

MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|---------|-------------------|
| 28.37% Vacancy Rate | ▲ | ▲ |
| -21.38M QTQ Net Absorption, SF | ▲ | ▲ |
| RM 6.06 Avg. Asking Rent, PSF <i>(Overall, All Property Classes)</i> | ▼ | ▼ |

ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| 5.9% GDP Growth | ▲ | ▲ |
| 1.9% CPI Growth <i>August 2024</i> | ▲ | ▲ |
| 3.3% Unemployment Rate <i>July 2024</i> | ▼ | ▼ |

Source: BNM, DOSM (Q2 2024)

ECONOMY: MALAYSIA'S ECONOMIC GROWTH TO IMPROVE

In Q2 2024, Malaysia's economy showed strong growth with a 5.9% increase in GDP, up from 4.2% in the previous quarter. After seasonal adjustments, GDP grew by 2.9%, compared to 1.5% in Q1 2024. All sectors saw improvement, with the Services and Manufacturing sectors leading the growth. On the demand side, the economy was mainly driven by private consumption and investment. The economy was valued at RM472.4 billion at current prices and RM400.7 billion at constant prices. Overall, Malaysia's economy grew by 5.1% in the first half of 2024, compared to 4.1% in the same period in 2023.

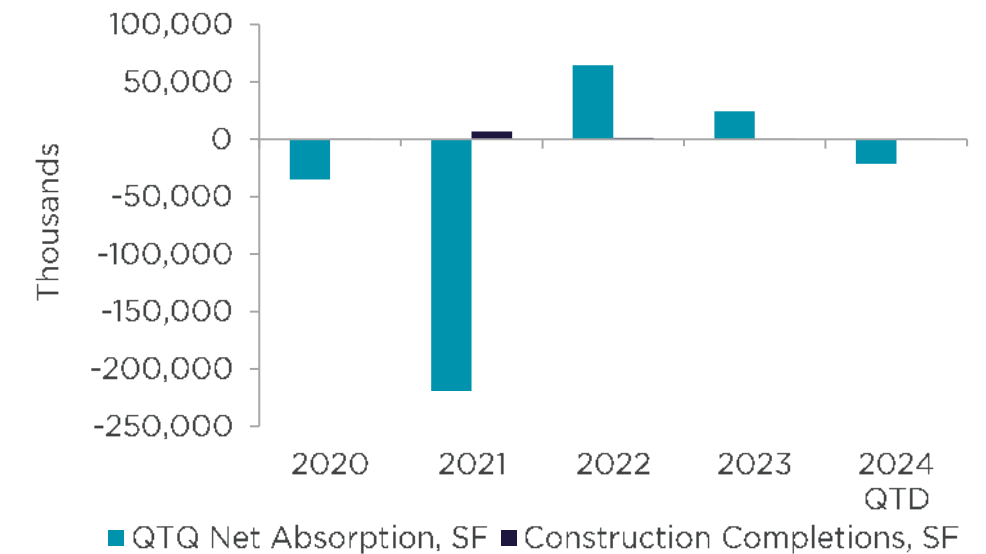
DEMAND: OCCUPIERS OPT FOR OFFICE SPACES WITH ESG PRINCIPLES

In Malaysia, demand for office spaces following Environmental, Social, and Governance (ESG) principles is rising as more occupiers, especially MNCs, seek to enhance their image and attract investors. These occupiers now expect landlords to share their plans for ESG compliance during office space sourcing. While many new buildings are already green-certified, older buildings face pressure to upgrade to meet these standards or risk losing tenants. Energy-efficient designs and systems are seen as offering long-term cost savings, driving real estate developers to create more sustainable office spaces to meet this growing demand.

