

MARKETBEATS

-2.5%
RENT GROWTH
(YoY)

21.9%
VACANCY RATE
(Q4 2018)

4.23 msf
NEW COMPLETIONS
(YTD)

WHAT'S NEXT

HIGHLIGHTS

Weakest Growth in Two Years

The Malaysian economy advanced at 4.4% year-on-year in the third quarter of 2018, following a 4.5% expansion in the previous three-month period and below market consensus of 4.6%. It was the weakest growth rate since the third quarter of 2016, as net external demand contributed negatively to GDP growth; investment, private consumption, and government spending continued to rise at a solid pace.

Challenging Property Market

With the anticipated 4.2 million sq. ft. of office space completions in 2018 or by early 2019, the office market in the Greater KL, especially within the KL City centre, is expected to remain challenging as there is no evident major catalyst to boost demand in the short to medium term. Vacant space in older Grade A office buildings within the KL City have existed for the past 12 months as potential tenants prefer newer premises with higher building specifications and better amenities at competitive rentals. Within KL Fringe, notably within the Bangsar and Tun Sambanthan stretch where enbloc office buildings are located in, KL Sentral, Mid Valley City and Bangsar South are expected to enjoy stable demand from IT-related occupiers as well as shared-office space providers.

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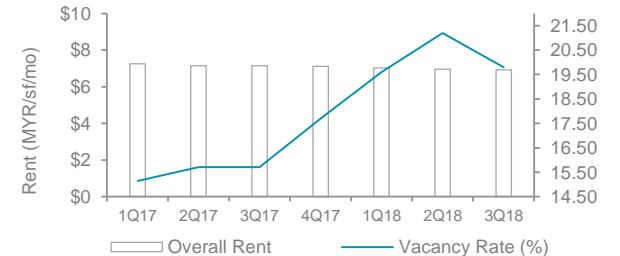
DATA
INTO
ACTION

ECONOMIC INDICATORS

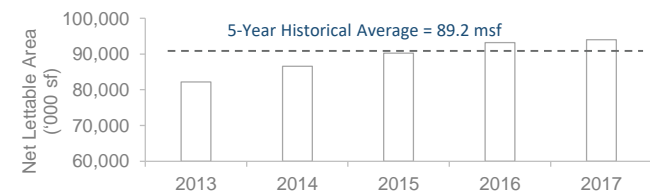
	Q2 18	Q3 18	12-Month Forecast
GDP Growth	4.5%	4.4%	▼
CPI Growth	0.7%	0.5%	▼
Unemployment	3.3%	3.4%	▲

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	51.53 million	19.8%	14.32 million	MYR 6.92	US\$1.65	€ 1.46
KL Fringe	44.16 million	29.5%	2.06 million	MYR 6.37	US\$1.52	€ 1.35
Decentralized Area	28.78 million	24.0%	3.50 million	MYR 4.26	US\$1.02	€ 0.92
TOTAL / AVERAGE	124.47 million	24.43%	19.88 million	MYR 5.85	US\$1.40	€ 1.24

[^]All- Grades
US\$/MYR\$ = 4.20; €/MYR\$ = 4.76 as at November 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 Q4 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Equatorial Plaza	KL CBD	WeWork	102,000	New set up
Vertical Tower B	KL Fringe	Orix Leasing	18,000	Relocate
Mercu 3, KL Eco City	KL Fringe	Zurich Insurance	112,000	Relocate
Nucleus Tower	Decentralized	Common Ground	22,000	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
PNB 118	KL CBD	-	1,000,000	2020
Permata Sapura	KL CBD	-	1,200,000	2020
Menara TCM	KL CBD	-	370,000	2020
KL Eco City	KL Fringe	-	532,291	2020
The MET Corporate Towers	KL Fringe	-	600,000	2021
Powerhouse @ Bandar Utama	Decentralized Area	-	584,265	2019
Uptown 8 @ Damansara Utama	Decentralized Area	-	478,675	2020
KYM Tower	Decentralized Area	KYM Holding	230,000	2019
Menara Star 2	Decentralized Area	Star	216,000	2019
Block J @ Empire City, Damansara	Decentralized Area	-	463,840	2019

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