

SARAWAK PROPERTY BULLETIN



Sarawak Property Market 2022 Property Market Review and 2023 Outlook

Sarawak's economy had improved with the reopening of global economies and domestic businesses under Phase 3 of the National Recovery Plan in 2022 and projected to improve further to between 5% and 6% for 2023 with a target revenue of around RM11 billion.

Sarawak continues to be one of the top 5 contributors to the Malaysian economy, contributing around 10% or so of Malaysia's total GDP. Sarawak's GDP per capita of RM65,971 for 2021 is the 3rd highest in the country and surpassed the national average of RM47,439.00. This position is expected to strengthen to 2nd spot with the increase in oil revenues for 2022.

Overall Market Outlook

Market is more active and improved with the full opening up of the economy in 2022 with expected GDP growth of 5%-6% for 2023. If the good recovery momentum is maintained, the State should be back on track within the next 2 years.

OVERALL MARKET INDICATOR

by towns

Region / Sub Offices	Overall	
	2022	2023
Kuching	▲	►
Miri	►	►
Bintulu	►	►
Sibu	►	►

- Overall market is stable for 2022 and 2023. Except for Kuching Main market which shows uptrend across more sectors, other sub-regions' indicators are mainly maintained across the sub-sectors except for residential which is obviously up.
- Market is expected to be maintained for 2023 with no big surprises.

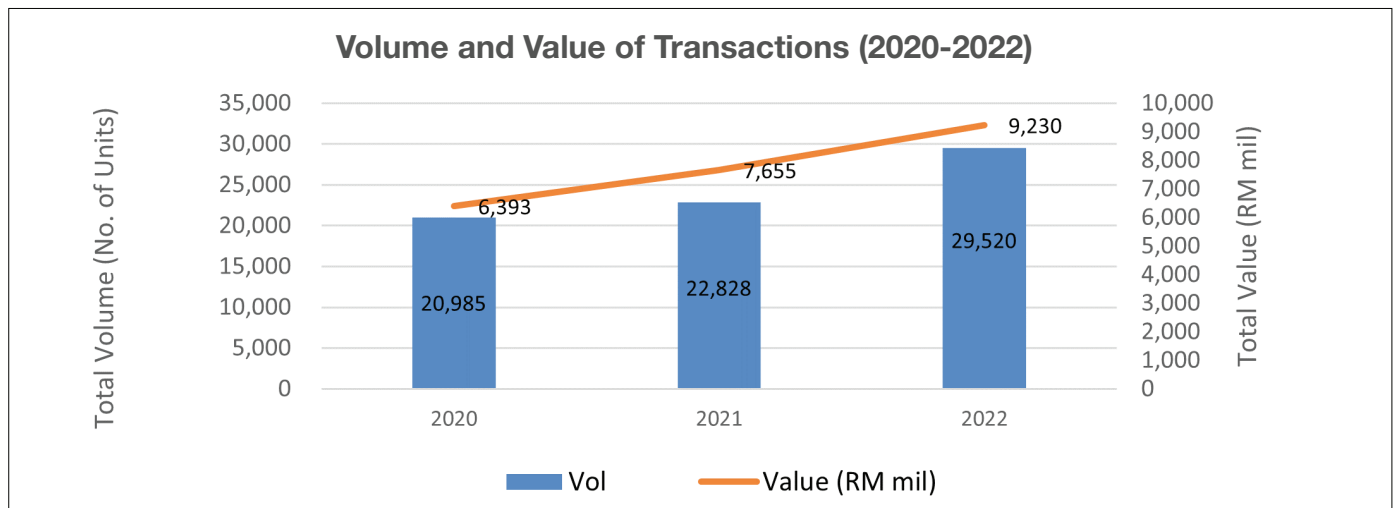
Sarawak's Post-Covid-19 Development Strategy 2030 (PCDS 2030) kick-started in 2022 with RM63 billion allocated for Phase 1 under the State Budget to ensure a developed state by 2030, with focus on digital transformation, basic infrastructure, transport and renewable energy. Bantuan Khas Sarawakku Sayang (BKSS) package was also continued in 2022 by the Sarawak government to give incentives and ease financial burdens of entrepreneurs in the area of transport services, trades and tourism which include the granting of discounts for government owned business premise rents and utility bills.

