Industrial demand in Penang on the rise

Affordable real estate projects also drives industry

PROPERTY

PETALING JAYA: There is a strong demand for purpose-built industrial facilities in the midst of global supply chain diversification and warehouse automation in Penang.

CIMB Research said its recent ground checks in the state highlighted growing technology adoption across affordable housing and industrial real estate.

SkyWorld Development Bhd's Pearlmont project, developed under the government's Rumah Bakat Madani initiative, utilises prefabricated prefinished volumetric construction to enhance cost efficiency, reduce material wastage, and improve quality consistency at scale, it noted.

The development also features Malaysia's first vertical school, offering an early blueprint to address school capacity constraints in increasingly dense urban communities, it said.

In a report, the research house explained that affordable housing demand remains robust, with Pearlmont Phase 1A achieving around 80% take-up upon launch, while Mah Sing Group Bhd's M Amaya Phase 1A recorded a whopping 92% take-up.

Meanwhile, PTT Synergy Group Bhd's automation-ready logistics facilities reflect the increasing sophistication of purpose-built infrastructure demanded by advanced manufacturing occupiers, the report further said.

According to the research firm, these specialised assets typically command premium yields and lower collection risk, supported by quality tenants, longer lease tenures, and higher switching costs.

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"Beyond fiscal incentives, Malaysia's competitive land, infrastructure, and utility costs, coupled with its English-proficient workforce, remain key advantages in attracting foreign direct investment," CIMB Research said.

The research firm said while it maintained a "neutral" sector stance, it continued to see the industrial segment as a key bright spot.

With multinational corporations increasingly positioning Malaysia as a strategic production hub for export markets, it expects sustained demand for high-quality industrial properties, underpinned by the expansion of ancillary supply chain ecosystems.

"Within our coverage, Sime Darby Property Bhd stands out as a leading developer of sustainable, purpose-built industrial assets, supported by its integrated financing platform and leasing solutions that enable tenants to scale operations along key economic corridors," CIMB Research said.

A property analyst agreed and told *StarBiz* that Sime Darby was beginning to enjoy the status of being a developer linked to some significant economic corridors.

Meanwhile CIMB Research noted that in December 2024, SkyWorld partnered with Penang Development Corp and its subsidiary, PDC Properties, to develop affordable housing projects comprising more than 35,000 units for the middle 40% income group in Penang, under the Madani administration's Rumah Bakat Baru Madani initiative.

Touted as having a combined gross development value of RM13bil, the developments span two sites in Penang, namely, a 34.4-acre tract in Seberang Jaya (SkyWorld Pearlmont) and a 161.5-acre site in Batu Kawan (SkyWorld Cassia).

The Penang foray earmarks SkyWorld's first expansion beyond Kuala Lumpur, with both projects strategically located near the Penang Bridge and the Second Penang Bridge (Sultan Abdul Halim Muadzam Shah Bridge).

CIMB Research said that the uncertain external environment continues to reinforce post-Covid-19 pandemic global supply diversification, driving increasing investment commitments from international-based manufacturers seeking stable, neutral overseas markets with reliable infrastructure and competitive cost structures for their export-oriented production hubs.

"As Malaysia advances towards smart manufacturing and digital trade, increasingly sophisticated manufacturing processes are driving demand for purpose-built industrial and logistics facilities with enhanced automation and operational capabilities," it said.