MARKETBEAT
KUALA LUMPUR
OFFICE Q2 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
29.62% Vacancy Rate	▲	▲
66.89M QTQ Net Absorption, SF	▲	▼
RM 6.25 Avg. Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.4% GDP Growth	▼	▲
2.0% CPI Growth *May 2026*	▼	▲
3.0 Unemployment Rate *April 2026*	▼	▼

Source: BNM, DOSM

ECONOMY: RESILIENT ECONOMIC ACTIVITY SUPPORTS POSITIVE OUTLOOK

Malaysia's economy grew 5.4% in Q1 2026, moderating from 6.3% in Q4 2025, supported by resilient domestic demand, sustained investment activity, and continued strength in exports. The Services sector expanded by 5.6%, remaining the key driver of economic growth, while Manufacturing grew by 5.9%, supported by the electrical and electronics (E&E) industry. Construction remained robust at 7.7%, underpinned by ongoing infrastructure and private sector projects. Meanwhile, Agriculture growth eased to 2.6%, reflecting slower expansion compared to the previous quarter. The Mining and Quarrying sector contracted by 2.1%. Overall, the economy continued to demonstrate resilience despite a more challenging global environment, supported by broad-based growth across most sectors.

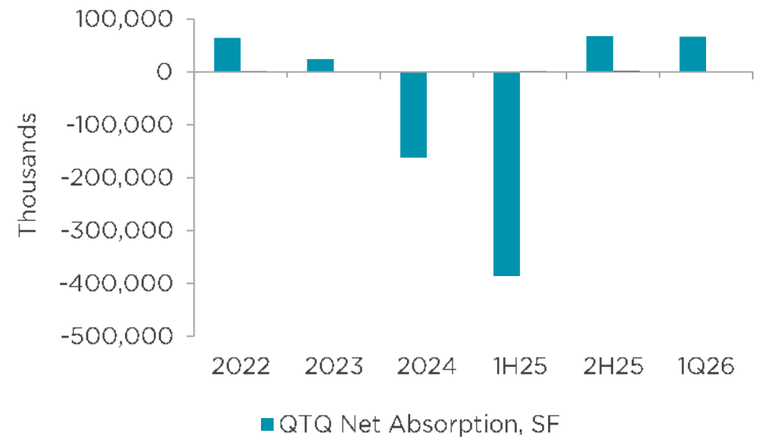
DEMAND: PREMIUM OFFICE BUILDINGS CONTINUE TO ATTRACT MNC OCCUPIER

Demand for premium office buildings continued to be supported by large occupiers seeking modern, high-quality workspace, with anchor tenants playing a pivotal role in enhancing the appeal of newly completed developments. A notable example is the relocation of Maybank to Merdeka 118, which reinforces the ongoing flight-to-quality trend as major corporations increasingly consolidate their operations into Grade A office buildings offering superior specifications, ESG features and enhanced connectivity. The presence of established anchor tenants not only strengthens the market positioning of these developments but also boosts occupier confidence, attracting additional leasing interest from other corporations. As a result, premium office assets continue to outperform older office stock, facing greater competitive pressure in attracting and retaining tenants.

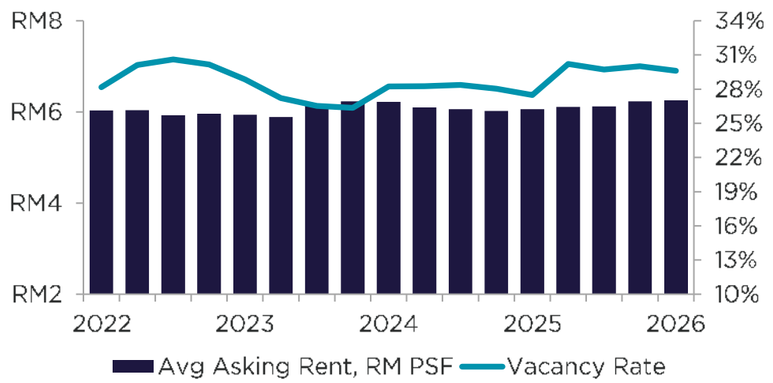
PRICING: OFFICE RENTAL MARKET REMAINS STEADY IN Q2 2026