GDP Forecasts for 2023

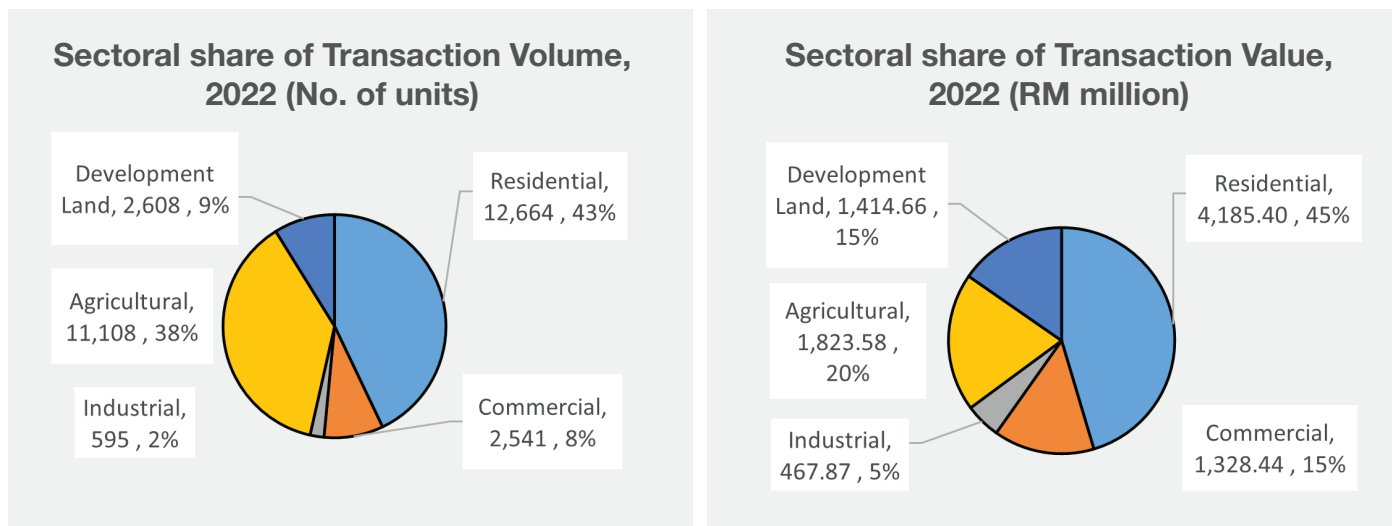
- World - 2.9%
- Malaysia - 4% to 5% (MOF Malaysia); 4.4% (IMF); 4.0% to 4.5% (MIER)
- Sarawak – 5% to 6%

PROPERTY OVERVIEW

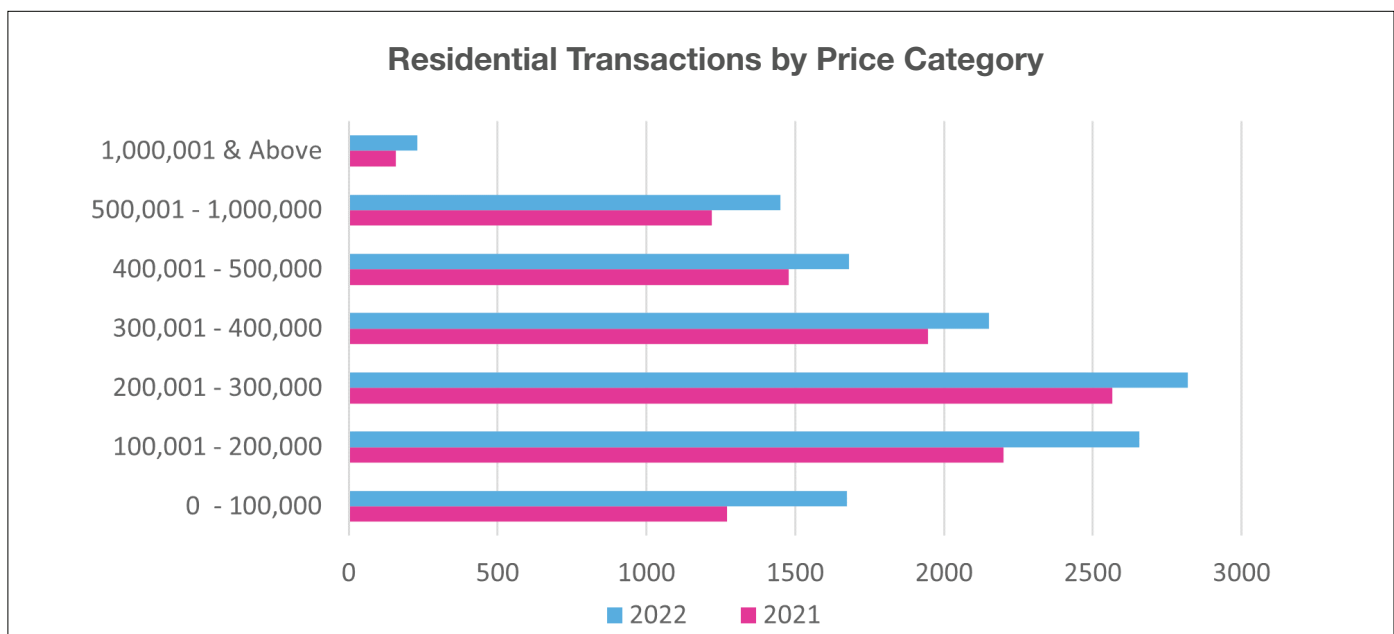
On the property front, the recovery momentum from 2021 was maintained in 2022 with property volume and values continuing to climb. Y-o-y for 2022, transaction volume has improved 29% whilst value has increased 21%.

