

Japanese investments expected to shift to Myanmar: DICA

According to the Directorate of Investment and Company Administration's press release, as Japanese companies are looking into shifting their investments from Thailand, Japanese government and Japanese companies are getting interested to make investments in Myanmar. The DICA has drafted a 20-year Foreign Direct Investment Promotion Plan including "China plus one" and "Thailand plus one" options. Investors are thinking to shift their investments to other countries in the area due to the economic changes in China. Due to Thailand faces natural disasters and higher labor cost, some investors from Thailand want to transfer their investments to third countries. As Japan is the top investor in Thailand, Japanese investments are expected to flow in Myanmar. Therefore, some Japanese investors from Thailand will move to Myanmar while the new investments from Japan will make investments in Myanmar. Till November of the 2016-2017 fiscal year, Japan ranked 11 on the top foreign investor list, with total investment of US\$ 682.1 million.

Learnt From: Eleven Myanmar (January, 10, 2017)

Train HQ to become a Hotel



www.myanmartravelessentials.com Train HQ at Yangon

The Peninsula Yangon Limited Company has gained the permit from Myanmar Investment Commission (MIC) to convert the former colonial-era Myanmar Railway Headquarters in Central Yangon into a hotel. The company will invest more

than US\$574 million, all of which will come from overseas. Singapore, the Asian Development Bank, the International Finance Corporation and various countries will be involved in the redevelopment. The main registered company is from Philippines and the agreement is in accordance with the Foreign Investment Law. The MIC had given the green light to around 100 foreign investments worth more than US\$3 billion in between April and the first week of January. The Bo gyoke Aung San Road building, which is next to By yoke Market, dates back to 1880s and is one of the oldest remaining colonial buildings in Yangon.

Learnt From: Eleven Myanmar (January, 14, 2017)

Property market health depends on instalment lending

Unless lenders can make housing more widely available through instalment plans at least 10 years, the property market will remain weak this year. But the banks show little sign of being willing to extend their financing schemes. The commercial capital's property market has been cold for years, but demand is clearly stronger for housing available on instalment, according to the managing director of iMyanmarHouse.com. The apartments like low-cost housing projects which are available through an eight year instalment system are in high demand. The instalment can be provided by the partially state-owned Construction and Housing Development Bank. Meanwhile, in the private market, where most sales are done through large down payments or a pre-sale system, but the interest is weak. For the developers, they need to sell their units on at least five-year instalment and if they do not have the finances, they need to join with banks. If sales can be made this way, the property market will be stronger in 2017. Few developments have the cash to offer instalments without help from banks, which will need to provide loans in order to make a widespread instalment system in reality. U Nay Min Thu said that an iMyanmarHouse.com property expo in Yangon in December K17 billion worth of property was sold at prices ranging from K10 million up to K100 million, and on instalments

ranging from one year to 10 years. AYA Bank and KBZ were among the lenders providing instalments for property sold at that expo. The market for property sales is gradually shifting from pre-sales and large down payments to instalments. While developers and local banks can only offer a maximum of 10 year instalments, buyers are much more likely to buy units on long instalments. iMyanmarHouse is planning a special property expo later this year at which only units available on long-term instalment will be available. However, the longer the instalment, the more loan interest rates will be. A 13 per cent a year interest rate is a lot for buyers wanting to purchase a unit on almost a decade of instalments. So, it is needed to make a lower interest rate for instalment-buyers. It will take a policy change or at least clear rules and regulations to help banks offer lower interest rates. Local lenders have only started providing instalments longer than five year in the last two years, although they are willing to try to expand this service. However, lenders stay tight-lipped over any plans to lengthen instalments. The two of largest private banks in Myanmar, CB Bank and AYA Bank, declined to comment for making longer installment programs more available. As to KBZ's plans which is the largest private lender, it will be able to provide instalment plans of between five and 10 years like many banks. There is no regulation that would prevent an instalment plan longer than 10 years. Although getting 10 year instalments is difficult, the option for 30-year loans mortgage is basically needed. While private banks remained silent about the instalment plans, several pointed to CHD Bank, which is part owned by the Ministry of Construction has been vocal about its desire to offer more attractive financing plans for buyers flow-cost government housing. The chairman of CHD bank said the lender is planning to lengthen its instalment options to include a 15 year plan. At present, the longest instalment that CHD can offer is 8 years. But, if they want to extend till 15 years, the bank will need more funding and is waiting for the government to respond to its request for a state loan. Once the government gives the loan, CHD

