

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
30.02% Vacancy Rate	▲	▲
-435.27M QTQ Net Absorption, SF	▲	▲
RM 6.12 Avg. Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.3% GDP Growth	▼	▼
1.4% CPI Growth <i>February 2026</i>	▼	▼
2.9% Unemployment Rate <i>February 2026</i>	▼	▼

Source: BNM, DOSM

ECONOMY: MALAYSIA'S GROWTH ACCELERATES IN Q4 2025 ON BROAD-BASED SECTOR EXPANSION

Malaysia's economy grew 6.3% in Q4 2025, up from 5.4% in Q3, driven by strong domestic demand. The Services sector expanded 5.4%, while Manufacturing growth strengthened to around 6.0%. Construction remained robust at 11.9%, continuing its double-digit expansion. The Agriculture sector rebounded sharply to about 5.1%, compared to near-flat growth previously, while Mining and Quarrying grew modestly at 1.1%, reflecting slower production gains. Overall, the broad-based improvement across sectors highlights stronger economic momentum heading into 2026.

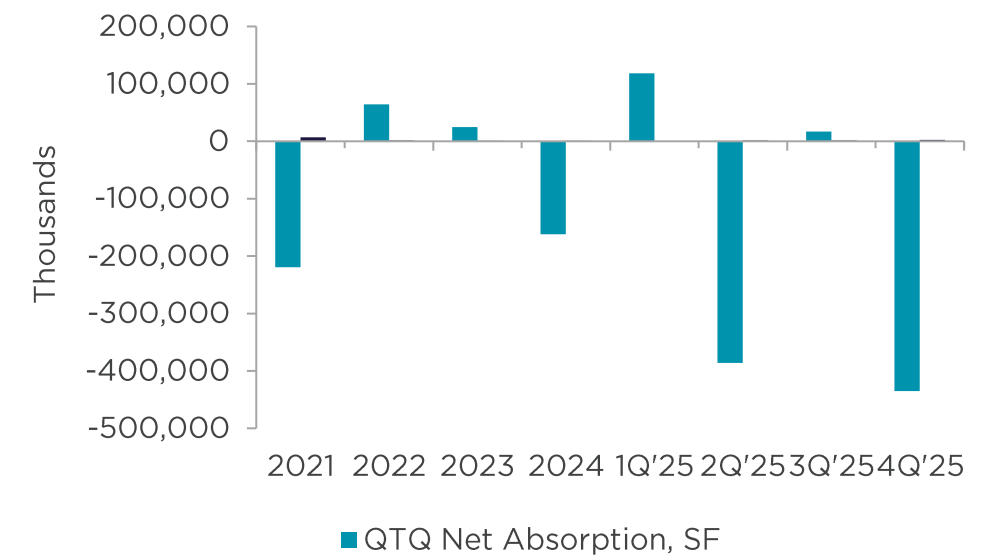
SUPPLY: OLDER OFFICE STOCK IN KLANG VALLEY TO FACE PRESSURE FROM 2026 ONWARDS

The Klang Valley office market is expected to see increasing pressure on older buildings from 2026, as weak demand and a growing pipeline of over 5 million sq ft of new supply reshape tenant preferences. With occupiers continuing to favour higher-quality and more modern office spaces, ageing buildings are likely to face rising vacancy risks. This environment is expected to accelerate trends toward refurbishment or repurposing, as landlords seek to reposition older assets to remain competitive. Overall, the market is shifting toward a more supply-driven landscape, where differentiation and asset upgrading will be key to sustaining occupancy.

