

SPECIAL LUNCHEON ADDRESS

OPPORTUNITIES IN THE TOURISM SECTOR FOR PROPERTY DEVELOPERS

**YB DATO SRI TIONG KING SING
MINISTER OF TOURISM, ARTS AND CULTURE**

*Represented by YBhg. Datuk Mohd Zamri bin Mat Zain, Deputy
Secretary General (Tourism), MOTAC*

**The 2023 Malaysian Housing and Property Summit
“Reimagining Development in the Post-Pandemic Era”**

28 February 2023 | Berjaya Times Square Hotel Kuala Lumpur

Thank you, Master of Ceremony.

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh and a very good afternoon to all. Salam Malaysia Madani.

YBhg. Tan Sri Michael Yeoh

President, KSI

YBhg. Datuk Sr Firdaus bin Musa

President, FIABCI Malaysia

Excellencies, Distinguished Speakers and Moderators, Honoured Guests,

Ladies and Gentlemen,

1. **[Slide 1]** It is my pleasure to be here today at the 2023 Malaysian Housing and Property Summit. I want to congratulate the main organisers, FAIBCI Malaysia and KSI Strategic Institute for Asia Pacific for inviting the Minister. Unfortunately, YB Dato Sri Minister is unable to attend and sent his apologies, requesting me to represent him. Thank you for having me at this Forum.

2. Today, I would like to share with you the opportunities or prospects available in the tourism sector for property developers in Malaysia. As we all know, Malaysia is a country with a rich cultural heritage, diverse natural landscapes, and a vibrant economy. It is one of the most popular tourist destinations in Southeast Asia, attracting millions of visitors every year. This makes Malaysia an attractive market for property developers who are interested in investing in the tourism sector.

3. **[Slide 2]** Before the pandemic, Malaysia's tourism industry has been growing steadily over the years. The industry employed about 3.5 million people in 2019 and contributed RM240.2 billion or 15.9% to the country's GDP. Despite the challenges posed by the COVID-19 pandemic, the Malaysian government has continued to invest in the tourism sector, recognizing its importance to the national economy. Since the reopening of our borders on April 1st, 2022, Malaysia has successfully welcomed a total of 10.1 million foreign tourists, generating RM28.2 billion in tourism receipts in 2022. In addition, our preliminary data on domestic travel indicate a significant improvement compared to the previous year.

4. Given that we are currently in a phase of recovery and stability, as well as the resumption of international cross-border travel and China's announcement of the reopening of the border on January 8, 2023, MOTAC anticipates attracting 16.1 million foreign tourists in 2023, which could bring in RM49.2 billion in tourism revenue for the country. In order to accommodate the increasing number of visitors, tourism infrastructure like hotels, resorts, and entertainment venues will need to be increased, which creates a big potential for property developers.
5. **[Slide 3]** This presents a significant opportunity for property developers to invest in the development of hotels, resorts, and other tourism-related infrastructure. Malaysia has a range of tourist attractions, from pristine beaches and tropical rainforests to bustling cities and historic landmarks. Property developers can leverage these attractions to create world-class tourist destinations that offer an unforgettable experience for visitors.
6. Furthermore, Malaysia's government has put in place a number of policies to encourage international investment in the country's real estate sector. These regulations include tax incentives, relaxation of ownership limits, and faster approval procedures. For example, to entice investors, the Government offers tax incentives for new tourism projects such as 1-3-star hotels, theme parks, convention centres, and recreational parks, where companies can receive 70% of statutory revenue for five (5) years. Additionally, for projects that are being expanded, modernised, or renovated, an investment tax allowance of 60% is provided on qualifying capital expenses incurred within 5 years, which can be used to offset 70% of the statutory

income. These measures make it easier for property developers to invest in Malaysia's tourism sector, making it a lucrative opportunity.

7. Besides that, the government in corporation with Bank Pembangunan Malaysia Berhad (BPMB) provides Tourism Infrastructure Scheme (TIS), which aims to assist operators in the tourism industry in developing or expanding tourism products like lodging facilities and other projects that are related to and categorised as tourism. The application will be submitted directly to the bank administrator for review before being presented to the Tourist Fund Loan Committee (JKPTP), in accordance with the new regulations and the existing approach to the Tourism Fund offering. JKPTP funding won't be granted unless the business or cooperative passes the administering bank's screening examination.
8. Scope of funding for TIS includes:
 - a) purchase of land, construction of buildings, machinery and various assets related to tourism;
 - b) working capital for companies involved in the tourism industry; and
 - c) renovation and upgrading works related to the tourism industry.
9. The minimum funding amount is RM5 million and the maximum funding amount is RM100 million or up to 80% of the total project cost whichever is lower. The application period for SIP starts from 1st January 2021 until 31st December 2023 or subject to the availability of funds.

10. In addition, operators or private sector who invest in tourism projects can also get incentives in the form of tax exemption from the Malaysian Investment Development Authority (MIDA), an agency under the Ministry of International Trade and Industry (MITI). Entrepreneurs and tourism players of accommodation projects or non-accommodation projects need to obtain a Tourism Project Registration Certificate issued by MOTAC to enable tourism project entrepreneurs to enjoy tax exemption from MIDA, subject to other conditions.

