

SARAWAK PROPERTY BULLETIN



Sarawak Property Market

2019 Property Market Review & Outlook

MARKET OVERVIEW

EBB AND FLOW

The market for 2019 was mixed, carving out a pattern of growth, decline and regrowth. In the midst of this ebb and flow, hopes and disappointments abound, resulting in mixed market sentiments and reactions. On one hand, the market seems to be bottoming out with some signs of recovery; at the same time the recovery is beset by uncertainties and could be only short term and periodic.

Despite a slowdown in GDP growth for Sarawak to 2% in 2018, growth for 2019 is expected to improve to 5%-6% with the roll out of major infrastructure and development projects especially in the aquaculture, tourism, forestry, palm oil, rubber and biotechnology sectors. The increase in development expenditure particularly on infrastructure, rural and interior developments, will help accelerate growth and spur the State towards achieving the targeted economic growth of 6% and above.

Apart from trying to improve the affordability of housing in the State with the introduction of a new housing program/scheme called Spectra Housing which joint venture with local developers to deliver houses of higher specifications and standards to the people, the State government has also launched the Sarawak Digital Economy Strategy to propel the State towards a digitised State by 2022.

Market confidence which was bolstered after GE14 with the win of a new government has dipped to a low for Q4 2019, the lowest in the last 2 years.

On the property front, JPPH in its Property Market Report 1H 2019 expects property market activity in 2019 to stabilise. Judging from the increase in volume (2018:4.7%; 2019:7.4%) and value (2018:7.4%; 2019:22.9%) of total property transactions for the State for 2018 and 1H 2019, with better performances in almost all sub-sectors, there are early signs of recovery and the market for 2019 is anticipated to pick up.

The residential sector will continue to dominate the market in terms of volume and value, and expected to move slowly but steadily. The high rise residential sub-sector will continue to face challenges in view of the significant increase in supply. Take-up rates of the latter would be subject to pricing, location and other unique selling points.

The industrial, agricultural and vacant land sectors are expected to register slow but steady growth whilst excess of units are still observed in the commercial sector, particularly, retail units and shop offices.



The Hive @ Town Square, Bintulu



ParkCity Eastwood, Miri



Saradise @ Stutong, Kuching

Overall overhang for 2019 has increased compared to 2018, due to increased stock in the market. High property prices, stricter lending policies, volatile macroeconomic conditions and weak consumer sentiments, remain challenging for the property sector in 2019. The increase in RPGT and imposition of 5% RPGT on properties sold after the 5th year of purchase will dampen sales. However, decline in capital value is not evident.

Major infrastructure projects under the 11th Malaysia Plan are expected to be the catalyst for growth. A lot of infrastructure and rural development projects are expected to be rolled out in the State in the next few years.

The recent announcement by the State Government to develop 2 million hectares of land for agriculture to enable the State to become a net food exporter by 2030 will mean an increase in demand for agricultural lands. Thus, the agricultural sector is one to look out for in the near future.

MODERATION AND CONSOLIDATION : ROAD TO RECOVERY

2019 was a year of moderation and consolidation on a journey towards recovery. No huge market changes, up or down, are expected with continued cautiousness in business dealings, going forward.

RESIDENTIAL SECTOR

KUCHING

Landed housing continues to see demand and new launches are mostly seen in secondary prime areas. New supply of high rise strata titled residential units continues to outstrip landed housing. The number of launches for high-rise residential units are modest for 2019 in view of the oversupply.

Steady Supply And Demand For Landed

There were more landed residential launches for 2019 compared to 2018, most being located in secondary areas. Lee Onn Development Sdn Bhd offered 106 terraced and semi-detached units for its Moyanese project at Jalan Matang-Batu Kawa. Other new launches include Taman Mutiara Damai at Petra Jaya with 90 units of single and double storey terraced houses, Boxhill 76 @ 7th Mile with 76 units of double storey terraced houses and Taman Riveria Maya at Samariang with 60 single storey semi-detached and detached housing units. Landed housing projects are seen sprouting up along the Kuching-Serian route.

The market for landed housing remains steady and prices continue to increase marginally. Rentals and occupancies remain stable. Due to the uptrend in house prices, there is buying interest in the secondary market where the prices are comparatively lower.

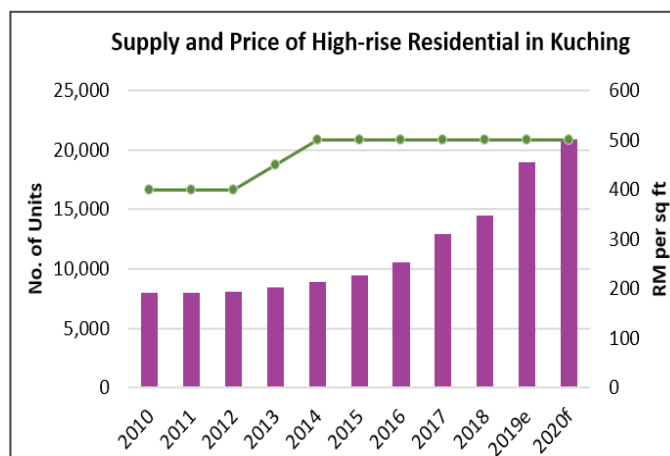


Rivervale Condominium, Kuching

Sale prices for apartments have stagnated in the region of around RM500 psf in prime locations, with recent new launches priced within the RM400 psf to RM500 psf price range. Most projects are offering smaller units below 1,000 sf in order to maintain affordability. Most projects also offer early bird discounts plus packages and perks.



