

BUDGET 2027

On 9 October 2026, Prime Minister Datuk Seri Anwar Ibrahim unveiled Budget 2027, amounting to RM510 billion, the largest in Malaysia's history. Of this, RM459.8 billion represents Federal Government expenditure, supplemented by RM25 billion from Government-linked investment companies (GLICs), RM11 billion through public-private partnerships (PPPs), and RM14.2 billion from statutory bodies and the Ministry of Finance.

Government revenue is projected to increase by 4.7% to RM380.8 billion in 2027, with PETRONAS dividends expected to contribute RM32 billion, compared with RM27 billion in 2026. Meanwhile, the fiscal deficit is expected to narrow from 3.6% of GDP in 2026 to 3.3% in 2027, while the Malaysian economy is projected to grow by 4.2% to 5.2%. In addition, allocations for subsidies, assistance and incentives are expected to exceed RM80 billion in 2027.

The following section outlines key Budget 2027 measures relating to the real estate and property development industry:

INFRASTRUCTURE

Road and Rural Infrastructure

- **RM2.3 billion** allocated for rural road development, compared with RM1.3 billion in 2022.
- **RM3.3 billion** allocated for **road projects in Sabah and Sarawak** in 2027.
 - Sarawak–Sabah Link Road Phase 1 and Pan Borneo Highway Sabah Phase 1B are targeted for completion by the end of 2027.
 - RM350 million allocated for Federal road maintenance works undertaken by G1–G4 contractors in Sabah and Sarawak.
 - RM2.5 billion allocated for Federal road maintenance nationwide, including nearly RM800 million specifically for G1–G4 contractors.
- **RM5.7 billion** under the Malaysian Road Records Information System (MARRIS) for **State road maintenance**.
- **RM1.1 billion** to improve roads around ports and airports, including facilities in Kota Kinabalu, Miri, Tawau, Sandakan, Penang, Long Banga and Ba'Kelalan.

Public Transportation and Rail Connectivity

- The Government will implement the **Elevated Autonomous Rapid Transit (E-ART) system** in Johor Bahru.
 - Stage bus routes and frequencies and KTM Komuter frequencies will be increased, alongside Grab Shuttle services in high-traffic areas ahead of the Johor Bahru–Singapore RTS Link opening.
- **RM3.4 billion** will be invested by Prasarana Malaysia Berhad for comprehensive **rail service improvements**, while the Government will procure 42 new train sets for Electric Train Service (ETS) and KTM Komuter services.
- **RM270 million** allocated to **improve stage bus services in major cities**, including connections to 15 East Coast stations ahead of East Coast Rail Link (ECRL) operations.
- **ECRL Phase 1**, connecting Kota Bharu to Gombak, is expected to commence operations in December 2026, with a proposed extension to Rantau Panjang and a new bus station at ECRL Kota Bharu Station.

Industrial and Regional Infrastructure

- The Government will develop infrastructure in the **Chuping Valley Development Area** and the **Northern Corridor Economic Region (NCER) AgriBio Economic Zone** in Perlis.
- Infrastructure development under the **Johor–Singapore Special Economic Zone (JS-SEZ)** includes upgrading roads at the Sedenak interchange and strengthening connectivity with major ports and regional trade networks.
 - JS-SEZ recorded RM132 billion in investments between 2025 and June 2026.
 - Nexus Sedenak has potential investments of RM12 billion and could create 45,000 jobs.
- The Government will accelerate the reopening of the **Tebedu–Entikong border trade route**, supported by road upgrades along the Sabah–Sarawak–Kalimantan border.

GREEN INITIATIVES

Green Technology Tax Incentives

- Green technology tax incentives will be extended and enhanced until 31 December 2030, offering Investment Tax Allowances (ITA) of up to 100% for:
 - Companies undertaking green and sustainable technology projects.
 - Electric vehicle (EV) charging station projects.
 - Companies purchasing green technology assets for their own use.

Energy Efficiency and Sustainable Facilities

- **Rebates of up to RM200 under the Nur MADANI scheme** for purchases of energy-efficient air conditioners and refrigerators.

CONSTRUCTION

Construction Costs and Procurement

- The Government will reinstate the **Variation of Price (VOP) clause** to address rising diesel and bitumen costs faced by construction contractors.
- The Government procurement allocation for **Bumiputera G1–G4 contractors** will increase from RM4 billion in 2026 to RM7.5 billion in 2027.
- For maintenance, repair and upgrading works involving Government facilities:
 - Direct appointments will be permitted for contracts valued up to RM200,000.
 - Quotations will be permitted for contracts valued up to RM3 million.

Construction and Upgrading of Public Facilities

- **RM2 billion** allocated for **repair and maintenance works** across all types of schools.
- **RM1.3 billion** allocated to upgrade **682 dilapidated schools**, particularly in Sabah and Sarawak.
- 3,500 additional classrooms are expected to be completed by the end of 2026 using the Industrialised Building System (IBS) to accommodate increasing Year One enrolment.
- **RM1.2 billion** allocated to **upgrade and repair public healthcare facilities**.

