

# SARAWAK PROPERTY BULLETIN

*“Work Together With You”*

PPK 344/6/2006

## 2006 MID-YEAR PROPERTY MARKET REVIEW



During the first half of 2006, property sales are reported to have slowed down significantly, notwithstanding that some are packaged with price discounts and goodies. House buying demand has been dampened by higher cost of living and end-financing for the prospective buyers.

Generally, there have been fewer new project launches, with many developers trying to clear off those units that are still under construction or have been completed.

Against the prospect of further increases in Bank Negara Malaysia’s (BNM) Overnight Policy Rate (OPR), commercial banks’ Base Lending Rate (BLR) and higher inflation rate, the situation is unlikely to improve for the rest of 2006. The property market in Sarawak will remain a buyer’s market. However, location and brand name will have a competitive edge.

### Residential sector

Overall, there are no major new housing launches for the major towns in Sarawak. New launches are few and consist of small-scaled housing schemes. This reflects an underlying cautious sentiment which is expected to continue into the 2<sup>nd</sup> half of the year.

The slower take up rates are most obvious for higher-end semi-detached units and vacant detached lots. However, notwithstanding the general slow down in housing sales, prices continue to stabilize for properties in well established locations.

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## 2006 MID-YEAR PROPERTY MARKET REVIEW

Housing units in those projects surveyed by us are shown in Table 1 below.

**Table 1 New housing units 2006**

Region	Type	Units completed	Units Under Construction	Units Launched	Units construction Started
Kuching	SS terraced	1083 (983)	597 (1416)	821 (1185)	264 (1072)
	DS terraced	725 (1534)	1284 (1731)	562 (1481)	278 (1520)
	SS semi-dee	140 (273)	214 (252)	68 (238)	102 (234)
	DS semi-dee	178 (803)	441 (515)	160 (412)	104 (384)
	DS quadruplex	0 (0)	504 (504)	0 (0)	0 (0)
Samarahan	SS terraced	835 (1449)	937 (1653)	152 (817)	119 (787)
	DS terraced	290 (270)	657 (822)	208 (395)	125 (348)
	SS semi-dee	133 (206)	98 (213)	24 (137)	18 (133)
	DS semi-dee	18 (32)	74 (80)	52 (72)	12 (82)
Sibu	SS terraced	73 (184)	374 (291)	321 (585)	75 (244)
	DS terraced	444 (600)	1630 (1544)	378 (1040)	220 (781)
	SS semi-dee	0 (0)	4 (4)	0 (8)	0 (4)
	DS semi-dee	65 (208)	509 (465)	94 (262)	34 (214)
Bintulu	SS terraced	0(193)	64 (48)	16 (0)	16 (0)
	DS terraced	7(719)	193 (155)	57 (152)	45 (97)
	SS semi-dee	0 (0)	0 (0)	0 (0)	0 (0)
	DS semi-dee	60 (99)	131 (191)	18 (70)	0 (12)
Miri	SS terraced	434 (978)	282 (632)	336 (216)	84 (208)
	DS terraced	38 (158)	296 (216)	130 (321)	118 (202)
	SS semi-dee	20 (41)	140 (124)	44 (156)	36 (124)
	DS semi-dee	40 (75)	221 (207)	62 (281)	54 (205)

\* Figures in ( ) denote figure for whole year of 2005 or as at 31-12-2005

The selling prices for the 2006 launches are shown in Table 2 below.

**Table 2 Selling prices of houses launched in 2006 (RM)**

Type	Kuching	Samarahan	Sibu	Bintulu	Miri
SS terraced – int.	85,000 - 218,000	115,000 - 170,000	From 130,000	85,000	80,000 - 138,000
SS terraced – corner	129,000 - 278,000	125,000 - 222,000	From 158,000	93,800 - 119,800	112,000 - 175,000
DS terraced – int.	195,000 - 298,000	208,000 - 235,000	210,000 - 265,000	198,000 - 230,000	183,000 - 208,000
DS terraced – corner	275,000 - 350,000	253,000 - 331,000	265,000 - 350,000	240,000 - 350,000	208,000 - 488,000
SS semi-dee	186,800 - 278,000	225,000 - 238,000	From 245,000	228,000	318,000 - 388,000
DS semi-dee	320,000 - 780,000	380,000	330,000 - 450,000	328,800 - 520,000	398,000 - 418,000
Detached plot	200 - 620 psm	200 - 250 psm	N/A	150 - 380 psm	N/A

Note : N/A - Not applicable

### Commercial/Retail sector

The retail sector in the State is also experiencing quieter times with reduced consumer spending. Change of anchor tenants and the resiting of several departmental stores and boutiques are noted at the local retail scene and are reflective of competitive and challenging times for this sector.



Panovel Commercial Centre, Kuching

However, the absence of new retail complexes in recent years in Sarawak seem to be countered in 2006 with works having started on five (5) retail projects, two of which are part of a mixed commercial and office complex. Works have begun on the construction of two (2) new shopping complexes in Kuching, namely the 3-storey retail podium of the Novotel in the heart of the city and The Spring, a 2-storey sprawling retail complex in the suburban residential area of Kenyalang/Jalan Tun Jugah whilst construction is still underway for the Parkcity Mall in Bintulu which was launched in July 2005. Construction has also started on two (2) shopping complexes in Sibu, namely, the Delta Shopping Complex at Jalan Pusat Pedada and Sing Kwong Supermarket at Jalan Salim.

As in previous years, shophouse development continues to dominate the commercial and retail scene. 3 to 4 storey shophouses are common in the town and suburban areas whilst 2-storey shophouses are mostly found in the outskirts, mostly as part of the housing schemes. Active shophouse construction activities can be observed along Jalan Tun Jugah and Jalan Song in Kuching which command high selling prices of more than RM1 million per unit. This area is set to become the next commercial hub in Kuching.



