



Residential Property Market Responses to the Johor Singapore-Special Economic Zone (JS-SEZ): Evidence from Flagship B, Johor

Ezdiyar Hamzah^{*1,2}, Hishamuddin Mohd Ali^{1,2}, Maimunah Sapri^{1,2}, Nurul Hana Adi Maimun^{1,2} and Aida Julia Aminuddin²

¹Centre for Real Estate Studies (UTM CRES), Institute for Smart Infrastructure and Innovative Construction (ISIIC), Universiti Teknologi Malaysia, 81310 Skudai, Johor, Malaysia

²Department of Real Estate, Faculty of Built Environment and Surveying (FABU), Universiti Teknologi Malaysia, 81310, Skudai, Johor, Malaysia

***Corresponding Author**

DOI: <https://doi.org/10.47772/IJRISS.2026.100801072>

Received: 21 August 2026; Accepted: 26 August 2026; Published: 24 September 2026

ABSTRACT

The establishment of the Johor–Singapore Special Economic Zone (JS-SEZ) represents a significant development in cross-border economic collaboration between Malaysia and Singapore, with potential implications for the residential property market in southern Johor. While existing studies on Special Economic Zone (SEZ) have predominantly focused on foreign direct investment, employment, productivity and regional economic development, less attention has been given to how cross-border SEZ initiatives are reflected in residential property-market responses at the local level. This study examines the characteristics of SEZ and analyses residential property-market responses to the establishment of the JS-SEZ in selected areas within Flagship B, Johor. A quantitative longitudinal approach is adopted using residential property transaction and market data obtained from the National Property Information Centre (NAPIC) and the Valuation and Property Services Department (JPPH), complemented by relevant secondary sources. The analysis focuses on double-storey terrace houses in four residential areas, namely Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari, covering the period from 2021 to 2025. Descriptive and comparative analyses were employed to examine changes in residential property prices across the selected localities, with the period from 2021 to 2024 treated as a pre-JS-SEZ market baseline and 2025 considered as an early post-establishment period. The findings indicate an overall upward movement in residential property prices across the selected areas, although the magnitude of price changes varies by locality. Taman Eko Botani recorded the strongest observed price growth, while the other localities demonstrated comparatively moderate increases. These variations suggest that residential property-market responses to the JS-SEZ may be spatially differentiated, particularly across established and emerging residential areas within Flagship B. The study contributes to the emerging literature on cross-border SEZ by highlighting the importance of locality-specific property-market responses and their implications for housing affordability, market monitoring and sustainable urban development in Johor.

Keywords: Residential Property Market, Housing Affordability, Special Economic Zone (SEZ), JS-SEZ, Malaysia.

INTRODUCTION

Special Economic Zone (SEZ) have increasingly been adopted as place-based policy instruments to stimulate investment, employment, productivity and regional economic development. An SEZ generally refers to a geographically defined area in which economic activities are subject to distinctive regulatory, institutional or fiscal arrangements compared with the wider domestic economy (Ahrens & Meyer-Baudeck, 1995). The development of SEZ is commonly associated with the attraction of foreign direct investment (FDI), the introduction of new technologies, employment generation and the development of industrial or service clusters (Akinci & Farole, 2011; Zeng, 2016). Evidence from China, Poland, India and other emerging economies

demonstrates that SEZ can contribute to regional economic transformation by concentrating investment and economic activities in strategically selected locations (Farole & Akinici, 2011; Pastusiak et al., 2018; Wang, 2013). However, the outcomes of SEZ policies are not necessarily uniform, as their effectiveness depends on factors such as policy design, infrastructure, accessibility, industrial specialisation and integration with surrounding economies (Moberg, 2015; Zeng, 2016).

Beyond their direct economic functions, SEZ may generate wider spatial and market responses in surrounding areas. The concentration of businesses, employment, investment and infrastructure can increase demand for land, commercial space and residential accommodation. Such processes are consistent with the broader concept of agglomeration, whereby the geographical concentration of economic activities can generate additional demand and economic benefits in neighbouring areas. Previous research has demonstrated that place-based economic policies can influence regional development and create agglomeration-related effects, although the magnitude and distribution of these effects may differ across locations (Alder et al., 2016; Lu et al., 2019; Wang, 2013). From a property-market perspective, these processes are particularly relevant because changes in employment opportunities, accessibility, investment activity and population mobility may influence residential demand and, subsequently, property prices and transaction activity.

The relationship between economic development and residential property markets is important because property markets respond not only to changes in housing supply and demand but also to broader economic and spatial conditions. In Malaysia, residential property-market performance is influenced by macroeconomic conditions, financing availability, transaction activity, housing supply and the spatial characteristics of individual localities (Chong, 2006; Ab. Majid et al., 2017). At the same time, rapid development can generate housing-market pressures, particularly where the supply of housing does not correspond with the characteristics and purchasing capacity of households. The issue is particularly relevant in Johor, where residential property overhang has remained an important concern. Previous research has identified Johor as one of the Malaysian states experiencing substantial residential and serviced-apartment overhang, reflecting persistent mismatches between housing supply and demand (Ishak et al., 2024). Housing mismatch may arise from several factors, including product characteristics, financial requirements, regulatory conditions, location and other associated costs (Saleh et al., 2024).

This context provides an important background for examining the residential property-market implications of the Johor–Singapore Special Economic Zone (JS-SEZ). The JS-SEZ represents a new phase of institutionalised economic cooperation between Malaysia and Singapore, building upon the longstanding economic and geographical interdependence between Johor and Singapore. The two countries signed a Memorandum of Understanding in January 2024 before signing the formal JS-SEZ agreement in January 2025. The initiative is intended to strengthen investment facilitation, improve the movement of goods and people, enhance connectivity and attract high-value economic activities into the region. The JS-SEZ covers approximately 3,588 square kilometres and encompasses major areas of Johor, including Johor Bahru, Iskandar Puteri, Pasir Gudang, Pontian, Kulai and Kota Tinggi, together with other strategic development areas. The initiative targets the attraction of 100 projects over ten years and the creation of approximately 20,000 skilled employment opportunities (Malaysian Investment Development Authority [MIDA], 2025a, 2025b).

The economic significance of the JS-SEZ extends beyond investment attraction. The initiative is supported by targeted incentives for qualifying manufacturing and services activities, including global services, artificial intelligence, quantum computing supply chains, medical devices and aerospace-related activities. These incentives are intended to improve the attractiveness of Johor as an investment location and strengthen its integration with Singapore and regional markets (Ministry of Finance Malaysia, 2025; MIDA, 2025c). The JS-SEZ therefore has the potential to influence the spatial distribution of economic activities, employment and investment across southern Johor. Such changes may subsequently be reflected in local property markets through changes in accessibility, investment expectations, employment-related housing demand and development activity.

The residential property market is particularly relevant in this context because housing represents one of the most immediate spatial outcomes of economic and population growth. Increased employment opportunities and business activities may generate additional demand for housing, while improved connectivity and infrastructure

may enhance the attractiveness of selected residential locations. However, these potential benefits may not be distributed evenly across all localities. Areas with stronger accessibility, established infrastructure, better amenities or closer proximity to economic activity may experience stronger market responses than other locations. Consequently, examining property-market responses at the locality level is important for understanding whether the benefits associated with a cross-border economic initiative are likely to be spatially differentiated.

In the context of the JS-SEZ, Flagship B provides an appropriate setting for examining these residential property-market responses. Flagship B is associated with the Iskandar Puteri/MBIP area and is positioned within the broader JS-SEZ development framework, with an emphasis on global services and related economic activities. The area contains established and emerging residential townships, making it relevant for examining variations in residential property-market performance. This study therefore focuses on four selected residential areas within the Flagship B context, namely Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari. The selection enables a locality-level comparison of residential property prices over time and provides an opportunity to examine whether property-market responses differ across residential areas within the same broader economic development context.

Despite the growing literature on SEZ, several gaps remain. Existing SEZ research has extensively examined issues relating to FDI, productivity, employment, industrial development and regional economic growth (Abraham et al., 2010; Alder et al., 2016; Dubinina, 2023; Lu et al., 2019; Wang, 2013). Other studies have examined the institutional and policy dimensions of SEZ development, including incentives, governance, infrastructure and integration with domestic economies (Akinci & Farole, 2011; Moberg, 2015; Zeng, 2016). In Malaysia, studies of Johor have also considered property-market trends, housing overhang and the development of Iskandar Malaysia. However, relatively limited attention has been given to how a newly established cross-border SEZ may be reflected in residential property-market responses at the locality level. More specifically, there remains a need to understand whether residential property-market responses are similar across different neighbourhoods or whether they vary according to the characteristics and strategic position of individual localities.

