

Mixed bag of performances across property markets in the regions

26 July 2018, Malaysia – Knight Frank Malaysia launches the latest research report, Real Estate Highlights 1st Half of 2018 which reviews the property market across the region, including Penang, Johor Bahru and Kota Kinabalu. In general, the property market in the region recorded a mixed bag of performances.

Sarkunan Subramaniam, Managing Director of Knight Frank Malaysia says, “I believe foreign investors will be coming back in 1Q2019 as we are expected to have more transparent policies with the new government. Rents of high-end condominiums will stabilize and prices will hold. As for the office market, rents will remain competitive due to oversupply in certain locations, with the exception of Penang, which has a robust office market with limited existing and incoming supply. The industrial and logistics sector is primed for growth into 2019 as Malaysia continues to draw healthy levels of investment in the manufacturing and services sectors.”

Penang

Tourist arrivals to Penang, the Pearl of the Orient, are set to increase with more airlines flying directly into the state.

The state topped with the highest approved manufacturing foreign direct investments (FDI) in the country at RM8.5 billion in 2017 and is the second highest in terms of total investment after Johor.

The office sector which registered slight improvements in both occupancy and rental levels in 1H2018 is expected to remain resilient with no immediate incoming supply.

Johor Bahru

The economic region of Iskandar Malaysia remains on track to achieve its RM300 billion investment target by 2018. As of 1Q2018, the region recorded cumulative investment of RM262.43 billion.

Amid challenges in the property market, developers are actively seeking for opportunities to replenish their land banks in anticipation of a recovery in the medium term. In the meantime, they continue to focus on demand for mass housing and landed residential products due to weakness in the high-rise residential segment.

Kota Kinabalu

The overall residential property market looks set to improve into the remaining of 2018. The sub-sale market for high-rise residential sector has been noticeably more active since 2017, particularly for products that fall within the mid-range segment and are situated in sought after locations.

Sabah, known for its rich natural endowments and cultural diversity, continued to experience growth in tourist arrivals, supported by aggressive promotion and increase of direct flights into the state. Recently completed and upcoming international hotel brands in Kota Kinabalu include Hilton, Mercure, JW Marriott, Crowne Plaza, Hotel Jen and Holiday Inn Express.

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To download the report, please visit: <https://bit.ly/2OakCnD>

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Notes to Editors

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