

2000 PROPERTY MARKET REPORT

Sarawak

WTW

KUCHING

OVERVIEW

During the first half of 1999, the property market in Kuching can best be described as sluggish. But towards the second half, it experienced a slight up-trend primarily in the residential sector due mainly to the easing of interest rates and recovery of the stock market. Generally, properties located within prime areas experienced minimal price drop whilst prices in secondary areas experienced a more significant drop.

OFFICES



[Tun Jugah Centre](#)

The most recent addition of office space is the Tun Jugah Centre which opened in September 1999. The present supply of office space within Kuching City stands at 267,491 square meters. An additional 22,460 square metres will be coming on-stream upon completion of the Hock Lee Centre, Gateway Kuching and Wisma Chinese Chambers. The take-up rate for office space has however been slow and it is expected that the vacancy rates for this sector will remain substantially high over the next year or so.

Offices located on the upper floors of traditional shophouses are still the preferred choice as rental rates are cheaper when compared to purpose built offices. Since the economic crisis, rental rates for purpose built offices have decreased by approximately 15% to 20%. The present rental rates for such office space are hovering around RM21.50 to RM26.90 per square metre.

RETAIL

The retail sector has also experienced a substantial decrease in rental rates especially in Secondary Shopping Complexes. Generally, the ground and first floor retail space has maintained good occupancy rates with minimal rental reductions whilst the upper floors have seen more relocation by existing tenants to newer complexes. The completion of Tun Jugah Centre and Hock Lee Centre added a total of 9,375 square metres of retail space to the market. These two centres may further increase the vacancy rates in secondary complexes in the near future.

Retail activities for shophouses remain high in popular areas such as Tabuan Jaya, Central Park and Jalan Satok/Kulas. However, it is anticipated that with the completion of new shophouses along Jalan Satok/Kulas, Central Park and Jalan Datuk Tawi Sli, these vacant shophouses will be met with slow occupation rate. Rentals in this sector have experienced a substantial decrease and would continue to do so over the next year or so.

A sizeable commercial development project was launched in the third quarter of the year. Known as City 2000 and situated near the new Kuching second bridge at Tanah Putih, it will provide about one million square feet of commercial space and 250 condominiums when completed. Phase one comprising two blocks of four storey and six storey commercial buildings is scheduled for completion at the end of next year.

RESIDENTIAL

Prices of residential properties remain unchanged since the economic downturn. Those located within prime housing estates have been better received when compared to those in secondary locations. The recent launch of Phase 5 Tabuan Heights has been well received by the market even though selling prices remained on the high side. With the easing of home loan interest rates, buyers' confidence has increased with existing housing stock seeing higher take-up rates. Prices and rental rates of residential properties are as follows:-

Type	Location	Selling Prices	Monthly Rentals (unfurnished)
Double storey detached	Prime	RM380,000	RM1,500 - RM2,500
	Secondary	RM280,000 - RM350,000	RM1,200 - RM1,450
Single storey detached	Prime	RM280,000 - RM320,000	RM1,200 - RM1,800
	Secondary	RM230,000 - RM270,000	RM800 - RM1,500
Double storey semi-detached	Prime	RM275,000 - RM270,000	RM850 - RM1,500
	Secondary	RM245,000 - RM270,000	RM500 - RM850
Single storey semi-detached	Prime	RM160,000 - RM185,000	RM500 - RM700
	Secondary	RM130,000 - RM155,000	RM400 - RM550
Double storey terraced	Prime	RM175,000 - RM235,000	RM800 - RM1,100
	Secondary	RM150,000 - RM180,000	RM700 - RM800
Single storey terraced	Prime	RM90,000 - RM135,000	RM350 - RM450
	Secondary	RM62,000 - RM95,000	RM270 - RM350

Demand remained weak for the condominium and apartment sub-sectors. Selling prices have decreased by as much as 30%. Other incentives were provided to boost sales such as rental return guarantees and furnishing packages. Prime residential addresses such as Riverbank Suites, Parkview Tower and Breezewood however continue to maintain their capital value. The take up rate of those further away from the city is expected to remain slow with investors playing a wait and see game.



[Tabuan Court](#)

The year also saw the launch of Desa Ilmu, Samarahan. When completed it will comprise over 5,000 units of single storey terraced, single storey semi-detached and single storey detached houses.

As for the low cost sector, the current trend is the building of low cost 4 storey walk-up apartments and apartments on top of shophouses. The main players are the State Housing and Development Commission, Advanced Synergy Bhd. and MJC City Development Sdn. Bhd. These apartments are mainly located along Jalan Batu Kawa and Matang, where land is comparatively cheap.

