Economics

Chartbook: Johor-Singapore Special Economic Zone spurring investments

Economics/Growth

Group Research | September 4, 2025

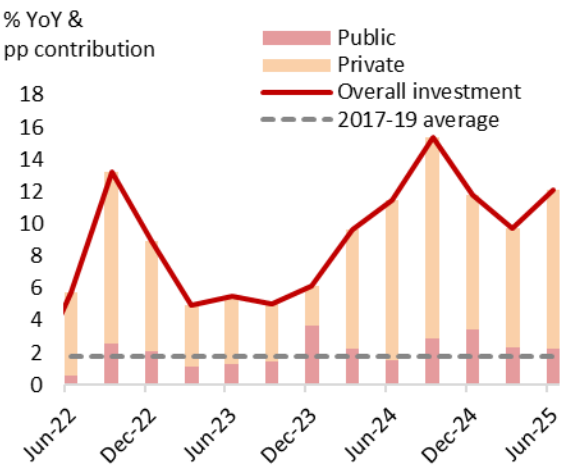
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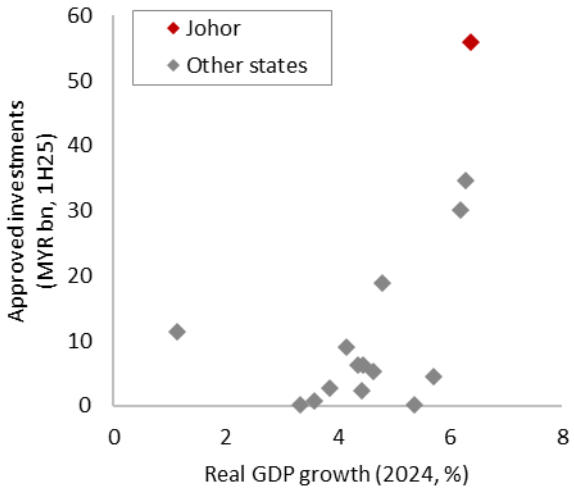
- *The Johor-Singapore Special Economic Zone (JS-SEZ) is showing great regional potential, sparking development on both sides of the border, countering geopolitical challenges.*
- *Johor is expanding rapidly and will attract rising as well as varied foreign investments, as the SEZ takes shape.*
- *The SEZ together with Johor's development will be crucial to Malaysia's investment prospects and ambition to be a high-income nation by 2030.*
- *Continued progress of the JS-SEZ will require tackling previously highlighted issues like manpower, movement of people and goods, and ease of doing business.*
- *Singapore is developing the area of Woodlands as a gateway to the JS-SEZ, as highlighted during the National Day Rally 2025.*

Malaysia's sustained investment expansion



Source: CEIC, DBS
Note: Investment = real gross fixed capital formation.

Johor stands out in GDP growth and investments

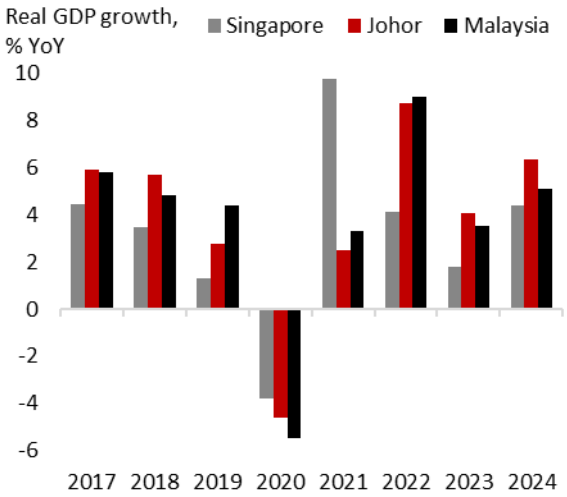


Source: CEIC, MIDA, DBS

Economic growth

Johor's economy expanded faster than Singapore and Malaysia's national rate in the post-pandemic years from 2022 to 2024, after lagging in 2020 and 2021.

