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PROPERTY MARKET REVIEW 2013 AND OUTLOOK 2014

KUCHING

2013 has been fraught with some amount of uncertainty, in the 1st half by the then impending 13th General Elections and the 2nd half by the passing of more stringent financing guidelines by BNM as part of the government measures to curb household debt which has been measured at 83% of total GDP credit.

Everyone from industry players to buyers to investors are more cautious this year, seeing the developments in 2013 which undermined the property market. The property market in 2013 had to weather the storms thrown at it by the following implementations :

i. Financing for properties to have a maximum payback term not exceeding 35 years compared to the previous maximum loan term of 45 years;
ii. Personal loans reduced to a maximum of 10 years only from 25 years previously;
iii. Debt to nett income of 60% only;
iv. A ban on "pre-approved personal financing products" such as unsolicited loan and credit card offers with immediate effect.
v. Loan to value (LTV) ratio capped at 70% for 3rd property ;
vi. Increase in RPGT to 15% for 1st 2 years and 10% for the subsequent 3 years from 10% and 5% respectively;
vii. Increase in fuel price by 20 sen to RM2.10 for RON 95 and RM2.00 for diesel per litre w.e.f. 3/9/2013;

The proposal by the housing ministry to further increase the current RPGT by another 5% in order to arrest rising property prices to cool the property market without affecting genuine homebuyers, could further dampen the industry's efforts to boost sales.

The recent rise in fuel prices will have an inflationary effect on the whole economic spectrum. Reported rising costs in building materials, labour shortage and wages will make it difficult to keep houses down and the decrease in spending power against inflation and a weak Ringgit will make house purchase unlikely.

The property market which was expected to pick up in the 2nd half year after a lacklustre 1st half remains jittery. It is very much a buyer's market with buyers adopting a more "wait-and-see" stance regarding property purchases. It is the general concensus amongst industry players that the situation would likely continue into the coming year or so. However, there is still much construction activity going on as a result of the past years' prolific growth this sector.

2013 is expected to see even fewer transactions than 2012 due to tighter financing criteria, rising development costs and higher RPGT. According to NAPiC, 2012 recorded a lower transaction volume but higher value. As in 2012, eventhough the number of transactions for 2013 should drop, the value of transactions is expected to register a steady growth with the housing sector remaining the major contributor in the industry.

Certain areas in Sarawak ear-marked under the regional development plans of the 10th Malaysia Plan, namely SCORE, would experience unprecedented growth due to the implementation of mega projects. Towns such as Bintulu and Mukah would stand to benefit greatly and the impetus would drive up demand and have a positive impact on property developments in these areas.

Gateway@7th Mile

Tabuan Tranquility

Boulevard Phase 3

This Issue

That said, the property market in Kuching is still young and vibrant and continue to hold great potential for future growth. As an essential need, property demand will not be abated but rather, just delayed during certain periods after which the so-called pent-up demand will correct itself eventually. Properties fulfilling the criteria of being near developed infrastructures and facilities, having strong property conceptual differential and sweet in terms of pricing (<RM500,000) and size (at least 1,000 sf) will have the competitive edge. Kuching will remain the star performer of Sarawak's property market.

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The major industry players for Kuching for 2013 remains similar to previous years with no new major ones for 2013. New comers are mostly small developers developing projects with less than 50 units on piece-meal basis. Most are building in the residential sector. The major developers seem to be reiterating their presence with new launches in the continuing phases of their mega projects. These notable players have also been tasked with new public infrastructure projects such as M/s Ibraco Berhad for the Kuching Watefront Extension and Town Square in Bintulu, M/s Hock Seng Lee Berhad with road building, reclaimation and sewerage works and M/s CMS Lands with various projects at the Kuching Isthmus.

2013 also saw the completion of several highways and bridges, namely the Tun Jugah-Jalan Song flyover at City One, the new RM267 million Isthmus Bridge/Sungai Sarawak Bridge connecting Kuching City center to the Kuching Isthmus and the completion of the Kuching city centralised sewerage system project.

The residential sector remains the market staple of the property industry with >40% of transactions contributed by the residential sector (Refer jpph PMR 2013 figures). A lot more strata-titled properties were launched for 2013 compared to previous years with almost all of them in the Kuching BUA, pushing up the number of apartments/condominiums to about 1/4 of the total residential units launched. Shophouse launches however declined for 2013 after having a run in 2012.

More construction starts were noted for 2013 due to the past 2 years' high number of launches, notably in the commercial sector. There was a lot more construction activity for 2013 (possibly about 25% more than 2012) with most concentrated in the secondary and secondary prime locations of Kuching-Serian, Batu Kawa, Muara Tuang and Matang (in the South and South-West) due to past few years' shift to secondary areas as property prices continue to increase. This trend is expected to continue in the medium to long run.

Matang ranks 1st in terms of number of units completed due to the high number of properties associated with the newly opened up area of Jalan Matang-Batu Kawa which recorded more than 70% of the total completions for 2013. The Kuchihg BUA recorded the 2nd highest number of completions contributed by housing estates in South-East Kuching such as Sin Hai Min Garden 9 (27%) and Tabuan Stutong Jaya (44%) with the latter being low cost plus houses with prices averaging below RM300,000. More units were completed for 2013, with the units completed in the 1st half of 2013 superceding that completed for the whole of 2012.

There were a lot less shophouses launched but a lot more retail units in complexes for 2013.

Office Sector

The office sector for 2013 remains rather passive, with only one purpose-built office building completed by M/s Lee Onn, a reknowned developer in Kuching, to be partly occupied as its corporate office and to be partly rented out. The building is 5 storeys high with about 5,000 sm of commercial floor space completed in the 1st quarter of 2013.

Current supply of office stands at less than 5 million sq feet (< half million sq metres), having increased insignificantly over the last 5 years, at an average of only about 0.5% per annum. Some of the office buildings have been converted into hotels in recent years such as the Lime Tree Hotel in the former Kuching Tower building and the Abell Hotel at the former KKB building, thus offsetting some of the increase in office spaces.

