



# MALAYSIA

## ISLAMIC DEVELOPMENT BANK GROUP

### INVESTMENT FORUM



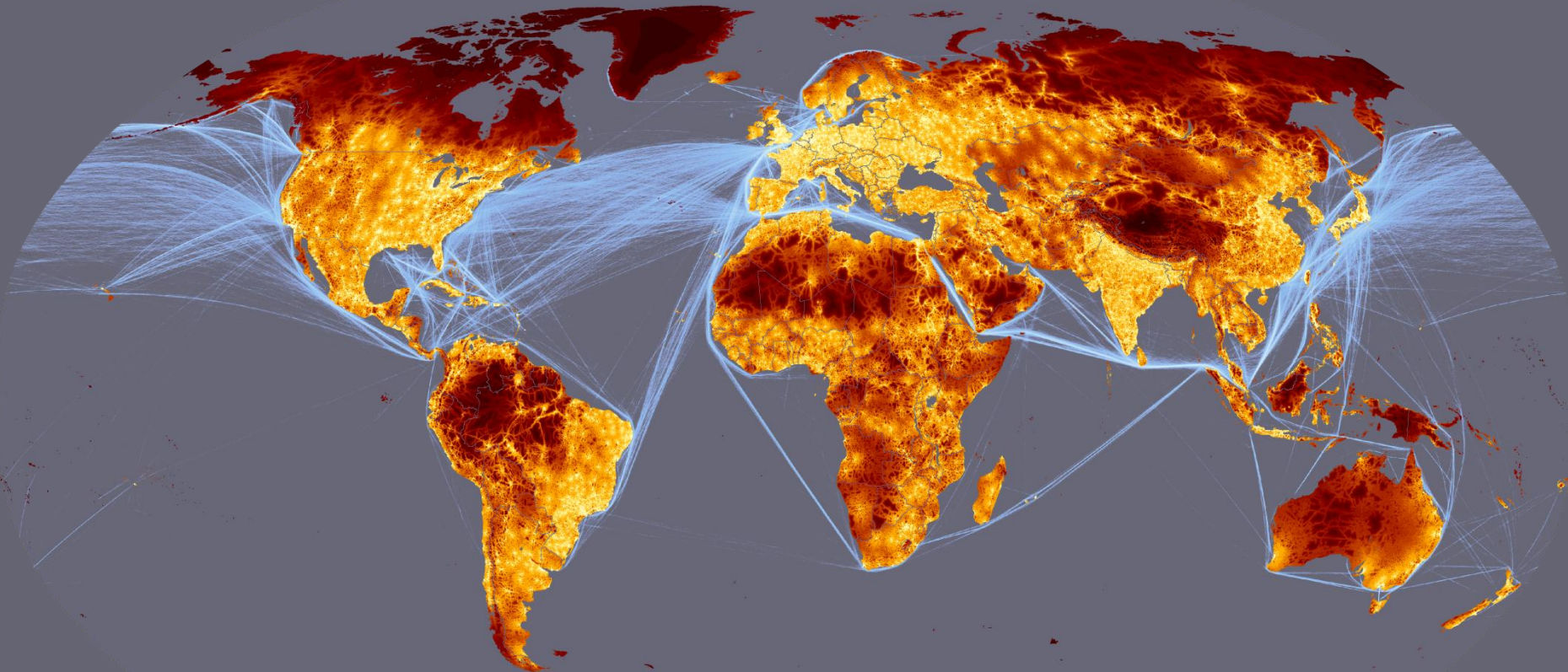
09 - 11 May 2012 • Kuala Lumpur

*Forging Strategic Business Partnerships  
between Malaysia and IDB Member Countries*

Co-Organizers



REAL ESTATE  
**malaysia**



Presentation for IDB-Malaysia Seminar

Showcasing Business Opportunities in Malaysia





## WHO WE ARE?

A public-private entity set up by the Economic Planning Unit of the Prime Minister's Office