Desa Pujut, Miri

## 2006 MID-YEAR PROPERTY MARKET REVIEW



Delta Complex, Sibul

**Table 3 Shop-offices/Shop-houses 2006**

Region	Type	Units completed	Units Under Construction	Units Launched	Units Construction Started
Kuching	2-storey shop	2 (67)	10 (12)	35 (25)	0 (25)
	3-storey shop	81 (137)	396 (351)	50 (487)	126 (304)
	4-storey shop	44 (145)	123 (167)	0 (126)	0 (154)
Sibu	2-storey shop	13	54	8	4
	3-storey shop	61 (49)	59 (46)	17 (86)	17 (20)
	4-storey shop	49 (28)	69 (84)	7 (14)	7 (14)
Bintulu	3-storey shop	79 (8)	159 (238)	19 (90)	0 (60)
	4-storey shop	0 (0)	0 (0)	6 (0)	0 (0)
Miri	2-storey shop	38 (0)	73 (111)	0 (111)	0 (111)
	3-storey shop	72 (0)	105 (167)	21 (167)	10 (167)

\* Figures in ( ) denote figure for whole year of 2005 or as at 31-12-2005

Selling prices of shop-offices/shop-houses launched in 2006 in the various towns are shown in Table 4 below.

**Table 4 Selling prices of shop-offices/shop-houses 2006 (RM)**

Region	2-storey int	2-storey corner	3-storey int	3-storey corner	4-storey int	4-storey corner
Kuching	440,000 - 470,000	490,000 - 570,000	680,000 - 1,000,000	780,000 - 1,300,000	N/A	N/A
Sibu	N/A	N/A	500,000 - 600,000	700,000	700,000 - 850,000	900,000 - 1,000,000
Bintulu	N/A	N/A	648,888 - 758,000	938,888 - 1,038,888	938,000	1,380,000
Miri	328,000 - 440,000	444,888 - 520,000	From 510,000	From 730,000	N/A	N/A

Note : N/A - Not applicable

### Industrial sector

The industrial property market for Sarawak continues to be slow and controlled. Except for 4 private industrial units at Jalan Alan in Sibul, there were no other new industrial projects launched in the different towns.

**Table 5 Semi-detached industrial units 2006**

Type	Units completed	Units Under Construction	Units Launched
Kuching	128 (130)	20 (148)	0 (116)
Sibu	34 (150)	52 (68)	0 (64)
Bintulu	0 (24)	0 (0)	0 (0)
Miri	0 (8)	20 (20)	0 (103)

\* Figures in ( ) denote figure for whole year of 2005 or as at 31-12-2005

**Table 6 Selling prices of semi-detached industrial units**

Region	Land size (sm)	Built-up area (sm)	Selling prices (RM)
Kuching	534 - 873.1	173 - 347.2	401,800 - 779,800
Sibu	From 690	223	From 430,000
Bintulu	542.7 - 869.5	147 - 294	369,800 - 599,800
Miri	400 - 600	150 - 360	200,000 - 350,000

Interest shown/responses from industrialists and businessmen to the ready-built factories developed by the Ministry of Industrial Development at their designated industrial zone in Demak Laut, Kuching have been encouraging in terms of both sales and rentals with more than 45% semi-detached units applied for purchase and more than 80% terraced units tenanted out.

### Hospitality sector

The Sarawak tourism sector which had experienced increased tourist arrivals for 2005 suffered a setback in the 1st quarter of 2006 with the turnaround of MAS and the emergence of the Hand Foot & Mouth epidemic which saw a lot of bookings being cancelled, both from local and international groups. The recovery in the aftermath of the epidemic was further hampered by the transition process from the national carrier, MAS to FAX (contractor for Air Asia) for the domestic flight sector.



Novotel Under Construction in Kuching

The supply of hotels has remained more or less stagnant. However, hotel room rates have increased between 5% to 10% in recent months.

The 228-room Rimbunan Hijau's Everly Hotel in Sibul, which will be managed by M/s Value Hospitality, is scheduled to be opened in August, 2006. Construction is also currently underway for the Novotel, a 388-room hotel, in Kuching's Golden Triangle.

### Market outlook for the rest of 2006

The 2006 Sarawak property market demand is unlikely to be buoyant and generally expected to slow down further amid negative market sentiments in the face of expectation of further increase in fuel costs, inflation, loan rates and smaller growth in the State economy.

## LEASEHOLD VERSUS FREEHOLD INTEREST

This article studies the impact on the value of a given property based on the term of title (leasehold or freehold), all other things being equal. For the given property, factors and changes in such factors (eg: location, access, surrounding, environment etc.) other than the term of title affecting the value of the given property are assumed to be constant, irrespective of the term of title.

It is common knowledge that a 60-year leasehold interest will decrease in value over time as the remaining term becomes shorter. The percentage decrease in value depends upon the expected yield rate (discount rate) for the type of property.

Comparing with a freehold interest, the decreases in value (absolute and percentage) for various values at the discount rates of 4% p.a. and 8% p.a. are shown in Table 1 and Table 2 respectively and illustrated in the Figure below.