Bank said they will start selling units with 15- year installment and also negotiate with developers to help people buy private sector housing on instalments. Even though they have plan to give loans to people buying units built in private sector projects, they are not able to at present because they need to hold detailed negotiations with each developer.

Learnt From: Myanmar Times (January, 16, 2017)

Cautious Option from Real Estate Companies Sector Looks to 2017

Online real estate companies have expected 2017 as a cautious optimism for Myanmar real estate sector even though there was a continued decline in sales and major disruption following a temporary ban on high rise projects. Senior executives at property sites and other real estate brokers hope more transparent on regulations, coupled with more investment following the end of US sanctions and a new investment law to boost the industry this year. There were improvements in last year's real estate market but not a lot. Based on the supply and demand in the market, it seems as price could go down a little, however, the overall situation should be better than last year. The market in 2016 was quite slow and the most of the house seekers were looking for low-cost and affordable apartments and the tenants were looking to lease cheaper units. The upper end of the market has been particularly hard hit in the last year, with investment and trading activity for apartments, houses and plots of land showing a considerable slow down, according to Myanmar Real Estate Service Association. According to a recent statement by house.com.mm, the picture for real estate market in Yangon, Nay Pyi Taw and Mandalay will start to improve in the early this year. The end of US sanctions and the new and more liberal investment law are not only positive signs for economic development, but will also inspire the real estate market. On the industrial side, as more foreign investors come here to do business, demand for plots and buildings for factories and offices is expected to improve.

Learnt From: Myanmar Business Today (January, 17, 2017)

Government declares ongoing commitment to major housing projects

According to Director General Min Htein from the Department of Urban Housing Development. The two major housing projects, which include 49 high-rise buildings under construction in Dagon Seikkan Township, Yangon Region, will be finished by 2020. The Ayeyarwon and Yadanar housing projects were developing 18-storey buildings. The construction are restarted on the Yadanarhninsi housing complex which is a part of the Ayeyarwon and Yadanar housing projects on December 24. The project is designed by Singapore's Surbana Jurong Company and its apartments are priced between Ks60 million and Ks 120 million. Recently, the two housing projects being jointly developed by the department and private construction companies suspended due to budget difficulties. When the military-appointed Vice President Myint Swe met business leaders on December 1 at the Federation of Chambers of Commerce and Industry, the MCEA chairman asked for help from the government for the projects. Construction stated in 2013 at the 220-acre site with the previous government allocating Ks 30 billion as starting capital. The government said it was planning to provide ongoing financial assistance for the projects.

Learnt From: Eleven Myanmar (January, 22, 2017)

Chin State Authorities will confiscate lands from Hotel Projects that don't start on time

Authorities in Chin state will reclaim land from businesses if they fail to start work on hotel projects within three months. Earlier this month, local government of Chin State said plans were having started to build eleven new hotels from April in order to attract some of the millions travelers.



Heart-shaped "Ri" lake in Chin State
www.asianroyalstar.com

There is no commercial airlines in the mountainous, distant state and busses from Yangon often take up to 17 hours to reach there. But the state government hopes the stunning scenery and local culture will help boost numbers once better infrastructure takes place. Many plots of land for ten of the eleven hotels are provided but the companies do not start work as planned. According to Salai Isac Khin, Chin State's Minister for Municipal Affairs, Electricity and Industry, about 30 local business people applied to build 39 hotels, but authorities only accepted for 11 sites. Three of the planned hotels will be in Hakha, the state capital, while another two will be built in Falam Township to the north. Only Kanpelet and Mindat townships now have "hotel-level" accommodation, according to official media. Both are situated near Mt. Victoria, which draws the major attraction of Chin state's visitors.

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