MARKETBEAT

KUALA LUMPUR

Office Q2 2022

		YoY Chg	12-Mo. Forecast
RM 6.04	Average Asking Rent (MYR/sf/mo)	▼	▼
-0.18%	Rental Growth (YoY)	▲	▼
30.13%	Vacancy Rate	▲	▲

Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q1 2022

		YoY Chg	12-Mo. Forecast
5%	GDP Growth	▲	▲
2.2%	CPI Growth	▲	▲
4.1%	Unemployment Rate	▼	▼

Source: Department of Statistics Malaysia

Malaysia Economy Set For Further Growth

The transition to the Covid-19 endemic phase, which began on April 2022, is expected to boost domestic economy activity positively. However, the growth induced by the Covid-19 endemic phase may be neutralized by adverse and inter-related developments abroad, such as the war in Ukraine and inflationary pressures in developed economies. Overall, Malaysia's economic performance in 2022 expanded further to 5.0% compared to 3.6% in fourth quarter of 2021. In terms of seasonally adjusted, GDP moderated at 3.9% in this quarter (Q4 2021: 4.6%). From the current economic standing, the economic performance for the first quarter of 2022 has surpassed the level of first quarter 2019 by 5.2% attributed by the strong growth in Manufacturing sector (Q1 2022: 6.6%) and Services sector (Q1 2022: 6.5%). Meanwhile, on the demand side, the growth was underpinned by the expansion in the household consumption expenditure and a turn around in Gross fixed capital formation in this quarter. Following this transition, Malaysia's economy prospect is picking up momentum and anticipating to play a pivotal role in shaping the national economy in the coming months.

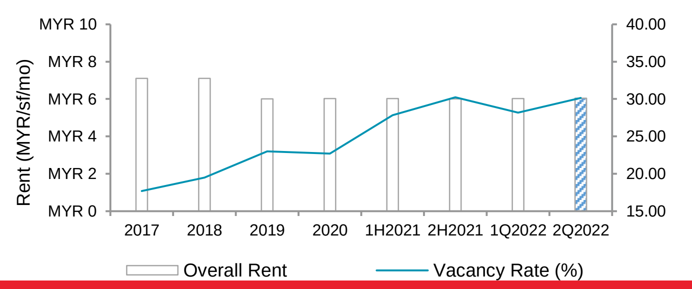
Demand For Flexible Office Workspace is Expected to Grow

While many companies adopting the remote working indefinitely depending on the nature of the business, office spaces will still be relevant if companies want to bring their team back together. We have witnessed many companies refresh their workspace to suit their corporate identity, comfortable yet ergonomic design to drive better workflow and ultimately encouraging employees to produce quality work. In addition, they are changing the way the office works by incorporating a little bit of home element to strike a good balance between comfort and productivity e.g. a different desk view, a nap pod to refresh the mind, quiet phone booths for privacy discussions etc.

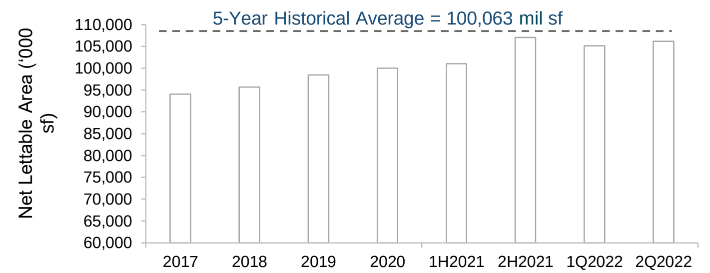
Rental Rates Remained Stable for out of CBD location

Starting mid of Q2 2022, some of landlords in KL CBD area are slowly increasing asking rents despite its occupancy rates being under pressure owing to demand is focus mainly on KL Fringe and decentralized areas. Thus, landlords are expected to provide competitive offerings in order to attract / retain the tenants and new occupiers. On the other hand, it is anticipated that rental rates for outer KL shall relatively remained stable supported by good demand from life science, technology, GBS occupiers and financial services including the Fintech industry as Malaysia had recently granted digital banking licenses to several companies. Other factors contributing to the demand is due to good connectivity to trains and roads, integrated development and good provision of office specifications.