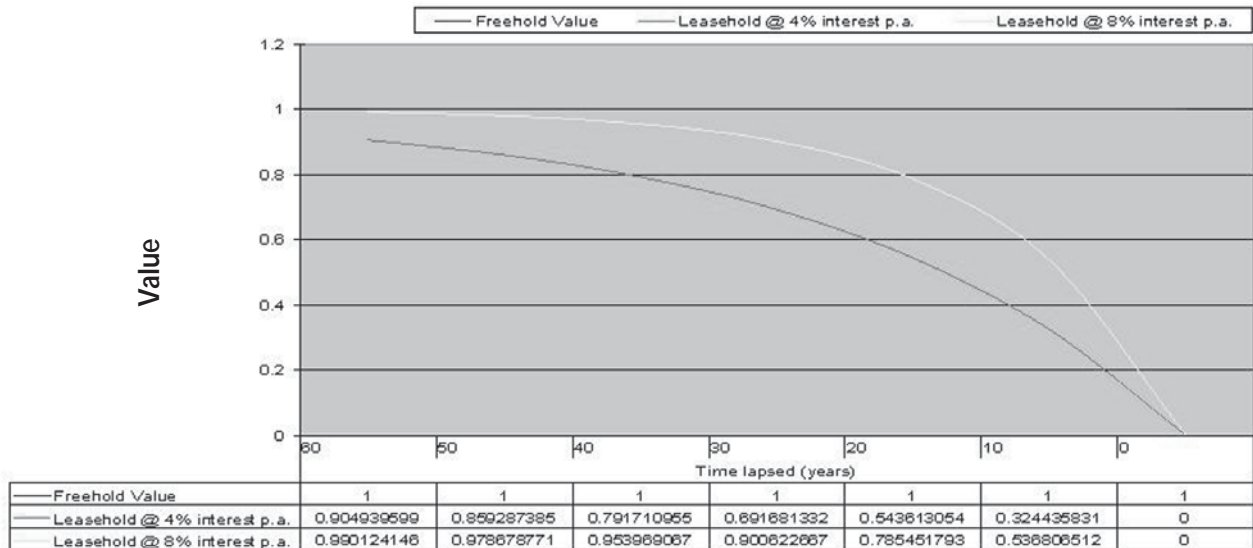
**Table 1 Decrease in value of Leasehold versus Freehold interest @ 4% p.a.**

FREEHOLD VALUE	BALANCE TERM OF LEASEHOLD (YEARS)											
	60	%	30	%	15	%	10	%	5	%	0	%
80000	-7,605	-9.51	-24,665	-30.83	-44,421	-55.53	-54,045	67.56	-65,754	-82.19	-80,000	-100
100000	-9,506	-9.51	-30,832	-30.83	-55,526	-55.53	-67,556	-67.56	-82,193	-82.19	-100,000	-100
150000	-14,259	-9.51	-46,248	-30.83	-83,290	-55.53	-101,335	-67.56	-123,289	-82.19	-150,000	-100
200000	-19,012	-9.51	-61,664	-30.83	-111,053	-55.53	-135,113	-67.56	-164,385	-82.19	-200,000	-100
250000	-23,765	-9.51	-77,080	-30.83	-138,816	-55.53	-168,891	-67.56	-205,482	-82.19	-250,000	-100
300000	-28,518	-9.51	-92,496	-30.83	-166,579	-55.53	-202,669	-67.56	-246,578	-82.19	-300,000	-100
350000	-33,271	-9.51	-107,912	-30.83	-194,343	-55.53	-236,447	-67.56	-287,674	-82.19	-350,000	-100
400000	-38,024	-9.51	-123,327	-30.83	-222,106	-55.53	-270,226	-67.56	-328,771	-82.19	-400,000	-100
450000	-42,777	-9.51	-138,743	-30.83	-249,869	-55.53	-304,004	-67.56	-369,867	-82.19	-450,000	-100
500000	-47,530	-9.51	-154,159	-30.83	-277,632	-55.53	-337,782	-67.56	-410,964	-82.19	-500,000	-100
600000	-57,036	-9.51	-184,991	-30.83	-333,159	-55.53	-405,339	-67.56	-493,156	-82.19	-600,000	-100
700000	-66,542	-9.51	-215,823	-30.83	-388,685	-55.53	-472,895	-67.56	-575,349	-82.19	-700,000	-100
800000	-76,048	-9.51	-246,655	-30.83	-444,212	-55.53	-540,451	-67.56	-657,542	-82.19	-800,000	-100
900000	-85,554	-9.51	-277,487	-30.83	-499,738	-55.53	-608,008	-67.56	-739,734	-82.19	-900,000	-100
1000000	-95,060	-9.51	-308,319	-30.83	-555,265	-55.53	-675,564	-67.56	-821,927	-82.19	-1,000,000	-100

**Table 2 Decrease in Value of Leasehold versus Freehold interest @ 8% p.a.**

FREEHOLD VALUE	BALANCE TERM OF LEASEHOLD (YEARS)											
	60	%	30	%	15	%	10	%	5	%	0	%
80000	-790	-0.99	-7,950	-9.94	-25,219	-31.52	-37,055	-46.32	-54,447	-68.06	-80,000	-100
100000	-988	-0.99	-9,938	-9.94	-31,524	-31.52	-46,319	-46.32	-68,058	-68.06	-100,000	-100
150000	-1,481	-0.99	-14,907	-9.94	-47,286	-31.52	-69,479	-46.32	-102,087	-68.06	-150,000	-100
200000	-1,975	-0.99	-19,875	-9.94	-63,048	-31.52	-92,639	-46.32	-136,117	-68.06	-200,000	-100
250000	-2,469	-0.99	-24,844	-9.94	-78,810	-31.52	-115,798	-46.32	-170,146	-68.06	-250,000	-100
300000	-2,963	-0.99	-29,813	-9.94	-94,573	-31.52	-138,958	-46.32	-204,175	-68.06	-300,000	-100
350000	-3,457	-0.99	-34,782	-9.94	-110,335	-31.52	-162,118	-46.32	-238,204	-68.06	-350,000	-100
400000	-3,950	-0.99	-39,751	-9.94	-126,097	-31.52	-185,277	-46.32	-272,233	-68.06	-400,000	-100
450000	-4,444	-0.99	-44,720	-9.94	-141,859	-31.52	-208,437	-46.32	-306,262	-68.06	-450,000	-100
500000	-4,938	-0.99	-49,689	-9.94	-157,621	-31.52	-231,597	-46.32	-340,292	-68.06	-500,000	-100
600000	-5,926	-0.99	-59,626	-9.94	-189,145	-31.52	-277,916	-46.32	-408,350	-68.06	-600,000	-100
700000	-6,913	-0.99	-69,564	-9.94	-220,669	-31.52	-324,235	-46.32	-476,408	-68.06	-700,000	-100
800000	-7,901	-0.99	-79,502	-9.94	-252,193	-31.52	-370,555	-46.32	-544,467	-68.06	-800,000	-100
900000	-8,888	-0.99	-89,440	-9.94	-283,718	-31.52	-416,874	-46.32	-612,525	-68.06	-900,000	-100
1000000	-9,876	-0.99	-99,377	-9.94	-315,242	-31.52	-463,193	-46.32	-680,583	-68.06	-1,000,000	-100

