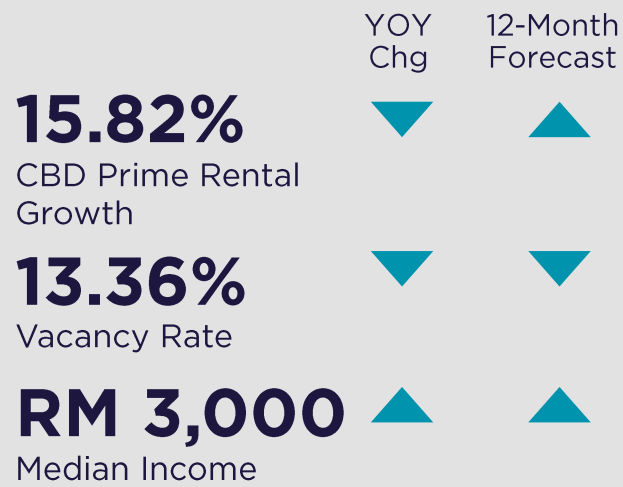
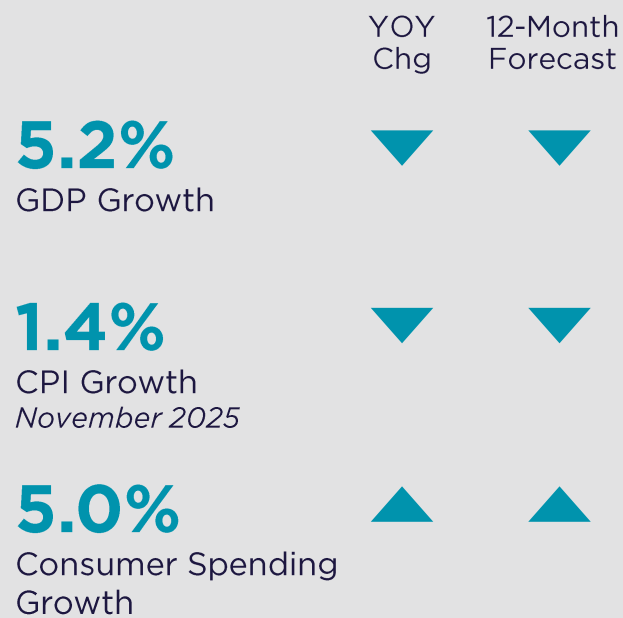


MARKET FUNDAMENTALS



Source: C&W / IVPS Research

ECONOMIC INDICATORS



Source: BNM, DOSM (Q3 2025)

ECONOMY: WHOLESALE AND RETAIL TRADE SHOWS CONTINUED EXPANSION IN Q4 2025

In Q4 2025, Malaysia's wholesale and retail trade sector maintained its growth momentum, with total sales in October reaching RM160.9 billion, up 7.2% year-on-year, according to the Department of Statistics Malaysia. The wholesale trade sub-sector recorded a 7.3% increase, while retail trade sales grew 6.8%, supported by broad-based activity across non-specialised and specialised outlets. The motor vehicles sub-sector expanded by 8.2%, contributing to overall sales performance. On a month-on-month basis, sales value edged up 1.8%, while the combined volume index for wholesale and retail trade rose 5.7% year-on-year, underpinned by gains in motor vehicles (7.2%), wholesale (6.7%) and retail (4.6%). These results reflect steady domestic demand and consumer spending resilience into the final quarter of 2025.

