



growing nearby international shipping harbors, some possibly will be halal certified opening in this way the door to unlimited markets, new industrial areas with connected residential township will immediately follow and the already interesting investment spot will be even more appealing.

#### Continued Promotion of Investment in less Developed Areas

It is extremely important to have a balanced growth of the Country that will bring forward a fair and proportionate distribution of the nation wealth. Every Malaysian state has unique characteristics which, if properly developed, will leverage the economic growth and the pro capita income. This will allow families to up-grade generating further demand for affordable housing, retail areas and office space.

#### Incentives for Industrial Areas Management

As a developing Country Malaysia has to enhance the quality of the industrial park and facilities to be able to compete with world leading economies. The geographic positioning its already offering a big plus point for international investors to look at Malaysia as a prime location and in the moment in which the qualitative offer will match the current demand there will definitely be an important growth contributing to the finalization of Wawasan 2020. Property wise, industrial parks and related residential township demand will possibly be boosted in the next five to ten years.

#### Promotion of Automation, High-quality and Focused Investment

This paragraph of the first strategy can be read as the previous one. It is indispensable and will generate automatic and positive consequences on property market.

#### Public private Partnership

PPPs are the way forward to complete in logic and economic way a proper infrastructure and public services which are deemed necessary as a complement to a growing nation. The impact generated by this part of Budget 2015 on the Malaysian properties is huge and will positively affect many areas of the country as we are looking at roads, highways, railways, busways, social services and education.

#### It, Innovation and creativity

Malaysia is now stepping into the status of an innovation driven growth and for this reason boosting research and development centers, creativity and new technologies is going to contribute in a strategic way to enhance the market position of the national industries. The construction industry will be mostly affected, in a positive way by this move and possible generate more livable and comfortable housing and industrial premises to respond to a raising demand of new type of products with high standard characteristics and fittings.

## SMEs promotion

Everywhere in the world SMEs are the spine bone of economic development and growth. The Government is ensuring that also the Malaysian SMEs will be able to enjoy a more conducive environment and to receive special supportive packages to contribute to their healthy growth. SMEs besides being the crucial factor of a proper Economic growth are also employing a large portion of Malaysia's 12 million labor force. Enhancing SMEs means, in other words, enhancing and contributing to the social and economic growth of their employees with direct impact on retail and residential market in terms of property.

## Boosting Tourism Industry

The important contribution of Tourism Industry to the Country's GDP is undeniable and for the last two years the Government has spurred it in terms of funds and oversea promotions and road shows. 2014 has surely been a sad year for Malaysia in terms of safety and airplane crashes but, if we want to pay additional respects to all the victims of these accidents, we should look into what happen by saying that today everyone in world knows where Malaysia is and due to the firm and straight forward position and statements of the Prime Minister in the proceedings of MH17 crash site investigations the world has been paying respect to Malaysia. We just need to leverage on this in a positive way and the Budget allocation to the Tourism Industry will have a much higher impact in terms of tourist arrivals and spending. Here we don't need to mention the huge impact that a proper boosting effect in terms of economic growth will have on property market but just mention the sectors which will be affected which means: residential (soho and sovo are perfect solutions for modern travelers in terms of short staying), retail (tourist are spending and the more attractive a destination is in terms of "shopping parade" the higher will be the amount spent), hospitality (hotels, resorts, F&B and more will be touched positively but a raising tourist arrival) and more.

## **ENHANCING FISCAL GOVERNANCE**



A fast developing Country as Malaysia is needs to be supported by a proper fiscal and taxation system based on equity and high collection. Citizens must understand that, even though might be looking painful, paying taxes is a "must do" in a modern and conducive economy. For sure the

Government will have to proof that tax payers' money is wisely and economically spent and return to the Rakyat services, infrastructure and proper social services. Infrastructures, PPPs, security, safety, social housing and so on cannot be supplied by cash strapped Government and the Rakyat has the civic responsibility to respond positively to the tax paying call. Incoming GST will allow a better and more evenly distributed tax load on all



The last two strategies of this Budget 2015 are most directly related to property and this will require a in-depth analysis that will be done in the next issue. Get ready for interesting surprises and learn how to look at things with a very open and positive mindset.

*Sources: IMF and World Bank various reports, Department of Statistics, Minister of Home Affairs, REI Group archives*

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