

SARAWAK PROPERTY BULLETIN



Sarawak Property Market

2021 Property Market Review and 2022 Outlook

PERFORMANCE OF SARAWAK PROPERTY SECTOR

Sarawak's property market for 2021 improved y-o-y but remained soft and challenging for 2021, due to spike in Covid infections for most parts of the year, which has stalled the timing of its recovery phase. The economic re-set which started in Q4 2021 is expected to be slow going into 2022 and subject to hiccups and uncertainty.

2021			
2022	<div data-bbox="252 1041 480 1265"></div> <div data-bbox="319 1294 410 1332">Hotel</div> <ul style="list-style-type: none"> Worse-hit There was a 86% drop in tourist arrivals for 2021 (160,226) y-o-y compared to 2020 (1,187,454) up to November 2021. Hotels used as quarantine centres to tide over, maintaining occupancies around 30%. Occupancies and room rates expected to improve in 2022 with the opening up of borders. 2 new hotels opened next to SGH in Kuching – Serapi Verde and Regatta Suites <div data-bbox="76 1886 505 2130"></div> <div data-bbox="84 2136 451 2192"><p>Serapi Verde Hotel & Meditel @ SGH, Kuching</p></div>	<div data-bbox="683 1041 900 1265"></div> <div data-bbox="635 1294 946 1332">Purpose-built Retail</div> <ul style="list-style-type: none"> The performance of the retail sector deteriorated further with prolonged restrictions following strict SOPs during the pandemic. More retail outlets have closed. However, expansion of supermarket chains observed e.g. Emart (4 outlets), Le Papa (3 outlets) Eco-Mall (1 outlet) and Farley (1 outlet) in Kuching / Samarahan. Rental rates continue to fall (5%-10%). Preference for contactless and cashless shopping going forward. Surge in e-commerce. 2022 will prove yet another challenging year due to survival of the fittest. <div data-bbox="564 1886 1062 2130"></div> <div data-bbox="560 2136 885 2168"><p>Farley Mall @ Mile 6, Kuching</p></div>	<div data-bbox="1193 1041 1422 1265"></div> <div data-bbox="1142 1279 1474 1355">Purpose-built Office/Shop-Offices</div> <ul style="list-style-type: none"> The PBO in Sarawak remains a niche market with some new PBO supply completed in 2021 and more expected in 2022. Shop-offices will remain in over-supply and increased shop vacancies to persist. Prices and rental rates will continue to be in favour of buyers and tenants. <div data-bbox="1118 1886 1492 2130"></div> <div data-bbox="1136 2136 1479 2168"><p>Baitul Makmur @ PJ, Kuching</p></div>

2021

2022



Residential

The residential sector will remain the most active and biggest contributor to the Sarawak property market.

Landed Residential

- ❑ Fewer landed residential launches.
- ❑ Sales of landed are encouraging compared to high-rise.
- ❑ Landed residential sector will continue to be stable and see steady demand.
- ❑ Demand is expected to strengthen further once the market recovers fully.

High-rise Residential

- ❑ The new supply of high rise residential units will continue to outstrip that of landed residential units.
- ❑ The market will continue to experience saturation in this sub-sector especially in Kuching, Miri and Bintulu.
- ❑ Prices of high rise residential units have stalled in general, ranging between RM400 psf (apartment) to RM600 psf (city condominium).



Hanns Residence Service Apartment, Sibuan



D'Ryx Residences @ Stapok, Kuching



Industrial & Logistics

- ❑ The industrial sector remains generally stable for 2021 and likewise for 2022, supported by government funded financial aids.
- ❑ Further expansions expected especially in hi-tech electronics sub-sector with increased FDI.
- ❑ Supply chain, logistics, warehousing and distribution hubs continue to play a prominent role and see increased demand.
- ❑ Average rental rates are expected to be maintained around RM1.80 psf with yields of about 4.5% per annum.
- ❑ The future for the industrial sector remains optimistic with good growth potential.

Challenges

⇒ Labour Shortage – Plantation and Construction

- The improved price for commodities such as CPO have spurred the need to increase supply which is heavily dependent on foreign labourers.
- Projects which have been stalled are also in need of construction labourers to complete the project in time.

⇒ Inflationary Pressure – Costs and Price

- Lack of supply and increased demand post pandemic will lead to inflation which is heightened in Sarawak which is not the first port of call for many imports
- Increased costs of raw materials and prices of end products

⇒ Economic Slowdown – Business Restrictions and SOPs

- The downturn in economic activities for Sarawak which is highly domestic driven have resulted in stagnant/reduced business revenues and personal income
- As a result, there is less purchasing power locally to boost the local economy

Opportunities



POLITICAL STABILITY – Continuance in Policies and Development Projects

With the stronger mandate given to the existing State Government through the recent State Election, there should be political stability, continuity and further progress with on-going and planned developments for the State.