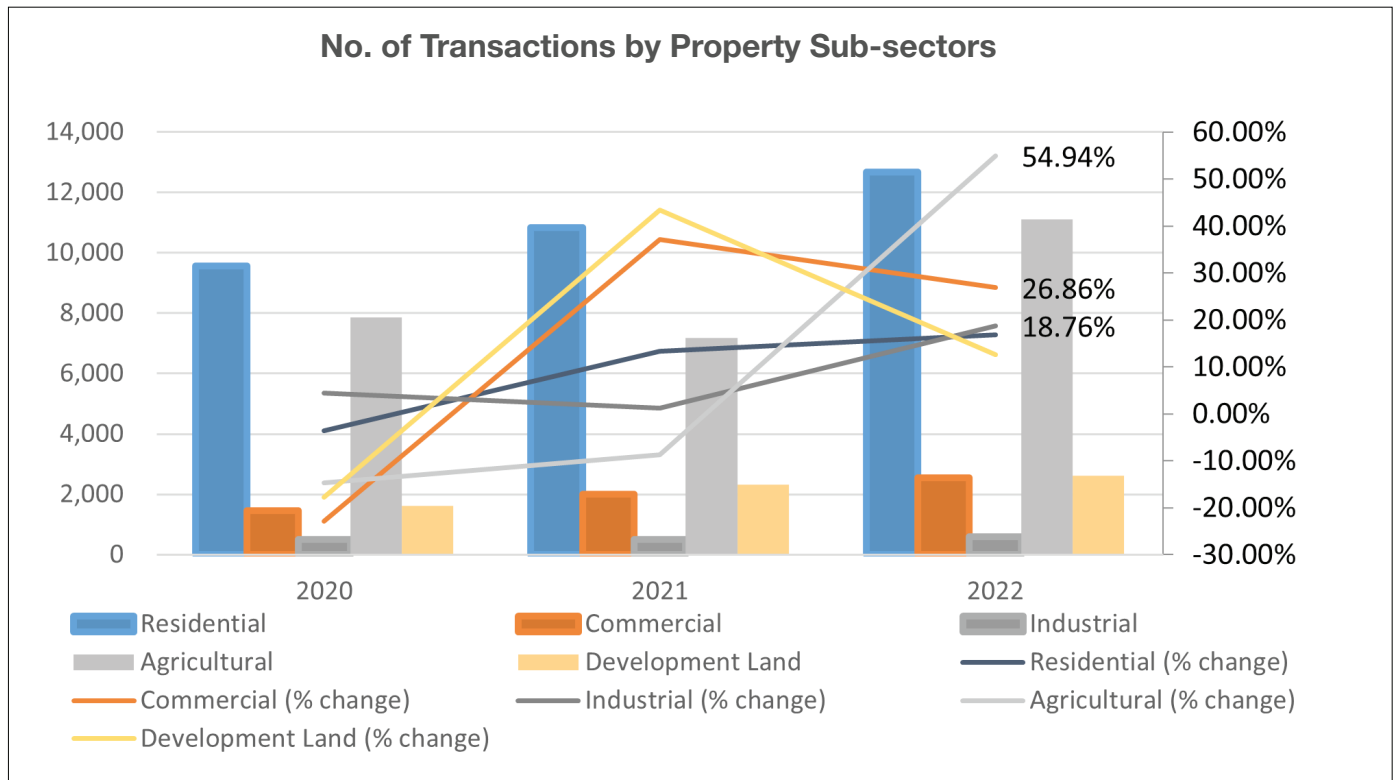


Kuching has the largest transacted volume (41.8%) and value (20.6%) of property followed by Miri and Sibü.



