

Industrial Property
(All Types)

12-Mo.
Forecast

37.79%

Transactions from Terraced Factory / Warehouse



40.67%

Sales Growth (Value)



75.09%

Sales Growth (Volume)



Source: Cushman & Wakefield / IVPS Research

MALAYSIA ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
-2.7% GDP Growth	▼	▲
1.7% CPI Growth	▼	▲
4.7% Unemployment Rate	▲	▼

Source: Department of Statistics Malaysia

Slight Rise in Overall Inventory

Greater Kuala Lumpur's (KL) industrial supply recorded a slight increase in Q3, with most of the new supply coming from terraced and detached properties. As of Q3 2020, total existing industrial supply stood at 46,106 units. Terraced factories and warehouses accounted for the lion's share of supply, at 31,192 units. Semi-detached units totaled 7,102 units, at 15.4% of the total, and detached units totaled 5,772 units, at 12.5%. A further 3,000 factory and warehouse units are currently under construction as incoming supply, and having obtained planning approvals, are expected to come onstream in the next two to three years.

Demand Retains Favorable Outlook Amid Pandemic

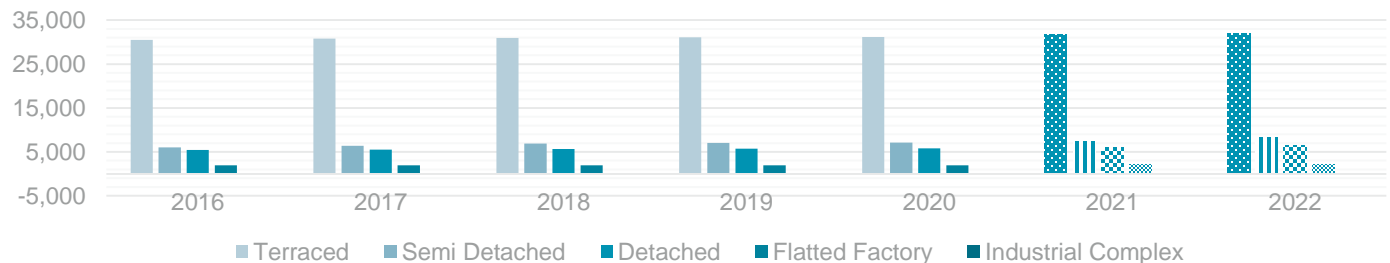
As the property market endures one of the toughest periods amid the COVID-19 outbreak, the outlook for industrial property remained favorable with the market recording a rise in industrial property transactions in the period. A total of 471 industrial units worth RM2.01 billion exchanged hands in Q3 2020, a contraction of 23.78% y-o-y in volume although growing 31.53% in transaction value (Q3 2019 figures: 618 units worth RM1.52 billion).

The expansion of e-commerce, pharmaceutical, fast-moving consumer goods, and other third-party logistics firms has created growing demand in the industrial property market. Developers and investors are shifting their focus to the industrial market to support the surge in demand, as they stay committed to their long-term investment strategies into the sector. The industrial sector is now viewed as the most resilient sector to weather the uncertainties ahead amid the COVID-19 pandemic.

Asking Rents Remain Stable

Asking rents for conventional industrial space premises, i.e, terraced and semi-detached properties, remained stable across most locations through the year, while detached properties and larger warehouses in prime areas experienced higher demand. Even though the local property market is enduring one of its toughest periods in recent history, the nationwide rise in e-commerce and usage of delivery systems has directly impacted the logistics sector and warehouse as a whole. The growth of e-commerce and related technologies catering to online consumer activity will see expanding needs for a wider range of available warehousing volume in the market.

INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



Industrial Q4 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (UNIT)	PLANNED & UNDER CONSTRUCTION (UNIT)	FACE RENT PSF (RANGE FOR ALL TYPES)		
			MYR/SF/MO	US/SF/MO	EUR/SF/MO
Central Region	24,204	470	MYR 1.20 – MYR 2.80	US\$0.30 – US\$0.69	€ 0.24 - € 0.57
Northern Region	4,619	733	MYR 0.70 – MYR 1.80	US\$0.17 – US\$0.44	€ 0.14 - € 0.36
Southern Region	1,497	347	MYR 0.70 – MYR 3.30	US\$0.17 - US\$0.81	€ 0.14 - € 0.67
Eastern Region	7,357	136	MYR 0.70 – MYR 1.60	US\$0.17 - US\$0.39	€ 0.14 - € 0.32
Western Region	8,429	1,314	MYR 1.00 – MYR 1.80	US\$0.25 – US\$0.44	€ 0.20 - € 0.36
TOTAL	46,106	3,000	MYR 0.70 – MYR 3.30	US\$0.17 – 0.81	€ 0.14 - € 0.67

a) Cumulative supply for all sub-markets are based on total supply of industrial space (all types).

b) Industrial Space within W.P. Kuala Lumpur, Gombak district and Petaling district are taken into consideration as Central Region.

c) Industrial Space within districts of Kuala Selangor, Hulu Selangor and Sabak Bernam are taken into consideration as Northern Region whereas districts of Kuala Langat and Sepang are taken into consideration as Southern Region.

d) Industrial Space within district of Klang are taken into consideration as Western Region whilst district of Hulu Langat are taken into consideration as Eastern Region.

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

SIGNIFICANT INDUSTRIAL DEVELOPMENTS – PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	(GFA) SF	COMPLETION DATE
Hap Seng Industrial Hub	Central Region	Hap Seng Land	Approx. 1,300,000	2021
IKEA Regional Log	Western Region	IKEA Supply (Malaysia)	Approx. 1,022,000	2021
D Project Malaysia 1	Central Region	Daiwa House Malaysia Logistics	Approx. 178,000	2021
Eco Business Park V	Northern Region	Eco World Development Group	Approx. 500,000	2021
The COMPASS	Eastern Region	Area Management Sdn Bhd	200,000 – 1,000,000 size per plot	2023

*Completion date might differ due to the delays during Covid-19 pandemic period.

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
Industrial land with factory, Seri Kembangan	Central Region	Positive Frontier / LKL International	21,600	MYR 12.0 million
HS(D) 168513, Shah Alam	Central Region	Nationwide Express / Rubicon Lexington	67,553	MYR 19.4 million
Western Digital PJ Factory	Central Region	Western Digital / Wistron Technology	500,000	MYR 120.0 million

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