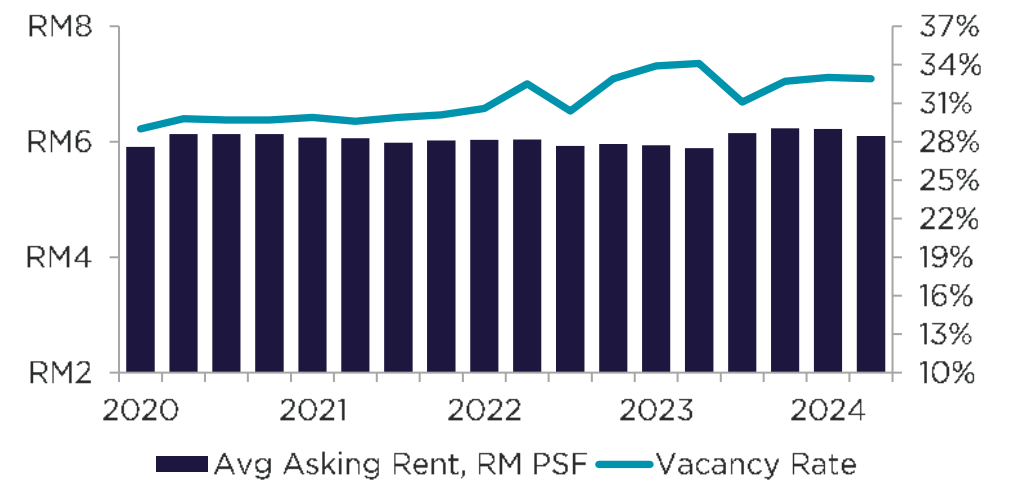
PRICING: ANTICIPATED IMPROVEMENT IN RENTAL AND OCCUPANCY RATES

The overall average asking rent in Greater KL recorded slight decrease of 0.62% to RM 6.06 psf per month (Q2'24: RM 6.10). Both KL CBD and Fringe average rental rates slightly decrease to RM 6.83 and RM 6.56 psf per month respectively while a modest increase in Decentralised area noted at RM 4.80 psf per month. The vacancy rate gradually increased to 28.37% due to injection of newly constructed office buildings, expected to improve with positive take-up rate in prime offices within Fringe submarket.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (MSF) | OVERALL VACANCY RATE | PLANNED & UNDER CONSTRUCTION (MSF) | OVERALL AVG ASKING RENT (ALL CLASSES, RM PSF PM)* | OVERALL AVG ASKING RENT (ALL CLASSES, USD PSF PM)* |
|---------------|-----------------|----------------------|------------------------------------|---|--|
| KL CBD | 60.74 | 28.10% | 11.94 | RM 6.83 | USD 1.60 |
| KL FRINGE | 49.66 | 36.70% | 2.34 | RM 6.56 | USD 1.53 |
| DECENTRALISED | 35.35 | 20.30% | 0.65 | RM 4.80 | USD 1.12 |
| TOTAL | 145.75 | 28.37% | 14.93 | RM 6.06 | USD 1.42 |

*Rental rates reflect full service asking; inclusive of service charge.

a) Inventory for all submarket is based on the total supply of office space (all classes).

b) Office space within KL Sentral, Bangsar and those within Damansara Heights vicinity are taken into consideration as KL Fringe submarket.

c) Office space within Petaling Jaya, Damansara, Kelana Jaya, Sunway/Subang/USJ and Shah Alam are taken into consideration as Decentralised submarket.

Source: NAPIC & IVPS/Cushman & Wakefield Research

NOTABLE INCOMING SUPPLY

| PROPERTY | SUBMARKET | NLA (SF) | TARGET COMPLETION |
|---------------------------------|---------------|-----------|-------------------|
| Sunway Square Tower 2 | Decentralised | 553,629 | Q1 2025 |
| Sunsuria Forum Corporate Office | Decentralised | 318,550 | Q1 2025 |
| Sunway Square Tower 1 | Decentralised | 432,500 | Q4 2025 |
| Pavilion Damansara CT10 | KL Fringe | 215,152 | Q4 2025 |
| The Exchange TRX Campus Office | KL CBD | 200,000 | 2025/2026 |
| The Capitol | Decentralised | 1,200,000 | Q4 2026 |
| Bangsar 61 (Tower 1) | KL Fringe | 548,000 | Q4 2026 |
| Duo Tower (Tower B) | KL Fringe | 432,212 | 2027 |

*Target completion = Building completion with Certificate of Completion and Compliance (CCC)

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- Menara PJD, a fully tenanted 28-storey office building is back on the market for sale valuing RM 289 million.
- ArcBlue expanded their office footprints within APAC, set up its 11th office in Bangsar, Kuala Lumpur.
- Taiwan based E.SUN Bank set up their new office in Menara Exchange 106, Persiaran TRX.
- SAS, a global leader in data and AI, recently opened their new regional office in Menara IQ, Persiaran TRX.

