PARKROYAL Kuala Lumpur is situated adjacent to Jalan Sultan Ismail. RLB is the appointed quantity surveyor for the Park Royal Kuala Lumpur. The redevelopment includes a new serviced apartment block with retail and facilities, multiple carpark and basement levels, as well as addition and alteration works to the existing tower and neighbouring office tower. The construction of new serviced apartment block has a total approximate construction floor area of 48,000 square metres.
Malaysia is currently in an interim post-election phase where the new government is in the process of reviewing and appraising the country's fiscal and economic policies in the light of falling crude oil prices, high public debt and revenue shortfall.

The World Bank has revised its 2019 forecast for Malaysia's gross domestic product (GDP) downwards from 4.9% to 4.7% after taking rigorous cuts in government spending and a significant slowdown in private and public investments. Bank Negara data also showed that Malaysia's economic growth rates had declined for four consecutive quarters and is expected to worsen in the absence of any economic stimulus. Private consumption will continue to be the main driver of growth, albeit at a more measured pace. Gross fixed capital formation was expected to increase slightly, driven by the private sector, while public investment was expected to remain subdued in the near term.

In terms of risks and challenges, the ongoing uncertainties surrounding the US-China trade tensions and shifts in global financial market sentiment would pose downside risks to Malaysia's economy in the near term, due to the country's high degree of dependence on international trade and finance. On a brighter note, the Malaysia Finance Minister is confident that the year 2019 will see the beginning of renewed economic development for Malaysia, given the consolidation of the country's fiscal position and the increase in foreign direct investments last year.

Malaysia's central bank, Bank Negara, advised that the strong fundamentals and the diversified nature of the economy will help Malaysia weather these risks and vulnerabilities while preserving macroeconomic and financial stability. These include a healthy labour market, stable inflation rate, continued surplus in the current account of the balance of payments, deep financial markets, as well as a strong financial sector. Exchange rate flexibility and sufficient level of international reserves would further enhance the economy's capability to withstand reserves would further enhance external shocks. The government believes that their commitment to fiscal, structural and institutional reforms will contribute to inclusive and sustainable growth going forward.
Market Trends

Malaysia Construction Market

The total value of construction work in 2018 stands at an estimated RM 145.5 billion which represents a slight increase of 5.1% over the RM 138.5 billion turnover achieved in 2017. For Q4 2018, the construction sector saw a moderate growth of 4.1% to record RM 36.5 billion of which private sector work comprised 56.2% and public sector work 43.8%. This growth was driven largely by the positive growth in civil engineering, special trades activities and non-residential construction.

The current short-term outlook for the Malaysian construction sector remains slightly weak due to suspension and postponements of several mega infrastructure projects such as the High Speed Rail, and the Mass Rapid Transport 3. However, a few large-scale infrastructure projects such as the East Coast Rail Link and Bandar Malaysia may be revived while others have gone ahead after rounds of cost re-negotiation and cost reduction e.g. the project costs of the Light Rapid Transport 3 and Mass Rapid Transport 2 were reduced by 47%, and 22% respectively. Although many mega projects have been suspended, the government is committed to spending RM2.36 billion to upgrade rural roads, bridges and expanding rural electricity and water supply. Major ongoing projects include the Light Rail Transit 3, Mass Rail Transit 2, East Coast Rail Link, DUKE 3 Highway, and mixed-use development projects, Tun Razak Exchange (TRX) and Bukit Bintang City Centre (BBCC).

Construction companies have become more competitive in their tender bids as the volume of new projects shrinks. The price trends for building, labour and construction materials remain stable, but are anticipated to pick up towards the end of this year and intensify in year 2020 as more mega construction projects are revived and commence work. There appears to be increased construction activity in the private sector in recent months as market confidence by property developers is restored. Construction cost escalation for 2019 is projected at 1% to 2% pa.

Arising from the government’s austerity measures, employment in Malaysia’s construction and property sector is likely to see less hiring in 2019. Bulk hiring activities have slowed down since May 2018 and developers have since focused on getting their projects approved or re-approved by the new government.

