



## Session Summaries

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# Opening Address

by Datuk Hisham Hamdan

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## 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.

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# Keynote Address

by Sufian Abdullah

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The discussion reflected on the evolution and current state of the construction industry by drawing comparisons with historical advancements in aviation.

## 1. Historical Context

- **Aviation Milestones:** The talk began with a historical overview of aviation achievements, from the Wright brothers' first powered flight in 1903 to the development of modern aircraft like Boeing 787 Dreamliner. These milestones highlighted the rapid technological advancements in aviation.
- **Construction Industry Stagnation:** In contrast, the construction sector has seen little productivity improvement since the post-war period. This stagnation contrasts with the technological progress in other industries.

## 2. Current Issues in Construction

- **Slow Evolution:** The speaker emphasised that the construction industry has not evolved significantly in terms of efficiency and innovation compared to other sectors. An example is given comparing the construction timeline for a house with that of a high-tech aircraft, illustrating the industry's slow progress.
- **Limited Innovation:** The discussion critiqued the lack of innovation in construction methods, noting that many building techniques have remained unchanged for centuries.

## 3. Traditional and Modern Solutions

- **Traditional Architecture:** The speaker highlighted the traditional construction methods, like those used in village houses, which were innovative for their time and adapted well to local environments. These methods often used simple, with sustainable materials and techniques.
- **Modular and Prefabricated Construction:** The talk suggested modern solutions like modular and prefabricated construction, comparing them to building with Lego blocks. These methods allow for flexible and efficient home construction that can be easily expanded or customized.

#### 4. Consumerism and Sustainability

- **Impact of Consumerism:** The rise of consumerism has driven demand for data centres and other infrastructure, but it also generates waste and environmental challenges. The speaker urged the construction industry to address these issues and find sustainable solutions.
- **Online Purchasing Trends:** The ease of online shopping and customisation is mentioned as a parallel to potential innovations in the construction industry, where homes could be designed and ordered online with similar convenience.

#### 5. Call to Action

- **Industry Reflection:** The speaker called on the construction industry to seek innovative solutions to improve productivity and sustainability. The emphasis was on leveraging lessons from other sectors and adopting new methods to advance the industry.

In essence, the talk encouraged the construction sector to innovate and evolve by drawing lessons from other fields, and to address the pressing issues of sustainability and efficiency.

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## Session 1

# Market Landscape: Growth Drivers and Trends

Lee Heng Guie, Cha-Ly Koh, Christophe Vicic, and Amy Wong as Moderator

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### Key Themes and Challenges

#### 1. Growth Drivers and Trends

- **Socio-economic Factors:** Urban migration, demand for smart and affordable housing, and the impact of a strong U.S. dollar are significant growth drivers. Aligning with global sustainability trends is crucial.
- **Big Data Utilisation:** The real estate sector underutilising big data, which limits its ability to respond effectively to market changes. Enhancing data processing can offer valuable insights and adapt to emerging trends.

#### 2. Geopolitical and Economic Impacts

- **Global Influences:** Malaysia remains attractive for investment despite global tensions, but inflation risks and stress in China's property market could impact growth.
- **Future Outlook:** Geopolitical shifts, inflation, and interest rates will pose both risks and opportunities for Malaysia's real estate sector, with potential benefits from currency stabilisation.

#### 3. Demographic Shifts and Behavioural Changes

- **Ageing Population:** Developers need to address the needs of an aging population and tech-savvy younger buyers, focusing on affordability and adaptability.
- **Behavioural Trends:** There is a growing preference among younger generations for tech-driven, sustainable homes.

#### 4. Regulatory Reforms and Sustainability

- **Regulatory Needs:** Streamlining Malaysia's regulatory framework is essential for attracting Foreign Direct Investment (FDI) and ensuring sustainable market growth. Current regulations are seen as complex and time-consuming.
- **Sustainability:** Long-term sustainability and climate resilience are critical. Developers must adapt housing developments to changing environmental and economic conditions.

