NEWS

Reflections and expectations

THEN AND NOW: Industry leaders look back on the year that was and outline their plans for the times ahead

BASED on the strategic roadmap, 2012 was the tipping point for Iskandar Malaysia and we have reached that as most of the catalytic projects that we planned have been completed.

The next stage of development is to make the Iskandar region a metropolis of international standing, comparable to London, New York, Auckland and Singapore, in a bid to become among the world's 10 most liveable cities.

The investment put in by the federal government in building new infrastructure and improving existing infrastructure, coupled with catalytic projects, have equated to the current situation we're seeing in Iskandar Malaysia, which is buzzing with activities.

Perhaps, we shouldn't have been too 'cautiously optimistic' in developing Iskandar Malaysia. We should have built more five-star hotels. We have shortage of rooms now in Johor.

Datuk Syed Mohamed Syed Ibrahim
President/CEO, Iskandar Investment Bhd

THE Malaysian Real Estate Investment Trusts (M-REITs) industry is seeing exciting times ahead. The current total market capitalisation of RM24.1 billion is projected to exceed RM35 billion with the proposed formation of KLCCP Stapled Group.

The growth of M-REITs in the last two years has enhanced the visibility and prominence of M-REITs among international investors.

From a relatively small and unknown market in Asia, M-REITs is now ranked fourth (by market cap) in Asia after Japan, Singapore and Hong Kong. In Southeast Asia, M-REITs is ranked second (by market cap) after Singapore.

For acquisition purpose, the use of debt financing is timely due to the availability of "cheap" financing.

In essence, the environment is conducive for M-REITs to embark on acquisition trail. But vendors may be equally demanding in their asking price.

Datuk Jeffrey Ng
CEO, Sunway REIT Management Sdn Bhd

OUR Bank Negara Malaysia governor (Tan Sri Dr Zeti Akhtar Aziz) has reiterated her optimism that the economy will continue to do well in 2013 despite challenges in the global economy.

The growth of the Malaysian economy is expected to be in the region of 5.0 per cent this year and this would be made possible by the resilience displayed by the domestic economy, which was fuelled by domestic private investments.

The local property market is very much domestically-driven. So long as it is a good concept in the right location and the products cater to the market's demand, it will do well.

We expect the residential market to continue being the main driver for property sales this year, similar to previous years' trends.

For Mah Sing, we are focusing on landed residential projects and niche size high-rise projects.

In the commercial segment, retail offices in good schemes, smaller SoHo and SoVo properties should do well due to the affordable price points and the lack of such supply in selected locations, especially in integrated development projects.

We are particularly confident about mass market housing for the middle-income class where there is pent-up demand for basic shelter.

Tan Sri Leong Hoy Kum
Managing director, Mah Sing Group Bhd

Ryan Lance
Chairman/CEO, ConocoPhillips

CERTAINLY, deepwater capabilities are key to accessing some of the significantly liquid resources that are available worldwide. And in Malaysia, we expect to have four sanctioned projects coming online that will deliver up to 75,000 barrels a day of production by 2016.

We are spending about US$500 million a year right now on these projects that have up to 20 per cent types of returns. And they provide a strong liquids ramp in our portfolio.

We have additional opportunities in this complex that are being appraised and ready for sanction in the next few years to continue the growth and development of our Malaysian positions.

MALAYSIA'S economic resilience in 2012 was remarkable, especially against the backdrop of an European financial crisis and sluggish growth in China, but it drove domestic demand growth for energy that required the industry to draw on all its resources.

As an industry, we (Shell) have made investments to increase capacity over the years, so we are able to meet the demand growth.

The Gumusut-Kakap development — a deepwater joint venture between Petronas, Shell, ConocoPhillips and Murphy Oil Corp — is an example where its early production added 25,000 barrels per day of oil to the country's production.

For 2012, Shell Malaysia took the decision to invest and look for oil and gas, with the signing of several production-sharing contracts.

To address issues pertaining to the production decline, we will continue investing in new fields as well as extending the life of existing fields with the aim to maintain the production levels.

Our ongoing and new contracts underpin Shell's commitment to Malaysia as a heartland, where we already invest an average of around US$1 billion annually

Looking forward, more Malaysia's oil and gas will be produced in increasingly challenging conditions, and this requires us to bring high-end technology and innovation.

Iain Lo,
Chairman, Shell Malaysia