

# Malaysian Property Market 2014 Outlook: The New Property Drivers and The Growing Areas for High Return Investment

## Where, What, When, Why.....How

*REI Group of Companies*  
*Presentation by Dr. Daniele Gambero*

*Connecting the ..... dots between economy, demographic trends and new housing concepts*

## Agenda

Malaysian Economic Performance: room for improvement

Malaysian Economy: Fact File

Malaysian Wealth: meaning of Affordable

Malaysian Real Estate: Strategically Sustainable

Malaysian Real Estate: what and where

Malaysian Real Estate: when and why

# GLOBAL & MALAYSIAN ECONOMY - FACT FILE

	USA	EU	UK	JAPAN	AUSTRALIA	MALAYSIA
GDP Growth	2.52%	0.12%	0.65%	0.65%	0.65%	4.70%
Gov. Debt as % of GDP	101.60%	90.60%	91.10%	226.1%	20.7%	53.10%
Gov. Deficit as % of GDP	-4.10%	-3.7%	-7.40%	-9.6%	-3.00%	-4.50%
Balance of Current Acc in USD Billion	-360.7	-34.5	-93.6	56.6	-44.9%	16.6
Inflation	1.5%	1.5%	2.7%	0.2%	2.4%	3.2%
Unemployment	7.3%	10.8%	7.7%	4.1%	5.7%	3%

# GLOBAL & MALAYSIAN ECONOMY - FACT FILE

Country	Ease of doing business		Starting a business		Dealing with construction permits		Registering a property		Trading across borders		Enforcing contracts		Result over 3 years	Overall Ranking			
	2010	2013	2010	2013	2010	2013	2010	2013	2010	2013	2010	2013		2010	Rank	2013	Rank
SINGAPORE	1	1	4	4	2	2	16	36	1	1	13	12	0	37	1	56	2
NEW ZEALAND	2	3	1	1	5	6	3	2	26	25	10	17	-1	47	2	54	1
HONG KONG	3	2	18	6	1	1	75	60	2	2	3	10	+2	102	5	81	3
US	4	4	8	13	25	17	12	25	18	22	8	6	-1	75	3	87	4
UK	5	7	16	19	16	20	23	73	16	14	23	21	-2	99	4	154	6
THAILAND	12	18	55	85	13	16	6	26	12	20	24	23	-4	122	6	188	7
JAPAN	15	24	91	114	45	72	54	64	17	19	20	35	-6	242	8	328	9
S. KOREA	19	8	53	24	23	26	71	75	8	3	5	2	+2	179	7	138	5
MALAYSIA	23	12	88	54	109	96	86	33	35	11	59	33	+6	400	9	239	8

# MALAYSIAN WEALTH DISTRIBUTION - FACT FILE

FEW CONSIDERATION ON MALAYSIANS WEALTH:

Malaysian average per capita income (2012) – Source IMF

**USD15,750 per year = RM4,200 (per month)**

(Source: CIA The World fact book 2013)

## Malaysian Wealth Distribution

Lowest 20%

Share 5% of Malaysian wealth

Highest 20%

Share 40% of Malaysian wealth

=

Median 60% share 55%

**18,000,000**



# MALAYSIAN WEALTH DISTRIBUTION - FACT FILE

FEW CONSIDERATION ON MALAYSIANS WEALTH:

## PER CAPITA INCOME STATISTICS

State	GDP per Capita at current prices				State by state Population in 2012	2012 % on Malaysia Population %	GDP @ const prices
	2009	2010	2011	2012			
	RM	RM	RM	RM			RM Billion
Kuala Lumpur	57,040	62,075	68,072	73,931	1,768,680	5.90%	114,106
Sarawak	31,286	34,136	39,324	40,414	2,601,000	8.68%	71,874
Pulau Pinang	30,098	33,601	35,188	37,006	1,664,640	5.56%	52,530
Selangor	28,468	31,457	33,727	36,135	5,826,240	19.44%	176,239
Malacca	25,397	28,328	31,093	33,550	832,320	2.78%	21,953
Negeri Sembilan	25,595	28,586	31,295	32,511	1,040,400	3.47%	27,717

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### PER CAPITA INCOME STATISTICS

State	GDP per Capita at current prices				State by state Population in 2012	2012 % on Malaysia Population %	GDP @ const prices
	2009	2010	2011	2012			
	RM	RM	RM	RM			RM Billion
Pahang	20,548	23,008	26,066	26,197	1,560,600	5.21%	30,750
Johor	18,878	21,329	23,593	24,574	3,537,360	11.81%	68,791
Terengganu	19,102	20,581	22,220	22,733	1,144,440	3.82%	19,627
Perak	15,809	17,341	19,362	20,569	2,496,960	8.33%	39,627
Sabah	15,515	17,118	19,038	19,010	3,537,360	11.81%	44,434
Perlis	15,186	16,175	16,992	18,119	208,080	0.69%	3,535
Kedah	12,481	13,744	15,388	15,814	2,080,800	6.94%	25,307
Kelantan	8,421	9,322	10,366	10,617	1,664,640	5.56%	13,461

