

Office Q4 2023

YoY Chg 12-Mo. Forecast

RM 6.22

Average Asking Rent (MYR/sf/mo)



4.3%

Rental Growth (YoY)



26.36%

Vacancy Rate



Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

3.3%

GDP Growth



1.8%

CPI Growth
October 2023



3.4%

Unemployment Rate



Source: Department of Statistics Malaysia – October 2023

Malaysia Economy Shows Positive Growth

Malaysia's GDP shows a positive outlook as it continues to show improvement at 3.3% in the third quarter of 2023, compared to 2.9% in Q2 2023. The drivers of the growth are mainly attributed by Services, Construction and Agriculture sectors, which grew 5.0%, 7.2% and 0.8% respectively. The domestic demand remains strong, growing by 4.8% compared to 4.2% in the previous quarter, supported by continued employment growth, rising wages, and improving consumer confidence. On the other hand, exports posted a sluggish performance, growing by only 0.6% due to the global slowdown and trade tensions. Other sectors that are facing challenges include the manufacturing sector, which contracted slightly by 0.1%, impacted by the slowdown in global demand and a decrease in Electrical and electronic and optical products (Q3 2023: -2.5%). Overall, Malaysia economy showed encouraging signs of recovery in third quarter of 2023, despite facing global challenges. The strong domestic demand and resilient services sector are expected to continue driving growth in the coming quarters.

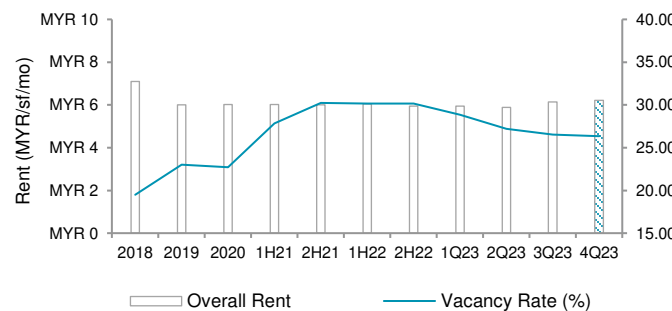
Kuala Lumpur Office Sector: Demonstrating Resilience and Adaptability

Overall, the office market remains resilient due to its ability to bounce back from economic challenges and adapt to changing market dynamics. Kuala Lumpur office vacancy rates have steadily declined throughout 2023, especially within the prime locations of KL Fringe, showcasing strong demand for quality space. Tenants are prioritizing high-quality, green-certified buildings with modern amenities and good connectivity to align with the company's ESG policy and commitment to prioritizing employee well-being. Companies continue to re-strategize their real estate footprint by relocating to new buildings or retrofitting existing office in line with evolving office design and technology integration to create spaces conducive to increase productivity, collaboration and innovation. Simultaneously, the office market is adapting to evolving business needs as companies continue to adopt hybrid working and smart working. In order to retain and attract tenants, Landlords are offering flexible leases and co-working operators are catering to flexible working solutions, recognizing and adapting to the changing nature of work environment.

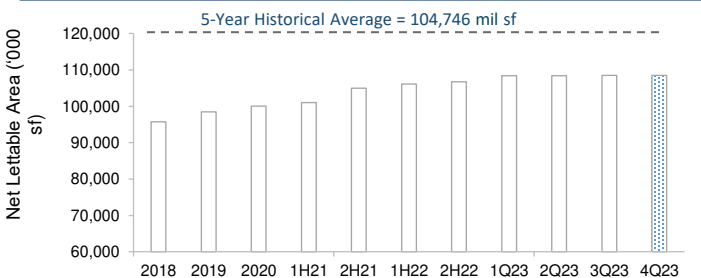
Steady Rental Amid Decreasing Vacancy Rate

It is notable that the average asking rents as of Q4 2023 are increasing in all submarkets to RM6.22 per square foot per month, representing 4.3% y-o-y growth amid the increase in demand for office space. Aside from rising operating expenses incurred in relation to higher utilities expenses, the rise in office rental is contributed by the increasing demand for quality offices by occupiers amid the tight new supply, especially in the KL Fringe and Decentralised Area. Meanwhile, the overall vacancy rate continued to decrease slightly this quarter with an improved net absorption rate of 177,351 sf as a result of continuous demand from occupiers, and the overall vacancy rate is expected to remain stable at 26% with a positive net absorption rate in the next quarter.

