

Industrial Property
(All Types)

12-Mo.
Forecast

14.62%

Transactions from Terraced Factory/
Warehouse



1.65%

Sales Growth (Value y.o.y)



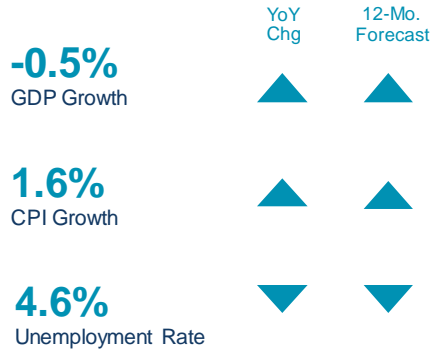
16.40%

Sales Growth (Volume y.o.y)



Source: Cushman & Wakefield / IVPS Research

MALAYSIA ECONOMIC INDICATORS Q1 2021



Source: Department of Statistics Malaysia

Industrial Recovery Led by Manufacturing Sector

The Industrial Production Index (IPI) increased sharply in April 2021 to record a rise of 50.1% over the same month last year. The growth was driven by increments in all indices: Manufacturing index (68.0%), Electricity index (22.9%) and Mining index (14.3%), Transport Equipment & Other Manufactures (275.2%), Non-Metallic Mineral Products, Basic Metal & Fabricated Metal Products (141.0%), and Electrical & Electronics Products (70.1%). The export-oriented industries have driven growth in the Manufacturing sector by 52.8%, while domestic-oriented industries increased by 110.9%. Manufacturing sector growth has also been spurred by high capacity utilization rates, especially in Electrical & Electronic Products and Petroleum, and Chemical, Rubber & Plastic Products sub-sectors.

Steady Demand for Industrial and Warehouse Space

The industrial property sector is experiencing steady demand regardless of the prevailing economic climate and the COVID-19 outlook. Growth in the industrial and warehouse sector has been supported by the boom in e-commerce, as consumers turned to online shopping during the movement restriction period, as well as a spike in demand for pharmaceuticals and healthcare products.

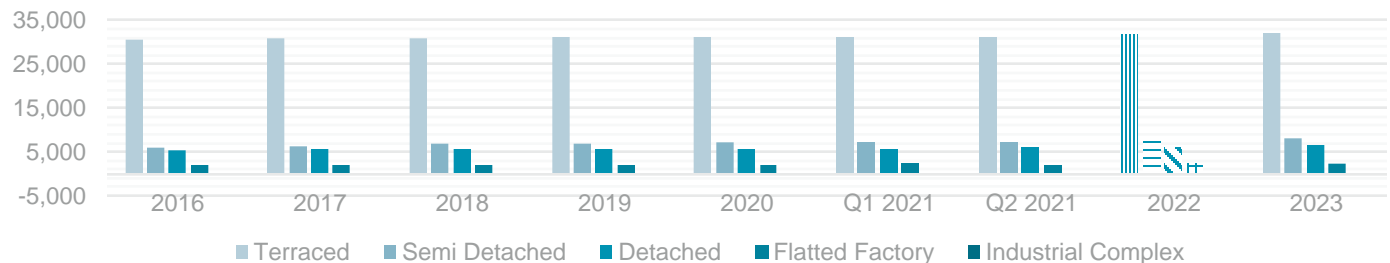
Looking ahead, prime industrial parks that are well planned and managed will remain the top choice for investors and companies seeking warehousing facilities to meet business expansion needs or new warehousing setups. Mature and sought-after locations will remain the most popular localities for manufacturers or warehouse operators.

Notable Rent Increase as New Completions Slow

The overall average asking rent experienced a notable q-o-q rise in Q2, jumping to MYR0.70 - MYR4.00 from the Q1 level of RM0.70 – RM3.30. The Greater KL industrial property sector recorded sales growth of 1.65% y-o-y to reach RM1.94 trillion for 518 units.

Construction remains on a downturn under the impact of the Movement Control Order 3.0, implemented on June 1, which halted project completions. However, prices of industrial properties displayed a stable market trend, as transactional activities put on hold during the movement control order are now expected to pick up once the restrictions are lifted.

INDUSTRIAL SUPPLY PIPELINE (GREATER KL)



Industrial Q2 2021

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	534	MYR 1.60 - MYR 4.00	US\$0.39 - US\$0.97	€ 0.32 - € 0.80
Northern Region	4,621	778	MYR 0.70 - MYR 1.80	US\$0.17 - US\$0.44	€ 0.14 - € 0.36
Southern Region	1,497	367	MYR 1.00 - MYR 3.30	US\$0.24 - US\$0.80	€ 0.20 - € 0.66
Western Region	8,465	1,410	MYR 1.00 - MYR 1.80	US\$0.24 - US\$0.44	€ 0.20 - € 0.36
Eastern Region	7,367	48	MYR 0.70 - MYR 1.60	US\$0.17 - US\$0.39	€ 0.14 - € 0.32
TOTAL	46,154	3,137	MYR 0.70 - MYR 4.00	US\$0.17 - US\$0.97	€ 0.14 - € 0.80

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

INVESTMENT OPPORTUNITIES AND TRENDS

- **Logistics:** The expansion of e-commerce, pharmaceutical, fast-moving consumer goods, and other third-party logistics firms have created growing demand in the industrial property market. Shah Alam and Klang have the highest concentration of logistics players due to comprehensive infrastructure and good highway connectivity to seaports and airports.
- **City-Fringe Business Parks:** Industrial space located in city-fringe areas offers higher specification with different adoption of property types, such as built to suit, or stand alone with single occupiers, within the industrial park or multi-tenanted industrial park. Areas to look at are Shah Alam, Klang and Petaling.
- **Data Centre:** More than 90% of existing data centers in Malaysia are located in Cyberjaya. Other possible locations promoted by the government are in Negeri Sembilan and Melaka, as well as Johor Bahru or Iskandar region, which is promoted with the intention to capture spillover demand from Singapore.
- **Environmental, Social and Corporate Governance:** There is a lack of industrial supply for such properties and investors are looking at redevelopment and redesign of warehouse provision to multistory (especially in Shah Alam locality with the Mapletree Logistic Hub as the first multistory warehouse), as well as pushing landlords to investigate revamping existing facilities with high ceilings, more loading bays, superior floor loading and better utilities connectivity (power, water and fiber).

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
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