# MALAYSIAN WEALTH DISTRIBUTION - FACT FILE

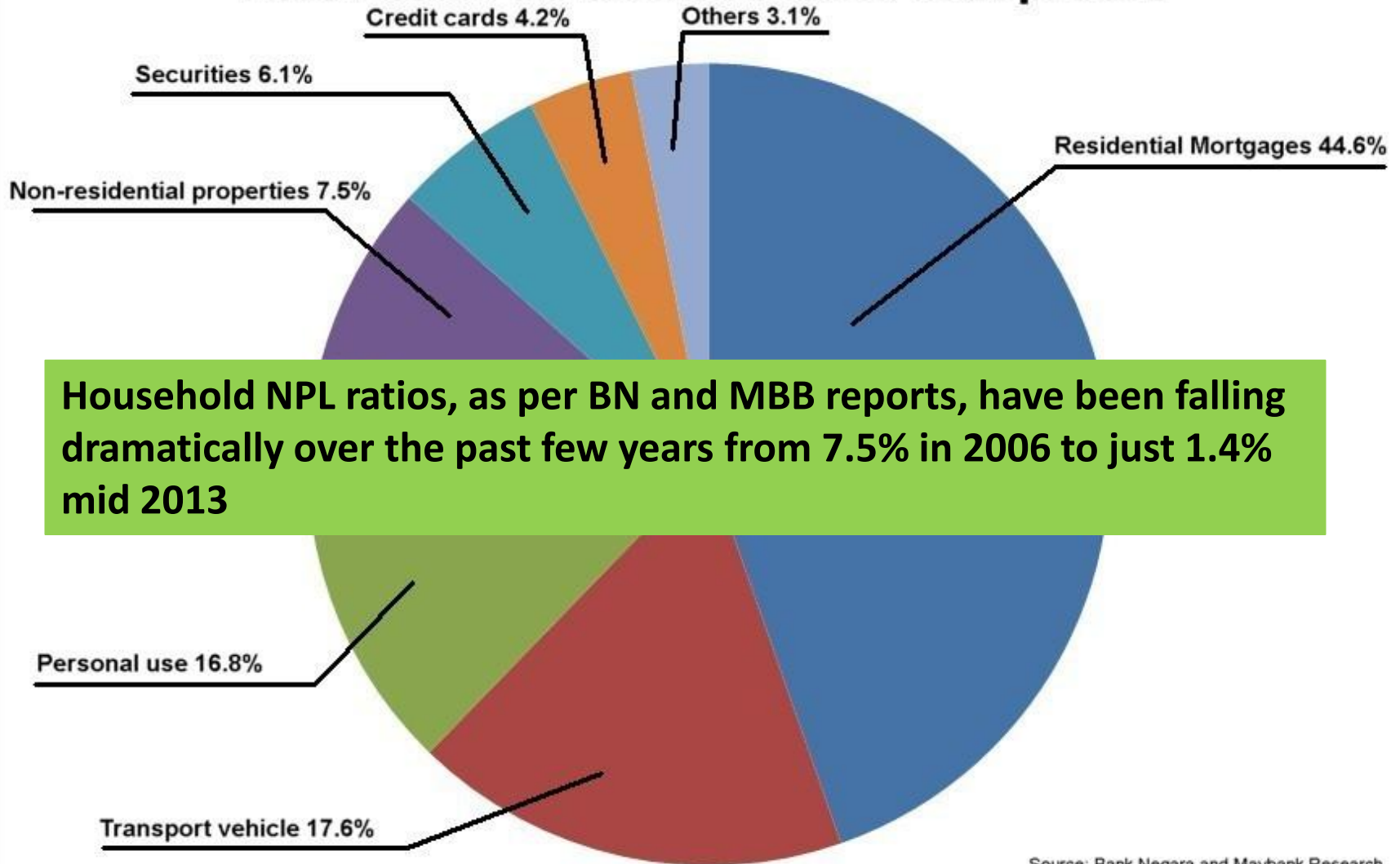
## 2012 PER CAPITA INCOME STATISTICS

State	State by state (est) Population in 2012	GDP 2012 @ const prices 2012 RM Billion	GDP 2012 per Capita at current prices		35% of monthly income = Loan repayment RM	Affordable House value (30 yrs loan @ BLR-2.3 4.4%)	
			Yearly	Monthly		Per capita	Per household
			RM	RM			
Kuala Lumpur	1,718,680	114,106	73,931	6,161	2,156.32	480,000	720,000
Sarawak	2,501,000	71,874	40,414	3,368	1,178.74	260,000	390,000
Pulau Pinang	1,654,640	52,530	37,006	3,084	1,079.34	240,000	360,000
Selangor	5,626,240	176,239	36,135	3,011	1,053.94	240,000	360,000
Malacca	832,320	21,953	33,550	2,796	978.54	220,000	330,000
Negeri Sembilan	1,040,400	27,717	32,511	2,709	948.24	220,000	330,000
Pahang	1,560,600	30,750	26,197	2,183	764.08	165,000	247,500
Johor	3,337,360	68,791	24,574	2,048	716.74	160,000	240,000
Terengganu	1,144,440	19,627	22,733	1,894	663.05	145,000	217,500
Perak	2,396,960	39,627	20,569	1,714	599.93	135,000	202,500
Sabah	3,437,360	44,434	19,010	1,584	554.46	125,000	187,500
Perlis	208,080	3,535	18,119	1,510	528.47	120,000	180,000
Kedah	2,080,800	25,307	15,814	1,318	461.24	105,000	157,500
Kelantan	1,654,640	13,461	10,617	885	309.66	70,000	105,000



# MALAYSIAN HOUSEHOLD DEBT - FACT FILE

## What does household debt comprise?



# MALAYSIAN PROPERTY MARKET SUSTAINABILITY

How House Price Index and Per Capita income index are strictly correlated, what is this comparison showing?

