

# Negri Sembilan set to be next data centre hotspot

Further ramp-up expected as jobs move to work phase

## CONSTRUCTION

**PETALING JAYA:** After Selangor and Johor, Negri Sembilan could be a data centre hotspot in Malaysia.

RHB Research pointed out that Gamuda Bhd is acquiring 389 acres of land in Port Dickson, which could potentially accommodate between 500 megawatt (MW) and one gigawatt of data centre capacity.

It also said HSS Engineers Bhd is eyeing for a separate data centre project in Negri Sembilan with a potential size of 100MW.

Overall, RHB Research believes the prospects of data centres in the country are likely to remain intact.

In Johor alone, referring to a report by Cushman and Wakefield, RHB Research said there is about 822MW of planned data centre capacity.

"We view the prominence of data centre developers from tier-one countries in Malaysia that are eligible for validated end-user status to mitigate risks from the US Artificial Intelligence Diffusion Rules."

On the construction sector's financial results for the fourth quarter of 2024, RHB Research said they were in line with forecasts as revenue recognition progress of most contractors picked up as expected.

Bullish on the sector, the research house anticipates a further ramp-up as jobs secured, especially last year, will transition into the work-intensive phase.

This is in light of better labour conditions and manageable building material price trends.

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RHB Research

quarter ended December 2024), three were in line, three exceeded and three fell below expectations."

Companies that underperformed were Gabungan AQRS Bhd, Econpile Holdings Bhd and Malaysian Resources Corp Bhd.

On the other hand, the quarterly performance of Sunway Construction Group Bhd (SunCon), Pintaras Jaya Bhd and KKB Engineering Bhd exceeded expectations.

Kerjaya Prospek Group Bhd, MGB Bhd, IJM Corp Bhd and Gamuda met expectations.

"All in, we believe that contractors will continue to be occupied with their respective jobs on hand as well as the upcoming ones."

"In 2024, the total value of work done stood at RM159bil – the highest on record," it said in a note.

Looking ahead, RHB Research said there are plenty of projects ahead.

The urgent need to complement the Johor Baru-Singapore Rapid Transit System Link will entail the requirement of other

transportation systems, namely, the Elevated Autonomous Rapid Transit in Johor under which a request for proposal for the project will be called soon with an estimated cost of around RM6bil to RM7bil.

Likewise, the proposed Kita Selangor Rail Line of 211km from Sabak Bernam through Sepang and extend into Negri Sembilan adds up decently on well flagged projects such as the Penang Light Rail Transit (LRT) – which has about RM5bil worth of remaining packages – and reinstatement of the five LRT3 stations.

"Water-related infrastructure could be an avenue of opportunities with the Selangor government proposing a RM6bil underground flood tunnel system."

"Also, 35 flood mitigation projects are in the pre-implementation stage while 73 are currently underway," it added.

RHB Research's top picks for the sector include Gamuda, SunCon and Binastra Corp Bhd amid steady contract flows combined with commendable earnings visibility over the next two years.