

In total, the age profile of the population comprised 36% who were aged 19 years and below, 41% between 20 and 39 years, 19% between 40 and 59 years and 4% aged 60 years and above.

**Occupation**

**Table 28: Occupation Breakdown in Subang Parade's Primary Trade Area, 2000**

Occupation	Distribution
Legislators, senior officials and managers	14.2%
Professionals	12.4%
Technicians and associate professionals	14.8%
Clerical workers	12.8%
Service workers and shop & market sales workers	11.8%
Skilled agricultural and fishery workers	0.1%
Craft and related trades workers	4.4%
Plant and machine operators and assemblers	17.2%
Elementary Occupations	11.3%
Unknown Occupations	1.1%
<b>Total</b>	<b>100.0%</b>

Source: Census 2000, Department of Statistics Malaysia

The occupational breakdown in Subang Parade's primary trade area suggests a relatively educated population, with a substantial 41% of the catchment comprising higher ranking personnel such as legislators, senior officials, managers, professionals, technicians and associate professionals.

25% of the population held jobs as clerical workers, service and retail sales workers.

17% were plant and machine operators and assemblers whilst 11% had more elementary occupations.

**4.1.5 The Workforce Market in the Area**

According to census information, the workforce in Subang Parade's primary trade area amounted to a substantial 308,050 in 2000. The workforce ratio works out to approximately 46% of the population.

Some of these workers would likely shop at Subang Parade during the weekdays, given the centre's proximity to their workplace. However, the most important segment of the workforce is still likely to be those within walking distance of Subang Parade, i.e. from Wisma Consplant, Petaling District Council and the SS 15 shop offices.

## **4.2 Competition Review**

### **4.2.1 Existing Competition**

The most relevant competitors to Subang Parade would be Carrefour Subang Jaya, Sunway Pyramid, Summit USJ and IOI Mall in Puchong, all of which are located in its primary trade area.

Although **Carrefour** is located adjacent to Subang Parade and is a competitor, its co-location next to the subject property, has also been synergistic – their combined location has grown to become a popular community shopping precinct within the Subang Jaya township. In many ways, these centres complement each other with Carrefour being a popular hypermarket amongst residents in the township and Subang Parade, being an established suburban mall anchored by a strong department store, tenanted by a wide mix of specialty stores and with a wider range of food & beverage outlets. Carrefour has a net lettable area of approximately 204,600 sq ft.

**Sunway Pyramid** on the other hand is a themed shopping centre in Bandar Sunway, a township that is adjacent to Subang Jaya. This centre is currently undergoing construction to expand to 1.56 million sq. ft in net lettable area from its current 900,000 sq. ft. Its expansion is scheduled for completion around the second quarter of 2007 and will position it as a 'super-regional' mall. Sunway Pyramid has been attracting a large younger market segment due to its proximity to several private colleges and its entertainment, leisure and casual fashion components. It also draws some tourists due to its integrated development with a hotel and theme park. Overall, its market differs quite significantly from Subang Parade which attracts more families with children. Its expansion is not expected to have a major impact on Subang Parade, but will likely further draw shoppers from other parts of Petaling Jaya and Kuala Lumpur as well as tourists.

**Summit USJ** is another shopping centre in the Subang Jaya township but is less significant as a competitor. It is approximately 753,000 sq. ft in net lettable area. It does not have a department store or supermarket anchor and has higher vacancies of shop lot spaces on its upper floors.

**The IOI Mall** in Puchong is approximately 635,000 sq. ft. in net lettable area. Some of its visitors may be similar to those who visit Subang Parade and Sunway Pyramid. However, many of them are likely to come from the wider adjoining areas of Puchong, Bandar Sunway, Taman Kinrara, Old Klang Road and even Serdang. A high proportion, would most likely be from its primary trade catchment within the Puchong area.

A brief description and evaluation of the competing centres is provided in the next table.