Two (2) buildings known as the Gateway Towers was simultaneously launched recently in August, 2013, to house the headquarters for the Sarawak Economic Development Corporation (SEDC) and the Land Custody and Development Authority (LCDA), both government linked entities. To be built by CMS Lands Sdn Bhd at the Kuching Isthmus, the buildings will both complement each other at 11 storeys in height and 11,000 sm in size on sites of 2.37 acres and 2.74 acres respectively. The estimated project cost including land for each building is RM76 million. The buildings are expected to be completed in 2 years' time.

Another government linked building, called Baitul Makmur 2, is now being planned as a 2nd building to be annexed to the existing Baitul Makmur at Bukit Siol area in Petra Jaya and is expected to be built in the near future. It is slated to be 18 storeys high with 2 basements and will have a net lettable area of 48,436 sm. Dayak Plaza, a retail cum office complex which was supposed to replace the original Rumah Dayak, and whose construction was stalled for years, had its building plans redrawn to include 7 units of 4-storey shophouses nearing completion and possibly, a 12-storey tower which is still on the drawing board.

Apart from these, there is no other known private commercial office buildings coming up in Kuching for the next year or so.

As the supply of the office sector has always been well monitored by the State government, the occupancy rate for this sector remains stable and high, generally, above 90%, for Kuching as most vacant spaces are being occupied by the government and its subsidiaries. Office sector development is not a popular foray for local developers who prefer to stick to the mainstream sector of residential and shophouse, as sale of large commercial space is doubtful since most large corporations are based in the Peninsular and on the other hand, rentals are low and stagnant.

Rental yields remain low at 5-6% per annum with rental rates stagnated at about RM2.80 – RM3.00 psf or so. As in previous year, there was no purpose-built office building being transacted for 2013.

The officer sector is expected to remain unexciting but stable for the next year with possible additions to the sector after 2015. Following global initiatives and awareness, environmentally friendly buildings would be the way to go for future office buildings.

Retail Sector

The booming retail sector in Kuching which has seen profuse development in the last couple of years, continue to manifest itself in 2013 with the completion of the following malls :

- **ST3**, a retail podium connected to the Citadines aparthotel, which opened in the 1st quarter of 2013, sited opposite the Spring, at Jalan Tun Jugah;
- **City One** at the busy road junction of Jalan Tun Jugah/Song, a bustling residential domain and thoroughfare, which boasts of 2 malls having the highest combined retail space for shopping malls in Kuching;
- **Eastern Mall** located at Siburan Bazaar along 18th Mile Jalan Kuching-Serian to serve the outskirt community;
- **Summer Mall**, the first and biggest shopping mall in Samarahan, which is only a half hour ride away from Kuching, linked conveniently by the Kuching-Samarahan Expressway going into Jln Datuk Mohammad Musa.

City One is a mega mall by Kuching standard, incorporating all the modern conveniences under one roof, including a Supermarket, a Cineplex, a Games Arcade and a Food Court. Summer Mall which encompasses the whole concept ofa one-stop center for Samarahan for shopping, leisure and entertainment will incorporate a water-themed park for its 2nd phase which is currently under construction and expected to open by late 2013, and a hotel and serviced apartments for its future phase.

Coupled with Samarahan, these have added about another 1.1 million sq ft of retail space to Greater Kuching, pushing current supply of retail space in Kuching to about 4.54 million sq ft which more than double the figure 5 years ago.

Refurbishment works for Kuching Plaza (the 1st modern shopping complex built in Kuching in 1981) was completed this year and an official re-opening is due soon.

Malls continue to be built in 2013, albeit smaller ones in the form of hyper/supermarkets built to cater to the suburbs/outskirt residential nodules at the various commercial centres.

Retail complexes currently under construction (Table)

Name of Development	Location	No. of Units	Net Lettable Area (sf)	EDC
Emart @ Batu Kawa	Suburban	300	15,000	2013/2014
Swan Mall/Hup @ Matang	Suburban	177	19,500	2014
Moyan Square Shopping Mall	Suburban	147	14,000	2014
Matang Mall	Suburban	>150	15,000	2014/2015
Everrise Flagship Store	BUA	NA	>11,000	2013
Source : WTWY Research (2013)				

Due to the high influx of retail spaces in the Kuching market, retail rents have not been able to attract the kind of rates commanded 2 years ago and owners have had to lower their rents below RM20.00 psf in order to secure new tenants or retain old ones. Retail property price has also waned somewhat compared to recent years to less than RM2,000 psf with malls vying for the same retail tenants who have not been increasing in tandem with the rise in retail spaces.

Current occupancy has dropped to around 70%-75% from more than 80%, less than 5 years ago. The market seems to be showing signs of saturation with occupancy rates anticipated to drop further in the next year or so.

With 4 new shopping malls opened in the current year and a handful more under construction, the retail sector doesn't seem to be slowing down anytime soon and maintaining a competitive edge in terms of appeal, layout, design and size will be relevant for survival.

Hotel Sector

Whilst 2 new small hotels and 1 new serviced apartment added 405 hotel rooms to the hotel sector in 2012, 2013 has so far not yielded any new hotel buildings, although the following are expected to be completed by 2013.

- 360 Waterfront Hotel @ Plaza Merdeka, an 8-storey city business boutique hotel built atop the Plaza Merdeka with 290 rooms;
- The Imperial Apartment Suites, a 15-storey serviced apartment component of the Boulevard project which will offer 224 rooms;
- A small 5-storey building, off Jalan Song Thian Cheok, reported to be a hotel in the offing with 39 rooms;
- A refurbished 3-storey building with a roof top floor, formerly housing Yayasan Sarawak, at Jalan Ban Hock/Jalan Central Road East, believed to be re-opened as a budget hotel.

Another three (3) more hotels are currently under construction, namely, the Imperial Hotel at the Boulevard which will complement the Imperial Apartment Suites, the New Majestic Tower Hotel at the revived site of the former Jade Hotel next to the Riverside Majestic in the Golden Triangle area and the UCSI CityIsland Hotel, which is undergoing earth works at the Kuching Isthmus. These are fairly big hotels which will contribute close to 960 rooms in total.

Although there are no new hotel buildings constructed for 2013, budget hotels have nonetheless, been springing up, occupying existing shophouses, such as the newly opened CT2 Hotel at Jalan Ban Hock and Padungan Hotel at Jalan Padungan both with 36 rooms each.

Hotel room rates have gone up somewhat, perceived as between 5% and 10%, possibly due to rising costs of labour and upkeep.

