

STRONGER INVESTMENT INFLOWS

RHB RESEARCH UPBEAT ABOUT JOHOR GROWTH

JS-SEZ and Forest City SFZ to boost state's business connections, connectivity with Singapore, says firm

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JOHOR is poised to be the country's growth engine, with the Johor-Singapore Special Economic Zone (JS-SEZ) and the Special Financial Zone (SFZ) in Forest City as key drivers.

RHB Investment Bank Bhd (RHB Research) said the JS-SEZ is designed to foster stronger business connections and improved connectivity between the two countries.

"We view all these positively, as it indicates that the Malaysian and Singaporean governments are working well together, and Johor may capture a stronger inflow of investments from Singapore, going forward."

As the country's third largest state by gross domestic product (GDP) contribution, economic growth for Johor is expected to continue to surpass the national GDP average, it added.

RHB Research said Johor stands out with its strategic location, advanced infrastructure and a diverse economic landscape that includes robust manufacturing activities and a strong services sector.

"We believe the government-led catalytic developments, as well as an influx of foreign and domestic direct investments, will lift the construction, data centre, energy, petrochemicals, industrial and tourism sectors, in addition to a positive spillover to the property market," it said in note.

The firm said progress on the Johor Baru-Singapore Rapid Transit System Link project has boosted buyers' confidence, given Johor's growth prospects.

RHB Research said demand for rental and housing in central Johor is likely to grow in the coming years, while the influx of new investments will translate into higher affordability in the long run.

"Major developers remain confident in the long-term outlook with Johor continuing to be an important market.

"We like UEM Sunrise Bhd and Sunway Bhd in the Johor property space. For construction, we highlight Sunway Construction Bhd, Kerjaya Prospek Group Bhd, and Malaysian Resources Corp Bhd. Other beneficiaries of Johor's growth story include Tenaga Nasional Bhd, YTL Power International Bhd, AME Real Estate Investment Trust and VS Industry Bhd."