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Industrials see strong theme, including Sarawak

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KUCHING: Strong themes will continue to drive the industrial property segment in Malaysia, including here in Sarawak, despite the fact that the state has the latest amount of industrial overhang in the first half of 2024 (1H24).

Analysts with AmInvestment Bank Bhd (AmInvestment Bank) believed the industrial property sector will continue to be driven by the two key themes in 2025 namely, global supply chain shifts amid rising tension between the US China and rising data centre investment in Malaysia.

This comes as industrial sub-sector recorded an increase in market activity by 2.3 per cent and 23.4 per cent in volume and

value respectively in 1H24.

"Selangor continued to dominate the market, with 34.1 per cent (1,302 transactions) of the national transaction volume, followed by Johor (19.2 per cent), Sarawak (7.4 per cent), and Perak (7.1 per cent)," it said in a property sector review report.

"Performance by type witnessed terraced factories making up 32.3 per cent (1,233 transactions), followed by vacant plots, which dominated another 26.6 per cent of the total industrial volume."

AmInvestment Bank noted that there was improvements in industrial overhang situation in 1H24 as the numbers gradually decreased by 7.7 and seven per cent year on year (y-o-y) to 746 overhang units with a total value of RM0.78 billion respectively.

By state, Sarawak held most of the overhang units with 42.8 per cent share, followed by Johor (15.7 per cent) and Perak (10.5 per

cent).

It added that the prospects of Malaysia's manufacturing property industry appeared promising as it capitalises on global supply chain shifts, government's focus on high-value sectors and embraces sustainability to become a key player in global manufacturing landscape.

"Ongoing geopolitical uncertainties have benefited Malaysia in terms of trade and

investment diversions for risk management, as well as supply chain security and resilience," it said.

"The government's focus on high-value sectors such as electrical and electronics (E&E) and AI, supported by investment tax incentives, will likely create opportunities for the industrial real estate sector, especially in developing smart logistics and tech-driven industrial parks.

"We anticipate increased

interest in logistics hubs and manufacturing facilities as Malaysia continues to grow its digital and high-tech sectors."

From the rising data centre investment aspect, favourable government policies such as the National Digital Economy Blueprint and National Artificial Intelligence (AI) Roadmap, will spur investments into data centre and AI.

In 2023, nine data centres with a combined capacity of about 635MW were completed.

For 2024, Tenaga Nasional Berhad (TNB) expects to connect to nine data centre projects with 700MW of total energy demand. The total maximum demand installed as of end Sep 2024 stood at 1.7GW.

In the long run, MITI expects that data centre projects to reach at least 4.7GW over the next 10 years in Malaysia. From 2021 - 2023, approved investments from data centres amounted to

RM114.7 billion.

For the first ten months of 2024, Malaysia has approved more than RM141 billion digital investments from technology giants such as

Amazon Web Services (Amazon), Google, Microsoft and Oracle as well as data centre firms such as Bridge Data Centre and GDS International.



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