INDUSTRIAL

Despite the general economic slowdown, the industrial subsector remains stable as this is a controlled sector with the Government being the main source of industrial land, although some private developers are now starting to develop semi-detached factories especially in the outlying areas of Kuching.

With the recent enactment of the Land Use (Control of Prescribed Trading Activities) Act, 1997, which prohibits the use of land and premises for trades or businesses which are obnoxious in nature or which can be a source of nuisance, discomfort or annoyance to the public, it is anticipated that there will be more demand for industrial properties as such activities, which are currently based in shophouses or residential areas will have to be relocated to proper industrial areas.

Currently the main industrial estates, namely Kota Samarahan Industrial Estate, Sama Jaya Free Industrial Zone and Demak Laut Industrial Park have a combined area of 991 hectares, of which 414 hectares have so far been developed. With the completion of the second causeway spanning the Sarawak River at Bintawa in North Kuching as well as the bridge and the Sarawak River Regulation System, more industrial lands would be made available.

Also completed during the year is Senari Port which is to the North of Kuching. With Demak Jaya Industrial Park and Bintawa to the South of the Port, lands along the Kuching/Muara Tebas Road will gradually give way to industrial use.

The current selling price of filled land at Kota Samarahan Industrial Estate and Sama Jaya Free Industrial Zone are approximately RM75.00 and RM120.00 per square meter respectively, whilst filled industrial land at Demak Laut Industrial Park is RM125.00 per square metre.

HOSPITALITY & LEISURE

Hotel occupancy rates which were as low as 20% last year have started to rise with some hotels reporting 60% occupancy in 1999. This is due to the aggressive marketing and promotions made by the Sarawak Tourism Board.

Presently a proposed 17-storey hotel, still under construction, located within the city center is expected to be completed by the year 2000. This appears to be the only new hotel project coming on stream for the immediate future. When completed, it will add another 179 rooms to the hospitality sector.

AGRICULTURAL

Even though there is no apparent drop in the prices of vacant agricultural properties located at the fringe of the city, there is however a significant decrease in the number of transactions. Generally, land values in the Matang and Sungei Tengah areas are in the range of RM 140,000 to RM 300,000 per hectare. Notwithstanding that there is still a demand for housing land, a slight drop in selling prices is expected to continue into the millennium.

2000 MARKET OUTLOOK

Notwithstanding the continuation of currency controls and general dampening of demand across all subsectors, property prices will not experience a drastic adjustment downwards. The fact that property in general is well insulated against severe economic downturn by virtue of the provisions of the Sarawak Land Code (Cap.81), will see the recent price decrease stabilising out in the year 2000. The effects of any eventual economic growth thereafter will not filter into all property subsectors immediately, and previous high levels can only be achieved given a sustained economic growth spanning over a period of four to five years. We are optimistic that a slow recovery rate would be seen during the next year of so starting with the residential sector.

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BINTULU

OVERVIEW



[LPG, MLNG Jetties, Bintulu Port Area](#)

The property market in Bintulu has been experiencing an overall increase in transactions as a result of the Bank Negara Malaysia's requirement of loan growth of banking industries by 8%.

The overall property market remained slow throughout the first half of 1999 and experienced an increase in transactions during the 2nd half of the year.

RETAIL/OFFICES

The demand for prime office and retail space had improved compared with prices and rentals in 1998. The newly completed 4-storey redevelopment shophouse scheme within the town centre received good response in terms of rentals ranging from RM5,500 to RM7,000 per unit per month.

The new integrated Bintulu Township developed by Sarawak Land (Kemena Park) Sdn Bhd has been completed. It comprises 192 units of 3-storey shophouses and is located just towards the Northern Corridor of the existing Bintulu Town Centre. Supermarkets such as "Cash & Carry", "20 cents Discount" and tuition schools are in these commercial space.

RESIDENTIAL

Prices for residential properties remained stable compared to 1998 but rentals had increased during the 2nd half of the year.

Selling prices as and rentals of the various types of residential properties are as follows:-

Type	Selling Price (per unit)	Monthly rental (unfurnished)
Single-storey terraced	RM79,000 - RM145,000	RM400 - RM550
Double-storey terraced	RM120,000 - RM180,000	RM500 - RM650
Double-storey semi-detached	RM180,000 - RM280,000	RM600 - RM1,000
Double-storey detached	RM300,000 - RM480,000	RM1,000 - RM1,500

INDUSTRIAL

The demand for Kemena Industrial Estate (KIE), developed by Bintulu Development Authority (BDA) had remained slow due to the slowdown of timber activities and downstream development. KIE Phase II's industrial lands were sold at between RM54.12 to RM75.35 per square metre.

