MARKETBEAT
KUALA LUMPUR
OFFICE Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
28.61% Vacancy Rate	▲	▲
147.15M QTQ Net Absorption, SF	▲	▼
RM 6.32 Avg. Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.0% GDP Growth	▲	▲
1.9% CPI Growth *August 2026*	▲	▲
3.0% Unemployment Rate *July 2026*	▼	▼

Source: BNM, DOSM

ECONOMY: RESILIENT ECONOMIC ACTIVITY SUPPORTS POSITIVE OUTLOOK

Malaysia's economy strengthened in Q2 2026, expanding by 6.0% year-on-year, compared with 5.4% in Q1 2026, supported by resilient domestic demand, stronger investment activity and robust external trade. The Services sector grew by 5.9%, remaining the key contributor to economic growth, while Manufacturing accelerated to 7.3%, supported by strong performance in electrical, electronic and optical products. Construction expanded by 6.5%, underpinned by continued activity in specialised construction and non-residential buildings. Meanwhile, Mining and Quarrying rebounded strongly by 9.2%, driven by higher natural gas production, while Agriculture contracted by 3.7%, mainly due to weaker oil palm and fishing activity. Overall, Malaysia's economy recorded 5.7% growth in 1H 2026, reflecting sustained economic resilience and broad-based expansion across key sectors despite external uncertainties.

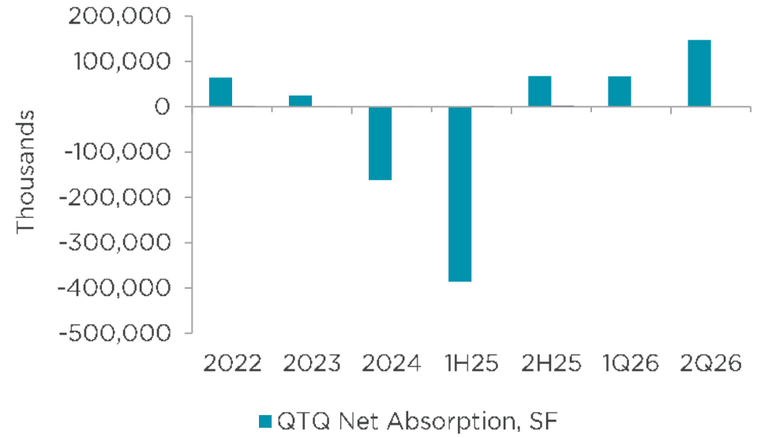
DEMAND: FLEXIBLE WORKSPACE OPERATORS CONTINUE TO EXPAND

Demand for flexible workspace continued to support office leasing activity in Q3 2026, with serviced office and coworking operators expanding their presence across Greater Kuala Lumpur. Co-labs Coworking recently opened at Sunway Square and is expected to open another location at Mercu 3 in December 2026, while JustCo expanded its presence at Menara Hap Seng 3 and is set to open another centre at Menara Affin @ TRX in November 2026. The continued expansion of flexible workspace operators reflects occupiers' growing preference for adaptable and scalable office solutions, supporting leasing activity across established and emerging commercial locations.

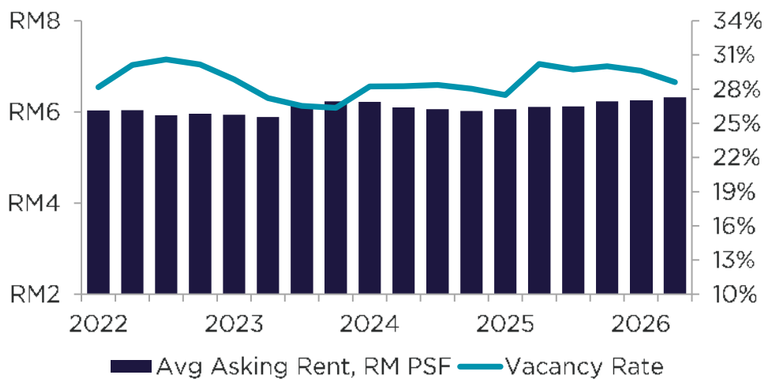
PRICING: OFFICE RENTAL MARKET MAINTAINS STABILITY IN Q3 2026

