

ISKANDAR MALAYSIA'S EASTERN CORRIDOR COULD BE GAME CHANGER FOR SUPPLY OVERHANG

Developments in the eastern corridor will hopefully help to absorb the supply of homes coming on-stream and solve housing woes among Johoreans. - BY KHALIL ADIS

Iskandar Malaysia's eastern corridor is poised for the next phase of economic growth as various developments are being planned in the pipeline to ensure that the spillover impact is more evenly distributed so as to benefit Johoreans and give the property sector a much needed boost.

Home to the largest oil & gas project in Pengerang as well as manufacturing and port industries in Pasir Gudang, the centre of gravity appears to be shifting away from Nusajaya and Johor Bahru as more jobs are expected to be created from two major projects in the eastern corridor.

In Pasir Gudang, a new mixed use development by UMLand called Taman Seri Albion was announced in September last year by the current chief minister of Johor Dato' Mohamed Khalid Nordin. Dato' Nordin is currently the area's MP.

The development within his stronghold is expected to create 12,100 jobs for Johoreans with 865 units of affordable housing to be built by 2018.

Over in Pengerang, Malaysia's largest oil & gas hub is being developed under the RAPID project undertaken by Petronas. This RM70 billion project spanning 2,000 hectares has already created 40,000 jobs in the construction industry, 400 jobs for engineers and a further 4,000 jobs for trained technical staff.

Dato' Nordin had noted that Taman Seri Albion project is in line with the state government's vision to see Johoreans thrive in businesses as a result of its economic spillover as well as from the oil and gas industries in Pengerang.

DRAWING IN INVESTMENTS IN THE MANUFACTURING SECTOR EQUALS DEMAND FOR HOMES

Since Iskandar Malaysia's inception in 2006, the manufacturing sector is a force to be reckoned with

and has continued to be a major contributor to its economic growth.

According to data from Iskandar Regional Development Authority (IRDA), from 2006 to March 2015, the region has attracted about RM166.1 billion worth of investments.

Of this, majority of the investments (RM50.82 billion) are in the manufacturing sector followed by the residential property sector (RM40.06 billion).

The data suggests that there is a strong correlation between drawing in investments in the manufacturing sector and demand for residential properties.

Therefore, it is not surprising that this is an important sector for Iskandar Malaysia's success as it has helped create jobs for both locals and foreigners, which has continued to lead the demand for properties.

ECONOMIC SPILLOVER IMPACT

That appears to be the game plan in Pasir Gudang for Taman Seri Albion. Measuring 347 acre, the township will be developed by Tenu Teguh Sdn Bhd, a wholly-owned subsidiary of UMLand.

Its first phase project is a business park that will comprise 89 units of terrace, cluster and semi-detached factories with a built up size from 3,276 sq ft to 14,532 sq ft.

Called Dover Business Park, its estimated pricing will start from around RM300 per sq ft with an estimated gross development value (GDV) of RM 178 million.

"The township will change the investment landscape here. It is a step in the right direction considering it is a mixed use development with affordable housing for Johoreans," Dato' Nordin said at the ground breaking ceremony, UM Land's third township in Iskandar Malaysia and its fourth in Malaysia.



The business park's target markets will be Malaysian and Singaporean small and medium sized enterprises which are involved in industries such as food and beverage production, garment manufacturer, printing and packaging, electronics, storage and warehousing, services, information technology, machinery spare parts, carpentry and furniture production and automotive workshops. This will in turn create business opportunities for Johorean entrepreneurs from small "mom-and-pop" shops to hawkers.

STRATEGIC PARTNERSHIP FORGED DURING THE RECENT LEADERS' RETREAT

The developments in the manufacturing and industrial property sectors in the eastern corridor of Iskandar Malaysia appear to be in line with what was discussed by both the Singaporean and Malaysian Prime Ministers at the recent leader's retreat held in May in Singapore.

During the retreat, Prime Minister Lee Hsien Loong had reaffirmed that Iskandar Malaysia is important to Singapore. Both countries will be implementing the ASEAN Economic Community (AEC) measures by the end of this year and deepen economic integration beyond 2015. In addition, more co-operation were announced in the manufacturing and industrial property sectors.

The target industries include advanced materials engineering, electronics, creative services and food industries

OVERSUPPLY: PERCEPTION VERSUS REALITY

The oversupply in homes has been a huge concern in Iskandar Malaysia as Chinese developers from China have been aggressively acquiring land banks with plans to build condominium units by the thousands. The overhang in supply is certainly valid for high-end

condominiums targeting foreigners from Danga Bay all the way to Johor Bahru.

This is where the danger is.

When it comes to mass market homes, however, the supply is still lagging behind demand as developers have been busy chasing the foreign dollar. This is where to next focus is for the state government as there is genuine demand from Johoreans for such homes.

The chief minister therefore welcomed such initiative at Taman Seri Albion as it will add to 37,000 affordable housing that will be coming on-stream by 2018 in Johor.

HOMES TO BE KEPT WITHIN MEANS

Housing affordability was a contentious issue during the last Malaysian general election. Johoreans had complained of rising property prices, especially within the areas of Nusajaya, Danga Bay and Johor Bahru where economic development have been taking place at breakneck speed since Iskandar Malaysia's inception in 2006.

Dato' Nordin said that the affordable homes that will be offered in Pasir Gudang will be different from the federal-launched PRIMA housing project. The highest quantum price here will be capped at RM150, 000. The homes will benefit workers in the industries and will be equipped with sustainable development features and high speed internet connection.

With the job creation from the developments in the eastern corridor of Pengerang and Pasir Gudang, this will hopefully help to absorb the supply coming on-stream for high-end homes especially among white collar professionals while solving affordable housing woes for Johoreans. 📍

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