Sutera Utama and Horizon Hills, the similar type of property was transacted in the range of RM360 to RM400 psf, about 16% more than the previous year. Majority of the new housing schemes are gated and guarded developments.

For 2-storey semi-detached, transaction prices also increased by 7% to RM530 psf as compared to RM500 psf in 2013. Horizon Hills and East Ledang are amongst the developments that achieved high values in the sub-sale market at RM770 and RM700 psf in average respectively while it was about RM450 to RM550 psf in other locations.

For newly launched projects, developers' semi-detached houses were priced at RM550 to RM660 psf for those located in Horizon Hills, and RM270 to RM340 psf for locations further away from the city such as Bandar Putra in Kulaijaya.

The increase in prices of newly launched houses continued to set new benchmark levels. Older residential units in established areas remained highly sought after. More developments of affordable houses are expected in near future as it is encouraged by the government.




**Newly Completed Landed Residential Projects in 2014**

| Name | Developer | Type | Unit Sizes (sq ft) | No. of unit |
|---|---|---|---|---|
| Grey Stones, Adda Heights | Southern Gateway S/B | 2-Cluster | 2,722 – 2,803 | 264 |
| | | 2-SD | 2,687 | 50 |
| The Green, Horizon Hills | Gamuda Land & UEM Sunrise | 2-T | 2,500 | 120 |
| | | 2-Cluster | 2,600 | 68 |
| The Glitz @ Caranday, Setia Tropika | SP Setia | 2-Cluster | 2,373 | 116 |
| Prado, Bukit Indah | SP Setia | 2-SD | 3,367 | 48 |

Source: WTW Research

**Selected New Launches in Johor Bahru in 2014**

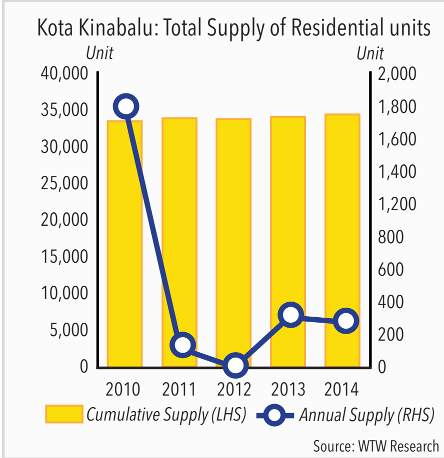
| Name | Developer | Type | Unit Sizes (sq ft) | No. of unit | Min Selling Price (RM per unit) |
|---|---|---|---|---|---|
| The Cove, Horizon Hills | Gamuda Land & UEM Sunrise | 2-SD | 3,344 | 52 | 1,860,000 |
| | | 3-SD | 4,168 – 4,280 | 26 | 2,300,000 |
| | | 2-D | 5,500 | 42 | 5,000,000 |
| Noble Park, East Ledang | UEM Sunrise Berhad | 2-D | 5,162 | 63 | 3,900,000 |

Source: WTW Research

# KOTA KINABALU

There were fewer launches of landed residential developments in 2014. New launches comprised mainly double-storey terraced houses. Most of the new development launches are located beyond the 10 kilometres stretch from the city centre.

Older residences in locations nearer to the city centre or established neighbourhoods are well-sought though rentals are relatively stable thereby compressing yield expectations. Overall, the landed residential segment is expected to be sustained with limited new supply, especially in prime / established locations as new developments are moving further from central areas.




**Selected New Launches in Kota Kinabalu in 2014**

| Name | Location | Type | No of Units | Min Selling Price (RM per unit) |
|---|---|---|---|---|
| Alam Puteri Phase 1A | Sepanggar | 2-T | 46 | 618,100 |
| | | 3-T | 50 | 703,000 |
| Rimba Phase 3 | Menggatal | 2-T | 157 | 558,000 |
| Minitod Phase 2 | Kasigui | 2½-T | 62 | 743,015 |
| Putra Pogun | Kibabaig | 2-T | 62 | 685,100 |
| | | 3-T | 36 | 783,100 |
| | | 3-LB | 42 | 1,100,000 |
| Pertama Phase 2 | Penampang | 2-SD | 32 | 928,000 |
| | | 3-D | 4 | 1,452,355 |
| Villa Nambazan | Penampang | 2-T | 28 | 653,000 |
| | | SD | 2 | 980,000 |
| Taman Impian | Inanam | 2-TSL | 12 | 438,000 |
| | | 2½-T | 32 | 518,000 |
| | | 2½-T | 27 | 548,000 |

Source: WTW Research

***Artist's Impression Taman Rimba Phase 3***

# KUCHING

The residential sector remained stable with steady transaction volume whilst property prices continued to be on the uptrend with prime properties having gone up substantially.

First time home buyers are finding it increasingly difficult to own a home at the current market pricing and tendency to buy houses that are much further away from the city centre and hence, place of employment, due to affordability issues. Affordable houses are generally below RM400,000 and these are either located in secondary areas or are not suitable types.

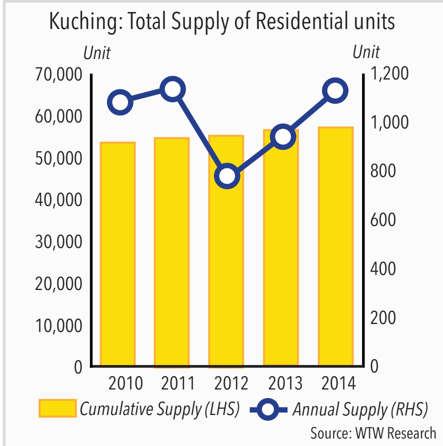
Prices for semi-detached houses have breached the RM1.5 million figure due to the increase in land and construction costs, and this is especially telling for Sarawak as it has a lower density development guidelines compared to its other counterparts in Malaysia.

In the long run, a review of the development density to allow for more affordable homes in the market would be welcomed. The occupancy/take up rates of housing remained stable whilst rentals remained more or less unchanged from the year before.

Compared to 2013, the residential sector in 2014 was more subdued with significantly less launches and completions, probably also because of the shift to strata-titled residential units, which has been significant in numbers. Except for continuing phases of some major developments such as Central Villa, Malihah Jaya and Bandar Samariang, most of the developments are piece-meal and small, comprising less than 50 units per project.

New launches were noted to be more active in the outlying suburban areas, basically prime secondary areas such as Matang, Batu Kawa and Jalan Muara Tuang in efforts to maintain affordability.

Terraced houses, especially double-storey terraced units, continued to be the mainstay of the landed residential sector followed by semi-detached types.




Prices of housing units in prime locations remained high, past the RM500,000 bracket for double-storey terraced units and more than RM1,000,000 for the semi-detached units.

Take up rates of new housing seemed to have slowed down further in 2014 but market transaction activities, including secondary market, remained generally stable.

2015 is expected to reflect a similar scenario with slow-down in sales volume in view of further costs/price inflation and the implementation of GST. Nonetheless, prices are anticipated to still go up, albeit at a lesser rate.

**Selected New Launches in Kuching in 2014**

| Name | Location | Type | Unit Sizes (sq ft) | No. of unit | Min Selling Price (RM per unit) |
|---|---|---|---|---|---|
| Batu Kawa Residence | Jalan Batu Kawa | 2-T | 1744 | 6 | 457,000 |
| | | 2-SD | 2105 | 4 | 753,000 |
| Central Villa | Jalan Muara Tuang | 2-T | 2,300 | 19 | 470,000 |
| Federal Park | Matang | 2-T | 1,930 | 93 | 378,000 |
| Fullerton Villa | Batu Kawa | 2-SD | 1,827 | 20 | 788,000 |
| Lot 933/Wawasan Barat Teguh | Jalan Muara Tuang | 2-T | NA | 37 | 468,000 |
| Malihah Jaya | Matang | 1-T | NA | 56 | 283,000 |
| | | 2-T | - | 116 | 378,000 |
| | | 2-SD | - | 8 | 505.000 |
| Residence 805 | Matang | 1-T | 1,016 | 48 | 228,000 |
| Rivervale | BUA | 2-SD | 2,328 | 78 | 1,260,000 |
| Taman Sri Permai | BB Semariang | 2-T | 730 | 102 | 265,000 |

Source: WTW Research

# SUBMARKET

## WEST MALAYSIA

### Northern Region

| | Alor Setar | | Ipoh | |
|---|---|---|---|---|
| **Average Yield (%)** | 2013 | 2014 | 2013 | 2014 |
| 2-st TH | 4.5 | 4.5 | 3.5 | 3.5 |
| 2-st SD | 4.5 | 4.5 | 3.5 | 3.5 |

Source: WTW Research

Landed residential in **Alor Setar** has seen an upsurge in the average transaction prices for both double-storey terraced houses and double-storey semi-detached houses  On the whole, average prices for landed property had increased between 13% to 17% since 2013. Bukit Bintang is a proposed gated and guarded township located in Sungai Petani.  The township comprises double-storey terraced houses ranging from 1,947 sq ft to 4,542 sq ft and is expected to be completed by 2017.

Demand for landed residential in **Ipoh** was high. Double-storey terraced houses in Ipoh priced averagely RM267,000 per unit, has appreciated approximately 11% compared to 2013. Yields for terraced houses in Ipoh remained stable at 3% to 4%.  Double-storey semi-detached houses which were transacted at average prices of RM466,000 per unit in 2013, have surged by 5% to RM489,000 per unit. 2014 saw a limited supply with only one new launch in Ipoh which was Ridgewood @ Taman Bercham Permai, offering 90 units of semi-detached houses from 2,594 sq ft to 2,978 sq ft. The landed residential sector in Ipoh is expected to remain stable and competitive in 2015.

### East Coast Region

| | Kuantan | | Kota Bharu | | Kuala Terengganu | |
|---|---|---|---|---|---|---|
| **Average Yield (%)** | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 2-st TH | 3.7 | 3.6 | 4.5 - 5.0 | 4.5 - 5.0 | 4.5 - 5.0 | 4.5 - 5.0 |
| 2-st SD | 3.5 | 3.5 | 4.5 - 5.0 | 4.5 - 5.0 | 4.5 - 5.0 | 4.5 - 5.0 |

Source: WTW Research

Average house prices in **Kuantan** recorded between 10% to13% growth from 2013 to 2014 for both double-storey terraced houses and semi-detached houses. The former category priced at an average of RM400,000 per unit while the latter at RM750,000 per unit. Yields for landed residential have remained stable at 3.6% for terraced houses and 3.5% for semi-detached houses. Several new launches were recorded in 2014 including Hermozo Residences, a gated and guarded residential development and Radiance, a mixed development of residences and shop offices. Radiance @ Bandar Indera Mahkota reported a good take up rate of 65% with 8 months in the market.

In **Kota Bharu** and **Kuala Terengganu**, double-storey terraced houses remained highly sought after by the locals with capital appreciation observed in 2014 compared to 2013. The averaged transacted price for a terraced house in Kota Bharu is analysed at RM345,000 per unit, increasing around 4%, while in Kuala Terengganu, the price was analysed at RM384,000 per unit, up 14% compared to 2013.  Yields remained unchanged for both capital cities between 4.5% and 5.0%.

***Double-storey Terraced House @ Taman Firdaus SBJ, Kota Bharu***

LANDED RESIDENTAL

# SUBMARKET

## WEST MALAYSIA

### Southern Region

| | Seremban | | Malacca | | Batu Pahat | |
|---|---|---|---|---|---|---|
| **Average Yield (%)** | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 2-st TH | 4.5 | 4.5 | 4.0 | 4.0 | 2.0 | 2.0 |
| 2-st SD | 4.5 | 4.5 | 4.0 | 4.0 | 1.8 | 1.8 |

Source: WTW Research

**Seremban**'s landed residential sector continued to be bullish and the average transacted price is on an upward trend due to good response from purchasers from the Klang Valley. The average price for double storey terraced houses and semi-detached in Seremban recorded around 9% appreciation in terms of capital value while yields remained unchanged at 4.5%.

In **Malacca**, landed residential has been bullish in 2014, with an upward trend observed in the volume and value of transactions recorded. Malacca's state government has imposed a new regulation where JPPH will examine the developers pricing submission during application of development order. Such a regulation will facilitate the state government to provide more affordable housing but may affect the rate of development.

Due to limited supply and strong demand in both primary and secondary markets, transaction activities of residential market in Malacca is relatively active. A double-storey terraced house has appreciated 3% to RM350,000 in 2014. The average yield for terraced houses was maintained at 4%. In 2015, the landed residential sector in Malacca will remain positive with prices moving upwards. The transaction volume especially in the secondary market is likely to increase due to limited new supply in the market.

In **Batu Pahat**, the landed residential market has been unchanged compared to the previous year. One new development scheme launched comprising a total of 1,038 units of mixed residential/commercial units, is expected to be developed in three phases. Phase 1 and 2 have been launched in April 2014 and June 2014 respectively. The total number of units launched for the 2 phases is 626 units, which is inclusive of 298 units of low-cost shops, low-cost flats and medium cost terraced houses. About 40% of the non-low cost houses have been sold.

## EAST MALAYSIA

### Sabah

| | Keningau | | Tawau | | Lahad Datu | |
|---|---|---|---|---|---|---|
| **Average Yield (%)** | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 2-st TH | 4.6 | 4.0 | 2.4 | 2.3 | 4.0 | 3.6 |
| 2-st SD | 4.1 | 3.6 | 2.5 | 2.4 | 3.3 | 3.0 |

Source: WTW Research

The residential market in **Keningau** saw an upward trend in the pricing and take-up rate. No new launches were recorded in the primary market. The increase of building material price and construction cost led developers to revise the pricing of unsold units in new developments. This has become the benchmark for existing landed residential developments.

In **Tawau**, responses from the launching of Bandar Sri Indah Phase 5B, 5C and 5D was reasonably good due to the affordable pricing. The sale campaign initiated by the developer with attractive incentives for purchasers had driven up sales. The selling prices are starting from RM330,000 per unit. Medium cost residential units for new housing projects are expected to maintain good demand momentum moving forward in 2015.

**Lahad Datu**'s landed residential remained stable in 2014. Despite the hike in construction costs, developers have lowered the profit margin and maintained the same pricing as the previous year due to the softening market. The reasons behind the soft market are the after effects and sentiment of the Armed Sulu intrusion in early 2013 as well as stringent lending guidelines imposed by BNM. New launches by Hap Seng Properties Development Sdn Bhd offered 190 units of double storey terraced house and double storey semi-detached. The 2,250 sq ft semi-detached houses were launched at RM270 psf while 1,940 sq ft double storey terraced houses were launched at RM215 psf. 2015 will see a slowdown in the market in terms of transaction activity however the price and take up rate of projects will remain stable.

# SUBMARKET

## EAST MALAYSIA

### Sarawak

| | Bintulu | | Miri | | Sibu | |
|---|---|---|---|---|---|---|
| **Average Yield (%)** | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 2-st TH | 7.0 | 7.0 | 5.0 | 4.0 | 3.0 | 3.0 |
| 2-st SD | 7.0 | 7.0 | 5.0 | 4.0 | 3.0 | 3.0 |

Source: WTW Research

In **Bintulu**, the first half of the year observed delays in new launches as well as the reduction of sales targets by developers due to the stringent lending rules from BNM. However, it is expected that Bintulu will continue to benefit from the SCORE corridor which will bring in expatriates as well as migrant workers to boost the demand for the residential units.

**Miri** welcomed the new launch of an upmarket residential development by Naim Land Sdn Bhd known as South Lake Permyjaya. The development is a 450-acre enclave with a total of 12 precincts comprising residential and commercial based components. At present, two components have been launched i.e.160 terraced units in its Willow Moss Precinct and 28 semi-detached homes in its River View Precinct, which are to be completed by 2016. The entire development is slated for completion by 2022. The semi-detached homes were launched at a starting price of RM900,000 per unit while double-storey terraced houses at RM558, 888 per unit.

