



QUARTERLY MALAYSIAN PROPERTY MARKET REVIEW

1st Quarter Of 2020

CCO & ASSOCIATES GROUP OF COMPANIES

Johor Bahru * Kuala Lumpur * Selangor * Perak

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OVERVIEW OF MALAYSIAN ECONOMY

Gross Domestic Products (GDP)	2019: 4.3% (lower than 4.7% projection) Projection 2020: -2% to 0.5% by BNM (lower than pre-COVID19 projection of 4.8%)
Consumer Price Index (CPI)	2019: 0.7% 2020 January: 1.6% 2020 February: 1.3% 2020 March: -0.2%
Unemployment Numbers	2020 January: 0.512 million 2020 February: 0.525 million 2020 March: 0.611 million
Unemployment Rates	2020 January: 3.2% 2020 February: 3.3% 2020 March: 3.9%
Base Lending Rates	2019 December: 6.71% 2020 January: 6.50% 2020 March: 6.15% (Maybank)
Statutory Reserve Ratio	2020 January: 3% 2020 February: 3% 2020 March: -0.2%
Exchange Rates to US Dollar	2020 end January: RM4.0885 2020 end February: RM4.2260 2020 end March: RM4.3025 2020 end April: RM4.260
Brent Crude Oil	2020 end January: US\$66.2 / barrel 2020 end February: US\$49.67 / barrel 2020 end March: US\$26.35 / barrel 2020 end April: US\$26.48 / barrel
Crude Palm Oil (Monthly Average Price)	2020 January: RM3,014 / mt 2020 February: RM2,715 / mt 2020 March: RM2,382 / mt

Malaysia was just about to recover from the trade war between US and China before it was hit by the politically motivated “Sheraton Move”, outbreak of COVID19 pandemic and oil price crash. These events, collectively, also known as Mother of all crises, have significantly affected and changed the Malaysian political and economic landscapes.

Sheraton move has toppled the Pakatan Harapan government and replaced with the newly formed Perikatan Nasional. The COVID19 outbreak has forced the government to impose Movement Control Order (MCO), which limits movements by Malaysians and allows only essential services and economic sectors to operate. The oil price crash is expected to put a dent on Malaysian government revenues.

The economic stimulus packages are expected to minimize the adverse impact from COVID19 outbreak.

In spite of the stimulus packages, Malaysia is expected to record the first economic recession since 2009. Based on the worst case scenario, Malaysian economy is expected to contract by 2% in 2020, which is worse than the 1.5% contraction in 2009 but better than the 7.4% contraction in 2018.

Due to COVID19, many countries are also facing the prospect of economic recession in 2020 including Singapore and United State.

In view the economic stimulus packages and decline in the global fuel prices, budget deficit may exceed the projected 4% for 2020 Budget.

The MCO, which started on 18th March 2020, has been extended to 12th May 2020. The MCO was changed to CMCO allowing most economic sectors to operate on 4th May 2020 subject to meeting the Standard Operating Policy (SOP). Many companies and SMEs are facing the prospect of closing-down and unemployment rates are expected to spike. To alleviate the devastating impacts from the COVID19 outbreak, the government has introduced several stimulus packages to assist the Malaysians and to stimulate the economy.

Pakatan Harapan government was first to introduce Economic Stimulus 2020 amounting RM20 billion on 27th February 2020, followed by additional incentives being announced by Perikatan Nasional government on 16th March 2020. Realising the grave impact from the COVID19 and MCO, the government introduced enhanced stimulus packages known as PRIHATIN worth RM250 billion on 27th March 2020 and additional RM10 billion PRIHATIN SME on 6th April 2020.

Amongst the key measures introduced under the stimulus packages are as follows:

- ✓ Financial relief to borrowers. Moratorium of up to six (6) months from April to September 2020 will be automatically given to viable borrowers. Borrowers can also restructure and reschedule the loans after the moratorium ends.
- ✓ Various financial assistances and facilities to SMEs and companies affected by the COVID19 outbreak, namely Special Relief Facilities (maximum loan of RM1 million per SME at interest rate of 3.5%), Micro Credit Facility under Bank Simpanan Nasional (maximum loan of RM10,000 at interest rate of 0%) and Special PRIHATIN grant (RM3,000).
- ✓ Financial assistances to rakyat, namely Bantuan Sara Hidup, Bantuan Prihatin Nasional, students, civil servants, pensioners, e-hailing drivers and other vulnerable and affected groups.
- ✓ Borrowers are also given moratorium and payment deferment for certain loans and insurance premiums from 1st April 2020 to 31st September 2020.
- ✓ Exemptions and postponement of the rentals on housing and business premise for public housing and premises owned by government. The government will also waive or provide discount for rentals to SMEs operating from properties owned by Government-Linked-Companies (GLC).
- ✓ The government has also introduced measures to encourage companies to retain their workers during MCO and post MCO. This includes Job Retention Programme and Wage Subsidy Programme.
- ✓ The government has also deferred the payments for EPF's employer contributions, Human Resource Development Fund (HRDF), tax payment deferment as well as discounts for electricity bills and others.
- ✓ To stimulate the economic activities, the government has identified several small projects worth RM2 billion that will benefit contractors from G1 to G4 class. This is additional to the RM2 billion projects that will be implemented in April 2020.
- ✓ The government will also implement projects highlighted under 2020 Budget, which include East Coast Rail Link (ECRL), Mass Rapid Transit Line 2 (MRT2) and the National Fiberisation & Connectivity Plan (NCFP).

Massive job losses and increasing unemployment rate will have significant impact on the Malaysian economy. It is highly imperative for the economic stimulus packages to be implemented immediately to kick start the economy and encourage or retain employment.

The Malaysian property market is expected to record poor performances in 2020 due to discontinuation of HOC and negative impact from the COVID19 outbreak.

Amid the above stimulus packages, the government aims to maintain the budget deficit for 2020 at 4% of the GDP, higher than the projected 3.2% in 2020 Budget. The latest budget deficit is also higher than the 3.4% and 3.7% achieved in 2018 and 2019, respectively. The budget deficit may need to be revised again in view of the fluctuations in the global fuel prices.

