



# QUARTERLY MALAYSIAN PROPERTY MARKET REVIEW

2<sup>nd</sup> Quarter Of 2020

CCO & ASSOCIATES GROUP OF COMPANIES

Johor Bahru \* Kuala Lumpur \* Selangor \* Perak

**TABLE OF CONTENT**

- Overview of Malaysian economy
  - ✓ Political situation
  - ✓ Unemployment
- Review of the Malaysian Property Market (2020-2Q)
  - ✓ Hospitality sector
  - ✓ Airbnb
  - ✓ MICE
  - ✓ Retail shops
  - ✓ Purpose built offices
  - ✓ Residential property
  - ✓ Industrial land
- Corporate news
- Major corporate deals
- New launches
- Contact us
- Disclaimers

**OVERVIEW OF MALAYSIAN ECONOMY**

|   |   |
|---|---|
| <b>Gross Domestic Products (GDP)</b>          | 2019: 4.3% (lower than 4.7% projection)<br>2020-1Q: 0.7%<br>2020-2Q: -17.1%<br>Projection 2020: -2% to 0.5% (BNM), -3.1% (World Bank) and -3.8% (IMF) |
| <b>Consumer Price Index (CPI)</b>             | 2020 April: -2.9%<br>2020 May: -2.9%<br>2020 June: -1.9%  |
| <b>Unemployment Numbers</b>                   | 2020 March: 610.5 thousand<br>2020 April: 778.8 thousand<br>2020 May: 826.1 thousand<br>2020 June: 773.2 thousand                                     |
| <b>Unemployment Rates</b>                     | 2020 March: 3.9%<br>2020 April: 5.0%<br>2020 May: 5.3%<br>2020 June: 4.9%   |
| <b>Base Lending Rates</b>                     | 2019 December: 6.71%<br>2020 January: 6.50%<br>2020 March: 6.26%<br>2020 June: 5.75%  |
| <b>Statutory Reserve Ratio</b>                | 2020 January: 3%<br>2020 February: 3%<br>2020 March: 2% until now   |
| <b>Exchange Rates to US Dollar</b>            | 2020 end April: RM4.260<br>2020 end May: RM4.349<br>2020 end June: RM4.280<br>2020 end July: RM4.243  |
| <b>Brent Crude Oil</b>                        | 2020 end April: US26.48 / barrel<br>2020 end May: US37.84 / barrel<br>2020 end June: RM41.72 / barrel<br>2020 end July: RM43.52 / barrel              |
| <b>Crude Palm Oil (Monthly Average Price)</b> | 2020 April: RM2,299 / mt<br>2020 May: RM2,074 / mt<br>2020 June: RM2,412 / mt<br>2020 July: RM2,571 / mt  |

The Malaysian economic growth had reduced to a mere 0.7% during the first quarter of 2020 before plunging to -17.1% in second quarter of 2020. The growth rate was the lowest growth rate recorded since the Asian Financial Crisis in 2018 and were considerably lower than the 3.6% growth recorded in the fourth quarter of 2019 or the 4.3% growth recorded for the whole 2019.

The economic recession was attributed to the COVID-19 outbreak and has been significantly affected by the implementation of Movement Control Order (MCO), which took effect on 18<sup>th</sup> March 2020.

Although the Malaysian economy has successfully averted an economic recession in first quarter of 2020, the economy contracted by -17.1% in second quarter, which was considerably worse than the market consensus.

The Malaysian economy is expected to record the largest economic contraction since the Asian Currency Crisis in 1997/1998.

The RMCO will prepare the country towards economic recovery while observing the SOP to curb the spread of COVID-19.

Realising the negative impact from the COVID-19 outbreak and implementation of MCO, the government has introduced Penjana to further stimulate the country's economy.

The government has also reduced the Overnight Policy Rate (OPR) to 1.75%, the lowest since 2010 to stimulate the country's economic activities.

Reintroduction of HOC augurs well for the Malaysian property market. HOC campaign had improved the developers' sales considerably in 2019.

After successfully bringing down the number of new COVID-19 infections during the MCO and Control Movement Control Order (CMCO), the government implemented the Recovery Movement Control Order (RMCO) beginning 10<sup>th</sup> June 2020. RMCO is expected to prepare the country toward economic recovery while observing the standard operating procedures (SOP) to curb COVID-19 cases.

Under RMCO, learning institutions and all economic sectors including high-risk industries such as cinemas, theaters, convention, meetings, sport centers and facilities, spa, wellness center, etc. are allowed to operate. Restaurants, e-hailing & taxi services and other businesses are also allowed to operate at full capacity. Although inter-state traveling is allowed, international borders remain closed. Malaysians and foreigners that are allowed to enter Malaysia are expected to undergo COVID-19 test and quarantine.

To stimulate the economic activities, the government has launched the Short Term Economic Recovery Plan (Penjana). Penjana takes effect from June to December 2020. Amongst the measures announced under Penjana are as follows:

- ✓ Wage Subsidy Programme will be extended for a further three months with a subsidy of RM600 per employee for all eligible employers.
- ✓ The government will introduce incentive of RM600 per month for apprenticeships for school leavers and graduates for up to 6 months. Incentives of RM800 and RM1,000 per month up to 6 months will be given to unemployed workers aged below 40 year old and 40 year old and above.
- ✓ Training allowance and various reskilling and upskilling programmes to enhance employability of the unemployed and to support the gig economy workers.
- ✓ Tax deduction to employers and employees that adopt flexible work arrangements.
- ✓ Other incentives to help households and business operators, such as Child Care Subsidy, My30 Public Transport Subsidy, Social Assistance Support for Vulnerable Groups and PEKA B40 Healthcare Support.
- ✓ Various incentives and advisory assistance to encourage e-commerce, business digitalization, etc.
- ✓ Various financing facilities, advisory assistance, financial stress support and accelerated payments terms for GLC and large corporates supply chain to assist the cashflow of SMEs, micro enterprises, Bumiputra owned businesses. This includes RM1 billion financing for SMEs in the tourism sector and liquidity support for SME contractors awarded with small government projects.
- ✓ Income tax rebate and stamp duty exemption for newly set up SMEs and Mergers & Acquisition (M&As) from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021.
- ✓ Ownership Campaign (HOC) is reintroduced, where Sales and Purchase Agreements of properties priced at RM300,000 to RM2.5 million, signed from 1st June 2020 to 31<sup>st</sup> May 2021 and subject to at least 10% discount provided by developer, will entitle for the following tax exemption:
  - Tax exemption on the instruments of transfer is limited to the first RM1 million of the home price
  - Full stamp duty exemption is given on loan agreement

Penjana has provided the essential lifeline to the hospitality and tourism sectors.

The Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Bill was finally tabled in Parliament in August 2020 and is expected to be passed in September. Any delay may swamp the market with legal disputes.

- ✓ Real Property Gain Tax (RPGT) exemption for disposal of residential homes from 1<sup>st</sup> June 2020 to 31<sup>st</sup> December 2021, limited to disposal of three residential homes per individual.
- ✓ 70% margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above will be uplifted during the HOC, subjects to bank's internal risk management.
- ✓ Various incentives for company relocating into Malaysia, including 0% tax rates for new investments in manufacturing sectors, 100% Investment Tax Allowances for 3 years, Special Reinvestment Allowances and other measures to accelerate approvals, depending on the qualifying criteria of the investments.
- ✓ Tax incentives for the Tourism sector.
  - Tourism tax exemption from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021
  - Extension of service tax exemption for hotels to 30<sup>th</sup> June 2021
  - Extension of period for income tax relief of RM1,000 for tourism expenses to 31<sup>st</sup> December 2021
  - Extension of period for deferment of tax installment payment for tourism industry to 31<sup>st</sup> December 2020.
- ✓ In addition to the above measures, other incentives introduced under Penjana to stimulate the country's economy are as below:
  - Dana PENJANA Nasional
  - National Technology & Innovation Sandbox
  - Digitalisation of government service delivery
  - National "Buy Malaysia" campaign
  - ePENJANA credits in e-wallet
  - Tax incentives for purchase of passenger cars
  - Extended service houses in new normal
  - Dedicated funding and supports for Arts, Culture & Entertainment
  - Support for Agriculture & food sector and Commodity sector

The government has also introduced COVID-19 Temporary Measures Act to minimize disruption to social and economic well-being. This legislation is designed to provide sufficient runway for businesses to recover their operations and to provide relief to companies and organizations from certain contractual obligations and financial distress for the revival of the economy.

To further ease the financial burden of individuals affected by the COVID-19 and movement control order, loan moratorium will be extended for three months to borrowers that have lost their jobs or yet to find employment. After three months, banks can further extend the financial assistance based on case to case basis. For borrowers that were affected by pay cut, the monthly loan installments will be reduced at the same rate as their salary reduction.

Penjana and other measures introduced by the government are expected to lessen the negative impacts from the COVID-19 outbreak as well as the movement control order and to kick start the country's economic activities. The targeted moratorium will reduce potential spike in the Non-Performing Loans (NPLs).

