

Headline	Business hub boost for Iskandar
MediaTitle	Focus Malaysia
Date	17 Jun 2017
Section	Supplement
Page No	P8
Language	English
Journalist	N/A
Frequency	Weekly



## Business hub boost for Iskandar

The project includes the regeneration of some 101ha of the Johor Bahru City Centre



Much of the demand for office space in IIBD will come from the Fibre subsector, says Kamaruzzaman



The purpose-built office segment was a silver lining in Iskandar Malaysia's performance last year, says Tan

to RM10.57 bil, and a 20.1% drop in volume to 15,119 units, over the first three quarters of last year.

The high-rise residential segment in particular has been hard-hit by an influx of supply from high-profile projects by international developers such as Forest City and Danga Bay.

The number of high-rise residential units in Iskandar Malaysia stood at 43,898 units last year, with approximately 19,000 more to enter the market this year.

Of the 15 developments completed since the second half of 2015 comprising some 9,025 units, 50% of these were located in Iskandar Pateri, with low occupancy rates of approximately 30%.

As such, the corridor will need to focus on job creation and ecosystem cultivation to generate the critical mass of population required to sustain its own development. And IIBD is envisaged to play a major role in facilitating this.

Aside from drawing in tenants for the corridor's underutilised residential developments, IIBD also complements educational components such as EduCity Iskandar Malaysia by supplying graduates with nearby employment opportunities.

- **Ibrahim International Business District** leverages on potential within Iskandar Malaysia's commercial segment

- **Business hub** to stimulate economic growth that will help ease residential glut



by **AIFF Yusri**

**J**OHOR Bahru's up-and-coming business enclave - the Ibrahim International Business District (IIBD) - may be a solution to Iskandar Malaysia's residential blues, addressing housing glut concerns through job creation and talent retention.

Launched last November, IIBD is essentially a transformation masterplan for a 101ha area within Johor Bahru.

With a gross development value (GDV) of more than RM20 bil, the business hub is targeted at finance, insurance, business and real estate (Fibre) operators in the services sector.

"Given the current landscape of business investments in Johor Bahru, we expect that the Fibre subsector is where the main demand for office space will come from," Johor Corp (JCorp) president and chief executive Datuk Kamaruzzaman Abu Kassim tells *FocusM*.

"We are also designing IIBD to be a tourism hub, focusing on historical, heritage and culture tourism, while catering for the

meetings, incentives, conferences and exhibitions (MICE) segment and medical tourism."

JCorp acts as the overall enabler and landowner for IIBD, working with various mixed owners to position the district as a business and investment hub.

### Bridging the gap

Located within the flagship Zone A of the Iskandar Malaysia growth corridor, the IIBD Masterplan 2025 includes urban redevelopment and beautification initiatives within Johor Bahru.

The lofty goal is to position it as the next economic powerhouse within the southern gateway, with investment-ready policies in place.

"The primary objective of the district is to stimulate economic activity, and as such, it mainly comprises commercial components such as office buildings, shophouses, retail outlets, hotels and serviced apartments to attract local and international investors," says Kamaruzzaman.

He adds JCorp is in the midst of structuring and benchmarking financial and tax incentives with the federal and state governments, which will be offered by IIBD to become a catalyst for economic growth and entrepreneurial opportunities.

The office segment in particular will be a key factor in Iskandar Malaysia's performance.

Last year, purpose-built offices were one of the few product categories to see significant transactions within the corridor, according to CBRE/WTW director Tan Ka Leong.

Other segments, including landed and high-rise residential, retail, industrial and hospitality, exhibited generally stagnant or downward trends.

In total, Iskandar Malaysia saw a 5.3% drop in transaction value

## Helping hand from federal government

**T**HE federal government has pledged a RM250 mil facilitation fund to drive forward the Integrated Connectivity Plan (ICP) under the Ibrahim International Business District (IIBD) Blueprint.

The ICP is the product of traffic studies and subsequent public transportation and infrastructure proposals to ensure direct connectivity throughout the business district.

"The RM250 mil facilitation fund, provided under the Private Partnership Unit in the Prime Minister's Department, could be just the start for the state government," says Deputy Prime Minister Datuk Seri Ahmad Zahid at the launch of the IIBD infrastructure developments in Johor Bahru recently.

The fund will go towards the construction of Persada Annexe, as well as a flyover from the Tebrau Corridor into the city centre and a link bridge from Johor Bahru Sentral railway station to the Annexe.

"The ICP aims to enhance traffic and pedestrian management while promoting walkability within the business district," says Johor Corp president and chief executive Datuk Kamaruzzaman Abu Kassim.

"Parking needs will also be addressed, with centralised car parks within 250m walking distance to retail or offices, providing some 10,000 additional parking lots within the area."

The Tebrau Corridor flyover, built at an estimated cost of RM120 mil, will connect Jalan Tun Razak and Jalan Tebrau to Jalan Abdullah Ibrahim and Coronation Square proper.

It will feature a double-decker "B" road alignment to provide shorter routes, while easing congestion and improving accessibility within the city centre. Construction of the flyover is expected to commence next year, with completion projected within two years.

The JB Sentral-Persada Annexe link bridge comprises a 268m walkway linking the two through Komtar JBCC.

Development of Coronation Square, the Tebrau Corridor flyover, the JB Sentral-Persada Annexe link bridge and Persada Annexe itself is being undertaken by Coronade Properties Sdn Bhd. Formerly known as Arab Asia Properties Sdn Bhd, the company is involved in the property and services segments in Kuala Lumpur and Johor Bahru.

### Catalysing a community

The area to be regenerated under IIBD constitutes a large part of the Johor Bahru City Centre (JBCC), already a commercial, financial and retail hub.

Under the IIBD blueprint, the business district's acreage will have commercial (51%), institutional (14%) and residential (6%) components, as well as open spaces (24%) and parking facilities (2%).

The centrepiece of IIBD is the 2.76ha Coronation Square integrated development, comprising the Persada Annexe retail mall, an office block, two blocks of high-rise serviced apartments, one block of medical suites and hospitality components.

The office block and medical suites are among the significant transactions tracked by CBRE/WTW in Iskandar Malaysia's office segment. The medical suite block was sold to KPJ Healthcare Bhd for RM490 mil, or approximately RM720 psf of gross floor area.

Meanwhile, Rakyat Holdings Sdn Bhd purchased the proposed 37-storey office tower for RM460 mil, or approximately RM836 psf of net floor area.

Coronation Square is slated for completion in 10 years and will contribute over RM3 bil (15%) towards IIBD's total GDV.

"Persada Annexe will house 200 retail spaces in a dedicated 83,000 sq ft centre, with physical amenities and networking connectivity to help businesses thrive," says Kamaruzzaman.

It will be connected to the Johor Bahru Customs, Immigration and Quarantine Complex, Komtar JBCC and City Square Mall, and Persada Johor Convention Centre, he adds.

Construction of the RM41.5 mil facility is expected to start in August, with completion projected for November next year.

Other key developments within IIBD include Johor Land Bhd's upcoming JLand Tower, UMLand Bhd's Amari Hotel and Mall, and Komtar Mall.