

Pioneering Changes

Market Outlook 2024

REPORT

MALAYSIA
REAL
ESTATE

CBRE|WTW
Research





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The Malaysian economy is expected to trend positively in 2024 despite the many ongoing and potential domestic and global headwinds. The service sector is expected to continue taking the lead, supported by domestic and foreign investments. Phased rationalisation of blanket subsidies, increased taxes and the fluctuating ringgit, are double edged swords, positive if savings are ploughed back to the deserving masses and invested into high-impact economic activities. The overall real estate sector should continue to improve in 2024 on the back of these positive fundamentals in place.

Sr Danny SK Yeo

Chairman
CBRE |
WTW



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The focus on ESG and environmental awareness has increased, driven by investor expectations and a growing recognition of the importance of sustainable development. This has prompted landlords to pay closer attention to these factors. Technologies currently utilized abroad are expected to be adopted locally, contributing to greater efficiency in buildings including utility costs. In addition, the growth of Electric Vehicles (EVs) will result in a spill-over effect, fostering the development of supporting infrastructure in residential developments, hotels, offices and shopping malls

Sr Tan Ka Leong

Group Managing Director
CBRE | WTW

C H Williams & Co was established in Kuala Lumpur in 1960. Successively, **Talhar & Co** was founded in Johor Bahru in 1972. Two years later, **C H Williams Talhar & Wong** was formed as a result of a merger of the two practices. **C H Williams Talhar & Wong** quickly rose to become one of Malaysia’s leading & established real estate services company as their Peninsular offices were complemented further by associated offices in Sarawak in 1975 and Sabah in 1977.

The company stood strong over the years and continued to do so in 2016 when the merger with CBRE took place. In 2016, CBRE Group, Inc. entered into an agreement to acquire a significant interest in the operating companies of the 11 Peninsular Malaysia offices rebranding the company as **CBRE | WTW**.

This joint venture provides a deep and broad service offerings for the clients of both firms. Our existing clients over decades will now have access to global expertise via CBRE and CBRE will be able to provide in-depth local expertise for their clients in Malaysia.

INTRODUCTION

The Malaysian economy grew by 3.3% y-o-y in the third quarter of 2023, anchored by resilient domestic demand. GDP is forecast to expand by 4.0% - 5.0% in 2024.

Moderate growth weighed down by weak global demand

Malaysia's Gross Domestic Product (GDP) expanded 3.3% year-on-year (y-o-y) in 3Q 2023, up from 2.9% in 2Q 2023. Growth was fueled by domestic spending, tourism expansion, and higher construction activity. Over the first three quarters of 2023, the economy posted 3.9% GDP growth. The services and construction sectors were driving growth.

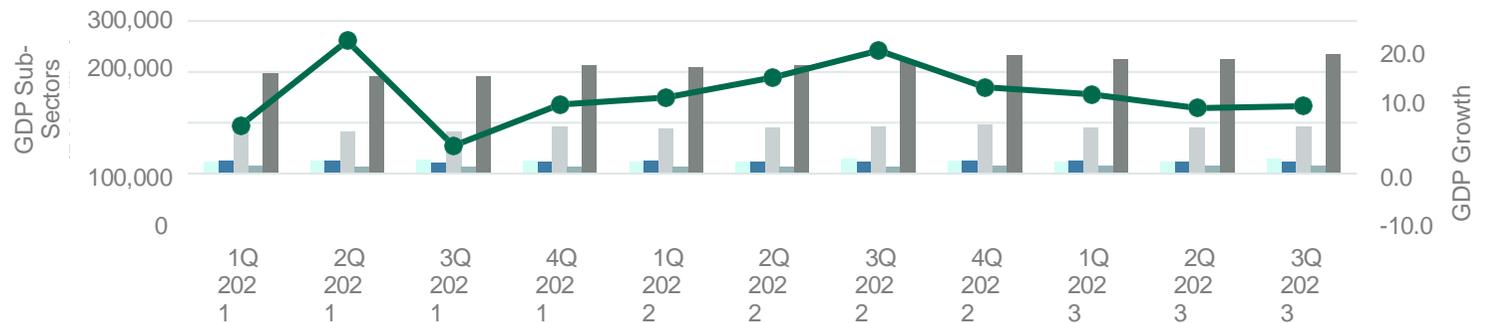
Exports activities remained soft amid prolonged weakness in export demand. In contrast, net exports rose 34% q-o-q but fell 16% y-o-y.

The headline inflation rate was 2.0% in 3Q 2023, down from 2.8% in 2Q 2023.

On the investment side, net Foreign Direct Investment (FDI) reached RM7.3 billion in 3Q 2023, doubling from RM3.1 billion in the previous quarter. The services sector attracted the most FDI, primarily from Hong Kong, China, the UK, Singapore, and Japan.

This year, the Overnight Policy Rate (OPR) had increased by 25 basis points, from 2.75% to 3.00% in May. It is anticipated that OPR will remain unchanged at 3.00% throughout 2024.

GDP by Sectors at Constant Price



The total loan applications for residential properties in 3Q 2023 amounted to RM115.2 million, while the total loan approved was RM50.3 million, a loan approval rate of 44%.

In Malaysia's employment sector, the total labour force maintained its uptrend in 3Q 2023, increasing by 2.3% y-o-y to 16.8 million persons (cf. 3Q 2022: 16.5 million). The Labour Force Participation Rate (LFPR) rose to a historical high of 70.1% (cf. 3Q 2022: 69.4%), possibly a reflection of the prevailing foreign labour shortage.

Business confidence and consumer sentiments continue to degrade

Malaysia's consumer sentiment continued its downward trend with a drop on the Consumer Sentiments Index (CSI) by 11.9 points to 78.9 in 3Q 2023 (cf. 2Q 2023: 90.8 points; 3Q 2022: 86.0 points).

The Business Confidence Index (BCI) also dipped to 79.7 points in 3Q 2023, the lowest since 4Q 2021 (cf. 2Q 2023: 82.4 points; 3Q 2022: 99.8 points).

Furthermore, September 2023 witnessed a further decline of -0.5% for the Industrial Production Index (IPI) which had previously declined by -0.3% in August 2023.

Agriculture Mining and Quarrying Manufacturing Construction Services GDP Growth (RHS)

Abbreviation: GDP - Gross Domestic Product (GDP); RHS - right-hand-side
Source: Bank Negara Malaysia (BNM), CBRE | WTW Research

INTRODUCTION

Budget 2024

The announced Budget 2024 allocated a fund of RM303.8 billion (77.1%) for operating expenditure and RM90.0 billion (22.9%) for development expenditure, forming a Government with restricted finances for economic development.

The government proposed to increase the Service Tax from the current rate of 6.0% to 8.0% which will exclude food and beverages (F&B) and telecommunications. The tax hike may take a toll on the provision of all types of surveying services, including valuation, appraisal, estate agency, and professional consultancy services.

Another proposed tax is the luxury goods tax (for items such as jewellery and watches) at a rate of 5.0% - 10.0%, based on the threshold value of the goods. However, foreign tourists are exempted from this tax.

Challenging market conditions going forward

Bank Negara Malaysia's (BNM) target for the Gross Domestic Product (GDP) growth in 2023 is 4.0%, a sharp slowdown from 8.7% in 2022. The latest GDP figures illustrate an unstable recovery as exports were down 12% in 3Q 2023 and fixed investments were down 5.1%, although private consumption was up by 4.6% which may reflect inflation instead of real demand.

Exports could remain weak through 1H 2024 if the United States (US) and European Union (EU) enter into a recession. The investment outlook also remains sluggish as reflected in the falling IPI in September 2023.

On the upside, headline inflation has been relatively well-restrained by government subsidies and price controls, but this may not be sustainable as the government contemplates revising subsidies next year. BNM's OPR at 3.0% will also impact interest rate-sensitive sectors such as retail which fell -5.9% y-o-y in 3Q 2023.

In summary, weak global demand and tight monetary conditions will weigh on Malaysia's growth. The economy is expected to grow marginally or remain stable as compared to the International Monetary Fund's (IMF) forecast of 4.3% growth in 2024.

Major Policy Updates

Description	Authority/ Agency	Effective Date	Remarks
New Industrial Master Plan 2030 (NIMP 2030)	Ministry of Investment, Trade and Industry (MITI)	1 September 2023	<ul style="list-style-type: none"> Phase 1 (2023 - 2026) :To strengthen the collaboration between the public and private sector and set the foundation for the implementation of the NIMP 2030 Phase 2 (2027 - 2030): To focus on driving implementation at scale to diversify the economic base, create stronger local linkages and strengthen global cooperation for greater economic resilience RM200 million is allocated to catalyse NIMP 2030 through NIMP 2030 Industrial Development Fund and the NIMP 2030 Strategic Co-Investment Fund.
Visa-Free Entry	Ministry of Tourism, Arts, and Culture (MOTAC)	1 December 2023 - 31 December 2024	30-day visa-free entry will be granted to visitors from China and India
Stamp duty fee	Ministry of Finance (MOF)	1 January 2024	<ul style="list-style-type: none"> A fixed stamp duty fee of RM10 will be imposed on the transfer of property where the eligible beneficiary renounces his right to another beneficiary A flat rate of 4% stamp duty fee on memorandum of transfers of property by non-citizens and foreign-owned companies, excluding Malaysian permanent residents
Capital Gains Tax (CGT)	Ministry of Finance (MOF)	1 March 2024	Companies will be subject to CGT at 10% on net gains from the disposal of unlisted shares by companies, limited liability partnerships, cooperatives and trust bodies
Sales and Service Tax (SST)	Customs Department	1 March 2024	To increase from 6% to 8%, encompass a wider range of activities including brokerage, karaoke, underwriting and logistics (excluding food and beverage, telecommunications, and other essential services)
High Value Goods Tax (HVGT)	Ministry of Finance (MOF)	1 May 2024	A 5% - 10% tax on luxury goods such as jewellery and high-end watches; tourists are exempted from this new tax
Malaysia My Second Home (MM2H)	Ministry of Tourism, Arts, and Culture (MOTAC)	2024	<p>The programme is now divided into three categories: Platinum, Gold, and Silver, each with its own set of requirements</p> <ul style="list-style-type: none"> Platinum: With a fixed deposit of RM5 million (USD1.05 million), eligible to apply for Permanent Resident (PR) status Gold: With a fixed deposit of RM2 million (USD420,800), Gold MM2H pass is valid for 15 years Silver: With a fixed deposit of RM500,000 (USD105,000), Silver MM2H pass is valid for 5 years <p>New minimum age: 30 years old (previously 35 years old) Holders must reside in Malaysia for a cumulative total of 60 days a year (previously 90 days)</p>
En-bloc sale	Local Government Development Ministry	2024	Government to reduce the 100% residents' approval threshold for en-bloc sales to a level consistent with international practices

Source: CBRE | WTW Research

Major Infrastructure Updates

Projects	Location	Completion Year	Remarks
HIGHWAY / EXPRESSWAY			
Pan Borneo Highway Sarawak (PBHS)	Miri - Telok Melano	2024	19 of the 25 sections has been completed and remaining sections to be completed in stages by 1Q 2024
West Coast Expressway (WCE)	Banting - Taiping - Sabak Bernam - Changkat Jering	2025	5 of the 11 sections has been completed and open to public (Section 5, 6, 8, 9, 10), remaining sections to be completed by 2025 (Section 1, 2, 11 in 2024 and Section 3, 4, 7 in 2025)
Sarawak - Sabah Link Road (SSLR) Project	Lawas - Lopeng/ Pa'Berunut - Lopeng	2030	Phase 1 is due for full completion by 1Q 2026 Phase 2 is under construction
Central Spine Road (CSR)	Kuala Pilah - Kuala Krai	2026	Divided into six separate sections and are under construction
RAIL			
Gemas-Johor Bahru Electrified Double Track Project (EDTP)	Gemas - Johor Bahru	2025	Under construction and on track for completion
Light Rail Transit 3 (LRT3)	Bandar Utama - Klang	2025	Under construction and due for full completion by 1Q 2025
East Coast Rail Link (ECRL)	Tumpat - Kuantan - Mentakab - Jelebu - Port Klang	2027	Kota Bharu - Gombak station is set to be completed by 4Q 2026; Gombak - Port Klang is expected to be completed by 4Q 2027
Rapid Transit System (RTS)	Bukit Chagar - Woodlands, Singapore	2026	Under construction and 52% completed as of 4Q 2023
MRT 3 (Circle Line)	Bukit Kiara - PPUM	2030	Land acquisition process to kickstart by phases in 2024
Bayan Lepas Light Rail Transit (BLLRT)	Bayan Lepas - Georgetown - Tanjung Bungah	2030	Construction is set to begin in 2024 and Phase 1 is due for completion by 2028
Kuala Lumpur - Singapore High-Speed Rail (HSR)	Kuala Lumpur - Singapore		Project was terminated in January 2021 and is in plan to revive

Source: CBRE | WTW Research



01

Market Overview

Market Indicator

▲ UP MARKET ● MAINTAINED MARKET ▼ DOWN MARKET

Regions / Sub Offices	Overall		Landed Residential		High-Rise Residential		Purpose-Built Office		Shop Offices		Retail		Industrial		Hotel	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
KLANG VALLEY	▲	●	●	▲	●	●	●	●	●	●	▲	●	▲	▲	▲	▲
SEREMBAN	●	●	●	●	●	●	-	-	●	●	●	●	●	●	●	●
PENANG	●	●	●	●	●	●	▲	●	●	●	●	▲	▲	●	●	▲
ALOR SETAR	●	●	●	●	▼	▼	●	●	▲	●	▼	●	▲	●	●	●
IPOH	●	●	●	●	▼	●	-	-	▲	●	▼	●	●	●	●	●
ISKANDAR MALAYSIA	▲	▲	▲	▲	▲	▲	●	●	●	●	▲	▲	▲	▲	▲	▲
MELAKA	●	●	▲	▲	●	●	●	●	●	●	●	●	●	●	●	●
BATU PAHAT	●	●	▲	▲	●	●	-	-	●	●	●	●	▲	▲	●	●
KUANTAN	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
KOTA BHARU	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
KUALA TERENGGANU	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
KOTA KINABALU	●	●	▲	▲	▼	▼	●	●	●	●	▼	▼	●	●	●	●
LAHAD DATU	●	●	●	●	-	-	-	-	●	●	●	●	●	●	-	-
TAWAU	●	●	●	●	●	●	-	-	●	▲	●	▲	●	▲	▼	●
SANDAKAN	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
LABUAN	●	●	●	●	●	●	▼	●	●	●	●	●	●	●	▼	▼
KUCHING	▲	●	●	●	▲	●	●	●	▲	●	●	●	▲	●	▲	▲
MIRI	●	●	●	●	●	●	●	●	▲	▲	●	●	●	●	▲	●
BINTULU	●	●	●	●	●	▲	●	●	●	●	●	●	▲	▲	●	●
SIBU	●	●	●	●	●	●	●	●	●	●	●	●	●	●	▲	●

Note: Market indicator arrows are based on a yearly comparison.

Klang Valley

Increased international interest and new energy advances will uplift market activity

Gaining international attention

International retail debuts have been seen in Kuala Lumpur (KL) from Germany, Indonesia, Korea, Taiwan and the United Kingdom to name a few. They opened retail outlets of food and beverage (F&B), bookstores and fashion outlets including sportswear.

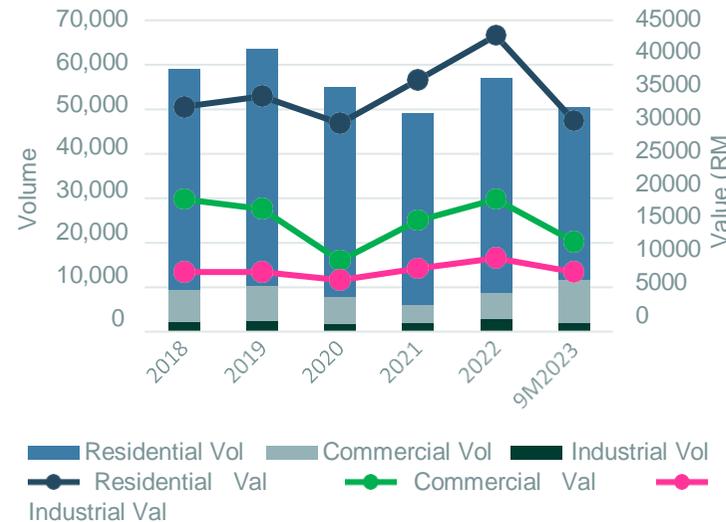
In the office market, new multinational corporations and organisations were observed such as Tesla in Cyberjaya, Corporate Business Solutions (CSB) in KL Sentral and myWorld Group in KL city centre.

Business travellers are also on the rise, forming the 'bleisure travel' trend which combines business and leisure trips.

Higher sustainable awareness

Environmental and energy sustainability awareness is also rising. This is reflected in more EV charging stations and green vehicle parking lots in prime malls, retail malls' plans for renewable energy use, etc. Hotels in Klang Valley (KV) are also incorporating similar elements involving new energy use.

Transactions in Klang Valley



Source: NAPIC, CBRE | WTW Research

Clear trends in market activities

Landed and high-rise residential are in demand in different areas. New residential launches in KL were made up of 77% high-rise and 23% landed. However, landed residential sub-sale transactions are still active mostly in the districts of Petaling, Klang and Hulu Langat.

On the industrial side, transactions remained active towards Sungai Buloh, Rawang and Teluk Panglima Garang. Prominent logistics activities were noted in cooperation with Tesla, SF Airlines and DHL Supply Chain. Regional logistics and warehousing will continue to lead the sector.



Penang

Major catalytic infrastructure projects will sustain the State's growth trajectory

Rebounded with further improvement

In the first 9 months of 2023, property transaction activities in Penang continued an upward trend with a total of 17,953 properties valued at RM13.21 billion compared to 17,297 properties valued at RM9.51 billion in 2022.

Catalytic infrastructure projects Penang Silicon Island (PSI)

Works to reclaim Penang Silicon Island (PSI) off the southern coast of Penang Island started in September 2023. Originally known as the Penang South Reclamation Project, PSI was scaled down to only Island A, which was then rebranded as Silicon Island measuring approximately 920 hectares (2,300 acres).

As reported, Silicon Island will be developed as a smart city with MSC Cybercity status. Approximately 20% of the total land area is designated for open spaces, parks, beaches, and esplanades alongside 140 kilometers of shaded pedestrian and cycling paths. The active land use will comprise 50% industrial, 20% residential and 30% commercial.

Following that, the 700-acre industrial component of Green Tech Park will be a leading industrial park for electrical and electronics players globally. The commercial centre which will be known as the Heart of the Island (HOTI) will be designed with marine waterfronts and internal waterways and will accommodate commercial and tourism developments. The residential component of approximately 20,000 units, will be concentrated along the waterfront.

PSI is set to enhance the appeal of Penang as the destination of Foreign Direct Investment (FDI) as well as Domestic Direct Investment (DDI) and tourists.

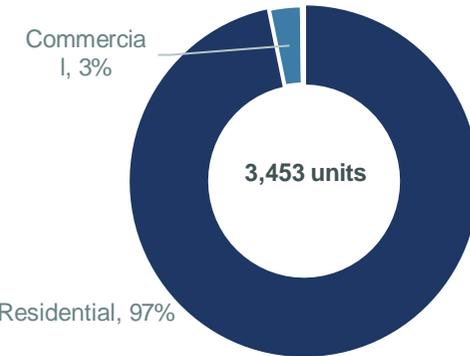
Penang LRT

The Penang LRT project is set to begin construction in early 2024, with a period of 5 years for its first phase. The LRT line will link various key locations in Penang, including the Penang International Airport and the city centre. There is opportunity to adopt the Transit Oriented Development concept at relatively larger sites in proximity to the stations.

Penang Airport Expansion

The Penang International Airport (PIA) expansion project aims to increase its capacity from 6.5 million passengers to 12 million passengers per year. The project is expected to begin in September 2024 and will take between three and four years to complete. The expanded capacity of the airport would boost the tourism industry.

Number and Value of Overhang (Developers' Unsold Units), 3Q 2023



Source: NAPIC, CBRE | WTW Research



Abbreviation: mil - million
Source: NAPIC, CBRE | WTW Research

Penang (cont'd)

Package 2 – Ayer Itam – Tun Dr Lim Chong Eu Expressway Bypass

The Ayer Itam-Tun Dr Lim Chong Eu Expressway Bypass aims to reduce traveling time and benefit the local population, particularly the 300,000 people living in Ayer Itam, Bandar Baru Ayer Itam, and Paya Terubong.

The bypass is progressing well, with 33% of the construction completed and expecting a full completion by January 2025.

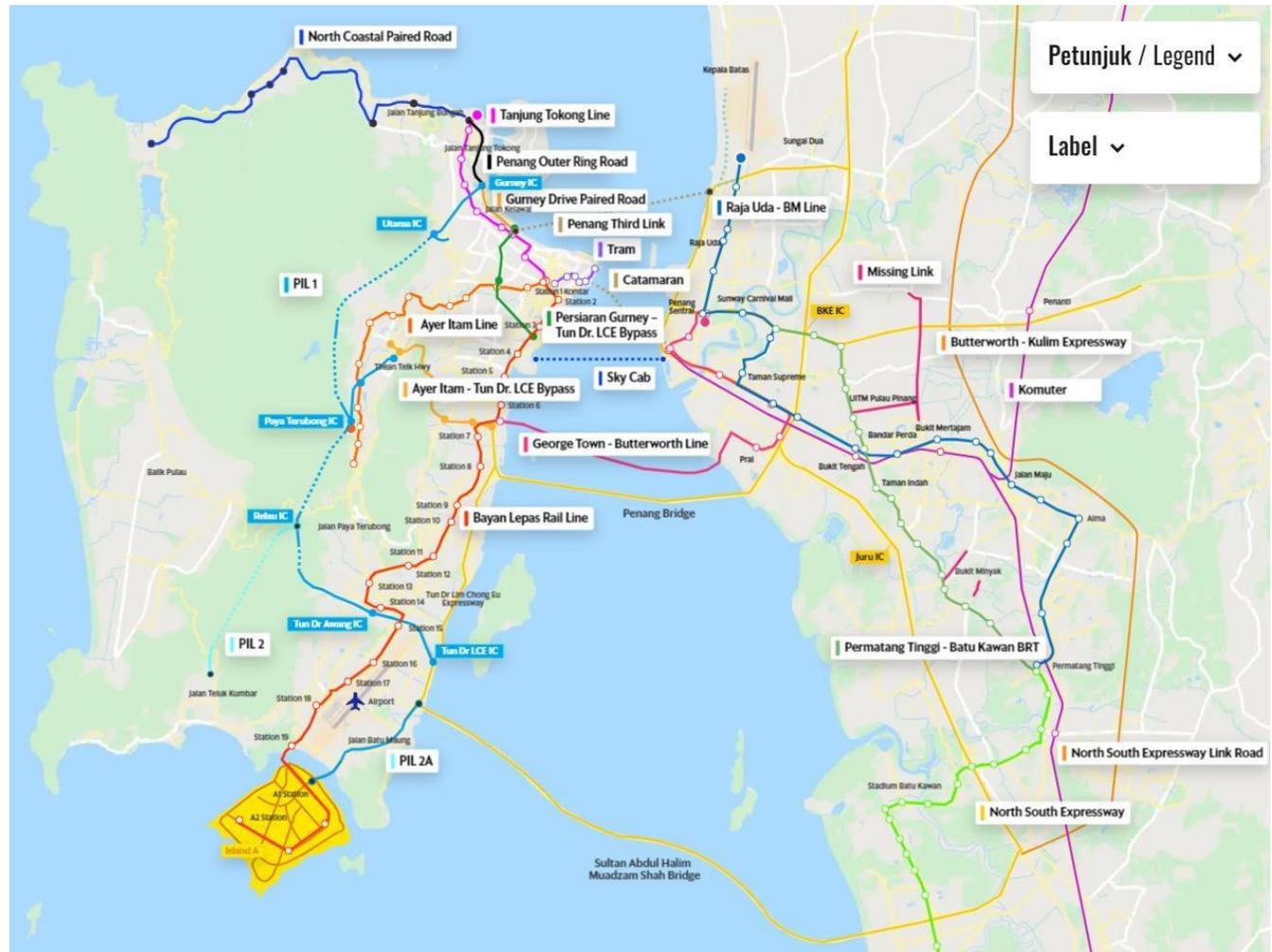
The project is part of the island traffic dispersal, diverting the traffic from the existing congested service roads.

There are opportunities for higher-range apartments to be developed for the existing population seeking to upgrade their residence.

Transaction Activities in Penang



Abbreviation: bil - billion, 9M - 9 months
Source: NAPIC, CBRE | WTW Research



Source: Penang Infrastructure Corporation (PIC)

Iskandar Malaysia

Major infrastructure developments, renewed foreign interest, drives IM's dynamic performance

As of 3Q 2023, transaction volume and value in Iskandar Malaysia surged 64% and 75% y-o-y, with 26,548 property units transacted, totalling RM19,000 million (1Q-3Q 2022: 16,169 units; RM10,947 million).

In general, all property sub-sectors displayed ascending trends. The commercial and residential sub-sectors transaction volume grew by 113% and 64%, respectively. In terms of transaction value, the agriculture and residential sub-sectors increased 203% and 88%, respectively.

Enhanced infrastructure elevates market sentiment

Foreign interest returned as key infrastructure projects such as the Rapid Transit System (RTS) link, Gemas-Johor Bahru Electrified Double Track and Sungai Pulai Bridge connecting the Port of Tanjung Pelepas (PTP) in Gelang Patah and Tanjung Bin in Pontian made significant progress. Collaboration with Singapore to ease Causeway congestion will also prompt business activities and tourism.

Singapore: A game-changing influence

Singaporeans, visitors from Singapore and Malaysians working in Singapore have significantly influenced the IM property market driven by their robust spending power and the strong Singaporean currency.

Retail malls showcased encouraging footfall and occupancy levels, due to their patronage, with F&B businesses as the key attraction for the crowds. The hotel sector similarly benefits from the influx of tourists from Singapore and business travellers, leading to the emergence of high-quality hotels to meet discerning demand.

Government's commitment to attracting investors

The state government is acting proactively to implement the 'Fast Lane' concept to make Johor an investor-friendly destination. This has boosted the players' confidence and the state's approved investment value recorded RM20 billion as of 3Q 2023, ranked fifth among all states.

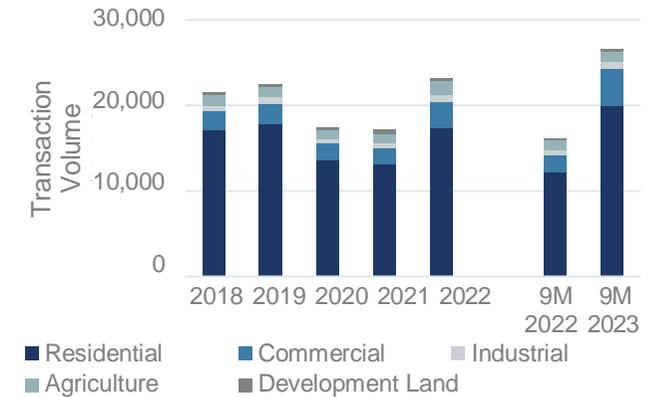
Pengerang & Desaru Coast: Emerging hubs

Pengerang have become a focal point for the oil and gas sector, attracting players such as Dialog Group Bhd, Pengerang Energy Complex Sdn Bhd, Johor Corporation, LG Chem Ltd, Petronas Chemicals

Group Bhd and Dialog Group Bhd.

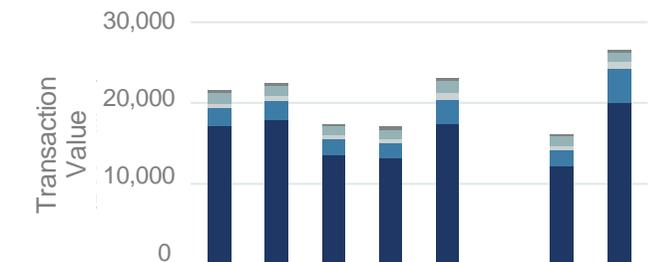
The hotel industry in Desaru Coast has also flourished, achieving 74% Average Occupancy Rate (AOR) and RM295 Average Daily Rate

Transaction Volume By Sector



Source: NAPIC, CBRE | WTW Research

Transaction Value By Sector



(ADR) (2022: 70%; RM270). In September, ECM Libra Group Bhd acquired two beachfront plots in Desaru Coast for RM36.86 million, for a future hospitality

2018 2019 2020 2021 2022 2022 2023
9M 9M
■ Residential ■ Commercial ■

Industrial
■ Agriculture ■
development.

Development Land Source: NAPIC,
CBRE | WTW Research

Sabah

Gradual economic recovery, moderated property transactions

Sabah recorded a 3.7% Gross Domestic Product (GDP) growth rate in 2022 (cf. 2021: 1.1%) to RM81.90 billion. Growth was driven by the services sector which contributed about half of the GDP with RM40.60 billion, which increased 8.6%. Mining and quarrying activities contributed about 24.8%.

Between January and August 2023, the state recorded a total trade balance of RM13 billion, a decline of 46%

y-o-y from RM24 billion. The decline in trade balance was due to a decrease in market prices and export value of major commodities, particularly Petroleum Crude Oil (CO) and Crude Palm Oil (CPO). While total imports increased by about 3.4% y-o-y.

Sabah is expected to maintain its growth momentum in 2024 at a rate of about 4% underpinned by strong domestic consumption, an increase in public and private investment, a strong labour market and continuous recovery of the key economic sectors. The agriculture, industrial and tourism sectors remain the 3 key focus sectors of the economy.

