

# MARKETBEATS

**1.1%**  
RENT GROWTH  
(YoY)

**21.2%**  
VACANCY RATE  
(Q2 2018)

**4.32 msf**  
NEW COMPLETIONS  
(YTD)

BE  
WHAT'S  
NEXT

## HIGHLIGHTS

### Malaysia: Economy Outlook Post GE14

Following the heated and deemed by many as the most historical general election, GE14 came to a conclusion on the 10th of May with Malaysia seeing a new political party, Pakatan Harapan, serving governance for the next 5 years tenure.

The new government fulfils its campaign promise to abolish the Good and Services Tax (GST), effective on 1st June 2018. Such measures have encouraged consumer spending but at the same time has put pressure on the country's fiscal deficit. With GST free rate, the government has also announced on the re-introduction of Sales and Service Tax (SST) from 1st September 2018.

### Mixed Reaction on the Property Market

The surprise election outcome is expected to create mixed reactions / expectations on how GE14 might change the property landscape. Decisions on consolidation or relocations by office occupiers have been put on hold since early 2018 and this attitude of "wait and see" shall prevail for the remainder of 2018.

New office buildings completed in 2017 & 2018 will continue to register high vacancy rate while landlords of older buildings, especially within the KL City, will be more accommodating in providing additional incentives to retain its tenants as well as attracting potential tenants.

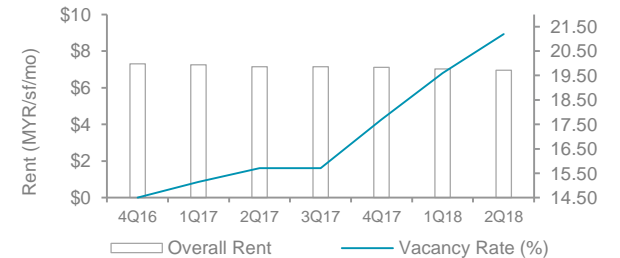
In terms of demand, the coworking centers, i.e. Common Ground, Colony & Regus have continued their expansion in Greater KL which helps to fill up the vacancy in some of the developments.

### ECONOMIC INDICATORS

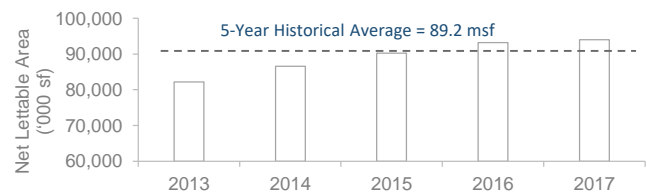
	Q4 17	Q1 18	12-Month Forecast
GDP Growth	5.9%	5.4%	▼
CPI Growth	0.5%	0%	▼
Unemployment	3.4%	3.3%	▼

Source: Bank Negara Malaysia

### ALL GRADE CBD OVERALL RENT & VACANCY RATE



### ALL GRADE CBD SUPPLY PIPELINE



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SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A EFFECTIVE RENT		
				AVERAGE RENT	US\$/SF/MO	EUR/SF/MO
KL CBD	51.89 million	18.80%	14.32 million	MYR 6.96	US\$1.76	€ 1.47
KL Fringe	44.03 million	30.00%	2.06 million	MYR 6.33	US\$1.60	€ 1.34
Decentralized Area	28.62 million	23.64%	3.50 million	MYR 4.40	US\$1.11	€ 0.93
<b>TOTAL / AVERAGE</b>	<b>124.54 million</b>	<b>24.15 %</b>	<b>19.88 million</b>	<b>MYR 5.89</b>	<b>US\$1.49</b>	<b>€ 1.24</b>

<sup>^</sup>All- Grades  
US\$/MYR\$ = 3.95; €/MYR\$ = 4.71 as at May 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 Q2 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Naza Tower	KL CBD	Woods	50,000	Relocation
Naza Tower	KL CBD	Netherlands Embassy	14,000	Relocation
KL Eco City	KL Fringe	F-Secure	14,000	Relocation
Vertical Tower B	KL Fringe	Regus	18,000	Expansion

## 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	BHP	458,000	Q3 2018
KL Eco City	KL Fringe	-	532,291	2020
Menara Etiqa	KL Fringe	Etiqa Life Insurance	378,549	Q3 2018
The MET Corporate Towers	KL Fringe	-	600,000	2021
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 Star 2	Decentralized Area	Star	216,000	2019
Block J @ Empire City, Damansara	Decentralized Area	-	463,840	Q4 2018

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