Building a northern industrial ecosystem

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PICTURES BY NGX

Artist's impression of a linear park in Delapan East

On July 11, a new road was opened between Malaysia and Thailand connecting the Bukit Kayu Hitam ICQS (Immigration, Customs, Quarantine and Security) Complex in Kedah to the new Sadao CIQ (Customs, Immigration and Quarantine) Complex in Songkhla, in southern Thailand. Launched by Prime Minister Datuk Seri Anwar Ibrahim and Thai Prime Minister Anutin Charnvirakul, the route aims to cut bottlenecks and to enable both nations to fulfil their obligations to achieve the bilateral trade target of US$30 billion (RM122 billion) by 2027.

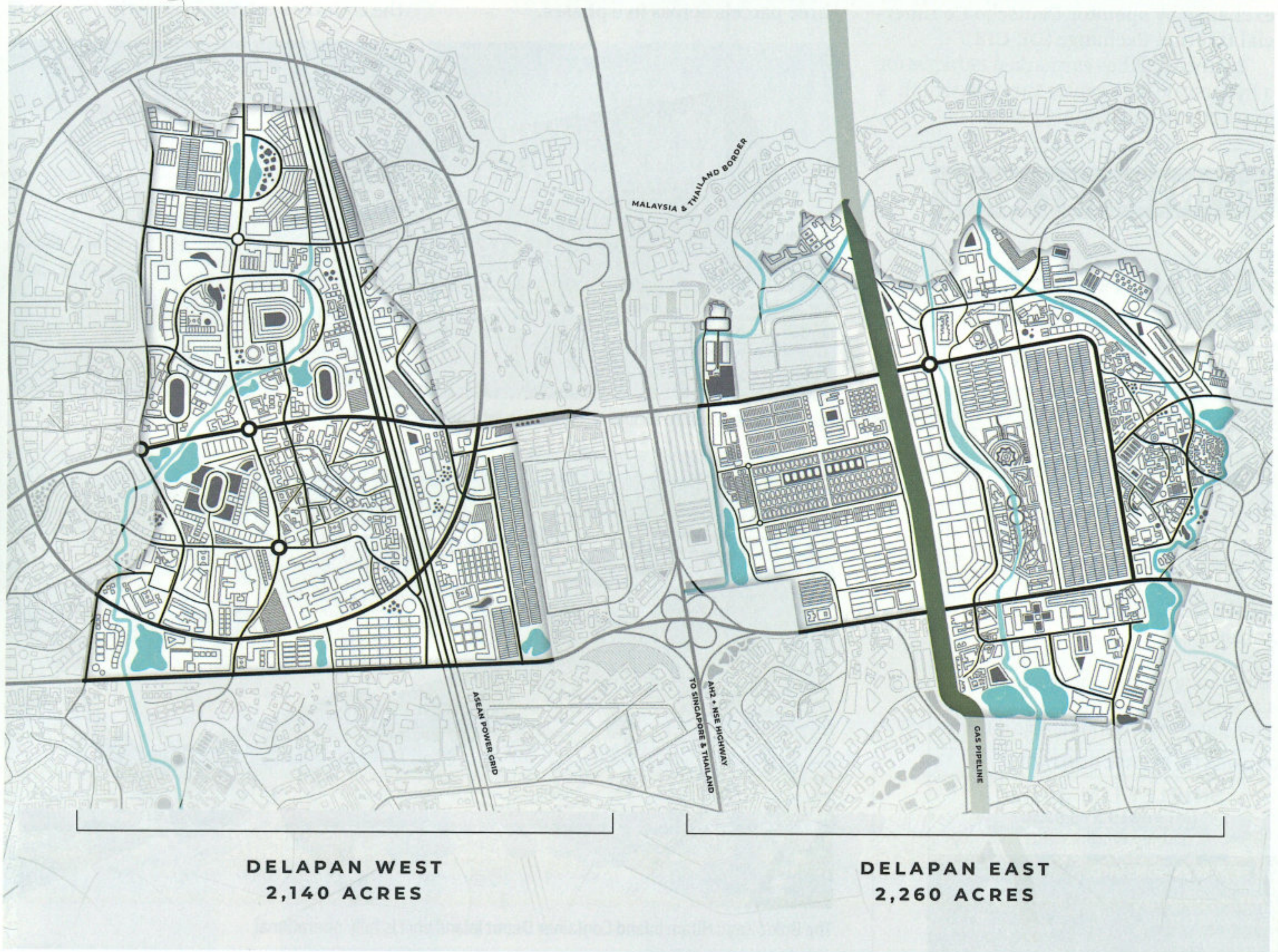
This bodes well for the RM5 billion Delapan Special Border Economic Zone (SBEZ) being developed by master developer Northern Gateway Sdn Bhd (NGX), a subsidiary of the Minister of Finance Inc (MOF Inc), with the advice and consultation of AREA Group of Companies (AREA), which specialises in real estate advisory, fund management, and industrial and logistics development.

