

25<sup>th</sup> ASEAN VALUERS CONGRESS 2023  
KUCHING SARAWAK MALAYSIA  
18<sup>th</sup> SEPTEMBER 2023 – 20<sup>th</sup> SEPTEMBER 2023



**RAISING THE BAR IN  
RESPONSIBLE REAL ESTATE  
DEVELOPMENT & VALUATIONS  
IN BRUNEI DARUSSALAM**

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BRUNEI DARUSSALAM**

# BRUNEI DARUSSALAM: AN OVERVIEW



# BRUNEI DARUSSALAM: AN OVERVIEW





# **BRUNEI DARUSSALAM: AN OVERVIEW**

- **Capital:** Bandar Seri Begawan
- **Location:** Borneo island in South East Asia
- **Area:** 5,765 sq km
- **Population:** 460,300 approximately
- **Religion:** Islam
- **Language:** Malay

# BRUNEI DARUSSALAM: AN OVERVIEW

- Brunei Darussalam has been independent since 1984 and is currently under the 11<sup>th</sup> National Development Plan 2018-2024 (NDP11).
- All of the NDPs are second medium-term development plan under the national long-term development vision of His Majesty The Sultan of Brunei, known as “***Vision Brunei 2035***” or “***Wawasan Brunei 2035***”.
- The NDP11 was partly designed to put emphasis firmly on “accelerating economic growth” through high productivity to achieve the target of 6% average annual economic growth. To realise that goal, Brunei’s economy needs to be less reliant on the oil and gas sectors, which accounted for 60% of Brunei’s GDP and 90% of Brunei’s total exports



# BRUNEI'S CURRENT DEVELOPMENT





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# BRUNEI'S CURRENT DEVELOPMENT

LUGU LIGHT INDUSTRIAL PARK



SUNGAI LIANG INDUSTRIAL PARK (SPARK)



# BRUNEI'S REAL ESTATE DEVELOPMENT

- Real Estate Development in Brunei Darussalam is actually in a good fair and stable position after COVID-19. Even during the pandemic, there was not really a drastic plunge in the real estate market and also in the Valuations side of Brunei's real estate itself.
- The real estate / property sector in Brunei is predominantly residential and commercial while industrial and agricultural properties are developed on either 'need to basis' or under the project initiatives of the Brunei Government.

# BRUNEI'S REAL ESTATE DEVELOPMENT

- The “hot spot” areas in Brunei for commercial development is mostly at Kampong Kiulap near the capital Bandar Seri Begawan; Kampong Serusop near the Brunei International Airport; and Kampong Pandan in Belait District
- However, other areas further from these hot spots are slowly rising and developing with newly developed commercial buildings or renovation / conversion of old abandoned buildings that are now attracting more tenants and buyers who prefer to avoid the traffic jam and congestion that comes with these hot spot areas mentioned above.



# BRUNEI'S REAL ESTATE DEVELOPMENT

- The latest report by the Brunei Darussalam Central Bank (BDCB) showed the Brunei's Residential Property Price Index (RPPI) showed an increase of approximately 7% from the 3<sup>rd</sup> Quarter 2022. The RPPI measures the rate at which the prices of private properties bought by households are changing over time. The BDCB have released the RPPI based on sources from the banks in Brunei and the Authority for Building Control and Construction Industry (ABCi), Ministry of Development.

# BRUNEI'S REAL ESTATE DEVELOPMENT

- In the Index report, only private transactions for residential properties were used for the data as government loan transactions were not available. By the 4<sup>th</sup> quarter of 2022, property transactions recorded were 63.7% for detached houses; 17.8% for terrace houses; 12.6% for semi-detached houses; 5.2% for apartments and 0.7% for land.

# BRUNEI'S REAL ESTATE DEVELOPMENT

- The citizens of Brunei are privileged to be able to apply for the National Housing Scheme starting from a low cost terrace housing to modern type of detached houses to a vacant development land depending on the applicants' scale of salary.
- There is a rise for executive apartments or condominiums as well as they seem to be the ideal choice of the younger generation the Bruneian working class.
- Another interest is buying houses from their parents or elders and renovate the old houses of at least 25 years of age internally but leaving the classic façade as it is



# BRUNEI'S REAL ESTATE DEVELOPMENT

- The Land Code (Strata) Act has also been quite an issue amongst both the Government Officers and the Private Property Consultants and Developers.
- It was first introduced in Brunei in 2008 but as in July 2023, there are less than twenty (20) applicants for Strata Title reported by the Ministry of Development. To date, “The Residences Tanjung Bunut” is the only strata development scheme that is strata titled in Brunei so far since its introduction.

# BRUNEI'S REAL ESTATE DEVELOPMENT

To encourage more applicants, the Land Code (Strata) Title was extended from 60 years to 99 years however, only property that has applied to be sold under the Land Code (Strata) Title is eligible for sale to foreigners and permanent residents and developers who wish to develop their property to be sold under the code must go through the whole flow process of all the local authorities involved such as; Town Country Planning Department (TCPD), Survey Department, Land Department and Authority for Building Control and Construction Industry (ABCi).

# BRUNEI'S REAL ESTATE DEVELOPMENT

- One of the Managing Directors of Brunei's top property agencies, have voiced out her concerns on the pace of local authorities processing the strata titles.
- This just implies that there is no confidence in the property developers and consultancies in supporting the Government's initiative in making the Land Code (Strata) Act successful.
- A proper Strata Titles Board should be created by the local authorities that handles strata application and issues so the public feels more confident in this matter