**Comparative Values of leasehold against freehold interest**



### US Federal Reserves raise Interest Rate to 5.25 percent

The US Federal Reserves hoisted interest rates by 0.25 percentage point to 5.25 percent, the highest point in more than 5 years on 29/6/2006, in their battle against inflation. This marked the 17<sup>th</sup> increase of that size since the Fed began to tighten credit in June 2004. And further interest rates hikes are possible to fend off inflation which have been elevated especially in recent months.

Source : Adapted from AP Economics, 29/6/2006



2006 Mid Year Economic Review

The 1<sup>st</sup> half year of 2006 was impacted by some major decisions in policy making which would have a telling impact on the Malaysian economy. In the 1<sup>st</sup> quarter of 2006, a few incidents happened to jolt the economy:

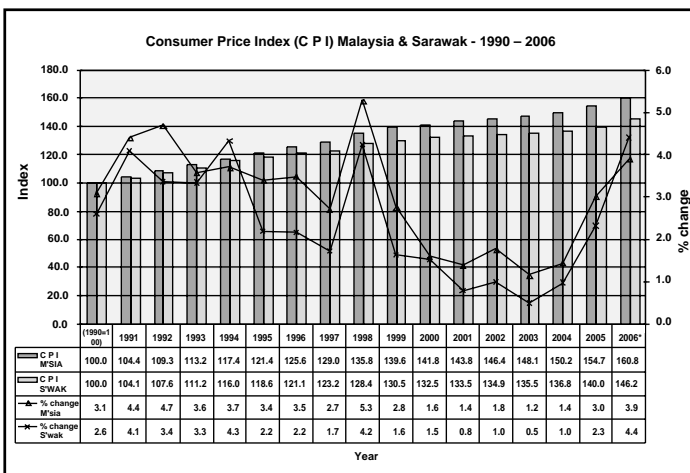
1. The 30-sen fuel hike in petrol and diesel at the end of February;
2. The 3<sup>rd</sup> increase in the Overnight Policy Rate (OPR) by 25 basis points to 3.5% which resulted in the BLR being increased to 6.75% effective 28/4/2006;
3. The implementation of the 9<sup>th</sup> Malaysia Plan which emphasizes on rural development and eradication of poverty rather than on mega development projects which would affect development economics.

The two (2) measures taken above pushed up CPI which resulted in higher year on year inflation rate of 4% for Malaysia and an even higher inflation rate of 4.5% for Sarawak;

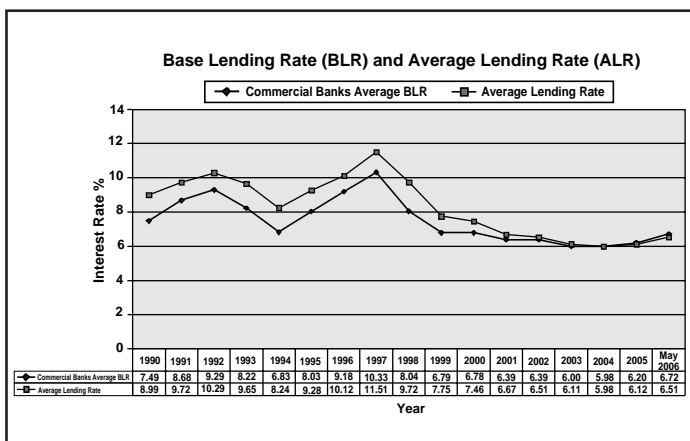
Crude oil prices are expected to remain volatile and the likelihood of it hitting USD100 per barrel is not impossible, according to a projection by an investment bank research house. This would augur well for the local bourse as well as exports which would ease Balance of Trade. The global hike in oil prices is due to demand outstripping supply with increasing costs and decreasing production especially from OPEC countries. World oil demand has risen 158% with total Asian oil demand rising a staggering 620% over the last 40 years.

A further upward rise of the OPR (which is an intervening rate) by 25 to 75 basis points appears imminent in the near term.

The main catalyst expected to boost the market sentiment would be the gradual strengthening of the Ringgit against the US currency which has shown an appreciation of about 4% (after the de-pegging last year) to about RM3.63 per USD. However, except for the rising Ringgit, there does not seem to be any major positive catalyst to spur market sentiments.



\* Up to May 2006



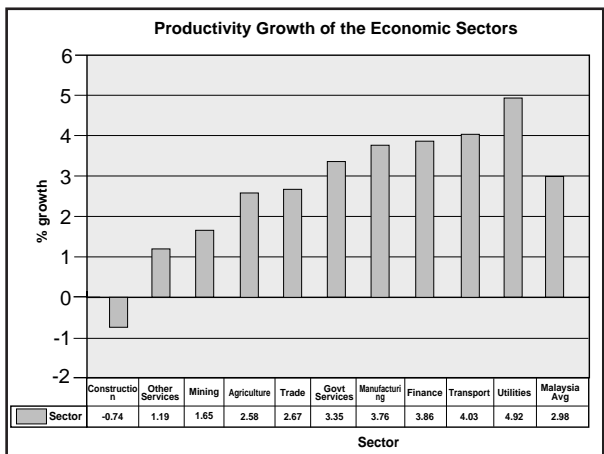
2005 Productivity Growth

For 2005, Malaysia's economy registered a productivity growth of 3% last year, with high capital utilization in the domestic and export-oriented industries. This has surpassed the forecast of 2.8% growth. According to the Productivity Report 2005, the productivity level increased to RM26,255 per employee to RM25,495 per employee in the previous year. All economic sectors, except the construction sector, registered productivity growth ranging from 1.7% to 4.9%.