Kuching, being the State capital and main entry point for Sarawak, has always had the lion's share of visitors to Sarawak. The tourism sector continues to grow for 2013 with visitors' numbers surpassing that of the previous year 2012, with well over 4 million in total visitors' arrivals for the year. Kuching also played host to the State's 50th Malaysia Day celebration 2013 which attracted many tourists and dignitaries for the month of September especially.

Condominium Sector

The condominium sector which has caught on in recent years, continue to sparkle for 2013 as the number of units being launched and constructed trend upwards. The increasing security concerns and changing lifestyles have most likely driven up preference for gated and guarded living facilities such as condominiums.

The surge in this sector has seen prices moving up from RM300 psf 2 years ago to >RM550 psf currently. Strata-titled condominium/apartment living is slowly but surely gaining wide acceptance locally especially among the younger generation who are receptive to high-rise living and appreciates the convenience and security that goes with it.

Current supply of strata-titled condominium/apartment units stand at about 8,000 units (??). Newly completed units for the year include the following:

- D'Infinia Residences located off Jalan Airport developed by Genesis Base SB with 45 units;
- The Tropics at Jalan Song, a thriving suburban hub developed by Regal Advantage with 128 units;
- Riveria Bay Phase 1 at the Riveria project developed by Khidmat Mantap (subsidiary of Naim Holdings Bhd) at the Kuching-Samarahan border with 66 units out of its total of 132 ;and
- I-MAS Village Flats at Jalan Datuk Mohammad Musa at Samarahan with 64 units.

2013 recorded the highest number of units launched, surpassing even that of 2012 with launch prices reaching an all-time record high of RM650 psf for high-end condominiums in a choice housing area.

Condominium/apartment projects launched in 2013

Name of Project	Location	No. of Storeys	No. of Units
Riveria Bay	Off Kuching-Samarahan Expressway, Samarahan	3	78
D'Public Square	Jalan Batu Kawa	6	264
Stutong Heights	Lrg 12, Jln Stutong Baru	5	272
The REPUBLIC	Lorong 8, Jalan Kempas	12	48
The Park Residence	Off Jalan Canna	5-10	178
Sentosa Apartments	7th Mile, Jln Kuching-Serian	10	60
Grand Total			**1460**

The number of units under construction and coming into the market would add up to > 4,000 units which would add more than 50% to the existing supply of close to 8,000 units. The take-up rate of these property type has been very encouraging with >70% sales within the same year of launch.

There are more in the offing, both in the city center as well as in the suburban areas. The next few years will see even more of such developments sprouting up, as high-rise living catches on in trend in a city with an increasing population density and where development lands are becoming scarce.

Landed Residential Sector

The residential sector was fairly active for the year 2013, with slightly more units launched than 2012, attributed largely to higher density strata-titled developments. Like the previous year, most housing developments launched were small, comprising less than 50 units. The bigger launches of more than 100 units recorded for 2013 were for the continuing phases of major projects like Tabuan Tranquility which launched its final phase at the Muara Tabuan-Jln Canna area, and Central Town, developed by M/s mdkwangtai, the developer of the largest up and coming residential project in Samarahan. Launches were most active in the prime secondary areas of Jalan Kuching Serian followed by Muara Tuang, Batu Kawa and Petra Jaya areas.

Newly completed units more than doubled that in 2012 due to high number of launches over the past few years with the Matang area recording the highest number of completions for 2013 largely contributed by Taman Moyan Jaya 2 with 122 units, followed by the Kuching built up area, Jln Batu Kawa and Jln Muara Tuang area.

Terrace houses continue to top the launches and completions (>75%) followed by semi-detached (around 20%). Prices remain high at more than RM500,000 for new double-storey terraced units and more than RM1,000,000 for semi-detached units at prime housing areas.

Incoming supply for 2013 seems higher than 2012 with the number of units highest in the secondary but up and coming areas of Jln Kuching Serian, Muara Tuang and Batu Kawa with high concentration in the Stapok area for the latter. More developers are shifting towards these secondary locations due to exorbitant land prices in the prime areas pushing up prices beyond the affordability of the masses.

Take up rates of new housing seems to be slowing down and this is expected to continue into 2014, as a result of increasing prices, stringent loan requirements and general inflation. Despite that, landed residential sector continues to look promising for Kuching with its young dynamic population growth although latest development shows a trend moving towards high-rise strata titled living. However, it is expected that such developments will take place at a steady pace and not likely to overtake the landed housing sector any time soon.

Industrial Sector

At present there are only around 1,500 industrial units in Kuching. However, this already makes up close to 35% of the Sarawak total. There were no new industrial projects completed for 2013 with projects launched previously still under construction with The Sarawak

Factory Wholesale Centre at Jalan Bako expected to be completed by 2014, contributing the largest share at 225 units.

There was only one industrial project launched for the year, namely, Modern Light Industrial Estate at Jalan Stakan Melayu at the Muara Tuang area offering 70 units of double storey semi-detached units and 4 industrial detached lots for sale with prices ranging from RM635,000 to RM1,258,000 per unit depending on the land size for the semi-detached and RM1.66 million to RM1.9 million for the detached lots. This project has yet to start.

Price of industrial lots in Kuching remain at around RM50 psf and semi-detached at around RM250 psf, for a 15-20 pts lot. There were no major industrial transactions for 2013. Rent yields for industrial unit remains unchanged at between 5% and 6% per annum.

No significant events are expected for the industrial sector for the next year 2014. However, with SCORE getting underway in the Central region, more related industries are expected to be mooted in the medium and long term in Kuching, as a result of spin-off effects of downstream activities.

On the whole, developers and investors generally remain optimistic and hopeful on the outlook of the overall property sector.

MIRI

The overall property market in Miri was stable in 2013. Landed residential transaction activity was down due to the increase in house prices, stricter housing loan requirements implemented by Bank Negara Malaysia and the declining real purchasing power of households. Shopoffices transactions and prices were up due to higher demand and corresponding increased supply. Buyers also find shop offices attractive investments on an after tax basis. Industrial transactions and prices were also up due to limited supply of industrial units.

Significant Developments

This year has seen the most sale launches of shopoffice units in Miri as compared to previous years, the most popular being three-storey terraced shopoffices.