TIFFANY GOH

Head - Occupier Services

Tel: +6012 299 2778 (M); +603-7728 4117 (O)

tiffanygoh@ivpsmalaysia.com

SABRINA KHALID

Assistant Manager - Occupier Services

Tel: +6017 233 0661 (M); +603-7728 4117 (O)

sabrina@ivpsmalaysia.com

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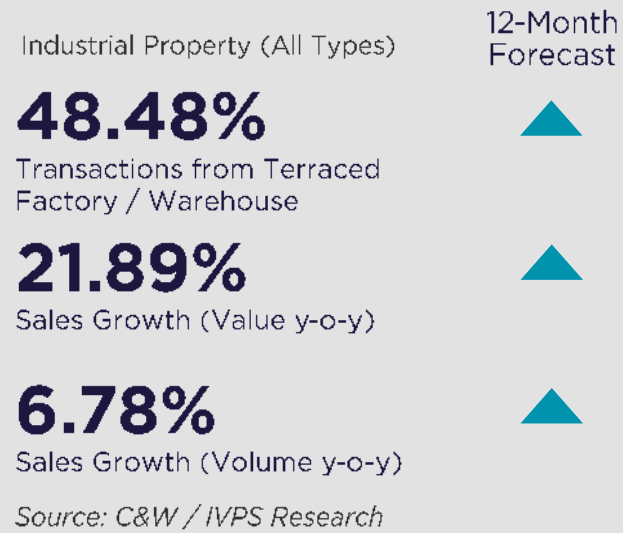
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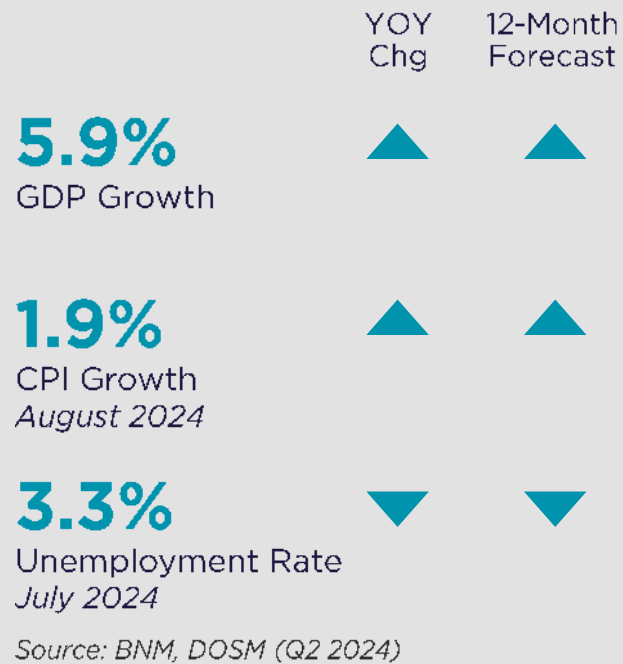
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MARKET FUNDAMENTALS



