MARKETBEAT

KUALA LUMPUR

OFFICE Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
29.62% Vacancy Rate	▲	▲
66.89M QTQ Net Absorption, SF	▲	▼
RM 6.25 Avg. Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
5.4% GDP Growth	▼	▲
2.0% CPI Growth *May 2026*	▼	▲
3.0 Unemployment Rate *April 2026*	▼	▼

Source: BNM, DOSM

ECONOMY: RESILIENT ECONOMIC ACTIVITY SUPPORTS POSITIVE OUTLOOK

Malaysia's economy grew 5.4% in Q1 2026, moderating from 6.3% in Q4 2025, supported by resilient domestic demand, sustained investment activity, and continued strength in exports. The Services sector expanded by 5.6%, remaining the key driver of economic growth, while Manufacturing grew by 5.9%, supported by the electrical and electronics (E&E) industry. Construction remained robust at 7.7%, underpinned by ongoing infrastructure and private sector projects. Meanwhile, Agriculture growth eased to 2.6%, reflecting slower expansion compared to the previous quarter. The Mining and Quarrying sector contracted by 2.1%. Overall, the economy continued to demonstrate resilience despite a more challenging global environment, supported by broad-based growth across most sectors.

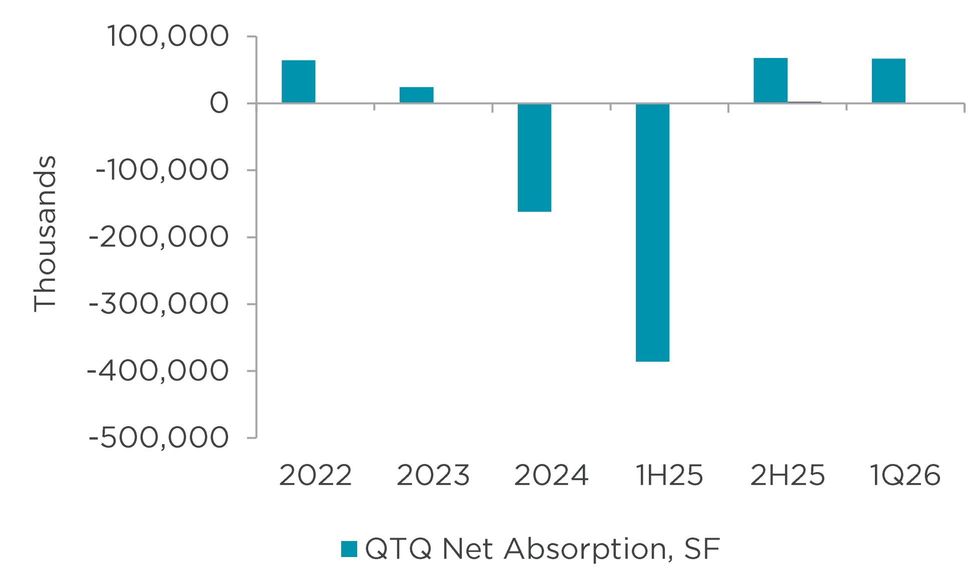
DEMAND: PREMIUM OFFICE BUILDINGS CONTINUE TO ATTRACT MNC OCCUPIER

Demand for premium office buildings continued to be supported by large occupiers seeking modern, high-quality workspace, with anchor tenants playing a pivotal role in enhancing the appeal of newly completed developments. A notable example is the relocation of Maybank to Merdeka 118, which reinforces the ongoing flight-to-quality trend as major corporations increasingly consolidate their operations into Grade A office buildings offering superior specifications, ESG features and enhanced connectivity. The presence of established anchor tenants not only strengthens the market positioning of these developments but also boosts occupier confidence, attracting additional leasing interest from other corporations. As a result, premium office assets continue to outperform older office stock, facing greater competitive pressure in attracting and retaining tenants.

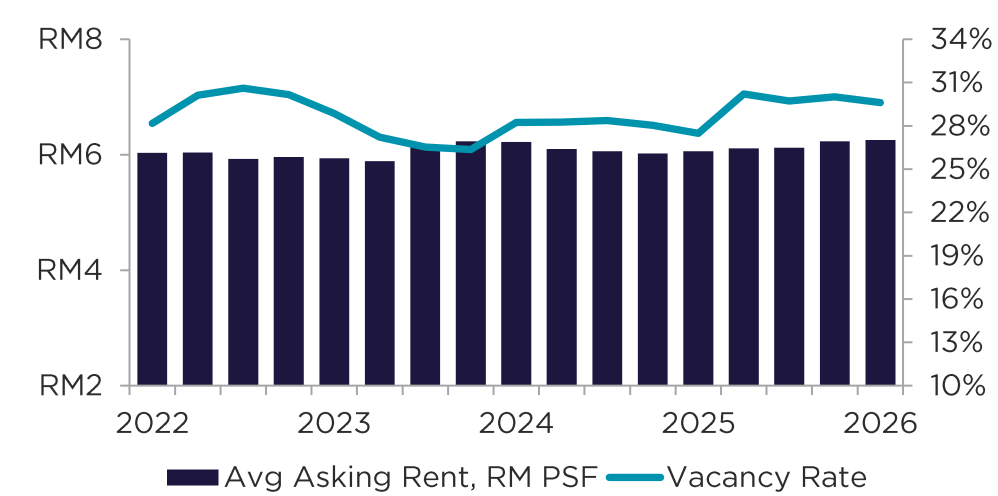
PRICING: OFFICE RENTAL MARKET REMAINS STEADY IN Q2 2026

In Q1 2026, the average asking rent in Greater Kuala Lumpur stood at RM6.25 psf per month. The KL CBD recorded an average asking rent of RM7.24 psf, while the KL Fringe averaged RM6.67 psf. The Decentralised submarket registered an average asking rent of RM4.84 psf. Overall, rental levels across Greater Kuala Lumpur remained broadly stable in Q2 2026.

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	60.33	26.6%	11.20	RM 7.24	USD 1.75
KL FRINGE	49.71	33.40%	3.03	RM 6.67	USD 1.61
DECENTRALISED	36.87	28.87%	-	RM 4.84	USD 1.17
TOTAL	174.29	29.62%	14.24	RM 6.25	USD 1.51

**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

- *Maybank has relocated its headquarters to Menara Merdeka 118, with its corporate office located on Level 70, occupying 33 floors and accommodating approximately 7,000 employees.*
- *JustCo opened its first Malaysian flexible workspace centre on Level 23 of Menara Hap Seng 3.*
- *H&M announced the relocation of its Southeast Asia regional headquarters from Singapore to Kuala Lumpur. About 30% of the regional support workforce are affected under the restructuring.*
- *MISC has signed a 15-year tenancy agreement with Petroliam Nasional Berhad (Petronas) for the renewal of office space at Menara Dayabumi, with the lease valued at approximately RM433 million.*
- *AMMB Holdings will acquire Menara AmBank for RM331 million in a related-party deal. The 46-storey freehold tower has 453,419 sq ft of net lettable space, with 77.8% occupancy, of which AmBank occupies 65.6% as the anchor tenant.*
- *AmBank (M) Bhd acquired the 46-storey Menara AmBank from AmFIRST REIT to serve as its future corporate headquarters.*
- *Menara Merdeka 118 was awarded WELL Core Platinum Certification, making it the tallest certified building globally.*

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