

MARKETBEATS

1.1%

RENT GROWTH
(YoY)

21.2%

VACANCY RATE
(Q3 2018)

4.32 msf

NEW COMPLETIONS
(YTD)

WHAT'S NEXT

HIGHLIGHTS

Moderate Growth for 2018

The Malaysian economy is expected to grow at a moderate pace for the entire 2018. The real GDP is projected to grow at 5.5% year-on-year (YoY) this year and is expected to further moderate to a range of 4.8 - 5.3% in 2019, after recording 5.9% growth last year (2017).

Domestic demand continues to be the engine of growth, growing by 5.8% YoY, and further reinforced by upbeat export demand. The growth in domestic demand is largely attributed to private consumption. For the rest of 2018, it is evidently known that public spending and investment growth (*be it private or public*) is expected to moderate. This is partly due to the government commitment to resolve the issue of high public debt amid a reduction in the revenues collected as a result of the decision to abolish Goods & Services Tax (GST).

As part of the initiative to reduce national public debts, the government has also cancel the East Coast Rail Link (ECRL), Trans-Sabah Gas Pipeline project and delay/reassessed the High Speed Rail (HSR) project.

The Competitive Office Market

The office market in the Greater KL is expected to remain challenging for the rest of 2018 without any major catalyst to boost demand in the short to medium term to meet the incoming new supply of approximately 4.2 million sq. ft by the end of the year.

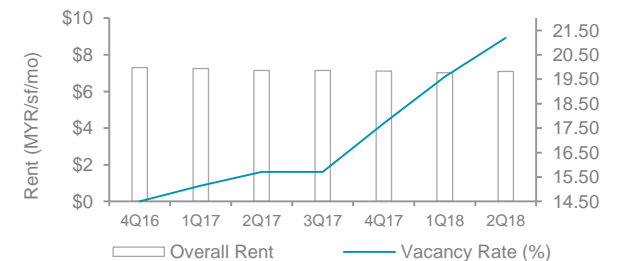
It is expected that vacancy rate in KL CBD to remain high with the new supply, i.e. TRX 106, Equatorial Plaza and vacant space contributed by existing old buildings. KL Fringe and Decentralized is expected to remain stable with interest of occupiers, i.e. IT-related, shared service offices operation and serviced office operators taking up space in this two office precincts.

ECONOMIC INDICATORS

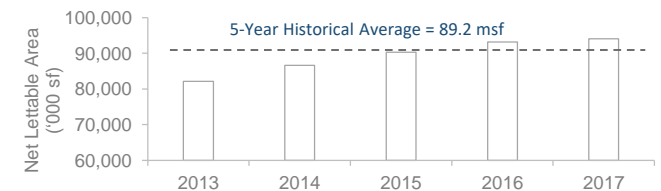
	Q1 18	Q2 18	12-Month Forecast
GDP Growth	5.4%	4.5%	▲
CPI Growth	0%	0.7%	▲
Unemployment	3.3%	3.4%	▲

Source: Bank Negara Malaysia

ALL GRADE CBD OVERALL RENT & VACANCY RATE



ALL GRADE CBD SUPPLY PIPELINE



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 7.10	US\$1.71	€ 1.48
KL Fringe	44.03 million	30.00%	2.06 million	MYR 6.33	US\$1.53	€ 1.32
Decentralized Area	28.62 million	23.64%	3.50 million	MYR 4.40	US\$1.06	€ 0.91
TOTAL / AVERAGE	124.54 million	24.15 %	19.88 million	MYR 5.94	US\$1.43	€ 1.24

[^]All- Grades
US\$/MYR\$ = 4.15; €/MYR\$ = 4.81 as at 12 September 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 Q3 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Menara Hong Leong	KL CBD	Raja, Darryl @ Loh	30,000	Relocation
Mercu 2- KL Eco City	KL Fringe	Gibraltar BSN Life Bhd	48,000	Relocation
KL Gateway	KL Fringe	Hyundai Elevator	8,000	Relocation
Menara Suezcap	KL Fringe	Cargill	Approximate 23,000	Relocation
The Vertical Bangsar South	KL Fringe	Alibaba	10,000	Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	(NLA) SF	COMPLETION DATE
Menara Hap Seng 3	KL CBD	-	240,000	Q4 2019
The Exchange 106 @ TRX	KL CBD	-	2,650,000	Q1 2019
Menara Prudential @ TRX	KL CBD	Prudential	560,000	2019
HSBC Headquarter @ TRX	KL CBD	HSBC	568,000	2020
Affin Headquarter @ TRX	KL CBD	Affin	823,439	2020
Equatorial Plaza	KL CBD	-	460,000	Q4 2018
UOB Tower 2	KL CBD	-	N/A	2021
Menara Etiqa	KL Fringe	Etiqa Life Insurance Berhad	378,549	Q3 2018
The MET Corporate Towers	KL Fringe	-	600,000	2021
Symphony Square @ PJ	Decentralized Area	-	198,000	Q4 2018
Powerhouse @ Bandar Utama	Decentralized Area	-	584,265	Q3 2019
Uptown 8 @ Damansara Utama	Decentralized Area	-	478,675	2020
Menara Star 2	Decentralized Area	-	216,000	2019
Block J @ Empire City, Damansara	Decentralized Area	-	463,840	Q4 2018

DATA
INTO
ACTION

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