## 5. Strategies for Stakeholders

- To focus on commercial investment and aligning with national strategies.
- To advocate for better measurement of supply and demand, including tracking vacancy rates.
- To simplify regulatory requirements and improving industry engagement.
- To address domestic economic needs to stabilise the market.

The discussion emphasised the need for balancing innovation, sustainability, and regulatory reforms to support Malaysia's evolving real estate market. Key drivers include big data, socio-economic shifts, and global geopolitical tensions. Effective strategies involve streamlining regulations, leveraging technology, and addressing both foreign and domestic investment needs to ensure a resilient and dynamic real estate sector.



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## Session 2

# Capital Availability: Is Malaysia Still a Destination for Real Estate?

Sr Samuel Tan, Norani Mustapha, Leong See Meng, and Nicholas Khaw as Moderator

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The panel discussed capital flow in Malaysia's real estate market, focusing on domestic and foreign investment perspectives. Key topics included Malaysia's attractiveness for investors due to its neutrality, infrastructure, and costs.

### 1. Market Growth

The real estate market in Malaysia is expected to see steady growth over the next four to five years. This outlook is bolstered by innovative approaches in residential development and strategic location advantages.

### 2. Residential Innovations

Developers are addressing overhang issues and market demands by introducing single-storey terraced houses, which have become highly sought after, despite their higher price points. This approach effectively meets the needs of buyers and reduces excess inventory.

### 3. High-Rise Developments

While there is concern about high-rise overhang, especially in Johor Bahru, well-located high-rise properties, particularly in RTS zones, are performing well. For instance, serviced apartments in areas like R&F are seeing significant price increases, reflecting strong demand.

### 4. Industrial Sector

The industrial real estate sector is vibrant, with substantial interest in industrial parks. Johor is emerging as a key destination for industrial investment due to its proximity to Singapore and the growth of regional economies.

### 5. Data Centres

Data centres are becoming a focal point for investment, driven by their potential for branding and showcasing infrastructure capabilities. There is a push for integrating data centres with high-end industries and academic training, which could enhance their value beyond just energy and land usage.



## **6. Addressing Overhang**

To tackle the issue of overhang, especially in areas where properties remain unsold for extended periods, creative solutions like organising property carnivals can be effective. These events can provide incentives and streamline processes to clear excess inventory.

## **7. Regulatory and Market Dynamics**

There is a need for more nuanced regulatory approaches and market studies to prevent overhang and ensure that foreign investments contribute positively to the local economy. Additionally, exploring alternative housing models like rental housing or rent-to-own programmes can help mitigate market fluctuations.

## **8. Repurposing Older Buildings**

Converting older buildings into residential units or other uses, with possible government support, could address supply imbalances and make better use of existing assets. This requires overcoming barriers such as capital constraints and planning approvals.

These insights reflect a dynamic real estate market in Malaysia, characterised by innovation and strategic investments across various sectors.

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## Session 3

# Unlocking The Iskandar Dream

Natazha Hariss, Zulfiqar Zainuddin, Paul Dwyer, and Lim Sue Lin as Moderator

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The discussion focused on the potential of the new Johor's new Special Economic Zone, co-developed with Singapore (JS-SEZ), to overcome the challenges that hampered the earlier promise of Iskandar Malaysia. Key points include:

### 1. Building on Past Foundations

Iskandar Malaysia, initiated in 2006, laid the groundwork for economic growth but did not fully meet expectations. However, the past 18 years should not be viewed as a missed opportunity. Instead, the journey should be evaluated, and lessons learned and strategies realigned for the future. The JS-SEZ offers a fresh opportunity to build upon these foundations, with joint efforts between Malaysia and Singapore and a commitment to improve governance and efficiency.

### 2. Strategic Lessons and Long-Term Focus

Drawing comparisons to the success of Shenzhen, China, panellists stress the need for incremental, phased development rather than short-term results. Long-term planning for infrastructure, especially for the next 50 years, is crucial to the JS-SEZ's sustainable growth.

