

Office Q1 2022

	YoY Chg	12-Mo. Forecast
RM 6.03 Average Asking Rent (MYR/sf/mo)	▼	▼
-0.69% Rental Growth (YoY)	▲	▼
28.16% Vacancy Rate	▲	▲

Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
3.6% GDP Growth	▼	▲
2.3% CPI Growth	▲	▲
4.2% Unemployment Rate	▼	▼

Source: Department of Statistics Malaysia

Malaysia Economy Getting Back on Track

Despite encountering the Covid-19 pandemic and natural disasters simultaneously, all states have transitioned to Phase 4 of the National Recovery Plan allowing more economic activities resumed their operations. Overall, Malaysia's economic performance in 2021 showed a recovery momentum with the growth of 3.1% as compared to a decline of 5.6% in 2020. Malaysia's GDP growth in the fourth quarter of 2021 rebounded 3.6% while the quarter-on-quarter seasonally adjusted GDP turned around 6.6% in tandem with sturdy growth of Exports and Imports. The economic performance is still below its pre-pandemic level in 2019 but surpassed the level of fourth quarter of 2019 by 0.01% attributed by the strong growth in Manufacturing sector (Q4 2021: 9.1%) and Services sector (Q4 2021: 3.2%). Meanwhile, on the demand side, all expenditure components experienced positive performance except for Gross fixed capital formation. Starting Q2 2022, Malaysia will enter into "Transition to Endemic" phase of Covid-19 ensuring more investments, higher productivity and trade in order to avoid a second slowdown in a W-shaped recovery.

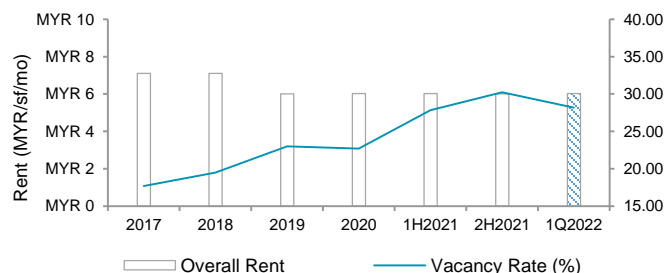
Workplace Strategies Post-Lockdown

In light of the on-going pandemic, more companies are adopting and embracing the hybrid working model and increasingly interested in remote and co-working space. With increased demands for affordable and flexible workplace, whether for start-ups or more established business, new co-working spaces in Fringe and Decentralised will still be in demand. The demand is motivated by the work environment offered which enhanced by amenities in and around the workplace such as cafes or restaurants, gym, retail and leisure facilities, as well as factors such as greeneries and open spaces. Looking ahead, the adoption of hybrid working model is expected to significantly impact the demands of traditional office.

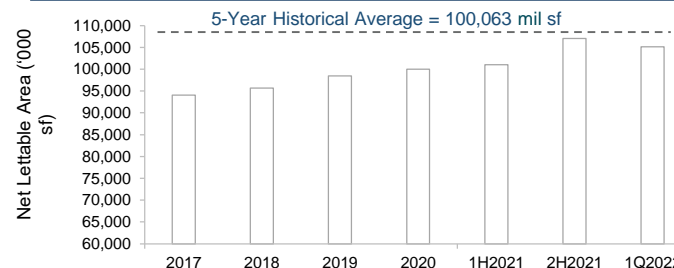
Rental Rates Sets to Show Gradual Recovery for out of CBD location

Towards the end of Q1 2022, majority landlords in KL CBD area are still quoting high asking rents despite its occupancy rates being under pressure owing to demand is focus mainly on KL Fringe and decentralized areas. Thus, landlords are expected to provide competitive offerings in order to attract / retain the tenants and new occupiers. It is anticipated that rental rates for outer KL shall relatively remained stable, i.e. supported by good demand from life science, technology and GBS occupiers. Other factors contributing to the demand is due to good connectivity to trains and roads, integrated development and good provision of office specifications.

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



Office Q1 2022

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	58.26 million	27.70%	10.18 million	MYR 6.76	US\$1.61	€ 1.46
KL Fringe	46.89 million	30.40%	1.89 million	MYR 6.42	US\$1.53	€ 1.39
Decentralized Area	35.47 million	26.39%	4.55 million	MYR 4.90	US\$1.16	€ 1.06
TOTAL	140.62 million	28.16%	16.62 million	MYR 6.03	US\$1.44	€ 1.30

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 (NAPIC) & 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 Conlay	KL CBD	606,000	2021
Menara Legasi	KL CBD	2,291,701	2021
Menara Great Eastern 2	KL CBD	221,000	2021
Imazium @ Damansara Utama	Decentralised	450,000	2021
UOB Tower 2	KL CBD	342,465	2021
Affin Bank Tower @ TRX	KL CBD	823,439	2022
KL Eco City Aspire Tower	KL Fringe	650,000	2022
Sunway V2 Tower	KL Fringe	362,400	2022
Merdeka 118	KL CBD	1,700,000	2022
Pavilion Damansara	KL Fringe	1,500,000	2023
Sunway CP2 Office Tower	Decentralised	553,629	2023

INVESTMENT TREND/ OFFICE DEVELOPMENT ACTIVITIES

- Colony, co-working service provider has signed a six-year co-working space deal with integrated car e-commerce platform Carsome, involving 41,860 sqft of office space across four floors of KYM Tower in Mutiara Damansara.
- Al Rajhi Bank Malaysia (ARBM) officially launched its new office in Menara Hap Seng 3 to house its Digital Bank team.
- Infinity8, i.e. a local co-working operators has expanded into Klang Valley by opening an 11,000 sq. ft co-working space in MyTown, Cheras.

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