# BRUNEI'S SUSTAINABLE APPROACHES

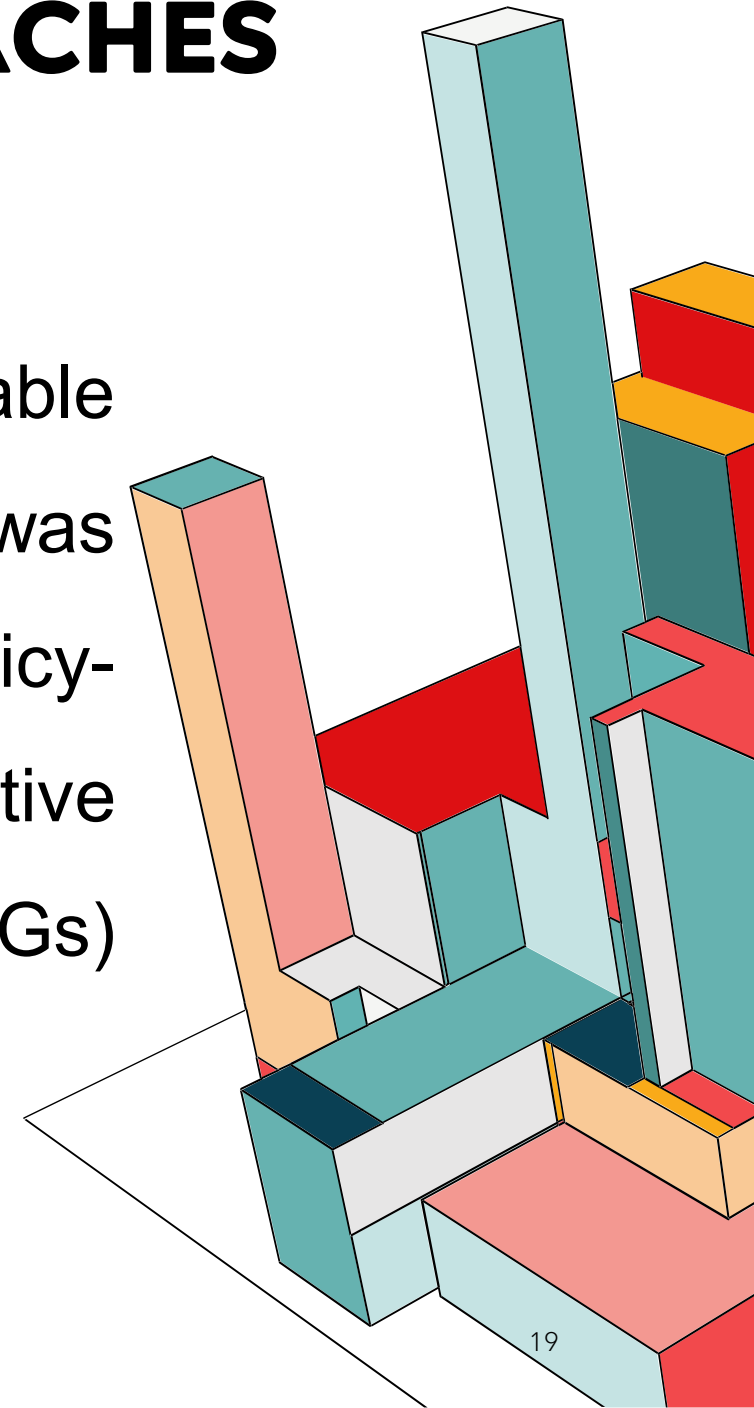
**“The ability to make development sustainable  
– to ensure that it meets the needs of the  
present without compromising the ability of  
future generations to meet their own needs”**

*The UN Brundtland Commission Report*



# BRUNEI'S SUSTAINABLE APPROACHES

In line with Brunei Darussalam's Sustainable Development Goals Annual Report 2021 that was published by the Prime Minister's Office, the policy-makers have shared that Brunei has shown a positive impact in the Sustainable Development Goals (SDGs) even after COVID-19.



# BRUNEI'S SUSTAINABLE APPROACHES

There are **nine (9) SDGs** that have been identified for further progress and development to be set out from the “Brunei Darussalam Sustainable Development Goals Annual Treport 2021”; **Goal 1 – No Poverty; Goal 2 – Zero Hunger; Goal 3 – Good Health and Well Being; Goal 8 – Decent Work and Economic Growth; Goal 10 – Reduced Inequalities; Goal 12 – Responsible Consumption and Production; Goal 13 – Climate Action; Goal 16 – Peace, Justice and Strong Institutions**

