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PROPERTY MARKET REVIEW 2016 AND OUTLOOK 2017

The property market for 2016 was a sluggish year with most preferring not to make long term financial commitments. Market sentiments remain poor and the reduced purchasing power resulting from the spiralling effect of GST and weak ringgit was strongly felt. The property market for 2016 was rather flat with much fewer launches overall, especially in the 1st half of the year, except for certain sub-sectors of stratified housing which were launched as part of a mixed development concept of retail and residential. However, the 2nd half of the year saw the market picking up slightly with more launches. Construction activities have also generally slowed down.

However, properties in prime and attractive locations are still in demand and despite the softer market, prices have generally not gone down. However, the increase in prices of properties, are expected to ease, going into the next few quarters.

Despite the slowdown in the market, affordable housing remains in demand and would do well, with improved locations and types. The recent approval by the Sarawak Planning Authority (SPA) to increase Sarawak's development density from 8 to 10 units per acre for landed housing and from 24 to 30 units per acre for stratified housing would help path the way for more affordable housing to be built by private developers.

In 2016, Sarawak became the 1st and only state to abolish land rents on all residential lands and agricultural smallholdings less than 100 acres.

The general outlook of the market for 2017 remains sceptical and uncertain with recovery seemingly protracted, with a generally overbuilt environment especially in the commercial shophouse and retail sector, slower absorption rates, increasing household debts, stringent financing conditions and increasing costs of businesses and living, underlined by the continued weak performance of the Ringgit and the continued effects of the 6% GST. Reduced consumer spending which has crimped demand has and will affect the construction and retail sectors negatively.

Market conditions are expected to remain weak and demand will continue to be low with consumers adopting a wait and see attitude on big ticket items such as property purchases.

However, certain mega developments such as the implementation of the construction of the Pan Borneo Highway have brought about positive economic spin offs in terms of jobs and mega projects at the SCORE region of Central Sarawak. Identified SCORE growth nodes such as Bintulu and Mukah would experience continued growth and would spearhead development in Sarawak.



*Aurora Heights at
Jalan Batu Kawa-Tondong, Kuching*



*Arcadia Square at
Marina ParkCity, Miri*



*Sibiyu Square along
Jalan Sibiyu, Bintulu*



*Sibu Town Square
Commercial Centre, Sibu*

LANDED RESIDENTIAL

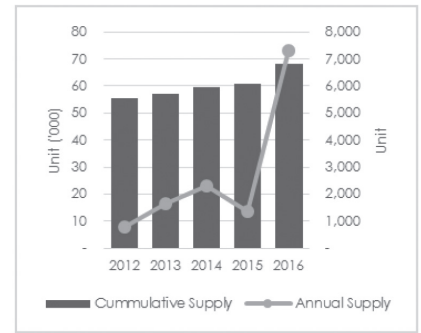
MAIN MARKET (Kuching)

The number of new launches for 2016 was considerably reduced

The number of new launches for 2016 was considerably reduced. This is due to anticipated lower demand as well as the shift to stratified residential units such as apartments and condominiums which continue to be launched in significant numbers. Projects launched in 2016 are piecemeal and even smaller than recent years, comprising between 10 and 30 units and spread out amongst the various location groups, with Matang area experiencing a lull. Most are terraced houses, as developers gear towards the more affordable terraced in view of the softer market.

However, 2016 recorded an increase in units completed compared to 2015. Jalan Kuching-Serian area has the most number of completions followed by Batu Kawa and Matang. Terraced houses continue to dominate the market and comprise more than 75% of the total units completed. Double-storey terraced remains the most popular type comprising around 70% of the market segment. House prices range from RM250,000 for double-storey intermediate terraced houses in secondary locations to more than RM500,000 for those in prime locations whilst semi-detached units in prime locations easily exceed RM1,000,000 per unit. Despite the slow-down in the general market, house prices continue to uptrend albeit at a lower rate.

Housing will remain the mainstay of the property sector with more than 40% of transactions contributed by the residential sector. Demand for affordable houses remains high and residential properties priced RM400,000 per unit and below would be well received.



Rivervale Residences @ Stutong

REGIONAL MARKET (Sibu, Miri and Bintulu)

The supply trend of landed residential has obviously slowed down with transactions activities and take up rates dropping. Generally, newly launched standard intermediate terraced and semi-detached houses command between RM420,000 and RM620,000 per unit respectively.

Selling prices of newly launched residential properties have continued to increase mainly due to inflation and GST. Transactions activity is expected to decrease due to increase in property prices, strict loan requirements and lower purchasing power.

With developments in Miri sprawling northwards and southwards, current and new projects are located in outlying areas where the land costs are relatively lower compared with those within the built-up areas. Housing units under construction are the highest in Lutong-Kuala Baram area (927 units), largely contributed by Desa Senadin developed by Miri Housing Development Realty Sdn. Bhd. Luak-Bakam and Taman Tunku-Taman Jelita areas which have seen increasing housing activity in recent years are expected to slow down. Generally, it is expected that the Miri housing market will slow down with noticeably less launches and completions.

| INDICATIVE NET YIELDS (%) | Terraced House | | Semi-Detached House | |
|---------------------------|----------------|------|---------------------|------|
| | 2015 | 2016 | 2015 | 2016 |
| Sibu | 3.0 | 3.0 | 3.0 | 3.0 |
| Miri | 3.5 | 3.0 | 3.2 | 3.0 |
| Bintulu | 4.0 | 3.5 | 4.0 | 3.5 |

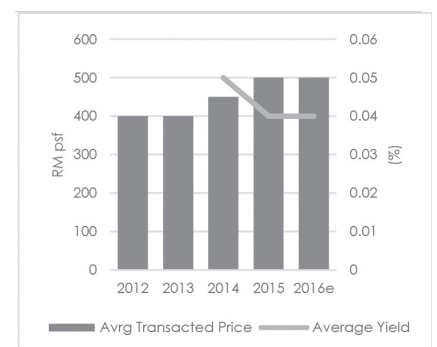
Source: WTWY Research

HIGH RISE RESIDENTIAL

MAIN MARKET (Kuching)

There were less units completed for the condominium sector in 2016 compared to 2015

There were less units completed for the condominium sector in 2016 compared to 2015. Some projects completed were The Cube @ Dogan, Stutong Heights, The Royale, Urbaneeze and Imperial Grand Suites. These were located within the periphery of Kuching's built-up area. Although the number of units launched is considerably less compared to 2015, the number of apartments currently under construction are high especially in the Kuching urban area where these have exceeded the number of landed residential units under construction. This trend, which is also observed to be gaining popularity in the suburban areas, is expected to continue.