PAN BORNEO HIGHWAY (PBH) – Improve logistics and open up new areas

- Complete with bridge linkages, PBH will provide seamless and uninterrupted travel with reduced travelling time and costs.
- The route which is already 70% completed (as at November 2021 updates) will spur and speed up development of the satellite towns along its path, and help enhance the socio-economics of the local population e.g.

- ✓ South Region – Lundu/Sematan
- ✓ Central Region – Mukah/Balingian
- ✓ North Region – Marudi/Lawas/Long Lama

NEW INDUSTRIAL ZONE – Launched in Kalimantan Indonesia

Covering 30,000 hectares and planned to be the world's largest green industrial park, this major industrial estate started construction in Dec 2021 and is expected to create spill-over effects for Sarawak in terms of economic activities such as businesses, retail, education and accommodation.



RELOCATION OF OIL & GAS HQ – Deployment of >2,000 Shell and Petronas Staff

The relocation of Shell and Petronas HQ from Sabah and KL respectively to Miri in Sarawak will have great economic spin-off effects particularly in the property (housing), logistics and retail sector.



Market Outlook 2022

GAME PLAN - GOING FROM PANDEMIC TO ENDEMIC

The market for 2022 is expected to improve following anticipated economic recovery with the loosening of restrictions on businesses and travel as the Country and State progress from pandemic to endemic stage. However, the outlook remains cautiously optimistic for 2022, weighing heavily on the economic resilience and political climate. Another long-drawn lockdown seems unlikely due to the detrimental toll on the economy.

The State government had drawn up a Post-Covid Development Strategy (PCDS) in 2021 to steer Sarawak towards becoming a high-income developed State by 2030.

FEDERAL BUDGET 2022

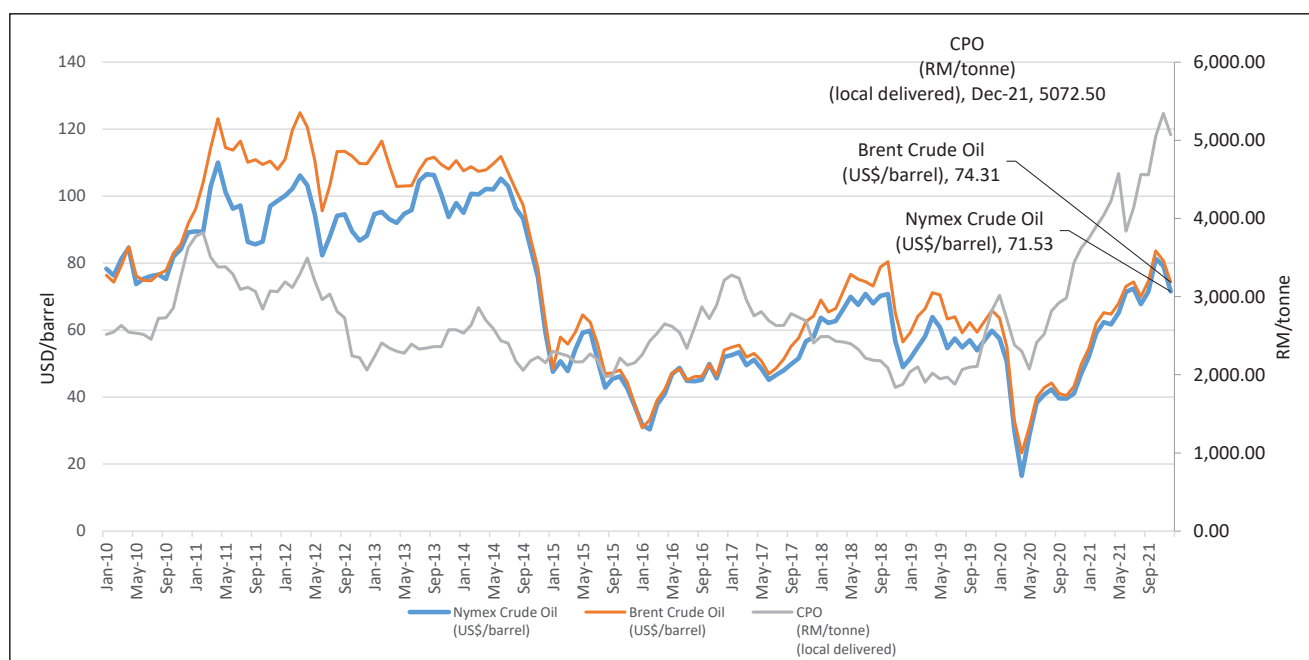
Tabled on 29th October 2021 and passed in Parliament on 13th December 2021

