

PRESS RELEASE

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COMMENTARY ON BUDGET 2022

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This year's budget was a breath of fresh air as we strive towards hopeful gains and support our people through the process. Most industries are looking to uplift their sectors as Malaysia's Covid-19 situation is at a manageable state. That being said, the Government has forecasted a 3% - 4% growth for the whole of 2021. With the lower Gross Domestic Product (GDP) base in 2020, these figures are not surprising but look towards a slow increase next year. Below are highlights of the budget announcement which CBRE|WTW has taken note of, as we plan for the next year.

- Total 2022 Budget allocation was announced by the Minister of Finance to be RM332.1 billion of which the largest allocation was to the Ministry of Education of RM52.6 billion, highlighting the importance of education in the future development of the economy.
- The allocation for Technical and Vocational Education Training (TVET) was also significantly high which will facilitate further advancement of Industrial Revolution (IR) 4.0 including more application of technology in the construction industry.
- To encourage Job creation, the Government will introduce '*Jamin Kerja Keluarga Malaysia*' by allocating about RM4.8 billion which is expected to create about 600,000 jobs opportunities. The incentive will be given in terms of salary subsidies to employers as follows:
 - Unemployed workers: 20% of monthly salary for the first 6 months and 30% for the remaining 6 months limited to salary RM1,500 above.
 - *Orang Kurang Upaya (OKU), Orang Asli and Banduan*: 30% of monthly salary for the first 6 month and 40% for remaining 6 months.

This will support in restarting the economy as pent-up demand for extra workers will be facilitated by Government assistance.

- The Ministry of Health has arranged supplies for up to 88 million additional vaccine doses which will help reduce the threat of new waves of Covid-19 outbreaks and increase confidence in the future of the economy.
- Renovation of business facilities in compliance with Standard Operating Procedures (SOP) regulations, such as ventilation, customer and staff seating, will be tax deductible to RM300,000 till 31st December 2022.
- Directly relevant to the property market, residential properties sold by individuals after the 5th year will be exempted from Real Property Gains Tax (RPGT). This will encourage more families to upgrade from their existing smaller homes. We would have also like to have seen a stamp duty exemption being given up for RM300,000 of the sales consideration, so that more money would end up in the pockets of the upgraders for their next purchase.
- In addition, RM2 billion has been allocated under '*Skim Jaminan Kredit Perumahan*' to enable home purchases by gig workers, small entrepreneurs, and farmers, many of whom are now unable to demonstrate having a stable source of future income for credit purposes.
- The hotel industry rightfully needs more assistance to ride out the prevailing pandemic. The wage subsidy program is focused towards players of the tourism industry, for those who received a decline of income at least 30%. The total budget allocation of RM600 million will benefit more than 26,000 employers and 330,000 employees.
- We noted no measures to promote the logistics and e-commerce industries in the Budget, although these were included in the 12th Malaysia Plan.

Overall, the Government has developed a commendable Budget 2022 despite facing severe financial setbacks. We are also pleased to see the *Elaun Pelaburan Semula* (ESP) making an extension to another 5 years as this will secure international investors in addition to the Fiscal Responsibility Act being a confidence booster to investor in Malaysia. Looking closer at the property sector, we see the budget at a neutral relation since there are no groundbreaking initiatives planned for the next year. Though we would have hoped to see more sustainable efforts within the real estate industry such as investments on solar panels and green technology for safer homes, there is still much the industry can reap out of this announcement as we prepare to move into IR 4.0 seamlessly.

About CBRE | WTW

Since our inception in 1960, WTW is a leading real estate consultant and property services provider in Malaysia backed by more than 50 years of experience in the industry. WTW developed its expertise in transactional and agency services, valuation, market research, consultancy, and property management. At present, the operations of WTW are supported and carried out by 13 branches across Peninsular Malaysia together with 11 associate offices located in East Malaysia and Brunei.

CBRE Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (based on 2016 revenue). The company has more than 75,000 employees (excluding affiliates), and serves real estate investors and occupiers through approximately 450 offices (excluding affiliates) worldwide. CBRE offers a broad range of integrated services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services.

CBRE | WTW entered into an agreement in May 2016 to form a joint venture. Connected by a shared history and common vision, CBRE | WTW delivers comprehensive real estate services founded on CBRE's global network and WTW's in-depth local expertise. To find out more about us, please visit our website at www.cbre-wtw.com.my.