

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
29.73% Vacancy Rate	▲	▲
16.76M QTQ Net Absorption, SF	▲	▲
RM 6.12 Avg. Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.2% GDP Growth	▼	▼
1.4% CPI Growth <i>November 2025</i>	▼	▼
3.0% Unemployment Rate <i>October 2025</i>	▼	▼

Source: BNM, DOSM (Q3 2025)

ECONOMY: MALAYSIA'S GROWTH STRENGTHENS IN Q3 2025 AMID ROBUST SECTOR PERFORMANCE

Malaysia's economy grew 5.2% in Q3 2025, marking an improvement over the previous quarter and reflecting sustained momentum across key sectors. The Services sector grew 5.0%, slightly below Q2's 5.1%. Construction growth remained in double digits, slowing slightly to 11.8% from 12.1%. The Manufacturing sector recorded steady growth at 4.1%, and the Mining and Quarrying sector accelerated further to 9.7%. In contrast, the Agriculture sector slowed sharply, easing to 0.4% compared with 2.5% in Q2, underscoring persistent challenges despite the broader economic uptrend.

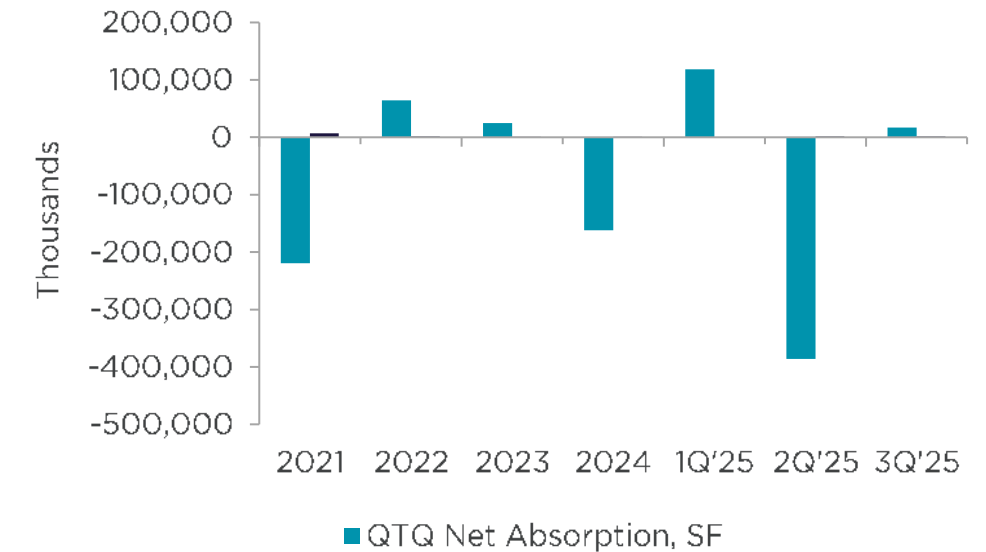
SUPPLY: NEW HIGH-SPEC OFFICE SUPPLY IN 2026 SET TO SHAPE TENANT MARKET DYNAMIC

The upcoming 2026 office supply pipeline is becoming a key point of discussion in the Kuala Lumpur market, with several large, high-spec developments scheduled for completion and expected to add further pressure to rental levels. While demand in 2025 has been steady, supported by multinational expansions and continued flight to quality, the volume of new space next year may intensify competition, particularly for older buildings struggling to retain tenants. Newer Grade A towers are likely to remain more resilient due to stronger demand for modern specifications and ESG features. Overall, the market is entering 2026 with cautious optimism, but the elevated supply pipeline is expected to keep rentals relatively soft and drive more tenant-friendly conditions.

