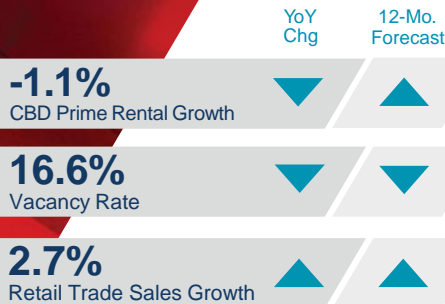


KUALA LUMPUR

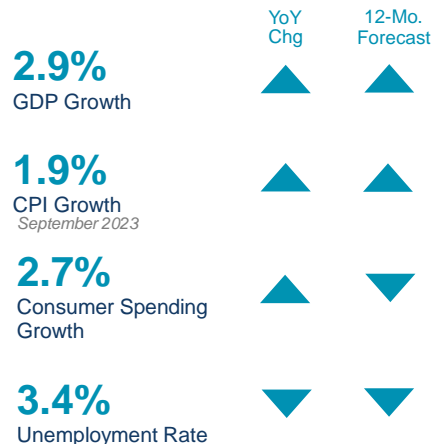
Retail Q3 2023

CUSHMAN & WAKEFIELD



Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q2 2023



Source: Department of Statistics Malaysia

Malaysia's Domestic Demand Maintain a Key Driver Despite Global Slowdown

Malaysia's GDP growth moderated to 2.9% in Q2 2023, where its performance was supported by the growth in Services, Construction and Manufacturing sectors, which grew by 4.7%, 6.2% and 0.1% respectively. The Services sector grew at slower pace 4.7% (Q1 2023: 7.3%) influenced by growth in wholesale trade and retail trade activities, better performance in support activities for transportation, land transport and air transport segments as well as strong performance in professional, scientific and technical activities. Despite global slowdown, Malaysia expects positive growth as inflation shall remain moderate in coming months since Bank Negara Malaysia have decided to maintain the OPR allowing domestic demand continues to thrive.

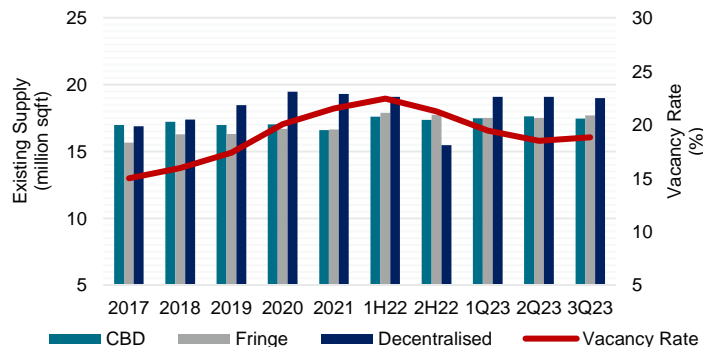
Malaysia's Consumer Spending Remains Resilient

Consumer spending in Malaysia grew by 2.7% y-o-y but slightly decrease on q-o-q basis (Q3 2022: 5.5%). Despite the global slowdown, consumer spending remains resilient driven by strong growth in the Non-specialized Stores (9%), Other Goods in Specialized Stores (4.6%) and Other Household Equipment in Specialized Stores (0.2%) sector. We observed that consumers are shifting their spending priority towards essential goods especially those households that are categorized as B40 (bottom 40%) and M40 (middle 40%) compared to T20 (top 20%). The Malaysian government's stimulus measures and on-going infrastructure projects are anticipated to provide some support in consumer spending growth as an effort to boost economic activity and alleviate the impact of inflation on households. However, retailers must adapt with the changes in consumer preferences and implement strategies in order to remain competitive.