Construction Industry Development

- **RM1 billion** in financing will be provided by Unit Peneraju Agenda Bumiputera (TERAJU), alongside **enhanced monitoring of Bumiputera projects** across Government departments, agencies and companies.
- **RM10 stamp duty** facility will apply to loan and financing agreements under the CAKNA II Scheme from 1 January 2027 to 31 December 2030, while the existing facility for CAKNA I will be extended until 31 December 2030.

URBAN DEVELOPMENT

Urban Renewal and Public Facilities

- **RM400 million** allocated by Kuala Lumpur City Hall (DBKL) for **urban improvements**, including:
 - Development of 120 acres of new green spaces.
 - Rehabilitation of existing parks.
 - Upgrading public facilities and public housing.
- **100 acres of leasehold land in Bukit Kiara** will be gazetted as a Federal Park for public use.

- DBKL will construct **22 kilometres of covered pedestrian walkways**, connecting major landmarks, including Masjid Negara, Dataran Merdeka and Pasar Seni.
 - Covered walkways will also connect residential areas to commercial premises, schools, clinics and public transport stations.
 - Buggy services will be provided at selected tourist destinations, particularly for senior citizens.
- DBKL-owned buildings at the Anjung Kelana Homeless Transformation Centre in Taman Desa and the Cheras Temporary Market will be upgraded into daytime elderly care centres.
- Nearly RM700 million allocated for small-scale projects under Local Authorities, including upgrades to public parks, toilets and hawker facilities.
 - Projects include the redevelopment of Kompleks Penjaja Jalan Chui Yin in Bentong, Pasar Buntong in Ipoh and the Hill Trace hawker site in George Town.

Urban Regeneration and Heritage Conservation

- Khazanah Nasional Berhad will continue heritage conservation efforts under the Warisan KL initiative, focusing on:
 - Menara Dayabumi.
 - Kuala Lumpur Railway Station.
 - Keretapi Tanah Melayu Berhad (KTMB) headquarters.
- **Entertainment duty exemptions** will be provided for **arts, cultural, entertainment and sporting activities** held at Stadium Negara and Stadium Merdeka to support the revitalisation of these heritage venues.

Community and Urban Infrastructure

- Over **RM100 million** allocated for **infrastructure repairs and reconstruction** in Chinese New Villages, including upgrading and rebuilding dilapidated facilities.
- **RM80 million** allocated for **maintenance works** at registered non-Muslim houses of worship.
- More than 10,000 small traders renting DBKL premises, including **public markets, food courts and hawker centres**, will receive a **50% rental discount** throughout 2027, with festive bazaar rental rates starting as low as RM400.

Flood Mitigation and Climate Resilience

- **RM100 million** allocated for the development of **retention ponds and river maintenance** to reduce flash flood risks in the Klang Valley.
- New flood mitigation projects planned for 2027 include Kuching City, Sungai Golok Phase 2 in Kelantan and Sungai Kemaman in Terengganu.
- Nearly **RM320 million** allocated for the **repair and upgrading of slopes, drains and drainage systems** within local authority areas nationwide.

HOUSING

Affordable Housing Development

- **Approximately RM1 billion** allocated for housing programmes, including the **People's Residency Programme (PRR)** and **Rumah Mesra Rakyat (RMR)**.
 - Four new housing projects will be implemented in Kulai, Johor; Nilai, Negeri Sembilan; Paya Rumput, Melaka and Lembah Pertang, Terengganu.
- Bandar MADANI Bukit Jalil will be developed as a residential township equipped with community facilities, including a vertical school. Registration for Phase 1 is scheduled to open on 12 October 2026.
- Nearly 11 acres of Government land in Belfield, Kuala Lumpur, will be developed into at least 2,500 Rumah MADANI units, with 70% reserved for Bumiputera.
- 50 acres of land in Kuala Lumpur are gazetted as Malay Reserve Land, with Petronas starting development on the first 10 acres to provide affordable housing.
- 50 acres of strategic land around Kuala Lumpur, valued at RM1 billion, will be granted as a new endowment to Yayasan Pelaburan Bumiputra for development by Permodalan Nasional Berhad (PNB), taking into account affordable housing needs and Bumiputera interests.

Housing Financing

- **RM20 billion** in housing financing guarantees will be **provided under Housing Credit Guarantee Scheme (SJGP)**, benefiting approximately 80,000 first-time homebuyers, particularly self-employed individuals without fixed incomes.
- **RM270 million** in financing will be provided by Bank Simpanan Nasional (BSN) and Agrobank for **gig workers** seeking to start businesses or purchase their first homes.