House - Income trend	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
House price index	100.0	101.1	103.5	107.5	112.4	115.0	117.2	123.1	128.6	130.5	138.8	151.2	167.2	178.4
Income statistics	213.0	232.1	238.2	244.2	250.0	260.8	271.5	282.2	294.6	307.0	330.0	352.9	375.8	

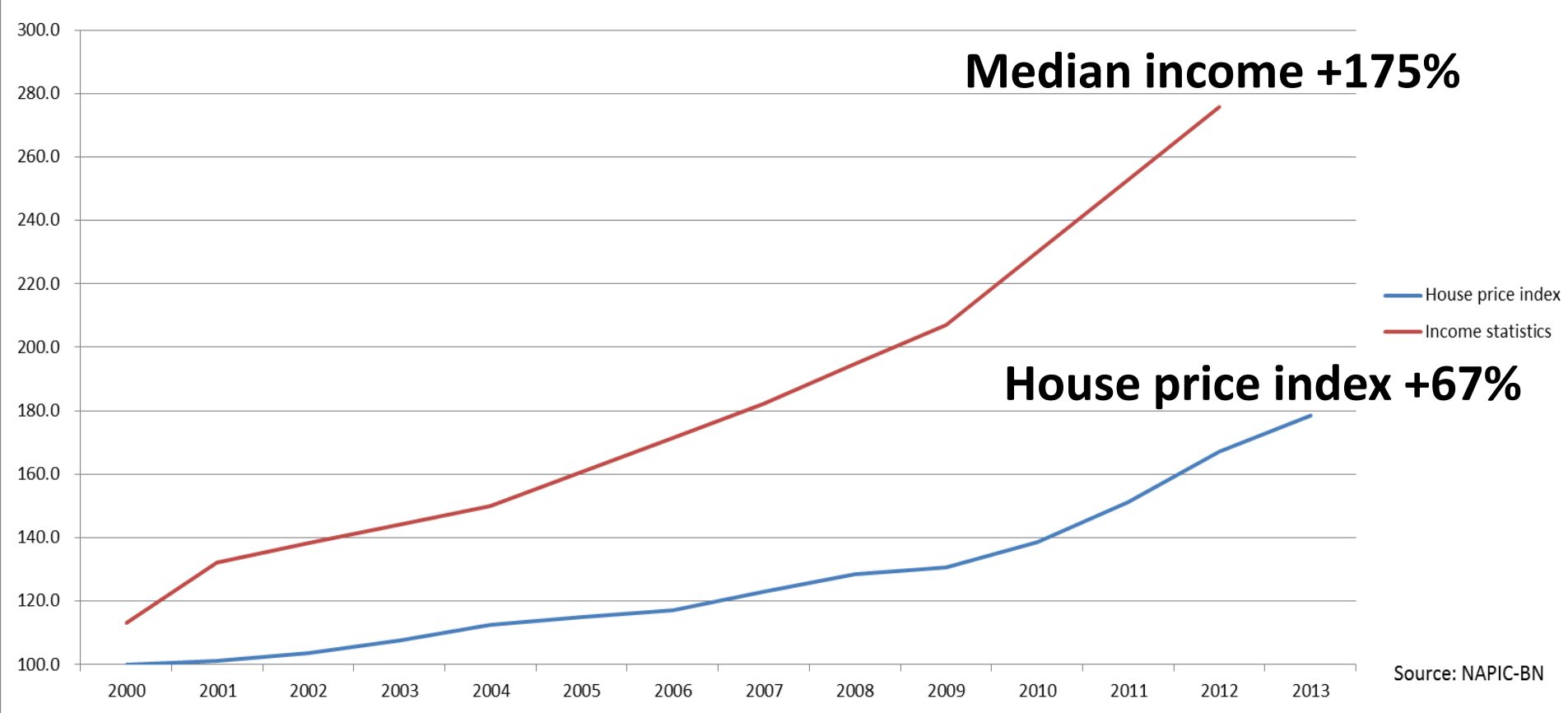
**House price index growth 2000 – 2012 = +67%**

**Median income growth 2000 – 2012 = +175%**

# MALAYSIAN PROPERTY MARKET SUSTAINABILITY

How House Price Index and Per Capita income index are strictly correlated, what is this comparison showing?

HOUSE PRICE INDEX COMPARED TO PER CAPITA INCOME 2000 - 2012



# HOUSING EXISTING STOCK AND FUTURE SUPPLY

## EXISTING STOCK AND HOUSE SUPPLY TILL 2020

STATE	SUPPLY OF LANDED TILL 2020	SUPPLY OF LOW COST TILL 2020	LOW COST ON POPULATION %	SUPPLY OF HIGH RISE TILL 2020	TOTAL HOUSES SUPPLY BY 2020	POPULATION BY 2020	NEED/OVERSUPPLY OF HOUSES BY 2020
KUALA LUMPUR	113,005	156,915	8.39%	251,854	521,774	1,870,000	101,559
SELANGOR	833,155	491,584	7.83%	342,154	1,666,893	6,279,686	426,336
JOHOR	652,827	260,616	5.79%	87,968	1,001,411	4,499,432	498,400
PENANG	204,903	214,780	13.15%	63,728	483,411	1,633,703	61,157
MALACCA	138,607	50,244	5.49%	18,979	207,830	914,506	97,005
NEGERI SEMBILAN	265,638	90,725	7.11%	47,461	403,824	1,276,244	21,591
PAHANG	230,251	69,856	4.17%	17,862	317,969	1,674,660	240,251
PERAK	383,460	95,873	3.84%	12,909	492,242	2,494,237	339,170
PERLIS	19,804	9,294	3.82%	1,602	30,700	243,400	30,150
KELANTAN	67,511	12,722	0.83%	4,189	84,422	1,533,613	426,782
TERENGGANU	91,254	43,173	4.13%	1,026	135,453	1,045,864	213,168
KEDAH	247,710	115,217	5.92%	3,173	366,100	1,947,472	283,057
SABAH	98,335	62,930	1.83%	41,618	202,883	3,443,107	485,738
SARAWAK	189,640	51,915	2.04%	14,893	256,448	2,543,759	252,304
<b>GRAND TOTAL FOR MALAYSIA</b>	<b>3,536,100</b>	<b>1,725,844</b>	<b>5.50%</b>	<b>909,416</b>	<b>6,171,360</b>	<b>31,399,685</b>	<b>3,476,669</b>

