

MALAYSIAN HOTEL MARKET

SEPTEMBER 2021 UPDATE

Economic Update

Export strength limited the contraction in Malaysian Q2 real GDP to -2% QoQ. The rise in new COVID case numbers has slowed and the government is easing mobility restrictions as nationwide vaccination rates top 45% of the adult population. Bank Negara Malaysia's (BNM) guidance is for a weak Q3 and their official forecast for full year 2021 real GDP has been reduced to 3-4% from 6-7.5% (Consensus 5%). Vaccination rates and easing of mobility restrictions suggest a recovery in Q4 2021 which might be stronger than expected.

Export growth however dropped sharply to a lower-than-expected 5% y-o-y in July from 27.2% in June, driven by electronic products and crude oil. On a seasonally adjusted (sa) sequential basis, export growth fell to -18.4% m-o-m sa from 23.3% in June, likely reflecting the impact of factory closures in the electronics sector.

Malaysia My Second Home (MM2H)

On 11 August, the government announced that it would re-activate MM2H application but with much more stringent conditions. The overall market feedback was not positive and it now appears that the government will re-examine and possibly change the criteria imposed on the programme.

Political Update

Prime Minister Muhyiddin and his cabinet resigned on 16 August. King Al-Sultan Abdullah appointed the former Deputy Prime Minister, Ismail Sabri Yaakob as the new Prime Minister. The next general election cannot be later than July 2023.

The new cabinet has been selected, re-appointing the Finance Minister and several others from the previous administration. There is hope now that this will restore political stability.

International Travel Perspective

Malaysia has decided to allow home quarantine for international travelers returning to the country. Each traveler needs to apply for home quarantine, and approval is granted on an individual basis after risk assessment.

It has been announced that Langkawi will open to domestic tourism under a travel bubble plan starting from 16 September. Other destinations will be allowed to operate when the locality's vaccination rate hits 80%. Tourism activities, Meetings, Incentives, Conferences and Exhibitions (MICE), as well as other cultural events will be given the green light with the reopening of Langkawi. The outcome of this travel bubble pilot project, will be used to make thorough preparation for the opening of other

islands in stages.

Hong Kong has decided not to proceed with a Singapore - Hong Kong travel bubble after Singapore moved towards a policy of "living with the virus", in contrast to Hong Kong's stricter zero infections approach.

New South Wales and Victoria went into lockdown on the 14 August and 21 August respectively. The NSW lockdown is expected to last until the end of September, whilst in Victoria it is currently scheduled to end by 2 September.

Hotel News

Escape Cameron Highlands, Pahang is a new adventure park set to open in 2023. The 24-hectare park will feature five European-themed villages, namely the Iberian, British, Balkan, Nordic and Alpine villages and will include over 20 attractions. It will be the largest Escape theme park in Malaysia. Malaysia-based developer and operator of theme parks, Sim Leisure Group, will be developing the park in three to four phases with new attractions being introduced at each phase. The first phase, which costs over RM15 million, is expected to begin in December 2021 and is scheduled to open in 2023, with 200,000 visitors projected to visit the park. The total cost of the development is expected to exceed RM100 million and will be completed within a decade.

Vaccine Progress

Malaysia's vaccine progress continues to do well throughout August with 45% of the population fully vaccinated as at 29 August. The country has achieved an average daily dose of 467,000 between 29 July - 29 August compared to approximately 400,000 daily doses between 28 June - 26 July.

TABLE: Malaysia Vaccine Progress

	29 July	29 August
Total number of people registered for the vaccine	20.4 million	21.3 million
Total number of doses given	19.5 million	34.1 million
7-day moving average	485,217	379,634
At least 1 dose	40.7%	59.3%
% Fully vaccinated	19.3%	44.9%

Note: The target number of people for vaccination is 26.2 million

Sources: The Special Committee On COVID-19 Vaccine Supply (JKJAV), MKN, ourworldindata.org, covidvax.live

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Confidential, Kuala Lumpur

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