Real Estate Highlights

Knight Frank

2nd Half 2024

A comprehensive analysis of Malaysia's industrial, office, retail, hospitality and residential markets

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MALAYSIAN ECONOMIC OVERVIEW





In the third quarter of 2024, Malaysia's economy demonstrated resilience, achieving a gross domestic product (GDP) growth of 5.3% year-on-year (y-o-y). This growth was driven by strong private expenditure, recovering exports and heightened investment activities. Household spending remained a key driver, supported by favourable labour market conditions and targeted policy measures. Employment gains and an increased minimum wage further boosted consumer demand.

Investment activity remained dynamic, with contributions from both private and public sectors. The private sector concentrated on high-tech and knowledge-intensive subsectors, such as Information and Communication Technology (ICT) and electrical and electronics (E&E) manufacturing. Meanwhile, public investments prioritised large-scale infrastructure projects, including the Pan Borneo Highway and East Coast Rail Link (ECRL).

Economic activity was led by the services and manufacturing sectors, with manufacturing benefiting from export-oriented production and the global technology cycle. The construction sector posted a significant 19.9% growth, driven by residential, non-residential and specialised trade projects. Conversely, the mining sector experienced a decline due to maintenance activities, while agriculture saw modest gains, primarily from palm oil output.

External trade contributed positively, with exports rising by 11.8%, supported by demand for E&E products and recovering tourism. Imports grew by 13.5%, reflecting strong demand for intermediate and capital goods.

Inflationary pressures were well-contained, with headline and core inflation remaining steady at 1.9%, supported by effective monetary policy. The overnight policy rate (OPR) was maintained at 3.0% to sustain economic momentum. The ringgit strengthened against the U.S. dollar, supported by narrowing interest rate differentials and improved investor confidence.

Financial flows presented a mixed picture, with net outflows in direct investment balanced by strong foreign direct investment inflows. In the first nine months of 2024, Malaysia secured RM254.7 billion in approved investments across services, manufacturing and primary sectors, a 10.7% increase compared to the same period in 2023. These investments, comprising 4,753 projects, are expected to generate approximately 159,000 new jobs.

Budget 2025, unveiled by Prime Minister Datuk Seri Anwar Ibrahim, emphasises economic growth, fiscal reforms and public welfare. With an allocation of RM421 billion, it prioritises development projects in education, healthcare and infrastructure, dedicating RM86 billion to these areas. Key fiscal reforms include an expanded scope of the Sales and Service Tax (SST), a 2% tax on dividend incomes above RM100,000 and targeted subsidy rationalisation for RON95 petrol and diesel.

Social welfare initiatives feature a minimum wage increase to RM1,700 effective February 2025, alongside enhanced tax reliefs for education and healthcare. Sustainability measures are supported by RM300 million under the National Energy Transition Roadmap (NETR) and the introduction of a carbon tax targeting high-emission industries by 2026.

Investments in technology include RM10 million for the National Artificial Intelligence Office (NAIO) and RM50 million for AI education.

Malaysia's economic outlook for 2025 points to steady growth and resilience, with GDP expected to expand by 4.5% to 5.5%. Household spending will continue to play a key role, driven by wage growth and targeted measures, while private and public investments are projected to grow by 12.1% and 7.7% respectively, supported by multi-year projects under the NETR and the New Industrial Master Plan 2030.

Exports are forecasted to grow by 5.1%, driven by demand for E&E products and a stronger tourism sector. Imports are expected to rise at a slightly lower rate of 4.4%, reflecting demand for capital goods.

Inflation is anticipated to moderate between 2.0% and 3.0%, with unemployment remaining low at 3.1%. Fiscal consolidation aims to reduce the deficit to 3.8% of GDP, while accommodative monetary policies will continue to support growth.

By fostering innovation, improving fiscal efficiency and promoting sustainable development, Malaysia is well-positioned for long-term economic growth and enhanced well-being for its citizens.

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MARKET HIGHLIGHTS

The Malaysian real estate market demonstrates resilience and adaptability, supported by strategic investments and government initiatives. With economic recovery gaining momentum, key sectors such as industrial, office, retail, hospitality and residential continue to show promising growth trajectories. This section explores the pivotal trends and developments shaping the market landscape in the second half of 2024.

KLANG VALLEY

Industrial

- The industrial sector is experiencing growing interest in smart and sustainable facilities as businesses prioritise efficiency and reducing environmental impact. In response to this trend, landlords are redeveloping older factories and warehouses into modern, high-grade facilities. Sustainability and innovation have become critical considerations in these projects, aligning industrial spaces with evolving tenant demands.
- Industrial Real Estate Investment Trusts (REITs) are demonstrating strong confidence in the sector's growth potential, actively acquiring assets to capitalise on emerging opportunities. This momentum is expected to persist, driven by REITs leveraging innovative asset strategies to unlock value through redevelopment into modern and sustainable facilities, in line with shifting market and investor priorities.
- Klang Valley's industrial sector performance is bolstered by high levels of approved private investments, totaling impressive figures in the first nine months of 2024. This reflects robust investor sentiment and signals continued economic growth and development in the region.
- The sector remains stable in prices and rental rates, underpinned by sustained demand and a resilient market. While higher-quality assets, such as Grade A warehouses, command premium rates, the overall consistency in performance underscores strong fundamentals. This stability offers confidence to both investors and occupiers, supporting the sector's steady growth and long-term potential.

Office

- During the review period, 0.4 million sq ft of office space was completed with the opening of Atwater Corporate Towers, bringing the total for 2024 to 0.8 million sq ft. Looking ahead, approximately 1.6 million sq ft of new supply is expected to be completed in 1H2025.
- The Klang Valley office market demonstrated resilient demand, with improved occupancy and rental rates across all submarkets. However, these levels remain below pre-pandemic figures. KL City and KL Fringe recorded notable occupancy gains, while Selangor experienced some moderation due to the influx of new supply. Positive rental momentum was observed across all submarkets, albeit at varying rates.
- Occupiers continue to favour green-certified buildings with flexible layouts and modern amenities, leading to higher occupancies and rents in Prime A+ and Grade A offices. This demand has been driven by diverse sectors, including technology, finance and professional services.

Retail

- The Klang Valley retail market is set to grow in 1H2025 with an additional 1.0 million sq ft of retail space, including two neighborhood malls designed to meet the rising demand for community-oriented retail experiences.
- The Malaysian retail sales grew by 3.8% in 3Q2024, driven by strong domestic demand and tourist spending, despite rising costs. Growth is projected to accelerate to 4.4% in 4Q2024, supported by the Malaysia Year-End Sale and government initiatives, reflecting the sector's resilience amidst economic challenges.
- New developments such as Bloomsvale Shopping Gallery, Elmina Lakeside Mall and the recently opened 168 Park Mall highlight a shift toward neighborhood-centric, community-focused retail spaces.
- Major acquisitions, including Tropicana Gardens Mall, DPulze Shopping Gallery and 163 Retail Park, demonstrate robust investor confidence in high-quality, strategically located assets.
- Retailers are adopting experiential and technology-driven concepts to attract consumers and maintain competitiveness in the evolving market landscape.
- Government household-centric policies are expected to support spending on essentials, but SST expansion and fuel subsidy rationalisation may influence demand patterns and increase costs.

Hospitality

- Malaysia's economy showed resilience in the first nine months of 2024, with a projected annual growth rate of 4.8% to 5.3%, driven by robust domestic demand, recovering exports and a thriving tourism sector.
- Kuala Lumpur leads in existing hotel room supply, with a strong pipeline of new hotels, particularly mid-scale properties managed by international brands.
- As of 3Q2024, the hospitality sector is recovering, with occupancy rates and room rates nearing pre-pandemic levels.
- The government is boosting tourism through infrastructure enhancements and promotional efforts, including Visit Malaysia Year 2026 and upgraded entry facilities for large-scale MICE events.
- With strategic policies and sustained infrastructure improvements, Malaysia is well-positioned for continued growth in tourism and hospitality sectors through 2025.

High Rise Residential

- The high rise residential property market in W.P. Kuala Lumpur is showing growth in 2024, driven by improved transaction activity. This positive trend is underpinned by strong economic performance under the MADANI Economy Framework, sustained government support through Budget 2024 and stable interest rates.
- Supply and demand for high rise residential developments are expected to strengthen with the launch and preview of new projects. While property prices remain stable, rental trends exhibit mixed performance due to varying tenant preferences and increasing market competition.
- The Residensi Madani initiative aims to deliver 8,000 affordable homes in the Federal Territories by 2027. Targeted at the B40 income group, this program seeks to provide accessible homeownership opportunities in Kuala Lumpur, addressing persistent housing affordability challenges.



JOHOR

Industrial
The industrial property sector remains robust, supported by active transactions and strong investment activity.

Office
The Johor Bahru office market has seen an increase in asking rents for purpose-built office spaces. This is attributed to newer buildings with better specifications and improved market sentiment.

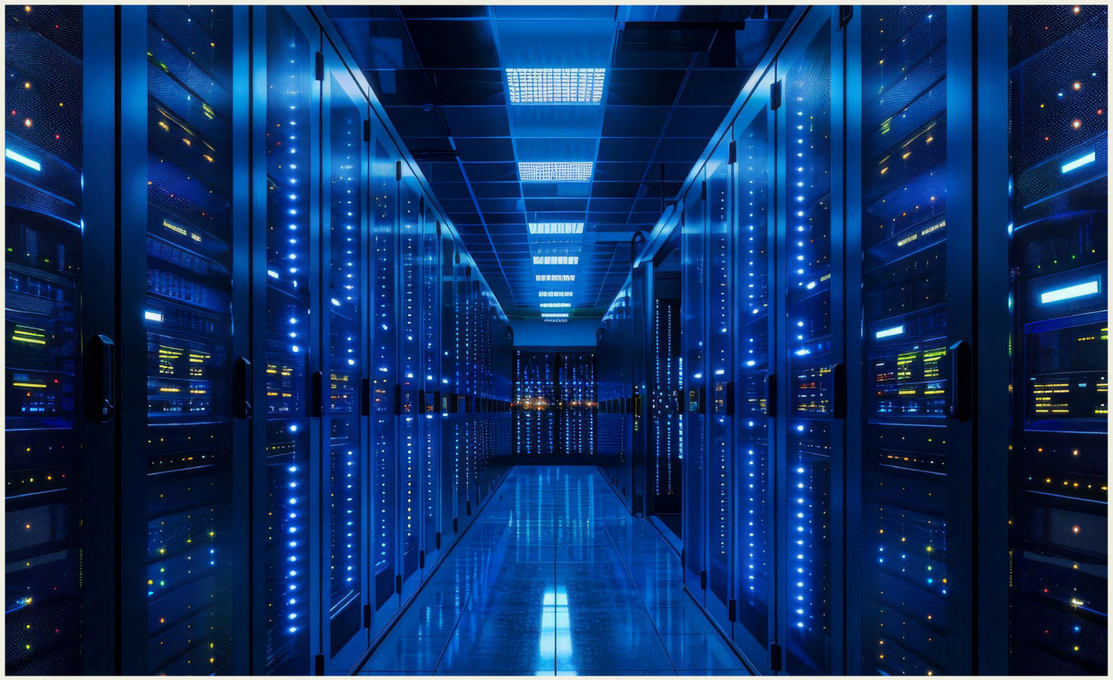
Retail
The retail sector continues to gain positive momentum, driven by heightened retailer activity and the entry of new retailers, which are contributing to the sector's overall growth.

Hospitality
Johor's hospitality sector saw a 31.8% increase in tourist arrivals during the first ten months of 2024, driven by its proximity to Singapore, which contributed for 79.4% of total arrivals and a significant rebound in Chinese visitors. Rising occupancy rates and average daily rates for 3- to 5-star hotels highlight the sector's strong recovery and its growing position as a key regional tourism hub.

High Rise Residential
The high rise residential sector in Johor Bahru has shown improved performance, particularly for projects located in Johor Bahru City Centre, which benefit from their proximity to the upcoming RTS Link station.