# MALAYSIAN PROPERTY MARKET SUSTAINABILITY

**Penang: the 8<sup>th</sup> destination worldwide to retire.**

**Kota Baru: the Northern Educational Hub with 15 Local and International Universities already working to establish a northern campus**

**Ipoh: retirement homes and health tourism**

**Kuantan: the new commercial port, the already committed investment from Chinese, European and American Multinational Corporation**

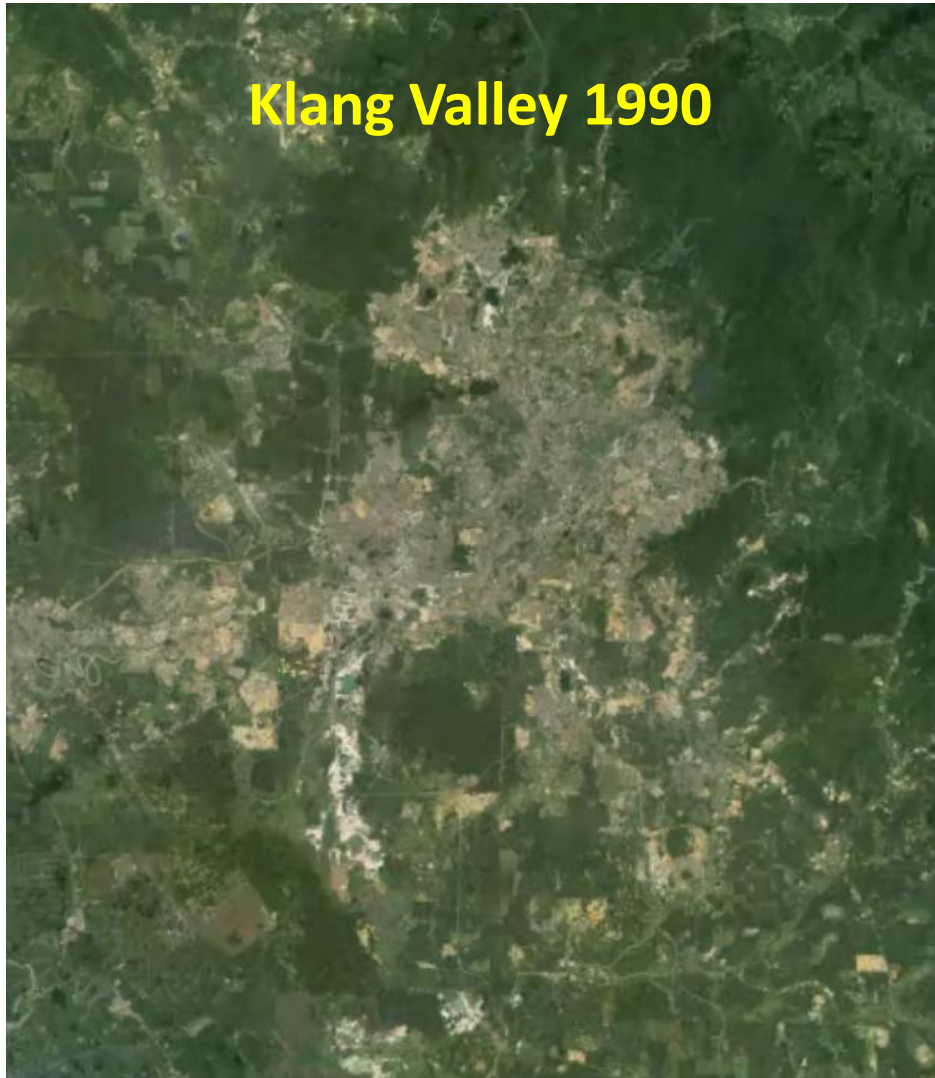
**Klang Valley: the Northern, Southern and Western Corridor and the Megaprojects**