## OUR BUSINESS PLAN

MPI wants to be the first port-of-call for foreign investors interested to do Real Estate Investments in Malaysia

## WHAT WE DO?

### **MATCHMAKING REAL ESTATE INVESTMENTS**

We aim to match investors and owners for real estate sales and development and to provide exposure for property investments into Malaysia





# Malaysia In Brief



# It's all happening here!



- ✦ Malaysia central location in Asia Pacific makes her an ideal gateway to Asia. Within 4 hours flight can access population of 550 million people in ASEAN



# First class infrastructure in place...



One of the most well developed infrastructure among NICs in Asia.



1,820 km

of expressways which connect all states within Peninsular Malaysia as well as East Malaysia



1,667 km

of railway tracks in Malaysia with 62 stations Intercity connections



8

International airports and

15 domestic airports servicing local and foreign carriers



- Highways link major growth centres to seaports and airports throughout peninsula.
- International trade, especially seaborne trade is the lifeblood of M'sia. 95% of trade by sea via 7 international ports in Penang Port, **Port Klang**, Johor Port, **Port of Tanjung Pelepas**, Kuantan Port, Kemaman Port & Bintulu Port.
- Connectivity to Singapore by land through Johor-Singapore Causeway Link to Woodlands and Second Link at Tuas; both are linked to the North-South Expressway until Bukit Kayu Itam (Malaysia-Thailand border).
- Local airlines, Air Asia and Malaysia Airline Systems (MAS) provides direct international flights to more than 19 countries; Hong Kong, India, Indonesia, Iran, Japan, Singapore, South Korea, Sri Lanka, United Kingdom and more

# Coupled with good amenities



**63%**

population living 400m from  
a public transportation  
route



\*PEMANDU aims to increase the percentage to  
75% by 2012

**71%**

houses have access  
to clean water



\*PEMANDU aims to increase the percentage to  
90% by 2012.  
Peninsular (92%), East M'sia (60.5%)



**116.6%**

mobile phone subscription rates  
(both postpaid and prepaid) as at  
4Q'10



**84.5%**

houses have access to  
electricity

\*Peninsular (99.6%), East M'sia (77%)



**64.7%**

internet user  
penetration

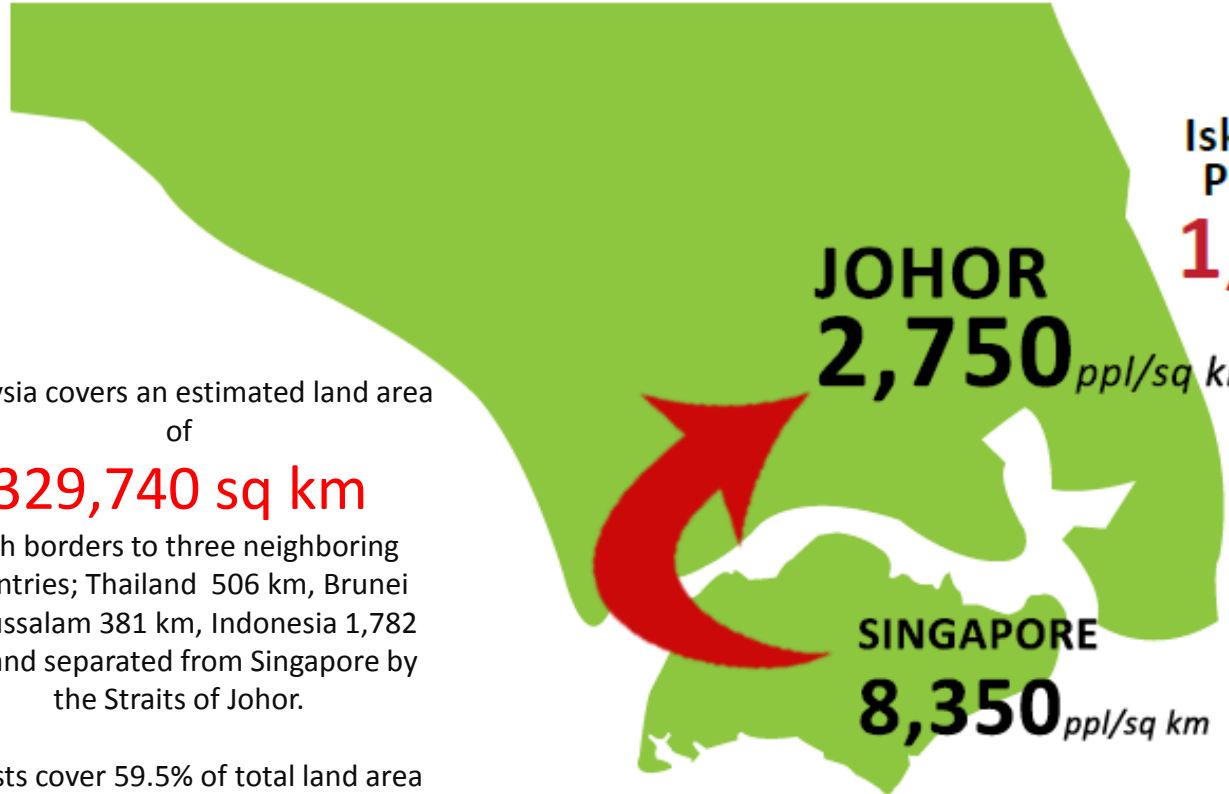
\* Almost 50% of 20-34 year olds own a 3G  
phone and 19% of them access internet via  
mobile phone