Key Developments and Investments in Iskandar Malaysia

- The Johor Bahru-Singapore RTS Link is 93% complete, and the Gemas-Johor Bahru Electrified Double-Track Rail Project is 98% complete, with full completion expected by April 2025.
- Iskandar Malaysia recorded RM40.3 billion in committed investments as of 3Q2024, with RM22.5 billion (55.8%) realised. Cumulative investments reached RM413.1 billion (70.5% or RM291.4 billion realised), with a target of RM636.0 billion by 2030.
- Korean firm GG56 Korea Ltd will invest approximately RM4.4 billion in Forest City to establish Malaysia's first Korean Culture Town, including K-Content Studios and residential developments. The newly launched Forest City Special Financial Zone (SFZ) offers a 0% tax rate for family wealth offices, a 15% income tax rate for knowledge workers and duty-free status to boost tourism and economic activity.
- Harn Len Corp Bhd disposed of a 0.9-acre parcel of land near the RTS Link station in Johor Bahru for RM55.0 million, capitalising on the strategic location's development potential. Meanwhile, Paragon Globe Bhd secured 67.4 acres in Iskandar Puteri for a residential project with a gross development value (GDV) of RM733.1 million, marking its entry into the landed residential property market. Additionally, Lagenda Properties Bhd acquired 139.0 acres in Kota Tinggi for RM99.6 million, further expanding its landbank to support future development initiatives.
- TMC Life Sciences Bhd will start construction of the Thomson Iskandar Medical Hub in 2025, featuring a 500-bed hospital, 400 medical suites and research facilities, with completion by 2030.





PENANG

Industrial
During the first nine months of 2024, Penang secured RM10.1 billion in foreign direct investment (FDI), representing 83.5% of the State's total manufacturing investment of RM12.1 billion, highlighting Penang's resilience in sustaining its industrial growth momentum.

Office
The Penang office market experienced a slight decrease in overall occupancy levels on Penang Island due to the newly opened Sunshine Tower. Conversely, the overall occupancy rate in Seberang Perai showed a marginal improvement.

Retail
The retail sector in Penang demonstrated consistent and stable performance during the review period. This stability is evident in the steady average rental rates, despite a moderate decline in overall occupancy rates. The decrease was largely due to the low occupancy from the newly completed Sunshine Mall, which introduced a substantial 820,000 sq ft of net lettable area to the market.

Hospitality
The hospitality market in Penang is transitioning from the recovery phase to a period of stabilisation, with sustainable growth observed in both the average occupancy rate (AOR) and average daily rate (ADR). This upward trend has been further supported by the opening of several new hotels in 4Q2024, including the Iconic Marjorie Hotel (A Tribute Portfolio Hotel by Marriott) in Bayan Lepas, lyf Georgetown Penang, Citadines Connect Cecil Georgetown in George Town and The Crowne Plaza Penang Straits City in Butterworth.

High Rise Residential
Within the first nine months of 2024, the serviced apartment market in Penang demonstrated sustained demand, showcasing resilience within the residential property segment. However, the condominium and apartment market experienced a decline in both transaction volume and value during the same period.

Key Infrastructure Projects in Penang

- Penang International Airport (PIA) is expanding to increase annual passenger capacity from 6.5 million to 12 million and accommodate 28 aircraft simultaneously. Scheduled for completion by 2028, the project includes terminal upgrades, airside improvements and 10 automated gates set to be ready by 1Q2025, solidifying PIA as Malaysia's second-largest airport and a regional hub.
- The Penang Light Rail Transit (LRT) Mutiara Line, developed by MRT Corporation, will connect Bayan Lepas to Komtar and Penang Sentral in Seberang Perai, featuring 21 stations and "Park and Ride" facilities with 1,100 parking spaces at nine locations. The project tender was opened on 2 December 2024, inviting local and international firms.
- The Juru-Sungai Dua Elevated Highway, a 15-kilometer project announced in Budget 2025, will begin next year and is slated for completion by 2029. This RM2.0 billion public-private partnership (PPP) initiative aims to reduce congestion at the Juru and Sungai Dua toll plazas on the North-South Highway.



SABAH



Industrial
The industrial sector in Sabah is gaining momentum, with renowned industry players investing in various projects, thereby contributing significantly to the State's economic growth.

Office
The office sector in Kota Kinabalu recorded a steady increase in occupancy rates for privately-owned purpose-built offices. This growth is driven by rising interest in prominent office spaces within the Kota Kinabalu Central Business District (CBD).

Retail
Prime shopping malls within the Kota Kinabalu CBD are intensifying efforts to enhance their tenant mix. This is evident from several retail units currently undergoing fit-out as part of repositioning strategies. Additionally, efforts are underway to attract new retailers to introduce to the local market.

Hospitality
Sabah is on track to surpass its target of 3.0 million visitors by the end of 2024, supported by a sustained influx of tourist arrivals during the review period. Key initiatives boosting this growth include the ongoing upgrade of Kota Kinabalu International Airport (KKIA) and the introduction of new flight routes to the state. The growing confidence in Sabah's tourism potential is reflected in the hospitality market, as seen in the emergence of reputable new hotels and resorts.

Residential
During the review period, smaller scale landed terraced residential developments were launched, primarily in the fast-growing districts of Papar and Tuaran. This trend is attributed to rising land costs and the effects of urban sprawl.

Transaction Activity and Growth
- Sabah's property market experienced robust growth in 1H2024, with transaction volume increasing by 8.1% and value rising by 20.8% compared to 1H2023 (4,554 transactions valued at RM2.28 billion).
- The residential, commercial and agriculture sub-sectors showed strong positive growth in both volume and value, with agriculture recording the highest growth in transaction value (68.9%). The industrial sub-sector saw a decline in transaction volume (24.2%) but achieved an uptick in transaction value (8.7%). Conversely, the development land sub-sector experienced a decline in both volume (28.8%) and value (2.7%) of transactions.

Key Infrastructure Projects in Sabah
- The Sabah Pan Borneo Highway, spanning 706 km at a cost of RM24.8 billion, is progressing steadily. As of November 2024, Phase 1A (78% completion) and Phase 1B (2% completion) are advancing, with all contracts awarded and final packages set to be finalised by year-end.
- The Sarawak-Sabah Link Road (SSLR), connecting the two states without passing through Brunei, is making progress. Phase 1 (76 km) reached 40.2% completion as of October 2024, while Phase 2 (322 km) began construction in August 2024 with site clearing and earthworks underway.

Renewable Energy Projects
Sabah is advancing its renewable energy goals through several key initiatives:
- Project Oriole, a 162 MW hydropower plant in Sipitang developed by Jentayu Sustainables Bhd, will generate 170 MW across two hydropower schemes, aligning with the Sabah Energy RAMP 2040 strategy.
- The Ulu Padas Hydroelectric Project, a 187.5 MW project led by Gamuda Bhd and valued at RM3.05 billion, is expected to produce 1,052 GWh of clean energy annually, significantly strengthening the state's renewable energy mix.
- Additionally, the Battery Energy Storage System (BESS), developed by MSR Green Energy Sdn Bhd, will feature a 100 MW capacity with 400 MWh storage. Valued at RM645 million, this project will be one of Southeast Asia's largest BESS, enhancing grid stability, improving reserve margins and supporting solar energy expansion.

Transaction Volume and Value of Property Sub-Sector in Sabah, 1H2023 and 1H2024

Property Sub-Sector	Transaction Volume (No. of Units)		Y-o-Y Growth
	1H2023	1H2024	
Residential	2,425	2,733	12.7%
Commercial	533	668	25.3%
Industrial	211	160	-24.2%
Agriculture	770	925	20.1%
Development Land & Others	615	438	-28.8%
Total	**4,554**	**4,924**	**8.1%**
Property Sub-Sector	**Transaction Value (RM Million)**		**Y-o-Y Growth**
	1H2023	1H2024	
Residential	962.53	1,146.53	19.1%
Commercial	347.27	452.65	30.3%
Industrial	311.14	338.27	8.7%
Agriculture	245.88	415.31	68.9%
Development Land & Others	417.22	406.11	-2.7%
Total	**2,284.04**	**2,758.87**	**20.8%**

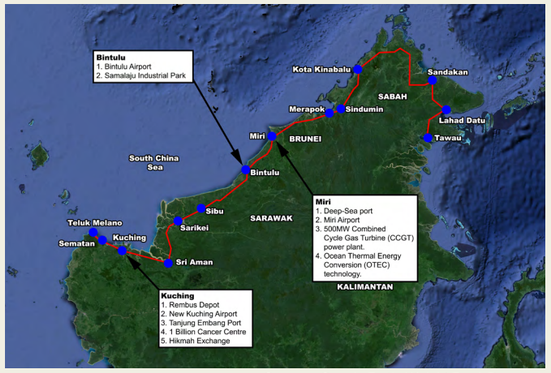
Sources: National Property Information Centre (NAPIC) / Knight Frank Research

Note: There may be some discrepancies due to rounding of figures



SARAWAK

- Sarawak is advancing deep-sea port projects at Tanjung Embang and Kuala Baram, Miri and will assume control of Bintulu Port by 2024 under the Sarawak Port Authority to boost export potential. Key infrastructure projects, including the Second Trunk Road (STR), Marudi Bridge and Bintulu-Jepak Bridge, aim to enhance connectivity, reduce travel time and drive economic activity. The Sabah-Sarawak Link Road (SSLR) is set for completion by 2029, connecting the two states without passing through Brunei.
- Sarawak achieved 62% renewable power generation in 2024, supported by significant investments in hydropower and green hydrogen production, including RM4.2 billion secured in 1Q2024. These initiatives position Sarawak as a leader in ASEAN's renewable energy sector, reflecting its growing competitiveness and sustainable development focus.
- The Sarawak government acquired a 31.25% stake in Affin Bank to bolster the state's financial infrastructure, improve funding access for local businesses and support broader economic development goals.
- The RM1 billion Sarawak Cancer Centre in Kota Samarahan will enhance healthcare services, establish Sarawak as a hub for research and training and provide advanced medical care, including stem cell transplantation and cellular therapy.
- Sarawak's commercial property market is thriving, driven by a 25.0% increase in tourist arrivals in 2024, which generated RM10.27 billion in revenue. This surge in tourism has fueled demand for hospitality and retail spaces, including hotels, resorts, serviced apartments and commercial properties. Strategic developments, such as Transit-Oriented Developments (TODs) along Autonomous Rapid Transit (ART) routes and the completion of the Hikmah Exchange Event Centre, are further enhancing the sector's growth and investor appeal.



Sources: Google Earth / Knight Frank Research

INDUSTRIAL MARKET

The industrial market remains robust, driven by sustained demand for modern facilities and strategic investments in smart and sustainable industrial parks. Innovations in logistics and green-certified developments are redefining the landscape, positioning Malaysia as a key hub for regional and global industrial activity.

MARKET INDICATIONS

Industrial Production Index (IPI)

The Industrial Production Index (IPI) in 2024 is projected to maintain a positive trajectory, bolstered by strong performance in the first nine months of the year. During this period, the IPI recorded a year-on-year (y-o-y) growth of 3.9%, compared to the same period in the previous year.

Approved Investments

Malaysia approved RM254.7 billion in investments during the first nine months of 2024, reflecting a 10.7% y-o-y increase. This robust performance underscores strong investor confidence across the services (RM160.7 billion), manufacturing (RM88.8 billion) and primary (RM5.2 billion) sectors. Domestic investments dominated with RM148.0 billion (58.1% of total), while foreign investments contributed RM106.7 billion (41.9%), highlighting balanced participation from both local and international investors. Selangor, Kuala Lumpur, Kedah, Penang and Johor emerged as the top-performing states by investment value.

During the review period, the manufacturing sector accounted for 34.9% of the nation's total approved investments. Foreign direct investment (FDI) remained a cornerstone of this growth, contributing a substantial 75.4% of total manufacturing investments.

The electrical and electronics (E&E) industry continued to drive Malaysia's manufacturing momentum, securing RM47.0 billion in approved investments. This reaffirms the nation's growing reputation as a strategic hub for comprehensive business solutions, encompassing research and development (R&D), manufacturing, supply chain management, logistics and global headquarters operations.

Other key industries contributing to the manufacturing sector's strong performance included:

- Transport Equipment: RM7.0 billion
- Non-Metallic Mineral Products: RM4.2 billion
- Chemicals and Chemical Products: RM7.0 billion
- Machinery and Equipment: RM6.3 billion

Regional Investment Trends (Manufacturing Sector)

- **Central Region:** The Klang Valley approved 264 private investments totalling RM15.3 billion, securing its position as the second-highest contributor after Kedah in 9M2024. Negeri Sembilan demonstrated impressive growth, with investments surging to RM5.2 billion, four times the RM1.2 billion recorded during the same period in 2023, placing it among the top five contributing states.
- **Northern Region:** Kedah emerged as the nation's leader in approved investments, contributing RM32.6 billion, which accounted for 36.7% of the total manufacturing investment. Penang, on the other hand, experienced a decline in manufacturing investments, dropping 68.9% from RM38.9 billion in 9M2023 to RM12.1 billion in 9M2024. Nevertheless, FDI remained the largest contributor, accounting for 82.9% of the total.
- **Southern Region:** Johor recorded a 12.5% increase in manufacturing investments, reaching RM8.0 billion in 9M2024.
- **East Malaysia:** Sarawak contributed RM5.1 billion in approved investments, ranking slightly behind Negeri Sembilan and securing itself as one of the top investment destinations nationwide. In contrast, Sabah recorded RM2.4 billion in approved investments, reflecting a 79.0% increase from RM1.37 billion in 9M2023 to RM2.4 billion in 9M2024.