On Sabah's transaction activities up to 3Q 2023, transactions declined about 10% from 8,654 to 7,747 in volume and declined 13% from RM4.6 billion to RM3.97 billion in terms of value.

Property Transactions in Kota Kinabalu, Penampang and Putatan



Abbreviation: mil - million
Source: NAPIC, WTWS Research

In the Kota Kinabalu - Penampang - Putatan districts, transaction volume (excluding agriculture) declined by a marginal 3% to 2,903 (3Q 2022: 2,985) while the transaction value increased by 14% to RM2.13 billion (3Q 2022: RM1.87 billion). The residential sector remained the largest segment, registering 74% of the total transaction volume and half of the total transaction value, while the commercial property sector accounted for about 16% in volume and value.

The year also witnessed the launching and opening of the RM3.0 billion Sabah Kibing solar glass manufacturing factory in Kota Kinabalu Industrial Park by SBH Kibing Solar New Materials (M) Sdn Bhd.

In November 2023, Taiwan's Sinyi Group held a ground-breaking ceremony for a RM1 billion 5-star luxury resort hotel in Melinsung with 450 rooms, located 30 kilometres south-west of Kota Kinabalu city centre. The resort will be managed by InterContinental Hotels Group (IHG).

Overall, Sabah is expected to maintain growth in 2024, underpinned by tourism activities, export stability, domestic demand and the implementation of high-impact investment projects.

Cautious sentiments linger due to geopolitical conflicts, moderated global growth and inflationary pressures, amongst others. Market conditions for the property sector in general remain challenging with higher building costs.

Sarawak

Indicators point towards a slow but sure recovery as the State strives to regain the same pre-pandemic level of performance

Slower market recovery

There was slower growth in 2023 affected by the continuing global uncertainties, tensions in the geo-political arena and soaring inflation. With the downward revision in economic growth for Malaysia, Sarawak's Gross Domestic Product (GDP) growth for 2023 is also expected to be lower than the 6.5% growth recorded in 2022.

The property market continued its recovery amidst the resumption of full economic activities, boosted by bold government initiatives.

In 2023, several significant developments were initiated with notable ones as below:

- 1st prototype unit of the new Autonomous Rapid Transit (ART) vehicle from Zhuzhou, Hunan Province, China arrived at the Senari Port in Kuching on 5th August 2023
- The Take Over of Rural Air Service (RAS) for Sarawak and Sabah by Sarawak State Government inked in July 2023
- A new Astana Negeri (official residence for the Head of State) will be built to replace the existing 153-year-old building overlooking the Sarawak River

- 50,000 hectares of land were identified for padi planting in Sarawak and Sabah
- 314 acres of land were approved for agricultural development in the Sarikei Division
- Sarawak's Sour Gas Hub Rosmari-Marjoram Project kick-started its 1st phase in Tanjung Kidurong
- Copper foil plant expansion in Samajaya Free Industrial Park (RM2.3 billion) and polysilicon plant expansion in Samalaju Industrial Park, Bintulu (RM2.8 billion) were invested by South Korean investors

The Ministry of International Trade, Industry and Investment (MINTRED) is set to finalise the Master Plan for the Development of Industrial Terminals in 5 strategic locations this year - Kuching, Tanjung Manis, Tanjung Kidurong, Samalaju and Lawas.

While the tourism sector showed the greatest rebound with visitor arrivals of 2.9 million up to 3Q 2023 which is set to achieve well over its target of 3 million tourist arrivals for 2023.

The tourism sector was boosted by events lined up for the year which included:

- 26th Rainforest World Music Festival (RWMF), which drew close to 20,000 participants
- Kuching Food Festival (KFF) from July to August 2023 which garnered more than 1 million visitors
- Borneo Cultural Festival in Sibul
- Borneo Jazz Festival in Miri

- International Museum Day from July 31 to August 6 hosted at the Borneo Cultures Museum in Kuching

- Asean International Film Festival & Awards (AIFFA)
- International Museum Day from July 31 to August 6 hosted at the Borneo Cultures Museum in Kuching
- Sibu International Base Jump & Carnival at Wisma Sanyan
- International Dragon Boat Race in October 2023 which was participated by 20 nations
- The International Kuching Marathon in October 2023 which attracted 10,000 participants including foreigners
- The 27th World Congress on Innovation and Technology 2023 and the 6th International Digital Economy Conference Sarawak 2023 (WCIT | IDECS 2023) was held at BCCK Kuching in October 2023 which attracted international participation

General market review

In 2023, growth momentum is seen moderating, indicated by a marginal increase in the volume and value of property transactions as of 3Q 2023. Transaction volume rose 0.18% y-o-y to 22,268, while transaction value rose 3.11% y-o-y to RM7.02 billion. The residential sector continues to be the biggest contributor with 42% and 44% of volume and value respectively followed by agriculture, development land and commercial.

Sarawak (cont'd)

Property Transactions In Sarawak



Abbreviation: Mil - million
Source: NAPIC, WTWY
Research

The property market in Malaysia is constantly evolving, and Bank Negara Malaysia (BNM) figures indicate that loans for property acquisition have been on the rise. In 2023, loans for property acquisition accounted for 37.7% of total loans approved compared to 35.0% in 2022. Additionally, residential loans approved increased from 41.0% in 2022 to 43.0% in 2023 indicating a growing demand for residential properties. Approval rates for residential loans increased from 42.9% to 44.4% year-on-year.

The retail sector is becoming increasingly competitive with stronger players edging out weaker ones. Price strategies, promotions and innovative ideas are crucial to maintaining a competitive edge. With more commercial offices coming into the market of late, occupancies are expected to drop, albeit eased by the creation of new government agencies and new small and medium-sized enterprises (SMEs). Upward movements are detected for the industrial sector as a result of increased industrial activities whilst some sales transactions and revival of old hotels are noted for the hotel sector.

Despite ongoing challenges such as inflation, the global recession, and political unrest, the property market is expected to maintain a positive outlook. The demand for property is likely to continue its steady recovery, assuming that the Overnight Policy Rate (OPR) remains unchanged and domestic demand-boosting efforts outlined in the Federal budget could offset the drop in external demand. Although the market is expected to be subdued in the coming year, certain segments may see good demand provided the OPR and other monetary policies remain unchanged.

Challenges and opportunities

Despite the economic challenges and uncertainties, there is still good potential for property development in Sarawak, especially in the fast-growing Samarahan District which has benefitted much from the spill-over growth effect from the adjacent Kuching District.

The State is heavily focused on green/clean energy production, carbon footprint reduction, digitalisation, interconnectivity within Sarawak as well as rural developments to achieve its Post-Covid Development Strategy (PCDS) by 2030.

Market Outlook

The property market is expected to maintain a generally positive stance for 2023. Demand for property is likely to continue its recovery steadily based on expectations that the OPR will remain unchanged. The current year 2023 remains challenging having to deal with ongoing issues such as inflation and the long-standing global recession, political unrest and uncertainties which are adverse to recovery.

Efforts to boost domestic demand as outlined in the Federal budget could pay off to offset the drop in external demand.

The market continues to be subdued extending into the next year although certain segments may see good demand on the assumption that the OPR and other monetary policies remain unchanged.

East Cost - Kota Bharu, Kelantan

Residential dominating the overall performance of the property sector in Kelantan

Landed residential properties emerged as the most active sector in Kelantan as infrastructure, connectivity, and government policies stimulated the market.

Around 4,400 residential units worth RM760 million were transacted in Kelantan for the period of the first nine months (9M) in 2023, a slight decrease for both volume and value compared to the same period last year. As of 3Q 2023, the House Price Index (HPI) in the state dropped 3.1 points marking the average house price at RM251,322 per unit, amongst the lowest for the East Coast.

The Kelantan state government has launched a package of incentives on land tax, land premium and issuance of title. This includes a 50% quit rent exemption, a cut in general application fees, and a 50% discount on property assessments for the first year after completion. The state government has also launched the *Rumah Mampu Milik Kelantan* (RMMK) program to provide affordable, high-quality housing options.

Significant launches this year are Residensi Intan, Desa Green by Fajarbaru and Arika by Malvest.

Selected New Launches (Residential)

Name of Development	Location	Type
Residensi Intan, Desa Green	Kuala Krai	1-sty Terraced (143 units) 1-sty Semi-D (73 units)
Arika	Kubang	42-sty Serviced Residence (668 units)

Source: CBRE | WTW Research

A mixed outlook for the commercial segment

Kota Bharu's purpose-built office (PBO) market is expected to remain quiet as most tenants prefer shop offices with small and medium-sized enterprises (SMEs), food and beverage (F&B) and mini market/grocery outlets being the primary occupants.

In 9M 2023, transactions for shop offices improved by 45% y-o-y in volume and 29% y-o-y (about RM102.25 million) in value.

The expansion of Sultan Ismail Petra Airport is anticipated to positively impact tourism. Upon completion, the airport can accommodate up to 4 million passengers a year.

In the tourism sector, Kelantan registered about 0.7 million hotel guests from January to September 2023, a 15% improvement compared to last year. The Average Occupancy Rate for hotels in Kelantan was 41.9% with most of the guests being domestic travellers (foreigners were only 4.4% of the total hotel guests).

Industrial

From January to September 2023, Kelantan attracted RM113.7 million approved manufacturing investments, compared to RM964.90 million recorded last year. Nevertheless, the proposed Tok Bali Industrial Park may bring more industrial activities to the state.

Infrastructure projects may be the future hope

Kelantan property market is likely to moderate in the near term and is likely to experience a further slowdown unless projects such as the Central Spine Road, East Coast Rail Link (ECRL), and the expansion of Sultan Ismail Petra Airport are completed.



Troika Kota Bharu

Source: Malvest Group; CBRE | WTW Research

East Cost - Kuala Terengganu, Terengganu

A varied performance in the residential market

The state's residential market displayed a slight decrease, with volume and value dropping to 12,670 units and RM1,738.30 million respectively, compared with 12,712 units worth RM1,752.00 million reported last year.

However, the housing price in Terengganu is the highest among the East Coast states. As of 3Q 2023, the average housing price for the state stood at RM294,801 per unit (cf. 3Q 2022: RM291,673 per unit), with landed residential being the preferred property type.

The state government launched the Terengganu Housing Financing Scheme (I-Rahman) to facilitate financing, building, and purchasing a house, including a 10% quota specifically allocated to single mothers.

Other than that, the state government is also in collaboration with the private sector undertaking 23 affordable housing projects (with a total of 3,174 units) which are to be completed by 2023.

More active commercial segment

Menara MBKT was completed at the end of 2022, a new landmark of the state capital. The occupancy rate is hovering around 96% with one building under construction and another under planning. Meanwhile, the asking rental for a purpose-built office (PBO) in KT ranges from RM1.50 to RM2.50 per sq. ft. per month.

The first nine months (9M) in 2023 recorded a slight increase in transaction volume with 205 units compared to 202 units in 9M 2022, and a slight drop in transaction value from RM137.4 million to RM130.23 million. Property overhang has improved with only 96 units left unsold (3Q 2023) in the market.

The retail sector achieved a slight improvement in occupancy rate to 79.4% (cf. 2H 2022: 79.3%). There is one project under construction named Mayang Mall.

Industrial

Kerteh remains the industrial hub for Terengganu, with other areas such as Perindustrian Telok Kalong and Kawasan Perindustrian Gong Badak playing supporting roles. In the first nine months of 2023, Terengganu attracted RM3.23 billion in approved manufacturing investments, primarily driven by the Oil & Gas sector.

Infrastructure the Game Changer

To date, the East Coast Rail Line (ECRL) is halfway completed (52.9% completed as of Dec 2023), with December 2027 as the latest date set for completion.

In a recent media release, the state announced its vision to reduce the reliance on the Oil, Gas and Petrochemical sectors and to attract investments in hydrogen and renewable energy, downstream processing of green chemicals, and speciality chemicals, tourism and agriculture.



Menara MBK, Kuala Terengganu
Source: CBRE | WTW Research

East Cost - Kuantan, Pahang

Pahang's property market in the ascendant

As of the first nine months (9M) in 2023, Pahang has recorded about 8,408 transacted units worth RM2,101.47 million, compared with 9,955 units worth RM2,471.28 million last year. The house price index (HPI) in 3Q 2023 dropped 1.4 points y-o-y to 196.9 points, resulting in an average house price of RM259,953 per unit.

An active market was observed with few launches recorded this year. Majestic Heights, a residential development featuring 28 luxuriously designed units was launched by Majestic Heights Sdn Bhd. Serelyn Avenue, a guarded residential scheme in Kuantan, is a joint venture project between PASDEC Corporation Sdn Bhd and Sedimi Property Development on a 33-acre parcel planned with single terraces and single semi-detached units. KotaSAS Township has also recently opened registration for a few projects within the township known as Majestic II, River Vale and Palm Hill.

The most transacted residential units range from below the RM450,000 region, with several schemes such as Atabara Residences, Padu Residences and Azalea at KotaSAS performing well.

Selected New Launches (Landed Residential)

Name of Development	Location	Type
Majestic Heights	KotaSAS	2-sty semi-detached 3-sty demi-detached 3-sty semi-detached with basement
Serelyn	Kuantan	1-sty terraced 1-sty semi-detached

Source: CBRE | WTW Research
Confidential & Proprietary | © 2024 CBRE

Pahang high-rise residential focuses primarily in Genting Highlands and Cameron Highlands. In 2023, a few large-scale projects were announced in Genting Highlands; namely Pavilion Genting Highland by Sering Manis Sdn Bhd, King's Park, and Tropicana Grandhill, a 112-acre integrated development which was launched in July 2023. While in Kuantan, the 1100-unit residential known as Mahkota Valley obtained the Certificate of Completion and Compliance (CCC) in 2023.

Industrial leads the commercial segment

Purpose-built offices (PBO) and shop offices in Pahang were lacklustre. Rental for PBO range unchanged from RM2.00 to RM2.50 per sq. ft., whilst shop office space was between RM1.10 and RM1.50 per sq. ft.

Retail showed better occupancy in 2023 as outlets by 99 Speedmart, KK Mart and FamilyMart debuted, as well as expansion by Zus Coffee. Many small and boutique eateries mushroomed in the city centre and the suburban areas such as Balok and Taman TAS. While Lotus's Stores opened its first outlet in Pahang, sited at Bandar Indera Mahkota, Kuantan.

According to Pahang State Unity, Tourism and Culture, Pahang welcomed 5.11 million tourists who spent an overall RM4.59 billion as of June 2023. Hotels average occupancy rate (AOR) improved to 72.9%, whilst the average room rate (ARR) ranged from RM200 to RM280 per day. Genting Highlands, Pulau Tioman and Taman Negara are the tourism hotspots of the state.

A handful of 4-5-star hotels and serviced residences are in the planning pipeline in Kuantan for 2024, with investors and developers alike planning to coincide with the expected operations

of the East Coast Rail Line (ECRL) in 1Q 2027.

The industrial segment was mixed in 2023. A total of 115 units worth RM402.86 million were transacted in the first 9M of 2023 (cf. 9M 2022: 160 units worth RM119.25 million). Other than that, the MCKILP industrial site at Gabeng Industrial Estate was launched this year and is expected to bring investments to the state.

With the construction of Kuantan's new airport in Cherating locality which is slated to commence in 2024 and to complete by 2026, the 3000-acre airport aims to link Kuantan to more international destinations. The new airport's proximity to the Malaysia-China Industrial Park, a port jointly developed with China, will encourage air freight through the airport and movement between China and Kuantan.

Cautiously optimistic outlook for the state and East Coast

The residential sector is expected to perform moderately in 2024, with the top performer expected to be affordable homes. However, the incorporation of new attractions and amenities initiated by reputable developers is anticipated to enhance Genting Highlands' appeal as a favoured destination for both local residents and tourists. A shift in spending habits, particularly among young and middle-aged adults could support activity in retail and hotels.

Infrastructure development, particularly the ECRL will be the game changer for all three East Coast States. However, the completion rates of infrastructure projects are far delayed.

With a radical shift in policy, and with infrastructure development fast-tracked, the outlook is cautiously optimistic.



“

The increasing elderly population will lead to an expanding demand for homes that are suitable for senior living, in addition to catering to multi-generational households accommodating families of different generations.

”

Sr Aziah Mohd Yusof P.J.K.
Director
CBRE |
WTW

02

Residential

Klang Valley

Residents adapt to non-landed homes

As of NAPIC 3Q 2023 data, the existing supply of residential units in Klang Valley (KV) reached 2 million, marking a 5% increase y-o-y. High-rise properties grew at a higher rate of 7% y-o-y while landed grew at 3% y-o-y.

Incoming supply in KV declined 7% y-o-y. Meanwhile, planned and new planned supply over the past five years has decreased by 3% and 4% respectively, a significant incremental slowdown.

The planned supply for landed properties also decreased by 6% y-o-y. 98% of the planned supply is in Selangor, mainly Kuala Langat, Sepang, and Klang. Some notable launches in 3Q 2023 include Mori Pines (300 units), Chorus @ Summer Breeze (99 units), and Laelia 1 (90 units).

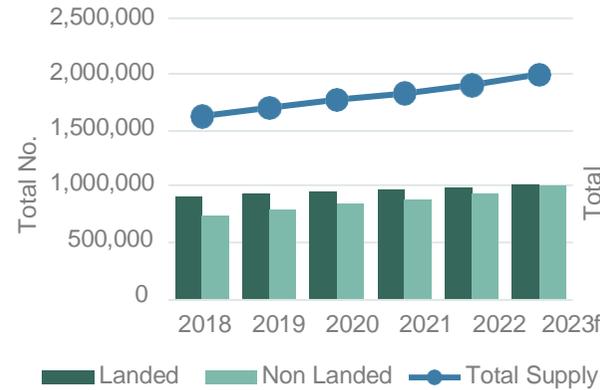
The planned supply for high-rise properties also decreased by 6% y-o-y. Some notable launches in 3Q

2023 include Trion @ KL (1,344 units) with sales predominantly from local buyers, and also M Nova (1,248 units).

In summary, Kuala Lumpur led in new project launches in the first 9 months of 2023, totalling 3,496 units, with 42% in Mukim Batu, followed by Kuala Lumpur and Petaling. Hulu Langat had the second highest number of launches, with 3,389 units, 77% being high-rise and 23% landed.

Note: As of the time of writing, the NAPIC data excludes SOHO and serviced apartments.

Cumulative Supply in Klang Valley



Notes: Residential supply is inclusive of serviced apartments and SOHO units and excludes affordable housing.

Source: NAPIC, CBRE | WTW Research

Transactions in Klang Valley



Abbreviation: mil - million

As of 3Q 2023, the luxury residential market supply increased to 75,279 units, with another 94,000 units anticipated by 2027. Mont Kiara/Sri Hartamas holds around 30% of supply, followed by Central KL with 25% and KL secondary with 20%.

Notable completions in 2023 included Sentral Suites (458 units), Royce Residence (396 units) and Pavilion Ceylon Hill (629 units).

Landed sub-sales remain active

Landed properties made up 69% of transactions in 3Q 2023, with Petaling, Klang, and Hulu Langat being the most active locations. However, there was a 4% drop in transaction volume and a 3% decrease in value compared to the same period in 2022.

Government regulations

Budget 2024 proposed revisions to relax MM2H requirements and also increase the allocation of the *Skim Jaminan Kredit Perumahan* from RM5 billion to RM10 billion. The impact of these proposals in 2024 may be negligible but is expected to benefit the property sector while benefitting around 40,000 borrowers from the increased incentive.

More homes catering to multiple generations and focusing on senior living spaces are expected to be

Notes: Residential supply is inclusive of serviced apartments and SOHO units and excludes affordable housing.

Source: NAPIC, CBRE | WTW Research

launched. Some recent senior living projects are Komune Wellness & Living, ReU Living, Domity's Bangsar, Sunway Sanctuary, and Pacific Senior Living, mainly re-purposing existing surplus residential or hospitality spaces.

Klang Valley (cont'd)

Pioneering change

While the latest q-o-q and y-o-y change was positive, the y-o-y change over 2-5 years showed a decreasing trend. Yet this seems unavoidable in the face of a base population growth of 2.1% in 2023 (DOSM), of which 500,000 (60%) was led by foreign immigration; and an average household income of RM8,479 in 2023 (DOSM Household Income Survey Report 2022).

New demand will be on a downward spiral if current construction practices and design do not change. The global trend is for residences which can monitored/managed remotely through technology/AI, use of renewable energy and to be ready for the advent of EVs.

However, these features are offered in homes above RM1 million per unit. A few of these new launches which feature solar water heating, rainwater harvesting, and EV ports in their new launches, include Mori Pines, The Jalil, The Minh, Bon Kiara, The Rafflesia @ Hill 3 and The Eighth @ Elmina Green.

Let us consider whether the housing industry is prepared to embrace the global demand for energy- efficient, IT-ready homes that offer renewable energy options and EV charging capabilities.

Placemaking facilities

Other developers have opted to invest in placemaking features such as the SplashMania Waterpark, Paya Indah Discovery Wetlands, Discovery Park, and the Gamuda Luge Gardens. These elements aim to create vibrant spaces within residential areas, adding value to the overall

living experience but is again limited to upmarket residences.

Gamuda Luge Gardens, recently opened to the public
Source: Skyline Luge Kuala Lumpur

The Rafflesia @ Hill 3 of 3-storey semi-detached houses, launched 3Q 2023
Source: The Rafflesia, Damansara Perdana by MK Land



Penang

Cautious outlook likely to extend to 2024

New launches have resumed and are expected to gain momentum. For high-rise residential, there is bargain hunting under a buyer's market, while landed residential is observed to be good for capital investment. Retirement resort development has also attracted growing interest. The State Government initiatives are encouraging more affordable housing projects.

New launches gaining momentum

New launches of high-rise residential were mainly in Penang Island such as at Tanjung Tokong (Arica), Jelutong (Alton) and Bayan Baru (Sunway Dora), compared to one project in Butterworth in Seberang Perai (Marina Residence).

On the other hand, new launches of landed residential

are all in Seberang Perai (mainland):

- Bertam (Amansara North) and Tasek Gelugor (Lavender Sungai Dua), Seberang Perai Utara District
- Bukit Mertajam (BM Idaman) and Machang Bubok (D'Courtyard), Seberang Perai Tengah District
- Simpang Ampat (Botanic Villa), Seberang Perai Selatan District

The residential property continued to be the most active sector in Penang for the 3rd quarter of 2023, accounting for 77% of the total transactions. The active market has improved the residential overhang situation, which decreased to 3,341

The residential property sector would be boosted by its thriving industrial sector, and the robust leisure and medical tourism. In addition, a long-term driver is expected from the implementation of the Penang Transport Master Plan (PTMP).

On the downside, rising interest rates and higher cost of living could lead to a wait-and-see attitude and dampen market activity.

High rise – opportunity for bargain hunting

A buyers' market is prevalent in the high-rise residential market due to the significant overhang. High-rise residential properties continue to lead the overhang with 2,741 units worth RM2.3 billion, dominated by units priced at more than RM1 million.

Landed – good offering for capital investment

Prices of landed residential have been resilient and units in 3Q 2023 compared to 5,754 units in 3Q 2022.

Currently, there are already five different affordable housing categories in Penang:

Category	Selling Price	Household Income
Rumah Mampu Milik	RM42,000	RM2,500
RMM B1	RM72,500	RM3,500
RMM C1	RM150,000	RM8,000
RMM C2	RM200,000	RM10,000
RMM C3	RM300,000	RM12,000

The sizes of affordable housing units range from 650 sq. ft. to 900 sq. ft.

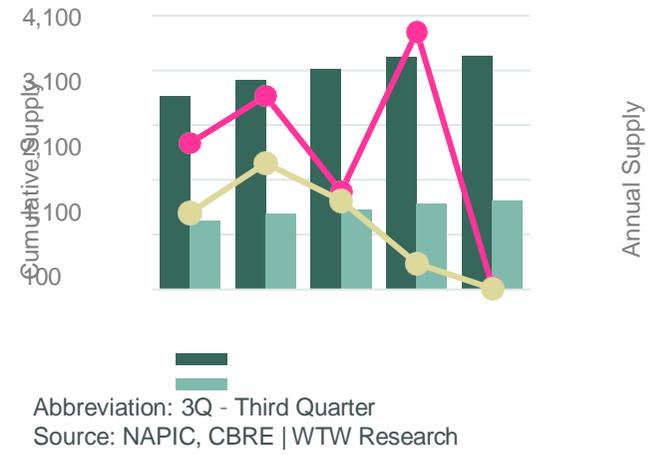
In addition, the State Government has been encouraging developers to build a total of 220,000 affordable housing units, with up to 100,000 of them priced between RM100,000 and RM150,000 under the state's B40 affordable housing scheme.

Supply of High-Rise Residential

holding well, thus appealing to medium- and long-term investments.

More affordable housing projects with different prices cater to different household income

The State Government plans to introduce a new affordable housing category priced at RM100,000 per unit for households earning a combined income of RM5,000 per month. The initiative aims to address the housing needs of young graduates and households with moderate incomes.



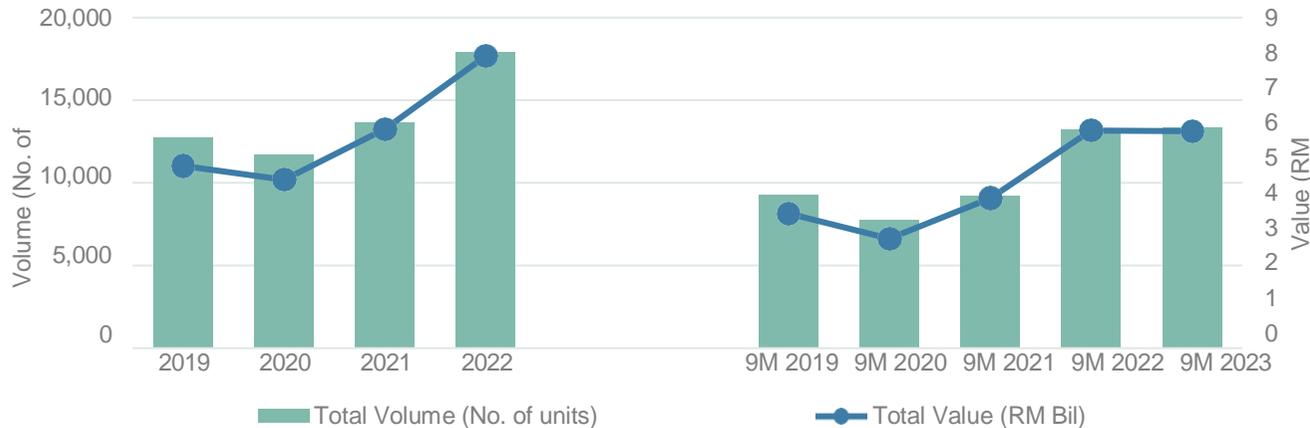
Penang (cont'd)

Retirement village development offering alternative elderly living

There is a growing demand for retirement village developments that provide diverse options for senior living.

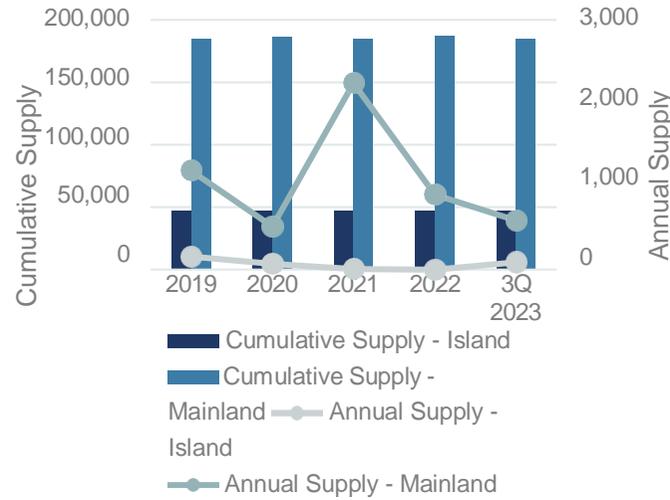
Eden at Botanica CT (EABC) is the first integrated senior living village located in the Botanica.CT township development in Balik Pulau. The project covers 32 acres and will feature a nursing care residence and a low-density active living resort comprising 350 units across Tower A and Tower B. The resort is part of a 300-acre garden township. Scheduled to be fully completed in 2026, the resort offers a diverse range of one to three-bedroom layouts, with sizes ranging from 771 sq. ft. to 1,449 sq. ft.

Residential Transactions in Penang



Abbreviation: bil - billion
Source: NAPIC, CBRE | WTW Research

Supply of Landed Residential



Abbreviation: 3Q - 3rd Quarter
Source: NAPIC, CBRE | WTW Research

KEDAH

The landed residential sector remained active, with an emerging demand for gated and guarded schemes with security features. New township developments can be seen in suburban areas such as Bedong and Pokok Sena.

Notable newly launched projects include:

- Lumina Bedong, the first 228-acre township development by PPB Properties in Bedong. It comprises approximately 1,500 units of affordable landed houses, a 5.6-acre central park, and a 23-acre commercial hub.
- Imperio Group, in collaboration with Aman Setia Group, is developing phase 1 of Suasena at Pokok Sena. Phase 1 includes 63 units of single-storey terraced houses, priced at RM238,000 per unit onwards.

PERAK

Transactions in the first 9 months (9M) of 2023 declined by 12% and 3% in volume and value, respectively, compared to the same period in 2022.

Landed residential properties remained the preferred choice, while the high-rise residential projects continued to be competitive with price mismatch.

The overhang units in Perak remained a challenge, but they are expected to ease as the unsold units are progressively absorbed by the market with fewer launches.