Commercial development along Jalan pedada, Sibuan



Note: Data for the full year of 2019 is based on estimation from NAPIC's data
Source: NAPIC, WTWY Research

Supply Glut Of High Rise Residential

High-rise residential units continue to flood the market with about 1,520 units completed in 2019, slightly more (10%) than 2018. Pioneer soho units in Kuching make up ¼ of completions. Completed high rise residential units could reach around 3,000 units taking into account 1,320 PRiMA units at the Bintawa Waterfront. Completions for private developments next year are expected to peak with about 1,750 units incoming stock, which would slow down the performance of this sub-sector down further.

The number of units launched for 2019 of about 1,740 units were more or less on par with the numbers launched in 2018, including PRiMA units offered.

Rentals are very much negotiable in the current soft market and this has pulled down the average asking rental for apartment units, thus affecting net yields.

Stratified residential units are experiencing a supply glut of late and this has resulted in a buyers' market with buyers dictating the rentals and rates. Units are taking longer time to sell or rent, especially those in the higher rent market/class.

Good Deals In A Buyers' Market

The current period, being a buyers' market, is a good time to hunt for good deals, be it in landed or high rise. Demand is expected to strengthen further once the market recovers.

Recent high rise residential units are mostly developed as part of a mixed development or as serviced apartments, as there is no restriction on the number of units in a high rise commercial development unlike residential developments' planning criteria which limits the number of units to 30 per acre.

For 2019, the Kuching Built up area which covers the Kuching urban area and its surroundings recorded the highest number of launches at 1,165 units with only 1 other launch each in Batu Kawa (128 units) and Matang (448 units) area. Of these, the biggest contributors were The Avona Residences @ the Northbank (298 units) developed by M/s Ibraco, Doncaster Residence @ Hup Kee (216 units) developed by M/s Tecktonic & Sons and the 2nd block of the Mackenzie Avenue which added another 128 units and 2nd tower of Sapphire on the Park with 166 units. The units launched range between 490 sf (studio) and 3,390 sf (penthouse).

HK Square was the largest serviced apartment development completed for 2019 comprising 2 towers housing 304 units followed by the first 184 units completed for Liberty Grove which when fully completed would be among the largest apartment projects in Kuching; and Tower B of Rivervale Condominium with 184 units which completes the project totalling 368 units. Other project units completed for 2019 include 300 units at LD Legenda next to the Sarawak General Hospital, Stutong Tierra 1 (108 units) at Stutong Baru, Trinity Residences at Triniy Hub with 48 Soho and 32 Condo units, Cube 2 (94 units) and Zen 66 (66 units) both at Jalan Dogan in the Batu Kawa area and the Fifth Ryegates (72 units) at Jalan Airport.

MIRI

The residential market in Miri was hindered by weak purchasing confidence due to stringent access to end-financing amidst weak demand and slower activities in oil and gas industries and oil palm industries.

BINTULU

Bintulu's landed residential exhibited resilience in 2019, with slight increments in transaction volume and selling prices of newly launched residential properties. Being an industrial town, work migrants from other parts of Sarawak or even Malaysia represent a significant source of homebuyers. In addition, Bintulu has a high percentage of population of 43% in the house-buying group between 25 and 54 years old.

Underpinned by demand certainty in the landed residential segment, developers are constructing more terraced houses - 631 units of incoming supply and 363 units of planned supply as at 1Q 2019. Single-storey terraced houses in Bintulu is well sought after as its price is lower compared to other types of landed houses. Locations close to workplace and industrial areas such as Kidurong are more preferred.



Samalaju Eco Park Apartment, Bintulu

Meanwhile, high-rise residential has started to make its entry into Bintulu in the last 5 years. As at 1Q 2019, there will be a total of 395 units incoming supply in Bintulu. The selling price of such property type may stay unchanged so as to maintain take-up in 2020. The preference towards high-rise residential is mainly dictated by the facilities provided as well as pricing which shall be deemed as attractive and competitive if not exceeding RM350,000.

The residential market demand in Bintulu could be rejuvenated view of the construction of a bridge across Kemena River which would shorten the distance between Jepak and town centre.

SIBU

Sibu's landed residential market is balanced with sufficient supply and reasonable demand. Although selling prices have been increasing due to dwindling supply in the prime areas nearer to Sibu downtown, the landed residential market shall remain stable in 2020.

In spite of the slower take-up rate compared to the previous years, there were still new launches of serviced apartments in Sibu in 2019. Market preference points towards those tagged below RM450,000 per unit or landed residential property would be favoured beyond that threshold. The high-rise residential market for Sibu in 2020 is projected to be flattish.