Market Overview

Malaysia's industrial sector has experienced significant growth, underpinned by increasing global demand for manufactured goods, government initiatives promoting industrialisation and the establishment of new industrial parks. This positive trajectory is expected to continue, driven by ongoing investments, technological advancements and a growing emphasis on sustainability, even as the sector navigates a complex global landscape.

The country is well-positioned to capitalise on evolving global trade dynamics and supply chain realignments, particularly in the wake of the 2024 US presidential election. With a robust manufacturing ecosystem and a strategic location, Malaysia is poised to attract investments in high-growth sectors such as electronics, semiconductors and medical devices. Potentially renewed US engagement in multilateral trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), could further enhance Malaysia's market access and strengthen its role in global trade. Additionally, the nation's commitment to renewable energy and sustainability aligns with global trends, presenting opportunities for collaboration with foreign investors in green technology.

Malaysia is also prepared to address challenges arising from shifts in US trade and foreign policies. While global supply chain realignments and geopolitical tensions may pose risks, Malaysia's diversified trade partnerships and integration into regional frameworks like the Regional Comprehensive Economic Partnership (RCEP) provide a buffer against external disruptions.

Malaysia has solidified its position as a top investment destination in Southeast Asia, leveraging its strategic advantages as companies diversify their supply chains amidst shifting global dynamics. Compared to other ASEAN nations, Malaysia's ability to attract high-value, technologically

advanced investments, positions itself as a strong contender, reinforcing its role as a top choice for foreign direct investments.

Moreover, domestic policy such as the implementation of a carbon tax and the EU's Carbon Border Adjustment Mechanism are incentivising businesses to adopt sustainable practices. The demand for green-certified industrial buildings, such as those meeting GreenRE and GBI standards, is on the rise, driven by companies aiming to reduce their environmental impact and attract eco-conscious tenants. The integration of renewable energy solutions, particularly solar power, is increasingly prevalent, enabling industrial facilities to lower operational costs and reduce carbon emissions.

The sector's growth is underscored by transformative projects and partnerships. For instance, Sime Darby Property, EcoWorld and NS Corp have joined forces to develop a RM2.95 billion industrial park in Negeri Sembilan, targeting high-growth industries. Similarly, the Kerian Integrated Green Industrial Park (KIGIP) in northern Malaysia is set to attract high-value investments and create jobs. In Selangor, AME Elite and KLK are collaborating on a sustainable, integrated industrial park in Ijok, designed to foster a self-sustaining ecosystem while attracting high-value investments. These initiatives highlight the increasing demand for industrial space and the government's commitment to fostering sustainable development.

Malaysia's industrial sector is thriving, propelled by global demand, strategic government initiatives and investments in infrastructure and sustainability. As the sector evolves, it is well-equipped to navigate challenges and seize opportunities, ensuring its continued growth and relevance on the global stage.



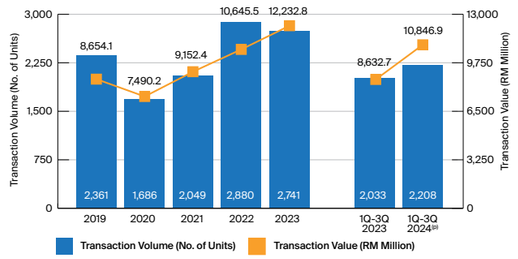
KLANG VALLEY

Industrial Market Activities

During the first nine months of 2024, the industrial sector recorded a significant increase in both transaction volume and value compared to the same period in 2023, reflecting strong market performance. A total of 2,208 transactions were registered, amounting to RM10.8 billion. This marked a y-o-y growth of 8.6% in transaction volume and an impressive 25.7% increase in transaction value.

Additionally, the average price per industrial transaction rose by 15.7% y-o-y to approximately RM4.9 million, signaling a shift toward higher-value transactions during this period.

Transaction Volume and Value of Industrial Properties in Klang Valley, 2019 to 3Q2024(p)



Sources: National Property Information Centre (NAPIC) / Knight Frank Research

Notable Investments in Klang Valley

Selangor continues to solidify its role as a key industrial hub, attracting substantial investments in green and transport technologies. Among notable developments, Japan's J&T Berjaya Alam Murni Sdn Bhd (JBAM) has committed RM172 million to a green technology project at the Bukit Tagar Enviro Park. Meanwhile, local player MCE Holdings Bhd is investing RM50 million in a new transport technology facility in Serendah.

A China-based company, CHERY Auto Malaysia Sdn Bhd, is expanding its footprint in Selangor with a significant investment of RM1.4 billion to enhance its Shah Alam operations, further boosting the state's industrial growth.

DHL Express has made a landmark investment of €60 million (RM300 million) in a state-of-the-art, fully automated sorting facility at Kuala Lumpur International Airport (KLIA), which was completed in March 2024. The DHL Express Kuala Lumpur Gateway, three times larger than its predecessor and capable of handling four times the shipping volume, serves as a strategic hub for cross-border trade in Southeast Asia. Built with carbon-neutral building guidelines, the facility incorporates solar panels, smart LED lighting and energy-efficient systems, aligning with the growing trend of sustainable industrial real estate.

These developments underscore Selangor's growing appeal to both global and domestic investors. Its robust industrial ecosystem, strategic location and supportive business environment continue to position it as a leading destination for high-value industrial developments.



Notable Investment Announcements, 2024

Company	Country of Origin	Industry	Location	Type of Investment	Investment Value (RM)
J&T Berjaya Alam Murni Sdn Bhd (JBAM)	Japan	Green Technology	Bukit Tagar Enviro Park, Selangor	New Investment	RM172 million
MCE Holdings Bhd	Malaysia	Transport Technology	Serendah, Selangor	New Investment	RM50 million
CHERY Auto Malaysia Sdn Bhd	China	Transport Technology	Shah Alam, Selangor	Expansion	RM1.4 billion
DHL Express	USA	Logistics Services	KLIA, Selangor	Expansion	RM280 million(1)

Sources: Malaysia Investment Development Authority (MIDA) / Knight Frank Research

Note: (1) DHL Express has invested EUR60 million into the facility. The exchange rate used is circa EUR 1 = MYR 4.6601

This momentum is further bolstered by new industrial park projects in the state. A joint venture between AME Elite Consortium Bhd and Kuala Lumpur Kepong Bhd (KLK) under Oasis Innovation Sdn Bhd exemplifies confidence in Selangor's industrial sector. This project spans approximately 151.2 acres near Bandar Seri Coalfields and the LATAR Expressway. Notably, it marks KLK's first foray into industrial property development, leveraging AME Elite's expertise to unlock the value of its land assets.

Selangor's proactive efforts to attract high-value industries further amplify this momentum. For example, the state plans to develop a semiconductor park under Menteri Besar Selangor Incorporated, aiming to position Selangor as a strategic hub for the semiconductor industry. This initiative is guided by the Selangor Managed Industrial Parks (MIP) framework, which emphasises advanced features, sustainability and customised infrastructure.

With six new industrial parks spanning 1,214 hectares currently under development, these projects align with Selangor's commitment to fostering economic growth and cultivating a skilled workforce. Such initiatives further reinforce Selangor's position as a prime destination for industrial and technological advancement.

Prices & Rentals

During the review period, asking rentals for detached industrial buildings and warehouses in the selected localities remained relatively stable. Premium rental rates of RM2.00 to RM2.50 per sq ft were observed for higher-quality industrial assets, particularly in Bandar Bukit Raja. With the anticipated increase in the supply of higher-quality industrial properties, rental rates are expected to trend upward in the foreseeable future.

Asking Rental Rates of Typical Detached Industrial Buildings / Warehouses in Selected Localities, 2H2024

Locality	Average Asking Rental over Built-up Area[2] (RM per sq ft / month)
Bandar Bukit Raja	1.80 - 2.30
Shah Alam[1]	1.70 - 2.40
Petaling Jaya[2]	1.80 - 2.50
Subang[3]	1.50 - 2.30
Port Klang[4]	1.50 - 1.90
Sepang[5]	1.40 - 1.80

Source: Knight Frank Research

Notes: Asking rentals (on a per square foot basis), as listed on property websites, for typical detached industrial buildings and warehouses in the selected localities during the period from September 2024 to November 2024.
Selected industrial schemes within the localities are as follows:
(1) Shah Alam: Bukit Kemuning, Hicom-Glenmarie Industrial Park, Seksyen 15, Seksyen 16, Seksyen 22, Seksyen 32, Seksyen U10, Shah Alam Technology Park and Temasya Industrial Park.
(2) Petaling Jaya: Seksyen 19, Seksyen 51 and Seksyen 51A.
(3) Subang: Taman Perindustrian Subang, Subang Hi-Tech Park and UEP Industrial Park.
(4) Port Klang: Northport, Westport and Teluk Panglima Garang.
(5) Sepang: NCT Smart Industrial Park, Olak Lempit, Pekan Sepang and others.

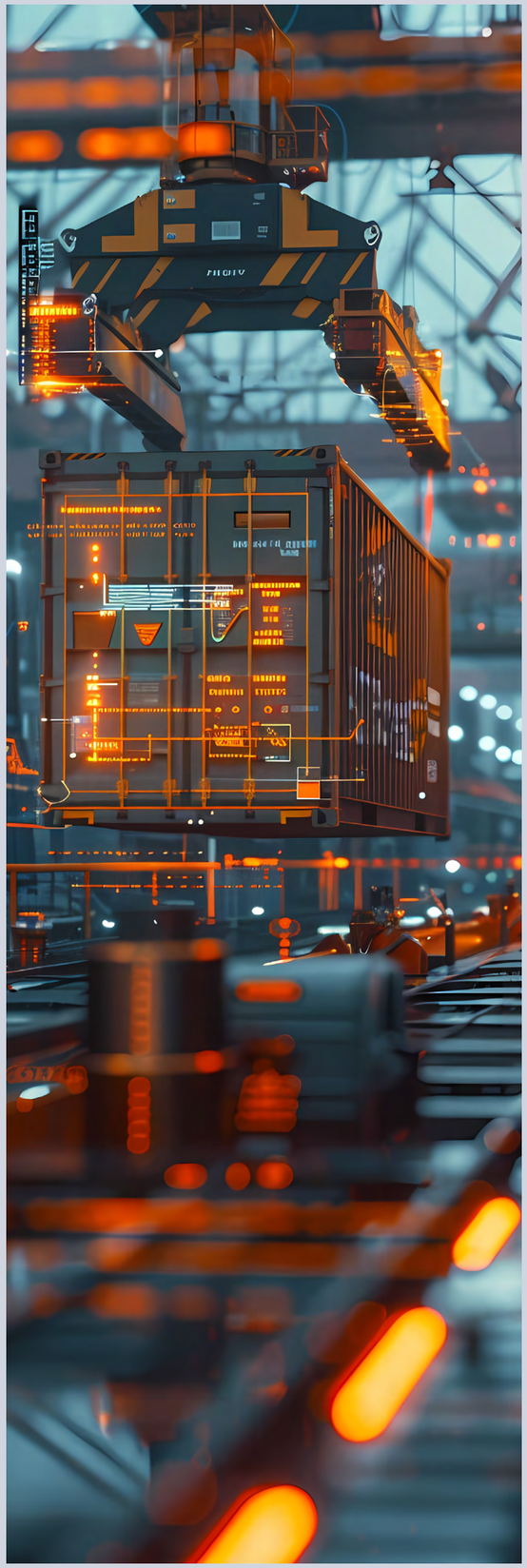
The transacted prices for vacant industrial land (less than 15 acres) in selected localities of Klang Valley in 2024 vary based on factors such as location or scheme, accessibility and frontage, land size and tenure, infrastructure level, built-up area or specifications and other related considerations.

Transacted Prices of Vacant Industrial Land (< 15 acres) in Selected Localities in Klang Valley, 2H2024

Locality	Corresponding Land Area (ac)	Transacted Price (RM psf)
Shah Alam[1]	1.28 - 2.65	180 - 250
Ijok[2]	0.66 - 4.01	85 - 95
Klang[3]	0.75 - 4.96	70 – 140
Kuala Selangor	1.26 - 2.19	75 – 85
Serendah[4]	2.00 - 14.59	20 - 45

Sources: Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

Notes: Selected industrial schemes within following localities as follows:
(1) Shah Alam: Bukit Jelutong and Seksyen 27, Shah Alam.
(2) Ijok: Eco Business Park V and Alam Jaya Industrial Park.
(3) Klang: Kapar industrial area, Bukit Kemuning Light Industrial Park and others.
(4) Serendah: Sungai Choh and Sungai Buaya industrial area.



