

MARKETBEAT

0.0% RENT GROWTH (YOY)
24.67% VACANCY RATE (Q2 2019)
0.82msf NEW COMPLETIONS (YTD)

WHAT'S NEXT

HIGHLIGHTS

Malaysia GDP Grow Higher than Forecast

Malaysia's economy expanded 4.9% year-on-year in the second quarter of 2019, following a 4.5% growth in the previous three-month period and beating market expectations of 4.8%.

The positive growth was mainly driven by domestic demand, particularly household spending. The services, manufacturing and agriculture sectors dominated on the production side, with all sectors recording positive growth. The supply side shows services and manufacturing as the key contributors to growth while other sectors expanded.

Core inflation is estimated to remain stable, supported by the continued expansion in economic activity and in the absence of strong demand pressures lead.

Upcoming Business Hub in the Commercial Market

The office market within the Kuala Lumpur City (KL CBD) has registered an additional 2.65 million sq. ft. of new supply, with the recently completed The Exchange 106. This new completion, i.e. the tallest building in Malaysia, is expected to increase the overall vacancy rates of office space in the city centre. Additionally, there are new office buildings earmarked for completion in the city centre within the next 6 to 12 months, where it will remain as a challenging market for the CBD area.

The above situation is expected to create competitiveness among the landlords, i.e. new buildings are expected to provide more incentives, while old buildings have embarked to be realistic on the asking rents as well as the renewal rents.

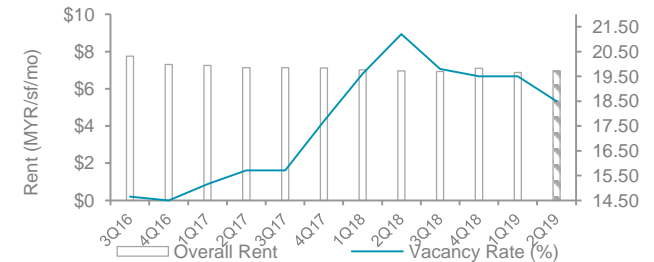
While the KL CBD is experiencing over-supply, KL Fringe and Decentralised notably registered stable conditions with its manageable incoming supply coupled with the expansion & take up of space by technology companies, co-working, shared serviced occupiers as well as those in Fast Moving Consumer Goods (FMCG).

ECONOMIC INDICATORS

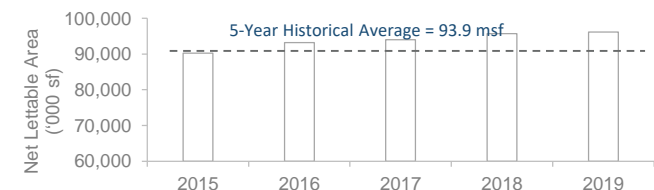
	Q1 19	Q2 19	12-Month Forecast
GDP Growth	4.5%	4.9%	▼
CPI Growth	0.5%	0.7%	▲
Unemployment	3.4%	3.3%	▲

Source: Department of Statistic, Malaysia

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



KUALA LUMPUR OFFICE MARKETBEAT

SEPTEMBER 2019



SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A FACE RENT		
				AVERAGE RENT	US\$/SF/MO	EUR/SF/MO
KL CBD	52.09 million	18.5%	16.87 million	MYR 6.96	US\$1.66	€ 1.51
KL Fringe	44.10 million	29.0%	2.06 million	MYR 6.40	US\$1.55	€ 1.41
Decentralized Area	29.72 million	26.5%	3.31 million	MYR 5.20	US\$1.16	€ 1.06
TOTAL / AVERAGE	125.91 million	24.67%	22.24 million	MYR 6.11	US\$ 1.46	€ 1.32

[^]All- Grades

US\$/MYR\$ = 4.19; €/MYR\$ = 4.60 as at September 2019

a) All cumulative space for all sub-markets are based on total supply of office space (all grades)

b) Office Space within KL Sentral/Pantai/Bangsara and those within Damansara Heights are taken into consideration as KL Fringe

c) Office Space within Petaling Jaya territory, Damansara, Kelana Jaya, Sunway/Subang Jaya/USJ and Shah Alam are taken into consideration as Decentralised Area

Source: IVPS Research

KEY LEASING TRANSACTIONS Q2 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
G Tower	KL CBD	Tradeshift	13,000	Relocation
Menara Prudential @ TRX	KL CBD	Prudential	351,000	New Lease
Platinum Sentral	KL Fringe	Spaces	70,000	New Lease
Menara BT	KL Fringe	Common Ground	19,000	New Lease
Mercu 2@ KL Eco City	KL Fringe	WeWork	69,000	New Lease
Vertical Corporate Tower B	KL Fringe	Fave Asia	19,200	Relocation
Symphony Square	Decentralized	Symphony Life	16,000	Relocation

SIGNIFICANT PROJECTS COMPLETED, PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	(NLA) SF	COMPLETION DATE
Menara Hap Seng 3	KL CBD	-	240,000	2019
The Exchange 106 @ TRX	KL CBD	-	2,650,000	2019
Menara Prudential @ TRX	KL CBD	Prudential	413,300	2019
HSBC Tower @ TRX	KL CBD	HSBC Bank	568,000	2020
Affin Bank Tower @ TRX	KL CBD	Affin Bank	823,439	2020
YTL HQ	KL CBD	YTL	324,000	2019
Menara Khuan Choo	KL CBD	Khuan Choo Group	60,455	2019
Menara Felcra	KL CBD	-	1,121,234	2020
PNB 118	KL CBD	-	1,700,000	2020
Sapura Tower	KL CBD	-	1,180,000	2020
Oxley Tower	KL CBD	-	346,000	2020
TS Law Tower	KL CBD	-	500,000	2020
Menara TCM	KL CBD	-	370,000	2020
UT Towers	KL CBD	-	1,150,000	2021
KL Eco City	KL Fringe	-	756,000	2021
The MET Corporate Towers	KL Fringe	-	600,000	2021
Pavilion Damansara	KL Fringe	-	1,500,000	2022
Powerhouse @ Bandar Utama	Decentralized Area	-	584,265	2019
Uptown 8 @ Damansara Utama	Decentralized Area	-	478,675	2020
KYM Tower	Decentralized Area	KYM Holdings, Colony	230,000	2019
Menara Star 2	Decentralized Area	Star	216,000	2019

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Research Publication

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