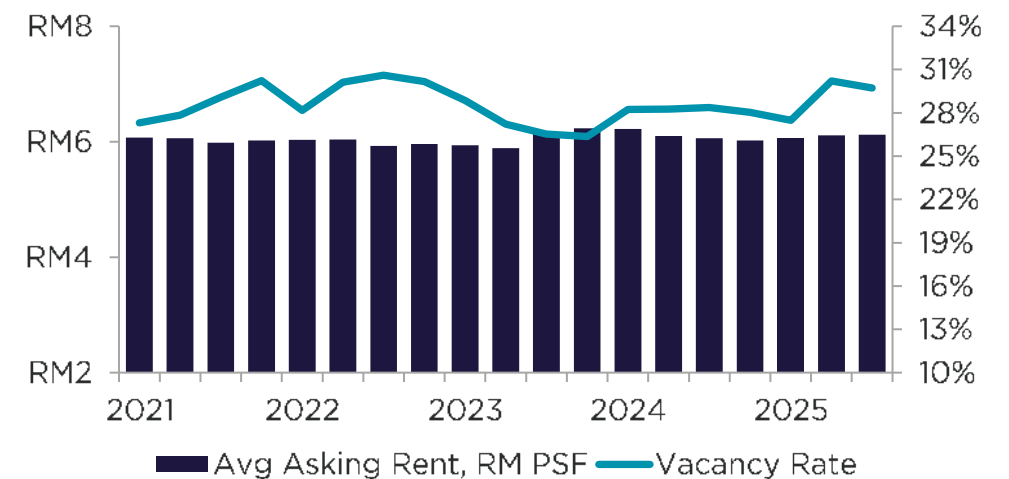
PRICING: GREATER KUALA LUMPUR OFFICE RENTS RISE MODESTLY AS VACANCY IMPROVES

In Q3 2025, the average asking rent in Greater Kuala Lumpur saw a modest increase, rising slightly to RM 6.12 psf per month, up from RM 6.11 in Q2 2025. The KL CBD recorded a marginal rise to RM 6.94 psf, compared to RM 6.92 in the previous quarter, while the KL Fringe also experienced a small increase, averaging RM 6.56 psf. The Decentralised submarket remained stable at RM 4.86 psf, unchanged from Q2. Despite these incremental rental gains, the overall vacancy rate improved, declining to 29.73% in Q3 2025, reflecting a slight tightening in market conditions.

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	60.55	27.9%	10.93	RM 6.94	USD 1.69
KL FRINGE	49.28	32.7%	3.83	RM 6.56	USD 1.59
DECENTRALISED	36.52	28.58%	0.35	RM 4.86	USD 1.18
TOTAL	146.35	29.73%	15.11	RM 6.12	USD 1.49

*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
Menara Golden Eagle	KL CBD	112,000	Q1 2026
KL Midtown Signature & Corporate Office	KL Fringe	600,000	Q3 2026
The Capitol	Decentralised	1,200,000	Q3 2026
Bangsar 61 (Tower 1)	KL Fringe	548,000	Q4 2026
Plaza Conlay Tower 2	KL CBD	606,000	2026
Pavilion Square Bukit Bintang	KL CBD	167,407	2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Solarvest Tower	KL Fringe	348,092	2027
Pavilion Damansara CT10	KL Fringe	215,152	2028
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

- Tencent inaugurated its expanded Kuala Lumpur office at Menara 1 Sentrum on 1 December 2025, and is targeting a headcount of 500 by the end of 2026.
- Mitraland Group launched Novva Nexus, a Grade A office tower in Klang with a gross development value of RM130 million, offering units from 1,048 sq ft and priced from RM671,000.
- UOA Development disposed of its business park assets to UOA REIT for RM200 million. The transaction included Tower 2A, Tower 2B, and the car park component of UOA Business Park.
- The Valiram family is set to acquire Lendlease's 40% interest in The Exchange TRX mall along with its full 60% stake in the adjoining TRX Campus office, in a deal valued at approximately RM1.1 billion.
- EMKAY Group is offering for sale a Grade A office building at Mercu Mustapha Kamal in NeoDamansara, Damansara Perdana, with a net lettable area of about 240,000 sf.
- Turiya shareholders have blocked the Wisma Sentral Inai deal, prompting chairman Shamir to take over the property unit to pursue completion of the acquisition.