The MYY Mall completed in 2013, is a 4-storey shopping mall located in Lutong, approximately 10km north of Miri City Centre. The shopping mall has 3 levels of retail outlets and 1 level of office space. It has a total gross floor area of approximately 406,208 sq ft.

Name of Project	Location	Developer	Type	Gross Floor Area (sq ft)	No. of Lots
MYY Mall	Lutong	Warisan Teamwork Sdn. Bhd.	Shopping Mall	406,208	200

New Launches

The Wharf is a private 18-storey strata-titled suites development located within Miri City. It has a total of 192 apartment units with facilities such as swimming pool, gymnasium and aerobics room, multi-purpose hall, children's playground, security card access system, CCTV, etc.

The Wharf is one of the components of the master development by Unique Harvests Sdn Bhd which includes a 24-storey luxury hotel and 10 units of 3-storey shopoffices. The project is set to be one of the largest private high-rise residential and hospitality developments with a total gross development value of RM400 million.

Name	Location	Developer	Type	Unit Size (sq ft)	Selling Price (RM psf)	Expected Completion
The Wharf	Miri City	Unique Harvests SB	Apartments	1,547 – 1,770	582 - 647	2015

Miri 101 Commercial Centre located next to Boulevard Commercial Centre and Shopping mall consists of 54 units of 3-storey shophouse with tenure of 99 years. It was launched in November 2013. The commercial centre will also incorporate office towers, government agency building and Islamic Agency Building. Selling prices of the shophouses starts from RM1.9 million per unit.

The Arcadia Square is another prominent project in Miri that was launched recently. It is part of a mixed development project that is set to be one of the largest master-planned townships in Miri which is still undergoing construction, known as Marina ParkCity. The Arcadia Square has a site area of 19.2 acres and will consist of about 142 units of 4 to 5-storey shop offices/retail units with mezzanine floor. Prices ranges from RM1.35 mil for ground floor retails lots; RM541,000 and above for first floor retails units and office units priced from RM268,000.

OUTLOOK

Moving forward, the market is expected to remain stable in 2014.

Bay Resort (nearing completion) located along Jalan Temenggong Oyong Lawai Jau, next to Taman Selera in Miri

SIBU

The main focus of the property development in Sibu is luxury residential projects such as the Waterfront Residence launched in 2013. The Waterfront Residence comprises 2 blocks of 25-storey condominium tower each with 104 units and is the first luxury condominium with 180° panoramic view of the waterfront overseeing the famous Rajang and Igan Rivers. Think the oproThe selling price range varies with those measuring over 800 sq ft selling from RM400,000 and for 1700 sq ft units, the selling prices start from RM700,000 with the price increasing by floor

The Sibu town square is now being upgraded and transformed into a new landscaped garden designed by a reknowned landscape architect which will include pocket gardens with lush shady trees for the public's recreation.

Landed residential developments situated in the areas of Jalan Salim, Jalan Tun ahmand Zaidi Aduce, Jalan Wasasan and Jalan Ulu Sg Merah and Jalan Teku continue to expand from the respective existing established or ongoing housing estates. Asking prices of the newly launched intermediate terraced houses command around RM400,000.00 and above RM500,000.00 for corner units. The performance of the housing market in Sibu has gradually slowed down due to continued increase in selling prices.

There is sign of oversupply of shophouse in Sibu as sales of shophouse have slowed down. Nonetheless, shophouses located in the prime areas continue to be a first choice of investment by local investors although selling prices continue to increase. A millionaire's mansion built over half a century ago along Tun Abang Haji Openg Road, beside the Kin Orient Commercial Complex, has given way to a new development for 25 units of three storey modern shophouses. The selling prices for the said units range from RM1,388,000.00 to RM2,100,000.00 per unit depending the type of shophouse, orientation and sizes.

Architecture image for Waterfront Residence

A 7-storey building consisting of over 100 rooms located within Medan Jaya Commercial Centre is currently under construction and will be used as a hotel upon completion. With the completion of the hotel, the Medan Jaya Commercial centre will become another commercial hub in Sibu.

Phase 1 of the University College of Technology Sarawak (UCTS) covering about 30 acres, located adjacent to the Old Sibu Airport runway as part of development within SCORE has been completed in time for its first intake of students in September. The on-going UCTS development has helped to appreciate the market value of the surrounding properties and more housing/shouphouse projects are in the pipeline to meet the university population's needs.

7 storey hotel under construction within Medan Jaya Commercial Centre

University College of Technology Sarawak (UCTS)

The 9-storey Sibu Islamic Complex located at a site along Awang Ramli Amit Road, costing about RM50 million is near completion, after a slight delay. The construction work for the project started in 2010. This nine-storey building will be another landmark in the town and is to be used for office spaces, mostly for state government agencies.

There was no major industrial project launched during the year. The industrial property market was active only in certain established areas. Most newly launched industrial properties take longer time to sell. Sub-sale of industrial property market is preferable. Rentals for industrial warehouse remain at the same levels as that prevailing in previous years.

BINTULU

The housing sector in Bintulu still continued concentrated develops located in sub-urban areas such as Jalan Tun Hussein Onn and Jalan Sungai Sibiyu area. The price for these properties have increased from an average of RM360,000 to RM480,000 for double-storey terraced house and from RM650,000 to as high as RM800,000 for double-storey semi-detached house.

Bintulu is also set to experience a boost to integrated development sector such as Bintulu Paragon and Town Square Bintulu. This maga projects will change development landscape and landmark of Bintulu. Bintulu Paragon develop by Naim Holdings Bhd, located strategically just adjacent to Bintulu Old Town. The development of Phase 1 consists of the 3-storey Street Mall, 6-storey SOVO Suites, 37 and 39-storey condominium buildings and 16-storey business hotel. Currently the 3-storey Street Mall and 6-storey SOVO (Small Versatile Office) already launching and selling to the public. Town Square Bintulu comprises commercial components such as shops, office including small office home office (SoHo), an office block, mall and hotel as well as condominium and apartments. Currently launching 74 units of the three-storey modern shop office and this project located Jalan Tun Ahmad Zaidi. Others shopping mall currently under construction such as Times Square Mall and Commerce Square.

