

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
29.39% Vacancy Rate	▲	▲
-161.78M QTQ Net Absorption, SF	▼	▼
RM 6.02 Avg. Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.3% GDP Growth	▼	▼
1.9% CPI Growth <i>October 2024</i>	▲	▲
3.2% Unemployment Rate <i>September 2024</i>	▼	▼

Source: BNM, DOSM (Q3 2024)

ECONOMY: THE ECONOMY EXPANDED BY 5.3% IN Q3 2024

The Malaysian economy grew by 5.3% in Q3 2024, supported by robust investment activity and ongoing improvements in exports, though this was a slight slowdown from the 5.9% growth recorded in Q2 2024. The construction sector led the growth with a 19.9% increase, followed by manufacturing at 5.6%. The services sector recorded a decline, growing by 5.2% compared to 5.9% in Q2 2024, while agriculture slowed to 3.9% from 7.3%. Mining experienced a significant drop, contracting by 3.9% after growing 2.7% in Q2 2024. In the external sector, exports continued to strengthen, driven by recovering global demand and positive effects from the global tech upcycle. Imports also grew at a faster rate, reflecting strong demand for capital and intermediate goods to support increased investments and trade.

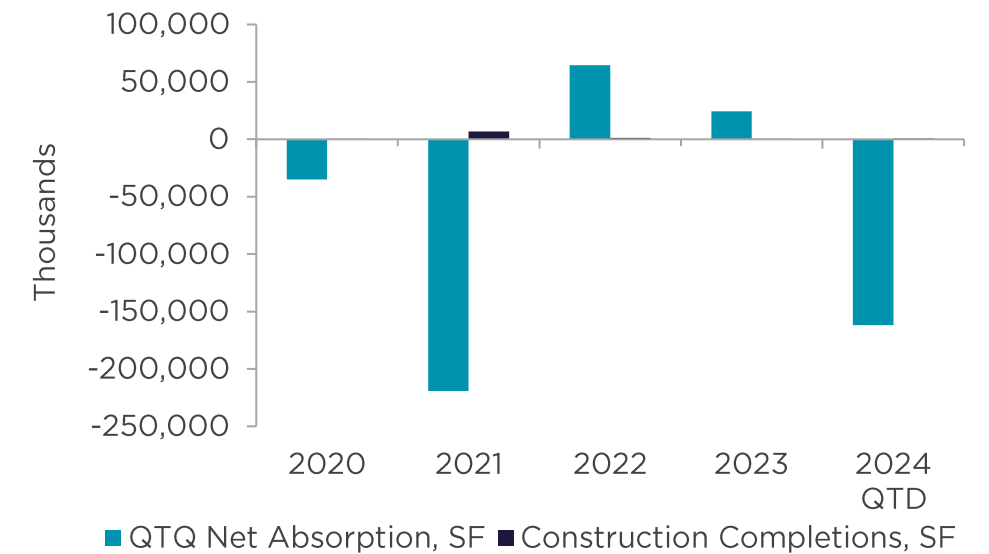
DEMAND: FLEXIBLE OFFICE SPACES CONTINUE TO SHOW STRENGTH

The number of flexible office spaces in Malaysia continues to grow, reflecting strong demand, despite the presence of traditional offices. This trend is largely driven by startups seeking cost-effective, short-term solutions and international companies that require only small spaces for their branches. Many tenants prefer the flexibility of choosing their own lease terms, along with the benefits and amenities of a physical office, without the heavy capital investment. The rise in coworking spaces has also been fueled by the growth of remote work.

