

The Malaysian property industry has not been spared by uncertainties created by domestic and global events in 2008. The prime concern is how it is going to affect the real estate market and how we are going to fare in 2009 under an unprecedented changing financial landscape.

The survey has identified that the most important factors to impact the industry in 2009 is the lacklustre stock market performance and political uncertainty as well as the two primary market indicators (price movement and the volume of transactions).

These are the results of a nationwide survey conducted in October/November 2008 requesting the opinion of CEOs involved in the real estate industry in Malaysia comprising 40% respondents from the central Klang Valley region, 14% from northern states, 18% from the south, 7% from the east coast and 21% from East Malaysia.

SECONDARY SURVEY CONDUCTED TO GAUGE IMPACT OF YEAR END 2008 EVENTS

Due to unprecedented global financial credit crunch that occurred during collection of data for this survey, WTW conducted a supplementary survey in December 2008 to ascertain if the year end global events had affected the views and expectations of the respondents of the survey. Their views are also posted in this bulletin.

What will impact the industry in 2009?

Lacklustre stock market performance	13	11	76
Political Uncertainty	9	18	73
Unemployment Rate	13	19	65
Inflation	18	24	58
Cost of Funds	30	25	45
Current Rate of Economic Growth	25	35	38
FIC Guidelines	28	51	17
Growth of REITs	31	48	17
Funds of Economic Corridors	39	42	12
Exemption of RPGT	62	31	4,3
50% stamp duty discount	53	43	3,1

Positive Impact
 Minimal impact
 No Impact
 Adverse Impact

Amongst the Government initiatives, the exemption of RPGT, and the 50% stamp duty discount (on selected properties) will, in the opinion of over half of the respondents, have a positive impact on the property industry.

Respondents have also identified particular factors that are expected to adversely impact the market in 2009. These include the lacklustre stock market performance, political uncertainty, unemployment rate, inflation and cost of funds.

The two primary real estate market indicators, price movement and transaction volume, are affected by several distinct factors.

What is to impact price movement in 2009?

Lacklustre stock market performance	4	72	24
Growth of REITs	36	29	35
Political Uncertainty	6	60	34
Inflation Rate	50	34	16
Exemption of RPGT	38	9	53
Funds for Economic Corridors	31	14	55
50% discount on stamp duty reduction	31	6	63

What is to impact transaction volume in 2009?

Lacklustre stock market performance	5	92	3
Growth of REITs	42	30	28
Political Uncertainty	4	80	16
Inflation Rate	13	69	18
Exemption of RPGT	68	7	25
Funds for Economic Corridors	44	12	44
50% discount on stamp duty reduction	69	1	30

Increase
 Decrease
 None

The lacklustre stock market performance is expected to have major impact on the total volume of transactions. Over 90% of respondents are of the view that transaction volumes will decrease in 2009 due to the stock market conditions. 80% of respondents attribute a decreased volume of transaction to the political uncertainty. However, the Government injected initiatives are, on the other hand, expected to boost the number of transactions. These are the 50% stamp duty reduction (on select properties) and exemption of RPGT.

An increase in price movement is expected primarily due to inflation rate. A significant number of survey respondents are of the opinion that the Government initiatives will have no impact on price movement in 2009.

FUTURE MARKET DIRECTION : Purchasers Choice for 2009

Respondents suggest Malaysian and Foreign investors into the country have significantly varying interests in the property market. The TOP THREE sub-sectors identified include Residential (landed and non-landed) and the Commercial (shopoffice).

	Malaysian	Foreign
Residential - landed	1	3
Commercial - shopoffice	2	1
Residential - non-landed	3	2
Commercial - office	4	5
Commercial - retail	5	7
Industrial - premises	6	6
Commercial - hotel	7	4

*Degree of Interest : 1 indicates the most preferred, 7 indicates the least preferred

50% STAMP DUTY REDUCTION

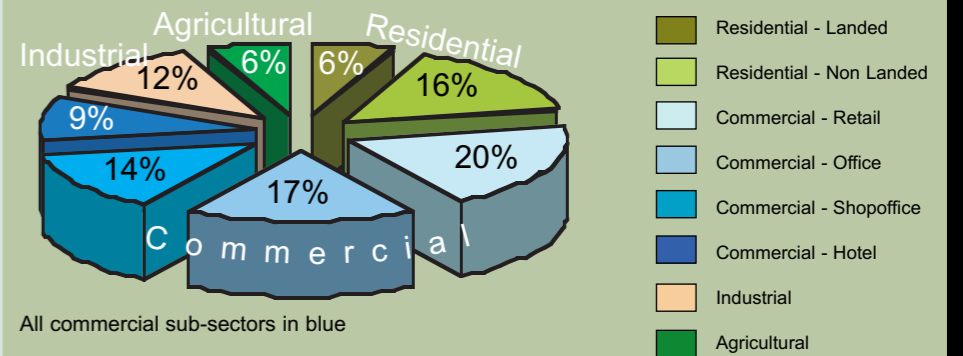
Which sub-sector to benefit most from selected conditions?