Landed Residential New Launches

Name	Location	Developer	Type	Unit Sizes (sq.ft)	Price (RM per unit)
KUCHING/SAMARAHAN					
Moyanese	Jalan Matang Batu Kawa	Lee Onn Development Sdn Bhd	1-T 2-T 2-SD	1,085 1,990 2,086	345,000 - 426,000 449,000 - 505,000 560,000 - 630,000
Lots 168&169/Bik24/MTLD	Off Jalan Stakan Melayu	N/A	1-T 1-T 1-SD	833 974 1,244	150,000 - 425,000 150,000 - 415,000 415,000
Mutiara Damai	Jalan Sultan Tengah	Orion Master Sdn Bhd	1-T 2-T	975 - 1,029 1,884 - 1,995	290,000 - 572,000 430,000 - 770,000
Boxhill 76 @ 7th Mile	Off Jalan Penrissen	Tecktonic & Sons Holdings Sdn Bhd	2-T	1,791	>610,000
Precinct Grande Phase 1 @ La Promenade	Kuching-Samarahan Expressway	Hock Seng Lee Construction Sdn Bhd	2-D	4,442 / 4,729 / 5,064	3,150,000 / 3,380,000 / 3,580,000
Taman Zorlah 2 @ Matang Jaya	Off Jalan Matang / Jalan Depo	Nursinar Development Sdn Bhd	2-T	1,433	429,000 - 598,000
Taman Moyan Indah Phase 2	Jalan Matang - Batu Kawa	GKS Development Sdn Bhd	2-T 2-SD	1,789 2,179	465,800 - 590,800 697,800
Lot 6134 @ Semerah Padi	Jalan Semariang	Orion Master Sdn Bhd	2-T	1,680; 1,838	485,000 - 607,000
Estate 28	Off Jalan Tun Abdul Rahman	OBYU Realty	2-T	N/A	700,000
Laman Menggris	Jalan Menggris	OBYU Realty	2-T	N/A	580,000 - 800,000
Dusun Bayu Phase 8	Jalan Bako Demak Laut	Borneo Development Corporation (S) Sdn Bhd	1-T 1-T 1-T	764 / 926 786 / 947 829 / 1,000	298,888 - 482,888 333,888 - 488,888 349,888 - 504,888
Riveria Maya	Jalan Lingkaran Samariang	Petra Jaya Properties	1-D 1-SD	1,121 1,127	N/A 484,000 - 524,000

Type: LCP – Low Cost Plus T – Terraced SD – Semi-detached

High Rise Residential New Launches

Name	Location	Developer	Unit Sizes (sq.ft)	No. of Units	Price (RM per unit)
KUCHING					
P' Residence (Block 7 and 8)	Jalan Batu Kawa	Tenaga Stabil SB/Active Pioneer Sdn Bhd	1,169 - 1,286/ 2,523 & 2,533	168	357 - 395
GEM Suites	Off Jalan Stutong Baru	Sin Hai Ming Development SB	861 - 1,214/ 1,624	198	From 463
Liberty Grove @ Kota Sentosa	Off Jln Sg Tapang	Elica Sdn Bhd	1,065 - 1,400	96	400 - 500
Mackenzie Avenue Block A	Jalan Stapok Utara	Lee Onn Construction Co.	1,520	128	300 - 350
Stutong Tiarra 2 (Stutong 7 Residences)	Off Jalan Stampin Baru	JYRAH REALTY SDN BHD	672 - 1,222	130	385
The Fifth Ryegates	Off Jalan Lapangan Terbang	Lee Onn Construction Co.	861 - 1,277	72	439 - 465
Urban Residences	Jalan Central Timur	E-Heritage Sdn Bhd	1,409 - 1,560	136	627 - 723
Yarra Park	Jalan Batu Kawa	Tecktonic & Sons Holdings Sdn Bhd	940 - 1,240	195	400 - 411
Kafaz River Residence	Jalan Haji Mataim	Urbanpro Development SB	740 - 1,200	66	From 440
The Podium	Jalan Keretapi	Chen Ling	964 - 1,460	395	522 - 603
Mackenzie Avenue Block B	Jalan Stapok Utara	Lee Onn Construction Co.	1,520	128	310 - 380
LUMOS Residence	Jalan Ong Tiang Swee	Benta Mewah	1,065 - 1,181	72	588 - 740
Armada Residences	Jalan Durian Burung, Stampin	Tecktonic & Sons Holdings Sdn Bhd	492 - 1,459	141	510 - 570
Avona Residence @ The Northbank	Off Kuching-Samarahan Expressway	Ibraco Berhad	538 - 1,388	298	540 - 550
Doncaster Residence @ Hup Kee	Jalan Hup Kee	Tecktonic & Sons Holdings Sdn Bhd	699 - 1,259	216	417 - 453
Tabuan Residences	Loring Tabuan Timur 3, Jalan Tabuan	Lee Chuan Hong Co. Sdn Bhd	490 - 770	64	535 - 582
The Cheers	Off Jalan Song/Tabuan Dayak	Twin Revenue Sdn Bhd	780 - 800	80	596 - 703
M2 Residensi Matang 2	Jalan Matang - Kampung Paroh	Pr1ma Development Sdn Bhd	910 & 978	448	276 - 297
Sapphire On the Park Tower 2	Jalan Batu Lintang	Naim Bhd	764 - 3,390	166	500 - 600

OUTLOOK

The residential sector remains the most active and biggest contributor to the Sarawak property market. Landed residential sector remains stable and continues to see demand but is seen lacking in the urban areas, having been outstripped by high rise residential units especially in Kuching. The overall market is facing a supply overhang in the high rise residential sector.