In Q1 2026, the average asking rent in Greater Kuala Lumpur stood at RM6.25 psf per month. The KL CBD recorded an average asking rent of RM7.24 psf, while the KL Fringe averaged RM6.67 psf. The Decentralised submarket registered an average asking rent of RM4.84 psf. Overall, rental levels across Greater Kuala Lumpur remained broadly stable in Q2 2026.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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KUALA LUMPUR
OFFICE Q2 2026

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	60.33	26.6%	11.20	RM 7.24	USD 1.75
KL FRINGE	49.71	33.40%	3.03	RM 6.67	USD 1.61
DECENTRALISED	36.87	28.87%	-	RM 4.84	USD 1.17
TOTAL	174.29	29.62%	14.24	RM 6.25	USD 1.51

**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
KL Midtown Signature & Corporate Office	KL Fringe	600,000	Q3 2026
The Capitol	Decentralised	1,200,000	Q3 2026
Menara Golden Eagle	KL CBD	112,000	Q4 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
Menara Ethos, 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

- *Maybank has relocated its headquarters to Menara Merdeka 118, with its corporate office located on Level 70, occupying 33 floors and accommodating approximately 7,000 employees.*
- *JustCo opened its first Malaysian flexible workspace centre on Level 23 of Menara Hap Seng 3.*
- *H&M announced the relocation of its Southeast Asia regional headquarters from Singapore to Kuala Lumpur. About 30% of the regional support workforce are affected under the restructuring.*
- *MISC has signed a 15-year tenancy agreement with Petroliam Nasional Berhad (Petronas) for the renewal of office space at Menara Dayabumi, with the lease valued at approximately RM433 million.*
- *AMMB Holdings will acquire Menara AmBank for RM331 million in a related-party deal. The 46-storey freehold tower has 453,419 sq ft of net lettable space, with 77.8% occupancy, of which AmBank occupies 65.6% as the anchor tenant.*
- *AmBank (M) Bhd acquired the 46-storey Menara AmBank from AmFIRST REIT to serve as its future corporate headquarters.*
- *Menara Merdeka 118 was awarded WELL Core Platinum Certification, making it the tallest certified building globally.*

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MARKETBEAT
KUALA LUMPUR
INDUSTRIAL Q2 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

Industrial Property (All Types)	12-Month Forecast
51.65% Transactions from Terraced Factory / Warehouse	▼
-17.47% Sales Growth (Value y-o-y)	▲
-11.17% Sales Growth (Volume y-o-y)	▼

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.4% GDP Growth	▲	▲
2.0% CPI Growth *May 2026*	▼	▼
3.0% Unemployment Rate *April 2026*	▼	▼

Source: BNM, DOSM

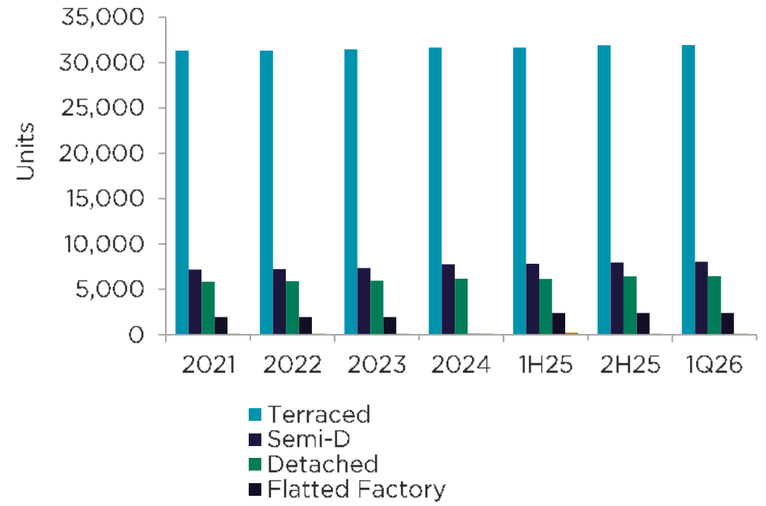
ECONOMY: STRONG INDUSTRIAL MOMENTUM ANCHORED BY MANUFACTURING EXPANSION AND LOGISTICS GROWTH IN Q2 2026