Taman Saberkas at Bintulu Coastal Highway

Bintulu Sentral at Jln Kidurong

In Bintulu, most of the newer shophouses continue to be located outside the existing commercial core, to the Parkcity and suburban areas due to the limited land available for commercial development at the existing town centre area. Most of the recent launches in Bintulu are 3-storey terraced shophouse which are transacted average RM1,000,000 to RM2,200,000 per unit. And 2-storey terraced shophouse average of RM650,000 to RM1,250,000.

The demand of industrial building and commercial shophouse also had been boosted in Kidurong area. Recently on-going project in this area is Kidurong Gateway with 54 units of double storey industrial building semi-detached and 3-storey shophouse 60 units. Others project such as Kidurong Commercial Centre consists of double-storey industrial building semi-detached 34 units and double-storey detached 9 units. Taman Seberkas have 24 units under construction double-storey semi-detached industrial building.

This Kidurong area is gateway of Samalaju Industrial Park one of SCORE development area in northern region of Sarawak. This Kidurong area will become are Heavy Industrial Centre and the industry get involve such as oil and gas, SME industry and palm oil. Additionally with the systematic logistic facility such as International Bintulu Port that will generic the downstream industry in this area.

The property prices will rise steadily in Bintulu, especially for the housing and accommodation market. Large-scale projects such as Samalaju Industrial Park, a heavy industrial park under the Sarawak Corridor of Renewable Energy (SCORE) development plan, will have a positive impact on the property sector in this region. The anticipated increase in resident population as a result of increased migrant workers, expatriates, investors and businesses from SCORE, will make property market in Bintulu more vibrant and competitive in the coming years.

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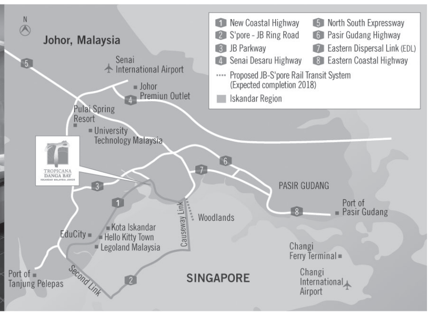

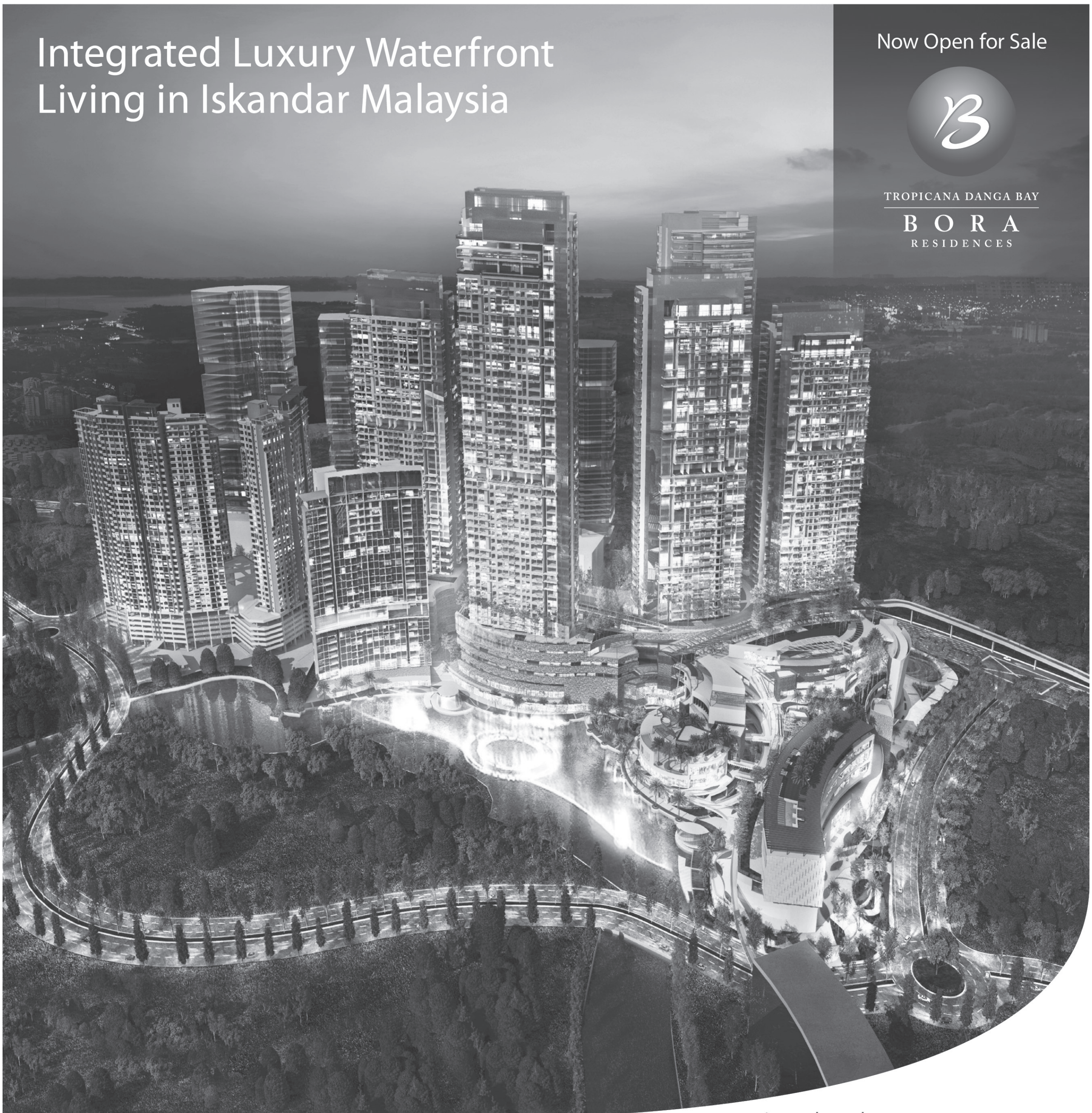

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Developer License No: 11712-2/10-2015/0748(L) · Validity Period: 23/10/2013 - 22/10/2015 · Advertising Permit No: 11712-2/10-2015/0748(P) · Validity Period: 23/10/2013 - 22/10/2015 · Land Tenure: Freehold · Approving Authority: Majlis Bandaraya Johor Bahru (MBJB) · Building Plan Reference No: MBJB/U/2013/14/BGN/104(10) · Expected Completion Date : October 2017 · Land Encumbrance: Maybank Investment Bank Berhad · Total Unit: Tower A - 396 unit · Built-up: Tower A 694 sf - 3,443 sf · Selling Price: Tower A - RM1,065,900 (Min), RM6,089,900 (Mak) · 15% Bumiputera Discount // All information contained herein (including specifications, plan measurements and illustrations) are subject to amendments, variations and modifications without notification as may be required by the relevant authorities or developer's consultants and is not intended to form and cannot form part of an offer and contract. Whilst every reasonable care has been taken in preparing this information, the developer cannot be held liable for any variation or inaccuracy.

