

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
29.39% Vacancy Rate	▲	▲
-161.78M QTQ Net Absorption, SF	▼	▼
RM 6.02 Avg. Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.3% GDP Growth	▼	▼
1.9% CPI Growth <i>October 2024</i>	▲	▲
3.2% Unemployment Rate <i>September 2024</i>	▼	▼

Source: BNM, DOSM (Q3 2024)

ECONOMY: THE ECONOMY EXPANDED BY 5.3% IN Q3 2024

The Malaysian economy grew by 5.3% in Q3 2024, supported by robust investment activity and ongoing improvements in exports, though this was a slight slowdown from the 5.9% growth recorded in Q2 2024. The construction sector led the growth with a 19.9% increase, followed by manufacturing at 5.6%. The services sector recorded a decline, growing by 5.2% compared to 5.9% in Q2 2024, while agriculture slowed to 3.9% from 7.3%. Mining experienced a significant drop, contracting by 3.9% after growing 2.7% in Q2 2024. In the external sector, exports continued to strengthen, driven by recovering global demand and positive effects from the global tech upcycle. Imports also grew at a faster rate, reflecting strong demand for capital and intermediate goods to support increased investments and trade.

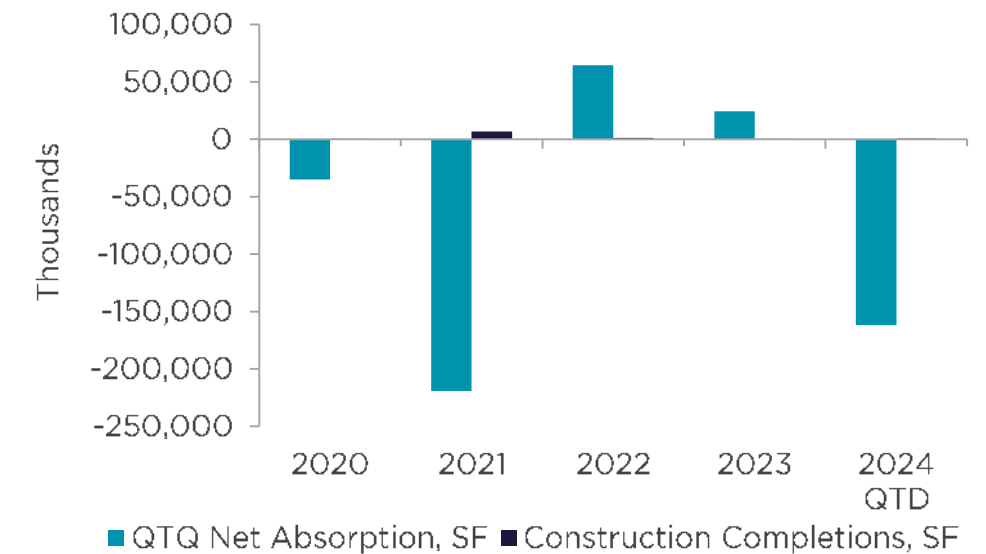
DEMAND: FLEXIBLE OFFICE SPACES CONTINUE TO SHOW STRENGTH

The number of flexible office spaces in Malaysia continues to grow, reflecting strong demand, despite the presence of traditional offices. This trend is largely driven by startups seeking cost-effective, short-term solutions and international companies that require only small spaces for their branches. Many tenants prefer the flexibility of choosing their own lease terms, along with the benefits and amenities of a physical office, without the heavy capital investment. The rise in coworking spaces has also been fueled by the growth of remote work.