In view of the devastating effects from the COVID-19 outbreak, the country's economy will be hit by economic recession in 2020. The economy was worst hit during the second quarter of 2020 when most of the country's economic sectors were affected by MCO.

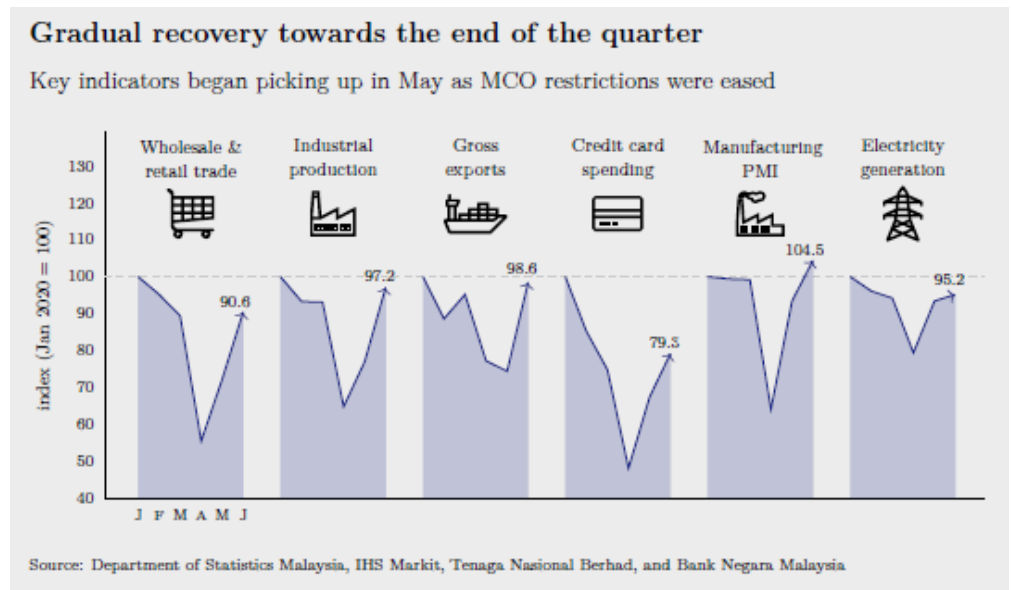
Although there are signs that Malaysia is moving towards economic recovery, the country's economy will still be subject to various uncertainties, namely slowdown in global economy and second wave of COVID-19 outbreak. These uncertainties may affect the country's economic recovery.

Political uncertainties and instability may undermine the attractiveness of Malaysia in attracting FDI. Many countries particularly ASEAN countries have attracted more FDIs than Malaysia.

Notable major investors in Malaysia are as follows:

- Microsoft is developing a data centre in Sedenak, Johor. The data centre is about 40% completed
- Zodiac (China) Applied Science & Technology Research Centre Ltd plans to develop 5G chips and encapsulation technology.

BNM has expected the Malaysian economy to start to improve in second half of 2020 after key indicators show economic activities started to improve in May as MCO restrictions were relaxed.



The World Bank and International Monetary Fund (IMF) have recently lowered their economic forecast for Malaysia to economic recessions of -3.1% and -3.8%, respectively. The projections are lower than the earlier projections of 0.5% to -2% by Bank Negara Malaysia (BNM).

**Political situation**

The political uncertainties continue to affect the country even after the Sheraton Move. After taking over the state governments in Johor, Perak and Melaka, Perikatan Nasional (PN), the informal ruling political coalition, has overtaken the Kedah state government in May 2020.

Sabah State is expected to undergo general election after the state assembly was dissolved on 30<sup>th</sup> July 2020. The dissolution was as a result of a take-over attempt spearheaded by Tan Sri Musa Aman, the former Chief Minister of Sabah.

Speculations on possible snap general election continues to create uncertainties in the country's political direction.

Recent announcement by Dato' Seri Dr Ahmad Zahid Hamidi, the president of UMNO that the party will not join PN after the conviction of Datuk Seri Najib Tun Abdul Razak, to a certain extent, has casted doubt on the stability of the present government.

FDI flows in ASEAN (2015-2018)

|                                  | 2015         | 2016         | 2017         | 2018         |
|----------------------------------|--------------|--------------|--------------|--------------|
| Brunei Darussalam                | 0.2          | -0.2         | 0.5          | 0.5          |
| Cambodia                         | 1.7          | 2.3          | 2.7          | 3.1          |
| Indonesia                        | 16.6         | 3.9          | 20.6         | 22.0         |
| Lao People's Democratic Republic | 1.1          | 1.1          | 1.7          | 1.3          |
| Malaysia                         | 10.2         | 11.3         | 9.3          | 8.1          |
| Myanmar                          | 2.8          | 3.0          | 4.0          | 3.6          |
| Philippines                      | 5.6          | 8.3          | 10.3         | 9.8          |
| Singapore                        | 59.7         | 73.9         | 75.7         | 77.6         |
| Thailand                         | 8.9          | 2.8          | 8.0          | 13.2         |
| Viet Nam                         | 11.8         | 12.6         | 14.1         | 15.5         |
| <b>ASEAN</b>                     | <b>118.7</b> | <b>119.0</b> | <b>146.9</b> | <b>154.7</b> |

Source: ASEAN Secretariat, ASEAN FDI database.

Political uncertainties in the country will continue to affect investor’s confidence amid intense competition from other ASEAN countries in attracting foreign direct investments (FDI).

In 2018, Malaysia was ranked sixth amongst the ASEAN countries in attracting FDI, lagging behind Singapore, Indonesia, Vietnam, Thailand and Philippines.

### Unemployment

The implementation of MCO on 18<sup>th</sup> March 2020 has caused the unemployment rate to increase considerably since March 2020. The unemployment rates increased to 5% and 5.3% in April 2020 and May 2020. The unemployment rate had reduced to 4.9% in June 2020 when the government implemented RMCO. Prior to the COVID-19 outbreak, the unemployment rates have been hovering around the 3% to 3.3% range.

The number of unemployment has increased by about 61.3% from 512 thousand in January 2020 to 826.1 thousand in May 2020. This indicated an increase of about 314.1 thousand unemployed labor in the country within the four-month period. The unemployment rate is expected to increase further in June 2020 and third quarter of 2020 before recovering.

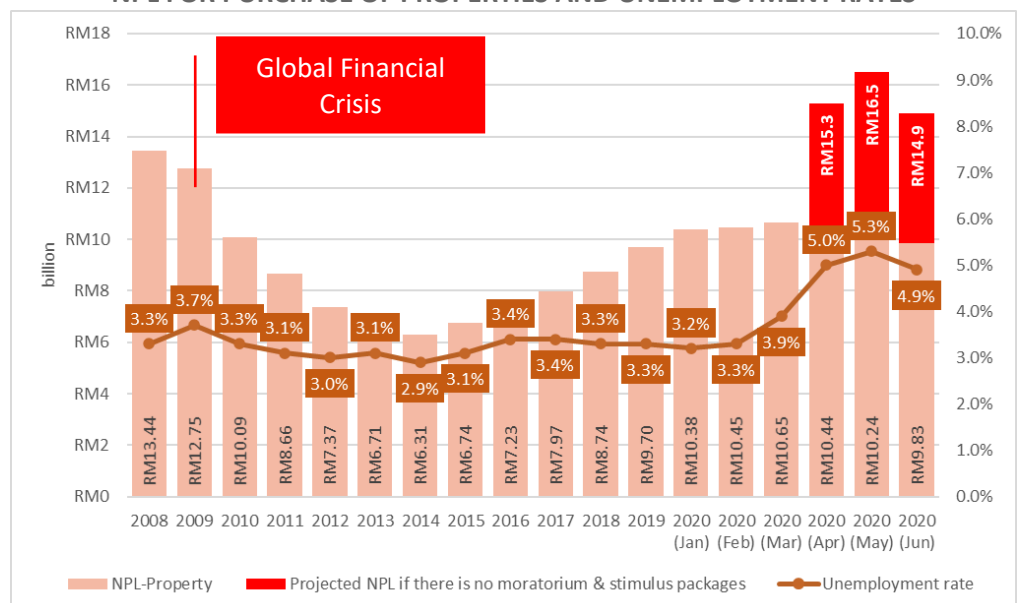
The steep increase in the unemployment rate is expected to cause Non Performing Loan (NPL) to increase, hence, contributing to the increase in the number of properties put up for sale or auction. The increasing loan defaults and auctions of properties will create excessive supply of properties for sales in the market and may press the property prices.

Realising the risks of increasing loan default, the government has introduced loan moratorium from April to September 2020. During the moratorium, borrowers do not need to pay their loan installments. As a result, the Non Performing Loan (NPL) / impaired loan for purchase of properties had remained stable at RM10.442 billion and RM10.245 billion in April 2020 and May 2020, respectively. The NPL has reduced to RM9.835 billion in June 2020 amid the implementation of RMCO.