The Sarawak property market is seeing a lot more stratified developments in order to optimize on land development efficiency e.g. mixed developments of retail and apartment units, especially in the major urban cities in Sarawak such as Kuching, where apartment units make up more than 40% of the overall residential units under construction.

The launches of high rise residential units for 2016 were seen to be also active in the suburban areas with the likes of Trinity Residence, Inspire Heights, HK Square, Cube 2 and etc.

Condominium units offered at these developments range in size between 1,000 sf and 2,250 sf. Rentals remain competitive between RM1,000 and RM2,000 per month for apartments and between RM1,500 and RM3,000 per month for condominiums, depending on the furnishings, unit size and facilities. Due to the increased number of units available in the market, rentals have more or less stagnated, and are negotiable.

Most of the apartment units launched for 2016 are of the medium and upper-medium category with prices of units hovering between RM400 psf and RM500 psf. No exceptional high rates were recorded for 2016 compared to previous years, as there were no high-end projects launched. As such, the average rate recorded was lower compared to the last 2 years where rates as high as between RM700 psf and RM900 psf for studio units at prime locations and penthouses at the city center area were recorded. The take-up rates of apartments, however, have remained strong for 2016 but are expected to slow down by 2017 due to the high number of units anticipated to come into the market.

Whilst sales of the condominium sector is expected to slow down in 2017, prices are expected to maintain and may even increase marginally, depending on the product type and location.



Riverine Diamond under construction at Jln Petanak



The Tropics under construction off Jln Song



Waterfront Residence, Sibul

REGIONAL MARKET (Sibu, Miri and Bintulu)

High-rise residential properties are expected to experience a slowdown which will continue into year 2017.

In Sibu, the completion of Waterfront Residence has added a new landmark to Sibu. There will be more apartments to be launched in the suburban areas in 2017.

The past 5 years have seen many launches of apartments and condominiums in Miri. For 2016, 2 apartment/condominium projects have been launched while 3 apartment/condominium projects are currently under construction.

| INDICATIVE NET YIELDS (%) | Condominium | |
|---------------------------|-------------|------|
| | 2015 | 2016 |
| Sibu | 4.5 | 4.5 |

Source: WTWY Research

PURPOSE-BUILT OFFICES

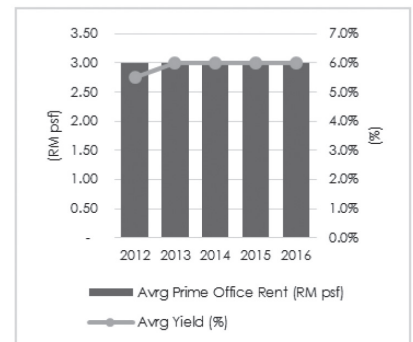
MAIN MARKET (Kuching)

There were no new purpose-built office buildings completed for 2016

There were no new purpose-built office buildings completed for 2016. The few that were completed end of 2015 such as CWR Corporate and the East Wing and Centre Court towers at City Square are still largely unoccupied. Current supply of purpose-built office spaces in Kuching have exceeded 5 million sq. ft .

Purpose-built offices in Kuching remain somewhat low in demand due to smaller scale of business operations, with most preferring to take up shophouse blocks where rentals and overheads are lower.

While most office spaces are occupied by government and government-linked entities, the vacancy rates for the overall office sector are observed to have increased due to the relocation of big tenants such as that seen happening at Wisma Bukit Mata which saw CIMB and Al-Rajhi Bank moving out during the 2nd half of 2016. The average occupation rate was also pulled down with the incoming new supply of private purpose-built office space remaining vacant. Maybank moved its corporate banking and office sector to the former MAS building at Jalan Song Thian Cheok during the last quarter of 2016.



Icom square at Pending

The office sector in Kuching remains docile with rental yields maintaining at 5% to 6% per annum and rentals remaining stagnant at an average of between RM2.80 psf and RM3.00 psf or less for those outside the CBD. There were no office buildings transacted for 2016.

The office sector will witness a significant addition of purpose-built office spaces of around 230,000 sq ft in the next year or so with the completion of the 11-storey Gateway Towers at the Kuching Isthmus, which is built to house the headquarters of SEDC and LCDA, 2 government subsidiaries.



Chayi Goldland at Jalan Stutong

SHOPOFFICE

The large number of shop office units under construction and coming into the market from previous years of prolific launches spell an impending glut for this sub-sector. These will take time to absorb, with take up rates further hampered by the current poor economic climate. Occupancies are also seen to be falling for existing shop office units with no improved rentals.



Moneta de Borneo @ Stutong

At the moment, shop office prices continue to be sustained despite slower sales, with marginal increase in prices for units in good locations. The prices of shop office units remain stable at RM400 psf for units in prime locations and rentals are hovering around RM1.50 psf for office spaces at shophouses. Overall, the 3-storey shophouse is the dominant type, with design trending towards street-mall concept with covered common areas, walkways and corridors to cater for alfresco dining, exhibition displays and etc.

