

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
28.04% Vacancy Rate	▲	▲
197.34M QTQ Net Absorption, SF	▲	▼
RM 6.09 Avg. Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.0% GDP Growth	▲	▲
1.7% CPI Growth <i>January 2025</i>	▲	▲
3.1% Unemployment Rate <i>January 2025</i>	▼	▼

Source: BNM, DOSM (Q4 2024)

ECONOMY: THE ECONOMY DEMONSTRATES A DECLINE ACROSS MOST SECTORS

The Malaysian economy slowed to 5.0% in Q4 2024, down from 5.3% in Q3 2024. The Construction sector led the growth with a 20.7% increase, driven by positive performance across various sectors. The Services sector followed with a 5.5% rise. The Mining sector saw a slight decline of -0.9%, while Manufacturing experienced a modest drop of 4.4%. Agriculture continued to decline, falling by -0.5% from Q3 2024. A closer look at GDP by expenditure category reveals that most sectors faced declines. Private consumption increased slightly by 4.9%, but both Imports and Exports fell by 5.7% and 8.5%, respectively. Investments and government consumption also decreased, by 11.7% and 3.3%, respectively.

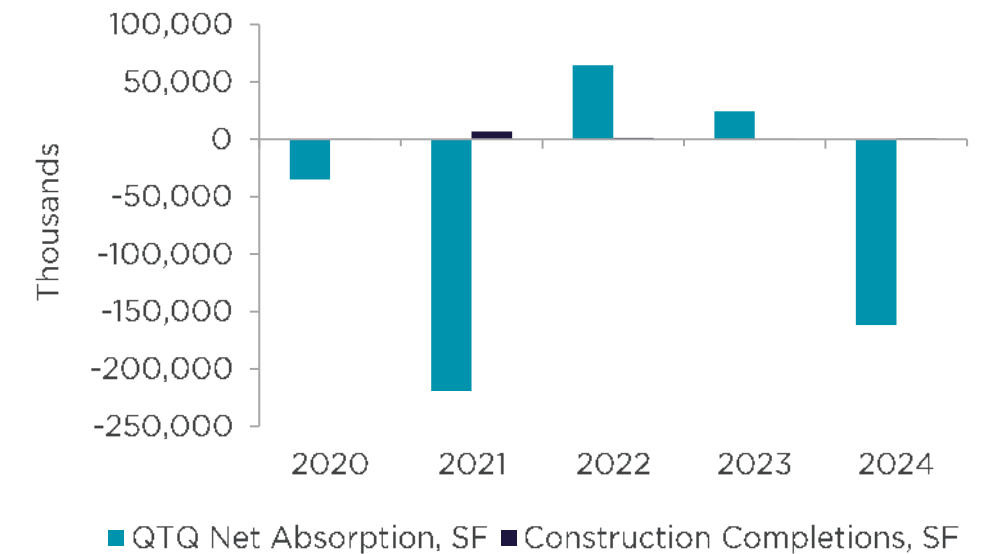
SUPPLY: KUALA LUMPUR OFFICE MARKET SEES GROWTH AMID HIGH VACANCY RATES

In 2024, Kuala Lumpur's office market showed positive performance in the Q2 2024, with increases in occupancy rates, primarily driven by tenants seeking buildings with green features despite the higher rent. The Greater Kuala Lumpur office vacancy rate stood at 28.04% in the Q4 2024, indicating a healthy market environment. In the CBD, the overall occupancy rate remained tenant favorable, with Kuala Lumpur seeing an increase due to consistent demand. However, the Decentralized areas recorded an increase in occupancy rates, despite the completion of new buildings.