Based on the latest release by Department Of Statistics Malaysia, the stimulus packages and reopening of economic sectors have managed to contain the increase in unemployment rates in the country.

The unemployment rate may increase further as the country has yet to fully recover from the negative impact from COVID-19 outbreak. Many SMEs are still at risks of closing down and may further retrench their workforce to cut down their operational costs or if their operations are affected by second wave of COVID-19 outbreak.

**NPL FOR PURCHASE OF PROPERTIES AND UNEMPLOYMENT RATES**



Source: NAPIC, BNM, CCO Research



Using a simple linear regression model, we have projected the NPL involving loan for property purchase to increase by 46% to 61% if the government did not introduce moratorium and stimulus packages to kickstart the economy.

Correspondingly, the impact of the NPL on the total annual property transaction value may increase from 4.5% to 6.9% range (before the COVID-19 outbreak) to between 10.5% and 11.7%.

To minimize the impact of unemployment rate on the Malaysian property market, the government needs to ensure the following:

- To continue with the moratorium, especially for borrowers affected by COVID-19 until the unemployment rate reaches an acceptable level, e.g. below 3.5%.
- To reduce the unemployment rate in the shortest time possible. Many borrowers may be forced to sell their properties after being unemployed for too long.

#### Notes:

The projected NPL of property loan is derived based on simple linear regression using the Unemployment Rate as the sole independent variable. Hence, this model has not considered other potential influencing variables and significance of the model has not been tested.

During the Global Financial Crisis in 2008-2009, the unemployment jumped to 3.7% and had quickly recovered to 3.3% and 3.1% in 2010 and 2011, respectively. This was attributed to the RM7 billion stimulation packages and other incentives offered by the government to stimulate economy and employment.

In the absence of the moratorium as well as stimulus packages introduced by the government, NPL involving loans for purchase of properties is expected to increase abruptly at between 46% to 61%. The projected NPL represents approximately 10.5% to 11.7% of the total property transaction value in 2019. Prior to the COVID-19 outbreak, the NPL made up approximately 4.5% to 6.9% of the total annual property transaction values from 2015 to 2019.

The NPL and possibly the number of properties put up for auction may increase abruptly when the moratorium and other incentives are completely withdrawn while the unemployment rate remains at high rate. The increase in the NPL will negatively affect the Malaysian property market, especially if large number of properties are put up for auction at the same time.

During the Global Financial Crisis in 2009, the unemployment rate recovered swiftly from 3.7% in 2009 to 3.3% in 2010 and 3.1% in 2011. The property market was largely unaffected, with the NPL involving loan for property purchase reduced to RM12.75 billion in 2009 from RM13.44 billion in 2008. The reduction was attributed to the stimulus and expansionary fiscal policies adopted by the government.

It is highly imperative for the government to undertake necessary measures to reduce the unemployment rate to a manageable level before the moratorium and other incentives are gradually withdrawn. Failing which, the number of property auctions may increase, which will further press the property prices.

#### **REVIEW OF THE MALAYSIAN PROPERTY MARKET (2020-2Q)**

During the second quarter of 2020, the Malaysian property market has generally remained inactive largely due to the MCO and CMCO before more economic sectors are allowed to operate during the RMCO effective 10<sup>th</sup> June 2020. Only a handful of developers had launched new projects during second quarter of 2020 as most developers focus on selling their existing stocks via online platforms.

Notable measures that are expected to contribute positively to the property market are as follows:

- ✓ Reintroduction of Home Ownership Campaign (HOC)
- ✓ Real Property Gain Tax (RPGT) exemption for disposal of residential homes from 1<sup>st</sup> June 2020 to 31<sup>st</sup> December 2021
- ✓ 70% margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above will be uplifted during the HOC
- ✓ Reduction of Base Lending Rate (BLR) to 5.75% in June 2020
- ✓ Extension of moratorium to the targeted borrowers

The following were some hotels that were reported to be closing down temporarily or permanently due to COVID-19:

#### Kuala Lumpur

- Park Royal KL (refurbishment)
- G Tower Hotel

#### Ipoh

- Tower Regency Hotel & Residence
- Kinta Riverfront Hotel & Residence
- Travelodge Hotel

#### Melaka

- Ramada Plaza Hotel
- Aava Malacca Hotel
- The Emperor Hotel

#### Penang

- Mercure Penang Beach
- The Gurney Resort Hotel & Residence

#### Johor Bahru

- Tanjong Puteri Golf Resort

#### Islands

- The Andaman Luxury, Pulau Langkawi
- Berjaya Tioman Resort, Pulau Tioman

At the projected 25% occupancy rate, hotels and resorts will need to rely on incomes from other departments, namely F&B, MICE, etc. and reduce the operational costs to remain operationally viable.

The above measures will stabilize and alleviate the negative impact from the COVID-19 outbreak. Nevertheless, we feel that certain property sectors that had experienced price surge and influx of new supply with many unoccupied units, will undergo market correction.

### **Hospitality sector**

During the second quarter of 2020, which was the peak of MCO, several hotels and resorts in the country were reported to be closing down temporarily or permanently. Many owners and operators of these hotels and resorts foresee challenging market due to COVID-19 outbreak.

Implementation of RMCO, which allows interstate traveling, has brought in the much-needed relief to the hospitality sector. Local holiday in the country or popularly known as Cuti-Cuti Malaysia has improved the demand for hotel rooms.

Under Penjana, the government has announced the long-awaited support for the tourism and hospitality sectors. The incentives, which include tax incentives and RM1 billion financing facilities that will be made available to the SMEs in the tourism industry. These incentives and financial supports offer the essential lifeline to the tourism and hospitality sectors to pull through this crisis.

Since the MCO, hotels and resorts have offered various attractive packages to revive the demand for hotel rooms and hotel services. Many local holiday makers have taken the opportunities of the attractive packages to visit attractive tourist areas in the country, particularly beaches and historical sites.

In the absence of foreign travelers, city hotels at the urban areas have relied on staycation activities as well as travelers under quarantine for potential COVID-19 infections. Demand for food & beverage (F&B) outlets at hotels have also recorded improved performances since the RMCO.

Malaysian Association of Hotels (MAH) has reported low occupancy rates for hotels. In March 2020, the occupancy rate was 18.29% and dipped to 8.86% in April 2020 because of the MCO. In May 2020, it improved marginally to 9.63%. In June and July 2020, occupancy rates have surged to 21.5% and 30.74%, respectively. The improvement coincided with the implementation of RMCO.

Although Malaysians started to go out for holiday, particularly local holidays, MAH expects the remaining year to be challenging with the average occupancy rates to remain low at below 25%.

Hotels located at major cities and states such as Kuala Lumpur, Selangor, Johor, Sabah, Kedah and Perlis were reported to be between 12% and 20% in July 2020. High occupancy rates were noted during weekends at popular tourist destinations such as Melaka, Penang, Port Dickson, Kelantan, Pulau Redang and Pulau Perhentian, to name a few.

While hotels located at popular tourist areas will benefit from Cuti-Cuti Malaysia, city hotels located at the urban areas are expected to record low occupancy rates unless the country's international border is fully opened.



Implementation of RMCO has allowed MICE and all offices and retail shops to commence operations. This augurs well for the recovery of these property sectors.

Reduction in the interest rates and implementation of the moratorium until end of September 2020 have improved the spending power of the Malaysians. This augurs well for most property sectors, particularly the retail property market.

In spite of the challenging market situation, the following new retail developments are noted:

- Paragon Market Place at Jalan Tampoi, Johor Bahru
- Genting SkyWorlds

## Airbnb

A large proportion of the serviced apartments used as Airbnb are located at the city areas. Similar to the hotels at the city areas, although rental incomes for Airbnb units have improved during RMCO when compared to MCO, the overall rental rates continued to remain at low levels. Room rates for Airbnb units remained highly competitive due to low take-up rates.

Due to the low rental income, the risks of owners of Airbnb apartment units defaulting the loans will remain high, especially when the moratorium ends and not extended.

## Meeting, Incentives, Conference & Exhibition (MICE)

Demand for MICE services has improved after RMCO is implemented. Effective 1<sup>st</sup> July 2020, MICE venues are allowed to operate effective 1<sup>st</sup> July 2020. The government has subsequently lifted the restriction on the 250-people per gathering limit effective 15<sup>th</sup> July 2020 as long as social distancing can be observed.

In spite of the latest rulings, performances of MICE are expected to remain weak as many organizers will defer their functions or events due to the risks of COVID-19 and the requirements to observe the SOP.

## Retail shops

Based on the latest publication by NAPIC, shopping complexes in Malaysia have recorded stable occupancy rate of about 79.4% during the first quarter of 2020, marginal increase from the 79.2% recorded in 2019. Correspondingly, occupied retail space increased marginally from 13,085.03 square meters to 13,130.25 square meters.