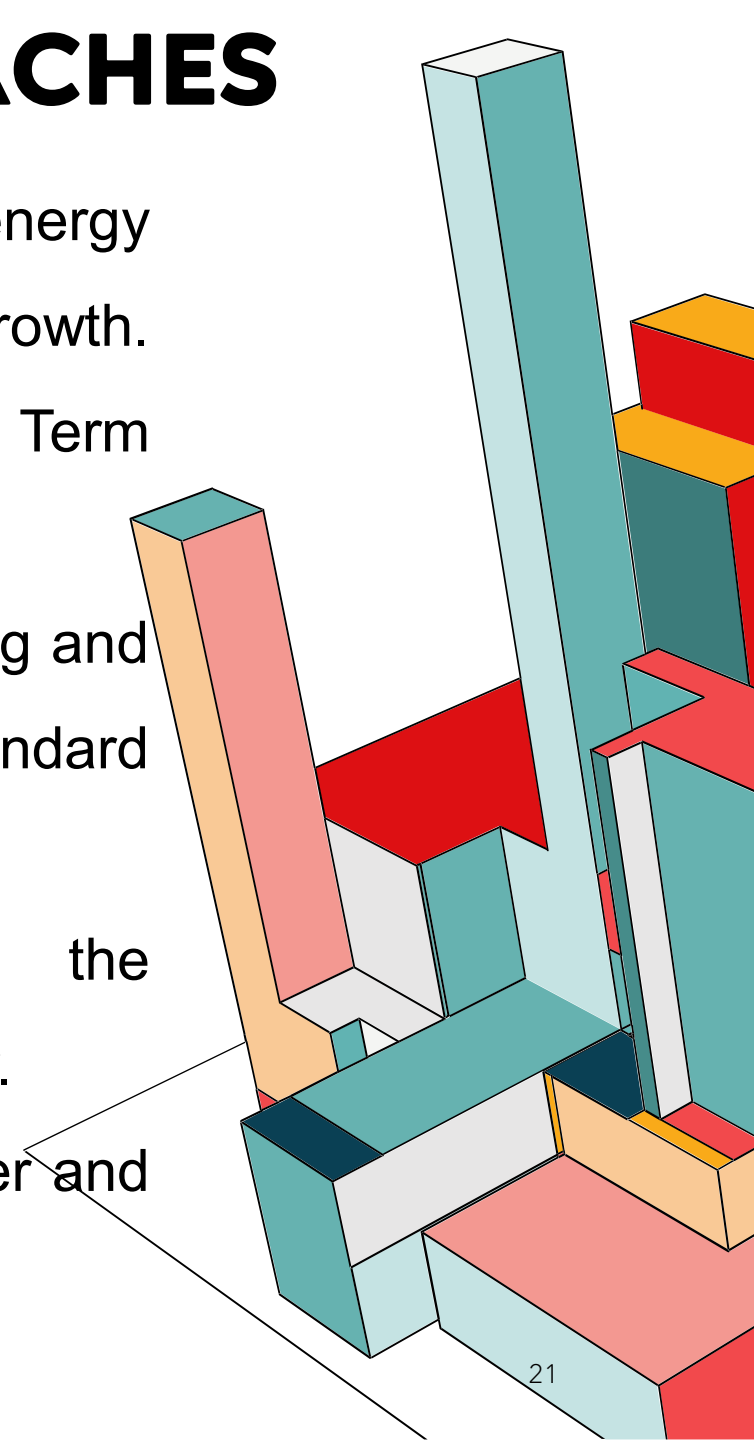




# BRUNEI'S SUSTAINABLE APPROACHES

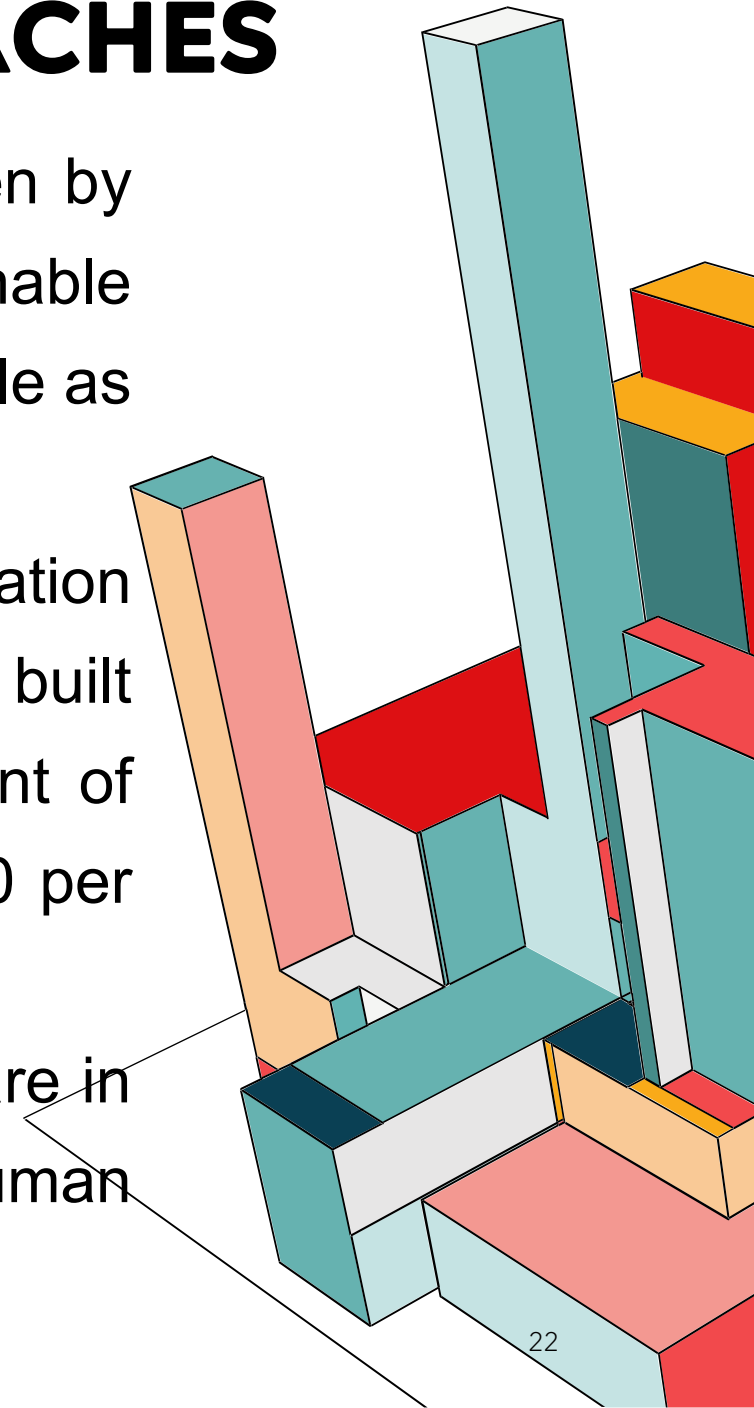
Brunei Darussalam recognizes the importance in ensuring energy security and environmental sustainability in fueling the economic growth. Environmental policy directions are embedded in the 2035 Long Term Development Plans, which includes amongst others:

- ✓ Implementing the highest environmental standards for existing and new industries in accordance with established international standard and practices.
- ✓ Strictly enforcing appropriate regulations regarding the maintenance of environment that affect public health and safety.
- ✓ Supporting global and regional efforts to address trans-border and regional environmental concerns.