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



Office Q4 2023

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	59.12 million	26.5%	14.88 million	MYR 6.80	US\$ 1.46	€ 1.35
KL Fringe	47.73 million	32.9%	3.86 million	MYR 7.01	US\$ 1.50	€ 1.39
Decentralised Area	35.34 million	19.6%	0.76 million	MYR 4.85	US\$ 1.05	€ 0.97
TOTAL	142.19 million	26.36%	19.5 million	MYR 6.22	US\$ 1.33	€ 1.23

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

US\$/MYR\$ = 4.67; €/MYR\$ = 5.05 as at 5 December 2023

Source: National Property Information Centre (NAPIC) & IVPS / Cushman & Wakefield Research

PROPERTY	SUBMARKET	(NLA) SF	COMPLETION DATE
Menara Sentral RAC	KL Fringe	162,094	2024
Merdeka 118	KL CBD	1,700,000	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	317,720	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

INVESTMENT TREND/ OFFICE DEVELOPMENT ACTIVITIES

- Maersk has started operation in its new headquarters' office in Imazium, Damansara Uptown, Petaling Jaya.
- Co-Labs Coworking launched its new center in Menara Ken TTDI measuring approximately 30,000 sf.
- Corporate Business Solutions (CBS) opened its new office spanning across 1 floor designed for up to 180 people in Menara Allianz Sentral.
- ABB Malaysia announced its new office in Sunway REIT Industrial in Petaling Jaya which targeted to commence operation by December 2023.
- MUFG Bank launched its new office in Plaza Conlay measuring approximately 56,000 sf.

TIFFANY GOH

Head - Occupier Services
+6012 299 2778 (M); +603-7728 4117 (O)
tiffanygoh@ivpsmalaysia.com

cushmanwakefield.com

NADIA ZAIN

Manager - Occupier Services
+6012 550 3881 (M); +603-7728 4117 (O)
nadia@ivpsmalaysia.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 52,000 employees in 400 offices and 60 countries. In 2022, the firm had revenue of \$10.1 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.

Industrial Q4 2023

Industrial Property
(All Types)

12-Mo.
Forecast

47.39%

Transactions from Terraced Factory / Warehouse



19.17%

Sales Growth (Value y.o.y)



-3.37%

Sales Growth (Volume y.o.y)



Source: Cushman & Wakefield / IVPS Research

MALAYSIA ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
3.3% GDP Growth	▲	▲
1.8% CPI Growth <i>October 2023</i>	▼	▲
3.4% Unemployment Rate	▼	▼

Source: Department of Statistics Malaysia – October 2023

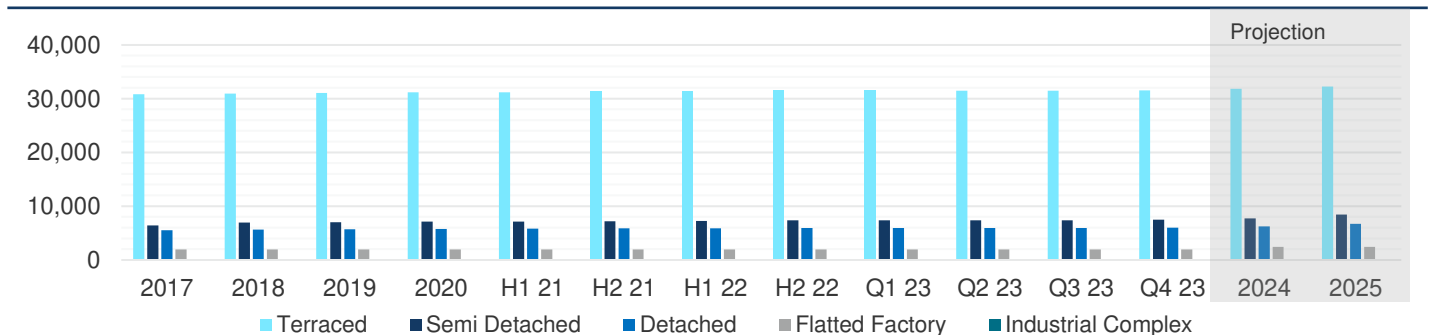
Upward Trend in Malaysia Industrial Production Index (IPI)