In 2H2024, several notable industrial property transactions were recorded in the Klang Valley (>RM20 million).

Date	Status	Type of Property Property Address	Land Area / Estimated Built-up Area (BUA)	Consideration (RM) Analysis over Land Area (RM per sq ft)
Jul-24	Pending[1]	**Freehold industrial land with 2 units of 3-storey detached factory** No. 11 & 13, Jalan Cipta Serenia 1, Pusat Perindustrian Cipta Selatan, 43900 Sepang, Selangor	**2.0 acres** N/A	**26.0 million** 298
Jul-24	Sold	**Freehold industrial land** PT 149649, Jalan Sungai Pinang 4/1 Bandar Armada Putra, Selangor	**28.0 acres** N/A	**79.3 million** 65
Jul-24	Pending[2]	**2 lots of freehold industrial lands with semi-detached factory** 2A & 6, Jalan Cipta Serenia 8, Pusat Perindustrian Serenia, Bandar Serenia, 43900 Sepang, Selangor Darul Ehsan	**1.3 acres** (35,216 sq ft)	**22.0 million** 388
Jul-24	Sold	**Freehold industrial land with detached factory** 4442 (PT 15972), off Jalan Pusara Bandar Industrial Zone, Selangor	**3.3 acres** N/A	**25.1 million** 172
Jul-24	Sold	**Freehold industrial land with detached factory** Lot 17520, Jalan 2 Taman Selayang Baru, Selangor	**1.1 acres** N/A	**20.0 million** 431
Aug-24	Pending[3]	**Leasehold industrial land with two 1-storey warehouses together with two 1-storey office buildings annexed and ancillary buildings** No. P823, Precinct 8, Jalan FZ1-P8, Port Klang Free Zone/KS12, 42920 Pulau Indah, Selangor	**6.4 acres** (193,365 sq ft)	**23.7 million** 85
Aug-24	Pending[3]	**Freehold industrial land with a single storey detached factory with a mezzanine floor and a 4-storey office building** No. 35, Jalan CJ 1/1, Kawasan Perusahaan Cheras Jaya, 43200 Cheras, Selangor	**2.1 acres** (67,644 sq ft)	**22.6 million** 247
Sep-24	Sold	**Leasehold industrial land with detached factory** 1, Persiaran Waja, Bandar Bukit Raja, Selangor	**24.8 acres** N/A	**216.0 million** 200
Oct-24	Sold	**Leasehold vacant industrial land** Klang, Selangor	**28.0 acres** N/A	79.3 million 65
Oct-24	Pending[4]	**Leasehold industrial land with a unit of a single storey detached warehouse** No. 19 & 21, Jalan 6/37A, Taman Bukit Maluri Industrial Area, Kepong, 52100 Kuala Lumpur	**1.2 acres** N/A	**27.0 million** 515
Nov-24	Sold	**Leasehold industrial land with a 1-storey warehouse annexed with a 2-storey office building and other ancillary buildings** Port Klang, Selangor	**4.5 acres** (138,719 sq ft)	**48.6 million** 247
Dec-24	Pending[5]	**Freehold industrial land with a 1-storey industrial warehouse with annexed 3-storey office building together with ancillary buildings to be erected on the land.** No. 16 & 18, Jalan Sinergi 1, Taman Perdagangan Elmina, 47000 Sungai Buloh, Selangor	**6.5 acres** (160,024 sq ft)	**180.0 million** 635

Sources: Bursa Malaysia / Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

Notes:
(1) The proposed disposal is part of the Groups effort to rationalise non-core assets leading to reduce operational and maintenance costs of their properties.
(2) The proposed acquisitions are for the business operation of the Group to accommodate business expansion.
(3) The proposed acquisitions are to continuously pursue assets that are income-producing and are able to contribute to the long-term growth of the portfolio of the Group.
(4) The proposed disposal is driven by the Group's commitment to a cost rationalisation strategy and improving management efficiency.
(5) The proposed disposal enables the Group to unlock the value of its investment in the Property and to immediately monetise its investment in the Property. The Property / warehouse will be equipped with an Automated Storage and Retrieval Racking System (ASRS).

Market Outlook

Investor confidence in the Klang Valley remains strong, driven by substantial foreign and domestic investments across high-growth sectors such as green technology, transport and logistics. Nationwide, numerous joint ventures and partnerships are underway, with Selangor emerging as a key player. The state is positioning itself as a leader in semiconductor and advanced manufacturing industries, reflecting its alignment with broader economic and technological trends.

The Klang Valley industrial property market has demonstrated robust performance, characterised by steady growth in transaction volumes and values. This growth is fueled by businesses prioritising quality infrastructure in strategic locations, which has supported rising transaction values and market stability. However, the emergence of new, large-scale industrial townships is expected to heighten competition in the market. As these projects reach completion, they may exert downward pressure on prices and rental rates in the short term.

The role of Real Estate Investment Trusts (REITs) in the industrial real estate sector continues to evolve in response to shifting market dynamics. Historically significant, REITs now face challenges in sourcing institutional-grade assets, prompting a strategic pivot. For instance, REITs such as Axis are increasingly targeting sites with shorter-term potential that offer redevelopment opportunities. This shift highlights the changing priorities as REITs aim to unlock value through innovative asset strategies in a competitive, supply-constrained environment.

Overall, the Klang Valley's industrial real estate market is well-positioned to capitalise on growing demand for logistics, smart technologies and sustainable solutions. Supported by relatively stable asking prices and rental rates, the market reflects strong underlying demand and resilience. While the outlook for the industrial sector is promising, it is crucial to address potential challenges such as global economic uncertainty and geopolitical risks. Effectively navigating these obstacles will enable the market to seize emerging opportunities and sustain long-term growth.

JOHOR

Industrial Market Activities

The overall industrial market activities in the districts of Johor Bahru and Kulai experienced a marginal increase of 5.8% during the first nine months of 2024. While market activity softened in Johor Bahru, higher-value industrial properties changed hands, resulting in a 44.6% increase in transaction value compared to the same period in 2023. In contrast, the district of Kulai demonstrated strong market activity, with transaction volumes rising by 66.9% and transaction values nearly doubling from RM426.73 million to RM829.80 million.

Transaction Volume and Value of Industrial Properties in the District of Johor Bahru & Kulai, 1Q-3Q2023 and 1Q-3Q2024

District	Transaction Volume (No. of Units)		Y-o-Y Growth
	1Q - 3Q 2023	1Q - 3Q 2024	
Johor Bahru	684	642	-6.1%
Kulai	133	222	66.9%
Total	**817**	**864**	**5.8%**
District	**Transaction Value (RM Million)**		**Y-o-Y Growth**
	1Q - 3Q 2023	1Q - 3Q 2024	
Johor Bahru	2,289.94	3,311.91	44.6%
Kulai	426.73	829.80	94.5%
Total	**2,716.67**	**4,141.71**	**52.5%**

Sources: National Property Information Centre (NAPIC) / Knight Frank Research

Eco World has rebranded its upcoming Eco Business Park VI in Kulai as Quantum Edge, positioning it as a new revenue pillar aimed at fostering a digital and high-tech ecosystem. Spanning 403.8 acres, the park's focus is on companies specialising in artificial intelligence (AI), cloud computing, high-tech manufacturing and research and development (R&D). Microsoft has already been secured as the first anchor tenant, signaling strong interest from global tech leaders.

Crescendo Corporation Bhd is acquiring SGR Land Development Sdn Bhd and its six land purchase agreements in Johor for RM168.9 million. The lands, located in Mukim Jeram Batu, Pontian, cover a total of 135 acres with medium industrial and commercial titles. Transacted prices range between RM26.50 and RM40.00 per sq ft. The acquisition is expected to be completed by2Q2025, paving the way for future industrial property developments.

Petroliam Nasional Bhd (Petronas) has entered a joint venture with Italy's Enilive SpA (a unit of Eni SpA) and Japan's Euglena Co Ltd to develop a biorefinery at Pengerang Integrated Complex (PIC). The project, valued at RM6.1 billion, is scheduled to commence operations by 2H2028.

In November 2024, Petronas announced additional investments of RM7.5 billion in the PIC. These investments include a 40-megawatt solar energy project in partnership with LG Chem for nitrile butadiene latex production, a chemical recycling plant for plastics and the development of a new biorefinery.

Senai Airport City Sdn Bhd (SACSB) has entered into a sale and purchase agreement with Chenbro Malaysia Sdn Bhd, a subsidiary of Taiwan-based Chenbro Micom, for approximately 15.1 acres of industrial land within the Senai Airport City Free Industrial Zone. While financial details were not disclosed, SACSB has announced plans to launch Phase 3 of the industrial park, spanning 350 acres, in 2025. Final negotiations are underway with high-value foreign direct investment prospects.

Johor Corporation (JCorp), through its subsidiary JLand Group (JLG), has launched new container operations at Tanjung Langsat Port, located in the Tanjung Langsat Industrial Complex. These facilities are expected to meet rising demand and enhance the port's role within the Johor-Singapore Special Economic Zone (JS-SEZ), strengthening regional integration and logistics capabilities.

United Overseas Bank (UOB) and China's Lingang Group, an industrial park operator with over 18,000 tenants in China, have signed a Memorandum of Understanding (MoU) to facilitate Lingang's tenants in expanding into Southeast Asia. This partnership underscores Johor's appeal as a destination for foreign industrial investments.

Key Green Industrial Projects in Johor

There is heightened industry awareness of Environmental, Social and Governance (ESG) initiatives in Johor, driving a gradual shift toward green industrial parks. ESG initiatives in the industrial sector encompass energy management, workers' accommodations and compliance with ethical standards. Johor is witnessing a growing supply of green industrial parks that integrate renewable energy and technological advancements. Developers increasingly recognise the importance of meeting green building requirements and certifications to satisfy tenant demand and enhance their reputations.

SD Guthrie Bhd and AME Industrial Park Sdn Bhd have signed a Memorandum of Understanding (MoU) to jointly develop a green industrial park in Kulai. Spanning 641 acres in SD Guthrie's Kulai estate, the park will feature a dedicated solar park to supply green energy to its industrial tenants. The development aims to attract high-value industries, including logistics, advanced manufacturing and clean technologies.

Paragon Platinum Sdn Bhd is working toward obtaining GreenRE certification for its industrial projects, Desa 27 and Desa 100, reinforcing its commitment to sustainable growth. In November 2024, the developer began construction of Desa 27 in Desa Cemerlang. This project spans 27 acres of freehold industrial land and comprises five plots of detached factories. Companies such as Hunter Amenities International and Meiban Technologies Malaysia have already confirmed their presence in Desa 27.

Notable Transactions of Industrial Properties in the Districts of Johor Bahru & Kulai, 2H2024

Date of Announcement / Transaction	Purchaser	Location	Land Area	Property Type / Component	Consideration (RM million)
24-Jul-24	**AME Real Estate Investment Trust**	i-TechValley	3.0 acres	Under Construction Detached Factory	RM27.0 million
			3.0 acres	Detached Factory	RM27.5 million
		i-Park@Senai Airport City	3.7 acres	Detached Factory	RM45.0 million
			2.0 acres	Under Construction Detached Factory	RM20.0 million
29-Jul-24	**Paragon Business Hub Sdn Bhd**	Ulu Tiram	19.3 acres	Vacant Land	RM35.0 million
23-Aug-24	**Goldcoin Victory Sdn Bhd**	Senai Industrial Area	10.2 acres	Detached Factory	RM31.0 million
29-Aug-24	**KIP REIT Management Sdn Bhd**	Pasir Gudang	5.7 acres	Detached factory	RM23.3 million

Sources: Bursa Malaysia / Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

UEM Sunrise Bhd is collaborating with Itramas Corporation and China Machinery Engineering Corporation (CMEC) to establish a Renewable Energy (RE) Industrial Park at Gerbang Nusajaya. This industrial park is part of the 1GW hybrid solar power plant project, a flagship initiative under Malaysia's National Energy Transition Roadmap (NETR), spearheaded by UEM Lestra Bhd.

China-based companies have shown significant interest in becoming off-takers and setting up manufacturing facilities within the RE Industrial Park. Two companies, CMEC Wuxi and Longmax, are already in the process of establishing local operations, including facilities for solar module and combiner box production.