Stamp Duty Exemptions

- The Government proposes a **full stamp duty exemption** on loan agreements and instruments of transfer **for first-time homebuyers** purchasing residential properties priced **up to RM500,000**.
 - For first homes priced above RM500,000 and up to RM750,000, the first RM500,000 will be fully exempted, with a 50% exemption on the remaining amount.
 - The proposed exemptions will apply to sale and purchase agreements executed from 1 January 2027 to 31 December 2030.
- To support the Government's target of achieving zero **abandoned housing projects** by 2030, a **full stamp duty exemption** will be provided on loan agreements and instruments of transfer executed by rescue contractors or developers and original purchasers.
 - The exemptions will apply from 1 January 2027 to 31 December 2030.

Student and Community Housing

- **RM750 million** will be invested by Retirement Fund (Incorporated) KWAP under the Vista Kampus project to develop student accommodation at six selected universities, including Universiti Sultan Zainal Abidin (UniSZA) and Universiti Teknologi MARA (UiTM).

ECONOMY

Malaysia's Inflation Projected at 1.8% to 2.8% in 2027

The Edge – 9 October 2026

The Ministry of Finance projected Malaysia's inflation rate to range between 1.8% and 2.8% in 2027, compared with 1.5% and 2.5% in 2026. The higher forecast reflects the delayed effects of rising energy, food and other input costs in 2026. However, inflation could exceed projections if geopolitical tensions escalate, supply chain disruptions persist or extreme weather conditions drive up freight and fertiliser costs.

Government Targets 40% Workers' Compensation Share of GDP by 2030

The Edge – 8 October 2026

Deputy Economy Minister Datuk Mohd Shahar Abdullah said the Government is confident of raising workers' compensation to 40% of GDP by 2030 under the 13th Malaysia Plan, compared with 33.9% in 2025. The Government is also considering expanding the Progressive Wage Policy and remains committed to raising the benchmark wage to RM3,500.

Malaysia's Tax Revenue Rises 9% to RM129.6 billion in 1H 2026

The Edge – 7 October 2026

Deputy Finance Minister Liew Chin Tong said Malaysia's tax collection increased by 9% from RM119.1 billion in 1H 2025 to RM129.6 billion in 1H 2026, driven by higher corporate income tax and sales and service tax (SST) receipts.

GOVERNMENT

Government Proposes Stamp Duty Exemptions for First Homes Priced Up to RM500,000

The Edge – 9 October 2026

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Government Unveils Incentives and Investments for Energy Transition

The Edge – 9 October 2026

Prime Minister announced that the RM1 billion Retirement Fund (Inc) KWAP Climate Fund will be fully utilised for green projects, including renewable energy and decarbonisation initiatives.

DBKL Allocates RM2.24 Million for Wangsa Sari People's Housing Project

The Edge – 7 October 2026

Kuala Lumpur City Hall (DBKL) has allocated RM2.24 million for maintenance and facility upgrades at Wangsa Sari People's Housing Project (PPR) in Wangsa Maju, benefiting 1,061 residents. The works include building repainting, electrical system upgrades, road resurfacing and fire safety improvements.

JKR Reported 33 Sick Projects

The Edge – 7 October 2026

Deputy Works Minister Datuk Seri Ahmad Maslan said that the Public Department (JKR) recorded 33 sick projects as at 30 September 2026, with 77% attributed to poor contractor management, including inadequate planning, manpower and material coordination. To improve procurement, the JKR will pilot revised tender evaluation criteria until December 2027 or until the Government Procurement Act takes effect.

Economy Ministry Receives RM944 Billion in Development Project Proposals for 2027

The Edge – 5 October 2026

The Economy Ministry received 9,955 new and extension project proposals worth RM944 billion for 2027, with RM80.4 billion required under the development expenditure ceiling. Under the 13th Malaysia Plan (2026–2030), project proposals will be prioritised based on needs, implementation capacity and timelines. The Ministry aims to ensure that no approved development projects remain unstarted by their second year by 2030.

INFRASTRUCTURE

ECRL Phase 1 Reaches 98.16% Completion, Commercial Operations Targeted for December 2026

The Edge – 6 October 2026

Malaysia Rail Link Sdn Bhd (MRL) reported that Phase 1 of the East Coast Rail Link (ECRL), connecting Kota Bharu to Gombak, reached 98.16% completion as at September 2026. The project is on track to commence commercial operations in mid-December 2026, with fares expected to be announced in October 2026 and ticket sales scheduled to begin in November 2026.

Carey Island and Midport Developments will not Affect PTP Expansion

The Edge – 6 October 2026

Transport Minister Anthony Loke said the proposed Carey Island third terminal and Midport in Port Dickson would not compete with the Port of Tanjung Pelepas (PTP), as they serve different cargo markets. PTP's expansion is expected to increase its annual container handling capacity to 48 million Twenty-foot Equivalent Units (TEUs). Meanwhile, planned expansions at Westports and Carey Island are expected to raise Port Klang's overall capacity to 60 million TEUs annually.

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