REGIONAL MARKET (Sibu, Miri and Bintulu)

There is limited transaction activity for purpose built offices in Sibu. The occupancy rate has remained the same for the last two years. Vacant office spaces remain unrented and tenants in occupied office space remain unchanged. For office space, there are two blocks of 6-storey and 8-storey office suite with a total estimated office space of 6,698 sq m to be added. The transaction activity of shop offices dropped mainly due to selling prices which are rising to unaffordable levels compared to retail yields as a result of the oversupply position. Due to the oversupply situation at the present moment, launch of some shopoffice projects have been delayed, whilst waiting for occupancy rates to recover in the year ahead.



Newly completed SOVO at Bintulu Paragon

There is limited supply and demand for purpose built offices in Miri and Bintulu. Most companies would opt for shophouses as office space. New supply of purpose built offices and shophouses is expected to slow down with fewer units being launched and it is seen that this market condition will continue on to year 2017.

Currently, the ongoing projects in Bintulu are the 6-storey SOVO in Bintulu Paragon launched in 2014 by Naim Land Sdn Bhd and the Town Square SOHO launched in 2016 by Ibraco Bhd. At present, around 467 units of shopoffices were introduced into the market and will be completed in the next two to three years. The take up rates of commercial properties are at a relatively slow pace.

| INDICATIVE NET YIELDS (%) | Purpose Built Office | | Shop Office | |
|---------------------------|----------------------|------|-------------|------|
| | 2015 | 2016 | 2015 | 2016 |
| Sibu | N.A. | N.A. | 4.0 | 4.0 |
| Miri | 4.5 | 4.5 | 4.5 | 4.0 |
| Bintulu | N.A. | N.A. | 6.6 | 6.0 |

Source: WTWY Research

Generally, there is an over-supply of shophouse units in all the towns in Sarawak.

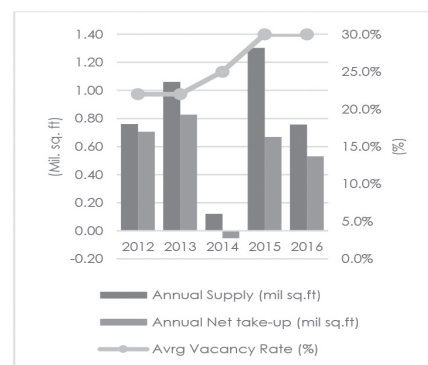
RETAIL

MAIN MARKET (Kuching)

There was not much retail buzz in Kuching for 2016

There was not much retail buzz in Kuching for 2016 which saw the completion of a few smaller retail developments mostly in the form of hypermarkets, such as Giant @ Petra Jaya and Matang Mall and Mydin @ Vista Tunku and Mydin @ Samariang. Of significance is Mydin which started its foray into Sarawak with the opening of 3 outlets during 2016, including taking over the supermarket section of the existing City One mall.

Another 2 malls are currently underway, namely, Aeon @ Central Park and Moyan Square @ Matang, which are expected to be completed within the next 2 years.





Newly Completed Matang Mall



Moyan Square @ Matang

The current supply of retail space stands at 644,827 sq m or close to 7 million sq ft with retail space projected to reach almost 8 million sq ft by 2018. Signs of saturation are beginning to show by the lack of transactions and falling occupancy rates to below 70% for most shopping malls.

The average rental rate has dropped for the retail sector as a whole, especially for the older malls struggling to maintain their occupancy. Average rental rates are subdued at around RM7 psf to RM8 psf with better performing malls offering at most around twice that rate, which is much less than the rate of RM20 psf enjoyed during the peak in previous years.



AEON shopping complex @ Jln TAZA under construction

Rental rates are expected to remain competitive and may even drop further in order to retain existing tenants or to lure in new tenants. Retail prices have also stagnated and may be reduced if the current economic conditions do not improve.

The retail sector has been feeling the pinch with reduced consumer spending which will eventually dampen retail growth. Shops are seen to be downsizing, relocating to cheaper premises or even cease operation. Retail costs and prices have gone up with the drastic depreciation of the Ringgit, thus curtailing retail expansion.



Newly Completed Mydin @ Petra Jaya

REGIONAL MARKET (Sibu, Miri and Bintulu)

For Sibu, there is limited transaction activity and no retail projects launched. Occupancy rate for existing retails are maintained.

The average occupancy rates of shopping malls in Miri is about 83% with shopping malls in the CBD enjoying a much higher rate as compared to those located in the suburbs. However, for the coming year, it is anticipated that the sector will be subdued as the overall market slows down. Miri's retail sector had experienced a steady increase of retail supply for the past 5 years, with one new mall completed and operating almost every consecutive year. Higher rentals are also being achieved by the new and more modern shopping malls especially in the CBD, up to as high as RM13.00 sq ft. The take-up rates for new shopping malls at strategic locations have been good e.g. Permaisuri Imperial City Mall, which is located within the CBD. The latest mall to be opened in Miri is the 2-storey shopping mall known as E-Mart Riam, developed by E-Mart Group with a total lettable area of 20,000 sq m.

| Rent (RM psf) | 2015 | 2016 | 2015 | 2016 |
|---------------|--------------|--------------|-----------|---------|
| Sibu | 3.00 - 12.00 | 3.50 - 18.00 | 4.5 - 5.0 | 5 - 5.5 |
| Miri | 6.00 - 12.00 | 6.00 - 15.00 | 4.5 | 4.0 |
| Bintulu | 6.00 - 15.00 | 6.00 - 15.00 | 4.5 | 4.5 |

Source: WTWY Research



Bintulu Paragon Street Mall opened in December

The average occupancy rate for shopping malls in Bintulu is about 67% with those located in the CBD enjoying higher rental rates and occupancies. The newly completed Times Square Mall and Commerce Square Mall this year further increased supply in Bintulu. It is anticipated that the sector will be subdued as the overall market slows down. The Bintulu commercial market is expected to become competitive based on recent on-going construction projects and retail mall developments. Upcoming projects such as Paragon Street Mall and Crown Pacific Mall will add additional supply to the market. Therefore it is expected that the take up rate/occupancy rate will be challenging/slowing down.