Stock market performance	34	13	13	7	20	5	8
Growth of REITs	8	14	21	28	8	10	11
Political Uncertainty	30	12	10	13	12	10	13
Inflation Rate	28	18	16	9	15	5	9
Exemption of RPGT	30	19	10	12	17	5	7
Funds for Economic Corridors	20	7	9	20	12	9	23
50% discount on stamp duty reduction	41	33	7	9	3	7	

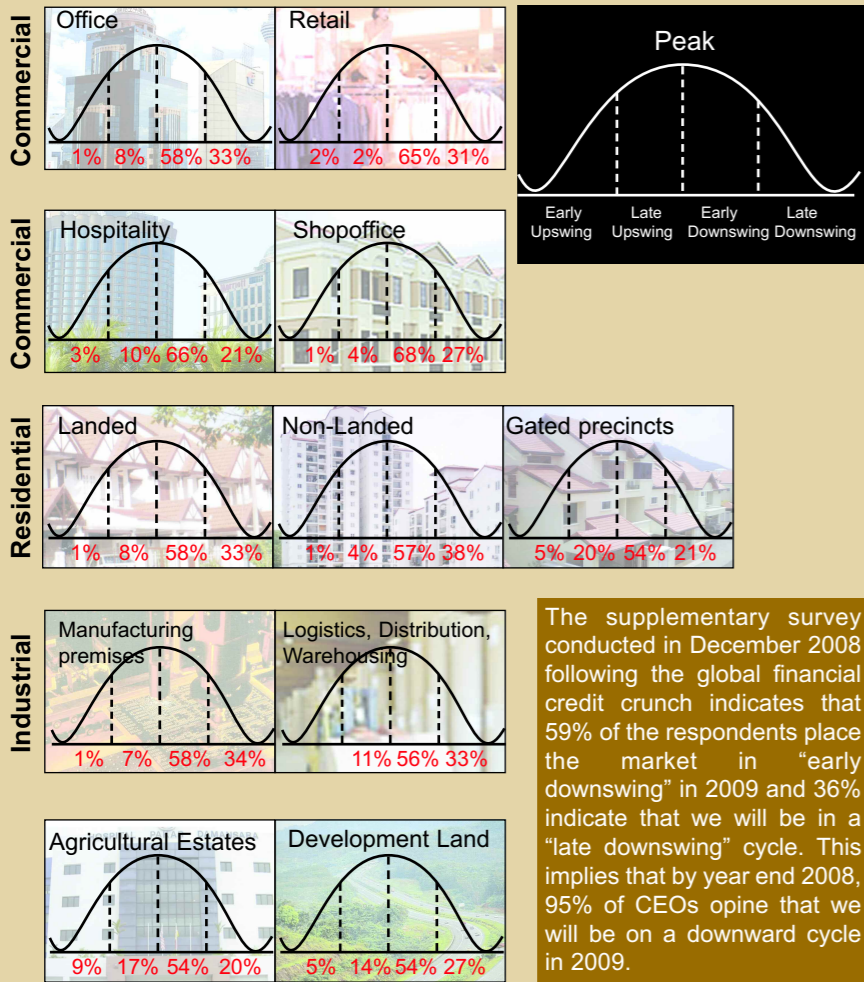
Residential - Landed
 Residential - Non Landed
 Commercial - Retail
 Commercial - Office
 Commercial - Shopoffice
 Commercial - Hotel
 Industrial

The residential sub-sector will clearly benefit most from the 50% stamp duty reduction (selected properties) and the exemption of RPGT. The commercial sub-sector (in particular the office sector) is expected to benefit from the growth of REITs in Malaysia in 2009 whilst the industrial sub-sector will benefit from the incoming funds for the economic corridors.

VOLATILITY



With expected decrease in consumer spending the commercial subsector has been identified as the most volatile and sensitive in 2009.



The supplementary survey conducted in December 2008 following the global financial credit crunch indicates that 59% of the respondents place the market in "early downswing" in 2009 and 36% indicate that we will be in a "late downswing" cycle. This implies that by year end 2008, 95% of CEOs opine that we will be on a downward cycle in 2009.

2009

SECONDARY SURVEY CONDUCTED TO GAUGE IMPACT OF YEAR END 2008 EVENTS

Of the survey respondents who participated in the secondary survey conducted after the announcement of the domestic political leadership transition and the global credit crunch, respondents are divided in their views that these changes have altered their expectations of the property market in 2009. However, the CEOs are now more determined (95% of respondents) that the market will be on a downward cycle

SPECIAL UPDATE

C H Williams & Co was established in Kuala Lumpur in 1960.

Today the firm operates as C H Williams Talhar & Wong, a leading property consultancy, with 25 offices located nationwide with the proven ability in both core and remote geographics of the country.

Property consultancy services provided include Valuation & Advisory Services, Agency & Transactional Services, and Management Services.

DISCLAIMER
This bulletin features the results of an annual nationwide survey conducted by C H Williams Talhar & Wong (WTW). The information herein cannot form part of an offer or contract. Every reasonable care has been taken in collating and providing this information. WTW cannot be held responsible for any misleading statements.

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WTWCEO Opinion Survey
PROPERTY SECTOR 2009

The WTW annual Chief Executive Officers (CEO) property sector Survey was initiated in 1990 to ascertain the opinions and views of businesses and professions related to the property market