OFFICE SECTOR

KUCHING

Demand for purpose-built offices (PBO) continues to be stagnant with demand confined to pre-ready tenants or government agencies. Shop-offices are in abundance and having a challenging time trying to rent out.

Purpose Built Office Sector Remained Stagnant

2019 was a quiet year for the PBO sector in Kuching. There were no new office projects launched or completed in 2019. Due to the increased stock of office space in the market and with shop offices constituting a significant share of the completions, take up and rentals of these PBO remain stagnant with rentals averaging about RM2.70 per square foot.

Shop Offices In Abundance

2019 saw a substantial decrease in completions of shop offices in Kuching. Based on NAPIC's data, incoming supply as at 2Q 2019 is estimated at 800 units, a drop from the previous y-o-y figure of 1,053 units, of which 15% were started this year. New commercial shops launched include The Northbank Shop Office (23 units) along the Jalan Kuching-Samarahan Expressway and Pines Square (154 units) at Eden Parade along Jalan Batu Kawa. The significant glut of shop offices in the Kuching market is still felt in the high vacancy rates and reduced shop office rentals and sales.

2019 saw the completion of 80 units of 3 and 4-four storey shopoffices at TT3 Plaza, the last phase of the overall Tabuan Tranquility township developed by M/s Ibraco, which will also include a 14-storey Soho cum commercial podium, a 6-storey education block and a food court; and last 23 units of shop offices at Gala City Prime developed by M/s Tecktonic & Sons.

MIRI

PBO in Miri is a niche market due to limited supply and demand and mainly occupied by oil and gas related businesses. The market is expected to remain stable. Shop offices are facing an oversupply challenge especially in secondary location and continue to show a downward trend. The oversupply situation in Miri is expected to continue in 2020.

BINTULU

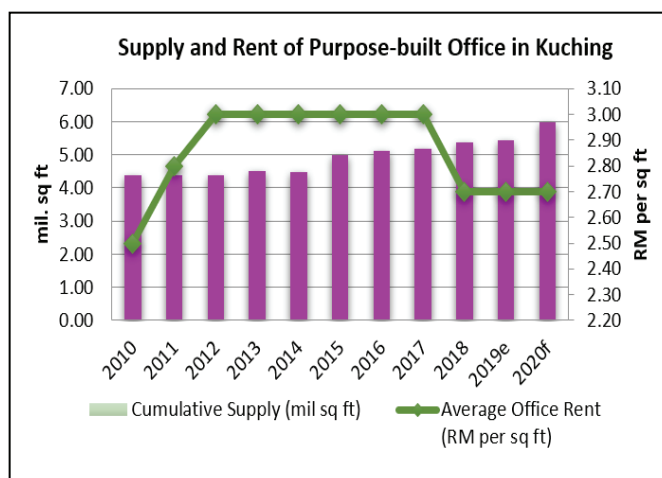
The PBO market in Bintulu remained stagnant in 2019 and will continue into 2020. However, there was a downward trend for shop offices, thus becoming a tenants' market with various space options and lower rentals. Matured/established shop office locations are more preferred.

SIBU

PBOs in Sibu were stable in 2019, and expected to continue in 2020, driven by companies seeking better corporate image and branding. The shop office market also remained stable, with slow recovery from oversupply, mainly driven by the increasing trend of F&B and local businesses in prime locations. New developments strategically located in neighbourhood areas are expected to gain good take up.

OUTLOOK

The PBO is a niche market with limited supply and demand and remains generally stagnant for all markets. Construction of such is adhoc. Oversupply situations persist in the shop office market segment for Sarawak. A recovery in the Sibu market is possible with increasing demand from F&B and local businesses, whilst other markets are finding it tough to fill up the vacant/vacated units.



TT3 Shop Office, Kuching

RETAIL SECTOR

KUCHING

The retail sector is facing difficult times with falling occupancies and reduced rentals, made worse by increasing supply of retail space

Falling Occupancies

The retail sector in Kuching is now feeling the brunt of the over supply of retail malls completed in recent years amidst the current economic downturn. Retailers are taking measures such as relocating, downsizing and restructuring in order to survive. Some exits of major retailers were witnessed in 2019, such as the moving out of Metro Jaya from CityOne Mall and Parkson from Riverside Majestic Mall. A local premium stand-alone supermarket named Ting & Ting Supermarket decided to call it a day after more than 60 years of operation.

