

YoY Chg 12-Mo. Forecast

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



-0.58%
Rental Growth (YOY)



26.69%
Vacancy Rate



Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

-3.4%
GDP Growth



0.1%
CPI Growth



4.8%
Unemployment Rate



Source: Department of Statistics Malaysia

Slow Recovery as Greater KL Entered MCO 2.0 in January

The implementation of the Movement Control Order (MCO) in early January, followed by the Conditional MCO (CMCO) in March, weighed on the nascent economic recovery, especially for the services sector. The effects of MCO and CMCO were particularly evident in retail, F&B and accommodation, transportation, and business services, as consumers took precautions in response to high daily case numbers of COVID-19 in Greater KL. Malaysia's GDP growth shrank to -3.4% in Q4 2020, compared to -2.6% in the preceding quarter, impacted by the overall decline in all economic sectors except for manufacturing, which actually registered positive growth in the same quarter. The services sector, a major contributor to economic activity, declined 4.9% in Q4 2020, compared with a fall of 4.0% in Q3.

Fitted Office and Co-Working Spaces to Remain in Play for 2021

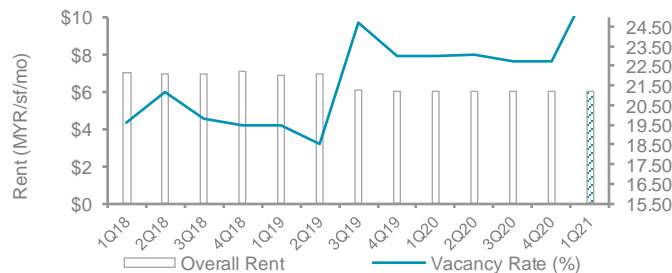
Office leasing is expected to continue to be slow for the first half of 2021. However, many businesses have started to explore and plan for their long-term office occupation strategy, including workplace strategies and space utilization reviews. Businesses are expected to continue to implement rotation schedules and work-from-home policies to reduce the number of workers physically present in offices, and the market is now witnessing more office space being surrendered to landlords as leasing contracts near their expiry term. This environment does provide opportunities for high quality fitted offices in strategic locations, together with co-working spaces, to be considered as options during the period.

Landlords Hold Firm on Rental Levels Despite Pandemic

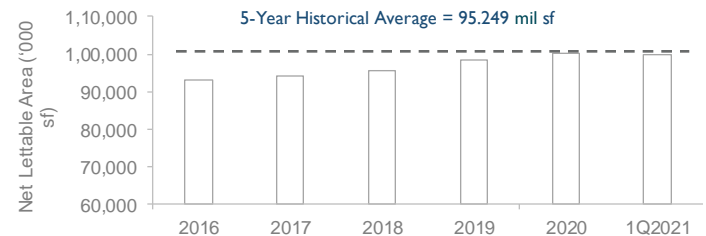
The overall average vacancy level rose to 26.69% in Q1 2021, compared to 24.1% in the previous quarter. The average asking rent remained stable in the quarter at RM5.97 per sf per month, representing a softening of 0.58% y-o-y.

Looking ahead, with the challenging economic outlook expected to persist for the first half of the year, we can expect to see landlords, especially those in the KL CBD area, slowly adjust asking rentals in order to attract potential tenants and improve occupancy.

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



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	55.01 million	22.20%	15.92 million	MYR 6.82	US\$1.65	€ 1.39
KL Fringe	45.28 million	29.90%	1.87 million	MYR 6.29	US\$1.52	€ 1.28
Decentralised Area	32.63 million	29.82%	5.04 million	MYR 4.81	US\$1.16	€ 0.98
TOTAL	132.93 million	26.69%	22.83 million	MYR 5.97	US\$1.44	€ 1.21

- 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
HSBC Tower @ TRX	KL CBD	569,000	2021
Permata Sapura	KL CBD	671,269	2021
TS Law Tower	KL CBD	232,517	2021
Plaza One @ Conlay Station	KL CBD	606,000	2021
Affin Bank Tower @ TRX	KL CBD	823,439	2021
Menara Great Eastern 2	KL CBD	221,000	2021
Imazium @ Damansara Utama	Decentralised	450,000	2021
Menara Felcra	KL CBD	1,121,234	2022
KL Eco City Aspire Tower	KL Fringe	650,000	2021
Merdeka 118	KL CBD	1,700,000	2022
Pavilion Damansara	KL Fringe	1,500,000	2023
Menara Great Eastern 2	KL CBD	221,698	2021
The Stride @ BBCC	KL CBD	422,100	2021
PNB1194	KL CBD	679,994	2021

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Exchange 106	KL CBD	Spaces (Regus)	Approx. 30,000	New Lease
Menara TCM	KL CBD	Siemens	Approx. 6,600	New Lease
Mercu 2	KL Fringe	Robert Walters	Approx. 7,500	New Lease
Menara TCM	KL CBD	Embassy Papua New Guinea	Approx. 6,600	New Lease
Symphony Square	Decentralised	Yonex	Approx. 4,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

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

TIFFANY GOH

Country Manager

+6012 299 2778 /

tiffanygoh@ivpsmalaysia.com

cushmanwakefield.com

FARAH HANISSA

Corporate Services and Research

+6017 233 0661 /

farah@ivpsmalaysia.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.