Iskandar Malaysia

Booming residential market in IM, new launches, remarkable growth

Transaction activity for both landed and high-rise property in the first nine months of 2023 trended upwards compared to the corresponding period in 2022.

Landed residential transaction volume surged 51% y-o-y, totalling 14,490 units (cf. 1Q-3Q 2022; 9,577 units), while the transaction value rose by 64% y-o-y to an amount worth RM7,718 million (cf. 1Q-3Q 2022; RM 4,713 million).

High-rise residential transaction volume and value increased by 35% and 140% y-o-y respectively, to a sum of 3,733 units worth RM 1,973 million (cf. 1Q-3Q 2022: 2,767 units; RM 822 million).

Despite the active market, overhang remained a concern, despite a slight decline of overhang for landed and high-rise residential by 7% and 5% q-q respectively.

Residential Properties Transaction Volume and Value in Iskandar Malaysia

	Total Volume	Total Value
Jan - Sept 2022	12,344	RM5,535 mil
Jan - Sept 2023	18,223	RM9,691 mil
% Change y-o-y	48%	75%

Abbreviation: mil - million

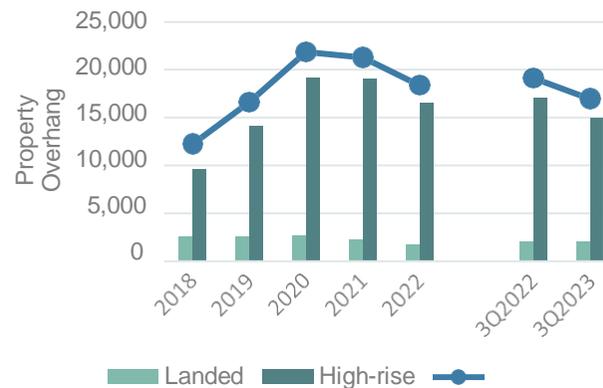
Source: NAPIC, CBRE | WTW Research

New launches to boost primary market supply

Double-storey terraced houses continue to dominate the landed residential market. Nonetheless, developers are diversifying, offering more affordable units in less popular locations such as Pasir Gudang and Pulai for first-time buyers and medium-income earners. In contrast, hotspots like Iskandar Puteri and Tebrau see larger units launched at higher prices to attract high-income buyers.

The high-rise sector was more active with 20 new projects unveiled. Approximately 15,807 high-rise residential units from these projects are scheduled to enter the market over the next three to four years. Tebrau is emerging as a hotspot, with a quarter of the new launches located in this locality. In Johor Bahru city centre and fringe areas, the newly launched high-rise properties have garnered substantial interest from Malaysians working in Singapore.

Residential Properties Overhang in Iskandar Malaysia



Total Source: NAPIC, CBRE | WTW Research

Adapting to market trends and buyer affordability

Nonetheless, affordability is still a primary concern or barrier for property buyers in Iskandar Malaysia (IM). In response, developers have downsized newly launched high-rise units to achieve more affordable selling prices, although closer examination reveals that the price per square foot over built-up area escalates to a higher level compared to the previous years.

Key players such as Scientex Bhd and Lagenda Properties Bhd acquired development lands in Tebrau and Kulai to expand their presence in affordable housing townships in IM.



Newly completed serviced apartment, Twin Tower Residence, Bukit Chagar

Source: CBRE | WTW Research

Iskandar Malaysia (cont'd)

station in Bukit Chagar totalling 3.27 acres for RM72.00 million from Bewell Realty Sdn Bhd

Landbank expansions reflect positive market

Major developers are actively increasing their landbanks in Iskandar Malaysia (IM). Notable transactions include:

- February 2023: KSL Holdings Bhd acquires 10.85- acre freehold land in Gelang Patah for RM21.27 million from Tropicana Corporation Berhad
- February 2023: Crescendo Corporation Bhd acquires 109.26-acre freehold land within Bandar Tiram for RM67.55 million from Johor Land Berhad
- February 2023: Lagenda Properties Bhd acquires 1,075.48-acre freehold land in Kulai for RM398.2 million from Permodalan Nasional Berhad
- June 2023: Mah Sing Group Bhd acquires 75.75- acre freehold land near Lima Kedai for RM76.09 million from Amanah Raya Berhad and Mutiara Kiara Properties Sdn Bhd
- June 2023: Power Root Bhd acquires 116 parcels of freehold land within Plentong totalling 17.72 acres for RM25 million from GreatEarth Development (Molek) Sdn Bhd
- July 2023: Scientex Bhd proposes to acquire 960- acre freehold land in Mukim of Tebrau for RM547.70 million from Pelangi Sdn Bhd
- July 2023: Scientex Bhd proposes to acquire six parcels of freehold land in Mukim of Senai totalling 550.67 acres for RM299.84 million from Seriemas Development Sdn Bhd
- September 2023: Crescendo Corporation Bhd acquires two parcels of freehold land near RTS

IM's residential sector has swiftly rebounded to pre-pandemic levels. Developers and buyers have regained confidence, encouraged by the progress of the Rapid Transit System (RTS) project and the announcement of the forthcoming Special Economic Zone (SEZ).

The increase in the Additional Buyer's Stamp Duty (ABSD) rate in Singapore may further shift the interest of property buyers and occupants from Singapore to IM.

However, the overhang situation remains alarming, particularly in IM. Rising property prices and interest rates may also pose challenges to locals.

On the other hand, developers are also adapting their offerings to meet market demand. JLand group has emerged as a pioneer by integrating smart homes and eco-friendly elements in their project named Sanubari in Bandar Dato Onn. Some notable features include readiness for EV charger points, solar panels and rainwater harvesting, installed in each of the units, offered at premium prices targeting high-income professionals.

BATU PAHAT

The residential market in Batu Pahat remained positive with several new launches of landed properties. Gated and guarded (G&G) schemes are in high demand, mainly attracting younger individuals working in Singapore.

In contrast, there were no new high-rise projects launched this year due to low market demand. The slow take-up rate for high-rise properties has reduced developers' confidence, as locals still prefer landed properties.

MELAKA

Melaka observed a positive outlook in the residential property market with strong demand for landed properties priced below RM500,000.

Albeit land scarcity in the Melaka town area, there is maintained interest in new high-rise projects with a few new project launches in 4Q 2023 targeting young individuals and foreigners. However, it is worth noting that the overall take-up remains slow, signalling that the market's primary attention is still on landed properties.

Show unit of double-storey terraced house of the newly launched South Hills

Source: CBRE | WTW Research



Sabah

Residential saw muted sub-sale transactions

KOTA KINABALU

Dip in sub-sale activities

Sub-sale activities in the residential sector moderated, while transactional activities within the Kota Kinabalu- Penampang-Putatan districts declined 9% and 6% y-o-y in volume and value respectively.

New launches

New offerings of landed residences included Residensi Inanam 3-storey link house with lift and Taman Bukit Hijau Phase 1 terraced house, both of which are situated off Jalan Tuaran Bypass.

In the high-rise segment, about 1,059 condominium units from five developments in Kepayan, Bundusan, Penampang and Damai suburbs were opened to the market.

The year also saw the completion of mixed development K-Avenue Sodomon condominium (Tower C) and its commercial suites (Towers A and B). Condominium developments in an advanced stage of construction with near completion include Jesselton Twin Towers (819 units), Residensi Fantasi (60 units) and Forest Hill Residences (396).

All Residential Transactions in Kota Kinabalu, Penampang and Putatan

	Total Volume	Total Value
Jan - Sept 2022	2,286	RM1,071.71 mil
Jan - Sept 2023	2,075	RM1,005.99 mil
% Change y-o-y	-9%	-6%

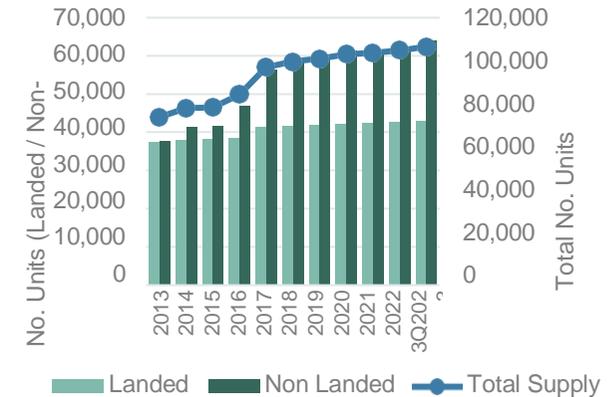
Abbreviation: mil - million
Source: NAPIC, WTWS Research

Landed Residential Transactions in Kota Kinabalu, Penampang and Putatan

	Total Volume	Total Value
Jan - Sept 2022	1,234	RM718.98 mil
Jan - Sept 2023	1,129	RM673.46 mil
% Change y-o-y	-9%	-6%

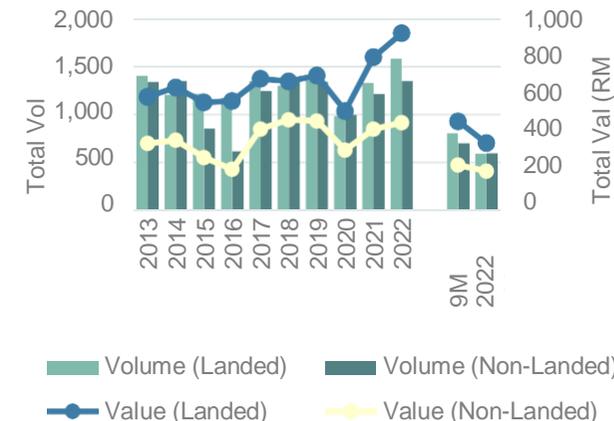
Abbreviation: mil - million
Source: NAPIC, WTWS Research

Supply of Residential Units in Kota Kinabalu, Penampang and Putatan



Source: NAPIC, WTWS Research

Volume and Value of Residential Transactions in Kota Kinabalu, Penampang and Putatan



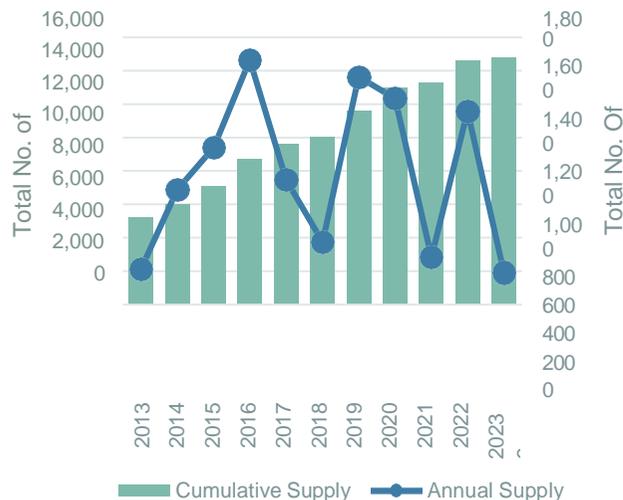
Source: NAPIC, WTWS Research

Sabah (cont'd)

In the sub-sale market, condominium transactions moderated slightly in 3Q 2023, y-o-y. Units priced below RM400,000 made up about 30% of transaction volume compared to only 9% in 2022, partly due to the sub-sales of 1Sulaman Platinum Tower units. In the sub-sales transaction, condominiums priced RM400,000 to RM599,000 accounted for about 35% (cf. 2022: 50%) and those priced over RM800,000 comprised 18% (cf. 2022: 16%).

Overall, interest in landed residential is firm due to limited new supply while the high-rise residential segment remains competitive. External headwinds such as slower global growth, inflationary pressures, and higher borrowing costs could impede future take-up.

Supply of High-Rise Residential Units in Kota Kinabalu, Penampang and Putatan



LAHAD DATU

Lahad Datu is mainly an agricultural-based town dependent on good crude palm oil (CPO) prices which is currently more than RM3,500 per metric tonne although input costs such as labour, fertilizer and chemicals have increased significantly.

There is a vacuum of residential properties with prices ranging from RM400,000 to RM1 million due to the disruption by the 2-year Covid-19 pandemic lockdown.

Landed residential is still in good demand but affordability remains a major drawback for purchasers. High construction costs also affect supply.

TAWAU

Landed residences remain the preferred choice while demand for medium-cost residential units near the town continues to be the brightest spot. Niche upper-end residential units above RM650,000 saw moderate movement.

The Weld West Residence, a mixed development project received a good response for its link and semi-detached houses totaling 95 units under Phase 1, with a 95% take-up rate.

Medium-cost walk-up apartments are driving sales but take-up is modest. This segment will attract the bulk of buying interest, with some bargain hunting for properties in prime residential areas although higher borrowing costs might reduce investors' appetite.

SANDAKAN

The landed residential sector saw a drop in sub-sale transactions in 1H 2023. However, new launches were relatively active with 409 units of 2-storey terraced/townhouses from 5 housing developments opened for sale.

Into 2024, house prices are expected to sustain with a focus on the landed residential segment while demand for high-rise residential would be muted.

LABUAN

Affordability remains the unrelenting theme for potential home buyers. Demand will depend on the job opportunities in the oil and gas sector and lending from banks.



Source: NAPIC, WTWS Research

K-Avenue Sodomom
Source: WTWS Research

Sarawak

The residential sector moderated in 2023, new supply of high rise continue to outstrip new supply of landed residential

KUCHING - Increased incoming supply

Most of the landed residential projects were launched in the Jalan Kuching-Serian and Muara Tuang localities of secondary prime housing areas. Most launched projects are piecemeal and less than 100 units in size.

Some significant landed residential launched in 2023 are :

- Federal Park at Jalan Kopodims by Advance Synergy Realty Sdn Bhd. This consists of 2-storey terraced houses (88 units) priced from RM593,000, and Spektra housing (28 units) priced from RM100,000
- Sentah Avenue 3 at Jalan Kampung Sungai Beradu by Howasar Contracts Sdn Bhd. This includes 1- storey terraces priced from RM368,000, 2-storey terraces priced from RM548,000, Spektra Lite affordable housing priced from RM100,000 to RM120,000, and Putera housing priced from RM150,000 to RM198,000.
- Spring Garden at Jalan Kuching-Serian by Perbena Emas Sdn Bhd with 209 double-storey terraced units priced between RM465,000 and RM580,000.
- City Garden Phase 10 at Jalan Merdang

Supply of high-rise residential in Kuching



Limau, by Chen Ling Group with 76 units of 2-storey terraced houses between RM630,000 and RM868,000.

Annual additions of new high-rise residential units have been cyclical over the years, with another peak in 2023 after a lull in the last two years.

High-rise completions for the 1st three quarters of

2023 improved by 25% y-o-y (1,044 units) (cf. 1Q-3Q 2022: 836 units), while incoming supply reduced from 5,170 units to 5,146 units.

Some completions in 2023 include The Podium, Jalan Keretapi and Avona Residence @ The Northbank, a new sought-after residential address in Kuching especially for expatriates due to its proximity to the Samajaya Hi-Tech Industrial Park.

The average house price has been maintained but units are smaller to maintain affordability. Thus, the average price per square foot has risen to around RM650 per sq. ft. in favourable locations. Apartments

Source: NAPIC, WTWY Research

High-rise projects launched in 2023 were significant in size, with the central business district (CBD) areas contributing more than 50% of the launched units. Some of these launches are:

- PARQ, Jalan Padungan (550 units)
- Charlotte Residences @ City Square, Jalan Pending (334 units)

Most other projects were launched in the Kuching urban areas comprising the following:

- Rise Residence @ Jalan Sherip Masahor/Hup Kee (246 units)
- Tonic Suite (195 units) and Cascadale (Tower B-35 units) @ Stutong BDC
- Joshua's King, Off Jalan Airport (118 units)

- the Docklands @ Batu Kawa (198 units)

range from studio units as small as 400 sq. ft. to bigger 3+1-bedroom units sized more than 1,500 sq. ft. Apartment yields are maintained at 3.5% per annum.

Residential prices are expected to hold steady and even increase further for those in prime and popular locations.

The Avona Residence @ The Northbank ,
Kuching Source: WTWY Research



Sarawak (cont'd)

MIRI

Landed residential

New landed residential project launches have increased compared to 2022. NAPIC data as of 3Q 2023 recorded a marginal increase of transaction volume by 3% y-o-y, while transaction volume has increased by 6% y-o-y from RM560.29 million to RM591.32 million. In addition, price increments are observed in both primary and secondary markets for all segments, driven by cost. Overhang units in the secondary market are also gradually being absorbed.

While strong demand for affordable housing continues, gated-guarded housing estates and niche-market products are also in trend. On upcoming supply, some significant projects currently underway are Desa Damai in Tudan (280 units), Sun Sky Avenue at Luak-Bakam (94 units) and Palm Villa 11 at Taman Tunku-Taman Jelita (97 units). Known as Resort City and popular with expatriates, Miri could draw on the more conducive S- MM2H* guidelines to attract more foreign residents.

High-rise residential

Transaction volume from 1Q to 3Q 2023 increased by 4% y-o-y, while transaction value increased by 21% y-o-y.

Units located in areas with great views and smaller-sized units are trending. This demand comes mostly from young families, first-time home buyers, property investors and S-MM2H residents.

Note * - S-MM2H are open to all foreigners who are retirees above 50 years; investors aged 40-50 years old of houses priced above RM600,000; 30-50 years old undergoing long-term medical treatment in Sarawak or have children studying in Sarawak. Income criteria is either a monthly

income of RM10,000.00 or FD account of RM300,000 for married couples or RM7,000 or FD account of RM150,000 for single applicants.

	Price (RM)			Average Yield (%)	
	2022	2023		2022	2023
Terraced House	485,000	513,000	Per unit	3.0	3.0
Semi-Detached House	698,000	721,000	Per unit	3.0	3.0
Condominium	587	400-590	Per sq ft	3.0-4.0	3.0-4.0

Landed housing remains the more popular choice in Miri. Demand for high-rise residential properties may be deterred due to the more complicated governance under the new Strata (Subsidiary Titles) Ordinance 2019 and Strata Management Ordinance 2019.

Miri: Average Transacted Price and Yield for 2023

Abbreviation: RM - Ringgit Malaysia, sq. ft. - square feet, Source: WTWY Research

BINTULU

Landed residential

As of 3Q 2023, the transaction volume declined by 7% y-o-y from 535 units to 36 units, followed by a decline of 4% y-o-y in transaction value to RM186.34 million.

Significant projects launched in 2023 include Yong Avenue, Meadow Residence and My Residence 2 along Jalan Sibiyu, and Green Height Residence Phase 1 along Jalan Bintulu-Miri.

Other than that, upcoming affordable housing is observed in Tanjung Kidurong (402 units), in Kidurong Sentral (1,154 units), and approximately another 2,470 units in the pipeline. This increase will likely impact the take-up rates, occupancy rates and selling prices of existing residential in Bintulu.

Designated as the State's Industrial Hub, Bintulu continues to create employment opportunities, driven by mega projects such as the Sarawak Petrochemical Hub, the Sarawak Methanol Production Plant (partnership by Air Liquide and Samsung Engineering), and Longi and Wenan Steel in Samalaju Industrial Park. These will drive up the demand for residential properties.

In supporting that, infrastructure developments such as the Kuala Kemena Jepak Bridge Project, and the Jalan Johari Sunam - Jalan Kemena Project will open up new areas contributing to an increased occupancy of these areas, particularly from those involved in these ventures.

Junction 9 Apartment,
Bintulu Source: WTWY
Research



Sarawak (cont'd)

BINTULU (cont'd)

High-rise residential

From 1Q to 3Q 2023, the transaction volume of high-rise residential declined y-o-y from 68 units to 62 units. Likewise, the transaction value also dropped from RM22.09 million to RM20.13 million.

High-rise residential are more affordable and popular for rent by the migrant and transient workers who are increasing in numbers due to the mega industrial projects in Bintulu. Apartment units in Bintulu are also getting smaller in size.

Significant apartment projects launched in 2023 include:

- Horizon Residence with 163 units (sized from 463 sq. ft. to 1,227 sq. ft.)
- Junction 1 Serviced Apartment with 77 units (sized from 416 sq. ft. to 924 sq. ft.)

Bintulu: Average Transacted Price and Yield for 2023

	Price (RM)			Average Yield (%)	
	2022	2023		2022	2023
Terraced House	582,000	600,000	Per unit	3%-3.5%	3%-3.5%
Semi-Detached House	807,000	831,000	Per unit	3%-3.5%	3%-3.5%
Condominium	500	500	Per sq ft	2.5% - 3%	2.5%-3%

Abbreviation: RM - Ringgit Malaysia, sq ft - square feet,
Source: WTWY Research

SIBU

Landed residential

Many launched projects have seen significant increases in prices, however, this is pressured by cost-push inflation, expecting a general slowdown in house prices and affecting sales rates. As a result, affordable housing i.e. low and medium-cost housing, would likely see an increase in demand. Housing affordability is an increasing concern, especially among first-time home buyers.

High-rise residential

High-rise residential prices continued to increase to record levels although transaction activities were less active. The rental market also performed well. Supply will continue to increase, although approaching market saturation. Meanwhile, higher resale price expectations may not be realistic.

Nevertheless, the success of past projects as well as limited development lands in and around the town centre continue to spur similar high-rise developments in Sibiu.

Sibu: Average Transacted Price and Yield for 2023

	Price (RM)			Average Yield (%)	
	2022	2023		2022	2023
Terraced House	490,000	500,000	Per unit	3%	3%
Semi-Detached House	720,000	740,000	Per unit	3%	3%
Condominium	540	570	psf	4%	4%

Abbreviation: RM - Ringgit Malaysia, sq. ft. - square feet,
Source: WTWY Research

Residential market outlook

Overall Sarawak, more launches were observed especially of terrace and apartment residential, but new launches were trending towards smaller units to maintain affordability. Transaction activity slowed down after 2022, recording -2% y-o-y in volume and - 1% y-o-y in value.

However, house prices continued upwards in all major towns/cities in Sarawak and are expected to increase, whilst rentals held steady. The high-rise residential market may lean more towards a buyers' market.

The continuance of the Home Ownership Campaign (HOC) under i-MILIKI program in 2023 will help sales and also residential overhang, which has been eased by the lull in new launches.

On the other hand, a rising Overnight Policy Rate (OPR) and inflation are risk factors to watch out for as they can limit the growth potential.

Tabuan Residences, Jalan Tabuan,
Kuching Source: WTWY Research



Residential - New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
KLANG VALLEY						
Mori Pines	Dengkil	Gamuda Land	2-T 2-C	1,785 - 2,343 2,309 - 2,535	180 120	> 840,000 > 1,200,000
Chorus @ Summer Breeze	Semenyih	SP Setia	2-T	2,080 - 2,158	99	> 1,100,000
Laelia 1	Jenjarom	Setia Bayuemeas	2-T	1,568 - 1,960	98	> 901,000
Irama Villa III	Bandar Kinrara	SP Setia	2-T	2,165 - 2,770	38	>1,945,000
The Rafflesia @ Hill 3	Damansara Perdana	Saujana Triangle Sdn Bhd	3-SD	3,879	24	> 3,400,000
ISKANDAR MALAYSIA, JOHOR						
Erica West (Phase 2F2)	Masai	Meridin East SB (Mah Sing Group)	2-T	1,670	195	> 509,000
Mansion 18 @ Horizon Hills	Iskandar Puteri	Horizon Hills Development SB (Gamuda Land & UEM Sunrise JV)	3-D	6,325 - 7,495	24	> 3,800,000
Precinct Evora @ Taman Gaya	Ulu Tiram	Daiman Development Berhad	2-SD	2,976 - 3,168	48	> 1,500,000
Crest @ Austin (Jade Phase 2D1)	Tebrau	Austin Senibong Development Sdn Bhd	2-C	2,573 - 2,681	56	> 1,320,000
Isola Coast	Plentong	Senibong Cove Development	3-T	3,685	40	> 2,080,000
Sunway Lenang Heights	Plentong	Sunway City (JB) Sdn Bhd	2-D 2-SD	3,783 3,800	42	> 2,200,000 > 2,600,000
BATU PAHAT, JOHOR						
Kota Impiana Residence (Phase 3 - Halaman Garden)	Taman Sri Lambak	Three G Development Sdn Bhd	1-D	2,986	99	1,598,000 - 2,168,000
Taman Banang Jaya (Phase 2 & 3)	Taman Banang Jaya	KSL Holding Berhad	2-T	1,226 - 1,443	75	603,000 - 740,000
West of Taman Gunung Emas	Lot 33851		1-T	1,344 - 1,549	26	382,500 - 560,000
Taman Flora	Simpang Renggam	Dyna Tenaga Sdn. Bhd.	2-SD	2,380	16	850,000 - 1,064,819
Taman Industri Sri Sulong	Taman Industri Sri Sulong	Grand Motion Sdn Bhd	1-SD	1,172	76	428,000
Taman Pelangi Permai Phase 2	Taman Pelangi Permai	Tarjo City Development Sdn Bhd	2-T	1,714 - 1,816 1,714 - 1,942	25	627,900 - 672,320

Abbreviation: T- Terraced; SD- Semi detached; D- Detached; C- Clustered; TH - Townhouse; sq. ft. - square feet
Source: CBRE | WTW Research

Residential - New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
SEREMBAN, NEGERI SEMBILAN						
Nilai Impian (Phase R2 (c) - Emilia 3)	Nilai Impian	Sime Darby Property	2-T	1,781 - 2,090	57	659,000 - 1,007,000
Nilai Impian (Phase R2 (d) - Emilia 4)	Nilai Impian	Sime Darby Property	2-T	1,781 - 2,090	42	659,000 - 1,013,000
Iringan Bayu (Irumia)	Seremban	Aspect Synergy Sdn Bhd	2-T	1,657 - 1,700	162	430,000 - 640,000
MELAKA						
Taman Krubong Heights (Phase F2)	Krubong	PB Realty Sdn Bhd	2-T	1,399 - 2,691	92	439,000 - 586,000
Taman Nuri (Phase 3B5)	Durian Tunggal	Laman Exotika Sdn Bhd	2-T	1,410 - 5,694	77	409,000 - 664,000
Country Villa (Phase 6)	Jalan Gapam	Country Villas Resort Sdn Bhd	2-T	1,539 - 2,938	128	645,000 - 809,000
Taman Pengkalan Impian (Phase 1B)	Ayer Molek	Anjuran Lagenda Sdn Bhd	2-T	1,302 - 2,777 1,399 - 4,844	24 146	418,000 - 526,000 394,000 - 595,000
Taman Chin Chin Emas	Chin Chin	Parkland Avenue Sdn Bhd	1-T	1,539 - 4887	96	275,000 - 406,000
Taman Scientex Jasin Phase 2A1(MJ2b)	Jasin	Scientex Heights Sdn Bhd	2-T	1,173	224	255,000 - 470,000
PENANG						
Botanic Villa	Simpang Ampat - SPS	Tambun Indah Land Bhd	2-T & 2-SD	1,560 - 2,673	510	421,000 - 1,120,000
Amansara North	Kepala Batas - SPU	Setia Fontaines @ S P Setia Bhd	1-T & 2-T	1,078 - 2,346	192	526,000 - 972,000
Lavender Sungai Dua	Tasek Gelugor - SPU	Scientax	2-T	1,221	229	253,000 - 480,000
Cassia Cempaka (Phase 1)	Batu Kawan - SPS	PDC	2-T & 2-SD	1,658 - 1,928	60	625,000 - 1,002,000
Botanica.CT - Begonia	Balik Pulau - BD	MTT Properties & Development Sdn Bhd	2-SD	1,929 - 2,149	60	> 875,000
ALOR SETAR, KEDAH						
Suasana Bandar Puncak Sena	Pokok Sena	Imperio Group collaborate with Aman Setia Sdn Bhd	1-T	1,500 1,200	12 51	>353,000 >320,000
Darulaman Lagenda	Persiaran Amanjaya	BDB Lagenda Sdn Bhd	1-T 1-C	1,00 1,920	480 156	270,000 - 383,000 284,000 - 384,000

Abbreviation: T - Terraced; SD- Semi detached; D- Detached; C- Clustered; TH - Townhouse; sq. ft. - square feet

Source: CBRE | WTW Research

Residential - New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
KUANTAN, PAHANG						
Kotasas (Masjectic II)	KotaSAS	KotaSAS & Wawasan Intact	1.5-SD	3,156	50	>800,000
Kotasas (Palm Hill)	KotaSAS	KotaSAS & Wawasan Intact	1.5-SD	2,512	102	> 605,000
Kotasas (River Vale)	KotaSAS	KotaSAS & Wawasan Intact	1-T	1,527	201	> 400,000
Serelyn Avenue	Indera Mahkota	Sedimi Property Development	1-T 1-SD	1,032 1,389	237	>380,000 >657,000
Majestic Heights	Pelindung	Majestic Heights	2-SD 3-SD 3-SD w basement	4,335 5,193 5,585	28	>1,800,000 >2,160,000 >2,150,000
KOTA KINABALU, SABAH						
Residensi Inanam	Inanam	Borneo Perfect Sdn Bhd	3-L with lift	> 3,983	33	> 2,919,000
Vila Pulutan (Phase 2)	Putatan		2-T 2-SD	> 1,600	39 2	494,000 - 690,000
Taman Bukit Hijau (Phase 1)	Tuaran Bypass	Top Green Development (Sabah) Sdn Bhd	2-T	> 1,332**	42	> 635,000
TAWAU, SABAH						
Taman Harapan	Jalan Sin Tiku	Leko-up Sdn Bhd	1-T	1,100	132	489,000 - 679,000
SANDAKAN, SABAH						
Taman Nasalim Phase 3A & 3B	Off Northern Ring Road	Perumahan Permai Sandakan Jaya Sdn Bhd	2-T	1,659 - 3,528	133	444,600* - 661,000
Taman Sri Perdana	Off Jalan Airport	Real Cont Development Sdn Bhd	2-T	1,362 - 2,362	60	475,000* - 600,000
Taman Billion	Off Jalan Airport	Alison Sdn Bhd	2-TH	515 - 578	93	320,000* - 423,800
Parklane Garden	Off Jalan Utara	Wah Mie Realty Sdn Bhd	2-T	1,664 - 4990	60	558,000* - 812,000
Kina Mas Residence	Off Sandakan-Lahad Datu Highway	Kina Makmur Sdn Bhd	2-T	1,175 - 2,296	63	321,800* - 392,000
KUCHING, SARAWAK						
Taman Meranti Indah	Jalan Kuching Outer Ring Road	Hamzani Enterprise Sdb Bhd / Yung Seng Development Sdn Bhd	2-T	20x44.3	92	268,800 - 638,000
Crestwood Estates	Kuching - Samarahan Expressway	Ibraco Berhad	3-SD	4,347	36	2,636,200 - 2,685,800

