

Office Q2 2024

YoY Chg      12-Mo. Forecast

**RM 6.09**

Average Asking Rent (MYR/sf/mo)



**3.38%**

Rental Growth (YoY)



**28.26%**

Vacancy Rate



Source: IVPS / Cushman & Wakefield Research

## MALAYSIA ECONOMIC INDICATORS Q1 2024

YoY Chg      12-Mo. Forecast

**4.2%**

GDP Growth



**1.8%**

CPI Growth  
February 2024



**3.3%**

Unemployment Rate



Source: BNM, Department of Statistics Malaysia

### Malaysia's Economic Growth Is Anticipated to Improve

Malaysia's GDP shows a positive outlook as it continues to show improvement at 4.2% in the Q1 2024, compared to 2.9% in Q4 2023. The construction sector is mainly attributed economic performance where it retained positive growth if observed across all sector with 11.9%. With the overall performance, manufacturing sector showed positive growth which grew 1.9% from 0.3% on Q4 2023. Mining and quarrying sector steeply grew to 5.7% from 3.5% of previous quarter while services slightly grew to 4.7% from 4.1% of the previous quarter. However, there is a decrease in agriculture which is 1.6% compare to 1.9% in previous month. Exports decreased to 5.2% while imports increased to 8.0%. In Q1 2024, headline inflation stayed moderate. Inflation is expected to range between 2.0% and 3.5% on average in 2024. The Producer Price Index recorded an increase to 1.6% in March 2024. The labor force increased by 0.3% in the Q1 2024, reaching a total of 16.96 million individuals. However, the services sector maintained a positive trend in employment, especially in wholesale and retail trade, food and beverage services, and information and communication activities.

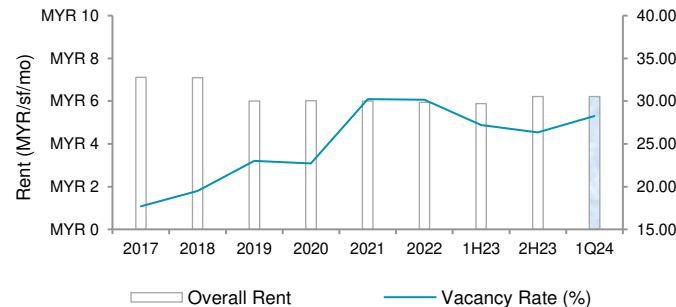
### Top Quality Office Spaces Remains a Strong Demand

The demand for top tier office spaces remains high, with vacancy rates decreasing and rental rates improving due to a trend among tenants seeking higher-quality spaces. As a result, rents for green certified office buildings have been rising more rapidly than the general market. However, tenants are still mindful of their overall occupancy costs and are striving for more efficiency, often by reducing or keeping their space allocation the same when moving to green certified buildings. The rental rate for green buildings has increased as occupants appreciate the sustainability credentials that align with their values. Tenants are more likely to benefit from superior facilities in higher quality buildings, enhancing their efficiency in conducting work. Landlords are considering to refurbish old office buildings for different uses to attract tenants and remain competitive in the market.

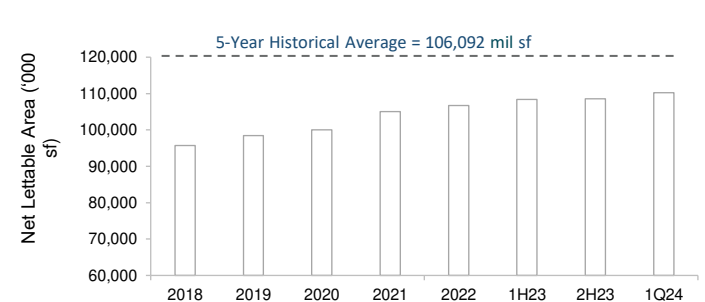
### Rental Rates in All Submarket Gradually Fluctuated With Slightly Rise Vacancy Rate

The average asking rent in KL CBD recorded a slight increase of RM0.08 per sf per month from Q4 2023 to Q1 2024. Meanwhile, the average asking rent in the KL Fringe area slightly declined by RM0.11 per sf per month and remained unchanged in the Decentralised areas. As a result, the year-over-year average asking rental growth for Q2 2024 has decreased to 3.38%. The vacancy rate in Q1 2024 gradually increased to 28.26% due to the addition of newly constructed office buildings. Due to the increase in construction costs, the newly constructed office buildings command slightly higher rental rates. Despite this premium, tenants often prefer the newer buildings when the rental rates are almost similar to those of older buildings.