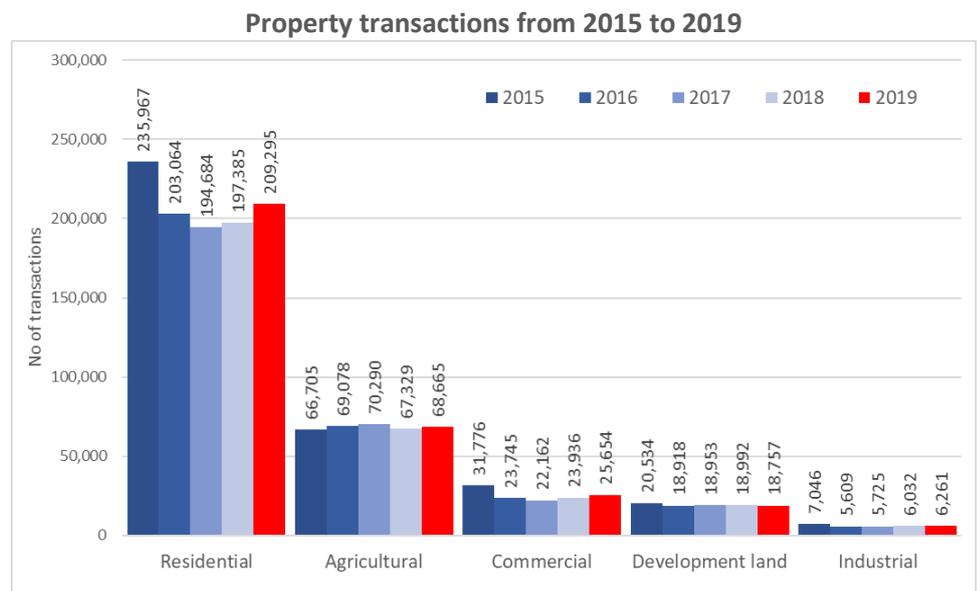
BNM has forecasted unemployment rate to increase to 4% in 2020 due to the COVID19 outbreak from 3.3% in 2019, implying an increase of unemployed labour force by about 110 to 120 thousand labour force in 2020. Malaysian Institute Of Economic Research (MIER) has projected job losses of about 951,000 labour force (best case scenario) and 2.4 million labour force (worst case scenario) as many companies were unable to continue operation during and post MCO. Job losses in large quantum will create severe implications on the Malaysian social economy.

COVID19 outbreak is a global pandemic and has affected many overseas countries including United State Of America (US) and China, both are the top trading partners of Malaysia. Being an export orientated country, decline in the exports will affect Malaysian economy. BNM has projected Malaysian export to decline by about -8.7% in 2020 due to weak demand, supply chain disruptions and lower foreign tourist receipts. Malaysian export reduced marginally by about -0.8% in 2019 when compared to 2018.

In spite of the economic stimulus packages, the Malaysia may still record economic recession in 2020, its first economic recession since 2009. In 2009, the country's economy had been affected by the global financial crisis.

OVERVIEW OF MALAYSIAN PROPERTY MARKET IN 2019

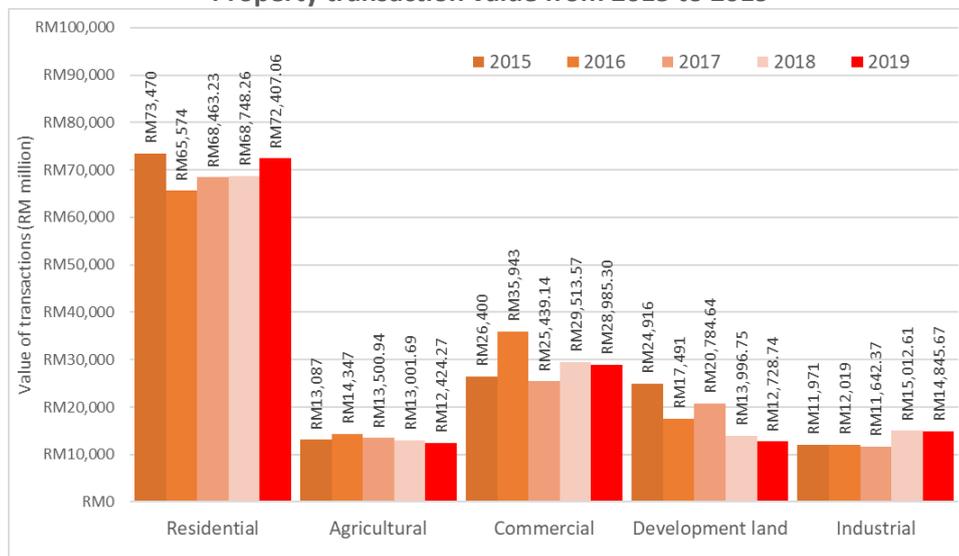
In 2019, a total of 328,647 properties were transacted, indicating a 4.76% increase when compared to the 313,710 transactions in 2018. The increase was spurred by the increase in the residential property transactions, which had increased by about 6.03% from 197,385 transactions in 2018 to 209,295 transactions in 2019. Residential property transactions made up 63.7% of the overall property transactions in 2019.



Source: NAPIC

The total value of property transactions recorded lower increase of 0.77%. The overall property transaction values had declined for all property sectors with the exception of residential property sector, which had increased by about 5.32% from RM68.463 million in 2018 to RM72.407 million in 2019.

Property transaction value from 2015 to 2019



Source: NAPIC

In 2019, the residential property sector was the main performing property sector, encouraged largely by the Home Ownership Campaign (HOC), which has ended on 31st December 2019.

The absence of HOC and the adverse impact of COVID19 outbreak are expected to negatively affect the property market sector. The number and value of property transactions are expected to decline in 2020.

THE NEW NORM POST MCO: EFFECTS OF COVID19 WILL CONTINUE

Until COVID19 is eliminated in the country and overseas or effective vaccine or treatment is discovered, COVID19 will continue to affect the normal way of Malaysian life. Although most economic sectors are allowed to operate effective 4th May 2020, the government has imposed various conditions for the business companies to follow, hence, creating a new norm in the country.

COVID19 outbreak has significantly affected the Malaysian economy. The key industries that have been directly hit by the outbreak include hospitality, aviation, retail and other tourism related industries. Prior to the outbreak, positive outlook was observed for the tourism and hospitality sectors largely attributed to the Visit Malaysia 2020 (VM2020). VM2020 is doomed to fail.

Besides the strict border control, the Health Ministry advocates social distancing as one of the criteria in lifting the MCO. Social distancing requires people to maintain safe distance of at least one meter from each other and disallows events that involve mass gatherings, entertainment & recreation, religious gathering, meetings, conference, exhibition, sports (with body contact), wedding, feast, bazaar, services that involve close proximity and others.