Ladies and Gentlemen,

11. **[Slide 4]** As a property developer, investing in the Malaysian tourism sector can provide several benefits. Firstly, the tourism sector is a high-growth industry, with the potential for significant returns on investment. Secondly, the Malaysian government's support for foreign investment provides a conducive environment for property developers to enter the market. Thirdly, Malaysia's strategic location in Southeast Asia makes it a popular tourist destination for visitors from all over the world, expanding the potential market for tourism-related developments.
12. **[Slide 5]** In regaining global competitiveness, MOTAC has developed the National Tourism Policy (NTP) 2020-2030, with a focus on efforts to increase revenue, secure smart international and national partnerships, empower local communities and ensure the industry's sustainability and resilience in the face of future uncertainties. One of its strategies is to establish the Special Tourism Investment Zone or STIZ.

13. The Ministry, in collaboration with the MIDA is developing the STIZ, which aims to drive the development of high-value and innovative tourism products and services in response to growing market sophistication. To date, 67 areas have been proposed as potential STIZ development areas. The investment will focus on hotels and tourism projects such as convention centers, theme parks, recreational parks, digital technology, eco-tourism, and others.

14. **[Slide 6]** Apart from that, since its inception in 2002, the Malaysia My Second Home (MM2H) Programme has made significant contributions to the property industry. According to a 2020 MOTAC study, the programme attracted over 64,000 participants between 2002 and 2019, contributing a total of RM11.41 billion and creating approximately 29,000 jobs in the property market. The study also found that the average property purchase price ranges between RM1 million and RM2 million, with top purchase locations in Kuala Lumpur, Penang, Johor, and Selangor. Whereas the average monthly rental by participants is around RM2,000 to RM4,000, and this amount is expected to rise to between RM4,000 and RM6,000. The purchase or rental of a home under MM2H will benefit both the real estate industry and the economy as a whole.

15. **[Slide 7]** Therefore, one of the opportunities for property developers is the construction of new hotels, resorts, and high-end housing. Malaysia has a diverse range of tourist attractions, including beaches, historical sites, and natural wonders such as rainforests and mountains. Each of these attractions has the potential to attract a different type of tourist, and property developers can cater to these

different segments by building hotels, resorts, and housing that offer different types of accommodation and amenities.

16. Another example is the development of luxury resorts on the island of Langkawi. These resorts cater to high-end tourists who are willing to pay a premium for exclusive accommodations and exceptional services. The development of luxury resorts can provide a significant return on investment for property developers, and there is still room for growth in this area.
17. Besides that, another area of opportunity is in the development of theme parks and other entertainment venues. Malaysia is home to several world-class theme parks, such as Legoland Malaysia, Genting SkyWorlds Theme Park and Sunway Lagoon. These parks draw thousands of visitors each year and have evolved into popular tourist destinations. Property developers can capitalise on this trend by building new theme parks and entertainment venues that offer tourists with unique and exciting experiences.
18. In addition to building new hotels, resorts, and entertainment venues, property developers can also capitalise on the growing trend of eco-tourism. Malaysia's natural beauty and rich biodiversity make it an ideal destination for eco-tourists, who are increasingly seeking out sustainable and environmentally friendly tourism experiences. Property developers can build eco-friendly resorts and attractions that cater to this growing market, providing tourists with the opportunity to experience Malaysia's natural wonders while also supporting sustainable tourism practices.

Ladies and Gentlemen,

19. **[Slide 8]** Eco-tourism is becoming increasingly popular in Malaysia, and there are many opportunities for property developers to create sustainable and environmentally friendly properties that cater to this market. Here are some things to consider when developing an eco-tourism property in Malaysia:
- a) **Location:** The location of the property is crucial for eco-tourism development. Look for areas with unique natural attractions such as rainforests, coral reefs, or wildlife reserves. The property should be easily accessible and close to transportation hubs.
 - b) **Sustainability:** It is important to design and construct the property in an environmentally sustainable way. Use eco-friendly materials and technologies, such as solar power, rainwater harvesting, and composting toilets. The property should also be designed to minimise its impact on the surrounding environment.
 - c) **Activities:** Offer a range of eco-friendly activities such as guided hikes, bird watching, snorkelling, and wildlife safaris. These activities should be designed to minimise their impact on the environment and to educate visitors about the local ecosystem.
 - d) **Local community involvement:** It is important to involve the local community in the development process and to create employment opportunities for local people. This will help to ensure the long-term sustainability of the property and its impact on the surrounding area; and

e) **Marketing:** Promote the property as an eco-friendly destination that offers unique and authentic experiences. Use social media and online travel platforms to reach a wider audience and engage with potential visitors.

16. In summary, developing an eco-tourism property in Malaysia requires careful consideration of the location, sustainability, activities, local community involvement, and marketing. By taking a holistic approach and focusing on sustainability, developers can create properties that provide an authentic and eco-friendly experience for visitors while also benefiting the local community and environment. This is in line with the Ministry's NTP 2020-2030 and Malaysia MADANI concept announced by the YAB Prime Minister recently.

Ladies and Gentlemen,

17. The tourism industry in Malaysia is a significant and growing sector, and property developers have an important role to play in its success. By building new hotels, resorts, and entertainment venues, as well as catering to the growing trend of eco-tourism, property developers can capitalize on the many opportunities presented by this dynamic industry. I encourage property developers to explore these opportunities and contribute to the continued growth and success of Malaysia's tourism sector.

18. In conclusion, the tourism sector presents significant opportunities for property developers in Malaysia. The country's diverse attractions, supportive government policies, and strategic location make it an ideal market for investing in tourism-related infrastructure. As the tourism industry continues to grow, property developers can capitalize on this trend by creating world-class tourist destinations that offer visitors an unforgettable experience.

Thank you.