**Malacca: upcoming star in the Malaysian market as world tourist destination.**

**Iskandar Malaysia: the most Strategically Sustainable Location in the region (SEA)**

# KL – GREATER KL – KLANG VALLEY ... AND BEYOND

**Klang Valley 1990**



**Klang Valley 2012**



# KL – GREATER KL – KLANG VALLEY ... AND BEYOND

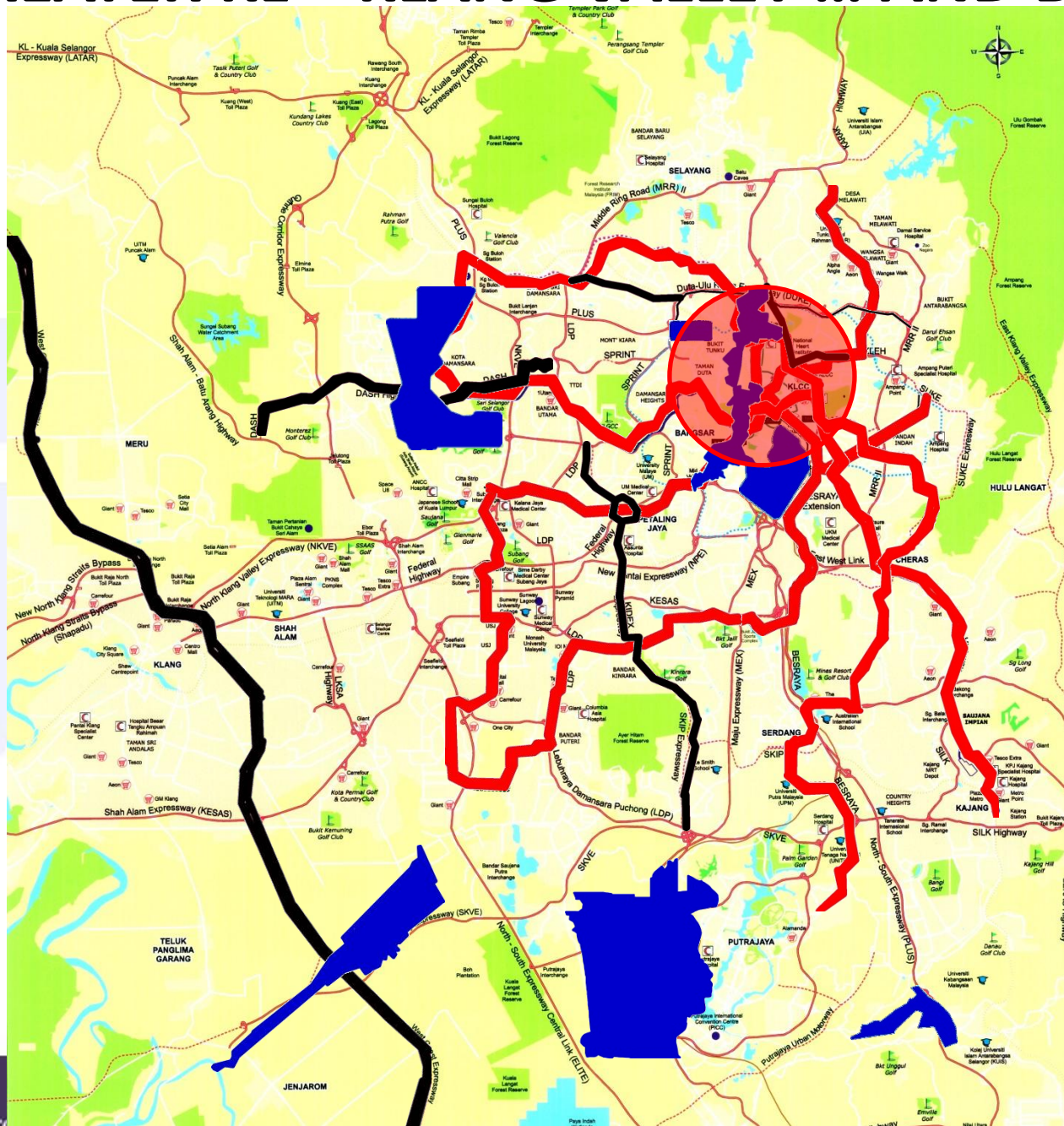


# KL – GREATER KL – KLANG VALLEY ... AND BEYOND





# KL – GREATER KL – KLANG VALLEY ... AND BEYOND



# KL – GREATER KL – KLANG VALLEY ... AND BEYOND

KL METROPOLIS

WARISAN MERDEKA

Bukit Bintang City Centre – Ex Pudu Jail

KL Central

TRX

KL Eco City

City of Malaysia

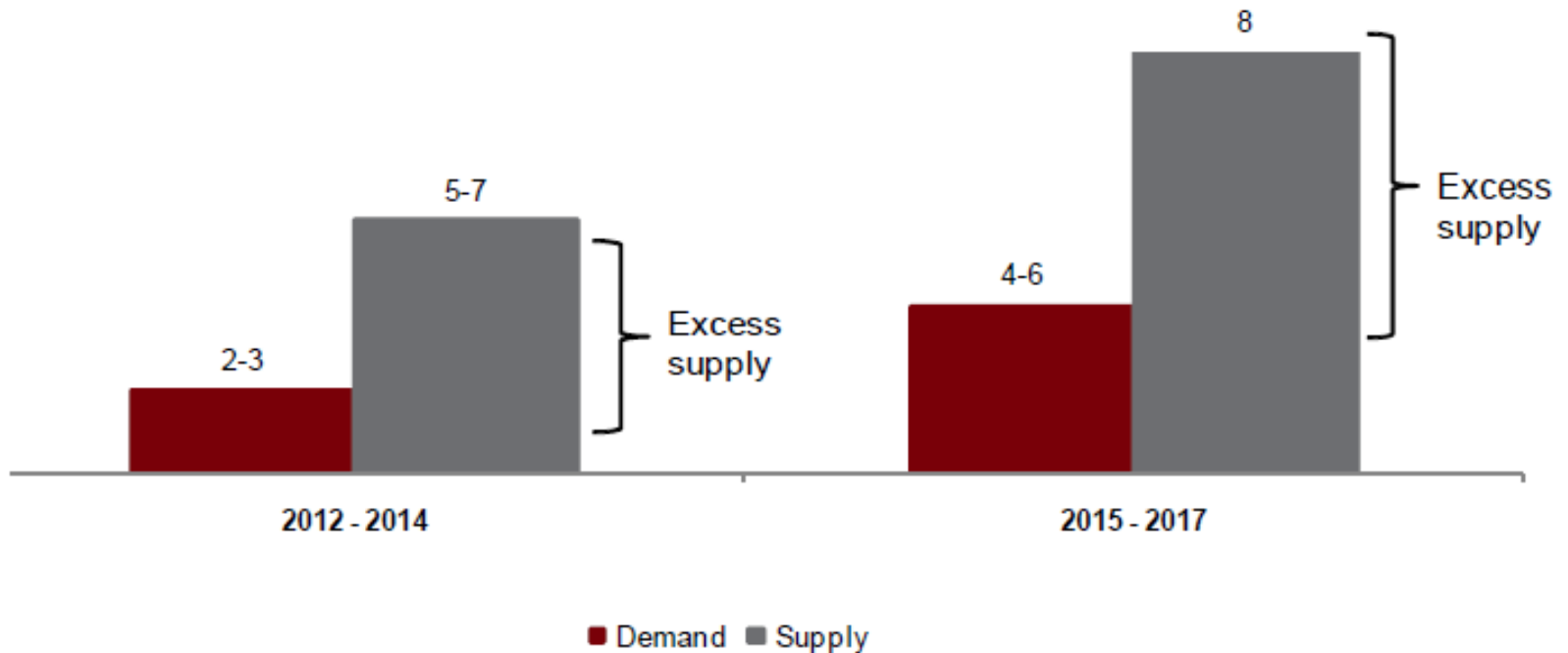


# KL – GREATER KL – KLANG VALLEY ... AND BEYOND

## NEW KLANG VALLEY GROWTH AREAS

PROJECTS	LOCATION	SIZE (ha)	SIZE (acres)
Bangsar South City	KUALA LUMPUR	24.00	59.30
Platinum Park KLCC	KUALA LUMPUR	3.70	9.14
Bukit Jelutong Commercial Centre	SHAH ALAM	72.80	179.89
KL Sentral	KUALA LUMPUR	29.00	71.66
