

# WHY INVEST IN MALAYSIAN REAL ESTATE?



## STABLE ECONOMY



GDP BY ECONOMIC ACTIVITY			
ECONOMIC ACTIVITY	SHARE	GROWTH RATE	
<b>Services</b>	56.0%	Q318: 7.2% Q218: 6.5%	Fueled by Wholesale & retail trade, Information & communication and Finance & insurance
<b>Manufacturing</b>	23.0%	Q318: 5.0% Q218: 4.9%	Contributed by E&E, Petroleum, chemical, rubber & plastic and Transport equipment, other manufacturing & repair products
<b>Construction</b>	4.7%	Q318: 4.6% Q218: 4.7%	Led by Civil engineering, Specialised construction activities and Non-residential buildings
<b>Agriculture</b>	8.2%	Q318: -1.4% Q218: -2.5%	An improvement in all sub-sectors except for Oil palm
<b>Mining &amp; Quarrying</b>	7.3%	Q318: -4.6% Q218: -2.2%	Declined in production of crude oil & condensate and natural gas

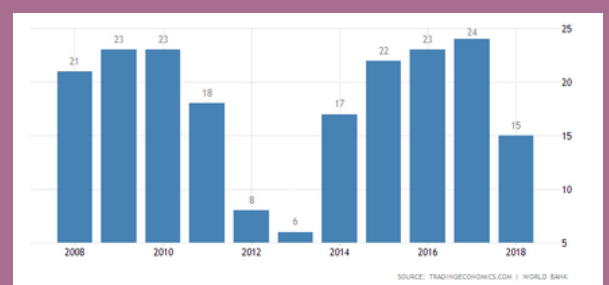
Note: Exclude Import Duties

- Malaysia have a robust and stable economy, in dynamic growth Asia.
- FocusEconomics Consensus Forecast panelists expect the economy to grow 4.7% in 2019, and 4.4% in 2020.



## AMONG THE MOST EASIEST AND FRIENDLINESS IN DOING BUSINESS!

- Malaysia is ranked 15 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings.
- The rank of Malaysia improved to 15 in 2018 from 24 in 2017.



## POSITIVE MARKET SENTIMENT

- Stock market has rallied after the ease on trade war tension between US and China.
- Gains in global oil prices also further added to the bullish tone in the local equity market.
- As for property market, it will continue experiencing “confidence-gaining growth” as fundamentals improve under the new government.
- The exemptions and initiatives offered under Budget 2019, are expected to kick-start the property market especially residential.



## DECENT RENTAL AND CAPITAL APPRECIATION

- Property in the Klang Valley could fetch an average of around 3% rental return yearly and a minimum 5% capital appreciation annually, which comes up to an investment return of about 8%.



## LIBERAL PROPERTY-OWNERSHIP REGULATIONS

- Foreigners are allowed to buy building land and agricultural land subject to meeting the minimum price thresholds, certain terms and conditions. House buyers are well protected under the law and foreigners' legal ownership of the property is registered on the land title under their own names and can be freely transferred.

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## RETIREMENT HAVEN

- Malaysia ranked fifth in the list of retirement havens for 2018 according to a new Retirement Index from InternationalLiving.com.
- Malaysia ranks highest for Asian destinations.



## MALAYSIA AS AN EDUCATION HUB

- Malaysia is becoming a popular study destination due to the quality of education, value for money, quality of life as well as cultural and language comfort with English being widely spoken
- International schools market sees growth in Malaysia.
- Foreign universities are also setting up branch campuses here.
- Malaysia is set to have the first ever overseas branch campus of Japanese university



## MALAYSIA HAS THE BEST HEALTHCARE SYSTEM AND IS THE TOP MEDICAL TOURISM DESTINATION

- Malaysia is among the top 5 countries with the best healthcare in the world honored by International Living.
- Malaysia has won the number one spot in the International Medical Travel Journal's award for "Health and Medical Tourism Destination of the year" in 2015 and 2016.
- As listed by Healthy Travel Media, publisher of Patients Beyond Borders, Malaysia ranks among the best providers of healthcare in all of South-East Asia in 2018.