Footfalls to the shopping complexes have gradually improved when the government started to implement RMCO. Most of the retail shops in the country have commenced operations during the RMCO while few retailers have closed their retail shops due to challenging market situation. Most retailers are expected to defer opening of new outlets.

Occupancy rates for the shopping complexes are expected to reduce in second quarter of 2020. The occupancy rates may reduce further if the prevailing poor market condition continues. Rental rates of the retail shops will continue to experience downward pressure as retailers are expected to command for lower rental or incentives from the landlords to stay afloat in their businesses. Many retailers remain at risks of closing down due to poor market conditions.

The closure of the international border has prevented Singaporeans from traveling to its neighbouring Johor Bahru. This has affected the retail property market in Johor Bahru, which has traditionally relied on visitors from Singapore to generate sales for their products and services.

Although there are improvements in the retail property market since RMCO, the outlook of the retail property market remains uncertain due to uncertainties in the market, e.g. global recession and outbreak of COVID-19.

Residential property market is one of the key beneficiary from the measures introduced under Penjana.

Industrial land located at established locations is observed to record positive outlook despite the COVID-19 outbreak.

### **Purpose built offices**

During the first quarter of 2020, occupancy rate of purpose built offices increased marginally from 74.8% in 2019 to 74.9% in the first quarter of 2020. The occupied office spaces increased marginally from 12.706 million square meters in 2019 to 12.718 million square meters in the first quarter of 2020.

Since the COVID-19 outbreak, many companies have downsized their office spaces. The Malaysian purpose built office buildings are expected to record lower occupancy rate in second quarter of 2020. Correspondingly, rental rates for office spaces will also reduce.

### **Residential property market**

Residential properties are expected to be the main beneficiary from the latest stimulus measures introduced under Penjana. The reintroduction of HOC is expected to intensify new project launches by developers. We expect developers to actively introduce new projects during the HOC period and offer additional incentives to attract buyers.

Besides the HOC and incentives offered by developers, the removal of the 70% margin of financing limit for third property during the HOC and reduction in the BLR, will also spur the demand for properties. We also anticipate more owners to sell their residential properties due to the RPGT exemption from 1<sup>st</sup> June 2020 to 31<sup>st</sup> December 2021.

We anticipate favourable demand for affordably priced residential properties, including reasonably priced landed residential houses. The favourable demand will be spurred by the incentives provided by developers and by the government during the HOC. Many young populations and M40 groups will be encouraged by these incentives to acquire properties in the market.

Developers will continue to intensify their marketing efforts to dispose properties that fall under the property overhang, e.g. remain unsold by developers despite having been completed for more than nine months. This include offering considerable discounts, rebates and other incentives to attract buyers.

### **Industrial land**

Relocation of manufacturing plants to Malaysia due to trade war between US and China, expansion of manufacturing companies, particularly related to production of healthcare products, logistics companies, etc. are expected to drive the demand for industrial lands.

Due to land scarcity at Kuala Lumpur and Petaling Jaya areas, industrial areas in Shah Alam, Bukit Raja, Klang and Port Klang are becoming new industrial hubs. Demand for industrial land at other industrial locations located further away such as Ijok, Sepang, Nilai and others are also expected to increase.

Developers intensifying and innovating their marketing campaign:

- Gamuda partners with Shopee
- SP Setia launched Setia NOW campaign
- Mah Sing launched GrabMyHome

Market trend:

- Sime Darby achieved 75% sales on Ilham Residence at Elmina Grove
- Sime Darby recently launched Elmina Green Three and saw take-up rate of 85%
- Eco World anticipates good take-up for Eco Forest
- Mah Sing will launch M Adora in Wangsa Melawati
- OSK will launch projects at Seremban and Sungai Petani
- SCP Group achieves 65% sales for The Birch, Kuala Lumpur
- Residensi Ava's Block A achieved 40% take up rate
- Nido Gardens at Rawang has seen a take-up rate of 80%
- Gunung Impian is launching 3 projects at Taman Impian Emas
- Kenwingston Platz in Gombak has achieved 75% sale

## CORPORATE NEWS

|                                  |   |
|----------------------------------|---|
| 01/04/2020<br>(The Star)         | The Tower Regency Hotel and Apartment Sdn Bhd will close its doors on April 30 due to financial problems that the company has been facing for the past three years, which have been aggravated by the enforcement of MCO. Ritz Garden Hotel also issued a notice to announce a temporary closure of the hotel from April 1 onwards for three-to six months, depending on the situation of the COVID-19 crisis.  |
| 02/04/2020<br>(The Star)         | Keck Seng (Malaysia) Bhd (KSM) and Landmarks Bhd are temporarily closing their hotels and resorts as the global hospitality business has been hit hard by the Covid-19 pandemic. It is temporarily closing its hospitality businesses in New York (US) and Toronto (Canada).  |
| 02/04/2020<br>(The Star)         | Gamuda Land has entered into a strategic partnership with Shopee to make it easier for customers to own a property in the current Covid-19 pandemic situation. Through this promotion on Shopee, customers will be able to browse and purchase selected Gamuda Land properties through the online shopping platform and explore attractive packages the developer is offering.  |
| 02/04/2020<br>(The Edge Markets) | On March 10, Berjaya Corp had completed the sale of its trust beneficial interest on the hotel component of the Four Seasons Hotel & Hotel Residences Kyoto, Japan for 49 billion yen (RM1.87 billion) cash. Berjaya Corp Bhd (BCorp) has now set its sights on Greenland for a luxury hotel and apartment project in the country's capital of Nuuk.  |
| 06/04/2020<br>(The Edge Markets) | Car park operator-cum-developer SCP Group's development in Menggatal, Kota Kinabalu, Taman Bukit Damaisari is fully sold. It launched the last two phases- 3 and 4 last September. The 22.4-acre development will comprise 203 units of 2-storey terraced homes. Phases 1 and 2 were launched in March 2017 and completed in July last year. Phases 3 and 4 are scheduled for completion in the first quarter of next year.   |
| 07/04/2020<br>(The Edge Markets) | Sime Darby Property's Ilham Residence at Elmina Grove in City of Elmina has achieved a take-up rate of 75% since its launch on March 7. Due to be completed by 2023, it will offer 513 two-storey terrace houses in four configurations — Type 1 (1,387 to 1,451 sq ft), Type 2 (1,601 to 1,661 sq ft), Type 3 (1,727 to 1,743 sq ft) and Type 4 (1,984 to 2,341 sq ft). Selling prices start at RM583,999 after discounts and rebates and maintenance fees start at RM174 per month. |
| 11/04/2020<br>(The Edge Markets) | JKG Land Bhd's net profit surged to RM17.08 million in the financial year ended Jan 31, 2020 from RM2.08 million in the previous financial year. Revenue soared to RM190.17 million from RM76.59 million previously, supported by the company's property development segment.   |
| 12/04/2020<br>(The Edge Markets) | Taman Tun Dr Ismail (TTDI) longhouse redevelopment project will continue to be pursued without affecting the green area of Taman Rimba Kiara. The developer has agreed to reduce the size and number of apartment blocks with the project being reduced from 4.9 hectares to 3.2 hectares and the development will include four blocks of condos as well as one block of affordable housing which will be handed over to 100 longhouse residents.                                     |

- 80,000 sq. ft. office space @ GBS@Mahsuri in Bayan Baru, Penang has been fully snapped up
- Perla@Ara Sentral in Ara Damansara has secured 70% booking since soft launch in Feb 2020
- Mah Sing's M Luna (Phase 1A) has achieved 90% take-up
- IJM Land will launch 2 storey flexi home in Bandar Rimbayu
- Matrix Concept has recorded 45% increase in residential bookings