This gap is particularly significant in the case of the JS-SEZ because its formal establishment is recent. The agreement between Malaysia and Singapore was signed in January 2025, meaning that the available post-establishment period remains relatively short. Therefore, changes observed before 2025 should not automatically be interpreted as effects of the JS-SEZ. Instead, the period from 2021 to 2024 can provide a pre-establishment market baseline, while 2025 represents an early period in which the residential property market may begin to respond to the new institutional and economic expectations associated with the JS-SEZ. This distinction is important in avoiding premature causal conclusions while still allowing an assessment of early property-market responses following the establishment of the zone.

Accordingly, this study does not attempt to establish a definitive causal relationship between the JS-SEZ and residential property prices. Rather, it examines the residential property-market responses observed in selected areas within Flagship B and considers whether the observed changes indicate potentially differentiated market responses associated with the emergence of the JS-SEZ. This approach recognises that property prices are influenced by multiple factors and that the full economic and property-market consequences of the JS-SEZ may only become apparent as investment, employment, infrastructure and development projects materialise over a longer period.

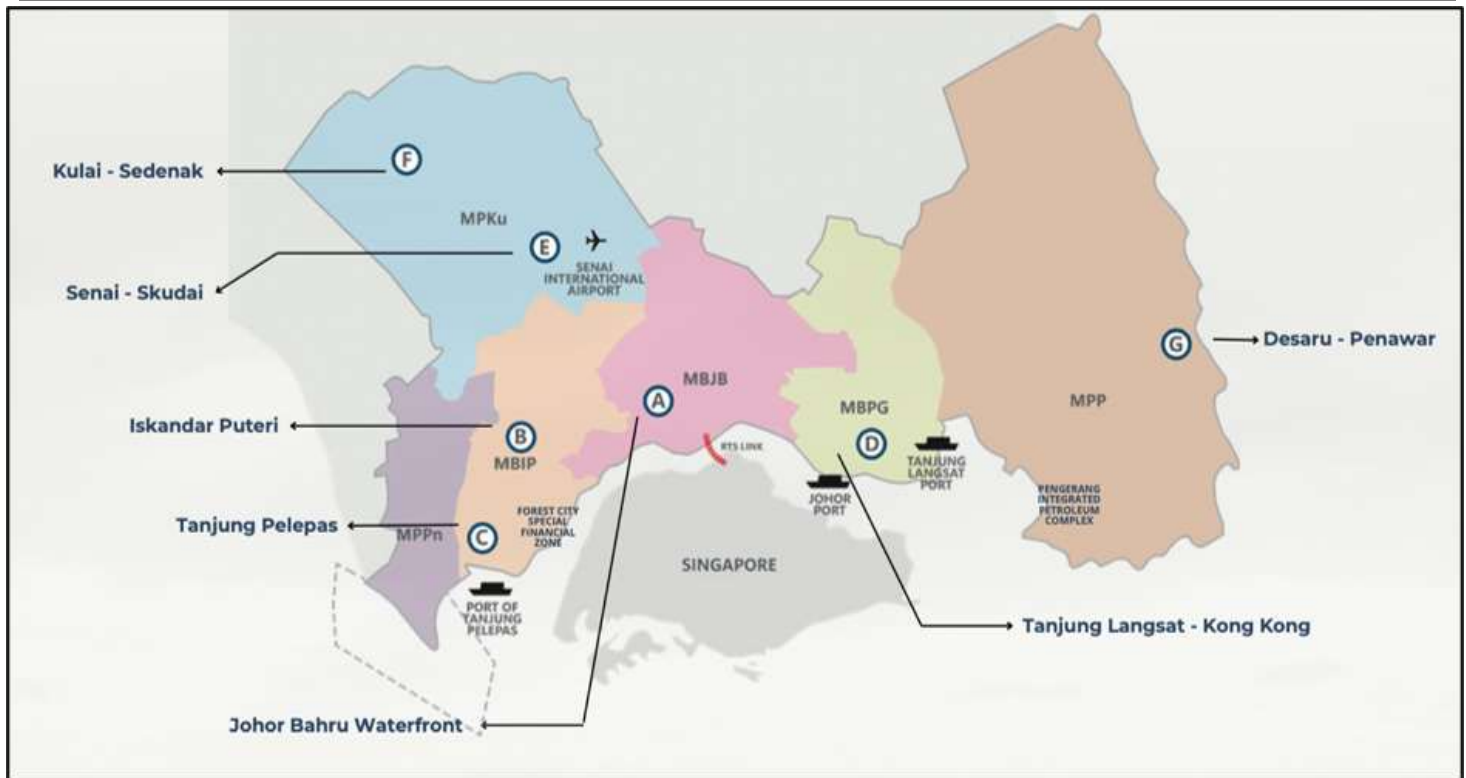


Figure 1. Map of JS-SEZ

Source: Invest Malaysia Facilitation Centre Johor (IMFC-J), 2025

Based on this context, the study has two objectives. First, to identify the key characteristics and criteria of Special Economic Zones relevant to the JS-SEZ. Second, to examine residential property-market responses to the establishment of the JS-SEZ in selected areas within Flagship B, Johor. By focusing on four residential localities and examining property-market movements over the 2021–2025 period, the study contributes to the emerging discussion on the relationship between cross-border economic integration and residential property markets. The study also provides practical implications for policymakers, planners and property-market stakeholders by highlighting the importance of locality-specific market monitoring, housing affordability and balanced development as the JS-SEZ progresses.

LITERATURE REVIEW

Special Economic Zones and Regional Economic Development

Special Economic Zone (SEZ) are widely used as place-based policy instruments to stimulate investment, employment, productivity and regional economic development. Unlike conventional industrial areas, SEZ typically operate within distinctive institutional and regulatory environments that provide firms with targeted incentives and improved access to infrastructure and services (Ahrens & Meyer-Baudeck, 1995; Akinci & Farole, 2011). The objectives and structures of SEZ vary across countries, reflecting differences in national development strategies, economic structures and institutional environments. While some SEZ have traditionally focused on export-oriented manufacturing, contemporary zones increasingly incorporate services, logistics, technology, digital activities and other high-value sectors (Farole & Akinci, 2011; Zeng, 2016).

The regional-development effects of SEZ are commonly associated with the concentration of investment and economic activities in designated locations. Evidence from China indicates that economic-zone programmes can increase capital investment, employment, output, productivity and wages within designated areas, partly through the entry and expansion of firms (Lu et al., 2019). Similarly, studies of SEZ in Poland and other emerging economies suggest that these zones can contribute to regional development by attracting investment, supporting employment and improving regional competitiveness (Pastusiak et al., 2018; Zeng, 2016). However, the developmental outcomes of SEZ are not necessarily automatic. Their effectiveness depends on policy design,

infrastructure provision, institutional quality, accessibility, sectoral specialisation and linkages with the surrounding economy (Akinci & Farole, 2011; Moberg, 2015).

An important implication of this literature is that SEZ development should not be considered solely in terms of investment or firm-level outcomes. The concentration of economic activity can generate wider changes in land use, infrastructure, employment, population movement and demand for urban services. Consequently, the regional-development literature provides the foundation for examining how SEZ-related economic activity may extend into surrounding property markets.

Special Economic Zones, Spatial Effects and Agglomeration

The spatial concentration of economic activities is a central mechanism through which SEZ may influence surrounding areas. Agglomeration occurs when firms, workers, infrastructure and supporting services become geographically concentrated, creating economic advantages associated with proximity, knowledge sharing, specialised labour markets and improved market access. Economic-zone programmes can therefore influence not only the designated zone but also the wider urban and regional system in which the zone is embedded. Lu et al. (2019), for example, demonstrate that China's economic-zone programme generated significant economic benefits through increased investment, employment, output and firm entry. These outcomes illustrate how place-based policies can create concentrations of economic activities that alter the economic structure of particular locations. Such concentration can subsequently affect demand for infrastructure, commercial facilities and housing. The spatial implications of SEZ development are therefore relevant to property-market research because land and housing markets are inherently location-sensitive.

Evidence from Shenzhen further demonstrates that the spatial implications of SEZ development may be uneven. Li et al. (2021) found that the evolution of the Shenzhen SEZ contributed to a differentiated spatial structure in which accessibility and public and private amenities were distributed unevenly. Their analysis of residential housing prices showed that different built-environment characteristics were associated with housing prices inside and outside the original SEZ. This finding is particularly relevant to the present study because it suggests that the relationship between SEZ development and residential property markets should not be assumed to be spatially uniform.