Datum Jelatek	KUALA LUMPUR	2.40	5.93
MPHB's Golden Triangle Develop.	KUALA LUMPUR	n.a.	n.a.
Damansara Avenue	SELANGOR	19.00	46.95
KL City Centre Redevelop. Kg Baru	KUALA LUMPUR	152.00	375.59
Bukit Bintang City Centre	KUALA LUMPUR	8.60	21.25
Bangsar/KL Eco City	KUALA LUMPUR	9.70	23.97
Pekeliling Tamansari Riverside Garden City	KUALA LUMPUR	22.00	54.36
TRX	KUALA LUMPUR	34.00	84.01
Merdeka Park City	KUALA LUMPUR	n.a.	n.a.
City of Malaysia - Sg Besi	KUALA LUMPUR	162.00	400.30
Jln Cochrane-Jln Peel Development Cheras	KUALA LUMPUR	n.a.	n.a.
KL Media City - Kerinchi/Pantai Dalam	KUALA LUMPUR	n.a.	n.a.
Sungai Buloh Urban Development - RRIM	KUALA LUMPUR	1,370.00	3,385.27
Bukit Jalil Green City	KUALA LUMPUR	24.00	59.30
Bukit Jalil Link 2	KUALA LUMPUR	21.00	51.89
Kesas new Shopping Mall Sri Petaling	KUALA LUMPUR	19.90	49.17
Naza KL Metropolis	KUALA LUMPUR	3.00	7.41
PJ Sentral Garden	SELANGOR	4.80	11.86
<b>TOTAL</b>		<b>1,981.90</b>	<b>4,897.27</b>

