

## **The Perfect Storm of Yangon Real Estate**

Sales, rentals and prices of Yangon real estate have declined in mid-2017, according to Myanmar real estate service providers. Yangon's newer townships are especially affected and those townships are Shwe Pyithar, North Dagon, South Dagon, East Dagon, Hlaing Tharyar, Htantapin, and Dagon Seikken where prices are down with an average of 65 percent from 2016. A property worth K100 million at the end of last year only K45 million worth today. Yangon's more expensive neighborhoods such as Golden Valley, downtown and Bahan township are down around 5 percent from last year. In early 2017, the Internal Revenue Department introduced a 30 percent tax on property purchases and a 4 percent stamp duty, raising revenue for necessary infrastructure developments but slightly slowing property buyers. The NLD-government has cut down on tax avoidance, smuggling, illegal logging and other contributors to the nation's black economy', which may claim to be largely effective for much of rapid growth in Yangon's property market. Finally, the slowdown has peaked in the middle of monsoon season and the Buddhist period of Wadwin, where adherents typically refrain from moving to a new house, buying property, or engaging in large business transactions. On the other hand, the downturn in prices is good for first time buyers, who only now have the opportunity to become property owners because of city's perpetual property bubble. The real estate experts are expecting the real estate market to simply rebound after the rain stops, putting an end to the storm.

*Learnt From: Myanmar Business Today (August 30, 2017)*

## **SQFT Properties to Hold Real Estate Events in Myanmar**

A Singaporean real estate agent, SQFT Global Property has announced that they are hosting events for Myanmar buyers by promoting two new high-rise condominium projects in Bangkok. The MUNIQ condominium is located on Bangkok's Sukhumvit Road, and the MARQUE condominium is located in the bustling city's central business

district. Following on from SQFT's success with Whizdom Connect Sukhumvit in July, there will be second condominium promotional events in Yangon. SQFT Global Properties host two separate property expos, the first one is in Yangon at September 9-10 and the other one is in Mandalay from the 16-17. The MUNIQ condominium, completed in early 2017, is strategically located between Sukhumvit subway station and Asok sky train station. There are 36 floors and a total of 201 units, ranging from 377 square feet to 2013 square feet in MUNIQ condominium. The interior was designed by French designer, Phillippe Starck, who is well known for his 'democratic design' that focuses on the physical design of objects and how to best economize space, which is very appealing for both upper and middle-tier projects. The other high-rise condominium named MARQUK is just 30 meters far from Phrom Phong skytrain station and is scheduled for completion in 2019.

*Learnt From: Myanmar Business Today (September 4, 2017)*

## **Luxury Yangon hotels cut charges**



*Lotte Hotel, Yangon*

There are over 3,800 four-star and five-star hotels rooms currently in Yangon and the prices have dropped by 7 percent compared with the same period last year. The number of luxury rooms has remained at 3,875 since the completion of the Melia Hotel a year ago. However, four sizeable projects are anticipated for the remainder of the year collectively representing about 1,100 rooms. This includes the Lotte Hotel and Serviced Apartments opening this month with 300 rooms. The Pan Pacific Hotel at Junction City, Pullman Yangon and Sheraton Hotel are expected to be

finished in 2017. Kempinski will soon take over one of the city's largest colonial-era buildings along Strand Road and is expected to finish the project in the second quarter of 2018. Around the same time, Marroit International is planning to open a hotel on Sule road. About 4,000 hotel rooms would be added over the next three to four years. Average 52 percent of rooms were occupied in the first quarter and lower than 40 percent in the second quarter of 2017. Increasing market competition, occupancy fell between June and September in the rainy season. Average charges fell to US\$111, down by almost 7 percent compared with last year and further price falls were anticipated.

*Learnt From: Eleven Myanmar (September 7, 2017)*

### **Rules to new Condominium Law now being refined, will be enacted soon**

Regulations to the 2016 Condominium Law will be enacted soon and it will allow foreigners to take a maximum stake of 25 percent in a condominium property, among other new provisions. The real estate market in Myanmar has slowed in recent months and one way to hitch the market is by giving foreigners the right to participate under the new Condominium Law. Meanwhile, the discussions are now being made to tweak, refine and clarify the definitions under the new regulations and once things are clear, the real estate market will begin to heat up again. As an example, the Condominium Law stated that buyers of a unit will be able to own the land in proportion to their purchased-unit, and this statement also seems to be referring to foreign buyers. Therefore, the Attorney General's Office has advised that amendments be made to the rule under which foreigners will be allowed to have ownership only within the life span of the building. It will support the condominium market if foreigners are allowed to buy apartments. Under the new law, the condominium land area must be more than 20,000 sqft and it must be also more than six storeys. The condominium builders will also involve in the regulations. Now, they are notifying the registration officer after 30 percent of the foundation of a new project has been laid, and only after that can pre-construction unit sales begin.