Older malls are seen succumbing to high vacancies. Some of the once-thriving malls are now a sad sight of vacant roller-shuttered units. The increased supply of retail space in recent years, coupled with the recent economic slow-down have adversely affected the retail market, with lower occupancies translating into lower asking rentals hovering around an average of RM13.00 per square foot.

A hybrid retail mall known as Aeroville was completed in 2019. It houses 2 anchor tenants, namely Econsave Supermarket and Hai Tian Low, a popular local Chinese Restaurant. The former Ting & Ting Supermarket space is now occupied by What About Kuching (WAK) event organizer as a centre for craft exhibitions, art performance events and lifestyle statements.

Retail complexes currently under construction are Tropics City Mall at Jalan Song and the Forum at Jalan Stampin Tengah.

Need To Reinvent

There is a dire need for the struggling malls to innovate, recreate and reinvent themselves in order to remain relevant and perform in terms of occupancy rates and rentals.

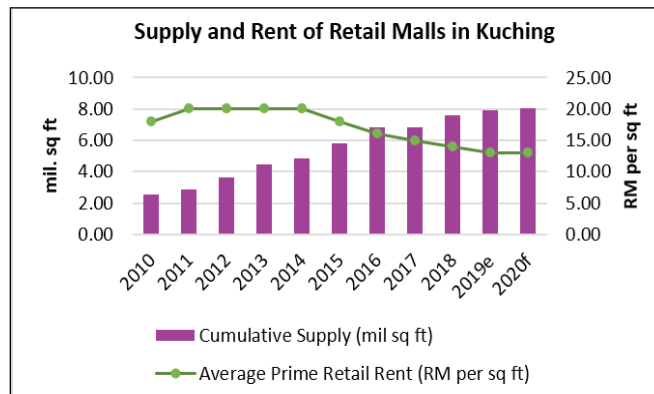
MIRI/BINTULU

The oil and gas industry and its location near Brunei are the primary factors for Miri's positive retail market. Still, consumers are being prudent in their spending due to the rise of living costs. Meanwhile, Bintulu is expecting a challenging retail market due to new mall completions which are Crown Pacific Mall and Spring Mega Mall.

The other highlights are the opening of Spring Megamall and the construction of Boulevard Mixed Development. Both are considered as mega projects in Bintulu and share equal prospect of becoming Bintulu's new landmarks.

OUTLOOK

Inflationary pressures have dampened domestic demand leading to a highly challenging and competitive local retail business environment which has already seen a fair share of retailers dropping out. Coupled with the significant increase in retail space offered in the local market, Sarawak's retail market is expecting a general drop in its performance in the short term.



Aeroville Mall @ Stutong Baru, Kuching



The Spring shopping mall, Bintulu

INDUSTRIAL SECTOR

KUCHING

The industrial sector was generally stable for 2019, with few completions.

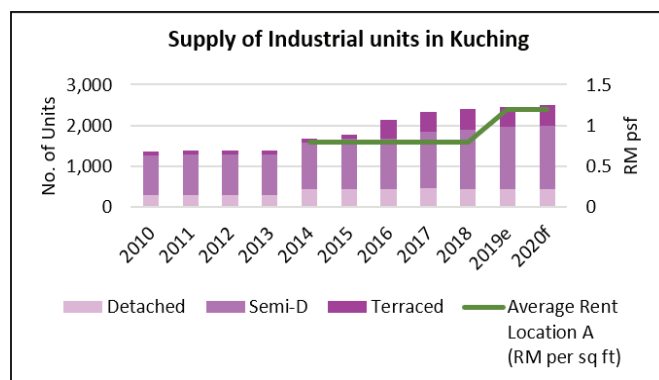
Passive But Stable

The industrial sector in Kuching, although rather passive, remains stable. Only one private industrial project was completed in 2019, namely, Vista Industrial Park (V.I.P.) by Hock Seng Lee Berhad comprising 56 two-storey semi-detached units; and only one industrial project was launched in 2019, offering 26 units at Jalan Batu Kawa, developed by M/s Lee Onn and expected to be completed next year.

There continues to be interest in the secondary market especially for units in established industrial areas. There is also increasing demand for showroom types as indicated by increasing conversion of detached lots along main roads for such purpose.

Semi-detached units and warehouses remain popular with market prices ranging from RM600,000 to over RM1 million. Occupancies and take up rates were stable and remain unchanged for 2019, whilst rentals range from RM1.20 to RM1.50 per square foot for semi-detached units.

In the long run, there is good potential for light industrial units in Kuching especially in areas with good road networks and frontages with the increasing presence of SMEs which will demand space for workshops, showrooms and storage/warehousing.



Abbreviation: psf = per square foot

Note: Data for the full year of 2018 is based on estimation

Source: NAPIC, WTWY Research.



Vista Industrial Park, Kuching

MIRI / BINTULU

The improving oil and gas industry in Miri continues to drive the market, sustained by large corporations. Heavy industrial activities have shifted to Bintulu which is set to become Industrial City by 2025. As an industrial town, demand for industrial properties is comparatively better with accessible deep-sea ports in Bintulu and Samalaju. Notable major players such as M/s Sakura Ferroalloy and M/s OCIM continued the business interest in Samalaju Industrial Park.