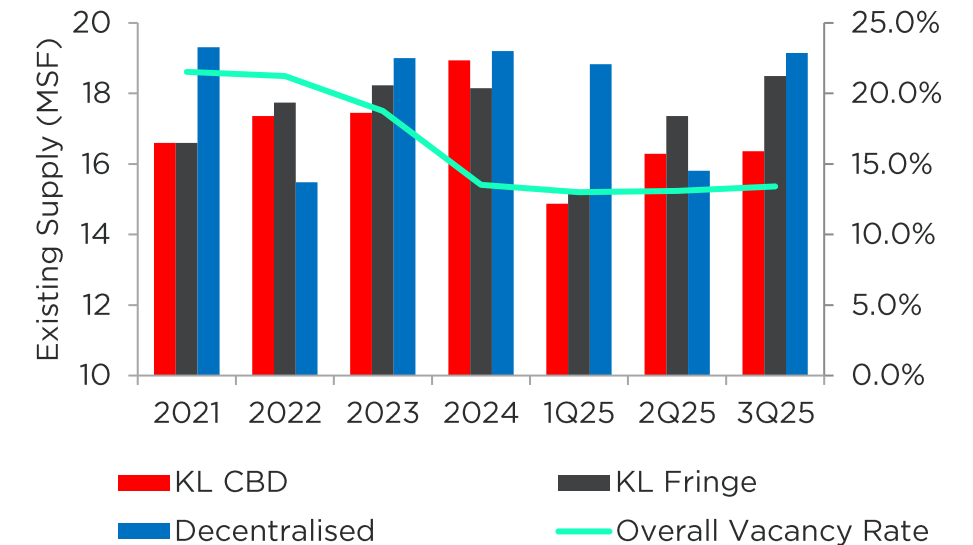
SUPPLY: RAPID EXPANSION OF LOCAL AND INTERNATIONAL BRAND IN MALAYSIA

Malaysia's retail activity has shown signs of steadily recovery, with particularly strong activity in the F&B, travel and lifestyle spending. Several Chinese and regional brands have entered the market aggressively, even willing to pay higher rents for prime locations, while attracting consumers through affordable pricing and localised offerings. This influx of new competitors has intensified pressure on established local and international brands, which now need to differentiate themselves in an increasingly crowded market. Looking ahead to 2026, the retail landscape is expected to remain dynamic and competitive especially within urban centres and key districts or prime locations.

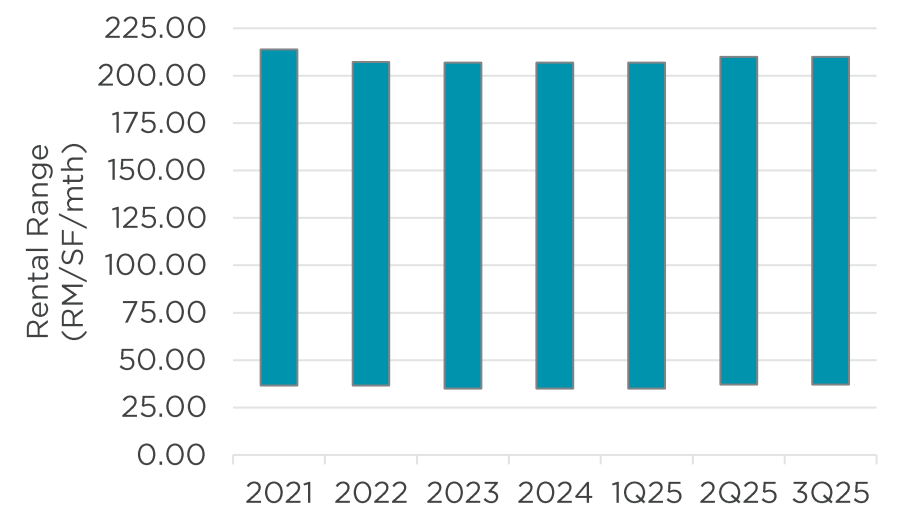
INCOME: COST PRESSURES AND E-COMMERCE IMPACT RETAIL RETURNS

Retail rental income in Q4 2025 is under pressure as rising operational costs, higher utilities, and labor expenses challenge tenant profitability, prompting some retailers to renegotiate leases or downsize. Oversupply in certain regions has moderated rental growth, particularly in older or non-prime malls, while prime, well-located neighborhood and lifestyle-focused malls continue to command stable rents and yields. The ongoing shift toward F&B, experiential, and lifestyle tenants is helping landlords sustain income, but overall market returns are increasingly influenced by e-commerce competition, consumer behavior changes, and tenant mix strategies, underscoring the need for adaptive leasing approaches to protect rental income.

EXISTING SUPPLY AND OVERALL VACANCY RATE



CBD PRIME RENTAL RANGE



MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CNSTR (MSF)
KL CBD	16.37	10.5%	2.56
KL Fringe	18.49	16.6%	2.64
Decentralised	19.15	12.5%	2.50
TOTAL	54.01	39.6%	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
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
(Refurbishment) – Plaza Alam Sentral	Decentralised	233,751	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

- Sunway has opened Sunway Square Mall in Kuala Lumpur with 130 shops, 95% of which are operational, marking a major retail expansion.
- Sime Darby has opened KLGCC Mall in Bukit Kiara, Kuala Lumpur with 90% of its retail space tenanted.
- Empire Sushi has filed for a Main Market listing on Bursa Malaysia to support the expansion of its 132-outlet chain and plans to open 56 additional outlets nationwide, marking a major growth push.
- Hextar World at Empire City has opened, offering 1.8 million sf of net lettable area anchored by major tenants such as Parkson and Village Grocer positioning it as a large-scale experiential lifestyle mall.
- The Valiram family is set to acquire Lendlease’s 40% interest in The Exchange TRX mall along with its full 60% stake in the adjoining TRX Campus office, in a deal valued at approximately RM1.1 billion.
- Flying Tiger Copenhagen has expanded in Malaysia, opening new outlets at The Gardens Mall and Berjaya Times Square in Kuala Lumpur, following its debut in Johor Bahru in July 2025.
- UOA announces its first 11 retail partners for the 130,000 sq ft Bamboo Hills Residences podium, scheduled for completion in 2027.

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