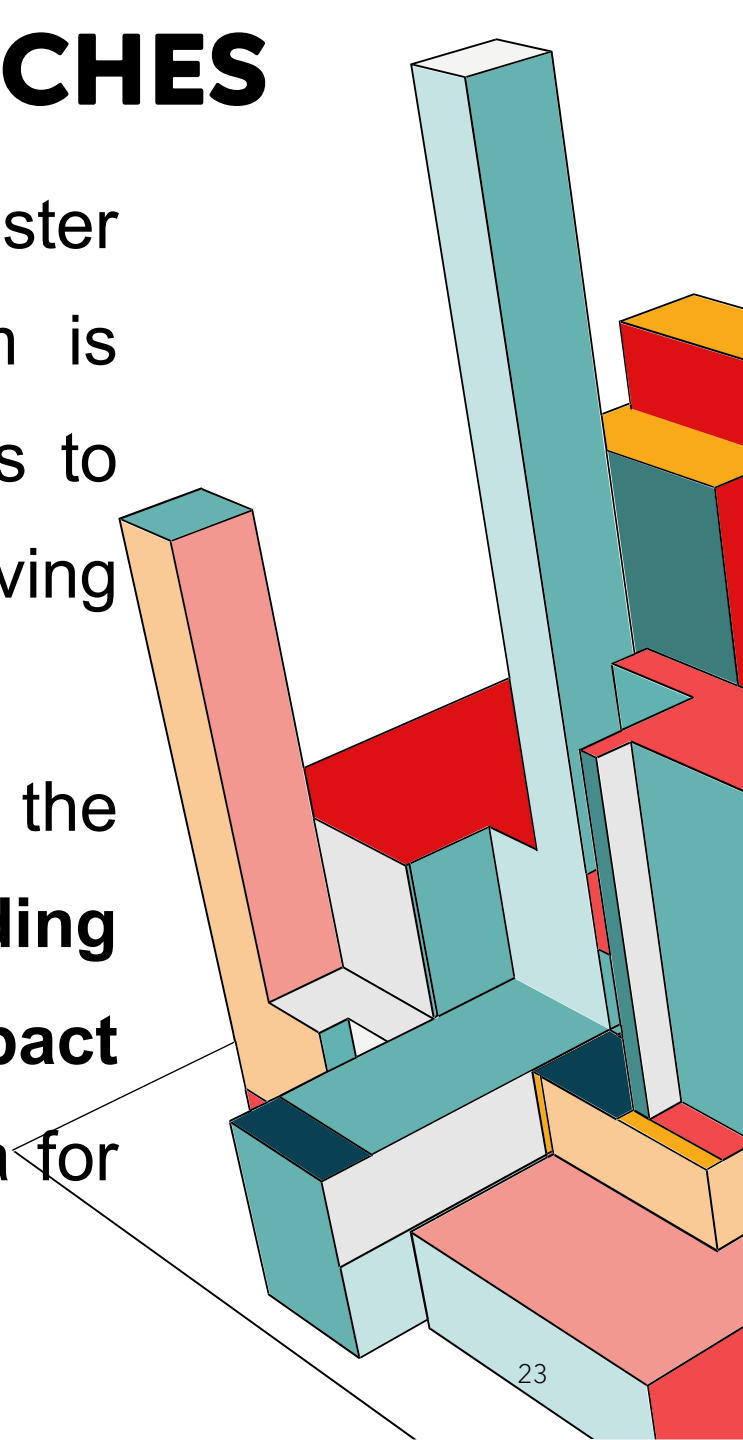
# BRUNEI'S SUSTAINABLE APPROACHES

- This is reflected by Lorenz 2006, where efforts undertaken by the global community to achieve more sustainable development, probably no sector has a greater potential role as property and construction.
- For instance, in the Organisation for Economic Cooperation and Development (OECD) countries alone, the built environment is responsible for between 24 to 40 per cent of total energy use, 30 per cent of raw energy use, 30 to 40 per cent of solid waste generation (OECD, 2003).
- Thus, property and construction has the largest single share in global environmental degradation and impairment of human well-being.



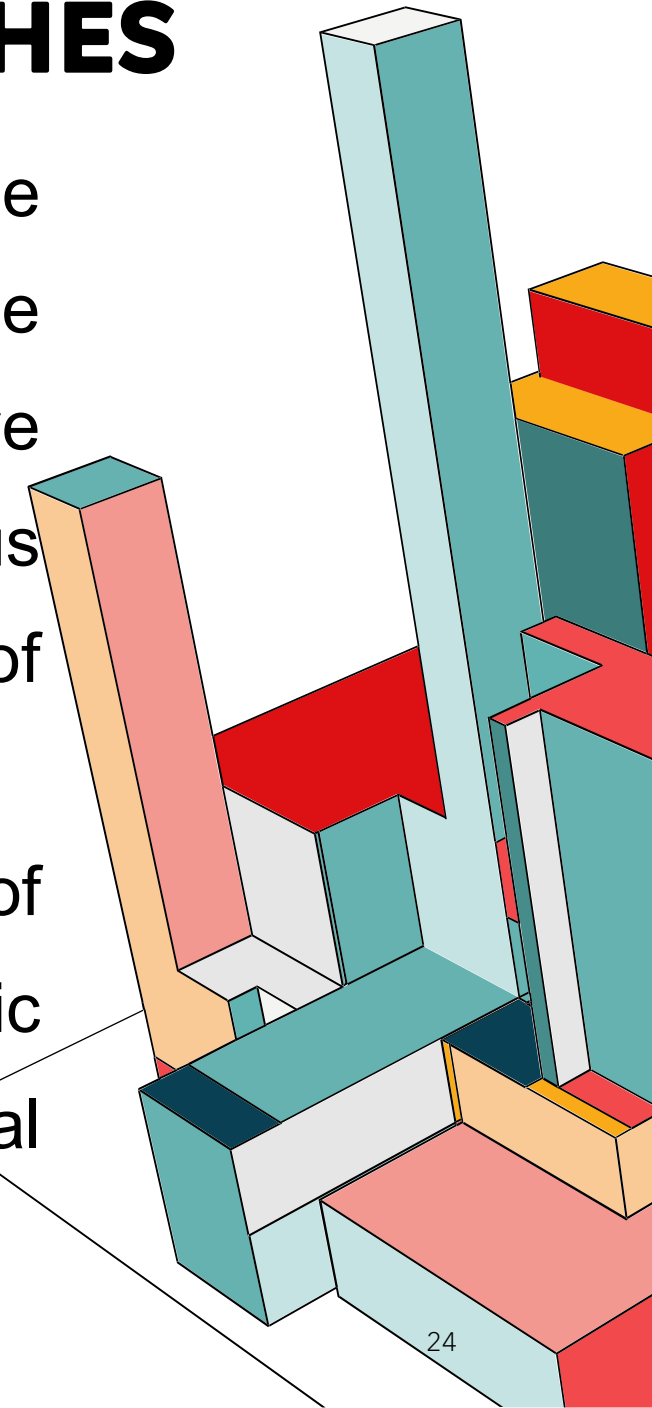
# BRUNEI'S SUSTAINABLE APPROACHES

- Kim Hon Bangau (4<sup>th</sup> BIMP-EAGA Environment Cluster Meeting, 2015) explained that Brunei Darussalam is actively implementing several measures in its efforts to create a green economy and introduce energy saving measures for sustainable development.
- Among the measures that have been undertaken by the Sultanate include the launching of the “**Green Building Initiative**”; the introduction of “**Environmental Impact Assessment**”; and research to collect statistical data for the public to help them take informed decisions.