|                                   |  |
|-----------------------------------|--|
| 13/04/2020<br>(The Edge Markets)  | Following the positive take-up rate of Eco Forest's Hazelton Phase 1 first subphase, Eco World Development Group Bhd (EcoWorld) anticipates a good response to the upcoming launch of the second subphase in the second half of the year. Launched in December, Hazelton Phase 1 first subphase comprises 57 ErgoHomes (2-storey cluster terraced houses with built-ups of 1,883 and 2,290 sq ft) and 53 Garden Homes (30ft by 65ft terraced houses).  |
| 14/04/2020<br>(The Edge Markets)  | The outbreak of Covid-19 has prompted real estate developer TA Global Bhd to temporarily close six of its hotels. They include Aava Malacca Hotel, which suspended operations since March 19. The other hotels are located outside Malaysia — two in Thailand, two in Canada and one in Australia.   |
| 16/04/2020<br>(New Straits Times) | Crest Builder Holdings Bhd may go ahead and launch its three new property development projects in Klang Valley, worth about RM2.5 billion collectively, albeit cautiously. This includes the long-delayed mixed commercial project, Latitud8, a joint-venture (JV) development with Prasarana Malaysia Bhd. Latitud8 will be developed on top of the Dang Wangi LRT station at Jalan Ampang, Kuala Lumpur. It has a gross development value (GDV) of about RM1.1 billion, marking Crest Builder's first billion-ringgit project. |
| 20/04/2020<br>(The Edge Markets)  | Platinum Victory Sdn Bhd's PV9 Residences in Taman Melati, Setapak, has seen a take-up rate of 60% since its launch last September. Located on a 5.57-acre leasehold parcel, the project has a gross development value of RM553 million. It will comprise two 34-storey towers offering 953 medium-cost dual-key residential units with built-ups of 1,000 to 1,300 sq ft, and a Rumawip component called Vista Wirajaya 2, which will offer 438 units with built-ups of 850 to 1,000 sq ft in a 29-storey tower.                |
| 22/04/2020<br>(City & Country)    | Setia Awan Holdings Sdn Bhd's has launched Brezza One Residency located in Bukit Ampang Permai. It will comprise 660 serviced apartments in four blocks. These units, with built-ups of 1,253 to 1,472 sq ft, are priced from RM420 psf. The developer started selling the first block — Block B — last September, and debuted Block A last December.  |
| 23/04/2020<br>(The Star)          | IGB Real Estate Investment Trust (REIT) posted a 17.6% year-on-year (y-o-y) decline in its net profit for the first quarter ended March 31, after the Covid-19 pandemic and the movement control order (MCO) eroded its bottom line. The revenue in the Jan-March 2020 period also dropped by 11.5% y-o-y to RM125mil from RM141.23mil in the first quarter of last year.  |
| 24/04/2020<br>(The Edge Markets)  | KIP Real Estate Investment Trust (KIP REIT)'s net property income rose 41.9% in the third quarter ended March 31, 2020 (3QFY20) to RM14.56 million from RM10.26 million a year ago, underpinned by higher gross revenue following the acquisition of AEON Mall KintaCity, Perak, last July. The REIT's gross revenue rose 24.12% year-on-year (y-o-y) to RM19.42 million from RM15.64 million, with RM4.1 million contributed by AEON Mall Kinta City.   |
| 27/04/2020<br>(The Star)          | Plenitude Bhd is closing the operations of three hotels, namely Mercure Penang Beach and The Gurney Resort Hotel and Residences, both in Penang, and Travelodge Ipoh, Perak with immediate effect, and downsizing operations in the other hotels owned by it. This decision is a direct result of the Covid-19 pandemic which had severely impacted the company's hospitality businesses.  |

**REIT performances:**

- IGB REIT posted 17.6% y-o-y decline in its net profit
- KIP REIT's net property income increases by 41.9% due to contribution from AEON Mall Kinta City
- KLCCP Stapled Group reported 3.85% decline in net profit
- AmFirst REIT saw its net property income dropped by 4.27% y-o-y during 4QFY20
- Axis REIT recorded 10% increase in net profit for 1Q2020
- Hektar REIT's 1Q2020 net profit dropped by 20.62%
- Pavilion REIT recorded a 36% fall in net property income in 1Q2020
- MRCB-Quill REIT has recorded 1.29% increase in net property income in 1QFY20

|                                   |   |
|-----------------------------------|---|
| 28/04/2020<br>(The Edge Markets)  | Mah Sing Group Bhd will launch the 4½-acre M Adora in Wangsa Melawati in 2Q2020. The leasehold niche development sits across Middle Ring Road 2 from Melawati Mall. With a gross development value (GDV) of RM378 million, the project will comprise two 31- storey towers with a total of 677 residential units. Tower A will have 378 units and Tower B, 299 units. Selling price starts from RM468,000, or an average of RM550 psf.                                    |
| 30/04/2020<br>(New Straits Times) | IOI Properties Group Bhd (IOIPG) has confirmed that it will launch its Xiamen 2 project in China, with a gross development value (GDV) of about 800 million yuan (about RM493 million) next month. The project comprises high-rise residential and landed residential.  |
| 30/04/2020<br>(New Straits Times) | OSK group managing director Ong Ju Yan said its property development arm, OSK Property, will launch projects with a total GDV of RM311.9 million this year because of the challenging market sentiment. It will launch Iringan Bayu Mekary Phase 3B, comprising double-storey terrace homes, and Phase 3C, featuring single-storey terrace homes in Seremban, Negeri Sembilan, as well as Bandar Puteri Jaya Precincts 4 and 5 in Sungai Petani, Kedah.                   |
| 04/05/2020<br>(The Edge Markets)  | SCP Group has achieved a take-up rate of 65% for The Birch, a condominium located in the Jalan Sultan Azlan Shah (formerly Jalan Ipoh) area. The development is just a stone's throw away from the upcoming Sentul West MRT 2 station, which is scheduled to be fully operational in 2022. The units are priced from RM350,000 to just under RM600,000, or an average of RM580 psf.   |
| 06/05/2020<br>(The Star)          | KLCCP Stapled Group has reported a 3.85% decline in net profit to RM176.88 million for the first quarter ended March 31, 2020 (1QFY20), from RM183.96 million a year earlier, due to the negative impact in its hotel segment. Revenue, however, rose to RM354.6mil from RM353.4mil previously.   |
| 11/05/2020<br>(The Edge Markets)  | Residensi Ava's Block A has achieved a 40% take-up rate since it was launched last November. Block B will be launched at a later date. Occupying a 4.4-acre leasehold parcel in Kiara Bay — a 73-acre mixed-use development in Kepong next to Kepong Metropolitan Park. The project is being jointly developed by UEM Sunrise Bhd and Melati Ehsan Group. It has a gross development value of RM656 million and comprises two 41-storey towers with a total of 870 units. |
| 12/05/2020<br>(The Edge Markets)  | EcoFirst Consolidated Bhd has completed the development of Liberty @ Ampang Ukay on Jan 10 this year. With a gross development value of RM606.8 million, Liberty @ Ampang Ukay is the first phase of its flagship 87-acre Ampang Ukay mixed development in Kuala Lumpur. It comprises 1,632 residential SOHO units and 32 retail units.   |
| 12/05/2020<br>(The Star)          | Ideal United Bintang International Bhd (IUBIB) will develop RM828.6mil worth of property for the 1Malaysia People's Housing or PR1MA programme in the fourth quarter. The project located in the sought-after neighborhood of Island Glades on the island and comprises 1,611 units of affordable and high-end homes.   |



**Corporate announcements:**

- Sunsuria Berhad's second quarter profit slumped by 90.15%
- SP Setia recorded 62% y-o-y drop in net profit for 1QFY20 due to MCO
- Mah Sing has registered a 45.34% drop in first quarter profit
- OSK posted a 16% decline in net profit in 1QFY20
- Hap Seng's net profit rose 1.5% in 1Q2020 but revenue slipped by 15.6%
- IGB Berhad posted a 64.25% drop in net profit for 1QFY20
- I Berhad recorded 84.6% drop in its net profit in 1Q2020
- Eco World's net profit fell by 48% in 2QFY20 ended on 30<sup>th</sup> April 2020.

|                                   |  |
|-----------------------------------|--|
| 13/05/2020<br>(The Star)          | Damansara Realty Bhd (DBhd) has appointed Azman Tambi Chik as its new group chief executive officer, effective May 11. Azman has held various leadership positions, including as general manager of corporate services at QSR Brands (M) Holdings Sdn Bhd (2016-2017) and general manager (strategic communications) at Johor Corp (2014-2016).  |
| 14/05/2020<br>(The Edge Markets)  | S P Setia Bhd saw its first-quarter net profit drop 62% year-on-year (y-o-y) on lower earnings from its property development and construction segments, partly due to the Movement Control Order (MCO), resulting in disruptions to the operations of its businesses. Net profit for the three months ended March 31, 2020 (1QFY20) fell to RM28.46 million from RM74.98 million a year ago.   |
| 16/05/2020<br>(The Edge Markets)  | The Federal Territories Ministry will be introducing a "Residensi Prihatin" (Caring Residence) programme for youths under 35 years old to own their first house around the federal capital. Tan Sri Annuar Musa said the ministry has identified several sites around Kuala Lumpur to build affordable houses priced at RM200,000 and below with a monthly installment of RM1,000.   |
| 18/05/2020<br>(New Straits Times) | The Country Garden Group, which is developing the multi-billion ringgit Forest City project in Johor has been ranked as number 111 by Forbes on its 2020 Global 2000 list – the top 2000 largest public companies in the world. It bagged the coveted spot after reporting USD70.1 billion in sales, USD5.7 billion in profits, USD273.8 billion in total assets, and USD27.8 billion in market value, in 2019.  |
| 18/05/2020<br>(The Edge Markets)  | Construction work for the East Coast Rail Link's (ECRL) Section A, comprising a 210.4km stretch from Kota Baru to Dungun, is set to commence soon after the government gave its final approval. Malaysia Rail Link Sdn Bhd (MRL), the project and asset owner of ECRL, said it received the approval in a letter dated May 14 from the Land Public Transport Agency (APAD).  |
| 18/05/2020<br>(City & Country)    | The first commercial units of Ava Town Suites at Nido Gardens a freehold, mixed-use development in Rawang, Selangor have seen a take-up rate of 80%. Launched last November, Nido Gardens is being developed by PPC Chye Hin, a joint venture between Pembinaan Punca Cergas Sdn Bhd (PPC) and Chye Hin Development Sdn Bhd. Ava Town Suites, comprising 108 units of 1½-storey commercial town suites, will have a sizeable built-up of 1,020 sq ft (22ft by 70ft) — with three rooms, three bathrooms, a pantry and a hall and be priced from RM388,000. |
| 19/05/2020<br>(The Edge Markets)  | AmFIRST Real Estate Investment Trust (AmFIRST REIT) saw its net property income (NPI) for the fourth quarter ended March 31, 2020 (4QFY20) decline by 4.27% year-on-year (y-o-y) to RM22.42 million from RM23.42 million following higher property expenses and lower revenue due to reduced occupancy at The Summit Retail, Wisma AmFIRST and Jaya99.   |
| 19/05/2020<br>(The Star)          | Gunung Impian Development Sdn Bhd is launching three new projects in Taman Impian Emas. The projects include two residential developments and a two-storey shop office project. The first residential development is the Iconia Garden Residence, consisting of two-storey freehold terrace houses. Prices for Iconia Garden Residence start from RM638,000.   |