Malaysia's industrial sector recorded a strong acceleration in Q2 2026, with the Industrial Production Index (IPI) rising 8.2% year-on-year in April 2026, up from 3.1% in March 2026, reflecting improved overall industrial momentum. Growth was led by the manufacturing sector (+8.3% YoY), supported by stronger output in E&E, electronics, food processing, and fabricated metals, alongside sustained export demand and stable domestic production. The electricity sector (+10.5%) expanded on higher industrial and commercial consumption, while the mining sector (+6.8%) returned to growth driven by improved crude oil and natural gas output. Overall, the broad-based expansion across manufacturing, utilities, and mining signals a stronger industrial recovery in early Q2 2026, reinforcing continued demand for Malaysia's production capacity across key sectors.

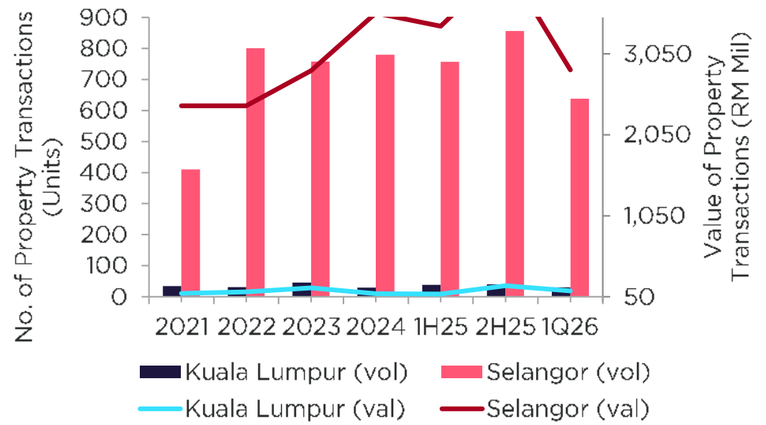
SUPPLY: INDUSTRIAL LANDBANK EXPANSION SUPPORTS FUTURE DEVELOPMENT PIPELINE

Industrial supply continued to expand in Q2 2026 as developers acquired strategic land parcels for future industrial park and logistics developments. Notable acquisitions in Kuala Langat, Sepang, Kuala Selangor and Johor are expected to support the next phase of industrial growth, particularly for logistics, manufacturing and data centre-related developments. In parallel, existing industrial parks continued to introduce new industrial products and facilities, including detached factories, warehouse hubs, and data centre-ready sites. The sustained pace of land acquisitions and project launches reflects developers' confidence in long-term occupier demand, particularly in well-connected industrial corridors.

INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



VOLUME & VALUE OF PROPERTY TRANSACTIONS



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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	25,039	244	RM 2.00 – RM 4.50	$ 0.49 – $ 1.10	€ 0.43 – € 0.96
Northern Region	Kuala Selangor, Hulu Selangor, Sabak Bernam	5,093	532	RM 1.20 – RM 2.50	$ 0.29 – $ 0.61	€ 0.26 – € 0.54
Southern Region	Kuala Langat, Sepang	1,906	407	RM 1.80 – RM 3.00	$ 0.44 – $ 0.73	€ 0.39 – € 0.64
Western Region	Klang	9,591	1,069	RM 2.00 – RM 3.50	$ 0.49 – $ 0.86	€ 0.43 – € 0.75
Eastern Region	Hulu Langat	7,436	310	RM 1.20 – RM 2.80	$ 0.29 – $ 0.68	€ 0.26 – € 0.60
TOTALS		49,065	2,562	RM 1.20 – RM 4.50	$ 0.29 – $ 1.10	€ 0.26 – € 0.96

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 2026

PROPERTY	LOCATION	SELLER/BUYER	LAND AREA	PRICE RM
Three adjoining parcels of mixed industrial and building land	District of Timor Laut, Pulau Pinang	Boustead Penang Shipyard/ Karya Koperat	26 acres	RM 28 Mil
Two parcels of freehold industrial land	Mukim Pulai, Johor Bahru, Johor	Kesas Kenangan/Topmix Resources	2.5 acres	RM 18.97 Mil
Industrial building	Semenyih, Selangor	Anthens Park Machineries/WTEC Group	1 acre	RM 10.80 Mil
Industrial land	Klang, Selangor	Beshom Holdings Bhd/Tuna Bumi Sdn Bhd	14.58 acres	RM 85.80 Mil
Industrial land	Gurun, Kedah	Gurun Heavy Industrial Park Sdn Bhd/Zichen Malaysia Sdn Bhd	62.40 acres	RM 119.59 Mil