HOTEL

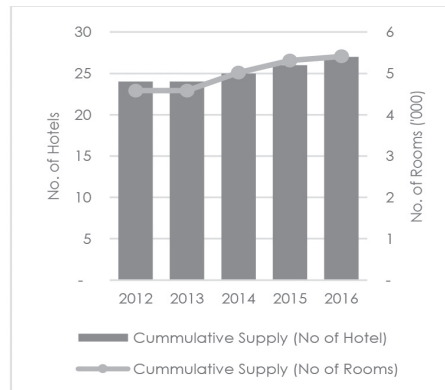
MAIN MARKET (Kuching)

The hotel industry continues to be upbeat with improved room rates. However, the average hotel occupancy rate is expected to drop with the addition of a few big hotels into the Kuching market in 2016

After an impressive performance in 2014 which recorded more than 4.8 million visitors to the State, lower figures have been recorded subsequently for visitors arrival for 2015 and 2016. 2016 saw the completion and opening of the 4-star 360 Waterfront Hotel at Plaza Merdeka which added another 290 rooms to the Kuching hotel scene. Two budget hotels namely Pine Garden Hotel and Imperial Riverbank Hotel, were also opened recently, offering 104 and 109 rooms respectively.

The Majestic Tower Hotel which was expected to be completed this year is still in its final stages of construction and looks more likely to be completed only by 2017. The halal-certified Tabung Haji Hotel sited along Jalan Airport, which will offer 182 rooms, is making good progress and looks set to be completed by 2017. The 9-storey hotel will include a convention centre and office podium. The 11-storey UCSI City Island Hotel at the Kuching Isthmus which will also cater for hotel management training whilst offering quality accommodation, is also well underway and is slated to be completed in the next 2 years.

The Kuching hotel sector will definitely get a boost in the next year or so, with the completion of these sizeable hotels.



UCSI Hotel at Kuching Isthmus, nearing completion



The Waterfront Hotel @ Plaza Merdeka started operations in

Hotel room rates are maintained at competitive rates for 2016 in order to vie for hotel guests, with domestic tourists still making up the chunk of hotel guests. Occupancy rates for star-rated hotels are somewhat affected as travelers seek out cheaper accommodation alternatives with the current recessive economic conditions. Occupancy rates are higher for peak seasons such as the mid-year and year-end school holidays and the Rainforest World Music Festival held annually.

REGIONAL MARKET (Sibu, Miri and Bintulu)

Overall, the hotel sector for Sibu can be said to be satisfactory. In 2016, there were two; 6-storey and 8-storey hotels to be completed. Upon completion, there will be an additional 171 hotels rooms in Sibu. One of the hotels is confirmed to be sold at the price of around RM15million without furnishings whilst another is retained by the developer for hotel operations. As this sector has added hotel rooms, we forecast the occupancy rate for existing hotels to drop.

The average occupancy rate for hotels in Miri stands at 68%, a considerably moderate rate. 3-star & 4-star hotels fare better in terms of occupancy and are still the most popular hotels for tourists/visitors to Miri. It is anticipated in the coming year, the hotel sector will continue to be stable and with the weakening ringgit, Bruneians will continue to crowd Miri for their weekend stay-over and shopping spree.

From the table on Top 5 countries of Visitors Arrivals to Sarawak, Brunei is top with more than 1.5 million visitors recorded in 2015. Brunei visitors to Sarawak visit Miri more than any other towns in Sarawak since Miri is the nearest town to Brunei. 75% of the hotels are located in the city area of Miri, offering more than 65% of the hotel rooms. Based on the supply of hotels in Miri, the most popular type of hotel seems to be the 4-star hotel as it makes up to 54% of total rooms supply.



Miri Pullman Hotel

Visitors Arrivals to Sarawak (Top 5 Countries)

| Country of Origin | 2014 | 2015 | June 2016 |
|-------------------|-----------|-----------|-----------|
| Brunei | 1,952,220 | 1,585,997 | 624,978 |
| Indonesia | 547,158 | 483,171 | 223,932 |
| Philippines | 135,861 | 111,616 | 37,726 |
| Singapore | 49,059 | 42,827 | 19,473 |
| China | 39,735 | 32,916 | 17,641 |

Source: WTWY Research

Average Room Rates and Occupancy Rates

| | 3 Star Hotel | | | | 4 Star Hotel | | | | 5 Star Hotel | | | |
|---------|--------------|---------|---------|-------|--------------|----------|---------|-------|--------------|---------|---------|------|
| | ARR (RM) | | AOR (%) | | ARR (RM) | | AOR (%) | | ARR (RM) | | AOR (%) | |
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Sibu | 120-160 | 120-180 | 65 | 60+ | 200 | 220 | 60 | 60 | N.A. | N.A. | N.A. | N.A. |
| Miri | 165-471 | 150-380 | 70 | 65 | 220-400 | 170 -385 | 70 | 65 | 320-425 | 292-466 | 65 | 60 |
| Bintulu | 150-370 | 200-500 | 72 | 50-80 | 324-696 | 270+ | 70 | 70-80 | N.A. | N.A. | N.A. | N.A. |

INDUSTRIAL

MAIN MARKET (Kuching)

The occupancy rates, take up rates and rentals for the industrial sector remained stable and expected to stay firm in 2017

There were a lot more industrial units completed for 2016 compared to 2015, mostly concentrated in the out-of-town areas such as Matang-Batu Kawa, including 15 units of 2-storey modern showrooms built along the main road at the Kuching Isthmus.