Abbreviation: T- Terraced; SD- Semi-detached; D- Detached; C- Clustered; TH - Townhouse; sq. ft. - square feet. Note: * - bumiputera lots, ** - land area size

Residential - New Launches (Landed Residential)

Projects	Location	Developer	Type	Unit Size (sq. ft.)	No. of Units	Price (RM per unit)
KUCHING, SARAWAK						
The Garcinia	Jalan Tabuan Tranquility, Lorong 24 D	Prima Tac Sdn Bhd	2-T	2,126	32	879,000 - 1,376,000
The Garden @ Merlin	Jalan Muara Tuang		2-SD	2,914	4	838,000 - 848,000
			2-T	1,977	12	638,000 - 748,000
Casa Harmoni	Jalan Taman Sri Harmoni	Lafrowda Properties	1-T	960	46	394,400 - 522,550
			2-T	1,300	11	> 485,500
			2-SD	From 1,445	4	> 712,700
Federal Park	Jalan Kopodims	Advance Synergy Realty Sdn Bhd	1-T	T - 1,872 - 1,901	28	100,000 - 120,000
			2-T		88	593,000 - 905,400
BoxPark	Off Jalan Sejijak	Houlee Contracts Sdn Bhd	2-T	1,010	59	588,000 - 891,000
			2-SD	1,171	8	858,000 - 891,000
City Garden Phase 10	Lorong Merdang Limau 1F	Chen Ling/Quick Venture Sdn Bhd	2-T	1,035	76	630,000 - 868,000
Vision Hill Phase 3	Jalan Sungai Matang	Hong Seng Construction (E.M) SDN. BHD.	1-T	1,099 - 1,149	51	363,000 - 481,000
			2-T	1,925	41	478,000 - 623,000
MIRI, SARAWAK						
Desa Demai	Tudan	Naim Land Sdn Bhd	1-T	860	280	373,000 - 453,000
			2-T	1,600		536,000 - 747,000
			2-SD	1,857		736,000 - 932,000
Sun Sky Avenue	Luak - Bakam	Centerite Development Sdn Bhd	1-ST	935 - 1,319	30	408,000 - 548,000
			2-T	1,707 - 2,045	64	548,000 - 668,000
Palm Villa 11	Taman Tunku -Taman Jelita	Sin Siang Hai Sdn Bhd	1-T	1,047 - 1,374	73	438,000 - 598,000
			2-T	1,835 - 1,951	18	568,000 - 798,000
			2-SD	2,445	6	788,000 - 838,000
BINTULU, SARAWAK						
Yong Avenue	Jalan Sibiyu	Paling Construction Sdn Bhd	2-T	1,763- 1,819	134	648,000 - 912,000
Meadow Residence	Jalan Sibiyu	SunMow Development Sdn Bhd	2-T	1,793 - 1,872	87	595,888 - 797,888
My Residence 2	Jalan Sibiyu	SunMow Development Sdn Bhd	2-T	1,921 - 2,004	70	608,888 - 818,888
			2-SD	2,605	10	1,108,888 - 1,118,888
Green Height Residence Phase 1	Jalan Bintulu-Miri	Dayabaru Sdn Bhd	2-T	1,620	45	608,000 - 751,000

Abbreviation: T- Terraced; SD- Semi detached; D- Detached; C- Clustered; TH - Townhouse; sq. ft. - square feet Source: CBRE | WTW Research

Residential - New Launches (High-Rise Residential)

Projects	Location	Developer	Unit Size (sq. ft.)	No. of Units	Price (RM per square foot)
KLANG VALLEY					
The Minh	Mont Kiara	UEM Sunrise	1,607 - 3,010	496	871 - 1,056
Miranda Hill	Dutamas	BRDB Developments Bhd	943 - 2,200	943	774 - 1,240
Curvo Residences	Setapak	Curvo Development Sdn Bhd	952 - 1,345	830	> 592
Teja @ SJCC	Subang Jaya	Sime Darby	800 - 1,150	271	774 - 1,240
Solasta Dutamas	Dutamas	Kar Sin Berhad (subsidiary of YNH Property Berhad)	720 - 900	240	752 - 1,144
Armani Residence	Bukit Lanjan	Golden Armani Sdn Bhd	900	149	> 553
PENANG					
Arica	Seri Tanjung Pinang	E & O Bhd	947 - 1,259	380	> 857
Setia Miracca	Jalan Teluk Kumbar	Kay Pride Sdn Bhd (SP Setia)	900 - 1,000	480	> 333
Codrington Residence	Pulau Tikus	Primary Spectra Development Sdn Bhd	1,400	198	> 1,021
Ceria D' Eco Horizon	Batu Kawan	Eco Horizon Sdn Bhd (Ecoworld)	1,000	1,302	> 399
The Pier	Bayan Mutiara	Asia Green Group	775 - 1,227	934	> 823
ISKANDAR MALAYSIA, JOHOR					
Pangsapuri Saujana Indah	Plentong	Multi Court Development SB (LBS Bina Group Berhad)	590 - 863	988	> 595
Tampoi Heights	Tampoi	BMG Global Sdn Bhd	805 - 950	877	> 470
The Quayside	Johor Bahru City Centre	Bangsar Heights Pavilion Sdn Bhd	330-900	482	> 1,625
Residensi Idaman Ria (Idaman Heights)	Iskandar Puteri	Kirana Tiara Sdn Bhd	871 - 1,000	1,256	> 550
Paragon Gateway	Johor Bahru City Fringe	Joland Group	499 - 1,177	2,136	> 770
Aliva	Tebrau	Astaka Development Sdn Bhd	595 - 1,075	499	> 748
Santai D'Eco Spring	Tebrau	Eco World	950 - 1,037	460	> 453
M Minori	Tebrau	MS Lakecity Sdn Bhd (Mah Sing Group)	570 - 881	1,040	> 542
MELAKA					
Residensi Seri Serindit (Block C, D & E)	Bukit Serindit	Potensi Lestari Sdn Bhd	885 - 1,000	1,366	> 345

Abbreviation: sq. ft. - square feet
Source: CBRE | WTW Research

Residential - New Launches (High-Rise Residential)

Projects	Location	Developer	Unit Size (sq. ft.)	No. of Units	Price (RM per square foot)
KOTA KINABALU, SABAH					
Cahaya Kristal	Kepayan	Encorp Berhad	530 - 790	166	794 - 842
Grand Meridian (Block 1)	Kepayan	Skye Vista Development Sdn Bhd	882 - 3,378	273	466 - 780
Sky88 Residences (Phase 1A)	Bundusan	North Borneo Land Properties Sdn Bhd	914 - 2,913	294	478 - 665
The Horizon	Damai	Wijaya Daya Sdn Bhd	1,590 - 8,705	96	614 - 721
Skywalker Condominium	Penampang	Asiawell Development Sdn Bhd	1,053 - 3,162	230	422 - 664
KUCHING, SARAWAK					
the RISE Residence	Jalan Sherip Masahor / Jalan Hup Kee	Silverdrum Corporation Sdn Bhd	797 - 2,305	246	> 693
Docklands	Jalan Batu Kawa	Tecktonic & Sons Holdings Sdn Bhd	827 - 1,270	198	> 510
PARQ	Jalan Padungan	Premium Junction Sdn Bhd	775 - 2,498	550	> 503
Joshua's King	Off Jalan Lapangan Terbang	TSW(S) Holding Sdn Bhd	523 - 1,738	118	> 826
Green Acres 2	Lorong 3, Taman Green Acres	Lee Onn Development Sdn Bhd	1,087-1,260	342	> 326
Pascali Residences	Jalan Taman Ricketts	Pascali Sdn Bhd	1,808 - 5,242	22	> 1,300
Symphony Suites 1 @ Vivacity 2	Jalan Wan Alwi	Coramax Sdn Bhd	713 - 2,735	426	> 729
The Cortliss Residence	Kuching-Samarahan Expressway	Ibraco Berhad	486 - 1,413	660	> 850
BINTULU, SARAWAK					
Horizon Residence	Jalan Tun Ahmad Zaidi	Warisar Sdn Bhd	463 - 1,227	163	> 720
Junction 1 Serviced Apartment	Jalan Sibiyu	BGC Development Sdn Bhd	SA: 708 - 924 S: 416 - 560	63 14	> 560 > 620

Abbreviation: sq. ft. - square feet, SA - serviced apartment, S - studio
Source: CBRE | WTW Research

ALOR SETAR	2-TH	2-SD
2022	480,000	600,000
2023	500,000	630,000

PENANG	2-TH	2-SD
2022	960,000	1,690,000
2023	1,031,000	1,700,000

SEBERANG PERAI	2-TH	2-SD
2022	620,000	890,000
2023	620,000	890,000

IPOH	2-TH	2-SD
2022	450,000	500,000
2023	450,000	500,000

KUALA LUMPUR/ PETALING JAYA	2-TH	2-SD
2022	1,538,000	3,009,000
2023	1,530,000	3,000,000

SUBANG JAYA/ SHAH ALAM	2-TH	2-SD
2022	796,000	1,436,000
2023	796,000	1,436,000

SEREMBAN	2-TH	2-SD
2022	655,000	655,000
2023	655,000	655,000

MELAKA	2-TH	2-SD
2022	655,000	655,000
2023	655,000	655,000

KOTA BHARU	2-TH	2-SD
2022	415,000	490,000
2023	422,000	468,000

KUALA TERENGGANU	2-TH	2-SD
2022	270,000	370,000
2023	290,000	585,000

KUANTAN	2-TH	2-SD
2022	461,000	719,000
2023	461,000	719,000

BATU PAHAT	2-TH	2-SD
2022	580,000	1,000,000
2023	580,000	1,000,000

JOHOR BAHRU	2-TH	2-SD
2022	1,286,000	1,286,000
2023	1,240,000	1,240,000

MIRI SD	2-TH	2-SD
2022	485,000	485,000
2023	485,000	485,000

SARAWAK	2-TH	2-SD
2022	1,436,000	1,436,000
2023	1,436,000	1,436,000

SANDAKAN	2-TH	2-SD
2022	430,000	640,000
2023	480,000	660,000

KOTA KINABALU	2-TH	2-SD
2022	795,000	1,397,000
2023	835,000	1,424,000

LABUAN	2-TH	2-SD
2022	496,000	716,000
2023	496,000	716,000

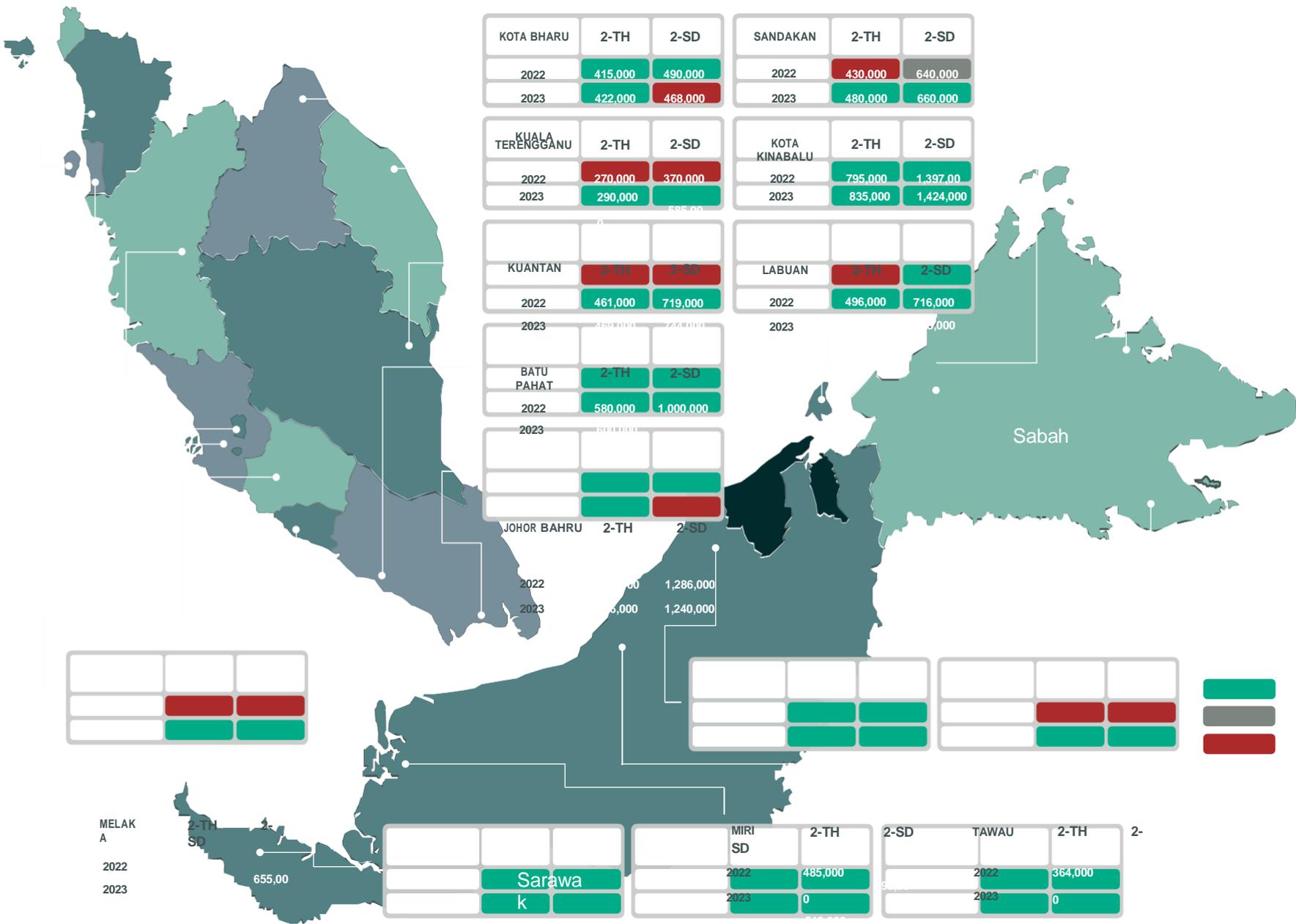
TAWAU	2-TH	2-SD
2022	364,000	364,000
2023	364,000	364,000

MIRI SD	2-TH	2-SD
2022	485,000	485,000
2023	485,000	485,000

MIRI SD	2-TH	2-SD
2022	485,000	485,000
2023	485,000	485,000

MIRI SD	2-TH	2-SD
2022	485,000	485,000
2023	485,000	485,000

MIRI SD	2-TH	2-SD
2022	485,000	485,000
2023	485,000	485,000



*CBRE | WTW House Prices for respective towns were analysed based on transaction data of selected townships. This criteria are as follows:

- (i) Double-storey Terraced houses, are sampled with land area of 1,600 - 1,800 sq. ft., freehold/leasehold 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) Double-storey Semi-detached houses, are sampled with land area of 3,500 - 4,500 sq. ft., freehold/leasehold 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) Plot size and built-up areas may vary in areas in cities / towns where the market norm differs.
- (iv) Prices for 2022/23 may vary from our previous Market Report due to changes in the housing schemes selected to calculate the average price.

670,000 1,297,000 490,000 720,000 582,000 807,000

2-TH
Double-storey
Terraced Houses

2-SD
Double-storey
Semi- detached
Houses

*Notes: Movements
are made based y
on a year!*



“

The demand for good quality buildings and incorporating green building practices, will persist. This may impact older office buildings, prompting potential repurposing efforts.

”

Sr Lim Chai Yin
Managing Director,
Advisory & Transaction
CBRE | WTW

03

Office

Purpose-built office: relevant to Klang Valley, Penang, IM, Kota Kinabalu and Kuching, relating to a privately-owned office building.

Shop office: relevant to other localities, relating to shop office buildings with multi-ownership and is used for office purposes.

Klang Valley

Leasing sentiments, inquiry activity, and occupancy rate are favourable

The overall purpose-built office (PBO) supply in Klang Valley stood at 121.9 million sq. ft., with prime PBO space accounting for 47% (57.7 million sq. ft.) of the supply. As of 3Q 2023, the occupancy rate remained relatively stable at 79.2% (cf. 2Q 2023: 78.9%; 3Q 2022: 79.3%), of which KL's occupancy rate improved by 0.5% q-o-q to 79.6%, while Outside KL's occupancy rate rose 0.1% q-o-q to 78.4%.

More new Grade A offices In Kuala Lumpur

The Pavilion Damansara Heights Corporate Towers and Aspire Tower were completed, offering approximately 1.4 million sq. ft.

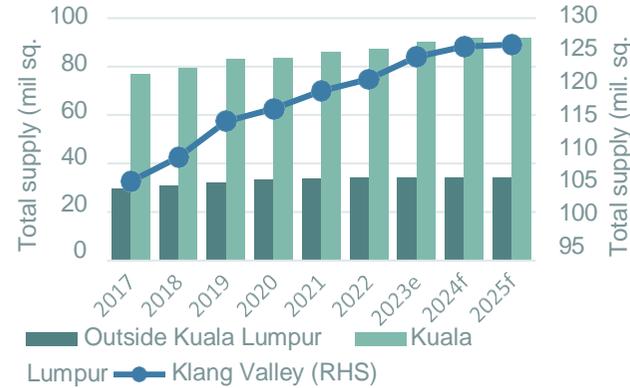
Merdeka 118, the world's second-tallest tower, will add 1.7 million sq. ft. PBO space to total supply, following its scheduled launch in January 2024.

Selected Upcoming PBO Developments in 2024

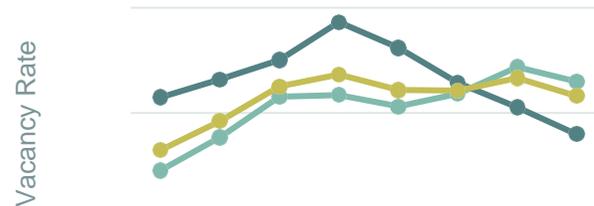
Development Name	Location	Estimate NLA (sq. ft.)
PNB 1194	KL	195,000
TNB GOLD	KL	520,219
Oxley Towers @ KLCC	KL	350,000
Menara Felcra	KL	171,500

Abbreviation: KL - Kuala Lumpur; NLA - net lettable area; sq. ft. - square feet

Cumulative Supply in Klang Valley



Source: CBRE | WTW Research



Other new entries include:

- Corporate Business Solutions (CBS), a global business solutions provider originating from Germany, established its offices at Menara Allianz Sentral building
 - myWorld Group (global leader in the loyalty and rewards programme) launched its new regional office in Menara Maxis
 - ARC Group (global financial services firm) set up its first Malaysian office in Equatorial Plaza Tower
 - Gerson Lehrman Group (global information
- Abbreviation: mil. - million; sq. ft. - square feet; RHS: left-hand-side Source: CBRE | WTW Research

Vacancy Rate in Klang Valley



Source: CBRE | WTW Research

New entry of international corporates

The presence of new multinational corporations and international organisations was observed. Tesla opened its Malaysian Headquarters within the Global Solution Centre compound in Cyberjaya, occupying a two-storey complex with

an approximate net lettable area of 55,000 sq. ft., named Tesla Centre Cyberjaya.

services company) opened its new Malaysia office at Q Sentral

Relocating to new premises

Affin Bank moved its HQ from Menara Affin (Jalan Raja Chulan) to its self-owned Menara Affin @ TRX. UOB KL Main Branch relocated to UOB Plaza 1, while Telekom Malaysia Berhad relocated to TM Annexes 1 and 2.

Huawei Technologies Malaysia's HQ has relocated from Integra Tower to Exchange 106 @ TRX, while Maersk Malaysia Sdn Bhd is now situated at iMazium @ Petaling Jaya. Liberty General Insurance Berhad has also begun its operations at the newly completed Pavilion Damansara Heights CT9.

Furthermore, Alliance Bank Malaysia Bhd (ABMB) has acquired the 24-storey Oxley Tower @ KLCC for RM405.8 million and will relocate to its own building upon its completion by the end of 2024.

Malayan Banking Bhd (Maybank) will also relocate all of its current offices from Menara Maybank (Jalan Tun Perak) to Merdeka 118 in stages, starting 1Q 2025.

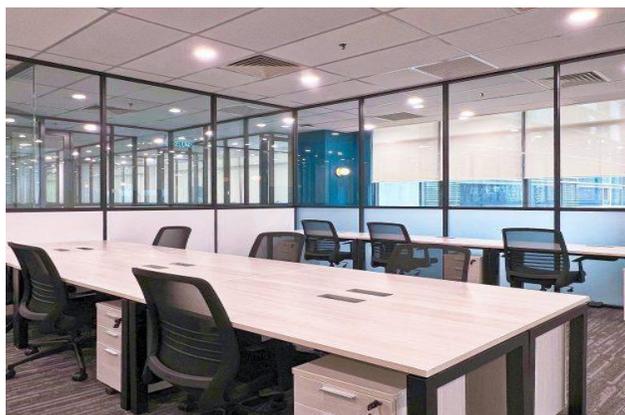
Klang Valley (cont'd)

Co-working space operators continue to expand

WORQ partnered with UOA Group to collaborate and inaugurate a 15,000 sq. ft. co-working space in Menara UOA Bangsar (MUB) in June 2023, which achieved 70% occupancy at its official opening.

WORQ KL Sentral at Menara One Sentrum is the largest co-working space in KL Sentral. Launched in March 2023, it achieved an 80% occupancy rate, with 70% pre-sold before commencement. Characterised by its high flexibility and strategic choice of locations, WORQ has maintained occupancy levels above 90% across all locations.

WORQ is on track to double its footprint and plans to build up to 3.0 million sq. ft. of co-working space in Malaysia by 2030.



WORQ in Menara UOA Bangsar
Source: WORQ

Jerry by Colony continues to expand its presence and launched two new outlets at Kuchai Lama and Wangsa Maju in KL. At present, Jerry operates eight co-working spaces across Klang Valley. Jerry provides the flexibility of no contracts and the option to cancel at any time, in addition to its cost-effective pricing. This has made it an attractive option for businesses that require the flexibility to scale up or down their office space.

Jerry also established a pop-up co-working space in Avenue K Shopping Mall in June, providing individuals with the opportunity to experience flexible workstation arrangements at an affordable price.

Currently, Colony also operates at four other locations: two in KL city centre, one in KL Eco City, and one in Mutiara Damansara. In the immediate future, Colony intends to expand into Setia Alam.

Some large organisations and international corporates are also choosing the alternative of co-working offices. London Stock Exchange Group (LSEG) launched its new flagship office at the SPACES @ Menara Prestige, while South Korea's fourth-largest convenience store chain, emart24 relocated its headquarters to Jerry Coworking Space in Subang Jaya's SS15.

Co-working spaces in Klang Valley remains in high demand and have potential for expansion.

Outlook for Klang Valley

Overall, with the large supply of recently completed as well as incoming space, the asking rental and occupancy rate of PBO space in Klang Valley will be under pressure. New supply will also result in greater competition and widen the gap between older and newer PBO buildings.

Demand for more refined and flight-to-green office space is increasing which could surpass supply in the coming years.

SEREMBAN

The shop office market in Seremban is anticipated to remain stable through 2024, with a consistent occupancy rate and effective tenant retention.

Shop offices in prime areas near commercial centres, financial institutions, and schools are in high demand. Food and beverage (F&B) outlets and other retail stores operate as crowd-pullers, increasing the occupancy rate of shop office buildings in the area.

The average rent for shop offices in Seremban is about RM1.80 per sq. ft., with an average yield of 5.5% to 6.0%.

Nexus, a new commercial hub in Seremban 2 with 166 shop office units, is slated to be completed in phases by IJM Land Berhad.

Tun Razak Exchange

Malaysia's International Financial Centre

The Workplace of the Future

Buildings: Exchange 106, Menara Prudential – IJM, Affin Tower, IQ Tower

TRX offices offer the necessary components to meet the needs of workers in both office and hybrid work settings.

World-class Grade A offices of about 10 million sq. ft. are offered and designed to be future-proofed:

- column-free office spaces for optimum flexibility and productivity
- sustainable design to reduce energy dependency
- integrated building system to monitor the temperature, humidity, air quality and flow in the building
- fibre optic backbone and mobile in-building coverage
- smart water system for water recycling and rainwater harvesting
- well-infrastructure with the MRT interchange serving Lines 1 and 2

A comprehensive publication detailing insightful information about the property will be made available in the first quarter of 2024.



Penang

With restricted prime-grade office space, the market in Penang will maintain its resiliency and healthy occupancy

As no new PBO building was completed in 2023, the total existing supply remained at 11.57 million sq. ft. and rentals will trend up in the short term.

Demand for office buildings with better specifications and the Malaysia Digital status (formerly known as the Multimedia Super Corridor) would thrive in the foreseeable future. Similarly, prospects for co-working space would still be favourable.

The overall occupancy rate for PBOs has been quite healthy at nearly 90% in Penang Island and 76% in Seberang Perai (overall of nearly 86% for the entire state).

Pre-commitment from tenants on upcoming prime PBOs is also encouraging. The Sunshine Tower has secured approximately 136,560 sq. ft. or 60% of the total space from Citigroup. As for GBS by the Sea, which is being developed by the Penang Development Corporation (PDC), AMD Global Services will be a major tenant, and is set to occupy about 209,000 sq. ft. (70% of the total building space).

Slight uptick in rental

The monthly gross rent of prime offices in Penang Island can vary. In the northeastern portion of Penang Island, which includes George Town and Seri Tanjung Pinang, the monthly rent ranges from RM2.40 to RM5.00 per square

Demand for Malaysia Digital status office buildings

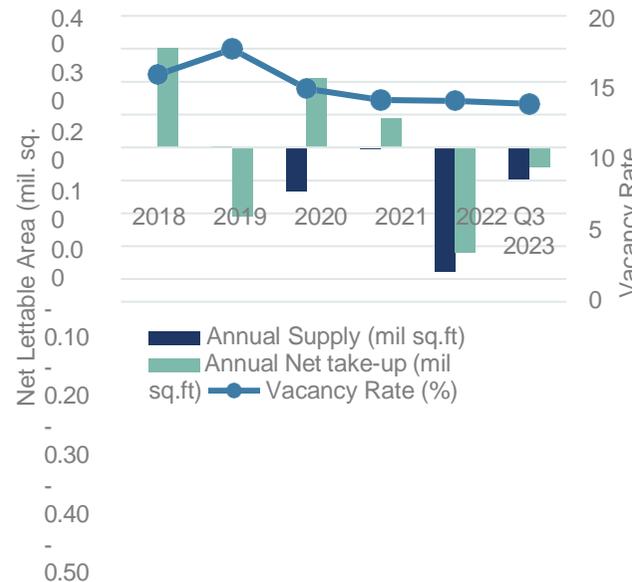
Penang has secured nearly RM10 billion of approved investments in the services sector over the past two years. While the manufacturing sector continues to dominate investment, increasing investments from digital-based industries, particularly the global business services (GBS) is driving demand for the Malaysia Digital status office space.

The robust industrial infrastructure, strong talent pool, and conducive business environment have contributed to many multinational companies establishing their GBS in Penang.

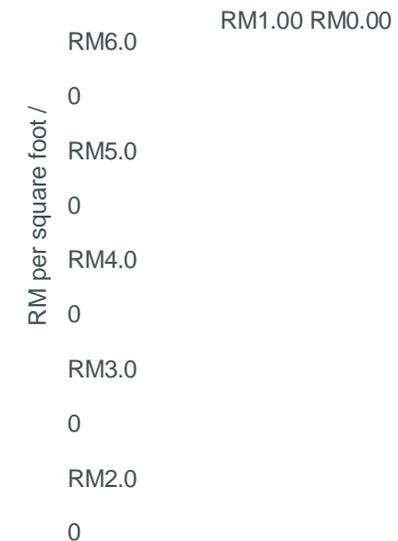
In 2023, Commerz Trade Services (CTS) set up its GBS office in Penang, taking up 3,790 sq. ft. of office space in GBS @ Mayang at Bayan Baru. A subsidiary of Commerzbank AG, one of the largest credit institutions in Germany, CTS in Penang handles trade finance, payments, Know Your Customer (KYC) service, foreign exchange and derivatives handling.

In addition, Global Foundries (GF), a leading global semiconductor foundry company, has also opened its office at One Precinct in Bayan Baru, Penang. This office is the new state-of-the-art “factory control tower” which monitors key production processes, performance metrics, and tool uptime across all of the company’s global manufacturing sites.

Supply and Vacancy Rate of PBO, Penang

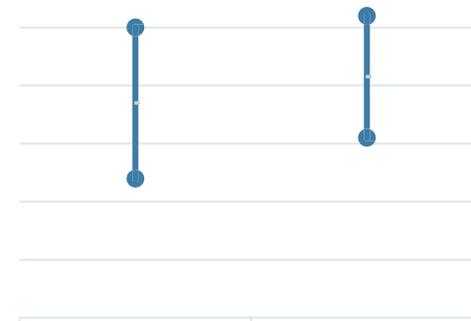


Rentals of Prime PBO Space, Penang Island



foot (per sq. ft.). On the other hand, prime PBOs in the south-eastern part of the island, including Gelugor and Bayan Baru, generally command higher monthly gross rents, which range from RM3.10 to RM5.20 per sq. ft. supported by demand from multinational corporations based in Bayan Lepas Industrial Park.