|                                  |   |
|----------------------------------|---|
| 20/05/2020<br>(The Edge Markets) | Sunway Real Estate Investment Trust's (REIT) net property income (NPI) slid by 9% to RM103.51 million for the third quarter ended March 31, 2020 (3QFY20) from RM113.77 million a year ago as revenue declined. Quarterly revenue fell 7.1% to RM140.8 million from RM151.5 million after the Covid-19 pandemic hit its retail and hotel segments.  |
| 21/05/2020<br>(The Edge Markets) | Axis Real Estate Investment Trust's (Axis-REIT) net profit increased about 10% year-on-year to RM29.28 million for the first quarter (Q1) ended March 31, 2020. This was achieved on a higher total trust income of RM54.77 million, up 1.9% from the corresponding period of last year.  |
| 22/05/2020<br>(The Edge Markets) | Sunsuria Bhd's second quarter net profit slumped 90.15% to RM9.02 million, from RM91.58 million a year earlier, as revenue shrunk with the completion of the group's Jasper Square commercial development at Sunsuria City, Sepang. Net profit for the cumulative six months ended March 31, 2020 fell 82.25% lower to RM18.15 million, from RM102.25 million in the previous corresponding period.   |
| 25/05/2020<br>(City & Country)   | Kenwingston Platz, a serviced apartment development in Jalan Gombak, Kuala Lumpur, has achieved a take-up rate of 75% since its launch last February. The project, which spans 2.65 acres, has a gross development value (GDV) of RM467 million. Kenwingston Platz — "platz" is German for "place" — will have 849 units in three towers as well as six 2-storey shoplots. Tower A will have eight units per floor while the other towers will have seven. The units will come in six layouts, with sizes ranging from 650 to 1,010 sq ft, and dual-key units, with prices ranging from RM550 to RM600 psf. |
| 26/05/2020<br>(The Star)         | Hektar REIT's net profit for the first quarter ended March 31 dropped 20.62% to RM7.08mil on the back of a 7.9% drop in revenue to RM30.71mil, as it was impacted by the movement control order (MCO) to contain the Covid-19 pandemic. Earnings per share reduced to 1.53 sen from 1.93 sen previously.  |
| 29/05/2020<br>(The Edge Markets) | Mah Sing Group Bhd has registered a 45.34% drop in first quarter net profit due to the traditionally softer demand during the Chinese New Year period and delayed construction progress because of the movement control order (MCO). the property developer stressed that its balance sheet remains healthy with cash and bank balances of RM1.05 billion as at March 31, adding that the group will continue to look out for prime land for development in the Klang Valley area.  |
| 29/05/2020<br>(The Edge Markets) | OSK Holdings Bhd posted a net profit of RM77.63 million for the first quarter ended March 31, 2020 (1QFY20), down 16% from RM92.87 million a year ago, due to the implementation of the movement control order (MCO). The group's revenue declined by 3.08% to RM255.73 million from RM263.87 million, as the imposition of the MCO has resulted in minimal or no revenue generated across all its segments from March 18 to March 31, 2020.  |
| 29/05/2020<br>(The Edge Markets) | The Energy and Natural Resources Ministry is planning to build a National Geopark stretching 1,762.71km <sup>2</sup> here in the 12th Malaysia Plan (12MP) as it has many natural attractions. Minister Datuk Dr Shamsul Anuar Nasarah said if it was realised, the development of the Lenggong Geopark would be the second in Perak after the first one, the Kinta Valley Geopark near Ipoh in 2018.   |

- 29/05/2020 (The Star) Hap Seng Consolidated Bhd’s net profit rose by 1.5% to RM160.37mil in the first quarter ended March 31,2020 from RM157.98mil a year ago due to better results from the property and credit financing divisions. Its revenue, however, slipped by 15.6% to RM1.47bil from RM1.75bil a year ago.
- 01/06/2020 (Edge Property) Paragon Market Place at Jalan Tampoi, Johor Bahru will hold its soft opening on June 6, 2020. The three-storey retail market is a joint venture project between Joland Group and Kuopacific Group. Paragon Market Place will provide a variety of goods from household items to fashion and food and beverages, to meet the daily needs of the surrounding communities. The retail market will come with 700 parking bays free to use by shoppers.
- 02/06/2020 (Edge Property) Ideal United Bintang International Bhd (IUBIB) aims to launch the 1st Avenue virtual mall in 3Q2020 following the completion of its acquisition of the mall located on Jalan Magazine in Penang. The mall has a net lettable area of 407,076 sq ft which is 90% occupied. 1st Avenue Mall is anchored by Parkson. It also has an entertainment floor section that houses a TGV cinema.
- 02/06/2020 (New Straits Times) Berjaya Corp Bhd (BCorp) is acquiring a 100 per cent stake in Singer (Malaysia) Sdn Bhd from Berjaya Retail Sdn Bhd (BRetail) for a net payment of RM388 million. BCorp said the acquisition was against the purchase consideration of RM536 million.
- 03/06/2020 (City & Country) CK East Group’s upcoming project the 7-storey residential development One East in Kampung Kayu Ara, Petaling Jaya offers six property types to cater for a wider range of customer. They include 2-storey terraced homes with swimming pools, parking bays and private lifts, various types of apartments as well as sky villas. The leasehold development, which occupies a piece of land of just under an acre in Kampung Kayu Ara, is scheduled for a launch in third quarter.
- 03/06/2020 (New Straits Times) Bosch, a global supplier of technology and services, is set to build a manufacturing facility in Penang focusing on semiconductor components and sensor testing. The Germany-based company said it had signed a sales and purchase agreement (SPA) with Penang Development Corp for land in Batu Kawan Industrial Park. Construction of the plant is scheduled to begin in 2021, with completion of the production area and first series production expected to start in 2023.
- 04/06/2020 (New Straits Times) Kwasa Land Sdn Bhd, the master developer of Kwasa Damansara and a unit of the Employee Provident Fund is expected to award the development rights of an 80-hectare (ha) plot within the 932-hectare township in Sg Buloh, Selangor this year. The estimated gross development value range between RM1.5 billion and RM1.8 billion, sources said.
- 05/06/2020 (Edge Property) Sime Darby Property is introducing homes that are more spacious in Elmina Green Three, the latest phase of two storey link homes in the City of Elmina township in Selangor. The new phase comprises 412 freehold units of 20 ft by 80 ft with built-up areas from 2,262 sq ft to 2,983 sq ft. The first 218 units will be opened for preview and available for pre-launch sale tomorrow (June 6). Prices start from RM709,999 after rebates and before Bumiputra discount.