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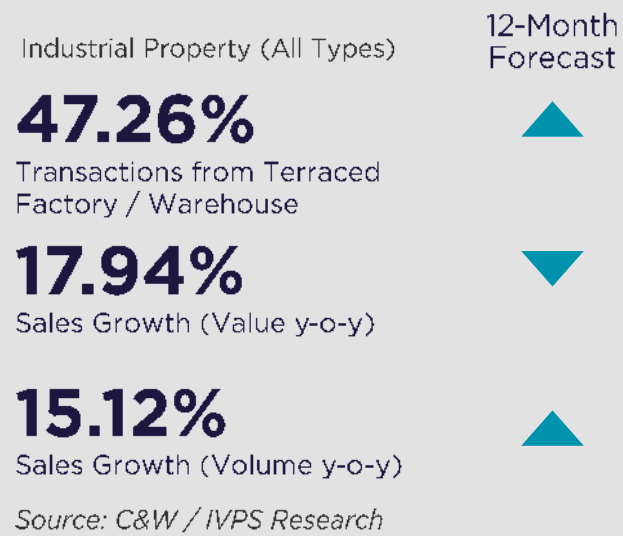
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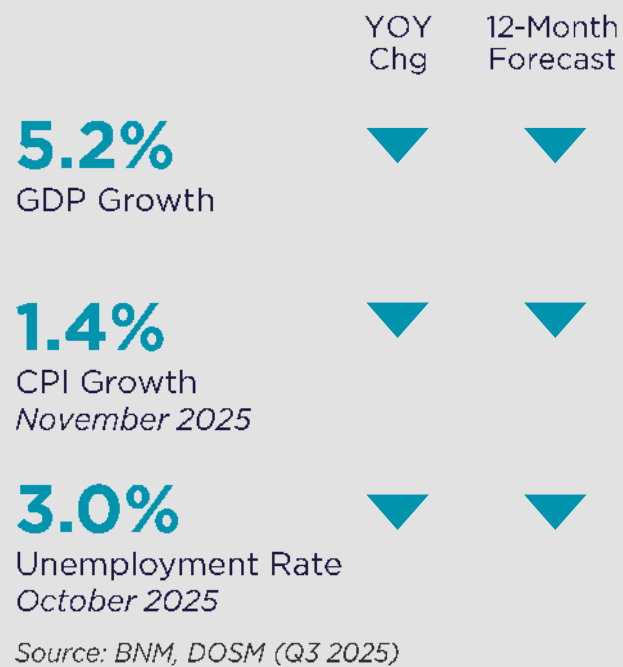
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MARKET FUNDAMENTALS



