

-1.44% RENT GROWTH (YOY)

23.0% VACANCY RATE (Q3 2019)

2.88msf NEW COMPLETIONS (YTD)

ECONOMIC INDICATORS

	Q2 19	Q3 19	12-Month Forecast
GDP Growth	4.9%	4.4%	▼
CPI Growth	0.7%	0.9%	▲
Unemployment	3.3%	3.2%	▼

Forecast

Budget 2020 was focused on promoting the digital economy, attracting foreign strategies and local investments as well as increasing employment opportunities. Such moves has not affected the office sector by the end of 2019 where the rental value remained stagnant due to oversupply. 2020 rents is expected to remain the same while in the longer term it should increase to keep pace with inflation.

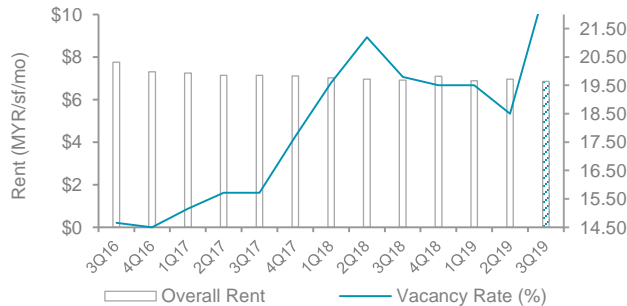
Malaysia GDP Growth

Malaysia's GDP grew 4.4% in the third quarter of 2019 after recording a growth of 4.9% in the second quarter of 2019. The Services, Manufacturing and Agriculture sectors were the main drivers of growth in the third quarter of 2019. On the expenditure side, private final consumption expenditure, net exports and government final consumption expenditure expanded, while Gross fixed capital formation declined.

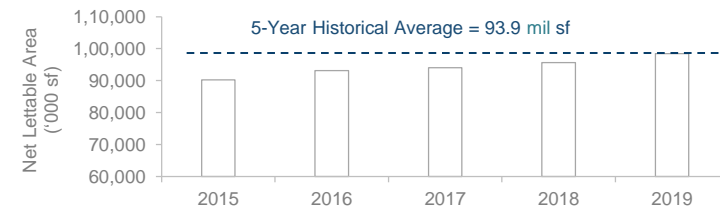
Commercial Market

As at end of 2019, office supply tracked in KL City Centre registered total stock of approximately 54.17 million sq. ft, KL Fringe had a total of 44.29 million sq. ft. whilst Decentralized areas recorded a total of 30.34 million sq. ft. Existing office buildings in the KL CBD is expected to continue to face strong competition from recently completed office buildings in terms of retaining and attracting tenants/occupiers. With a sustained decentralization trend, stiff competition will also come from the KL Fringe. Demand from technology occupiers is evident in 2019 with expansion/take-up in the markets of KL Sentral/Bangsar, Mid Valley, Bangsar South and the KL Eco City development.

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



KUALA LUMPUR

Office Q4 2019

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A FACE RENT		
				AVERAGE RENT	US\$/SF/MO	EUR/SF/MO
KL CBD	54.17 million	21.10%	13.18 million	MYR 6.86	US\$1.66	€ 1.49
KL Fringe	44.29 million	29.80%	1.87 million	MYR 6.33	US\$1.53	€ 1.38
Decentralized Area	30.34 million	27.89%	2.45 million	MYR 4.80	US\$1.16	€ 1.05
TOTAL / AVERAGE	128.80 million	26.26%	17.50 million	MYR 6.00	US\$ 1.45	€ 1.31

^aAll- Grades
 US\$/MYR = 4.14; €/MYR = 4.59
 as at December 2019

a) Cumulative space for all sub-markets are based on total supply of office space (all grades)
 b) Office Space within KL Sentral/Pantai/Bangsar 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 Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Star Boulevard @KLCC	KL CBD	Colony	19,000	New Lease
The Gardens South Tower	KL Fringe	NEC Corporation	33,000	Relocation
Mercu 2 @ KL Eco City	KL Fringe	DCHL	30,000	New Lease
Mercu 3 @ KL Eco City	KL Fringe	Russell Bedford	14,500	Relocation
Mercu 3 @ KL Eco City	KL Fringe	GFK	14,500	Relocation
Menara KYM	Decentralized	Colony	19,700	New Lease
1 First Avenue	Decentralized	Grab	26,000	New Lease
Symphony Square	Decentralized	Mary Kay	6,800	Relocation
Symphony Square	Decentralized	Boardroom	32,000	Relocation

SIGNIFICANT PROJECTS COMPLETED, PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	(NLA) SF	COMPLETION DATE
The Exchange 106 @ TRX	KL CBD	-	2,650,000	2019
Menara Prudential @ TRX	KL CBD	Prudential	413,300	2019
Menara Khuan Choo	KL CBD	Khuan Choo Group	60,455	2019
YTL HQ	KL CBD	YTL	324,000	2020
Menara Hap Seng 3	KL CBD	-	240,000	2020
Menara Felcra	KL CBD	-	1,121,234	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
HSBC Tower @ TRX	KL CBD	HSBC Bank	568,000	2021
Affin Bank Tower @ TRX	KL CBD	Affin Bank	823,439	2021
Merdeka 118	KL CBD	-	1,700,000	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
KYM Tower	Decentralized Area	KYM Holdings, Colony	230,000	2019
Menara Star 2	Decentralized Area	Star	216,000	2019
Imazium @ Damansara Utama	Decentralized Area	-	478,675	2021

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