ECONOMIC INDICATORS



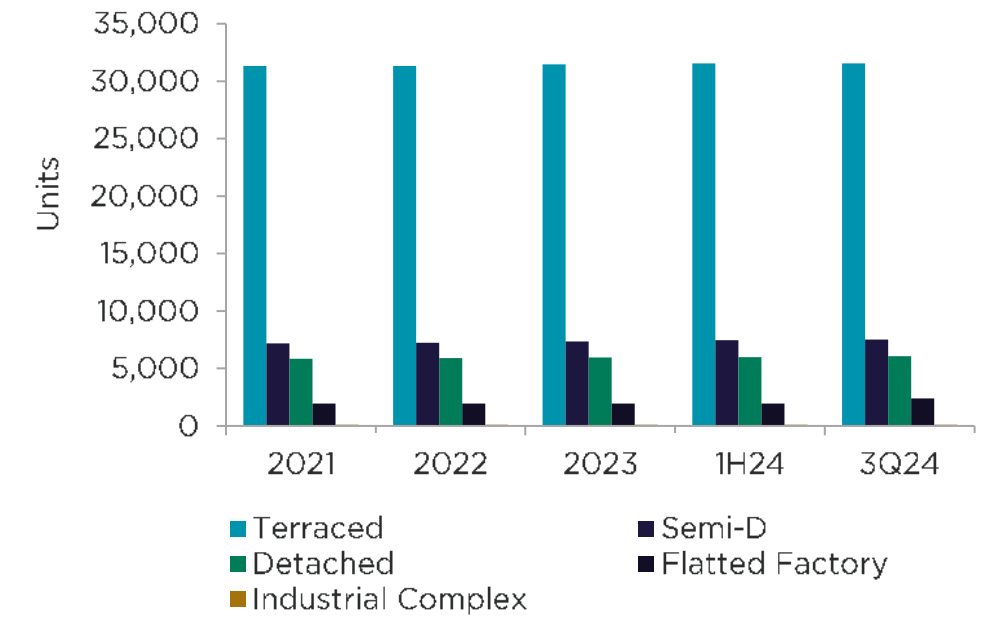
ECONOMY: MALAYSIA INDUSTRIAL PRODUCTION INDEX (IPI) PROPELLED BY MANUFACTURING SECTOR'S GROWTH

The Industrial Production Index (IPI) rose by 4.1% in August 2024 as compared to the same month in the previous year. The increase was spearheaded by the expansion in Manufacturing (6.5%); and Electricity (4.1%) sectors. Meanwhile, the Mining sector declined 6.4 per cent. In a seasonally adjusted terms, IPI in August 2024 contracted by 1.9%, compared to the previous month. The decreased was influenced by the decline in Mining (-3.7%); Electricity (-2.0%); and Manufacturing (-1.5%) during the month. It is notable that the increase in Manufacturing sector was primarily led by the Electrical & Electronics (E&E) Products sub-sector. Overall, many experts foresee higher demand for E&E products, oil & fats, motor vehicles and consumer products with caution of potential downside risks of weaker final demand from major economies. It could result in another disruption to global trade and supply chain as well as pushing energy prices higher.

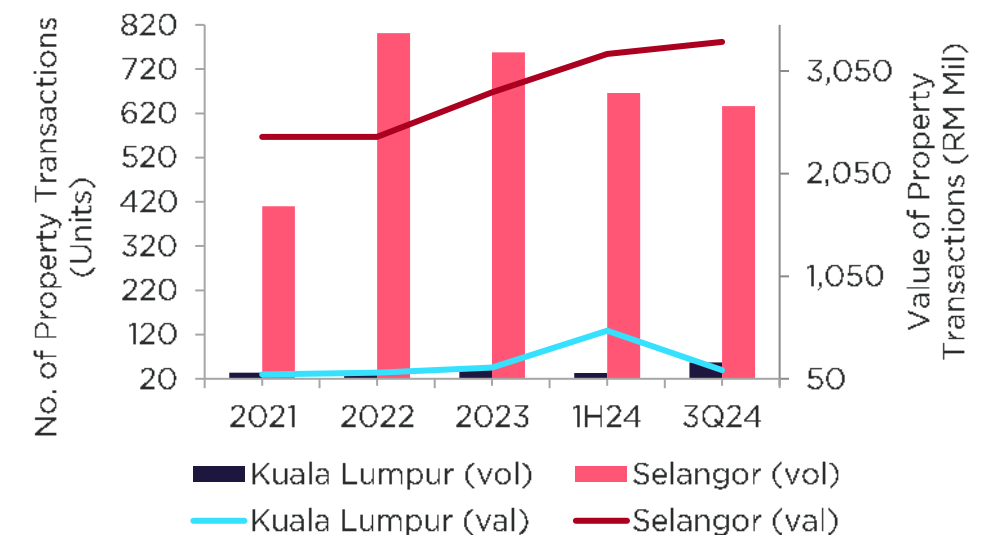
DEMAND: PLANS FOR AI-POWERED PORT AMID GLOBAL SUPPLY CHAIN SHIFT

In an effort to capture logistics demand due to changes in global supply chains, Malaysia is set to construct a new port near Kuala Lumpur located in Port Dickson, Negeri Sembilan featuring 1.8-km jetty, terminal and container operation area along 8.71 mil sf. It will be designed to handle a significant volume of cargo and improve the efficiency of logistics operations by utilizing artificial intelligence (AI) technology; deploy automated cranes and unmanned trucks, use traffic data to plan ship movements and automate logistics, with the capacity to accommodate the largest container vessels. By enhancing its port infrastructure, Malaysia aims to strengthen its position as a major hub in the global supply chain network and stimulate economic growth in the region.

INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



VOLUME & VALUE OF PROPERTY TRANSACTIONS



MARKET STATISTICS

| SUBMARKET | INDUSTRIAL AREA | INVENTORY (UNIT) | PLANNED & UNDER CNSTR (UNIT) | FACE RENT RM PSF PM (ALL TYPES) | FACE RENT USD PSF PM (ALL TYPES) | FACE RENT EUR PSF PM (ALL TYPES) |
|-----------------|---|------------------|------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Central Region | W.P Kuala Lumpur, Gombak, Petaling | 24,888 | 238 | RM 2.00 – RM 4.00 | \$ 0.47 – \$ 0.93 | € 0.43 – € 0.85 |
| Northern Region | Kuala Selangor, Hulu Selangor, Sabak Bernam | 4,941 | 634 | RM 0.90 – RM 2.40 | \$ 0.21 – \$ 0.56 | € 0.19 – € 0.51 |
| Southern Region | Kuala Langat, Sepang | 1,605 | 695 | RM 1.50 – RM 3.50 | \$ 0.35 – \$ 0.81 | € 0.32 – € 0.75 |
| Western Region | Klang | 8,929 | 1,662 | RM 1.60 – RM 2.80 | \$ 0.37 – \$ 0.65 | € 0.34 – € 0.60 |
| Eastern Region | Hulu Langat | 7,376 | 90 | RM 0.90 – RM 1.50 | \$ 0.21 – \$ 0.35 | € 0.19 – € 0.32 |
| TOTALS | | 47,739 | 3,319 | RM 0.90 – RM 4.00 | \$ 0.21 – \$ 0.93 | € 2.00 – € 4.00 |

Cumulative supply for all submarkets are based on total supply of industrial space (all types).

Source: NAPIC & IVPS/Cushman & Wakefield Research

KEY SALES TRANSACTIONS Q2 2024

| PROPERTY | LOCATION | SELLER/BUYER | LAND AREA | PRICE RM |
|--|--------------------------|--------------------------------------|------------|-----------|
| 4 ½-storey detached industrial building | Petaling Jaya | Axis REIT / Cycle & Carriage Bintang | 2.4 acres | RM 69M |
| Single storey detached industrial building with annexed 1 ½-storey office building | Batu Caves | Axis REIT / Cycle & Carriage Bintang | 4.1 acres | RM 59M |
| Vacant land | Ulu Tiram, Johor | Bridge Data Centre | 47.9 acres | RM 238.3M |
| Vacant land | i-TechValley, SILC Johor | Digital Hyperspace | 34.9 acres | RM 209.8M |

INVESTMENT TREND/INDUSTRIAL DEVELOPMENT ACTIVITIES

- IJM secured two contracts for the construction of data centres in Johor and an industrial manufacturing facility in Penang with a combined value of RM561 million, scheduled for completion in 3Q2025 and 1Q2026 respectively.
- SD Guthrie (formerly known as Sime Darby Plantation) is partnering with TH Properties to develop Malaysia’s first halal-certified managed industrial park in Bukit Pelandok, Negeri Sembilan will feature a range of ready-built and built-to-suit factories, including linked, semi-detached and detached options.
- AWS to invest RM29.2 billion in Malaysia through 2038 as part of its long-term commitment, providing developers, start-ups, entrepreneurs, and enterprises in Malaysia options for running applications and serving end users from local AWS data centres.