Until vaccine for COVID19 is found, Malaysian is unable to revert back to their normal way of life. World Health Organisation (WHO) has indicated that it could take 12 to 18 months to produce vaccine for COVID19. Many countries have undertaken aggressive steps to develop the vaccine.

MCO has changed the way of Malaysian life. Many are driven to adopt new lifestyle, e.g. online purchase, online transaction, work from home and adopt social distancing, to name a few.

The MHPI has recorded lower increases since 2017 even before the COVID19 outbreak. In 1998, the decline was steeper and recorded a rapid recovery when the government introduced accommodative fiscal and monetary policies.

In 2009, property prices were generally stable with the exception of high-end projects located at few locations in Klang Valley that have undergone price correction. The price correction was largely attributed to the oversupply situation in certain locations and weak market sentiments.

MHPI recorded the largest decline of -9.4% in 1998 when Malaysian GDP contracted by 7.4%. In 1998, no economic stimulus package was introduced, average interest rate was at high level of 12.16% and the banking system was significantly affected by the crisis.

The present banking system is stronger when compared to 1998. Currently, the banking system is assisting the borrowers by offering moratorium, loan restructuring, etc.

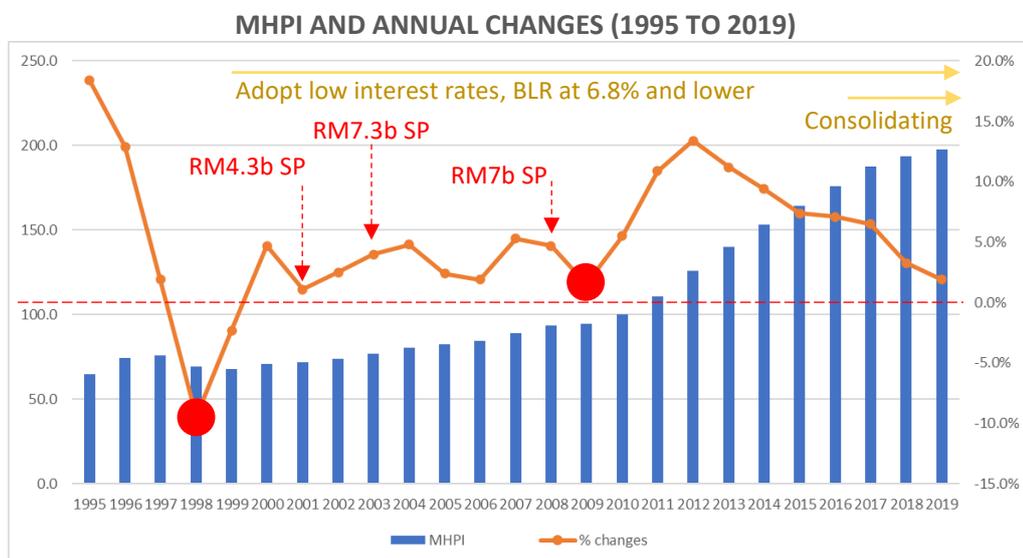
Throughout the MCO, households were encouraged to shop online due to the movement restriction while many retailers sold their products online. This encouraged online trading to record substantial improvement at the expense of the traditional brick & mortar stores, narrowing the gaps between the two. Online trading will also improve demand for logistics and transportation services.

MCO has also encouraged many employees to work and rely on online video conferencing, web conferencing and webinars to conduct meetings and discussions. The government continues to encourage employees to work from home to curb the spread of COVID19. With the technology advancement, the work from home practices may continue even after containment of COVID19, setting a new way of working environment for many companies.

IMPACT ON MALAYSIAN PROPERTY MARKET

During economic recession, the property market will go through correction, demand will weaken while prices will decline. Malaysia has undergone two (2) economic recessions over the past twenty-five (25), e.g. Asian Currency Crisis in 1997 and Global Financial Crisis in 2007.

Asian Currency Crisis had the worst impact on the Malaysian property market, causing the Malaysian House Price Index (MHPI) to decline by -9.4% and -2.3% in 1998 and 1999, respectively. The overall residential property prices recorded lower increase of about 1.5% during the Global Financial Crisis in 2009. Generally, property prices had recovered after the economy recovered.



Source: NAPIC & CCO Research

- Indices prior to 2009 have been adjusted according to the reported annual changes due to different base years adopted)
- SP: Stimulus Packages
- ● Economic recessions (1998- Asian Financial Crisis & 2009- Global Financial Crisis)

In 2020, we foresee some knee-jerk reactions by developers and individual owners affected by the crisis to sell properties at Market Value or below Market Value. These properties will be well absorbed in the market, attributed to the low borrowing costs and ample liquidity in the market. Overall, we expect the property prices to remain stable or reduce marginally due to the following:

- RM250 billion stimulus package. Based on the historical trend, stimulus packages help to alleviate significant drop in the property prices.
- Low borrowing costs and ample liquidity in the banking system.
- Strong banking system. The banking system has provided moratorium and allow affected borrowers to restructure the loans as opposed to mass loan recall and auction during the Asian Currency Crisis in 1998.
- The Malaysian property market was already at consolidation stage even before the outbreak of the crisis.

If the economy fails to improve by September 2020 when the moratorium ends, large number of retrenchments and substantial increase in the unemployment rates may cause Non-Performing Loan (NPL) to increase. The number of property auctions is expected to increase, which may cause property market to record larger declines involving most property sectors.

Hotels and resorts were the worst affected property sector by COVID19 outbreak. Strict border control and lockdowns in Malaysia and overseas have affected tourist arrivals to Malaysia.

The decline in tourist arrivals have also affected the demand for Airbnb accommodations.

The demand for hotel rooms and Airbnb accommodations will remain weak even after the lifting of MCO as strict border control will continue. Many countries are also implementing lockdowns.

Retail shops and MICE will only fully recover after the COVID19 outbreak is effectively contained in Malaysia, where the ban on mass gathering is lifted and general public is confident to gather and shop freely.

Hospitality sector

Hospitality sector is the worst property sector affected by the COVID19 outbreak. Declines in tourist arrival, movement restriction and inactive economic activities have caused the occupancy rates of hotels and resorts to drop. Occupancy rates have dropped to below 30%, causing cashflow problems to the hotels and resorts.

A number of hotels and resorts were reported to be closing down. Notable ones include G Tower Hotel KLCC, Ramada Plaza Melaka, Jazz Hotel Penang, Mercure Penang Beach, Syuen Hotel Ipoh, Tower Regency Ipoh, Kinta Riverfront Hotel & Suites and The Andaman Luxurious Collection in Langkawi, to name a few.