- ❖ Total Budget 2022 : RM332.1 Billion (2021: RM322.5 Billion)
- ❖ Operating Expenditure : RM233.5 billion
- ❖ Development Expenditure : RM75 billion
- ❖ Projected Revenue : RM234 billion (Growth: -1.22%)
- ❖ Projected Fiscal Deficit : 6%

Highlights on the Real Estate Sector

1. No real property gains tax (**RPGT**) applied for properties sold after the 6th year.
2. RM2 billion allocation under **housing credit guarantee scheme** to assist gig workers and small traders without steady income to apply for a mortgage loan.
3. **Subsidy and Tax Relief** for Workplace Safety :
 - * Maximum subsidy of RM300,000 (until Dec 31, 2022) for companies to improve workplace seating or air circulation.
 - * Tax relief of RM50,000 for companies registered under the Safe@Work to provide safe accommodation for staff.
 - * Tax relief for Landlords who provide rental discounts to businesses.
4. **Infrastructure development** to stimulate recovery:
 - * Mega infrastructure projects such as Pan Borneo Highway and Central Spine Road (RM3.5 bil)
 - * High-impact infrastructure projects
 - * Infrastructure projects for class G1 - G4 contractors
5. **Development of suburban areas** (RM2.5 billion):
 - * Infrastructure developments in suburban areas in Sabah and Sarawak (RM1.5 billion)
 - * Construction of 519km road in suburban areas, expected to benefit more than 130,000 residents
 - * Improve electricity and water supply in suburban areas
 - * Installation of street lightings in suburban areas and upgrading of dilapidated bridges
6. To improve the living environment of **low-income groups**
 - * **Rumah Mesra** programme and public housing upgrading programme (RM1.5 billion)
 - * To provide internet facilities for 40 **Projek Perumahan Rakyat** (PPR) (RM30 million)

Commodities Chart (Oil Prices Comparison)



SARAWAK BUDGET 2022

THRUSTS

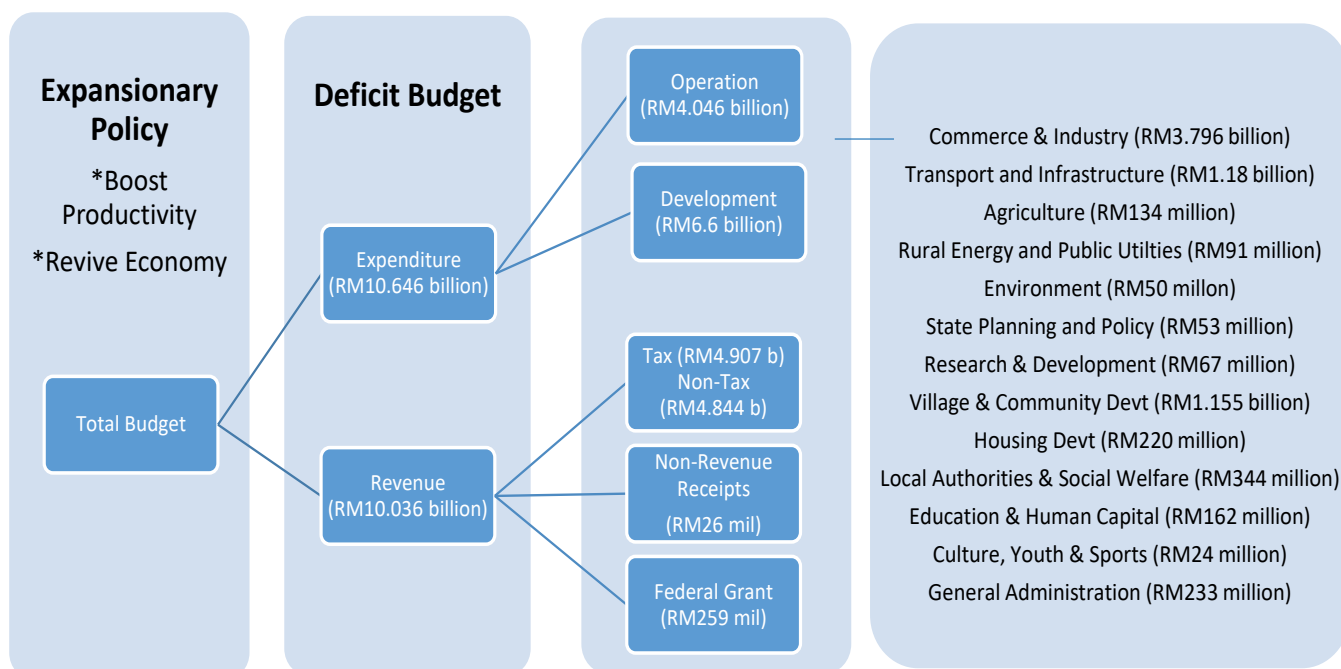


❖ **THEME : “United in Building a Resilient, Inclusive and Progressive Society”**



