

Johor Bahru

The Johor-Singapore Special Economic Zone -- Southeast Asia's most compelling investment opportunity in 2025-2026

Investment Cooperation Guide -- Johor Bahru (2026 Edition) | Published by AERI

Executive Summary

Johor Bahru, capital of Johor state, is seizing historic development opportunities through the Johor-Singapore Special Economic Zone (JS-SEZ) -- the world's first cross-border economic zone model. In 2025, Johor attracted approved investments of RM 110.03 billion (approximately USD 25 billion), a record high accounting for 25.8% of Malaysia's total national investment. Manufacturing investment reached RM 73 billion, making Johor Malaysia's champion in manufacturing investment.

AERI considers Johor Bahru the archetype of "Southeast Asia's Shenzhen," where Chinese enterprises can leverage the golden triangle model of "Singapore Brand + Chinese Technology + Malaysian Cost" to expand into Southeast Asian and global markets.

Part 1: City Overview

1.1 Geographic Location and Strategic Advantages

Johor Bahru is located at the southernmost tip of the Malay Peninsula, facing Singapore across the Johor Strait with the closest crossing point just 10 minutes by car. The city covers approximately 181 km² with a population of approximately 1.8 million.

Singapore proximity advantages:

- 10-minute drive to Woodlands Checkpoint via the Causeway or Second Link (AE2)
- Peak-hour commute approximately 25 minutes one way
- This "one-hour economic circle" enables enterprises to:
 - Base employees in JB, enjoying Malaysia's operating cost advantages
 - Conduct business in Singapore during the day, leveraging international brand and financing capabilities
 - Return to JB for living, benefiting from Malaysia's lower cost of living

Transportation network:

- Air: Senai International Airport -- Malaysia's second-largest airport with 29 international routes to 28 global destinations including Beijing, Shanghai, Hong Kong, Taipei, Guangzhou, and Singapore
- Maritime: Tanjung Pelepas Port (PTP) -- Malaysia's largest container port with annual capacity of 13.5 million TEU; Pasir Gudang Port also serves as an important hub
- Land: North-South Expressway connecting KL and Singapore; Rapid Transit System (RTS)

Linkscheduled for operation by end-2026, reducing JB-Singapore commute to 5 minutes

1.2 Population and Labor Market

Greater Johor Bahru has a resident population of approximately 3.3 million; Johor state has approximately 3.8 million (Malaysia's third-most populous state).

- Demographics: Working-age population (15-64) at approximately 65%
- Diversity: Malay 55%, Chinese 34%, Indian and others 11%. Strong Chinese cultural presence with Mandarin, Cantonese, Hokkien, and Hakka widely spoken
- English proficiency: High, meeting international business communication needs
- Labor cost advantage: Wages only 1/3 to 1/5 of Singapore levels with comparable skill levels

1.3 Economic Development

In 2024, Johor state GDP reached approximately RM 145 billion (approximately USD 33 billion), accounting for 9.4% of national GDP and ranking fifth nationwide. 2025 growth projected at 4.9%.

Industrial structure: Manufacturing 42% + Services 51% + Construction 7%

- Manufacturing FDI in 2024: RM 60.52 billion, accounting for 40.7% of national manufacturing FDI -- making Johor Malaysia's hottest manufacturing investment destination
- Major industries: Electronics & electrical, petrochemicals, food processing, machinery & equipment

1.4 Development Strategies

Johor-Singapore Special Economic Zone (JS-SEZ): Officially signed on January 7, 2025 -- the world's first cross-border economic zone, covering most of southern Johor and parts of northern Singapore, with a total area of 3,588 km² (over 4x Singapore's land area).

Key features:

- Dual-nation synergy: Integrating Singapore's capital, technology, and brand with Malaysia's cost, land, and labor advantages
- Cross-border facilitation: Smart customs clearance for free movement of people and goods
- Special incentives: Targeted tax and investment preferential policies
- Infrastructure connectivity: Forming a unified business ecosystem

Nine flagship zones: JB Waterfront, Iskandar Puteri, Tanjung Pelepas, Tanjung Bin-Kongkong, Senai-Skudai, Kulai-Sedenak, Desaru-Penawar, Forest City, and Pengerang

11 priority sectors: Logistics, manufacturing, financial services, business services, digital economy, tourism, food security, education, healthcare, energy, and green economy

Part 2: Investment Environment and Policies

2.1 Iskandar Development Region

Malaysia's most successful economic corridor since 2006:

- Total area: 2,217 km²
- Cumulative committed investment: RM 383 billion (exceeding targets)
- Jobs created: Over 500,000
- GDP contribution: Over RM 230 billion