Generally, the government has not provided sufficient assistance to the hospitality sector in the stimulus packages. Many hotels choose to retrench redundant workers or impose pay cut and unpaid leaves to ensure continuity of the hotel operations in the medium to long term. Some hotels choose to close down temporarily or permanently.

Airbnb

Rental incomes from serviced apartments used as Airbnb or hotel / resort will suffer significant drop due to COVID19 outbreak. Owners that rely on rental income from Airbnb services to serve their monthly installment will be at risks of defaulting the loan payment when the moratorium ends.

Meeting, Incentives, Conference & Exhibition (MICE)

The new norm disallows events that involve mass gathering. This guideline will directly affect the MICE as functions usually held at MICE facilities such as meetings, conference, exhibition, wedding reception, feast and others are disallowed during the MCO and controlled MCO. The demand for MICE services will continue to be weak if the threats of COVID19 remains.

During MCO, there was a surge in online purchases. If the trend continues, we foresee demand for warehouses to increase.

MHPI recorded lower increases since 2017 because it tracks large property base throughout the countries and include all residential property types. Some properties especially those affected by large property overhang had recorded decline in prices since 2017.

Young population and low level of home ownership amongst Malaysians will continue to drive demand for affordable residential properties, e.g. condominiums or serviced apartments with floor sizes of about 850 square feet and priced below RM500,000 and located at established locations. Terraced houses priced below RM600,000 also command favourable demand.

Retail shops

When the government imposes MCO, most retail shops except those providing essential services were forced to close. This has affected their businesses considerably. Many landlords were forced to offer discounts on the rentals or waive rentals for tenants to ensure the businesses of the tenants continue to prevail. The government is also offering tax exemption to landlords that offer at least 30% discount to tenants from April to June 2020.

The government has allowed most economic sectors to commence operation effective 4th May 2020, various conditions have been imposed including social distancing and avoid crowding. Until COVID19 is fully contained or vaccine is discovered, many shoppers may be reluctant to shop at shopping complexes. The new norm will change the landscapes of retail property sector.

We anticipate occupancy rates of retail shops to decline as some tenants may cease to operate in view of the uncertainties created by the COVID19 outbreak.

Logistic industries

The increasing popularity of online trading may increase the requirements for warehousing facilities and logistic services. This augurs well for the industrial property sector, particularly the warehousing facilities.

Purpose built offices

During MCO, many employees are allowed to work from home. With the threats of COVID19 to continue, employees may continue to work from home. This could set a new trend in the office sector. Companies will increase their reliance on technology instead of physical office spaces.

We foresee requirements for office spaces to reduce. Rental for office spaces will also reduce as tenants will ask for discounts and rebates during MCO and tenancy renewal due to poor business prospects.

High-rise residential properties

High-rise residential properties, particularly in certain parts of Klang Valley, Johor Bahru and Ipoh, have been affected by oversupply and overhang situation even before the outbreak of COVID19. Developers' selling prices had gradually reduced since 2015 when the government introduced Government Sale Tax (GST) and tightening lending measures. Some developers reduced the prices by more than 30%, by giving discounts, rebates and other incentives.

We anticipate some developers to offer additional incentives post MCO to boost the sales while some affected individuals may be forced to sell their properties at Market Value or below Market Value. Prices will stabilise after the country's economy improves. Notwithstanding this, substantial increase in the unemployment rate may cause property auctions to increase and further depresses the prices of high-rise residential properties.

Many owners are expected to improve their residences to facilitate working from home, e.g. larger working space and improving the infrastructures such as internet broadband connections.

If the economy fails to kick off and unemployment rate increases substantially, we foresee the increase in property auctions will further depress the property prices.

The impact from the increasing NPL on the property market will depend on the actions taken by the financial institutions. Gradual decline is expected if financial institutions undertake consultations with the defaulters to restructure the loan before putting the properties for auction. We anticipate a steeper price correction if large number of properties are put up for sale at the same time.

Landed residential properties

Generally, performances of landed residential properties are more stable as compared to high-rise residential properties. At the right pricing level, landed residential properties, particularly terraced houses, have enjoyed favourable take-up rates.

We anticipate prices of landed residential properties to remain stable. If unemployment rate increases, we expect high-end landed residential properties to undergo price correction while the houses that are reasonably priced will remain stable or reduce marginally.

The Singapore factor

Singapore has recorded over 23,000 confirmed positive COVID19 cases, with most infections affecting dormitories of foreign workers. The outbreak has affected many economic sectors in the country and as a result, Singapore is expected to enter into a recession in 2020. To contain the COVID19 outbreak, Singapore has imposed circuit breaker period starting 7th April 2020 until end of May 2020.

The outbreak and economic slowdown are expected to affect the Malaysian property market, particularly in Johor. Demand from Singaporean is expected to decline substantially in 2020 while Malaysians working in Singapore may be subject to retrenchments and pay cut during and after the circuit breaker period.

Unemployment rate

Unemployment and retrenchments will be the critical factors that will affect the performance of the Malaysian property market. Based on 4% unemployment rate by BNM, we expect the property prices to be largely stable with reasonable price correction for high-end properties or overhang properties.

We expect steeper price corrections in the event the unemployment rate increases substantially. Property prices will be pressured by the increasing NPL and property auctions. Price corrections may kick in across all property sectors. The impact on the property may surface at the start of second half of 2020 when the moratorium ends and affected owners try to sell properties to repay loan or when financial institutions start to initiate auction process on the defaulters.

