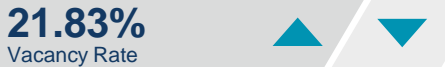


KUALA LUMPUR

Retail Q3 2022

CUSHMAN & WAKEFIELD

YoY Chg 12-Mo. Forecast



Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q2 2022

YoY Chg 12-Mo. Forecast



Source: Department of Statistics Malaysia

Malaysia Economy Sets for Greater Growth

An increase in domestic demand and robust exports helped Malaysia's economy grow at its strongest annual rate in a year, but a slowdown in global growth is anticipated to threaten the outlook for the rest of 2022 as commodity prices fell back and the benefit of border reopening faded. The CPI for Q2 2022 slightly increased at 3.1% from 2.0% in the same month of the preceding year while Sales of Retail Trade registered a positive growth of 37.5% y-o-y. Among the groups that contributed to this expansion were Retail Sale in Non-specialised Stores (39.1%), Retail Sale of Other Goods in Specialised Stores (47.1%) and Retail Sale of Other Household Equipment in Specialised Stores (28.8%). Overall, Malaysia's GDP appears to be able to meet the annual GDP growth of 7.7% in this year where it is anchored by diversified structure with low dependence on commodities, wide mix of trading partners together with a strong and stable financial system.

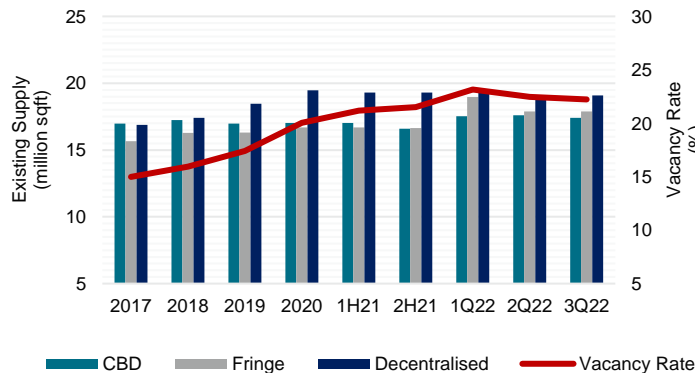
Pent-Up Demand Contributed To Strong Recovery of Retail Sector

Pent-up demand, favourable fiscal incentives, significant rise in consumer spending as well as macroeconomic conditions are expected to drive retail trade performances toward the end of 2022. Most restaurants are packed as well as the increasing in shopping mall foot traffic showcasing that retail sector is on the right path of recovery. Although there is inflationary pressure that could affect consumers' disposable income and spending, the retail sector can maintain the recovery journey underpinned by improving labour market, fiscal incentives and tourism activity. Nevertheless, Malaysia is likely to chart even stronger growth in the upcoming quarter despite facing a weaker global economy as well as the rising US dollar.

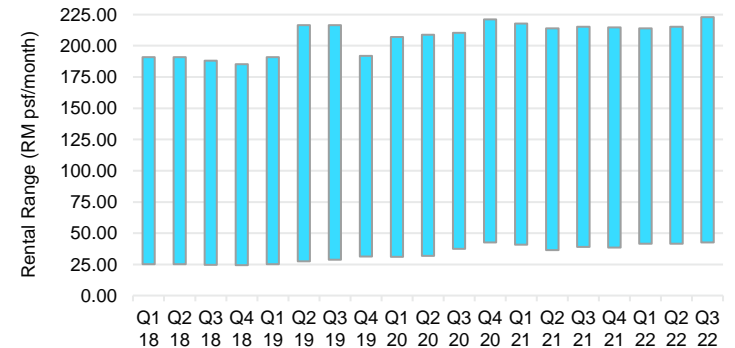
Steadiness of Retail Asking Rents Despite Continuous Declining in Vacancy Rate

Year 2022 has been somewhat of a renaissance for the shopping mall and its regular tenants after the re-opening of national border, entering endemic phase and the latest, masks no longer a compulsory in most indoor areas in Malaysia. People have returned to the malls in droves, producing a dramatic rise in retail activity that has helped the retail growth but is still below pre-Covid levels. The overall average vacancy rate continued to decline to 21.83% in Q3 2022 as compared to last quarter. Meanwhile, the CBD submarket prime rent slightly increased for Q3 2022 in the range of RM42.55 to RM223.00 per sf per month, representing an increase of 6.06% y-o-y.

Greater KL Existing Supply and Vacancy Rate



CBD Prime Rental Range



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)
KL CBD	17.36 million	20.7%	4.56 million
KL Fringe	15.51 million	24.2%	0.48 million
Decentralized Area	19.09 million	20.6%	3.15 million
TOTAL	51.96 million	21.83%	8.19 million

SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	(NLA) SF	TARGETED COMPLETION
KSL Esplanade Mall	Decentralised	650,000	2022
Mitsui Shopping Park Lalaport	KL CBD	845,000	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 @ 118 Mall	KL CBD	1,560,767	2023
Pavillion Lifestyle Mall @ Damansara Heights	KL Fringe	1,100,000	2023
8 Conlay Retail Component	KL CBD	120,000	2023
The Exchange Mall	KL CBD	1,300,000	2023

INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- With the opening of its 2nd phase, IOI City Mall has become the largest mall in Malaysia with more than 700 retail outlets in total.
- MyTownKL's redevelopment project – dubbed – MyGround recently completed spanning more than 150,000 sqft which will act as a socialising hub. Moreover, more than 15 well-known F&B deals has been added including a flagship outlet of Bangkok Wasabi.
- Poh Kong and Lotus Corporation has entered into SPA of two leasehold three-storey shop lots in PJ New Town with each measuring approximately 174.19 sq. m for RM11.35 million.
- South Korean convenience stores are actively making forays into Malaysia with the latest, GS25 has partnered with Malaysian retail giant KK Group to open its first GS25 store by next year and expand to 500 locations in five years.
- Malaysia's first Ralph Lauren coffee has opened its door in Pavilion KL where visitors can shop for clothes while grab a coffee and cake.
- K Plus Food Market has launched its presents in the Curve Shopping Mall, occupying approximately 30,000 sq. ft which offers South Korean products, ranging from food and cosmetics to homeware essentials.

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

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