Georgetown Outside Georgetown
Abbreviation: mil - million, sq. ft. - square feet
Source: NAPIC, CBRE | WTW Research



Source: CBRE | WTW Research

Penang (cont'd)

Prospects for co-working space is still favourable

Supported by strong and growing clusters in the semiconductor, electrical and electronics (E&E), and medical devices segments, Penang is also becoming popular among freelancers, entrepreneurs, and digital nomads. This situation is encouraging the demand for co-working space.

KEDAH

In the town area, the price and rental rates for shop offices have remained stable. There is an emerging demand for neighbourhood shop offices, which has attracted grocery retailers such as Eco Shop, Mr DIY, and 99 Speedmart to rent multiple units for their operations.

Looking ahead, the supply of shop offices in Kedah is expected to be influenced by the trend towards integrated township developments. These developments, which combine residential and commercial components, reflect a move towards self-sustaining communities.

PERAK

The shop office sector remains stable, driven by sustained demand and good occupancy rates in both the town area and residential neighbourhood, complemented by good accessibility.

In contrast, landlords are making concerted efforts to retain the tenants by maintaining the rental rates on the 1st floor and above in older commercial centres.

In terms of supply, Canning II is a new commercial hub located within the Ipoh town area. It comprises stratified 4-storey shop offices which are sold on an en-bloc basis. It was completed in 2Q 2023 and has achieved a sales rate of 80%.

Iskandar Malaysia

PBO market competition intensifies

Iskandar Malaysia’s (IM) purpose-built office (PBO) market is experiencing heightened competition, contributed by the substantial influx of new completions in 2023: North Tower in Mid Valley Southkey and Sunway Big Box Office Tower @ Sunway City Iskandar Puteri.

About 507,000 sq. ft. of new space has pushed total supply to 5.9 million sq. ft., increasing the vacancy rate to about 50.0% compared to 35.0% in 2022.

On upcoming supply, the construction of Medini 10 is slated to resume in 2024 with about 415,000 sq. ft. of space. South Tower in Mid Valley Southkey, UMCity Premium Corporate Office Tower and Menara Bank Rakyat @ Coronation Square are also set to be completed by 2024, totalling about 987,000 sq. ft. of office space.

Following that, a co-working space operator will be located in UMCity Premium Corporate Office Tower whereas Menara Bank Rakyat @ Coronation Square will depend on the owner’s occupation.

Market disparity between old and new PBOs

Older PBOs with inadequate amenities are struggling to retain their existing tenants while landlords of newly completed buildings that provide value-added features including Malaysia Digital (MD) accreditation are in a better position to negotiate with prospects.

On the rental aspect, North Tower @ Mid Valley Southkey and Menara JLand registered an asking rent of RM4.00 to RM4.50 per sq. ft. To note, the other new PBOs in IM are rented for RM3.00 to RM3.50 per sq. ft. and old ones at RM2.00 to RM3.50 per sq. ft. The highest asking rental recorded is by the incoming South Tower @ Mid Valley Southkey, at RM4.50 to RM5.00 per sq. ft.

The higher rental rate especially in the new buildings is mainly due to the hike in electricity tariff and maintenance costs of high-quality space, rather than increasing demand for PBO spaces.

Prime space in demand

Some PBOs in IM witnessed growing interest.

Buildings with quality spaces and proximity to amenities especially food and beverages (F&B) amenities are becoming some of the most sought- after PBOs in IM such as North Tower @ Mid Valley Southkey and Menara JLand, which has driven some businesses to relocate.

The newly completed Sunway Big Box Office Tower @ Sunway City Iskandar Puteri has secured several prominent tenants, namely Dimerco, NEC Corporation and Iskandar Regional Development Authority (IRDA).

Supply and Vacancy Rate of PBO in IM



Rate Source: CBRE | WTW Research

Notable New Purposed Built Offices Completions in IM

Development	Locality	Est. NLA (sq. ft.)
North Tower @ Mid Valley Southkey	Johor Bahru City Fringe	327,000
Sunway Big Box Office Tower @ Sunway City Iskandar Puteri	Iskandar Puteri	180,000
Total New Supply		507,000

Source: CBRE | WTW Research

Iskandar Malaysia (cont'd)

Rise of co-working space

Co-working space operators have been actively expanding in Iskandar Malaysia (IM), including two branches by INFINITY8 in 1H 2023 and one by Regus in UMCity Premium Corporate Office Tower after the completion of the office tower.

IM co-working space operators may continue to benefit from the paradigm shift in working modes which may pose some pressure on conventional purpose-built office (PBOs).

IM PBO market outlook

IM PBO supply is beginning to outpace the market demand. While the overall PBO occupancy is anticipated to experience a downturn with the completion of the incoming PBOs. However, rental rates for prime PBOs are expected to hike due to higher costs.

Co-working space is rivalling conventional PBOs, hence which landlords should adapt by providing more flexible office solutions while enhancing the quality of space.

Notable Co-Working Space Expansions in IM

Branch	Type of Space Occupied	Operator	Location	Size (sq. ft.)
Newly Launched				
Kongsi work (Molek)	Office space in shop office	INFINITY 8	Tebrau	10,000
INFINITY 8 Reserve MidValley Southkey	PBO	INFINITY 8	Johor Bahru City Fringe	14,000
Incoming				
UMCity Premium	Source: CBRE WTW Research	Regus	Medini	N/A

BATU PAHAT

The performance of shop offices in preferred locations near the town centre and retail malls remained stable, with the majority of the occupiers being food and beverages (F&B) business operators.

The emergence of e-commerce continues to be a challenge to the shop office sector in Batu Pahat.

MELAKA

The rental rate and occupancy rate of PBOs were stable in 2023, as Jaya 99 and United Malacca Berhad continued to be the sole private PBOs in Melaka since 2011.

Co-working space in Melaka is mainly operated by local companies occupying shop offices.



Sunway Big Box Office Tower @ Sunway City Iskandar Puteri
Source: CBRE | WTW Research

Sabah

Quiet PBO, shop office sector relatively more active

KOTA KINABALU

Since the addition of new government-owned purpose-built office (PBO) buildings, there has been no notable supply from this sector since the completion of Plaza Shell and Riverson Suites about 7 years ago.

New office space over the last 5-10 years comes mainly from upper floors of conventional suburban walk-up shop offices or modern-designed signature offices with lifts such as Sutera Avenue and Aeropod, located within the city fringe or near the central business district (CBD), and the most recent being JQ Gallery Shoppes in the CBD itself. Signature offices can also cater to uses including food and beverage (F&B) outlets, health and beauty services, budget or boutique hotel accommodation and other specialty uses.

LAHAD DATU

Prices and rents were generally maintained. New retail businesses are opening up, leading to more activity. Previously vacant shop lots in suburban areas have been gradually taken up for F&B, small agricultural and household supplies and services, among others.

2024 is likely to be similar with prices and yields seen to be stable.

TAWAU

The shop office sector is generally stable but moving towards gradual recovery with rents and yields edging to pre-pandemic levels. Future incoming commercial developments Mid Valley achieved a 70% booking rate while 1Arena Commercial Centre Phase 2A's 22 shop office units have been fully sold.

Demand is primarily for ground floor shop offices with good footfall in high catchment areas at newer commercial centres such as Garden City, T2 Centre.

SANDAKAN

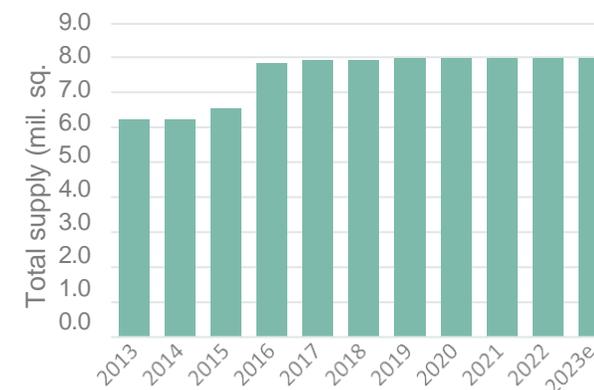
Office space demand is mainly for conventional shop offices. Established commercial centres in good locations enjoy good occupancy.

Upcoming developments are mainly in the form of 2- storey shop offices totalling 115 units from 3 developments at the northern section off Jalan Utara, Jalan Airport and Jalan Lintas Sibuga.

LABUAN

The PBO sector is unchanged. However, the shop office sector remains sluggish with devitalized sentiments despite businesses gradually opening.

Supply of PBO in Kota Kinabalu, Penampang and Putatan



Abbreviation: mil - million, sq. ft. - square feet
Source: WTWS Research

Sarawak

Some significant completions were seen for PBO in 2023. Overall, increased occupancy is seen in the office sector compared to the previous year, mostly from shop offices.

KUCHING

The 22-storey RM400 million Hikmah Exchange (HE), a smart and fully digital public building which comprises offices, a convention centre and commercial outlets, was officially opened in August 2023. With a nett lettable area of more than half a million sq. ft., it will house 13 government agencies. The 9-storey Panggau Dayak Towers which will house the Dayak Chamber of Commerce and Cultural Foundation was also completed in 3Q 2023 adding another 150,000 sq. ft. of office spaces.

The occupancy rate for purpose-built offices (PBOs) slightly improved to 80% but is expected to drop to around 75% next year, as more offices are coming into the market and are also competing with new shop offices. Rentals of PBO remain unchanged, averaging around RM2.70 per sq. ft. with a yield of 4.5% per annum.

For the shop office sector, the number of completions in 2023 are similar to 2022. However, incoming supply has picked up again as the increased new planned supply starts its construction. New shop offices are gradually being occupied but at the detriment of older shophouses.

Transactions were mostly of 3-storey shophouses with prices of more than RM1 million per unit.

Going forward

Most planned office buildings such as the upcoming Neu Pendington and VivaCity 2 will be incorporated as part of mixed developments, such as the likes of Icom Square, Metro City, Gala City and Hikmah Exchange.

Shophouses are still preferred as business premises due to lower rental and prices, and operating costs.

Green agenda

Green Building Index (GBI) certified buildings are still lacking in Sarawak, with only 11 out of 18 registered in Kuching.

As Kuching City continues to develop and grow, we foresee more incoming PBO buildings/towers for owner/corporate headquarters (HQ) occupations which are environmental, social, and corporate governance (ESG) compliant.

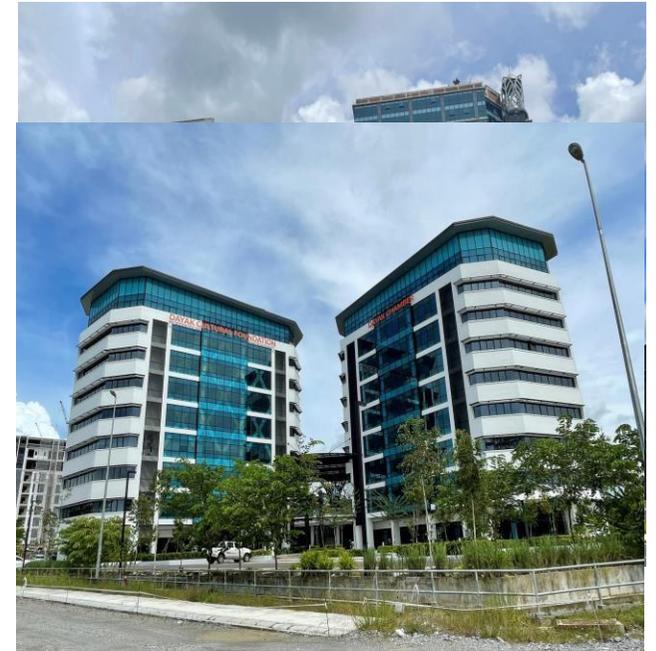
Performance of PBO in Kuching



Abbreviation: RM - Ringgit Malaysia, mil. sq. ft. - million square foot Note: Data for the full year of 2023 and 2024 is based on estimation Source: NAPIC, WTWY Research

Hikmah Exchange,
Kuching Source: WTWY
Research

Panggau Dayak,
Kuching Source: WTWY
Research



Sarawak (cont'd)

MIRI

The Shell headquarters (HQ) is expected to be completed by the end of 2023 which will spur demand in this sector. Apart from a growing awareness of green buildings, the relocation of Shell's HQ presents many opportunities for Miri.

Demand for purpose-built offices (PBOs) in Miri is still very much dependent on the oil and gas and oil palm sectors. Overall, this sector remains a niche market and the flexibility of work-from-home (WFH) and remote working lifestyle have reduced office size requirements.

On the shophouses market in Miri, NAPIC data reported transaction volume and value from 1Q to 3Q 2023 to have declined by 24.5% and 2.79% y-o-y respectively.

Apart from that, a notable transaction was observed involving a 7-storey shop office located at Marina Bay for a consideration of RM11.5 million.

Some recent significant shophouse projects include Capital Commercial Park at Riam-Lopeng with 3-storey shophouses priced between RM1.2 million and RM1.65 million developed by Amfield Construction & Development Sdn Bhd. Green Summit Development Sdn Bhd has also launched Nexus Business Park offering 56 commercial showrooms priced at around RM1.65 million per unit.

Overall, the commercial shophouse market is expected to continue to recover. Demand is mostly from business owners of food and beverage (F&B), Fast-Moving Consumer Goods (FMCG) and lifestyle services, and investors. The influencing factors are the economy and household income growth. In the post-pandemic era, rental rates are improving in certain areas,

while capital value growth is expected to remain moderate.

	Purpose Built Office		Shop Office / Shop House	
	2022	2023	2022	2023
Average Rent (RM psf)	NA	NA	1.2	1.3-1.5
Average Yield (%)	NA	NA	4.0	4.0
Average Transacted Price	NA	NA	1.2 mil	1.3 mil

Average Yield of PBO and Shophouses in Miri

Abbreviation: RM - Ringgit Malaysia, psf - per square foot Note: Data for the full year of 2023 is based on estimation Source: NAPIC, WTWY Research

BINTULU

PBOs in Bintulu are mainly government offices or owner-occupied such as the Wisma LHDN (Inland Revenue Board).

For the shop office market, transactions as of 3Q 2023 reported a y-o-y decline in volume from 164 units to 134 units, and in value from RM103.84 million to RM102.54 million.

Average Yield of PBO and Shophouses in Bintulu

	Purpose Built Office		Shop Office	
	2022	2023	2022	2023
Average Rent (RM psf)	1.40-2.80	1.40-2.80	1.35	1.35
Average Yield (%)	NA	NA	4%-5%	4%-5%
Average Transacted Price	NA	NA	RM1.3 mil	RM1.3 mil

Abbreviation: RM - Ringgit Malaysia ; psf - per square foot Source: WTWY Research

Sales rates fluctuated across projects, ranging from 7% to 37%. Shophouse developments recently launched include Destiny Commercial Centre with 52 units of double-storey shophouses ranging from prices RM880,000 to RM1,250,000.

Rentals and yields remain stable, and shophouses in Bintulu are mostly owner-occupied with an average occupancy of around 70%.

In supporting that, rentals are preferred over purchases due to the factors of lower and shorter financial commitment, current uncertainty/economic instability affecting purchasing power and lower business confidence. The purchase of commercial properties also entails higher capital investment.

Overall, the shophouse sector is expected to be stable with a focus on the rental market as businesses prefer higher flexibility and cost considerations. New shophouse developments will continue to face challenges in sales.

Springville Commercial Centre, Bintulu
Source: WTWY Research



Sarawak (cont'd)

SIBU

The purpose-built office (PBO) sector remains lack-lustre and no transactions were noted for 2023.

PBOs in Sibu are similarly occupied mainly by the Government sector, and this sector remains a limited market as most businesses still prefer shop offices.

Although no significant shophouse projects were completed in 2023, occupancy rates and rental yields of most existing units have fully recovered, with most of the unoccupied units coming from recently completed stocks and those in non-established areas.

The shophouse demand comes from owner-occupiers as well as investors. Purchasers have an upper hand over sellers in terms of price negotiation. However, the shophouse office market's take-up rates continue to be slow as rental yield expectations were not met although they continue to be the preferred commercial property investment.

Overall, the office performance is mixed, stronger for prime locations and weaker for non-prime or non-preferred locations.

Average Yield of PBO and Shophouses in Sibu

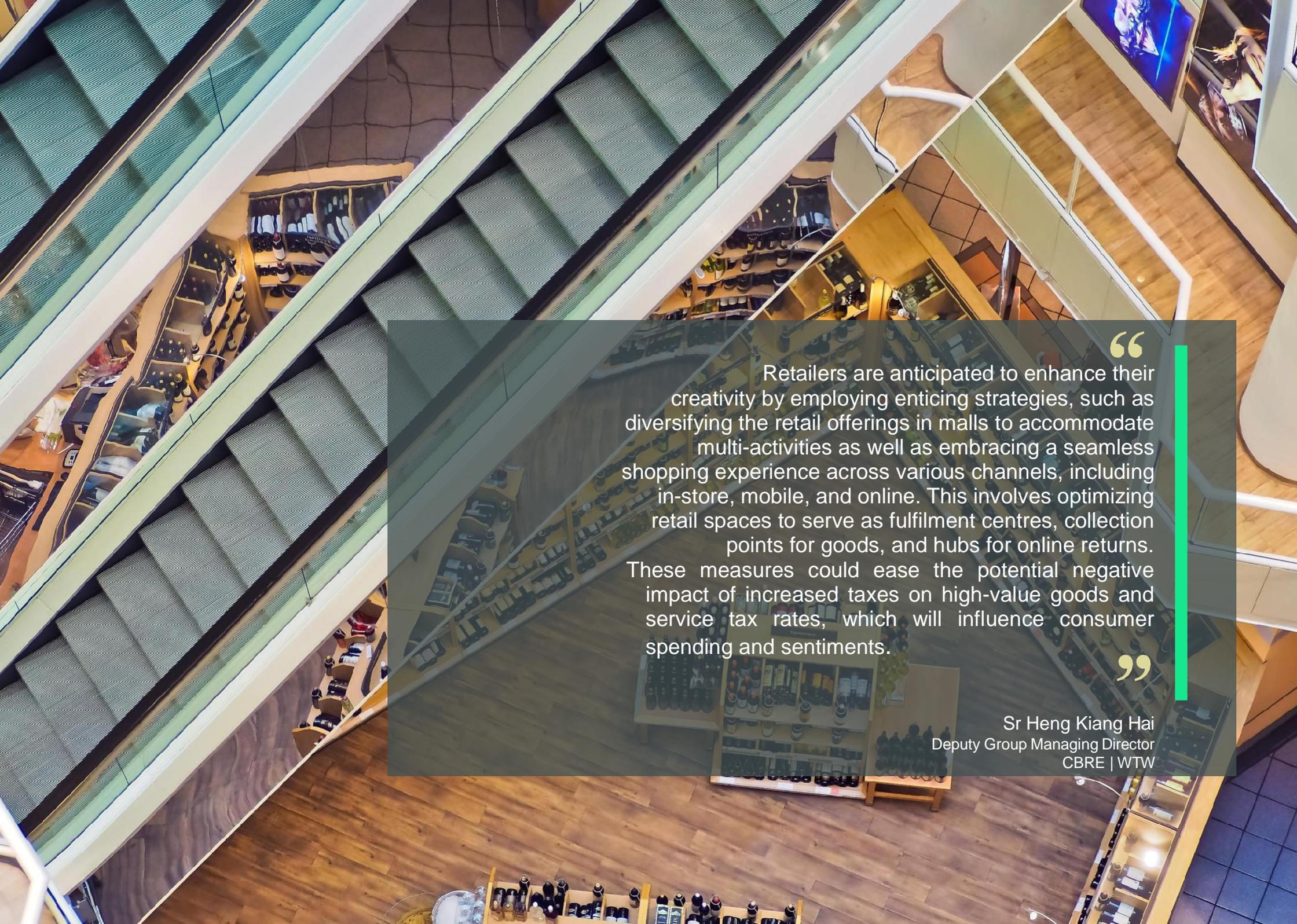
	Purpose Built Office		Shop Office (3-storey)	
	2022	2023	2022	2023
Average Rent (RM psf)	NA	NA	1.20	1.20 - 1.30
Average Yield (%)	4.0%-4.5%	4.0%-4.5%	4.0%	4.0%
Average Transacted Price (RM per unit)	NA	NA	RM1.1 mil	RM1.1 mil

Abbreviation: RM - Ringgit Malaysia; psf - per square foot Source: WTWY Research

PBO market outlook

There is ample potential for the development of green office buildings in the future. It is highly recommended to consider green buildings that have received the Green Building Index (GBI) certification in the long term. This aligns with the state government's Green Agenda, which aims to make Sarawak a Renewable Energy Hub.

Anticipated are more purpose-built offices (PBO) to be built, however, PBOs are expected to remain niche as shophouses are still preferred by locals due to their lower rentals, prices, and maintenance costs.



“ Retailers are anticipated to enhance their creativity by employing enticing strategies, such as diversifying the retail offerings in malls to accommodate multi-activities as well as embracing a seamless shopping experience across various channels, including in-store, mobile, and online. This involves optimizing retail spaces to serve as fulfilment centres, collection points for goods, and hubs for online returns. These measures could ease the potential negative impact of increased taxes on high-value goods and service tax rates, which will influence consumer spending and sentiments.

”

Sr Heng Kiang Hai
Deputy Group Managing Director
CBRE | WTW

04

Retail

Purpose-built retail: is used by Main Offices, relating to a shopping centre with single-ownership.

Shop office: is used by Sub Offices, relating to shop office buildings with multi-ownership and is used for retail purposes commonly on the ground floor.

Klang Valley

Mid-range occupancy levels as retail malls attempt to find a sustainable balance

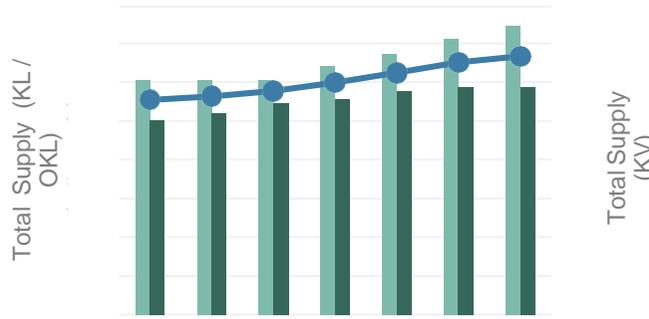
As reported by the Malaysia Retailers Association (MRA), retail sales grew 2.7% y-o-y in 3Q 2023 (3Q 2022: 96.0%, 2Q 2023: -4.0%). The consumer sentiment index however declined to 78.9 index points, the lowest since 2Q 2021 while tourist arrivals were 9.2 million in 1H 2023 (1H 2019: 13.4 million).

In 2023, three major retail projects were completed in the Klang Valley (KV): Pavilion Damansara Heights (Phase 1), The Exchange TRX Mall in Kuala Lumpur (KL), and KSL Esplanade Mall outside KL. Specifying anchor tenants, the Golden Screen Cinema and Seibu department store anchor the TRX retail component, The Food Merchant Prelude grocer anchors Pavilion Damansara Heights, and Star Grocer and TGV Cinema anchor KSL Esplanade Mall.

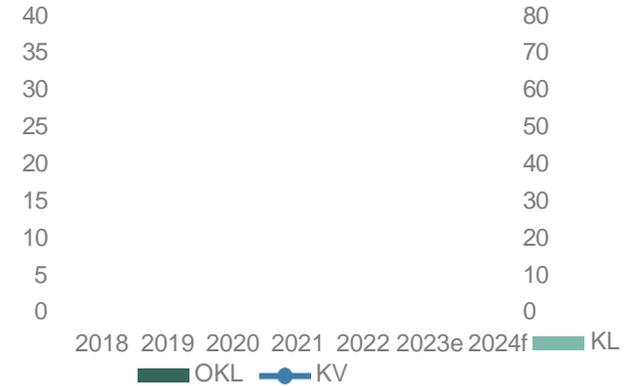
Following that, these additions have increased the total retail space in KV to 64.9 million sq. ft., while a further 1.6 million sq. ft. of retail supply is expected by 2024 contributed by mall space within integrated developments. The occupancy rate of newly completed retail malls is between 30% and 70%, depending on active preleasing activities.

Further international retail debuts have been seen in KL and these included fashion, food and beverage (F&B), and bookstores from countries Germany, Indonesia, Korea, and Taiwan. Some notable debuts are Pop Mart, Paris Baguette, and Vacheron Constantin in Pavilion KL, Burger &

Lobster in Suria KLCC, and Eslite Spectrum, The Chamber, Sonos (concept store) and Paul&Shark (flagship store) in the newly refurbished The Starhill.



Cumulative Supply in Klang Valley



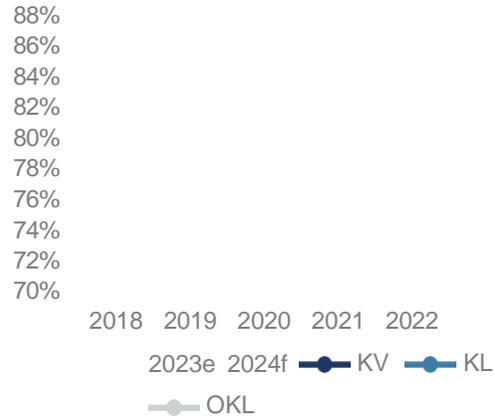
Abbreviation: KV - Klang Valley, KL - Kuala Lumpur, OKL - Outside Kuala Lumpur, mil - million, sq. ft. - square feet, e - estimation, f - future
Source: CBRE | WTW Research

Notable Future Supply in 2024

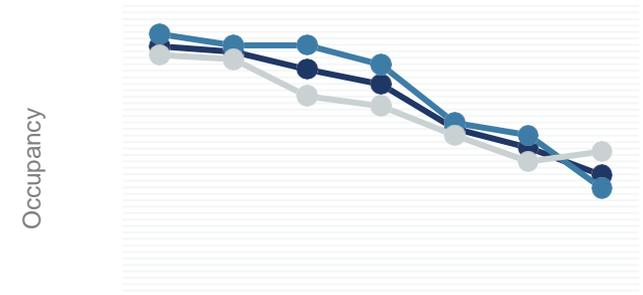
Project	NLA (sq. ft.)
Merdeka 118 (118 Mall)	900K
Pavilion Damansara Heights (Phase 2)	530K

Abbreviation: sq. ft. - square feet Source: CBRE | WTW Research

Klang Valley Annual Occupancy Rate



Abbreviation: KV - Klang Valley, KL - Kuala Lumpur, OKL - Outside Kuala Lumpur, mil - million, sq. ft. - square feet Source: CBRE | WTW Research



As for retail expansions, they were mainly observed in prime retail malls with better traffic volume and occupancy rates. Recently, AEON (grocer) replaced Lulu Hypermarket in Setia City Mall.

Real Estate Investment Trusts (REITs) this year have demonstrated an appetite for retail properties as five Giant hypermarkets in KV and one in Johor were acquired by Sunway REIT for a total consideration of RM520 million. KIP Mall Kota Warisan was also acquired by Pacific Trustees Berhad for a consideration of RM80 million.

Klang Valley (cont'd)

Keeping in step with new technology, new energy and internet shopping

Alamanda Mall in Putrajaya is set to be revamped by the management team of Suria KLCC, while Pavilion REIT is planning for renewable energy use in its malls, following the paths of Setia City Mall which has been accredited by the Malaysian Green Building Index, and by the example of The Exchange TRX climate change plan (Climate Change Adaptation and Resilience Plan, CCAR).

Other observations are by Sunway Pyramid, IOI City Mall, Lot 10 and Sunway Velocity which have installed EV charging stations and green vehicle parking lots.

The expansion of flagship stores which serve consumers with product variety, additional services and experiential walk-thrus, seems to be a growing trend. Flagship stores can also serve as the intersecting point for online sales; a point for product exchange, refunds, determining product size, etc.

Retail malls may also consider incorporating environmental, social, and corporate governance (ESG), collaborative spaces for the community and warehouses for retail fulfilment as complementary value-adding retail activities.



KSL Esplanade Mall & KSL Esplanade Hotel,
Klang Source: KSL Esplanade Mall



Malaysia's first Apple Store expected to open by 1Q 2024
Source: CBRE | WTW Research

SEREMBAN

Retail property yields and rental rates have held steady in 2023 at 5% to 6% and RM4 to RM15 per sq. ft. respectively.

Jaya Grocer (grocer) is entering Seremban Prime by the end of 2023 as its first store in Seremban.

Penang

Anticipation of enhanced shopping experience with larger retail complexes entering the market

Strengthening beyond the pre-pandemic level

The overall occupancy rate of retail complexes in Penang State was reported at 73%, 81% in Penang Island and 63% for Seberang Perai.

Prime shopping complexes have recovered in terms of footfall and occupancy. Gurney Plaza, Gurney Paragon, and Queensbay Mall on Penang Island, as well as Sunway Carnival Mall in Seberang Perai, have been hosting an increasing number of activities during weekends and festive seasons, attracting more visitors and shoppers.

However, a widening gap in performance between the newer and older retail complexes is developing. For the older complexes to survive, more rebranding exercises of retail complexes are anticipated.