Residential sector continues to dominate the property market making up around 43% and 45% of total transacted volume and value respectively, with price category of between RM200,000 and RM300,000 making up the largest housing price segment (22.3%).





Industrial property increased the most in volume (54.94%) as well as value (64.17%) followed by commercial and industrial properties at 26.9% and 18.8% growth in volume respectively. Although residential properties grew less at 16.86%, it had the 2nd largest increase in value by 19.37%

On the commercial side, the shophouse sector makes up more than 87% of the total number of commercial transactions.

The Sarawak All House Price Index (SAHPI) increased by 3.2% in 2022 to reach an all house price average of RM500,705, surpassing the RM500,000 mark for the first time (2021: RM485,135).

Significant major transactions for 2022 were mostly development lands, a few purpose-built offices, 3 hotels/leisure property as well as 1 shopping complex. Significant transactions noted were the sale of Aiman Mall in Samarahan for RM30 million and estates lands in Dulit, Miri measuring 5,609 hectares and Tanjung Manis, Sibul measuring 2,338 hectares, transacted for RM110 million and RM120 million respectively.

The post-pandemic inflationary pressure on prices continue with rise in costs of building raw materials. The increase in Building Construction Index (BCI) for Malaysia was significant with Sarawak having higher increase compared to its other counterpart states. This will inevitably increase costs of construction and hence, property prices.

The 4-time increase in Overnight Policy Rate (OPR) by 100bps from 1.75% in 2021 to 2.75% by November 2022 with further increases expected will imminently increase Base Lending Rate (BLR). The higher financing costs will have negative affect on property demand in general.

Due to its vast land size compared to Semenanjung, Sarawak is more vested in its infrastructural projects with regional and rural developments taking priority. Its large reserves of natural resources and bio-diversity have also prompted the state government to place greater emphasis on agriculture and industries for greater sustainability as well as in the area of eco-tourism.

Property Market Review

The overall property market grew in 2022 and was seen to be more active with more property transactions as compared to 2021.

Loans approved for residential properties also grew in volume by 48% y-o-y to RM181.37 billion and in its approval rate by about 5% y-o-y to 40.3%.

Property Market Outlook

Certain segments will continue to see steady demand such as landed residential. Commercial property market such as for office and retail units, especially those in less strategic locations, are expected to decline further as downsizing continues with more viable options of working from home and online operations. However, it is observed that industrial properties are on the rebound and expected to see stronger growth than the other sub-sectors amidst recovering and improved demand.

The focus of the residential property market in 2023 will continue to be on landed residential properties, apartments priced under RM500,000 in popular locations, smaller sized units which will bring down the absolute price of the unit, and niche high-end projects in good locations.

Property prices in general are expected to continue to increase in the medium and long run, although the market continues to lean more towards tenants and buyers especially for properties in less popular locations.

The property sector is likely to continue to be challenging for the next couple of years due to cautious demand, higher cost of materials on top of an expected further hikes in interest rates. However, added government subsidies through sound policies are hoped to alleviate these burdens and ease property purchase.

FEDERAL BUDGET 2022

(Tabled on 7th October 2022 and revised on 24th February 2023)

Theme : Developing Malaysia Madani

- ❖ Total Budget 2022 : RM388.1 Billion (2022: RM332.1 Billion)
- ❖ Operating Expenditure : RM289.1 billion (2022: RM233.5 billion)
- ❖ Development Expenditure : RM99 billion (2022: RM75 billion) including RM2 billion in contingency savings
- ❖ Projected Revenue : RM291.5 billion (RM294.4 billion) (Growth: -0.985%)
- ❖ Projected Fiscal Deficit : 3.2%