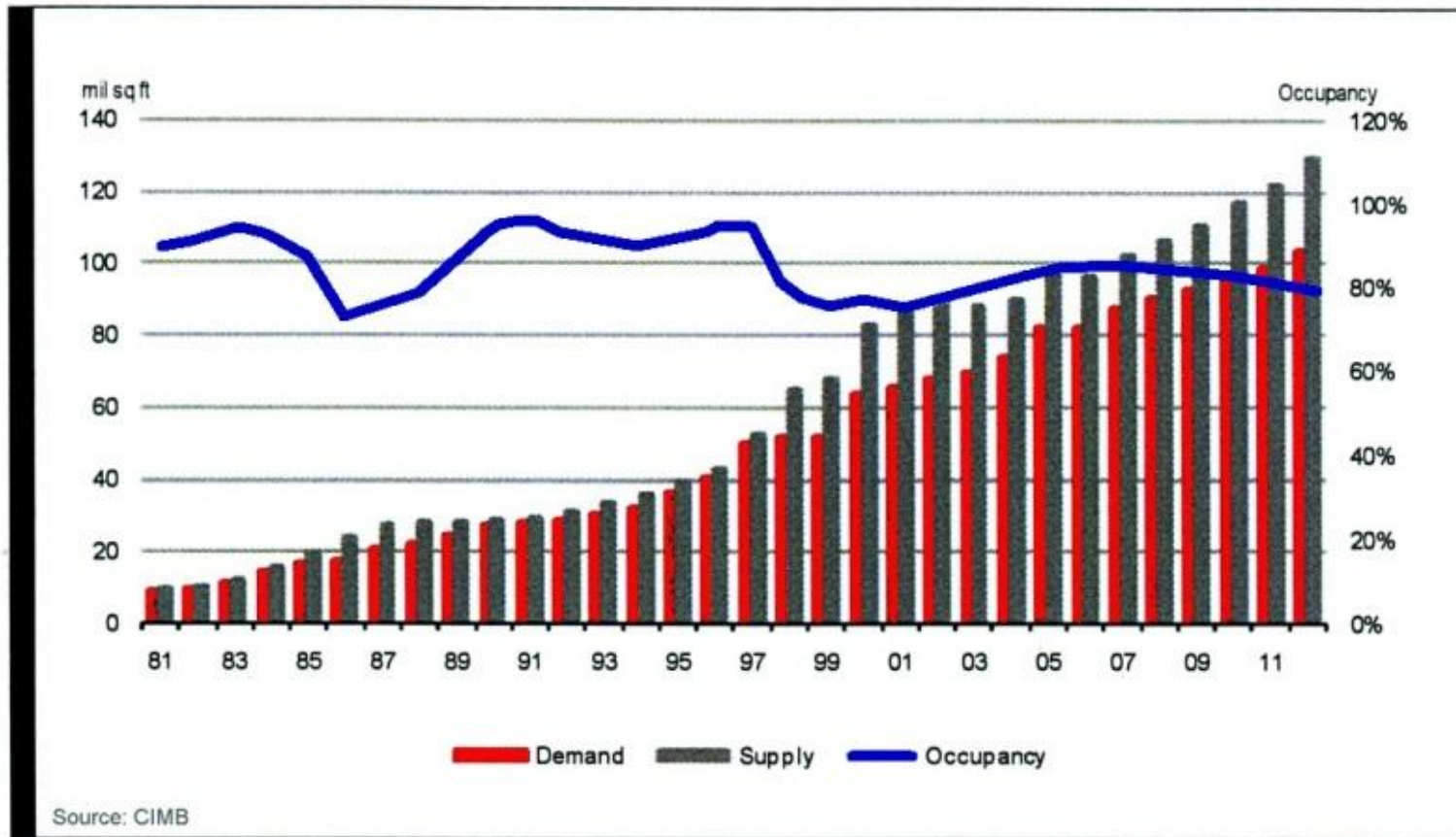
# GREATER KL, KLANG VALLEY AND THE FUTURE OF COMMERCIAL PROPERTIES



EDGE WEEKLY. MEDIA SOURCES, CIMB

# GREATER KL, KLANG VALLEY AND THE FUTURE OF COMMERCIAL PROPERTIES

## COMPARISON BETWEEN: DEMAND-SUPPLY-ACTUAL OCCUPANCY



# MALAYSIA'S PROPERTY MARKET MOST EXCITING LOCATION

**UOB** 大華銀行 **Chin Soon's** ISKAN

**LEGEND**

- Orange: Currently Built-up Area
- Green: (Light) Residential, Parks, Golf Courses & Resorts
- Light Green: Large Estates
- Yellow: Government / Institutional / Amenities
- Light Blue: Major Developments
- Light Purple: Military Reserves & Land Schemes
- Dark Blue: Water Canal
- Light Green: Major Industrial
- Pink: Commercial
- Light Blue: Other Miscellaneous Land Uses
- Blue: MTR Railway Lines
- Light Blue: Iskandar Intermix
- Red: Package Zone Boundary
- Red: Highways / Major Roads
- Red: Highways (LCC)
- Red: Major Roads (LCC)
- Red: Singapore MRT Line / MTR Line (LCC & Proposed)
- Red: International Boundaries
- Red: Selected Landmarks Outside ISK
- Red: Major Landmarks in Singapore

**HO CHN SOON**

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**FREE MAP**  
as of Feb 2013

**PRUDENTIAL**

Chin Soon's **ISKANDAR MALAYSIA / NUSAJAYA** Combo Maps

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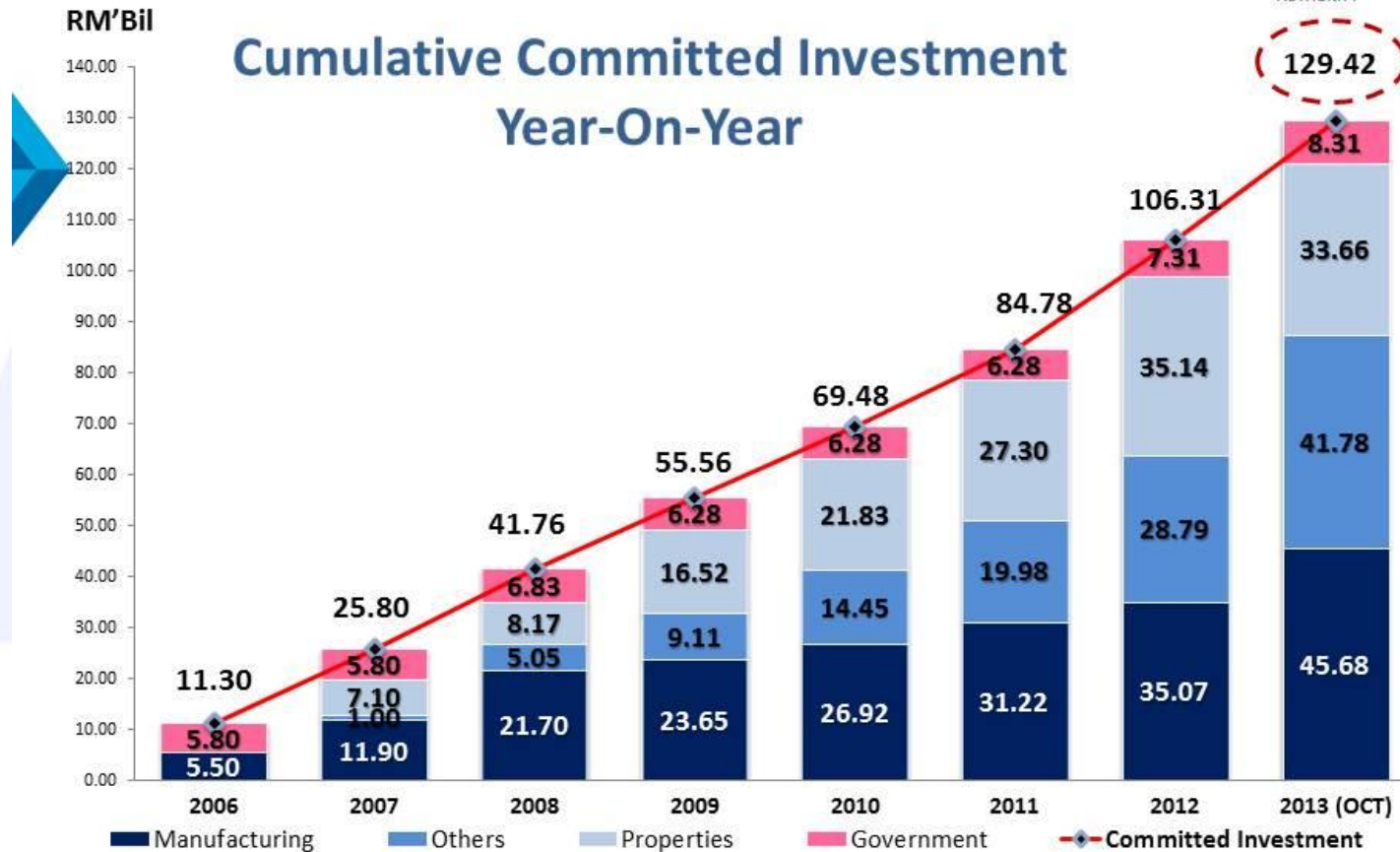
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Johor Bahru	07-2801 121
Kuching	060-281 121
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# Malaysian Property Market – 2014 Outlook