There has also been an increase in the number of new tenants within established prime retail complexes. Retailers such as Decathlon Malaysia, Nitori, MST Golf and MST Golf Arena, have recently opened their new outlets at Gurney Paragon Mall. Decathlon Malaysia has taken up a floor area of 40,000 sq. ft, Nitori has covered an area of 25,000 sq. ft, while the MST Golf Arena occupies approximately 20,000 sq. ft. of space.

Moving forward, this encouraging trend is expected to strengthen the retail property sector.

Excitement of enhanced shopping experience

The existing supply of retail space in Penang is approximately 20 million sq. ft., with 11 million sq. ft. located in Penang Island and 9 million sq. ft. in Seberang Perai.

The Sunshine Mall @ Sunshine Tower is scheduled to enter the market in early 2024, increasing the existing supply with approximately 900,000 sq. ft. The mall, featuring 9 levels, will accommodate the Sunshine Lifestyle Hypermarket as its anchor tenant.

Penang's retail supply is seeing rapid expansion with upcoming malls including:

- GEM Megamall - 1.2 million sq. ft. - 2026
- The Waterfront Shoppe - 1 million sq. ft. - 2025.

Moreover, the SOGO department store will mark its debut in Penang as the anchor tenant of GEM Megamall.

Notable Upcoming Supply

Expected Completion	Name	Location / Zone	NLA (sq. ft.) / Unit Sizes (sq. ft.)
2024	Sunshine Mall @Sunshine Tower	Ayer Itam	900,000
2025	Waterfront Shoppe @The Light	Georgetown	1,000,000
2026	GEM Megamall	Seberang Jaya	1,200,000
TBD	Retail Mall @Penang World City	Bayan Lepas	1,000,000
TBD	Retail Mall @ Sunway Valley City	Paya Terubong	1,000,000

Source: CBRE | WTW Research

Rebranding of older retail complexes

Island Plaza, an older shopping mall located in Tanjung Tokong, has been rebranded as "Island 88". Island 88 is expected to integrate Hong Kong-inspired dining establishments and lifestyle outlets, reflecting a fusion of cultures and modernity while preserving Penang's heritage.

Penang (cont'd)

KEDAH

The demand for physical shopping in retail malls has remained steady despite the widespread acceptance of online shopping. Initiatives have been undertaken to attract more footfall, such as hosting activities, performances, redemptions, workshops, and contests, particularly during festive seasons.

Encouraging occupancy rates have also been observed at the Aman Central Mall as they continue to enhance the shopping experience by evolving their tenant and brand mix. The mall attracted new tenants such as Secret Recipe, Toysland, Pasta Port, LeWel, Ichiban Ramen, Penang Chendul, Garmin, HWC Coffee, Gong Cha, and Chagee in 2023. In 2024, committed tenants such as Naelofar, The Parenthood, Step Health, Mommy Hana, Audrey, and Sembonia, are expected to enter the mall.

PERAK

The rental and occupancy rates in Perak remain stable, with both existing and new tenants moving in and out. Businesses that offer daily necessities, such as grocery retailing are preferred, in line with the new norm of livelihood.

In terms of tenant movements, the Giant grocery operator has moved out from Giant Hypermarket Falim and replaced with TF Value-Mart operator. Significant movement was observed in retail malls for retailer types such as pharmacies, convenience stores, and daily gadgets, compared to retailer types such as apparel, travel agencies, and luxury products that have moved out from the retail malls.

In terms of supply, Perak's first premium outlet, Silverlake Village Outlet opened in 4Q 2023. It features a high-tech dinosaur exhibition called Dinosaur Encounter, which is an anchor tenant to the outlet.



Iskandar Malaysia

Performance fueled by cross-border foot traffic

Iskandar Malaysia (IM) remains a significant shopping destination for visitors from Singapore, capitalising on the favourable Singapore Dollar - Malaysian Ringgit exchange rate. IM's proximity to Singapore is driving visitors from the island republic to shop and spend in IM malls. With this trend, the overall occupancy rate improved to pre-pandemic levels at around 75% over 14.8 million sq. ft. space.

As of 2023, incoming supplies include Medini Lakeside Mall, The Commune and Horizon Mall @ Horizon Hills, all slated for opening in 2024-2025. Additionally, IM expects Singaporean retailer Mustafa to open in Capital City Mall by the end of 2024, after consideration of the slow progress of planning and construction works. Upon opening of these four malls, there will be an additional 1.63 million sq. ft. retail space in the market.

Shopping experience enhanced through cross-border cashless payment

The preference for cashless payment persists with shoppers continuing to favour digital wallet payments in the post-pandemic era. Bank Negara Malaysia (BNM) and the Monetary Authority of Singapore (MAS) have collaboratively introduced a cross-border QR-code payment link between Malaysia and Singapore. This facility enables customers of participating financial institutions to make retail payments seamlessly. Shoppers can now conveniently pay by scanning the DuitNow QR code when shopping in IM. This enhancement has contributed positively to the

Expanding presence of F&B businesses

Food and beverage (F&B) operators are the significant contributors to occupancy improvements with other enhanced occupancy coming from usual retailers of fashion, electrical & electronic, household & furniture, and health & wellness.

F&B retailers are the key players in attracting the crowd, prompting more space allocation for them in the malls. Sutera Mall for instance, recently unveiled a dedicated street in the mall for F&B operators to extend their operating hours until midnight. This allocation has secured several new F&B operators to join the mall.

Paradigm Mall followed suit with new F&B tenants, notably Cold Stone Creamery, ZUS Coffee, Loon Sing Restaurant, Guoma Steamboat Buffet, Manzanita Patisserie & Boulangerie, Coffee Bean & Tea Leaf. Similarly, the debut of an international F&B brand namely Tonkatsu by Ma Maison was observed within Mid Valley Southkey.



Sutera Mall's dedicated F&B street with extended operating hours until midnight
Source: CBRE | WTW Research

Cumulative Supply and Vacancy Rate of Retail Malls in Iskandar Malaysia



retail industry.

Source: CBRE | WTW Research

Iskandar Malaysia (cont'd)

Efforts to draw visitors by pioneering change

Mall operators are diversifying their strategies to boost footfall. These include collaborations with external partners such as travel agencies and hotels; embracing modern devices; and enhancing infrastructure. Paradigm Mall collaborated with Singapore-based travel agencies and offered mall vouchers to guests staying at their partner hotels to tap into tourism foot traffic.

Meanwhile, several mall operators have provided electric vehicle (EV) charging infrastructure in some of their car parking bays anticipating this transition process. Sunway Big Box Retail Park has set up Iskandar Malaysia's (IM) first Tesla supercharging station to attract Tesla owners from southern Malaysia and Singapore.

Other than that, Al-Salām REIT and Mass Rapid Transit Corporation (MRT Corp) are developing a pedestrian overhead bridge linking Komtar JBCC and the Rapid Transit System (RTS) Link Bukit Chagar station. The completion of this infrastructure project is anticipated to direct visitors to Komtar JBCC.

IM's retail back to pre-pandemic levels

The IM retail sector has generally returned to pre-pandemic levels, propelled by robust spending of Singapore visitors. However, inflation and weaker local currency may diminish local spending power. Meanwhile, in both Batu Pahat and Melaka, mall performance remains relatively stable without notable enhancements.

Although there is improved performance in certain spots, retailers and mall operators may still face challenges due to higher costs.

BATU PAHAT

Batu Pahat retail malls maintained stable overall performance, with footfalls subdued due to inadequate quality tenant mix to draw visitors.

The convenience offered by e-commerce remains the preferred choice for shoppers, thus intensifying competition in retail sector.

MELAKA

Retail malls in Melaka have also maintained their status quo.

However, there have been some exciting new additions, notably, the global debut of 'Coach Airways' in Freeport A'Famosa Outlet; the introduction of Uniqlo standalone store, the second of its kind in Malaysia; and the opening of Malaysia's largest jewellery store, Mustafa Jewellery Malaysia located in Dataran Pahlawan Melaka Megamall.

A new mall offering 1.0 million sq. ft. space is set to be developed within a mixed development known as The Sail.



Sabah

Well-managed malls performing well, but supply exceeds demand

KOTA KINABALU

Well-managed, bigger malls under single or less fragmented ownership enjoy improved footfall and sustained occupancy rates. Imago Mall saw the entry of boutique international fashion brands Calvin Klein and Tommy Hilfiger. Harvey Norman opened its first store in Suria Sabah shopping mall, and Sports Direct also relocated with a larger and expanded store to Suria Sabah, reportedly the largest sports store in Sabah.

In contrary to that, some of the older and less performing malls see depressed occupancy and rental, facing difficult challenges.

Retail mall developments in the pipeline include The Logg in Luyang and EG Mall in Penampang. A retail mall from the proposed 88 Avenue development in Kepayan is also in the blueprint. All these malls are part of mixed commercial/residential developments.

LAHAD DATU

The retail sector is stable, but retail properties are not the preferred investment option due to the unattractive yields and the limited purchasing power of its population.

TAWAU

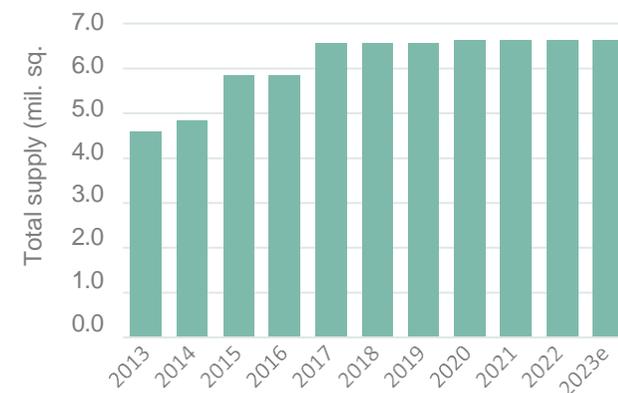
Good demand is observed for well-located ground floor shop spaces with high pedestrian flow in newer developments such as Garden City Commercial Centre and T2 Centre. Popular outlets include food and beverage (F&B), supermarkets/grocers, household-related stores and specialty stores. A proposed multi-storey serviced condotel to be developed annexed to Garden City may increase the vibrancy of the centre once completed.

Upcoming commercial centres such as Mid Valley, 1Arena Phase 2 and The Weld East are anticipated to be new attractions for shoppers.

SANDAKAN

Harbour Mall Sandakan is the only retail mall in Sandakan. Retail activities are mainly in ground floor space of conventional shop offices, with predominant supply along/off Jalan Utara. The supply of retail space will continue to grow with shop office developments in the pipeline.

Supply of Retail Space from Retail Malls in Kota Kinabalu, Penampang and Putatan



Abbreviation: mil - million, sq. ft. - square feet
Source: WTWS Research

Sarawak

The overall retail sector remains subdued. However, growth is observed in food retail and F&B dining

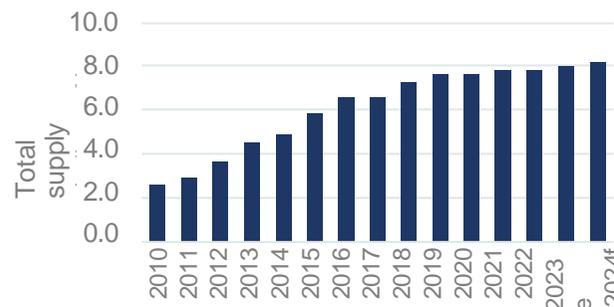
KUCHING

Supermarkets and food and beverage (F&B) continue to dominate the retail sector. Eateries, supermarkets and health/personal care stores continue to drive demand for retail spaces although the increased retail shops in recent years have brought about much competition. Bigger retail players are buying and edging out smaller players.

Rentals and sales rates remain soft, while longer leases are preferred to lock in rental rates.

The recent completion of The Podium, along the busy Jalan Tun Ahmad Zaidi Aduce route, added another 200,000 sq. ft. of retail space into the Kuching market. Although only about 20% of the space is currently occupied, its food court has gained good reception and looks set to be another popular F&B address.

Supply of Retail Space in Kuching



Abbreviation: mil. sq. ft. - million square foot

Note: Data for the full year of 2023 and 2024 is based on

estimation
Source: WTWY Research



MIRI

Shoppers' traffic has increased, especially from Bruneian visitors. Increased retail spending was noted especially in necessities, electrical appliances and F&B. The key factors driving retail would be the oil and gas industry and Bruneian visitors who are returning to Miri post-pandemic.

Other than that, the transition to online and home-based retail businesses continues to move. On market demand, neighbourhood malls/DIY businesses are currently trending.

In terms of supply, no new activity was observed aside from the recent opening of Everrise's new branch at Boulevard Commercial Centre in December 2022, and the planning of another Everwin outlet. The average rent of retail ranges from RM4.00 to RM7.50 per sq. ft., with an average yield of 4% to 5%.

The Podium @Jalan Tun Ahmad Zaidi Aduce, Kuching
Source: WTWY Research

BINTULU

According to NAPIC's data in 1Q-3Q 2023, retail units transacted increased from 11 units to 16 units y-o-y. The total transacted value also increased from RM2.39 million to RM5.04 million.

Rental and occupancy rates remained stable, notably of major retail complexes such as Boulevard Mall and The Spring Mall from support by the developers.

However, the increased retail supply has led to a situation whereby newer retail malls less than 5 years old are not fully occupied. At Boulevard Shopping Mall and The Spring Shopping Mall, the occupancy rate is only about 60% which is likely to impact rental rates in the future.

High traffic volume, good management and a good tenant mix are all crucial factors for successful malls. In the present soft market, buyers and tenants have an advantage in terms of price and rental negotiations.

Average Rent and Yield of Retail Units in Bintulu

	2022	2023
Average Rent (RM psf)	6.00 - 15.00	6.00 - 15.00
Average Yield (%)	4.0% - 4.5%	4.0% - 4.5%

Source: WTWY Research

Sarawak (cont'd)

SIBU

The retail sector demonstrated more market activities during the year under review. The improved performance of businesses especially food and beverage (F&B) helped to raise occupancy rates and rental yields.

An increase in demand is noted especially for Hann's Esplanade and Star Mega Mall. In the absence of new competitors, the existing shopping complexes and retail units at the mall are expected to perform well. With the F&B sub-sector trending, there are opportunities for more cafes to open.

The reasonable yields supported by improved performance in this sector have continued to encourage demand. Current rental yields of 5.0% to 5.5% per annum are expected to improve further to 5.5% to 6.0% next year.

Average Rent and Yield of Retail Units in Sibiu

	2022	2023
Average Rent (RM psf)	RM11.50	RM12.00
Average Yield (%)	5.0% - 5.5%	5.5% - 6.0%

Source: WTWY Research

Retail market outlook

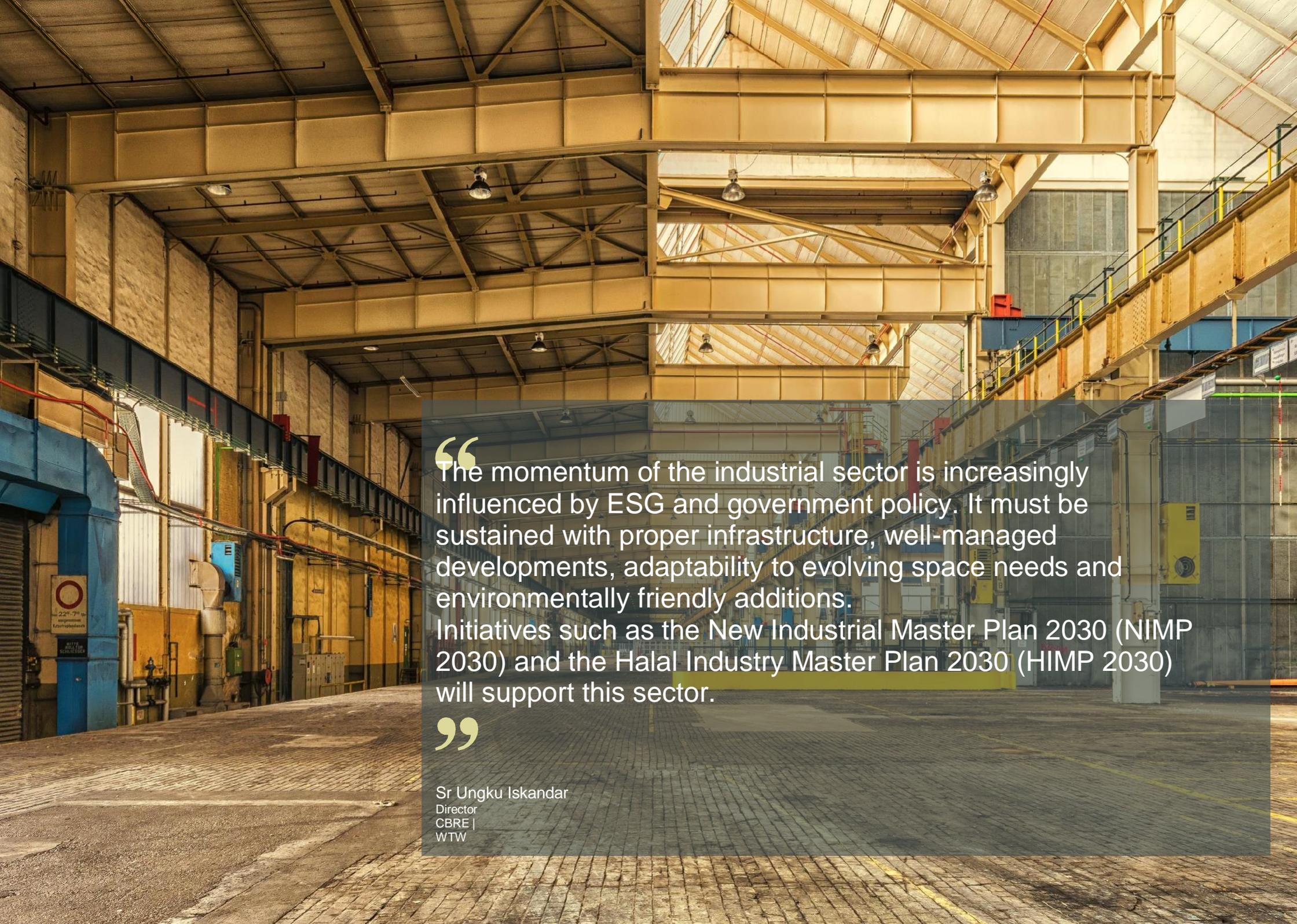
Tenants are interested in securing longer leases to lock in existing rental rates. Except for Bintulu, the Sarawak rental market is generally soft.

The retail sector continues to face competition from online shopping platforms, while market performance will depend very much on economic resilience and business innovation.

The F&B scene is vibrant in the urban Kuching area where dining out is part of the overall lifestyle.

In Miri, businesses are recovering, backed by the re-opening of Brunei's border since 1st August 2022.

F&B opportunities are attractive in Sibiu's retail market but increasing rentals may be a challenge.



“The momentum of the industrial sector is increasingly influenced by ESG and government policy. It must be sustained with proper infrastructure, well-managed developments, adaptability to evolving space needs and environmentally friendly additions. Initiatives such as the New Industrial Master Plan 2030 (NIMP 2030) and the Halal Industry Master Plan 2030 (HIMP 2030) will support this sector.

”

Sr Ungku Iskandar
Director
CBRE |
WTW

05

Industrial

Klang Valley

The industrial sector slightly down

The Industrial Production Index (IPI) as of September declined by 0.5% y-o-y (cf. September 2022: 10.8%) influenced by a downturn in the Mining sector by 5.2%. The Manufacturing sector returned to positive growth (0.4% y-o-y) fueled by domestic-oriented industries.

From January to June 2023, the Malaysian Investment Development Authority (MIDA) reported about RM132 million worth of investments, led by the Services (62%), Manufacturing (34%) and Primary (4%) sectors. Foreign investments contributed 76%, followed by domestic investments (24%). By end-2023, MIDA has targeted about RM134 million investments in the aerospace industry.

Malaysia's exports and imports slowed down in 1Q-3Q 2023 compared to last year, down -8.0% and -7.4% y- o-y respectively, and +2.8% and +0.9% q- o-q respectively.

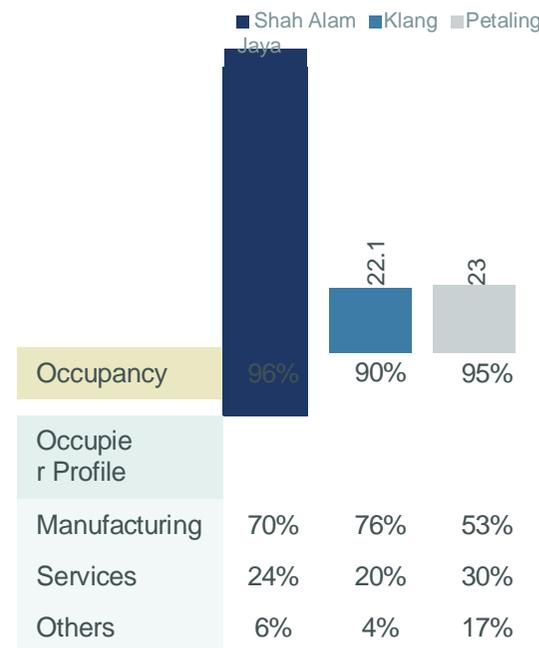
On market activities, Klang Valley (KV) recorded 15 transactions worth RM486 million up to 3Q 2023, slightly lower than last year. Significant industrial transactions include:

- 245 acres of freehold land in Rawang Industrial Technology Park was acquired by Sunway Rawang City Sdn Bhd and Amal Resources Sdn Bhd, for RM115 million
- CapitaLand REIT acquired a warehouse in Hicom - Glenmarie Industrial Park for RM39.6 million
- KLK Global Resourcing Sdn Bhd and KYF Holding Sdn Bhd acquired 2 factories in Kawasan Perusahaan PKNS, Teluk Panglima Garang for a total of RM46.6 million

- TYH Management Sdn. Bhd. purchased 4 acres of freehold land in Kawasan Perindustrian Kampung Jaya, Sungai Buloh for a consideration of RM35 million

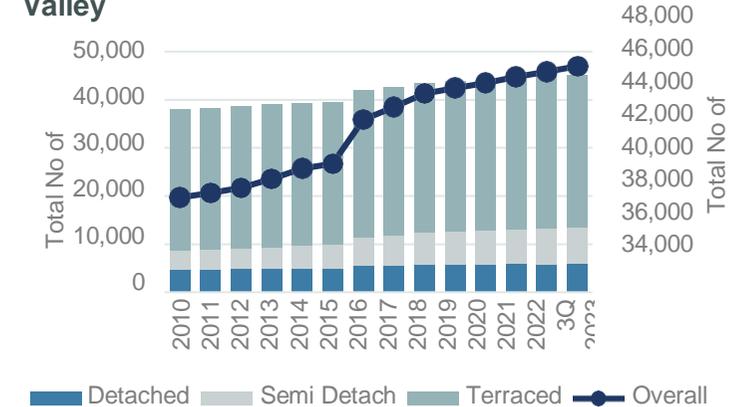
In summary, industrial transactions in 2023 were mostly towards Sungai Buloh, Rawang and Teluk Panglima Garang.

3 Main Industrial Districts in Klang Valley



Source: CBRE | WTW Research

Cumulative Supply in Klang Valley



(RHS) Note: Based on supply in Kuala Lumpur and Selangor
Source: CBRE | WTW Research

Regional logistics and warehousing as primary drivers

Malaysia's logistics sector contributes 4%-6% of its Gross Domestic Product (GDP) and has improved its rank to 26th in the World Bank Logistics Performance Index (LPI) 2023, the second-best performing ASEAN country after Singapore. In supporting that, some prominent logistics activities in Malaysia and KV are as follows:

- PKT Logistics Group Sdn Bhd announced its appointment by Tesla for the electric vehicle brand's logistics service.
- The Government re-affirmed its intentions for a new port on Carey Island to strengthen Port Klang as a regional shipping hub.
- Teleport and SF Airlines have agreed to cross-share logistics networks, and Teleport is actively adding third- party airlines to expand into KL airports from China.
- DHL Supply Chain will invest RM654 million in

Malaysia over the next five years, following their bullish sentiment on Malaysia benefitting from the current global supply chains reshuffle

Klang Valley (cont'd)

A new look for warehouses

The demand for bigger warehouse spaces is on the rise, with new developments now starting at 1 million sq. ft. and going up to 4 million sq. ft. of gross floor area (GFA). These spaces are mostly located in Klang, Shah Alam, and Subang. Larger spaces make it easier to store and distribute goods, but there are concerns about potential capacity saturation.

Developers and businesses can also generate more revenue by providing specialised services in large warehouse facilities.

Moreover, automation, robotics, and ramps are new important elements in logistics space design to enhance efficiency and meet the requirements of international Multinational Corporations (MNCs).

SEREMBAN

With easy access via major highways (North-South Highway, ELITE and LEKAS highways), Seremban is expected to attract more investors, especially to Enstek Techpark and Sendayan Techvalley.

There are three industrial hot spots in Negeri Sembilan:

- Enstek Techpark is well-connected with satisfactory infrastructure. Notable occupants currently found include Coca-Cola Bottlers (Malaysia) Sdn Bhd, Pusat Penyelidikan Kebombaan (PUSPEK) and Crown Records Management Sdn Bhd
- Sendayan Techvalley is more focused towards the automotive side with Hino Manufacturing as a prominent name.
- Nilai accommodates the Nilai Utama Industrial Park and Nilai Arab Malaysian Industrial Park

New industrial developments in the pipeline are the XME Business Park and the Hamilton Nilai City Industrial Park.

The average rent for industrial developments in Seremban since last year was maintained at RM0.50 to RM1.00 per sq. ft. per month with an average yield of 5% to 6%.



Penang

Opportunities for built-to-suit modern logistics and warehousing facilities

Vibrant investments sustaining the industrial property sector

According to the latest statistics released by the Malaysian Investment Development Authority (MIDA), Penang maintained its leading position among all states in attracting manufacturing investments.

From January to September 2023, Penang registered the highest total manufacturing investment of RM38.9 billion (107 projects) which formed 39% of the country's approved manufacturing investment, followed by Kedah (RM21.0 billion with 41 projects) and Selangor (RM17.0 billion with 157 projects).

The foreign direct investment (FDI) to Penang was RM35.8 billion which constituted 42% of the nation's FDI. Netherlands, United States and Singapore were the top countries with manufacturing FDI in Penang, contributing 95% of the approved manufacturing investment in the state. 98% of the investments were primarily in key promoted industries of electrical and electronics, machinery and equipment as well as fabricated metal products.

Penang is expected to remain a highly attractive investment destination due to its strong manufacturing ecosystem, business-friendly culture, and highly qualified talent pool, as well as the "China Plus One

Strategy" adopted by foreign firms seeking to

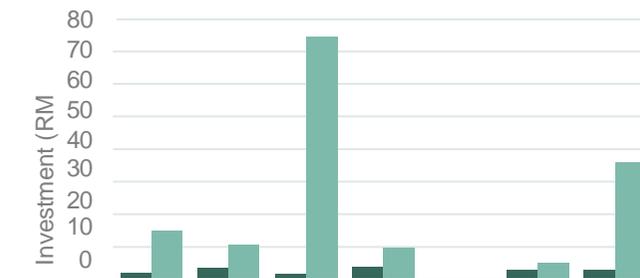
Manufacturing investments continue to underpin the take-up of industrial land and properties, with some significant take-ups tabled below.

Significant Investments in Penang

Company	Industry	Industrial Park	Land Size
Zestron Precision Cleaning (Germany based)	Precision cleaning solutions	Penang Technology Park, Bertam	10 acres
INV New Material Technology (China based)	Lithium battery separators	Penang Technology Park, Bertam	66 acres
Greatech Technology (Malaysia based)	Automation Research	Batu Kawan Industrial Park	11.58 acres

Source: CBRE PPTW Research

Approved Manufacturing Investment in Penang



diversify their supply chain and mitigate risk.

Opportunities for built-to-suit as well as modern logistics and warehousing facilities

As the industrial and e-commerce sectors continue to grow, there will be opportunities for built-to-suit logistics and warehousing facilities. The demand for such facilities is reflected by the business expansion of existing owner-operators and new ventures by construction and property development companies.

In supporting that, Rinchem announced the opening of its 1st hazardous materials warehouse in Malaysia at Penang, which is the 5th adding to its existing international warehouses in Taiwan, South Korea, Ireland and Israel. Sited in Batu Kawan Industrial Park, it is a public bonded warehouse which offers cleanroom services and is equipped to handle various chemical types including acid, flammable, oxidizer and non-regulated. The facility provides a range of temperatures for sensitive materials and segregated areas for different materials.

PTT Synergy Group Berhad announced the proposed

acquisition of two adjoining lots of freehold land with a total land area of approximately 18 acres in Valdor Industrial Park at a consideration of RM70,555,432.50 (analysed at RM90 per sq. ft.). The site is deemed attractive for the development of a built-to-suit logistics and distribution centre as well as built-to-lease warehousing.

Swift Integrated Logistics Sdn Bhd which is a wholly owned subsidiary of Swift Haulage Berhad announced

2019 2020 2021 2022 9M 2022 9M 2023

■ Domestic Investment (RM bil) ■ Foreign Investment (RM)

bil)

Abbreviation: bil - billion

Source: Malaysian Investment Development Authority (MIDA), CBRE | WTW Research

the purchase of a warehouse occupying a site of approximately 5.36 acres in Acku Industrial Park for a consideration of RM70,555,432.50. The company is principally involved in the provision of integrated logistics services including warehousing. The acquisition will enable the company to expand its warehouse capacity and enhance its revenue potential.

Penang (cont'd)

Development trend towards the larger type of ready-built SMI factories

There is also a development trend towards larger ready-built semi-detached and detached SMI factories. This is in line with the current demand for larger space and reservations for future expansion.

New launches of major ready-built SMI factory projects in 2023 are tabled below.

