

Real estate sector set for upswing this year

Robust economy, infrastructure projects to drive growth

PROPERTY

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PETALING JAYA: There is plenty of positivity in the real estate sector in 2026, with factors such as a solid economic outlook, buoyant property transactions and a steady stream of infrastructure projects among the key catalysts.

Savills Malaysia Sdn Bhd group managing director Datuk Paul Khong said the country's strong economic conditions and stable political environment lay a solid foundation for the growth of the real estate sector, as market trends and investment activities continue to boost overall performance.

"Government policies will continue to impact both domestic and foreign investments, with key sectors focused on logistics and manufacturing (including some new data centres) to drive industrial demand."

Additionally, he said the 13th Malaysia Plan, allocated with a significant development expenditure of RM430bil for 2026 to 2030, will start shaping the nation's development landscape this year.

"This is a key driver for the construction and infrastructure sectors, with accelerated rollouts (expected) in 2026," he told *StarBiz*.

Zerin Properties chief executive officer Previn Singhe said tourism-driven uplift from Visit Malaysia 2026 (VM2026) will benefit locations such as Kuala Lumpur, Penang, Pahang, Melaka, Langkawi and Kota Kinabalu, thanks to expected higher travel volumes.

"This will support performance in hospitality, retail and mixed-use assets, and may accelerate repositioning activity in selected precincts."

Additionally, Previn said industrial and digital economy investment demand for industrial, logistics and data-driven assets will remain one of the strongest themes in 2026.

"Rising investment in digital infrastructure, manufacturing and supply chain diversification continues to reinforce the role of these assets across Johor, Negri Sembilan, Penang and selected parts of

"This resilience is underpinned by domestic and foreign investments, a strong labour market, our stable political environment and a fair inflation position sustained by consumer spending, despite global geographical headwinds."

Datuk Paul Khong

Greater Kuala Lumpur."

Khong said consumer-focused policies will continue to boost spendings while experiential retail formats remain in high demand.

"VM2026 will be a major catalyst for the year. We hope to achieve the targeted 47 million foreign visitors and RM329bil in tourism revenue," he said.

Khong noted that Malaysia's economic trajectory remains strong and "in positive territory" going into 2026.

Recent economic data from the Finance Ministry indicate that the economy grew by 5.2% in the third quarter of 2025 (3Q25), putting the country on track to achieve a full-year target of 4% to 4.8%.

"Key contributing sectors include manufacturing (industrial) and services. This resilience is underpinned by domestic and foreign investments, a strong labour market, our stable political environment and a fair inflation position sustained by consumer spending, despite global geographical headwinds," Khong said.

Meanwhile, RHB Research, in a report, said it anticipates several "catalytic developments" that will help boost the property market in 2026.

"These include the completion of the Johor Baru-Singapore Rapid Transit System (RTS) Link by the end of 2026; the listing of Sunway Healthcare in 1Q26; and real estate investment trust listings for some developers."

Other catalysts, the research house said, include the crystallisation of Sime Darby Property Bhd's maiden data centre facility

at Elmina (Selangor) in 3Q26, and positive progress made by Eco World Development Group Bhd (EcoWorld Malaysia) on its data centre construction at Eco Business Park V in Puncak Alam.

RHB Research said it remains positive on Iskandar Malaysia's (Johor) property play.

"It was reported that the construction of the RTS Link is now 65% completed (system works and operational preparations). We believe there will be significantly more news flows and new launches ahead, banking on the impending completion of the RTS starting from the second half of 2026."

The research house also noted that the easing interest-rate environment is especially conducive for developers to acquire and replenish their landbank.

"This is because high property sales over the last two to three years have depleted (their landbank) rather quickly.

"EcoWorld Malaysia and Sime Darby Property are among the companies collaborating with SD Guthrie Bhd to develop several industrial parks in Kulai in Iskandar Malaysia; Malaysia Vision Valley 2.0 (Negri Sembilan); and Pulau Carey and Kuala Selangor (Selangor)," it noted.

Additionally, RHB Research said Mah Sing Group Bhd acquired various parcels of land in 2025 to sustain its property sales momentum going forward.

"In December 2025, Mah Sing teamed up with Kuala Lumpur Kepong Bhd to jointly develop a 419-acre freehold land in Kulai into an industrial park to timely capture demand opportunities within the Johor-Singapore Special Economic Zone," it said.