CORPORATE NEWS

- 06/01/2020 (Edge Property) LBS Bina Group Bhd aims to achieve RM1.6 billion sales in 2020, after successfully reaching RM1.63 billion sales in 2019, exceeding its target of RM1.5 billion. Sales were mainly contributed by KITA@CyberSouth and LBS Alam Perdana townships.
- 07/01/2020 (Edge Property) Sunway Bhd's property division, Sunway Property has set a sales target of RM2 billion in 2020. It has recorded RM1.55 billion in sales in 2019 surpassing the year's target of RM1.3 billion. Unbilled sales stood at RM2.8 billion to date. Sunway Property will be launching properties worth almost RM3.5 billion in gross development value (GDV) this year.
- 09/01/2020 (NST) Guocoland (Malaysia) Bhd's net loss widened to RM14.85 million in the second-quarter (Q2) ended December 31, 2019 from a net loss of RM12.65 million recorded previously. Its Q2 revenue decreased by 18.32 per cent to RM90.19 million from RM110.42 million a year ago.
- 17/01/2020 (Edge Property) KIP Real Estate Investment Trust (KIP REIT)'s net property income rose 41% in the second quarter ended Dec 31, 2019 (2QFY2020) to RM14.73 million from RM10.45 million a year ago, following the acquisition of AEON Mall Kinta City mid last year. The group's distributable income grew 17.5% year-on-year to RM9.4 million versus RM8 million in the previous year.
- 18/01/2020 (The Star) MRCB-Quill real estate investment trust (MQREIT) posted a loss of RM24.38 million for the fourth quarter ended Dec 31, 2019, compared to a net profit of RM8.05 million a year ago. It fell into the red due to lower income from its properties as well as a RM36.73 million fair value loss for its investment properties across the Klang Valley and Penang.
- 20/01/2020 (The Star) Kerjaya Prospek Group Bhd's unit has secured a RM332 million contract for the main building works of a proposed development in Jalan Kia Peng, Kuala Lumpur. The contract, received by Kerjaya Prospek (M) Sdn Bhd, was awarded by Patsawan Properties Sdn Bhd, an indirect joint venture between Eastern & Oriental Bhd and Mitsui Fudosan Asia Pte Ltd. The development is a 54-storey building comprising 491 serviced apartments and a 10-storey car park with common facilities.
- 22/01/2020 (NST) IGB Real Estate Investment Trust's (REIT) net profit shrunk by 28.7 per cent to RM75.26 million for the fourth quarter (Q4) ended December 31, 2019 from RM105.51 million recorded in the same quarter in 2018. The lower net profit recorded for the quarter was mainly due to revaluation surplus of RM30 million on investment properties in the corresponding quarter in 2018.
- 24/01/2020 (The Star) KLCC Real Estate Investment Trust's (KLCC REIT) net profit for the fourth quarter ended Dec 31, 2019 rose 33.1% to RM244.41 million from RM183.66 million a year ago, mainly due to property investment in the retail sector and hotel operations segment.
- 28/01/2020 (The Star) Titijaya Land Bhd has set its business direction in the coming three years to focus on tie-ups with international property and construction giants which include China Railway Group Ltd and Tokyu Land Corp. Titijaya is currently teaming up with CREC Development (M) Sdn Bhd (CRECD) to develop a mixed development on a 6.06-acre site at the Embassy Row in Jalan Ampang, Kuala Lumpur. The mixed development named 3rdNvenue has an estimated gross development value (GDV) of RM1.8 billion. 3rdNvenue would comprise four blocks with total 2,400 home-offices, serviced apartments and retail lots.

- 29/01/2020 (The Star) Sime Darby Property Bhd’s board of directors has appointed Datuk Azmir Merican Azmi Merican as the group managing director effective April 22. Datuk Azmir Merican is currently the managing director/CEO of UEM Edgenta Bhd, one of the largest asset management and infrastructure solutions companies in Asia with operations in six countries.
- 29/01/2020 (The Star) Tambun Indah Land Bhd and Taiwan-based Show Chwan Medical Care Corp have entered into a memorandum of understanding (MoU) to jointly establish a private specialist hospital, Penang Show Chwan Hospital, at Pearl City in Seberang Perai Selatan, Penang. The project is envisaged to be a multi-disciplinary medical centre with about 250 beds on a 1.62-hectare land at Pearl City Business Park.
- 31/01/2020 (The Star) Mah Sing Group Bhd is unveiling its first community-friendly recreational park - Summit Park at Southville City, KL South, this March. The 9.62-acre Summit Park acts as a “green sanctuary” and is deemed to be one of the pioneer public park playgrounds in Malaysia which complies with international safety standards certified by the Playground Safety Association of Malaysia.
- 05/02/2020 (The Star) Sime Darby Property Bhd, which has launched the first phase of its XME Business Park project in Nilai in December 2019, is confident that all 75 units available will be taken up by year-end. The state’s first managed industrial park is strategically located at the gateway of Negeri Sembilan and the Malaysian Vision Valley (MVV) 2.0. The park, with a total 149 units, would have a gross development value (GDV) of RM520 million.
- 05/02/2020 (NST) Paramount Corp Bhd has moved into Thai property development with the acquisition of a 49 per cent equity in a Bangkok-based company. Paramount had on January 22 signed a share purchase agreement with Navarang Asset Co Ltd to buy the stake in Navarang Charoennakorn Co Ltd (NCCL) for RM8.44 million. Navarang Charoennakorn would launch Na Reva, a 29-storey premium condominium project, with a gross development value (GDV) of RM172 million.
- 08/02/2020 (The Star) Sunway Bhd will be diversifying its geographical footprint with Elite Commercial real estate investment trust (REIT), which listed on the Singapore Exchange’s main board on Feb 6. Elite Commercial REIT is the first British pound-denominated REIT in Singapore. Sunway RE Capital, a wholly-owned subsidiary of Sunway Bhd, owns 8.9% of the Elite REIT. The other sponsors are Elite Partners Holdings Pte Ltd and Ho Lee Group Pte Ltd. Sunway RE Capital has a 15% stake in the REIT Manager, Elite Commercial REIT Management Pte Ltd.
- 10/02/2020 (Edge Property) Mah Sing Group Bhd plans to launch Phase 2 of its M Aruna township in Rawang in May. Comprising 2-storey link homes, the phase is now open for registration. Phase 2, called Avery and Carya, will comprise 192 two-storey link homes with built-ups starting from 1,700 sq. ft. Prices start from RM550,000.
- 14/02/2020 (The Star) SunREIT has recorded a 16.19% jump year-on-year (y-o-y) in its net profit for the second quarter ended Dec 31, 2019, on the back of a strong growth in net property income (NPI). Its NPI grew 11.9% y-o-y from RM104.23 million to RM116.62 million while revenue rose 11.7% y-o-y to RM155.8 million for the quarter, boosted by income contribution from the newly acquired Sunway university and college campus as well as improved performance across all segments.

