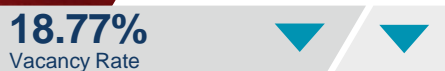


KUALA LUMPUR

Retail Q4 2023

CUSHMAN & WAKEFIELD



Source: IVPS / Cushman & Wakefield Research

MALAYSIA ECONOMIC INDICATORS Q3 2023



Source: Department of Statistics Malaysia

Domestic Demand Drives GDP

Malaysia's economy defied global headwinds in Q3 2023, posting a respectable 3.3% growth y-o-y. This uptick from Q2's 2.9% pace was fueled by resilient domestic demand, showcasing the country's growing economic independence. Household spending took the lead, supported by continued job creation and rising wages. Investments also played a vital role, fueled by on-going infrastructure projects and private sector confidence. However, the exports remained sluggish, reflecting weaker global demand for Malaysian goods like electronics and petrochemicals. This slowdown also weighed on the manufacturing sector which contracted slightly. However, the Bank Negara Malaysia expressed optimism, reiterating its belief that the economy will expand by around 4% in 2023.

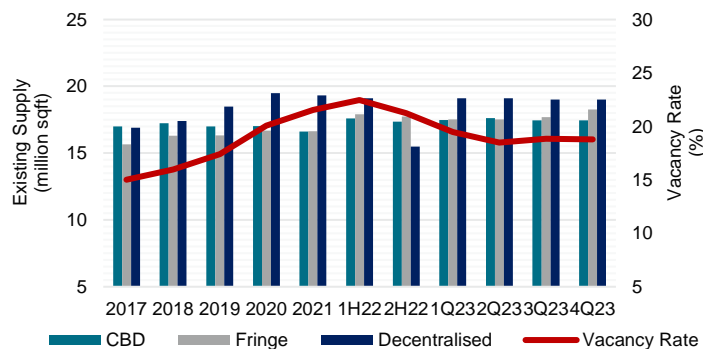
Festive Cheer and Rising Wages Drive Consumer Growth

Despite an inflationary sting, Malaysian consumers have been on a shopping spree in 2023, defying expectations and propelling the nation's economic engine forward. This year-end spending surge brings overall consumer growth to 3.7%, fueled by the festive spirit, rising wages, and a robust job market. Strong growth was recorded in the Non-specialized Stores (6.1%), while Other Goods in Specialized Stores (2.2%) and Other Household Equipment in Specialized Stores (2.0%) sectors recorded moderate growth. The strong consumer spending trend in Malaysia, coupled with supportive government measures, helps the country's economic recovery. However, managing inflation and staying prepared for global challenges will be crucial to ensure continuous momentum in 2024 and beyond.

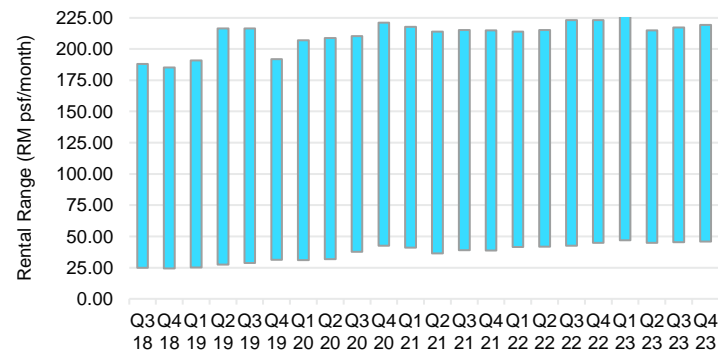
Malaysian Malls Inched Forward in the Final Quarter of 2023

While the path for the retail market to full recovery remains long, Malaysian malls are taking a tentative step forward. The Q4 vacancy rate slightly declined to 18.77% from 18.83% (Q3 2023), hinting at a potential revival in the retail landscape. Prime mall rents remained remarkably stable, with a slight decrease within the range of RM45.90 to RM219.32 per square foot per month (down 1% y-o-y). This stability indicates resilience and possibly renewed tenant confidence. While challenges remain, key metrics like vacancy rates and rental prices hint at a slow but positive trajectory for the retail sector, proving shopping malls are seeing a flicker of revival in the final stretch of 2023.

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	15.8%	5.35 million
KL Fringe	18.26 million	22.9%	1.87 million
Decentralised Area	19.00 million	17.7%	2.50 million
TOTAL	54.71 million	18.8%	9.72 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

- Berjaya Times Square Kuala Lumpur has reached an agreement with Singapore's production company MM2 Asia Ltd. to establish mmCineplex as one of the mall's new anchor tenants.
- Sunway Property has signed a memorandum of understanding (MoU) with Putrajaya Holdings Sdn Bhd to collaborate on developing prime commercial strategic parcels of land in Precincts 7 and 8 in Putrajaya.
- SP Setia has announced the launch of Bayu Avenue, the third phase of commercial development in its Setia Bayuemas township. The 3rd phase comprises 16 freehold double-storey shop offices with a GDV of RM21.86 million.
- IJM has announced a Lotus hypermarket at IJM Rimbayu township in Selangor. The 64,066 sf hypermarket on 4.48 acres would cost RM42 million to build and offer 185 surface parking spaces.
- The retail component of the Tun Razak Exchange development in Kuala Lumpur, Exchange TRX, opened to the public. The retail and leisure complex, with over 400 stores and 1.3 million sf of net lettable area, aims to become Kuala Lumpur's heart.
- Local cinema chain TGV Cinemas is marking the opening of its latest venue in Pavilion Bukit Jalil. This new cinema will hold the distinction of being the first cinema in Malaysia to offer IMAX with laser systems and 12-channel sound technology.
- IGB REIT announced a 99.94% occupancy rate for Mid Valley Megamall, one of Malaysia's largest malls with 1.8 million sf of net lettable area, in 3Q23, up from 99.9% in 2019. Similar trends are found in The Gardens Mall, where occupancy rose to 99.9% in 3Q23 from 98.9% in 2019.

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