"Border congestion has long been one of the biggest constraints to trade between Malaysia and Thailand. Prior to 2018, cargo vehicles routinely faced waiting times exceeding four hours at the Bukit Kayu Hitam-Sadao border crossing, with delays stretching to as long as six hours during peak travel periods," says NGX CEO Razwin Sulairee Hasnan Termizi.

"Through successive improvements to border operations and supporting infrastructure, average waiting times have since been reduced to two hours and, in favourable conditions, to one hour."

The Delapan SBEZ, formerly called Kota Perdana SBEZ, covers 4,400 acres and is part of the roughly 11,000-acre Bukit Kayu Hitam SBEZ, as was announced in 2018. According to news reports, the idea of developing the SBEZ land was mooted by then prime minister Tun Dr Mahathir Mohamad in 2001, with completion initially targeted for 2010, but the project was subsequently delayed. It remained dormant until the MOF Inc restarted it via its subsidiary NGX in 2017 and renamed it Delapan SBEZ.

(From left) Marq international CEO Steven Wei, PNB head of strategy Amir Fikrie, Invest Selangor senior director Nik Izzudin, Selangor state executive council member Ng Sze Han, LaBrooy, Shenzhen Government Procurement Association president Feng Qiang, Kedah executive council member Prof Dr Haim Hilman, Razwin, Invest Kedah COO Noor Ikhsan and MIDA Guangzhou deputy director Safwan Johari at the multi-party heads of agreement signing with Shenzhen Government Procurement Association on April 11, 2025



The project is split into two sections by the North-South Highway — Delapan West (2,140 acres) and Delapan East (2,260 acres). The former focuses on commercial activities and the latter is zoned for industrial activities.

Delapan East itself is divided into two sections — Delapan East 1 and Delapan East 2. Delapan East 1 already has committed parties at various stages of development, helping to establish an ecosystem that demonstrates the area's potential and commitment to trade and investment.

Delapan East 2, now rebranded as Pentas Industrial City, remains largely undeveloped, with only basic infrastructure such as roads and utilities being installed. NGX is seeking to promote Pentas Industrial City and attract multinational companies to establish facilities there.

According to AREA executive chairman Datuk Stewart LaBrooy, NGX appointed the group in 2023 to design, secure funding for and develop the industrial park. A 2024 meeting with representatives from Shenzhen quickly generated strong interest in Pentas Industrial City and its potential. This culminated in a multi-party heads of agreement signed with the Shenzhen Government Procurement Association on April 11, 2025, paving the way for Chinese companies to set up operations in Pentas Industrial City. The association represents more than 100,000 manufacturers across more than 9,000 industrial parks in the Shenzhen Special Economic Zone.

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Delapan SBEZ driving greater economic appeal

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The agreement aims to attract US$2 billion in foreign direct investment, facilitate the relocation of Shenzhen's industrial ecosystem and create jobs. Negotiations are ongoing, with further details to be announced in due course.

Laying the groundwork

According to Razwin, Delapan East 1 was developed first with key partners to jump-start the Delapan SBEZ ecosystem.

One such partner is PKT Logistics, which worked with NGX to establish the Bukit Kayu Hitam Inland Container Depot (BKH ICD). The inland port is operated as a joint venture between NGX and PKT Logistics. Razwin says it has an annual capacity of 240,000 TEUs and is fully operational. It also includes a 240,000 sq ft free commercial zone with warehouse facilities.

The inland port and its strategic location next to the Bukit Kayu Hitam ICQS Complex have helped reduce the border wait time for goods to cross between Malaysia and Thailand.

"A key contributor [to the reduction of the border wait time] has been the completion and operationalisation of the BKH ICD at Delapan. The facility handled more than RM9 billion worth of trade in 2025, with throughput expected to almost triple this year as cargo volumes continue to grow," says Razwin.

"On the Thai side, the development of the new Sadao CIQ Complex reflects Bangkok's long-term strategy to consolidate overland freight movement along the Sadao-Bukit Kayu Hitam corridor. Spanning about 240 acres, the facility is designed to accommodate significantly higher cargo volumes and improve cross-border logistics efficiency."