In Q2 2026, the average asking rent across Greater Kuala Lumpur stood at RM6.32 psf per month. The KL CBD recorded an average asking rent of RM7.28 psf, followed by the KL Fringe at RM6.81 psf, while the Decentralised submarket averaged RM4.87 psf. Overall, office rental levels across Greater Kuala Lumpur remained relatively stable in Q3 2026.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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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	60.37	25.90%	11.20	RM 7.28	USD 1.79
KL FRINGE	49.67	32.70%	3.03	RM 6.81	USD 1.67
DECENTRALISED	36.92	27.23%	-	RM 4.87	USD 1.19
TOTAL	146.96	28.61%	14.24	RM 6.32	USD 1.55

**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
The Capitol (Phase 2)	Decentralised	1,200,000	Q4 2026
Menara Golden Eagle	KL CBD	112,000	Q4 2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Solarvest Tower	KL Fringe	348,092	2027
Pavilion Square Bukit Bintang	KL CBD	167,407	2028
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
Bangsar 61 (Tower 1)	KL Fringe	548,000	2030
Plaza Conlay Tower 2	KL CBD	606,000	2030
One Exchange	Decentralised	400,000	2032

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

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- *Tower REIT records 73% increase in FY2026 net profit, driven by higher occupancy and rental growth.*
- *AmBank receives approval to acquire Menara AmBank from AmFirst REIT for RM331 million.*
- *Menara Merdeka 118 renamed Menara Merdeka Maybank following strategic partnership.*
- *Hap Seng unveils KL Midtown signature office towers with confirmed anchor tenancies.*
- *Sime Darby Property acquires Wisma Unirazak for RM160 million to develop mixed-use project.*
- *IGB Commercial REIT is poised to benefit from rising demand for quality office space.*
- *Axis REIT's recovery is underpinned by leasing growth and strategic portfolio expansion.*
- *WCT secures RM600.89 million contract to construct 41-storey office building at TRX.*
- *TRX records over 85% office supply commitment as Menara Ethos adds 808,000 sq ft.*
- *Paramount Corp opens 11th Co-labs Coworking outlet at Sunway Square*

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MARKETBEAT
KUALA LUMPUR
INDUSTRIAL Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

Industrial Property (All Types)	12-Month Forecast
44.61% Transactions from Terraced Factory / Warehouse	▼
4.35% Sales Growth (Value y-o-y)	▲
-13.71% Sales Growth (Volume y-o-y)	▼

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.0% GDP Growth	▲	▲
1.9% CPI Growth *August 2026*	▲	▲
3.0% Unemployment Rate *July 2026*	▼	▼