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



Office Q2 2024

## 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	60.74 million	27.5%	13.57 million	MYR 6.93	US\$ 1.47	€ 1.35
KL Fringe	49.45 million	37.4%	2.34 million	MYR 6.56	US\$ 1.39	€ 1.28
Decentralised Area	35.34 million	19.9%	0.65 million	MYR 4.79	US\$ 1.01	€ 0.94
<b>TOTAL</b>	<b>145.53 million</b>	<b>28.26%</b>	<b>16.56 million</b>	<b>MYR 6.09</b>	<b>US\$ 1.29</b>	<b>€ 1.19</b>

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

US\$/MYR\$ = 4.69; €/MYR\$ = 5.11 as at 05 June 2024

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
Menara Sentral RAC	KL Fringe	162,094	2024
Atwater Corporate Tower A	Decentralised	169,301	2024
Sunway South Quay Corporate Tower 2 & 1	Decentralised	553,629   432,500	2024   2025
Sunsuria Forum Corporate Office	Decentralised	318,550	2025
Pavilion Corporate Tower 10 (Phase 2)	KL Fringe	215,152	2025
Bangsar 61 Tower 1	KL Fringe	548,000	2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Kossan Tower	Decentralised	130,000	2025

## INVESTMENT TREND/ OFFICE DEVELOPMENT ACTIVITIES

- The PNB Project 1194, which is currently the former Malaysia Airline System Bhd redevelopment, is currently awaiting the issuance of the Certificate of Completion and Compliance and is expected to be operational by August 2024.
- AmanahRaya Real Estate Investment Trust is set to sell its Conraves building located in Cyberjaya for RM42.5 million to 4X Software on approximately 89,470 square feet of freehold land.
- Bursa Malaysia is negotiating with Mulia Property for a potential move to the Exchange 106@TRX. Currently, the stock exchange operator occupies 16-storeys in Exchange Square located at Bukit Kewangan.

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Industrial Property  
(All Types)

12-Mo.  
Forecast

**44.35%**

Transactions from Terraced Factory / Warehouse



**34.04%**

Sales Growth (Value y.o.y)



**20.73%**

Sales Growth (Volume y.o.y)



Source: Cushman & Wakefield / IVPS Research

## MALAYSIA ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
<b>4.2%</b> GDP Growth		
<b>1.8%</b> CPI Growth February 2024		
<b>3.3%</b> Unemployment Rate		

Source: BNM, Department of Statistics Malaysia

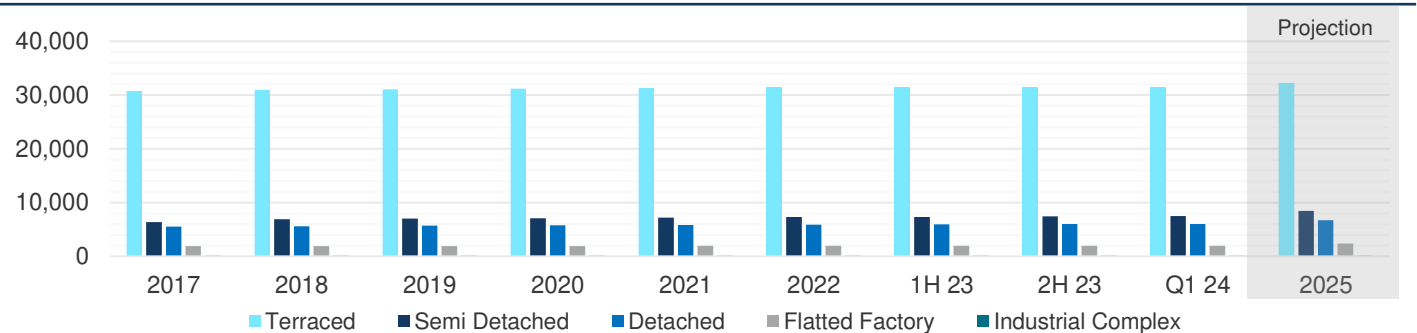
## Malaysia Industrial Production Index (IPI) Rises Across All Sectors

The Industrial Production Index (IPI) rose by 2.4% year-on-year (y-o-y) in March 2024, driven by expansion across all sectors. The increase was led by the manufacturing sector, which grew by 1.3%, up from 1.2% in February 2024. The mining and electricity sectors recorded growth rates of 4.9% and 7.8%, respectively. Export-oriented industries recorded a recovery to 0.5% in March 2024, following a decline of 0.2% in February 2024. This improvement was mainly driven by increased production in the computer, electronics and optical products sectors, as well as in the manufacture of coke and refined petroleum products. Domestic-oriented industries experienced a modest growth of 3.1% in March 2024, down from 4.1% in February 2024. This growth was primarily driven by the production of fabricated metal products excludes machinery and equipment, other non-metallic mineral products and food processing products. On a quarter-on-quarter basis, the Industrial Production Index (IPI) decreased by 1.0%, largely influenced by a 1.8% decline in the manufacturing sector.