ECONOMIC INDICATORS



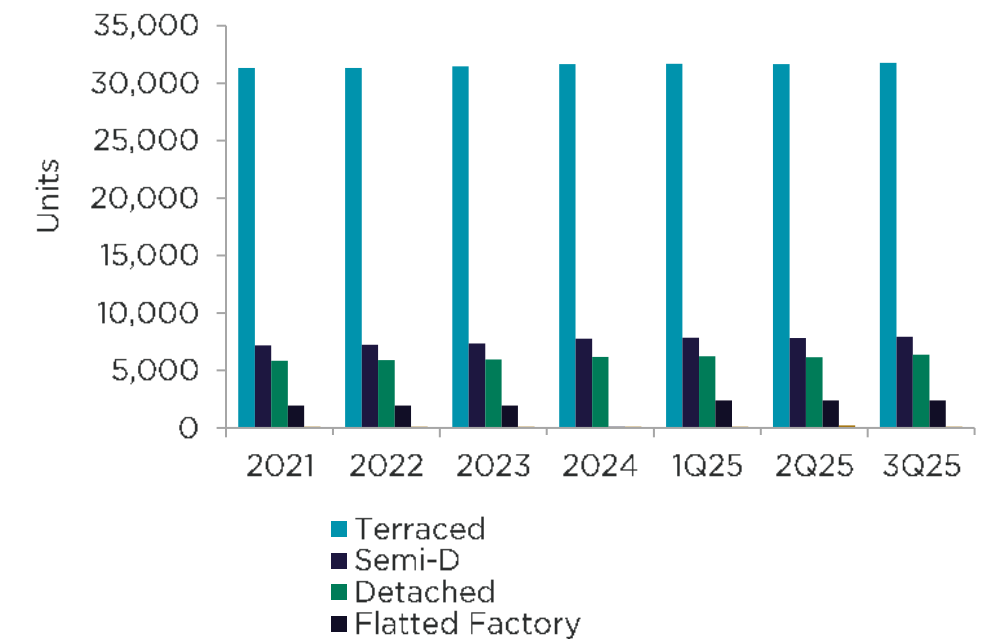
ECONOMY: ROBUST INDUSTRIAL ACTIVITY DRIVEN BY MANUFACTURING AND ELECTRICITY SECTORS

Malaysia's Industrial Production Index (IPI) recorded a 6.0% year-on-year increase in October 2025, maintaining positive momentum across all sectors and reflecting resilient industrial performance toward the end of the year. The manufacturing sector led the expansion with a 6.5% increase, supported by strong output from both export-oriented and domestic industries, while the mining sector grew by 5.8% and the electricity sector rose by 1.2%. For the period of January to October 2025, the IPI grew by 3.4% compared to the same period in 2024, underpinned by the manufacturing index at 4.3%, alongside contributions from mining (+0.8%) and electricity (+0.2%). The consistent performance across manufacturing and utilities signals sustained industrial activity in Q4 2025 despite external headwinds, with manufacturing sub-sectors such as electrical & electronics, food products, and basic metals contributing to broad-based growth.

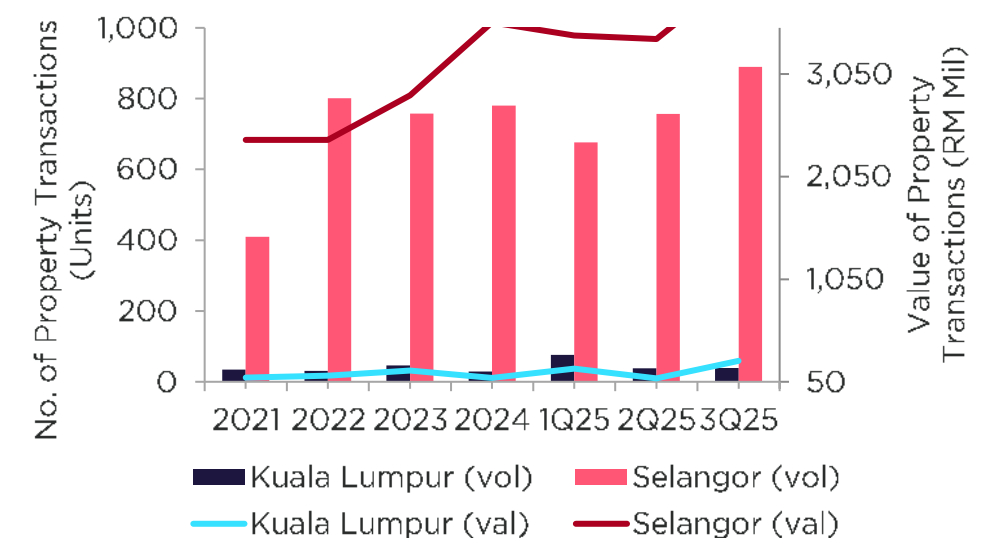
SUPPLY: TIGHT ABSORPTION OF MODERN INDUSTRIAL SPACE