In terms of launches, there were only a couple of piece-meal industrial projects launched in 2016 with more than half being showroom types. The showroom types are observed to be gaining in popularity which reflects the need to cater for SMEs.

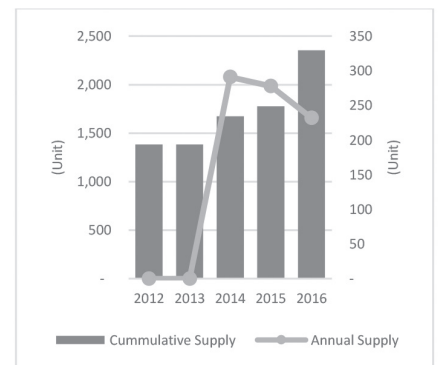
Semi-detached light industrial buildings of around 2,000 sq ft remain the popular types, with most being used by SMEs for workshops and warehousing. Prices of industrial buildings have gone up, with launched unit prices moving beyond RM1 million up to as high as RM2 million for the bigger units. Prices are expected to be maintained for 2017. Occupancy, take up rates and rentals for the industrial sector were stable for 2016 and is expected to remain unchanged for 2017.

With the vast expanse of Kuching's lands in the outer areas, and with the improved infrastructure and good road networks, there is much potential for industrial development in Kuching. Most industrial lands still remain undeveloped.

REGIONAL MARKET (Sibu, Miri and Bintulu)

Similar to the past years, new supply of light industrial spaces are limited with no significant vacancy rate. Thus, this sector can be said to remain stable.

The overall market is experiencing a slowdown and the trend is expected to continue to 2017, with less launches and slower rate of completion. There have been no launches of industrial properties in 2016.



Chen Ling Factory units at Demak Laut

Rent and Yields

| | Industrial Rent (RM psf) | | Industrial Yield (%) | |
|---------|--------------------------|------------|----------------------|------|
| | 2015 | 2016 | 2015 | 2016 |
| Sibu | 1.00 – 1.40 | 1.00 -1.40 | N.A. | N.A. |
| Miri | 1.20 | 1.20 | 4.5 | 4.0 |
| Bintulu | 1.70 | 1.80 | 4.5 | 4.5 |

Source: WTWY Research

Economic Overview

Uncertainties continue to prevail in the economic and political front with the development of Brexit and new US president Trump which would see changes in world trade policies and with the demise of the Trans-Pacific Partnership (TPP), there continues to be much uncertainty about economic growth prospects. While on the one hand, this could indirectly impact local markets, property might be seen as a hedge against other equity markets.

However, with monetary and fiscal policies expected to lend some support to the economy, 2016's real GDP growth is projected to come in at 4.25%.

The market will continue to be driven by domestic demand. Domestic demand remained resilient, driven by broad-based improvements in both public and private consumption.

The Ringgit took a strong beating to its lowest in 19 years in 2016 and continue to decline into the 1st quarter of 2017.

Malaysia's exports growth has also moderated from 1.9% to 0.8% as China which has become a major source of export demand, slows down in economic growth.

The industrial production growth quickened, services index growth slowed, drop in palm oil output eased, resulting in smaller contraction in agriculture sector, whilst value of construction works moderated during the last quarter of 2016.

Even though crude and palm oil price have stopped their decline, they are still at downside risks for 2017. The weak Ringgit, low crude oil and commodity prices will continue to plague the economy in 2017.

Policy Overview

| | |
|--|---|
| <i>Overnight Policy Rate</i> | As of July 13, 2016, the Overnight Policy Rate (OPR) was reduced to 3.00 percent. |
| <i>Lending guidelines</i> | On September 20, 2016, Bank Negara Malaysia re-affirmed that the maximum housing loan tenure of 35 years is more than sufficient for borrowers to settle their housing loans by their retirement age. |
| <i>MyDeposit Programme</i> | Effective April 8, 2016, the PM announced that households with income of below RM10,000 per month seeking to buy houses priced at RM500,000 or less will be entitled to apply for a government grant of either 10% of the cost of the property or a maximum RM30,000, whichever is lower. |
| <i>Abolishment of Quit Rent</i> | On March 15 2016, the Sarawak State Government announced that land rent will be abolished for smallholder agriculture land less than 100 acres and all residential lands in Sarawak. |
| <i>100% Stamp Duty Exemption for first time home buyers</i> | 100% Stamp duty exemption will be provided on instruments of transfer and housing loan instruments, to help reduce the cost of first home ownership, compared to 50% at present. This will be limited to houses with the value up to RM300,000 for first home buyers only for the period between 1 January 2017 and 31 December 2018. |
| <i>4% stamp duty on instruments of transfer of real estate worth more than RM1 million</i> | The rate of stamp duty on instruments of transfer of real estate worth more than RM1 million, will be increased from 3% to 4% effective 1 January 2018. |
| <i>Increase in Housing Development Density for Sarawak</i> | The Sarawak Planning Authority (SPA) increased Sarawak's housing development density from 8 to 10 units per acre for landed housing and from 24 to 30 units per acre for stratified housing. |

Infrastructure Overview

| Name of Project | Connectivity | Est Project Cost (RM billion) | Status |
|---|--|-------------------------------|---|
| Tun Datuk Patinggi Abg Muhammad Salahuddin Bridge | Petra Jaya - Kuching City Centre | | Toll Free w.e.f. 1st January 2016 |
| Pan Borneo Highway | Bulatan Serian – Simpang Pantu | | Commencement of works on 13 th March 2016 |
| 8 packages of the Pan Borneo Highway | Sematan-Sg Moyan Bridge (95 km) Pantu Interchange-Batang Skrang (89 km) Batang Skrang-Sg Awik Bridge (68 km) Sg Awik Bridge-Bintangor Interchange (64 km) Sg Kua Brudge-Sg Arip Bridge (64 km) Sg Arip Bridge-Bintulu Interchange (65 km) Bakun Interchange-Sg Tangap (77 km) Sg Tangap Interchange-Pujut Link Road (80 km) | RM12.5 billion | Launched on 18 th December 2016, the 8 packages are part of 11 packages of the alignment of the highway in Sarawak which are currently being implemented in various division in the state; expected to be completed in 5 years |
| Batang Sadong Bridge | Kuching-Sibu (1.48 km) | RM211.3 million | Completed in October 2016 |