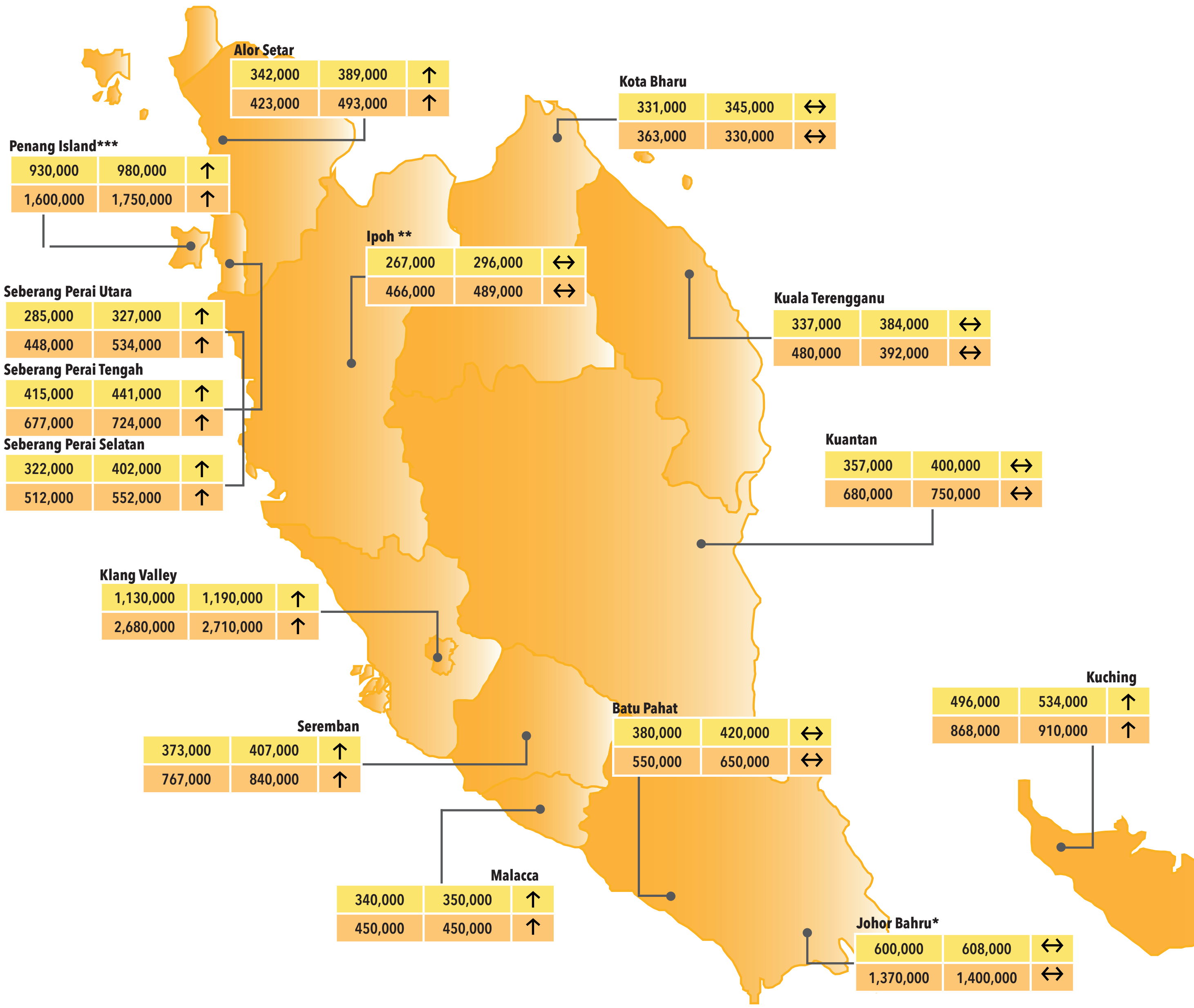
*Taman Shu Shu in Tawau, Sabah*

*Desa Bahagia in Miri, Sarawak*


*Chemara Hill in Seremban, Negeri Sembilan*

LANDED RESIDENTAL

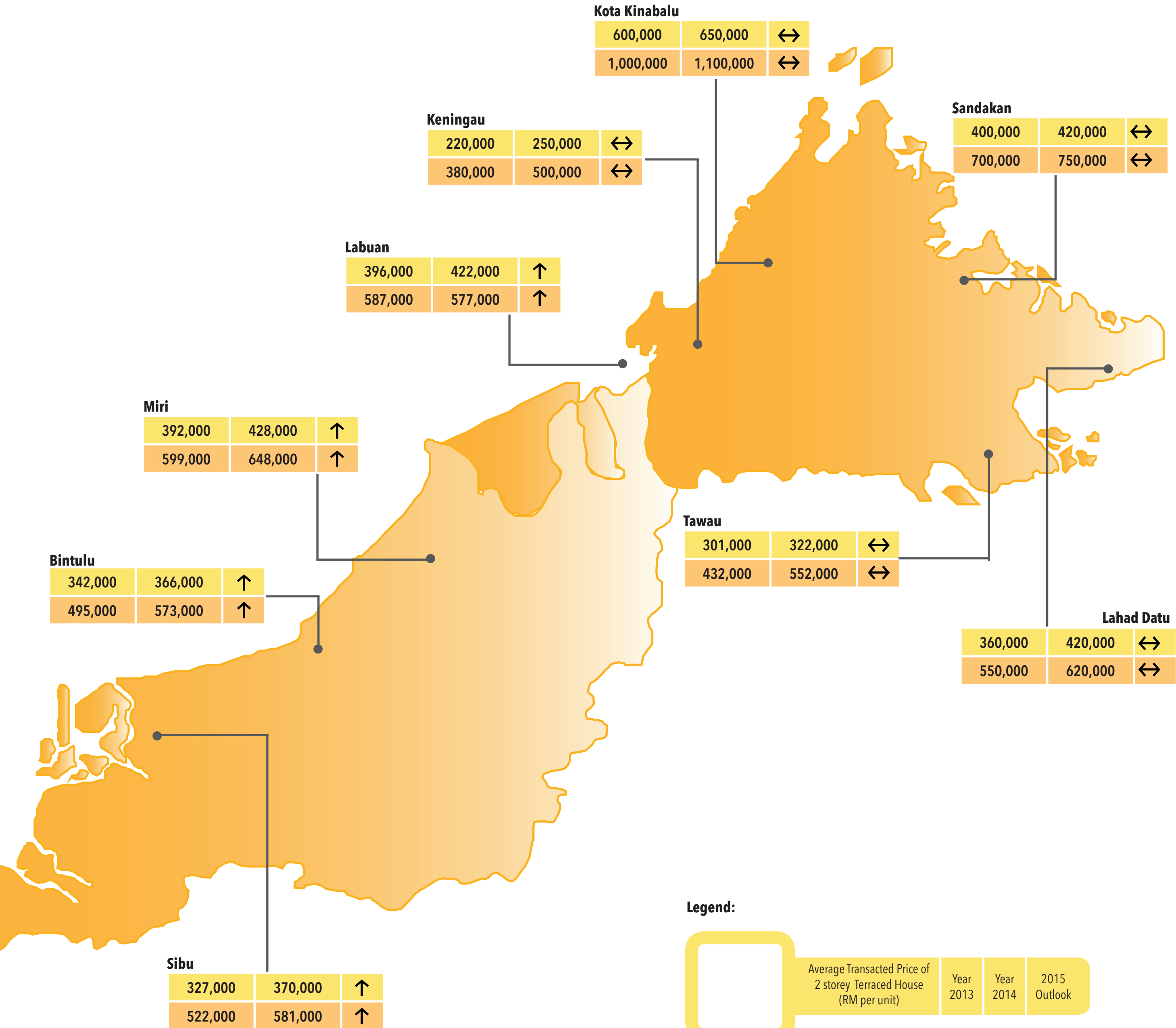
# WTW
## MALAYSIA HOUSE PRICE INDICATOR 2014/2015




*Notes:*

*WTW House Prices for respective towns were analysed based on transactions data of selected townships. The criteria are as follows:*
*(i) Double-storey Terraced houses, are sampled with land area of 1,600 - 1,900 sq ft), freehold tenure, building age of <5 years & about 10km or less from the city centre (houses in smaller town may be less than 10km from city centre).*
*(ii) Doube-storey Semi-detached houses, are sampled with land area of 3,500 - 4,000 sq ft, freehold tenure, building age of <5 years & about 10km or less from the city centre (houses in smaller town may be less than 10km from city centre).*

** Selected townships in Johor Bahru are with Gated & Guarded features*
*** Selected townships in Ipoh are on Leasehold Tenure*
**** Selected townships in Penang Island has buildings aged > 5 years*




**Legend:**

| | | | |
|---|---|---|---|
| Average Transacted Price of 2 storey Terraced House (RM per unit) | Year 2013 | Year 2014 | 2015 Outlook |
| Average Transacted Price of 2 storey Semi-Detached House (RM per unit) | Year 2013 | Year 2014 | 2015 Outlook |

# HIGH-RISE RESIDENTIAL

High-rise residential developments have been quite popular in the past few years especially in areas with scarce development lands such as Penang Island and city centre of Kuala Lumpur. The Klang Valley where condominium developments were welcomed by good responses in the past few years have seen slower take up rates in 2014.

With the policies to curb speculation and house prices in place, condominiums especially luxury condominiums in prime areas are expected to experience stiff competition and increased pressure on rentals and occupancy rates in the coming years.

| | Transaction Activity | | Price Trend | | Take-up/Occupancy Rate | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | |
| Klang Valley | ↓ | → | → | → | → | ↓ |
| Penang | | | | | | |
| Penang Island | ↑ | → | ↑ | ↑ | ↑ | → |
| Seberang Perai | ↑ | ↑ | ↑ | ↑ | ↑ | → |
| Johor Bahru | ↓ | ↓ | ↓ | ↓ | ↓ | → |
| Kota Kinabalu | ↓ | → | ↑ | → | ↑ | → |
| Kuching | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| SUB MARKET | | | | | | |
| WEST MALAYSIA | | | | | | |
| Northern Region | | | | | | |
| Alor Setar | - | - | - | - | - | - |
| Ipoh | ↑ | → | ↑ | → | → | → |
| East Coast Region | | | | | | |
| Kuantan | → | → | ↑ | → | ↑ | ↑ |
| Kota Bharu | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → |
| Southern Region | | | | | | |
| Seremban | → | → | → | → | → | → |
| Malacca | → | → | ↑ | ↑ | ↑ | ↑ |
| Batu Pahat | → | → | ↑ | → | → | → |
| East Malaysia | | | | | | |
| Sabah | | | | | | |
| Sandakan | ↑ | → | ↑ | → | ↑ | → |
| Tawau | ↑ | → | ↑ | → | → | → |
| Lahad Datu | - | - | - | - | - | - |
| Keningau | - | - | - | - | - | - |
| Sarawak | | | | | | |
| Bintulu | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Sibu | → | → | ↑ | ↑ | → | → |
| Miri | ↓ | ↓ | → | ↑ | → | ↓ |
| Labuan | → | ↑ | ↑ | → | → | → |

# KLANG VALLEY

Luxury high-rise residential saw a slowdown with fewer transaction activities recorded in 2014 compared to 2013.

As of 2014, total luxury high-rise residential units was 31,402 units, with the prime locations being Kuala Lumpur City Centre, Ampang/U Thant, Kenny Hills, Mont'Kiara/Sri Hartamas and Golden Triangle area where luxury developments remained highly sought after by both foreign and local investors.

2014 witnessed the completion of more serviced residences units compared to condominium units. As recorded in 2014, serviced residence was 54% of the total cumulative supplies of high-rise residential, which had surpassed condominiums. Newly completed serviced residences units were priced between RM701 and RM1,500 psf.

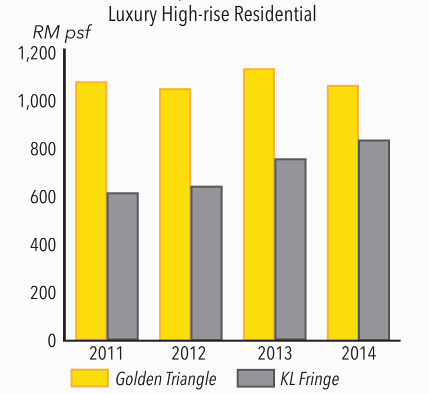
In Kuala Lumpur, the average transacted price psf for luxury condominium had decreased 6.1%, to hover around RM1,070 psf in 2014. Luxury high-rise residential located outside the Golden Triangle (GT) area has seen an upward trend since 2011, with average transacted prices increased by 10.5% to RM840 psf in 2014.

There were few newer launches. These include Anjali North Kiara (365 units; RM580 psf), Block B of Residensi 22 (270 units; RM800 psf) and The Mews (256 units; RM1,700 psf). Serviced Residences developments that were launched in 2014 were Dorsett Residences (252 units; RM2,100 psf), Ritz Carlton Residences (287 units, RM2,500 psf) and The Establishment (646 units; RM1,200 psf).

Overall, average occupancy rate in Kuala Lumpur remained stable in 2014 at 68%. Developments in Bangsar outperformed other localities, registered an average of 84% whilst Mont'Kiara/Sri Hartamas has seen only a satisfying occupancy rate, averaged at 61%.

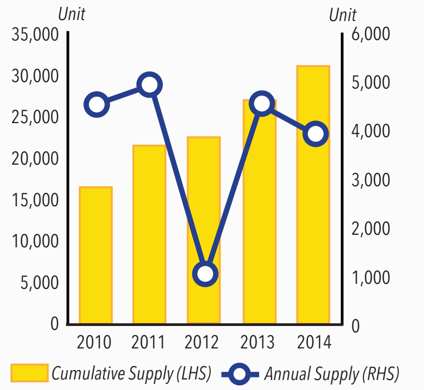
Condominiums that were completed in 2013 are still experiencing low occupancy rate in 2014 although all units were fully sold. Moving forward, the completion of on-going construction is expected to exert more pressure on the existing condominiums/serviced residences, resulting in the decrease of the average occupancy rate in 2015 and a more competitive rental market, one that is favourable to tenants. Year 2015 is expected to be a similar lacklustre year as 2014 due to the strngent lending regulations and the implementation of GST in April where some buyers are cautious over their decision making.

Kuala Lumpur: Performance of Luxury High-rise Residential




Source: WTW Research

Kuala Lumpur: Supply & Demand of Luxury High-rise Residential




Source: WTW Research

**Newly Completed Luxury High-rise Residential developments in 2014**

| Completion | Name | Type | No. of units |
|---|---|---|---|
| 1Q | Arata Tijani | C | 100 |
| | Damai 206 @ Embassy Row | C | 18 |
| | Dedaun | C | 38 |
| | Kenny Hills Residence | C | 63 |
| | Suasana Bukit Ceylon | SR | 310 |
| 2Q | 9 Madge | C | 23 |
| | Nobleton Crest | C | 25 |
| | The Elements | SR | 1040 |
| | SOHO Suites @ KLCC (Resident Apartment) | SR | 320 |
| | SOHO Suites @ KLCC (Duplex SOHO) | SOHO | 160 |
| 3Q | Richmond | C | 96 |
| | 6Ceylon | C | 215 |
| | Vue Residence | SR | 272 |
| 4Q | Setia Sky Residence (Phase 2A--Celeste) | SR | 211 |
| | Icon Residence Tower A & B | SR | 121 |

Source: WTW Research

HIGH-RISE RESIDENTIAL

# PENANG

## Penang Island

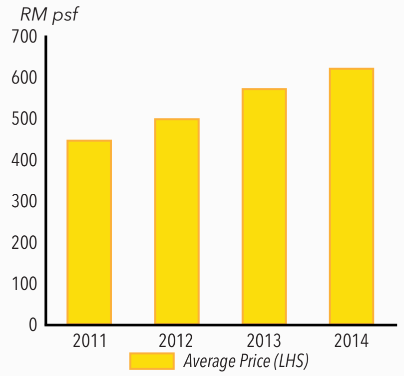
Existing supply of high rise residential in Penang State is approximately 46,239 units with a majority of the units located within the North-east District (67.6%).

Several newly completed projects in 2014 include One Tanjung, Summerton, Light Collection II, The Peak, Maritime Suites, Golden Triangle, Elite Avenue and Elite Heights. New launches in 2014 have been less compared to previous year.

The condominium market in Penang continued to be the most active property sector in Penang with a large number of projects launched and under construction. However, due to the various cooling measures implemented, challenging economic outlook and weakening sentiment, most of the surveyed newly launched projects received slackening response compared to previous years.

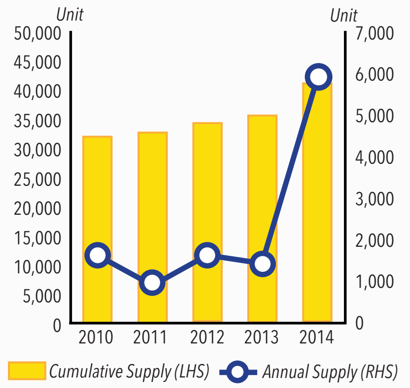
With more choices of new housing accommodation entering the market, the steep hike in prices over the last few years, has tapered off. Yields have been compressed as increase in rentals have been much slower than capital prices.

Penang Island: Performance of High-rise Residential




Source: WTW Research

Penang Island: Supply & Demand of High-rise Residential




Source: WTW Research

## Seberang Perai

In 2014, high rise residential developments have picked up in Seberang Perai. Four new launches were recorded where a majority of the developments have taken place in Seberang Perai Tengah, Bukit Mertajam.

In Seberang Perai Utara, developers' prices for new projects and transaction prices for condominium units in Butterworth were in the range between RM350 and RM480 psf . Prices for condominiums have experienced an increase of 15% to 20% compared to 2013.

Apartment units remained attactive in Seberang Perai. Transaction prices for apartment units in Butterworth are in the range between RM210 and RM240 psf compared to 2013 which ranged from RM185 to RM200 psf.

**Selected New Launches in Penang in 2014**

| Name | Location | Type | No of units | Min Selling Price (RM psf) |
|---|---|---|---|---|
| Penang Island | | | | |
| Altus SOHO | Jelutong | SOHO | 196 | 650 |
| City Residence | Tanjung Tokong | C | 202 | 1,100 |
| Imperial Residences | Sungai Ara | C | 816 | 450 |
| Mont Residences | Mount Erskine | C | 473 | 715 |
| The Central @ Penang Times Square | Jln Dt Keramat | C | 654 | 830 |
| The Coastal | Batu Maung | SR | 100 | 1,000 |
| The Prime Residence | Relau | C | 76 | 430 |
| Urban Suites | Jelutong | SR | 246 | 600 |
| Seberang Perai | | | | |
| Spectrum Garden* | Jalan Song Ban Kheng, Bukit Mertajam | C | - | 290 |
| Aston Vista* | Jalan Aston, Bukit Mertajam | C | 284 | 318 |
| Woodsbury Suite | Harbour Place, Jalan Chain Ferry, Butterworth | C | 420 | 450 |
| Royale Infinity | Tambun Royale City, Bukit Minyak | C | 608 | 252 |

*Soft Launch

Source: WTW Research

# JOHOR BAHRU

The existing supply of high-rise residences (apartment, condominium and serviced apartment) for this year increased 2.15% to 31,322 units as compared to last year.

According to JPPH records, there are currently about 37,632 units under construction which are projected to come on stream in the next one to three years.

As at 2014, there are two newly completed condominiums in Taman Bukit Indah viz. the Horizon Residences and Skyloft Premium Suites. The former was developed by Mahabuilders Bhd with 440 units while the latter was completed by SP Setia Bhd Group with 374 units. Another newly completed serviced residences namely Golden Sands Seaview Residence Suites is located at Jalan Mahmoodiah in the city, offered a total of 408 units.

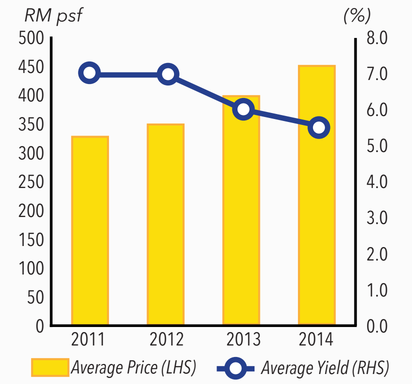
The average transaction values of condominiums in the sub-sale market have increased from RM400 psf in 2013 to RM450 psf in 2014, up 12.5%.

From recent sales records, Ujana Executive Apartments at East Ledang achieved the highest value of RM700 psf, followed by KSL D'Esplanade of RM610 psf and Lagenda Tasek Luxurious Suites of RM600 psf.

For new projects launched in 1H 2014, Almas at Puteri Harbour offered 546 units with selling prices starting from RM750 psf. Paradiso Nuovo at Medini was priced RM800 psf with 382 units while Jade Palace at Danga Bay by Greenland Group started with 700 units at selling prices of RM780 psf.

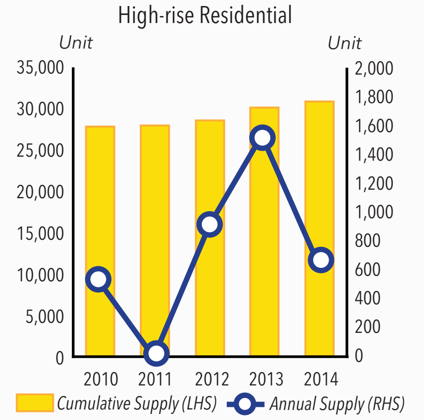
In addition to Paradiso Nuovo and Jade Palace, there are two other major projects in the city also by China based developers viz. Princess Cove at Tanjung Puteri by R&F Properties Co.Ltd. (1,500 units, RM800 to RM1,400 psf) and the 3rd Phase of Country Garden at Danga Bay by Country Garden (M) Sdn Bhd (3,000 units, RM860 to RM1,150 psf).