- 05/06/2020 (Edge Property) Sunway Group plans to establish a 50,000 sq ft urban farming innovation hub called Sunway FutureX in Sunway City Kuala Lumpur in Bandar Sunway, Selangor. The innovation hub which is set to be completed in 3Q2020, will be the first of its kind in Malaysia. Led by Sunway Innovation Labs (Sunway iLabs), Sunway FutureX aims to serve as a skills-building hub for urban farming professionals, tech companies, researchers and young talents to collaborate and to create transformative solutions on food and agritech.
- 06/06/2020 (The Edge Markets) Berjaya Corporation Bhd (BCorp) said it has won a development tender approval by the City of Yokohama to develop projects involving a global luxury hotel and hotel condominium, together with aquarium and retail outlets. The land for the project is located at the Nishi District of Yokohama, and measures approximately 22,188.34 sq. m.
- 06/06/2020 (Edge Property) On July 1, hotel management firm Ri-Yaz Assets Sdn Bhd is set to launch the 5-star Ri-Yaz Lavanya Resort & Villas on a 6.3-acre site in Pantai Tengah, Langkawi, Kedah. It is Ri-Yaz Assets' second resort on the island, after the 108-room Dash Resort Langkawi. Ri-Yaz Lavanya is developed by LD Global Sdn Bhd, a wholly-owned subsidiary of listed manufacturer and property developer Kobay Technology Bhd. The first phase of Ri-Yaz Lavanya will include 37 pool villas with layouts of two-, three- and four-bedroom units measuring 2,237 to 4,640 sq. ft.
- 06/06/2020 (The Star) The two-storey 80,000sq ft of office space at GBS@Mahsuri in Bayan Baru has been fully snapped up by eager tenants. Penang Development Corporation (PDC) general manager Datuk Mohd Bazid Abdul Kahar said the project was PDC's contribution towards industrial growth and would be completed this September.
- 08/06/2020 (City & Country) CasaBayu, a new residential phase in MCT Bhd's Cybersouth township, will comprise 80 low-rise apartments and 180 townhouses. The apartments are officially opened for sale. The RM159 million CasaBayu will sit on a 13-acre leasehold parcel in the 416-acre township in Dengkil. There will be five 4-storey apartment blocks and each floor will have four units. The built-ups range from 926 to 1,098 sq ft and prices start from RM429,800.
- 09/06/2020 (New Straits Times) Permaju Industries Bhd is venturing into the glove manufacturing business as demand for rubber gloves continues to advance worldwide amid the Covid-19 pandemic. Sabah-based Permaju plans to set up a production facility in Seremban, Negeri Sembilan, investing between RM150 million and RM200 million. The company owns 121.4 hectares of land in Seremban.
- 10/06/2020 (The Star) ELMINA Green Three, the latest phase of two-storey houses in Sime Darby Property's award-winning township City of Elmina, is opened for preview. The project is a freehold project comprising 412 units of 20x80 double-storey extended link homes with built-up areas from 2,262 to 2,983 sq. ft.
- 11/06/2020 (The Edge Markets) IGB Bhd posted a 64.25% decline in net profit to RM17.68 million for its first quarter ended March 31, 2020 (1QFY20) from RM49.45 million a year ago, as it faced a weak property market while its hotel business was hit by the Covid-19 outbreak. Revenue for the quarter fell 12.69% to RM291.42 million from RM333.76 million, owing to weaker contributions across the board led by property development and hotel businesses, which offset gains in its two property investment divisions (retail and commercial).

- 11/06/2020  
(The Edge Markets) Pavilion Real Estate Investment Trust (Pavilion REIT) registered a 36% fall in net property income to RM65.12 million in the first quarter ended March 31, 2020 compared with RM101.51 million in the same year-ago period, on lower earnings from its retail and office portfolio, mainly the result of a 14-day rent free period because of the Covid-19 pandemic.
- 11/06/2020  
(Edge Property) Prasarana Malaysia Bhd's serviced apartment project Perla @ Ara Sentral in Ara Damansara, Petaling Jaya has secured 70% bookings since the project's soft launch in February 2020. With a gross development value of RM1.12 billion, the freehold transit-oriented development (TOD) project comprises two blocks housing 648 units. Unit sizes range from 550 sq ft to 1,271 sq ft. Of the 648 units, 180 are affordable housing units which have yet to be sold. Price for the non-affordable housing units starts from RM390,000.
- 12/06/2020  
(Edge Property) The Berjaya Tioman Resort on Pulau Tioman in Pahang has announced that it will close permanently on June 15. The decision to cease operations is due to the unprecedented Covid-19 pandemic which has adversely impacted the tourism industry.
- 12/06/2020  
(The Star) IGB Bhd's proposed establishment and listing of IGB Commercial REIT is expected to be completed by the fourth quarter of 2020. The proposal is already gaining traction, with the proposed disposal of a slew properties of properties in Kuala Lumpur for RM3.16bil.
- 12/06/2020  
(The Star) I-Bhd registered a net profit of RM1.09mil in the first quarter ended March 31,2020, compared with RM7.06mil in the previous corresponding period, while revenue stood at RM28.70mil compared with RM41.06mil a year earlier. In pursuit of new project launches within i-City, I-Bhd said it remains focused on enhancing and extracting full value from its development with only approximately 40% of the gross floor area (GFA) being developed.
- 13/06/2020  
(The Star) Mah Sing Group Bhd is confident of achieving its RM1.6bil sales target for 2020. The group's upcoming planned launches for the remainder of 2020 include M Vertica Tower 5 a high-rise residential in Cheras, M Adora Wangsa Melawati, M Luna Kepong Metropolitan, Carya, M Aruna, Rawang, Sensory 2 and Cerrado 2 @ Southville City Acacia and Jasmine @ Meridin East and Ferringhi Residence 2.
- 13/06/2020  
(City & Country) S P Setia Bhd Group recently launched one of its biggest campaigns, Setia NOW, which is targeted at buyers who are looking to upgrade or own their first home. The campaign, which ends on July 31, features more than 1,600 properties in Malaysia at rebates of up to 48% from selling prices, which start from RM577,000. Other promotions include zero booking fee, zero down payment, zero legal fees and free memorandum of transfer.
- 15/06/2020  
(The Star) The opening of Lendlease's retail mall with a 10-acre rooftop park will be delayed to 2022 as a result of the movement control order (MCO). It was originally scheduled to open in late 2021. In January, Lendlease said 50% of its net lettable area (NLA) of 1.33 million sq ft was already leased; and that it was targeting 90% of its NLA to be leased closer to its opening date.

- 15/06/2020 (City & Country) IJM Land Bhd plans to launch residential project Starling at its Bandar Rimbayu township in Selangor on June 13. Starling will consist of 680 units of cosy and comfortable double-storey flexi homes. Occupying a 56.68-acre site in Bandar Rimbayu, Starling has a total gross development value (GDV) of RM500 million. The houses will come in three 3-bedroom layouts with built-ups of 1,621 to 1,802 sq ft. Prices start from RM664,800.
- 16/06/2020 (The Star) Mah Sing Group Bhd's latest high-rise residence project M Luna in Kepong has achieved 90% take-up rate for Phase 1A comprising 200 units over the weekend. M Luna is situated adjacent to the Forest Research Institute Malaysia and the 253-acre Kepong Metropolitan Park. The most affordable units for M Luna have built up sizes from 700 sq ft and priced from RM385,000 – ranging from two to four bedrooms with one to two car parks per unit.
- 17/06/2020 (The Edge Markets) MRCB-Quill Real Estate Investment Trust's (MQREIT) net property income for the quarter ended March 31, 2020 (1QFY20) climbed 1.29% to RM32.8 million, from RM32.38 million last year. Quarterly earnings per unit rose to 1.85 sen, from 1.81 sen for 1QFY19, as net profit climbed 1.94% to RM19.79 million from RM19.41 million. The REIT, which has exposure to both the commercial and retail segments, also noted a 0.85% increase in property operating expenses to RM9.42 million from RM9.34 million.
- 16/06/2020 (New Straits Times) Platinum Victory Group plans to develop a new commercial project in Setapak, Kuala Lumpur and is bullish on the prospects. Sprawled over eight hectares (ha) in Jalan Genting Klang, it will feature an exhibition hall and retail shops, among others. The development will be available only for lease in order for the developer to control the tenant mix.
- 18/06/2020 (The Edge Markets) The MYHaus project will be launched in August for targeted groups utilising "wakaf" funds for the cost of building a house or repairing a house, said Minister in the Prime Minister's Department (JPM) (Religious Affairs), Senator Datuk Seri Dr Zulkifli Mohamad Al-Bakri. MYHaus project will be divided into several categories including rebuilding homes, building new homes, repairing homes and improving homes. All work (project) will be completed in about 10 days.
- 20/06/2020 (The Star) The completion of the Penang Retirement Resort in Batu Gantong by the Penang Turf Club has been delayed to the fourth quarter of the year due to the Covid-19 pandemic. The project was originally scheduled for completion this April. It will be made up of a seven storey block featuring 142 units including those offering full-time nursing care. There will be 49 units offering assisted care and 77 offering independent living with sizes ranging from 414 sq. ft. to 1,246 sq. ft.
- 22/06/2020 (The Edge Markets) Bina Darulaman Bhd (DBD) posted a net profit of RM418,000 for the first quarter ended March 31, 2020 (1QFY20), compared to a net loss RM5.85 million a year earlier, on the back of higher sales to clear its existing stock as well as steady construction progress in its Bandar Darulaman and Bandar Sejahtera townships.