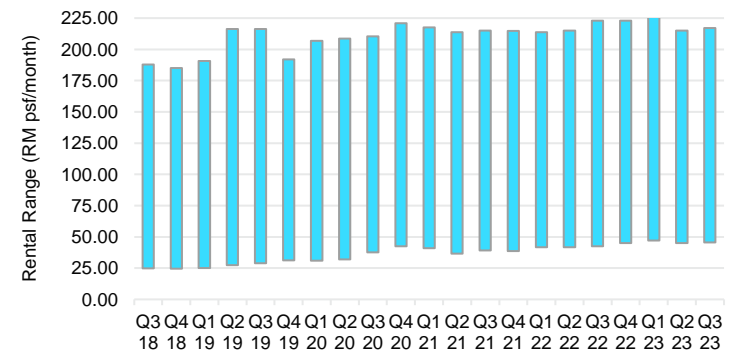
Prime Malls at Bright Spot Though Vacancy Rate Rises

The overall vacancy rate for Kuala Lumpur shopping mall rose to 18.83% in Q3 2023 from 18.49% in the previous quarter. This increase influenced by few factors mainly due to the rising cost of living resulting from inflation and slower wage growth that affect consumer footprint. However, prime shopping mall's rental remain stable with slight decrease within the range of RM45.40 to RM217.15 per square foot per month, representing a decrease of 1.1% y-o-y. Despite that, prime shopping malls continue to perform well as they have a strong tenant mix and well-maintained. In contrast, we observed that shopping malls in less desirable locations or with aging infrastructure facing a challenge to attract new tenant and retain existing ones, resulting in declining rents. On a bright side, the upcoming year-end festive season may increase retail sales, which could contribute to the demand for retail space and stabilizing rental rate.

Greater KL Existing Supply and Vacancy Rate



CBD Prime Rental Range



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)
KL CBD	17.45 million	16.6%	2.31 million
KL Fringe	17.69 million	22.0%	2.67 million
Decentralised Area	19.00 million	17.9%	2.50 million
TOTAL	54.14 million	18.5%	7.47 million

SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	(NLA) SF	TARGETED COMPLETION
Pavilion Damansara Heights Mall (Phase 1)	KL Fringe	533,361	2023
8 Conlay Retail Component	KL CBD	120,000	2023
The Exchange Mall @ TRX	KL CBD	1,300,000	2023
KSL Esplanade Mall	Decentralised	650,000	2023
Sunsuria Forum @ 7 th Avenue	Decentralised	150,000	2023
Warisan Merdeka Mall @ 118	KL CBD	1,560,767	2024
Pavilion Damansara Heights Mall (Phase 2)	KL Fringe	529,353	2024
Mall @ The Loft Maju KL	KL CBD	1,000,000	2026
Q Mall @ Queensville	KL CBD	412,000	2026

INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- KIP REIT acquires KIPMall Kota Warisan, a 1.5-storey retail center with 186,215 sf of lettable space in Dengkil, Selangor for RM80 million.
- 168 Park Selayang, a 2-storey retail mall with 118 commercial units and 235,500 sf of lettable space in Selayang, Kuala Lumpur, have secured Village Grocer as its community mall anchor tenant.
- IOI Properties Group launched Sierra Fresco at 16 Sierra, Puchong South which a 10-acre commercial area with a handpicked assortment of popular businesses to offer community conveniences and lifestyle opportunities fully managed by IOI Properties.
- LEGO Group unveils its first-ever 'Retail-tainment' Concept LEGO Certified Store in Malaysia at Sunway Velocity Mall, Kuala Lumpur that provide shoppers an extension of play with a series of interactive features while shopping.
- BIG Pharmacy Healthcare has clinched a deal to buy its competitor Caring Pharmacy Group from convenience store operator 7-Eleven Malaysia for a RM900 million worth deal.
- Healthcare retail chain Gintell officially launched its 117th retail outlet and Signature Showroom, located at Lot 6.16, Level 6 Pavilion Kuala Lumpur.
- Suria KLCC Group has released plans for the redevelopment of the Alamanda Shopping Centre in Putrajaya which commenced on 20 June 2023, is expected to complete in 4Q 2024.

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