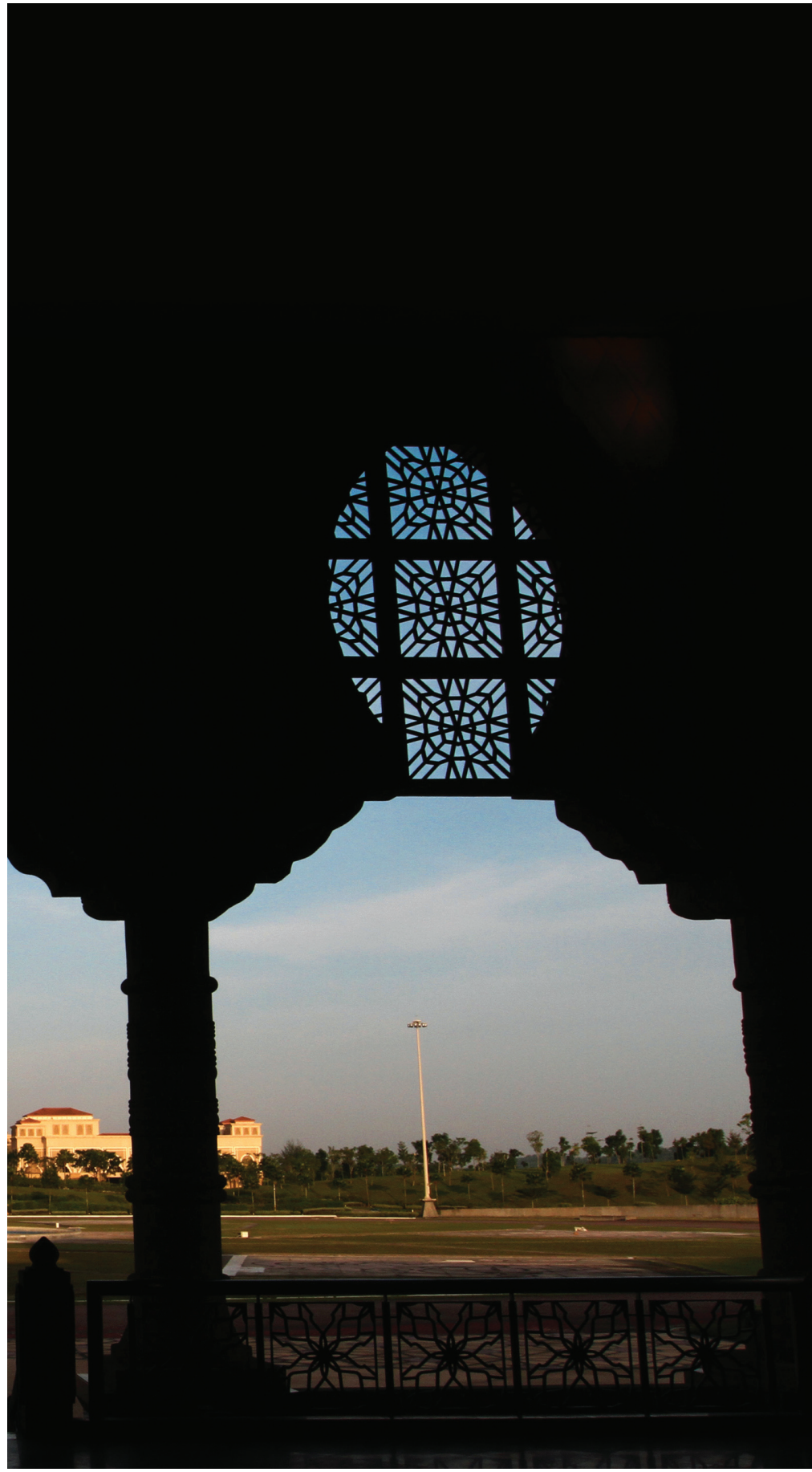


OVERVIEW *Iskandar*

ISKANDAR MALAYSIA FORGES AHEAD

The country's rapidly growing southern economic corridor embarks on its third and final phase of development





ISKANDAR Malaysia has passed several milestones since its launch in 2006. This includes achieving 60% of its cumulative investments target, building hard and soft infrastructure and creating more than 700,000 jobs.