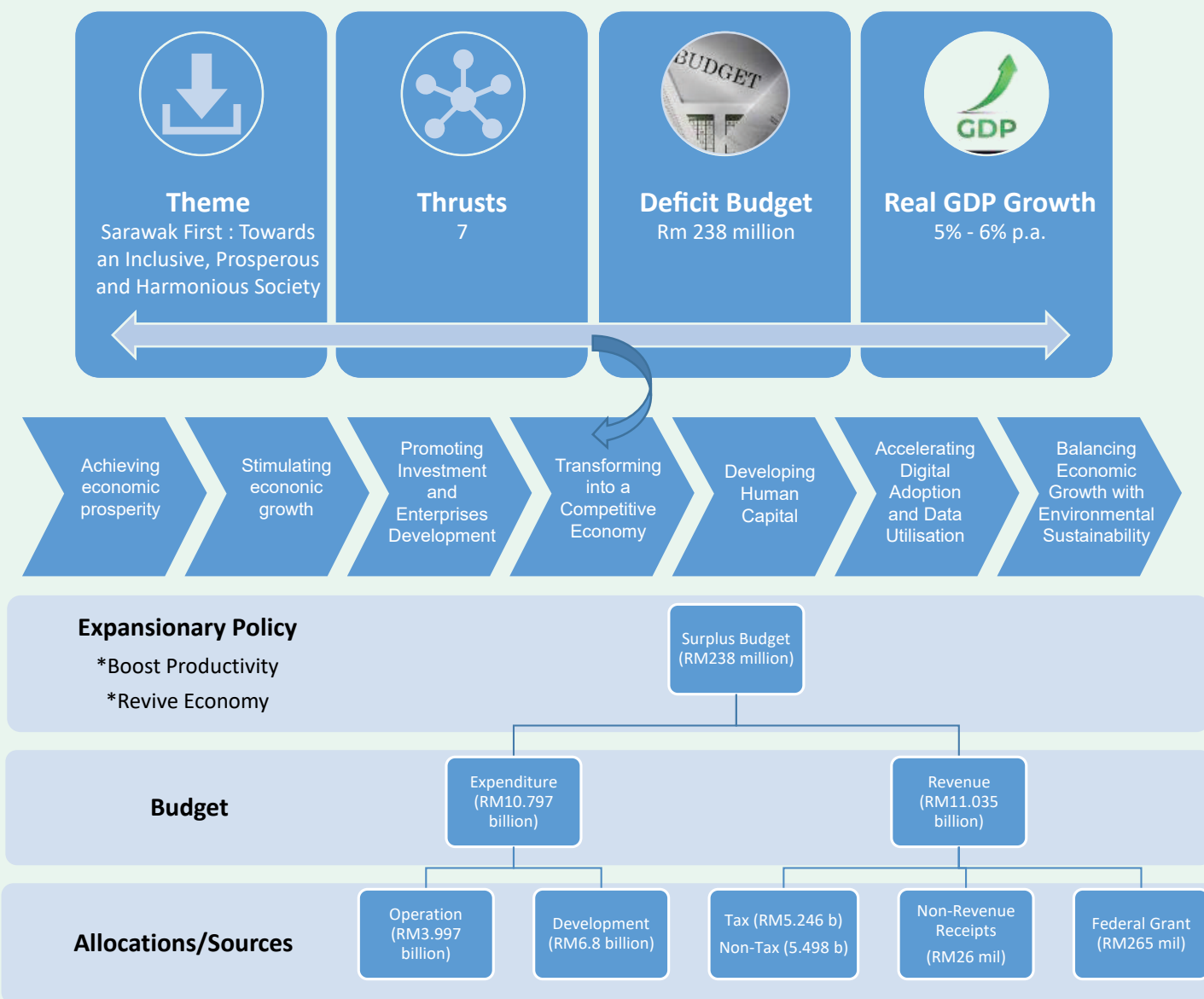
Less emphasis on property sector but more on boosting economic growth and alleviating the people's financial burden which will have an indirect positive impact on the property sector. Emphasis on improving the financial hubs and major infrastructures such as airports and roads and working towards **green technology** and **ESG** (environment, social and governance) compliant.