- 22/06/2020  
(The Edge Markets) Genting Malaysia Bhd is targeting to open its outdoor theme park which will be named "Genting SkyWorlds" in the 2Q2021. While "20th Century Fox" has been dropped from the name from its multibillion-ringgit outdoor theme park, the new outdoor theme park will still feature movies from 20th Century Fox as well as other unnamed "international class" movie-themed attractions.
- 22/06/2020  
(City & Country) Mah Sing Group Bhd launched its GrabMyHome campaign during the Movement Control Order (MCO) period, and buyers of homes at its Southville City township in Bangi stand a chance to win a Honda City or Perodua Myvi car. The group also plans to rebrand the 428-acre Southville City in September. There will be more launches of ongoing projects in the township in 1Q2021. "Cerrado Suites (Phase 2) is already opened for registration and will be launched in 1Q2021.
- 23/06/2020  
(Edge Property) Elmina Green Three, the latest phase of Sime Darby Property's City of Elmina township in Shah Alam, Selangor saw 187 units or 85% of the first two phases reserved soon after their previews recently. All 91 units under Phase 1 were taken up during a pre-launch sale through an online preview on June 6, 2020, while 76% or 96 units out of the 127 units under Phase 2 were taken up in less than 30 minutes during a public preview on June 20, 2020. The units are priced from RM709,999 and RM714,499 for Phase 1 and 2 respectively after rebates and before Bumiputra discount.
- 25/06/2020  
(The Edge Markets) Eco World Development Group Bhd's (EcoWorld's) net profit fell 48% to RM21.39 million in the second quarter ended April 30, 2020 (2QFY20) compared with RM41.17 million previously as a result of the quieter period during the movement control order (MCO). The property developer said the mandatory closure of all its sales galleries and construction sites throughout the MCO period affected earnings, with revenue falling 36.4% to RM345.4 million from RM543.18 million a year ago.
- 25/06/2020  
(The Edge Markets) The RM13-million D-Virtual Park, the first virtual theme park in Borneo, located on Jalan Meranek, is now open to the public but with reduced capacity. D-Virtual Park operates in nine blocks of three-storey buildings, offering about 10 virtual reality (VR) entertainment rides, with the VR Elevation D'Luxe as among the most popular.
- 28/06/2020  
(The Star) Matrix Concepts Holdings Bhd recorded a 45% increase in residential bookings during the movement control order (MCO) period. Group executive vice-president Datuk Lee Tian Hock said properties worth RM703 million were booked during the period, which began on March 18, compared with RM400 million in the previous month.
- 30/06/2020  
(The Star) UOA Development Bhd is looking to acquire more land as it remains focused on pursuing property developments within the Greater Kuala Lumpur region. Its latest financial results announcement yesterday that its property development business continues to be backed by an unbilled sales of approximately RM640.9 mil as at March 31.



Limited corporate deals in second quarter of 2020 due to MCO.

## MAJOR CORPORATE DEALS

The following shows updates of key announcements on major corporate deals involving real estate in the second quarter of 2020.

- Ideal Quality Sdn Bhd, a subsidiary of Kossan Rubber Industries Berhad has disposed a parcel of industrial land measuring about 390,397 square meters and located at Mukim of Tanjong Dua Belas, District of Kuala Langat, Selangor Darul Ehsan for a consideration of RM153.38 million. Kossan plans to use the fund to expedite the development of the Bidor land.
- Heng Huat Resources Group Bhd says it is selling an industrial complex in Seberang Perai, Penang at a discount of RM6 million or 21.43 per cent to the market value of RM28 million due to poor market conditions. The sale comprises five parcels of adjoining lots of land measuring about 53,354 square metres together with factory-cum-office buildings and other ancillary structures with a total gross floor area of 264,344 sq ft.
- Mitsui Fudosan (Asia) Malaysia Sdn Bhd (MFAM) and BBCC Development Sdn Bhd (BBCCD) have signed a joint venture agreement to acquire a serviced residence block in the Bukit Bintang City Centre (BBCC) development, Kuala Lumpur, for RM242 million. The joint venture company, known as MFBBCC Serviced Suites Sdn Bhd (MFBBCC), will be 51% held by MFAM and 49% by BBCCD. MFBBCC will manage and operate the property including granting of tenancies within the property.
- UEM Sunrise Bhd has acquired a prime development site at Collingwood, Melbourne, Australia for A\$43 million (RM126 million) from Jowett Properties. The 5,390 sq m inner east site will be transformed into a mixed-use development, it said in a statement. The site is currently home to a Melbourne auto dealership.
- Sunway REIT Management Sdn Bhd, the Manager of Sunway Real Estate Investment Trust (Sunway REIT) will be acquiring The Pinnacle Sunway, a Grade A office building in Sunway City, Selangor for RM450 million. The proposed acquisition will mark Sunway REIT's 10th property addition to its asset portfolio since its listing on the Main Market of Bursa Malaysia Securities Bhd in July 2010, and raise the REIT's property value to RM8.5 billion.
- Supermax Corporation Bhd has completed the sale and purchase agreement with Nishimen Industries (M) Sdn Bhd for a five-acre site in Klang, Selangor for RM20 million. Supermax said it would build its 16th manufacturing plant on the land bought through its wholly-owned Maxter Glove Manufacturing Sdn Bhd. The five-acre industrial plot known as Lot 6062, is located next to Supermax's existing cluster of manufacturing plants.
- Glomac Bhd's plan to sell a parcel of land in Selangor for RM127.04 million to Glomac Al Batha Sdn Bhd has been delayed due to the Covid-19 pandemic. Its wholly-owned subsidiary, Glomac Alliance Sdn Bhd, had entered into a sale and purchase agreement with Glomac Al Batha to dispose of a piece of land measuring about 6.21 hectares in Puchong last November.
- Rimbuna Sawit Bhd's (RSB) wholly-owned subsidiary Woodijaya Sdn Bhd has signed a sale and purchase agreement with Muzana Plantation JV Sdn Bhd to dispose of a parcel of land located at between Sungai Bakong and Sungai Baram, Baram, Sarawak for RM53mil. The proposed disposal involved 2,819 ha, together with the oil palm plantation, facilities and infrastructures, among others.

**NEW LAUNCHES**

Limited new launches were noted during MCO.

The number of new launches is expected to increase, spurred by the low interest rates, ample liquidity in the market and stimulus packages introduced by the government.

| Project Name                                     | Types                       | Units | Developers                          |
|--|-----------------------------|-------|-------------------------------------|
| M Luna @ Kepong                                  | Service Apartment           | 200   | Mah Sing Group Bhd                  |
| Senadi Hills @ Iskandar Puteri                   | Double Storey Terrace House | 112   | Bandar Nusajaya Development Sdn Bhd |
| Elmina Green Three @ City of Elmina              | Double Storey Terrace House | 218   | Sime Darby Property Berhad          |
| M Adora @ Wangsa Melawati                        | Condominium                 | 677   | Mah Sing Group Bhd                  |
| The Conlay @ Kuala Lumpur                        | Service Apartment           | 297   | Eastern & Oriental Bhd (E&O)        |
| Tiara Hills Phase 3 @ Taman Taynton View, Cheras | Three Storey Terrace House  | 46    | Modern Age development Sdn Bhd      |

We welcome any enquiries and feedback on our report. Kindly forward your enquiries and feedback to [wschan@cco.com.my](mailto:wschan@cco.com.my)

#### Key personnel

Sr Chan Cheok Onn  
(Group Chairman)

Sr Annie Chan  
(Group Managing Director)

Sr Chan Wai Seen  
(Director / Chief Editor)

Sr Mohd Khuzairi Yusof  
(Director)

Sr Soo Wing Onn  
(Director)

## Contact Us

#### Main Office

Lot 13.03, Level 13  
Public Bank Tower  
Jalan Wong Ah Fook  
80000 Johor Bahru  
Johor Darul Takzim

Telephone: 607-2762308  
Facsimile: 607-2248295  
Email: [cco@cco.com.my](mailto:cco@cco.com.my)

#### Kuala Lumpur Office

D-07-01, Menara Suezcap 1  
KL Gateway  
No. 2, Jalan Kerinchi  
59200 Kuala Lumpur

Telephone: 603-73922378  
Facsimile: 603-73922372  
Email: [ccokl@cco.com.my](mailto:ccokl@cco.com.my)

#### Shah Alam Office

2-1B, Jalan Pahat J  
15/J Dataran Otomobil  
Seksyen 15, 40000 Shah Alam  
Selangor Darul Ehsan

Telephone: 603-55240372  
Facsimile: 603-55235372  
Email: [ccosa@cco.com.my](mailto:ccosa@cco.com.my)

#### Ipoh Office

No. 166, Jalan Perajurit  
Taman Ipoh Timur  
31400 Ipoh  
Perak Darul Ridzuan

Telephone: 605-5468688  
Facsimile: 605-5457688  
Email: [ccoipoh@cco.com.my](mailto:ccoipoh@cco.com.my)

#### DISCLAIMERS

Information highlighted in the above property market review was derived based on sources that are deemed to be correct and complete. Findings from the market review is deemed to be valid at the time of publication and is subject to future changes without prior written notice.

This publication provides general overview of Malaysian property market trend and such trend may differ for some micro locations and specific property types in Klang Valley, Johor, Pulau Pinang and Perak.

CCO & Associates will not accept any liability to any party for reliance on the contents of this publication. Contents of this report cannot be copied or reproduced without prior written permission from CCO & Associates.