For 2006, the economy's expected to achieve a higher productivity growth of more than 3.3%, to be led by the private sector, while the public sector will continue to facilitate productivity enhancement.

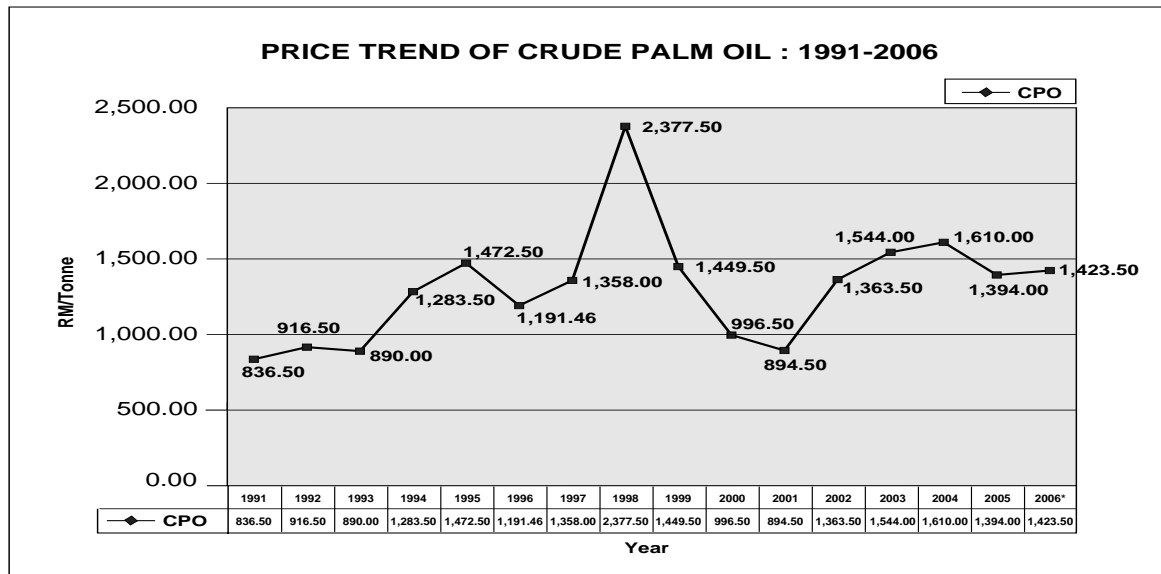
At 3%, Malaysia's productivity growth compared favourably with selected Asian countries and the Organisation for Economic Cooperation and Development nations.

Source : NPC Productivity Report 2005



Computed from : - Economic Report, MOF, Malaysia  
 - BNM, Malaysia  
 - EPU, Malaysia

Source : NPC Productivity Report 2005



\* Up to May 2006  
Source : Compiled from MPOB, 2006

## Kirana Palm Oil Refinery

Kirana Palm Oil Refinery, a wholly owned subsidiary of BLD Plantation Bhd will build a palm oil refinery and dry fractioning plant at the Kidurong Industrial Estate in Bintulu with a plant capacity of 1,200 metric tonnes each per day. The project is estimated to cost about RM100 million and expected to be operational by the 3<sup>rd</sup> quarter of 2007. The products of the refinery would include Refined Bleached and Deodorised Palm Oil, Palm Olein, Palm Stearins and Palm Fatty Acids Distillate mainly for the export market.

Adapted from The Borneo Post, 25/5/2006

## Oil Palm Assessment Rate

Local councils are expected to rake in RM1.9 million in levy this year from the 190 oil palm plantations in the State. The amount of levy to be collected was estimated from 372,258 hectares of planted oil palm trees above 3 years of maturity. The annual payment order was gazetted by the State Government on January 24, 2006. These were to pay for the services such as scavenging, road maintenance and other facilities. The levy is reportedly imposed on authorities or companies that develop the oil palm plantation but not on land owners whose smaller plots are involved in joint-venture schemes.

Source : The Borneo Post, 1/4/2006

## PROPERTY MARKET REPORT 2005 by Valuation and Property Services Department, Ministry of Finance Malaysia

(A brief summary by WTWY, Research 2006)

The property market performance in Sarawak was less active in 2005 as can be seen from the drop in volume and value of total transactions for the 1<sup>st</sup> 3 quarters of the year by 15% and 17% respectively.

	2004	2005
Volume of Transactions	19,193	16,305
Value of Transactions	RM2.12 billion	RM1.81 billion

Source : Valuation & Property Services Department, MOF

Most of the Divisions experienced decreases in transactions except for Sibiu. Bintulu recorded the highest reduction (34.3%), followed by Divisions of Kuching (23%), Miri (8.9%), Samarahan (10.9%) and Sarikei (15.9%). The take up rate for new launches were also reduced from 50% to 46.3% on average.

However, the All House Price Index (AHPI) for Sarawak went up by 6.9% from 111.3 points in 2004 to 111.9 points in 2005. Correspondingly, an "average" house in Sarawak increased from about RM185,000 to RM198,000 for the same period.

Property overhang remains small and controlled in Sarawak. Although more buildings were completed and approved for construction in 2005, starts have been slow.

# New Projects Launched

## Kuching

**The Spring**, a low rise sprawling shopping centre sited on 12 acres of land along Jalan Simpang Tiga was launched on April 13, 2006. The Spring is touted to be the state's largest mall with a gross built-up area of 700,000 sf. It would offer higher class shopping lifestyle and is expected to be completed by end 2007. Developed by PSB Realty Development Sdn Bhd, a wholly owned subsidiary of Perbena Emas Sdn Bhd, it will house 150 stores and fashion outlets, 1,320 parking spaces, an 8-screen Cineplex and alfresco dining outlets.