Malaysia's IPI increased by 2.7% y-o-y in October, showcasing the best performance since May 2023 compared to the decline in the previous month of 0.5%. The growth is mainly supported by Manufacturing sector, with 0.9% (September 2023: 0.4%) fueled by stronger domestic-oriented production of 6.7% (September 2023: 5.8%), despite the continuous decline in export-oriented industries of -1.5%, which has been ongoing since early 2023 due to supply chain disruptions, rising production costs, and global economic slowdowns. Meanwhile, Mining and Quarrying expanded by 8.7% (September 2023: -5.2%), contributing significantly to the overall IPI growth, and Electricity saw modest growth of 5.8% (September: 2.5%), maintaining its positive trajectory. On the month-to-month comparison, the IPI rose by 2.2%, marking a rise for three consecutive months following the 1.1% recorded in September 2023. Overall, Malaysia's IPI performance shows positive momentum in the industrial sector, indicating a gradual recovery.

Growth of Third-party Logistics (3PL) Providers

The logistics sector witnessed growing demand for comprehensive total logistics services as companies increasingly outsource logistics management to reliable service providers that offer value-added services such as warehousing, transportation management, packaging, and labeling. The growth of 3PL is driven by the booming e-commerce sector, as the surge of online shopping causes a heavy demand for efficient logistic services. In addition, Malaysia's manufacturing sector is thriving, which translates to increased needs for warehousing, transportation, and other logistic services. In order to attract clients and ensure efficiency in operation, 3PL providers are adopting automation and technology like automated guided vehicles (AGVs), drones, and warehouse management systems (WMS). 3PL providers are also offering eco-friendly solutions such as electric vehicles and green packaging to cater to companies ESG requirements.

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 2.50 - MYR 4.20	\$0.54 - \$0.90	€0.50 - €0.83
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	4,941	611	MYR 0.90 - MYR 2.40	\$0.19 - \$0.51	€0.18 - €0.48
Southern Region	Kuala Langat, Sepang	1,605	545	MYR 1.50 - MYR 4.00	\$0.32 - \$0.85	€0.29 - €0.79
Western Region	Klang	8,819	1,634	MYR 1.60 - MYR 2.80	\$0.34 - \$0.60	€0.31 - €0.55
Eastern Region	Hulu Langat	7,376	69	MYR 0.90 - MYR 2.00	\$0.19 - \$0.43	€0.18 - €0.39
TOTAL		47,143	3,605	MYR 0.90 - MYR 4.20	\$0.19 - \$0.90	€0.18 - €0.83

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\$ = 4.67; €/MYR\$ = 5.05 as at 5 December 2023

KEY SALES TRANSACTIONS AS AT Q4 2023

- LKL International Bhd, through its wholly-owned subsidiary LKL Advance Metaltech Sdn Bhd (LKLAM), is selling a piece of freehold land together with a three-storey semi-detached factory with a built-up area measuring approximately 10,473 sf in Seri Kembangan, Selangor, to 8 Food Avenue Sdn Bhd (Avenue) for RM6.9 million.
- UMW is set to sell a 22.22-acre piece of land in Serendah, which is located within the UMW high-value manufacturing park, to Perodua for RM52.27 million.
- Atrium REIT has acquired buildings and leasehold land in Shah Alam, measuring 6,003 acres, from Amazing Blitz Sdn Bhd for RM41 million.
- Jasa Kita is deposing leasehold industrial land measuring 153,859 sf in the PKNS Setapak industrial area to Urban Reach Sdn Bhd for a cash consideration of RM43.08 million.
- Wasco has entered into a sale and purchase agreement with Array Metal to dispose of its freehold land in Klang, measuring 4.6 acres, for RM40 million.
- Minho is acquiring 19 acres of freehold land in an industrial area in Kuala Selangor for RM18.41 million to relocate its operations from its existing factory in Jalan Kapar.