BANTUAN KHAS SARAWAKKU SAYANG 8.0

- ✓ Electricity Bill Discount – RM166.8 million to benefit 647,000 beneficiaries
- ✓ Water Bill Discount – RM24 million to benefit 646,131 beneficiaries
- ✓ HDC Rental Discount – 50% discount amounting RM2.6 million to benefit 3,200 tenants
- ✓ Waiver of Rental – RM2 million for SMEs in retail sector for State GLC premises
- ✓ Discount on local authorities stalls – RM50% discount amounting to RM1.7 million to benefit 10,165 tenants
- ✓ RM500 to RM1,725 to owners and operators of public transport – RM0.87 million allocation
- ✓ Special grant of RM1,000 to hawkers and petty traders – RM87.5 million through Sarawak Pay

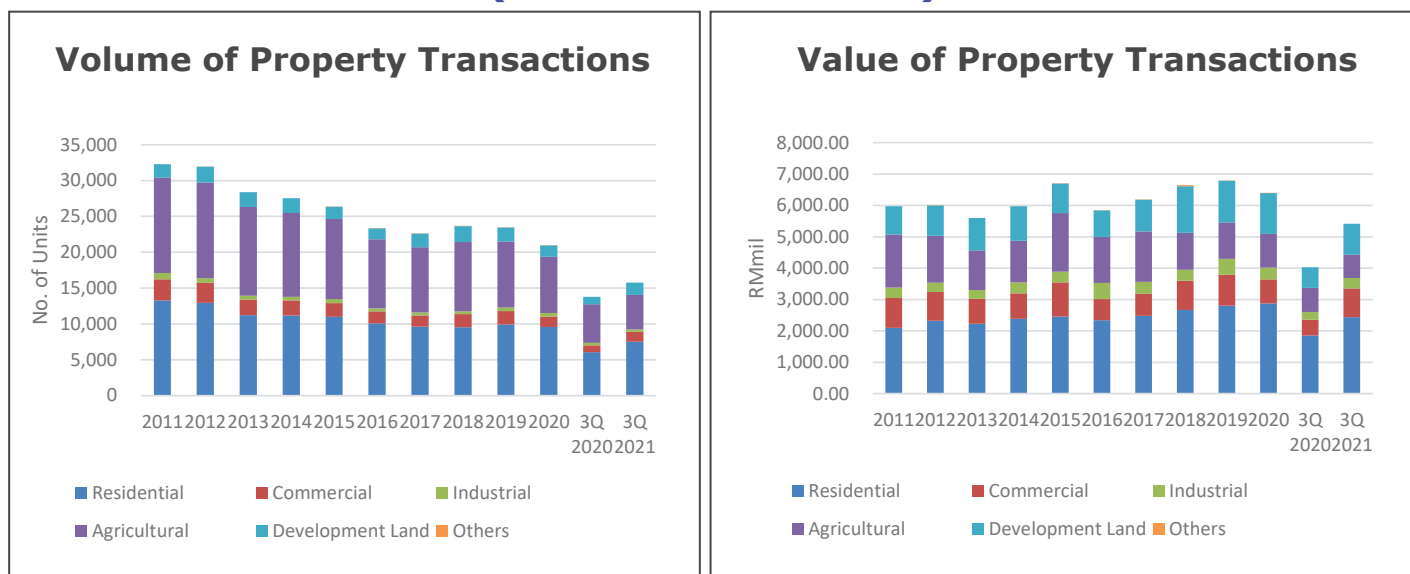


SARAWAK PROPERTY MARKET INDICATORS

	OVERALL		LANDED RESIDENTIAL		HIGH RISE RESIDENTIAL		PURPOSE-BUILT OFFICE		SHOP-OFFICE		RETAIL		INDUSTRIAL		HOTEL	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
SARAWAK																
Kuching	▼	►	►	▲	▼	►	►	►	▼	►	▼	▼	►	▲	▼	▲
Miri	▼	►	►	▲	▼	►	▼	▼	►	►	▼	►	►	►	▼	►
Bintulu	▲	►	▲	▲	▲	▲	▲	►	▼	►	►	►	►	►	-	-
Sibu	►	►	►	▲	▲	►	-	-	▼	►	▼	►	►	►	►	►

Source : CBRE-WTW Market Outlook Report 2022

SARAWAK PROPERTY TRANSACTIONS (VOLUME & VALUE)



Source : Jpph, NAPIC, MOF Malaysia

WTWY New Staff Appointments 2021

Name	Commencement Date	Position	Office
Ms Wong Siew Li	1 st March 2021	Valuation Executive	Sibu
Zackry Anak Kuji	1 st December 2021	Valuation Executive	Sibu



C H Williams Talhar Wong & Yeo

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WTWY Network

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