Despite steady completions of new industrial developments across Malaysia, high-quality and well-located warehouses and manufacturing facilities, whether newly built or older assets, continue to experience strong demand and rapid absorption. In key hubs such as the Klang Valley, Johor, and Penang, vacancy rates for prime logistics space have remained low, with medium-to-large built-to-suit and ESG-compliant facilities particularly scarce. Developers are increasingly focusing on targeted projects that meet specific tenant requirements, including cold-chain, pharmaceutical, and e-commerce logistics, to secure pre-leased commitments. Meanwhile, older industrial assets in strategic locations with good connectivity and functional specifications have also remained competitive and continue to attract occupiers. According to market observers, this trend is expected to persist into 2026, underscoring the importance of location, accessibility, and operational efficiency in driving industrial demand, regardless of asset age.

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	25,034	123	RM 2.00 – RM 4.50	\$ 0.49 – \$ 1.10	€ 0.42 – € 0.94
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	4,987	622	RM 1.20 – RM 2.40	\$ 0.29 – \$ 0.59	€ 0.25 – € 0.50
Southern Region	Kuala Langat, Sepang	1,773	640	RM 1.80 – RM 2.80	\$ 0.44 – \$ 0.68	€ 0.38 – € 0.58
Western Region	Klang	9,503	1,055	RM 1.90 – RM 3.20	\$ 0.46 – \$ 0.78	€ 0.40 – € 0.67
Eastern Region	Hulu Langat	7,382	190	RM 1.40 – RM 2.40	\$ 0.34 – \$ 0.59	€ 0.29 – € 0.50
TOTALS		48,679	2,630	RM 1.70 – RM 4.30	\$ 0.42 – \$ 1.05	€ 0.35 – € 0.90

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 2025

PROPERTY	LOCATION	SELLER/BUYER	LAND AREA	PRICE RM
Industrial land with buildings	Port Dickson, Negeri Sembilan	Eco World/ Techbond Group & I Jaya Management	1,195 acres	RM 3 Bil
A parcel of land	Kuala Langat, Selangor	Compass IP/BWYS Group	28.92 acres	RM 94.5 Mil
A parcel of land	Seberang Perai Tengah, Penang	Ann Joo Steel / Axis-REIT	135.53 acres	RM 800 Mil
30 industrial lots of land	Alor Gajah, Melaka	Magical Era (M) / Encore Merger	16.99 acres	RM 22.2 Mil
Industrial land with 2-storey factory and a 1-storey office block	Kulim, Kedah	Berjayapak / General Point Asset	2.76 acres	RM 13.9 Mil

INVESTMENT TREND/INDUSTRIAL DEVELOPMENT ACTIVITIES

- IOI Properties has launched its RM1.8 billion IOI Industrial Park @ Banting in Selangor, a 322-acre sustainable industrial development with provisional GreenRE Bronze certification, as part of its strategy to attract high-value sectors and support Selangor's economic growth.
- Energy Commission launches ST-ECE platform to upskill workforce and meet 62,000-personnel demand by 2050.
- Vantage Data Centers completes final facility of its four-building, 6-acre Cyberjaya campus, fully leased and expanding Malaysia's data centre capacity.
- Crescendo Corp revises its RM449.95million Kota Tinggi land sale plan after buyer drops option on second parcel of industrial land in Johor
- Sime Darby Property and SD Guthrie to jointly develop a 3,000-acre industrial and logistics hub in Kuala Selangor.
- Pharmaniaga has expanded its industrial logistics network through the acquisition of logistics properties in Terengganu and Sarawak to support nationwide pharmaceutical distribution.
- Seri Pajam Development will launch Phase 2 of the 523-acre SPD Tech Valley industrial city in Senawang in 3Q 2026.
- Shin Yang Group to acquire 13.27-acre land in Kota Kinabalu, Sabah, for RM26.6 million for warehouse and logistics expansion.