Source: BNM, DOSM

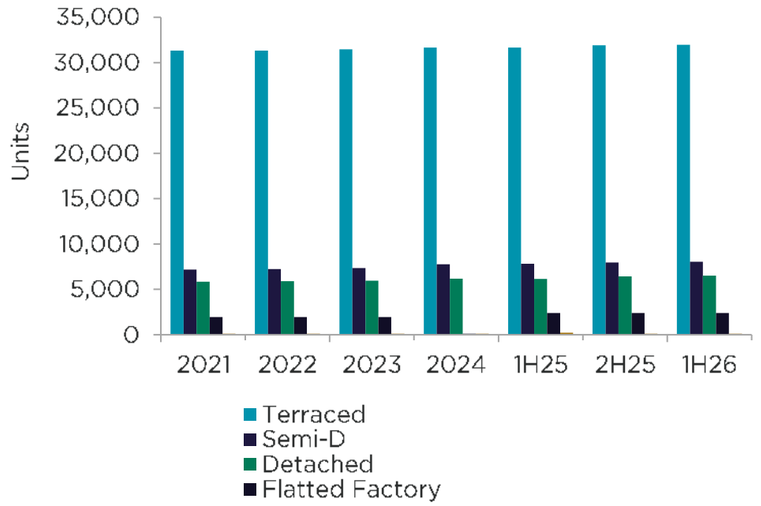
ECONOMY: MANUFACTURING AND TRADE SUSTAIN INDUSTRIAL MOMENTUM IN Q3 2026

Malaysia's industrial sector sustained positive momentum in Q3 2026, with the Industrial Production Index (IPI) rising 4.7% year-on-year in July 2026, supported by a 6.4% expansion in the Manufacturing sector, particularly in electronics and machinery. The Electricity sector also recorded steady growth of 5.0% YoY, reflecting continued industrial and commercial activity. Meanwhile, total trade increased 43.4% YoY in August, driven by strong export and import growth, highlighting sustained external demand and active supply chain flows. Overall, resilient manufacturing output and robust trade activity continue to underpin demand for production, warehousing and logistics facilities across Malaysia's industrial property market.

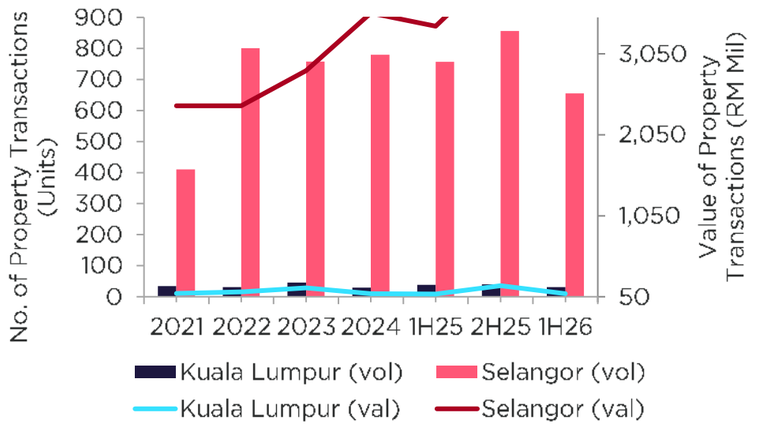
DEMAND: DIVERSIFYING OCCUPIER DEMAND SUPPORTS INDUSTRIAL MARKET ACTIVITY

Industrial demand remained supported by a broadening occupier base in Q3 2026, with logistics, manufacturing, e-commerce and data centre-related requirements continuing to drive leasing activity. The expansion of third-party logistics providers and manufacturers, together with ongoing demand for modern warehouses and specialised industrial facilities, supported occupier requirements across key industrial corridors. Meanwhile, demand from data centre and technology-related users continued to underpin interest in strategically located industrial land and purpose-built facilities. The diversification of demand sources provides support for continued industrial market activity amid ongoing additions to supply.

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	327	RM 2.10 – RM 4.50	$ 0.52 – $ 1.10	€ 0.45 – € 0.97
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	1,914	671	RM 1.80 – RM 3.00	$ 0.44 – $ 0.74	€ 0.39 – € 0.65
Western Region	Klang	9,634	1,202	RM 2.10 – RM 3.50	$ 0.52 – $ 0.86	€ 0.45 – € 0.76
Eastern Region	Hulu Langat	7,477	278	RM 1.20 – RM 2.80	$ 0.29 – $ 0.69	€ 0.26 – € 0.61
TOTALS		49,157	3,010	RM 1.20 – RM 4.50	$ 0.29 – $ 1.10	€ 0.26 – € 0.97

