
Opening Address

by Datuk Hisham Hamdan

Introduction

The UEM Sunrise Real Estate Forum 2024 opened with a speech highlighting the significance of the real estate industry as a key driver of Malaysia's urban development. Attendees were encouraged to view themselves not just as members of the industry, but as leaders responsible for shaping the future of Malaysian cities. The forum aims to explore the opportunities and challenges faced by industry.

Historical Perspective

The speaker traced Malaysia's economic history, emphasising the influence of global events on the country's economic development. Key historical milestones included:

- Ming Dynasty's withdrawal from the region (600 years ago), which led to colonisation by the Portuguese.
- Pan-El Stock Market Collapse (1985), resulting in a three-day closure of Singapore and Kuala Lumpur stock exchanges.
- Plaza Accord agreement (1985), which caused a surge in foreign investment, particularly from Japan, into Malaysia's industrial and real estate sectors.
- 1990 Economic Boom, where Malaysia's GDP soared to 10%, transforming cities like Shah Alam and Johor Bahru into industrial hubs.

Real Estate Evolution

The economic boom of the 1990s, driven by foreign investment, particularly from Japan and the U.S., had a transformative impact on Malaysia's real estate sector. Between 1990 and 2011, Malaysia saw significant growth in GDP per capita, house prices, and property market indices. However, subsequent financial crises in 1998 and 2008 led to regulatory changes and market corrections, which slowed down growth in the sector.

Current Market Challenges

The real estate market faces several challenges:

- **Moderate Growth in Property Prices:** Prices have risen by just 1.8% annually in recent years, significantly below the 10-year average.

- **Weak Developer Performance:** The Return on Assets for the Bursa Property Index dropped to 1.7% at the end of 2023, compared to 6.2% in 2012.
- **Low Shareholder Return:** The Bursa Property Index has delivered only 0.34% returns annually over the past decade.
- **Housing Affordability:** Average house prices remain out of reach for many Malaysians, with high household debt levels exacerbating the issue.

Future Opportunities

Despite current challenges, there is optimism about the future. Global shifts in supply chains, particularly the diversification of Chinese companies and U.S. reshoring efforts, could bring a new wave of foreign investment into Malaysia's real estate market. This presents an opportunity for the industry to experience another boom, particularly in regions like Iskandar Puteri, which has the potential to become the "Shenzhen of Southeast Asia".

Strategic Focus Areas

To capitalise on these opportunities, the speaker emphasised the need for a balanced approach:

- **National-Level Goals:** Partnering with foreign investors to increase economic complexity and produce high-value goods.
- **Industry-Level Coordination:** Ensuring financial sustainability through collaboration between the government, developers, and stakeholders.

Forum Sessions Overview

The forum includes six sessions addressing key industry issues:

1. Market Landscape: Analysis of growth drivers and trends.
2. Capital Availability: Assessing Malaysia's attractiveness for real estate investment.
3. Iskandar Malaysia's Readiness: Evaluating the region's ability to meet investor demand.
4. Urban Design and Vision: Exploring the transformation of visionary ideas into reality.
5. Sustainability in Data Centres: Balancing growth with environmental responsibility.
6. Fireside Chat: Discussing the readiness of Iskandar Malaysia to become a regional powerhouse.

Conclusion

The opening address concluded with a call for balancing the competing needs of affordability, profitability, and sustainability in the real estate sector. The forum is expected to engage with these critical issues, fostering knowledge exchange to benefit all stakeholders.