SIBU

In Sibu, light industrial activities, ship-building and ship repair drive the demand for industries. Asking prices for industrial properties in outskirt areas such as Sibu Jaya has increased. Land acquisition for Rantau Panjang area was also confirmed for the proposed Phase II of shipbuilding industrial estates, reflecting the need and demand.

OUTLOOK

The industrial sector is mixed across the major towns of Sarawak with Kuching mostly expanding on SMES, and Sibu on shipbuilding activities whilst the main concentration of heavy industries are in the Northern towns of Miri and Bintulu, especially the latter which has been earmarked as Sarawak's Industrial City. The future for the industrial sector remains optimistic with good growth potential.

HOTEL SECTOR

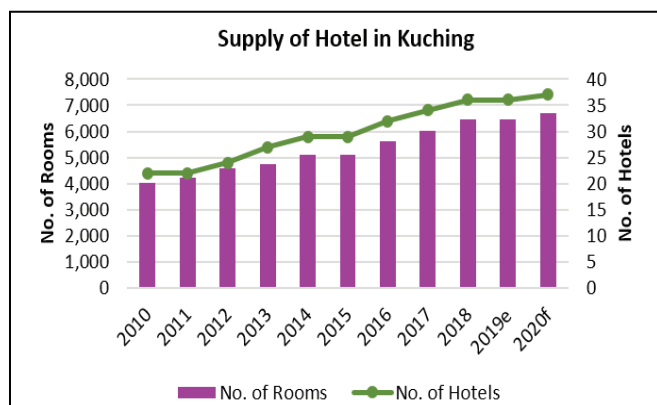
KUCHING

The hotel sector is stable and expected to perform better with 2019 designated as Visit Sarawak Year with improved room rates for 5 star hotels.

Steady Supply Good Potential

The overall hotel sector is expected to benefit from the Visit Sarawak Year 2019 campaign launched by the Ministry of Tourism. The state hopes to rake in RM 8.79 billion revenue from an anticipated five million visitors for 2019.

The star rated hotels in Kuching remain stable for 2019, with average room rates and occupancies remaining generally unchanged. Five star hotels have increased their room rates slightly whilst 3 star hotels' average room rates have dropped, possibly due to competition from lodgings by AirBnB offered by private individuals which are also convenient and easily accessible via social media platforms.



Source: NAPIC, WTWY Research.



Roxy Hotel, Kuching

The annual Rainforest World Music Festival which is the biggest draw for tourists to Kuching every year continues to be bigger and better and is a huge boost to the average hotel occupancy rate. With the increased events and programs for Visit Sarawak Year 2019, such as WAK, Intercultural Mooncake Festival, Sarawak Regatta, Borneo Cultural Sporting Events, International Medical Congress, Adventure Challenge, Sarawak Heritage Food Festival etc., Kuching will stand to benefit much.

There were no addition of star rated hotels in 2019. However, 2019 saw the opening of Roxy Hotel Padungan, a 5-storey budget hotel, converted from old 2-storey shophouses at Jalan Padungan in the city centre, which offers 35 rooms.

There is one hotel currently under construction, i.e. the 19-storey Promenade Hotel located in the CBD area, and due for completion by 2020.

MIRI: Brunei Visitors

As the city closest to Brunei, Miri remained the top 5 most visited cities in Sarawak. Concentration of commercial activities will continue to influence the location preference of hotel operators and tourists. More than 70% of supply is located within the urban-city with at least 1 new hotel rated 3-star hotel coming yearly.

However, the most prevalent type of hotel in Miri is the 4-star hotel as it makes up to 55% of the total rooms supply. The continuous support from Bruneians and business expats from oil and gas sector will sustain the hotel industry in Miri.

BINTULU: Plentiful Supply

Bintulu's hotel market will remain satisfactory in the near term with the average occupancy rate hovering at about 50%. There was a newly completed hotel in Bintulu in 2019, namely Paragon Fairfield Marriot Hotel (230 rooms). The Nu Hotel (210 rooms) and Green Hotel (160 rooms) are hotels which came into the market in the past two years.

Under-construction hotels in Bintulu will contribute an additional 160 rooms within the next 2 years. Looking ahead, 8 hotel projects in the pipeline are estimated to inject another 862 rooms into the market. By then, it is anticipated that the occupancy rates and possibly the room rates may be affected by competition.

Newly completed hotels will offer competitive room rates to attract visitors whilst the old/existing hotels have their own strengths to keep their regular guests. The challenge for Bintulu market is that the increase in supply does not reflect the current demand.

SIBU: Tourism Potential

Sibu's tourism industry has always been modest with balanced demand and supply over the years. However, there is growth potential for tourism in Sibu as it is the gateway to the Rejang River area the center of Sarawak.