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 2026

PROPERTY	LOCATION	SELLER/BUYER	LAND AREA	PRICE RM
Freehold industrial land	Seberang Perai Selatan, Penang	Lee Mooi Khean / PTT Logistics Hub 3	9.70 acres	RM 62.53 Mil
Freehold industrial land	Mukim Senai, Kulai, Johor	Aura Muhibah / M Industrial Development	419.17 acres	RM 273.87 Mil
Three freehold industrial land parcels	Kapar, Klang, Selangor	Beshom Holdings Bhd / Buyer not specified	Not disclosed	RM 85.8 Mil
Industrial land	Kota Seri Langat, Selangor	COMPASS IP Sdn Bhd / Global Data Infrastructure	36 acres	Not disclosed

INVESTMENT TREND/INDUSTRIAL DEVELOPMENT ACTIVITIES

- *Axis-REIT has entered into a sale and purchase agreement with WH Union Development to acquire a fully occupied industrial complex in Kawasan Industri Padang Meha, Kedah, for RM113 million in cash. The property has a lettable area of approximately 340,047 sq ft.*
- *Chin Hin Group Property has entered into an agreement to acquire an industrial property in Kota Damansara for RM92.5 million in cash, with plans to redevelop the site into a logistics warehouse hub.*
- *YLI Holdings is disposing of two industrial land parcels in Prai, Penang, for RM28.5 million in cash. The disposal is expected to generate a net gain of approximately RM6.83 million and help reduce the group's losses.*
- *Tanco Holdings Bhd is proposing up to RM250 million in financial assistance to its joint venture partner to fund the acquisition of land and development of an industrial park in Port Dickson.*
- *Axis Real Estate Investment Trust is acquiring three adjoining parcels of industrial land with warehouse facilities in Taman Perindustrian Pulau Indah, Klang, for RM61 million.*
- *Maybulk proposed to acquire a freehold industrial property in Bandar Bukit Raja, Klang for RM35.5 million, expanding its industrial property business.*
- *S P Setia is expanding its eco-industrial park strategy, with Setia Alaman Industrial Park in Selangor forming part of its focus on light and medium industrial developments and long-term industrial assets.*

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MARKETBEAT
KUALA LUMPUR
RETAIL Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.3% CBD Prime Rental Growth	▼	▼
12.53% Vacancy Rate	▼	▲
RM3,027 Median Income	▲	▲

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.0% GDP Growth	▲	▲
1.9% CPI Growth *August 2026*	▼	▼
6.0% Consumer Spending Growth	▲	▲

Source: BNM, DOSM

ECONOMY: WHOLESALE AND RETAIL TRADE SUSTAINS POSITIVE GROWTH

Malaysia's wholesale and retail trade sector sustained positive growth at the beginning of Q3 2026. In July 2026, total sales value rose 9.0% year-on-year to RM170.5 billion, following a 1.2% month-on-month increase from June. Growth was recorded across all three sub-sectors, with wholesale trade leading at 11.7%, followed by motor vehicles at 7.9% and retail trade at 6.4%. The volume index also grew 4.1% year-on-year to 172.2 points, while the seasonally adjusted volume index increased 1.0% month-on-month. The continued expansion points to sustained trading activity, supported by resilient domestic demand and stable consumer spending.