Its third and final phase of development, which kicked off last year, is aimed at driving the region towards its goal of becoming a strong and sustainable metropolis.

With eight years left on Iskandar's development plan, its milestones and achievements so far indicate that the region is well on track. Now, the focus is on addressing social inclusiveness, responsible and equitable wealth distribution, the green economy and climate change, says Iskandar Regional Development Authority (IRDA) CEO Datuk Ismail Ibrahim.

"We are well on track. We have achieved 60% of our target of RM383 billion in committed investments, with eight years to go. From January to August, we secured RM20 billion and are on track to achieving our 2017 target of RM25 billion," he says, adding that the region is targeting cumulative committed investments of RM25 billion to RM30 billion a year.

Iskandar has recorded RM242.42 billion in cumulative committed investments (as at August) and of this amount, 55% or RM131.09 billion represents investments that have been realised. "Local investor confidence in the development of this economic region has been unwavering, with 61% of the total cumulative committed investments, or RM149 billion, contributed by the local investors. The other 39%, or RM94 billion, came from foreign investors. The top five countries with the highest cumulative committed investments in Iskandar from 2006 to August 2017 are China, Singapore, the US, Japan and Spain," says Ismail.

THE FIVE BIG MOVES

Iskandar spans 2,217 sq km — three times the size of Singapore. A Comprehensive Development Plan (2006 to 2025) serves as a guide for the systematic and timely development of the region as a strong and sustainable metropolis of international standing.

Meanwhile, prominent property and township developers, such as UEM Sunrise Bhd, United Malayan Land Bhd and Iskandar Investment Bhd, has played a leading role in the development of catalytic projects to spur the region's growth. The projects include Legoland Malaysia, EduCity Iskandar Malaysia, Pine-wood Iskandar Malaysia Studios and Johor Premium Outlets, among others.

Having completed two-thirds of its development plan — planning and foundation building (2006 to 2010) and strengthening and generating growth (2011 to 2015) — the final phase is to sustain and innovate until the development reaches maturity (2016 to 2025). "The key for Iskandar now is to ensure con-

PHOTO BY CHU JUCK SENG/THE EDGE



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sistent and sustainable growth for its economy, as we work towards social inclusiveness and ensuring environmental conservation,” says Ismail.

Going forward, the development will focus on what has been termed “the 5 Big Moves” — Inclusive Iskandar Malaysia, Greening Iskandar Malaysia, Destination Iskandar Malaysia, Port Iskandar Malaysia and Iskandar Malaysia Urban Observation.

“By getting these Big Moves implemented, Iskandar aims to achieve balanced growth, where urban development contributes to improved and quality built environments while taking every effort to optimise usage of resources and protect and conserve nature. Achieving balanced growth is important as it will ensure that the economic and social benefits are equally distributed to the whole region,” says Ismail.

A GREEN AGENDA

On the green and sustainability front, Iskandar launched its Low Carbon Society Blueprint for Iskandar Malaysia 2025 — Summary for Policy Makers at the 18th session of the Conference of Parties in Doha, Qatar, in November 2012. The blueprint outlines 281 programmes that are projected to reduce Iskandar’s carbon emission intensity by 50% by 2025 compared with 2005 levels.

“In November last year, we announced the results of the Iskandar Malaysia Greenhouse Gas (GHG) Inventory 2015 at the COP 22, United Nations Framework Convention on Climate Change in Marrakesh, Morocco. Based on this inventory, Iskandar recorded



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1. Kota Iskandar, Johor’s administrative centre
2. The authorities aim to reduce Iskandar’s carbon emissions by 50% by 2025
3. The region must attract the right human capital to lure investors

a 7% reduction in GHG emissions in 2015 compared with 2010. Iskandar is the first in Malaysia to use such internationally recognised standards,” says Ismail.