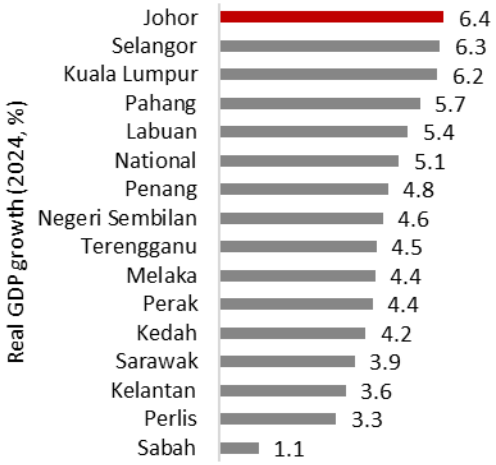
Johor outperformed Malaysia and Singapore in 2024



Source: CEIC, DBS

Johor's real GDP growth of 6.4% in 2024 was the highest among all Malaysian states. The gap with the national expansion of 5.1% was the widest since 2016.

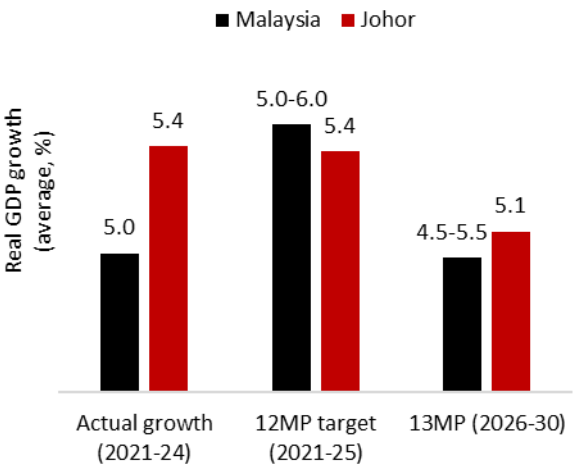
Johor's growth was the fastest among all Malaysian states



Source: CEIC, DBS

Malaysia's government is aiming for still-decent average economic growth of 4.5-5.5% in its 13th Malaysia Plan between 2026-30, amid a more protectionist global economic landscape. Johor will be a key contributor.

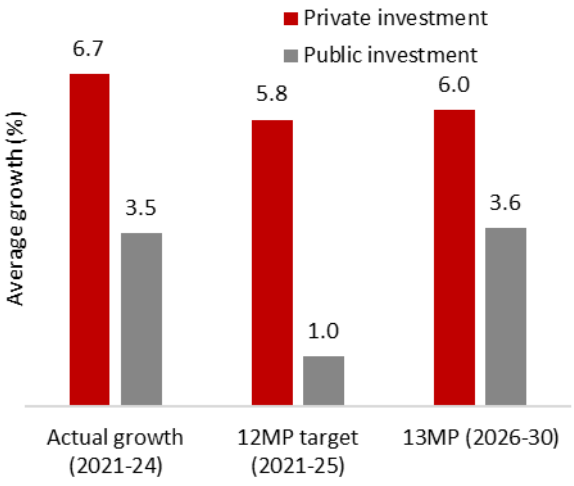
Growth targets under the 13th Malaysia Plan



Source: 13th Malaysia Plan (MP), 12th MP (Mid-term Review), DBS

The government is tapping on sustained private investment growth, as it aims for high-income status. The JS-SEZ is a major initiative to enhance regional integration, attract investments, and lift Malaysia's global position.

Investment targets under the 13th Malaysia Plan

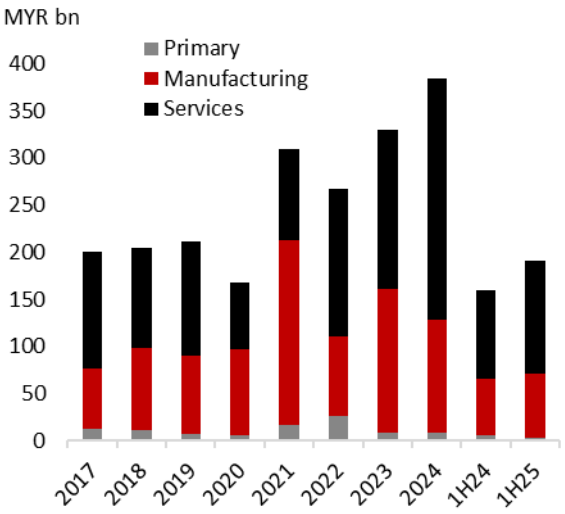


Source: 13th Malaysia Plan (MP), 12th MP (Mid-term Review), DBS

Malaysia's investment approvals

Malaysia is experiencing strong investment approvals across the manufacturing and services sectors, hitting multi-year highs in 2024. The momentum remains robust in 1H25.