Market Outlook

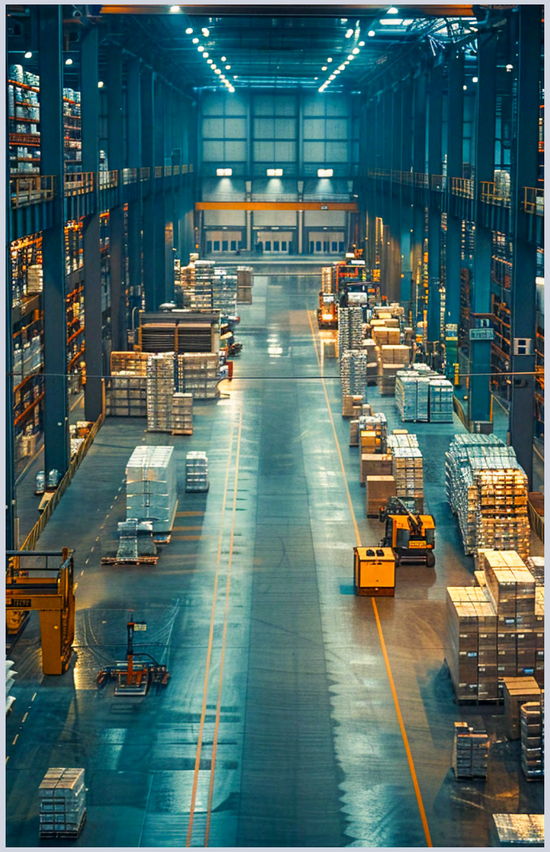
Johor is undergoing a transformative evolution, positioning itself as a hub for sustainable and high-tech industries. With a strong focus on ESG principles and alignment with Malaysia's national energy transition goals, the state is fostering innovative industrial ecosystems powered by renewable energy and cutting-edge technologies.

Strategic locations such as Kulai are emerging as investment hotspots, driven by their focus on high-value industries, including logistics, clean technology and advanced manufacturing. Infrastructure expansions, such as port enhancements and the development of advanced industrial parks, are further solidifying Johor's position as a regional trade and investment hub.

The state's ability to attract significant foreign direct investments and establish an independent data centre ecosystem underscores its growing appeal to global players. These developments highlight Johor's readiness to lead Southeast Asia in sustainable industrial innovation.

Looking ahead, Johor's industrial property market is poised for sustained growth, bolstered by its commitment to sustainability, the development of high-tech ecosystems and strategic infrastructure projects. However, challenges such as high water and energy consumption present opportunities for collaboration between the government and private sector. Addressing these issues could involve incentives for businesses adopting sustainable practices and encouraging the use of alternative water sources to ease local resource strain.

With its emphasis on green initiatives, innovative industrial parks and favorable market dynamics, Johor is well-positioned to attract investors and businesses. This strategic focus will further reinforce its role as a leading industrial hub in Malaysia and Southeast Asia.



PENANG

Industrial Market Activities

Penang's industrial sector witnessed significant milestones in 2024, marked by the launch of major projects and innovative initiatives aimed at driving growth and sustainability.

On 28 October 2024, Suling Hill Development Sdn Bhd, a joint venture between AME Elite Consortium Bhd and Majestic Gen Sdn Bhd, officially launched Northern TechValley @ BKE in Seberang Jaya, Penang. Spanning 176 acres with a development value of RM1.3 billion, this industrial park is designed to cater to high-value industries and incorporates advanced infrastructure and sustainable features. It offers high-speed fibre-optic internet, recreational facilities such as a sports hall and managed workers' accommodations. Sustainable elements include reflective glass to minimise heat transmission, translucent sheets for natural lighting and solar photovoltaic panels to enhance energy efficiency. Northern TechValley @ BKE aims to attract top companies from sectors such as semiconductors, electronics, medical technology and logistics. The project is expected to be completed by 2029.

In October 2024, Ideal Property Group launched the Ideal Business Hub, a 28 acre freehold industrial park located within Penang Technology Park @ Bertam. With a development value of RM260 million, the project includes 88 units comprising bungalows, semi-detached and cluster-type factories. These spaces are designed to offer flexible solutions tailored to manufacturers specialising in warehousing, packaging, processing, logistics and light production. Positioned within Parcel 2 of the expansive 880-acre technology park, the Ideal Business Hub aims to foster a complete business ecosystem with seamless access to supply chain networks. Construction is set to begin in November 2024, with completion targeted for 2026.

The reclamation of Silicon Island (formerly known as Penang South Island), a 2,300-acre project off the southern coast of Penang Island, is progressing steadily. As of August 2024, 40 acres have been reclaimed since work began in September 2023. The first factory is scheduled for construction in 2026, with operations expected to commence in 2027. Designed to comply with Environmental, Social and Governance (ESG) standards, Silicon Island dedicates 40% of its land to infrastructure, open spaces and blue-green corridors. Approximately 30% of the island will be dedicated to a 700-acre Green Technology Park, promoting sustainable development. The full reclamation is anticipated to be completed by 2032, with the entire development projected to span 25 years.

On 7 December 2024, Penang officially launched the "Silicon Design @5km+" initiative at Eastin Hotel. This project aims to establish a comprehensive ecosystem for Integrated Circuit (IC) design and technology enterprises within a 5km+ radius of the Bayan Lepas Industrial Park.

Key components of the initiative include:

1. **Penang IC Design & Digital Park @ Bayan Lepas:** Approximately 1 million sq ft of premium office space designed for IC design, R&D and digital companies.
2. **Penang Chip Design Academy @ PSDC:** A Chip Design Talent Cultivation Program launched in May 2024, focused on upskilling fresh graduates and engineers in engineering-related fields.
3. **Silicon Research and Incubation Space:** A one-stop centre supporting chip design start-ups and SMEs with workspaces, state-of-the-art facilities, mentorship and research capabilities.

The initiative offers attractive incentive packages of up to RM2 million annually for eligible companies over three years, coupled with a governance structure to oversee implementation.

Notable announcements related to the expansion and new set-up of industrial facilities in Penang during the review period are summarised in the following table.

Notable Expansion / New Industrial Facilities in Penang, 2H2024

Location	Bayan Lepas Free Trade Zone 4	Batu Kawan Industrial Park			Penang Science Park		Valdor	Perai Industrial Zone	Bandar Cassia Technology Park
Status	New Facility	New Facility	Expansion	New Facility	New Facility	Relocation and expansion	New Facility	Expansion	Expansion
Component	78,000 sq ft (Land area: 2.1 acres)	25,500 sq ft	86,000 sq ft	888,000 sq ft (Land area: 28.0 acres)	320,000 sq ft	N/A	620,000 sq ft	N/A	560,000 sq ft (20.0 acres)
Status / Expected Completion	Newly Completed	Newly Completed	Newly Completed	Newly Completed	Newly Completed	Newly Completed	2025	Newly Completed	2027
Vendor	RIGOL Technologies Malaysia	Nefab (Malaysia) Sdn Bhd	Benchmark Electronics (M) Sdn Bhd	Dexcom	Enovix Corporation	Amphenol DC Electronics Malaysia Sdn Bhd	Equalbase Development Pte Ltd	Elna PCB	Plexus Corp
Country of Origin	China	Sweden	United States	United States	United States	United States	Singapore	Taiwan	United States
Facility Specialty	Manufacturing	Manufacturing	Manufacturing	Manufacturing	Manufacturing	Manufacturing	Warehousing	Manufacturing	Manufacturing

Sources: News Articles / Knight Frank Research

Note: N/A refers to not available

Notable Industrial Transactions in Penang, 2H2024

Development	Penang Science Park North	Bukit Minyak Industrial Park	Bukit Minyak Industrial Park
Location	Mukim 13, Seberang Perai Tengah	Mukim 13, Seberang Perai Tengah	Mukim 13, Seberang Perai Tengah
Land Area	7.8 acres	1.5 acres	1.4 acres
Tenure	60 years leasehold	60-year leasehold expiring on 19 May 2068	60-year leasehold expiring on 3 May 2069
Component	A parcel of industrial land	A three-storey office building with a single storey open-sided factory	A parcel of industrial land
Consideration	RM22.5 million	RM9.2 million	RM7.6 million
Purchaser / Buyer	Easy Pack Machinery Sdn Bhd (A subsidiary of EPB Group Berhad)	Rapid Growth Technology Sdn Bhd (A subsidiary of RGT Berhad)	Rapid Growth Technology Sdn Bhd (A subsidiary of RGT Berhad)
Vendor / Seller	Penang Development Corporation	Permai Gas Sdn Bhd	Permai Gas Sdn Bhd

Sources: News articles / Bursa Malaysia / Knight Frank Research

Market Outlook

The industrial market in Penang is projected to sustain its growth momentum in 2025, driven by substantial foreign and domestic direct investments and the development of new industrial parks by both public and private entities. This positive trajectory is further bolstered by transformative initiatives such as the Penang Silicon Design @5km+ and the development of Silicon Island, which are set to strengthen Penang's position as a global technology hub. These projects aim to attract leading technology companies, foster innovation and drive demand for high-quality industrial and R&D spaces, as well as a skilled labor force, significantly stimulating industrial activity within the state.

The planned expansion of Penang International Airport (PIA) is set to boost passenger and cargo capacity, reinforcing Penang's position as a regional aviation hub. This enhanced connectivity is anticipated to attract more businesses and investments to the region.

Additionally, improved public transportation projects, such as the upcoming Penang LRT Mutiara Line and the Juru-Sungai Dua Elevated Highway, will enhance intra-state connectivity, reduce traffic congestion and improve accessibility to key areas.

An increasing emphasis on sustainability is shaping industrial developments, with projects like Northern TechValley @ BKE adopting green building practices. The integration of renewable energy sources, such as solar power, into industrial facilities not only reduces operational costs and environmental impact but also aligns businesses with global sustainability standards, helping to future-proof operations.

The continued growth of the manufacturing and logistics industries, coupled with the rising demand for e-commerce fulfillment, is driving demand for industrial land and buildings.

Stable asking prices and rental rates for industrial properties further reflect strong underlying demand and market stability.



SABAH

Industrial Market Activities

During the review period, Kibing Group announced plans to invest RM7.2 billion in a solar glass manufacturing plant in Kimanis, located approximately 40 km south of Kota Kinabalu. This project was formalised in November through the exchange of two key agreements with state government-linked entities. The first was a sublease agreement between SBH Kibing Solar New Energy (M) Sdn Bhd, a subsidiary of Kibing Group and Fokasrama Sdn Bhd, a wholly owned subsidiary of Sawit Kinabalu Group, paving the way for the construction of one of the region's largest solar glass production facilities.

The second agreement was a Heads of Agreement between SBH Kibing and Sabah Energy Corporation Sdn Bhd (SEC) for the supply of 45 million standard cubic feet per day (MMSCFD) of natural gas to power the plant. This new facility forms part of SBH Kibing's broader strategy to enhance renewable energy infrastructure in Sabah, strengthen its competitiveness in the global solar energy market and complement its existing operations at the Kota Kinabalu Industrial Park (KKIP).

In September, Sabah Ports Sdn Bhd (SPSB) officially transferred the management and operations of Sapangar Bay Container Port (SBCP) to DP World, a global leader in supply chain logistics, through a joint venture company soon to be renamed DP World Sabah Sdn Bhd. Leveraging DP World's global network and expertise, the partnership aims to strengthen Sabah's role in the global supply chain and position SBCP as a key regional trade hub, particularly within the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) region. The collaboration focuses on enhancing port operations, increasing efficiency, improving terminal capacity and expanding connectivity. Additionally, the partnership seeks to broaden market access for local businesses, particularly small and medium-sized enterprises (SMEs), while addressing high logistics costs and creating a more resilient and efficient supply chain network to drive trade and economic growth in Sabah.

The table below highlights notable investment announcements in the industrial subsector as of 2024.

Notable Industrial Projects in Sabah, 2024

Investor	Project	Location	Investment Value
Esteel Enterprise Sabah Sdn Bhd	Green steel project	Sipitang Oil and Gas Industrial Park (SOGIP)	RM20 billion
SBH Kibing Solar New Material (M) Sdn Bhd	Solar glass manufacturing plant	Kimanis	RM7.2 billion
Tex Cycle Technology (M) Bhd & Evolusi Bersatu Sdn Bhd	Integrated scheduled waste management facility	Sipitang Oil and Gas Industrial Park (SOGIP)	RM100 million

Sources: Malaysian Investment Development Authority (MIDA) / Knight Frank Research

Notes:
(1) The integrated clinker and cement plant and the integrated scheduled waste management facility are currently under construction.
(2) The green steel project is currently undergoing preliminary assessments for its project site.

Market Outlook

Sabah's industrial sector is poised for sustained growth, leveraging its strategic location as a gateway between Southeast Asia and the global market, with close proximity to major shipping routes and neighboring BIMP-EAGA regions. To maintain this momentum, consistent efforts by relevant authorities are essential to enhance basic infrastructure and identify new areas capable of accommodating large-scale industrial developments.