**Table 29: Review of Key Competing Centres to Subang Parade**

Shopping Centre	Approximate Net Lettable Area (sq ft)	Description	Evaluation
<u>Carrefour Subang Jaya</u>	204,600	<p>This centre is anchored by Carrefour Hypermarket which occupies approximately 140,000 sq ft. It also has 60 over tenants ranging from F&amp;B outlets, fashion, pharmaceutical, health equipment &amp; health product retailers to retailers of textile, telecommunication products, timepieces, optical products and other services.</p> <p>This centre caters to convenience and comparative goods shopping and its products vary from the mid-range to those for the mass market.</p> <p>It has an occupancy rate of approximately 98%, based on number of shop units.</p>	<p>Carrefour Hypermarket is popular with residents of Subang Jaya as was indicated in a survey conducted amongst the townships' residents. It is located adjacent to Subang Parade and its shoppers also shop at the latter. Many of the townships' residents regard these centres as complementary to each other and see their location as a popular shopping precinct in Subang Jaya that is easily accessible.</p> <p>It targets the mass- market family segment.</p>
<u>Sunway Pyramid</u>	900,000	<p>This centre is located in Bandar Sunway, which is a township adjacent to Subang Jaya and has an Egyptian theme to its façade and design.</p> <p>It has a multi-screen Cineplex (TGV), an ice skating rink, a bowling centre and a substantial provision of food &amp; beverage outlets and is anchored by department store Parkson Aktif and Giant supermarket. It also has a wide range of fashion retailers.</p> <p>This centre is part of an integrated mixed development, comprising a Theme Park, a hotel, a Medical centre and a college. It has an occupancy rate of approximately 99%, based on number of shop units.</p>	<p>It is currently undergoing construction to expand to 1.56 million sq. ft in net lettable area from its current 900,000 sq. ft. Targeted completion of its expansion is estimated to be in the second quarter of 2007.</p> <p>This centre is a regional mall that has strong elements of entertainment, food &amp; beverage and fashion. It appeals particularly to the younger market segment, including young working adults. Its integrated development with a hotel and theme park also draws some tourists, both domestic and international.</p>
<u>Summit USJ</u>	753,000	<p>This is a suburban mall and is located in USJ, which is within the Subang Jaya township. It is part of an integrated development comprising an office tower and a hotel. Many of its shop lots had been individually sold and it is approximately 75% occupied in terms of percentage of occupied shop lots.</p> <p>It has a multi-screen Cineplex (GSC) and a bowling centre but lacks a strong department store anchor.</p>	<p>A high number of its upper floor shop units are vacant. Pedestrian flow is mainly on the lower ground, ground floor and first floor level and at its Cineplex's location.</p> <p>This centre attracts a fairly young market segment especially during the weekends where casual wear, streetwear, footwear and fashion accessories are laid in a bazaar / flea market like setting, at its concourse areas.</p>
<u>IOI Mall</u>	635,000	<p>This mall is located in Puchong and is anchored by Jaya Jusco supermarket and department store. It has a fairly wide range of tenants that cater to fashion, beauty and health products &amp; services, food &amp; beverage outlets, etc.</p> <p>It caters to the convenience and comparative goods shopping of its catchment. It has an occupancy rate of approximately 96%, based on number of shop lots.</p>	<p>This centre draws the mass-market family segment attracting shoppers from Puchong, Bandar Sunway, Taman Kinrara, Old Klang Road and Serdang.</p> <p>Its location along the Damansara Puchong Highway (LDP) makes it easily accessible to the housing precincts of the wider Puchong area.</p>

Source: MIRP Consult

#### **4.2.2 Potential Future Competition**

There are three future retail centres that may pose some competition to Subang Parade.

##### **Subang Avenue:**

Nearest to the subject property will be the Subang Avenue service suite development which is targeted to have a five level retail podium of approximately 220,000 sq ft in net lettable area. There will be four blocks of service suites built on top of the retail podium totalling 280 units. This project is scheduled for completion in mid 2009 and will be located next to Carrefour. The retail podium is potentially conceptualised as a food & beverage and gourmet centre, with some components of entertainment, fashion and convenience shopping included. Although this will pose a measure of competition to the subject property, it may also strengthen the retail potential of the whole precinct, making it even more destinational.