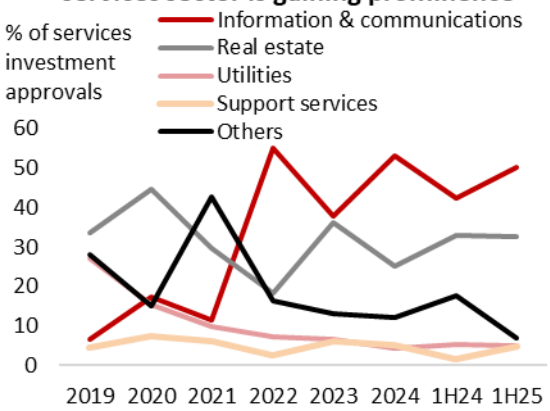
Strong investment approvals into Malaysia



Source: CEIC, DBS

Approved investments in the services sector have gained traction, with the 'information & communications' segment becoming prominent. Malaysia, particularly Johor, has emerged as a data centre hotspot.

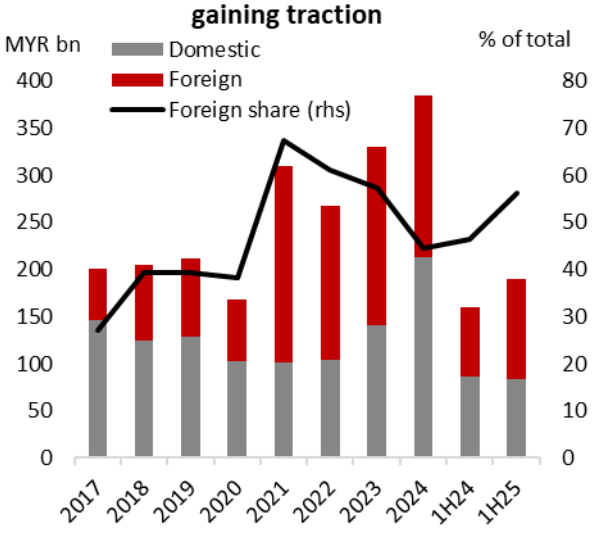
Investment in Information & communications services sector is gaining prominence



Source: CEIC, DBS
Note: Others include Distributive trade, Finance, Transport, Hotel & tourism, Health, Education, Global establishment, & Unclassified.

Investment approvals are from diverse domestic and foreign sources. Foreigners remain attracted to Malaysia, exceeding 50% of the total on average over the past three years.

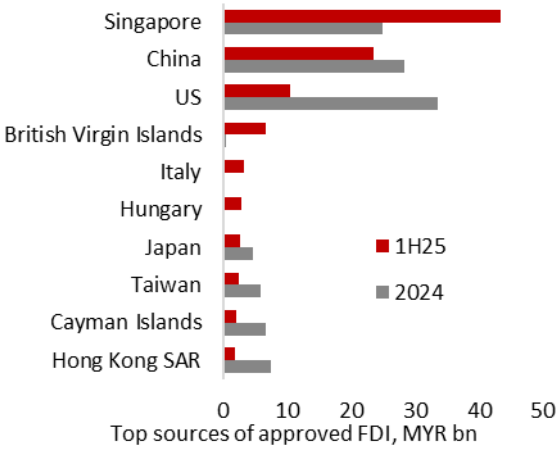
Foreign investment approvals in Malaysia gaining traction



Source: CEIC, DBS

Singapore is the top source of approved foreign direct investment (FDI) into Malaysia, with the share jumping to ~40% in 1H25, up from ~23% in 2024. Malaysia will benefit from the JS-SEZ, alongside the China+1 strategy.

Singapore topped approved FDI into Malaysia

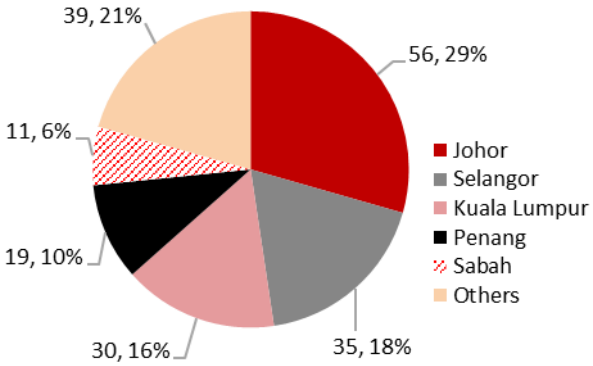


Source: MIDA, DBS
Note: Based on ultimate source, with data only available starting 2024.

Johor's investment approvals

The JS-SEZ is a key catalyst of investments in Malaysia's Johor state this year. Johor alone accounted for nearly 30% of overall approved investments in 1H25.