Impact on Real Estate Sector

1. Stamp duty waiver for houses worth RM500,000 and below and 75% waiver for houses worth over RM500,000 up to RM1 million.
2. Construction of 12,400 units of low-cost houses under Program Perumahan Rakyat (PPR) and 4,250 Rumah Mesra Rakyat by Syarikat Perumahan Negara Bhd
3. An increase in allocation to RM5 billion for Jaminan Kredit Perumahan
4. Expansion and improvement of airport capacity in Penang and Subang among efforts proposed by govt to encourage entry of investors, businesses and tourists
5. Strengthening the development of Iskandar Malaysia in Johor via creation of a special financial zone and competitive remuneration package to attract international investors and skilled workers to settle in Malaysia
6. The expansion of Penang International Airport and Subang Airport
7. The mandate of the Tun Razak Exchange (TRX) as Malaysia's international financial hub
8. The allocation of RM1 billion to develop ties bordering Kalimantan, Indonesia in Sabah and Sarawak
9. Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to be continued until 2025

SARAWAK BUDGET 2023

(announced on 21-11-2022)



SIGNIFICANT HAPPENINGS

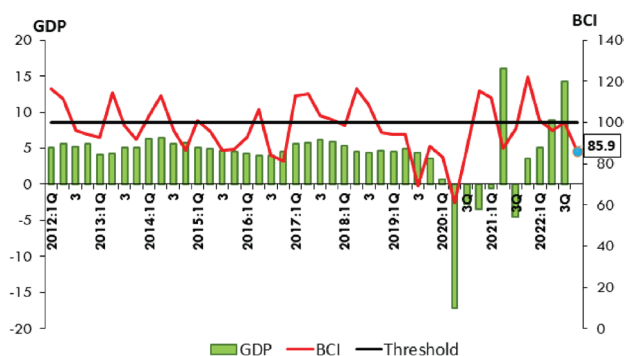
Events / Policies	Implications	Region	Status
OPR increased to 2.75%	The 4-time increase in OPR for 2022 with further increase expected will imminently jack up BLR which will affect property loans and thus, negatively affect the property market demand.	Malaysia	Current
S-MM2H Enhanced Requirements and Regulations	S-MM2H Enhanced Requirements and Regulations (Sept 1, 2020) revised its minimum compulsory stay in Sarawak in August 2022 from 15 days to 30 days to curtail the misuse of the S-MM2H to enter Malaysia as S-MM2H has more conducive terms and conditions compared to MM2H practised for Malaysia.	Sarawak/Malaysia	Current
Working Permit Extension to 5 years	The Sarawak Government will be offering professionals working in strategic economic sectors, such as energy and the digital industry, a five-year work permit, rescinding the current practice of renewing the permits annually in an attempt to attract in-demand global talents to its shores.	Sarawak	In process
Kuching Urban Transportation System (KUTS) commencement	KUTS implemented by Sarawak Metro kicked off Phase 1 (Samarahan and Serian Lines). KUTS initial phase will cover a network of 3 lines and 31 stations with 2 interchanges covering a total of 69.9 km route. This hybrid transport (a combination of train and bus) will be hydrogen powered. Will ease traffic congestion, shorten commuting time and open up more residential and commercial areas in and around the KUTS network.	Kuching District	To complete by 2026
Rural High-Speed Open Broadband Network Program	State Government invests RM13.5 million to bring high-speed-internet to rural Sebauh district in Bintulu with plans to expand to Baram Division.	Rural Districts/ Sarawak	In process
H2biscus Project (Green Hydrogen/Ammonia Project)	Aim to be a commercial green hydrogen producer by 2027 (MoU signed with South Korean industrial giants to study and draw up plans).	Bintulu/Sarawak	To complete by 2027