BDA is also developing industrial lands in Kidurong for petro-chemical related industries to assist in the development of small and medium industries (SMIs). Industrial lands at the Kidurong Industrial Area (KINDA's) were opened for sale at RM54.40 to RM77.42 per square metre by BDA.

HOSPITALITY AND LEISURE

No new hotel had been built in Bintulu this year. The occupancy rates were reported to range between 40% and 80%.

The current supply of hotels/inns in Bintulu is as follows:-

Class	Hotel/Inns	No. of Rooms
Class 1	Hotels	479
Class 2	Budget Class Hotel/Inns	706
Class 3	Low Class Inns/Lodging Houses	63
Total		1248

2000 MARKET OUTLOOK

With the commencement of several infrastructural projects (such as the expansion of Bintulu Port New LNG 3 Jetty) Petro-Chemical projects (such as the construction of MLNG 3 Plant, Rejuvenating of the MLNG 1 project and the ABF Plant etc, the property market is expected to move at a fast rate in terms of demand and activities in the year 2000 as migrants move into Bintulu to work on these projects.



MIRI

OVERVIEW

Property market in 1999 has been stable with no indication of increase or decline in prices. Transactions remain sluggish except for low-cost and medium-cost houses. However, a few development schemes that were approved during the past few years had started on a moderate scale and pace.

RETAIL/OFFICE

Demand for shopping space in Miri has been limited to the central business district and the take-up rate for shopping space in out-of-town centres has been rather slow. In fact, many commercial units in these centres have remained vacant for the last three years.

In addition, there seems to be no demand for the purpose-built office space although located within the town centre. Despite of the low demand, a new five-storey "Boulevard Shopping Centre", located at the edge of Miri Town was completed this year but is expected to open for business only at the beginning of the year 2000. This centre will accommodate one hypermarket, one department store and several arcade shops with total shopping space of about 25,000 square metres.

The current selling prices and monthly rentals for conventional shophouses are shown in as follows:

Type	Location	Selling Price/Unit	Rental/month
2 storey	Out-of-Town	RM200,000 - RM300,000	RM1,000 - RM2,000

3 storey	Out-of-Town	RM400,000 - RM650,000	RM2,000 - RM3,500
4 storey	Prime	RM7,500,000 - RM1,200,000	RM3,500 - RM6,000

RESIDENTIAL

There is no major residential scheme undertaken in 1999 except for the low and medium cost housing development at Lutong and Tudan. Housing development has been moderate and slow with prices remaining stable due to low demand. Rental market for houses has also dropped by up to 30% especially for detached houses.

In general, the lowering of bank lending rate during of the year does not have significant effect on residential property sales.

The selling prices and rental values of residential properties are as follows:-

Type	Location	Selling Price/Unit	Monthly Rental per unit (Vacant/Unfurnish)
Single storey terraced	Prime	RM90,000 - RM120,000	RM300 - RM450
	Secondary	RM70,000 - RM90,000	RM250 - RM400
Double storey terraced	Prime	RM130,000 - RM160,000	RM500 - RM700
	Secondary	RM100,000 - RM140,000	RM400 - RM600
Single storey semi-detached	Prime	RM140,000 - RM170,000	RM500 - RM700
	Secondary	RM110,000 - RM140,000	RM400 - RM600
Double storey detached	Prime	RM180,000 - RM250,000	RM700 - RM900
	Secondary	RM140,000 - RM180,000	RM500 - RM650
Single storey detached	Prime	RM180,000 - RM240,000	RM700 - RM900
	Secondary	RM160,000 - RM200,000	RM600 - RM800
Double storey detached	Prime	RM280,000 - RM380,000	RM900 - RM1500
	Secondary	RM180,000 - RM280,000	RM700 - RM1000

INDUSTRIAL

Piasau and Piasau Utara industrial areas are still the most popular locations for light industries like showroom, warehouse and small scale manufacturing and repairing.

The prices and rental values in these locations remain stable for the last two or three years. The opening up of industrial lands at the designated Kuala Baram Industrial estate, about 32 km from Miri Town since 1991 has not being fully taken up except by those heavy and timber based industries such as sawmill, plywood, fibreboard factories and slipways.