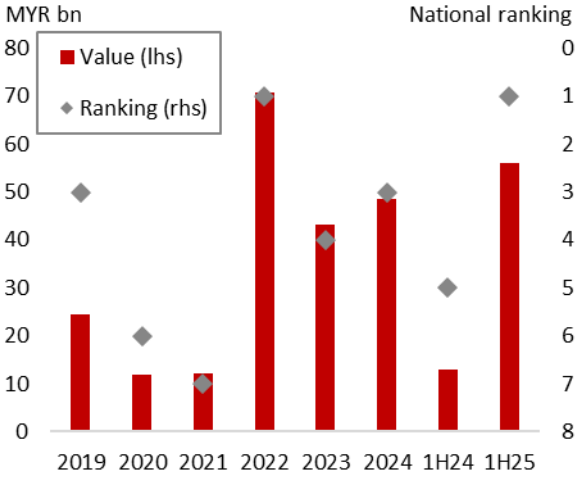
Johor led overall investment approvals in 1H25



Source: CEIC, MIDA, DBS
Note: Value in MYR bn. Others include other states that accounted for <5% of the total.

Johor's approved investments of MYR56bn in 1H25 exceeded MYR48.5bn in full year 2024, and led other states. Johor is eyeing up to MYR100bn in investments by year-end, which would exceed the recent high recorded in 2022.

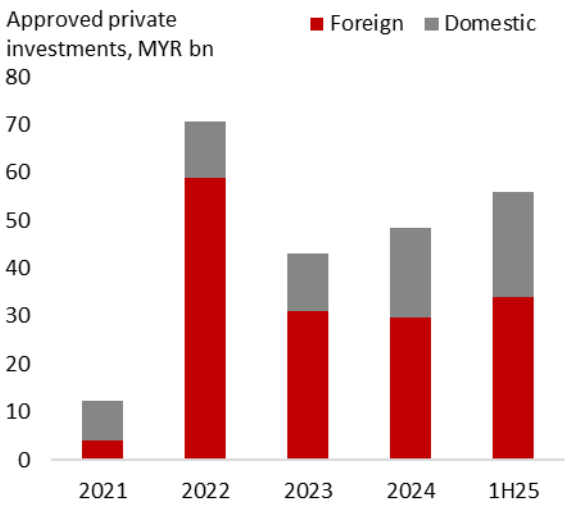
Investment approvals into Johor have climbed the ranks



Source: CEIC, MIDA, DBS

Johor is attracting strong foreign investment interest, which accounted for ~60% of overall approvals, with momentum going strong.

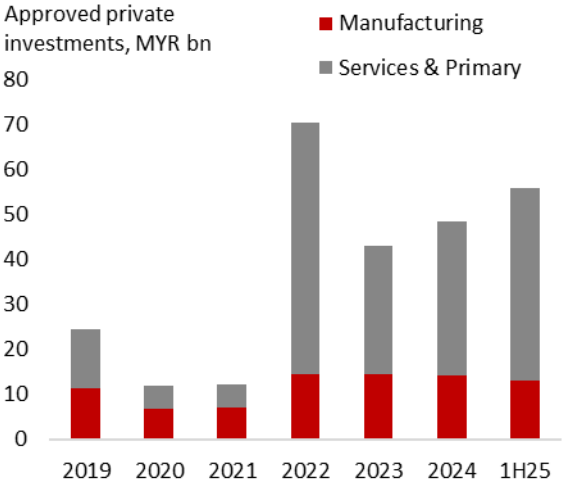
Strong foreign investment interest in Johor due to JS-SEZ



Source: MIDA, DBS

Investments in Johor's services sector continue to gain traction. While tech relating to data centres is a key driver, there are also developments in various areas like real estate, hospitality, healthcare, and manufacturing.

Johor's investments increasingly driven by services sector

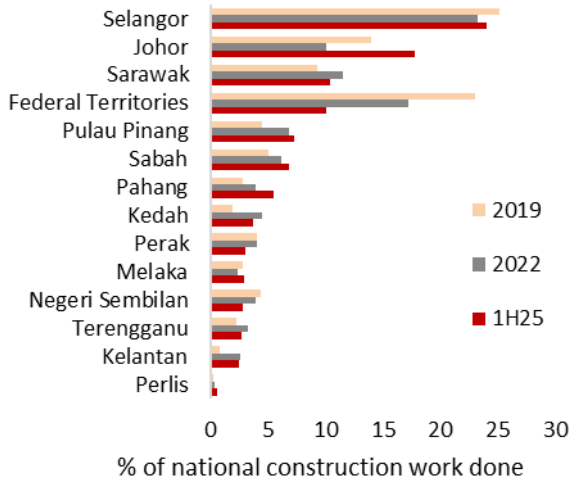


Source: MIDA, DBS

Johor's construction activity underway

As investments in Johor gather momentum, construction activity has also risen. Johor's share in national construction work stood at ~18% in 1H25, ranking second.