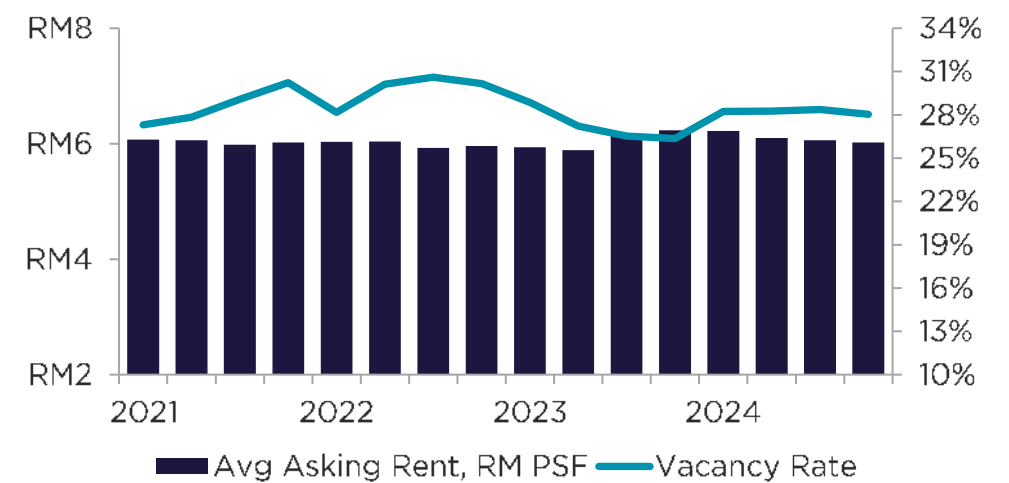
PRICING: RENTAL RATES ROSE, WHILE VACANCY RATES FELL

In Q4 2024, the average asking rent in Greater Kuala Lumpur has risen to RM 6.09 psf per month, maintaining the same level as the previous quarter. Rental rates across various regions—KL CBD, KL Fringe, and Decentralized areas—have all seen slight increases, with averages of RM6.88, RM 6.54, and RM 4.84 psf per month, respectively. Meanwhile, the vacancy rate has decreased to 28.04% (Q3 2024: 29.29%), driven by increased tenant confidence as a result of the economic growth.

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	27.90%	11.94	RM 6.88	USD 1.55
KL FRINGE	49.74	36.50%	2.20	RM 6.54	USD 1.47
DECENTRALISED	35.70	19.73%	1.67	RM 4.84	USD 1.09
TOTAL	146.18	28.04%	14.81	RM 6.09	USD 1.37

*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	Q2 2025
Sunsuria Forum Corporate Office	Decentralised	318,550	Q3 2025
Pavilion Damansara CT10	KL Fringe	215,152	Q4 2025
TNB Gold	KL Fringe	475,600	2025
The Exchange TRX Campus Office	KL CBD	200,000	2025/2026
Menara Golden Eagle	KL CBD	112,000	Q1 2026
Sunway Square Tower 1	Decentralised	432,500	Q2 2026
The Capitol	Decentralised	1,200,000	Q4 2026
Pavilion Square Bukit Bintang	KL CBD	167,407	2026
Plaza Conlay Tower 2	KL CBD	606,000	2026
Bangsar 61 (Tower 1)	KL Fringe	548,000	Q4 2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Solarvest Tower	KL Fringe	348,092	2027
Lot C7-10, TRX	KL CBD	800,000	2029
Iconic Tower, IOI Resort City	Decentralised	1,000,000	2030
IOI Rio City Office Tower	Decentralised	350,000	2030

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

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- AwanBiru Technology is selling an eight-storey office and retail building in Cyberjaya, spanning 40,375 sf, to Puncak Hartanah Intelek for RM25 million.
- Apex Equity is acquiring a boutique office building in Bangsar South, Kuala Lumpur, for RM50 million, which spans approximately 54,876 sf, at a cost of RM911.15 per sf.
- Pickering Group has launched a new office in Penang, Malaysia, to better accommodate the growing demands of its customer base across Southeast Asia.