- 19/02/2020 (NST) Eastern & Oriental Bhd (E&O) aims to launch RM1.3 billion worth of properties this year. This iconic development with a GDV of RM968 million marks E&O's second joint venture residential development with Mitsui Fudosan Group (Mitsui), Japan's largest real estate developer. E&O announced its financial results for the nine months ended 31 December 2019 (9MFY20), recording total revenue of RM390.6 million, down 38.6 per cent from RM636.3 million posted in the nine months ended 31 December 2018 (9MFY19).
- 20/02/2020 (The Star) Tabung Haji's four operating hotels, which were transferred to Urusharta Jamaah Sdn Bhd (UJ), will operate under a new name of Raia Hotel from April 1 and all the staff would be absorbed. Urusharta Jamaah said the staff at the four hotels - TH Hotel Kota Kinabalu; TH Hotel Bayan Lepas; TH Hotel & Convention Centre Alor Setar; and TH Hotel & Convention Centre Kuala Terengganu – would be absorbed.
- 21/02/2020 (The Star) Matrix Concepts Holdings Bhd reported its fourth consecutive quarter of growth, with net profit in the third quarter ended Dec 31,2019 rising 34.4% to RM65.3 million from RM48.6 million previously. Revenue for the quarter stood at RM279 million. The group's net profit for the nine months ended Dec 31,2019 surged 17.8% to RM178.7 million from RM151.7 million in the previous corresponding period. Revenue for the period was 5.4% higher to RM810.2 million from RM769 million previously.
- 24/02/2020 (The Star) IJM Land Bhd's construction subsidiary, Jurutama Sdn Bhd, is set to develop the stalled RM4.5 billion The Light City project, which is located next to the Penang Bridge. The project could be launched in two phases. The first phase will have a mall with a 680,000-sq-ft net lettable area, the Penang Waterfront Convention Centre, a four-star hotel with 500 rooms, offices and the Mezzo residential condominiums. The second phase will have a 300,000-sq-ft mall, a five-star hotel with 250 rooms, offices and the Essence residential condominiums.
- 25/02/2020 (The Star) Sunway Bhd is expanding its healthcare business with six new hospitals in pipeline as the group reported improved earnings in financial year ending Dec 31, 2019 (FY19). Net profit in FY19 rose 18.8% to RM766.6 million compared with RM645.5 million made a year ago. Sales declined to RM4.78 billion from RM5.41 billion.
- 25/02/2020 (Edge Property) UEM Sunrise Bhd has set a sales target of RM2 billion for this year, which is 67% increase from the RM1.2 billion target for 2019. Sales will be derived from the launch of projects worth a total gross development value (GDV) of RM2 billion focusing on mid-market landed homes mainly the Aspire-themed products and a new mid-market landed development called Senadi Hills, both in the Southern region as well as new phases at Serene Heights Bangi in the central region. It will also be launching Residensi Allevia in Mont'Kiara, Residensi Equine 9 in Seri Kembangan and Solaris Parq's first office block in Dutamas.
- 26/02/2020 (The Star) IJM Corp Bhd posted a 47% year-on-year decline in net profit to RM49.77 million for the third quarter of the financial year ending March 31, 2020 (FY20). This was on the back of lower profits recorded by the group's construction, property development, manufacturing and quarrying, as well as infrastructure divisions.
- 26/02/2020 (The Star) Sime Darby Property Bhd achieved total sales of RM3.1 billion in the financial year ended Dec 31, 2019 boosted by contributions from City of Elmina, Bandar Bukit Raja, Serenia City, Putra Heights, KL East and Cantara Residences. The total sales had exceeded its target of RM2.30 billion by 35%. In FY19, it launched 2,917 units with a combined GDV of RM2.3bil in the year.

- 27/02/2020
(The Star) SP Setia Bhd has achieved total sales of RM4.56 billion, to meet its RM4.55 billion sales target for FY19. For the year ended Dec 31, 2019, the group's revenue and profit before tax came in at RM3.93 billion and RM598 million, respectively. Local projects are the biggest contributor, bringing in RM4.01 billion or about 88% of sales, while the remaining 12% is fulfilled by international projects such as UNO Melbourne in Australia, Daintree Residence in Singapore and EcoXuan in Vietnam.
- 27/02/2020
(The Star) Sunway's net profit for its fourth quarter ended Dec 31, 2019 rose 10.47% to RM200.31 million from RM181.24 million in the previous corresponding period, due to higher contributions from its property development, quarry and property investment segments. For the financial year ended Dec 31, 2019, net profit rose to RM766.63 million from RM645.51 million in the previous corresponding period, while revenue declined to RM4.78 billion from RM5.41 billion previously.
- 27/02/2020
(The Star) Kerjaya Prospek Group Bhd's net profit rose to RM140.14mil for the financial year ended Dec 31, 2019 from RM138.20 million in the same period in 2018. In contrast, revenue slipped 1.3% to RM1.06 billion from RM1.07 billion previously amid increased contribution from the construction segment. The group said the segment recorded RM1.01 billion in revenue, up 4% from RM970 million previously, due to the progress of construction works on-site.
- 28/02/2020
(The Star) Sime Darby Property Bhd is maintaining its 2019 sales target of RM2.3 billion for this year as it expects a challenging outlook for the property market in 2020. Sime Darby Property planned to launch RM2.7 billion worth of projects this year, adding that it would sell more properties within the affordable and mid-range price points in strategic locations.
- 28/02/2020
(The Star) I-BHD net profit fell by 43.6% to RM3.49 million in the fourth quarter ended Dec 31, 2019 from RM6.19 million a year ago, dragged by lower profit from its property development segment. The segment posted declining profits due to lower unbilled sales as there was no new project launches since 2018.
- 28/02/2020
(The Star) LBS Bina Group Bhd's net profit for the fourth quarter to Dec 31, 2019 was marginally up to RM17.9million from RM17.56 million in the same quarter previous year. Revenue was up 74.35% to RM291.1 million. The increase in both revenue and profit was largely driven by good take-up rate and steady construction progress from its projects within the Klang Valley, Pahang and Johor.
- 29/02/2020
(The Star) Mah Sing Group Bhd recorded a net profit of RM44.99million for its fourth quarter ended Dec 31, 2019, compared with RM66.02million in the previous corresponding period, while revenue in the fourth quarter stood at RM442.64 million from RM514.65 million in the previous corresponding period. For the financial year ended Dec 31, 2019, Mah Sing reported a net profit of RM200.33 million compared with RM271.58 million in the corresponding period, while revenue stood at RM1.79 billion from RM2.19 billion a year earlier.
- 03/03/2020
(NST) Titijaya Land Bhd has partnered with Maybank Islamic to offer HouzKEY, a new way to own your home for Titijaya's developments. HouzKEY is an inventive home financing solution offered by Maybank Islamic and Titijaya is one of the exclusive developers that has partnered with the bank to offer this solution.
- 06/03/2020
(The Star) Naza TTDI Sdn Bhd and EXSIM Development Sdn Bhd are in a tie-up to develop a plot of land worth RM800mil at KL Metropolis in Kuala Lumpur. The joint development agreement will see Ivory Interpoint Sdn Bhd, a subsidiary of EXSIM, being granted the rights on the 1.86-acre land to develop MET 6, a premium serviced apartment project complete with a retail podium.

