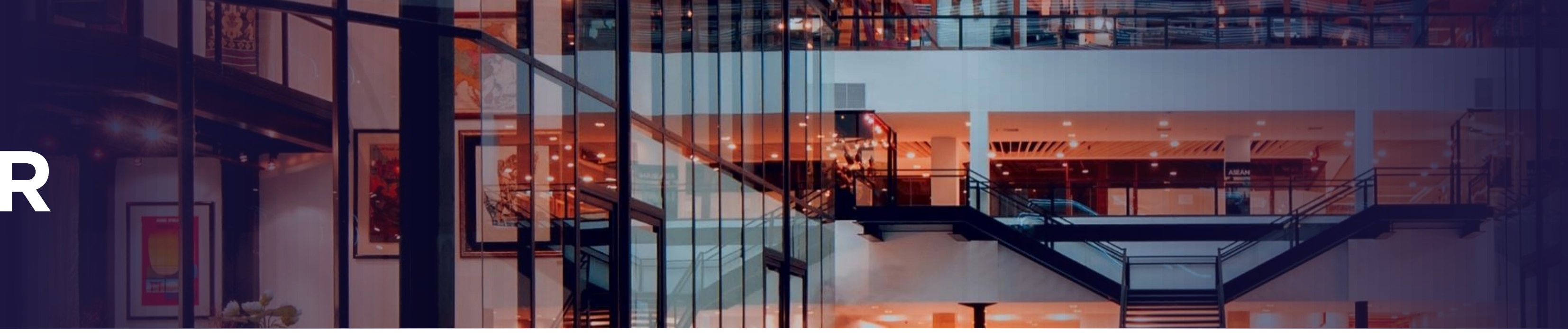
MARKETBEAT

KUALA LUMPUR

RETAIL Q3 2025



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MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
15.59% CBD Prime Rental Growth	▼	▲
13.09% Vacancy Rate	▼	▼
RM 3,000 Median Income	▲	▲

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
4.4% GDP Growth	▼	▲
1.3% CPI Growth *August 2025*	▼	▲
5.3% Consumer Spending Growth	▲	▲

Source: BNM, DOSM (Q2 2025)

ECONOMY: WHOLESALE AND RETAIL TRADE GROWS, DRIVEN BY STRONG RETAIL AND HOUSEHOLD GOODS SALES

In June, wholesale and retail trade, including vehicle sales, grew 4.8% year-on-year to RM153 billion, slightly up from May's 4.4% gain. Retail trade rose 5.4% to RM67.5 billion, driven by non-specialised stores like supermarkets and strong sales in specialised outlets such as cosmetics, clothing and jewelry. Wholesale trade increased 5.2% to RM68.3 billion, with household goods showing solid growth. The motor vehicle sub-sector rose 0.7% to RM17.1 billion, supported by higher sales of parts and motorcycle services. However, on a month-on-month basis, overall sales dipped 0.9%, and the volume index, adjusted for price changes, slipped 0.6%.

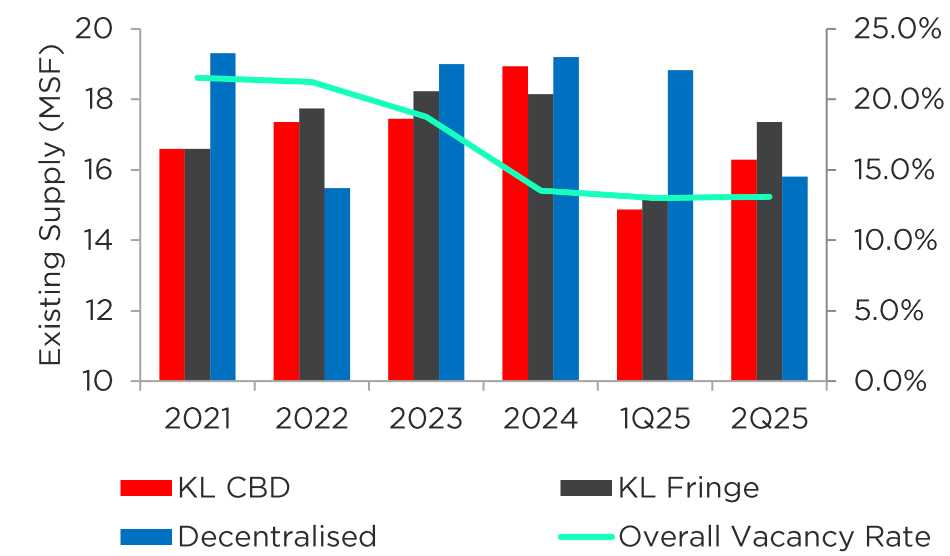
SUPPLY: NEIGHBORHOOD MALLS LEAD IN AN OVERSUPPLIED MARKET

Klang Valley has an oversupply of malls, with many located right across or next to each other, often of similar size, making brand and service differentiation a challenge. In contrast, well-planned, right-sized neighborhood malls tend to perform more consistently by offering an optimal mix of everyday essentials tailored to their immediate catchment, driving higher frequency of repeat visits. Several malls are set to open soon, including both new developments and refurbished or expanded properties. For example, the KLGCC Mall has recently soft opened, positioning itself as a premium lifestyle destination catering to affluent residents and members within the Kuala Lumpur Golf & Country Club vicinity.