The current prices of industries properties are as follows:-

Type	Selling prices per unit
Clustered	RM200,000 - RM250,000
Semi-detached	RM280,000 - RM350,000
Detached	RM350,000 - RM550,000
Services lot	
Prime	RM220 - RM300 psm
Secondary	RM120 - RM135 psm

HOSPITALITY AND LEISURE

No new hotel has been built during the year. Current hotels ranging from 3-5 stars are Dynasty Hotel, Mega Hotel, Grand Palace Hotel, Holiday Inn and Rihga Royal Hotel.

Hotel occupancy rates in 1999 are reported at between 40% to 60%. Generally, there is a slight increase in hotel occupancy in 1999 when compared to 1997 and 1998.

2000 MARKET OUTLOOK

Demand for all types of property is anticipated to remain low until the current property stock is fully absorbed and there is improvement in economic activities.

On the supply side, development will be at moderate scale and pace. However, we do not expect any significant increase or decline in prices of property in all sectors.

OVERVIEW

Following the Federal Government 1998 capital controls, the NEAC measures and actions, the fierce competition within the banking industry for housing loans and the cheaper financing interest, there was a knee jerk recovery in transactions during the period March 1999 to September 1999. However since October 1999, activities again has been quiet, particularly in the up-markets.

Despite much publicity about economic recovery, the market confidence in the property sector has not yet been fully restored.

OFFICES

At present, apart from government offices, there are only four purpose-built office buildings namely Bangunan Hung Ann, Grand Merdin, Bangunan Seng Ling and Bangunan Hock Hua Bank.

Other office space in Sibuan are found mainly on the upper floors of shop-offices. There were no new additions in 1999. And many upper floors of shophouses at the fringes of CBD are still vacant.

The yet to be completed 22-level office tower at Wisma Sanyan are reported to have been let out to Government Departments and Agencies.

RETAIL

At the present moment, there are still only three shopping complexes, namely Sarawak House, Kin Orient Plaza and the new addition Wisma Sanyan.

Wisma Sanyan provides 5 levels of commercial retail space. The anchor tenants are Tops Supermarket on Level 1 and Parkson Ria Department Store on Levels 2 to 4, together occupying about 5,277 square metres out of the total 14,350 square metres. And it is about 75% occupied. Wisma Sanyan is the first fully air-conditioned one-stop shopping centre in Sibuan.

Due to the economic downturn, development of four other shopping complexes at out-lying locations have been postponed.

SHOPHOUSES

New developments are located at the fringes of the CBD or out-lying locations.

Take-up rate for occupation has been slow. As with shophouses at Kampung Datu area, shophouses in other locations will experience long built-up period to establish itself.

Development of some 350 units has also been postponed due to the economic crisis.

Double-storey shophouses in the town centre can fetch over RM1 million.

Rentals range from RM3,000 to RM4,000 per unit per month for new 4-storey shophouses, and RM50 to RM85 per square metre per month for retail space in prime locations of the town centre.

With the improvements of the road network in Sibul, out-of-town commercial centres have gained popularity, particularly those along Jalan Pedada.

RESIDENTIAL

With the rebound in the housing sector, a few new housing schemes have commenced again. Houses that are in demand are mainly terraced houses, with those in good location selling at around RM160,000. In other locations, medium cost houses below RM120,000 are still saleable.

Housing cum commercial development scheme, comprising 1,446 units, at Mile 7, Sibul-Ulu Oya Road, known as Taman Soon Hup, is progressing well. Housing at Phase I and II had been sold out with low range of prices. Housing units are priced below RM115,000 for a 2-storey terraced unit and RM75,000 to RM90,000 for a single-storey terraced unit.

A new up-market housing estate is being developed at Pulau Li Hua, Upper Lanang, by Hock Peng Realty Sendirian Berhad. It consists of 254 units of double-storey semi-detached dwelling houses priced above RM220,000 per unit and 189 detached lots and one commercial area.

Sale of the lower medium cost houses at the Sibul Jaya is reported to be still progressing slowly. However, house prices of double-storey terraced and semi-detached houses in prime locations remain above RM150,000 and RM250,000 per unit respectively.

INDUSTRIAL

New additions of industrial buildings are found along Jalan Getah and Jalan Tapah. Purpose built semi-detached industrial shophouses range from RM220,000 to RM280,000 per unit depending on location and size.

With the slow down, the take-up rate in the Tanjong Manis Timber Processing Zone is still rather slow.

2000 MARKET OUTLOOK

With the better forecasted economic outlook at the National and State levels, we hope that market confidence will be boosted. And as time wears on, we are of the view that the local property market will gradually benefit from the recovery and turn for the better.