

Office Q4 2021

**RM 6.01**

Average Asking Rent (MYR/sf/mo)

YoY  
Chg12-Mo.  
Forecast**-0.83%**

Rental Growth (YOY)

**30.23%**

Vacancy Rate



Source: IVPS / Cushman &amp; Wakefield Research

**MALAYSIA ECONOMIC INDICATORS  
Q3 2021**
YoY  
Chg12-Mo.  
Forecast**- 4.5%**

GDP Growth

**2.2%**

CPI Growth

**4.7%**

Unemployment Rate



Source: Department of Statistics Malaysia

**Malaysia Headed for Economic Recovery**

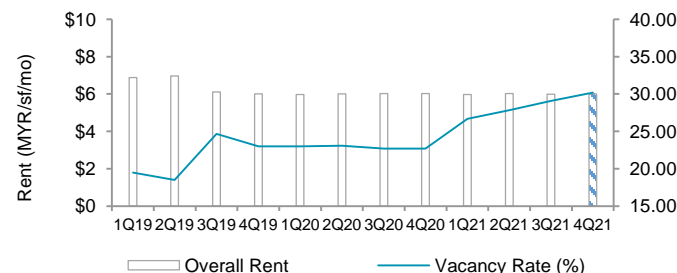
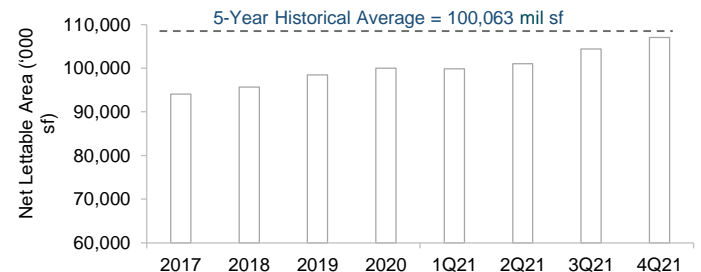
Under the National Recovery Plan, Malaysia have finally achieved herd immunity and infection rates are lowering, allowing for a safer and wider domestic reopening in October. The government also urges Malaysians to come to terms with living in the endemic phase and to embrace the new normal, including embracing the hybrid work mode and limiting physical interactions. Regardless, Malaysia's GDP in the third quarter of 2021 showed a decrease of 4.5% while the quarter-on-quarter seasonally adjusted GDP contracted 3.6%. The economic performance in this quarter on the supply side was attributed by the downturn in all major economic sectors mainly Manufacturing (Q3 2021: -0.8%) and Services (Q3 2021: -4.9%) sectors. Meanwhile, on the demand side, all expenditure components experienced negative performance except for Government final consumption expenditure. In order to achieve the 12th Malaysia Plan (12MP) that targets the growth of GDP by 4.5% to 5.5% yearly, new measures needs to be introduced to curb COVID-19 since we are already in recession due to the lockdown policy implemented.

**Outer KL CBD Office Market Persists to Thrive Despite COVID-19**

With Greater KL total office supply standing at approximately 142.03 million sf, the overall average vacancy level rose to 30.23% in Q4 2021 when comparing to 29.07% in the previous quarter. The office market is expected to remain challenging despite more businesses are now back to office. Looking ahead, CBD rental rate is expected to be in downward trend due to the expected high vacancy rate, the projected large new supply of office space, as well as the right-sizing or downsizing approach undertaken by the businesses occupiers within this submarket. By comparison, demand for outer KL CBD office space are higher, mainly coming from the e-commerce, logistic and life-science occupiers. Thus, the occupancy and rental for this area remained stable due to the limited new supply of office space as well as some tenants are now accepting lower graded office building while maintaining their size requirement as part of a cost savings strategy.

**Rents in KL CBD Sets to Continue Dropping**

The average asking rental increased slightly in Q4 2021 to RM6.01 per sf per month due to high asking rental of new buildings in KL CBD. Despite that, most landlords continue to lower their asking rents in CBD area but a different scenario can be seen with the landlord of fringe and decentralized area as their asking rental remained stable. As such, office market in CBD is expected to continue their struggles in 2022 as a result of lower demand as with high influx of new space completion

**ALL GRADE CBD OVERALL RENT & VACANCY RATE**

**ALL GRADE CBD SUPPLY PIPELINE**




Office Q4 2021

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A AVERAGE FACE RENT		
				MYR/SF/MO	US/SF/MO	EUR/SF/MO
KL CBD	59.36 million	28.70%	10.18 million	MYR 6.75	US\$1.61	€ 1.42
KL Fringe	47.20 million	32.50%	3.02 million	MYR 6.39	US\$1.53	€ 1.35
Decentralized Area	35.47 million	29.50%	4.55 million	MYR 4.89	US\$1.17	€ 1.03
<b>TOTAL</b>	<b>142.03 million</b>	<b>30.23%</b>	<b>17.75 million</b>	<b>MYR 6.01</b>	<b>US\$1.44</b>	<b>€ 1.27</b>

a) Cumulative space for all sub-markets are based on total supply of office space (all grades)

b) Office Space within KL Sentral/Pantai/Bangsar and those within Damansara Heights are taken into consideration as KL Fringe

c) Office Space within Petaling Jaya territory, Damansara, Kelana Jaya, Sunway/Subang Jaya/USJ and Shah Alam are taken into consideration as Decentralised Area

Source: National Property Information Centre &amp; IVPS / Cushman &amp; Wakefield Research

PROPERTY	SUBMARKET	(NLA) SF	COMPLETION DATE
HSBC Tower @ TRX	KL CBD	569,000	2021
Permata Sapura	KL CBD	671,269	2021
TS Law Tower	KL CBD	232,517	2021
Plaza One @ Conlay Station	KL CBD	606,000	2021
Menara Great Eastern 2	KL CBD	221,000	2021
Imazium @ Damansara Utama	Decentralised	450,000	2021
Affin Bank Tower @ TRX	KL CBD	823,439	2022
KL Eco City Aspire Tower	KL Fringe	650,000	2022
Sunway V2 Tower	KL Fringe	362,400	2022
Merdeka 118	KL CBD	1,700,000	2022
Pavilion Damansara	KL Fringe	1,500,000	2023
Sunway CP2 Office Tower	Decentralised	553,629	2023

## INVESTMENT TREND/ OFFICE DEVELOPMENT ACTIVITIES

- Cushman & Wakefield has made a strategic investment of USD150 Million in WeWork (one of the leading flexible space providers) in the world. This exclusive partnership is meant to provide clients with best-in-class office operations and technology-enabled services with Cushman & Wakefield industry leading asset and facilities management services.

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