INVESTMENT TREND / INDUSTRIAL DEVELOPMENT ACTIVITIES

- TH Properties Sdn Bhd unveiled Techpark@enstek Phase 3, Bandar Enstek, Negeri Sembilan, which comprises semi-detached factories and will be the largest among the three phases, covering a total area of 616.64 acres and is expected to be completed by 2026.
- Daiso Malaysia will be investing RM1 billion to build its largest global distribution centre warehouse in Pulau Indah, Klang, with an area of approximately 130,000 sf, expected to be completed in May 2026.

TIFFANY GOH

Country Manager

+6012 299 2778 | tiffanygoh@ivpsmalaysia.com

HEMA JAYARAMAN

Manager

+6012 480 2831 | hema@ivpsmalaysia.com

NADIA ZAIN

Manager - Occupier Services, Transaction & Management

+6012 550 3881 | nadia@ivpsmalaysia.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 Q4 2023

CUSHMAN & WAKEFIELD

YoY Chg 12-Mo. Forecast



Source: IVPS / Cushman & Wakefield Research

Domestic Demand Drives GDP

Malaysia's economy defied global headwinds in Q3 2023, posting a respectable 3.3% growth y-o-y. This uptick from Q2's 2.9% pace was fueled by resilient domestic demand, showcasing the country's growing economic independence. Household spending took the lead, supported by continued job creation and rising wages. Investments also played a vital role, fueled by on-going infrastructure projects and private sector confidence. However, the exports remained sluggish, reflecting weaker global demand for Malaysian goods like electronics and petrochemicals. This slowdown also weighed on the manufacturing sector which contracted slightly. However, the Bank Negara Malaysia expressed optimism, reiterating its belief that the economy will expand by around 4% in 2023.

Festive Cheer and Rising Wages Drive Consumer Growth

Despite an inflationary sting, Malaysian consumers have been on a shopping spree in 2023, defying expectations and propelling the nation's economic engine forward. This year-end spending surge brings overall consumer growth to 3.7%, fueled by the festive spirit, rising wages, and a robust job market. Strong growth was recorded in the Non-specialized Stores (6.1%), while Other Goods in Specialized Stores (2.2%) and Other Household Equipment in Specialized Stores (2.0%) sectors recorded moderate growth. The strong consumer spending trend in Malaysia, coupled with supportive government measures, helps the country's economic recovery. However, managing inflation and staying prepared for global challenges will be crucial to ensure continuous momentum in 2024 and beyond.

Malaysian Malls Inched Forward in the Final Quarter of 2023

While the path for the retail market to full recovery remains long, Malaysian malls are taking a tentative step forward. The Q4 vacancy rate slightly declined to 18.77% from 18.83% (Q3 2023), hinting at a potential revival in the retail landscape. Prime mall rents remained remarkably stable, with a slight decrease within the range of RM45.90 to RM219.32 per square foot per month (down 1% y-o-y). This stability indicates resilience and possibly renewed tenant confidence. While challenges remain, key metrics like vacancy rates and rental prices hint at a slow but positive trajectory for the retail sector, proving shopping malls are seeing a flicker of revival in the final stretch of 2023.

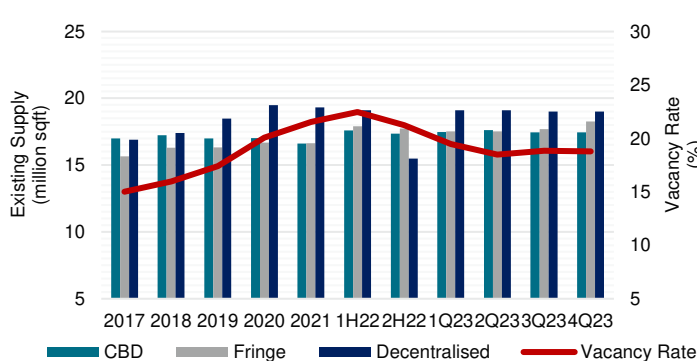
MALAYSIA ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