TIFFANY GOH

Head - Occupier Services

Tel: +6012 299 2778 (M); +603-7728 4117 (O)

tiffanygoh@ivpsmalaysia.com

SABRINA KHALID

Assistant Manager - Occupier Services

Tel: +6017 233 0661 (M); +603-7728 4117 (O)

sabrina@ivpsmalaysia.com

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MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|---------|-------------------|
| 1.24% CBD Prime Rental Growth | ▲ | ▲ |
| 14.85% Vacancy Rate | ▼ | ▼ |
| RM2,844 Median Income | ▲ | ▲ |

Source: C&W / IVPS Research

ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| 5.9% GDP Growth | ▲ | ▲ |
| 1.9% CPI Growth August 2024 | ▲ | ▲ |
| 3.5% Consumer Spending Growth | ▲ | ▲ |

Source: BNM, DOSM (Q2 2024)

ECONOMY: MALAYSIA'S WHOLESALE & RETAIL TRADE SALES RISE

Sales value of Wholesale & Retail Trade recorded RM149.2 billion in August 2024, grew 4.7% year-on-year. The positive growth was contributed by all sub-sectors, namely Retail Trade 5.9%, Motor Vehicles 4.1%, and Wholesale Trade 3.7%. Meanwhile, for month-on-month comparison, sales value increased 0.1%. In terms of volume index, Wholesale & Retail Trade registered a growth of 3.8% year-on-year to record 158.6 points. The increase was supported by Retail Trade 4.0%, Wholesale Trade 3.8%, and Motor Vehicles 2.8%. For monthly comparison, volume index edged up 0.3%, contributed by Retail Trade 0.9%.

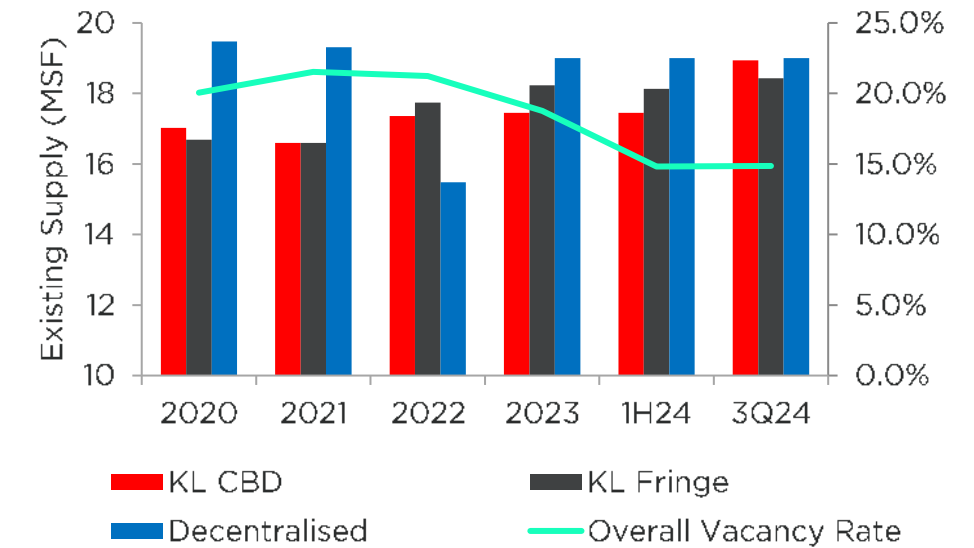
SUPPLY: ELMINA LAKESIDE MALL

The Elmina Lakeside Mall, which had its soft launch in August, serves as the lively focal point of Elmina City Centre, set amidst the beautiful greenery of Shah Alam. Designed with an open layout spanning over 214,000 sf of NLA, the mall primarily occupies the ground floor, with a few steps leading to a second level in select stores. The shops are spaced out in a minimalist style, giving the appearance of charming, container-like units. The mall has reached over 98% occupancy and attracted over 180,000 patrons throughout its opening week.