INVESTMENT TREND/INDUSTRIAL DEVELOPMENT ACTIVITIES

- *IJM Corporation secured a RM658.01 million contract for hyperscale data centre core and shell works at Elmina Business Park, Selangor.*
- *Y&G Corporation Bhd is acquiring 548.4 acres of land in Sepang and Kuala Selangor for RM477 million to strengthen its development landbank.*
- *PTT Synergy Group Bhd secured a RM31.68 million contract and RM900,000 monthly lease agreement at Elmina East, Shah Alam.*
- *Axteria Group Bhd acquires an 80% stake in construction firm Niaga Sari for RM35 million cash.*
- *Sime Darby Property launches industrial lots and factories at Elmina Business Park 2 in Rawang, Selangor.*
- *Mitrajaya Holdings Bhd secures RM54 million data centre early works contract from NEXTDC in Kuala Lumpur.*
- *PTT Synergy Group Bhd expands warehouse capacity through new automated hub development at Elmina Business Park, Selangor..*
- *KHPT Holdings Bhd is leasing a 118,506 sq ft factory in Puchong for 10 years in a RM14.6 million deal to support its precision metal stamping manufacturing operations.*

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MARKETBEAT
KUALA LUMPUR
RETAIL Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.58% CBD Prime Rental Growth	▼	▼
11.79% Vacancy Rate	▼	▲
RM3,000 Median Income	▲	▲

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.4% GDP Growth	▲	▲
2.0% CPI Growth *May 2026*	▼	▼
5.4% Consumer Spending Growth	▲	▲

Source: BNM, DOSM

ECONOMY: WHOLESALE AND RETAIL TRADE RECORDS CONTINUED EXPANSION

Malaysia's wholesale and retail trade sector continued to demonstrate steady growth into Q2 2026. In April 2026, the total sales value reached RM174.8 billion, representing a 15.3% year-on-year increase and a 3.5% month-on-month rise from March 2026. Growth was driven by all three sub-sectors, namely wholesale trade (+24.1%), motor vehicles (+15.5%), and retail trade (+6.3%). The volume index recorded 170.7 points, increasing 6.2% year-on-year and 0.4% month-on-month, while the seasonally adjusted volume index also rose 0.4% from the preceding month. The sustained increase in both sales value and volume index indicates continued expansion in wholesale and retail activities, supported by resilient domestic demand and stable consumer spending momentum in the early part of Q2 2026.

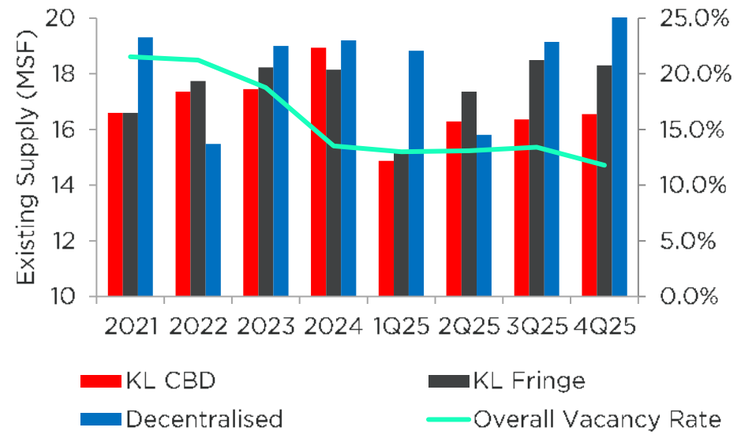
SUPPLY: SELECTIVE RETAIL EXPANSION DRIVEN BY NEW OPENINGS AND INTEGRATED DEVELOPMENTS

Retail supply in Q2 2026 was supported by new mall openings and integrated mixed-use developments, including 118 Mall and Ombak KLCC, shaping immersive retail, leisure, and lifestyle experiences for domestic and international tourists. At the same time, new supply continued to be concentrated within mixed-use and transit-oriented projects, where retail components serve as lifestyle and convenience anchors. Existing malls also continued to undergo asset repositioning and tenant remixing, with increased focus on F&B, leisure, and experiential concepts to sustain footfall amid changing consumer preferences. Overall, retail supply growth remains selective and quality-driven, anchored by landmark openings and experiential retail formats rather than large-scale expansion.