- 09/03/2020
(The Star) SP Setia Bhd is set to achieve strong earnings this year despite the challenging market conditions. The company, which has set a bullish sales target of RM4.55 billion for this year, will be focusing on landed residential projects to grow its earnings. For the year ended Dec 31, 2019, the group's revenue and profit before tax came in at RM3.93 billion and RM598 million, respectively.
- 10/03/2020
(The Star) IJM Corp Bhd has won a RM530 million contract for the construction of The Exchange TRX's residential component in Tun Razak Exchange (TRX). IJM Construction will undertake the superstructure works of two blocks of serviced apartments known as "TRX Residences. The two towers of 53 and 57 storeys each, will have a total of 443 units and 453 units respectively.
- 17/03/2020
(The Star) Genting Malaysia Bhd has decided to temporarily close its Resorts World Genting from March 18-31, 2020 due to the Covid -19 pandemic. This will include hotel facilities, food & beverage outlets, casino, Skytropolis Indoor Theme Park, entertainment facilities, attractions, shopping malls and retail outlets.
- 20/03/2020
(The Star) WCT Holdings Bhd has secured a RM1.2bil construction contract from Jendela Mayang Sdn Bhd (JMSB) for the development of Pavilion Damansara Heights Parcel 2. The scope of works under the contract shall encompass the execution and completion of 1 block of 32-storey office and hotel on a podium block comprising retail space, mezzanine floors and works to lower ground floor and basement car park, 2 blocks of residential tower, hard and soft landscape works and external works, including a MRT link bridge.
- 26/03/2020
(The Star) Genting Malaysia Bhd has extended the closure of its resorts operations until April 14 following the latest government announcement over the movement control order (MCO). The closure affected Resorts World Genting, Resorts World Awana, Resorts World Kijal and Resorts World Langkawi.
- 26/03/2020
(The Star) Glomac Bhd's net profit jumped more than seven-fold to RM12.14 million in the third quarter ended Jan 31, 2020 (3Q20) from RM1.43 million a year ago driven by more ongoing development phases and better performance by the property investment segment, complemented by administrative cost savings achieved. Its revenue dropped 6.3% to RM74.02 million in the quarter compared to RM79.03 million a year ago dragged by revenue from the property development segment.
- 27/03/2020
(The Star) Eco World Development Bhd's net profit was up 10.5% to RM33.51 million in the first quarter ended Jan 31, 2020 from RM30.31 million a year ago, driven by higher share contributed by the group's Malaysian joint ventures. The property developer has also announced the redesignation of non-executive chairman Tan Sri Liew Kee Sin to executive chairman to lead the group to overcome the present market challenges and take advantage of opportunities that may arise.
- 27/03/2020
(The Star) Boutique property developer JL99 Group will be unveiling its latest project called 99 Residence @ KL North with an estimated gross development value (GDV) of RM750 million, on Sept 28 and 29. The leasehold serviced apartment project, which takes up seven acres of a 17-acre site owned by the developer in Taman Wahyu, Kuala Lumpur, fronts the Middle Ring Road 2 (MRR2) and will have 1,421 units spread evenly over four blocks.
- 28/03/2020
(Edge Property) Manufacturer-turned-property developer PRG Holdings Bhd is planning to officially launch Embayu @ Damansara West on April 19. The condominium is located in Seksyen U5 in Shah Alam, Selangor, and has a gross development value (GDV) of RM270 million. It is a joint venture (JV) project between PRG and the land owner, Baycity Park Sdn Bhd.

We expect corporate deals involving real estate transactions to reduce in 2020 due to COVID19 outbreak.

MAJOR CORPORATE DEALS

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

Klang Valley

- ✓ Axis REIT is in the midst of acquiring seven new properties worth RM288 million, with RM140 million worth of properties in the pipeline so far this year. The group had already signed sale purchase agreements, or accepted a letter of offers for these properties, which were all expected to be completed by the middle of this year.
- ✓ Kerjaya Prospek Property Bhd (formerly GSB Group Bhd) is buying five pieces of land along Jalan Puchong/Jalan Klang Lama for RM13.03 million. The land parcels are located nearby Bloomsvale which the company intends to develop to complement its Bloomsvale project.
- ✓ Leader Steel Holdings Bhd is acquiring a piece of freehold land measuring 3.48 million sq ft in Klang for RM30.67 million to expand its manufacturing cum warehouse facility.
- ✓ TSR Capital Bhd is selling its freehold land in Mutiara Damansara, Petaling Jaya measuring 5,078 sq m for RM48.10 million. The disposal to Inwin Properties Sdn Bhd is expected to result in a loss of RM4.03 million to TSR Capital and its subsidiaries.
- ✓ In February 2020, Westports Holdings Bhd's wholly owned unit, Westports Malaysia Sdn Bhd (WMSB), has entered into a conditional sale and purchase agreement with Pembinaan Redzai Sdn Bhd (PRSB) to acquire 146.4ha of leasehold land in Klang for RM393.96 million cash. The company plans to develop eight additional container terminal (CT) facilities involving a development cost of about RM10 billion.
- ✓ Prestariang Bhd is selling its boutique university which is owned and operated by its unit, Prestariang Education Sdn Bhd, to Serba Dinamik Group Bhd (SDGB) for RM2.5 million. A conditional share sale agreement was sealed for SDGB to acquire University Malaysia of Computer Science and Engineering (UNIMY) owned by Prestariang Education.
- ✓ UEM Sunrise is planning to sell Hyatt House Kuala Lumpur hotel in Mont' Kiara, a 65-acre land parcel in Seri Kembangan and a parcel in Seputeh, Kuala Lumpur. The company hopes to fetch about RM270 million and RM250 million respectively for Hyatt House and the 65-acre piece of land, while the Seputeh land may be worth about RM25 million.
- ✓ Johore Tin Bhd has acquired a 29-acre piece of land in Shah Alam, Selangor, from Golden Valley Industries Sdn Bhd (GVI) for RM44.26 million.
- ✓ Sinmah Capital Bhd announced in February 2020, Sime Darby Property (City of Elmina) Sdn Bhd has accepted an offer by a subsidiary to acquire five acres of land in Sungai Buloh for RM32.67 million. Sinmah Amegajaya Healthcare Sdn Bhd, a 70%-owned unit, made the offer to purchase the land on Nov 20. The company plans to build a university hospital and a hospital related building on the land.
- ✓ Tower Real Estate Investment Trust (REIT) has entered into a conditional sale and purchase agreement with Guocoland Malaysia Bhd's indirect subsidiary DC Offices Sdn Bhd for the proposed acquisition of an office building for RM242.1 million cash. The proposed disposal is expected to be completed by the third quarter of 2020.
- ✓ Supermax Corp Bhd is buying a 5-acre piece of industrial land in Meru, Klang, Selangor for RM20 million for future expansion of its manufacturing capacity. The property is located next to its existing plant in Meru, is a freehold industrial land.