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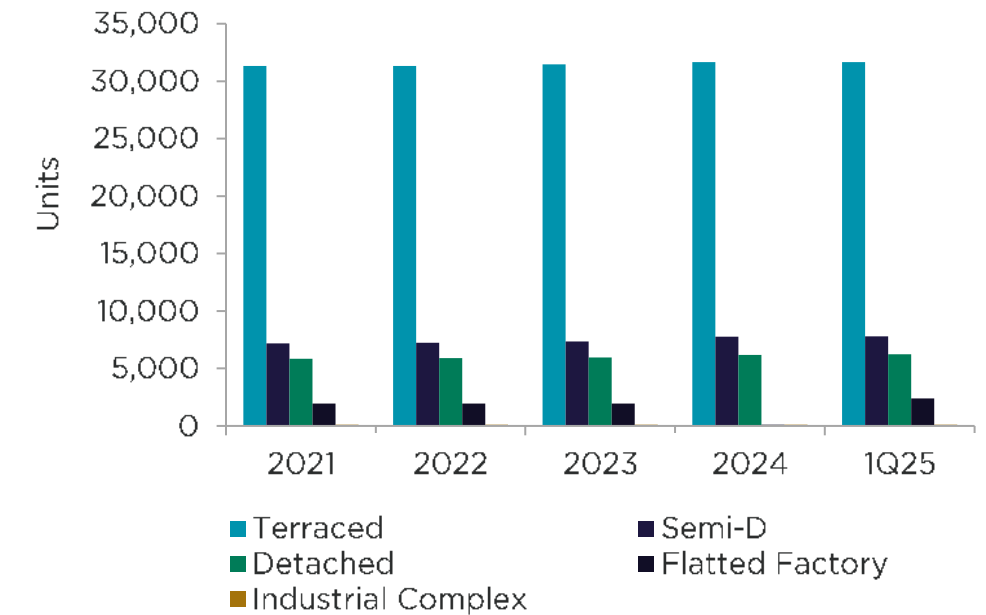
ECONOMY: THE MANUFACTURING SECTOR REMAINS THE PRIMARY DRIVER OF MALAYSIA'S INDUSTRIAL PRODUCTION INDEX (IPI)

In January 2025, Malaysia's Industrial Production Index (IPI) rose by 2.1% year-on-year (YoY), a deceleration from the 4.6% growth observed in December 2024. The manufacturing sector continued to drive growth, albeit at a slower rate. It grew by 3.7% in January 2025, a decrease from the 5.8% growth recorded in December. This growth was supported by export-driven industries, which saw a 5.6% increase. In contrast, the mining sector contracted by 3.1% in January 2025, a sharp decline from the 0.4% growth in December. The electricity sector also experienced a slight drop of 0.1% in January 2025, significantly lower than the 3.5% growth in December. Month-on-month, the Industrial Production Index (IPI) decreased by 0.4% in January 2025, matching the 0.4% decline observed in December.