Marketing Agent
WTWY Real Estate Sdn Bhd

A Joint Venture Development Between
TROPICANA CORPORATION BERHAD
ISKANDAR WATERFRONT

WTWY KUCHING OFFICE MOVES TO NEW PREMISE

9th September 2013 marked a historic moment for WTWY Kuching as it moved its corporate office to a new premise at Jalan Petanak from its previous location at Jalan Song Thian Cheok.

Established in 1975, WTWY is now one of the leading valuation and real estate firms in Sarawak, with offices also in Miri, Sibu and Bintulu.

WTWY's scope of services currently includes valuation and consultancy, real estate agency marketing and investment, feasibility and market studies, property and asset management, facilities management, auctions and tenders, project and construction management and development consultancy.

WTWY Directors performing the ribbon cutting ceremony to officiate the opening of WTWY's new Kuching Office (From left : Mdm Yip Phooi Leng (WTWY Kuching Office Director), Mr Henry Yeo Hap Soon, WTWY Founder Director), Mdm Kathleen Yong (WTWY Group Company Secretary) and Mr Robert Ting (WTWY Group Managing Director)

WTWY Kuching's new premise at Jalan Petanak

Lion Dance Troupe performing for the opening ceremony of WTWY Kuching new office

Mr Robert Ting, Managimg Director for WTWY Group, giving his opening speech to invited guests and clients

WTWY TRAINING 2ND HALF 2013

WTWY Alignment Workshop for Kuching & Sibu @ Damai Beach Resort, Santubong
(12th - 13th October 2013)

WTWY Team Building Workshop for Miri & Bintulu @ Borneo Tropical Rainforest Resort, Miri
(19th - 20th October 2013)

New Staff Appointment for 2nd Half 2013

Office	Staff Name	Commencement Date	Position
Kuching	Sim Kwang Meng	1/8/2013	Valuation Assistant
Kuching	Chang Ping Ping, Valerie	1/10/2013	Real Estate Negotiator
Miri	Mornira binti Morris	19/8/2013	Administrative Assistant

BUDGET 2014: IMPACT ON THE PROPERTY MARKET

The 3 major policies, detailed in the 2014 Budget and set to be put into effect between January 2014 and April 2015, which would affect the property market is as follows :

- Increase in the RPGT
- Banning of the DIBS
- Implementation of the GST

Doubling the RPGT

The RPGT rates increase is applicable to disposal of property taking place on or after 1 January 2014.

Buyers most likely to be affected are those who are looking to flip properties within the short term of 5 years. Increasing the rate of 15% for two years to 30% for three years effectively removes the convenience of buying and selling properties for a quick profit. Disposals after four years and five years will be increased to 20% and 15% respectively. This increase – one of two policies by the government to curb property speculation – has been received with mixed reactions.

Certain concerns expressed among industry players regarding this increase is the potential delay in the disposal of properties will take a toll on supplies in the market, which in turn will increase its costs. However, some felt that the reduction in speculative element which will slow down the market would not have a profound effect to the extent of 'heavily dampening the market'.

The GST

The Sales & Service Tax (SST) will be replaced by the 6% Goods & Services Tax w.e.f. 1/4/2015. The Royal Malaysian Customs Department's website states that the difference between the SST and GST are:

i) The SST is imposed only when goods are manufactured or imported, meaning that tax is only imposed at those levels.

ii) The GST is imposed on goods and services at every production and distribution stage in the supply chain, including importation of goods and services. This tax applies when services are provided to the consumer.

Eventhough the sale and rental of residential properties are exempted from GST, there is concern that prices of property may still be affected as the GST on building materials may cause increase in cost which would subsequently be loaded into the property price

The Banning of DIBS

This is one of the 2 measures taken by the government to curb speculation and inflated pricing.

The ban on the DIBS will no doubt affect property flippers and developers the most. Under the DIBS, payments are advanced by way of a bank loan, interest included.

This scheme adds an estimated 5% of the total property cost, which covers the cost of the interest paid. So although the DIBS makes the property initially affordable, the buyers are actually paying more for the property whereby the pricing would have taken into account this "advancement".

Other 2014 Budget policies affecting the Property Market :

Million-Dollar Foreigners

Foreign property buyers make up 5.5% of homeowners in Malaysia. The threshold for foreign purchasers, as tabled in the 2014 budget, will be increased from RM500, 000 to RM1 million.

It is felt that this increase will have a minimal effect as most purchases by foreigners go beyond the RM1 million mark.

Affordable Homes

Also tabled at the budget 2014 are plans to increase home ownership. The government will be allocating RM578 million to build 223,000 affordable homes with each unit priced between RM30,000 and RM35,000 in the peninsula, and RM40,500 in Sabah and Sarawak.

PR1MA will provide 80,000 housing units with an allocation of RM1 billion.

RM82 million has also been allocated to refurbish 20 abandoned projects involving 8, 197 houses.

Changes in Malaysia's RPGT (2007-2014)

Year	1st	2nd	3rd	4th	5th	6th yr onwards
Exemption Years :						
1/4/2007-31/12/2009	0	0	0	0	0	0
2010	5	5	5	5	5	0
2011	5	5	5	5	5	0
2012	10	10	5	5	5	0
2013	15	15	10	10	10	0
2014 (Corporate)	30	30	30	20	15	5
2014 (Individual)	30	30	30	20	15	0

Source : Compiled by WTWY Research (2013)

PROPERTY NEWS

Industry officials are of the opinion that the property market might need at least two years to digest and recover from the various cooling measures that came into effect this month, but expect it to surge again in 2016.