Source: Compiled by WTWY Research from Official Website of Ministry of Infrastructure Development and Transportation Sarawak

2016-2017 MARKET DIRECTION

| | All Sectors | | Landed Residential | | High Rise Residential | | Purpose-Built Office | | Shop Office | | Retail | | Industrial | | Hotel | |
|---------|-------------|------|--------------------|------|-----------------------|------|----------------------|------|-------------|------|--------|------|------------|------|-------|------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Kuching | ▶ | ▶ | ▶ | ▶ | ▶ | ▶ | ▶ | ▶ | ▼ | ▼ | ▼ | ▼ | ▶ | ▶ | ▶ | ▶ |
| Sibu | ▼ | ▼ | ▼ | ▼ | ▶ | ▶ | N.A. | ▶ | ▼ | ▼ | N.A. | ▶ | ▶ | ▶ | ▶ | ▶ |
| Miri | ▼ | ▼ | ▶ | ▼ | ▼ | ▼ | ▼ | ▼ | ▶ | ▼ | ▶ | ▼ | ▶ | ▶ | ▶ | ▶ |
| Bintulu | ▶ | ▼ | ▶ | ▼ | ▶ | ▶ | ▼ | ▼ | ▶ | ▼ | ▶ | ▼ | ▶ | ▶ | ▶ | ▶ |

| | Transaction Activity | | Transaction Price | | Occupancy/Take Up | |
|------------------------------|----------------------|-------|-------------------|-------|-------------------|------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| LANDED RESIDENTIAL | | | | | | |
| Kuching | ▶ | ▶ | △ | △ | ▶ | ▶ |
| Sibu | ▼ | ▼ | △ | △ | ▼ | ▼ |
| Miri | ▼ | ▼ | △ | ▶ | ▼ | ▼ |
| Bintulu | ▼ | ▼ | △ | ▼ | ▼ | ▼ |
| HIGH RISE RESIDENTIAL | | | | | | |
| Kuching | ▼ | ▶ | ▶ | ▶ | ▶ | ▼ |
| Sibu | ▶ | △ | △ | △ | ▶ | ▶ |
| Miri | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
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| PURPOSE-BUILT OFFICE | | | | | | |
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| RETAIL | | | | | | |
| Kuching | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| Sibu | N. A. | N. A. | N. A. | N. A. | ▶ | ▶ |
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| HOTEL | | | | | | |
| Kuching | N. A. | N. A. | N. A. | N. A. | ▶ | ▶ |
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Malaysia's Budget 2017

A quick take on property

- **Stamp duty exemption doubled to 100%** on instruments of transfer and housing loan instruments to help reduce the cost of first home ownership. Exemption limited to houses valued up to RM300,000 for the period of **Jan 1, 2017 to Dec 31, 2018**.

- The rate of stamp duty on instruments of transfer of real estate worth more than RM1 million up from **3% to 4% effective Jan 1, 2018**.

- A new, special "step-up" end-financing scheme for the PR1MA programme to reduce loan rejection rate. Application process to start from Jan 1, 2017. Scheme is in collaboration with the government, Bank Negara Malaysia, Employees Provident Fund and four local banks — Maybank, CIMB, RHB and AmBank.

- Grant of up to RM10k to be reintroduced to registered Residents Associations to buy security control equipment and for the cleanliness and maintenance of the neighbourhood.

- Public servants' housing loan eligibility up from between RM120k and RM600k to between RM200k and RM750k.

- Government to build 10,000 houses in urban areas for rental to eligible youths with permanent jobs. They may rent up to a maximum of five years, at a below-market rate.

- Government to complete 30,000 units of 1Malaysia Civil Servants Housing (PPA1M) priced from RM90k to RM300k — or 20% below market price.

- Introducing MyBeautiful New Home for the B40 (bottom 40% of households with monthly income of 3.9k and below) with a RM200 million allocation. Kick-start with building 5,000 units (priced at RM40k to RM50k each). Government to finance RM20k with owners paying the rest in instalments. Houses to be built on owners' land; land permitted by the landowner; and land awarded by state governments.

- The Ministry of Urban Wellbeing, Housing and Local Government gets RM134 million to build 9,850 houses under the People's Housing Programme (PPR).

- A total of 11,250 People's Housing Programme (PPR) houses are being built. These will be sold from RM35k to RM42k — much lower than the construction cost of RM120k to RM160k.

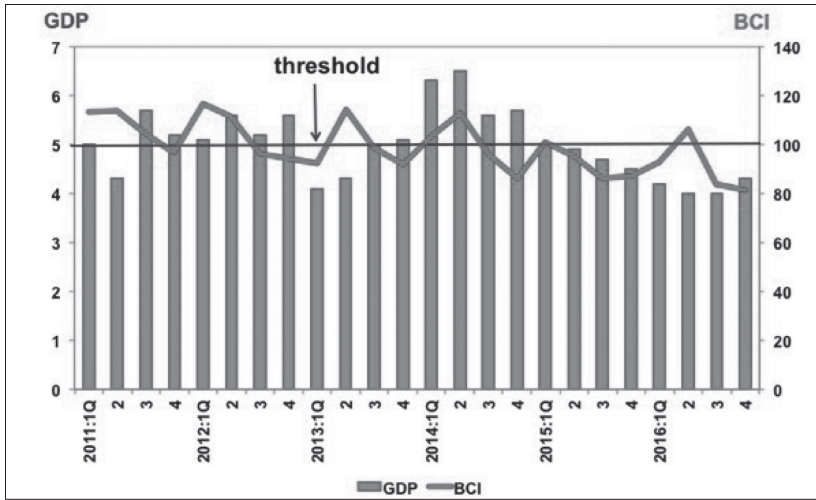
- Government-linked companies (GLCs) and Perumahan Rakyat 1Malaysia (PR1MA) to get vacant land at strategic locations to build more than 30,000 houses. These will be sold from RM150k to RM300k — below the market price of RM250k to RM400k.