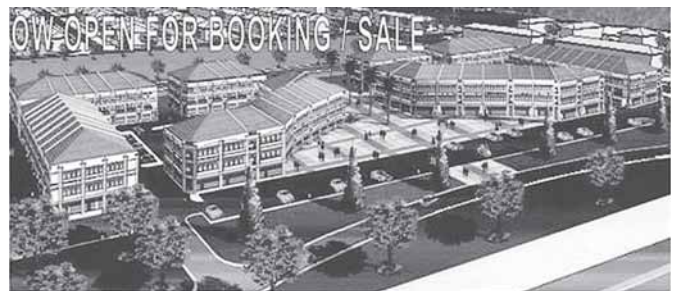


**Campus Edge**, developed and launched in May 2006 by Borneo Majestic Sdn Bhd, is sited at the intersection of the Kuching-Kota Samarahan Expressway, Jalan Datuk Mohd Musa and Jalan Muara Tuang. There are 4 single-storey semi-detached units with built up area of 1216 sq ft priced from RM239,000 onwards, 36 double-storey terrace houses with built-up area of 1625 sq ft from RM226,000 onwards and 26 low-cost plus single storey terrace units with built up of 678 sq ft priced from RM137,000.

The 'Primrose' is a single storey terrace housing type offered at The Riviera. Encompassing 854 sf, it has 3 bedrooms, 2 bathrooms, a living plus an adjoining dining room, 1 kitchen and a yard. The 'Primrose' is selling at an affordable price of RM159,888.

**Escoville** is another project sited at the up and coming Stutong area. Situated along the main road, the project comprises 59 double storey terraced units priced from RM288,000 and 12 double storey semi-detached units.

The 18<sup>th</sup> Mile Bandar Baru New Township is a mixed development comprising 1,012 units of single and double storey terraced, double-storey semi-detached houses and shophouses to be built in 5 phases, sited along the Kuching-Serian main road, after the Siburan Bazaar. Launched in the 2<sup>nd</sup> quarter of 2006, it offers 58 units of 3 storey shophouses priced from RM650,000 and 342 units of single storey low cost terraced houses priced from RM85,000 in its Phase 1 and 180 units of single storey low cost plus units priced between RM129,000 and RM169,000 for its Phase 2 and 3. The township would also include a football field and petrol station.



## Miri

### SERENE VILLA



<b>Developer</b>	Jiajaya Sendirian Berhad
<b>No Of Unit</b>	8 (DH2SD); 1 (DH2D)
<b>Price (RM)</b>	From RM438,000.00 (DH2SD)
<b>Land Area</b>	8.4 – 10.4 points (DH2SD); 14.5 points (DH2D)
<b>Wall Up Area</b>	2,056 – 2,207 sf (DH2SD); 3,000 sf (DH2D)
<b>Location</b>	Miri-Bintulu Road

*Sibu*

**Upper Lanang Phase 2 (Lrg Upper Lanang 32)**



Developer Yemas Development Sendirian Berhad  
 No of Units DH2T – 46  
 DH2SD – 18  
 Price (RM) DH2T – RM239,000.00 to RM 353,000.00  
 DH2SD – From RM385,000.00  
 Land Area DH2IT – 251.3 sq. m to ±592.8 sq. m  
 DH2SD – approx 469.43 sq. m  
 Wall Up Area DH2T – 165.48 sq. m to approx 179.66 sq. m  
 DH2SD – 231.88 sq. m

**Harmony Garden, Jalan Teku**



Developer SL Harmony Development Sendirian Berhad  
 No of Units DH2T – 39  
 DH2SD - 8  
 Price (RM) DH2T – RM250,000.00 to RM390,000.00  
 DH2SD – From RM400,000.00  
 Land Area DH2T-187.5 sq. m to 335.1 sq. m  
 DH2SD – From 354.1 sq. m  
 Wall Up Area DH2T – 167.5 sq. m  
 DH2SD – 180.6 sq. m

**READY BUILT FACTORIES AT DEMAK LAUT INDUSTRIAL PARK PHASE 3**

Launched in January, 2006, the ready built factories developed by the Ministry of Industrial Development Sarawak (MIDS) at Demak Laut Industrial Park Phase 3 have received numerous enquiries and good response from the business and industrial entities. This positive response has been very encouraging for the Ministry as it is the 1<sup>st</sup> of such ready-built projects. With prices ranging from RM450,000 per unit for the semi-detached factories and rentals from as low as RM1,500 per month for the terraced industrial units (with special discounts to be enjoyed by Bumiputeras), the factories are highly affordable and a good investment. The factories are offered at “value for money” prices in line with the government’s effort to increase SMI and SMEs participation among locals, and to promote this area as the designated industrial hub of Sarawak’s capital.

C.H. Williams, Talhar, Wong & Yeo Sdn Bhd is both the marketing agent and property manager for this project, being appointed as MIDS’ exclusive property consultant for the ready-built factories.



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Letters of award have been given out to 2 separate contractors for the proposed RM430 million Sibu-Tanjung Manis Road (that will link Sibu with Tanjung Manis port situated at the estuary of Rajang River) which will be constructed in 2 packages. Package 1 which involves a 24.5 km distance from Sibu to Sungai Loba Satubah (including the construction of Batang Lebaan Bridge) will be undertaken by Trans Resource Corporation Berhad for a contract sum of RM222 million. The bridge, once completed, will be the longest spanning bridge in Malaysia. Package 2 will cover 18 km from Sg Loba Satubah to Jalan Seredeng which includes the construction of Batang Seredeng Bridge spanning 755 metres, and will be undertaken by Inai Kiara Sdn Bhd for a contract sum of RM154 million. The project site is scheduled for handover in May 2006 and expected to be completed in 42 months.

Source : The Borneo Post, 1/4/2006

A Sale & Purchase Agreement was entered into between Ta Ann Holdings and Standard Parade Sdn. Bhd. for the disposal of a parcel of land held under Lot 5543, Block 16, KCLD containing an area of 3.6074 hectares, for a cash consideration of RM19,703,000.