# Density wise?



## Spillover from affluent but land scarce neighbouring city



Iskandar Malaysia  
Population 2010  
**1,538,900**

Singapore  
Population 2010  
**5,076,700**

Malaysia covers an estimated land area of

**329,740 sq km**

with borders to three neighboring countries; Thailand 506 km, Brunei Darussalam 381 km, Indonesia 1,782 km and separated from Singapore by the Straits of Johor.

Forests cover 59.5% of total land area (19.5 mil ha). 15% of its land area (5 mil ha) is protected. Malaysia is among the world's mega diverse countries with rich flora.



# In terms of Cost of Living, Kuala Lumpur is lower than neighboring cities



## Cost of Living Comparison between Selected Cities, 2011

New York	100*
Singapore	99.21
Seoul	72.43
Jakarta	64.57
Kuala Lumpur	57.10
Bangkok	53.82
Beijing	53.16
Ho Chi Minh	42.11
Delhi	38.48

Source: Numbeo

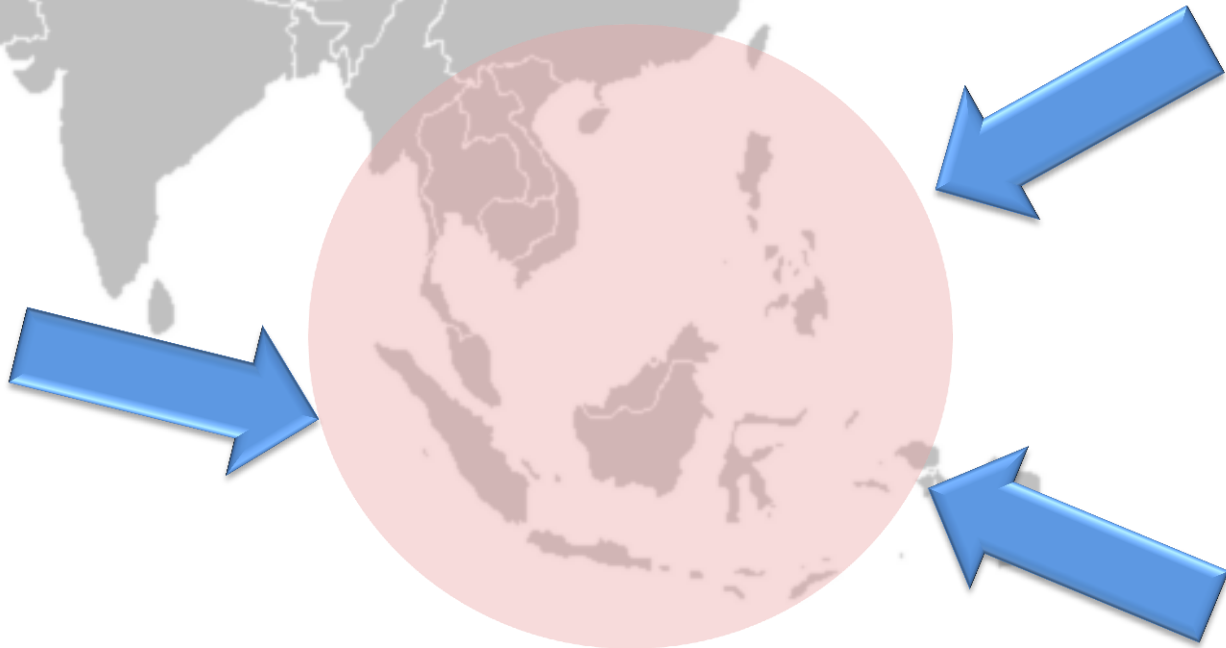
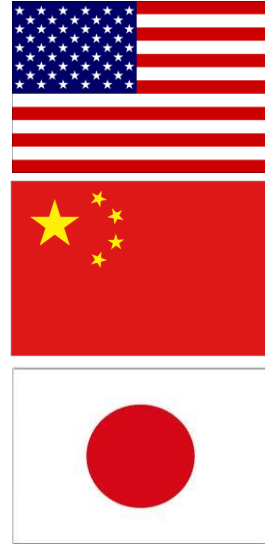
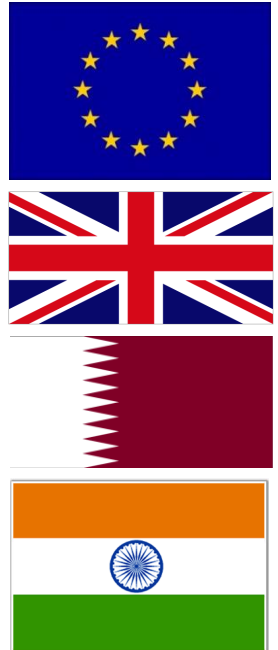
Note: \*Base city = New York



# Business Overview and Outlook



# Asia Business Outlook in 2012



# Middle-east Business Outlook in 2012



The Middle East region is going through a period of unprecedented change. Business condition will be even more difficult nonetheless risks are roughly balanced.  
(Source: IMF)



# China Business Outlook in 2012



*Back in 2000, China's economy was just 12% the size of America. By 2018, the ECN forecast China will overtake the USA and 54% of respondents expect their sales in China to grow by 10% or more this year.*