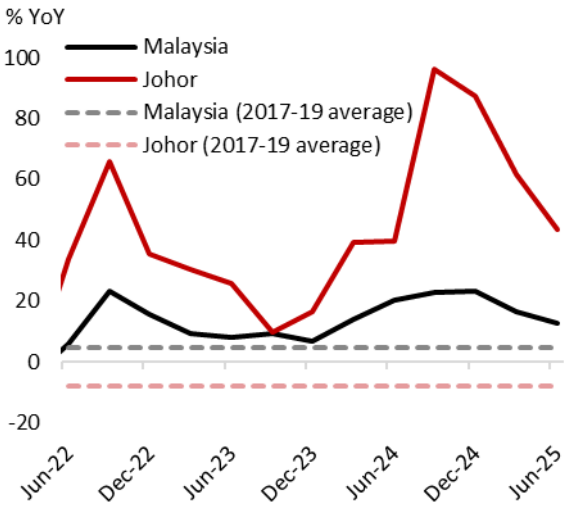
Johor's share of overall construction work done ranks highly and is rising



Source: CEIC, DBS

The growth of Johor's construction work done is sustaining well above the national expansion. It is also significantly higher than the pre-pandemic period, when activity shrank.

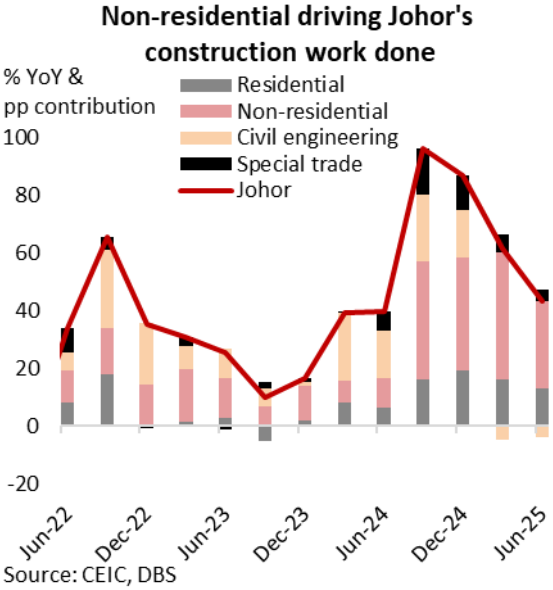
Johor's outperforming construction work done



Source: CEIC, DBS

The non-residential segment has been the key force behind Johor's strong expansion in construction work done, likely due to the data centre boom. The residential segment is also contributing positively.

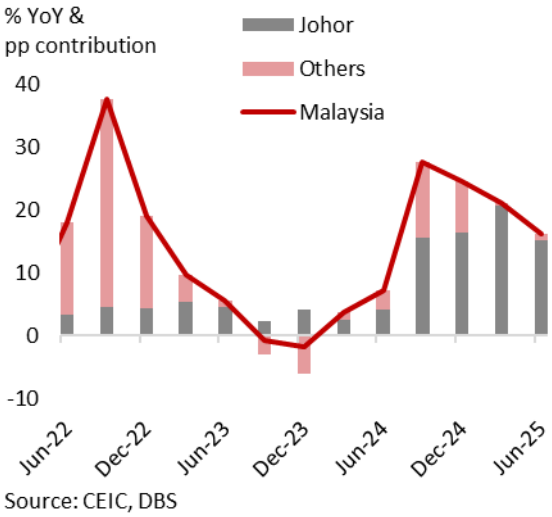
Non-residential driving Johor's construction work done



Source: CEIC, DBS

Malaysia's non-residential construction work done is experiencing sustained expansion, driven primarily by Johor. This also underscores Johor's importance in Malaysia's ongoing development to high-income nation status.