Iskandar is also one of the more than 500 cities, 100 states and regions and 5,800 companies that report data annually to the Carbon Disclosure Project. This project runs the world’s largest climate change reporting system and Iskandar — under its Low Carbon Society Blueprint 2025 — has been reporting the city’s climate-related data to this agency since 2015.

But the green agenda needs to be more all-en-

compassing. KGV International Property Consultants executive director Samuel Tan says IRDA could consider giving more incentives for developments that adopt sustainable construction practices and achieve a certain level of recognition or accreditation, for example, the Green Building Index.

“Developers should strive to develop property developments that incorporate more greenery, adopt pedestrian-friendly walkways and cyclist-friendly pathways and use environmentally friendly designs, building materials and construction methods,” he adds.

“Buyers and/or tenants should have the awareness and buy and/or rent developments that adhere to sustainability principles. Many multinational corporations, for example, actually spell out the green features as the requirement for building specifications before they commit to buy or rent commercial and industrial properties.”

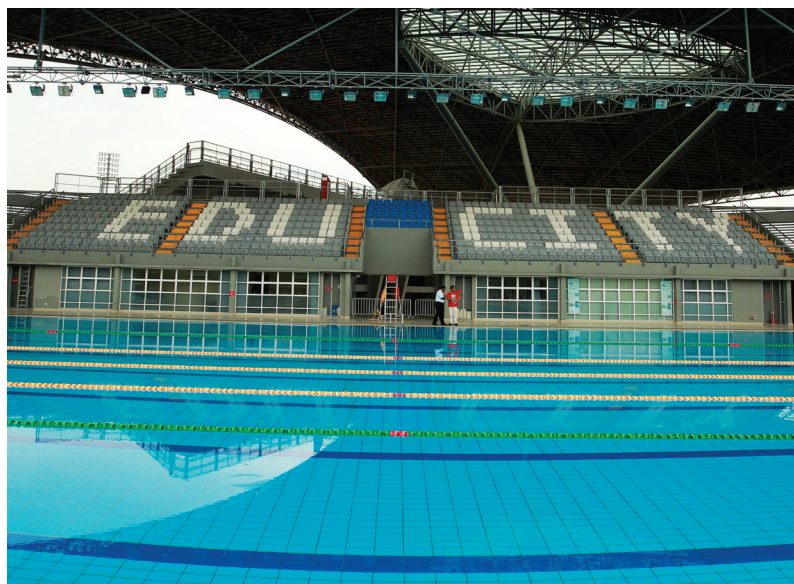
MUCH-NEEDED HUMAN CAPITAL

Observers say one of the most important determinants of the region’s success is improvement in human capital. “Without the support and stable supply of right human capital, the region will find it a challenge to attract investors. It is also important to create higher value-added job opportunities,” says Tan.

Nevertheless, he concedes that human capital is a problem that cannot be solved overnight. “During the transition, we can either attract Malaysian talent back or attract foreign talent to the region. In the longer term, however, we have to review our entire education system,” he says.

“We need to ensure that our graduates are skilful and can match the needs of the market. The current brain drain should be curtailed and all stakeholders must find ways to retain talent.”

Under Iskandar’s development plan, more than 800,000 job opportunities are to be created by 2025.



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4. EduCity is a fully integrated education hub

5. The Sultan Iskandar Building is the customs, immigration and quarantine complex in JB

So far, about 717,547 jobs have been created since 2007 in the logistics, creative, tourism and education sectors, according to IRDA. “Fifteen per cent of these jobs involved skilled workers and professionals while 16% were for semi-skilled workers,” says Ismail.

In July, IRDA announced an allocation of RM20 million for the Iskandar Malaysia Professional Fund (IMProF) and RM15 million for the Bumiputera Entrepreneur Development Fund (DPUB), aimed at helping talent enhance their skills and entrepreneurs to grow and expand their businesses.

