

MARKETBEAT

- 1.3%

RENT GROWTH (YoY)

19.6%

VACANCY RATE
(Q1 2018)

2.27 msf

NEW COMPLETIONS
(YTD)

HIGHLIGHTS

Positive economic outlook seen for 2018

In the fourth quarter of 2017, Malaysia economy expanded at 5.9% as compared to 6.2% in the previous quarter. On a quarter-to-quarter seasonally adjusted basis, Gross Domestic Product (GDP) posted a growth of 0.9% (third quarter of 2017: 1.8%).

The services, manufacturing and agriculture sectors have been the anchor on the production side, with all sectors recorded positive growth except mining and quarrying. On the expenditure side, the performance was driven mainly by private final consumption expenditure.

For year 2017, Malaysia's economy accelerated at a faster pace with the GDP growing at 5.9% compared to 4.2% in 2016 with a value of RM1,173.6 billion at constant prices and RM1,352.5 billion at current prices.

The Office Market is set to be tenant-favoured

The oversupply of office space in the Greater Kuala Lumpur (KL) is expected to prevail in 2018 with the evident increasing new supply continuing to overshadow slow absorption.

Although the office market remained competitive, the rentals have been relatively resilient as tenants are taking opportunities to relocate to higher-quality office buildings without having to pay higher rates. This pose challenges for old office buildings as those vacant space will continue to be vacant for long periods of time as they will not be in high consideration by potential tenants exploring either relocation or consolidation.

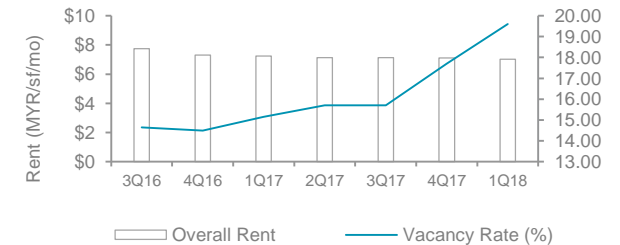
In the long term, the landlords of older buildings will need to strategize their positioning in the market place with the continued new supply coming in. They may have to shell out a substantial amount of capital to upgrade the buildings or explore redevelopment in order to stay competitive and be appealing to occupiers.

ECONOMIC INDICATORS

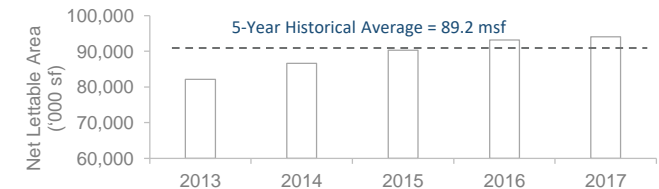
	Q3 17	Q4 17	12-Month Forecast
GDP Growth	6.2%	5.9%	▼
CPI Growth	1.2%	0.5%	▼
Unemployment	3.4%	3.4%	■

Source: Bank Negara Malaysia

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



KUALA LUMPUR OFFICE MARKETBEAT

MARCH 2018



IVPS Real Estate Sdn Bhd
(Alliance Member of Cushman & Wakefield)

Lot 3-2, Level 3, Wisma WIM
7 Jalan Abang Haji Openg
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia
Tel: +603 7728 4117 (Hunting Line)

Email: info@ivpsmalaysia.com
Website: www.ivpsmalaysia.com

SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A EFFECTIVE RENT		
				MYR/SF/MO	US\$/SF/MO	EUR/SF/MO
KL CBD	50.79 million	17.40%	10.86 million	MYR 7.02	US\$1.79	€ 1.45
KL Fringe	43.16 million	27.50%	4.97 million	MYR 6.24	US\$1.59	€ 1.29
Decentralized Area	28.34 million	27.95%	3.50 million	MYR 4.53	US\$1.16	€ 0.93
TOTAL	122.29 million	24.28 %	19.33 million	MYR 5.93	US\$1.51	€ 1.22

[^]All- Grades
US\$/MYR\$ = 3.92; €/MYR\$ = 4.84 as at 15 March 2018

- a) All cumulative space for all sub-markets are based on total supply of office space (all grades)
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: IVPS Research

KEY LEASING TRANSACTIONS Q1 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Ascent Tower	Decentralized Area	MSD	37,000	Expansion
Ascent Tower	Decentralized Area	Eli Lily	8,000	Expansion
SunGeo Tower	Decentralised Area	Genpact	11,000	Expansion
IOI City Tower 2	Putrajaya/Cyberjaya	IOI Group	112,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	(NLA) SF	COMPLETION DATE
Menara Hap Seng 3	KL CBD	-	240,000	2019
Menara Prudential @ TRX	KL CBD	Prudential	560,000	2019
HSBC Headquarter @ TRX	KL CBD	HSBC	568,000	2020
Equatorial Plaza	KL CBD	-	460,000	Q3 2018
Southpoint @ Mid Valley	KL Fringe	-	458,000	Q2 2018
KL Eco City	KL Fringe	-	532,291	2020
Menara Etiqa	KL Fringe	Etiqa Life Insurance Berhad	378,549	Q3 2018
Menara Star 2	Decentralized Area	-	216,000	2019
Powerhouse @ Bandar Utama	Decentralized Area	-	584,265	2019
Symphony Square @ PJ	Decentralized Area	-	198,000	Q3 2018
Uptown 8 @ Damansara Utama	Decentralized Area	-	478,675	2020
Nucleus Tower @ Mutiara Damansara	Decentralized Area	-	262,835	Q3 2018
Menara Celcom, Petaling Jaya	Decentralized Area	Celcom	500,000	Q2 2018
Block J @ Empire City, Damansara	Decentralized Area	-	463,840	Q4 2018

DATA
INTO
ACTION

A Cushman & Wakefield
Research Publication

www.cushmanwakefield.com

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 45,000 employees in more than 70 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. 2017 marks the 100-year anniversary of the Cushman & Wakefield brand. 100 years of taking our clients' ideas and putting them into action. To learn more, visit www.cushwakecentennial.com, www.cushmanwakefield.com or follow @CushWake on Twitter.