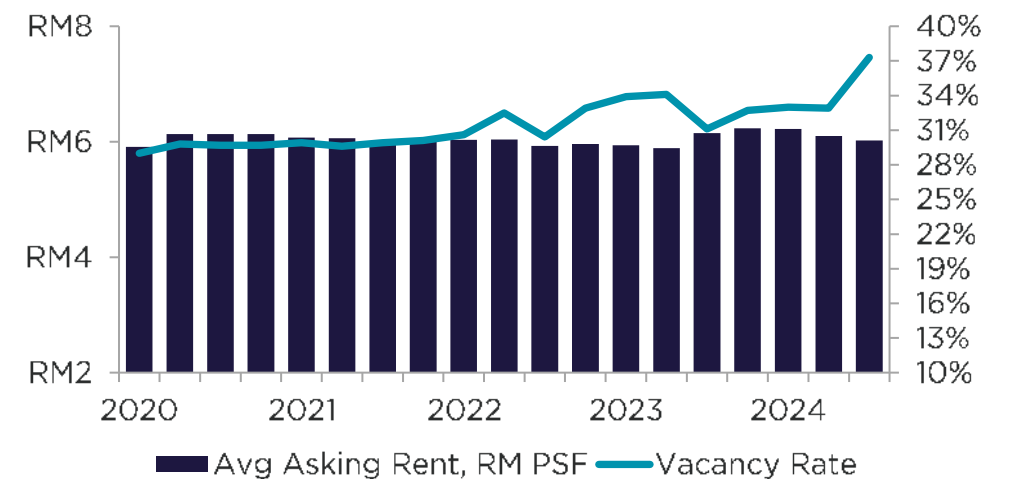
PRICING: RENTAL RATES IN ALL SUBMARKETS HAVE DECREASED SLIGHTLY, ALONG WITH A MODEST INCREASE IN THE VACANCY RATE

The average asking rent in Greater Kuala Lumpur experienced a slight decline, dropping to RM 6.02 psf per month in Q3 2024, compared to RM 6.06 in the previous quarter. Rental rates across all areas—KL CBD, KL Fringe, and Decentralised areas—also recorded slight decrease, with averages of RM 6.79, RM 6.48, and RM 4.79 psf per month, respectively. The vacancy rate has risen to 29.39%, largely due to the addition of newly built office spaces.

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	28.00%	11.94	RM 6.79	USD 1.52
KL FRINGE	49.74	36.80%	2.27	RM 6.48	USD 1.45
DECENTRALISED	35.70	23.38%	0.65	RM 4.79	USD 1.07
TOTAL	146.18	29.39%	14.86	RM 6.02	USD 1.35

*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
Menara Golden Eagle	KL CBD	112,000	Q1 2026
Bangsar 61 (Tower 1)	KL Fringe	548,000	Q4 2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Lot C7-10, TRX	KL CBD	800,000	2027

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

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- BlackBerry Ltd has located in Cyberjaya as the headquarters for its cybersecurity operations in the Asia Pacific (APAC) located at MCMC Center of Excellence (CoE).
- Arkema has officially launched its Kuala Lumpur office at Menara UAC, following the establishment of its offices in Singapore, Johor, Negeri Sembilan, and Kerteh.
- Air India has opened their new office in Kuala Lumpur in Wisma Golden Realty.
- Kyndryl, the global leader in IT infrastructure services, has opened their new office in Kuala Lumpur.
- PwC Malaysia will relocate its headquarters to a new tower at TRX, scheduled for completion in 2029.

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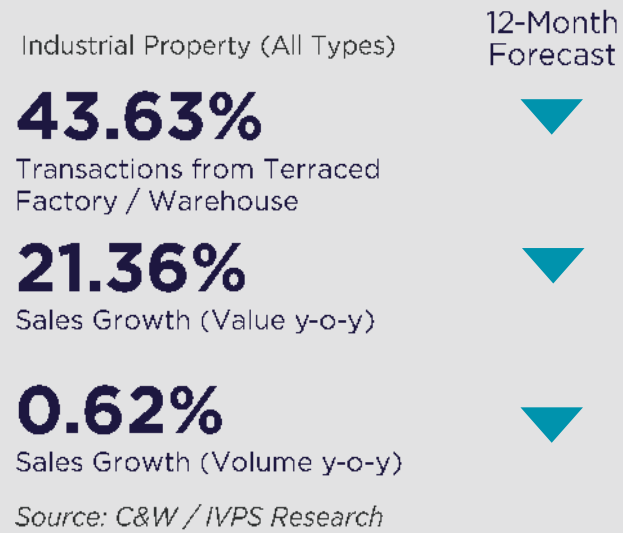
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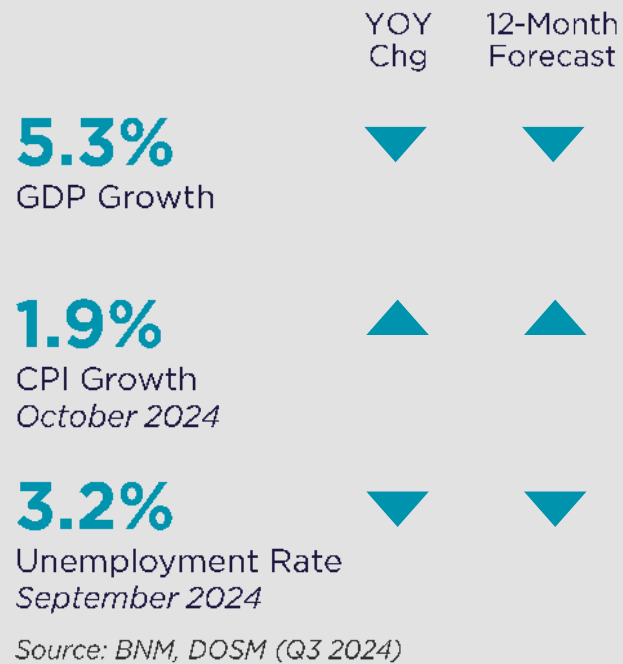
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MARKET FUNDAMENTALS