SARAWAK

Industrial Market Activities

Sarawak is positioning itself as a renewable energy leader in Southeast Asia, driving the region's transition to cleaner energy. In 2024, the state achieved a significant milestone, with 62% of its power generation mix derived from renewable sources, reaching its goal six years ahead of schedule. Sarawak's commitment to renewable energy aligns with global decarbonisation trends, emphasising sustainable growth and innovative energy solutions. The state is actively advancing projects in hydropower, solar and other renewable energy sources to ensure a stable and clean energy supply. This strategy not only benefits the environment but also fosters long-term economic opportunities, attracts international investments and strengthens regional energy networks.

Hydropower plays a central role in Sarawak's ambition to become a regional renewable energy powerhouse. Its extensive hydropower capacity not only meets local electricity demands but also positions Sarawak as a significant energy exporter in Southeast Asia. The state's major hydropower plants include the Bakun, Murum, Batang Ai and Baleh Hydroelectric Plants. The Baleh Hydroelectric Plant, currently under construction, is scheduled for completion in 2026. Furthermore, hydropower supports the production of green hydrogen via electrolysis, contributing to Sarawak's renewable energy ecosystem.

Sarawak is also making strides in green hydrogen integration. During the Asia Pacific Green Hydrogen Conference 2024, SEDC Energy Sdn Bhd signed a Memorandum of Understanding (MoU) with ICE Petroleum to develop a hydrogen production plant and refueling stations at the Rembus Depot. These facilities will support the Kuching Urban Transportation System (KUTS) project, integrating green hydrogen into the state's transportation infrastructure and advancing Sarawak's green energy agenda.

In addition to its local initiatives, Sarawak is forming strategic partnerships to further its renewable energy goals. UOB Malaysia has signed an MoU with SEDC Energy to support Sarawak's economic and sustainable development objectives. This collaboration will focus on green transition projects and provide financial resources to SEDC Energy's supply chain, bolstering the state's renewable energy ambitions.

Transaction Volume and Value of Industrial Properties in the Districts of Kuching, Miri & Bintulu, 1Q-3Q 2023 and 1Q-3Q 2024

District	Transaction Volume (No. of Units)		Y-o-Y Growth
	1Q - 3Q 2023	1Q - 3Q 2024	
Kuching	100	160	60.0%
Miri	132	129	-2.3%
Bintulu	52	44	-15.4%
Total	**284**	**333**	**17.3%**
District	**Transaction Value (RM Million)**		**Y-o-Y Growth**
	1Q - 3Q 2023	1Q - 3Q 2024	
Kuching	128.62	116.21	-9.7%
Miri	65.16	101.63	56.0%
Bintulu	58.72	119.66	103.8%
Total	**252.51**	**337.49**	**33.7%**

Sources: National Property Information Centre (NAPIC) / Knight Frank Research

The Sarawak real estate market experienced mixed performance during the first three quarters of 2024.

In Kuching, the number of transactions rose significantly by 60.0%, reflecting strong demand, though the transaction value fell by 9.7%, suggesting a move toward lower-value properties or declining average transaction prices. Improved road and port connectivity has enhanced Kuching's accessibility, reduced logistics costs and improved access to regional and international markets, driving higher demand for industrial properties.

In Miri, the number of transactions decreased slightly by 2.3%, while transaction value surged by 56.0%, reflecting a shift toward higher-value properties driven by ongoing offshore energy projects, petrochemical facilities and gas processing developments.

Rising demand is likely to prompt developers to plan more industrial schemes to meet market needs. Meanwhile, in Bintulu, the number of transactions declined by 15.4%, yet the transaction value increased significantly by 103.8%, reflecting a rise in high-value property deals or large-scale projects. The expansion of Samalaju Industrial Park and ongoing infrastructure improvements are expected to further boost both transaction values and volumes in the area.

Key industrial developments include the 54-acre Rembus Depot in Kota Samarahan, part of the Kuching Urban Transportation System (KUTS) project, which is set to be completed by the end of 2025. Featuring a feeder bus depot, a hydrogen production plant, a stabling yard and refueling facilities, this development is expected to drive demand for industrial properties to support operations and maintenance.

In Miri, Mitsubishi, Black & Veatch and Petros are collaborating on a 500MW Combined Cycle Gas Turbine (CCGT) power plant, scheduled for operation by 2027, which will co-fire fuel with up to 30% hydrogen. This project supports Sarawak's sustainable energy goals and strengthens energy security. Additionally, the state is exploring Ocean Thermal Energy Conversion (OTEC) technology off the coast of Miri, with the potential to generate up to 10 gigawatts of renewable energy.

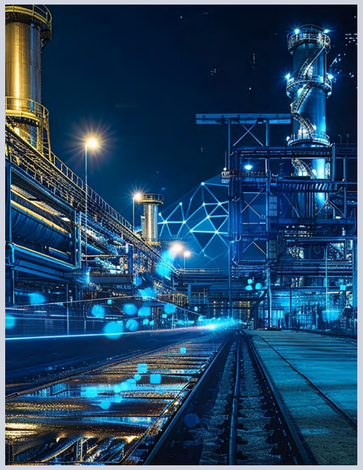
In Bintulu, Petroleum Sarawak Berhad (Petros) has signed an MoU with Sarawak Petchem to establish an ammonia and urea plant, focusing on producing low-carbon ammonia and urea to cater to the growing demand for eco-friendly industrial solutions and fertilizers.

Market Outlook

Sarawak's industrial sector is poised for significant growth, supported by strategic infrastructure development, a strong focus on renewable energy and increasing investments in key industries. The state's strategic location, abundant natural resources and supportive government policies provide a solid foundation for sustainable growth. By emphasising sustainable development practices, energy efficiency and the adoption of advanced technologies, developers and investors can leverage the opportunities presented by this dynamic market.

The expansion of transportation infrastructure, including airports, seaports and roads, will enhance connectivity within Sarawak and with neighboring regions. Projects such as the Second Trunk Road and the construction of strategic bridges will unlock new areas for industrial development, reduce transportation costs and facilitate the seamless movement of goods and services, further boosting economic activity.

Sarawak's commitment to renewable energy, particularly hydropower, has established the state as a regional leader in sustainable energy. The development of green hydrogen projects, supported by the state's abundant hydropower resources, is set to attract significant investments and foster opportunities in related industries. This transition to a low-carbon economy will drive demand for energy-efficient technologies and sustainable practices across the industrial sector, reinforcing Sarawak's role as a hub for sustainable industrial growth.



OFFICE MARKET

The office market continues to evolve, with occupiers prioritising flexible layouts, green-certified buildings and strategic locations. While new supply enters the market, rising occupancies and rental rates in prime locations underscore the growing demand for quality office spaces.

MARKET INDICATIONS

The Malaysian Institute of Economic Research (MIER) reported a significant improvement in the Business Condition Index (BCI), which rose to 104.9 points in 3Q2024, up from 86.2 points in the previous quarter. This upward trend reflects growing optimism in the business environment, driven by stronger sales performance, better capacity utilisation, increased investment activities and improved employment conditions and wage efficiency. These positive indicators are expected to bolster demand for office spaces as businesses expand and optimise their operations.

KLANG VALLEY

Supply and Demand

The Klang Valley's office supply currently totals 118.3 million sq ft, boosted by the recent completion of the Atwater Corporate Towers in 2H2024. Located in Seksyen 13, Petaling Jaya, this development marks the first addition to the Selangor submarket since 2022. The two office towers, offering a combined net lettable area (NLA) of 367,000 sq ft, are part of the Atwater integrated development, which includes residential and commercial components. These green-certified towers, holding a GreenRE Bronze certification, comply with Malaysia Digital (MD) status requirements, reflecting a focus on sustainability and modern business needs.

The first half of 2025 is set to see the completion of four additional office buildings, contributing approximately 1.6 million sq ft of space to the Klang Valley office market. These projects include The Exchange TRX Office by Lendlease and Oxley Tower in Kuala Lumpur (KL) City, TNB Gold Bangsar in the KL Fringe and Sunway Square Corporate Tower 2 in Selangor.



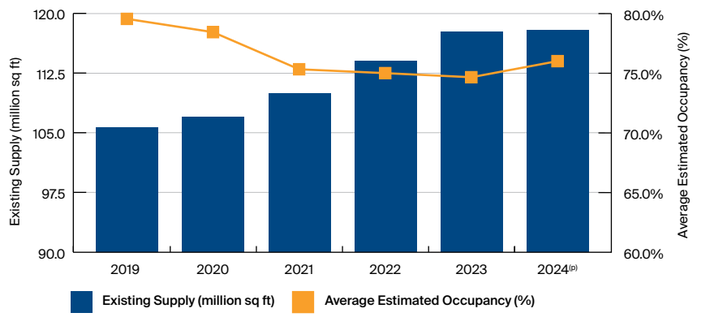
Atwater Corporate Towers

Source: Paramount Property

During the review period, occupancy rates in the Klang Valley displayed mixed performance. In 2H2024(p), KL City and KL Fringe recorded incremental improvements, with occupancy rates rising to 67.5% and 87.2% respectively, compared to 65.7% and 85.6% in 1H2024. The increase in these submarkets was likely driven by tenant relocations to prime spaces, renewed leasing activity and business expansion, spurred by improving business sentiment and demand for high-specification office buildings.

Conversely, Selangor experienced a slight decline in occupancy, moderating to 74.4% in 2H2024(p) from 75.5% in 1H2024. This decrease may be attributed to the addition of new supply, temporarily increasing vacancy levels as the market absorbed the new inventory.

Cumulative Supply and Average Estimated Occupancy Rate of Office Buildings in Klang Valley, 2019 to 2024(p)



Source: Knight Frank Research

Note: (p) = preliminary data

Notable Office-Related Announcements

During the review period, the Klang Valley office market experienced a surge in office openings from AI and tech-related businesses, reflecting the growing influence of the AI and technology sectors. This trend is bolstered by key government initiatives, such as the launch of the KL20 Action Paper earlier this year, the establishment of Malaysia's National AI Office and significant investments by major tech players, positioning Malaysia as an emerging regional hub for AI and innovation. Notable office openings in this sector include:

- SAS Institute, a global leader in data and AI, established its new regional office at Menara IQ, Persiaran TRX, Kuala Lumpur.
- FPT Software, a global IT corporation, launched its second office in Menara Hap Seng 3, Kuala Lumpur.
- Logicalis, a provider of IT solutions and managed services, inaugurated a new office in Kuala Lumpur along with a service delivery centre in Cyberjaya to enhance its APAC operations.
- BlackBerry Ltd set up its Asia Pacific cybersecurity headquarters in Cyberjaya, Selangor, strategically positioning itself near emerging tech hubs and key government infrastructure. This move aligns with BlackBerry's regional expansion strategy and follows its landmark partnership with the Malaysian government in late 2023.

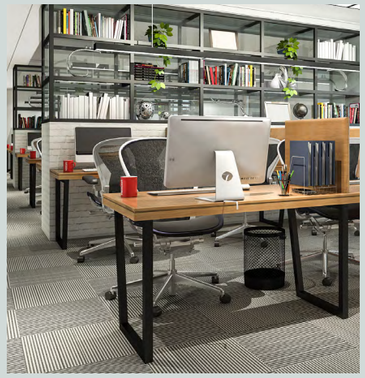
The Klang Valley continues to attract multinational corporations (MNCs) seeking to strengthen their regional presence, driven by robust market demand and strategic growth objectives. Notable developments include:

- ArcBlue, a subsidiary of Bain & Company, launched its new Kuala Lumpur office to address growing demand in the Malaysian market and expand its Asia Pacific operations.
- Inverto, a Boston Consulting Group (BCG) subsidiary specialising in procurement and supply chain management, established a new office in Kuala Lumpur to support its regional operations.
- Wego, a leading travel app and the largest online travel marketplace in the MENA region, opened its new Kuala Lumpur office as part of its broader Asia expansion strategy.
- E.SUN Bank, a Taiwanese financial institution, set up its Kuala Lumpur Representative Office at Exchange 106 @ TRX, citing rapid ASEAN economic growth and global supply chain shifts as key drivers for its expansion into Malaysia.
- Bin Zayed International Group of Companies (BZI) opened a new office at Exchange 106 @ TRX as part of its regional growth strategy. The global investment conglomerate has committed to investing USD 2 billion in Malaysia, targeting the real estate, renewable energy and financial services sectors.

In the co-working space segment, WORQ expanded its Menara UOA Bangsar outlet in partnership with UOA Asset Management Sdn Bhd. The expansion added 17,500 sq ft to the existing 15,000 sq ft, creating a total co-working space of 32,500 sq ft. Impressively, the space achieved 100% occupancy a month prior to the expansion launch, with tenants including venture capital firms Artem Ventures Sdn Bhd and Antler, funding agency Cradle Fund and tech giant Alphabet Inc. Additionally, WORQ opened WORQ Intermark at Integra Tower, Jalan Tun Razak, a 24,000 sq ft facility developed in collaboration with Retirement Fund Inc (KWAP). This new space reported a 96% occupancy rate upon launch.