KLSE Announcement Ref. No. : CC-060412-61267 dated 12/4/2006

Global Upline Sdn Bhd, the turnkey contractor for the RM620 million airport redevelopment project, has received a letter of intent from the Public Works Department to undertake the flyover project that will ease traffic to and from the airport. The proposed RM100 million project involves the upgrading of the Stutong roundabout and Jalan Airport as well as the construction of a link road between Jalan Stutong and the airport.

Source : The Star, 17/4/2006

Hock Seng Lee Berhad has received letters of intent for 2 road contracts worth RM150 million. The 1<sup>st</sup> contract involves building a road in Samarahan Division to link Technology Park to Kg Tanjong Bako and involves the building of 3 bridges as well as other minor crossings. The 2<sup>nd</sup> contract is a riverine loop road linking Bandar Samariang to Santubong Bridge and involves building seven bridges and minor crossings.

Source : The Borneo Post, 27/4/2006 and KLSE Announcement Ref. No. HS-060220-51952 dated 20/2/2006

SARAWAK OIL PALMS BERHAD has on 29/5/2006 signed a contract with Pekerjaan Piasau Konkerit Sdn Bhd (PPK) for the supply, fabrication, delivery, construction, completion, testing, maintenance and guarantee of civil and structural and ancilliary building works for the new Lambir Palm Oil Mill for RM9,086,726.

Source : KLSE Announcement Ref.: SO-060526-84B01 dated 29/5/2006

Naim Cendera Sdn. Bhd., a subsidiary of Naim Cendera Holdings Berhad (Naim), was recently awarded the Design and Build Contract by Syarikat Perumahan Negara Berhad (SPNB) for the construction and completion of affordable and medium cost homes at Kota Samarahan and Petra Jaya in Kuching and Miri for a contract sum of RM707 million (inclusive of land). Construction works will commence upon approval of development plans by the relevant authorities.

KLSE Announcement Ref. : NC-600502-56928 dated 2/5/2006

## SARBEX 2006



The Sarawak Building Exhibition (SARBEX) 2006 was held at Level 5 of the Permata Carpark Building in Kuching from May 25 to 28, 2006. There were 95 exhibitors from Sarawak, Sabah and Semenanjung Malaysia taking part in the event, among which were developers, building material suppliers, banks and automobile companies. The property developers collectively put up about RM100 million worth of properties from their projects with residential properties accounting for the bulk of it.

More than 16,000 visitors visited SARBEX 2006 and keen interest was shown in properties costing not more than RM250,000.



## BATU KAWA

Batu Kawa, an area in South West Kuching situated about 5 km from the City Centre, is among the fastest developing areas in Kuching, the rest being Jalan Kuching-Serian, Matang, Batu Kawa and Samarahan.

Batu Kawa is currently under the administration of the local council, Majlis Perbandaran Padawan.

Batu Kawa has, in the last decade or so, emerged as a major housing development area, second probably only to the popular residential area of Tabuan Jaya and BDC. Many housing developments have cropped up over the years and many more are currently underway as can be seen by the growing statistics of housing developments in the area. Within the last quarter of 2005, more than 600 housing units have been approved for development within the Batu Kawa area alone.

Infrastructural development such as the completion of the Datuk Chong Kiun Kong Bridge, the new link road (Jalan Matang-Batu Kawa), the 3rd Mile Interchange which includes a flyover and an underpass; and the recent upgrading of Jalan Batu Kawa into a 2-lane dual carriageway, have boosted Batu Kawa's network with other developing areas in Kuching. Further plans to improve infrastructure in Batu Kawa include the following :

1. Upgrading the Jalan Batu Kawa-Matang link road with internal roads, and also the main road leading from Batu Kawa to Tondong;
2. Extending utilities supply (water and electricity) to more areas in Batu Kawa;
3. Further improvement to basic infrastructure like roads etc.

To-date, the State Planning Authority has approved more than 5,000 housing units for residential projects in Batu Kawa. This rapid development is mainly due to :

- (i) Good quality lands from Batu Kawa to Matang and Sematan which are high and solid;
- (ii) Lack of development lands in MBKS and DBKU area;
- (iii) Good basic infrastructure and road networks especially with the implementation of the 3rd Mile flyover & Batu Kawa dual carriageway.

Annual additions of housing units have been increasing steadily over the past decade in Batu Kawa, from 300 plus to 500 over units per annum, with the largest numbers recorded in the last 2 years. Increased housing development activities are especially seen in the inner stretch of Jalan Batu Kawa (around Desa Moyan), after the Datuk Chong Kiun Kong Bridge. Batu Kawa area has produced, on average, 360 private housing units per year.

### Housing Units completed in the Batu Kawa area (1998-2005)

Type of Property	1998	1999	2000	2001	2002	2003	2004	2005	June 2006	Grand Total
DH1LC	0	0	0	0	0	0	0	0	0	0
DH1T	92	72	0	12	0	38	67	83	48	412
DH1.5T	0	0	220	0	0	0	0	0	0	220
DH2T	80	87	25	110	98	180	227	243	242	1292
DH1SD	0	24	10	12	14	8	28	36	42	174
DH1.5SD	0	0	10	0	0	0	0	0	0	10
DH2SD	50	52	45	30	218	110	259	120	36	920
DH1D	0	2	0	0	2	0	0	0	0	4
DH2D	2	1	0	3	2	1	1	0	0	10
DHVDL	0	0	0	0	0	3	0	1	2	6
<b>Grand Total</b>	<b>224</b>	<b>238</b>	<b>310</b>	<b>167</b>	<b>334</b>	<b>340</b>	<b>582</b>	<b>483</b>	<b>370</b>	<b>3048</b>



Datuk Chong Kiun Kong Bridge

### Majlis Perbandaran Padawan (MPP) is Council with the highest number of approved development units in Sarawak

There were a total of 10,448 approved property units for development in 2005 for MPP alone compared to just 3,700 in 2004.