Batam Sarawak Internet Cable System (BaSICS) and Tier IV Data Centre	The first in Malaysia, the submarine cable will stretch 700km linking Batam in Indonesia with Sarawak, capable of carrying improved Internet access to all parts of Sarawak and Borneo, including Kalimantan – this will ease communications and virtual connectivity even in the interior and boost investments. The two facilities form an initial phase of the Sarawak International Internet Gateway, which is in line with the Sarawak Government's digital transformation programme.	Sarawak/Indonesia	To complete by 2024
Proposed Land Code (Amendment) Bill, 2022	Legislation that would see industries, including oil and gas, operating in the State of Sarawak needing to comply with international requirements to reduce carbon emission by 30% to 40% by 2030.	Sarawak	Passed on 18 th May 2022 in DUN
Pan Borneo Highway (nearing completion)	Pan Borneo Highway (including the completion of many bridges) nearing 90% completion. Supplemented by the Coastal Road/2 nd trunk road will make for a smoother and faster connectivity between major towns and open up more surrounding areas for faster development.	Districts/Sarawak	On track to complete by 2023
Borneo Cultures Museum (BCM)	This Sarawak museum is the largest museum in Malaysia and 2 nd largest in South-east Asia. BCM is a state-of-the-art building covering 30,000 sm and 5 floors with more than 1,000 exhibitis. It will be a major landmark and icon and amongst the top tourist bucket list of things to do in Kuching, Sarawak.	Kuching/Sarawak	Officially opened in March 2022
Shell Malaysia HQ	Located at Miri Times Square in Marina ParkCity, the 14-storey office building with Shell as its anchor tenant, will be Miri's first grade A and GOLD Green Building Initiative office space.	Miri/Sarawak	To complete by 2023
Lepapa hypermarket and Roxy hotel opens in Sri Aman	Latest modern hypermarket and 3-star hotel at Sri Aman Square will add to the mixed development/ lifestyle products in Sri Aman.	Sri Aman	Opened on 10 th September 2022
25 th Rainforest World Music Festival (RWMF)	Back after a hiatus of 2 years, the event attracted 12,000 participants which exceeded post-pandemic expectations and was a jump start and boost to the tourism sector in Sarawak which has just re-opened mid 2022.	Kuching/Sarawak	Held 17 th -19 th June 2022
International Dragon Boat Race	The boat regatta received participation from 50 teams with a total of 1,453 participants, including many foreign teams.	Kuching/Sarawak	Held 28 th -30 th October 2022
25 th Miss Tourism International World Final 2022/2023	This beauty pageant had participants from close to 50 countries vying for the crown and further boosted the tourism sector in Kuching Division with surrounding Bau and Lundu in the planned itinerary of activities.	Kuching/Lundu/Bau/ Sarawak	Held 11 th to 27 th November 2022
International Kuching Marathon	The International Marathon attracted 2,000 participants with 713 from other countries-boost to tourism in Kuching.	Kuching/Sarawak	Held 2 nd October 2022
Sarawak Infectious Disease Centre (SIDC)	A bio-hub integrating hospitals, research centres, academics and a bio-park. Reported to cost about RM200 million, the SIDC would function as a research facility under the purview of Sarawak Research and Development Council (SRDC) and spur R & D in the Region.	Samarahan/ Sarawak	To complete by 2024
Batang Baram's delta access channel	Over RM200 mln approved to deepen the channel to reduce flooding in Marudi and upper Baram areas to enable the port to become a catalyst for the Northern Region Trade Gateway with more efficient port services to support various industries (oil and gas, palm oil, ship building and repairs, and timber etc.) which will boost industrial growth at Kuala Baram and the surrounding region.	Baram/ Northern Sarawak	To complete by 2023
Phase 2 of the Sarawak-Sabah Link Road (SSLR) and the Trans Borneo Highway (LTB)	Worth RM12 billion, these 2 projects will connect the Northern Region of Sarawak-namely, Miri, Limbang and Lawas, with construction expected to take three to five years.	Northern Sarawak	To start by 2023 and complete by 2026-2028
Point-of-Presence (PoP) Phase 2 project	PoP is a federal project to provide open access of fibre broadband network with schools as hubs with a minimum 3-kilometre radius service of surrounding premises, in ensuring that the rural communities have access to high-speed internet connectivity. A total of 681 PoPs under Phase 2 will connect up to 75,000 premises including residences state-wide.	Statewide	To complete by 2025
Agricultural mechanisation and diversification of commercial crops-Emphasis on pineapple	Amongst other things, at least 20,000 hectares of land to be planted with Sarawak's very own pineapple variety known as Sarawak Gold (SG1) by 2030 with each acre of pineapple land capable of generating up to RM1 million annually.	Statewide	In process
Endowment Fund Sarawak (EFS)	The EFS is a special trust savings account with RM1,000 grant from the State government for every birth of a Sarawakian child. Since its implementation from 2019 until November 2022, a total of 106,740 EFS accounts have been opened with an allocation of RM106.7 million. EFS aims to give Sarawakian children a head-start for the future.	Statewide	Current
Bantuan Ibu Bersalin (BIB)	The Maternity Assistance was introduced in 2020 for every Sarawakian or wife of Sarawakian 'K' who gives birth to a child, with a one-off assistance of RM450 to cater to some of the mother's maternity needs. As at November 2022, RM17.46 million has been dispensed to assist a total of 38,808 mothers.	Statewide	Current
Sovereign Wealth Fund	An initial amount of RM8 billion to boost the State's financial sustainability, followed by annual appropriation of RM300 million in the 2 nd to 5 th year, RM550 million for the 6 th to 10 th year and RM650 million for the 11 th to 20 th year.	Statewide	In process