## The New Ceiling Pump Price of Diesel in Peninsular Malaysia

Malaysia has raised the ceiling pump price of diesel in Peninsular Malaysia to RM3.35 per litre, up from the previous RM2.15 per litre, effective from midnight on June 10, 2024. The government anticipates saving approximately RM4 billion annually by implementing a targeted diesel subsidy. This measure aims to prevent smuggling activities that have been prevalent. The subsidized diesel volume surged from 6.1 billion litres in 2019 to 10.8 billion litres in 2023, despite only a minor increase in the number of diesel-powered vehicles. This indicates that the subsidy was not reaching the intended recipients and was being misappropriated. Implementing a targeted diesel subsidy is a crucial reform in Malaysia aimed at promoting sustainable fiscal management and tackling system leakages. The unsubsidised diesel prices in the peninsular region might cause changes in consumer behavior and lead to increases in the prices of goods and services.

## INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



## 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	24,402	746	MYR 2.00 - MYR 4.00	\$0.42 - \$0.85	€0.40 - €0.79
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	4,941	633	MYR 0.90 - MYR 2.40	\$0.19 - \$0.51	€0.18 - €0.47
Southern Region	Kuala Langat, Sepang	1,605	512	MYR 1.50 - MYR 3.50	\$0.32 - \$0.74	€0.30 - €1.04
Western Region	Klang	8,875	1,672	MYR 1.60 - MYR 2.80	\$0.34 - \$0.59	€0.32 - €0.55
Eastern Region	Hulu Langat	7,376	63	MYR 0.90 - MYR 1.50	\$0.19 - \$0.32	€0.18 - €0.30
<b>TOTAL</b>		<b>47,199</b>	<b>3,626</b>	<b>MYR 0.90 - MYR 4.00</b>	<b>\$0.19 - \$0.85</b>	<b>€0.18 - €1.04</b>

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

US\$/MYR\$ = 4.70; €/MYR\$ = 5.04 as at 12 June 2024

## KEY SALES TRANSACTIONS AS AT Q2 2024

- YNH Property disclosed the cancellation of a prior sale and purchase agreement regarding its 2.6 hectare land in Segambut. Instead, they have awarded development rights for the land to Chin Hin Property with the deal of RM52 million.
- Paragon Globe is selling their freehold land of 47.86 acres in Plentong, Johor Bahru for RM238.32 million to help finance its current projects.
- Ecoworld Malaysia disposed of their 123.141 acres of industrial land to Microsoft for RM402.3 million in Eco Business Park VI in Kulai, Iskandar Malaysia.

## INVESTMENT TREND / INDUSTRIAL DEVELOPMENT ACTIVITIES

- MITI is prioritizing efforts to boost investment, trade, and industry in Malaysia, aiming for a resurgence in the nation's economy.
- Swedish multinational engineering company, Sandvik has launched its 8,000 square metre new factory for load and haul equipment in Malaysia with an investment of RM150 million as startup in the Sendayan TechValley industrial park .
- Éolane, a France company invested RM45 million to open a 2,000 square metre factory located at Kulim Hi-Tech Park in Kedah and in the first phase of the project.
- Microsoft has acquired 123 acres of land from EcoWorld in Kulai, Iskandar, for the development of a data center for RM402.3 million.

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# KUALA LUMPUR

Retail Q2 2024

CUSHMAN & WAKEFIELD

YoY Chg 12-Mo. Forecast

**56.05%**  
CBD Prime Rental Growth

**14.82%**  
Vacancy Rate

**6.6%**  
Retail Trade Sales Growth

Source: IVPS / Cushman & Wakefield Research

## MALAYSIA ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

**4.2%**  
GDP Growth

**1.8%**  
CPI Growth

**4.7%**  
Consumer Spending Growth

**3.3%**  
Unemployment Rate

Source: BNM, Department of Statistics Malaysia

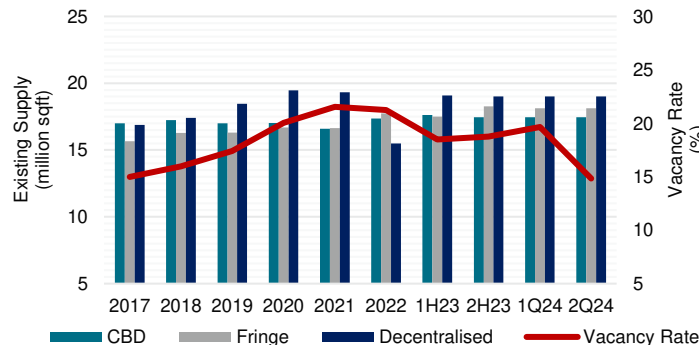
### The Retail Sector Has Reach a Historic Peak of RM145.7 Billion