ECONOMIC INDICATORS



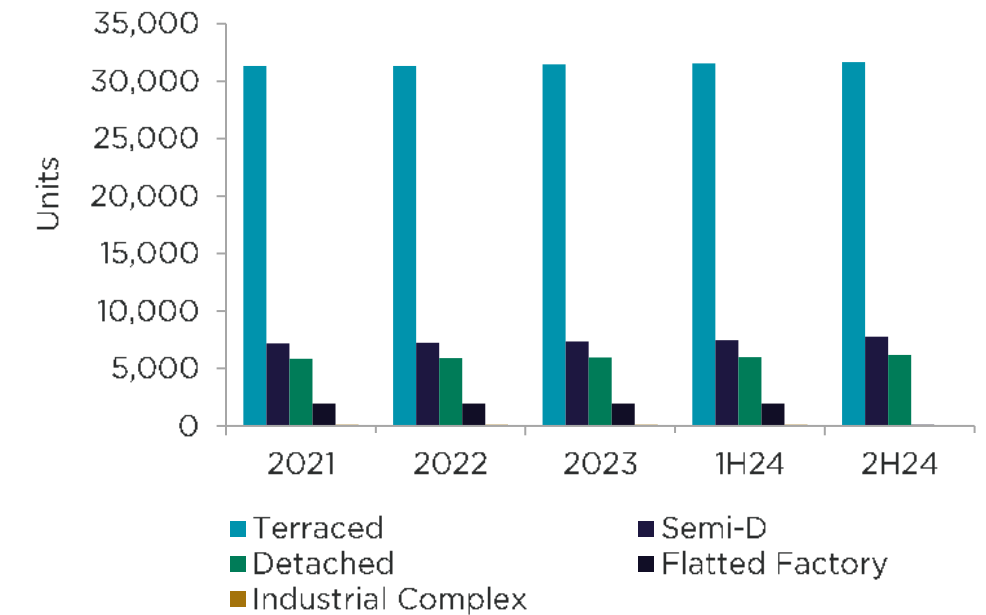
ECONOMY: THE MANUFACTURING SECTOR IS THE KEY CONTRIBUTOR TO MALAYSIA'S INDUSTRIAL PRODUCTION INDEX (IPI)

In September 2024, Malaysia's Industrial Production Index (IPI) increased by 2.3% year-on-year (YoY), falling short of expectations after a 4.1% rise in August. Manufacturing output led the growth, rising by 3.2% (down from 6.5% in August), while the electricity sector recorded a 3.9% increase (compared to 4.2% in August). On the other hand, the mining sector continued its decline for the third month in a row, recording a decrease of 2.2% (improved from -6.4% in August). Month-on-month, the IPI decreased by 0.7%, a smaller drop compared to the 1.7% fall in September. For the third quarter of 2024, the IPI rose by 3.9%, slightly down from the 4.5% growth in the second quarter. This increase was largely driven by the manufacturing sector, which grew by 5.8%, up from 4.9% in the previous quarter. Over the first nine months of the year, the IPI showed a 3.9% rise, with all sectors posting growth: mining increased by 1.4%, manufacturing by 4.3%, and electricity by 6.4%.