Another notable highlight in the market is the listing of Menara PJD for RM289 million, equivalent to approximately RM650 per sq ft. This 28-storey freehold office building, developed by PJ Development Holdings Bhd (PJD), is situated on Jalan Tun Razak, Kuala Lumpur. Spanning a total size of approximately 445,000 sq ft and being fully tenanted, the building underscores its strong appeal to investors.

The recent Budget 2025 introduced several measures relevant to the office market. Tax incentives for flexible working arrangements are expected to reshape office demand as companies increasingly adopt hybrid work models, creating opportunities for innovative office design and space usage. Furthermore, initiatives to repurpose vacant government-owned properties into preschools, daycare centres and training facilities represent a strategic approach to maximising existing resources. These measures may indirectly reduce competitive pressures in the commercial property market by alleviating overall vacancy levels.



Selected Notable Tenant Movements, 2H2024

Building Name	Approx. Space (sq ft)	Remarks
KL City		
Exchange 106	~142,000	**Moving In** • Telecommunications sector • Software and business solutions company
Plaza Conlay	~180,000	**Moving In (Relocation)** • Banking and financial services • Oil and gas industry
Integra Tower	~24,000	**Moving In** • Co-working and flexi space provider
KL Fringe		
Gardens North Tower	~79,000	**Moving In (Relocation)** • Banking and financial services • Employment agency
The MET Corporate Tower	~19,000	**Moving In (Relocation)** • Healthcare and medical technology
Menara UOA Bangsar	~17,500	**Moving In** • Co-working and flexi space provider
Menara Allianz Sentral	~10,000	**Moving In (Relocation)** • Information technology (IT) services
Selangor		
Mercu Mustapha Kamal	~32,000	**Moving In (Relocation)** • Education sector
Menara CelcomDigi	~105,000	**Moving In** • F&B corporate shared services • Financial services industry

Source: Knight Frank Research

Prices & Rentals

During 2H2024, all submarkets in the Klang Valley office sector recorded positive movements in rental rates, with growth rates varying across locations due to differing market dynamics.

In KL City, average rental rates rose to RM6.64 per sq ft per month (1H2024: RM6.58), driven by sustained demand for newer, well-located Grade A offices and a gradual recovery in leasing activity among multinational tenants.

The KL Fringe submarket experienced a modest increase, with average rental rates edging up to RM5.78 per sq ft per month (1H2024: RM5.75). This growth was supported by stable demand in established commercial hubs offering competitive rents and excellent accessibility.

In Selangor, the office market saw average rents increase to RM4.21 per sq ft per month (1H2024: RM4.16), primarily due to the addition of new supply, including the recently completed Atwater Corporate Towers in Petaling Jaya.

Asking rentals for Prime A+ and Grade A office spaces during the review period varied by location. In KL City, the New Central Business District (CBD) commanded higher rates ranging from RM6.50 to RM15.00 per sq ft. Prime A+ buildings in this area were priced between RM8.50 to RM15.00 per sq ft, while Grade A offices ranged from RM6.50 to RM7.80 per sq ft. The Old CBD, on the other hand, offered more competitive rates, ranging from RM5.00 to RM7.00 per sq ft. In the KL Fringe, monthly rentals for similar-grade offices ranged from RM6.20 to RM9.00 per sq ft. Meanwhile, Selangor offered competitive pricing, with monthly rentals between RM5.50 and RM7.50 per sq ft.

Gross Asking Rentals of Selected Prime A+ and Grade A Office Building in Klang Valley, 2H2024(p)

Building Name	Gross Asking Rental (RM per sq ft / month)
KL City	
New CBD	
The Exchange 106	13.00 – 15.00
Integra Tower	9.80 – 11.00
Menara Maxis	8.80 – 12.00
Menara Prudential @ TRX	8.50
Menara Binjai	7.50 – 7.80
Menara TCM	7.50
Plaza Conlay	7.50 – 8.50
NAZA Tower	7.00 – 8.00
G Tower	6.50
Old CBD	
Menara AIA Cap Square	6.00 – 7.00
JKG Tower	5.50 - 6.50
Menara Great Eastern 2	5.00
KL Fringe	
Menara Shell	8.50 – 9.00
Menara Southpoint	8.50
The Gardens North & South Towers	8.00
Mercu 2	7.50
NU Tower 2	7.00
Menara Etiqa	7.00 – 8.00
Menara Ken @ TTDI	6.50
UOA Corporate Tower A	6.20 – 7.60
Selangor	
1 First Avenue	7.00
Imazium @ Uptown	6.50 – 7.00
1 Powerhouse	6.50 – 7.00
Plaza 33	6.50 – 7.50
The Pinnacle	6.30
Surian Tower	5.80
The Bousteador	5.70
The Ascent @ Paradigm	5.50 – 5.80

Source: Knight Frank Research

Note: (p) = Preliminary Data

Notable Investment Sales and Transactions, 2H2024

In 2H2024, the Klang Valley office market saw limited investment activity, with only one (1) notable transaction recorded: the sale of two office floors in Menara Southpoint.

Selected Notable Tenant Movements, 2H2024

Building Name	Location	Approx. NLA (sq ft)	Consideration (RM per sq ft)
Menara Southpoint (2 floors)[1]	Mid Valley City	**91,676**	62,400,000 / 681

Sources: Knight Frank Research / Bursa Announcement

Notes: (1) IGB Commercial REIT is buying two office floors in Menara Southpoint from IGB Bhd. The purchased property consists of two office-suite parcels located on Levels 8 and 9, with a combined area of approximately 8,517 square meters. Currently leased to a single tenant, the lease agreement will transfer to IGB Commercial REIT alongside ownership upon completion of the acquisition. The transaction is anticipated to be completed by the first quarter of 2025.

Market Outlook

The Klang Valley office market is poised for continued recovery, supported by gradual improvements in rents and occupancy rates. Although these metrics remain below pre-pandemic levels, the steady rebound is underpinned by resilient demand from both local and international occupiers.

Recent occupier movements highlight the market's growing appeal, particularly among global companies establishing or relocating shared services office in Klang Valley. This attractiveness is driven by factors such as a thriving occupier ecosystem, the availability of high-specification office spaces, access to a skilled workforce and cost-competitiveness, positioning the Klang Valley as a strategic choice for businesses.

On the supply side, 2024 saw the completion of 0.8 million sq ft of office space, with an additional 1.5 million sq ft expected by 1H2025. While the supply pipeline remains moderate, older and lower-grade office buildings may benefit from targeted upgrades or modernisation to align with evolving tenant preferences. Such initiatives present opportunities for asset repositioning to meet market demands.

Larger floor plates typically around 20,000 sq ft or more are becoming increasingly favoured, particularly in the KL Fringe and Petaling Jaya areas. These locations are highly attractive due to their robust amenities and excellent connectivity, including proximity to train stations. Upcoming developments such as The Exchange TRX Office by Lendlease and Sunway Square Corporate Tower 2, both slated for completion in 1H2025, are projected to generate significant interest. These projects offer expansive floor plates exceeding 20,000 sq ft and are strategically located to meet tenant demands.

The Tun Razak Exchange (TRX) continues to thrive as a financial hub, supported by its integrated shopping mall and seamless MRT connectivity. Meanwhile, the Sunway Square development, featuring a mix of office spaces, a retail mall, a performing arts centre and an educational institution, is expected to become a vibrant hotspot upon completion.

Investment activity in the sector is anticipated to remain cautious amid broader economic uncertainties and shifting tenant preferences. However, prime assets with strong tenancy profiles and strategic locations are well-positioned to attract long-term investors seeking stability and growth opportunities in the Klang Valley office market.



JOHOR

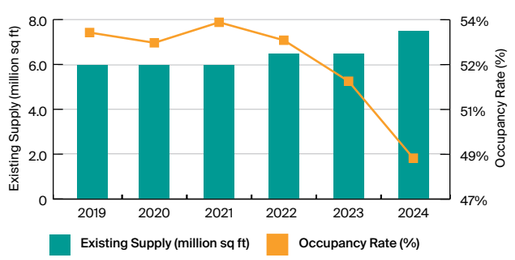
Supply and Demand

The supply of selected office space in Johor was recorded at approximately 7.49 million sq ft as of 2H2024, reflecting an annual increase of 15.6% compared to 6.48 million sq ft in 2H2023. The market saw the completion of an office building, which added approximately 0.55 million sq ft.

Following this increase in supply, the average occupancy rate for office space declined slightly to 48.1% in 2H2024, a decrease of 2.2% compared to the same period in 2023. Despite this, the market is increasingly focusing on Grade A office buildings as companies prioritise sustainable and high-quality spaces.

Notably, Menara JLand's strategic location near the CIQ and the upcoming RTS Link station has generated heightened interest. The building has observed a rise in occupancy, particularly from construction companies and professional service businesses, further underscoring its appeal.

Cumulative Supply and Average Estimated Occupancy Rate of Selected Purpose-Built Office in Johor Bahru, 2019 to 2024



Source: Knight Frank Research

Notable Tenant Movements, 2H2024

Building Name	Approx. Space (sq ft)	Remarks
Menara JLand	~7,500	**New Set Up** • Infrastructure
	~1,600	**New Set Up** • Real Estate
	~1,900	**Relocation** • Construction
	~1,700	**New Set Up** • Information Technology
	~3,100	**New Set Up** • Information Technology
	~2,400	**New Set Up** • Legal services
MVS North Tower & South Tower	~14,000	**Expansion** • Co-working Space
	~6,900	**Relocation** • Real Estate
Medini 9	~3,000	**New Set Up** • Agroforestry
	~1,500	**New Set Up** • F&B
Wisma Sunway	~8,900	**New Set Up** • Co-working Space
	~25,000	**Relocation** • Legal Services

Source: Knight Frank Research

Prices & Rentals

During the review period, average asking rental rates for office space in Johor Bahru increased, driven by the influx of new Grade A office buildings and improved market sentiment.

Grade A PBOs in Johor Bahru have attracted growing interest from corporate and multinational companies (MNCs), particularly those based in Singapore. The cost-effectiveness of these spaces, compared to Singapore's office market, has positioned them as an appealing alternative for businesses.

Moreover, the increasing popularity of fitted office spaces offered by some landlords has further fueled demand, contributing to the rise in asking rental rates.

Average Gross Asking Rentals of Selected Purpose-Built Office in Johor Bahru, 2H2024

Locality	Average Gross Asking Rental, 1H2024 (RM per sq ft / month)	Average Gross Asking Rental, 2H2024 (RM per sq ft / month)	Trend
Johor Bahru City Centre	2.90 – 3.50	**3.20 – 3.60**	▲
Johor Bahru City Fringe	2.90 – 3.10	**2.90 – 3.20**	▲
Iskandar Puteri & Medini	2.80 – 3.20	**3.00 – 3.30**	▲

Source: Knight Frank Research

Market Outlook

In Johor Bahru, Grade A office spaces are expected to remain a highly sought-after option for new tenants. Factors such as lower rental rates, reduced operational costs, potential incentives from the Johor–Singapore Special Economic Zone (JSSEZ) and a lower cost of living make Johor Bahru an attractive location for Singaporean companies. Consequently, older office buildings may undergo repurposing or refurbishment to cater to the growing demand for modern, high-quality office spaces.

PENANG

Supply and Demand

The supply of purpose-built office (PBO) space on Penang Island increased slightly, rising from 6.9 million sq ft in 2Q2024 to 7.1 million sq ft in 3Q2024, driven by the completion of Sunshine Tower in Air Itam. This new office tower, with a net lettable area (NLA) of 227,600 sq ft, is an MSC-compliant building featuring advanced multimedia technology, collaborative workspaces, a data centre and a helipad. It is part of the Sunshine Central mixed-use development, which also includes Sunshine Residence - a 30-storey serviced apartment tower, HARRIS Sunshine Penang - an 18-storey four-star hotel and a 9-storey Sunshine Mall.

In Seberang Perai, the existing supply of office space remained unchanged at 1.7 million sq ft during the review period.

Looking ahead, Penang's office market anticipates two significant additions in 2025: GBS by The Sea in Bayan Lepas, offering 294,000 sq ft of NLA and a 34-storey commercial tower at The Light City in Gelugor, which will feature 186,000 sq ft of NLA for office suites along with a four-star hotel.



Sunshine Tower

Source: Crimson Omega Sdn Bhd

The average occupancy rate of office buildings on Penang Island experienced a slight decline of 3.3%, dropping from 85.5% in 2Q2024 to 82.7% in 3Q2024, primarily due to the addition of Sunshine Tower. In contrast, Seberang Perai recorded a modest increase, with the average occupancy rate rising by 2.0%, from 55.7% in 2Q2024 to 56.8% in 3Q2024.