Malaysia's wholesale and retail trade experienced a 5.2% rise, with monthly sales amounting to RM145.7 billion compared to the same month the previous year. Wholesale trade grew by 4.0%, or RM2.5 billion, reaching RM64.1 billion. Motor vehicles recorded a 3.2% increase, or RM0.6 billion, totaling RM18.8 billion. In the 1Q 2024, the volume index grew by 3.7% year-over-year, reaching 152.8 points. This increase was driven by the motor vehicles sub-sector, which rose by 4.7% to 134.1 points, followed by the retail and wholesale sectors, which increased by 3.8% and 3.5%, respectively. In the monthly comparison, there was a 3.3% increase from the previous month, primarily driven by a 3.0% rise in Wholesale Trade. Following this was the motor vehicles sub-sector, which grew by 8.3%, and the retail trade sub-sector, which recorded a 2.1% increase.

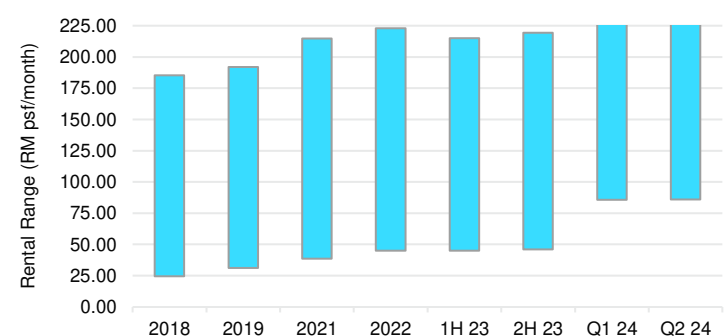
### The Increase in Wholesale and Retail Trade Indicates a Dynamic and Progressive Economy

Malaysia's wholesale and retail trade grew by 5.2%, reflecting a dynamic and progressive domestic economy. This growth is driven by a 7.1% rise in the retail trade sector, amounting to an increase of RM4.2 billion, bringing the total to RM62.8 billion. The improved wholesale and retail sales performance indicates that current actions, monitoring and enforcement efforts are effective and on the right track. One potential cause could be the policy allowing all EPF members to withdraw savings from Account 3 (Flexible) at any time for any purpose starting from May 11, 2024. This increases purchasing power and helps to boost the economy. In addition to enforcing existing laws and regulations, the market is also displaying a positive response. The government's subsidy rationalisation is not about cutting or eliminating subsidies. Instead, it aims to ensure they reach the intended recipients. This approach will allow the government to enhance cash assistance to the public. It also underscores the importance of providing assurances of protection and social support for citizens alongside these measures. It is not only to enforce current laws and regulations, there is also a noticeable positive market response.

### Greater KL Existing Supply and Vacancy Rate



### CBD Prime Rental Range



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)
KL CBD	17.45 million	15.2%	1.24 million
KL Fringe	18.13 million	17.5%	2.71 million
Decentralised Area	19.00 million	11.8%	2.50 million
<b>TOTAL</b>	<b>54.58 million</b>	<b>14.8%</b>	<b>6.45 million</b>

## SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	(NLA) SF	TARGETED COMPLETION
Warisan Merdeka Mall @ 118	KL CBD	1,560,767	2024
Pavilion Damansara Heights Mall (Phase 2)	KL Fringe	529,353	2024
Mall @ The Loft Maju KL (Phase 1)	KL CBD	1,000,000	2026
Q Mall @ Queensville	KL CBD	412,000	2026

## INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- Hong Leong Investment Bank Bhd anticipates that the acquisitions of W Hotel and Courtyard will positively impact IOI Properties Group Bhd's earnings, with contributions expected to begin from the fourth quarter of the financial year 2024 for W Hotel and continuing into the financial year 2025 for Courtyard.
- Sunway Property has inked a leasing deal with GCH Retail for the establishment of a Mercato supermarket within the retail area of Sunway d'Hill in Kota Damansara.
- The Holiday Inn Express hotel located in Kuala Lumpur's city center has been put up for sale.
- The renowned eCurve mall in Mutiara Damansara will be closing down as it gets ready for demolition to make space for a new residential development called The Lines.
- KIP REIT to acquire the DPulze Shopping Centre for RM320 million.

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