- Some 5,000 units of People's Friendly Home (PMR) will be built. Government to subsidise up to RM20k per unit.

Source: Adapted from TheEdgeProperty

Market Indicators

Business Condition Index

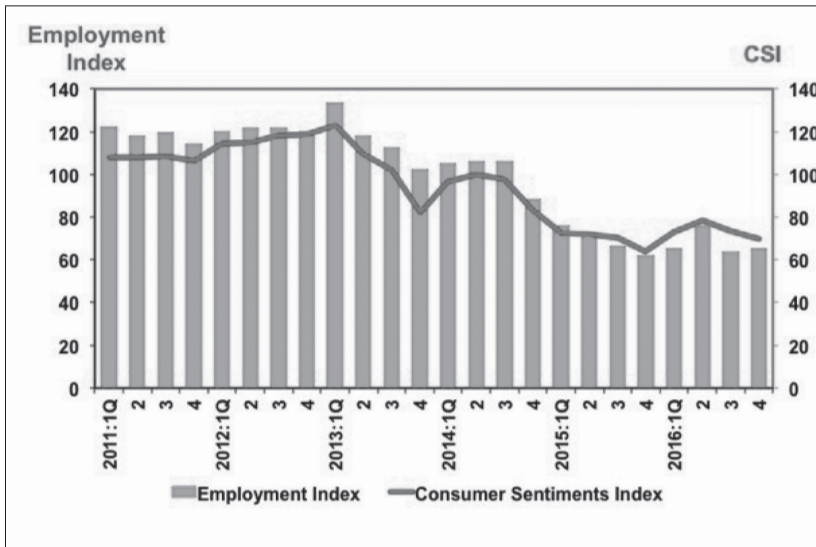


STILL IN NEGATIVE TERRITORY

- BCI drops for the second consecutive quarter to 81.2 points
- Expected Index (EI) lost 12.4 points
- Current Index gained marginally by 0.4 points
- Overall sales and production trending higher but likely to drop in the next quarter
- External orders dipped further

Source : MIER, Q4 2016

Consumer Sentiments Index

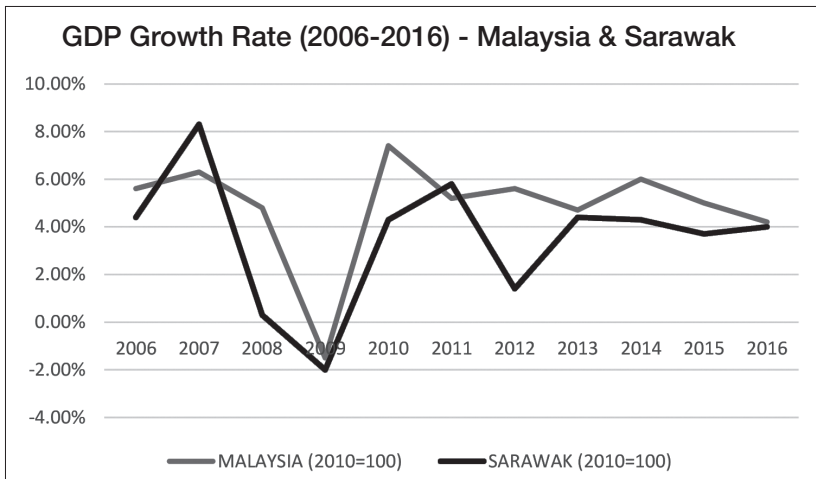


SENTIMENTS SHIFT LOWER

- CSI falls further to 69.8
- Current finances unfavourable
- Income prognosis subdued, job outlook flat
- Expectations of rising prices intensify
- Cautious and selective shopping plans in the pipeline