- ✓ Vortex Consolidated Bhd's wholly owned subsidiary, Open Adventure Sdn Bhd, had entered into an agreement with Classic Blossom for the sale of a factory located in Shah Alam for RM10.6 million.
- ✓ Berjaya Corp (BCorp) Bhd is selling a residential unit at The Ritz-Carlton Residences in Kuala Lumpur with a built-up area of about 1,938 sq ft for RM5.16 million or at about RM2,663 per square foot (sq ft). The unit will be sold to Magna Mahsuri Sdn Bhd (MMSB), a wholly-owned subsidiary of Berjaya Sports Toto Bhd (BToto).
- ✓ SYF Resources Bhd is selling a parcel of freehold land it owns in Semenyih via a wholly-owned subsidiary for RM33.65 million, which will book it an estimated net gain of RM1.37 million. The parcel, which measures 3.47ha and is held under Giat Armada Sdn Bhd, is being sold to Pacific Parkland Sdn Bhd (PPSB).
- ✓ Axis-REIT has completed the acquisition of a leasehold property within the Bukit Raja industrial zone in Klang, Selangor for RM37 million. The property comprises 5.6-acre land with two blocks of detached factory and a double-storey office building. It was acquired from Lion Steelworks Sdn Bhd, a unit of Lion Corp Bhd. The net lettable area is 149,605 sq ft.
- ✓ Hartalega Holdings Bhd is making room to expand its glove manufacturing facilities in Sepang, as the global pandemic boosted demand. The company has agreed to purchase 38.49 hectares of land located near its complex in Sepang for RM263.1 million.

Melaka

- ✓ Guocoland Malaysia (GLM) its indirect subsidiary has entered into a conditional sale and purchase agreement to dispose of a parcel of freehold agricultural land in Jasin, Malacca measuring 263.8 hectare to Parkland Avenue Sdn Bhd (PASB) for some RM119.3 million.

Pulau Pinang

- ✓ ATTA Global Group Bhd is disposing of its property in Penang comprising a 16-year-old building on a piece of 1,591 sq m land to ISEC (Penang) Sdn Bhd for RM18.1 million.

Johor

- ✓ Acoustech Bhd's (AB) wholly-owned subsidiary JM Cemerlang Sdn Bhd (JMSCB) had entered into a sales and purchase agreement with Melatone Coating Sdn Bhd (MCSB) to dispose a 0.410-hectare plot of land in Plentong, Johor Bahru for RM6.62 million.

Perak

- ✓ Johore Tin Bhd wholly-owned unit Able Dairies Sdn Bhd has proposed to acquire a piece of land measuring 29.03 acres in Kapar, Perak for RM44.26 million. The land is owned by Golden Valley Industries Sdn Bhd.
- ✓ Majuperak Holdings Bhd is disposing of three parcels of leasehold land in Daerah Kinta, Perak for RM27.31 million. Its wholly-owned subsidiary Syarikat Majuperak Bhd has inked an agreement with property developer, Keris Properties Holdings Sdn Bhd for the proposed disposal of the parcels of commercial land measuring a total of 52.67 hectares.

Negeri Sembilan

- ✓ Dutch Lady Milk Industries Bhd has inked a conditional sale and purchase agreement to acquire 32.59 acres of freehold industrial land for RM59.79 million. The three parcels of land are located within 1,100-acre technology park, Techpark@Enstek in Bandar Enstek.

- ✓ Avillion Bhd has received an unsolicited RM382mil offer from China-based Guangxi East Hangyang Investment Group to purchase certain land parcels owned by it in Port Dickson. The report said Guangxi East Hangyang made an offer to purchase six parcels of land from Avillion including the piece of land that houses one of Avillion's main assets, the Avillion Hotel Port Dickson.

Sabah

- ✓ Kim Loong Resources Bhd is buying close to 2,900 acres of fully cultivated palm oil plantation in Kinabatangan, Sabah in four separate deals worth a combined RM92.5mil. The plots are now separately owned by four private companies, namely Greenfingers Sdn Bhd, R&H Sdn Bhd, Bakti Perusahaan Sdn Bhd and Sri Handal Sdn Bhd.

During MCO, all property launches have stopped. Generally, developers are looking at the right timing to launch or relaunch their projects.

NEW LAUNCHES

Project Name	Types	Units	Developers
Legasi 2 @ Bandar Kinrara	Two storey terrace house	76	I&P Group
Setia City Residence (Tower C) @ Bandar Setia Alam	Service Apartment	260	S P Setia Bhd
UNO Promenade @ Sungai Besi	Service Apartment	137	Promenade Group
SkySierra @ Setiawangsa	Condominium	1,309	SkyWorld Development Group
Kenwingston Platz @ Setapak	Service Apartment	849	Kenwingston Ventures Sdn Bhd
Residensi M Arisa @ Sentul	Service Apartment	1,598	Cosmoworld Housing Development Sdn Bhd
Ilham Residence @ City of Elmina	Double Storey Terrace House	513	Sime Darby Property Berhad
Setia Safiro @ Cyberjaya (Phase 2A)	Double Storey Terrace House	80	S P Setia Bhd
Castanea @ Bandar Setia Alam	Double Storey Semi-Detached House	52	S P Setia Bhd
Serimba Terrace @ Bandar Bukit Mahkota, Bangi	Double storey Terrace House	97	Lion Group Property
Amber Heights @ Bandar Seri Alam, Johor	Apartment	120	UMLand
Acacia @ Meridin East	Double Storey Terrace House	187	Mah Sing Group Bhd
Ervina Ara Sendayan 2 @ Bandar Sri Sendayan	Double Storey Semi-Detached House	46	Matrix Concepts Sdn Bhd
Iconia Garden Residence @ Taman Impian Emas, Skudai, Johor	Double storey Terrace House	163	Gunung Impian Development Sdn Bhd
Tunas Residensi @ Nada Bidara, Seremban	Apartment	460	Seri Pajam Development

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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.

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