Johor Bahru: Performance of High-rise Residential




Source: WTW Research

Johor Bahru: Supply & Demand of High-rise Residential




Source: WTW Research

*Artist's Impression of Paradiso Nuova*

**Selected New Launches in Johor Bahru in 2014**

| Name | Type | Unit Size (sq ft) | No of Units | Min Selling Price (RM psf) |
|---|---|---|---|---|
| Princess Cove | SR | 469-1,386 | 1,500 | 800 |
| Greenland Jade Palace | SR | 488-1,076 | 700 | 780 |
| Marina Cove- WAVE | SR | 526-1,300 | 1,450 | 700 |
| Suasana | SR | 645-1,238 | 598 | 1,000 |
| Paradiso Nuova | SR | 696-1,475 | 382 | 800 |
| Almas Puteri Harbour | SR | 520-2,221 | 546 | 750 |

Source: WTW Research

**Newly Completed High-rise Residential in 2013 & 2014**

| Completion | Name | Location | Type | No. of units |
|---|---|---|---|---|
| 2013 | Palazio Service Apartment *(Maple Tower & Mulberry Tower)* | Austin Perdana | SR | 624 |
| 2013 | Molek Pine 3 | Taman Molek | SR | 248 |
| 2013 | KSL D'Esplanade | Tmn Abad | SR | 608 |
| 2013 | The Sky Executive Suites | Bukit Indah | SR | 364 |
| 2013 | Zenith Suites | Kebun Teh | SR | 303 |
| 2014 | Golden Sands Seaview Residence Suites | Jalan Mahmoodiah | SR | 408 |
| 2014 | Horizon Residence | Tmn Bukit Indah | SR | 440 |
| 2014 | Skyloft Premium Suites | Tmn Bukit Indah | SR | 374 |

Source: WTW Research

HIGH-RISE RESIDENTIAL

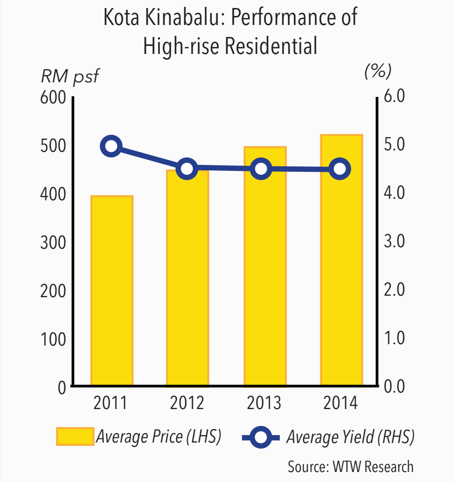
# KOTA KINABALU

The current supply of condominiums in Kota Kinabalu is estimated at 6,000 units. Major developments completed during the year include KK Times Square Phase 2 - The Loft's Towers A and B (265 units), Peak Soho (208 units) and Prince Tower (109 units), amongst others.

Generally, condominium prices have remained on the uptrend though transaction activities in the sub-sale market have eased going into the second half of the year.

New condominium launches in 2014 comprise the middle and upper-range segments.

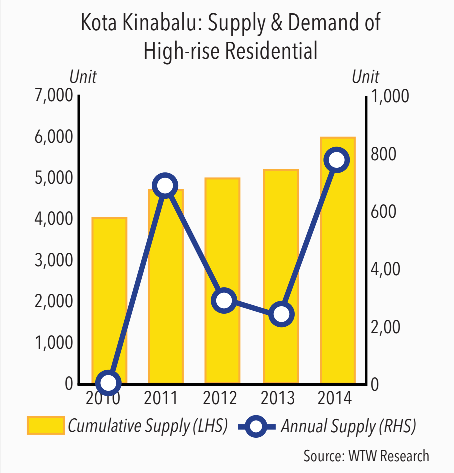
Taking into account the active market in previous years and increasing land and buildings costs, it is unlikely to see a drop in condominium prices though tighter bank lending requirements may see moderation in take-up rates going into 2015.




**Selected New Launches in Kota Kinabalu in 2014**

| Name | Location | Unit Size (sq ft) | No of Units | Selling Price (RM psf) | Expected Completion |
|---|---|---|---|---|---|
| Harrington Suites | Luyang | 2,822 - 6,000 | 116 | 700 - 900 | 2016 |
| Ashton Tower | Kolombong | 870 - 948 | 391 | 455 - 543 | 2017 |
| The Gardens | Bundusan | 982 - 816 | 500 | 445 - 573 | 2017 |
| D' Golden Gate | Penampang | 1,348 - 2,666 | 48 | 525 | 2016 |

Source: WTW Research




*Artist's Impression of Ashton Tower at Kolombong, KK*

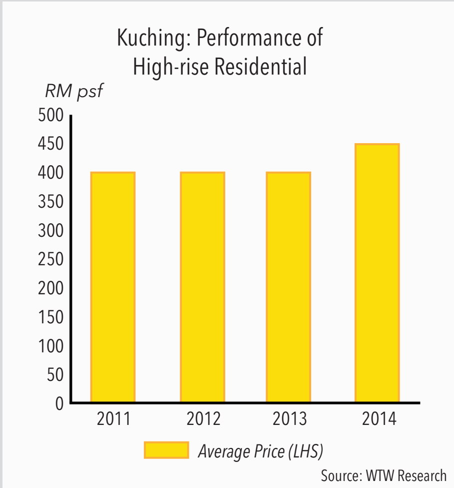
# KUCHING

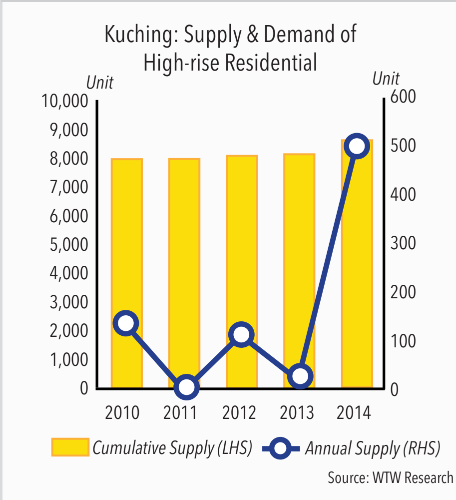
The condominium sector continues to outshine the rest of the sectors with 1,000 plus units being completed in 2014 and another 5,000 or so units either under construction or undergoing earthworks, which would essentially increase supply by another 50% in the next 2 years.

Condominium units at these developments range from 1,000 to 3,000 sq ft each and can command rentals between RM1,500 and RM3,000 per month, depending on the location, furnishings and unit size.

Prices for condominium units continue to record increases of between 10% and 15% for the year, with prices as high as RM700 psf for units at the Sapphire and Lagenda. Take up rates of apartments generally remained steady between 50% and 70% within a year of launch and even higher sales for more affordable apartment units of below RM400 psf, such as those in the Stutong area which were all snapped up within a month of sales.

The condominium sector is expected to continue to enjoy good take up rates as well as command an increase in prices in 2015.




*Tribeca Apartment , off Jalan Urat Mata*

**Newly Completed High-rise Residential in 2014**

| Completion Period | Name | Location/Zone | Unit Size (sq ft) | No of Units |
|---|---|---|---|---|
| 1Q 2014 | Tribeca | Jln Urat Mata | 1,432 - 1,485 | 104 |
| 2Q 2014 | D'Jewel | Jln Sherip Masahor | 1,944 - 7,040 | 118 |
| 2Q 2014 | Sky Villa | JLn Batu Kawa | 979 - 1,378 | 576 |
| 2Q 2014 | Uplands Serviced Suites | Jln Simpang Tiga | 979 - 1,248 | 54 |
| 3Q 2014 | Riverine Emerald | Jln Petanak | 400 - 2,684 / 4,420 | 168 |

Source: WTW Research

**Ongoing High-rise Residential Developments in Kuching in 2014**

| Name | Location | Unit size (sq ft) | No. of units | Min Selling Price (RM psf) |
|---|---|---|---|---|
| *The Cube @ Dogan | Jalan Dogan | 1,096 - 2,731 | 94 | 407 |
| P' Residence | Jalan Batu Kawa | 1,153 - 2,381 | 276 | 192 |
| Sapphire on the Park | Jalan Batu Lintang | NA | 206 | 650 |
| The Royalle | Jln Stampin | 1,860 - 2,816 | 76 | 500 |
| *The Echelon | Lorong Lapangan Terbang 5 | 1,100 (est) | 82 | 407 |
| *de LOFTS @ Emporium Kuching | Jalan Tun Jugah | 718 - 2,013 | 120 | 460 |
| *Ryegates III | Jln Airport | 1,193 - 1,607 | 130 | 406 |
| *Samarahan Greens @ Samarahan | Jln Mohd Musa | 900 | 308 | 543 |

*Apartment

Source: WTW Research

HIGH-RISE RESIDENTIAL

# SUB MARKET

| | West Malaysia | | | | | | | | East Malaysia | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ipoh | | Kuantan | | Kota Bharu | | Malacca | | Bintulu | | Sibu* | |
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM psf) | 280 | 500 | 320 | 360 | 325 | 375 | 250 | 280 | - | 386 | 300 | 300 |
| Avrg Yield (%) | 3 - 4 | 3 - 4 | 6 | 7 | 5.5 | 5.5 | 4 | 4 | - | 7 | 3 | 3 |

*Apartment

Source: WTW Research

In **Ipoh**, high-rise residential developments especially condominiums started to pick up in 2014. New condominium developements such as The Cube, Upper East, Polo Residence and The Signature were launched at RM500 psf. In **Kuantan**, the launch of the Kuantan Water Front Resort City attracted much interest from the public, in addition to setting a benchmark in terms of pricing of the units.

In **Kota Bharu**, two new serviced apartment developments were launched in 2014, which are Sky Waterfront at Jalan Sultanah Zainab and Sri Petra at Jalan Lundang. Both developments offered units with built-up area less than 1,000 sq ft. As for **Malacca**, major projects launched were high-end exclusive properties such as The Atlantis and The Green.

The condominium sector in **Bintulu** is showing signs of rising with improvement in demand. New launches are offering various concepts and unit sizes which suit the market needs.

In 2014, **Sibu** has witnessed several new launches which are strata titled apartments. Among the launches, Waterfront Residence is offering units with 180° panoramic view of the famous Rajang and Igan Rivers. Upon completion, this skycraper coupled with the upgraded town square will redefine the skyline of Sibu town centre.

**Selected New Launches in other states in 2014**

| Name | Type | No of Units | Unit size (sq ft) | Min Selling Price (RM psf) |
|---|---|---|---|---|
| Ipoh | | | | |
| The Cube | C | 120 | 1,000 | 500 |
| Upper East | C | 580 | 1,100 - 1,700 | 500 |
| Polo Residence | C | 68 | 630 - 1,500 | 510 |
| The Suite | SOVO | 246 | 1,000 - 2,300 | 410 |
| The Signature | C | 300 | 489 - 938 | 500 |
| Tree Top | A | 400 | 1,000 - 2,300 | 260 |
| ICCC | SOHO, A | 374 | 450 - 960 | 600 |
| Kuantan | | | | |
| Kuantan Waterfront Resort City | SA | -- | 415 / 805 | 670 |
| Kota Bharu | | | | |
| Sky Riverfront | SA | 340 | 470 - 913 | 393 |
| Sri Petra | SA | 54 | 885 | 372 |
| Malacca | | | | |
| The Atlantis | SA | 170 | 689 – 1,378 | 450 |
| The Green | SA | 561 | 563 – 968 | 700 |
| Bintulu | | | | |
| The Peak Condominium Bintulu Paragon @ Bintulu Town | C | 101 | 868 – 1,592 | 540 – 668 |
| Seaview Court @ Bintulu Town | C | 80 | 1,776 – 3,917 | 473 – 507 |
| Sibu | | | | |
| Salim Height Apartments @ Jalan Salim | A | 39 | 1435+ | 350+/- |
| Development @ Jalan Alan | A | 48 | 1333+ | 250+/- |
| Waterfront residences @ Jalan Hospital | C | 104 | 800+ | 500+/- |

Source: WTW Research

# OFFICE

Following the plunge of world oil prices and depreciation of the Malaysian Ringgit, business confidence weakened. The Business Condition Index (BCI) by MIER was recorded at 86.4 in 4Q 2014, the lowest ever since 2010. Sluggish performance in most of the manufacturing activities has pushed up the stockpile of inventories.

Purpose-built offices retained its position as the preferred choice for major corporations, specifically in the main markets (i.e. Klang Valley, Penang, Johor, Kota Kinabalu & Kuching). In other locations, shop offices stayed dominant for business activities. The office sector remained stable across the board in 2014 and is expected to be resilient in 2015.

| | Transaction Activity | | Price Trend | | Take-up/Occupancy Rate | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | |
| Klang Valley | → | → | → | → | → | → |
| Penang | | | | | | |
| Penang Island | → | → | ↑ | ↑ | ↑ | → |
| Seberang Perai | → | → | → | → | → | → |
| Johor Bahru | → | ↑ | → | ↑ | → | → |
| Kota Kinabalu | → | → | ↑ | → | ↑ | → |
| Kuching | → | → | → | → | → | ↓ |
| SUB MARKET | | | | | | |
| WEST MALAYSIA | | | | | | |
| Northern Region | | | | | | |
| Alor Setar | → | → | → | → | → | → |
| Ipoh | → | → | → | → | → | → |
| East Coast Region | | | | | | |
| Kuantan | → | → | → | → | → | → |
| Kota Bharu | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → |
| Southern Region | | | | | | |
| Seremban | → | → | → | ↑ | → | → |
| Malacca | → | → | → | → | → | → |
| Batu Pahat | → | → | → | → | → | → |
| East Malaysia | | | | | | |
| Sabah | | | | | | |
| Sandakan | → | ↓ | → | → | → | ↓ |
| Tawau | → | → | → | → | → | → |
| Lahad Datu | | | | | | |
| Keningau | → | → | → | → | → | → |
| Sarawak | | | | | | |
| Bintulu | → | ↓ | → | ↑ | → | ↓ |
| Sibu | - | - | - | - | - | - |
| Miri | ↓ | ↓ | → | ↑ | → | ↓ |
| Labuan | → | → | → | → | → | → |

# KLANG VALLEY

The Klang Valley registered a mixed performance. Prime office space in the city centre remained vibrant backed by well-established localities and well-connected infrastructure.

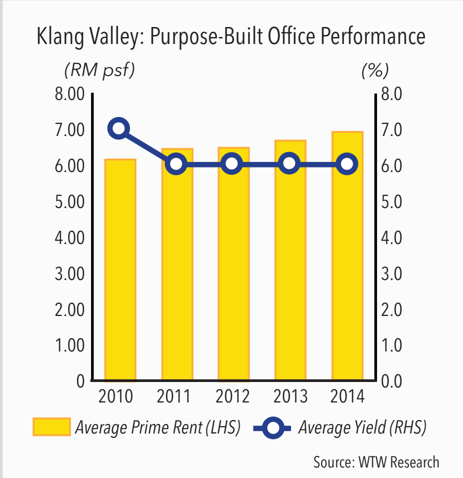
The purpose-built office sector experienced slower take-up rates in 2H 2014. However average prime rents for purpose-built office remained steady at RM7.00 psf in 2014 while occupancy rates dropped slightly, from 86% to 84.5%.

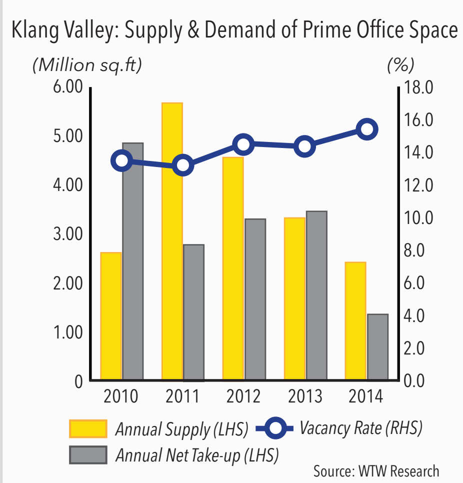
Total office space in the Klang Valley grew by 2.09 million sq ft from 2013, reaching 95.15 million sq ft by 2014. Cumulative supply of office space is projected to increase to 99.98 million sq ft by 2015.

2014 witnessed the completion of Menara Bank Rakyat, injecting 924,000 sq ft into the market. Apart from that, the Cascades@Kota Damansara, Menara Pinnacle Sunway and Menara TSR were completed in 2Q 2014, contributing some 1,323,000 sq ft to the office market in KL Metropolitan area. Menara Hap Seng 2, with 326,000 sq ft were completed in 4Q 2014.

Towards the end of 2014, the global investment climate experienced much uncertainty which may dampen foreign investments in Malaysia. However the impending implementation of GST in April 2015, which will increase the cost of transfers/leasing of commercial space is not likely to affect the purpose-built office sector.

Despite the weak economic outlook, domestic demand for purpose-built office is expected to remain robust. 2015 and 2016 will see further interest in the office market in Greater KL especially in the Petaling Jaya area as the MRT Sungai Buloh - Kajang line is on schedule, with its completion of construction is set at 2016. Completion of the MRT will enhance connectivity between the city centre and fringe areas.




Overall the purpose-built office market in the Klang Valley was stable, with Grade A office space in the city centre highly sought after by MNCs. The growing competitiveness in 2015 will push up the vacancy rate of purpose built offices. With an estimated of 4.83 million sq ft of office space slated for completion, rental rates are likely to remain unchanged in 2015.

**Office scheduled for completion in 2015**

| NAME | NLA (sq ft) |
|---|---|
| IB Tower (Ilham Baru Tower) | 393,000 |
| Menara Bangkok Bank @ Berjaya Central Park | 475,000 |
| Naza Tower @ Platinum Park | 533,000 |
| Menara TH @ Platinum Park | 359,000 |
| Solaris Sultan Ismail | 700,000 |
| KL Trillion | 315,000 |
| Q Sentral | 1,050,000 |
| The Ascent @ Paradigm Mall | 536,000 |
| The Prime @ Altium | 238,000 |
| MKN Embassy Techzone (Block G & H) | 226,000 |

Source: WTW Research

***Artist's impression of Office Towers at Platinum Park***

# PENANG

The purpose-built office sector has been relatively subdued for the past few years. Local SMEs have shown their preference to own and invest in their own shop in commercial areas.

## Penang Island

The existing supply of purpose-built offices in Penang Island stood at 8.74 million sq ft; 82% in Georgetown where the average occupancy rate remained stable at 81.0%. In general, office rental rates in Georgetown remained unchanged at RM2.70 psf per month but the newly completed Hunza Tower fetched a higher rental rate at RM3.30 psf per month. Average yields remained steady at 6.0% in 2014.

Aimed to be a Business Process Outsourcing (BPO) hub, more office developments are expected in the south-eastern portion of Penang Island. With good infrastructure (i.e. Second Penang Bridge) in place as well as several state-backed projects, purpose-built offices in Penang is expected to be vibrant in the upcoming years.

A major transaction announced in 2014 was the proposed acquisition by Platinum Manifest Sdn Bhd, of office accommodation within Menara Liang Court (Northam Venture) from Meridian Atlantic Sdn Bhd. Comprising 10 floors from 15th floor to 24th floor with a total net lettable area of 45,569 sq ft, and 50 car park bays, the office accommodation is located along Jalan Sultan Ahmad Shah, Georgetown, Penang Island. The transacted price was RM15,037,634, analysed at RM330 psf.

## Seberang Perai

In Seberang Perai, there was no new supply of purpose-built offices recorded as the existing vacant spaces are still unoccupied. Office rent remained unchanged at RM1.00 psf while the yields stood at 6% for the year 2014.

Shop offices remained the preferred choice for business operations. Three-storey shop offices in prominent business enclaves such as Bandar Sunway are rented out at an average of RM8,500 per month with ground floor rentals of RM6,000 per month.

