

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
15.82% CBD Prime Rental Growth	▼	▼
13.36% Vacancy Rate	▼	▲
RM3,000 Median Income	▲	▲

Source: C&W / IVPS Research

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.3% GDP Growth	▲	▲
1.4% CPI Growth February 2026	▼	▼
6.3% Consumer Spending Growth	▲	▲

Source: BNM, DOSM

ECONOMY: STEADY GROWTH IN WHOLESALE AND RETAIL TRADE

Malaysia's wholesale and retail trade sector showed continued momentum toward the end of 2025. In December 2025, total sales value reached RM163.7 billion, representing 7.6% year-on-year growth and a 3.0% month-on-month increase from November 2025. The volume index stood at 171.3 points, up 6.4% y-o-y and 2.6% m-o-m. In contrast, for Q3 2025, the seasonally adjusted volume index for wholesale and retail trade rose 3.1% quarter-on-quarter (Q3 vs Q2 2025) and the overall volume index recorded 165.8 points, up 4.8% y-o-y. This indicates that activity in the sector expanded at a stronger pace toward year-end, with December's volume index above the Q3 average and showing sustained positive momentum across retail, wholesale and motor vehicle segments.

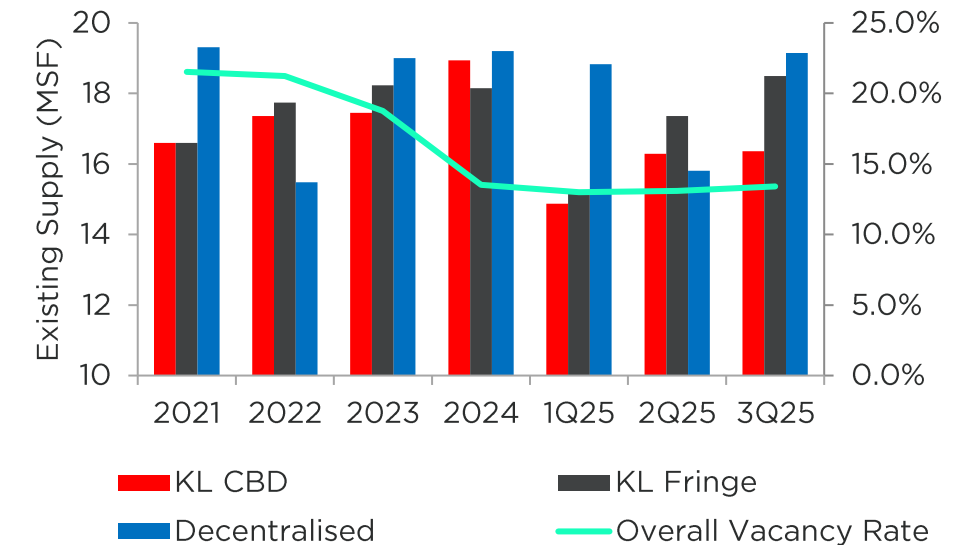
SUPPLY: INTEGRATION OF RETAIL COMPONENTS WITHIN MIXED-USE DEVELOPMENTS

In Malaysia, developers are increasingly incorporating retail podiums within larger mixed-use projects that combine office, residential, and hotel components. This approach reflects a strategic focus on creating integrated lifestyle destinations where shopping, dining, and entertainment are seamlessly connected to work and living environments. By situating retail within mixed-use developments, developers can capture consistent footfall from residents, office workers, and hotel guests, while offering consumers convenience and a more engaging experience. Such integrated projects also help enhance asset value, support higher occupancy rates, and respond to evolving consumer preferences that favor destinations combining leisure, work, and lifestyle in a single location.