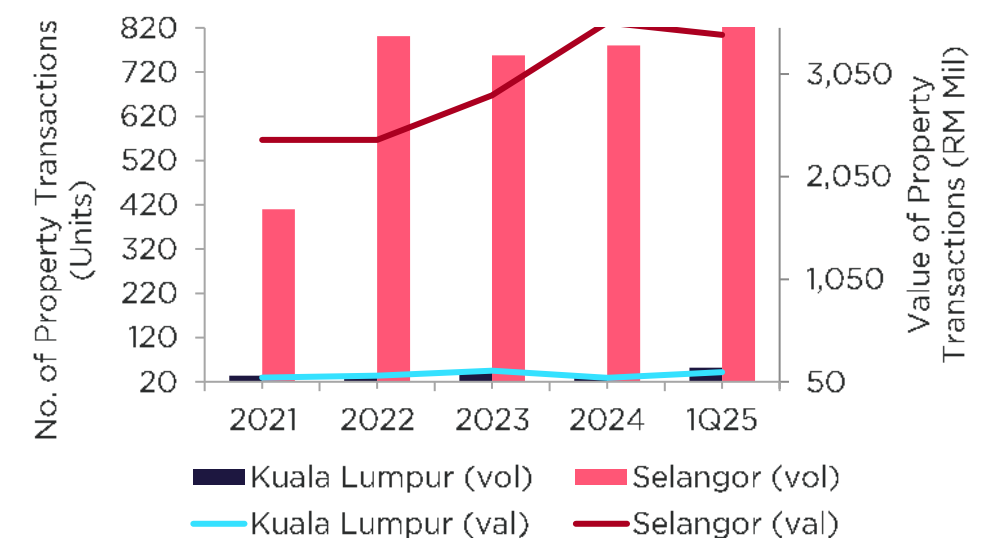
SUPPLY: SURGE IN INDUSTRIAL PARK DEVELOPMENTS MEETING DEMAND

Malaysia is experiencing a surge in industrial park developments, driven by the increasing demand for industrial space and its strategic role as a manufacturing hub in Southeast Asia. Both the Malaysian government and private developers are making significant investments to attract foreign and local investments, particularly in high-tech sectors, logistics, and manufacturing. These developments span various regions and industries, addressing the needs of traditional manufacturing, high-tech industries, logistics, and specialized sectors, helping Malaysia maintain its competitive edge in the global industrial market. One notable on-going project is the KLIA Aeropolis in Selangor, which is focused on logistics and aerospace industries.

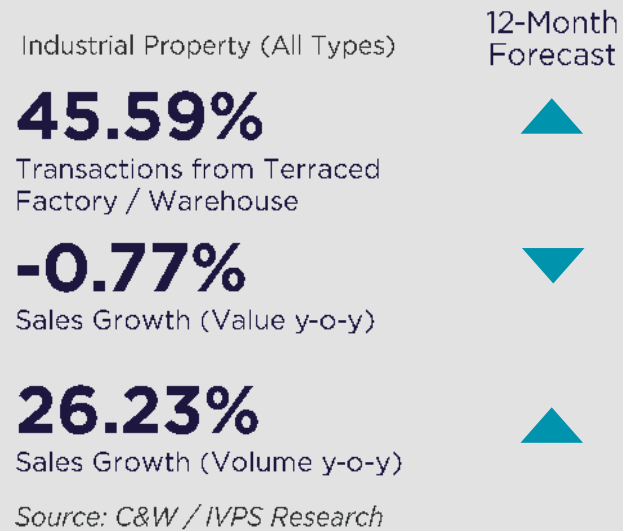
INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



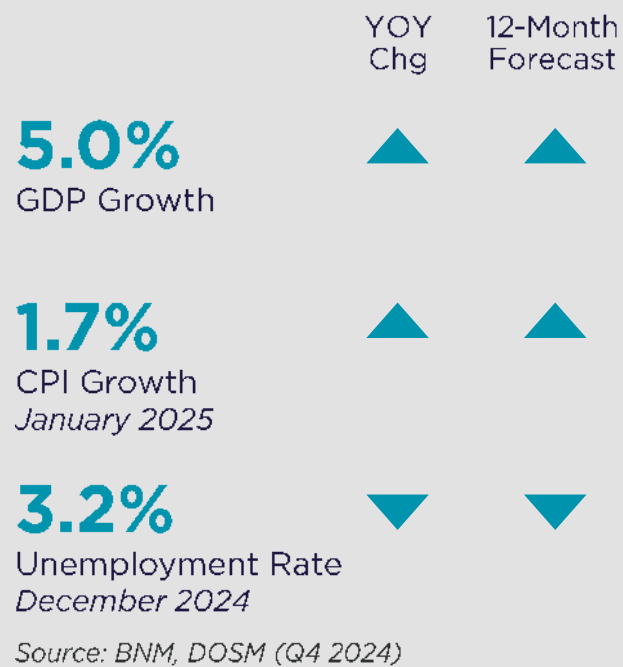
VOLUME & VALUE OF PROPERTY TRANSACTIONS



MARKET FUNDAMENTALS



ECONOMIC INDICATORS



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	24,960	166	RM 1.90 – RM 4.00	\$ 0.42 – \$ 0.90	€ 0.38 – € 0.83
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	4,961	628	RM 1.20 – RM 2.40	\$ 0.27 – \$ 0.54	€ 0.25 – € 0.50
Southern Region	Kuala Langat, Sepang	1,605	749	RM 1.60 – RM 2.80	\$ 0.36 – \$ 0.63	€ 0.33 – € 0.58
Western Region	Klang	9,369	851	RM 1.90 – RM 3.50	\$ 0.42 – \$ 0.78	€ 0.38 – € 0.72
Eastern Region	Hulu Langat	7,376	192	RM 1.40 – RM 2.00	\$ 0.31 – \$ 0.45	€ 0.28 – € 0.41
TOTALS		48,271	2,586	RM 1.20 – RM 4.00	\$ 0.27 – \$ 0.90	€ 0.25 – € 0.83

