

# Iskandar Malaysia is the ideal place for Singapore MNCs looking to relocate, says Datamine Malaysia

By **BusinessToday** - November 4, 2020



Finance Minister Tengku Zafrul's call for government-linked companies (GLCs) to step up spending and investing should also look to multinational companies (MNC) in Singapore longing to relocate their non-core operations out to lower their operating cost.

Jerren Lai, Head of Research at Datamine Malaysia said, "Iskandar Malaysia is the ideal place for them as Grade-A office rentals are 70 per cent lower than Singapore and our human resource cost is a fraction of theirs."

Grade-A office buildings in Singapore Marina Bay area records SGD12.26 (RM36) per square foot per month (sqft). A dipstick indication shows Raffles Place area average SGD9.48psf (RM31psf), Dhoby Ghaut at SGD9.14psf (RM30psf), Shenton Way at SGD8.00psf (RM27psf), Tanjung Pagar at SGD6.58psf (RM20psf), Novena at SGD5.32psf (RM16psf) and City Hall at SGD6.13 (RM18psf).

"In contrast, the upcoming Southkey from IGB Sdn Bhd, a scaled-down version of Mid-Valley in Iskandar estimated at RM7-9psf or less than SGD3psf. Singapore's cheapest

Grade-A offices in Alexandra area priced at SGD4.35 (RM13psf) is 30 percent higher than Iskandar's top-grade office offering."

"Singapore's MNC human resource cost is roughly dollar-for-dollar that of Malaysia. A mid-level executive earns SGD5,000-7,000 while a similar position in Malaysia is in that range priced in ringgit."

"It is common for Singapore MNC's to relocate its back-office operations to Asia as a means to manage cost. For instance, Unilever headquarter in Singapore relocated their 'ice-cream' division to Bangkok while their packaging design service provider outsourced to India and China."

Decentralising operations are always going to be challenging as companies need to handle time zone differences and less hand-on monitoring. Iskandar Malaysia presents a viable alternative for the outsourcing industry in Singapore.

While efforts are underway to improve connectivity between Singapore and Iskandar in the form of RTS, business and immigration policies need to be streamlined to cater to foreign investors particularly from Singapore.

"Medini is a designated Special Economic Zone mirrored after Shenzhen's success and its full potential can be realised if matched with special long term passes to foreign investors or refinement to our MM2H policies.

Even a fraction of the MNCs in Singapore relocate a portion of their operations to Iskandar Malaysia would have created many job openings to Malaysian and its positive flow-on effects to offices and residential properties.

Lai said, "We should take full advantage of our proximity to Singapore, abundance of land, a weaker ringgit in favour of our neighbours to create jobs and drive the economy forward."

"Iskandar Malaysia has all the markings to be an economic powerhouse much like Shenzhen to China and it can exceed the Klang Valley in terms of growth rate in this decade."