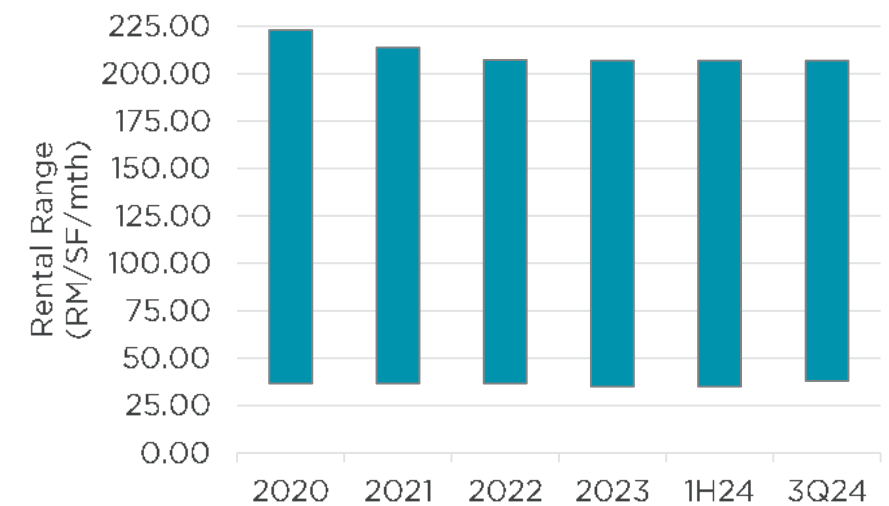
CONSUMER: RE-EVALUATE SPENDING HABITS DUE TO INFLATION

Malaysia's retail sector is expected to experience slower growth in the second quarter of 2024 due to rising inflation and more cautious consumer spending. The economic pressures are predicted to result in reduced sales growth across various retail segments, as consumers prioritize essentials and limit discretionary spending. However, the food and beverage sector may prove more resilient due to its essential nature, allowing it to maintain steady demand. Despite these challenges, analysts believe certain retail sectors with strong consumer demand could still perform well, although the overall outlook remains cautious.

EXISTING SUPPLY AND OVERALL VACANCY RATE



CBD PRIME RENTAL RANGE



MARKET STATISTICS

| SUBMARKET | INVENTORY (MSF) | OVERALL VACANCY RATE | PLANNED & UNDER CNSTR (MSF) |
|---------------|-----------------|----------------------|-----------------------------|
| KL CBD | 18.94 | 15.3% | 2.14 |
| KL Fringe | 18.43 | 17.4% | 2.41 |
| Decentralised | 19 | 11.8% | 2.5 |
| TOTAL | 56.37 | 14.8% | 7.05 |

a) Inventory for all submarket is based on the total supply of shopping complex (all type).

b) Shopping complex within KL Sentral, Bangsar and those within Damansara Heights vicinity are taken into consideration as KL Fringe submarket.

c) Shopping complex within Petaling Jaya, Damansara, Kelana Jaya, Sunway/Subang/USJ and Shah Alam are taken into consideration as Decentralised submarket.

Source: NAPIC & IVPS/Cushman & Wakefield Research

NOTABLE SIGNIFICANT NEW RETAIL PROJECTS

| PROPERTY | SUBMARKET | NLA (SF) | TARGET COMPLETION |
|---|---------------|-----------|-------------------|
| Pavilion Damansara Heights Mall (Phase 2) | KL Fringe | 529,353 | 2024 |
| Warisan Merdeka Mall | KL CBD | 1,560,767 | 2024 |
| (Refurbishment) – Plaza Alam Sentral | Decentralised | 233,751 | 2025 |
| Maju Kuala Lumpur Mall | KL CBD | 750,000 | 2026 |
| Queens Mall Kuala Lumpur @ Queensville | KL CBD | 412,000 | 2027 |

*Target completion = Building completion with Certificate of Completion and Compliance (CCC)

INVESTMENT TREND/RETAIL DEVELOPMENT ACTIVITIES

- Sunway Pyramid sets to unveil Oasis, its reconfigured retail space spanning over 250,000 sf across 4-levels to attract high-yielding tenants and increase footfall.
- Elmina Lakeside Mall spanning over 400,000 sf sets to open by end of August 2024, features a refreshing al fresco retail concept and nature elements such as lakeside dining venues, landscaped walkways, water features and natural settings.
- IOI Properties is acquiring Tropicana Gardens Mall, a 7-storey mall across 1.05 million sf NLA with 77% occupancy rate at RM680 million.
- Coach sets to launch its first Coach Play experience in Bangsar by end of September 2024, in collaboration with A Place Where (APW). The concept store spans approx. 7,500 sf – the first of its kind in Southeast Asia.
- Canadian coffee chain, Tim Hortons sets to open its first two outlets in Malaysia within August 2024, partnering with Singapore market franchisee Marubeni Growth Capital.

TIFFANY GOH

Head - Occupier Services

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SABRINA KHALID

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