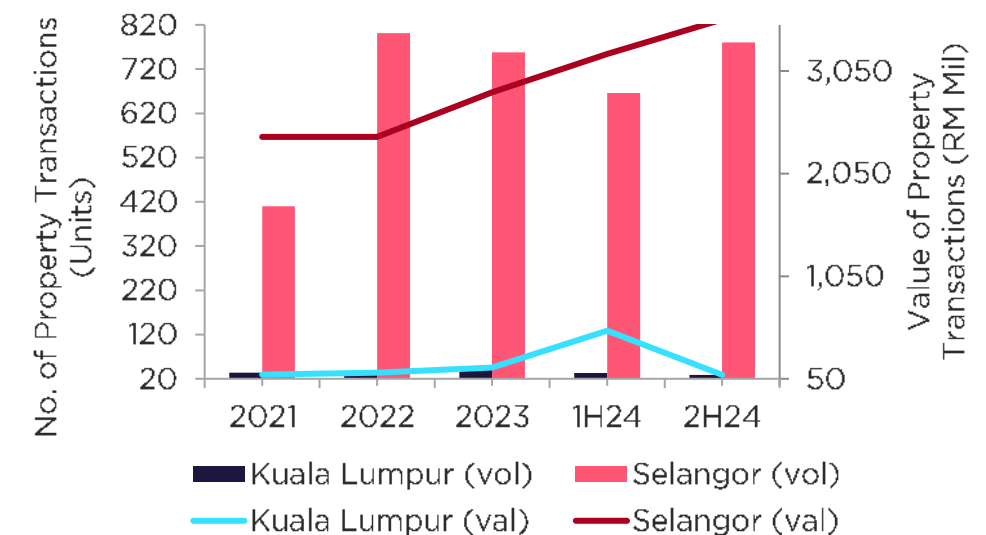
DEMAND: INVESTMENT IN DIGITAL/TECHNOLOGY AND INDUSTRIALS IS RISING

Malaysia is harnessing more investments in the digital/technology industries particularly in Selangor and Johor. The "data centers boom" has created opportunity for downstream activities in Selangor and Johor. Selangor is in pipeline to develop 17 data centres (estimated investment potential of RM52 billion), while, Johor government is reviewing 36 applications for data center. As global demand for digital infrastructure rises, Malaysia's data center industry is poised for a promising future. With Malaysia's role in the global data center ecosystem expanding, it is advantageous to the market in providing a top-down supply chain improvement from the perspective of construction activities, high-tech manufacturing, R&D, infrastructure improvements. Besides, energy sector has been the upcoming focus in order to generate better and sustainable renewable energy. Penang's position deemed as Silicon Valley of the East is working to propel the industry up the value chain, especially in high value-added functions such as R&D, design and knowledge-based solutions, advanced manufacturing and Centre of Excellence activities.

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	24,938	151	RM 2.00 – RM 4.00	\$ 0.45 – \$ 0.90	€ 0.42 – € 0.85
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	4,951	638	RM 0.90 – RM 2.40	\$ 0.20 – \$ 0.54	€ 0.19 – € 0.51
Southern Region	Kuala Langat, Sepang	1,605	734	RM 1.50 – RM 3.50	\$ 0.34 – \$ 0.78	€ 0.32 – € 0.75
Western Region	Klang	9,315	859	RM 1.60 – RM 2.80	\$ 0.36 – \$ 0.63	€ 0.34 – € 0.60
Eastern Region	Hulu Langat	7,376	171	RM 0.90 – RM 1.50	\$ 0.20 – \$ 0.34	€ 0.19 – € 0.32
TOTALS		48,145	2,553	RM 0.90 – RM 4.00	\$ 0.20 – \$ 0.90	€ 0.19 – € 0.85

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

Source: NAPIC & IVPS/Cushman & Wakefield Research

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	LOCATION	SELLER/BUYER	LAND AREA	PRICE RM
Industrial land	Kinta, Perak	Jubilee Link / Wellcall Holdings	18.31 acres	RM 32M
Industrial land with a building	Port Klang	Malconrep Depot (M), Dayang Mewah / Axis REIT	15.41 acres	RM 158.64M
Industrial land	Port Klang	PMB Technology / Knauf	28 acres	RM 79.3M
4 Industrial properties	Iskandar Puteri & Park@Senai Airport City, Johor	AME Elite Consortium / AME REIT	9 acres	RM 119.5M