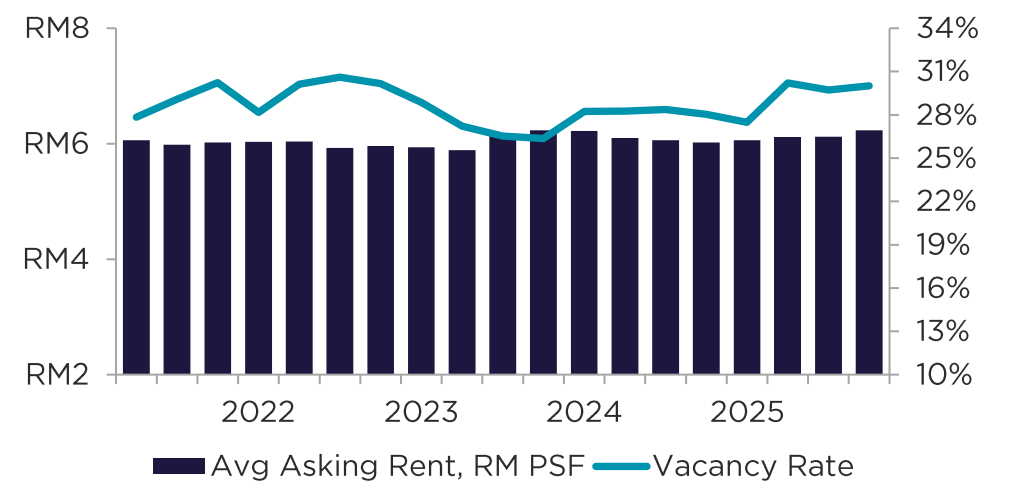
PRICING: TIGHTENED OFFICE SUPPLY EXPECTED TO SUPPORT RENTS IN GREATER KUALA LUMPUR

Looking ahead to 2027, Greater Kuala Lumpur is expected to see a limited new Grade A office supply in the pipeline. This constrained supply environment is likely to strengthen landlords' pricing power, particularly for high-quality assets, as the flight-to-quality trend continues to persist. With tenants increasingly favouring newer, modern and well-located offices over older buildings, competition among premium assets may ease, supporting rental stability and potential rental upside. However, older or less competitive buildings may continue to face leasing pressure unless repositioned to meet evolving tenant expectations.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CONSTRUCTION (MSF)	OVERALL AVG ASKING RENT (ALL CLASSES, RM PSF PM)*	OVERALL AVG ASKING RENT (ALL CLASSES, USD PSF PM)*
KL CBD	60.55	27.8%	11.20	RM 7.21	USD 1.79
KL FRINGE	62.47	33.50%	3.03	RM 6.61	USD 1.64
DECENTRALISED	36.87	28.75%	1.33	RM 4.87	USD 1.21
TOTAL	159.89	30.02%	15.56	RM 6.23	USD 1.55

*Rental rates reflect full service asking; inclusive of service charge.

a) Inventory for all submarket is based on the total supply of office space (all classes).

b) Office space within KL Sentral, Bangsar and those within Damansara Heights vicinity are taken into consideration as KL Fringe submarket.

c) Office space 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 INCOMING SUPPLY

PROPERTY	SUBMARKET	NLA (SF)	TARGET COMPLETION
KL Midtown Signature & Corporate Office	KL Fringe	600,000	Q3 2026
The Capitol	Decentralised	1,200,000	Q3 2026
Menara Golden Eagle	KL CBD	112,000	Q4 2026
Bangsar 61 (Tower 1)	KL Fringe	548,000	Q4 2026
Plaza Conlay Tower 2	KL CBD	606,000	2026
Pavilion Square Bukit Bintang	KL CBD	167,407	2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Solarvest Tower	KL Fringe	348,092	2027
Menara Ethos, TRX	KL CBD	800,000	2029
Iconic Tower, IOI Resort City	Decentralised	1,000,000	2030
IOI Rio City Office Tower	Decentralised	350,000	2030

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

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- Oriental Kopi acquired its head office and warehouse in Puchong for RM23 million, securing a 5,260 sq m site for operations.
- WORQ launched WORQ Well, a 34,300 sq ft coworking space at KL Eco City with capacity for 500 members, achieving full occupancy upon opening.
- Malaysia reduced service tax on office rentals and leasing for MSMEs to 6% from 8%, while raising the exemption threshold to RM1.5 million in annual turnover.
- AmFIRST REIT recorded its highest office occupancy since FY2014 in FY2026, with full-year revenue exceeding RM110 million and a RM14.4 million portfolio revaluation gain.
- Office leasing at UBN Tower strengthened as Shangri-La Hotels (Malaysia) Bhd renewed its tenancy at higher rental rates, supporting stable recurring income.

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