### 3. Opportunities in Data Centres and High-Tech Investments

Johor's competitive advantages include land availability, renewable energy, and technological innovations like liquid cooling. There's strong potential for Johor to become a hub for data centres and tech investments, especially given Singapore's constraints.

### 4. Challenges in Connectivity, Regulations, and Talent Retention

To attract more investors, Johor must improve cross-border connectivity, streamline regulatory processes, and address talent retention issues, particularly given Singapore's higher wages.

### 5. Sustainability and Resource Management

There is growing attention on ensuring developments in Johor are sustainable, particularly in managing essential resources like water and electricity, to support the burgeoning data centre industry.

Overall, the SEZ is seen as a significant opportunity for Johor, but careful planning, regulatory streamlining, and sustainable growth are vital to avoid repeating the missteps of Iskandar Malaysia.

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## Session 4

# Form to Future: Bringing Vision into Reality

Faiz Akhbar

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Faiz, an urban designer, advocated for a paradigm shift in the real estate industry during his session, addressing key issues in construction, climate impact, and urbanisation.

### 1. Construction Productivity and Innovation

Faiz highlighted the stagnation in construction productivity over the past 50 years and suggests that adopting innovative practices could save up to US\$1.6 trillion annually. He emphasises the need for continuous refinement in building processes, using modularisation to optimise construction, reduce waste, and improve building configurations.

### 2. Climate Impact and Technological Innovations

The unsustainable carbon footprint of relentless development is critiqued, with a call for eco-friendly approaches. Faiz discussed the technological advancements like prefabricated construction and cross-laminated timber (CLT), stressing their role in promoting sustainability. However, he also pointed out the significant environmental costs associated with AI and data centres, which consume large amounts of energy and water, contributing to carbon emissions.

### 3. Urbanisation and Social Cohesion

Faiz examined the widening gap between prosperous and struggling communities due to rapid urbanisation. He advocated for designing inclusive public spaces that address diverse needs, counteracting the isolating effects of suburban living and ensuring equitable access to amenities.

### 4. Historical and Modern Urban Planning

Reflecting on historical urban designs, Faiz contrasted them with modern, car-centric cities. He proposed learning from past models to create better, people-oriented urban spaces, and suggests a medium-density housing model as a balance between high-density and low-density developments. This model aims to be low-maintenance, adaptable, and modular.

## **5. Master Planning and Closed Loop Systems**

Faiz proposed a master plan for an 18-square-kilometer area, emphasising sustainable resource management through harnessing solar energy, managing waste, recycling rainwater, and emphasising energy from waste. He advocated for a closed loop system where waste is converted into resources like water and power.

## **6. Call to Action**

Faiz stressed out the role of all stakeholders—developers, policymakers, entrepreneurs, investors, and academics—in shaping a sustainable future. He called for collective efforts to implement innovative and practical urban solutions that balance technological advancements with environmental stewardship.

In summary, the session integrated insights on construction innovation, sustainability, urban design, and the need for a collaborative approach to address contemporary challenges.

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## Session 5

# Navigating Sustainably in Iskandar Puteri Data Centres

Lee Guan Soon, Kamisah Mohd Ghazali, Abd Rahim Mohd Yusof, and Harman Faiz Habib Muhamad  
as Moderator

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The session explored the strategic importance and challenges of data centres, particularly in Iskandar Puteri, exploring several key aspects, including the strategic advantages and growing demand, challenges in energy requirements, sustainability concerns, and socio-economic impact.

### 1. Growing Demand & Strategic Location

Data centres are critical due to the rise of AI, cloud computing, and large-scale data processing. Iskandar Puteri, situated near Singapore, is a prime location for data centre development due to its proximity to an established global data hub. This strategic advantage reduces setup times and operational costs for businesses, allowing them to tap into Singapore's extensive networks, talent pool, and infrastructure while benefiting from Malaysia's relatively lower costs. Johor's geographic position makes it an attractive alternative to Singapore.