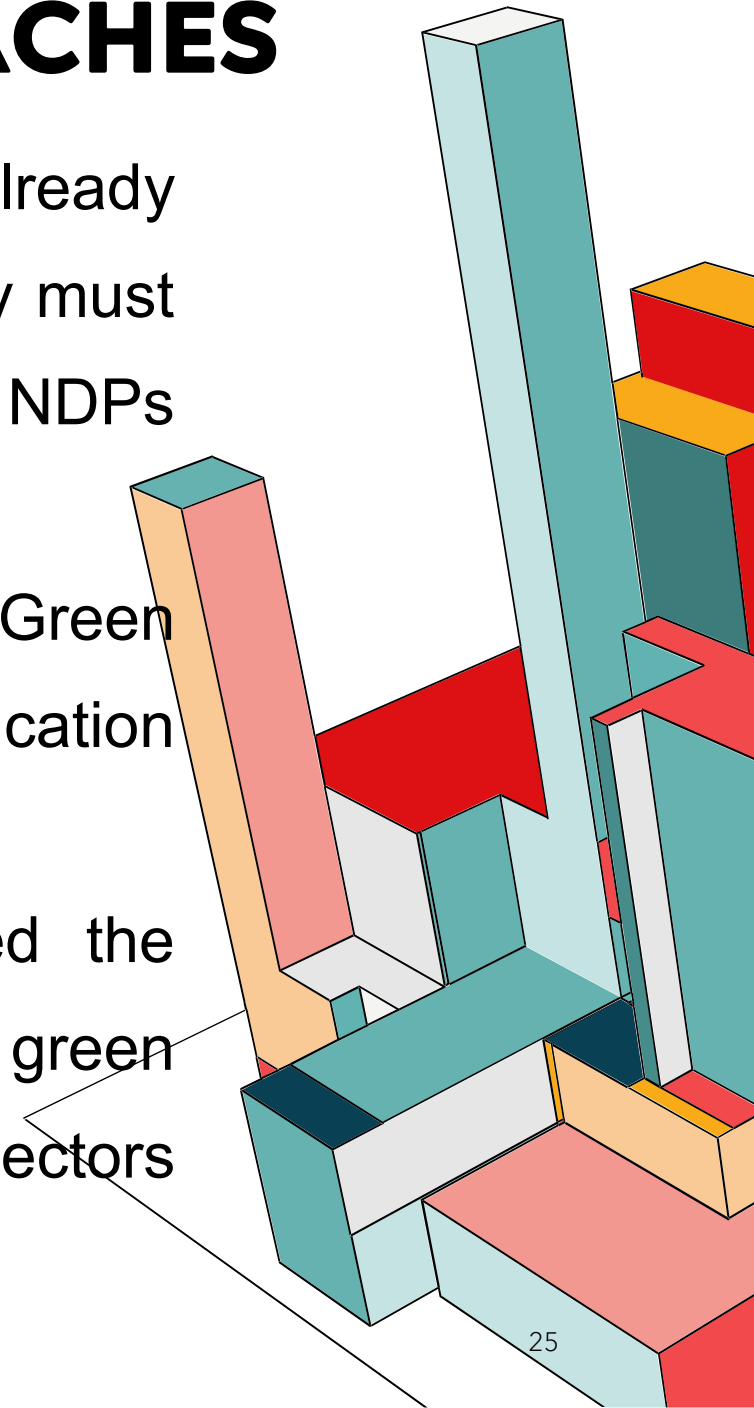
# BRUNEI'S SUSTAINABLE APPROACHES

- She further mentioned that the implementation of these initiatives will bring Brunei towards sustainable development. Brunei Darussalam is taking effective measures towards protecting its environment from various pressures such as air and water pollution, impact of urbanisation, global warming and others.
- The government is fully committed to the concept of sustainable development as central to socio-economic development and has included it in its latest National Development Plans (NDPs).



# BRUNEI'S SUSTAINABLE APPROACHES

- Therefore, the Ministry of Development has already acknowledged and recognised the issues on sustainability must be taken seriously in the many aspects of Brunei's NDPs success, especially in the built environment sector.
- The Ministry of Development have identified a "Green Roadmap", which lead to a National Green Building Certification Scheme for green buildings in Brunei Darussalam.
- In March 2012, the Ministry of Development launched the "Green Building Initiative" (GBI) in order to encourage green buildings developed by the government and the private sectors in their proposed developments





# ESG IN THE REAL ESTATE

Perspective Papers by the IVSC described “**Environmental, Social and Governance (ESG)** are the **three metrics** considered to be evidence of effective performance, reaching beyond the individual organisation out to the wider markets, society and the world as a whole”.



# ESG IN THE REAL ESTATE

Further mentioned in an article published by European Association for Investors in Non-Listed Real Estate Vehicles (INERV), “As it stands, valuation methodologies only consider the ***estimated exchange price of a property and do not reflect future ESG regulatory requirements***. This is due to the significant weight that valuers have traditionally placed on historical evidence – those being rents, yields, supply, and demand – for calculating market value.”



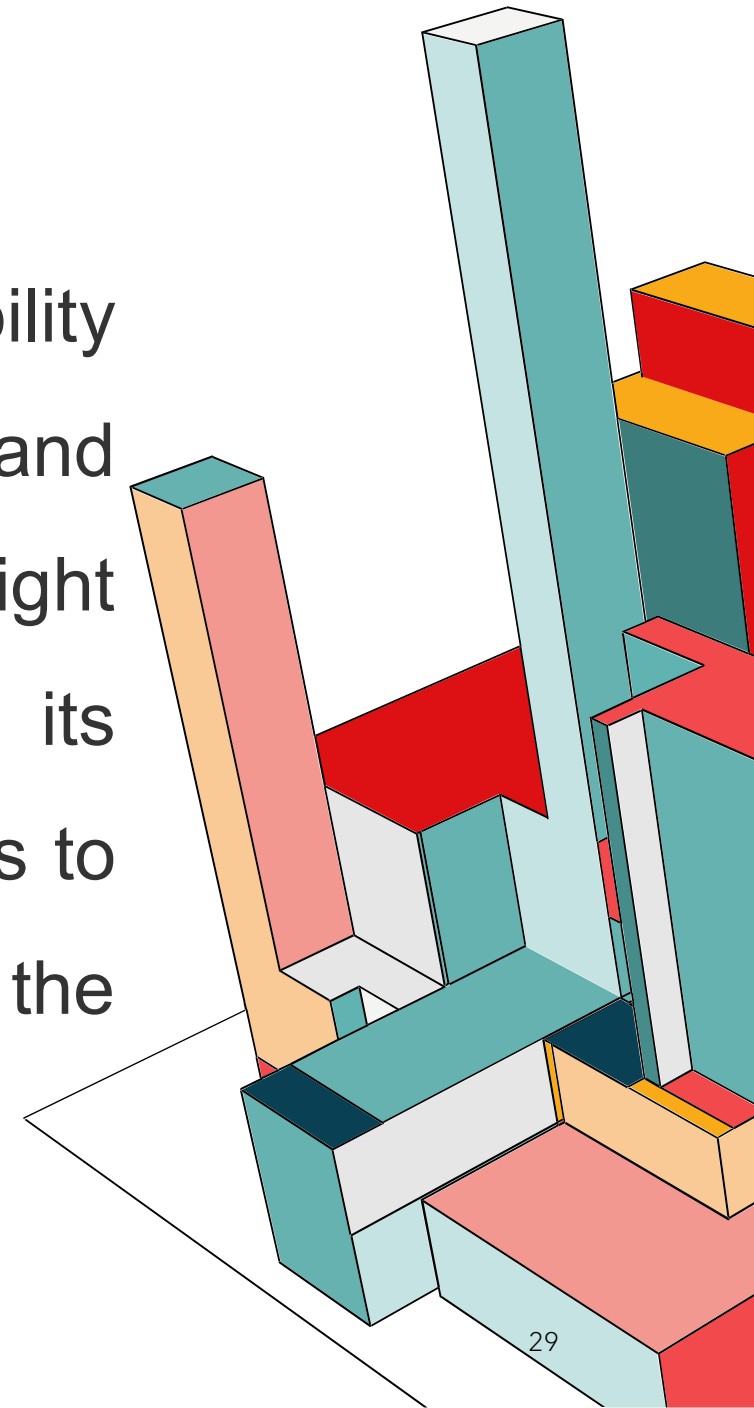
# ESG IN THE REAL ESTATE

Alexandre Goossens stated ESG factors refer to a company's performance in three key areas: environmental sustainability, social responsibility, and corporate governance.