#### Approved units in MPP

Type	No. of Units approved
<b>Residential</b>	
Apartment	328
Detached house	19
Semi-detached house	370
Terraced house	9420
<b>Commercial</b>	
Office	2
Shophouse	256
<b>Industrial</b>	
Factory	21
Industrial Shop	1
<b>Others</b>	
Education	1
Government	1
Religious	1
Others	28
<b>Total</b>	<b>10448</b>

MPP has also received 463 new applications of which 291 have been approved and 170 pending approval.

A population of about 305,000 comes under MPP's jurisdiction, covering most parts of Serian, 7th Mile, Matang, Batu Kawa and 10th Mile.

*Adapted from United Daily News dated 30/12/2005*

The on-going housing developments in Batu Kawa are :

Taman/Project	Address 1	DH1LC	DH1T	DH1SD	DH2T	DH2SD	DHVDL	Total
Lot 43 B226 KNLD	Jalan Kong Phin				19	16		35
Grace Villa	JlnFieldForce		13	20				33
Highfields	Jln Batu Kawa			6	32	12		50
Ngui Realty Development SB	Jln Maong Utama				4	4		8
Semaba Park	Jln Semaba, Lrg 7					25		25
Springvale Terrace	Jalan Stephen Yong				30			30
Taman Desa Bumiko (Delima)	Jln Batu Kawa				62	8		70
Taman San Chin	Jln Tondong Batu Kawa	41						41
Taman Vista	Lrg 2 Jln Stephen Yong				10	4		14
Ann Shiang Villa	Lorong Arang 13						2	2
Cambridge Villa	Jln Stapok Utama				4	28		32
Carina Estate	Jln Sungai Maong Utama						4	4
Innspire Heights	Jln Datuk Stephen Yong						1	1
NA	Jln Batu Bawa						1	1
Natural Park	Jalan Batu Kawa					4		4
Rasaja-next to Tmn Janting	Off Jalan Stapok						2	2
Semaba Park	Jln Semaba, Lrg 7				55			55
Taman Vista	Lrg 2 Jln Stephen Yong						2	2
Taman Desa Moyan (new)	Jln Batu Kawa-Matang		50	10			2	62
Moyan Jaya	Jln Batu Kawa-Matang		51	14			1	66
Taman Genesis	Jln Batu Kawa-Matang		94			48		142
<b>Grand Total</b>		<b>41</b>	<b>208</b>	<b>50</b>	<b>216</b>	<b>149</b>	<b>15</b>	<b>679</b>

The residential properties in Batu Kawa area have shown a price increase of about 5% to 10% per annum through the years.

The range of prices for the various types of residential properties launched in the Batu Kawa area is as follows :

Type	2001	2002	2003	2004	2005	2006
DH1T	-	159,000 - 245,000	168,000 - 198,000	198,800 - 245,000	159,900 - 288,000	-
DH1.5T	-	-	-	-	-	-
DH2T	190,000 - 265,000	200,000 - 252,000	240,000 - 280,000	235,000 - 285,000	189,000 - 279,000	248,000 - 358,000
DH1SD	175,000 - 250,000	192,000 - 268,000	-	238,000 onwards	158,000 - 279,000	-
DH2SD	268,000 - 375,000	268,000 - 375,000	298,000 - 400,000	200,000 - 399,000	310,000 - 450,000	338,000

Apart from housing, Batu Kawa also has vibrant commercial activities in the various commercial centres scattered along Jalan Batu Kawa.

Batu Kawah New Township developed by Mudajaya Corporation is the largest project in Batu Kawa, offering over 4,000 units of strata titled shophouse-apartment units housed in 4-storey shophouses. This attributed to the higher number of shophouses completed in 2000, 2001 and 2004.

#### Commercial Units completed (1997-2005)

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
SH2T	30	-	-	-	-	-	8	-	-	38
SH3T	-	-	4	-	17	-	28	-	-	49
SH4T	-	-	-	103	272	-	-	108	-	483
<b>Total</b>	<b>30</b>	<b>0</b>	<b>4</b>	<b>103</b>	<b>289</b>	<b>0</b>	<b>36</b>	<b>108</b>	<b>-</b>	<b>570</b>

The Batu Kawa Commercial Centre located immediately after the Chong Khiun Kong Bridge is the latest on-going commercial project.

#### Commercial projects under construction

Taman/Project	Location	SH2T	SH3T
Batu Kawa Commercial Centre	Batu Kawa/Tondong	-	38
Taman Genesis	Batu Kawa/Matang	12	-

The prices of commercial units launched in the Batu Kawa area in the previous years are :

Type	1995	1997	1999	2001	2004	2005
SH2T	240,000 - 450,000	-	-	400,000 - 720,000	-	460,000 - 620,000
SH3T	-	-	648,000 - 1,208,000	380,000 - 480,000	530,000 - 643,000	728,000 - 1,688,000
SH4T	-	282,000 - 498,000	-	299,000 - 500,000	-	-

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Aerial view of Batu Kawa area before Datuk Chong Kiun Kong bridge

Batu Kawah New Township developed by MJC City Development Sdn Bhd, a subsidiary of Mudajaya Corporation, is the biggest development in Batu Kawa. The project which started in 1997 is planned to occupy 265 acres and will feature 8,000 property units with a total gross development value of RM1 billion and is expected to be completed by 2015. Amongst its projects launched are strata titled shophouse-apartment units, a gated semi-detached housing project, 4-storey walk-up apartments and a high-rise condominium. Future projects include shopping complexes, educational and health institutions. According to research house reports, the properties in this new township had provided capital appreciation of between 7% and 8% per annum.



Busy Batu Kawa road fronting Batu Kawah New Township

The rapid development in terms of building and infrastructure in Batu Kawa would continue to spur Batu Kawa on as a thriving suburb and further increase its potential and status amongst residents and investors alike.

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