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

Source: NAPIC & IVPS/Cushman & Wakefield Research

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	LOCATION	SELLER/BUYER	LAND AREA	PRICE RM
Industrial land with a semi-detached factory and a three-storey office building	Telok Panglima Garang	Sri Pushpam Recycling/ Resintech	1.06 acres	RM 11M
Industrial land with a factory	Tebrau	Ge-Shen Corporation / Sim-Ray Engineering	1.24 acres	RM 7.6M
Industrial land	Iskandar Malaysia	Eco World Malaysia / Microsoft Payments	138.53 acres	RM 693.96M

INVESTMENT TREND/INDUSTRIAL DEVELOPMENT ACTIVITIES

- Eco World has reached agreements to sell a 58-acre land in Eco Business Park V for RM 266.1 million and construct a data center on another plot to be leased to a Google affiliate, Pearl Computing Malaysia.
- Eco World is selling a 32.9-acre industrial plot in Eco Business Park II, Senai, Johor, for RM 119 million to a Chinese company that plans to establish a plant in Malaysia.
- Sime Darby Property has fully acquired two modern double-storey logistics warehouses in Bandar Bukit Raja for RM 232 million, totaling 700,000 sf of net lettable area.
- Hektar REIT has purchased an industrial asset in Penang for RM 30 million from a subsidiary of MQ Tech.
- CapitaLand Malaysia Trust has acquired three industrial properties in Senai for RM 72 million.

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MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
35.9% CBD Prime Rental Growth	▲	▲
13% Vacancy Rate	▲	▲
RM2,745 Median Income	▼	▼

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.0% GDP Growth	▲	▲
1.7% CPI Growth January 2025	▲	▲
4.0% Consumer Spending Growth	▼	▲

Source: BNM, DOSM (Q4 2024)

ECONOMY: WHOLESALE AND RETAIL TRADE SALES IN MALAYSIA RISE ACROSS ALL SECTORS

In December 2024, Malaysia's wholesale and retail trade sector saw a 4.4% year-on-year (y-o-y) growth, reaching a total of RM152.2 billion in sales. Wholesale trade contributed RM66.5 billion, reflecting a 5.3% increase, while retail trade saw a decline of 4.4%, totaling RM65.8 billion. The motor vehicles sub-sector, however, experienced a 2.5% increase in sales, amounting to RM19.9 billion. The volume index for wholesale and retail trade also grew by 4.4% y-o-y, with wholesale trade rising by 5.0%, retail trade increasing by 3.6%, and the motor vehicles sector showing a 5.5% growth. On a month-on-month basis, the seasonally adjusted volume index declined by 0.8%.

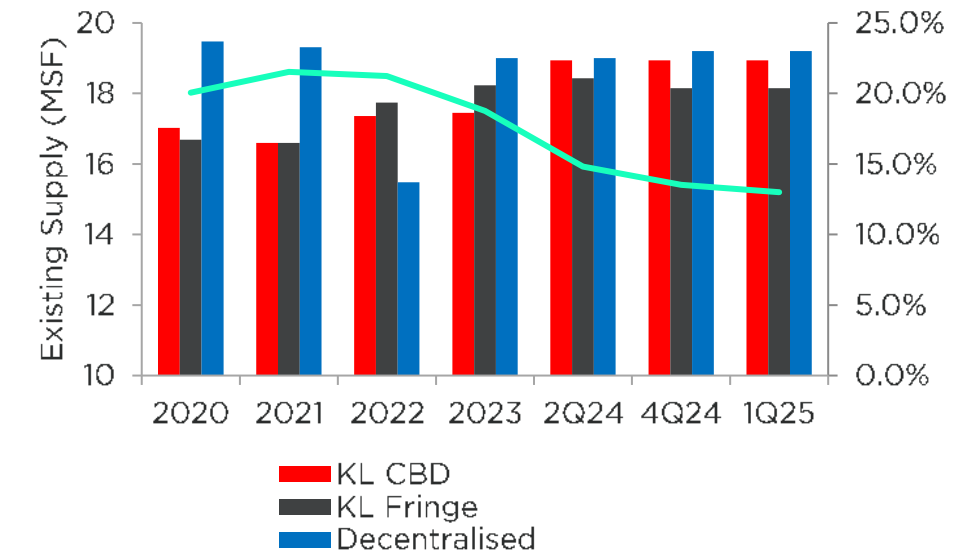
SUPPLY: THE VACANCY RATE FOR SHOPPING MALLS DECREASED

