

# KUALA LUMPUR

Office Q2 2020

YoY Chg      12-Mo. Forecast

**RM5.97**  
Average Asking Rent (MYR/sf/mo)



**0%**  
Rental Growth (YOY)



**23.1%**  
Vacancy Rate



Source: IVPS / Cushman & Wakefield Research

## Economy Recorded Lowest Growth

Malaysia's economy grew 0.7% y-o-y in Q1 2020, significantly slowing from the 3.6% registered in the fourth quarter of 2019. This is the lowest growth since the third quarter of 2009 at negative 1.1%. The Government announced the Conditional Movement Control Order (MCO) will end on 9 June; the country will thereafter transit to the Recovery MCO, which is set to last until 31 August amid a gradual decline in new Covid-19 cases and an expansion in testing and treatment capacity. Aside from red zones designated under the Emergency MCO, Malaysia is gradually easing movement restrictions, allowing interstate travel, domestic tourism and resumption of normal operating hours for most business activities as well as continued easing of curbs on social, education and religious activities.

## Leasing Demand Slowdown

Office leasing activities are expected to remain slow for the rest of the year as market sentiment crumbled in Q1 2020 due to the COVID-19 outbreak globally. Firms suspended any expansion or relocation plans as most firms adopt a wait-and-see approach and rationalize spendings.

The overall occupancy for Greater Kuala Lumpur's office space decreased to 76.9%, largely due to the low pre-commitment levels in newly completed projects. With many firms keen to conserve cash and budgets for fit-out costs slashed, rates for renewals are becoming more resilient whereas rents for new leases are expected to experience a larger decrease in the future, especially if landlords start offering incentives for renewals. However, most landlords are observed to have kept asking rental levels despite demand for office space have weakened in the current quarter.

## RM35 billion for Economic Recovery

As the economy begins to emerge from the lockdown, households and businesses are counting the costs of the damage. The Government has announced a RM35 billion National Economic Revival Plan (PENJANA) to aid post-MCO rehabilitation, the fourth package since the outbreak, bringing cumulative stimulus to RM295 billion or 20% of the GDP. PENJANA largely consists of RM10 billion in direct fiscal spending, RM8 billion in tax breaks and incentives with the remainder spent through measures implemented by the quasi-public sector and government linked entities.

### MALAYSIA ECONOMIC INDICATORS Q1 2020

YoY Chg      12-Mo. Forecast

**0.7%**  
GDP Growth



**-0.2%**  
CPI Growth

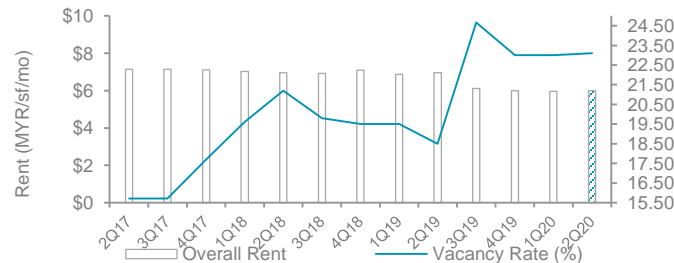


**3.5%**  
Unemployment Rate

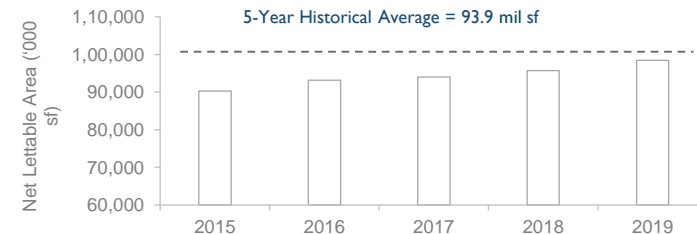


Source: Department of Statistics Malaysia

### ALL GRADE CBD OVERALL RENT & VACANCY RATE



### ALL GRADE CBD SUPPLY PIPELINE



# KUALA LUMPUR

Office Q2 2020

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A AVERAGE FACE RENT		
				MYR/SF/MO	US\$/SF/MO	EUR/SF/MO
KL CBD	54.19 million	21.12%	19.19 million	MYR 6.88	US\$1.60	€ 1.43
KL Fringe	49.28 million	29.70%	1.87 million	MYR 6.34	US\$1.48	€ 1.32
Decentralised Area	31.32 million	29.18%	2.06 million	MYR 4.71	US\$1.09	€ 0.98
<b>TOTAL</b>	<b>134.80 million</b>	<b>26.67%</b>	<b>23.12 million</b>	<b>MYR 5.97</b>	<b>US\$1.39</b>	<b>€ 1.25</b>

- 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: National Property Information Centre & IVPS / Cushman & Wakefield Research

PROPERTY	SUBMARKET	(NLA) SF	COMPLETION DATE
YTL HQ	KL CBD	324,000	2020
Menara Hap Seng 3	KL CBD	202,000	2020
Plaza One @ Conlay Station	KL CBD	606,000	2020
Permata Sapura	KL CBD	671,269	2020
TS Law Tower	KL CBD	232,517	2020
Menara TCM	KL CBD	370,000	2020
HSBC Tower @ TRX	KL CBD	569,000	2020
Affin Bank Tower @ TRX	KL CBD	823,439	2021
Menara Felcra	KL CBD	1,121,234	2021
Merdeka 118	KL CBD	1,700,000	2021
KL Eco City Aspire Tower	KL Fringe	650,000	2021
Pavillion Damansara	KL Fringe	1,500,000	2023
Imazium @ Damansara Utama	Decentralised Area	450,000	2021

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Menara Worldwide	KL CBD	Google	Approx. 40,000	New Lease
Centrepoint South	KL Fringe	Mutual Funds Exchange (MFEX)	7,000	Expansion
Symphony Square	Decentralised	Otis	24,000	Relocation

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
-	-	-	-	-

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