INVESTMENT TREND/INDUSTRIAL DEVELOPMENT ACTIVITIES

- *Suling Hill Development has introduced the 176-acre Northern TechValley @ BKE, an industrial park project with a gross development value (GDV) of RM1.3 billion, situated alongside the Butterworth-Kulim Expressway (BKE).*
- *SD Guthrie Bhd and AME Industrial Park Sdn Bhd, a subsidiary of AME Elite Consortium Bhd, have partnered to develop a green industrial park spanning 641 acres within the Johor-Singapore Special Economic Zone (JS-SEZ).*
- *AME Elite and KLK are forming a joint venture to develop an industrial park in Ijok, with a net development area of approximately 151.2 acres.*
- *KULIM Hi-Tech Park (KHTP) plans to expand its total area to 12,000 acres, up from the current 5,557 acres, through the development of a new industrial park called KHTP 2.*
- *The Signature Collection Twin Factories at Elmina Business Park Stage 2 have been completely sold, with prices starting from RM3.68 million.*

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MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
1.24% CBD Prime Rental Growth	▲	▲
20.18% Vacancy Rate	▲	▲
RM2,745 Median Income	▼	▼

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.3% GDP Growth	▼	▼
1.8% CPI Growth November 2024	▼	▼
3.8% Consumer Spending Growth	▲	▲

Source: BNM, DOSM (Q3 2024)

ECONOMY: WHOLESALE & RETAIL TRADE SALES IN MALAYSIA REMAINED STABLE

Malaysia's wholesale and retail trade sector experienced a 3.8% year-on-year (y-o-y) growth in September 2024, reaching total sales of RM148.2 billion. Wholesale trade accounted for RM66.5 billion, marking a 3.6% increase, while retail trade recorded a 5.5% growth, totaling RM64.4 billion in sales. However, the motor vehicles sub-sector faced a slight dip of 1% in sales, amounting to RM17.3 billion, with motor vehicle sales specifically declining by 10.3%. The volume index for wholesale and retail trade in September rose by 3.5% y-o-y. Wholesale trade grew by 4.8%, retail trade increased by 3.8%, while the motor vehicles sector experienced a 2.4% drop in volume. On a month-on-month basis, the seasonally adjusted volume index decreased by 1.9%.