In 2024, Malaysia's shopping mall sector has seen fluctuations in vacancy rates due to factors such as new developments, consumer demand and economic conditions. In Kuala Lumpur's city centre, the vacancy rate dropped, driven by steady demand for prime retail spaces and limited new supply. Meanwhile, in decentralised areas, the vacancy rate slightly increased, indicating a stable retail environment. Overall, while some areas in Malaysia have experienced improvements in vacancy rates, the retail property market continues to be dynamic, shaped by ongoing developments and changing consumer preferences.

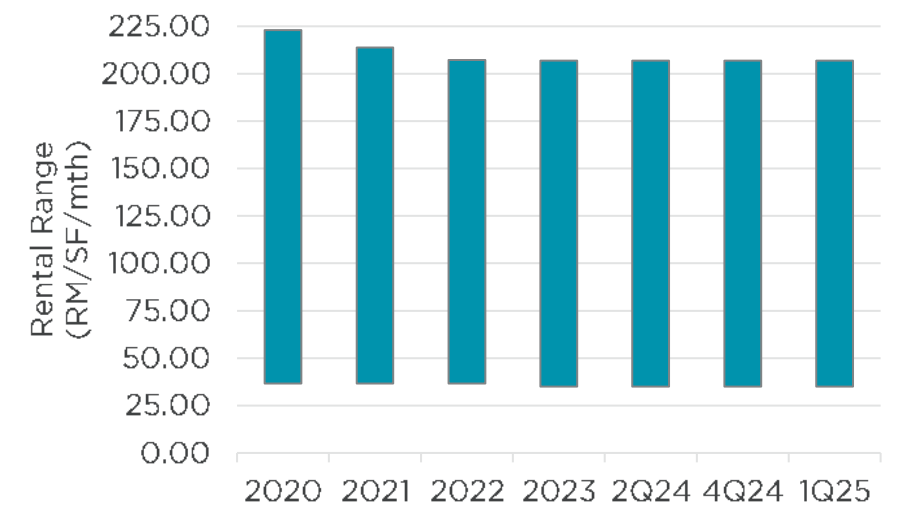
INCOME: PROJECTED GROWTH IN MALAYSIA'S CONSUMER SECTOR DRIVEN BY WAGE INCREASES

The consumer sector is expected to experience growth in 2025, driven by a rise in disposable income. This boost is largely due to significant wage increases in both the public and private sectors. Civil servants received a 4-8% salary increase starting in December 2024, and the minimum wage across all industries will be raised by 13%, from RM1,500 to RM1,700, in February 2025. These wage hikes are anticipated to enhance the purchasing power of Malaysian consumers, especially in rural areas, where the minimum wage increase could lead to a rise in consumer spending.

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	11.0%	2.14
KL Fringe	18.15	16.2%	2.41
Decentralised	19.20	11.8%	2.50
TOTAL	56.29	39.0%	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
Sunway Square Mall	Decentralised	300,000	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
IOI City Mall (Phase 3)	Decentralised	1,000,000	2029
IOI Rio City Mall	Decentralised	1,000,000	2030

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

INVESTMENT TREND/RETAIL DEVELOPMENT ACTIVITIES

- Wisma Mont Kiara, with a net lettable area of 181,992 sf, is available for sale at RM 150 million.
- Asian Pac is set to acquire Jaya Shopping Centre in Petaling Jaya, which spans 92,712 sf, for RM 100 million.
- Sunway REIT completed the acquisition of Kluang Mall for RM 158 million, rebranding it as Sunway Kluang Mall.
- 361° high-performance sportswear is making its debut in Malaysia with the launch of its first store at Aeon Bukit Tinggi Shopping Centre.

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