The possibility of differentiated spatial outcomes is also relevant to the concept of spillover. Economic activities concentrated in one location may generate benefits or pressures in adjacent areas through employment, infrastructure, migration, investment expectations and improved connectivity. However, the magnitude of such effects depends on geographical proximity, accessibility, existing development patterns and the ability of surrounding areas to absorb new demand. Therefore, spatial proximity to an economic growth area does not necessarily result in identical property-market responses across neighbourhoods.

Cross-Border Economic Zones and Property Markets

Cross-border economic initiatives differ from conventional SEZ because their development outcomes may depend on economic relationships between two or more jurisdictions. Such arrangements seek to exploit complementary resources, labour markets, infrastructure, institutional capabilities and market access across national borders. The Johor–Singapore economic relationship is particularly relevant because the two locations possess highly complementary economic characteristics, with Singapore providing a developed financial and business ecosystem while Johor provides land, development capacity and comparatively lower operating costs.

The JS-SEZ was formally established through the agreement exchanged between Malaysia and Singapore on 7 January 2025. The agreement seeks to strengthen cross-border connectivity, facilitate the movement of goods and people, and strengthen the regional business ecosystem. The zone covers approximately 3,588 square kilometres and incorporates nine designated flagship areas with activities spanning logistics, manufacturing, financial services, business services, digital economy, tourism, health, education, energy and the green economy.

From a property-market perspective, cross-border economic integration can influence residential demand through several mechanisms. Improved connectivity can increase the accessibility of employment centres, while business expansion and investment may increase employment opportunities and population mobility.

Expectations of future economic growth can also affect investor sentiment and development decisions before the full economic benefits of a project are realised. These mechanisms may increase demand for residential properties in strategically located areas. However, the response may differ according to the location, accessibility, development maturity and price characteristics of individual neighbourhoods. Recent observations from Johor provide preliminary evidence that the JS-SEZ and related infrastructure improvements have coincided with stronger activity in several property-market segments. For example, industry reporting in 2025 indicated increases in residential transaction values and prices in Johor, while property-market stakeholders associated stronger demand with renewed investment confidence, infrastructure improvements and the JS-SEZ. Nevertheless, these observations should be interpreted cautiously because the JS-SEZ is at an early stage of implementation and the available post-establishment period remains limited.

Economic Development and Residential Property Demand

Residential property markets are closely connected to economic development because housing demand is influenced by employment, household income, population growth, accessibility and expectations regarding future economic conditions. Economic development can stimulate housing demand through both direct and indirect mechanisms. Directly, employment creation and increased household income may improve the ability of households to purchase or rent housing. Indirectly, improved infrastructure, accessibility and urban amenities may increase the attractiveness and perceived value of particular locations. The relationship between economic activity and residential property prices is therefore not limited to changes in household purchasing power. Property values may also respond to expectations of future development. When a location is expected to benefit from new infrastructure, employment opportunities or investment, market participants may adjust their expectations regarding future property values. Such expectations may influence transaction activity and development decisions even before the full economic benefits are realised.

Research on SEZ supports the possibility of this relationship. In Cambodia, for example, SEZ participation was associated with higher land values in SEZ districts, while the study also examined socio-economic spillovers and agglomeration effects in surrounding areas (IMF, 2020). Similarly, Li et al. (2021) demonstrate that SEZ-related spatial development can be reflected in residential housing prices through differences in accessibility, amenities and urban development patterns. However, higher property prices do not necessarily indicate a uniformly positive housing-market outcome. Where property prices increase faster than household incomes, affordability may deteriorate. Economic development can therefore create a tension between increasing property values and housing accessibility for local households. This issue is particularly important in areas undergoing rapid investment and infrastructure transformation.

Housing Affordability and Property-Market Pressures

Housing affordability represents an important dimension of the relationship between economic development and residential property markets. While property appreciation may reflect improved economic prospects and stronger demand, rapid price growth can create affordability pressures for households that do not experience equivalent increases in income. This issue becomes particularly relevant when investment-driven demand interacts with limited housing supply or a mismatch between available housing products and household requirements.

In Malaysia, housing-market conditions are influenced by a combination of demand, supply, financing constraints, location and property characteristics. Research on housing mismatch in Malaysia identifies product-related considerations, financial requirements, government regulations, spatial location and other associated costs as important determinants of the relationship between housing demand and supply (Saleh et al., 2024). At the same time, research on Malaysian residential property markets has highlighted the cyclical nature of property prices and the influence of broader economic and financial conditions (Ab. Majid et al., 2017). The issue is particularly relevant in Johor because the state has experienced substantial residential and serviced-apartment overhang. Ishak et al. (2024) identify Johor as one of the states contributing significantly to Malaysia's residential and serviced-apartment overhang, indicating that increased property-market activity does not necessarily eliminate structural mismatches between supply and demand. This creates an important policy question in the context of JS-SEZ: whether increased economic activity will absorb existing housing supply, stimulate new development, increase property values, or potentially intensify affordability pressures. Consequently, evaluating

residential property-market responses to JS-SEZ should extend beyond price appreciation alone. Transaction activity, supply conditions, market absorption and the characteristics of affected localities are also relevant for determining whether economic integration is translating into inclusive housing-market outcomes.

Property-Market Spillover Effects

The concept of spillover is particularly relevant when economic or policy interventions in one location generate effects beyond the immediate area of intervention. In property markets, spillover can occur through spatial linkages, economic integration, accessibility improvements, investment expectations and changes in demand between geographically connected locations. Real estate markets are inherently spatial because the value and attractiveness of property depend partly on proximity to employment, infrastructure, services and other economic activities. Research on regional real-estate markets has demonstrated that property-market movements and policy changes can extend across geographical boundaries. For example, research on Chinese urban agglomerations found significant spatial and temporal linkages between real-estate markets, with the effects of policies in economically important cities extending to surrounding markets. The magnitude of these effects varied across urban agglomerations and policy types, demonstrating that property-market spillovers are neither uniform nor automatic (Zhang et al., 2019).

The SEZ literature provides further evidence that economic-zone development can generate wider land and property-market consequences. The Cambodian SEZ experience indicates that land values can increase in SEZ districts while socio-economic spillovers may also occur in surrounding areas (IMF, 2020). In Shenzhen, the relationship between SEZ development, accessibility, amenities and housing prices also demonstrates that property-market responses can differ spatially depending on the characteristics of individual areas (Li et al., 2021). For the present study, spillover is therefore conceptualised not simply as a general increase in property prices but as a potential spatially differentiated property-market response associated with economic integration and development generated by the JS-SEZ. This distinction is important because the current study does not possess sufficient longitudinal post-establishment data to establish a definitive causal spillover effect. Instead, it examines whether residential property-price movements across selected localities display different patterns following the establishment of the JS-SEZ.

Research Gap and Contribution

The preceding literature demonstrates that SEZ have been extensively studied in relation to foreign direct investment, productivity, employment, regional development and agglomeration. The literature also establishes that SEZ development can have spatial consequences beyond the designated economic zone and that residential property markets may respond to changes in accessibility, economic activity, infrastructure and investment expectations (Lu et al., 2019; Li et al., 2021). Nevertheless, three gaps remain relevant to the present study. First, much of the SEZ literature focuses on macroeconomic and firm-level outcomes, while relatively less attention has been given to residential property-market responses. Second, existing property-market studies demonstrate that spatial responses can differ between locations, but there is limited evidence concerning locality level residential responses to newly established cross-border SEZ initiatives. Third, the JS-SEZ represents a relatively recent form of institutionalised economic integration between Johor and Singapore, and its early implications for residential property markets remain insufficiently examined.

These gaps provide the basis for examining the JS-SEZ through a residential property-market lens. The present study focuses specifically on Flagship B and compares four residential localities including Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari to examine whether residential property-price movements demonstrate different patterns over the 2021–2025 period. The period from 2021 to 2024 is treated as a pre-establishment baseline, while 2025 is examined as an early post-establishment period. This temporal distinction allows the study to identify changes in property-market conditions without prematurely attributing all observed movements to the JS-SEZ. The study therefore contributes to the literature by shifting attention from the conventional economic-development outcomes of SEZs towards residential property-market responses at the local level. It also provides an early empirical perspective on the potential spatial implications of a cross-border SEZ in Johor. The findings are expected to contribute to discussions on housing affordability, property-



market monitoring and spatially balanced development as the JS-SEZ progresses from policy establishment towards actual investment, employment and infrastructure implementation.