# ESG IN THE REAL ESTATE

For example, a property's environmental sustainability might be evaluated based on its energy efficiency and other sustainability measures. Social responsibility might refer to a property's impact on its tenants and on its surrounding community. Corporate governance refers to the structure and management of a company owning the property.



# ESG IN THE REAL ESTATE

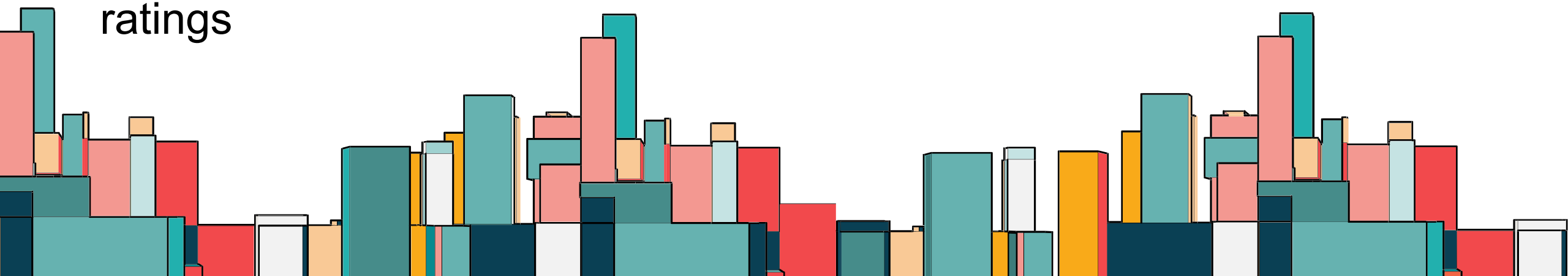
- He further on added, environmental metrics like energy and water consumption, waste generation, and carbon emissions provide insights into the Environmental impact of a property
- Social metrics such as human capital, social opportunities, employee turnover, tenant satisfaction, and community engagement provide insights into the Social impact of the Real Estate
- Governance metrics like diversity, culture, policies and reputation provide insights into the governance impact





# REAL ESTATE VALUERS PRACTICES IN BRUNEI

- A Valuer is a professional who determines the current open market value of a property or land. They act on the instructions of sellers or even financial institutions who may be funding the purchase of the property.
- Buyers usually appoint a valuer to conduct a property valuation report if they are interested in purchasing a property or vacant development land.
- Local authorities can also use valuers to help establish tax, probate and ratings



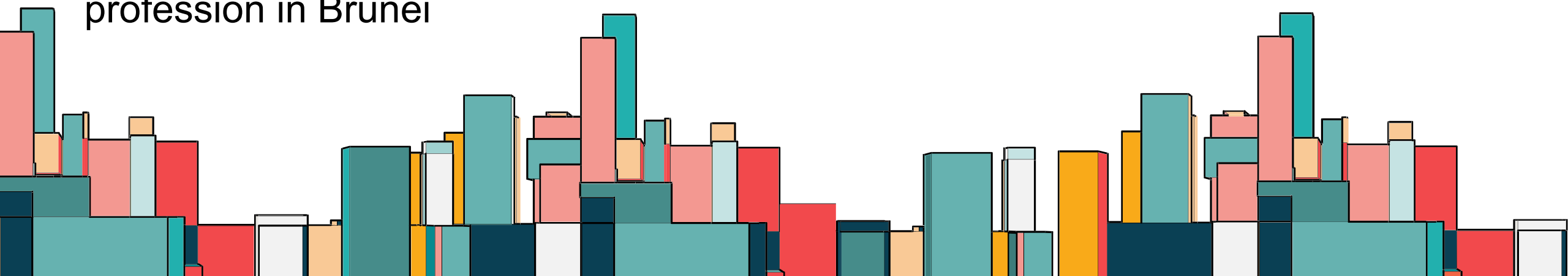
# REAL ESTATE VALUERS PRACTICES IN BRUNEI

- Valuers normal practice will typically produce a property valuation as a report, supplemented with photographs and plans.
- Some of the details that a valuer usually include:

- ✓ The location.
- ✓ Measurements of the building and site boundaries.
- ✓ The number of rooms, layout and fit out.
- ✓ The general condition of the building.
- ✓ Any significant improvements that have been made.
- ✓ Any structural defects.
- ✓ Any landscaping.
- ✓ Any planning or other restrictions.
- ✓ Any potential risks or opportunities.

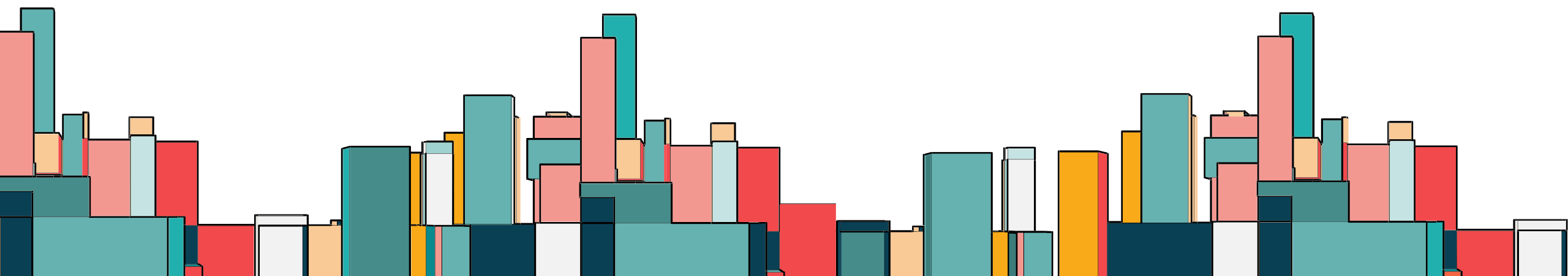
# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