CHINA

# India Business Outlook in 2012

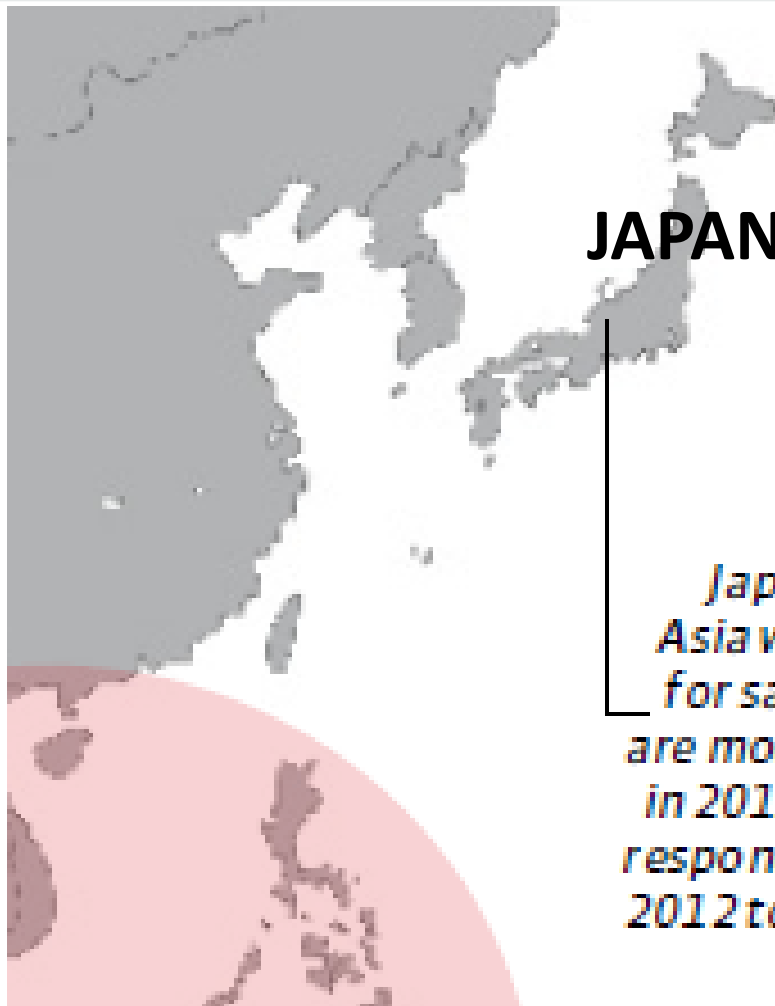


INDIA

*In 2011, 48% of respondents saw sales grow by 10% and 46% of respondents expect sales to grow by 10% or more in 2012.*



# Japan Business Outlook in 2012



**JAPAN**

*Japan is the one part of Asia where expectations for sales growth in 2012 are moderately higher than in 2011. More than half of respondents expect sales in 2012 to be flat or to decline (57%).*

# ASEAN Business Outlook in 2012



*The economies of South-east Asia are more exposed to the vagaries of the global economy than China and India, the one exception is Indonesia, where sales growth is expected to remain strong and consistent this year.*