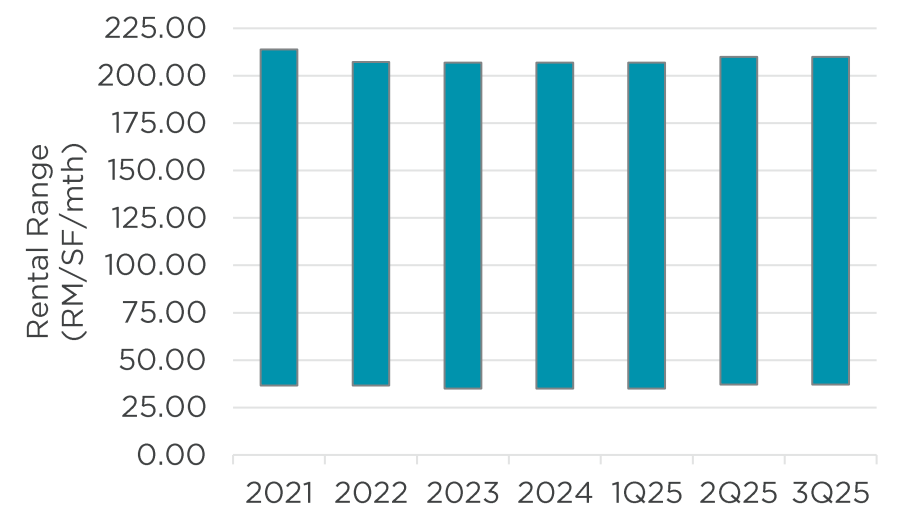
INCOME: ANCHOR TENANTS MAINTAINING STABLE INCOME STREAMS

Strong-performing supermarket anchors continue to support the resilience of the retail market by driving stable footfall and occupancy levels across shopping centres. As consumer demand remains centered on convenience and quality grocery offerings, supermarket operators are increasingly expanding into suburban and neighbourhood locations to capture daily-needs spending. Premium grocers are also integrating ready-to-eat, café and lifestyle components to enhance customer experience and encourage repeat visitation. These supermarket anchors strengthen the overall appeal of retail centres, benefiting surrounding tenants through consistent shopper traffic while helping landlords maintain rental stability and reduce vacancy risks.

EXISTING SUPPLY AND OVERALL VACANCY RATE



CBD PRIME RENTAL RANGE



MARKET STATISTICS

SUBMARKET	INVENTORY (MSF)	OVERALL VACANCY RATE	PLANNED & UNDER CNSTR (MSF)
KL CBD	16.55	9.0%	2.56
KL Fringe	18.30	11.5%	2.64
Decentralised	20.65	14.8%	0.00
TOTAL	55.5	35.3%	5.2

- 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
Coalfields Retail Park	Decentralised	1,000,000 (GBA)	Q2 2026
Ombak KLCC	KL CBD	420,000	Q3 2026
118 Mall @ Merdeka 118	KL CBD	1,506,947	Q3 2026
KL Midtown Mall	KL Fringe	500,000	Q4 2026
(Refurbishment) – Plaza Alam Sentral	Decentralised	233,751	Q4 2026
KL Midtown Retail Mall	KL Fringe	500,000	Q4 2026
Pavilion Damansara Heights Mall (Phase 2)	KL Fringe	529,353	2026
Maju Kuala Lumpur Mall	KL CBD	750,000	2026
Queens Mall Kuala Lumpur @ Queensville	KL Fringe	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

- The Korean lifestyle and apparel brand TOPTENIO opened its first store in Malaysia on 9 January 2026 at Sunway Pyramid shopping mall.
- KIP REIT funds RM160 million Kinta City Mall expansion, secures 25-year AEON lease.
- Thailand’s CP Axtra Public Company Ltd has agreed to acquire The Food Purveyor, the company behind Village Grocer and Ben’s Independent Grocer, for RM1.7 billion.
- Chinese automaker Chery is set to launch its Lepas brand in Malaysia in 1H2026, aiming for a network of outlets targeting youthful, design-led SUV buyers.
- Indonesian specialty coffee roaster Tanamera Coffee has opened its first store in Kuala Lumpur, marking a notable international café brand debut.
- Global appliance manufacturer Midea Group launched 18 brand stores simultaneously across Malaysia in December 2025, significantly expanding its physical retail footprint in the country.

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