Meanwhile, money obtained from pre-sale activities must be deposited into the bank and utilized only for building construction purposes and nothing else. The law stated that construction companies are also discouraged from speculation and must sell at least 75 percent of each property project. The rules to the Condominium Law could also include high-rise buildings to facilitate inheritance issues, getting land-ownership permits, applying for insurance and bank instalment loans. Before the Law is issued, construction companies will be able to register their buildings. If the buildings are in line with the new law, they will be regarded as condominiums.

*Learnt From: Myanmar Times (September 12, 2017)*

### **34 firms opening at Thilawa**



*Thilawa Special Economic Zone*

According to Thilawa SEZ Management Committee, up to 34 companies are opening in area A and about 60 more companies will be run at the end of this year. A total of 87 companies are listed, 37 of them are currently running and the remaining sites are under construction. 87 companies from 17 countries have signed contracts to open at Thilawa and the total investment is about US\$1 billion. The committee is planning to develop Zone B on 101 hectares by mid-2018. Some of the plots will be rented in late 2017. Myanmar is geographically an economic hub and developing Thilawa, Dawei and Kyaukphyu special economic zones is vital. Among, Thilawa SEZ is successful and the committee needs to develop to it as an ideal economic zone. It will need to arrange enough electricity to sustain construction.

*Learnt From: Eleven Myanmar (September 16, 2017)*

### **Low-Cost Housing Loans Extended- Ministry**

The Construction and Housing Development Bank (CHDB) will elongate federal loan repayment plans from 10 years to 15 years in cooperation with the Ministry of Construction and the Myanmar Construction Entrepreneurs Association. The new government announced plans to build 200,000 low-cost apartments in cities across Myanmar in an effort to combat shortages of affordable housing. The Ministry of Construction mandated that each buyer must deposit 30 percent of the home's value in a savings account at CHDB. Applicants need to open an account and must show their national identification card, a letter from ward administrators, and a set-up fee of K10,000. Only after will they be eligible for a housing mortgage worth the remaining 70 percent of the property's value. These savings accounts have no maximum limit and come with a very attractive 8.5 percent interest rate. CHDB started introducing the housing scheme in August 2016 and as of March 2017 more than 5,000 individuals opened saving accounts. Extending loan repayment will relieve the financial burden on new home owners and be more attractive to a large number of citizens. More than 18,000 housing accounts at CHDB Bank with more than 600 apartments already sold qualified buyers. More than 2,000 apartments being developed by Minister of Construction to be sold to qualified buyers. The bank is devising loans for construction companies to ease the process for developers and encourage the construction of housing projects across the nation.

*Learnt From: Myanmar Business Today (September 18, 2017)*

### **Myanmar Parliament to Thai loan for Dawei SEZ road**

In order to build a two-lane road that will connect the Dawei Special Economic Zone to Thailand, borrowing from Thailand will be discussed in parliament. Thailand will offer a loan of 4.5 billion baht (US\$ 136 million) for the construction of the road and officials from both countries are now

working on the project's financial plan. As the money will be borrowed from Thailand, the cost for the road construction is still being calculated. The parliament has to discuss about it because it will be a governmental loan. Officials from both countries held a coordination meeting recently to discuss the development of the Dawei and nearby areas. Union Minister for Commerce Dr. Than Myint met a delegation led by Japanese ambassador Tateshi Higuchi in early July to create a new master plan for the economic zone.

*Learnt from: Eleven Myanmar (September 19, 2017)*

### **China, Myanmar discuss establishment of border economic cooperation zone**

The establishment of China-Myanmar border economic cooperation zone is being discussed between the two governments. According to a press release, the government of Yunnan Province has invested US\$10 billion in Myanmar while Myanmar entrepreneurs have also invested \$100 million in the province. The press release came after a regular meeting between the Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and Yunnan Provincial General Chamber of Commerce (YPGCC). Trade value between Myanmar and Yunnan in 2016 reached \$6.1 billion. Myanmar's export value amounted to \$ 3.6 billion, and the import value to \$2.5 billion. Meanwhile, Myanmar business people have invested in Yunnan's real estate industry, retail and wholesale trade and hotels industry. UMFCCI and YPGCC have met six times so far and they have discussed the promotion of economic cooperation between the two countries and between organizations. In the last meeting, they discussed infrastructure development, electricity and energy, training skilled workers, agriculture, transport, investment and legal issues relating to environmental conservation. The discussion also included the implementation of the border economic cooperation zone project as included in the agreement signed in May last year. Myanmar's export of agricultural products, including rice and corn, without a quota system, the promotion of investment in the Kyaukphyu special Economic



Zone and effective cooperation in the One-Belt One-Road project. The meeting results and suggestions would be submitted to the government.

*Learnt From: Eleven Myanmar (September 20, 2017)*

This article is drawn up and published by Japan Valuers (Myanmar) Co. Ltd. All rights reserved. "We value and appraise the "ASSET" upon the request according to the global standard". For more information, visit our website: [www.jvmyanmar.com](http://www.jvmyanmar.com) Japan Valuers (Myanmar) Co. Ltd. is the local subsidiary of Japan Valuers Co., Ltd. headquartered in Tokyo, Japan. Visit and Contact at: [www.japanvaluers.com](http://www.japanvaluers.com) for more information about Japan Valuers and its global network.