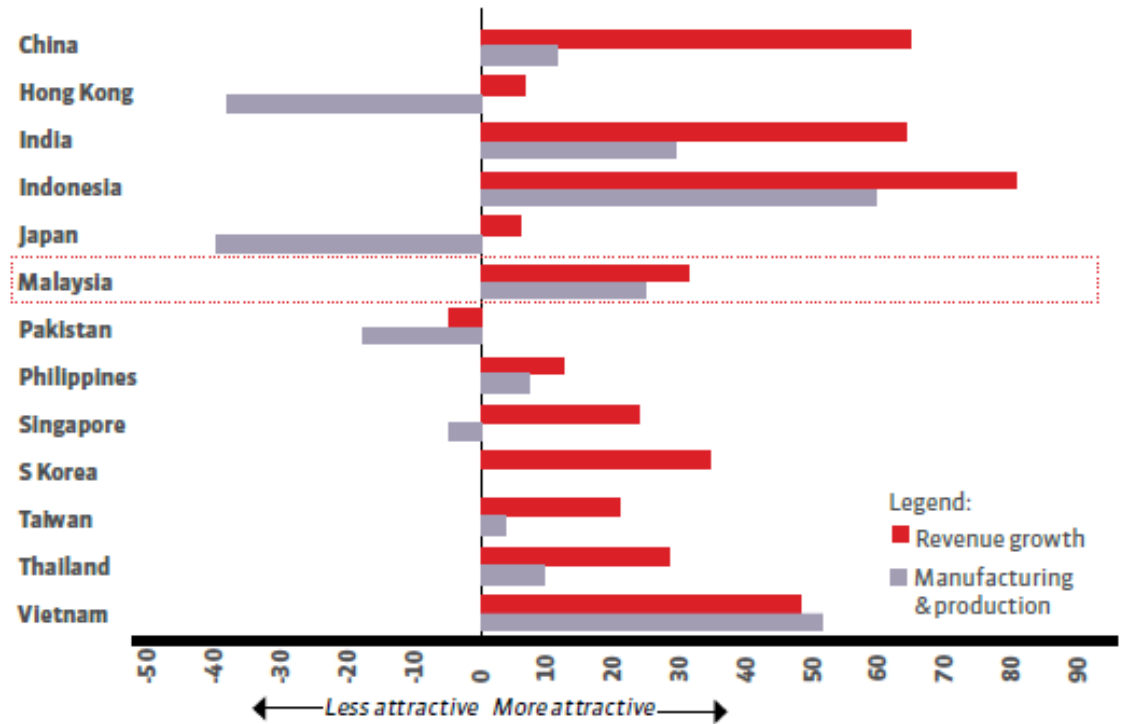


# Where is the revenue growth areas?



In the past 10 years, the rise of China attract the bulk of foreign investment but now with the rising cost of production, the tide is returning back to South east Asia, particularly Malaysia and Indonesia.

Are the following countries becoming more or less attractive for revenue growth and manufacturing & production?



Source: Economist Corporate Network

# What are the risks?



## *Key potential risks*

---

- Political instability
  - Natural disaster
  - Cultural risks
- 

## *Attractiveness of Different Cities – Roland Berger's Survey*

1	Shanghai	6	Shenzhen
2	Hong Kong	7	Tokyo
3	Singapore	8	Kuala Lumpur
4	Beijing	9	Bangkok
5	Guangzhou	10	Seoul

*Note: 60 or more participants ranked the top 3 locations, while lower ranks were ranked by 46 or more participants*