The Era Duta North

Segambut, Malaysia

Client: JKG Central Park Sdn Bhd
Architect: NRY Architects Sdn Bhd
Service: Quantity Surveying
Project Value: Confidential
Completion: 2021

The Era Duta North Phase 1 of the project is a high-end, high rise, high density project located in Segambut. RLB is the appointed Quantity Surveyor for the Era Duta North. It comprises 2 blocks of Serviced Apartments consisting of 921 units and 8 storey of retail and podium carparks. The mixed development has an approximate construction floor area of 211,000 square metres.
## LABOUR PRICES

<table>
<thead>
<tr>
<th>SELECTED OCCUPATIONS</th>
<th>UNIT</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Worker (Foreign)</td>
<td>Day</td>
<td>57.80</td>
<td>58.00</td>
<td>60.10</td>
<td>60.20</td>
</tr>
<tr>
<td>Concretor (Skilled - Local)</td>
<td>Day</td>
<td>103.30</td>
<td>100.50</td>
<td>104.30</td>
<td>97.00</td>
</tr>
<tr>
<td>Brick Layer (Skilled - Local)</td>
<td>Day</td>
<td>106.95</td>
<td>101.00</td>
<td>104.70</td>
<td>100.80</td>
</tr>
<tr>
<td>Plasterer (Skilled - Local)</td>
<td>Day</td>
<td>112.95</td>
<td>108.20</td>
<td>112.20</td>
<td>106.80</td>
</tr>
<tr>
<td>Tiler (Skilled - Local)</td>
<td>Day</td>
<td>105.90</td>
<td>117.30</td>
<td>121.70</td>
<td>115.30</td>
</tr>
<tr>
<td>Steel bar worker (Skilled - Local)</td>
<td>Day</td>
<td>106.80</td>
<td>103.00</td>
<td>106.80</td>
<td>106.00</td>
</tr>
<tr>
<td>Carpenter (Formwork) (Skilled - Local)</td>
<td>Day</td>
<td>111.25</td>
<td>107.00</td>
<td>111.00</td>
<td>106.20</td>
</tr>
<tr>
<td>Carpenter (Joinery) (Skilled - Local)</td>
<td>Day</td>
<td>118.60</td>
<td>121.40</td>
<td>125.90</td>
<td>111.00</td>
</tr>
<tr>
<td>Roofer (Skilled - Local)</td>
<td>Day</td>
<td>103.70</td>
<td>109.10</td>
<td>113.20</td>
<td>108.30</td>
</tr>
<tr>
<td>Structural Steel Worker (Skilled - Local)</td>
<td>Day</td>
<td>133.55</td>
<td>130.00</td>
<td>134.80</td>
<td>111.20</td>
</tr>
<tr>
<td>General Welder (Skilled - Local)</td>
<td>Day</td>
<td>120.00</td>
<td>119.40</td>
<td>123.90</td>
<td>109.30</td>
</tr>
<tr>
<td>Plumber (Skilled - Local)</td>
<td>Day</td>
<td>116.45</td>
<td>122.70</td>
<td>127.30</td>
<td>109.80</td>
</tr>
<tr>
<td>Painter (Skilled - Local)</td>
<td>Day</td>
<td>105.15</td>
<td>103.10</td>
<td>106.90</td>
<td>107.50</td>
</tr>
<tr>
<td>Scaffolder (Skilled - Local)</td>
<td>Day</td>
<td>115.80</td>
<td>100.60</td>
<td>115.90</td>
<td>100.00</td>
</tr>
<tr>
<td>Electrician (Semi-Skilled - Local)</td>
<td>Day</td>
<td>106.00</td>
<td>118.80</td>
<td>123.20</td>
<td>115.00</td>
</tr>
</tbody>
</table>

Data Sources: Construction Industry Development Board (CIDB); Market sources

* Published average labour unit rates up to July 2018

## CONSTRUCTION MATERIAL PRICES

<table>
<thead>
<tr>
<th>MATERIAL</th>
<th>UNIT</th>
<th>AVERAGE SUPPLY RATE (MYR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2Q2018</td>
<td>3Q2018</td>
</tr>
<tr>
<td>Concreting Sand</td>
<td>Tonne</td>
<td>46.47</td>
</tr>
<tr>
<td>Stone Aggregate (20mm)</td>
<td>Tonne</td>
<td>34.34</td>
</tr>
<tr>
<td>Ordinary Portland Cement</td>
<td>Kg</td>
<td>17.67</td>
</tr>
<tr>
<td>Reinforced Concrete (Grade 30 MPA)</td>
<td>m³</td>
<td>233.00</td>
</tr>
<tr>
<td>Reinforced Concrete (Grade 40 MPA)</td>
<td>m³</td>
<td>270.00</td>
</tr>
<tr>
<td>High Tensile Steel Bars (10 - 32mm)</td>
<td>Kg</td>
<td>2.39</td>
</tr>
<tr>
<td>Mild Steel round bars (10 - 25mm)</td>
<td>Kg</td>
<td>2.47</td>
</tr>
<tr>
<td>Structural Steelwork (200x200mm U-beam)</td>
<td>Tonne</td>
<td>3,284.67</td>
</tr>
<tr>
<td>Plywood Formwork (2438x1219x20mm)</td>
<td>Pc</td>
<td>59.73</td>
</tr>
<tr>
<td>Clay Bricks (100mm thick wall)</td>
<td>Pc</td>
<td>0.45</td>
</tr>
</tbody>
</table>