“Over the next few years, we want to increase the percentage of jobs offered to professional and skilled workers to 45%. We believe this is achievable with greater collaboration among industry players and with support from the government,” says Ismail.

NOT JUST PROPERTY DEVELOPMENT

The green agenda and human capital aside, for most onlookers, Iskandar looks like one huge property development project, with the entry of local and foreign players and the launch of townships and properties that seemed to hit a high from around 2012 with the completion of the catalytic projects. The completion of new highways, such as the Iskandar Coastal Highway, the Johor Bahru Eastern Dispersal Link Expressway and the Senai-Desaru Expressway, have also drawn property developers and boosted investor confidence in properties here.

But as much as the property sector is growing in Iskandar, it is not a promoted sector, says Ismail. “Manufacturing has always been the stronghold sector here. We have made it clear that we target technology-intensive and environmentally friendly manufacturing activities,” he adds.

“We are moving out of that phase where our manufacturers are dependent on labour-intensive activities.

The investments we approve must be able to create a multiplier effect, especially in the creation of new high-income jobs and further business opportunities for the local population.”

Going forward, however, it is important to focus on the six promoted service sectors — education, tourism, creative, healthcare, financial services and logistics. “We believe this is in line with global trends and will ensure Iskandar achieves its vision by 2025,” says Ismail.

Despite the activity in the real estate market, property consultants agree that Iskandar is not a “pure property play”, nor should it be one. “It should be a holistic initiative that drives the economic growth of Johor specifically and Malaysia in general. The demand for property will be a natural spillover effect on the economy’s productivity,” says Tan.

To ensure sustainable growth, he is in favour of Iskandar positioning itself on the global platform, complementing initiatives such as China’s One Belt, One Road initiative and the Regional Comprehensive Economic Partnership (to attract investments from the high-tech and innovative, education, tourism and

medical sectors). “These will create more employment opportunities. Consequently, there will be sustainable demand for properties across sectors,” he says.

Although the major highways linking the various flagship zones in Iskandar have been built or upgraded — allowing businesses to get easy access to logistics facilities such as the seaports and international airport in Senai — there are still gaps. Ricky Lee, executive director of Knight Frank Malaysia, says the relevant authorities need to do more to promote the region.

“Trade shows, entrepreneur incubators, international events ... more needs to be done to differentiate Iskandar from the rest of Malaysia. For instance, many of the incentives available from Mida (Malaysian Investment Development Authority), such as the Principal Hub Scheme, are typically applicable throughout Malaysia,” he adds.

Lee says The Hershey Co’s second largest plant in the world, which began operations in 2015, is a coup for the region. The opening of IKEA this year will undoubtedly have a positive effect.

“However, instead of rolling on with further investment in Iskandar, IKEA has decided to build a distribution facility in Selangor. It needs to be understood why such a decision was made,” says Lee.

“What did Iskandar lack that made the opportunity cost appear not worthwhile? If it is to break the cycle, these issues must be identified and actively addressed.”

LOOKING AHEAD

It is generally agreed that Iskandar is in a different league compared with other growth regions in the country, such as the East Coast Economic Region or North Corridor Economic Region, thanks to its location, groundwork and successes over the past decade. The advent of the Asean Economic Community (AEC) will also open up opportunities for more regional cooperation and improve the scale efficiencies, dynamism and competitiveness of Asean nations.

“This will increase the talent pool in Iskandar and allow for easier movement of skilled talent within Asean,” says Ismail. He concedes, however, that the region has to improve enablers such as logistics and strengthening SMEs and its facilitation team to fully leverage the AEC.

Going forward, the most important agenda for IRDA is to ensure that the economic growth of Iskandar is sustainable. This is not only limited to ensuring a steady flow of new investments into the economic region but also the development of an ecosystem that allows businesses to grow and prosper and communities to participate in and benefit from the progress, but without causing damage to the natural environment. ● *By Sreerema Banoo*

A STRONG AND SUSTAINABLE METROPOLIS OF INTERNATIONAL STANDING