**Singapore:**  
*High  
operation cost,  
access to  
clients &  
markets and  
distribution  
channel issues*

## **Hong Kong:**

*High  
operation cost  
and human  
capital issues*

## **Shanghai:**

*Transparency,  
political, legal  
& regulation  
and tax  
environment*



# Key Opportunities in Real Estate Sector



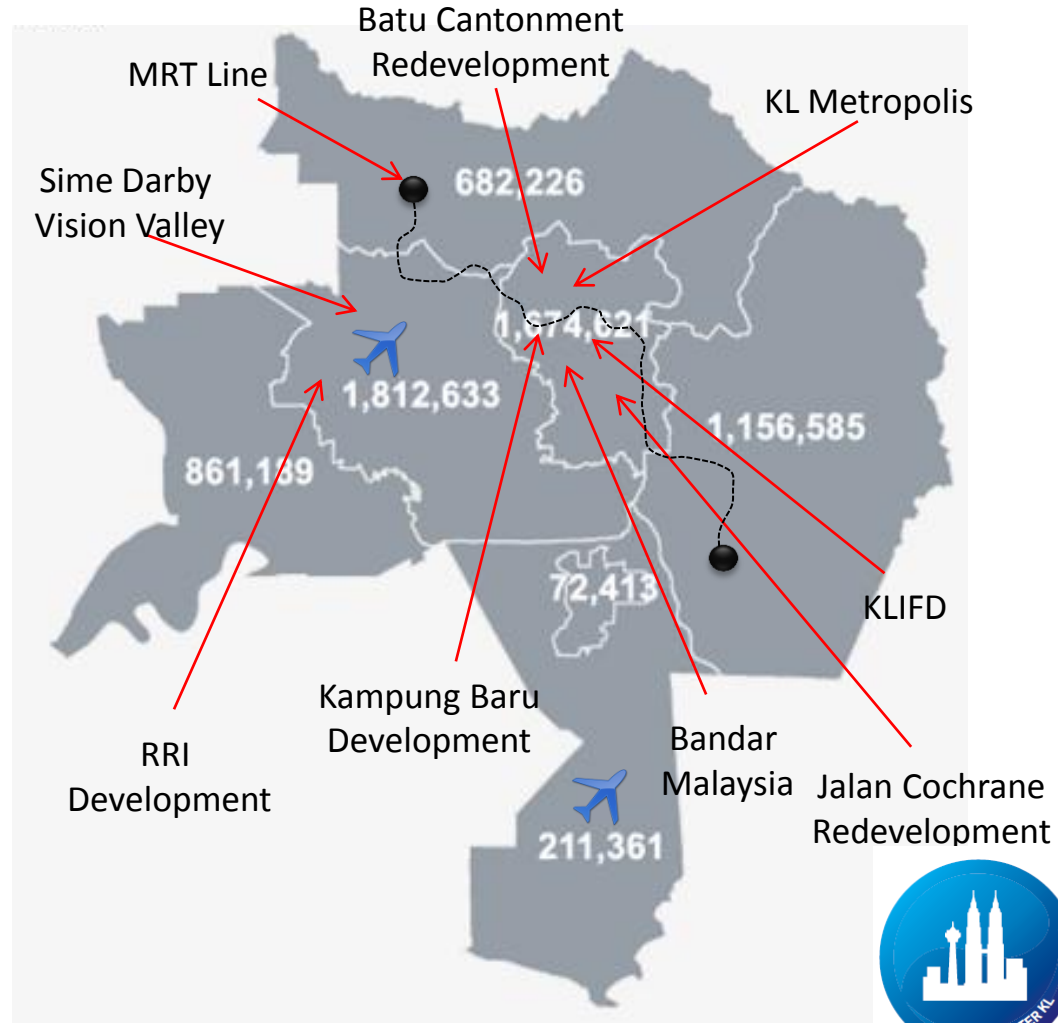
# From Klang Valley to Greater Kuala Lumpur



One of the 12 National Key Economic Areas under Malaysia's Economic Transformation Programme (ETP), Greater Kuala Lumpur covers 10 municipalities with an area of 279,327ha.

Property hotspots along the **MRT line** (Sg. Buloh – Kajang) as the connectivity grows

GREATER KL : POPULATION 2010  
6,471,028





# Infrastructure project to spur the economy



## Property hotspots along the MRT Line as the connectivity grows



# Through these initiatives, Greater Kuala Lumpur aims...



- Accelerated **Population Growth** in Greater Kuala Lumpur underpinning demand



Official Malaysia population based on Population Distribution & Basic Demographic Characteristics 2010 is

**28.3 million**

# Why Malaysia?



Voted

# 3<sup>rd</sup>

property hotspot after  
**LONDON & NEW YORK**

*\*Source: Property Barometer, IP Global*

1 London 2 New York

# 3 Kuala Lumpur



## CAPITAL COST vs RENTAL YIELD

Country	Buying Price /sq. M	Gross Rental Yield
