

	YoY Chg	12-Mo. Forecast
RM 6.09 Average Asking Rent (MYR/sf/mo)	▲	▲
3.38% Rental Growth (YoY)	▲	▲
28.26% Vacancy Rate	▲	▲

Source: IVPS / Cushman & Wakefield Research

Malaysia's Economic Growth Is Anticipated to Improve

Malaysia's GDP shows a positive outlook as it continues to show improvement at 4.2% in the Q1 2024, compared to 2.9% in Q4 2023. The construction sector is mainly attributed economic performance where it retained positive growth if observed across all sector with 11.9%. With the overall performance, manufacturing sector showed positive growth which grew 1.9% from 0.3% on Q4 2023. Mining and quarrying sector steeply grew to 5.7% from 3.5% of previous quarter while services slightly grew to 4.7% from 4.1% of the previous quarter. However, there is a decrease in agriculture which is 1.6% compare to 1.9% in previous month. Exports decreased to 5.2% while imports increased to 8.0%. In Q1 2024, headline inflation stayed moderate. Inflation is expected to range between 2.0% and 3.5% on average in 2024. The Producer Price Index recorded an increase to 1.6% in March 2024. The labor force increased by 0.3% in the Q1 2024, reaching a total of 16.96 million individuals. However, the services sector maintained a positive trend in employment, especially in wholesale and retail trade, food and beverage services, and information and communication activities.

Top Quality Office Spaces Remains a Strong Demand

The demand for top tier office spaces remains high, with vacancy rates decreasing and rental rates improving due to a trend among tenants seeking higher-quality spaces. As a result, rents for green certified office buildings have been rising more rapidly than the general market. However, tenants are still mindful of their overall occupancy costs and are striving for more efficiency, often by reducing or keeping their space allocation the same when moving to green certified buildings. The rental rate for green buildings has increased as occupants appreciate the sustainability credentials that align with their values. Tenants are more likely to benefit from superior facilities in higher quality buildings, enhancing their efficiency in conducting work. Landlords are considering to refurbish old office buildings for different uses to attract tenants and remain competitive in the market.

Rental Rates in All Submarket Gradually Flattered With Slightly Rise Vacancy Rate

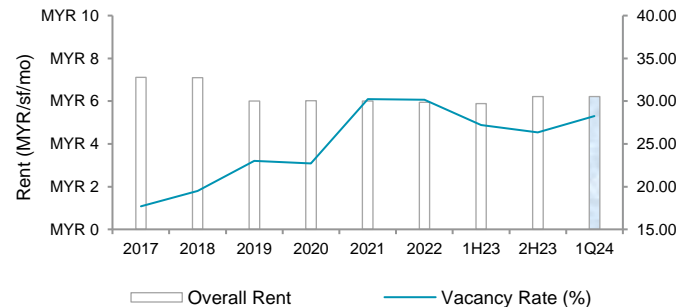
The average asking rent in KL CBD recorded a slight increase of RM0.08 per sf per month from Q4 2023 to Q1 2024. Meanwhile, the average asking rent in the KL Fringe area slightly declined by RM0.11 per sf per month and remained unchanged in the Decentralised areas. As a result, the year-over-year average asking rental growth for Q2 2024 has decreased to 3.38%. The vacancy rate in Q1 2024 gradually increased to 28.26% due to the addition of newly constructed office buildings. Due to the increase in construction costs, the newly constructed office buildings command slightly higher rental rates. Despite this premium, tenants often prefer the newer buildings when the rental rates are almost similar to those of older buildings.

MALAYSIA ECONOMIC INDICATORS Q1 2024

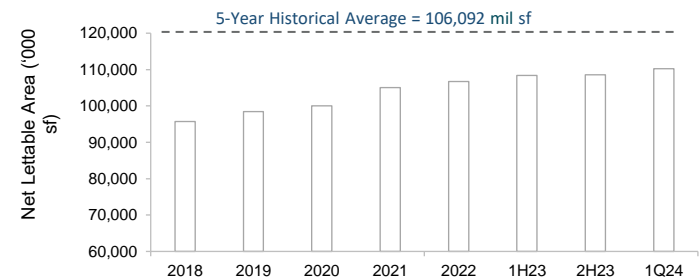
	YoY Chg	12-Mo. Forecast
4.2% GDP Growth	▼	▲
1.8% CPI Growth February 2024	▼	▼
3.3% Unemployment Rate	▼	▼

Source: BNM, Department of Statistics Malaysia

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



Office Q2 2024

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A AVERAGE FACE RENT		
				MYR/SF/MO	US\$/SF/MO	EUR/SF/MO
KL CBD	60.74 million	27.5%	13.57 million	MYR 6.93	US\$ 1.47	€ 1.35
KL Fringe	49.45 million	37.4%	2.34 million	MYR 6.56	US\$ 1.39	€ 1.28
Decentralised Area	35.34 million	19.9%	0.65 million	MYR 4.79	US\$ 1.01	€ 0.94
TOTAL	145.53 million	28.26%	16.56 million	MYR 6.09	US\$ 1.29	€ 1.19

a) Cumulative space for all sub-markets are based on total supply of office space (all grades)

US\$/MYR\$ = 4.69; €/MYR\$ = 5.11 as at 05 June 2024

b) Office Space within KL Sentral/Pantai/Bangsar and those within Damansara Heights are taken into consideration as KL Fringe

c) Office Space within Petaling Jaya territory, Damansara, Kelana Jaya, Sunway/Subang Jaya/USJ and Shah Alam are taken into consideration as Decentralised Area

Source: National Property Information Centre (NAPIC) & IVPS / Cushman & Wakefield Research

PROPERTY	SUBMARKET	(NLA) SF	COMPLETION DATE
Menara Sentral RAC	KL Fringe	162,094	2024
Atwater Corporate Tower A	Decentralised	169,301	2024
Sunway South Quay Corporate Tower 2 & 1	Decentralised	553,629 432,500	2024 2025
Sunsuria Forum Corporate Office	Decentralised	318,550	2025
Pavilion Corporate Tower 10 (Phase 2)	KL Fringe	215,152	2025
Bangsar 61 Tower 1	KL Fringe	548,000	2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Kossan Tower	Decentralised	130,000	2025

INVESTMENT TREND/ OFFICE DEVELOPMENT ACTIVITIES

- The PNB Project 1194, which is currently the former Malaysia Airline System Bhd redevelopment, is currently awaiting the issuance of the Certificate of Completion and Compliance and is expected to be operational by August 2024.
- AmanahRaya Real Estate Investment Trust is set to sell its Contraves building located in Cyberjaya for RM42.5 million to 4X Software on approximately 89,470 square feet of freehold land.
- Bursa Malaysia is negotiating with Mulia Property for a potential move to the Exchange 106@TRX. Currently, the stock exchange operator occupies 16-storeys in Exchange Square located at Bukit Kewangan.

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