According to Malaysian Institute of Estate Agents, 2014 will be a tough year for sales, but the market may find its footing next year and catch the next upcycle in 2016.

The market which came to a standstill following a knee-jerk reaction in sales after Budget 2014 will probably stay in the doldrums for the first half of 2014 before picking up in the second half. Rampant speculation over the past few years which resulted in 20%-40% appreciation in the primary market had been put to a stop by the new curbs. The secondary market which had languished for years is expected to regain its lustre.

Some analysts observe that unlike previous years, many listed developers had held back on their 2014 sales targets until a clearer picture emerges from the effects of Budget 2014 and other tightening measures.

Property players have noticed a marked slowdown in sales since the various curbs were put in place, although it is unclear by how much.

A number of high-end launches were also shelved, as developers switch their focus to the affordable segment of the market, where demand is more resilient.

Buying interest is expected to return in the first half of this year, albeit gradually, when potential homeowners realise that prices are unlikely to fall, and that inflationary pressure from the impending goods and services tax, along with other subsidy cuts, lead to higher prices.

It is felt that as these macro prudential and policy measures are meant to curb speculation and not restrain genuine demand, the impact should correct itself over the longer run.

Affordability remains close to its highest ever with robust sales by developers providing an impetus for a re-rating of property stocks.

Adapted from The Star Online dated 13/1/2014

PROPERTY DEVELOPERS SAY INCREASING HOUSE PRICES ARE DUE TO HIGH COMPLIANCE AND CONSTRUCTION COSTS

Property developers say increasing house prices are due to high compliance and construction costs such as rising cost to government agencies, especially local authorities and utility companies. According to REHDA, the total development cost of a project can be reduced by around 20 per cent if the compliance cost is lowered.

The development cost which is about 70 per cent to 80 per cent of the project's total gross development value of a project is based on 5 factors, namely construction cost, land cost, compliance cost, interest for borrowings and developers' profits.

The biggest cost is construction, ranging between 50 per cent and70 per cent of the total project. Compliance cost takes up about 15 per cent to 25 per cent, he said. Compliance cost includes levies and contribution to authorities, and building infrastructure for utility companies within the project. Margins are also squeezed because of the Bumiputera cross subsidies on discounts and low-cost houses.

Source : Adapted from The Business Times, 3/9/2013

Some thoughts on Sarawak Property by property experts :

- The Sarawak property sector is expected to register steady growth in value this year with the residential sector as the mainstay of the industry
- House prices are at an all-time high and will continue to rise
- **Kuching and Bintulu will be the most vibrant property markets and will be Sarawak's star performers**
  - Expansions in the educational and medical fields in Kuching will be a draw for more demand for accommodation
  - Bintulu being a major beneficiary of SCORE is set to gain from its increased labour force and families with increased demand for accommodation
- Building costs will continue to rise due to rising cost in land, materials and labour. Improved quality finishes, infrastructure and amenities will also see prices moving up.
- Lower density requirement of 8 units per acre for developments in Sarawak
- Rental yields for Sarawak remain low
- Boom in retail malls construction
- Condominium living seeing a rise in Kuching due to modern needs for security and convenience

DEVELOPMENT NEWS

Vivacity Megamall by Coramax Sdn Bhd

Vivacity Megamall as well as its adjoining high-end condominium, Jazz Suites 4 launched in December 2012, is located along Jalan Wan Alwi, Tabuan Jaya and covers a total area of approximately 18 acres. Its development will be carried out in two phases.

Phase one of Vivacity consists of the Vivacity Megamall and will have a gross floor area of 1.2 million square feet and a net lettable area of 820,000 square feet, which can accommodate up to 350 retailers.

The Mall will adopt an environmentally friendly concept of water and energy savings method. Another special feature of the mall is the 400 metre long alfresco or lifestyle dining area facing Jalan Wan Alwi where all outlets are expected to operate until midnight.

The mall will have up to 4,000 car parks with each retail floor served by two levels of podium cark park and equipped with state of the art electronic directory.

Vivacity Megamall is expected to be completed by the third quarter of 2015.

Jazz Suites, which form the high-rise condominium portion of the development comprising 672 condominium units, will be built simultaneously with Vivacity Megamall. About 75 per cent of the Jazz Suites have been sold and Coramax last released 176 units of Jazz Suites 4. As responses have been positive, the company expects all units to be sold within the next six months.

The condominium comes with 24 hour conscierge service, round the clock security, Lifestyle Pavilion on Level 6 which will also have two swimming pools, male and female steam rooms and saunas, a gym, meeting room, a mini theatre, function rooms, a jazz bar, landscaped garden, and a jogging track.

The mall will also be complemented by a 240 room hotel will also be built shortly after the completion of the mall.

Phase two of the project will be the extension of Vivacity Megamall by another 600,000 square feet of gross floor area or 400,000 square feet of net lettable area together with a service residence with 240 apartments.

Currently, Vivacity Megamall has commitments from retailers for 70 per cent of its retail space.

Source : Adapted from The Borneo Post, 26/10/2013

Bintulu Town Square by IBRACo

Ibraco's 70%-owned subsidiary, Ibraco HGS Sdn Bhd, together with BDA Properties Sdn Bhd and Warisar Sdn Bhd, have joint-ventured to develop a residential cum commercial development project in Bintulu. The two-phase development has a gross development value (GDV) of some RM530mil.

The 1st phase, Town Square Bintulu, with a GDV of about RM200mil, would comprise 75 units of 3-storey shop offices, an 8-storey shop office building and a commercial plaza. The 3-storey shop offices with double frontage were launched in July 2013 and more than 50% of the 75 units priced from RM1.2mil each have been taken up by buyers by October 2013. Phase 1 is expected to be completed in less than 30 months with construction work for a proposed RM38.6mil centralised sewerage treatment plant to serve a population of 50,000 to be carried out simultaneously with the property development. The treatment plant site will be adjoining the mixed development site.

Phase II includes a 12-storey office suite, a 12-storey commercial-cum-service apartment and a 12-storey hotel and commercial area.

Bintulu JV project will be Ibraco's first major property development outside the state capital, where it has built and delivered more than 10,000 residential and commercial properties.