### 2. Energy Demands & Infrastructure

A significant focus of the discussion was the energy demands of data centres, which are power-hungry facilities. One committed centre in Johor requires up to 400 megawatts, while projected demand may reach 12 gigawatts by 2035, nearly half of Malaysia's current national power consumption. Tenaga Nasional Berhad (TNB) is upgrading its grid through a three-phase plan and exploring innovations like superconductors and multi-circuit towers to meet demand while minimising new construction and addressing public concerns.

### 3. Sustainability Challenges

Sustainability is crucial as data centres are major energy consumers. Integrating renewable energy (RE) such as solar is essential but costly. Technological innovations, like liquid cooling for high-density servers, can enhance energy efficiency. Collaborative efforts between the public and private sectors are vital to promote sustainability, aligned with Iskandar Malaysia's goals of reducing carbon intensity by 70% through energy efficiency, renewable energy, waste management, and green building initiatives.

#### **4. Public Concerns & Socio-Economic Impact**

Electromagnetic fields (EMF) from transmission lines are a key public concern, but modern designs minimise exposure, making it lower than everyday devices like mobile phones. Data centres also offer indirect economic benefits, such as infrastructure development and increased land values, despite not creating significant direct employment. They can contribute to local communities by promoting STEM education and future green job opportunities.

#### **5. Iskandar Puteri as a Data Centre Hub**

The region is well-positioned to become a major data centre hub, with support from the government, robust energy infrastructure, and planned water pipelines crucial for cooling operations. However, sustainable growth must be prioritised, particularly concerning water and energy resources. Solutions like desalination and greywater treatment are being explored to ensure the region's long-term sustainability.

#### **Conclusion**

Iskandar Puteri has the potential to be a critical player in the global data centre market, but growth must balance technological advancement with environmental sustainability. Collaboration among government, private sectors, and local communities is key to achieving this balance.

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## Session 6

# Fireside Chat: Why now? What is Different This Time?

Prof. Dr Ong Kian Ming, Dato' Hamdan Abdul Majeed, and Wong Shou Ning as Moderator

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The discussion centred on the future of Malaysia's industrial parks, with a particular focus on Johor's potential to lead in this area.

### 1. Optimism and Potential

- **Current Sentiment:** Despite past rebranding efforts and a sense of déjà vu in Malaysia's industrial sector, recent polling reflects strong optimism. A significant 86% of respondents believe Malaysia has the capability to develop world-class industrial parks.
- **Johor's Role:** Johor is seen as a frontrunner in this endeavour, particularly through developments like the AME industrial park. This park showcases how integrating high-quality living quarters with industrial facilities can serve as a successful model.

### 2. Challenges

- **Infrastructure and Management:** Many existing industrial parks in Malaysia are plagued by outdated infrastructure, insufficient management practices, and inadequate planning. These issues are exacerbated by the lack of a cohesive federal classification framework for industrial parks.
- **Resource Constraints:** Federal and state committees are tasked with addressing these challenges but often lack the necessary resources and authority to implement comprehensive solutions.

### 3. Successful Models

- **AME Industrial Park:** This park in Senai, Johor, stands out as a successful example of modern industrial park development. It features centralised living spaces, high-quality facilities, and well-maintained infrastructure. The park's model integrates residential and industrial areas, demonstrating the benefits of effective planning and continued centralised management.

### 4. Strategic Growth and Partnerships

- **Expansion and Collaboration:** For Malaysia to advance its industrial parks, strategic growth and partnerships are crucial. The Johor-Singapore Special Economic Zone (JS-SEZ) is highlighted as a key initiative that could drive further industrial expansion. This special zone illustrates how cross-border collaborations can stimulate economic growth and development.



- **International Partnerships:** Collaborations with foreign partners from countries like Singapore, China, Japan, and the EU are vital. These partnerships can bring in expertise and investment, enhancing the quality and competitiveness of Malaysia's industrial parks.

## 5. Modernisation and Sustainability

- **Infrastructure Upgrades:** There is a pressing need to modernise existing industrial parks. This includes upgrading infrastructure, incorporating advanced technologies like 5G, and integrating sustainability from the planning stages.
- **ESG Principles:** Incorporating Environmental, Social, and Governance (ESG) principles is essential. This approach not only enhances the environmental performance of industrial parks but also ensures that social and governance aspects are addressed.