New Launches of Major Ready-Built SMI Factory in 2023

Project	Size (sq ft)	Selling Price Per Unit
Detached		
Regalway Industrial Hub (38 units) (in Tasek) (by Regalway SB)	Land: 18,815 - 37,373 Built-up : 9,780 - 15,896	RM1,882,000 - RM10,167,000
Semi-detached		
Bakap Utama (20 units) (in Sungai Bakap) (by Juwanas Sdn Bhd)	Land : 23,777 - 46,446 Built-up : 12,000 - 16,000	RM5,040,000 - RM7,883,000
Sungai Lokan Industrial Park (26 units) (in Sungai Lokan)	Land : 14,445 - 38,976 Built-up : 8,400 - 13,070	RM5,288,000 - RM10,988,000

Source: CBRE | WTW Research
by Candice

Development of purpose-built workers' dormitories gaining momentum

Rising demand is observed for purpose-built workers' dormitories as industrialists strive to comply with Act 446 of the Workers' Minimum Standards of Housing and Amenities Act, as well as align to global goals of Environmental Social and Governance (ESG). The development of these dormitories is gaining momentum with several projects being planned.

MY EG Lodging (NC) Sdn Bhd recently entered into a Lease Agreement of 30 years with the Penang Development Corporation (PDC) for a parcel of land of approximately 8.39 acres at Batu Kawan Industrial Park 3 (BKIP 3) for a consideration of RM20,403,588.51 (RM55.80 per sq. ft.). The Lease Agreement was entered concerning the tender to set up a workers' village and related facilities.

The Penang State Government has also approved two applications for the construction of foreign workers' dormitories in the locality of Teluk Kumbar. These two projects involve:

- 27-storey building to be developed by Chong Company Sdn Bhd which consists of 6 units of shops on Level 1, recreational facilities on Level 2 and 3, and 512 units of workers' dormitories on the remaining 26 levels.
- 30-storey building by Zantalite Enterprise (M) Sdn Bhd.

KEDAH

In the first nine months of 2023, Kedah recorded RM21 billion in approved manufacturing investments, making it the second-highest state in Malaysia after Penang. Kulim Hi-Tech Park (KHTP) continued to occupy a major share of the

investments.

Significant new investments and reinvestments in KHTP and nearby industrial parks include EVE Energy Co Ltd (RM1.9 billion) and Infineon Technologies (RM2.5 billion over the next 5 years). A new industrial park, identified as Kulim East Industrial Park, has been launched. Spanning over 800 acres, it comprises semi-detached and detached factories, vacant industrial plots, a commercial hub, and complementary components.

Slight improvements in prices and rentals were observed, especially within the

established industrial parks such as KHTP. The asking price increased from RM50 to RM55 per sq. ft. in 2023, compared to RM45 to RM50 per sq. ft. in 2022.

PERAK

Occupancy rates and rental have been sustained in existing industrial parks. As of the first nine months of 2023, approved manufacturing investments have amounted to RM2.31 billion from 31 projects. Out of this total, foreign investments account for 78%, while domestic investments make up the remaining 22%. A notable investment includes RM2 billion from Zhejiang Sinopont Technology Co Ltd.

To boost the industrial sector, both the state and federal governments have taken initiatives. These include the proposal for a new high-tech industrial hub in Kerian and the development of the Perak Halal Industrial Park. Furthermore, a master collaboration agreement for the development of the Automotive Hi-Tech Valley (AHTV) project has been signed between DRB-Hicom Bhd (DRB-Hicom) and Zhejiang Geely Holding Group Co Ltd (Geely). This agreement formalizes the underlying principles, governance framework, and mutual commitment of the AHTV project, including specific roles to be undertaken for development and promotional initiatives.

Iskandar Malaysia

Solid industrial performance despite labour shortages and increasing costs

Johor was in fifth position with total approved investments as of 3Q 2023 worth RM20.0 billion. The manufacturing sector contributed significantly with about 35.0% (RM7.0 billion).

Transaction volume and value recorded a substantial y- o-y surge of 55% and 25%, respectively. 875 units changed hands in the first nine months of 2023 worth RM2.98 billion, compared to 566 units transacted worth RM2.39 billion in the corresponding period in 2022.

Some noteworthy industrial transactions were observed:

- March 2023: AME REIT acquired 1.89-acre freehold land (Plot 43) together with the buildings erected thereon in Taman Perindustrian i-Park SAC for RM16.25 million from Ipark Development Sdn Bhd
- March 2023: AME REIT acquired 3.05-acre freehold land (Plot 15) together with the buildings erected thereon in Kawasan Perindustrian i-Park Indahpura for RM26.50 million from AME Development Sdn Bhd
- May 2023: Ha Teng Holdings Sdn Bhd acquired 14.95- acre freehold land in Mukim of Plentong for RM33.87 million from Apollo Food Holdings Bhd
- June 2023: SJ Holdings Sdn Bhd acquired 1.65-acre 60-year leasehold land with buildings erected thereon in Kawasan Perindustrian Pasir Gudang for RM4.5 million from B.I.G. Industries Bhd
- July 2023: Xin Hwa Holdings Bhd acquired two units of 1 ½ storey freehold detached factory in

Taman Perindustrian Cemerlang, Ulu Tiram for RM14 million from Wiley Development Sdn Bhd

- September 2023: Eco World Development Group Bhd acquired 403.78-acre freehold land in Mukim of Senai for RM211.06 million from IOI Prima Property Sdn Bhd
- October 2023: AME REIT acquired 3.204-acre freehold land (Plot 16) together with the buildings erected thereon in Indahpura for RM26.50 million from AME Development Sdn Bhd
- November 2023: STT GDC Malaysia 2 Sdn Bhd acquired seven (7) parcels of adjoining freehold/leasehold land totalling 22.39 acres in Nusa Cemerlang Industrial Park for RM117.02 million from Crescendo Corporation Berhad
- November 2023: Microsoft Payments (M) Sdn Bhd acquired three (3) parcels of freehold land totalling 60.38 acres in Mukim of Pulai for RM315.17 million from Crescendo Corp Bhd
- November 2023: Karyon Industries Bhd proposed to acquire 0.09-acre freehold land with the buildings erected thereon in Taman Perindustrian Seri Plentong for RM7.6 million from Premetal Stamping Ind Sdn Bhd
- November 2023: Paragon Globe Bhd proposed to acquire eight (8) parcels of freehold land totalling 115.91-acre for RM146.1 million from UEM Sunrise

Prominent developers and investors boosting IM's industrial landscape

Renowned developers are active in Iskandar Malaysia's (IM) industrial developments. Some examples are land acquisitions by Eco World in Senai for a proposed Eco Business Park VI worth RM1.58 billion, and by Paragon Globe in Gerbang Nusajaya for a proposed industrial development worth RM0.96 billion.

Besides that, Sunway Group is in a partnership with Equalbase to develop a 136-acre industrial logistic development in Sunway City Iskandar Puteri's Free Commercial Zone. At the same time, S P Setia is converting 308 acres of agricultural land into industrial land in the Gelang Patah locality. Several investments by foreign investors include:

- February 2023: Bucher Emhart Glass to build 300,000 sq. ft. manufacturing facility worth RM108 million in i- Park @ Senai Airport City; Oliver Healthcare Packaging to establish a 68,890 sq. ft. manufacturing facility in i- TechValley
- March 2023: ATT Tanjung Bin Sdn Bhd invested RM260 million for Phase 3 of Bitumen Storage Tank Construction in Kukup
- May 2023: A.P. Moller Maersk (Maersk) and Barry Callebaut Group to build and operate a new cocoa bean warehousing & dispatch facility In Pasir Gudang; Savills' Integrated Real Estate Advisory Services (IREAS) from Singapore signed a Memorandum of Understanding with UM Land to develop a Halal Logistics Center offering warehousing, cold storage and transportation services
- June 2023: EcoCeres invested RM1 billion to set up a sustainable aviation fuel production facility in Pasir Gudang
- June 2023: Colorcon Inc. will build a 900,000 sq. ft. manufacturing facility on 6-acre site in i-TechValley
- September 2023: Alton Industry Ltd Group announced its RM500 million manufacturing, research and development base in Johor Bahru
- October 2023: Peikko Group Corporation opened its 32,290 sq. ft. factory worth RM50

Iskandar Malaysia (cont'd)

IM to benefit from Singapore's data centre challenges

Underpinned by Singapore's constrained data centre capacity, data centre investors and operators are eyeing to set up their facilities in Iskandar Malaysia (IM), leveraging on the availability of land and power supply at lower costs, proximity to Singapore as well as supportive local authorities. In line with this, Jland Group (JLG) announced their expansion plan in May, introducing a 640-acre data centre park named Sedenak Tech Park 2 (STeP 2), which is set to be operational in September 2024.

Data centre developments in IM are mainly focused in Sedenak Tech Park, Nusajaya Tech Park and YTL Green Data Centre Park.

IM's industrial outlook

Hotspots near connectivity nodes including Pasir Gudang, Kulai, Senai, and Port of Tanjung Pelepas (PTP) continue to see demand from industrial players.

The state government is also refining the 'Fast Lane' standard operating procedure (SOP) after its first implementation by the Kulai Municipal Council. Priority is given to the Johor Bahru City Council (MBJB), Iskandar Puteri City Council (MBIP) and Pasir Gudang City Council (MBPG). The realisation of the Johor Fast Lane across the state will create a more business and investor-friendly environment to draw more investors.

Notable Data Centre Projects Announced in 2023

Company	Facility Name	Power (MW)	Expected Completion	Location
Airtrunk	JHB1	150+	Phase 1: 2024	JB
Shanghai DC-Science Co Ltd - MN Holdings Bhd	N/A	120	Phase 1: 2024	STeP
Princeton Digital Group	JH1	150	Phase 1: 2024	STeP
YTL Power International Bhd & ...	N/A	N/A	Phase 1 2024	YTL Green Data

Abbreviation: MW-megawatt; JB-Johor Bahru; STeP-Sedenak Tech Park
Source: CBRE | WTW Research

BATU PAHAT

Existing industrial units are almost fully occupied, generally by the unit owners. The businesses operating are predominantly in furniture, textile and food manufacturing.

Notably, Genting Property Sdn Bhd has launched Phase 1 of Genting Industrial City (GIC), a 1,200-acre gated and guarded (G&G) industrial park. GIC offers various factory options ranging from terraced, cluster, semi-detached and detached units.

MELAKA

The industrial market generally demonstrated a stable performance. Industrial expansion is witnessed mainly by existing small and medium-sized enterprises (SMEs) but in a more cautious manner due to the challenging macro-environment. Developers also tend to offer standard factory units rather than a customised or built-to-suit type of factory.

Significant activities in Melaka include:

- June 2023: Texas Instrument Incorporated to construct an assembly and test factory of more than 400,000 sq. ft. of cleanroom space worth RM5 billion next to its existing factory, and is slated to be operational in 2025
- June 2023: Melaka state government to establish a 1,148-acre German Industrial Park in Green Technology City, Ayer Keroh to accommodate 20 to 30 German companies
- October 2023: Japan-based Koa Corporation invested an additional RM1 billion for Phase 2 of its chip, microchip and electronics plant
- October 2023: EP Manufacturing Bhd to set up a RM100 million automotive manufacturing facility in HICOM Pegoh Industrial Park for manufacturing of energy efficient (EEV) and electric vehicles (EV)

Sabah

Less active secondary market and preference to build own buildings

KOTA KINABALU

Increase in vacant plot transactions

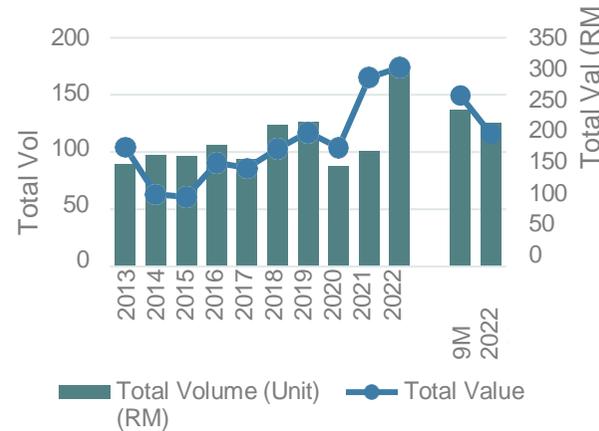
Industrial property transactions within the Kota Kinabalu-Penampang-Putatan area totalled 125 units worth RM202.87 million as of 3Q 2023, a decline of 9% and 22% y-o-y in volume and value respectively. However, transactions of vacant industrial plots had increased substantially during the same period, a possible indication of the trend for users to design and build their own industrial or warehouse premises customized to their requirements.

The year saw the opening of the RM3 billion solar glass manufacturing factory in Kota Kinabalu Industrial Park by SBH Kibing Solar New Materials (M) Sdn Bhd.

Some new industrial properties opened for sale include Armani Business Park comprising 44 units of 2-storey semi-detached industrial buildings located near Sapangar Bay Container Port.

Overall, industrial properties with good accessibility and proximity should continue to fare well. The demand for industrial properties mainly comes from small and medium-sized enterprises (SMEs).

Volume and Value of Industrial Transactions in Kota Kinabalu, Penampang and Putatan



Abbreviation: mil - million
Source: NAPIC | WTW Research

Supply of Industrial Units in Kota Kinabalu, Penampang and Putatan



was flat with little changes from

Industrial Transactions (Terraced, Semi-Detached & Detached) in Kota Kinabalu, Penampang and Putatan

	Total Volume	Total Value
Jan - Sept 2022	137	RM261.42 mil
Jan - Sept 2023	125	RM202.87 mil
% Change y-o-y	-9%	-22%

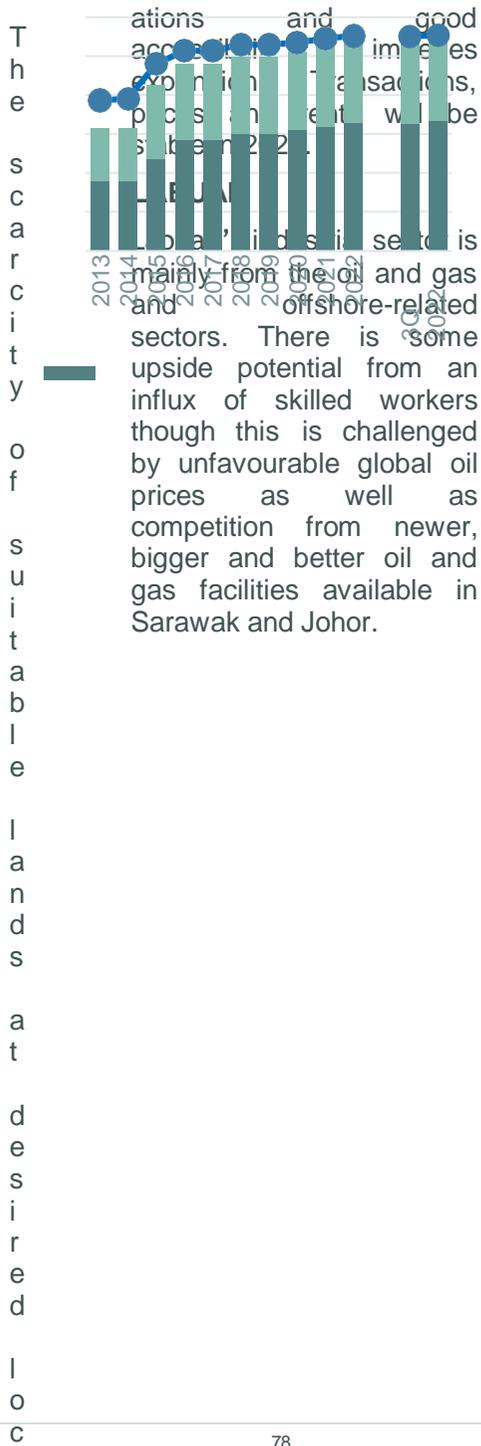
Abbreviation: mil - million
Source: NAPIC | WTW Research

TAWAU

Industrial demand is mainly for light engineering, soft goods manufacturing and storage, particularly for 1.5-storey terraced and semi-detached units with larger plot sizes suited for open storage and future extension. However, these are limited in supply.

Semi-D Detached Overall

3,000
2,500
2,000
1,500
1,000
500
0



ations and good
accessibility
expansion
provision
between 2021
EUW
Laba'indis
sector is
mainly from the oil and gas
and offshore-related
sectors. There is some
upside potential from an
influx of skilled workers
though this is challenged
by unfavourable global oil
prices as well as
competition from newer,
bigger and better oil and
gas facilities available in
Sarawak and Johor.

previous years. Vacant industrial lands are abundant with demand lagging behind supply.

Source: NAPIC | WTW Research

Sarawak

Several large industrial projects were inked in the Energy and IT sector as the State strives to achieve clean energy and digitalization by 2030

KUCHING

Steady expansion

Significant industrial launches in 2023 included 66 industrial-office showrooms developed by Lee Onn Development Sdn Bhd at the Batu Kawa New Township

and another nine detached industrial units nearby.

South Korea-based Lotte Energy Materials Co Ltd is to invest an additional RM2.3 billion to expand the production capacity of its copper foil plant in Samajaya Free Industrial Park.

Industries in Kuching are mainly light engineering; hence the construction of industrial units are mostly for small and medium-sized enterprises (SMEs) and hi- tech industries, the latter mostly housed in the Samajaya Hi-Tech Industrial Park.

In terms of property transactions, the numbers have increased in 2023. Double-storey semi-detached units were most popular making up more than 60% of total transactions.

On supply, incoming supply (under construction) as of 2Q 2023 has decreased y-o-y with more than 2/3 of the numbers being semi-detached industrial factories.

Prices as well as occupancies/take-up rates continue to increase for the year with the entry of new industries. Rentals are maintained between

Supply of Industrial in Kuching



RM0.80 and RM1.20 per sq. ft. for semi-detached units.

Average Rent and Yield of Industrial Units in Miri

	2022	2023
Average Rent (RM psf)	0.80 - 1.20	0.80 - 1.20
Average Yield (%)	3.0 - 3.5	3.0 - 3.5

Abbreviation: psf - per square foot
Source: NAPIC, WTWY Research

BINTULU

In 2023, Sibiyu Gateway was launched in Bintulu with 28 2-storey semi-detach industrial sized of about 3,000 sq. ft. and priced from RM14.5 million per unit.

Note: Data for the full year of 2023 is based on estimation
Source: NAPIC, WTWY Research

MIRI

Based on NAPIC data, transaction volume and value from 1Q-3Q 2023 decreased to 74 units worth RM42.54 million (cf. 1Q-3Q 2022: 81 units worth RM56.16 million).

Industrial property demand comes mainly from large corporations, oil and gas-related companies and SMEs, particularly logistics companies. The current supply is sufficient with many new industrial units yet to be occupied.

The relocation of Shell's HQ operations to Miri will have some positive impact on oil and gas downstream activities in Miri and even Sarawak.

The shifting of mega heavy industrial projects to Bintulu, planned as the Industrial City of Sarawak by 2025, has and will affect the industrial sector in Miri which also faces uncertainty in its ship-building industries due to the shallow Kuara Baram River, although mitigation works are in place to address the problem.

The growth rate of supply is slow however expecting an incoming supply of 126 units as of 3Q 2023, and a planned supply of 44 units. This slow rate of supply is likely to impact the increase in property value and rental rates. However, with the continuous contracts for mega projects in Bintulu, it is foreseeable that the demand for industrial property will increase.

Industrial properties in Bintulu consist mainly of semi-detached factories, contributing approximately 70% of the existing stock or 722 units out of 1,000 units.

Based on NAPIC's data as of 3Q 2023, the transaction volume and value declined yo-y to 44 units worth RM43.36 million (cf. 1Q-3Q 2022: 31 units worth RM45.91 million). Rental rates have also increased by 5% due to increased occupancy.

The demand for industrial spaces in Bintulu is optimistic, driven by upcoming mega projects in the region which include a petrochemical hub, the Kuala Kemena Jepak Bridge Project, the Jalan Johari Sunam - Jalan Kemena Project, and the Longi and Wenan Steel plant, which is valued at RM13.8 billion in Samalaju.

Sarawak (cont'd)

BINTULU (CONT'D)

The location of the industrial estates with good access and proximity to the Bintulu deep seaports are crucial factors influencing the demand choice of industrial units, which is why the Kidurong industrial estate is a popular choice.

South Korea's OCI Co Ltd has committed to invest a further RM2.8 billion to expand its polysilicon plant in Samalaju Industrial Park, Bintulu.

Two major manufacturing projects namely, H2biscus and H2ornbill projects will be the cornerstones of Sarawak's green hydrogen economy. These are currently under construction and are expected to be operational in Bintulu Petchem Industrial Park in 2027.

The 1st phase of Sarawak's Integrated Sour Gas Evacuation System (Sisges) will be kick-started with onshore plant development in SEDC's Petrochemical Industrial Park in Tanjung Kidurong in 4Q 2023.

Average Rent and Yield of Industrial Units in Bintulu

	2022	2023
Average Rent (RM psf)	2.00	2.10-2.20
Average Yield (%)	4.0%	4.0%

Abbreviation: RM - Ringgit Malaysia; psf - per square foot
Source: NAPIC, WTWY Research

SIBU

Overall, the current market in Sibu for 2023 remains in equilibrium. Transacted prices indicate an upward movement due to inflation with a slight increase in demand for prime industrial areas.

The supply of industrial properties is generally from private and piecemeal developments scattered within existing industrial estates and are normally semi-detached industrial types.

The average rent and yield for industrial semi-detached units were RM1.20 per sq. ft. and 4.0%-4.5% per annum respectively for 2023. A slight increase in rental is anticipated for 2024 at RM1.35 per sq. ft. per annum.

Industrial demand continues to depend mostly on light industrial services, shipbuilding and ship repair businesses.

Average Rent and Yield of Industrial Units in Sibu

	2022	2023
Average Rent (RM psf)	1.20	1.35
Average Yield (%)	4.0% - 4.5%	4.0% - 4.5%

Abbreviation: RM- Ringgit Malaysia; psf - per square foot
Source: WTWY Research

Sarawak's promotion in green areas and IT

Overall, the industrial sector for Sarawak is positive for 2024. Industrial development in Sarawak is largely driven by the Government, and the State Government has been actively promoting new ventures in the areas of green energy and IT and has inked several deals with East Asian counterparts.

Five industrial parks throughout Sarawak have been completed with 10 projects under construction and another 33 projects in the pre-implementation stage.

Apart from that, five strategic locations were identified for the Development of Industrial Terminals in Sarawak:

- Kuching - a knowledge industrial hub, with a focus on high-tech electronics, hydrogen, and smart manufacturing industries
- Tanjung Manis - a regional halal industrial hub
- Kidurong - utilisation of its natural gas resources to evolve into a chemical hub
- Samalaju - exploration of new sectors, particularly those related to new/green energy
- Lawas - another industrial hub with a new/green energy focus

The industrial sector is expected to expand as Sarawak continues to draw in more investors. New small and medium-sized enterprises (SMEs) generated by the expansion of the various Energy and IT sectors will serve to boost demand in the overall industrial sector.



“

Further boost for the tourism industry such as the increased direct on-ground and air travel to Malaysia, and the Visa Liberation Plan would bode well for the hotel sector. The thriving medical tourism, the growing trend of “bleisure travel” and experiential tourism as well as the new hybrid lodging of combining the best of hotels, co-living spaces and serviced apartments, are the evolving trends and preferences that are shaping the forthcoming offerings of hotels

”

Sr Peh Seng Yee
Director
CBRE |
WTW

06

Hotel

Klang Valley

Guests are returning, forming a good start for the hotel sector

Based on the Hotel Survey Report by Tourism Malaysia, Klang Valley (KV) hotels welcomed about 13 million guests from January to June 2023 which doubled from last year (cf. 1H2022: 6.8 million), and around 30% more than the number of guests reported in 2019. The surge in hotel guests in KV is a positive sign for the hotel industry. According to the Global Destination City Index, a study conducted by Mastercard, Kuala Lumpur has secured the sixth position among the world's most visited cities in 2023. The data shows that Kuala Lumpur has been visited by 13.79 million tourists worldwide, surpassing other popular cities such as New York, Seoul, and Tokyo.

Recovery in the AOR and ARR

The average occupancy rate (AOR) of upscale hotels in KV remains below pre-pandemic levels. As of 3Q 2023, the AOR stood at 71%; Kuala Lumpur (KL) recorded an AOR of approximately 73%, while Outside KL had a rate of 61%.

On the positive side, the average room rate (ARR) in KV increased to RM413 per room in 3Q 2023, compared to RM367 in the previous year; RM431 in KL and RM332 Outside KL. As a result, RevPAR (revenue per available room) in KV improved to RM291, from RM205 in the same period last year.

New and re-opening indicating confidence

INNside by Melia is the earliest hotel set to open its doors in early 2023. Following that, the Sleeping Lion Suites at Bukit Bintang was the first hospitality asset introduced by Aset Kayamas, which opened in September 2023.

dance lessons.

At the end of 2023, Marriott Bonvoy announced its first dual-branded hotel in Malaysia. The new property features two brands at one address: Renaissance Kuala Lumpur Hotel & Convention Centre and Four Points by Sheraton Kuala Lumpur. Renaissance Kuala Lumpur Hotel & Convention Centre offers 406 spacious and modern guestrooms, while the Four Points by Sheraton Kuala Lumpur has 513 rooms to cater to both business and leisure travellers.

The evolving preferences are shaping the forthcoming needs

As more people work remotely and have a flexible schedule, there is a rising trend in 'bleisure travel', combining business and leisure trips. KL is increasingly popular for this type of traveller due to its central business hub status. The city can attract more "bleisure" travellers by highlighting its modern infrastructure, diverse industries, cultural heritage, and culinary scene. To enhance the experience for bleisure travellers, improving connectivity, developing co-working spaces, and providing information and recommendations are necessary steps. Collaborating with local businesses to create attractive packages and offering promotions will further entice bleisure travellers. As the bleisure travel trend continues to grow, it presents an opportunity for hotels in KV to cater to this unique and diverse group of travellers.

The growing trend of experiential tourism presents an opportunity for KV. The city offers a wealth of unique and immersive experiences, making it an ideal destination for travellers seeking authentic and memorable experiences. Several hotels in KV are now offering cultural experiences such as cooking classes focused on Malaysian cuisine, heritage tours, Malay language classes, and traditional Malay

Other than that, hotels in KV have been increasingly incorporating sustainable elements into their design and operations. Recently observed is a trend of new hotel openings and reopenings that incorporate sustainable elements, appealing to the growing number of eco-conscious travellers. By integrating features such as energy-efficient systems, waste reduction initiatives, and locally sourced materials, hotels in KV are positioning themselves as responsible and environmentally friendly accommodation options.

Selected New Opening / Re-opening

	Name of Hotel
Kuala Lumpur (KL)	INNside By Melia Hyatt Place Renaissance Hotel Four Point by Sheraton City Centre Hotel Indigo KL Crowne Plaza Conrad Kuala Lumpur Hyatt Regency Kuala Lumpur, Kimpton Hotel@TRX Park Hyatt Kuala Lumpur.
Outside Kuala Lumpur (OKL)	Moxy Putrajaya

Source: CBRE | WTW Research

Klang Valley (cont'd)

Promising outlook for hotel in Klang Valley

The hotel industry in the Klang Valley (KV) area is currently experiencing a positive rebound, as reflected by a significant increase in hotel guests. This surge in hotel guests is presenting potential opportunities for hotels to thrive in the market. The hospitality industry is undergoing a positive shift due to the influx of hotel guests, which indicates potential prospects for hoteliers. Despite the promising growth in tourist visits and business activities, upscale hotels' average occupancy rate is still below pre-pandemic levels. This suggests that there is room for improvement towards reaching the desired occupancy levels.

The hotel industry in KV is a lively and evolving sector. With appropriate strategies, hotels can take advantage of the emerging trends in the industry and continue to draw travellers from around the world.



Pan Pacific Kuala Lumpur
Source: CBRE | WTW
Research

Penang

Further boosts for leisure tourism bode well for the Penang hotel sector

Up to October 2023, the overall monthly occupancy rate for beach hotels ranged from 57% to 80% while city hotels were in the region of 54% to 67%. The Average Daily Rates (ADR) for beach hotels ranged from RM437 to RM531 and were between RM266 to RM307 for the city hotel.

The Penang hotel sector has been underpinned by the encouraging rebound of the leisure tourism. Further boosts for this industry would bode well for the hotel sector in 2024. It has been reported that the number of foreign hotel guests in Penang reached nearly 1.10 million from January to June 2023, compared to 0.23 million in the same period of 2022.

In addition, it has been announced that visa-free entry will be granted to travellers from China and India for stays of up to 30 days starting 1 December 2023. Therefore, the leisure tourism industry is gearing up to attract this category of tourists, with hotel operators intensifying their promotions to capitalize on this opportunity.

Global service provider, Trip.com Group has partnered with Penang Global Tourism to promote the state on an international level through its platforms of Trip.com and Ctrip.

Xiamen Airlines resumed direct flights thrice weekly, from Xiamen to Penang in September 2023. Qatar Airways has also resumed its daily flight services to Penang from Doha via Phuket starting October 2023. In November 2023, Firefly launched Bangkok-Penang direct flights, operating five times per week. Furthermore, flydubai, an Emirati Government-owned airline in Dubai, has

also announced direct flights from Dubai to Penang starting February 2024.

These direct flights will significantly increase the number of foreign tourists to Penang which in turn would increase demand for hotel accommodation.

Besides, Penang and Melaka have each been allocated RM25 million under the National Budget 2023 for the enhancement of their respective UNESCO World Heritage sites.