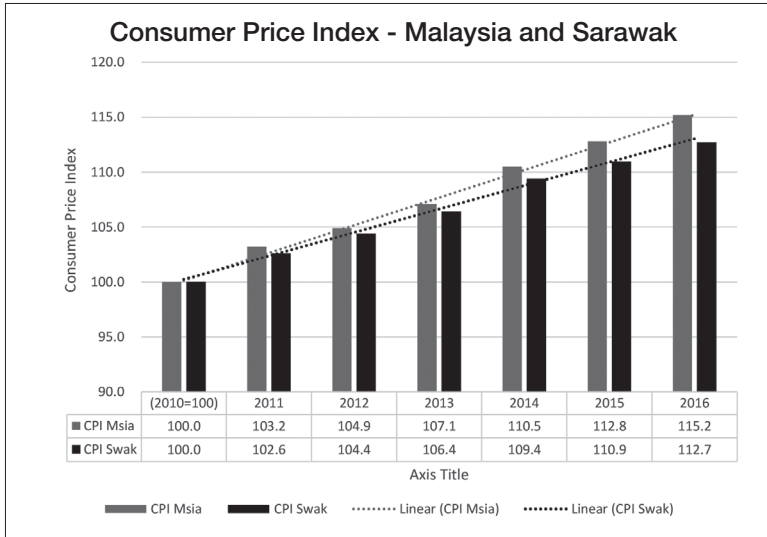
Source : MIER, Q4 2016

GDP Growth Rate



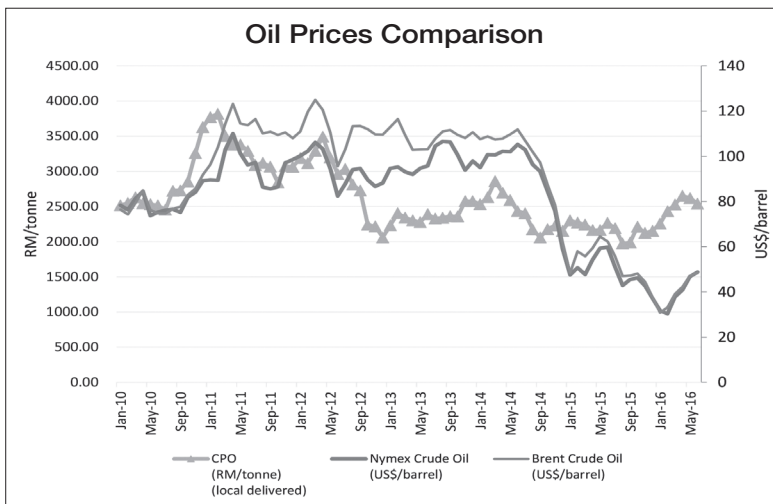
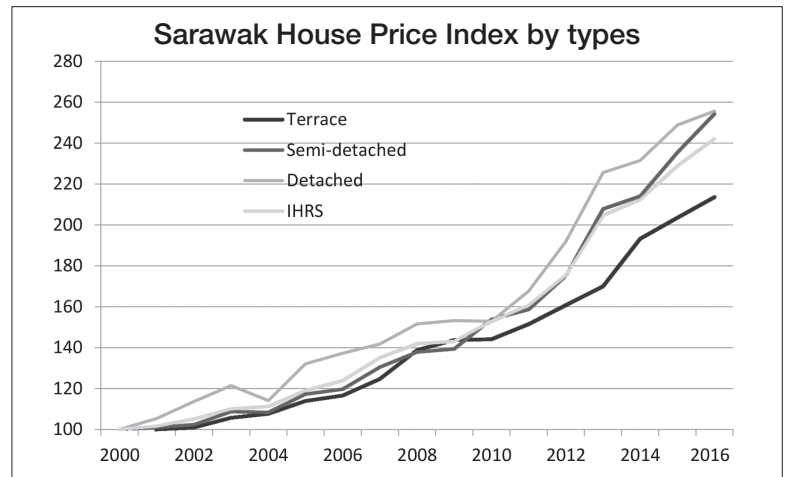
- MIER maintains Malaysia's real GDP growth projection for 2016 at 4.2%.
- Real GDP growth for 2017 is downgraded to 4.5%, from the earlier forecast of 4.5 - 5.5% due to downside risks and external demand is not as strong as expected although commodity prices are showing signs of recovery.
- Real GDP growth for 2018 is forecasted to be stronger at 4.7 - 5.3%, as domestic demand as well as export demand are expected to improve further.

Consumer Price Index



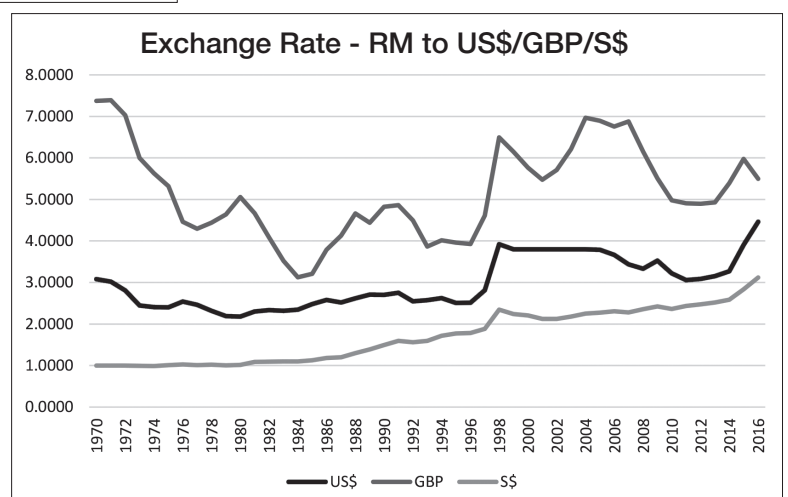
- Consumer price inflation stays subdued.
- Food inflation remains higher than the overall inflation causing public anxiety particularly among low-to-middle income households.
- The fear of ringgit devaluation from imported inflation seems mitigated while its indirect effect through input prices into domestic production is spread-out over time.

The Sarawak House Price Index continues to uptrend and at an increasing rate for the last 5 years, averaging 15% per annum.



Oil Prices has shown some recovery towards the end of 2016.

The Ringgit suffered its greatest setback in 2016, ending at an all-time low of 4.5 to the greenback.



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**Phase 1:
108 units of Shophouses
Nearing Completion**

Phase 1 Shophouses for Sale

- ✓ Located in the up and coming Kidurong Sentral Township
- ✓ Limited Units available
- ✓ Ideal Location for Business
- ✓ Good Investment Opportunity
- ✓ Phase 1 Special Package
 - Attractive Rebates
 - GST & legal fees borne by developer
 - Booking fee of RM10,000 only



- **Built-up Area:**
 - Intermediate unit: 3,881.50 ft²
 - Corner unit: 5, 673.70 ft²

- **Designed with high ceiling for good ventilation**



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The information in this document is indicative only and should not be relied upon as accurately showing the layout of Kidurong Sentral and is subject to change from time to time, in accordance with planning permissions and during the course of construction of each subsequent phase.

For more information, visit our website www.wtwy.com



C H Williams Talhar Wong & Yeo

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