##### **USJ 19 (proposed centre formerly known as Rhythm Avenue):**

Another proposed retail centre is an uncompleted project located south of the Subang Jaya township in USJ 19, which recently had been acquired by new ownership that plans to complete the project. This is a three-level retail podium of approximately 200,000 sq. ft net lettable area. Built on top of the retail podium are three condominium blocks, each 33 storeys high, housing approximately 886 units. The retail component of its development will most likely serve the needs of the residents of its condominiums as well as those from the housing precincts of the southern boundary of the township. The impact of this neighbourhood centre on the subject property is expected to be minimal, as its smaller size constrains its range of products that can be carried compared to Subang Parade's, whilst its location in the southern part of the township is closer to the Puchong area.

##### **I-City, Shah Alam:**

The third, is a mixed commercial and residential development called "I-City" at Section 7 in Shah Alam covering 72 acres. This development aims to be an IT and entertainment hub, with phase one reportedly comprising a proposed 840,000 sq. ft retail mall and a 1,000 ft long pedestrian retail promenade called 'City Walk'.

Still in planning, construction has yet to start on its first phase, which may take three to four years to complete. Its proposed mall will likely be positioned as a regional centre, with domestic and international tourists as one of its target markets.

I-City may pose competition to Subang Parade especially in the initial stages. However, in the longer term, Subang Parade is expected to sustain its performance, given that it fulfils a specialised set of needs amongst its primary catchment in the form of convenience, comfort and value, which are not as easily met by larger regional malls further away.

#### 4.2.3 Implications on Subang Parade:

Overall, the existing and potential future competition analysed is not expected to have a major long term impact on the subject property as each is positioned differently, fulfils different market needs and targets largely different primary markets.

It is observed that over the years, despite the rapid development of new shopping centres, Subang Parade has remained resilient, increasing its average occupancy rate under the Hektar Group's direction, from 94% in 2002 to 98.3% in 2005. Rentals were also improved during the last six years.

#### 4.3 Key Strengths

**Strong suburban mall:** Ever since its inception in 1988, Subang Parade has been successfully serving its immediate trade area as a largely popular suburban mall, with approximately 42% of its shoppers being from the Subang Jaya township itself and a further 28% from other locations within its densely populated primary trade catchment. A survey conducted amongst households in the township revealed that 88% patronise the centre. It is community-focused and its success is from its ability to cater to its end-consumer needs that are driven by lifestyle, convenience, comfort and value. The centre targets the family market, especially young families and young working couples from the middle to upper income segments.

**Strategic location and easy accessibility:** Subang Parade benefits from its strategic location - being just off the Federal Highway and near to the two major entry points into the Subang Jaya township from the highway. This makes it easily accessible to shoppers who come from areas outside the township. The area that surrounds it also enjoys less traffic congestion and easier accessibility when compared to other commercial zones within the township resulting in its popularity as a community shopping precinct. Its proximity and easy access for the township's population, has over the years strengthened its position as a prime centre within the community.

The centre is also well connected via a network of buses that serve the township as well as from Kuala Lumpur. The KTM train station is also within a short walking distance from the centre.

**Large trade catchment:** The trade area that is served by Subang Parade consists of a densely populated primary catchment encompassing the Subang Jaya township including USJ, parts of Petaling Jaya, Puchong and Shah Alam all of which lies within 15 minutes drive time from the centre. The estimated total population within this primary catchment is approximately 798,038 in 2005.

Its secondary catchment extends up to 30 minutes drive time and comprises the Kuala Lumpur city centre, Sri Petaling, Klang, Kepong, Old Klang Road and the remaining parts of Petaling Jaya and Shah Alam. The total population of both primary and secondary catchment areas was approximately 2.2 million in 2000.

**Wide-ranging tenant mix:** Its trade and tenant mix is wide and appropriately targeted for its market. They range from fashion & footwear, food & beverage, homewares & furnishing, electronics & IT to leisure & entertainment, sports & fitness and a host of other specialty stores including gifts, books, toys and others.

Its main anchor is Parkson department store. Its mini anchors like HSL Electrical & Electronics and Toys “R” Us are leading brands in Malaysia. All these are complemented by a wide array of food & beverage outlets, comprising fast food, lifestyle cafes and gourmet restaurants that appeal to its market.

**Customer-Centric Management:** Centre management is proactive and constantly seeks to understand their shoppers, consumers’ psychographics and trends.