It is projected that the demand for commercial and residential properties in Bintulu is good, as a lot of big investments are pouring into the industrial town due to Sarawak Corridor for Renewable Energy initiatives which has pushed up property prices to levels never seen before because of high demand from outsiders.

Source : Adapted from the Star Online, October 10, 2013

Luxury Hotel in Miri by Unique Harvest Sdn Bhd

The Wharf will be Miri's landmark project as part of the Miri Waterfront Transformation Project, which will see the development of a 5-star luxury hotel and a modern 18-storey skyscraper condominium by 2015.

The five-star luxury hotel lends visionary elegance with simplistic comfort that invites travellers to partake in contemporary living spaces that feel warm and familiar in the heart of a modern city.

The 24-storey 5-star luxury hotel will be one of the tallest buildings in the city and nestled at the very mouth of the Miri River, it will offer astonishing panoramic view of the city and the South China Sea.

The hotel will house 328 modern and well-n equipped rooms, five restaurants and bars and targeted to provide the ideal venue for conventions and weddings with its 1,000-pax banquet seating Grand Ballroom. An exlusive spa will also be included as part of the hotel development

Source : Adapted from the Borneo Post, September 10, 2013

KUALA LUMPUR (Nov 27, 2013): According to MIER, Malaysia's GDP is expected to grow by 5% to 5.5% next year and 5.5% to 6% in 2015, driven by domestic demand and maintaining its 2013 GDP forecast of 4.8%, driven by the services sector which contributes about 60% to GDP.

It is expected that 2014 will improve slightly from 2013. It will still be driven by domestic demand as the main driver of growth but will shift from private consumption to private investment with the latter having achieved a faster rate of growth private consumption.

The government will continue to pursue projects under the Economic Transformation Programme rather than placing too much burden on private consumption and households, which are limited by rising household debts.

Adapted from The Sun Daily, 27/11/2013

PUBLIC COMPANY ANNOUNCEMENTS

IBRACO had on 17 September 2013, entered into Sale and Purchase Agreements ("SPAs") with Bankeast Sdn. Bhd. ("Bankeast") and Earth Delight Sdn Bhd ("Earth Delight"), for the disposal of approximately 33.33 acres and 10.86 acres of mixed zone land located in Kuching for sale consideration of RM25,040,000 and RM11,866,000 to be fully satisfied via cash.

Source : Bursa Malaysia Company Announcement Ref. No. CS-130917-21794 dated 17/9/2013

Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB), a wholly-owned subsidiary of KPJ Healthcare Berhad, had on 6 November 2013 entered into a conditional Share Sale Agreement ("SSA") with Usaha Cendera Sdn Bhd for the acquisition of 2 ordinary shares of RM1.00 each in BDCSHSB ("Sale Shares") which is equivalent to 100% of the equity of BDCSHSB for a total cash consideration of RM16,516,144.00.

BDCSHSB is the registered owner of all that parcel of leasehold land described as Lot 18807 Block 11 Muara Tebas Land District located at Stampin, Kuching, Sarawak measuring approximately 1.918 hectares ("Land"). Henry Butcher in their valuation report dated 11 December 2012 ("Valuation Report") has valued the Land based on the market value of RM16,590,000.00.

Upon the completion of the Proposed Acquisition, BDCSHSB will be a wholly-owned subsidiary of KPJSB.

Source : Bursa Malaysia Company Announcement Ref. No. JC-131104-282D3 dated 6/11/2013

Sarawak Oil Palms Berhad Berhad, had on 22 November 2013, entered into a Sale and Purchase Agreement with SOP Properties Sdn. Bhd. for the disposal of part of Lot 120 Block 13 Bukit Kisi Land District situated at 27th/28th Mile, Miri Bintulu Road measuring approximately 30.655 hectares for a total consideration sum of RM8,300,850 and an additional sum subject to the final approved application.

Source : Bursa Malaysia Company Announcement Ref. No. SO-131122-59571 dated 22/11/2013

Cahya Mata Sarawak Berhad (CMSB), through Samalaju Industries Sdn Bhd (SISB) (a wholly owned subsidiary of CMSB), had on 31 December 2013 entered into a Sale and Purchase Agreement with Malaysian Phosphate Additives (MPA) for the disposal of 350 acres of land, within Lot 117, Block 1, Kemena Land District for a total cash consideration of RM25,000,000.

Source : Bursa Malaysia Company Announcement Ref. No. CM-131231-37472 dated 31/12/2013

Senadin Gateway in Miri: A thriving commercial hub by Green Summit Development Sdn Bhd

Senadin Gateway, developed by Green Summit Development Sdn Bhd, is a two-phase project that is made up of 104 units of three and four storey shophouses and one unit of shopping mall with a Gross Development Value (GDV) exceeding RM100 million. Built on one of the few remaining lands yet to be developed in Senadin, and based on the development concept of "neighbourhood community", the integrated shophouses and shopping mall development hopes to cater to residents within 5km radius of the project.

In line with the concept mooted for Senadin Gateway, the design of the shopping mall will be a "Neighborhood Mall". Built next to the shophouses, the mall will be fully owned and operated by the developer to gain better control of complex planning and tenant mix. Full range of public facilities such as travelators, escalators, lifts, banking halls, bus stops, police post and handicaps' parking will be available for the public's convenience.

The second floor of the mall which will be the main attraction of the mall will feature entertainment outlets consisting of a full range cinema that is targeted to service 1,000 people at a time, a game centre, a children playground, an archery arena and many other amusement outlets.

The mall will have over 600 carparks at the basement and ground floor level of the mall to complement more than 500 carparks already available at the shophouses area.

The anchor tenant committed for this mall has been confirmed to be Nam Leong Retail Group.

BACKGROUND ON SENADIN

Twenty years ago, Senadin was a rural part of the northen region of Miri where most of its lands were yet to be developed and the population represented less than one percent of Miri's overall population.

After two decades, the northen region of Miri now consists of over 30,000 households with a population above 100,000, contributing more than 30 percent of Miri City's overall population.

The population and development in the northern region including Senadin will continue to grow in the future. The strong demands, needs and wants in this fast growing region led to the birth of Senadin Gateway project.

For further enquiries, kindly contact : WTWY Real Estate Sdn. Bhd. Tel : 082-236111 / 013-8778822 (Alex)

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