

MARKETBEAT
KUALA LUMPUR
OFFICE Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
28.61% Vacancy Rate	▲	▲
147.15M QTQ Net Absorption, SF	▲	▼
RM 6.32 Avg. Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.0% GDP Growth	▲	▲
1.9% CPI Growth *August 2026*	▲	▲
3.0% Unemployment Rate *July 2026*	▼	▼

Source: BNM, DOSM

ECONOMY: RESILIENT ECONOMIC ACTIVITY SUPPORTS POSITIVE OUTLOOK

Malaysia's economy strengthened in Q2 2026, expanding by 6.0% year-on-year, compared with 5.4% in Q1 2026, supported by resilient domestic demand, stronger investment activity and robust external trade. The Services sector grew by 5.9%, remaining the key contributor to economic growth, while Manufacturing accelerated to 7.3%, supported by strong performance in electrical, electronic and optical products. Construction expanded by 6.5%, underpinned by continued activity in specialised construction and non-residential buildings. Meanwhile, Mining and Quarrying rebounded strongly by 9.2%, driven by higher natural gas production, while Agriculture contracted by 3.7%, mainly due to weaker oil palm and fishing activity. Overall, Malaysia's economy recorded 5.7% growth in 1H 2026, reflecting sustained economic resilience and broad-based expansion across key sectors despite external uncertainties.

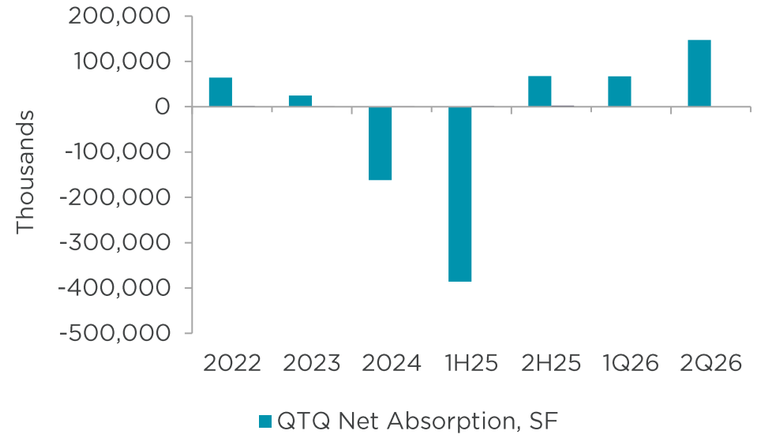
DEMAND: FLEXIBLE WORKSPACE OPERATORS CONTINUE TO EXPAND

Demand for flexible workspace continued to support office leasing activity in Q3 2026, with serviced office and coworking operators expanding their presence across Greater Kuala Lumpur. Co-labs Coworking recently opened at Sunway Square and is expected to open another location at Mercu 3 in December 2026, while JustCo expanded its presence at Menara Hap Seng 3 and is set to open another centre at Menara Affin @ TRX in November 2026. The continued expansion of flexible workspace operators reflects occupiers' growing preference for adaptable and scalable office solutions, supporting leasing activity across established and emerging commercial locations.

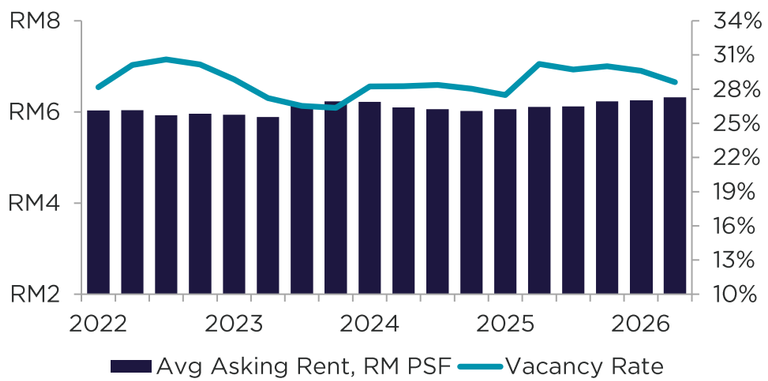
PRICING: OFFICE RENTAL MARKET MAINTAINS STABILITY IN Q3 2026

In Q2 2026, the average asking rent across Greater Kuala Lumpur stood at RM6.32 psf per month. The KL CBD recorded an average asking rent of RM7.28 psf, followed by the KL Fringe at RM6.81 psf, while the Decentralised submarket averaged RM4.87 psf. Overall, office rental levels across Greater Kuala Lumpur remained relatively stable in Q3 2026.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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KUALA LUMPUR
OFFICE Q3 2026

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	60.37	25.90%	11.20	RM 7.28	USD 1.79
KL FRINGE	49.67	32.70%	3.03	RM 6.81	USD 1.67
DECENTRALISED	36.92	27.23%	-	RM 4.87	USD 1.19
TOTAL	146.96	28.61%	14.24	RM 6.32	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
The Capitol (Phase 2)	Decentralised	1,200,000	Q4 2026
Menara Golden Eagle	KL CBD	112,000	Q4 2026
Duo Tower (Tower B)	KL Fringe	432,212	2027
Solarvest Tower	KL Fringe	348,092	2027
Pavilion Square Bukit Bintang	KL CBD	167,407	2028
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
Bangsar 61 (Tower 1)	KL Fringe	548,000	2030
Plaza Conlay Tower 2	KL CBD	606,000	2030
One Exchange	Decentralised	400,000	2032

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

INVESTMENT TREND/OFFICE DEVELOPMENT ACTIVITIES

- *Tower REIT records 73% increase in FY2026 net profit, driven by higher occupancy and rental growth.*
- *AmBank receives approval to acquire Menara AmBank from AmFirst REIT for RM331 million.*
- *Menara Merdeka 118 renamed Menara Merdeka Maybank following strategic partnership.*
- *Hap Seng unveils KL Midtown signature office towers with confirmed anchor tenancies.*
- *Sime Darby Property acquires Wisma Unirazak for RM160 million to develop mixed-use project.*
- *IGB Commercial REIT is poised to benefit from rising demand for quality office space.*
- *Axis REIT's recovery is underpinned by leasing growth and strategic portfolio expansion.*
- *WCT secures RM600.89 million contract to construct 41-storey office building at TRX.*
- *TRX records over 85% office supply commitment as Menara Ethos adds 808,000 sq ft.*
- *Paramount Corp opens 11th Co-labs Coworking outlet at Sunway Square*

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