- In Brunei, the Valuers or Qualified Persons (QP) can only be locals and must be registered under the Board of Valuers and Estate Agents (BOVEA).
- There are currently only 3 Valuation companies registered with a practicing certificate in Brunei and a total of 6 registered local private Valuers in Brunei.
- As for the public sector, there are less than 10 Valuers in the Government Agencies
- From this data itself, there is an urgent dire need of adding more Valuers as a profession in Brunei



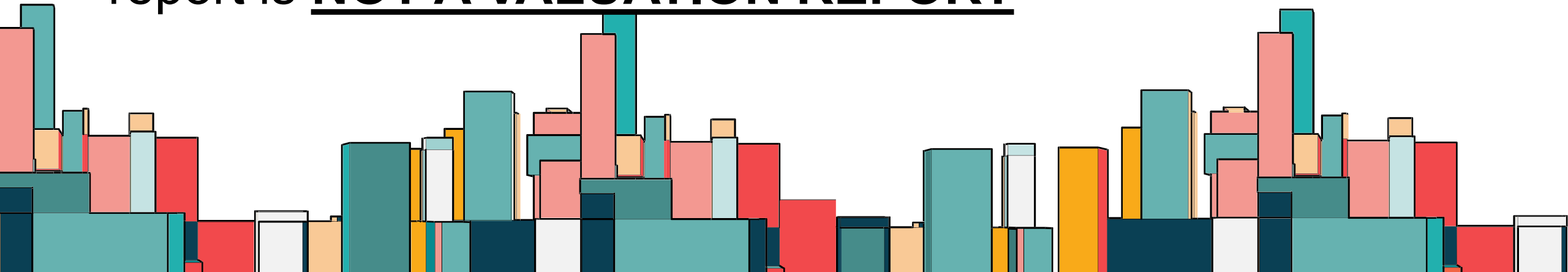
# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

- As a regulatory body for real estate in Brunei, BOVEA expressed that no person with an interest of buying a property shall bribe, extort, pressure, threaten, instruct, intimidate or force a Valuer or the firm in adjusting the actual value of the property after it has been appraised / valued.



# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

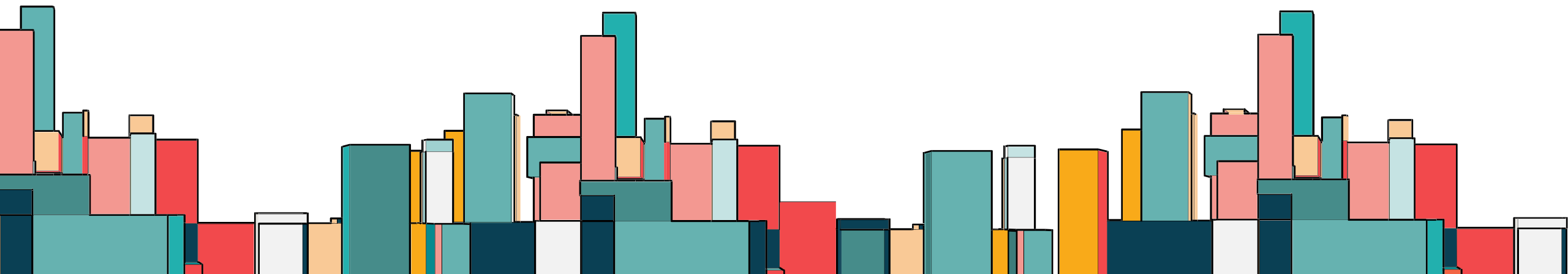
- Registered Estate Agents under BOVEA should be the only professionals allowed to produce a non-appraisal review or report based on recent comparable prices of similar properties; in the same area or nearby locality; similar trends and type of development with a disclosure that the report is **NOT A VALUATION REPORT**





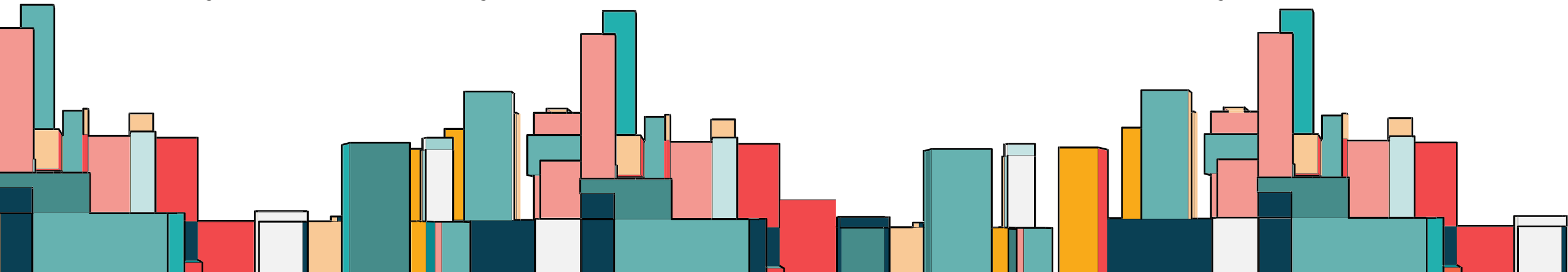
# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

- Taking into consideration, Valuers need to be more “in trend” and “in sync” with what are the factors involved now when it comes to valuation methodologies in terms of how it affects the “community” and the “social well-being” of the real estate that they are valuing



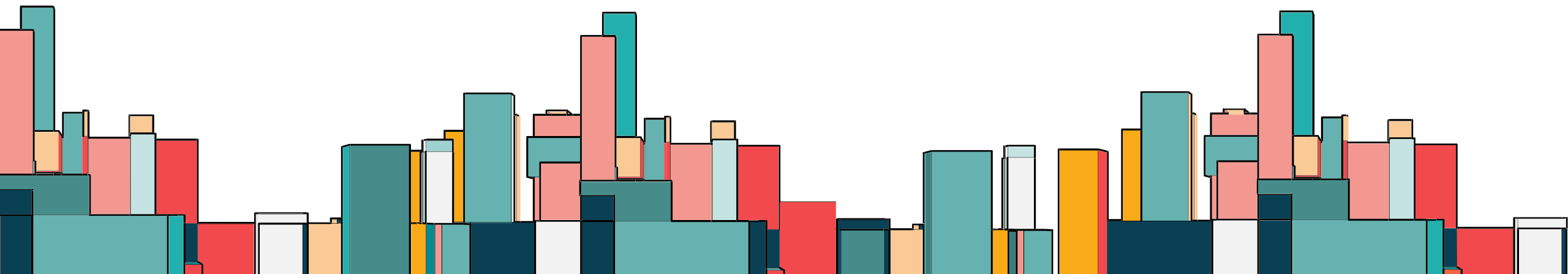
# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

- The emerging trend now is actually having “socially conscious millennials and Gen Zs” as clients, Valuers need to understand their perspective of “locational and physical characteristics” of their interested properties; on how they see value of paying for the property is from “space used”; “surrounding community”; “easy accessibility to their wellness and social lifestyle”.