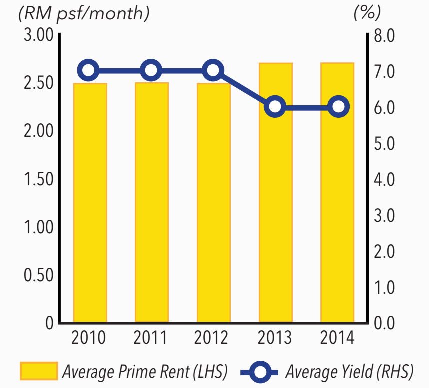
**Seberang Perai: Performance of Shop offices**

| | Seberang Perai | |
|---|---|---|
| | 2013 | 2014 |
| *Average Price (RM per unit) | 1,200,000 | 1,500,000 |
| *Average Rent (RM per unit/mth) | 7,100 | 8,500 |
| *Average Yield | 6.5 | 6.5 |

* Three storey shop offices

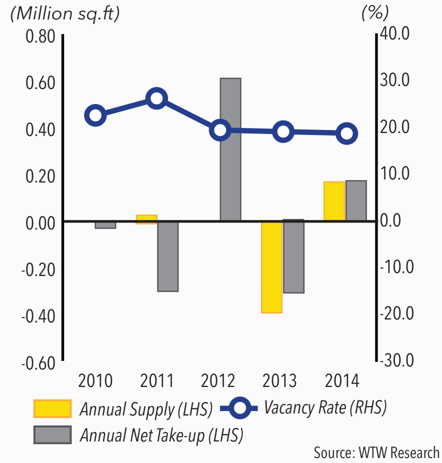
Source: WTW Research

Penang Island: Purpose-Built Office Performance




Source: WTW Research

Penang Island: Supply & Demand of Prime Office Space




Source: WTW Research


*Menara Liang Court at Jalan Sultan Ahmad Shah was transacted at RM330 psf in 2014.*

# JOHOR BAHRU

As at 2Q 2014, the existing supply of office space in Johor Bahru stood at 8.7 million sq ft of which government buildings contributed 33%.

Demand for office space has been stable and the vacancy rate was about 25% in 2014. Rental rates for prime office space in Johor Bahru city remained steady at about RM2.80 to RM3.50 psf per month, while it was RM1.80 to RM2.50 psf for other office buildings.

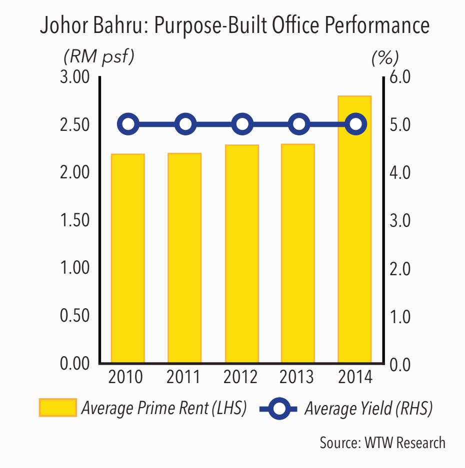
In 2014, the office sector witnessed the completion of a purpose-built office in Medini, Nusajaya. This low rise development is known as Medini 6 and consists of four 2-storey office blocks with total GFA of 80,000 sq ft. The building is fully tenanted and Huawei Technologies, a leading global ICT solutions provider from China, is the first tenant and occupies some 10,000 sq ft. The average rental rate of Medini 6 is about RM4.50 psf which is the record high in Johor Bahru. Adjacent to Medini 6, the developer has started development of Medini 7, a 4-storey office building for leasing only: with an estimated GFA of 140,000 sq ft and is scheduled for completion in mid-2015.

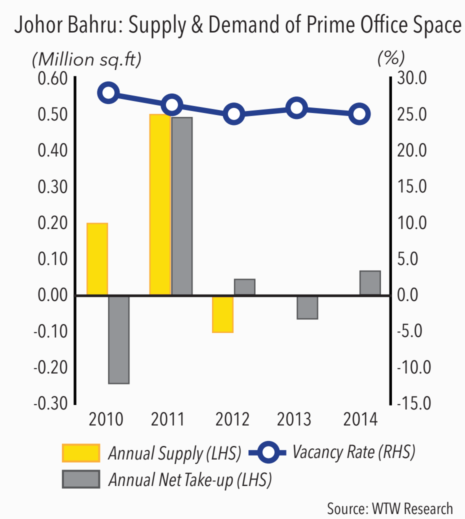
The increasing interest for office space was reflected in the good sales performance of Sunway Group's Sunway Iskandar Citrine in Medini, Nusajaya, where all the 167 units of office suites were fully sold for RM760 psf in average. The purpose-built office tower will be completed by 2017.

At the fringe of Johor Bahru city, at the intersection of the Eastern Dispersal Link (EDL) Expressway and Jalan Bakar Batu, an 8-storey purpose-built office tower with an estimated GFA of 100,000 sq ft is about to obtain CCC in the next few months. Being developed by Southkey City Sdn Bhd, the office tower is now open for rent with an asking rent of about RM2.70 psf.

One major sale transaction completed in 2014 was the 28-storey Menara Zurich, sold for RM115 million. The building is located at Jalan Dato Abdullah Tahir with GFA of about 674,000 sq ft.

Another 18-storey office tower will be completed by mid-2015 in Nusajaya by UEM Sunrise Bhd, which will contribute NLA of 189,000 sq ft to the market.




*M6 Office at Medini*

# KOTA KINABALU

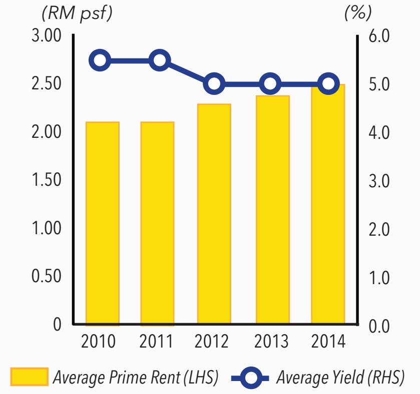
Purpose-built office space in Kota Kinabalu stands at approximately 6.2 million sq ft. New additions include Wisma Jabatan Pendidikan Negeri Sabah in Likas. Average occupancy rates remained relatively stable from the previous year at above 90% whilst rental rates stayed mainly around RM2.00 to RM2.50 psf though newer signature offices are noted to fetch up to RM3.00 psf.

Secondary transactions of purpose-built offices have been limited and are instead dominated by conventional shopoffices and signature offices (by floor or by block) during the first three quarters of 2014. Key transactions include the sale of two old Jalan Gaya shophouses for RM5.5 million (four-storey, intermediate) and RM5.7 million (four-storey, corner). There was also a sale of two adjoining (corner & intermediate) five-storey KK Times Square signature office blocks totalling RM21 million.

A significant portion of incoming office supply will come from the upcoming Sabah State Administrative Complex near Yayasan Tun Mustapha and Wisma Innoprise and Menara Hap Seng Grade A office tower. Incoming office space will also come from Sutera Avenue and Aeropod comprising signature offices (offices for upper floors and lower levels for retail). There were no new launches of office space in 2014 except for shop office developments.

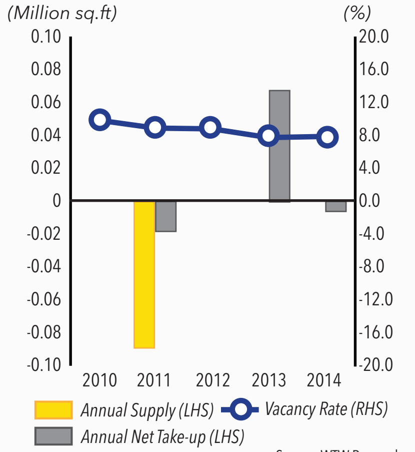
Moving forward, market values for purpose-built offices should be sustained given the general rise in the launch prices of new office and shopoffice developments though yields are compressed as growth in prices outpace increases in rental rates.

Kota Kinabalu: Purpose-Buit Office Performance




Source: WTW Research

Kota Kinabalu: Supply & Demand of Prime Office Space




Source: WTW Research

*Artist's Impression of Aeropod, incoming mixed development in Kota Kinabalu*

# KUCHING

There were no new office buildings completed in 2014, although there were a few new buildings for showrooms. Current supply of office space in Kuching remained at around 4.5 million sq ft with one 4-storey office building formerly housing the Koperasi Central Bank, being converted into a boutique hotel.

The Dayak Plaza, which has been under construction for quite some time, is still not completed yet. However, a few office buildings were launched within mixed developments, such as Baitul Makmur, Tabung Haji Complex and office tower @ Gala City.

Baitul Makmur at Bukit Siol in Petra Jaya will be 18 storeys high with 2 basements, to be annexed to the existing Baitul Makmur. Tabung Haji Complex will be a 10-storey hotel cum office complex, with a proposed office floor space of 17,300 sq ft, which is expected to be completed by 2017. Gala City's office tower is a 6-storey building with an estimated area of 13,000 sq ft selling for about RM460 psf.

The purpose-built office sector remains stable and vacancy rates are generally low at 10% or so, with most office spaces being occupied by the government and government linked companies.

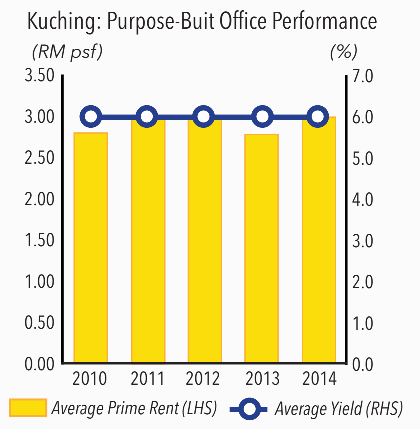
The office sector in Kuching is less exciting with rental yields maintained at 5% to 6% and rentals remaining stagnant at RM2.80 to RM3.00 psf or even less for those outside the CBD. There was also no new office building transactions in 2014.

The office sector is expected to remain docile for 2015 with expected additions to the sector only after 2015.

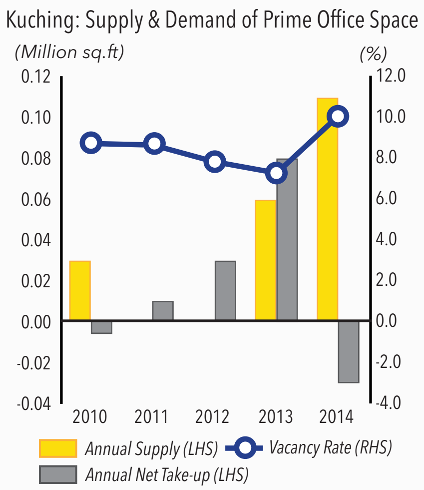
**Incoming Purpose-built office supply in Kuching**

| Name | NLA (sq ft) | Expected Completion |
|---|---|---|
| Baitul Makmur @ Bukit Siol, PJ | 48,000 | - |
| Tabung Haji Complex | 17,300 | 2017 |
| Gala City | 13,000 | 2016 |

Source: WTW Research




Source: WTW Research




Source: WTW Research

*Artist's Impression of the proposed Tabung Haji Complex in Kuching.*

# SUB MARKET

## WEST MALAYSIA

### Northern Region

As the capital city of Kedah, demand for shop offices in **Alor Setar** is good. New launches in the city has high sale rates of 80% and above. Limited new supply and high demand has pushed up the prices of shop offices in the city centre. Shop offices sector is expected to remained vibrant in 2015.

| | Alor Setar | |
|---|---|---|
| | 2013 | 2014 |
| Avrg Price (RM/unit) | 430,000 | 500,000 |
| Avrg Rent (RM/mth) | 3,800 | 4,000 |
| Avrg Yield (%) | 7.0 | 7.0 |

Source: WTW Research

### Southern Region

| | Seremban | Malacca | | Batu Pahat | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM/unit) | 800,000 | 750,000 | 800,000 | 600,000 | 650,000 |
| Avrg Rent (RM/mth) | 6,000 | 2,300 | 2,500 | 2,500 | 2,500 |
| Avrg Yield (%) | 6.5 - 7.0 | 5.5 | 5.5 | 5.0 | 5.0 |

Source: WTW Research

In **Seremban**, more shop office units are expected to come into the market in the near future. Bandar Utama Senawang, a new upcoming commercial project is expected to benefit the existing residential and commercial area in the vicinity. Existing shop offices at Pusat Komersial Senawang are generating attractive returns, monthly rentals fetch between RM5,000 and RM6,000, higher than those in other areas in Senawang (i.e. RM2,000 to RM3,000 per month).

In **Malacca**, shop offices have shown moderate occupancy over the year. However signs of over supply was observed in 2014 with the completion of more shop office developments. As the shop office sector has cooled down, some owners/tenants have converted the use of shop offices from daily business operation into budget hotels or banquet restaurants.

In **Batu Pahat**, the completion of new developments in Taman Flora Utama is expected to contribute to a substantial supply of shop office units in Batu Pahat. Rental for shop offices remained unchanged at RM2,500 per month while the average price has gone up around 8% since 2013.

### East Coast Region

| | Kuantan | | Kota Bharu | | Kuala Terengganu | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM/unit) | 1,000,000 | 1,100,000 | 850,000 | 850,000 | 1,100,000 | 1,300,000 |
| Avrg Rent (RM/mth) | 4,500 | 5,000 | 5,500 | 5,500 | 9,000 | 9,000 |
| Avrg Yield (%) | 5.5 | 5.5 | 7.0 | 7.0 | 5.5 | 5.5 |

Source: WTW Research

In **Kuantan**, supplies of shop offices concentrated mostly in locations that are 5 to 6 km away from the town centre. New launches comprising three and four-storey shop offices in the prime commercial area of Tun Ismail had set a new benchmark. The shop offices were sold at prices exceeding RM1.6 million per unit.

In **Kota Bharu**, shop office developments are mostly three-storey shop offices due to high demand from the market especially in the central business area. On the other hand, two-storey shop offices are still in demand in secondary areas in Kota Bharu.

SHOP OFFICE

SHOP OFFICE

# SUB MARKET

## EAST MALAYSIA

### Labuan

There were no new launches recorded in **Labuan**. The average price for two-storey shop offices in Labuan has appreciated around 30%, from RM1.5 million to RM2.0 million in 2014.

| | Labuan | |
|---|---|---|
| | 2013 | 2014 |
| Avrg Price (RM/unit) | 1,500,000 | 2,000,000 |

Source: WTW Research

### Sabah

| | Sandakan | | Tawau | | Lahad Datu | | Keningau | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM/unit) | - | 800,000 | 975,000 | 1,450,000 | 750,000 | 800,000 | 930,000 | 1,000,000 |
| Avrg Rent (RM/mth) | - | 3,000 | 2,800 | 2,900 | 2,800 | 2,800 | 4,000 | 4,150 |
| Avrg Yield (%) | - | 5.0 | 4.0 | 4.0 | 4.5 | 4.0 | 5.2 | 5.0 |

Source: WTW Research

In **Sandakan**, shop office developments in suburban or secondary locations remained as the investment of choice. The average rental for a shop office is RM3,000 per month while the yield is considerably higher than in Tawau and Lahad Datu, which is 5%.

As for **Tawau**, shop office supply is mainly at out-of-town suburban locations such as the residential & commercial areas of Jalan Datuk Chong Thien Vun and residential areas at Hot Spring and Sin On. Several upcoming developments are located along Mile 1 - 2 Jalan Kuhara and Mile 1 Jalan Apas. 2014 witnessed one new launch which is 1-Kubota Commercial Centre. 50 units of three-storey shop offices were on sale with selling prices starting from RM1,488,000.

Unlike its counterpart, **Lahad Datu** has experienced sluggish sales of the existing shop office buildings. Developments under construction have seen no progress in 2H 2014. Renting a shop office is a better business choice compared to owning one in Lahad Datu.

### Sarawak

| | Bintulu | | Miri | | Sibu | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM/unit) | 1,080,500 | 1,100,000 | 1,000,000 | 1,100,000 | 950,000 | 1,000,000 |
| Avrg Rent (RM/mth) | 3,500 | 3,800 | 3,300 | 3,300 | 4,000 | 4,200 |
| Avrg Yield (%) | 3.8 | 4.1 | 4.5 | 4.5 | 4.5 | 4.5 |

Source: WTW Research

In **Bintulu**, the shop office sector remained stable with most developments concentrated in suburban areas such as the Kidurong area. The average price of shop offices is RM1.1 million, and the rental rate has increased slightly to RM3,800 per month.

In **Miri**, sales of existing shophouses/offices was slow. However a number of upcoming developments are under construction.

As for **Sibu**, there was no significant improvement in demand for shophouses in secondary locations. Generally, the oversupply of shophouse/shopoffice has become obvious as take up rates for new launches and occupancy rates for existing shop offices were low. This has driven developers to delay their new launches and slow down construction of ongoing projects. Alternatively, developers also reduced sale targets but maintained their selling prices for new launches.

# RETAIL

Uncertainties in the economic outlook of the country has resulted in a slump of the Consumer Sentiment Index (CSI) by MIER in 4Q 2014. The lack of confidence in consumer sentiment was reflected in the below-100 point threshold of CSI at 83. Despite the decrease in petrol prices since December 2014, consumers are concerned of rising living costs, following the impending implementation of GST in April 2015.

In general, the retail sector remained steady. The market is expected to see less activities in the coming year. Rental rates in Bintulu and Miri are expected to increase as several new malls are in the pipeline, which are expected to be leased at higher rental rates. The average vacancy rate is expected to increase in view of the incoming supply.

| | Transaction Activity | | Rental Trend | | Take-up/Occupancy Rate | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | |
| Klang Valley | → | → | → | → | → | → |
| Penang | | | | | | |
| Penang Island | → | → | → | → | → | → |
| Seberang Perai | ↑ | → | ↑ | → | → | → |
| Johor Bahru | ↑ | → | ↑ | → | → | → |
| Kota Kinabalu | → | → | → | → | → | → |
| Kuching | ↓ | ↓ | → | → | ↓ | ↓ |
| SUB MARKET | | | | | | |
| WEST MALAYSIA | | | | | | |
| Northern Region | | | | | | |
| Alor Setar | → | → | → | → | → | → |
| Ipoh | → | → | → | → | → | → |
| East Coast Region | | | | | | |
| Kuantan | → | → | → | → | → | → |
| Kota Bharu | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → |
| Southern Region | | | | | | |
| Seremban | ↑ | → | ↑ | → | ↑ | → |
| Malacca | → | → | → | → | → | → |
| Batu Pahat | → | → | → | → | → | → |
| East Malaysia | | | | | | |
| Sabah | | | | | | |
| Sandakan | - | → | - | → | - | → |
| Tawau | → | → | → | → | → | → |
| Lahad Datu | ↓ | ↓ | → | → | ↓ | → |
| Keningau | → | → | → | → | → | → |
| Sarawak | | | | | | |
| Bintulu | → | → | → | ↑ | → | ↓ |
| Sibu | - | - | - | - | - | - |
| Miri | ↓ | ↓ | → | ↑ | → | ↓ |
| Labuan | → | → | → | → | → | → |

# KLANG VALLEY

The Klang Valley had total retail space of 49.03 million sq ft in 2014, with average occupancy rate at around 88%. The average rental rate in prime retail malls remained healthy at RM22 psf in 2014. Rents continued to remain stable but capital values increased faster.