METHODOLOGY

Research Design

This study adopts a quantitative longitudinal research design to examine residential property-market responses associated with the establishment of the Johor–Singapore Special Economic Zone (JS-SEZ) in selected areas within Flagship B, Johor. A quantitative approach is appropriate because the study focuses on measurable property-market indicators, particularly residential transaction prices and their movements over time. Longitudinal analysis allows changes in property-market conditions to be examined across several consecutive years rather than relying on observations from a single period. The study covers the period from 2021 to 2025. The selection of this period provides a temporal basis for comparing residential property-market conditions before and after the formal establishment of the JS-SEZ. Specifically, the years 2021 to 2024 are treated as the pre-establishment market baseline, while 2025 represents an early post-establishment period. This distinction is important because the formal JS-SEZ agreement was established in January 2025. Therefore, changes observed during the pre-establishment period are not interpreted as direct effects of the JS-SEZ. Instead, the analysis examines whether the residential property market demonstrates observable changes or different patterns during the early period following the establishment of the economic zone.

The study is primarily descriptive and comparative in nature. Descriptive analysis is used to identify the direction and magnitude of residential property-price movements, while comparative analysis is used to examine differences between the selected residential localities. The approach is intended to provide an early assessment of residential property-market responses rather than establish a definitive causal relationship between the JS-SEZ and property prices.

Study Area: Johor–Singapore Special Economic Zone

The JS-SEZ forms part of the broader economic relationship between Johor and Singapore and represents an institutional framework intended to strengthen cross-border economic integration. The initiative seeks to facilitate investment, strengthen connectivity, improve the movement of goods and people, and support the development of high-value economic activities in Johor. The JS-SEZ covers a large geographical area incorporating several strategic development locations and economic activities. The spatial characteristics of the JS-SEZ are important to the present study because the potential effects of economic integration are unlikely to be distributed uniformly across all locations. Residential areas that are better connected to employment centres, transport infrastructure, commercial facilities and other economic activities may respond differently from areas with weaker spatial and economic linkages. Consequently, the analysis focuses on a defined sub-area of the JS-SEZ rather than attempting to represent the entire zone.

Selection of Flagship B

Flagship B was selected as the geographical focus of the study because it represents the MBIP area within the JS-SEZ framework and has an established residential property market. The flagship area is associated with global services and related business activities, making it relevant to examining the potential relationship between economic development and residential property demand. The selection of Flagship B also provides an appropriate context for locality-level analysis because the area contains different residential neighbourhoods with established housing markets. Rather than treating the residential property market as homogeneous, the study compares selected localities within Flagship B to identify differences in property-price movements over time. This locality-level approach is consistent with the spatial perspective adopted in this study. Previous research suggests that the benefits and pressures associated with place-based economic development may vary according to accessibility, infrastructure, development maturity and other location-specific characteristics (Alder et al., 2016; Li et al., 2021; Lu et al., 2019). Accordingly, examining residential property responses within a specific flagship area provides a more focused assessment of potential spatial differences than analysing Johor as a single market.

Selection of Residential Localities

Four residential localities were selected for the empirical analysis, namely Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari. These localities were selected to provide a comparative representation of residential property-market conditions within the Flagship B study area. The selection of multiple localities is important because the objective of the study is not merely to identify whether residential property prices increased over time, but also to examine whether the magnitude and direction of market movements differed between neighbourhoods. Differences in property-market performance may reflect variations in location, accessibility, development characteristics, housing stock and market positioning. The comparison therefore provides the basis for examining whether the early residential property-market response associated with the JS-SEZ is potentially differentiated across localities.

The four localities are examined using a consistent property category to improve comparability. The empirical analysis focuses on double-storey terrace houses, which represent the residential property type examined in the available transaction data for the selected localities.

Data Sources

The study utilises both primary empirical property-market data and secondary contextual information. The main empirical evidence is derived from property transaction and market information associated with the National Property Information Centre (NAPIC) and the Valuation and Property Services Department (JPPH), Ministry of Finance Malaysia. These sources provide property-market information that can be used to examine transaction prices and market movements over the study period. Secondary information is obtained from relevant academic publications, official policy documents, government agencies and property-market reports. Academic literature is used to establish the theoretical and empirical context relating to SEZ, spatial development, property markets and housing affordability. Official documents relating to the JS-SEZ are used to establish the institutional and policy context of the economic zone.

The use of multiple sources allows the empirical property-market observations to be interpreted within the broader economic and policy context of the JS-SEZ. However, the empirical analysis is based primarily on property-market data rather than perceptions or survey responses. The study covers five years from 2021 to 2025. The temporal classification is central to the interpretation of the findings because the JS-SEZ is a recent economic initiative. The period is divided into two analytical phases:

i) Pre-JS-SEZ baseline: 2021–2024

This period represents the residential property-market conditions before the formal establishment of the JS-SEZ. Property-price movements during this period are treated as baseline market trends and may reflect broader economic, financial, housing and local-market factors.

ii) Early post-establishment period: 2025

The year 2025 represents the first year following the formal establishment of the JS-SEZ. Property-market movements during this period are examined as an early market response in the context of the new economic initiative. Because the post-establishment observation period is limited, the findings are interpreted cautiously and are not used to establish a definitive causal effect of the JS-SEZ. This temporal framework addresses an important limitation in assessing newly established economic zones. Property-market changes may occur in anticipation of policy announcements, infrastructure investment or expected economic growth, while actual economic effects may only materialise over a longer period. Therefore, the present study focuses on identifying observable market responses rather than making strong causal claims.

Property Type and Unit of Analysis

The unit of analysis is the residential property transaction within the selected localities. To improve comparability across locations and years, the analysis focuses on double-storey terrace houses. The selected properties include the residential category represented in the available transaction information for the study areas.

The use of a consistent property type reduces the potential distortion that could arise from comparing substantially different residential property categories. Property prices may vary considerably according to property type, size, tenure, development characteristics and location. By focusing on double-storey terrace houses, the study provides a more consistent basis for comparing price movements across the four selected localities. Where available, relevant property characteristics are considered in interpreting the observed price differences. However, the analysis does not attempt to estimate a hedonic price model or isolate the contribution of individual property attributes to transaction prices.

Property Price Measurement

Residential property-market trends are assessed primarily through observed transaction prices. The analysis considers the reported price range for double-storey terrace houses in each selected locality and year. These observations are used to identify the direction and relative magnitude of price movements over the study period. Where transaction-level observations are available, measures such as mean and median transaction price can provide a more representative indication of market conditions than minimum and maximum values alone. Annual percentage changes can subsequently be calculated to identify changes in residential property prices between consecutive years. The use of transaction prices is preferable to asking prices because completed transactions provide evidence of actual market exchanges. Nevertheless, differences in property characteristics between transactions may influence the observed price range. Therefore, price movements are interpreted as indicators of market trends rather than as direct evidence that the JS-SEZ alone caused changes in property values.

Data Processing and Treatment

The property-market data are organised according to locality and year to establish a consistent longitudinal dataset. The data are subsequently reviewed to ensure that observations are relevant to the selected property type and geographical boundaries. Where multiple observations are available for the same locality and year, the observations are aggregated using appropriate descriptive measures. Mean and median prices can be used to describe the central tendency of transaction prices, while minimum and maximum prices indicate the observed range of market values. Annual percentage changes are calculated to identify the direction and magnitude of price movements between consecutive years.

Missing observations are not replaced with estimated values unless sufficient information is available to justify such treatment. Where data are unavailable for a particular locality, year or property characteristic, the limitation is explicitly acknowledged rather than treated as evidence of zero market activity. Extreme observations are also considered carefully because property transactions can differ substantially in terms of size, condition, location and development characteristics. The analysis therefore avoids interpreting individual high- or low-value transactions as representative of the overall locality without supporting evidence.

Analytical Procedures

The empirical analysis consists of three main stages.

Stage 1: Descriptive analysis

Descriptive statistics are used to summarise residential property-market conditions across the selected localities. The analysis considers available transaction prices and, where data permit, transaction volume, mean price, median price, minimum price and maximum price.

Stage 2: Temporal analysis

The residential property market is examined across the 2021–2025 period to identify changes in price levels and annual movements. The pre-JS-SEZ period from 2021 to 2024 provides a baseline against which the early 2025 market response is considered.

Stage 3: Locality-level comparative analysis

The four selected localities are compared to determine whether their residential property-price movements follow similar or different patterns. The comparison is important for assessing whether the potential market response to the JS-SEZ is spatially differentiated. The analysis does not classify observed price movements as a definitive causal effect of the JS-SEZ. Instead, the results are interpreted in terms of residential property-market responses occurring within the broader period of JS-SEZ establishment and implementation.