Johor has become the sole driver of Malaysia's non-residential construction work done

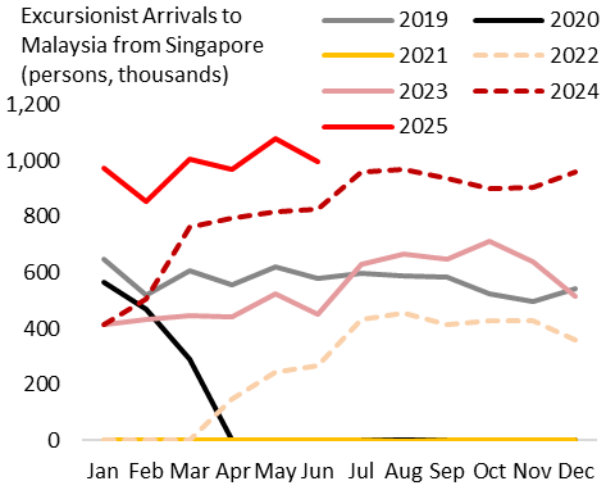


Source: CEIC, DBS

Developing Singapore's Woodlands

Singapore day-trippers to Malaysia, likely Johor, are already high, and continue to rise in 2025. The opening of the Johor Bahru-Singapore Rapid Transit System (RTS) Link in end-2026 will significantly transform cross-border travel.

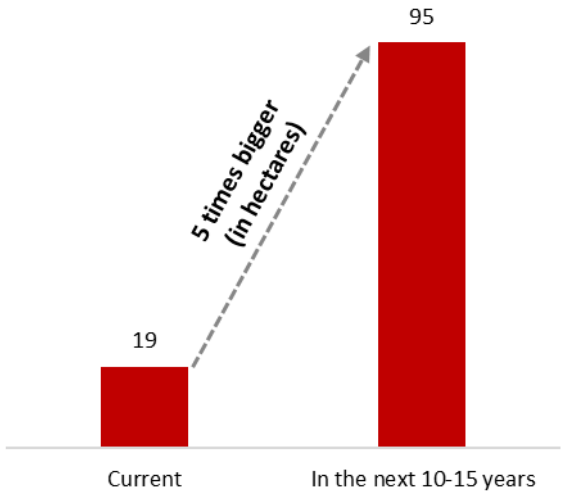
Number of daytrippers to Malaysia from Singapore continues to rise in 2025



Source: Tourism Malaysia, DBS

To maximise the growth potential of the JS-SEZ and improve cross-border connectivity, Singapore will expand the Woodlands Checkpoint area. It will become 5 times bigger when redeveloped in the next 10-15 years.

Expanding Woodlands Checkpoint



Source: The Straits Times, DBS

Woodlands was highlighted during the National Day Rally 2025 to develop northern Singapore. Woodlands is the fifth most populated planning area by residents on the island. Plans for more housing will keep it vibrant.

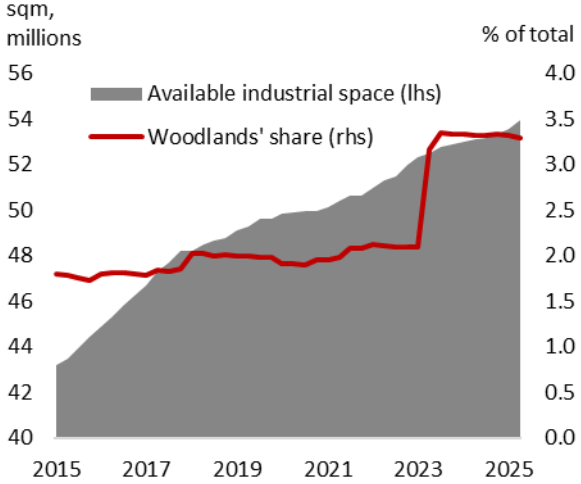
Singapore's planning areas with the highest residents

#	Planning Area	Residents ('000)	% of total residents
1	Tampines	284.56	6.8
2	Bedok	276.84	6.6
3	Sengkang	265.06	6.3
4	Jurong West	257.47	6.2
5	**Woodlands**	**255.18**	**6.1**
6	Yishun	229.52	5.5
7	Hougang	228.14	5.5
8	Punggol	199.40	4.8
9	Choa Chu Kang	190.18	4.5
10	Bukit Batok	167.75	4.0

Source: Singstat, DBS

Woodlands is the northern gateway from Singapore to the JS-SEZ. The government will build flexible industrial spaces around the RTS station. There is room to expand as Woodlands accounts for only ~3% of total industrial space.

Room for industrial space to grow in Woodlands planning area



Source: JTC, DBS

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