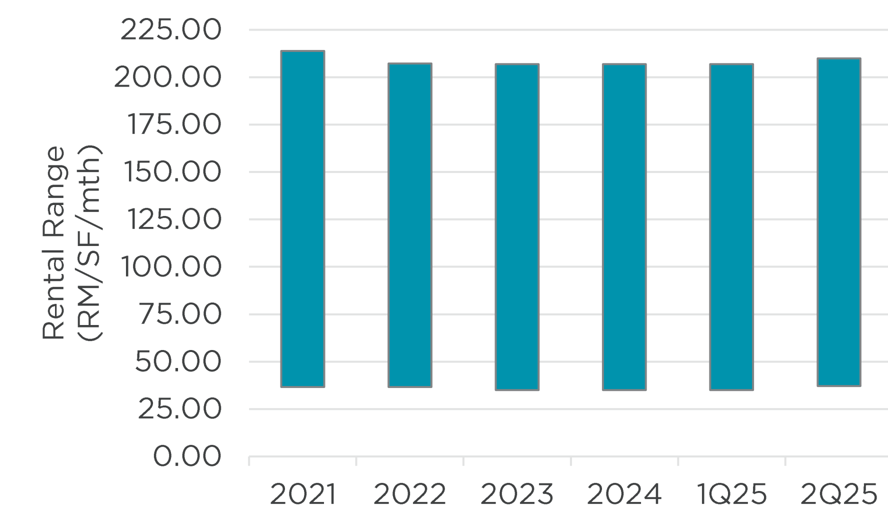
PRICING: IMPACT OF SST EXPANSION ON RETAILER MARGINS

The July 2025 expansion of Malaysia's SST has placed pressure on retailer margins, particularly in discretionary and newly taxable categories. With higher selling prices after the tax, consumers have become more cautious and price-sensitive, reducing overall transaction volumes in non-essential segments. To sustain demand, many retailers are absorbing part of the tax impact or increasing promotional activity through discounts, bundle deals, and loyalty incentives, which further squeeze profit margins. While essentials remain exempt and help stabilize baseline sales, competitive pricing and value-driven strategies have become crucial for retailers to balance between maintaining volume and protecting margins in a more cost-conscious market.

EXISTING SUPPLY AND OVERALL VACANCY RATE



CBD PRIME RENTAL RANGE



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MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CNSTR (MSF)
KL CBD	16.29	11.0%	2.56
KL Fringe	17.36	16.1%	2.64
Decentralised	15.81	13.0%	2.50
TOTAL	49.46	40.1%	7.70

a) *Inventory for all submarket is based on the total supply of shopping complex (all type).*
b) *Shopping complex within KL Sentral, Bangsar and those within Damansara Heights vicinity are taken into consideration as KL Fringe submarket.*
c) *Shopping complex 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 SIGNIFICANT NEW RETAIL PROJECTS

PROPERTY	SUBMARKET	NLA (SF)	TARGET COMPLETION
Hextar World @ Empire City	Decentralised	1,800,000	Q4 2025
Sunway Square Mall	Decentralised	300,000	Q4 2025
Pavilion Damansara Heights Mall (Phase 2)	KL Fringe	529,353	Q4 2025
(Refurbishment) – Plaza Alam Sentral	Decentralised	233,751	Q4 2025
KLGCC Mall	KL Fringe	240,000	Q4 2025
Ombak KLCC	KL CBD	420,000	Q2 2026
Coalfields Retail Park	Decentralised	TBC	2026
Maju Kuala Lumpur Mall	KL CBD	750,000	2026
118 Mall @ Merdeka 118	KL CBD	1,506,947	2026
Queens Mall Kuala Lumpur @ Queensville	KL CBD	412,000	2027
Sunway Pier	Decentralised	400,000	2027
DA Central Mall	Decentralised	420,000	2028
IOI City Mall (Phase 3)	Decentralised	1,000,000	2029
IOI Rio City Mall	Decentralised	1,000,000	2030

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

INVESTMENT TREND/RETAIL DEVELOPMENT ACTIVITIES

- *IGB REIT sets to acquire Johor's five-storey The Mall, Mid Valley Southkey spanning more than 1.5 million sf from IGB Berhad, its 70%-owned subsidiary for RM2.65 billion.*
- *Hextar World at Empire City has unveiled eight new anchor tenants, including Village Grocer, Miami Beach, Jungle Gym, Ballet Theatre Malaysia, Sport Planet, Playa Racquet Club, La Boca and 91 Sports Arena.*
- *Set across four acres, Bali Escape KL (BEKL) will include three-storey retail units with a combined net lettable area of 153,576 sf, with an opening targeted for the Q4 2025.*
- *KLGCC Mall, developed by Sime Darby Property, reached 85% occupancy as of July.*
- *Da Men Mall in Subang Jaya will be rebranded as Easyhome Mall.*
- *South Korea's Lotteria, in partnership with Serai Group is set to open its first burger restaurant in Malaysia in 2025, with plans to expand to 30 additional locations over the next five years.*

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