China	\$6,932	2.66%
Hong Kong	\$19,232	3.23%
India	\$12,913	2.76%
Japan	\$13,855	4.33%
Singapore	\$16,727	2.94%
<b>Malaysia</b>	<b>\$2,182</b>	<b>6.21%</b>

Source: Global Property Guide (USD)

# Property Ownership – Malaysia is ahead



Countries	Direct ownership	Land Ownership	Freehold	Statutory protection
Singapore	Yes (limited)	Possible (limited)	Possible (limited)	Yes (limited)
Indonesia	Possible (limited)	No	No	Not clear
China	Possible (limited)	Not clear	No	Not clear
India	Possible (limited)	Possible (limited)	Not clear	Not clear
Japan	Yes	Yes	Not clear	Not clear
South Korea	Not clear	Not clear	Possible (limited)	Not clear
Thailand	Yes (limited)	No	No	Not clear
Vietnam	No	No	No	Not clear
Laos	No	No	No	Not clear
<b>Malaysia</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

- Transparent land administration system – based on **Australian Torrens System**
- Ownership and Title
  - **Freehold**
  - **Leasehold (99-year)**
  - **Landed**
  - **Stratified properties**

Source: Chur & Associates





# Key Opportunities in Real Estate Supporting Sector





✦ Malaysia is the largest **sukuk issuer** in 2011

US\$ **25.3** bn

Malaysian banking system remains sound and resilient during the global financial crisis. A world pioneer in Islamic Banking with ambitions to become a hub as an Islamic financial centre.