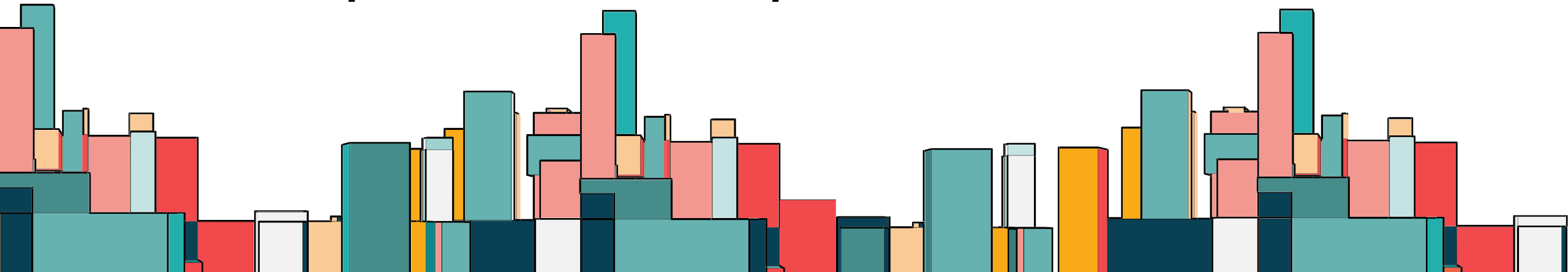
# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

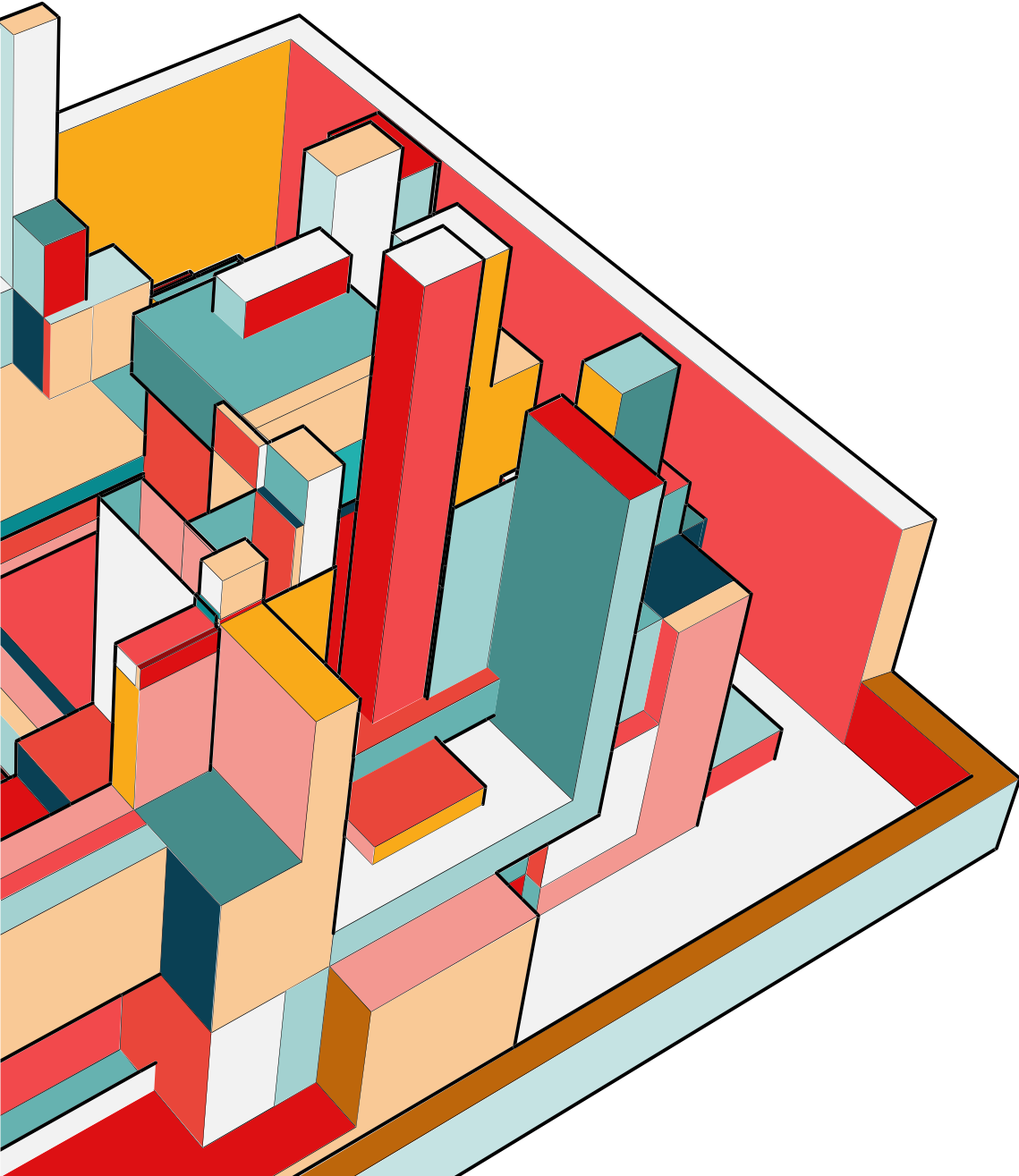
- During the Covid-19 pandemic, Valuers in Brunei have upgraded their skills as well, Valuation reports are emailed, there are less physical interaction, there are more upskilling on the 4IR technology and site visits done virtually and using the geoportal from the government sites



# RESPONSIBLE REAL ESTATE VALUATIONS PRACTICES IN BRUNEI

- In the Valuations module taught in the only Real Estate course in Brunei, Higher National Technical Education Certificate (HNTEC) in Real Estate Management & Agency under the Institute of Brunei Technical Education (IBTE), the valuation methodologies taught now include being aware of “Sustainability Issues”; “Impacts of ESGs”; “Trends Impacts”; and “People-Focused, Community-Centric” in hope to “***create a future responsible real estate professionals***”





# CONCLUSION

Acceptance of new ideas, beliefs and policies that can affect Valuation Methodologies that are practiced and implemented for a long time is not easy as traditional methods work well in Brunei Darussalam's real estate industry, however, changes to be a better and more responsible Valuer should be accepted especially with the issues and factors that were mentioned earlier.



# THANK YOU FOR LISTENING....

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