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



MARKETBEAT

KUALA LUMPUR

Office Q2 2022

CUSHMAN & WAKEFIELD

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	58.76 million	28.30%	9.37 million	MYR 6.82	US$1.55	€ 1.45
KL Fringe	47.37 million	32.90%	1.90 million	MYR 6.42	US$1.46	€ 1.36
Decentralized Area	34.10 million	29.19%	1.09 million	MYR 4.89	US$1.11	€ 1.04
TOTAL	**140.23 million**	**30.13%**	**12.36 million**	**MYR 6.04**	**US$1.37**	**€ 1.28**

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 (NAPIC) & IVPS / Cushman & Wakefield Research

PROPERTY	SUBMARKET	(NLA) SF	COMPLETION DATE
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
Sunsuria Forum Corporate Office	Decentralised	317,720	2023

INVESTMENT TREND/ OFFICE DEVELOPMENT ACTIVITIES

- A German multinational pharmaceutics company has relocated to Imazium from their current office in Mutiara Damansara with size taken approximately 11,000 sqft.
- An American global media and marketing company decided to relocate their business to Imazium with 13,508 sqft.
- SunwayXFarms, a Malaysia-based agritech company will occupy 3 floors spanning 37,000 sqft in Sunway Tower to launch its KL city centre's largest indoor vertical farm.
- Luxchem has entered into SPA with Worldwide Emergency Assistance to purchase the whole of Block N at Jaya One, Petaling Jaya, built up area of 28,578.2 sqft, with a 99 years leasehold tenure due to expire on May 28, 2105.

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MARKETBEAT

KUALA LUMPUR

Industrial Q2 2022

Industrial Property (All Types)	12-Mo. Forecast
45.9% Transactions from Terraced Factory / Warehouse	▲
33.71% Sales Growth (Value y.o.y)	▲
15.44% Sales Growth (Volume y.o.y)	▲

Source: Cushman & Wakefield / IVPS Research

MALAYSIA ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
5% GDP Growth	▲	▲
2.2% CPI Growth	▲	▲
4.1% Unemployment Rate	▼	▼

Source: Department of Statistics Malaysia

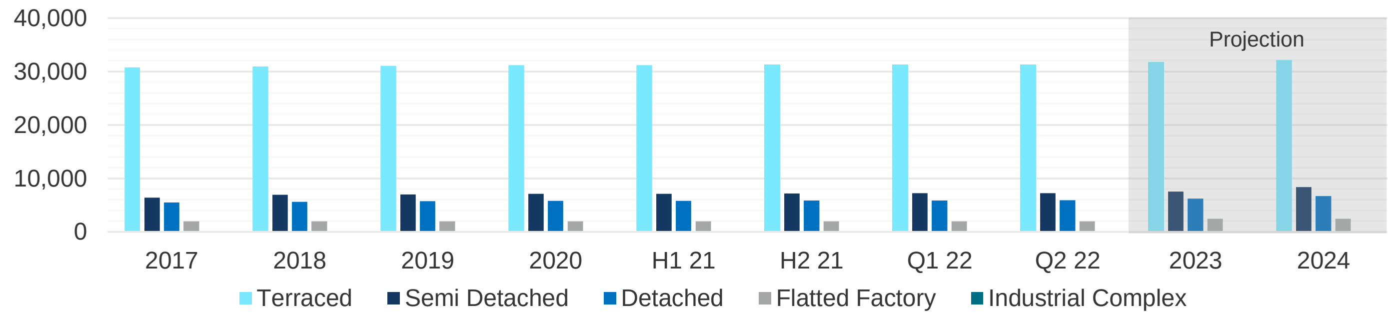
The Rise of Industrial Property Market

Despite the challenging conditions during the Covid-19 wave which disrupted most of the supply chains and productions, there are other areas of the industrial sector that have benefitted from an increase in demand, both locally as well as overseas. Mainly, manufacturers that involved in production of electrical & electronics (E&E) equipment, healthcare products, chemical, rubber & plastic products, food and beverage has seen remarkable increase in export business. In addition to that, logistics companies that generates demand for warehousing, distribution hubs, logistics facilities and transportation are on the rise. These industrial sub sectors are strategically located near to the high populated areas that served by good connectivity of highways that enables fast point to point delivery to consumers. This pandemic has created a huge demand via online shopping.

Momentum of E-Commerce

The Covid-19 pandemic has accelerated a huge expansion of e-commerce towards firms, customers and types of products and has left companies no choice but to adapt to the online sales strategies. Amid of booming of the online sales, the demand of warehouses have also increased. It is forecasted that the high requirement of warehouse facilities to positively impact the rental growth in 2022. Along with that, as more companies seek to expand and get closer to the customers, therefore, the chances of increase in land value is also on the high end in the nearest term. There will be more continuation in terms of new opportunities to be seen in the real estate market change. As such, developers to capture the demand in the market with more innovative strategies to drive up the property sales ahead of months in year 2022. In addition to that, as concerns Covid-19 has already priced-in, investors however, realized that the new normal is here to stay- at least for the foreseeable future.

INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



MARKETBEAT

KUALA LUMPUR

Industrial Q2 2022

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET OF GREATER KL	INDUSTRIAL AREA	INVENTORY (UNIT)	PLANNED & UNDER CONSTRUCTION (UNIT)	FACE RENT PSF (RANGE FOR ALL TYPES)		
				MYR/SF/MO	US/SF/MO	EUR/SF/MO
Central Region	W.P. Kuala Lumpur, Gombak, Petaling	24,293	736	MYR 2.20 - MYR 4.20	$0.50 - $0.96	€0.47 - €0.90
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	4,626	775	MYR 0.80 – MYR2.00	$0.18 - $0.46	€0.17 - €0.43
Southern Region	Kuala Langat, Sepang	1,535	462	MYR 1.30 – MYR2.50	$0.30 - $0.57	€0.28 - €0.53
Western Region	Klang	8,653	1,331	MYR 1.20 - MYR 2.40	$0.27 - $0.55	€0.26 - €0.51
Eastern Region	Hulu Langat	7,391	24	MYR 0.80 - MYR 1.80	$0.18 - $0.41	€0.17 - €0.38
TOTAL		**46,498**	**3,328**	**MYR 0.80 - MYR 4.20**	**$0.18 - $0.96**	**€0.17 - €0.90**

a) Cumulative supply for all sub-markets are based on total supply of industrial space (all types).
Source: National Property Information Centre & IVPS / Cushman & Wakefield Research

KEY SALES TRANSACTIONS AS AT Q2 2022

- Kawan Food is buying five parcels of land measuring 7.08 acres in Shah Alam, Selangor from RGP Warehouse Solutions and PKNS for a total of RM50.46 million, as part of its expansion plans which expected to be completed by the last quarter of 2022.
- Sunsuria has entered into a SPA with Superjet Revenue Sdn Bhd for the acquisition of 60.81 acres 99-year leasehold land in Ijok, Selangor for RM74.17 million, as part of its plan for property investment.
- CapitaLand is buying industrial properties in Penang from Dynaciate for RM80 million to venture into the logistics sector which comprising of 5.11 hectares of freehold land with a single storey warehouse annexed to a double storey office building, two single storey detached warehouses, and other ancillary buildings.
- J&T Express has acquired 30 acres of land in Bandar Rimbayu, Selangor for RM600 million with intention to build an integrated logistics centre for express distribution, logistics, transportation and warehousing.

INVESTMENT TREND / INDUSTRIAL DEVELOPMENT ACTIVITIES

- Pekat Group Berhad has secured a contract worth RM38.3 million to develop a large-scale solar (LSS) photovoltaic (PV) farm from Sun Estates Sdn Bhd expected to be commissioned in December 2023, located in Batang Padang, Perak.
- OCR Group Bhd and Magna Prima Bhd are joining hands to develop an integrated e-commerce logistics hub in 20 acres leasehold plot in Section 15, Shah Alam which target to launch in phases from 2023.
- TTM Technologies has expanded their global footprint in Penang by developing a 27 acres manufacturing plant at Penang Science Park which expected to complete by 2025 for Phase 1.
- TF-AMD Microelectronics announced plans to expand its manufacturing facility in Batu Kawan Industrial Park, Penang with the new facility spanning 1.5 million sqft and occupy 5.67 hectares expected to complete in 2023.

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Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2021, the firm had revenue of $9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

KUALA LUMPUR

Retail Q2 2022

	YoY Chg	12-Mo. Forecast
0.09% CBD Prime Rental Growth	▲	▲
22.47% Vacancy Rate	▼	▲
10.8% Retail Trade Sales Growth	▲	▲

Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
5% GDP Growth	▲	▲
2.3% CPI Growth	▲	▲
5.5% Consumer Spending Growth	▲	▲
4.1% Unemployment Rate	▼	▼

Source: Department of Statistics Malaysia

Malaysia Economy Gearing Up Its Momentum

Malaysia's overall economic performance is picking up momentum and is anticipated to recover gradually throughout 2022 as the country transitions to an endemic phase with the relaxation of restrictions and reopening of borders. It would encourage social engagement activities and expected to lead better impact on the economy. The CPI for Q2 2022 slightly increased at 2.3% to 125.9 as against 123.1 in the same month of the preceding year while Sales of Retail Trade registered a growth of 10.8% as compared to March 2021. Among the groups that contributed to this expansion were Retail Trade Not in Stores, Stalls or Markets (26.5%), Retail Sale in Non-specialised Stores (16.2%), Retail Sale Via Stalls & Markets (11.8%), and Retail Sale of Cultural & Recreation Goods in Specialised Stores (11.4%). Compared with February 2022, sales of this sub-sector went up 2.2%.