The supplies of retail space remained concentrating in Kuala Lumpur (i.e. 54%) where retail spaces located outside Kuala Lumpur and Petaling Jaya area formed the remaining 46%. Retail malls located within Kuala Lumpur continued to outperform those located outside Kuala Lumpur, with the former registered vacancy rate of 12.0% while the latter has doubled compared to 2013, which was 24.5% in 2014.

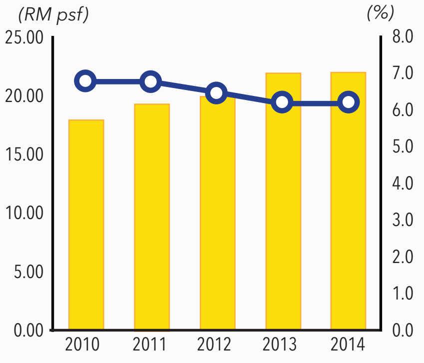
2014 witnessed the opening of Quill City Mall in the city centre. Quill City Mall is the retail component of the integrated project abandoned in the 1998 Asian financial crisis which was then sold to Quill Retail Mall Sdn Bhd (QRM) in 2007. The 6-storey building soft launched in Oct 2014, with occupancy at 70% . Anchor tenants in the mall include AEON Jusco, GSC, and H&M.

IOI City Mall at Putrajaya, measuring 1.3 million sq ft NLA was soft-launched in November 2014. Anchor tenants in the mall include GSC, Parkson, Index Living Mall, Tesco and HomePro. The mall also features an Olympic-size ice rink and 'District 21' theme park located in a 70,000 sq ft indoor atrium as well as a musical fountain backed by alfresco-dining style restaurants.

Other retail developments in the pipeline are Sunway Pyramid Phase 3, Sunway Putra Mall at Jalan Putra, Jakel Capsquare Mall at Jalan Munshi Abdullah and Atria Shopping Mall in Damansara Jaya. All these retail centres are part of asset enhancement initiatives except Sunway Velocity Mall which is a new retail project.

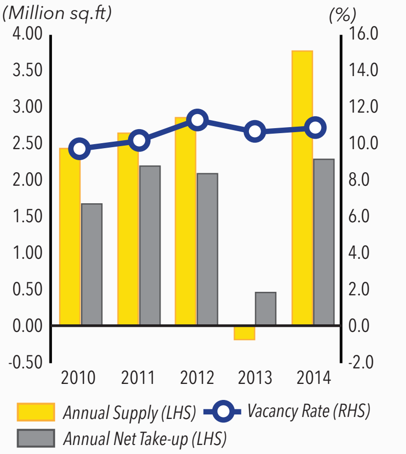
The retail sector is expected to stay quiet but buoyant in 2015, with new retail mall owners likely to experience increased difficulties in maintaining occupancy rates in view of the likely completion of more malls in 2015.

Klang Valley: Retail Mall Performance




Source: WTW Research

Klang Valley: Supply & Demand of Retail Space




Source: WTW Research

**Retail developments scheduled for completion in 2015**

| Name | NLA (sq ft) |
|---|---|
| Sunway Putra Mall | 620,000 |
| Capsquare Mall (former PIKOM ICT Mall) | 220,000 |
| The Atria Shopping Mall | 450,000 |
| Sunway Velocity Lifestyle Mall | 800,000 |
| Sunway Pyramid Phase 3 | 70,000 |
| Total | 2,160,000 |

Source: WTW Research

**Newly completed retail malls in 2014**

| Name | Location | Completion | NLA (sq ft) |
|---|---|---|---|
| Main Place USJ 21 | USJ, Subang Jaya | 1Q 2014 | 237,000 |
| Encorp Strand Mall | Kota Damansara | 1Q 2014 | 308,800 |
| Jaya Shopping Centre | SS14, Petaling Jaya | 1Q 2014 | 300,000 |
| Nu Sentral | KL Sentral | 2Q 2014 | 651,800 |
| D'Pulze | Cyberjaya | 3Q 2014 | 240,000 |
| Quill City Mall | Jalan Sultan Ismail | 4Q 2014 | 770,000 |
| IOI City Mall | Putrajaya | 4Q 2014 | 1,350,000 |

Source: WTW Research

*IOI CIty Mall in Putrajaya*


RETAIL

# PENANG

In Penang, total existing supply of retail space in Penang stood at approximately 1.065 million sq ft with a total of 37 buildings. The rental rate remained at RM22 psf while the occupancy rate stood around 75%.

In 2014, retail market activities have been relatively vibrant in Seberang Perai with the opening of a few retail malls in Seberang Perai Utara and Seberang Perai Tengah. Compared to Seberang Perai, Penang Island has not seen much activity for the year 2014.

## Seberang Perai

Malls in Seberang Perai have lower rental rates compared to those in Penang Island. The average rental rate stood at RM6 psf.

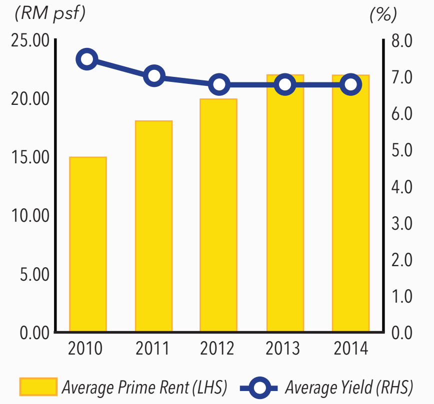
In 2014, several new openings in Seberang Perai took place that included Sunshine Shopping Mall and Mydin Mall in Bertam, Seberang Perai Utara. Sunshine Bertam Mall, is anchored by the local supermarket retail chain, Sunshine and the tenant mix was controlled by the supermarket itself. Erected on 2.43 hectares of land, the mall's NLA is 200,000 sq ft where its supermarket occupied ¼ of total NLA. In the vicinity of Sunshine Bertam, Mydin Mall, located in Bandar Putra Bertam was opened on 16th September 2014. The mall comprises 160,000 sq ft of net lettable area.

In Seberang Perai Tengah, AEON Jusco Mall with a gross floor area of 1.2 million sq ft at Jalan Rozhan Alma opened on 4th June 2014, Most tenants were the existing tenants in AEON Jusco Bandar Perda which has shut down to make way for a new proposed retail development namely Perda City Mall. Located adjacent to the existing Tesco City Mall, AEON Jusco in Alma will be the upcoming property hotspot for residential and commercial developments.

Near to the existing Pacific Megamall in Seberang Jaya, the Belleview Group announced plans for a large-scale integrated development. The group aims to build the largest shopping mall in the northern region, measuring approximately 1.7 million sq ft in NLA, which is about 100,000 sq ft larger than Mid Valley Megamall in the Klang Valley.

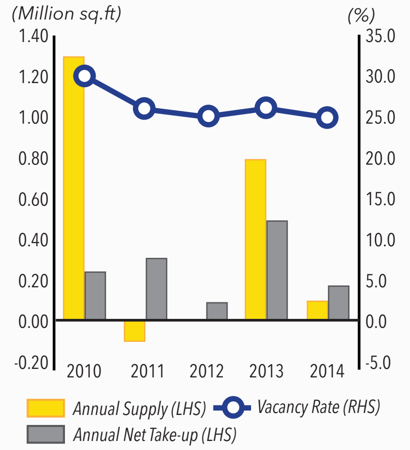
Among the planned features to be incorporated in the shopping mall are the largest cinema complex (with 20 screens), largest departmental store and hypermarket and an ice-skating rink. The development will take place on a six hectares plot of land which will also include SOHO, office and hotel developments.

Penang Island: Retail Mall Performance




Source: WTW Research

Penang Island: Supply & Demand of Retail Space




Source: WTW Research

*AEON Mall Alma in Bukit Mertajam, Seberang Perai*

# JOHOR BAHRU

Total retail space in Johor Bahru stood at 13.7 million sq ft in 2014, and the overall vacancy rate at about 25%. At the city centre, the rental of prime retail space in shopping centres remained steady at average RM27.00 psf per month.

The opening of KOMTAR JBCC shopping mall in 3Q 2014 increased the total existing retail space by another 410,000 sq ft NLA. The 4-storey building is currently about 70% occupied with anchor tenants such as Marks & Spencer and Angry Birds Activity Park.

At the city fringe, Country Garden Danga Bay, an on-going high density development, officially opened part of its retail component for business in 1Q 2014. The retail street consists of more than 20 tenants who are mainly F&B outlets, and the total estimated space is about 80,000 sq ft NLA.

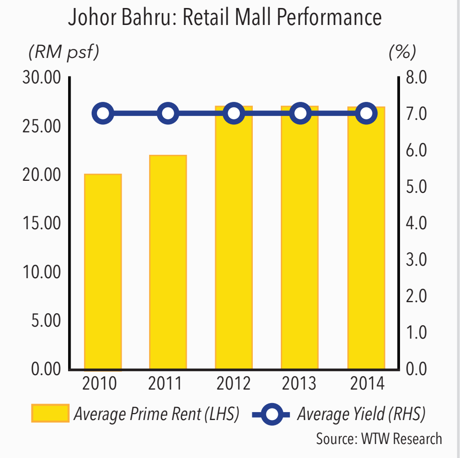
Galleria@Kotaraya, at Jalan Trus, has welcomed a government agency, Urban Transformation Centre of Johor (UTC Johor) in 2Q 2014. Its rebranding 2 years ago had pushed up its occupancy rate to 90% to-date. Occupying 74,000 sq ft of space, UTC Johor is set up to provide urban communities a one-stop centre for core government agencies, public amenities and services.

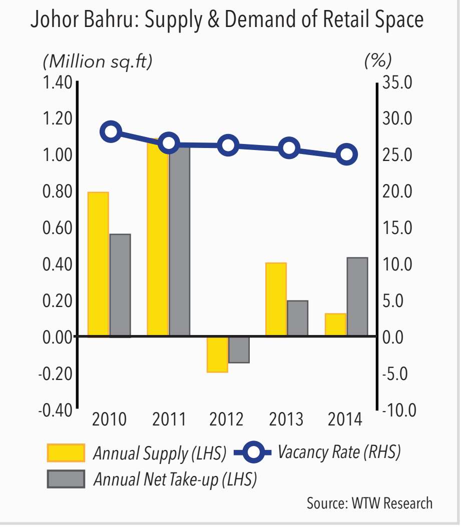
In Tampoi, Capital City Property Sdn Bhd launched a retail development known as Capital 21 Mall. The strata-titled property is priced between RM1,000 and RM1,300 psf for space between 100 sq ft and 1,000 sq ft. This retail development will be housing 21 "capitals", making it a thematic destination mall. The development is slated to be completed in 2018.

**Newly completed and incoming retail malls in Johor Bahru**

| Name | Location | Completion | NLA (sq ft) |
|---|---|---|---|
| AEON Mall | Kulaijaya | 4Q 2013 | 320,000 |
| Komtar JBCC | JB City Centre | 3Q 2014 | 410,000 |
| Capital 21 Mall | Tampoi | 1H 2018 | 1,000,000 |
| Mid Valley JB | City Fringe | 4Q 2016 | 2,000,000 |

Source: WTW Research




*Komtar JBCC in Johor Bahru*


RETAIL

# KOTA KINABALU

Existing supply of retail mall space increased by some 258,000 sq ft with the soft opening of Oceanus Mall @ KK City Waterfront in the CBD in December 2014, expanding the total retail space supply to 4.8 million sq ft.

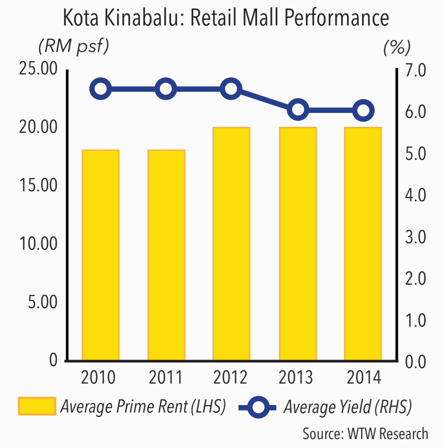
Come 2015, two other major retail malls: Imago @ KK Times Square (800,000 sq ft) and Riverson Walk (114,000 sq ft) are expected to come onstream. Both are located in Sembulan and within walking distance of each other. Imago Mall would be the first non-stratified mall that is fully owned by the developer with its retail space leased out.

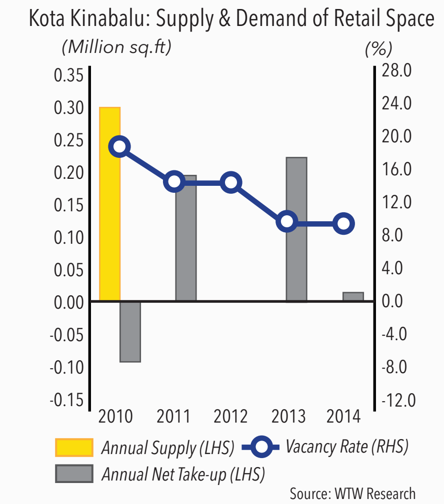
Another retail mall launched in 2014 is Inanam Mall. Located in Inanam Town, the development will comprise a 4-storey retail mall, and a 200-room, 10-storey hotel as well as an adjacent 80-room budget hotel. The mall will have a total saleable area of 72,000 sq ft. with selling prices ranging from RM 1,100 to RM 3,000 psf. The mall is expected to be completed at the end of 2017.

Menara Hap Seng has also planned approximately 90,000 sq ft of retail space. A proposed mixed development known as City Point Complex comprising a hotel and retail mall will be located near Kompleks Star City in the CBD. The 16-storey development is a three-way joint-venture between landowners, involving Sabah United Chinese Chamber of Commerce (SUCCC), United Sabah Chinese Communities Association of Kota Kinabalu (USCCA) and Arah Permai Sdn Bhd.

Transactions in the secondary market for retail mall units have been limited and values and yields of retail space in the CBD remain stable.

Established retail malls in Kota Kinabalu are maintaining good occupancy rates of over 80%.




RETAIL

*Riverson Walk, being part of the larger Riverson mixed development, is expected to be completed in 2015.*

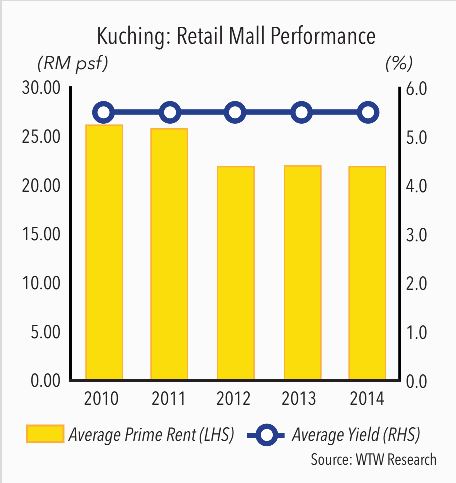
# KUCHING

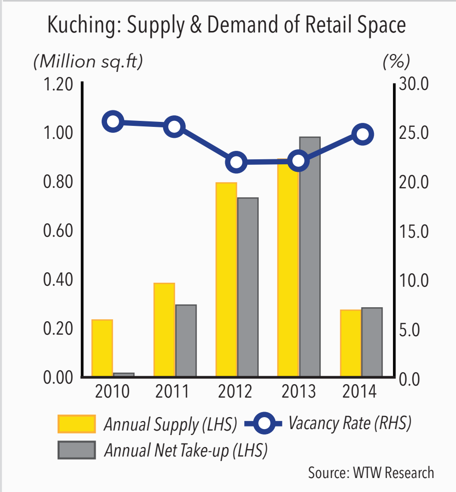
After an active year of retail additions in 2013, there was a lull in 2014 with only Emart Hypermarket (150,000 sq ft) at Jalan Batu Kawa completed and opened in July 2014.

However, there are a number of malls currently under construction and due to be completed by 2015/2016.

When completed, these will add about 1.74 million sq ft of retail space to the current Kuching market. There is fear of saturation in the retail sector as occupancy rates for shopping malls have decreased somewhat compared to the previous year and expected to decrease further.

Due to the increased supply of retail space in the market, rental rates have had to stay competitive with rates of not more than RM20 psf in order to secure new tenants and maintain old ones. Retail prices have also not gone up much as seen from recent launched retail units at not more than RM2,000 psf which is on par or even less than rates commanded a few years ago.




**Newly completed retail malls in 2014**

| Name | Location | NLA (sq ft) | Expected Completion |
|---|---|---|---|
| Viva City Mega Mall | Jalan Wan Alwi | 1,300,000 | 3Q 2015 |
| Matang Mall | Jalan Matang | 150,000 | 2015 |
| Moyan Square Shopping Mall | Jalan Batu Kawa - Matang | 150,000 | 2015 |
| The Emporium * | Jalan Tun Jugah | 132,460 | 2015/2016 |

*The Emporium had its building plans revised, number of retail units was scaled down and sold on strata basis.

Source: WTW Research

*VivaCity Megamall along Jln Wan Alwi, due for completion by 2015.*

RETAIL

# SUB MARKET

## WEST MALAYSIA

### Northern Region

| | Alor Setar | |
|---|---|---|
| | 2013 | 2014 |
| Avrg Rent (RM psf) | 13 | 15 |
| Avrg Yield (%) | 7.0 | 7.0 |

Source: WTW Research

In **Kedah**, two new shopping malls are currently under construction. Aman Central Mall (by Belleview) in Alor Setar, and KIP Mart in Sungai Petani will be opened in 2015. Anchored by Parkson and Golden Screen Cinema (GSC), Aman Central, an eight storey shopping mall with NLA of approximately 800,000 sq ft will be the largest mall in Kedah when completed. Average rent for existing malls in Alor Setar was RM15 psf while the yield has been sustaining at 7%.

### East Coast Region

| | Kuantan | | Kota Bharu | | Kuala Terengganu | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Rent (RM psf) | 9-12 | 9-12 | 8.50 | 8.50 | 6.5 | 6.5 |
| Avrg Yield (%) | 6.5 | 6.5 | 7.0 | 7.0 | 6.0 | 6.0 |

Source: WTW Research

Rental for retail malls in **Kuantan** remained the same as in previous year, recording an average rate of between RM9 to RM12 psf. The expansion and upgrading works were completed by CapitaMalls Malaysia Trust (CMMT) for East Coast Mall in December 2014, which enjoyed near full occupancy in 2014 (i.e. 99%). The mall attracted new tenants such as Topshop and Habib Jewels.

KB Mall in **Kelantan** had undergone extension works to extend its floor space in 2014. The state is expected to welcome the first wholesale concept retail mall in near future, tentatively named as Platinum Wholesale City. Bearing a similar concept as Kenanga Wholesale City in the Klang Valley, the retail mall offers 442 units of retail lots ranging from 400 to 4,400 sq ft.

There was no any significant event that occured in the retail sector in **Kuala Terengganu**. Rental for retail space stayed the same at RM6.50 psf while yields stood at 6.0%.

*Refurbished East Coast Mall, Kuantan*


RETAIL

# SUB MARKET

## WEST MALAYSIA

### Southern Region

| | Seremban | | Malacca | | Batu Pahat | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM psf) | - | 1 - 10 | 10 | 10 | 3-12 | 3-12 |
| Avrg Yield (%) | - | 7.0 | 7.0 | 7.0 | 5.0 | 5.0 |

Source: WTW Research

In **Negeri Sembilan**, the market was moderately active with a retail mall starting operations namely Palm Mall in Seremban. Average yields remained stable at 6.5% to 8% and rentals were up to RM10psf.