Other than that, the upgrading plan of the Penang International Airport (PIA) is scheduled to start in 2024. The scope of work includes the construction of a new terminal and other facilities and is expected to take three to four years to complete.

Medical tourism continues to thrive

According to airport arrival statistics, Penang saw a significant increase of 138% y-o-y in visitors during the first half of 2023. The majority of visitors were from Indonesia, and they mainly visited for medical purposes.

Increasing number of international brand hotels

The Iconic Marjorie Hotel, a 298-room Peranakan-inspired hotel is set to open in mid-2024 in Sungai Nibong. It will be part of Marriott International's Tribute Portfolio.

The Ascott Group recently signed two new Citadines hotel openings. The first is the Citadines Connect Cecil Georgetown Penang, which will have 134 rooms in two conserved heritage buildings. The second is the Citadines Connect Bertam Georgetown Penang. Both hotels are expected to open in the fourth quarter of 2024.

In addition, Citadines in Batu Maung is an apartment- hotel project. Also in the pipeline are Harris Sunshine in Air Itam, Lyf at Upper Penang Road and Citadines in Tanjung Tokong.

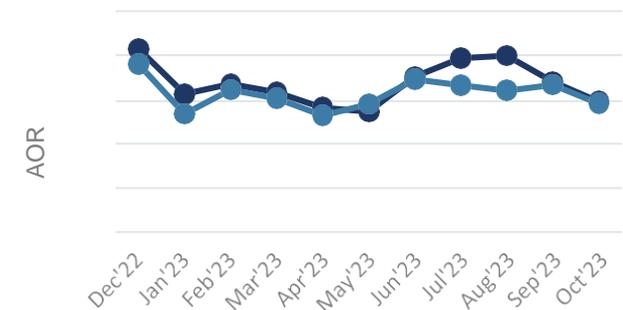
Accolades showcasing the excellence of offerings in Penang

The Granite Luxury Hotel in Penang and the Amari SPICE Penang have both received prestigious awards in recognition of their excellence. The Granite Luxury Hotel has been honored with the award for Luxury Concept Hotel at the World Luxury Hotel Awards, while the Amari SPICE Penang was recognized with three awards at the HAPA Awards Malaysia Series 2023-2024. These awards serve as a testament to the exceptional service and commitment to excellence exhibited by these hotels.

Hotel Average Occupancy Rate



Source: STR, CBRE | WTW Research



Penang (cont'd)

New hybrid lodging

The Lyf Hotel at Upper Penang Road in Penang is soon to introduce a novel hybrid lodging solution that is set to redefine the hospitality industry. This unique concept will combine the best features of hotels, co-living spaces, and serviced apartments to cater to the needs of next-generation travellers, technopreneurs, creatives, and self-starters. The aim is to provide the guests with a modern and exceptional experience.

Intensifying market competition

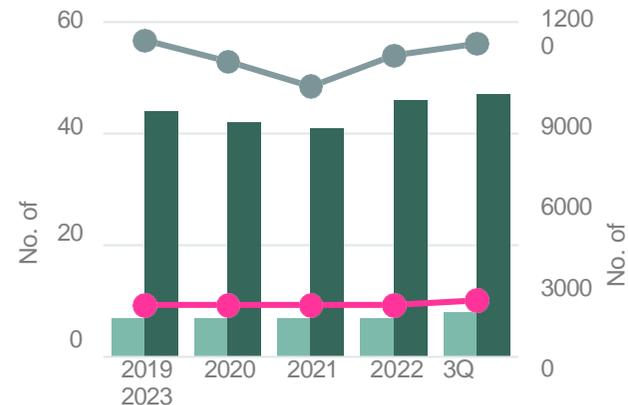
The shuttered Hotel Equatorial Penang which ceased operation in 2021 after 32 years of operation, is set to reopen in 2025 with an extensive makeover.

Without other supporting growth factors in the tourism industry, the upcoming pressure on hotel occupancy, room rates and operation costs will be significant. As such, the outlook for the Penang hotel property sector in the short term would be of cautious optimism.

Upcoming Hotels in Penang

Development	No. of Rooms	Expected Opening
PENANG ISLAND		
Harris Sunshine Penang (Air Itam)	289	2024
JW Marriott (Persiaran Gurney)	313	2024
Iconic Marjorie Hotel (Sg Nibong)	298	2024
Hotel @ The Light Waterfront	480	2025
Capri By Fraser @Jalan Magazine	255	2025
Lyf by Ascott	TBC	TBC
SEBERANG PERAI		
Holiday Inn & Suites (Juru)	288	TBC
Crowne Plaza (Butterworth)	343	2024

Hotel Supply in Penang



Source: CBRE | WTW Research

KEDAH

The hotel sector is on a recovery path, with Langkawi at the forefront. However, hotels in Langkawi are facing competition challenges from nearby islands in Southeast Asian countries, limited ferry frequency, and fewer direct flights, which are hindering their full recovery.

As of October 2023, the overall monthly occupancy rate for luxury hotels has seen a slight decline compared to last year, ranging from 44% to 63%. Conversely, the Average Daily Rates have shown improvements, ranging from RM864 to RM1,243.

In terms of supply, the Parkroyal Langkawi Resort,

Mainland - No. of Hotels Island - No. of Hotels
 Mainland - No. of Rooms Island - No. of Rooms

Source: CBRE | WTW Research

PERAK

Perak's tourism and hotel industry continued their recovery in 2023.

State initiatives have been undertaken to promote and attract more tourists, such as the initiation of the Visit Perak Year 2024. This event is expected to kick off in January 2024 with a series of events and activities across the state.

The hotel sector is expected to improve gradually with an increase in tourist arrivals anticipated due to these state initiatives.

which offers 300 guest rooms, suites, and 7 villas, entered the market in February 2023. Additionally, Plenitude Berhad has diversified its portfolio by acquiring the Holiday Villa Beach Resort & Spa Langkawi from Amanahraya REIT for RM145 million.

Despite the current challenges, several initiatives have been undertaken to boost the tourism sector. These include the announcement of Visit Kedah 2025 and the initiative by the Langkawi Development Authority (LADA) to establish B2B partnerships in Medan and Jakarta. Furthermore, collaboration with AirAsia was established to introduce direct flights from Medan, Indonesia, to Langkawi starting on 2nd March 2024.

Iskandar Malaysia

Hotel performance recovers, occupancy and room rates rebound

Iskandar Malaysia (IM) hotel sector maintained its recovery path. The average occupancy rate (AOR) and average daily rate (ADR) of upscale hotels showed signs of recovery. In the first eight months of 2023, the AOR reached 60%, an improvement compared to 46% last year. ADR surged 25%, reaching close to RM350 and surpassing pre-pandemic levels.

However, challenges of labour shortage, and rising operating costs as a consequence of rising minimum wage and electricity tariff created an unfavourable operating environment. In response, hoteliers raised room rates to cope with the situation.

More upscale hotels opening, driving IM's hospitality boom

The tourism industry in IM continues to thrive, primarily driven by the influx of tourists from Singapore as well as business travellers. The surge in visitors has led to a noticeable shift towards higher quality accommodation.

The newly opened Hyatt Place Johor Bahru, a 4-star hotel located atop Paradigm Mall, has added 202 hotel rooms to the market. Other upcoming hotels including OZO Medini, Novotel Johor Bahru and The Quayside are all 4-star hotels. Sheraton Johor Bahru is another upcoming hotel forming part of a mixed development (One Pacific Mall), a previously abandoned mall. Overall, the four incoming hotels are expected to bring in an additional 1,081 hotel rooms to the market in the

coming two years.

Besides that, 4-star hotel Jen Johor Puteri Harbour with 283 rooms has announced its permanent closure in May 2023. The hotel's closure brings down the total number of hotel room supply to 11,477 rooms (cf. 2022: 41 hotels totalling 11,558 rooms).

Enhancing guest experience

In response to the evolving needs and expectations of the market, hoteliers are renovating and upgrading their facilities. In May 2023, Amerin Hotel Johor Bahru announced a facade renovation, while the New York Hotel enhanced its facilities by installing new LED screens in the ballroom.

Grand Paragon has also introduced a new garden concept restaurant named Sapphire Terrace on its fourth floor whereas St. Giles Southkey Hotel has unveiled a reputable coffee brand, Gigi Coffee kiosk in the lobby of the hotel. These establishments have expanded the hotel's culinary offerings to elevate the overall in-house guest experience.

Notable Incoming Hotels in IM

Hotel	Location	Star Rating	No. of Room	Expected opening
Novotel Johor Bahru	Johor Bahru city fringe	4	198	2024
OZO Medini	Medini	4	338	2024
Sheraton Johor Bahru	Johor Bahru city centre	TBC	345	2025
The Quayside	Johor Bahru city centre	4	200	2025

Abbreviation: TBC-to be confirmed
Source: CBRE | WTW Research

Newly Opened Hyatt Place Johor Bahru
Hotel, Atop Paradigm Mall Skudai
Source: CBRE | WTW Research



Iskandar Malaysia (cont'd)

Packages and deals appealing to different customer groups

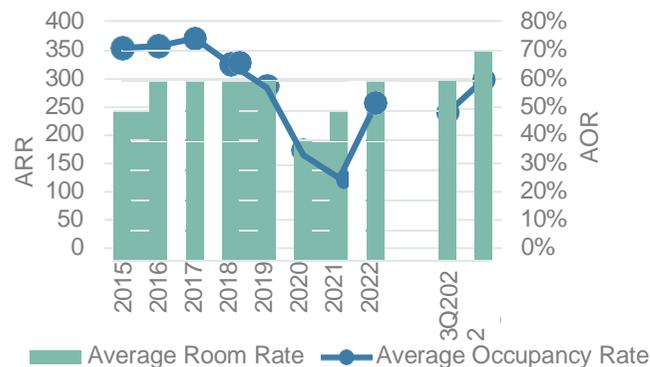
Hoteliers continue to offer various packages and deals to expand their revenue streams. These are tied to seasonal events, including discounts on room bookings or food and beverage (F&B) deals such as Ramadan Buffet during the festive season.

During school holidays, hotels roll out room packages that include discounts on theme park tickets, movie tickets and shopping vouchers. Hotels also cater to business and corporate guests by offering meeting and seminar packages.

IM's cautiously optimistic outlook

Overall, IM's tourism sector will be cautiously optimistic. The introduction of new direct flight routes between China, Indonesia and Johor, along with the completion of the Senai Airport expansion could improve prospects.

Average Room Rate and Average Occupancy Rate of Upscale Hotels in IM



MELAKA

Melaka's tourism sector continued recovering in 2023, targeting 8.2 million visitors by the end of this year. Competition in the hospitality industry is intensifying with the presence of budget hotels and mushrooming homestays, exerting pressure on conventional hotels, particularly in terms of room rates. Hotels are actively promoting banquet functions and room packages to boost their revenue.

Existing upscale hotels maintain a strong presence by consistently delivering quality services to visitors. Notably, Courtyard by Marriott Melaka, a 5-star hotel with 284 rooms, made its debut in April 2023. Plus, the upcoming Karl Lagerfeld Tower in Melaka Heritage City will become a new tourist attraction and contribute to the overall supply of hotels in the state.

The upcoming Visit Melaka Year (VMY) 2024 program aims to attract 18.2 million visitors. In line with this objective, the revitalisation plan for the Melaka International Cruise Terminal is expected to bolster the state's tourism. However, the discontinuation of commercial flights to Melaka International Airport

since August this year may affect hotel performance. The state government is then proactively working to revive the airport operation to fully capitalise on the anticipated visitor surge during VMY 2024.

BATU PAHAT

The hotel industry in Batu Pahat remained stable, although some have been running at low capacity. Some hotels have offered food and beverage (F&B) deals such as weekend high tea sets and buffets during festive seasons.

To note, Crystal Inn Hotel which was under refurbishment last year, has now resumed its operation.

Abbreviation: ARR-Average Room Rate; AOR-Average Occupancy

Rate

Source: Horwath HTL, STR, CBRE | WTW Research

Sabah

combined total of approximately 1,770 rooms.

Improved visitor arrivals in 2023

Sabah registered about 1.883 million arrivals between January and September 2023, an increase of 58% y-o-y from about 1.191 million arrivals last year. Domestic arrivals comprised 68% of the total arrivals (1.287 million). For international arrivals, South Korea and Brunei made up a combined 54% (151,332 and 170,804 arrivals respectively) of the overall 596,515 arrivals. Arrivals from China still lagged at 45,801 arrivals notwithstanding that it is an 11-fold increase y- o-y from 2022.

As of mid-November 2023, there were 98 weekly direct international flights to Sabah from 13 regional cities and a total seating capacity of about 17,732, a two-fold increase since end-2022. T'way Air, South Korea's low-cost airline had recently flown its first-ever direct scheduled flight from Incheon to Kota Kinabalu in June 2023. Domestic flights to Sabah accounted for 317 flights with 52,365 seat capacity.

The overall average occupancy rate for hotels in Sabah was about 52% in 1H 2023. In Kota Kinabalu, city centre and resort-type hotels are generally faring well. On the flip side, hotels are facing competition from short-term rental accommodations and this trend will continue given the increasing number of commercial suites joining in the fray in the coming years.

Alila Dalit Bay Resort in Tuaran (162 rooms) is nearing completion. Other notable 4-5-star hotels under various stages of construction are Hotel Crowne Plaza Kota Kinabalu Waterfront, Sheraton Kota Kinabalu Hotel, Fairfield by Marriott Kota Kinabalu, Avani Kota Kinabalu Hotel and Club Med Borneo Kota Kinabalu (Kuala Penyu) with a

In November 2023, Taiwan's Sinyi Group held a ground-breaking ceremony for an RM1 billion, 450- room 5-star luxury resort hotel in Melinsung, about 30 kilometres south-west of Kota Kinabalu city centre. The resort will be managed by InterContinental Hotels Group (IHG).

In line with Visit Malaysia Year 2026, the sector can look forward to the revival of iconic events such as Mount Kinabalu International Climbathon and Sabah Fest in 2024. Focus will also be given to the meetings, incentives, conferences and exhibitions (MICE) segment and community-based tourism vis-à-vis development of rural tourism products and destinations.

TAWAU

Demand for hotel rooms in Tawau town improved though room rates remain competitive to boost sales. No new supply is expected in the short-medium term.

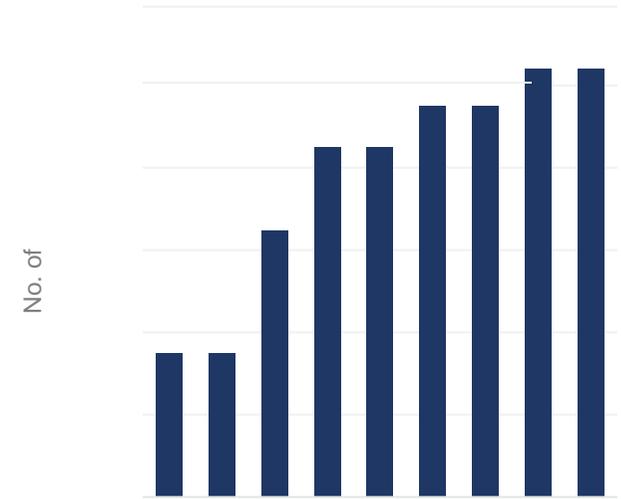
Semporna is seeing an increase in foreign visitor arrivals resulting in better occupancy and room rates. The new supply of hotel rooms in Semporna town will be Semporna City Hotel (30 rooms), Semporna Garden Hotel (30 rooms) and Kapalai Hotel (199 rooms).

The recovery of the tourism and hotel sector in Tawau is gradual with Semporna expected to be seeing more improvements.

Hotel Supply in Kota Kinabalu



Source: WTWS Research



Sarawak

The tourism and hospitality sector continued another invigorating run for the year as Sarawak drew in more visitors for 2023

slightly from 54% to 52% y-o-y.

KUCHING

Improved hotel performance

As of November 2023, Sarawak’s visitor arrivals surpassed 2022 numbers by an increase of 170% y-o-y to 3,446,380 visitor arrivals (cf. 2022: 2,027,446).

Average room rates also continued to improve to RM210 per room per night compared to RM200 in the previous year, for 3 to 5-star hotels in Kuching. Overall occupancy rates improved to more than 50%.

The 22-storey 5-star Sheraton Kuching (formerly known as Promenade Hotel) with 378 rooms opened in October 2023. Following that, the refurbished ROXY Impiana Hotel with 46 rooms and 10 apartment suites opened in November.

Two hotel transactions were recorded in Kuching, which is the Regal Court Hotel which was sold for RM10 million, and the Supreme Hotel which was transacted enbloc with a nearby detached lot for RM12.7 million.

MIRI

Hotel room demand in Miri improved with the return of Bruneian tourists/visitors and business travellers. Room rates for 3 to 5-star hotels improved by 5% while occupancy rates eased

On supply, the 15-storey Mercure Hotel in Miri City Centre was opened with 172 new rooms. Another 88-room hotel is currently under construction at Jalan Brooke.

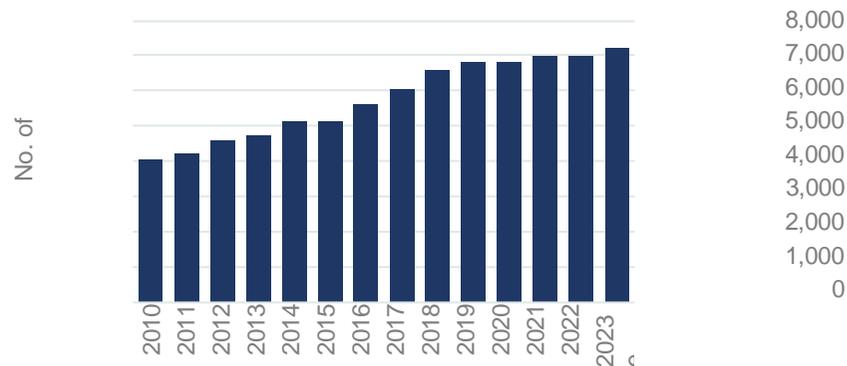
Tourism events such as Miri Food Festival, Borderland Music Festival, Miri Bike Week and Borneo Jazz Festival proactively attracted tourists in 2023.

Besides, green investment purposed to foster sustainable tourism was also promoted on World Tourism Day (WTD) which was held in September this year.

This year, a final dossier was submitted to UNESCO to include Niah National Park in the World Heritage List by 2024. Upon success, it will become Sarawak's second UNESCO World Heritage Site, following Gunung Mulu National Park, which was inscribed in 2000 due to its remarkable biodiversity and limestone formations.

Overall, Government efforts in bringing in international events, major government investments and the establishment of the Tourism Development Authority in Miri are all positive takes for the tourism industry.

Hotel Supply in Kuching



Average Room Rate for Miri

	Average Room Rate (RM per room per night)		
	2021	2022	2023
3 stars	105 - 240	167 - 231	112 - 364
4 stars	110 - 360	148 - 490	136 - 599
5 stars	190 - 888	220 - 1,021	236 - 928

Source: WTWY Research

Sheraton Kuching Hotel
Source: WTWY Research



Sarawak (cont'd)

BINTULU

Occupancy rates have dropped to pre-pandemic levels from elevated rates during the Movement Conditional Order (MCO) period between 2020 and 2022 (supported by quarantine rules). Hotel room rates have increased for 2023 to about RM180 per room per night. There were no significant events nor activities which might impact this sector.

SIBU

Budget hotels continue to buck the trend in Sibu, to cater more to local business travelers.

With the improvement in business and state tourism, Sibu stands to see a general improvement in hotel occupancy rates.

Sibu's tourism industry has been mediocre, relying heavily on domestic business and family travellers. More promotions and tourism activities are needed to boost tourism in Sibu which has the potential to be the tourist centre for the central region of Sarawak.

Average Room Rate for Sibu

	Average Room Rate (RM per room per night)		
	2021	2022	2023
3 stars	120 - 170	120 - 170	120 - 170
4 stars	120 - 200	120 - 200	160 - 200
5 stars	170	170	200

Source: WTWY Research

Sarawak's hotel outlook

Overall, Sarawak's hotel industry and sector continued its growth trajectory in 2023, supported by State tourism programs and promotions. The State continues to bid for hosting of more international events through the Sarawak Convention Bureau such as the International Water Congress and Exhibition which is to be held in Sarawak in 2028.

Since tourist arrivals for 2023 have easily surpassed the 3 million target, the Ministry of Tourism Sarawak is confident in achieving 4 million visitor arrivals for the year 2024.

The hotel sector is looking upbeat in terms of occupancies and room rates with more visitors expected in the next few years.



Source: WTWY Research



Kuching Source: WTWY Research

07

Significant Transactions

Malaysia

Projects/ Locality	Description	Vendor	Purchaser	Transaction Price (RM)
KLANG VALLEY				
Giant Hypermarket Bandar Kinrara, Giant Hypermarket Putra Heights, Giant Shopping Complex USJ 1, Giant Shopping Complex Klang, Giant Superstore Ulu Kelang, Giant Hypermarket Plentong (Johor)	Six Giant hypermarkets and retail complexes in Klang Valley and Johor Bahru	Kwasa Properties Sdn Bhd	Sunway Real Estate Investment Trust	520,000,000
Petaling Jaya	Menara CelcomDigi	Malaysian Resources Corp Bhd (MRCB)	Sentral Real Estate Investment Trust	450,000,000
Oxley Tower - Tower 3 Signature Office	24-floors of office suites together with four adjoining retail lots on the two-storey retail podium	Oxley Rising Sdn Bhd	Alliance Bank Malaysia Bhd	405,839,320
Kuchai Lama	Six contiguous parcels of leasehold land (26-acre)	Ajinomoto (M) Bhd	Paragon TSL Sdn Bhd	408,000,000
Glengowrie Estate, Semenyih	Two contiguous parcels of freehold agricultural land (500-acre)	Petaling Garden Sdn Bhd	Elite Park Development Sdn Bhd, Grand Prestige Development Sdn Bhd and Mestika Bistari Sdn Bhd	392,040,000
Kundang Jaya	Eight parcels of freehold land (532-acre)	Kundang Properties Sdn Bhd	Gamuda Land (Botanic) Sdn Bhd	360,000,000
W Hotel KL	A 25-storey hotel building, with 150 hotel rooms together with hotel facilities and 346 car park bays	Tropicana Residences Sdn Bhd	IOI PFCC Hotel Sdn Bhd and Flora Development Sdn Bhd	270,000,000
Setia Alam Township	A parcel of freehold land (18-acre)	Bandar Setia Alam Sdn Bhd	KSL Bestari Sdn Bhd	228,800,000
Desa Sri Hartamas	One parcel of FH vacant land (5-acre)	Kar Sin Bhd	Sunway Living Space Sdn Bhd	170,000,000
Hotel Stripes Kuala Lumpur, Autograph Collection	A 20-storey hotel building erected on a parcel of freehold land, with plant, machinery, operating equipment, operating assets, furniture, fixtures and fittings	Hotel 25 Sdn Bhd	YTL Hospitality REIT	138,000,000
Rawang Industrial Technology Park	A parcel of freehold land in Kuang (245-acre)	Kauthar Equities Sdn Bhd	Sunway Rawang City Sdn Bhd and Amal Resources Sdn Bhd	115,000,000
Section U4, Kwasa Damansara	A parcel of freehold land identified as Plot R3-1 (21-acre)	Kwasa Development (3) Sdn Bhd	Elegance Sonata Sdn Bhd	114,780,600

*Deal by CBRE | WTW

Kuala Lumpur*

Menara TM Semarak

Menara ABS Berhad

Titijaya PMC Sdn Bhd and Titijaya
South Asia Sdn Bhd

72,000,000

*Deal by CBRE | WTW

Malaysia

Projects/ Locality	Description	Vendor	Purchaser	Transaction Price (RM)
ISKANDAR MALAYSIA				
Tebrau	Eight parcels of freehold land (960-acre)	Pelangi Sdn Bhd	Scientex Lestari Sdn Bhd	547,651,353
Senai, Kulai*	Two parcels of freehold vacant land (1070-acre)	Seriemas Development Sdn Bhd	Lagenda Mersing Sdn Bhd	398,207,225
Nusa Cemerlang Industrial Park (NCIP)	Three parcels of freehold land (60-acre)	Panoramic Industrial Development Sdn Bhd (Crescendo Corporation)	Microsoft Payments (Malaysia) Sdn Bhd	315,170,000
Eco Business Park VI	A parcel of freehold land (404-acre)	IOI Prima Property Sdn Bhd	Eco Business Park 6 Sdn Bhd	211,065,241
Senai, Kulai	Six parcel of freehold land (551-acre)	Seriemas Development Sdn Bhd	Scientex Lestari Sdn Bhd	299,840,000
Iskandar Puteri	Eight parcels of freehold industrial/ agriculture vacant land (116-acre)	Nusajaya Rise Sdn Bhd & Nusajaya Heights Sdn Bhd (UEM Sunrise)	PGB Landmark Sdn Bhd (Paragon Globe Bhd)	146,070,000
Nusa Cemerlang Industrial Park (NCIP)	Seven parcels of adjoining freehold/ leasehold land (22-acre)	Panoramic Industrial Development Sdn Bhd (Crescendo Corporation)	STT GDC Malaysia 2 Sdn Bhd	117,020,000
Gelang Patah	A parcel of freehold land (76-acre)	Amanah Raya Bhd & Mutiara Kiara Properties Sdn Bhd	Mah Sing Group Bhd	79,090,000
SEREMBAN				
Jln Seremban - Labu	A parcel of residential land (17-acre)	Complet Achievement Sdn Bhd	Pavilion Link Sdn Bhd	24,118,249
IPOH				
Off Jln Tambun- Tg Rambutan (BT 8)	A parcel of development land (83-acre)	PYP Sdn Bhd	Times Square Ipoh Sdn Bhd	74,452,946

*Deal by CBRE | WTW

Malaysia

Projects/ Locality	Description	Vendor	Purchaser	Transaction Price (RM)
MELAKA				
Kolej Yayasan Saad	A single, 1 ½, 2 and 3-storey buildings which are categorised into administration, academic, residential and student facilities forming part of the fully residential and co-educational private school	KYS College Sdn Bhd	Hektar Real Estate Investment Trust	150,000,000
Kota Laksamana Business Centre	A parcel of commercial land (17-acre)	CK Ventures Sdn Bhd	Vista Selesa Development Sdn Bhd	59,276,423
Mahkota Melaka*	A parcel of commercial land (8-acre)	Megan Mastika Sdn Bhd	Asal Harta Sdn Bhd	48,543,787
Alor Gajah	Seven parcels of freehold land (253-acre)	Pakatan Simbol Sdn Bhd	Summer Starhill Sdn Bhd	45,600,000
Kota Laksamana	A parcel of commercial land (14-acre)	Admiral City Sdn Bhd	YTM Lifestyle Mall Sdn Bhd	41,690,000
KEDAH				
Thye Group Oil Palm Estate (Boontong Estates Sdn Bhd)	A parcel of oil-palm estate (4123-acre)	Boontong Estate Sdn Bhd	Oriental Holdings Bhd	224,100,000
Holiday Villa Beach Resort and Spa Langkawi	4-star beach resort hotel building with 238 rooms	Amanahraya Real Estate Investment Trust	Plenitude Gateway Sdn Bhd	145,000,000
PENANG				
Kawasan Perindustrian Valdor, Sungai Bakap	A parcel of freehold industrial land (18-acre)	Multiple vendors	PTT Synergy Group Bhd	70,555,433
Seberang Perai	A parcel of development land (24-acre)	Tan Phaik Gaik	Sunrise Manner Sdn Bhd	43,719,857
Seberang Perai Tengah	A parcel of freehold vacant land (10-acre)	Tan Hong Soon & Tan Kean Hock	SkyDorm Sdn Bhd	39,770,208
Seberang Perai Utara	Industrial land (5.36 acres) including a warehouse and a 5-storey office block	Transocean Holdings Bhd	Swift Integrated Logistics Sdn Bhd	30,150,000

Malaysia

Projects/ Locality	Description	Vendor	Purchaser	Transaction Price (RM)
KUANTAN				
Kawasan Perindustrial Gebeng	A parcel of vacant land (455-acre)	Malaysia-China Kuantan Industrial Park Sdn Bhd	Alliance Steel (M) Sdn Bhd	219,721,519
Genting Permai Resort	A parcel of vacant land (5-acre)	Tropicana Makmur Arif Sdn Bhd	LSL Land Sdn Bhd	30,418,811
Kea Farm	A parcel of vacant land (10-acre)	Swift Cartel Sdn Bhd	CH Blossom Sdn Bhd	20,000,000
KUCHING, SARAWAK				
Off Kuching - Samarahan Expressway	A parcel of mixed-development land (66-acre)	Giant Kingdom Land Sdn Bhd	Bandar Riyal Sdn Bhd	99,990,000
Pines Square	A parcel of leasehold industrial land (15-acre)	Standard Parade Development Sdn Bhd	Lee Onn Development Sdn Bhd	41,250,000
MIRI, SARAWAK				
Marina Bay	A 7-storey shop office	Olive Hills Sdn Bhd	Reimagining Business Sdn Bhd	11,500,000
Jln Bakam	A double-storey detached dwelling house	Teng Chuong Lung & Huong Khui Hua	Chee Chi Vui & Sherie Silvester Pang	6,800,000
SANDAKAN, SABAH				
Segaliud Lokan Locality	Oil palm plantation (982-acre)	Sinrico Plantation Sdn Bhd	Teck Guan Plantations Sdn Bhd	29,357,500
TAWAU, SABAH				
QL Mill 2	Palm oil mill and oil palm estate (203-acre)	QL Plantation Sdn Bhd	LCH Bay POM Sdn Bhd	17,500,000

08

Our Network



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