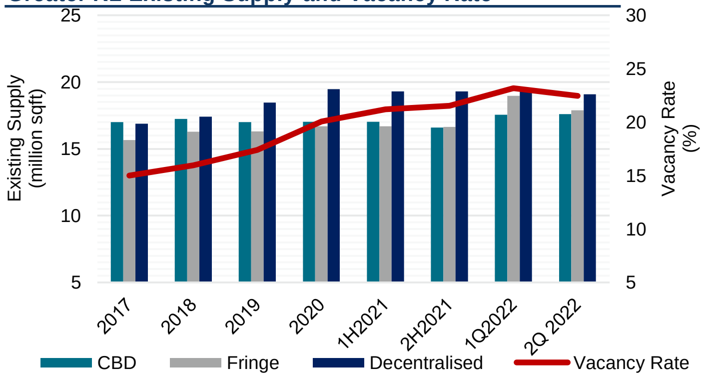
Retail Segment on Recovery Path

Retail segment performance in Q2 2022 improved in light of the festive season and celebration but there are concerns linger due to external factors which could affect consumer purchasing power. It would be limited on account of many factors such as higher cost of living, accelerating inflation, global economic slowdown, increasing of goods price etc. Bank Negara Malaysia has raised Overnight Policy Rate by 0.25% on May and expected to rise again in the upcoming quarter which then will further erode the purchasing power of Malaysian. However, with relaxation of restrictions and reopening of borders, shopping traffic has gained hope to return to pre-Covid levels as consumers are visiting physical stores and dining in restaurants. Looking ahead, retail segment expected to maintain the pace of recovery towards the end of 2022.

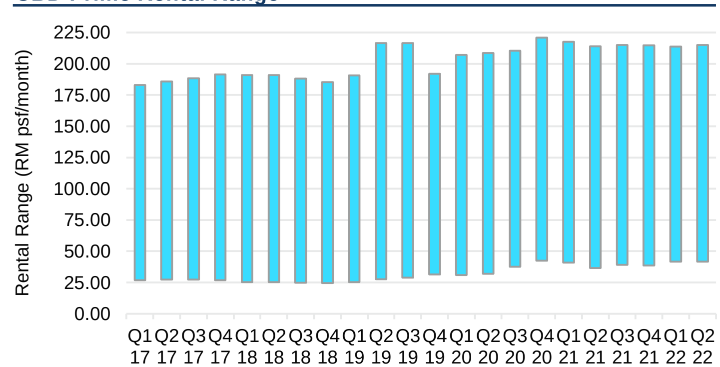
Retail Asking Rents Remain Steady

Several shopping malls are expected to be opening their doors to the public this year, after some were delayed due to Covid-19 pandemic. With a total net floor area exceeding 430,000 square metres, including the expansion of existing shopping malls at IOI City Mall (ICM) Phase 2 in Putrajaya. The overall average vacancy rate declined to 22.47% in Q2 2022 as compared to last quarter. Meanwhile, the CBD submarket prime rent slightly decreased for Q2 2022 in the range of RM40.84 to RM209.75 per sf per month, representing an increase of 0.09% y-o-y. Landlords are expected to lower rental rate or offer rental rebates to attract tenants and further improve occupancy rate of the shopping complex.

Greater KL Existing Supply and Vacancy Rate



CBD Prime Rental Range



MARKETBEAT

KUALA LUMPUR

Retail Q2 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)
KL CBD	17.60 million	23.6%	3.66 million
KL Fringe	17.89 million	24.5%	2.59 million
Decentralized Area	19.09 million	19.3%	2.5 million
TOTAL	**54.58 million**	**22.47%**	**8.75 million**

SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	SF	TARGETED COMPLETION
Mitsui Shopping Park Lalaport	KL CBD	1,400,000	2022
Lot 91 @ KLCC Retail Component	KL CBD	73,000	2022
IOI City Mall Putrajaya Phase 2	Decentralised	1,000,000	2022
Warisan Merdeka Mall	KL CBD	1,560,767	2023
Pavillion Damansara Heights	KL Fringe	1,170,000	2023
8 Conlay Retail Component	KL CBD	120,000	2023
The Exchange Mall	KL CBD	1,300,000	2023

INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- Subway inked an agreement with Pegacorn to expand their footprint in Malaysia by opening about 500 new stores across Peninsular over the next 10 years with new concept such as new drive-throughs and 'Grab & Go' options.
- Penang set for second Mitsui outlet, a joint venture project of Mitsui and MAHB in the near future subject to approval from the state authorities, located next to Penang International Airport.
- Kopi Kenangan, the first F&B New Retail Unicorn in Southeast Asia targeted to open its first 5 new outlet in Malaysia as their first international's footprint.
- Carsome PJ Automall opened its doors to visitors as the Malaysia's biggest experience centre as well as the first that comes with electric vehicle (EV) charing stations located along the Federal Highway with 100,000 sqft facility.
- Central i-City's vacant roof space has been transformed into an eco-friendly urban farm with assistance from CityFarm Malaysia, being a driving force in urban farming scene.
- Berjaya Food Bhd, which operates the Starbucks and Kenny Roger's Roasters franchise in Malaysia, is set to announce a joint venture with international bakery operator Paris Baguette Singapore, planning to have production facilities and launch Paris Baguette bakeries in Malaysia.

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