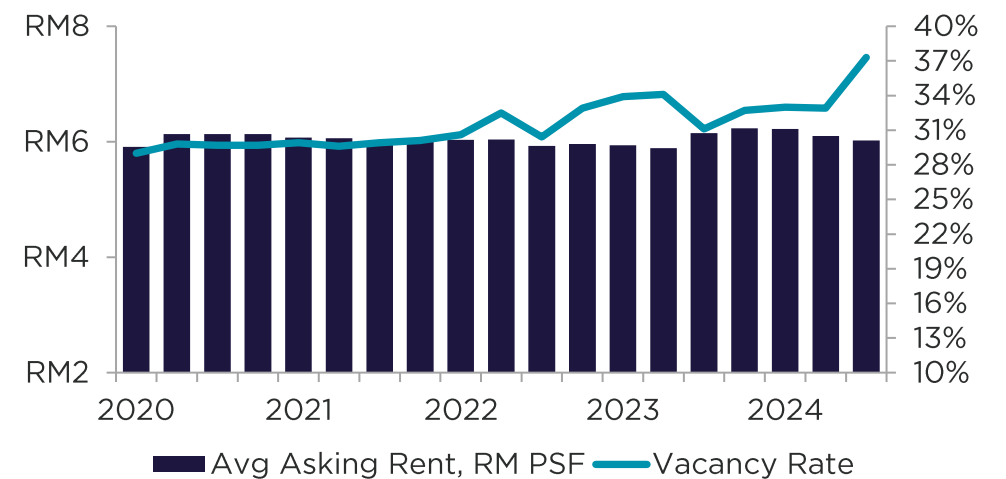
PRICING: RENTAL RATES IN ALL SUBMARKETS HAVE DECREASED SLIGHTLY, ALONG WITH A MODEST INCREASE IN THE VACANCY RATE

The average asking rent in Greater Kuala Lumpur experienced a slight decline, dropping to RM 6.02 psf per month in Q3 2024, compared to RM 6.06 in the previous quarter. Rental rates across all areas—KL CBD, KL Fringe, and Decentralised areas—also recorded slight decrease, with averages of RM 6.79, RM 6.48, and RM 4.79 psf per month, respectively. The vacancy rate has risen to 29.39%, largely due to the addition of newly built office spaces.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CONSTRUCTION (MSF)	OVERALL AVG ASKING RENT (ALL CLASSES, RM PSF PM)*	OVERALL AVG ASKING RENT (ALL CLASSES, USD PSF PM)*
KL CBD	60.74	28.00%	11.94	RM 6.79	USD 1.52
KL FRINGE	49.74	36.80%	2.27	RM 6.48	USD 1.45
DECENTRALISED	35.70	23.38%	0.65	RM 4.79	USD 1.07
TOTAL	146.18	29.39%	14.86	RM 6.02	USD 1.35

*Rental rates reflect full service asking; inclusive of service charge.

a) Inventory for all submarket is based on the total supply of office space (all classes).

b) Office space within KL Sentral, Bangsar and those within Damansara Heights vicinity are taken into consideration as KL Fringe submarket.

c) Office space within Petaling Jaya, Damansara, Kelana Jaya, Sunway/Subang/USJ and Shah Alam are taken into consideration as Decentralised submarket.

Source: NAPIC & IVPS/Cushman & Wakefield Research

NOTABLE INCOMING SUPPLY

PROPERTY	SUBMARKET	NLA (SF)	TARGET COMPLETION
Sunway Square Tower 2	Decentralised	553,629	Q1 2025
Sunsuria Forum Corporate Office	Decentralised	318,550	Q1 2025
Sunway Square Tower 1	Decentralised	432,500	Q4 2025
Pavilion Damansara CT10	KL Fringe	215,152	Q4 2025
The Exchange TRX Campus Office	KL CBD	200,000	2025/2026
The Capitol	Decentralised	1,200,000	Q4 2026
Menara Golden Eagle	KL CBD	112,000	Q1 2026
Bangsar 61 (Tower 1)	KL Fringe	548,000	Q4 2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Lot C7-10, TRX	KL CBD	800,000	2027

*Target completion = Building completion with Certificate of Completion and Compliance (CCC)

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- BlackBerry Ltd has located in Cyberjaya as the headquarters for its cybersecurity operations in the Asia Pacific (APAC) located at MCMC Center of Excellence (CoE).
- Arkema has officially launched its Kuala Lumpur office at Menara UAC, following the establishment of its offices in Singapore, Johor, Negeri Sembilan, and Kerteh.
- Air India has opened their new office in Kuala Lumpur in Wisma Golden Realty.
- Alrajhi Bank will be relocating from Menara Hap Seng 3 and will occupy two floors in Integra Tower.
- Kyndryl, the global leader in IT infrastructure services, has opened their new office in Kuala Lumpur.
- PwC Malaysia will relocate its headquarters to a new tower at TRX, scheduled for completion in 2029.

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