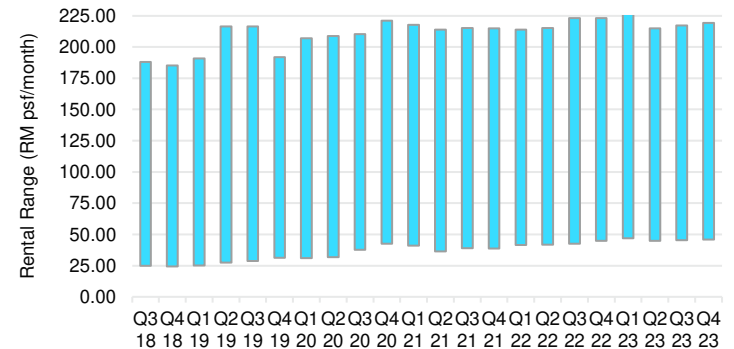


Source: Department of Statistics Malaysia

Greater KL Existing Supply and Vacancy Rate



CBD Prime Rental Range



KUALA LUMPUR

Retail Q4 2023

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)
KL CBD	17.45 million	15.8%	5.35 million
KL Fringe	18.26 million	22.9%	1.87 million
Decentralised Area	19.00 million	17.7%	2.50 million
TOTAL	54.71 million	18.8%	9.72 million

SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	(NLA) SF	TARGETED COMPLETION
Pavilion Damansara Heights Mall (Phase 1)	KL Fringe	533,361	2023
8 Conlay Retail Component	KL CBD	120,000	2023
The Exchange Mall @ TRX	KL CBD	1,300,000	2023
KSL Esplanade Mall	Decentralised	650,000	2023
Sunsuria Forum @ 7 th Avenue	Decentralised	150,000	2023
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	KL CBD	1,000,000	2026
Q Mall @ Queensville	KL CBD	412,000	2026

INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- Berjaya Times Square Kuala Lumpur has reached an agreement with Singapore's production company MM2 Asia Ltd. to establish mmCineplex as one of the mall's new anchor tenants.
- Sunway Property has signed a memorandum of understanding (MoU) with Putrajaya Holdings Sdn Bhd to collaborate on developing prime commercial strategic parcels of land in Precincts 7 and 8 in Putrajaya.
- SP Setia has announced the launch of Bayu Avenue, the third phase of commercial development in its Setia Bayuemas township. The 3rd phase comprises 16 freehold double-storey shop offices with a GDV of RM21.86 million.
- IJM has announced a Lotus hypermarket at IJM Rimbayu township in Selangor. The 64,066 sf hypermarket on 4.48 acres would cost RM42 million to build and offer 185 surface parking spaces.
- The retail component of the Tun Razak Exchange development in Kuala Lumpur, Exchange TRX, opened to the public. The retail and leisure complex, with over 400 stores and 1.3 million sf of net lettable area, aims to become Kuala Lumpur's heart.
- Local cinema chain TGV Cinemas is marking the opening of its latest venue in Pavilion Bukit Jalil. This new cinema will hold the distinction of being the first cinema in Malaysia to offer IMAX with laser systems and 12-channel sound technology.
- IGB REIT announced a 99.94% occupancy rate for Mid Valley Megamall, one of Malaysia's largest malls with 1.8 million sf of net lettable area, in 3Q23, up from 99.9% in 2019. Similar trends are found in The Gardens Mall, where occupancy rose to 99.9% in 3Q23 from 98.9% in 2019.

TIFFANY GOH

Country Manager – Occupier Services
+6012 299 2778 | tiffanygoh@ivpsmalaysia.com

AIN AFIQAH NASRI

Occupier Services – Transaction Management
+6011 2320 6881 | ain.afiqah@ivpsmalaysia.com

[cushmanwakefield.com](https://www.cushmanwakefield.com)

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 51,000 employees in 400 offices and 70 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.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.