## Iskandar Malaysia – Committed investment

INVESTMENT UPDATE 2006 - OCTOBER 2013



\* Others : Utilities, Emerging Tech, Tourism, Education, Healthcare, Creative, Financial, Logistics, Retail, Industrial.

Source: IRDA, Khazanah, IIB, MIDA as at June 2013 & Corporate Announcements

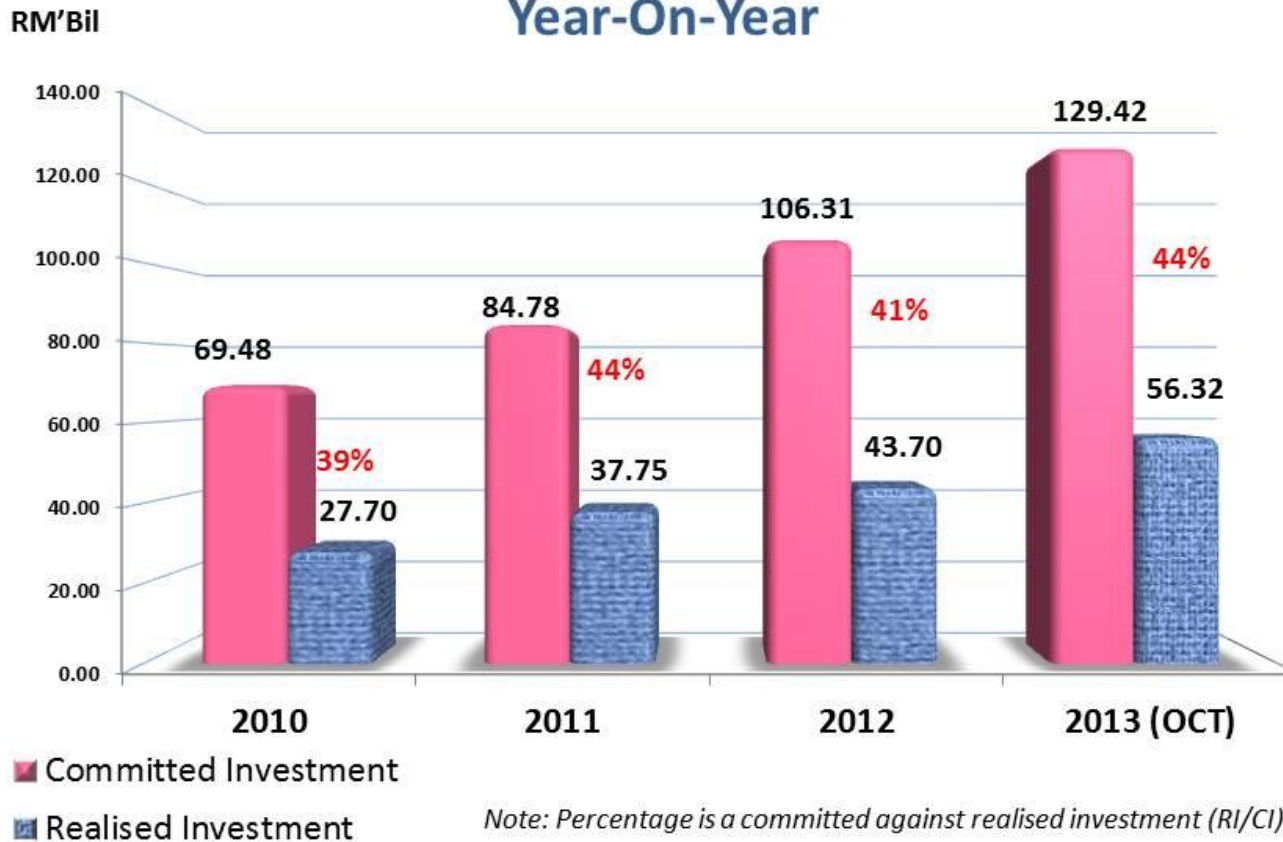
# Malaysian Property Market – 2014 Outlook

## Iskandar Malaysia – Committed only?

INVESTMENT UPDATE 2006 - OCTOBER 2013



### Committed and Realised Investment Year-On-Year





# MALAYSIAN REAL ESTATE: WHEN

**GST WILL BE IMPLEMENTED EFFECTIVE APRIL 1<sup>st</sup>, 2015**  
**GST RATE HAS BEEN FIXED AT: 6%**

- Not imposed on basic food items
- Not imposed on piped water and first 200 units of electricity (domestic use)
- Not imposed on Services provided by the Government
- Not imposed on transportation services: bus, train, LRT, taxi, highway toll
- Not imposed on education and health services
- **NOT IMPOSED ON SALE AND PURCHASE AND RENTAL OF RESIDENTIAL PROPERTIES**

# MALAYSIAN REAL ESTATE: HOW

## Learn how to be a wise smart investor





**I love Malaysia**

**Facebook  
Daniele Gambero**

# Thank you



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*For questions please email to:*  
[daniele.g@reigroup.com.my](mailto:daniele.g@reigroup.com.my)