There are **23** local and foreign commercial banks operating in Malaysia as of 2011.

Out of **17** islamic banks currently operating in Malaysia, 6 of them are foreign controlled.

*"Malaysian banks have good loss absorption capacities and satisfactory liquidity, enabling them to operate favorably even against a backdrop of some what uncertain external conditions"*

-Fitch Rating



Ranked **11<sup>th</sup>**

most preferred **EDUCATION** destination by UNESCO

*\*Source: UNESCO*

Rental demand from growing student population





Based on Tourism Malaysia, country received

**RM 58.3 bn**

in **tourism receipt** in 2011, equivalent to  
24.7 million tourist arrivals

A total of **24.7 million** tourist entered Malaysia in 2011,  
marking an increase of 0.05% y-o-y compared with 2010.



July 7, **2008**, the historic city

centre of Melaka and Georgetown, Penang just been added into the list of UNESCO World Heritage sites. Now, Malaysia has four sites on the list, the other two being Gunung Mulu National Park, Sarawak and Kinabalu Park (Sabah, highest peak in South-east Asia)



Ranked **3<sup>rd</sup>**

most preferred **HEALTHCARE**  
destination in ASIA

Strong demand from growing medical tourist



Affordable **HEALTHCARE** services

Procedure / Country	USA	UK	Singapore	Malaysia
Heart Bypass (CABG)	\$30,000	\$27,395	\$9,643	\$9,220
Hip Replacement	\$44,816	\$21,335	\$8,359	\$5,000
Cataract	\$5,510	\$5,296	\$1,433	\$895
Rhinoplasty	\$6,000	\$8,264	\$4,478	\$2,500
Eye Tuck (Both Eyes)	\$5,500	\$8,401	\$2,388	\$1,425
Tummy Tuck	\$8,000	\$10,227	\$4,500	\$3,395

Source: KPJ, 2011





✦ 85 projects awarded to foreign contractors worth of

**RM 10.5 bn**

in 2011 compared with 52 projects worth  
RM1.87bn in 2009

**64,850** contractors registered with

Construction Industry Development Board (CIDB) in 2011

From 1986 until 2011, there are 687 projects undertaken by Malaysian contractors in global market, it worth more than

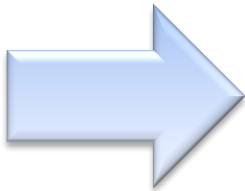
**RM 99.24 billion**



# What MPI can do for you?



# MPI Matchmakes Potential Investors



# 50 Awesome Things On Malaysia



REAL ESTATE  
**malaysia**

For further information and up-to-date tracking of Malaysian Real Estate data, visit:  
**[www.malaysiapropertyinc.com](http://www.malaysiapropertyinc.com)**

For further information on the Market Intelligence & Research, write to  
**[hazrul@malaysiapropertyinc.com](mailto:hazrul@malaysiapropertyinc.com),**  
**[afiq@malaysiapropertyinc.com](mailto:afiq@malaysiapropertyinc.com)**

*This document contains information that is publicly-available and has been relied on by Malaysia Property Incorporated on the basis that it is accurate and complete. MPI is not liable if the case proves to be otherwise. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and the same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed.*





# MALAYSIA

## ISLAMIC DEVELOPMENT BANK GROUP

### INVESTMENT FORUM



09 - 11 May 2012 • Kuala Lumpur

*Forging Strategic Business Partnerships  
between Malaysia and IDB Member Countries*

Co-Organizers