**Malacca** was also active with the retail component of The Shore near Melaka River completed and opened in November 2014. Dubbed as The Shore Shopping Mall, the project has retail space of 300,000 sq ft and over 250 tenants. Also, Dataran Pahlawan has undergone expansion works which added more retail space to the market. Vedro, a riverside development nestled along Kee Ann Road, offering 519 retail lots is scheduled for operation in 2016. Apart from that, Imperio @ Hatten City which is a five storey shopping mall within the integrated development is also targeted to be completed by 2016. The average retail rent psf and yields recorded in 2014 were generally unchanged i.e. RM10 psf and 5% respectively. The market is expected to remain vibrant in the next few years.

In **Batu Pahat**, a number of tenants in The Summit had relocated resulting in lower average occupancy rates. As a result, the occupancy rates in the existing Square One Shopping Mall and Batu Pahat Mall has improved.

## EAST MALAYSIA

### Sabah

| | Sandakan | | Tawau | | Lahad Datu | | Keningau | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM psf) | 2 - 12 | 2 -1 2 | 4 - 7 | 4 - 7 | 6.0 | 5.5 | 3.6 - 4.0 | 3.6 - 4.0 |
| Avrg Yield (%) | - | - | 5.5 | 5.5 | 4.5 | 4.0 | - | - |

Source: WTW Research

In **Sandakan**, one suburban mall with NLA of 160,000 sq ft was launched and is currently under construction.

In **Tawau**, retail developments continued to be concentrated at out-of-town suburban locations, especially the residential and commercial areas of Jalan Datuk Chong Thien Vun and Jalan Kabota. Development of the new bypass road at Jalan Datuk Chong Thian Vun is expected open up more lands for development in the foreseeable future.

In **Keningau**, The Mall continued to enjoy full occupancy with rental rates maintained at RM3.60 psf to RM4.00 psf.

### Sarawak

| | Bintulu | | Miri | |
|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 |
| Avrg Price (RM psf) | 6 - 14 | 6 - 15 | 6 - 11 | 6 - 12 |
| Avrg Yield (%) | 4.5 | 4.5 | 4.5 | 4.5 |

Source: WTW Research

**Miri** witnessed the opening of a new mall, i.e. Permaisuri Imperial City Mall in early 2014. The seven storey premium shopping mall is strategically located in Miri Central Business District. With net lettable area of 300,000 sq ft, the retail mall offers 112 retail lots with rentals ranging from RM6 to RM 12 psf, while the yield is 4.5%.

As for **Bintulu**, the market is expected to become competitive with some retail mall developments in the pipeline. The retail projects are Times Square Mall, Commerce Square and Bintulu Paragon. Rental rates and the yields for retail malls in Bintulu have remained at RM6 to RM15 psf and 4.5% respectively.

# HOTEL

In conjunction with the launch of 'Visit Malaysia Year 2014', tourist arrivals as of Oct 2014 were 22,859,448, an increase of 9.7% compared to the same period last year. Singaporeans constituted 50% of the recorded tourist arrivals. The tourism sector has weakened since 2Q 2014: the Tourism Market Index (TMI) by MIER registered 107.6 points by 4Q 2014, dropping 32.7 points compared to 2013. MIER also reported that sales of tour packages as well as hotel occupancies cooled down compared to 1Q 2014.

Weakening of the Malaysian Ringgit may encourage more tourists inflow as visiting and spending in Malaysia has become relatively cheaper and affordable, especially for foreigners from Singapore, United States and Europe.

| | Transaction Activity | | Price Trend | | Take-up/Occupancy Rate | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | |
| Klang Valley | - | - | ↑ | ↑ | → | → |
| Penang | | | | | | |
| Penang Island | ↑ | ↑ | ↑ | → | → | → |
| Seberang Perai | → | → | → | → | → | → |
| Johor Bahru | → | → | ↑ | ↑ | → | → |
| Kota Kinabalu | → | → | → | → | → | → |
| Kuching | → | → | → | → | ↑ | → |
| SUB MARKET | | | | | | |
| WEST MALAYSIA | | | | | | |
| Northern Region | | | | | | |
| Alor Setar | → | → | → | → | → | → |
| Ipoh | → | → | → | → | → | → |
| East Coast Region | | | | | | |
| Kuantan | → | → | → | → | → | → |
| Kota Bharu | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → |
| Southern Region | | | | | | |
| Seremban | → | → | → | → | → | → |
| Malacca | → | → | → | → | ↓ | ↓ |
| Batu Pahat | → | → | → | → | → | → |
| East Malaysia | | | | | | |
| Sabah | | | | | | |
| Sandakan | - | - | → | → | ↓ | → |
| Tawau | → | → | → | → | ↓ | ↓ |
| Lahad Datu | - | - | - | - | - | - |
| Keningau | → | → | → | → | → | → |
| Sarawak | | | | | | |
| Bintulu | → | → | → | → | → | → |
| Sibu | - | - | - | - | - | - |
| Miri | ↓ | ↓ | → | ↑ | → | ↓ |
| Labuan | ↑ | → | ↑ | → | ↑ | ↑ |

# KLANG VALLEY

Hotel supply in the Klang Valley was 167 hotels (48,047 rooms) in 2014, up 6.2% compared to 2013. 4Q 2014 witnessed completion of the Prescott Hotel (3-star), Pacific Express Hotel (4-star), Tune Hotel Cyberjaya (3-star), Citadines D'Pulze Cyberjaya (4-star) and Best Western Centrestage (3-star) were completed.

Up to 2018, there are 15 new hotel developments including twelve 5-star hotels. The developments include St Regis, Harrods, Four Season Place and Fairmont Hotel. Fairmont Kuala Lumpur, located in Kuala Lumpur City Centre is expected to open in 2017 with 750 rooms.

Reflecting the strong demand of 5-star hotels, the average occupancy rate (AOR) for 5 star hotels has increased gradually since 2012. AOR for 5-star hotels in 2014 was 4% higher than both 4-star and 3-star rated hotels.

The serviced apartments had observed a positive trend since 2010, Serviced apartments are in favoured by the travellers which have short-term stays (i.e. between one week and one month) due to its comparatively lower rates than hotels. The average occupancy rates for serviced apartments experienced a slight increase of 2% from 2013, registered 76% in the year 2014.

The Klang Valley also welcomed several hotel-operated serviced apartments in 2014. Invito Hotel Suites (part of One@Bukit Ceylon) by UOA Group opened its doors in 3Q 2014 offering 126 units with daily room rates starting at RM300 per night. Bukit Ceylon also witnessed the opening of Lanson Place Bukit Ceylon by Lanson Group. Located along Jalan Ceylon, this project offered 150 units with a daily room rate starting at RM420 per night.

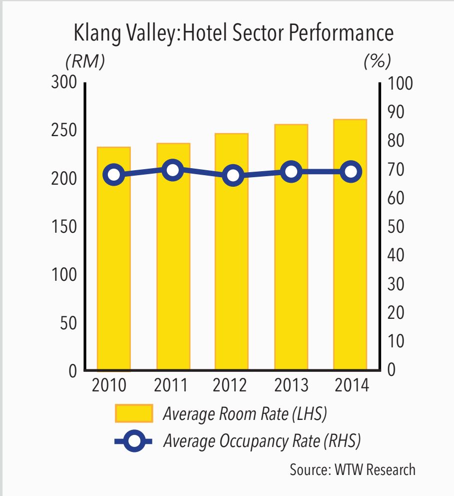
Moving into 2015, the weakening of Malaysian currency made the country appealing as a low-cost travel destination, which will spur the demand of hotel rooms resulting in rooms for growth in ARR. The hike of ARR will taper off the rise of hotel's operational costs, caused by the implementation of GST. Upscale hotels remained in favour for business travellers where budget/boutique hotels remained appealing for budget travellers. The average occupancy rate is likely to take a slight dip in 2015 with influx of supplies of hotels and serviced apartments.

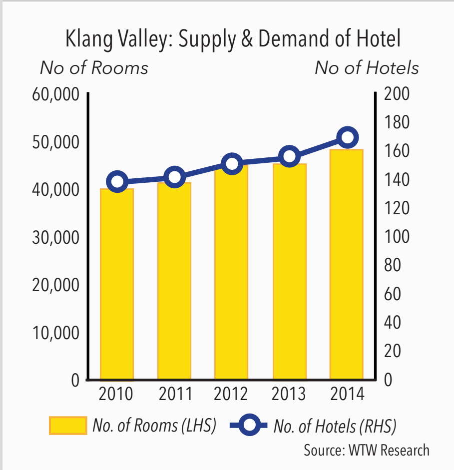
**Newly Completed Hotels/ Serviced Apartments in 2014**

| Name | Star Rating | No. of Room |
|---|---|---|
| Capri by Fraser | SA | 240 |
| Prescott Hotel | 3 | 126 |
| Citadines D'Pulze Cyberjaya* | 4 | 203 |
| Best Western Centrestage | 3 | 344 |
| Tune Hotel D'Pulze Cyberjaya | 3 | 162 |
| Ascott Sentral Kuala Lumpur | SA | 157 |
| Four Points by Sheraton Puchong | 4 | 249 |
| Invito Hotel Suites @ Bukit Ceylon | SA | 129 |
| Seri Bukit Ceylon Serviced Apartment | SA | 96 |
| Pacific Express Hotel | 4 | 207 |
| Fraser Residence Kuala Lumpur* | SA | 450 |
| Lanson Place Bukit Ceylon Serviced Apartment | SA | 150 |
| Silka Cheras | 3 | 319 |

*Hotels/Serviced Apartment scheduled to open in January 2015.

Source: WTW Research




*Artist's Impression of Four Seasons Place Kuala Lumpur*

# KLANG VALLEY

**Incoming Hotel Developments in Klang Valley**

| Name | Nos. of Room | Expected year of completion |
|---|---|---|
| Ibis Hotel | 304 | 2016 |
| The Ruma Hotel and Residences | 253 | 2016 |
| Banyan Tree Signatures Pavilion Kuala Lumpur | 143 | 2016 |
| W Hotel and Serviced Apartment - Hotel | 150 | 2016 |
| Raffles Hotel | 750 | 2017 |
| Four Seasons Place Kuala Lumpur | 250 | 2017 |
| Harrods Hotel | 321 | 2018 |
| Best Western@i-city | 216 | 2015 |
| Hilton Garden Inn | 255 | 2016 |
| Alila Bangsar @ The Establishment | 124 | 2017 |
| Sheraton Petaling Jaya | 253 | 2017 |
| Autograph Collection @ Empire City | 280 | 2016 |
| St Regis Hotel and Residences - Hotel | 200 | 2015 |
| Marriott @ Empire City 1 | 286 | 2016 |
| Clermont Hotel @ Damansara City | 313 | 2016 |

Source: WTW Research

*Artist's Impression of W Hotel and Serviced Apartment*

*Artist's Impression of Banyan Tree Signatures Pavilion Kuala Lumpur*


HOTEL

# PENANG

## Penang Island

The hotel sector on Penang Island was more vibrant compared to Seberang Perai.

Continued growth in visitor arrivals to the island was primarily fuelled by the domestic tourism sector. In general, the majority of hotels in Penang Island achieved a monthly average occupancy rate of 55%. Hotels in Georgetown generally achieved higher occupancy rates with its heritage attractions as well as its fame as a food paradise.

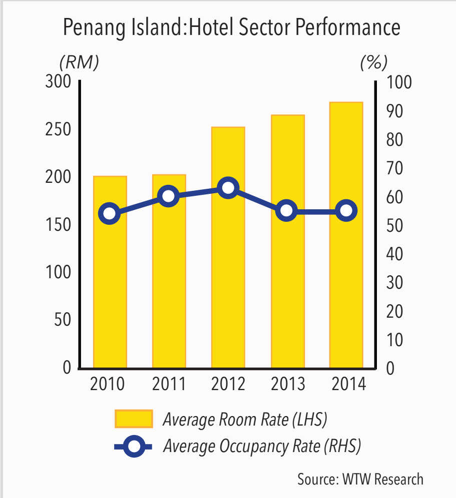
Royal Bintang Penang Hotel has recently started operations in 2014, offering approximately 180 rooms. The 4-star hotel is located along Pengkalan Weld within the core zone of the UNESCO Heritage site of Georgetown, near to the Swettenham Pier Cruse Terminal and the ferry terminal. Part of the hotel is a restored heritage building built in 1892.

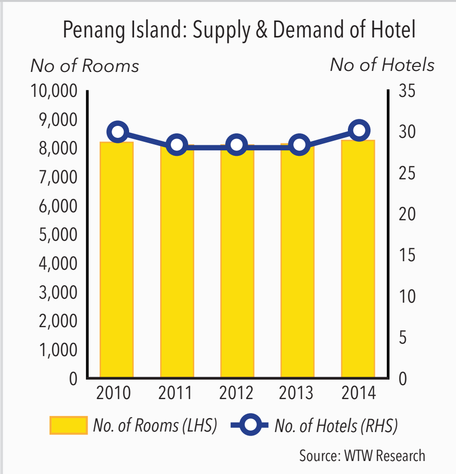
Shangri-La International Hotel Management Ltd has rebranded its 4-star Traders Hotel Penang into Hotel Jen Penang. The new brand genre is to cater to a new generation of independently minded business and leisure travellers with quality service, comfort and safety given top priority. The hotel embraces "staying with a friend" concept where guests are provided with additional personal services such as home-cooking restaurant menu which invites guests to request their own version of dishes, hotel staff giving recommendations on the best local hawker food, convenient mobile charging stations and WIFI throughout the hotel, and the breakfast option of "coffee and snack-box-to-go" option.

In July 2014, Plenitude International Sdn Bhd entered into a Sale and Purchase Agreement with Lembaga Kumpulan Simpanan Wang Pekerja (KWSP) to acquire The Gurney Resort Hotel and Residences. The property involves 259 hotel suites, retail units, 551 car park bays, furniture, fixtures, fittings and equipment, IT system, supplies and food and beverages. The transacted price was RM160,100,000, analysed at RM618,147 per room.

Another transaction announced recently in December 2014 was the sale and leaseback of Sunway Georgetown Hotel by Sunway Biz Hotel to Sunway Real Estate Investment Trust. The 4-star hotel comprises 250 rooms with 102 car park bays and an adjoining parcel of land being utilised as a car park area. The transacted price is RM74 million, analysed at RM296,000 per room.

Sunway Georgetown Hotel is to be leased back to the vendor for a period of 10 years with an option to renew for a further term of 10 years. The payable rent is the higher of (a) Guaranteed Rent and (b) Variable Rent. The Guaranteed Rent for the first 2 years are RM4,387,720 per annum while for each Year 3 to Year 10 are RM3,290,790 per annum respectively.





*The Gurney Resort Hotel & Residences*

# PENANG

**Incoming Hotel Developments in Penang Island**

| Hotel Name | Location | Star Rating | No. of Rooms | Completion Date |
|---|---|---|---|---|
| Georgetown | | | | |
| Mansion One | Jalan Sultan Ahmad Shah | 3 | 110 | 2015 |
| Rice Miller Hotel | Pengkalan Weld | 5 | 50 | 2015 |
| St Giles | Jalan Magazine | 4 | 500 | 2015 |
| Cititel Express | Jalan Magazine | 3 | 270 | 2015 |
| G Hotel Kelawai | Gurney Drive | 5 | 200 | 2015 |
| By Magnil Corporation | Jalan Penang | - | 83 | 2016 |
| By Bintang Holdings | Jalan Sultan Ahmad Shah | 5 | - | 2016 |
| Courtyard by Marriot, Penang | Jalan Macalister | 4 | 199 | 2018 |
| Tanjung Tokong / Tanjung Bungah | | | | |
| Jazz Hotel | Seri Tanjung Pinang | 5 | 226 | 2015 |
| By WHH Land | Tanjung Bungah | - | 225 | 2016 |
| Teluk Bahang | | | | |
| Angsana Teluk Bahang | Teluk Bahang | 5 | 102 | 2017 |

Source: WTW Research

## Seberang Perai

The hotel sector in Seberang Perai have been stagnant since 2011. There are only three notable hotels of which Sunway Hotel in Seberang Jaya is the most noteworthy.

Moving forward, The Light Hotel, located in Seberang Jaya open for operation in 1Q 2015. The opening of this hotel is expected to create more competitiveness in Seberang Jaya. Occupancy rates for hotels in Seberang Perai has been stable as they mainly target business travelers.

***The Light Hotel Seberang Jaya***

HOTEL

# JOHOR BAHRU

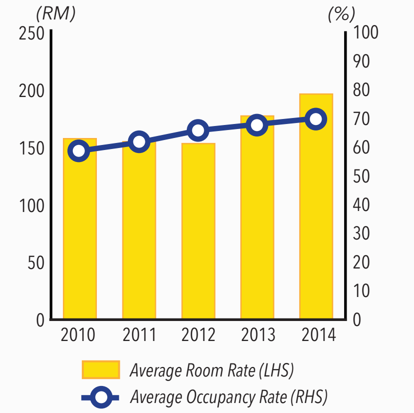
In Johor Bahru, 7 new hotels have been completed since 2012, contributing 2,549 rooms to the existing stock of 6,933 rooms. The new supply comes from two 5-star hotels, four 4-star hotels and a 3-star hotel.

In 3Q 2014 in the city centre, DoubleTree by Hilton, a 4-star hotel opened its doors for business at Jalan Ngee Heng. The owner, Daiman Development Bhd, acquired the structurally completed building in 2012 and carried out the renovation work for 336 rooms and suites. This is the 2nd hotel opened in Malaysia under the management of DoubleTree by Hilton after Kuala Lumpur.

In Johor Bahru, Holiday Villa at Jalan Dato Suleiman will add 322 rooms by 2016, Capri by Fraser Hotel near JB Sentral will provide 360 suites by 2017 while Amari Hotel at Jalan Wong Ah Fook will come on stream with 200 rooms. In Nusajaya, Somerset at Puteri Harbour is expected to open its 204 serviced suites by 2Q 2015 while its operation at Afiniti Medini will welcome guests to its 310 suites by 2016

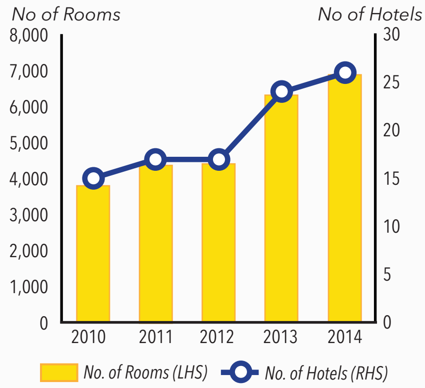
In general, the average room rate (ARR) of 5-star hotels in 2014 was RM260 and RM200 and RM130 for 4 and 3-star hotels respectively. In terms of average occupancy rate (AOR), 5-star hotels achieved a higher AOR of 75% in comparison to 70% and 65% by 4 and 3-star hotels, respectively.