Analytical Framework for Interpreting Property-Market Response

The interpretation of the findings is guided by a conceptual pathway linking the JS-SEZ to potential residential property-market responses. The proposed pathway is:

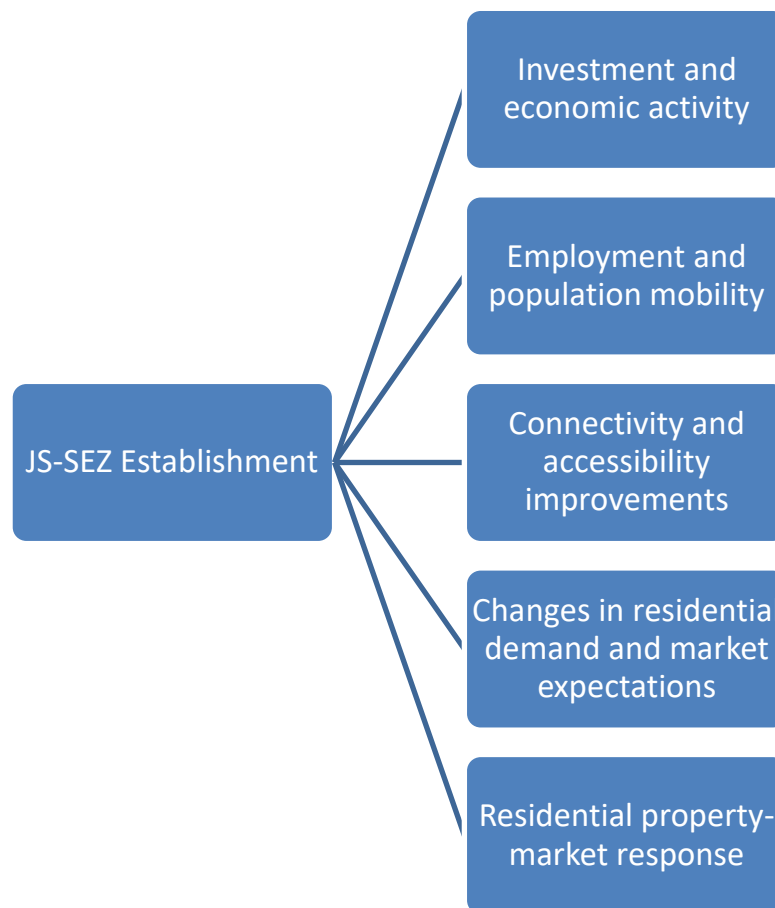


Figure 2. Framework for Interpreting Property-Market Response

The property-market response may be reflected in changes in transaction prices, transaction activity and, where data are available, housing supply and market absorption. The framework also recognises that the response may vary across localities. Location-specific characteristics such as accessibility, development maturity, housing characteristics and proximity to economic activity may influence the magnitude of the observed response. Therefore, a higher rate of price growth in one locality compared with another is interpreted as evidence of differentiated market performance rather than automatically being attributed to a direct JS-SEZ effect.

Methodological Scope and Limitation

The methodology is designed to provide an early empirical assessment of residential property-market responses following the establishment of the JS-SEZ. However, the relatively short post-establishment period limits the ability of the study to establish long-term or causal effects. The year 2025 represents an early stage of JS-SEZ implementation, while many investment, employment and infrastructure projects may require several years before their full effects are reflected in residential property markets. Furthermore, residential property prices are influenced by multiple factors, including macroeconomic conditions, financing availability, housing supply,

local development characteristics and buyer expectations. The present analysis does not isolate all of these factors statistically. Therefore, the findings should be interpreted as evidence of observed residential property-market responses within the JS-SEZ development context rather than as definitive estimates of the causal effect of the JS-SEZ. This methodological limitation also establishes a basis for future longitudinal research as longer post-establishment datasets become available. Subsequent studies may apply more advanced techniques, including interrupted time-series analysis, spatial econometric models or difference-in-differences approaches, to assess the causal and spatial dimensions of JS-SEZ-related property-market effects.

ANALYSIS AND FINDINGS

Characteristics of the Special Economic Zone Relevant to the JS-SEZ

The first objective of this study was to identify the key characteristics of a Special Economic Zone (SEZ) that are relevant to the development of the Johor–Singapore Special Economic Zone (JS-SEZ). Based on the literature reviewed, five characteristics are particularly relevant: economic specialisation, supportive policy and incentives, strategic location and connectivity, infrastructure provision, and integration with surrounding communities. First, economic specialisation provides the functional identity of an SEZ by concentrating specific industries, services or economic activities within a designated geographical area. Second, a supportive policy environment, including investment facilitation and fiscal or regulatory incentives, is important for attracting domestic and international investors. Third, strategic location and connectivity determine the ability of businesses and workers to access domestic and international markets. Fourth, infrastructure and transportation networks support the movement of people, goods, capital and information. Finally, integration with surrounding communities is important to ensure that the benefits generated by the SEZ extend beyond the designated economic activities and contribute to wider regional development.

These characteristics are relevant to the JS-SEZ because the initiative combines cross-border economic integration, investment facilitation, connectivity and sector-specific development within the Johor–Singapore economic corridor. The characteristics identified from the literature therefore provide the conceptual basis for examining potential residential property-market responses within Flagship B.

Overview of Residential Property-Market Conditions in Johor

Before examining the selected localities, it is important to consider the broader residential property-market context in Johor. NAPIC data indicate that residential property remained a major component of property-market activity in the southern region. In Johor, the number of residential transactions increased substantially from 22,591 transactions in 2021 to 28,087 in 2022 and 40,561 in 2023. The number of transactions subsequently increased to 42,565 in 2024 and remained broadly stable at 42,566 in 2025. In terms of transaction value, Johor recorded RM8.48 billion in 2021, increasing to RM10.91 billion in 2022, RM18.12 billion in 2023, RM20.64 billion in 2024 and RM20.94 billion in 2025.

The broader Johor market therefore demonstrates a substantial expansion in residential transaction activity over the 2021–2025 period. The transaction volume increased by approximately 88.4% between 2021 and 2025, while transaction value increased by approximately 146.8% over the same period. However, the pattern was not uniform throughout the period. The strongest increase in transaction volume occurred between 2022 and 2023, while the market was relatively stable in terms of transaction volume between 2024 and 2025. This broader market context is important because changes observed in individual Flagship B localities may reflect both local development conditions and wider Johor property-market dynamics. NAPIC's House Price Index also indicates continued growth in Johor. The Johor House Price Index increased from 283.5 in 2024 to a provisional 303.1 in 2025, while the average house price increased from RM442,425 to RM472,977 over the same period. This represents an annual increase of approximately 6.9% in the House Price Index.

These findings indicate that the 2025 residential property market in Johor experienced continued price growth despite relatively stable transaction volume. Therefore, the broader state-level evidence provides contextual support for examining whether similar or differentiated movements were observed within the selected Flagship B residential localities.

Residential Property Price Trends in Selected Flagship B Localities

The second objective of the study was to examine residential property-market responses in selected areas within Flagship B. The analysis focuses on double-storey terrace houses in four localities: Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari. The available observations are presented as transaction-price ranges for each locality and year. Table 1 summarises the observed price ranges from 2021 to 2025.

Table 1. Residential Property Price Ranges for Double-Storey Terrace Houses in Selected Flagship B Localities, 2021–2025

Flagship B area	2021	2022	2023	2024	2025
	(RM)	(RM)	(RM)	(RM)	(RM)
Taman Universiti	400,000-550,000	400,000-560,000	350,000-600,000	400,000-630,000	465,000-640,000
Taman Bukit Indah	450,000-843,000	350,000-750,000	400,000-840,000	425,000-980,000	520,000-980,000
Taman Eko Botani	520,000-980,000	648,000-940,000	735,000-1,100,000	710,000-1,350,000	1,100,000-1,180,000
Taman Nusa Bestari	580,000-660,000	320,000-650,000	550,000-700,000	650,000-755,000	700,000-750,000

Source: Authors' compilation based on available property-market transaction information.