2.2 JS-SEZ Investment Incentives (Announced January 8, 2025)

Corporate Income Tax Incentives:

- Special rate: Eligible enterprises may enjoy 5% corporate income tax rate for up to 15 years
- Standard rate: Eligible enterprises may enjoy 15% corporate income tax rate for up to 10 years
 - Knowledge worker incentive: Foreign knowledge workers may enjoy 15% personal income tax preferential rate for up to 10 years

Other Tax Benefits:

- Entertainment tax halved effective January 1, 2025
- Stamp duty exemption for specific documents and transactions
- Zero import duty on equipment for eligible manufacturing projects

Investor Pass (InvestPass):

- Eligible foreign investors may apply for multiple-entry visas up to 12 months
- Applicable for senior management and core technical personnel
- Spouse and children may accompany

Fast-Track Approval:

- Manufacturing projects in non-sensitive sectors: permits approved within 7 working days
- One-stop service through IMFC-J (jointly operated by MIDA, IRDA, and Invest Johor)

Land and Infrastructure Support:

- Standard factory rental subsidy to MYR 3/sqm (60% below market rate)
- 10% electricity tariff discount for eligible enterprises
- Preferential industrial land for qualifying projects

Eligibility criteria (manufacturing example):

- Paid-up capital \geq RM 2.5 million
 - Investment in semiconductors, data centers, advanced packaging, NEV components, or AI hardware
- At least 50% of high-value positions ($>$ RM 10,000/month) held by Malaysian citizens
- At least 30% of high-value positions held by Malaysian employees
- Employ local contractors as main construction contractors
- At least 20% of total employees are local staff with $<$ 3 years experience
- Partnership with at least 3 local logistics companies
- Recruit at least 3 local interns annually under MySIP program

Part 3: Chinese Enterprise Investment

Key Chinese Investments in Johor

- R&F Princess Cove: Major mixed development project at JB waterfront
- Forest City: Country Garden's flagship mega-project (4 man-made islands, planned investment exceeding USD 100 billion)
- Xinyi Glass: Major glass manufacturing facility in Johor
- Huawei: Regional operations presence supporting digital infrastructure
- Multiple Chinese manufacturers: Electronics, EV components, and new energy sectors

Investment Models

- EPC contracting for infrastructure projects
- Real estate development (residential, commercial, industrial)
- Manufacturing joint ventures with local partners
- Digital economy and smart city solutions

Part 4: Corporate Financing and Capital Markets

Johor Bahru's financial sector is well-developed with all major Malaysian banks and several international banks present. The JS-SEZ's Strategic Co-Investment Fund (COSIF) provides 1:1 matching financing with interest rates as low as 0.5%.

Part 5: Compliance and Legal Environment

Malaysia's standard legal framework applies in Johor, with additional JS-SEZ-specific regulations and incentives. Key compliance areas include:

- Company registration via SSM
- Manufacturing licenses via MIDA
- Employment compliance (minimum wage RM 1,700/month)
- Environmental impact assessments for manufacturing projects
- Cross-border trade compliance for Singapore-related operations

Part 6: Living and Working Information

Cost of Living

Significantly lower than Singapore -- housing costs approximately 1/5 to 1/3 of Singapore levels.

Item | Monthly Cost (MYR)

Apartment rent (1BR, city center) | 1,500-3,000

Meals (regular restaurant) | 10-25 per meal

Groceries | 800-1,500

Public transportation | 80-200

Education

Multiple international schools available including Marlborough College Malaysia, Shattuck-St. Mary's School, and Raffles American School.

Healthcare

Major hospitals include KPJ Johor Specialist Hospital, Sultanah Aminah Hospital, and Gleneagles Medini.

Visa and Residency

Same national regulations apply. The RTS Link (opening 2026) will significantly enhance JB-Singapore commute convenience.

AERI Assessment

Johor Bahru represents the most compelling investment opportunity in Southeast Asia in 2025-2026, driven by the JS-SEZ's unprecedented cross-border cooperation framework. The 5% corporate tax rate for up to 15 years is among the most competitive globally. AERI considers Johor Bahru a "must-consider" location for:

- Manufacturing enterprises seeking Southeast Asian production bases with Singapore proximity
- Data center operators leveraging low energy costs and Singapore connectivity
- Semiconductor companies tapping into the advanced packaging and testing ecosystem
- Real estate developers targeting the cross-border residential and commercial market
- Digital economy companies using the JS-SEZ as a ASEAN launchpad

For more Asian country and region investment guides, visit: <https://www.aeri.org.cn>