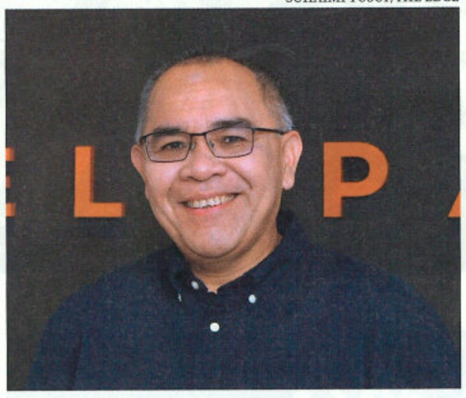
To complement these efforts, Razwin says, the Eastern Gate (Pintu Timur) is being developed as a dedicated freight corridor connecting the Bukit Kayu Hitam ICQS directly to the BKH ICD via a purpose-built access road.

"Targeted for completion next year, the project is expected to streamline cargo movement, reduce congestion at the existing checkpoint and strengthen the overall efficiency of the border ecosystem."

PICTURES BY NGX

Aerial view of NCT InnoSphere

SUHAIMI YUSUF/THE EDGE



Razwin: We are building Delapan with a clear commercial pathway for the investor

SHAHRIN YAHYA/THE EDGE

LaBrooy: [Pentas Industrial City] is a visionary project that has all the building blocks to be hugely successful

He explains that the inland port provides an alternative route that complements the maritime routes at Port Klang and Port of Tanjung Pelepas. If the Strait of Malacca were disrupted, the inland port could serve as a vital alternative, helping ensure the continued movement and distribution of goods.

Another partner is NCT Group, which has set up a 100-acre smart gated managed industrial park called NCT InnoSphere. Phases 1 and 2 are estimated to be completed between 2027 and 2028, while Phases 3 and 4 will be completed between 2030 and 2031.

Then there is Open DC Sdn Bhd's data centre, which will also house an internet exchange by operator Deutsche Commercial Internet Exchange (DE-CIX).

Lastly, AREA has earmarked 150 acres for a hyperscale data centre campus, which is currently in the planning stage.

"All these components are not standalone components. They were put in place to create the ecosystem that will allow us to go to the next wave of development in Delapan, which is Pentas Industrial City," Razwin explains.

Pentas Industrial City

With Delapan East 1 fully committed, the focus now shifts to the 1,546-acre Pentas Industrial City. The RM2.5 billion industrial park is designed for light and medium industries and divided into two sections — Pentas North and Pentas South — by a service road. The development comprises three parcels across five phases.

Parcel 1 comprises Phase 1 (294 acres) and Phase 2 (267 acres), while Parcel 2 comprises Phase 3 (215 acres) and Phase 4 (120 acres). Both parcels are located in Pentas North. Parcel 3, comprising the single 237-acre Phase 5, is in Pentas South. According to LaBrooy, the land's selling price per sq ft remains confidential for now.

The industrial sectors identified for Pentas Industrial City are automotive and electric vehicles (EVs), renewable and green technologies, electronics and semiconductors, medical devices and pharmaceuticals, machinery and equipment, advanced textiles, halal food manufacturing, and chemicals and petrochemicals.

LaBrooy explains that the industrial park will be supported by centralised worker accommodation and commercial areas comprising terraced shoplots for F&B outlets, convenience stores and banks. These will be built at two locations outside the park, each within a 1km radius. A petrol station will also be located within the industrial park to serve workers and visitors.

Meanwhile, infrastructure works are under way and are being funded by Hong Kong-based Standard Perpetual Global (SPG), LaBrooy says, under a strategic collaboration agreement signed with NGX on July 9, 2025. The works, estimated to cost RM330 million, include roads, power and water supply, connectivity infrastructure, data and telecommunications, and sewage systems.

"It is a visionary project that has all the building blocks to be hugely successful. But as with things like this, it takes time to get the catalyst to work. And I think the Shenzhen cooperation is really the turning point," says LaBrooy.

Razwin concurs: "We are building Delapan with a clear commercial pathway for the investor."

While much attention has focused on southern Peninsular Malaysia, particularly the Johor-Singapore corridor, the northern region is also poised to play a greater role in the country's economic growth. E

Open DC's data centre facility will house an internet exchange

The Bukit Kayu Hitam Inland Container Depot inland port is fully operational