Table 2. Summary of Residential Property-Market Response by Locality

Locality	2021 Price Range (RM)	2025 Price Range (RM)	Overall Pattern	Relative Response
Taman Universiti	400,000–550,000	465,000 – 640,000	Upward with fluctuations	Moderate
Taman Bukit Indah	450,000–843,000	520,000 – 980,000	Upward with fluctuations	Moderate–high
Taman Eko Botani	520,000–980,000	1,100,000 – 1,180,000	Strong upward shift	Highest
Taman Nusa Bestari	580,000–660,000	700,000 – 750,000	Recovery/upward	Moderate

Table 2 provides a comparative summary of the observed residential property-market responses across the four selected localities within Flagship B. The results indicate that the magnitude and pattern of price movement varied between locations, suggesting that the residential property market within the study area was not homogeneous. Taman Eko Botani recorded the strongest upward movement, with its observed price range shifting from RM520,000–RM980,000 in 2021 to RM1.10 million–RM1.18 million in 2025. Taman Bukit Indah also demonstrated a notable upward movement, particularly at the lower end of its observed price range, while Taman Universiti showed a comparatively moderate increase with some fluctuations during the study period. Taman Nusa Bestari experienced greater variation in the earlier years before recording a higher price range towards 2024 and 2025. Overall, the findings indicate that residential property-market responses differed across the selected localities, providing preliminary evidence of differentiated market performance within Flagship B. Nevertheless, these differences should not be interpreted as definitive evidence of a causal JS-SEZ effect, as the

observed property-market movements may also reflect broader economic conditions, local development characteristics and other market factors.

The results indicate that residential property prices in all four selected localities exhibited an overall upward movement between the beginning and end of the study period, although the magnitude and pattern of movement varied considerably between localities. Taman Universiti recorded a price range of RM400,000–RM550,000 in 2021 and RM465,000–RM640,000 in 2025. Both the lower and upper ends of the observed price range increased over the study period. However, the locality also experienced some fluctuations during the intermediate years, particularly in 2023 when the lower end of the range declined to RM350,000. The subsequent increase in both the lower and upper price boundaries in 2024 and 2025 suggests a strengthening of observed transaction prices towards the end of the study period.

Taman Bukit Indah also demonstrated an overall upward movement, although the price range fluctuated considerably between 2021 and 2024. The lower end of the range declined from RM450,000 in 2021 to RM350,000 in 2022 before increasing to RM520,000 in 2025. The upper end of the range increased from RM843,000 in 2021 to RM980,000 in 2024 and remained at RM980,000 in 2025. This indicates a widening and subsequently higher positioning of the observed market range compared with the beginning of the study period. The strongest observed movement occurred in Taman Eko Botani. The locality recorded a price range of RM520,000–RM980,000 in 2021, increasing to RM1.10 million–RM1.18 million in 2025. The lower boundary of the observed price range more than doubled in comparison with the starting point of the study period, while the upper boundary also increased. Although a temporary decline in the upper end of the range was observed between 2023 and 2024, the 2025 observations indicate a substantial upward shift in the overall price range. Taman Nusa Bestari displayed a more fluctuating pattern. The observed price range declined substantially in 2022, reaching RM320,000–RM650,000, before increasing to RM550,000–RM700,000 in 2023 and RM650,000–RM755,000 in 2024. By 2025, the range increased to RM700,000–RM750,000. The pattern suggests recovery and strengthening of observed transaction prices after the lower price range recorded in 2022.

Comparative Locality-Level Response

The comparison of the four localities demonstrates that residential property-market movements were not uniform. Taman Eko Botani consistently occupied a higher price position than the other selected localities and recorded the most pronounced upward shift in its observed price range by 2025. Taman Bukit Indah also recorded a substantial upward movement, particularly at the lower end of the observed price range. Taman Universiti demonstrated a comparatively moderate upward movement, while Taman Nusa Bestari showed a more fluctuating pattern before recording higher prices towards 2024 and 2025.

The differences between the localities suggest that the residential property market within Flagship B should not be considered homogeneous. Even within the same broader economic-development area, residential properties can exhibit different market trajectories. This observation is consistent with the spatial perspective discussed in the literature, where accessibility, development characteristics, amenities, market positioning and other locality-specific factors can influence property-market outcomes. However, the available price-range data do not permit the study to statistically determine the extent to which individual locality characteristics explain the observed differences. Therefore, the differences are interpreted as descriptive evidence of differentiated market performance rather than as estimates of the causal effect of the JS-SEZ.

Pre-JS-SEZ and Early Post-Establishment Comparison

A key consideration in interpreting the results is the timing of the JS-SEZ. The formal establishment of the JS-SEZ occurred in January 2025. Accordingly, the period from 2021 to 2024 is treated as the pre-establishment baseline, while 2025 represents an early post-establishment observation. The locality-level observations show that all four selected areas recorded higher observed price ranges in 2025 than in 2021. However, the increases occurred over a five-year period during which the residential property market was influenced by multiple economic and market conditions. Therefore, the observed increases between 2021 and 2025 cannot be interpreted as direct evidence that the JS-SEZ caused the price changes.



The broader Johor evidence provides additional context. NAPIC recorded 42,565 residential transactions in Johor in 2024 and 42,566 transactions in 2025, indicating that transaction volume was essentially unchanged at the state level. At the same time, the value of residential transactions increased from RM20.64 billion to RM20.94 billion, while the Johor House Price Index increased by 6.9% in 2025. This combination of relatively stable transaction volume and continued price/value growth suggests that the 2025 market response was characterised more by continued price appreciation than by a substantial expansion in transaction volume at the state level. The finding provides a useful context for interpreting the selected Flagship B localities, where the observed price ranges also shifted upward in 2025.

Evidence of Potential Residential Property-Market Response

The empirical evidence provides three important observations relevant to the study's second objective. First, residential property prices in the four selected Flagship B localities demonstrate an overall upward movement between 2021 and 2025. Second, the magnitude and pattern of the observed movements differ across localities, with Taman Eko Botani demonstrating the strongest upward positioning of the observed price range. Third, the upward movement observed in 2025 occurred during the first year following the formal establishment of the JS-SEZ. Taken together, these findings indicate an observable residential property-market response within the selected Flagship B areas during the study period. However, the evidence should be interpreted as an early and potentially differentiated market response, rather than definitive evidence of a causal JS-SEZ effect.

The findings therefore provide preliminary support for the proposition that residential property markets within a cross-border economic-development area may respond differently according to locality. The observed variation is consistent with the possibility that economic expectations, accessibility, existing development characteristics and market positioning influence the magnitude of residential property-market responses. Nevertheless, the present analysis cannot isolate the JS-SEZ from other factors affecting property prices. The evidence does not include buyer nationality, commuter behaviour, employment generated by JS-SEZ projects or transaction-level characteristics sufficient to establish a direct causal mechanism. Consequently, claims regarding Singaporean buyers, commuters or direct JS-SEZ-induced demand are not made as empirical findings of this study.

SUMMARY OF FINDINGS

The findings can be summarised into four main observations. First, the characteristics of SEZ identified from the literature specialisation, policy support, strategic location and connectivity, infrastructure and integration with surrounding communities that provide a relevant framework for understanding the JS-SEZ. Second, Johor's broader residential property market experienced substantial growth in transaction activity and value between 2021 and 2025, although transaction volume remained relatively stable between 2024 and 2025. Third, the four selected Flagship B localities demonstrated upward movements in observed residential property-price ranges over the study period, although the magnitude and pattern varied across localities. Taman Eko Botani demonstrated the strongest observed upward positioning, while Taman Universiti, Taman Bukit Indah and Taman Nusa Bestari recorded comparatively different patterns of movement. Finally, the observed 2025 property-price movements provide preliminary evidence of an early residential property-market response following the establishment of the JS-SEZ. However, the evidence is insufficient to establish a definitive causal spillover effect. Instead, the results point towards the possibility of differentiated residential property-market responses across localities within Flagship B, providing a basis for further longitudinal research as the JS-SEZ progresses and more post-establishment data become available.

DISCUSSION

The findings indicate that residential property markets across the four selected localities within Flagship B experienced an overall upward movement in observed price ranges between 2021 and 2025. This finding is broadly consistent with the wider residential property-market performance in Johor, where NAPIC reported continued growth in residential transaction value and house prices over the study period. However, the locality-level findings demonstrate that the direction and magnitude of market movements were not identical across the selected areas.

The observed upward movement can be interpreted within the broader relationship between economic development and residential property markets. SEZ-related economic development can influence property markets through several interconnected mechanisms, including investment, employment generation, accessibility improvements, infrastructure development and expectations of future economic activity (Akinci & Farole, 2011; Lu et al., 2019; Zeng, 2016). As economic activity becomes concentrated within strategically located areas, demand for residential accommodation may increase among workers, households and investors. Improvements in infrastructure and connectivity may also enhance the attractiveness and perceived accessibility of surrounding residential locations. However, the findings should not be interpreted as demonstrating that the JS-SEZ alone caused the observed price increases. Residential property prices are influenced by multiple factors, including macroeconomic conditions, financing conditions, housing supply, local development characteristics and market expectations. The upward movement observed in the selected localities therefore represents a broader residential property-market response occurring within the period surrounding the establishment of the JS-SEZ.