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MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
15.82% CBD Prime Rental Growth	▼	▲
13.36% Vacancy Rate	▼	▼
RM 3,000 Median Income	▲	▲

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.2% GDP Growth	▼	▼
1.4% CPI Growth November 2025	▼	▼
5.0% Consumer Spending Growth	▲	▲

Source: BNM, DOSM (Q3 2025)

ECONOMY: WHOLESALE AND RETAIL TRADE SHOWS CONTINUED EXPANSION IN Q4 2025

In Q4 2025, Malaysia's wholesale and retail trade sector maintained its growth momentum, with total sales in October reaching RM160.9 billion, up 7.2% year-on-year, according to the Department of Statistics Malaysia. The wholesale trade sub-sector recorded a 7.3% increase, while retail trade sales grew 6.8%, supported by broad-based activity across non-specialised and specialised outlets. The motor vehicles sub-sector expanded by 8.2%, contributing to overall sales performance. On a month-on-month basis, sales value edged up 1.8%, while the combined volume index for wholesale and retail trade rose 5.7% year-on-year, underpinned by gains in motor vehicles (7.2%), wholesale (6.7%) and retail (4.6%). These results reflect steady domestic demand and consumer spending resilience into the final quarter of 2025.

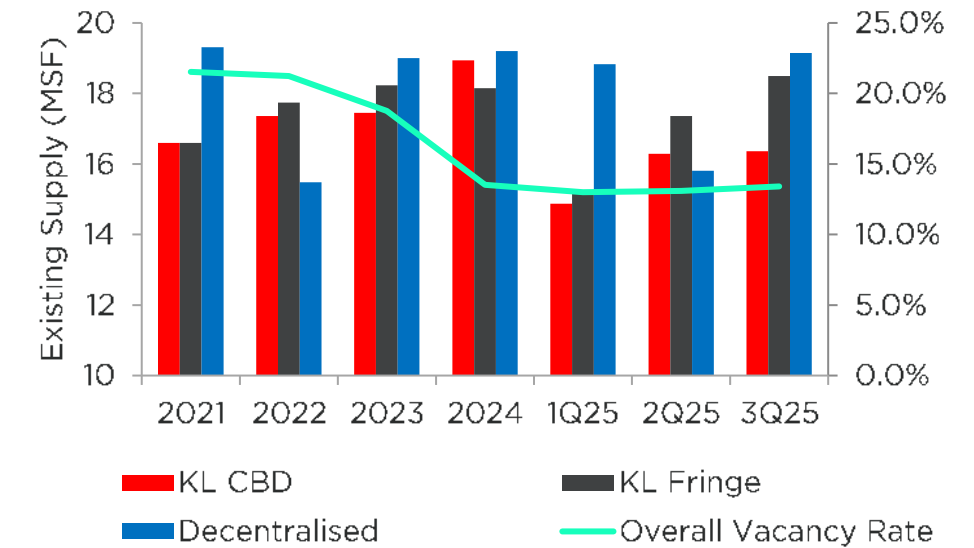
SUPPLY: RAPID EXPANSION OF LOCAL AND INTERNATIONAL BRAND IN MALAYSIA

Malaysia's retail activity has shown signs of steadily recovery, with particularly strong activity in the F&B, travel and lifestyle spending. Several Chinese and regional brands have entered the market aggressively, even willing to pay higher rents for prime locations, while attracting consumers through affordable pricing and localised offerings. This influx of new competitors has intensified pressure on established local and international brands, which now need to differentiate themselves in an increasingly crowded market. Looking ahead to 2026, the retail landscape is expected to remain dynamic and competitive especially within urban centres and key districts or prime locations.