#### 4.4 Weaknesses

**Insufficient parking lots to cater to higher capacity crowd on weekends:** This result in shoppers parking their vehicles along the road fronting the centre, causing slight obstruction to traffic flow. It becomes less comfortable for drivers who stop to drop or pick their passengers at the centre.

**Not all upper floor decked parking levels have direct access to entrances into the centre:** Shoppers have to manoeuvre to those levels that have entrances into the centre.

**Lacking a strong entertainment anchor, e.g. Cineplex:** Although the centre has a family amusement arcade/ facility, a cineplex mini anchor would be advantageous in making a visit to Subang Parade more complete for young working couples and singles who may desire some entertainment after shopping. It complements the food & beverage components when shoppers have their “fill” before and after watching a movie.

Entertainment & leisure, lifestyle, food & beverage components encourage the average shopper to spend longer periods in a centre when shopping.

#### 4.5 Opportunities

**Tenant mix:** Continuous improvement to its tenant mix to serve its market will differentiate it from other centres that are targeted toward the younger segment or those that cater to the masses. This can be done by further enhancing its range of food & beverage, fashion and entertainment that are family and lifestyle focused.

**Events and facilities:** Family focused events with an emphasis on children will continue to attract, as well as looking into improving facilities for them. Education related services for kids; care centres; kiddies “edutainment” are some suggestions.

Improving parking facilities with consideration for shoppers’ safety, comfort and convenience, will also be advantageous.

**Expanding residential population in its immediate vicinity:** There are five upcoming serviced suites & apartment projects, which will add close to 2,000 residential units in the immediate vicinity of Subang Parade. All these will likely add between 3,000 to over 4,000 residents to the current population within its precinct. These will be potential shoppers at the centre as they live within walking distance. While some retail space may arise upon completion of these projects, the immediate area will be further enhanced and become more vibrant as a result.

**Growing residential population south of the township:** South of USJ Subang Jaya, is a 1,796-acre development called Putra Heights that is estimated to have a population of 15,000 residents when completed. This township comprises both commercial and residential properties and currently 50% of units planned, have been launched. When fully established the population base of this township will add to that of its primary catchment.

**Potential for expansion or further development:** There is a vacant 2-acre parcel of land on the subject property that may allow for further expansion of the shopping centre or development of service apartments and other commercial components to the site. Further car park spaces may be constructed if increases in vehicular traffic to the centre justify demand. Other forms of anchor tenants may also be added to an expanded centre in the future, perhaps in some big box retailers taking up larger spaces, or added entertainment features.

**Improved access:** The Subang-Kelana Elevated Highway which joins Persiaran Kewajipan to Jalan Subang, will improve accessibility for shoppers coming from Kelana Jaya and the SS3, SS5, SS6 & SS7 housing areas in Petaling Jaya potentially, reducing their drive time. These areas are currently within 10 minutes drive from the centre. This will likely shorten the route even for those from other parts of Petaling Jaya. This is positive, as the likelihood will be that more people from Petaling Jaya may visit the centre when the highway is completed.

#### 4.6 Threats

**Competition:** The expansion of existing centres and development of new malls is expected to intensify competition generally, indicating a need for centres to keep relevant and abreast of customer needs.

**Rising inflation and fuel prices may dampen retail spending:** The government has assured that there will be no further increases to petrol prices for the remaining of 2006. However if petrol prices continue to escalate worldwide, next year, this will have an impact on consumer spending in tandem with rising fuel costs.

**Unforeseen external threats:** Events such as terrorism, war and disease in the region may have a negative impact on tourism and hence, tourist expenditure on shopping in Malaysia.

## **4.7 Future Prospects**

### **Retail Market:**

With larger regional centres completing their expansion by 2007; e.g. Sunway Pyramid and Mid Valley Gardens and new centres like the KL Pavilion coming on stream in 2007, competition is expected to tighten in the Klang Valley.

Larger “super regional” centres have trade areas that extend beyond their primary and secondary catchments, e.g. One Utama and Mid Valley Megamall. These are one-stop centres that have “everything under one roof” conceptually and combine shopping with a range of other activities from entertainment, sports & fitness to cafes, bistros, “chill-out” fun pubs, and gourmet restaurants. Centres in Kuala Lumpur city like Suria KLCC attract international tourists and each has its strengths.