Differentiated Responses Across Residential Localities

One of the most important findings of this study is the variation in residential property-price movements between the four selected localities. Taman Eko Botani demonstrated the strongest upward positioning of the observed price range, followed by a notable increase in Taman Bukit Indah. Taman Universiti showed a comparatively moderate upward movement, while Taman Nusa Bestari experienced greater fluctuations before recording higher observed prices towards the end of the study period. This variation supports the argument that property markets within a broader economic-development area should not be treated as homogeneous. Previous research on SEZs indicates that the benefits of place-based economic development can vary spatially according to accessibility, infrastructure, economic concentration and local development characteristics (Alder et al., 2016; Lu et al., 2019). Similarly, evidence from Shenzhen demonstrates that housing prices can vary according to the spatial relationship between SEZ development, accessibility and built-environment characteristics (Li et al., 2021).

The stronger observed price positioning of Taman Eko Botani may therefore reflect locality-specific market characteristics, although the available data do not allow these characteristics to be statistically isolated. Its higher price position throughout the study period also indicates that differences between localities may pre-date the establishment of the JS-SEZ. Consequently, the finding should not be interpreted as evidence that the JS-SEZ specifically generated the higher price level in Taman Eko Botani. Instead, it demonstrates that different residential markets can enter the JS-SEZ period with different market positions and subsequently exhibit different trajectories. The finding has an important implication for the interpretation of potential property-market spillovers. If economic integration generates additional residential demand, the resulting response may be stronger in locations that already possess favourable market conditions, infrastructure, accessibility or development characteristics. Therefore, spillover should be understood as potentially spatially differentiated, rather than as a uniform increase in property prices across all locations.

JS-SEZ Establishment and Early Market Expectations

The temporal dimension of the findings is particularly important. The formal JS-SEZ agreement was established in January 2025, meaning that 2025 represents the first post-establishment year within the study period. The upward movement observed in the selected localities during 2025 therefore provides an early indication of residential property-market conditions following the formal establishment of the economic zone. One possible explanation is that property markets may respond not only to realised economic outcomes but also to expectations regarding future investment, employment, infrastructure and connectivity. Property markets are forward-looking, and expectations concerning future development can influence investor and purchaser behaviour before the full economic benefits of a development initiative materialise. In the context of the JS-SEZ, the formalisation of cross-border economic cooperation may therefore contribute to expectations of stronger future economic activity in southern Johor.

Nevertheless, the present study cannot determine whether the observed 2025 movements were generated by expectations related to the JS-SEZ or by other concurrent market conditions. This limitation is particularly important because the post-establishment observation period is only one year. The findings should therefore be

interpreted as an early market response, rather than as evidence of a fully realised JS-SEZ property-market effect. This interpretation is also consistent with the broader Johor market evidence. NAPIC recorded almost unchanged residential transaction volume between 2024 and 2025, while residential transaction value and the Johor House Price Index increased. This suggests that the early market response at the state level was more evident in transaction values and prices than in the number of transactions.

Potential Property-Market Spillover Mechanism

The findings provide a basis for discussing the potential mechanism through which a cross-border economic initiative such as the JS-SEZ may be associated with residential property-market responses. The mechanism can be conceptualised as a sequence beginning with economic integration and investment facilitation, followed by increased business activity, employment opportunities, infrastructure and connectivity, and ultimately changes in residential demand and market expectations. This mechanism is consistent with the broader SEZ literature. SEZ can concentrate investment and economic activity within designated locations, generating employment and productivity effects while potentially influencing surrounding economic areas (Lu et al., 2019; Wang, 2013). The resulting spatial concentration can increase demand for land and housing, particularly where workers and households seek access to employment centres and supporting services. Property-market spillover may also operate through improved accessibility. When connectivity between economic centres and residential areas improves, previously less accessible locations may become more attractive to households and investors. In a cross-border context, this mechanism may be particularly important because the economic relationship between Johor and Singapore involves the movement of people, goods, services and investment across a national boundary.

However, the present study does not directly measure employment generated by JS-SEZ projects, migration, commuter flows, buyer nationality, infrastructure accessibility or investment expectations. Therefore, the proposed mechanism remains an interpretive framework rather than an empirically estimated causal pathway. Future research with longer and more detailed datasets will be required to test each component of the mechanism directly.

Implications for Housing Affordability and Market Balance

The observed upward movement in residential property prices has implications beyond investment performance. While rising property values may indicate stronger market confidence and improving expectations, rapid appreciation can also create affordability concerns, particularly for households whose income growth does not correspond with property-price growth. This issue is particularly relevant in Johor because previous research has identified persistent residential property overhang and housing mismatch. Ishak et al. (2024) highlight the significance of residential and serviced-apartment overhang in Johor, while Saleh et al. (2024) demonstrate that housing mismatch can be influenced by financial requirements, location, property characteristics, regulation and other associated costs. The findings therefore suggest that the potential benefits of JS-SEZ-related economic development should not be assessed solely through property-price appreciation. An increase in property prices may represent stronger demand and improved market confidence, but it may also reduce affordability for households seeking to enter the housing market.

This creates a need to monitor the relationship between property-price growth, household purchasing capacity, housing supply and market absorption as the JS-SEZ develops. The issue is particularly important in localities demonstrating stronger price movements. If stronger economic activity is concentrated in selected residential locations, these areas may experience greater price pressure than other parts of Flagship B. Consequently, locality-specific affordability monitoring may be more effective than relying solely on state-level housing indicators.

Implications for SEZ and Property-Market Literature

The findings contribute to the existing SEZ literature in three ways. First, they extend the discussion of SEZ outcomes beyond conventional economic indicators such as FDI, employment, productivity and output towards

residential property-market responses. This is important because economic development ultimately interacts with the spatial environment in which households and businesses operate.

Second, the study highlights the importance of spatial differentiation. The different price trajectories observed across Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari suggest that a broad economic initiative may not produce identical residential market responses across all neighbourhoods. This finding is consistent with previous evidence that the spatial benefits of economic-zone development depend on location-specific characteristics and accessibility (Li et al., 2021; Lu et al., 2019). Third, the study provides an early perspective on the property-market implications of the JS-SEZ. Because the initiative was formally established only in 2025, the available evidence represents an early stage of market observation. The contribution of the present study therefore lies not in claiming a definitive causal effect, but in establishing a baseline and identifying locality-level patterns that can be monitored as the JS-SEZ progresses.

Policy and Practical Implications

The findings have several implications for policymakers, planners and property-market stakeholders. First, property-market monitoring should be undertaken at the locality level because residential markets within Flagship B demonstrate different price trajectories. Second, affordability should be considered alongside investment and property-value objectives to ensure that economic development does not create excessive housing-cost pressures for local households. Third, housing supply should be aligned with actual market demand and absorption conditions, particularly in areas experiencing stronger price appreciation.

For developers and investors, the findings suggest that the residential market response to JS-SEZ related development may differ across locations. Investment decisions should therefore consider not only the broader JS-SEZ narrative but also local market fundamentals, housing characteristics, accessibility, existing supply and affordability conditions. For policymakers, the findings emphasise the importance of integrating economic-zone planning with residential development and infrastructure planning. Overall, the discussion suggests that the JS-SEZ may create conditions conducive to stronger residential property-market activity in selected parts of Johor, but the response is unlikely to be uniform across all locations. The observed differences between the selected Flagship B localities provide an important starting point for monitoring the spatial distribution of future property-market impacts as the JS-SEZ moves from institutional establishment towards implementation of investment, infrastructure and employment initiatives.

CONCLUSION AND RECOMMENDATIONS

The Johor–Singapore Special Economic Zone (JS-SEZ) represents an important development in cross-border economic cooperation and has the potential to influence economic activity, connectivity, investment and urban development in southern Johor. While previous research on Special Economic Zones (SEZ) has predominantly examined foreign direct investment, employment, productivity and regional development, this study contributes by examining residential property-market responses within a selected local context. Specifically, the study examined residential property-price movements in four localities within Flagship B, namely Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari, over the 2021–2025 period.

The findings demonstrate an overall upward movement in the observed residential property-price ranges across the four selected localities. However, the magnitude and pattern of movement were not uniform. Taman Eko Botani recorded the strongest upward positioning of the observed price range, while Taman Bukit Indah also demonstrated a notable increase. Taman Universiti showed a comparatively moderate upward movement with fluctuations during the study period, whereas Taman Nusa Bestari experienced greater variation before recording higher observed prices towards 2024 and 2025. These differences indicate that residential property-market performance within Flagship B is not homogeneous and that locality-specific characteristics may influence the way residential markets respond to broader economic and development conditions.