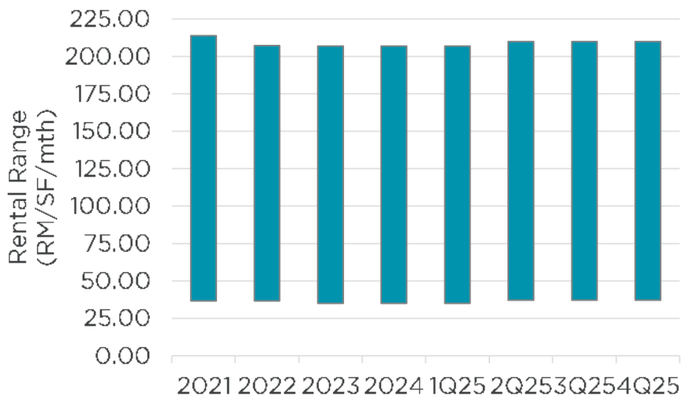
INCOME: TOURISM AND LANDMARK DESTINATIONS SUPPORTING RETAIL REVENUE GROWTH IN Q2 2026

Retail income in Q2 2026 was supported by tourism recovery and strong performance of landmark retail destinations, particularly in prime urban and integrated developments. Key city-centre and tourist-oriented malls benefited from higher visitor inflows, contributing to improved tenant sales and stable rental performance. This trend was reinforced by the positioning of retail assets as experience-led destinations, integrating entertainment, dining, and cultural offerings to strengthen visitor experiences attract both domestic and international visitors and further strengthen Kuala Lumpur's position as a regional retail and lifestyle hub.

EXISTING SUPPLY AND OVERALL VACANCY RATE



CBD PRIME RENTAL RANGE



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MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CNSTR (MSF)
KL CBD	16.35	8.7%	3.09
KL Fringe	18.02	15.9%	2.38
Decentralised	20.65	14.8%	1.30
TOTAL	55.02	39.4%	5.60

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
Coalfields Retail Park	Decentralised	1,000,000 (GBA)	Q3 2026
Ombak KLCC	KL CBD	420,000	Q3 2026
118 Mall @ Merdeka 118	KL CBD	1,506,947	Q4 2026
KL Midtown Mall	KL Fringe	500,000	Q4 2026
(Refurbishment) – Plaza Alam Sentral	Decentralised	233,751	Q4 2026
KL Midtown Retail Mall	KL Fringe	500,000	Q4 2026
Pavilion Damansara Heights Mall (Phase 2)	KL Fringe	529,353	2026
Maju Kuala Lumpur Mall	KL CBD	750,000	2026
Queens Mall Kuala Lumpur @ Queensville	KL Fringe	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

- *Ikano Centres launched two new dining concepts, IPC Gourmet Hall at IPC Shopping Centre and Toppen Foodland at Toppen Shopping Centre, with both destinations targeted to open in December 2026.*
- *KLK Land is set to open Coalfields Retail Park in Sungai Buloh on 20 August 2026 with 85% occupancy secured ahead of launch.*
- *IJM Land Bhd and Amona Group achieve 25% leasing commitment at Enlace Shoppes, Pantai Sentral Park.*
- *CapitaLand Malaysia Trust is acquiring Setapak Central Mall in Kuala Lumpur for RM435 million to strengthen its retail portfolio and support long-term income growth.*
- *118 Mall is set to open in November 2026 within the Merdeka 118 precinct in Kuala Lumpur as a new landmark retail and lifestyle destination.*
- *Setia Awan secures seven brands for Avenue F neighbourhood mall in Bukit Ampang Permai*
- *Sime Darby Property's Elmina Lakeside Mall wins FIABCI World Gold Award in Retail category*

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