## 6. Supporting SMEs

- **Integration of Small Businesses:** It is important to ensure that small and medium-sized enterprises (SMEs) are integrated into the industrial ecosystem. This requires creating opportunities for SMEs to participate in and benefit from the industrial developments.
- **Collaborative Efforts:** Greater collaboration between government bodies, private sector players, and SMEs can help create a more inclusive and supportive industrial environment.

## 7. Long-Term Vision

- **Sustained Commitment:** Developing successful industrial parks is a long-term endeavour that requires sustained commitment from both the government and private sectors. Strategic planning, ongoing investment, and effective management are key to achieving this.
- **JS-SEZ:** This project is an example of a long-term initiative aimed at economic integration and growth. It represents a model for how long-term projects can drive significant economic benefits and enhance industrial capabilities.

## Conclusion

The discussion highlighted that while Malaysia faces several challenges in developing world-class industrial parks, there is a strong sense of optimism and potential, particularly with Johor's leading role. Addressing these challenges requires a focus on modernising infrastructure, integrating sustainability, and fostering strategic partnerships. By leveraging successful models, such as the AME industrial park and the JS-SEZ, Malaysia can work towards creating dynamic, competitive, and well-planned industrial environments. Strategic collaboration, long-term vision, and inclusive planning will be essential for realising the full potential of Malaysia's industrial parks.

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# Closing Address

by Dato' Sr. Azmar Talib

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## Overview

The UEMS Real Estate Forum 2024 concluded with a strong emphasis on collaboration, innovation, and sustainability. The forum successfully facilitated the exchange of ideas that will shape the future of Malaysia's real estate sector. The speaker expressed gratitude to participants, speakers, and organising partners for their contributions, which were essential to the success of the event.

## Acknowledgements

Special appreciation was extended to:

- UEM Sunrise Chairman Datuk Hisham Hamdan, for sharing valuable insights on Malaysia's economic journey and the lessons learned.
- Distinguished speakers and panellists, for providing innovative strategies and insights on topics such as market developments, sustainable practices, and emerging technologies.
- Organising partners: CLSA and Khazanah Nasional Berhad, for their critical role in supporting the forum and fostering meaningful discussions.

## Key Takeaways

The discussions throughout the day highlighted several key themes:

1. **Adapting to Change:** The real estate industry is navigating rapid changes driven by digitalisation and emerging technologies like generative AI. Innovations are crucial for staying competitive and addressing challenges like over-reliance on cheap labour.
2. **Collaboration and Regional Opportunities:** There is vast potential for growth in the Southern Region of Malaysia. Cooperation with regional neighbours, particularly in infrastructure, skilled labour, and policy support, will be critical to unlocking opportunities.
3. **Sustainability:** Sustainability was underscored as a non-negotiable pillar of future development. The importance of integrating green technologies and reducing the carbon footprint was highlighted, ensuring that future developments are both environmentally responsible and socially impactful.
4. **Equity:** The need for inclusivity in real estate development was a central theme. Ensuring that projects create spaces accessible to all and address disparities in access and opportunities will be key to the sector's long-term success.

## Moving Forward

The speaker urged industry players, including authorities, developers, and investors, to take the lessons learned from the forum and apply them with purpose. There was a call to:

- Embrace innovation and drive positive change.
- Prioritise sustainability and equity in all future projects.
- Develop talent and intellectual property (IP) to ensure continuity and progress.

The real estate sector should strive to not only build structures but create thriving, inclusive, and resilient communities, with a focus on minimising costs and avoiding reckless risk-taking.

## Conclusion

The forum closed with a call to action for all participants to remain engaged, seek out new collaborations, and continue the conversations started at the event. The speaker concluded with a message of optimism for the future of real estate, acknowledging the role each stakeholder plays in shaping the industry's positive transformation.

The UEM Sunrise Real Estate Forum 2024 was officially closed, with a note of thanks and a wish for continued success in the industry.