The findings also need to be interpreted in relation to the timing of the JS-SEZ. The formal establishment of the JS-SEZ occurred in January 2025, while the empirical analysis covers the preceding four years as well as the first year following its establishment. Therefore, the price movements observed between 2021 and 2024 should



be regarded as pre-establishment market trends rather than direct effects of the JS-SEZ. The observed movements in 2025 provide an early indication of residential property-market conditions following the establishment of the JS-SEZ, but the limited post-establishment observation period does not permit a definitive causal assessment. Accordingly, this study does not conclude that the JS-SEZ directly caused the observed increase in residential property prices. Instead, the findings provide preliminary evidence of an observable and potentially differentiated residential property-market response within Flagship B during the period surrounding the establishment of the JS-SEZ. The differences between localities are consistent with the possibility that accessibility, development maturity, infrastructure, market positioning and expectations regarding future economic activity may influence residential property-market performance.

Nevertheless, these mechanisms require further empirical investigation using longer post-establishment and transaction-level datasets. The study contributes to the emerging literature on cross-border economic zones by shifting attention from conventional economic indicators towards residential property-market outcomes at the local level. The findings also highlight the importance of considering spatial differences when assessing the broader implications of large-scale economic initiatives. For policymakers and property-market stakeholders, the results suggest that the development of the JS-SEZ should be accompanied by continuous monitoring of residential property prices, housing supply, market activity and affordability, particularly in localities experiencing stronger price appreciation.

Recommendations

Based on the findings, several recommendations are proposed for policymakers, planners and property-market stakeholders. First, locality-level residential property-market monitoring should be strengthened. The observed differences between Taman Universiti, Taman Bukit Indah, Taman Eko Botani and Taman Nusa Bestari demonstrate that residential property markets within the broader Flagship B area may respond differently to economic and development changes. Monitoring should therefore be undertaken at a more disaggregated geographical level rather than relying solely on state-wide or district-level indicators. Regular monitoring of transaction prices, transaction volumes, new housing supply and unsold units would enable policymakers to identify areas experiencing rapid price appreciation or emerging market pressures. Second, housing affordability should be incorporated into the planning of JS-SEZ related development.

Stronger property-price growth may indicate increasing market confidence and attractiveness, but rapid appreciation can also create affordability pressures for local households. In areas demonstrating stronger price movements, particularly Taman Eko Botani, housing policies should consider the availability of appropriately priced housing and the relationship between housing prices and local household purchasing capacity. The objective should be to ensure that the economic benefits associated with the JS-SEZ do not contribute disproportionately to housing costs.

Third, housing supply should be aligned more closely with actual market demand. Johor has experienced residential property overhang and housing mismatch, indicating that increases in property-market activity do not necessarily imply that housing supply is fully aligned with household requirements. Developers and policymakers should therefore consider transaction activity, property type, location, affordability and market absorption when planning new residential projects. Greater attention should be given to matching housing products with the purchasing capacity and requirements of households rather than relying solely on anticipated investment-driven demand.

Fourth, connectivity and infrastructure planning should be coordinated with residential development. Improvements in connectivity associated with the JS-SEZ may increase the attractiveness of strategically located residential areas. Infrastructure planning should therefore be integrated with land-use and housing planning to manage potential increases in residential demand. This approach can help ensure that areas experiencing stronger economic activity have sufficient supporting infrastructure and public amenities while reducing the risk of uncoordinated urban expansion. Fifth, a longitudinal property-market monitoring framework should be established for the JS-SEZ.



Since the JS-SEZ is still at an early stage of implementation, its longer-term implications for residential property markets cannot yet be fully observed. Government agencies and property-market institutions should maintain consistent annual or quarterly datasets covering transaction prices, transaction volumes, housing supply, overhang and affordability indicators. Such a dataset would enable future studies to distinguish temporary market movements from persistent structural changes associated with JS-SEZ implementation.

Finally, future research should employ more detailed transaction-level and spatial data to examine the mechanisms underlying the observed locality-level differences. As more post-2025 observations become available, advanced techniques such as interrupted time-series analysis, spatial econometric modelling or difference-in-differences approaches could be applied to assess whether the JS-SEZ generates measurable causal and spatial spillover effects. Such analysis would provide stronger evidence of the longer-term relationship between cross-border economic integration and residential property-market outcomes in Johor.

ACKNOWLEDGEMENT

The authors would like to extend their sincere appreciation to Universiti Teknologi Malaysia for the support provided through the F4+ 2.1.2 Grant titled Innovative Financial Modelling for Affordable Housing Viability and Delivery (Q.J130000.4652.00Q61), which served as the funding source for this research.

REFERENCES

1. Ab. Majid, R., Said, R., & J.T.S, C. (2017). ASSESSMENT OF BUBBLES IN THE MALAYSIAN HOUSING MARKET. *PLANNING MALAYSIA*, 15(3). <https://doi.org/10.21837/pm.v15i3.295>
2. Abraham, F., Konings, J., & Slootmaekers, V. (2010). FDI spillovers in the Chinese manufacturing sector. *Economics of Transition and Institutional Change*, 18(1), 143–182. <https://doi.org/10.1111/j.1468-0351.2009.00370.x>
3. Ahrens, J., Meyer-Baudeck, A. Special economic zones: Shortcut or roundabout way towards capitalism?. *Intereconomics* 30, 87–95 (1995). <https://doi.org/10.1007/BF02926261>
4. Akinci, G., & Farole, T. (2011). *Special Economic Zones: Progress, Emerging Challenges, and Future Directions*. World Bank.
5. Alder, S., Shao, L., & Zilibotti, F. (2016). Economic reforms and industrial policy in a panel of Chinese cities. *Journal of Economic Growth*, 21(4), 305–349. <https://doi.org/10.1007/s10887-016-9131-x>
6. Chong, H. P. (2006). A study on the current residential property cycle in Malaysia, University of Malaya, Malaysia. (Bachelor dissertation).
7. Evgeniya Dubinina (2023) Impact of Special Economic Zones on domestic market: Evidence from Russia, *Post-Communist Economies*, 35:1, 82-99, DOI: 10.1080/14631377.2022.2138154
8. Farole, T., & Akinci, G. (2011). *Special Economic Zones: Progress, Emerging Challenges, and Future Directions*. World Bank.
9. Ishak, N. F. A., Ahmad@Baharum, Z., Hwa, T. K., Mohd Adnan, Y., & Huri, N. (2024). SECULAR TRENDS IN PROPERTY OVERHANG IN MALAYSIAN RESIDENTIAL AND SERVICED APARTMENTS. *PLANNING MALAYSIA*, 22(32). <https://doi.org/10.21837/pm.v22i32.1515>
10. Li, H., Chen, P., & Grant, R. (2021). Built environment, special economic zone, and housing prices in Shenzhen, China. *Applied Geography*, 129, 102429. <https://doi.org/10.1016/j.apgeog.2021.102429>
11. Lu, T., Wang, J., & Zhu, L. (2019). Place-based policies, creation, and agglomeration economies: Evidence from China's economic zone program. *American Economic Journal: Economic Policy*, 11 (3), 325–360. <https://doi.org/10.1257/pol.20160272>
12. Moberg, L. (2015). The political economy of special economic zones. *Journal of Institutional Economics*, 11(1), 167–190.
13. Pastusiak, R., Jasiniak, M., & Keller, J. (2018). Special Economic Zones in Poland and Their Impact on Regional Development. *Comparative Economic Research*, 21(2), 5–22.
14. Saleh, A. F., Mohd Aini, A., Ab Majid, R., Mustafa, M. H., & Jamaludin, A. F. (2024). MODELLING HOUSING MISMATCH FOR AFFORDABLE HOUSING DEMAND AND SUPPLY IN MALAYSIA. *PLANNING MALAYSIA*, 22(32). <https://doi.org/10.21837/pm.v22i32.1511>



15. Wang, J. (2013). The economic impact of Special Economic Zones: Evidence from Chinese municipalities. *Journal of Development Economics*, 101, 133–147. <https://doi.org/10.1016/j.jdevco.2012.10.009>
16. Zeng, D. Z. (2016). *Special Economic Zones: Lessons from the Global Experience*. World Bank.
17. Zhang, Y., et al. (2019). Policy spillover and regional linkage characteristics of the real estate market in China's urban agglomerations. *Journal of Management Science and Engineering*, 4(3), 189–210. <https://doi.org/10.1016/j.jmse.2019.05.004>