Data Sources: Market sources

Notes: All supply prices stated above are only applicable for building construction projects in Kuala Lumpur. Specific cost consultancy should be sought for your particular factual situation prior to utilising this information.

Exclusions: • Plant and Equipment • Transport • Wastage • Overheads and Profit • Import Tax • Goods and Services Tax (GST)

## CURRENCY EXCHANGE

<table>
<thead>
<tr>
<th>CURRENCY</th>
<th>UNITS PER USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2Q2018</td>
</tr>
<tr>
<td>Malaysia Ringgit (MYR)</td>
<td>3.950</td>
</tr>
</tbody>
</table>

Data Source: IMF
## Kuala Lumpur Construction Prices

### Development Type

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Cost per CFA MYR / m²</th>
<th>Cost per CFA USD / m²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OFFICE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td>1,400 - 3,200</td>
<td>340 - 780</td>
</tr>
<tr>
<td>Prestige</td>
<td>2,600 - 4,500</td>
<td>640 - 1,100</td>
</tr>
<tr>
<td><strong>HOTEL (Excluding FF&amp;E)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three Star</td>
<td>2,500 - 3,500</td>
<td>610 - 860</td>
</tr>
<tr>
<td>Four Star</td>
<td>3,500 - 4,500</td>
<td>860 - 1,100</td>
</tr>
<tr>
<td>Five Star</td>
<td>5,000 - 7,000</td>
<td>1,220 - 1,710</td>
</tr>
<tr>
<td><strong>COMMERCIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>2,100 - 3,500</td>
<td>510 - 860</td>
</tr>
<tr>
<td><strong>RESIDENTIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good Quality Condominium</td>
<td>1,900 - 3,000</td>
<td>460 - 730</td>
</tr>
<tr>
<td>Luxury Condominium</td>
<td>2,400 - 4,500</td>
<td>590 - 1,100</td>
</tr>
<tr>
<td><strong>INDUSTRIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td>1,000 - 1,800</td>
<td>240 - 440</td>
</tr>
<tr>
<td>Factory</td>
<td>1,000 - 1,900</td>
<td>240 - 460</td>
</tr>
<tr>
<td><strong>CARPARK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi Storey</td>
<td>800 - 1,200</td>
<td>200 - 290</td>
</tr>
<tr>
<td>Basement, outside CBD</td>
<td>1,200 - 2,300</td>
<td>290 - 560</td>
</tr>
<tr>
<td>Basement, CBD</td>
<td>1,400 - 3,400</td>
<td>340 - 830</td>
</tr>
</tbody>
</table>

### External Works

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Cost per Acre MYR / ac</th>
<th>Cost per AFA USD / ac</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Works</td>
<td>350,000 - 550,000</td>
<td>85,570 - 134,470</td>
</tr>
</tbody>
</table>

**Notes:** Construction Floor Area (CFA) - The area of all building enclosed covered spaces measured to the outside face of external walls including covered basement and above ground car park areas.

All Kuala Lumpur construction prices stated herein are as at 1st Quarter 2019, and include a general allowance for foundation and 8% of preliminaries based on competent local contractors. The price ranges herein are indicative and due consideration should be given to the different specification, size, location and nature of each project when utilising this information. The prices here may not fully reflect the extent of current market forces and tendering conditions.

**Exchange Rate Assumption:** 1 USD = 4.09 MYR

**Exclusions:** • Land cost • Legal and professional fees • Development charges • Authority fees • Finance costs • Future cost escalation • Models and prototypes • Diversion of existing services • Resident site staff cost • Service Provider Fees • External Works within project development • Site infrastructure work in master development • Tenancy work • Loose furniture, fittings and works of art

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