

KUALA LUMPUR

Retail Q2 2022

CUSHMAN & WAKEFIELD

YoY Chg 12-Mo. Forecast

0.09%
CBD Prime Rental Growth



22.47%
Vacancy Rate



10.8%
Retail Trade Sales Growth



Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

5%
GDP Growth



2.3%
CPI Growth



5.5%
Consumer Spending Growth



4.1%
Unemployment Rate



Source: Department of Statistics Malaysia

Malaysia Economy Gearing Up Its Momentum

Malaysia's overall economic performance is picking up momentum and is anticipated to recover gradually throughout 2022 as the country transitions to an endemic phase with the relaxation of restrictions and reopening of borders. It would encourage social engagement activities and expected to lead better impact on the economy. The CPI for Q2 2022 slightly increased at 2.3% to 125.9 as against 123.1 in the same month of the preceding year while Sales of Retail Trade registered a growth of 10.8% as compared to March 2021. Among the groups that contributed to this expansion were Retail Trade Not in Stores, Stalls or Markets (26.5%), Retail Sale in Non-specialised Stores (16.2%), Retail Sale Via Stalls & Markets (11.8%), and Retail Sale of Cultural & Recreation Goods in Specialised Stores (11.4%). Compared with February 2022, sales of this sub-sector went up 2.2%.

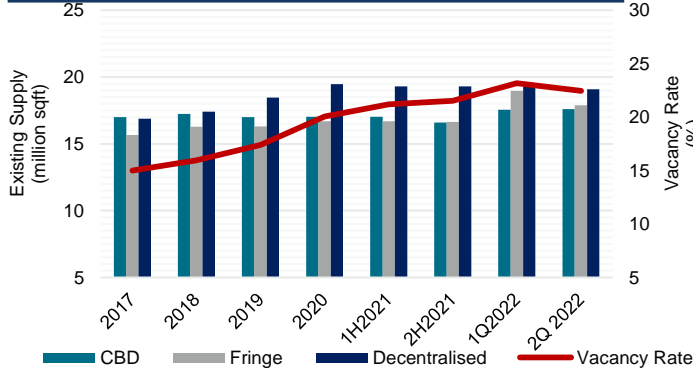
Retail Segment on Recovery Path

Retail segment performance in Q2 2022 improved in light of the festive season and celebration but there are concerns linger due to external factors which could affect consumer purchasing power. It would be limited on account of many factors such as higher cost of living, accelerating inflation, global economic slowdown, increasing of goods price etc. Bank Negara Malaysia has raised Overnight Policy Rate by 0.25% on May and expected to rise again in the upcoming quarter which then will further erode the purchasing power of Malaysian. However, with relaxation of restrictions and reopening of borders, shopping traffic has gained hope to return to pre-Covid levels as consumers are visiting physical stores and dining in restaurants. Looking ahead, retail segment expected to maintain the pace of recovery towards the end of 2022.

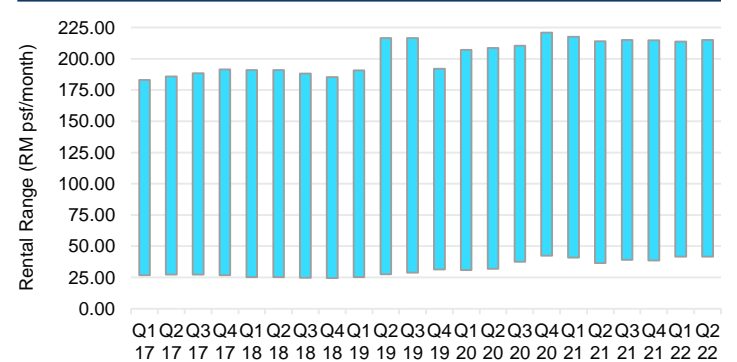
Retail Asking Rents Remain Steady

Several shopping malls are expected to be opening their doors to the public this year, after some were delayed due to Covid-19 pandemic. With a total net floor area exceeding 430,000 square metres, including the expansion of existing shopping malls at IOI City Mall (ICM) Phase 2 in Putrajaya. The overall average vacancy rate declined to 22.47% in Q2 2022 as compared to last quarter. Meanwhile, the CBD submarket prime rent slightly decreased for Q2 2022 in the range of RM40.84 to RM209.75 per sf per month, representing an increase of 0.09% y-o-y. Landlords are expected to lower rental rate or offer rental rebates to attract tenants and further improve occupancy rate of the shopping complex.

Greater KL Existing Supply and Vacancy Rate



CBD Prime Rental Range



KUALA LUMPUR

Retail Q2 2022

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)
KL CBD	17.60 million	23.6%	3.66 million
KL Fringe	17.89 million	24.5%	2.59 million
Decentralized Area	19.09 million	19.3%	2.5 million
TOTAL	54.58 million	22.47%	8.75 million

SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	SF	TARGETED COMPLETION
Mitsui Shopping Park Lalaport	KL CBD	1,400,000	2022
Lot 91 @ KLCC Retail Component	KL CBD	73,000	2022
IOI City Mall Putrajaya Phase 2	Decentralised	1,000,000	2022
Warisan Merdeka Mall	KL CBD	1,560,767	2023
Pavillion Damansara Heights	KL Fringe	1,170,000	2023
8 Conlay Retail Component	KL CBD	120,000	2023
The Exchange Mall	KL CBD	1,300,000	2023

INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- Subway inked an agreement with Pegacorn to expand their footprint in Malaysia by opening about 500 new stores across Peninsular over the next 10 years with new concept such as new drive-throughs and 'Grab & Go' options.
- Penang set for second Mitsui outlet, a joint venture project of Mitsui and MAHB in the near future subject to approval from the state authorities, located next to Penang International Airport.
- Kopi Kenangan, the first F&B New Retail Unicorn in Southeast Asia targeted to open its first 5 new outlet in Malaysia as their first international's footprint.
- Carsome PJ Automall opened its doors to visitors as the Malaysia's biggest experience centre as well as the first that comes with electric vehicle (EV) charging stations located along the Federal Highway with 100,000 sqft facility.
- Central i-City's vacant roof space has been transformed into an eco-friendly urban farm with assistance from CityFarm Malaysia, being a driving force in urban farming scene.
- Berjaya Food Bhd, which operates the Starbucks and Kenny Roger's Roasters franchise in Malaysia, is set to announce a joint venture with international bakery operator Paris Baguette Singapore, planning to have production facilities and launch Paris Baguette bakeries in Malaysia.

TIFFANY GOH

Country Manager

+6012 299 2778 | tiffanygoh@ivpsmalaysia.com

SABRINA KHALID

Occupier Services – Transaction Management

+6017 233 0661 | sabrina@ivpsmalaysia.com

AIN AFIQAH NASRI

Occupier Services – Transaction Management

+6011 2320 6881 | ain.afiqah@ivpsmalaysia.com

cushmanwakefield.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 51,000 employees in 400 offices and 70 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2022 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.