SARAWAK PROPERTY MARKET INDICATORS

	LANDED RESIDENTIAL		HIGH RISE RESIDENTIAL		PURPOSE-BUILT OFFICE		SHOP-OFFICE		RETAIL		INDUSTRIAL		HOTEL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
SARAWAK														
Kuching	▲	►	►	►	▲	►	▲	►	▲	►	▲	▲	▲	▲
Miri	▲	▲	▼	►	►	►	►	►	►	►	►	►	►	►
Bintulu	▲	►	▲	▲	►	►	►	►	►	►	►	►	►	►
Sibu	▲	▲	▲	▲	►	►	►	►	►	►	►	►	►	►

Business Conditions Index

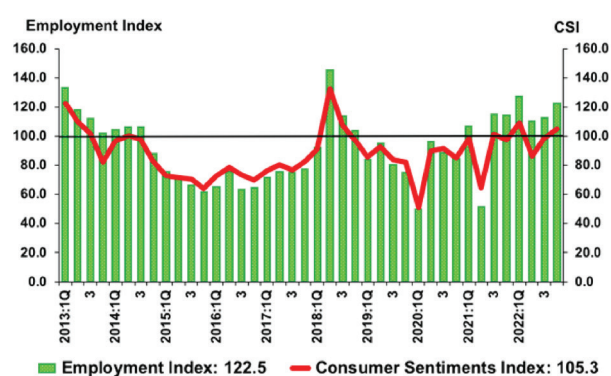


Business Sentiments Weaken

- * The BCI has dropped to 85.9 points
- * Business confidence has weakened significantly
- * The Expected Index (EI) has improved
- * Sales have declined sharply
- * Domestic and external orders are down
- * Increased Capital investment

Source: MIER Report Q4 2022

Consumer Sentiment Index



Consumers Maintain Cautiously Positive Outlook

- o Consumer sentiment continues to cautiously improve
- o Present finances unchanged for most
- o Improvement in jobs, income expectation
- o Inflation worries continue to soften
- o Declining spending plans

Source: MIER Report Q4 2022



C H Williams Talhar Wong & Yeo

The information in this newsletter is subject to change and cannot be part of a contract. Every reasonable care has been taken in providing this information and WTWY cannot be held responsible for any inaccuracies. The information and photographs in this newsletter cannot be copied or reproduced in any form without the prior written consent of WTWY.

C H Williams Talhar Wong & Yeo Sdn Bhd (197501002547)

Chartered Surveyors • Valuers • Estate Agents • Property Managers • Real Estate Counselors • Development Consultants

WTWY Offices

Kuching

No.26 (1st Floor), Lot 352 Section 54
Wisma Nation Horizon, Jalan Petanak
93100 Kuching, Sarawak, Malaysia
Tel: 082-231 331 Fax: 082-231 991
E-mail: kuching@wtwy.com

Miri

Lot 1139 Ground & 1st Floor
Miri Waterfront Commercial Centre
98000 Miri, Sarawak, Malaysia
Tel: 085-432 821 Fax: 085-411 786
E-mail: miri@wtwy.com

Sibu

No. 10C (First Floor), Jalan Kampung Datu
96000 Sibu, Sarawak, Malaysia
Tel: 084-319 396 Fax: 084-320 415
E-mail: sibu@wtwy.com

Bintulu

Sublot 54 (Lot 4229), 1st Floor
Parkcity Commerce Square Ph.6
Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak, Malaysia
Tel: 086-335 531 Fax: 086-335 964
E-mail: bintulu@wtwy.com

WTWY Network

Kuala Lumpur • Petaling Jaya • Penang • Johor Bahru • Ipoh • Alor Star • Butterworth • Kota Bharu • Kuala Terengganu • Batu Pahat • Kuantan • Malacca • Seremban • Kota Kinabalu • Sandakan • Keningau • Tawau • Lahat Datu • Labuan • Brunei