The resulting competition will require centres to be in touch with their target markets and to know their needs. Centres that are entrenched successfully in their respective markets and that have been responsive to their customers’ feedback and expectations have lesser to contend with as the market segments they serve remain loyal. These successful centres that practice continuous improvement on their tenant & trade mix with relevance to their markets, with good centre layout & planning, advertising & promotions together with strong centre management will continue to be significant in the industry.

### **Subang Parade:**

Subang Parade has enjoyed serving a captive market over the years, especially amongst the family segment, young working couples and working singles from its primary trade area. It has been very focused on serving the needs of its target market, as a community centre that caters to the convenience of its customers who appreciate value and comfort when shopping. It has a wide range of lifestyle and fashion offer that are amongst the latest, with regards to leading national and international brands that serve the more trendy amongst its shoppers.

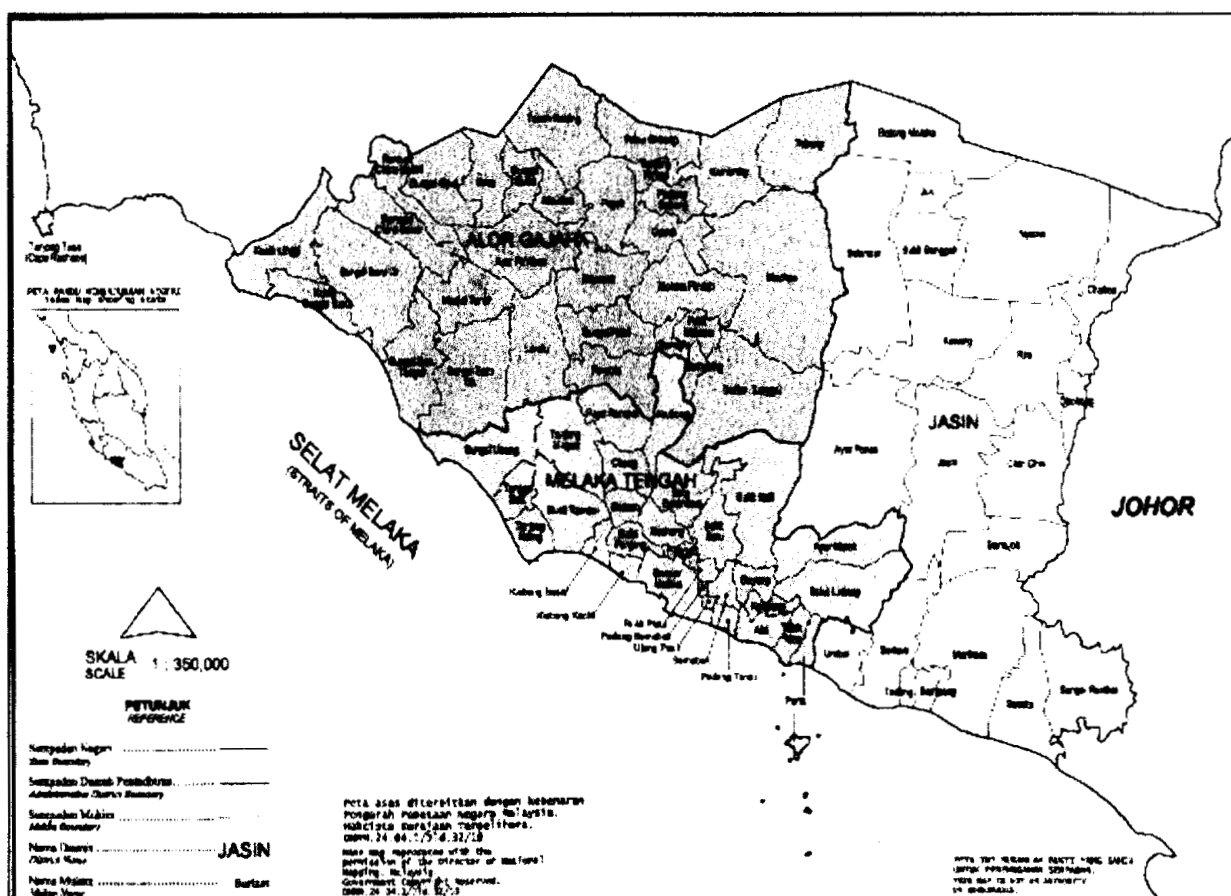
Amidst competition, prospects for the subject property remain positive. It will continue to be significant to its relevant trade areas, moving forward strategically with market behaviour and trends.



