

## HSR project termination is bound to impact Johor Bahru property prices

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THE High Speed Rail (HSR) termination means that the Rapid Transit System (RTS) – Gemas double tracked railway will be the only future rail connection between Singapore and Kuala Lumpur.

Additionally, the Johor Bahru Customs, Immigration and Quarantine (JB CIQ) Complex area ^ will become a major interchange for the two lines.

Datamine Malaysia head of research Jerren Lai said: “JB CIQ area is not only a major interchange in future but already a hotspot for many dwellers who work in Singapore. JB CIQ properties will be significantly influenced by Singapore Woodlands valuation once RTS construction starts.”

“It is projected that JB CIQ property prices will be 30% lower than Singapore Woodlands once RTS is up and running. The current six-year delay on the RTS has not only stagnated prices at RM921 per square feet (psf) but resulted in some distressed sales,” he added.

The most common type of real estate valuation method in Malaysia is comparison on location proximity, condition and property size.

JB CIQ valuation path will not likely be a ‘straight line’ progression from its current 240% gap vs Woodlands to the forecast point of 30% differential.

Lai opined that “strong rental demand, which influences valuation, will only take place upon completion of the RTS in five years’ time.

During the construction phase, valuation will likely fluctuate in tandem with perceived efficiency on factors such as timeline, immigration clearance system, crowd control system that will interplay to form the market price.”

Once RTS completes, it is faster to get to Singapore Woodlands from JB CIQ than to say nearby Larkin area. The journey will take five minutes and another 35 minutes via the upcoming Thompson-East Coast MRT line to downtown Singapore Orchard Boulevard station.

The latest Urban Redevelopment Authority 2020 Q4 (URA Singapore) reports that Woodlands (District 25) private property median price stands at S\$737 psf (RM2,211 psf) while Orchard (District 10) at S\$1,968 psf (RM5,904 psf).

In contrast, the latest Iskandar Property Census research that systematically tracks Johor properties since 2012 recorded JB CIQ median price at RM921 (S\$307). This represents a 2.4 times price gap compared to Woodlands and 6.4 times gap to Orchard area.

In the Iskandar Property Census 2020 Q3 Report, the findings showed that there was no shortage of demand for Johor properties.

Connectivity barrier is the major factor hindering Singapore demand from reaching Iskandar supply and efficient RTS implementation is all the more critical given HSR cancellation. – Jan 6, 2021