Johor Bahru:Hotel Sector Performance




Source: WTW Research

Johor Bahru: Supply & Demand of Hotel




Source: WTW Research


*Holiday Villa (at JB city fringe) is currently under construction*

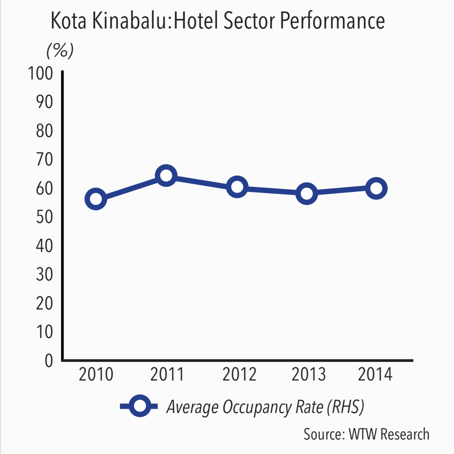
*Somerset Serviced Suites (at Puteri Harbour) to be fully opened soon in 2Q 2015*

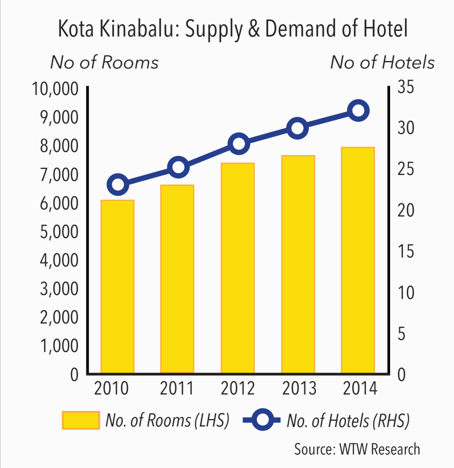
# KOTA KINABALU

The impact of several negative incidents affecting the travel and tourism sectors saw a drop in visitor arrival rates compared to 2013. Visitor arrivals to Sabah totalled 3.23 million in 2014 based on preliminary statistics from Sabah Tourism Board, which is a decline of 4.5% from 3.383 million in 2013.

During the second half of 2014, two new hotels were completed, namely the 4-star Grandis Hotel at Suria Sabah in the CBD with 198 rooms and Sky Hotel in Karamunsing with 70 rooms.

Another proposed hotel is the New World Kota Kinabalu Hotel, which will be located within the planned SKYCITY mixed commercial development in Karamunsing. The proposed 5-star hotel is slated to be the first hotel in East Malaysia to come under the New World branding by the Rosewood Hotel Group. The proposed hotel will feature 400 rooms and suites and is set to be completed in 2018.




**Incoming Hotel Developments in Kota Kinabalu**

| Name | Location | Star Rating | Nos. of Room |
|---|---|---|---|
| Mariott (KK City Waterfront) | CBD | 5 | 365 |
| Mercure Kota Kinabalu City | CBD | 4 | 315 |
| Hilton Kota Kinabalu (Asia City) | CBD | 5 | 313 |
| Regency Hotel (One Place Mall) | Putatan town | 4 | 320 |
| Ibis Styles Hotel | Inanam town | 3 | 185 |
| Avangio Hotel | Kolombong | 4 | 103 |
| New World Kota Kinabalu | Karamunsing | 5 | 400 |

Source: WTW Research

***Grandis Hotel at Suria Sabah in Central Business District of Kota Kinabalu was completed in 2014.***


*Photo credits: Expedia.com*

HOTEL

# KUCHING

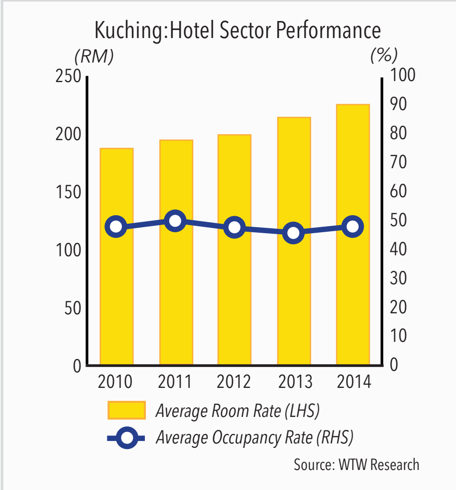
The hotel sector looks positive this year with the completion of the Imperial Hotel Kuching in 2Q 2014 offering 325 rooms and the emergence of a number of new budget hotels, all located within the CBD area. Most are either converted from existing shophouses or office buildings. The room rates have also increased slightly and with continued promotion of Kuching as the Capital and must-visit city in Sarawak, the hotel sector is expected to remain positive in the coming year.

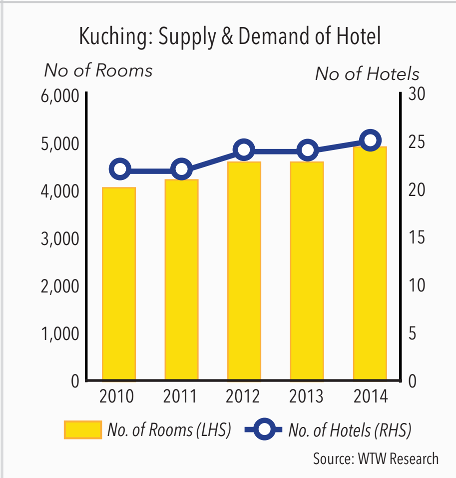
The 4-star Imperial Hotel Kuching, annexed to the existing Boulevard Shopping Centre is located in the thriving suburbs of Jalan Datuk Tawi Sli, developed by the Boulevard Group. A few other hotels were also opened, namely, Padungan Hotel (36 rooms), Kemena View Hotel (39 rooms), Nova Hotel and Lot 10 Boutique Hotel (58 rooms), in the city center area. Except for Kemena View Hotel which is a 5-storey purpose built hotel, the rest are mainly budget/boutique hotels converted from existing shophouses and office buildings.

360 Waterfront Hotel, an 8-storey business/boutique hotel, built on top of Plaza Merdeka, is making good progress and scheduled to be completed by 2015, with 290 rooms. The Majestic Tower Hotel which was revived from an abandoned hotel project adjoining the existing Riverside Majestic Hotel is also making good progress and looks set to be completed by end of 2015.

Another significant development is the Tabung Haji Hotel sited along Jalan Airport, which will offer 182 rooms, housed in a 9-storey building with halal certification. Construction is currently underway and slated to be completed by 2016. It will also include a convention centre and office podium.

Hotel room rates continued to increase slightly for 2014, between 5% to 10% whilst recording a higher occupancy rate with rooms fully booked during the Rainforest World Music Festival held every mid-year, the most celebrated event in the Sarawak tourist calendar which draws close to 20,000 participants annually. Playing host to Visit Sarawak Year 2014, Kuching witnessed increased occupancy rates for its hotels.





*Lot 10 Boutique Hotel at Jln Ban Hock-Central Timur*

*Riverside Majestic Hotel slated for completion by 2015.*

# SUB MARKET

## WEST MALAYSIA

### Northern Region

In **Kedah**, the average room rate for 3 and 4 star hotels did not show much variation from 2013. The average room rate (ARR) for 3-star hotels remained at RM160 per room per night while 4-star hotels was RM 210 per room per night. Major events held in Langkawi in 2014 managed to keep the average occupancy rate stable for 2014; 50% for 3-star hotels and 55% for 4-star hotels.

To promote tourism in **Perak**, the Lithuanian street artist who completed wall murals in Penang was invited to complete murals around Ipoh Old Town. This effort has contributed to more tourists visiting Ipoh.

| | Alor Setar | | Ipoh | |
|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 |
| 3-star hotel | | | | |
| ARR (RM) | 160 | 160 | NA | 115+ |
| AOR (%) | 50 | 50 | NA | NA |
| 4-star hotel | | | | |
| ARR (RM) | 210 | 210 | NA | 160+ |
| AOR (%) | 55 | 55 | NA | NA |

*Note:*
*NA - Information not available*

Source: WTW Research

### East Coast & Southern Region

Being a nature enclave, **Pahang** has managed to attract tourists with several tourist hotspots such as Bukit Gambang Water Park, Bukit Gambang Resort City Safari Park, Kuala Gandah Elephant Sanctuary, Taman Negara National Park and Cameron Highlands. Apart from that, the development of the 20th Century Fox theme park in Genting Highlands, scheduled to open in 2016 will be an added attraction. In general, average occupancy rates for 3 to 5-star hotels in Pahang have been stable since 2012, ranging from 50% to 60%. Average room rates for 3, 4 and 5-star hotels were RM160, RM240 and RM300 per room per night respectively.

In **Kelantan** despite weaker performance in the tourism industry, the hotel industry still maintained steady demand in 2014. This was reflected on the marginal increase of average room rates across the board. Both 3 and 4-star rated hotels recorded better occupancies than 5-star hotels.

**Malacca** with its rich historical heritage registered a total of 13 million and 14 million tourist arrivals in 2012 and 2013. The average room rates for 3-star to 5-star hotels experienced a marginal increase since 2012. As of 2014, the average room rate was RM150 per room for 3-star hotels, while 4-star and 5-star hotels were at RM240 and RM310.

| | Kuantan | | Kota Bharu | | Malacca | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 3-star hotel | | | | | | |
| ARR (RM) | NA | 160 + | 160 | 170 | 140 | 150 |
| AOR (%) | 50-60 | 50-60 | 60-65 | 60-65 | 60 | 55 |
| 4-star hotel | | | | | | |
| ARR (RM) | NA | 240 + | 185 | 190 | 230 | 240 |
| AOR (%) | 50-60 | 50-60 | 60-65 | 60-65 | NA | NA |
| 5-star hotel | | | | | | |
| ARR (RM) | NA | 300 + | 230 | 240 | 300 | 310 |
| AOR (%) | 50-60 | 50-60 | 50-60 | 50-60 | NA | NA |

*Note:*
*NA - Information not available*

Source: WTW Research

# SUB MARKET

## EAST MALAYSIA

### Sabah

**Lahad Datu** has been very much affected by the spate of kidnapping incidents and the average occupancy rate dropped from 60% to 50% in 2014.

In **Tawau**, hotel occupancy rates especially at Semporna Resorts were softening due to the security issues. The down trend is expected to persist for the first half of 2015 but is expected to improve as the Government has implemented various measures to beef up the cross border security on the east coast of Sabah.

| | Sandakan | | Tawau | | Lahad Datu | | Keningau | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 3-star hotel | | | | | | | | |
| ARR (RM) | NA | 150 | 130 | 130 | 120 | 120 | 128 | 133 |
| AOR (%) | NA | 60 | 43 | 38 | 60 | 50 | NA | NA |
| 4-star hotel | | | | | | | | |
| ARR (RM) | NA | 230 | 200 | 200 | Nil | Nil | Nil | Nil |
| AOR (%) | NA | 50 | 38 | 35 | Nil | Nil | Nil | Nil |

*Note:*
*Nil - There are no hotel developments of the star-rating in the locality/town*
*NA - Information not available*

Source: WTW Research

### Sarawak

In **Miri**, the hospitality sector showed a steady increase of tourist arrivals for the past several years. The highest tourist arrivals have been from neighbouring Brunei, which is just an hour's drive to Miri. The total number of tourists from Brunei is more than 1 million and comprises about 65% of total foreign visitors to Sarawak. As one of the localities with the highest tourist receipts, Miri has developed various tourist hotspots.

The hospitality and leisure sector such as hotels and budget inns continued to have encouraging business in **Bintulu**. Furthermore, the Bintulu Authority organizes the Borneo International Kite Festival every year, which will impact positively on the tourism and leisure sector in Bintulu.

| | Bintulu | | Miri | | Sibu | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| 3-star hotel | | | | | | |
| ARR (RM) | NA | 260 | 293 | 307 | 125 | 130 |
| AOR (%) | NA | NA | 70 | 72 | 60 | 60 |
| 4-star hotel | | | | | | |
| ARR (RM) | NA | 510 | 420 | 435 | 150 | 150 |
| AOR (%) | NA | NA | 70 | 70 | 60 | 60 |
| 5-star hotel | | | | | | |
| ARR (RM) | Nil | Nil | 500 | 515 | Nil | Nil |
| AOR (%) | Nil | Nil | 66 | 66 | Nil | Nil |

*Note:*
*Nil - There are no hotel developments of the star-rating in the locality/town*
*NA - Information not available*

Source: WTW Research

HOTEL

# INDUSTRIAL

A total of 619 projects were approved by MIDA as of September 2014. Statistics from MIDA revealed that total projected capital investment is around RM63.5 billion with 55% foreign investments while domestic invstments was 45%. Projects invested in Malaysia are mainly in electronic & electrical products as well as machinery & equipment followed by chemical & chemical products.

The industrial sector in the Klang Valley, Penang and Sarawak are expected to stay vibrant in 2015 where transacted prices/rentals will be on an upward trend. Lahad Datu with oil-palm based industries is expected to remain slow in 2015 due to the lower crude palm oil prices in 2014.

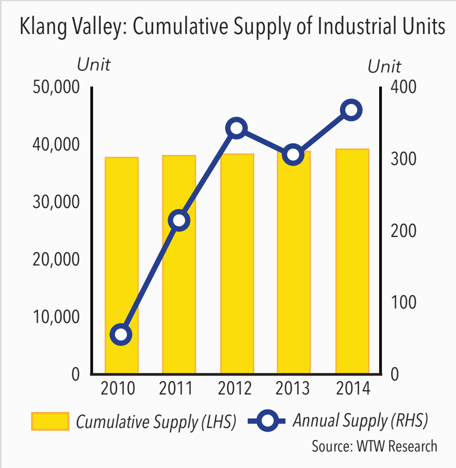
| | Transaction Activity | | Price Trend | | Take-up/Occupancy Rate | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| MAIN MARKET | | | | | | |
| Klang Valley | → | → | ↑ | ↑ | → | → |
| Penang | | | | | | |
| Penang Island | ↑ | ↑ | ↑ | ↑ | → | → |
| Seberang Perai | ↑ | ↑ | ↑ | ↑ | → | → |
| Johor Bahru | ↑ | → | ↑ | → | → | → |
| Kota Kinabalu | → | → | ↑ | → | → | → |
| Kuching | ↑ | → | ↑ | ↑ | → | → |
| SUB MARKET | | | | | | |
| WEST MALAYSIA | | | | | | |
| Northern Region | | | | | | |
| Alor Setar | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Ipoh | → | → | → | → | → | → |
| East Coast Region | | | | | | |
| Kuantan | → | → | ↑ | → | → | → |
| Kota Bharu | → | → | → | → | → | → |
| Kuala Terengganu | → | → | → | → | → | → |
| Southern Region | | | | | | |
| Seremban | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Malacca | → | → | → | → | ↓ | ↓ |
| Batu Pahat | → | → | → | → | → | → |
| East Malaysia | | | | | | |
| Sabah | | | | | | |
| Sandakan | → | → | ↑ | → | → | → |
| Tawau | → | → | → | → | → | → |
| Lahad Datu | ↓ | ↓ | → | → | ↓ | → |
| Keningau | → | → | ↑ | → | → | → |
| Sarawak | | | | | | |
| Bintulu | ↓ | ↑ | → | ↑ | → | ↓ |
| Sibu | → | → | ↑ | ↑ | → | → |
| Miri | ↓ | ↓ | → | ↑ | → | ↓ |
| Labuan | → | → | ↑ | ↑ | → | → |

# KLANG VALLEY

Terraced factories remained as the largest segment of total supply of industrial units (76%) in 2014. The Klang Valley recorded 39,179 units of industrial factories in 2014, 0.9% growth from year 2013.

Three new industrial developments were launched which included Gravitas Biz Park at Section 22, Glen Industrial Park at Telok Gong and Gateway 16 at Bandar Bukit Raja.

The Industrial sector saw a gradually increase of occupancy where more vacant units were taken up in 2014. Rental rates in general remained flat as in 2013 where most of the industrial units were rented between RM1.00 psf and RM2.75 psf.




**Monthly Rental Rate for Industrial Building in Selected Areas in 2014**

| Name | Location | Average Rent in 2014 (RM psf) |
|---|---|---|
| Taman Perindustrian KIP | Kuala Lumpur | 1.40 - 1.70 |
| Section 51 & 51A | Petaling Jaya | 1.50 - 2.00 |
| Temasya, Glenmarie, Bukit Jelutong, Sect 15, 23, 26 & 28 | Shah Alam | 1.30 - 2.75 |
| Pandamaran Industrial Estate | Klang | 0.90 - 1.20 |

Source: WTW Research

**Selected New Launches in Klang Valley**

| Name | Location | Type | Unit Sizes (sq ft) | No. of units | Min Selling Price (RM per unit) |
|---|---|---|---|---|---|
| Gravitas Biz Park | Section 22 | Semi-D | 8,712 - 9,180 | 16 | 4,400,000 |
| Glen Industrial Park | Telok Gong | Semi-D | 5,000 | 26 | 2,300,000 |
| Gateway 16 @ Bandar Bukit Raja | Bukit Raja, Klang | Semi-D | 3,620 | 116 | 1,800,000 |
| | | Detached | 8,388 | | 4,000,000 |

Source: WTW Research

**Selected Industrial Property Transactions in Klang Valley in 2014**

| Description / Type | Vendor | Purchaser | Land Area (sq ft) | Transacted Price (RM) |
|---|---|---|---|---|
| Shah Alam | | | | |
| *Axis MRO Hub | Exceptional Landmark Sdn Bhd | RHB Trustees Berhad (on behalf of Axis-REIT) | 161,280 | 52,500,000 |
| *Axis DC2 | Able Heights (M) SB | RHB Trustees Berhad (on behalf of Axis-REIT) | 171,650 | 45,000,000 |
| Klang | | | | |
| Industrial Land | Tadmax Power S/B (formerly known as Wijaya) | Ivory Merge Sdn Bhd (subsidiary of 1MDB Berhad) | 16,596,360 | 317,334,600 |
| Industrial Land | Logiston Sdn Bhd | Boilermech Holding Berhad & Rubytech (joint purchasers) | 1,437,519 | 27,312,880 |
| Nine parcels of land. Five-storey cruise centre | Glenn Defense Marine (Asia) SB (GDMA), Port Klang Cruise Centre (PKCC), Glenn Management SB (GMSB), Glamorous Trendy SB (GTSB) | Boustead Holdings Berhad (BHB) | 3,043,973 | 310,000,000 |
| *Axis DC3 | Great Avenue (M) Sdn Bhd | RHB Trustees Berhad (on behalf of Axis-REIT) | 685,082 | 183,000,000 |
| Industrial Land & Building | Amanah Raya-Reit Manager SB (ARRM), the management company of ARREIT | Noble Perspective SB | 67,528 *(Built-up Area)* | 34,000,000 |
| Ulu Langat | | | | |
| Industrial Land | Goodnite Sdn Bhd | AQRS The Building Company SB | 655,012 | 21,305,363 |

* Size denoted is refer to Net Lettable Area

Source: WTW Research

INDUSTRIAL

# PENANG

Existing industrial units supply has increased marginally over the past five years. Apart from the old industrial parks in Bayan Lepas, most of these units are located in Seberang Perai Central. Landed factories made up most of the existing supply, forming approximately 96% of which terraced factories are the most common type of units offered in Penang State. Flatted factories remain unpopular in the state as most of the units are converted into other usage (i.e. offices).