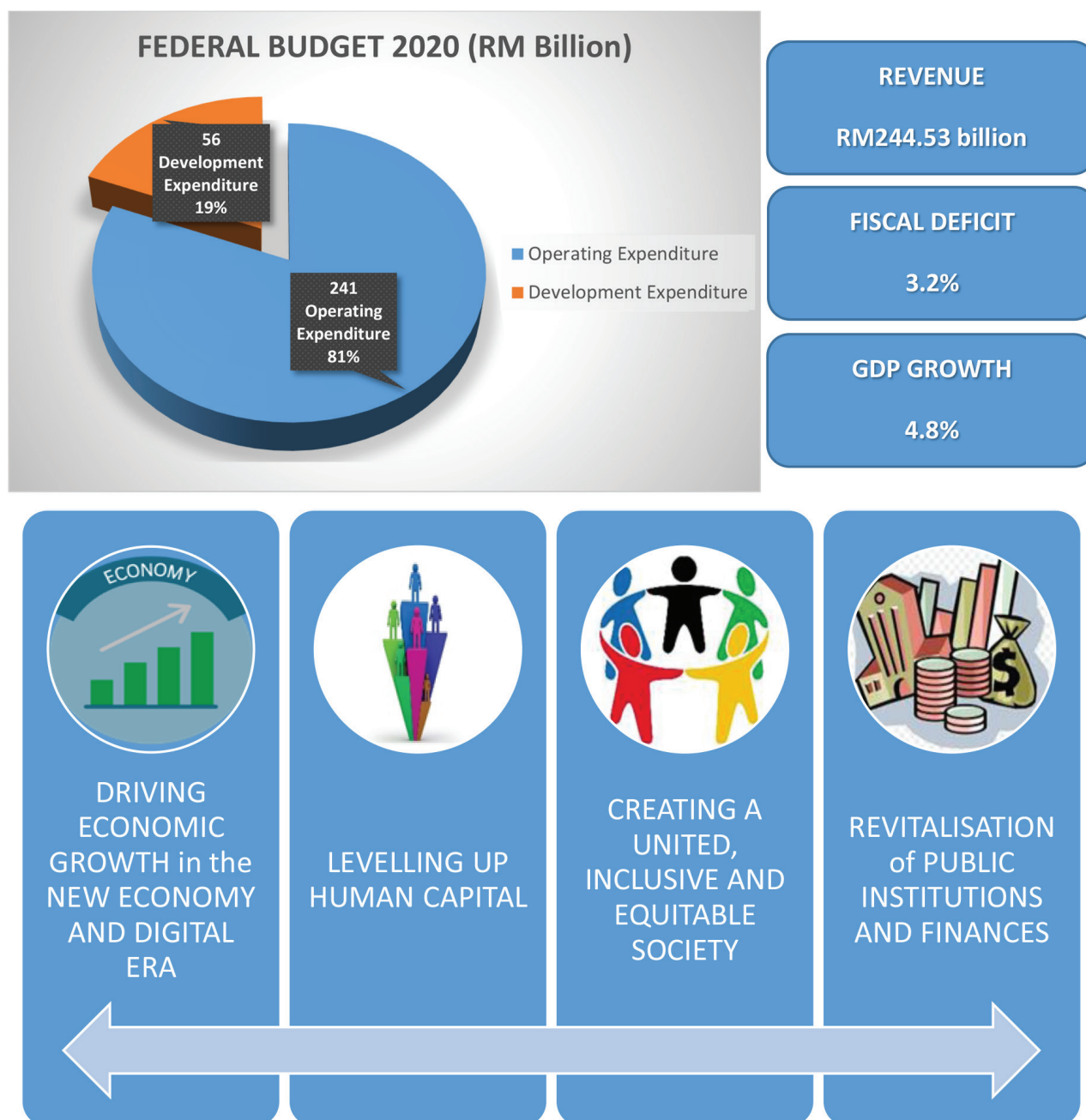
Hotel investments in Sibu are mainly by local companies/businesses which prefer budget hotels to cater more to local business travellers. Incoming supply consists of a 10-storey budget hotel (144 rooms) and a 6-storey boutique hotel (48-rooms) located within the commercial areas of the Sibu Star Mega Mall and Hann Commercial Centre respectively. Overall occupancy rates in Sibu hover around 60% with the average room rates ranging from RM120 to RM170.

OUTLOOK

2019 is Visit Sarawak Year, with the campaign promoting "Sarawak, More to Discover". Sarawak is on track of hitting its target of five million tourist arrivals by the end of 2019.

There was a 2.68% increase in tourist arrivals in the first five months of 2019 compared to the same period in 2018. Records showed that tourist arrivals was 1,797,634 from January to May 2019 and 1,750,640 for the corresponding period of 2018. Most of the arrivals are from Brunei, Indonesia and China. Sarawak's hotel industry is anticipated to remain stable.