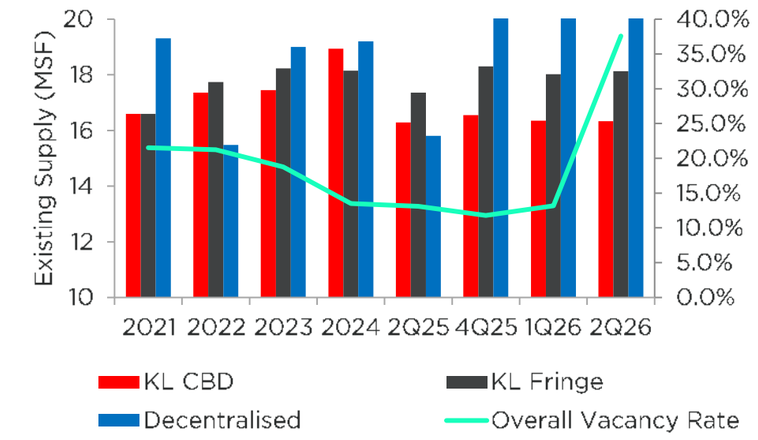
SUPPLY: OMBAK KLCC STRENGTHENS PRIME RETAIL SUPPLY IN THE KLCC PRECINCT

The opening of Ombak KLCC in 3Q 2026 expands the retail offering within the KLCC precinct, introducing additional space for retail, F&B and lifestyle operators. The development complements the existing concentration of established shopping destinations in the area and enhances the overall retail mix available to both local and international consumers. Its entry is expected to reinforce the KLCC precinct's attractiveness to premium and international retailers, while providing further opportunities for brands seeking a presence within Kuala Lumpur's established prime retail catchment.

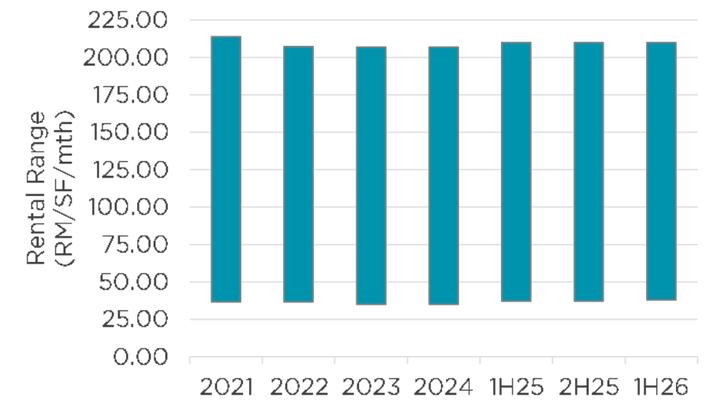
INCOME: TOURISM, EXPERIENTIAL RETAIL AND NEW OPENINGS SUPPORT REVENUE GROWTH

Retail revenue performance in Q3 2026 is expected to remain supported by sustained tourism activity, consumer spending and growing demand for experiential retail. Increased visitor traffic, particularly at major shopping and lifestyle destinations, is providing retailers with stronger opportunities to capture tourist and discretionary spending. At the same time, new retail openings and the introduction of lifestyle, F&B and entertainment concepts are expected to broaden the consumer offering and generate additional footfall. These factors should support revenue growth while encouraging retailers to adopt more experience-driven formats to attract and retain consumers.

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	16.33	9.1%	1.66
KL Fringe	18.13	12.8%	2.18
Decentralised	20.65	15.7%	0.13
TOTAL	55.10	37.58%	3.97

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
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 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

[b]Target completion = Building completion with Certificate of Completion and Compliance (CCC)

INVESTMENT TREND/RETAIL DEVELOPMENT ACTIVITIES

- *Ombak KLCC officially opened, marking the opening of a new seven-storey lifestyle mall in the KLCC precinct, with approximately 420,000 sq ft of retail space and around 120 retail lots.*
- *Coalfields Retail Park officially opened, spanning 21 acres with approximately 1.0 million sq ft of gross built-up area and 135 retail lots and is targeting full occupancy by 1Q2027. .*
- *Valiram Group completed the acquisition of a 40% stake in The Exchange TRX mall and a 60% stake in the adjacent TRX Campus office from Australian property developer Lendlease Group.*
- *UEM Sunrise partnered with EXSIM KLCC to develop a 1.59-acre site at Jalan Ampang into a mixed-use development comprising a hotel, hotel residences and retail mall, targeted for completion by 2036.*
- *KIP REIT's RM435 million acquisition of Setapak Central Mall became unconditional on 23 July 2026, with the mall recording 99.9% occupancy*
- *AEON Mall KL Midtown is targeting approximately 75% occupancy upon opening in Q4 2026.*

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