## SECTION 5: OUTLOOK OF MALACCA'S ECONOMY

### 5.1 General Description of Malacca

**Map 4: Map of Malacca Showing Administrative Districts and Mukim Boundaries**



Source: Population Distribution by Local Authority Areas & Mukims, Census 2000, Department of Statistics Malaysia

The state of Malacca occupies a land area of 1,652 sq km and is located to the south of Selangor. It is made up of three districts: Malacca Tengah (Central Malacca), Alor Gajah and Jasin. The capital and centre of activity in the state is Malacca Town (also known as 'Bandar Malacca'), which is located within Central Malacca district.

Malacca has over 600 years of history and was an important trading city, given its strategic location along the Straits of Malacca. It was at various times in the past, ruled by the Malacca Sultanate, the Portuguese, Dutch, British and Japanese, before gaining independence in 1957. This has left behind a rich legacy in the form of historical forts, quaint heritage buildings, antiques, diverse cuisines; and a population that is a mix of Malays, Chinese, Indians, Portuguese descendants and Eurasians.

## 5.2 The Economy of Malacca

**Table 30: Distribution of GDP by Sector in Malacca (in constant 1987 prices)**

Distribution of GDP	2000	2001	2002	2003	2004	2005
Agriculture	4.2%	4.2%	4.1%	4.0%	3.9%	4.0%
Mining	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Primary Sector</b>	<b>4.3%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>4.1%</b>
Manufacturing	32.3%	29.3%	29.8%	28.3%	28.3%	28.0%
Construction	2.9%	2.9%	2.9%	3.0%	2.8%	2.6%
<b>Secondary Sector</b>	<b>35.2%</b>	<b>32.2%</b>	<b>32.7%</b>	<b>31.3%</b>	<b>31.1%</b>	<b>30.6%</b>
Services	60.5%	63.5%	63.1%	64.5%	64.9%	65.3%
<b>Tertiary Sector</b>	<b>60.5%</b>	<b>63.5%</b>	<b>63.1%</b>	<b>64.5%</b>	<b>64.9%</b>	<b>65.3%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
GDP, Malacca (RM mil), const. prices	6,156	6,179	6,461	6,884	7,395	7,861
GDP, Malaysia (RM mil), const. prices	210,600	211,200	220,400	232,400	249,000	262,000
GDP Growth, Malacca	n.a.	0.4%	4.6%	6.5%	7.4%	6.3%
GDP Growth, Malaysia	8.9%	0.3%	4.4%	5.4%	7.1%	5.3%
GDP per capita, Malacca (current prices) (RM)	16,669	15,144	15,529	16,535	17,429	18,192

Source: Malacca Basic Data 2002 & 2005, State Economic Planning Unit

Malacca is a relatively small state, accounting for approximately 3% of the country's GDP in 2005. Its economic growth rate, however, has been above that of the national average, increasing at an average annual rate of 5% between 2001 and 2005, compared to 4.5% for Malaysia.

The combined Services Sector is the largest contributor to the state's economy, constituting 65% of GDP in 2005. This sector comprises wholesale and retail trades, hotels and restaurant services; finance, insurance, real estate and trading services as well as government services. International and domestic tourism is also a major driver of this sector. Overall, the Services Sector has shown the strongest growth amongst all the sectors, increasing its share of contribution to GDP, from 60.5% in 2000 to 65% in 2005.

The Manufacturing Sector is the second largest contributor to the state's GDP, at 28% in 2005. Some of the main industrial estates in Malacca Tengah district include Batu Berendam Free Trade Zone, Ayer Keroh Industrial Estate and Cheng Industrial Estate. Malacca is amongst one of the four major choice locations in Malaysia for both domestic and foreign investments, due to the availability of adequate and good infrastructure, proximity to air and sea hubs, financial centres and supporting services. The other preferred locations are Selangor, Johor and Pulau Pinang.