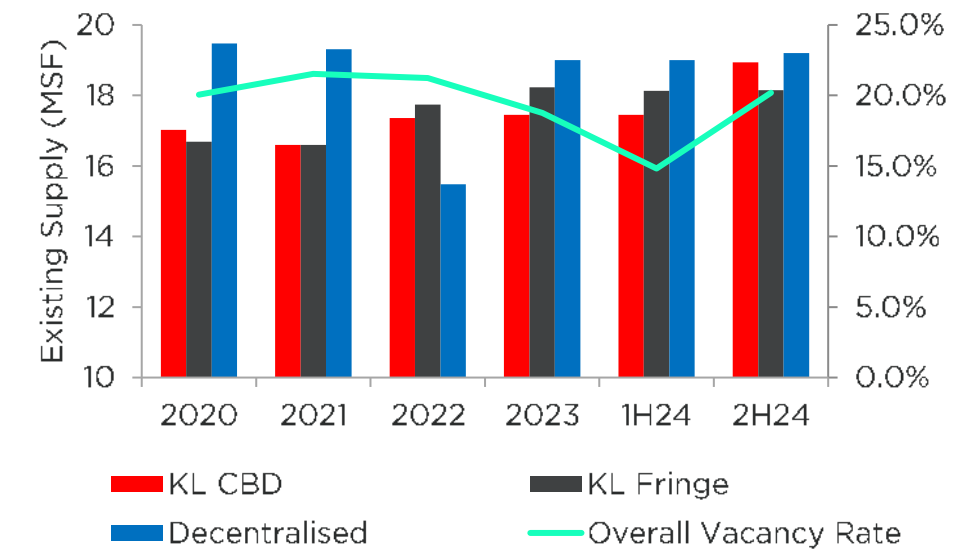
SUPPLY: NEW SHOPPING MALLS HAVE OUTSHONE THE OLDER, EXISTING ONES

The rise of new shopping malls in Malaysia has created competition for older malls, particularly those built in the 1990s and earlier. The old shopping malls were once a popular destination for shoppers. However, the emergence of newly developed malls, which offer more spacious environments and a wider range of retail options, has shifted the spotlight. New malls that located in the heart of the city, have become major attractions, featuring branded tenants that cater to contemporary lifestyles. Regional malls like Suria KLCC and Pavilion are older shopping malls, yet they continue to draw many shoppers due to their prime location.

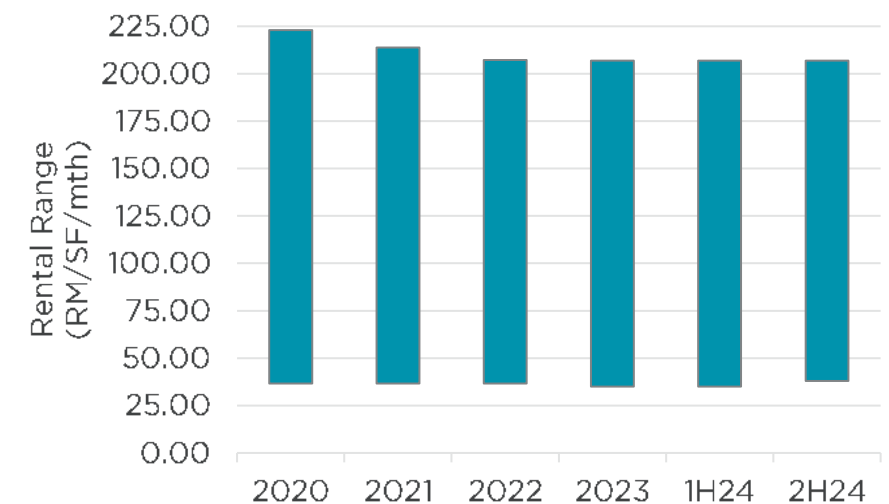
CONSUMER: RETAILERS SET TO SEE BOOSTED SALES IN 2H 2024

Malaysia's retail sector is expected to grow in the second half of 2024, despite the high cost of living. Retail sales are likely to benefit from an increase in foreign tourist arrivals, with tourist spending anticipated to rise. Factors such as employment and wage growth, along with supportive policy measures, will continue to bolster household spending. Withdrawals from the Employees Provident Fund (EPF) Account 3 or wage hikes for civil servants may have a notable impact on retail sales. These factors can drive growth in the retail sector by enhancing purchasing power.

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	12.1%	2.14
KL Fringe	18.15	16.8%	2.41
Decentralised	19.2	31.7%	2.5
TOTAL	56.29	20.2%	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	2025
118 Mall @ Merdeka 118	KL CBD	1,506,947	2025
(Refurbishment) – Plaza Alam Sentral	Decentralised	233,751	2025
KLK Retail Centre	Decentralised	TBC	2025
Maju Kuala Lumpur Mall	KL CBD	750,000	2026
Queens Mall Kuala Lumpur @ Queensville	KL CBD	412,000	2027
DA Central Mall	Decentralised	420,000	2028

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

INVESTMENT TREND/RETAIL DEVELOPMENT ACTIVITIES

- Sunway REIT has finalized the acquisition of 163 Retail Park for RM215 million and will rebrand the property as Sunway 163 Mall.
- KIP REIT has completed the acquisition of D’Pulze Shopping Centre in Cyberjaya for RM320 million.
- Luckin Coffee has formed a partnership with Hextar Industries for its planned launch in Malaysia in 2025.
- Xiaomi has opened its first retail store at IPC Shopping Centre, which will be directly operated and managed by Xiaomi Malaysia.
- Ediya Coffee from South Korea has opened its first outlet in Malaysia, featuring a two-storey, drive-thru location at Elmina Lakeside Mall.
- Retail consumption in the first ten months of 2024 reached RM634.2 billion, exceeding last year’s figures, driven in part by a surge in international tourist arrivals, which totaled 22.5 million by November.

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