FEDERAL BUDGET 2020 HIGHLIGHTS affecting PROPERTY SECTOR



Property and housing

- Revising the base year for the Real Property Gains Tax imposed on disposals of properties after five years for assets acquired to Jan 1, 2013, from Jan 1, 2000.
- The threshold on high rise property prices in urban areas for foreign ownership revised from RM1 million to RM600,000 in 2020.
- Youth Housing Scheme administered by Bank Simpanan Nasional extended from Jan 1, 2020 until Dec 31, 2021. The scheme also offers a 10% loan guarantee via Cagamas to enable borrowers to get full financing and RM200 monthly instalment assistance for the first two years, limited to 10,000 home units.
- Public Sector Home Financing Board to offer free personal accident insurance for up to two years to new government housing loan borrowers.
- To help those who can't come up with 10% deposit or get financing to buy homes, govt will collaborate with financial institutions to introduce the rent-to-own (RTO) financing scheme, for purchase of first home up to RM500,000 property price.
- Under this scheme, the applicant will rent the property for up to 5 years and after the first year, and the tenant will have the option to purchase the house based on the price fixed at the time the tenancy agreement is signed.

Tourism

- RM25 million allocated to Malaysia Healthcare Tourism Council to strengthen Malaysia's position as the preferred destination for medical tourism in Asean for oncology, cardiology and fertility treatments.
- RM1.1 billion allocated to Ministry of Tourism and Culture, of which RM90 million is specifically for VMY2020 promotion and programmes.

Sabah and Sarawak

- Govt plans to double special allowance for Sabah to RM53.4m and Sarawak to RM32m; this to be doubled further to 106.8m for Sabah and RM64m for Sarawak in five years.
- RM587 million allocation for rural water projects, of which RM470 million will be for Sabah and Sarawak.
- RM500 million for rural electrification benefiting more than 30,000 rural households, majority in Sabah and Sarawak.

Rural development

- RM10.9 billion allocated for rural development projects in 2020, from RM9.7 billion in 2019.
- RM738 million provided for Risda and Felcra to implement income generating programme.
- RM1 billion set aside for rural roads throughout Malaysia, primarily targeted at Sabah and Sarawak.



Source : Sarawak Government Portal, 2020

WTWY New Staff Appointments/Transfer

Name	Commencement Date	Position	Office
Ms Adeline Bungan anak Usang	7/7/2019	Valuation Assistant	Miri
Mr Lim Tien Yang	1/11/2019	Branch Manager	Miri

Property Market Overview

Property Market Indicators

	OVERALL		LANDED RESIDENTIAL		HIGH RISE RESIDENTIAL		PURPOSE-BUILT OFFICE		SHOP-OFFICE		RETAIL		INDUSTRIAL		INDUSTRIAL	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
SARAWAK																
Kuching	►	►	►	►	▼	►	►	►	►	►	►	▼	►	►	-	-
Miri	►	►	▲	►	►	▼	►	►	►	►	►	►	►	▲	►	▲
Bintulu	►	►	►	▲	►	►	►	►	►	►	▼	▼	►	►	►	►
Sibu	►	►	►	►	►	►	►	►	►	►	▼	►	►	▲	►	►

Policy/Infrastructure Updates

MAJOR POLICY			
	AUTHORITY/AGENCY	EFFECTIVE DATE	REMARKS
Fund for Affordable Homes	Bank Negara Malaysia	1 September 2019 to 31 December 2020, or until the fund exhausted	Maximum monthly household income increased to RM4,360, maximum property unit price increased to RM300,000.
Real Property Gain Tax (RPGT)	Ministry of Finance (MOF)	1 January 2020	The base year for asset acquisition revised from January, 2000 to January, 2013
Minimum Value of Property for Foreign Acquisition (revision) in Sarawak	Sarawak Government	23 May 2019	The prescribed amount for foreign acquisition of landed residential property shall be not less than RM500,000 (throughout the State of Sarawak except Kuching which shall be not less than RM600,000 for the latter).

INFRASTRUCTURE	
Reopening of the reconstructed Satok suspension bridge	This bridge completed in 1926 held 0.3m water pipes to Matang was initially accessible by cars and later closed off to vehicles and maintained only for foot pedestrian . It collapsed in 2004, after being declared unsafe and closed to traffic since 1992. The bridge reconstructed at a cost of RM8.05 million will span 213 metres by 3 metres , longer and wider than the old bridge which measured 130 metres by 2.3 metres
Reopening of the reconstructed Satok suspension bridge	A 2.25 kilometre access road and a bridge across Sungai Sangkoh and Sungai Semengo to be built at RM130 million. Once completed, the access road connecting Jalan Sungai Tapang with the Stutong Baru area would potentially ease traffic congestion at Kota Sentosa during peak hours.
Carriageway from Btg. Skrang to Sg. Awik ready by year end	40km of first carriageway from Btg. Skrang to Sg. Awik expected completed by year end, comprising nine bridges with three in Betong section and the remaining six in Spaoh section and the iconic Betong Interchange as well as one pedestrian overhead bridge.
Betong Interchange	The iconic Betong Interchange will have all its 3 spans launched by year end and provide smooth connectivity and easier access to Betong town once it is completed by middle of 2020
5 bridges to be completed this year	Babu Bridge, Burui Bridge, Padeh Bridge, Paku Bridge and Layar Bridge.



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