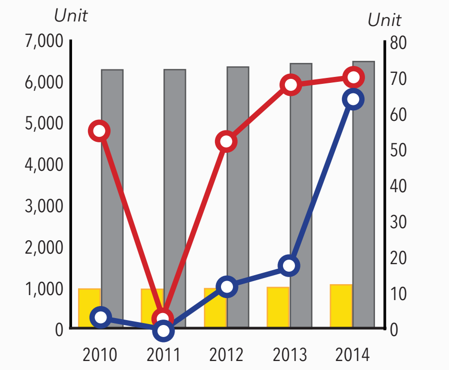
In 2014, the industrial sector has been relatively quiet as no new projects were launched or proposed on Penang Island. The industrial projects in the pipeline are mostly in the South-west district of Penang located by the Second Penang Bridge.

On the other side of the Second Penang Bridge, Batu Kawan Industrial Park is offering its phase 1 SME Village slated for completion in 2015. The SME Village has purpose-built standard factory units launched at end of 2013. Selling price per unit for the 1½ storey terraced unit is RM880,000 per unit with a built-up area of 2,575 sq ft and RM2.75 million for the 1½ storey semi-detached with a built-up area of 7,270 sq ft.

With only one major industrial park located in Bayan Lepas/Batu Maung developed by the Penang Development Corporation (PDC), new supply of industrial land / plots in Penang Island has been limited. The industrial lands and terraced factories within the Free and non-Free Industrial Zones in the Bayan Lepas Industrial Park have leasehold tenures of 60-years.

Demand for industrial space in Penang Island is expected to remain strong, and is expected to overspill to Seberang Perai in the mainland, due to the constraints of expansion on the island. With the pent-up demand and the opening of the Second Penang Bridge, the Penang Development Corporation (PDC) has intensified the development of Batu Kawan Industrial Park and Batu Kawan SME Village. In addition, the State Government has also commenced compulsory acquisition of land at the surrounding of Byram Estate, immediately south of Batu Kawan, for the expansion of Batu Kawan Industrial Park.

Penang: Cumulative Supply of Industrial Units




Note: PI - Penang Island; SP - Seberang Perai

Source: WTW Research

*The main portion of Batu Kawan Industrial park being developed*

# JOHOR BAHRU

The supply of industrial properties has increased gradually over the years, and it was recorded at 10,384 units (terraced, semi-detached and detached types) in 2014. Terraced factories continued to be the main product comprising 58% of the total supply, but there has been no new supply since 2008. For the same review period, semi-detached factories have increased 180 units while detached factories have added 174 units to the total stock.

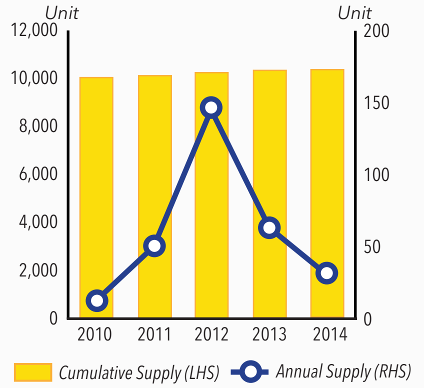
Nusajaya continued to be the most sought after area in 2014, the strong demand has pushed up the value in the sub-sale market. For example, industrial plots in SiLC Industrial Park have increased from RM55 to RM75 psf in 2013 to RM75 to RM80 psf in 2014, and semi-detached factories changed hands at RM370 psf in average which is about 19% higher than the previous year. In the same locality, semi-detached factories in Nusa Cemerlang Industrial Park were transacted at about RM330 psf in average.

The steady to increasing demand for industrial properties in Nusajaya has prompted 2 new developments in 2014 viz. the Nusajaya Techpark and Tropicana Business Park. The former has a total development size of 377 acres where its 2-storey semi-detached and detached factories in the 1st phase are priced between RM380 and RM445 psf. The latter is about 300 acres and 72 units of 2½-storey terraced and semi-detached factories were launched in the initial phase with selling price of RM350 and above psf. These freehold properties are expected to be completed in the next 2 to 3 years.

At the eastern corridor, there is a newly launched project at the edge of Pasir Gudang Industrial Area. The development is freehold in tenure and known as Harvest Green@Sime Darby Business Park; it currently offers cluster, semi-detached and detached factories at the selling price between RM295 and RM335 psf of the built-up area.

The industrial sector in Johor Bahru is expected to stay steady in 2015.

Johor Bahru: Cumulative Supply of Industrial Units




Source: WTW Research

*Nusajaya Techpark (at Nusajaya), under construction*

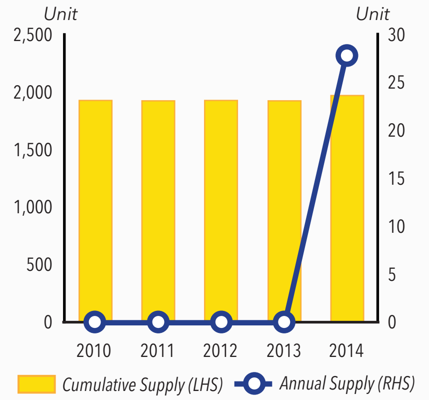
# KOTA KINABALU

Inanam / Kolombong and Kota Kinabalu Industrial Park (KKIP), which are the main industrial locations in Kota Kinabalu, have noted good price appreciation.

Developer selling prices for fully prepared vacant industrial plots in KKIP are going for RM28 psf. with secondary transfers ranging between RM29 and RM33 psf, depending on location, shape and size with an isolated transaction of up to RM36.50 psf. Developments of new industrial premises have been limited as in previous years, leading to a rise in capital values in existing industrial properties. One of the recently launched light industrial developments is Big Wheel Industrial Park.

With Kota Kinabalu as the centre of distribution for Sabah, industrial lands, buildings and warehouses with good road access and proximity to the port will command good values.

Kota Kinabalu: Cumulative Supply of Industrial Units



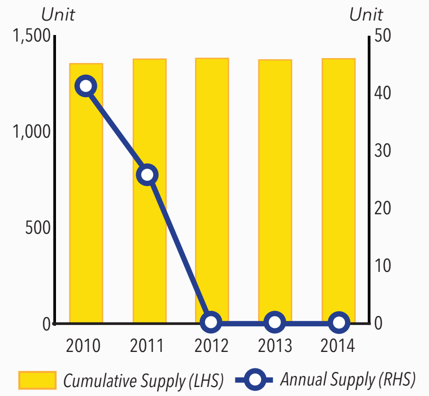

Source: WTW Research

# KUCHING

A significant launch for the industrial sector in Kuching for 2014 is the Regal Corporate Park sited within Bandar Samariang along Jalan Sultan Tengah in North Kuching, which is a relatively undeveloped area. The said industrial park will mark a milestone for this sector in this area as it will be the first industrial park in this area. It is currently offering 109 semi-detached and 13 detached units for its Phase 1, priced from RM878,000 per unit with special discounts for early birds. Earthworks are already underway with completion expected within the next 2 years.

There is a substantial price increase in 2014 compared to the previous years which is expected to extend into 2015. New pricing for semi-detached industrial units has moved upwards towards the RM1 million mark, compared to the general pricing of around RM700,000 in previous years, reflecting a substantial hike of about 50% or so, as seen from the recent launch for Phase 3 of RH Park at Jalan Penrissen. Recent launched industrial units are mostly semi-detached units and more modern and sleek in design with showrooms gracing the front, which seems to be the design trend of the current and upcoming industrial units. Occupancy, take up rates and rentals for the industrial sector remain stable and the same is expected for 2015.

Kuching: Cumulative Supply of Industrial Units




Source: WTW Research

*Sendayan Industrial, Kuching*

INDUSTRIAL

# SUB MARKET

## WEST MALAYSIA

### Northern Region

| | Alor Setar | |
|---|---|---|
| | 2013 | 2014 |
| Average Rent (RM psf) | 0.50 | 0.60 |
| Average Yield (%) | 6.0 | 6.0 |

Source: WTW Research

The industrial sector in Kedah hasn't seen much change since 2013. Incoming supply for the industrial sector is mainly light industrial while the terraced factory is the favored option in Kedah. The average rental rate psf for factory units in the vicinity of Alor Setar stood at RM0.60 psf, an increase from RM0.50 psf in 2013. The proposed Kulim International Airport is expected to spur the industrial demand in Kedah if the plan is announced in the near future.

### East Coast Region

| | Kuantan | | Kota Bharu | | Kuala Terengganu | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Average Rent (RM psf) | 0.50 | 0.60 | 1.00 - 1.50 | 1.00 - 1.50 | 1.00 - 1.50 | 1.00 - 1.50 |
| Average Yield (%) | 5.0 | 4.5 | 4.5 | 4.5 - 5.5 | 4.5 | 4.5 - 5.5 |

Source: WTW Research

In **Kuantan**, demand for land, half acre or less in certain preferred locations such as Semambu Industrial Estate and Bandar Indera Mahkota continued to be active and thus gradually pushing the price of land in industrial areas upward.

Moving east, the industrial sector in **Kota Bharu** is seen lagging behind in recent years. A slow growth was recorded as there is no new area gazetted for industrial development except the Pengkalan Chepa Industrial Area, the only zone for industrial development in Kota Bharu.

### Southern Region

| | Malacca | | Batu Pahat | |
|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 |
| Average Rent (RM psf) | 800* | 900* | 0.30 - 0.50 | 0.30 - 0.50 |
| Average Yield (%) | 5.0 | 5.0 | 6.5 | 6.5 |

*Industrial rental recorded is on per unit basis

Source: WTW Research

In **Malacca**, on-going industrial project developments are focusing on wide frontage terraced and semi-detached industrial properties to allow more loading spaces. To date, local investors are still waiting for stimulants from the state government or new major industrial players to invest in Malacca.

In **Batu Pahat**, the industrial sector is fairly active. However, no sizeable industrial scheme has been launched in the year under review. Industrial factory rents stood between RM0.30 and RM0.50 psf, unchanged compared to 2013.

In **Seremban**, industrial demand is on an upward trend as there is only limited supply available in the market. Located south of Klang Valley, Seremban is well-connected with several major highways as well as being near to Kuala Lumpur International Airport.

# SUB MARKET

## EAST MALAYSIA

### Sabah

| | Lahad Datu | | Keningau | | Tawau | | Sandakan | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Average Rent (RM psf) | 2.0 | 2.0 | 1,500* | 1,500* | 1.00-1.50 | 1.00-1.50 | NA | NA |
| Average Yield (%) | 5 | 5 | 4.5 | 4.2 | 4.5 | 4.5 | NA | NA |

*Industrial rental recorded is on per unit basis

Source: WTW Research

In **Lahad Datu**, the demand for industrial space is heavily dependent upon the palm oil industry activities. As the palm oil industry had reached its maximum with no further growth due to the scarcity of available land for oil palm cultivation, it is not likely that developers want to launch new industrial projects.

The industrial sector in **Tawau** is skewed towards the development of light industrial buildings with significant focus on the development of 1½ storey and semi-detached industrial buildings. The pricing for this type of premises is RM600,000 to RM800,000 and RM950,000 to RM1,200,000 respectively.

### Sarawak

| | Bintulu | | Miri | | Sibu | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Average Rent (RM psf) | 1.50 | 1.70 | 1.1 | 1.2 | 0.90-1.30 | 1.00-1.30 |
| Average Yield (%) | 5.5 | 5.5 | 4.5 | 4.5 | 4.5 | 4.5 |

Source: WTW Research

The industrial sector in **Sibu** remained unchanged compared to last year. There was no significant industrial project launched in 2014. The average rent for industrial properties in Sibu stood between RM1.00 and RM1.30 psf in 2014. **Miri** registered a slightly lower rental, i.e. RM1.20 psf whilst **Bintulu** is among the highest, which is RM1.70 psf.

***Newly completed light industrial development at Kawasan Sri Tandop, Alor Setar.***

# GLOSSARY/ABBREVIATION

*A* - *Apartment*

*AOR* - *Average Occupancy Rate*

*ARR* - *Average Room Rate*

*BNM* - *Bank Negara Malaysia*

*BRT* - *Bus Rapid Transit*

*C* - *Condominium*

*CBD* - *Central Business District*

*CCC* - *Certificate of Completion & Compliance*

*D* - *Detached House*

*EDTP* - *Electrified Double Railway Track Project*

*FDI* - *Foreign Direct Investment*

*GDP* - *Gross Domestic Product*

*GFA* - *Gross Floor Area*

*IRDA* - *Iskandar Regional Development Authority*

*JPPH* - *Jabatan Penilaian dan Perkhidmatan Harta*

*KVMRT* - *Klang Valley Mass Rapid Transit*

*LB* - *Link Bungalow*

*LHS* - *Left Hand Side*

*LRT* - *Light Rail Transit*

*MNC* - *Multi-National Companies*

*NAPIC* - *National Property Information Centre*

*NLA* - *Net Lettable Area*

*psf* - *per square foot*

*RHS* - *Right Hand Side*

*SA* - *Serviced Apartment*

*SD* - *Semi-Detached House*

*SOHO* - *Shop Office Home Office*

*SOVO* - *Shop Office Versatile Office*

*SR* - *Serviced Residence*

*T/TH* - *Terraced House*

*TSL* - *Terraced Split Level*

# INTERNATIONAL PROPERTIES

WTW Real Estate ventured into the international property sector in December 2013. Focused on London residential market, we have marketed over 20 projects to date, working with some of the biggest names in the London residential development field such as Berkeley Homes, Lend Lease, and Taylor Wimpey. Some of the successful projects we have launched over the year are Elephant Park, Paddington Exchange and Embassy Works.

## Elephant Park

Elephant Park was one of the first few projects we launched early 2014 and have received tremendous feedbacks. Brought to you by Lend Lease, Elephant Park is a development designed around a leafy landscape that boasts Central London's largest new park in 70 years. This is a rare opportunity to enjoy the convenience of Zone 1 London as well as a lifestyle that brings you closer to nature and your community in a vibrant city neighbourhood.

*Elephant Park, London*

In this first phase of Elephant Park, South Gardens consists of new homes and facilities that are designed from the inside out to enable you to access everything you need to live, work, rest and play in comfort and in style. Lend Lease is working with Southwark Council to restore the area to its rightful place as one of the most dynamic and well-connected places to live in London. As part of this work, by 2025, the area will welcome 3,000 new homes, over 50 shops and Central London's largest new park in over 70 years.

## Embassy Works

We launched a low density refurbished scheme called Embassy Works by Bmor in 2014. This development is located in Vauxhall, a short walking distance to Battersea Power Station. From Battersea Power Station and the US Embassy to the extension of the South Bank, the regeneration of Nine Elms is putting Vauxhall back on the map. As the evolution takes place, the area will morph into the bustling, riverside centre it always had the potential to be- providing an array of attractions to rival anything the rest of the capital can offer.


*Embassy Works*

A true one-off that stands firm against the proliferation of identi-kit towers that dominate the Nine Elms Regeneration area, Embassy Works is a luxurious warehouse conversion for those who desire a home with a bit more soul. With exposed brickwork and period features stylish showcasing its heritage, and the very best in contemporary interior design, this collection of 37 studio, 1 and 2 bedroom loft apartments and 2 breath-taking duplex penthouses is a unique slice of London's history. Embassy Works is only 2 minutes walk to the Vauxhall over-ground and underground stations. Nine Elms underground (Northern Line extension - est 2020) will be only 5 minutes walk away. Between a perfect location and a historical touch & façade, Embassy Works sure attracts investors all around the world.

## Paddington Exchange

We introduced Paddington Exchange, a striking residential development from Taylor Wimpey Central London. Taylor Wimpey Central London a part of Taylor Wimpey PLC, one of the UK's largest residential house builders. Taylor Wimpey is known to be among the best home builders in the W1 area in London.

Paddington Exchange is located in Zone 1 and superbly connected by mainline rail, road and tube networks, this collection of just 123 high specification 1, 2 and 3 bedroom apartments, all with terraces or balconies, is arranged over 14 spacious floors. Paddington Exchange is also located near to the Paddington Waterside, one of London's new and premier commercial, residential and leisure areas. Apart from the perfect location, Paddington Exchange received a lot of positive feedbacks because of its thoughtfully design to reflect urban sophistication, and built for today's contemporary living.

*Paddington Exchange*

**Selected International Properties Track Records**

| Project Name | Developer | Description |
|---|---|---|
| Royal Quay | Regal Homes | A development of 90 studios, 1 and 2 bedroom canal side apartments. |
| Embassy Works | Bmor | A luxurious warehouse conversion for those who desire a home with a bit more soul. This collection of 37 studio, 1 and 2 bedroom loft apartments and 2 breath-taking duplex penthouses. |
| The Regency, Regency News | Taylor Wimpey | The stunning bespoke apartment in the heart of Camden. |
| Morgan House, Regency Mews | Taylor Wimpey | An exquisitely designed Mews house located in the heart of Camden. |
| Argyll Place | Taylor Wimpey | A stunning collection of luxurious Town & Mews Houses located in North Kensington. |
| Ladbroke Grove | Taylor Wimpey | A mixed-use development, with the residential element comprising of 125 well specified apartments & penthouses, 93 of which will be private sale apartments constructed within two separate blocks. |
| Argo House | Estate Office Property Consultants | New high specification 1, 2 and 3 bedroom apartments in a classic London location. |
| Mulberry House, North West Village | Quintain | Mulberry House, North West Village offers a stunning collection of 1 and 2 bedroom apartments and one studio within the verdant setting of Emerald Gardens. |
| Leven Wharf | English Rose Estates | A nine-storey Y shaped block overlooks the river to the north and the park to the south. Offers 1, 2 & 3 bed apartments. |
| The Landau, Farm Lane | Mount Anvil and Affinity Sutton | A boutique collection of 89 individually designed luxury apartments set in a secluded area of Fulham on Farm Lane. |
| Paddington Exchange | Taylor Wimpey | A collection of 123 one, two and three bedroom apartments across 14 floors. |
| Merlin Court, Kidbrooke Village | Berkeley Homes | A collection of 1, 2, 3 bed apartments and 3 bed penthouses. |
| Hoola | Strawberry Star Group | HOOLA consists of 360 individually designed and generously-sized studios, 1, 2 and 3 bedroom apartments in two iconic towers. |
| Tottenham Mews | English Rose Estates | A selection of seven contemporary 1, 2 & 3 bedroom apartments including two 2 bed maisonettes. |
| Belview | English Rose Estates | Stunning newly built contemporary studio, 1, 2 & 3 bedroom apartments. |
| The GoldHawk Apartments, Beaufort Park | St. George | North West London's most exciting development, including contemporary Studios, Manhattans, 1, 2 and 3 bedroom apartments and penthouses. |
| Royal Arsenal Riverside | Berkeley Homes | Vantage – Offers 1, 2, 3 bed apartments & penthouses.<br>Naval – Offers Manhattan Suites, 1, 2 & 3 bed apartments.<br>Kinetic – Offers Manhattan Suites, 1,2, 3 bed apartments and Penthouses. |
| Holmes Court, Gloucester Place | English Rose Estates | A stunningly refurbished collection of twelve luxurious 1, 2 and 3-bedroom apartments within two beautifully restored Georgian houses. |
| South Gardens, Elephant Park | Lend Lease | 360 units of 1,2, 3 & 4 bedroom apartments. |
| Rupert Street | English Rose Estates | Two newly refurbished buildings offering 34 apartments featuring a stylish selection of studio, 1 and 2 bedroom apartments. |
| Glass House Gardens | Lend Lease | Two luxurious towers containing studios, 1 bedroom, 2 bedrooms, and 3 bedrooms. |

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