## BIG FOREIGN INVESTORS IN TOWN

- Senibong Cove in Johor Bahru by Australian developer Walker Corporation and Forest City by Country Garden Holdings are among the big developments by foreign investors.
- China's Pacific Construction Group Limited (CPCG) had announced of investment up to RM 10 billion over ten years in Malaysia in the areas of infrastructure development, high technology machineries, knowledge transfer and education.



## POSITIVE OUTLOOK MOVING FORWARD

The outlook for Malaysia is looking positive driven by:

- Strong economic growth.
- Favorable policies and tax incentives.
- Skilled local talents.
- Environment conducive for digitalization.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF PROPERTY

Non-Malaysian citizens and foreign companies (“Foreign Purchasers”) are allowed to buy properties in Malaysia provided that they comply with certain requirements and restrictions imposed under the NLC, the Guidelines on the Acquisition of Properties (“EPU Guidelines”) issued by the Economic Planning Unit (“EPU”), and the relevant rules and regulations that may be imposed by the state authorities.

### NLC REQUIREMENTS

Under the NLC, Foreign Purchasers are not allowed to acquire any land (other than industrial land) in West Malaysia unless approval of the relevant state authority has been obtained.

### EPU REQUIREMENTS

Under the EPU Guidelines, Foreign Purchasers are NOT ALLOWED to acquire:-

- ❖ properties valued less than RM1 million per unit;
- ❖ residential units under the category of low and low-medium cost as determined by the state authority;
- ❖ properties built on Malay reserved land; and
- ❖ properties allocated to Bumiputera interest in any property development project as determined by the state authority (NB. Bumiputera means a Malay individual or aborigine as defined in Article 160(2), Article 161A (6)(a) and Article 161A (6)(b) of the Federal Constitution of Malaysia).

Further, the acquisition of any residential unit by Foreign Purchasers valued at RM1 million and above does not require the approval of the EPU (but falls under the purview of the state authorities and requires the relevant state authorities’ consent).

## STATE AUTHORITY REQUIREMENTS AND CONSENT

### Minimum Purchase Price

As land is a state matter, each state authority may impose conditions in respect of real property transactions involving foreign interests. Set out below are the various minimum purchase price for properties imposed on Foreign Purchasers as of October 2018:

STATE	MINIMUM THRESHOLD FOR FOREIGN RESIDENTIAL PROPERTY PURCHASE	With MM2H
TERENGGANU, PAHANG, W.P KL, PUTRAJAYA & NEGERI SEMBILAN	RM 1 million	RM 1 million
SELANGOR	RM 2 million (for Zones 1 & 2) RM 1 million (for Zones 3)	RM 2 million (for Zones 1 & 2) RM 1 million (for Zones 3)
JOHOR	RM 2 million (landed property in international zones) RM 1 million (strata title & landed properties within non-international zones, except for Medini)	RM 1 million
KELANTAN & SABAH	RM 1 million	RM500,000
PERAK	RM 1 million	RM350,000
KEDAH	RM 600,000 (Kedah); RM 1 million (Langkawi)	No minimum
PERLIS	RM500,000	RM 1 million
SARAWAK	RM500,000	RM300,000
PENANG	RM 2 million (island) RM 1 million (mainland)	RM500,000 (2 units)
MALACCA	RM 1 million (landed title) RM500,000 (strata title)	RM 1 million (landed title) RM500,000 (strata title)

## MALAYSIA MY SECOND HOME (MM2H) PROGRAMME

Malaysia My Second Home (MM2H) Programme allowed foreigners who fulfill certain criteria, to stay in Malaysia for as long as possible on a multiple-entry social visit pass.

The Social Visit Pass is initially for a period of ten (10) years, and is renewable.

Among the benefits of MM2H:

- Able to purchase homes with lower minimum threshold for certain states.
- Allowed to bring children below 21 years old who are not married as dependents.
- Foreign-sourced income or pension are not subject to tax if such income is remitted to Malaysia, since Year of Assessment (Y/A) 2004. Only Income earned within Malaysia is subject to taxation.