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TITLE: Johor's Forest City Faces Critical Challenges

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ABSTRACT:

EXECUTIVE SUMMARY ? The Forest City project in Johor, Malaysia is part of a larger plan to elevate Johor to development success, similar to Shenzhen's evolution from Hong Kong's backwaters to being a modern metropolis. ? However the project was embroiled in controversy from the beginning. The mixed development was meant to create sustainable homes, recreational areas, schools and business infrastructure that would house about 700,000 people, generate annual revenues of about RM30 million for the state, and create more than 60,000 jobs, including a substantial number for locals through a quota. ? Sudden capital controls imposed by China on its citizens in early 2017 put a spanner in the works. Middle-class Chinese struggling to afford homes in China's big cities were Forest City's prime clientele and the new regulations preventing the transfer of funds for property purchase and the use of credit cards for investment transactions have brought future sales and the completion of signed commitments into question. ? Forest City will now have to focus on other markets in order to meet its sales targets. While the project has its merits, the economic benefits might be overstated as a number of socio-economic and environmental impacts have not been fully taken into account.

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