

KUALA LUMPUR

Retail Q1 2024

CUSHMAN & WAKEFIELD

YoY Chg 12-Mo. Forecast

46.23%
CBD Prime Rental Growth

19.66%
Vacancy Rate

2.6%
Retail Trade Sales Growth

Source: IVPS / Cushman & Wakefield Research

Retail Sales Rebound in Q1 2024

In January 2024, the sales value of wholesale and retail trade in Malaysia reached a record of RM142.4 billion, marking a commendable 5.4% year-on-year growth. The upward trend was fueled by every subsector which consisted of motor vehicles, retail trade and wholesale trade with 16%, 2.6% and 5.5% accordingly. Besides, registering at 152.3 points, the wholesale and retail trade sectors exhibited a year-on-year growth of 3.5% in terms of volume index. This uptick was bolstered by significant increases in motor vehicles, which soared by 12.1%, as well as wholesale trade, which saw a 4% rise, and retail trade, which experienced a modest 1.4% uptick. However, in monthly comparison, the data showed that the sale value has been decreased to -1.1% where the volume index experienced a marginal decline of -1.3%, primarily influenced by a decrease of -4.6% in motor vehicles and a -2.3% decrease in retail trade.

Prevailing Weak Spending Power Consumption

Throughout 2024, weak consumer sentiment is expected to persist, leading consumers to prioritize essential expenditures over discretionary ones. This trend is likely to dampen consumer spending, with households facing increased expenditure. Staple food prices are also expected to remain high in 2024 due to ongoing operational challenges, including rising labor and utility costs, as well as fluctuations in raw material prices for manufacturers. The introduction of new taxes in 2024, including the rise in the sales and service tax to 8% from the previous 6%, potential water tariff hikes, reductions in petrol/diesel subsidies, and the implementation of a low-value goods tax, is expected to further impact consumption habits. These changes are likely to strain overall consumer disposable income, with the middle-income group expected to bear the brunt compared to the higher and lower-income groups.

In conclusion, retail sales figures in 2024 are expected to be primarily influenced by higher prices rather than increased sales volumes, reflecting the challenging economic conditions and consumer sentiments.

MALAYSIA ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

3%
GDP Growth

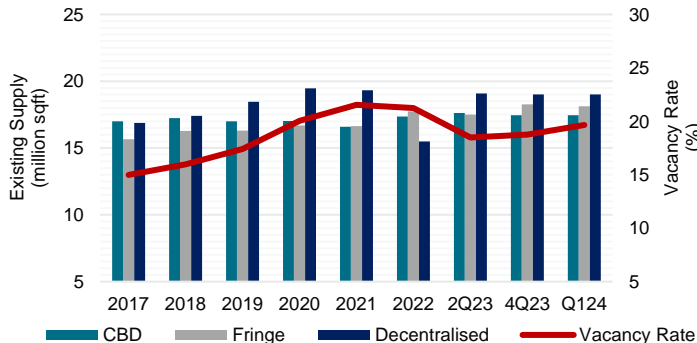
1.8%
CPI Growth

4.2%
Consumer Spending Growth

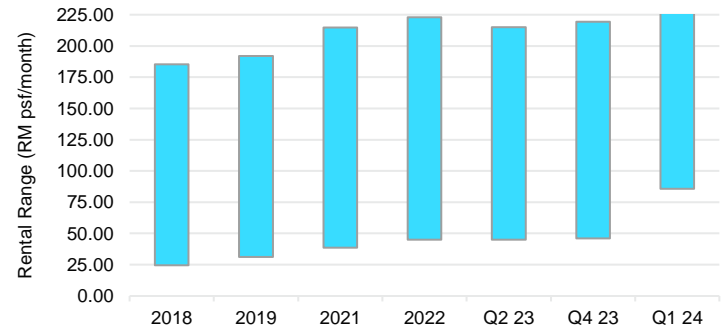
3.4%
Unemployment Rate

Source: Department of Statistics Malaysia

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	15.1%	1.24 million
KL Fringe	18.13 million	18.6%	2.71 million
Decentralised Area	19.00 million	25.2%	2.50 million
TOTAL	54.58 million	19.63%	6.45 million

SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	(NLA) SF	TARGETED COMPLETION
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 (Phase 1)	KL CBD	1,000,000	2026
Q Mall @ Queensville	KL CBD	412,000	2026

INVESTMENT TREND / RETAIL DEVELOPMENT ACTIVITIES

- Moxy Hotel debuts in Malaysia and had a soft opening in Putrajaya which located steps away from IOI City Mall in Putrajaya.
- Courtyard by Marriott Penang was sold to IOI PFCC Hotel for an amount of RM165 million.
- Monkeys Canopy Hotel Resort by Unicorn Pavilion had a soft opening in Sungai Long by mid Feb 2024
- After the successful launch of IMAX with Laser and 12-Channel Sound Technology at cinema in Pavilion Bukit Jalil and Sunway Velocity, TGV is extending the IMAX experience to TGV in 1 Utama.
- Due to the ongoing conflict since Q4 2023, certain prominent Western brands, such as Mc Donald's and Starbucks, are facing consumer boycotts.

TIFFANY GOH

Country Manager – Occupier Services
+6012 299 2778 | tiffanygoh@ivpsmalaysia.com

JR YAP

Occupier Services – Transaction Management
+6012 286 1778 | jryap@ivpsmalaysia.com

[cushmanwakefield.com](https://www.cushmanwakefield.com)

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