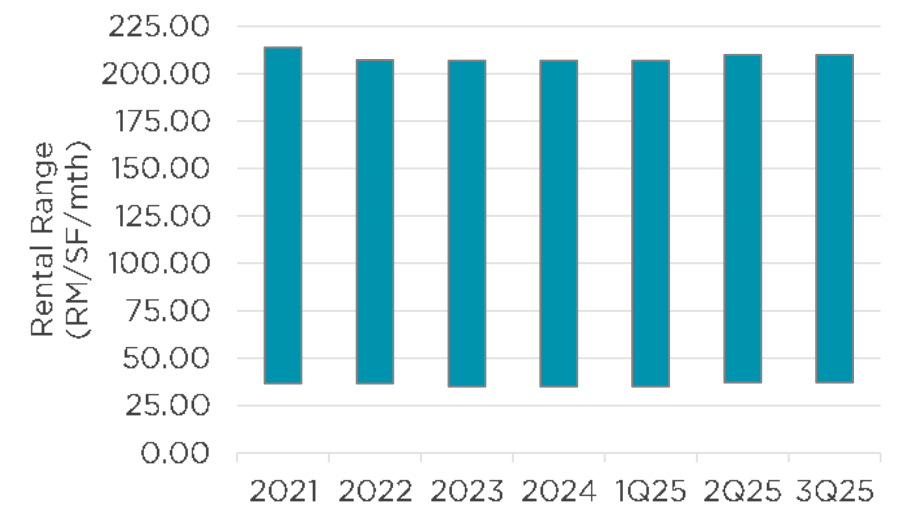
INCOME: COST PRESSURES AND E-COMMERCE IMPACT RETAIL RETURNS

Retail rental income in Q4 2025 is under pressure as rising operational costs, higher utilities, and labor expenses challenge tenant profitability, prompting some retailers to renegotiate leases or downsize. Oversupply in certain regions has moderated rental growth, particularly in older or non-prime malls, while prime, well-located neighborhood and lifestyle-focused malls continue to command stable rents and yields. The ongoing shift toward F&B, experiential, and lifestyle tenants is helping landlords sustain income, but overall market returns are increasingly influenced by e-commerce competition, consumer behavior changes, and tenant mix strategies, underscoring the need for adaptive leasing approaches to protect rental income.

EXISTING SUPPLY AND OVERALL VACANCY RATE



CBD PRIME RENTAL RANGE



MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CNSTR (MSF)
KL CBD	16.37	10.5%	2.56
KL Fringe	18.49	16.6%	2.64
Decentralised	19.15	12.5%	2.50
TOTAL	54.01	39.6%	7.70

- 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
Ombak KLCC	KL CBD	420,000	Q2 2026
Coalfields Retail Park	Decentralised	TBC	2026
Maju Kuala Lumpur Mall	KL CBD	750,000	2026
118 Mall @ Merdeka 118	KL CBD	1,506,947	2026
(Refurbishment) – Plaza Alam Sentral	Decentralised	233,751	2026
Queens Mall Kuala Lumpur @ Queensville	KL CBD	412,000	2027
Sunway Pier	Decentralised	400,000	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

- Sunway has opened Sunway Square Mall in Kuala Lumpur with 130 shops, 95% of which are operational, marking a major retail expansion.
- Sime Darby has opened KLGCC Mall in Bukit Kiara, Kuala Lumpur with 90% of its retail space tenanted.
- Empire Sushi has filed for a Main Market listing on Bursa Malaysia to support the expansion of its 132-outlet chain and plans to open 56 additional outlets nationwide, marking a major growth push.
- Hextar World at Empire City has opened, offering 1.8 million sf of net lettable area anchored by major tenants such as Parkson and Village Grocer positioning it as a large-scale experiential lifestyle mall.
- The Valiram family is set to acquire Lendlease's 40% interest in The Exchange TRX mall along with its full 60% stake in the adjoining TRX Campus office, in a deal valued at approximately RM1.1 billion.
- Flying Tiger Copenhagen has expanded in Malaysia, opening new outlets at The Gardens Mall and Berjaya Times Square in Kuala Lumpur, following its debut in Johor Bahru in July 2025.
- UOA announces its first 11 retail partners for the 130,000 sq ft Bamboo Hills Residences podium, scheduled for completion in 2027.

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