Malacca's GDP, based on constant 1987 prices, is expected to grow at an average rate of 6% p.a. during the 9<sup>th</sup> Malaysia Plan period of 2006-2010, compared with its previous average annual growth rate of 5% during the 8<sup>th</sup> Malaysia Plan (2001-2005).

This is in line with the country's projected average annual growth rate of 6% under the 9<sup>th</sup> Malaysia Plan.

The state government, meanwhile, has been focusing on attracting knowledge-based and biotechnology industries into the state. Under the 9<sup>th</sup> Malaysia Plan, Malacca has been identified as one of the states to be potentially developed into a new MSC (Multimedia Super Corridor) cybercentre. Companies locating at these cybercentres are entitled to various investment benefits.

In terms of tourism, the Malaccan government has continued with its programme of beautifying and preserving old buildings and monuments in the state, as well as development of new tourist attractions such as beautification of the Malacca River. Under the 9<sup>th</sup> Malaysia Plan, Malacca's airport at Batu Berendam will also be modernised and upgraded to attract more foreign tourists.

### 5.3 Population, Employment and Income

#### Population

The total population of Malacca, based on the 2000 Census, was 635,791. This is projected by the Department of Statistics to have grown at an average annual growth rate of 2.3% p.a. to reach approximately 713,000 in 2005. By 2010, the state is projected to have a population of approximately 948,700.

**Table 31: Estimated and Projected Population of Malacca, 2000 - 2020**

	2000	2005	2010	2015	2020
<b>Population ('000)</b>	635.8	713.0	786.2	865.9	948.7
<b>Compounded Average Annual Growth</b>		2.3%	2.0%	1.9%	1.8%

Source: Department of Statistics Malaysia

The gender distribution in the state is well-balanced, comprising 50.2% males and 49.8% females.

**Table 32: Estimated Ethnic Distribution, Malacca, 2005**

Ethnic Group	Percentage
Malays	60.9%
Chinese	26.8%
Indians	6.1%
Other Bumiputera	1.2%
Others	0.7%
Non-Malaysian Citizens	4.3%
<b>Total</b>	<b>100.0%</b>

Source: Department of Statistics Malaysia

The major ethnic group in Malacca is the Malays, who form 61% of the state's population; followed by the Chinese at 27% and Indians at 6%.

**Table 33: Estimated Age Distribution, Malacca, 2005**

Age Group	Percentage
0-19 years	42.3%
20-39 years	29.9%
40-59 years	19.6%
60 years & above	8.2%
<b>Total</b>	<b>100.0%</b>

Source: Department of Statistics Malaysia

The state of Malacca has a young population, with 42% aged below 20 years.

Those aged between 20 and 39 years make up 30% of the population whilst adults from 40-59 years comprise 20% of the population. Those aged 60 years and above, account for an estimated 8% of the population.

## **Employment**

**Table 34: Distribution of Employment by Sector in Malacca, 2005**

<b>Sectors</b>	<b>2005 (Q4) % Share</b>
Agriculture, Hunting and Forestry	9.0%
Fishing	0.4%
Mining and Quarrying	0.2%
<b>Primary Sector</b>	<b>9.6%</b>
Manufacturing	27.1%
Construction	5.2%
<b>Secondary Sector</b>	<b>32.3%</b>
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	14.8%
Hotel and Restaurants	6.2%
Financial Services, Real Estate & Business Activities	8.6%
Transport, Storage and Communication	4.7%
Electricity, Gas and Water	0.6%
Education, Public & Social Services	20.0%
Private Household With Employed Persons	3.1%
Extra-Territorial Organisations and Bodies	0.0%
<b>Tertiary Sector</b>	<b>58.0%</b>
<b>Total</b>	<b>100.0%</b>
<b>Workforce</b>	<b>268,500</b>
<b>Unemployment Rate</b>	<b>2.1%</b>

Source: Malacca Basic Data 2005 - Labour Force Survey, Department of Statistics Malaysia

The manufacturing sub-sector is the single largest contributor to employment in Malacca, absorbing an estimated 27% of the workforce in 2005.

The combined hotels & restaurants; financial and real estate; transport, storage and communication services, contributed approximately 19.5% to employment in the state.

