

CBRE | WTW SOUTHERN REGION PROPERTY MARKET OVERVIEW

Property markets in the southern states continued to observe a slow momentum in terms of total volume and value transacted in 2016.



LANDED RESIDENTIAL

In Seremban, the general outlook of the market appeared to be on a downward trend. Transaction activity has been in decline as the general take up rates in developers' projects have shown sign of softening. This is attributed to the lesser affordable housing products were introduced, coupled with increasing loan rejections. The secondary market also taken a dip in transaction volumes and prices.

Although some investors are trying to liquidate their assets to cut down their liabilities, sales are still less as affordability and purchasing power is getting low with the inability of buyers to fork out the 10% down payment plus all the necessary processing and legal charges. However, **with Bumiputera quota for certain areas to be revised back to 30%, it will serve as a tonic for improved transacted prices and take up rates.**

In Malacca, landed residential stayed as preferred choice amongst the locals. The tightening of lending policy and softening market conditions have observed the upcoming new developments trended towards affordable price range, reflected by more affordable projects being approved by the local authority.

No sizeable scheme has been launched in the year under review. However, it was noted that **Johor Land Berhad** will be constructing 2,780 units of mixed residential cum commercial units identified as **Taman Gading Mutiara** and located along Jalan Kluang, approximately 8 kilometres from Batu Pahat town centre. The proposed scheme is expected to be completed in 2019.

INDICATIVE NET YIELDS (%)	Terraced House		Semi-Detached House	
	2015	2016	2015	2016
Seremban	4.5	4	4.5	3.5 - 4.0
Malacca	3.4	3.4	3.0	3.0
Batu Pahat	2.0	2.0	1.8	1.8

Source: CBRE | WTW Research

Selected New Launches						
Name	Location	Developer	Type	Land Area (sq ft)	No. of units	Selling Price (RM per unit)
Malacca						
Taman 1 Krubong	Krubong	Paduwan Realty SB	2-D	4,950	204	From 1,100,000
Seremban						
Rimbun Irama	S2 Heights	IJM Land Bhd	2-TH	1,400 1,540	183	From 560,800
Suriaman 2A	Bandar Sri Sendayan	Matrix Concept Holdings Bhd	2-TH	1,500 1,760 1,936 2,046	267	538,888 - 1,199,208
Rimbun Vista (Phase 1)	S2 Heights	IJM Land Bhd	2-TH	1,400 1,540	202	From 560,800
Aster (Type A, B, C)	Seremban Forest Heights	Sunrise MCL Land SB	2-3TH	1,540 1,680 1,820	167	From 556,600

Source: CBRE | WTW Research

HIGH-RISE RESIDENTIAL

The general outlook of the Seremban market is on the down trend with the take-up rates for new projects such as Kalistar 2 falling below expectations. Although it is not officially announced, it is believed that the state government is not keen on high-rise residential development but are willing to approve high-rise residential developments meant for affordable housing.

However, transactions for such properties are decreasing as buyers are more cost cautious of high-rise residential which incur additional costs such as maintenance charges, sinking fund, etc. **Developments in Malacca are concentrated in the town area, demanded by locals for convenience to work, schools and commercial facilities, provided that the pricing is competitive.**

INDICATIVE NET YIELDS (%)	Condominium	
	2015	2016
Malacca	3.7	3.7
Batu Pahat	3.0	3.0

Source: CBRE | WTW Research

Selected New Launches						
Name	Location	Developer	Type	Unit Size (sq. ft)	No of Units	Selling Price (RM psf)
Seremban						
Nurani	Bandar Ainsdale	Sime Darby Property	APT	From 980	384	336,888 - 513,888
Melaka						
Parkland Residence @ Sungai Melaka	Bachang	Parkland Group SB	SA	1,088	809	>450
Centro	Jalan Gajah Berang	PB Realty SB	C	870	288	>442

Source: CBRE | WTW Research

PURPOSE BUILT OFFICE & SHOPOFFICE

The shop office is the proven investment tool as investors tend to buy into newly launch projects in prime locations for the rental returns and yield which would be comparable to residential properties in Seremban.

However, with the flood of newly completed shop offices and higher developers' selling prices coupled with the extra cost of GST, the market is generally slower.

Furthermore, some of the commercial precincts with shop offices are performing below expectations with lower occupancy, i.e. Centrio of Seremban 2, Era Square by Era Baru Development Sdn Bhd and etc. For purpose built offices, the only new supply was **Menara Mains**, which is pending CCC/CFO and available only for rent.

As for shopoffices, the newer phase of **Sendayan Metro Park** by **Matrix Concept Holdings Berhad**, **Plazo** by **IJM Land Berhad**, **Bandar Prima Senawang** by **LTS Properties (M) Sdn Bhd** and **Lukut Prima** are among the notable new supply. Although the number of new launches has generally decreased, the scale of the projects launched is bigger with more units being developed within one project.

Private purpose-built office space in Malacca is limited to the existing United Malacca Berhad building and Jaya 99 as market demand is still limited. The supply of shop offices are mostly newly completed whilst units under construction are under control as local developers realise that market demand has weakened. **New shop offices had been completed and available in Kota Laksamana, Limbongan, Klebang, Krubong, Bukit Katil and Ayer Keroh area since 2015.**

INDICATIVE NET YIELD (%)	Purpose Built Office		Shop Office	
	2015	2016	2015	2016
Malacca	6.0	6.0	6.4	6.3
Batu Pahat	5.0	5.0	5.0	5.0
Seremban	6.5	6.5	6.5	6.5

Source: CBRE | WTW Research

Selected New Launches

Name	Location	Developer	Type	Unit Size (sq ft)	No. of units	
Seremban						
10shopz@nilai	Desa Kasia, Nilai	Ireka Development	SB	2.5 - SO	1650	10
Ainsdale, Type Anika	Bandar Ainsdale	Sime Darby	SB	2- SO	1650-2475	32

Source: CBRE | WTW Research

With stable / lower market appreciation, investors may pursue rental income rather than capital gains. In 2017, market sentiment will continue to be subdued unless new incentives/opportunities are introduced by the state government. **The River City Commercial Centre along Jalan Pantai, Batu Pahat was launched in May 2016.** The scheme, which comprises a total of 43 units of 3-storey terrace shop/offices and 3-storey semi-detached shop/offices, is due to be completed in 2018.

A new commercial scheme known as **Versis Batu Pahat** is proposed to be erected at a sizeable plot of land strategically located at the Jalan Bakau Chondong/Rugayah junction. The scheme, which is undertaken by **BCB Berhad**, will have a total of 70 units of 3-storey shop/offices. Phase 1, containing 37 units, was soft launched in August 2016. 📍