The wholesale, retail and repair services sub-sector, meanwhile, engaged an estimated 15% of the workforce in the state.

The education, public and social services sub-sector, constituted approximately 20% of employment.

The Primary Sector, comprising agriculture, hunting, forestry, fisheries, mining and quarrying, employed 10% of the workforce in 2005.

Malacca had an unemployment rate of only 2.1% in 2005, and is technically at full employment.

**Income**

The average household income in Malacca was estimated by the Economic Planning Unit of Malaysia to approximate RM2,792 per month in 2004. Between 1995 and 2004, the state's average household income grew at a compounded average annual rate of 8.7%, from RM1,843 in 1995.

Seen from the table below, there was a dip in household income between 1997 and 1999, due to the Asian financial crisis and regional economic downturn.

**Table 35: Estimated Average Monthly Household Income in Malacca, 1995-2004 (RM)**

<b>Year</b>	<b>1995</b>	<b>1997</b>	<b>1999</b>	<b>2004</b>
<b>Average Household Income (RM)</b>	1,843	2,276	2,260	2,792
<b>Year</b>	<b>1995 - 1997</b>	<b>1997 - 1999</b>	<b>1999 - 2004</b>	<b>1995 - 2004</b>
<b>Compounded Average Annual Growth</b>	11.1%	-0.4%	4.3%	8.7%

Source: 8<sup>th</sup> Malaysia Plan, 9<sup>th</sup> Malaysia Plan – Economic Planning Unit, Prime Minister's Department

## 5.4 Tourism

Malacca, with its rich historical and cultural heritage, is a major tourist destination in Malaysia. Tourist arrivals to the state have increased rapidly at a compounded average annual rate of 17% between 2000 and 2005, driven strongly by domestic tourism. According to the State Economic Planning Unit, the total number of tourists approximated 4.7 million in 2005, of which domestic visitors made up 79%.

**Table 36: Estimated Tourist Arrivals, Malacca, 2000 - 2005**

	2000	2001	2002	2003	2004	2005
Domestic Tourists	1,129,467	1,528,971	1,842,336	2,860,336	2,987,310	3,719,292
<i>% of Total Tourists</i>	52.0%	59.5%	61.9%	79.4%	74.6%	79.2%
International Tourists	1,040,520	1,039,627	1,133,851	742,612	1,017,728	976,470
<i>% of Total Tourists</i>	48.0%	40.5%	38.1%	20.6%	25.4%	20.8%
<b>Total Arrivals</b>	<b>2,169,987</b>	<b>2,568,598</b>	<b>2,976,187</b>	<b>3,602,948</b>	<b>4,005,038</b>	<b>4,695,762</b>
<b>% Growth</b>	<b>26.7%</b>	<b>18.4%</b>	<b>15.9%</b>	<b>21.1%</b>	<b>11.2%</b>	<b>17.2%</b>

Source: Tourism Promotion Unit, Malacca Chief Minister's Department; Malacca Basic Data, State Economic Planning Unit

Between 2000 and 2005, the number of domestic tourists is estimated to have more than doubled from 1.1 million in 2000 to 3.7 million in 2005. During the same period, the number of international guests slipped 6% from 1 million in 2000 to 976,000 in 2005.

International travel was negatively affected by incidents such as the Sept 11 terrorist incident in 2001, the Bali bombings in Oct 2002, as well as the SARs (Severe Acute Respiratory Syndrome) outbreak in 2003. Such incidents also curbed outbound travelling amongst Malaysians, making the alternative of local destinations more attractive for them. At the same time, domestic tourism was actively promoted by the federal government through marketing campaigns such as 'Cuti-Cuti Malaysia' ('Holiday in Malaysia'). The rising number of corporate retreats, family recreation and youth camps held at various tourist destinations around the country also contributed to the rise of domestic tourism in Malacca.

According to surveys conducted by Tourism Malaysia, the main domestic tourists to Malacca are from Kuala Lumpur, Selangor and Johor.

In terms of international tourist arrivals to Malacca, the top three markets are Singapore, China and Indonesia. Visitors from these countries are estimated to comprise 22%, 20% and 13% respectively, of the total number of international tourists to the state in 2005.