In George Town, average occupancy rates for monitored office buildings ranged between 80% and 100%. Meanwhile, select premium-grade office buildings outside George Town, such as Menara IJM Land in Jelutong, Suntech @ Penang Cybercity, GBS@Mahsuri and GBS@ Mayang in Bayan Baru, reported notably high occupancy levels, ranging from 90% to 100%.

Notable office-related announcements

Hong Leong Bank has reopened its iconic Light Street branch, reaffirming its commitment to delivering personalised banking services in Penang. Additionally, KLS Martin, a renowned century-old medical device manufacturer, has established a new service centre in MWE Plaza. This facility supports regional sales, service and biomedical engineering activities, including the design of medical implants.

Making its debut in Penang, INFINITY8, a prominent co-working space provider, has launched INFINITY8 Reserve George Town. This new facility occupies a 25,000 sq ft heritage building on Beach Street, a historically significant location that served as the home of Standard Chartered Bank for over 87 years.

Prices & Rental

During the review period, asking rentals for select good-grade office buildings in George Town, Gelugor and Bayan Lepas remained stable, ranging from RM2.80 to RM6.00 per sq ft per month. Rental rates varied depending on factors such as location, accessibility and building specifications.

Gross Asking Rentals of Selected Purpose-Built Office in Penang, 2H2024

Building Name	Gross Asking Rental (RM per sq ft / month)
George Town	
Hunza Tower	5.00[1]
Menara Boustead Penang	3.30
Menara KWSP	3.00
Al-Bukhary Building / WOU	3.60[2]
Menara Livingston	5.00[2]
MWE Plaza	2.80
Wisma Great Eastern	3.00
Gelugor	
Menara IJM Land	6.00
Bayan Baru	
GBS@Mayang	5.50[2]
GBS@Mahsuri	5.50[2]
One Precinct	4.50[2]
SunTech@Penang Cybercity	4.50[3]

Source: Knight Frank Research

Notes:
(1) Passing Rent
(2) MSC Status Tier 1
(3) MSC Status Tier 2

Market Outlook

The Penang office market is expected to remain stable in 2025, despite the addition of two new office towers contributing a combined 480,000 sq ft of space. While the increased supply may place some downward pressure on rental rates for older purpose-built office buildings, modern and well-equipped office spaces are anticipated to sustain steady demand due to their competitive advantages and alignment with evolving tenant preferences.



SABAH

Supply and Demand

As of 3Q2024, the supply of privately-owned purpose-built office spaces in Kota Kinabalu remained stable at approximately 5.2 million sq ft. The occupancy rate showed a marginal improvement, increasing to 87.9% compared to 86.9% in 2Q2024.

Prices & Rentals

Privately-owned offices in the Kota Kinabalu Central Business District (KK CBD) and the Southern Fringe recorded higher gross asking rentals, ranging from RM2.30 to RM5.50 per sq ft. In contrast, office buildings in the Karamunsing area, such as Wisma BSN, offered slightly lower asking rentals of RM2.00 to RM2.30 per sq ft.

Average Gross Asking Rentals of Selected Purpose-Built Office in Kota Kinabalu, 2H2024

Building Name	Gross Asking Rental (RM per sq ft / month)
Plaza Shell	5.50
Menara MAA	2.55 - 3.45
Wisma Great Eastern	2.30 - 3.00
Wisma Sabah	2.50
Riverson Suites	3.50 - 4.00
Wisma BSN	2.00 - 2.30

Source: Knight Frank Research

Market Outlook

The Kota Kinabalu office market is expected to remain stable, with both rental and occupancy rates holding steady due to the absence of new supply entering the market. Government initiatives aimed at enhancing Sabah's appeal to multinational corporations (MNCs) and international firms are anticipated to sustain demand for office spaces, particularly in prime locations. As the current limited supply of prime office space nears full occupancy, new demand for high-quality, strategically located offices may emerge, creating opportunities for future development.

SARAWAK

Commercial Property Market

In 2024, Sarawak recorded a significant milestone in its tourism sector, achieving 4.08 million visitor arrivals - a 25.0% increase compared to 2023. This surge generated an estimated RM10.27 billion in revenue, reflecting a 27.3% rise from the RM8.07 billion recorded the previous year. The growth is largely attributed to a series of events, conventions and meetings hosted across the state. The increased tourism activity has driven demand for hotels, resorts, serviced apartments and retail spaces such as shopping malls, dining establishments and souvenir outlets, creating opportunities for further investments in commercial properties.

Notable developments include the Neu Pendington project, a joint venture between UDA Holdings Bhd and Sarawak Economic Development Corporation (SEDC). Located in Pending, Kuching, this integrated development will be completed in phases between 2026 and 2027, with full operations expected by 2029. The project features 594 apartment units, 190 stratified commercial units and a hotel tower, with a gross development value (GDV) of RM496 million. It will also include direct access to the SR12 - Pending (Red Line) Automated Rail Transit (ART) station.

Another key project is Langit Citadines, situated along Jalan Tabuan in Kuching, a collaboration between Hock Seng Lee and The Ascott Limited. This development consists of two 27-storey towers housing 64 luxury condominiums and 213 Citadines hotel rooms.

Transaction Volume and Value of Commercial Properties in Sarawak, 1H2024

District	Transaction Volume (No. of Units)		Y-o-Y Growth
	1H2023	1H2024	
Kuching	426	535	25.6%
Miri	130	163	25.4%
Bintulu	90	105	16.7%
District	**Transaction Value (RM Million)**		**Y-o-Y Growth**
	1H2023	1H2024	
Kuching	246.32	323.82	31.5%
Miri	93.12	100.1	7.5%
Bintulu	59.48	63.26	6.4%

Sources: National Property Information Centre (NAPIC) / Knight Frank Research

The commercial property market in Kuching recorded a 25.6% increase in transaction volume and a 31.5% rise in value, reflecting strong activity supported by local economic growth and infrastructure advancements. Miri saw a 25.4% increase in transaction volume, with total value rising by 7.5% to RM100.1 million in 1H2024 compared to 1H2023, indicating growing investor confidence. Similarly, Bintulu experienced a 16.7% increase in transaction volume and a 6.36% rise in value during the same period, driven by demand for offices, retail centres and hospitality facilities in its expanding industrial sector.

Transit-Oriented Developments (TODs) are being planned along the Autonomous Rapid Transit (ART) routes, with three locations identified for development. These TODs are expected to drive demand for retail and office spaces near ART stations, positioning these areas as growth nodes for commercial activity.

The opening of the Hikmah Exchange Event Centre in August 2023, Sarawak's first smart building, is another significant development. Located at Jalan Haji Taha, Kuching, it features two 22-storey office towers, a convention centre and commercial spaces. This project is likely to boost demand for commercial properties in nearby areas, particularly in the Satok locality.

The commercial property market in Sarawak is positioned for steady growth, supported by robust tourism activity, strategic infrastructure developments and rising investor confidence across key cities like Kuching, Miri and Bintulu. The integration of TODs and smart infrastructure projects are expected to enhance Sarawak's attractiveness for both domestic and international commercial property investments.

Market Outlook

Sarawak's commercial property sector demonstrates resilience, driven by ongoing infrastructure development, investment inflows and sustainability-focused initiatives. The state's post-COVID-19 Development Strategy (PCDS) 2030 outlines ambitious goals, including achieving significant GDP growth through carbon trading, hydrogen production and hydropower development. These initiatives are expected to boost demand for commercial spaces across various sub-sectors.

The PCDS 2030: Highlights 2023 report, launched in November 2024, highlighted significant progress across multiple sectors. Between 2021 and 2023, Sarawak secured over RM21.5 billion in investments, creating more than 11,000 jobs. Key developments include advancements in infrastructure, the establishment of renewable energy hubs, healthcare facilities and education centres. These achievements bring Sarawak closer to its PCDS 2030 aspirations, targeting RM282 billion in GDP and a median household income of RM15,000 by 2030.



RETAIL MARKET

Malaysia's retail market adapts to changing consumer behaviors, with a growing emphasis on neighborhood-centric and experiential retail spaces. The sector remains resilient, supported by domestic demand, government initiatives and the integration of technology-driven retail concepts.

MARKET INDICATIONS

Malaysia Retail Sales

The Malaysian retail sector exhibited resilience in 3Q2024, posting a growth rate of 3.8%, in line with market forecasts. This consistent performance was achieved despite the absence of significant festivals or national holidays, as consumers maintained spending on both essential and discretionary goods. Key retail segments, such as convenience stores, personal care, food and beverage and fashion, recorded improved growth. This positive performance was driven by robust domestic demand and increased spending from tourists. However, operational challenges like rising costs and selective consumer boycotts posed substantial obstacles.

The escalating cost of living remains a pressing concern, with elevated retail prices straining household budgets and diminishing consumer purchasing power. Nevertheless, the stable labour market and improving wages have provided a buffer, supporting overall spending levels and contributing to the sector's steady performance amidst challenging economic conditions.

Additionally, the recent appreciation of the ringgit against the U.S. dollar, if sustained, could potentially benefit the retail sector by reducing import costs and potentially lowering retail prices for imported goods. This could strengthen consumer purchasing power and support retail sales growth by mitigating inflationary pressures.

Looking ahead, the retail industry is projected to grow by 4.4% in 4Q2024, buoyed by the Malaysia Year-End Sale (MYES) and government-related household initiatives such as increased civil servant remuneration and cash handouts. This optimistic outlook positions the industry to achieve a full-year growth rate of 3.9%, reflecting its resilience and adaptability to evolving economic conditions. Strategic initiatives and sustained consumer demand are anticipated to drive the sector's recovery and growth in the coming months.

KLANG VALLEY

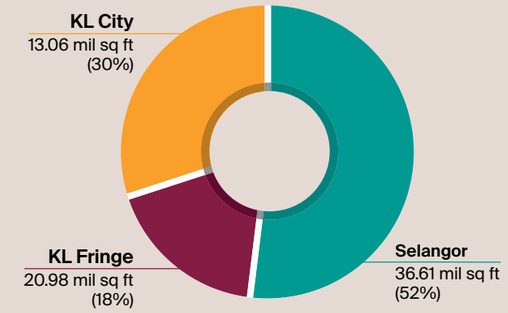
Supply & Demand

In 2024, the Klang Valley retail market experienced significant growth with the addition of well-conceptualised developments that redefined the region's retail landscape. Key new entries, including Bloomsvale Shopping Gallery, Elmina Lakeside Mall and 168 Park Mall, collectively increased the total retail space supply to 70.89 million sq ft. These developments reflect a strategic shift towards integrating modern amenities with community-centric and nature-inspired features to enhance consumer appeal.

Elmina Lakeside Mall, situated in Shah Alam's City of Elmina, offers a net lettable area (NLA) of approximately 214,000 sq ft. It combines modern design with landscaped boulevards, water features and al fresco dining areas, providing a nature-inspired shopping experience. The mall's high occupancy rate underscores strong tenant demand, driven by its curated mix of lifestyle, wellness, dining and fashion brands.

The newly opened 168 Park Mall, Selayang, which commenced operations in December 2024, has added 235,500 sq ft of Net Lettable Area (NLA) to the market. Anchored by Village Grocer, Harvey Norman and The One Sports Centre, the two-level retail and entertainment hub underscores the growing emphasis on neighbourhood-centric developments designed to foster strong community engagement and convenience. The first half of 2025 is set to bring notable growth to the Klang Valley retail market, with an additional 1.0 million sq ft of retail space anticipated to be introduced. This expansion includes the completion of two neighbourhood malls designed to meet the increasing demand for community-oriented retail spaces.

Existing Retail Supply, 2H2024



Source: Knight Frank Research

Incoming Retail Supply, 1H2025

Kuala Lumpur	
Pavilion Damansara Heights (Phase 2)	Damansara Heights | 530,000 sq ft
Senada Shopping Centre	Bukit Kiara | 231,000 sq ft
Selangor	
Sunsuria Forum @ 7th Avenue	Setia Alam | 256,000 sq ft

Source: Knight Frank Research

The Klang Valley's retail sector is undergoing significant enhancement, with key players emphasising lifestyle elements and curated experiences to attract local communities and broader regional audience.

Sunway Pyramid exemplifies this trend with its Oasis extension, a 300,000 sq ft addition featuring over 100 brands, including Malaysia's largest MUJI outlet, H&M Home and the region's first Caudalie Spa. These offerings are further complemented by the European-themed Jaya Grocer, emphasising the importance of experiential retail in drawing foot traffic. Similarly, Coach Play APW in Bangsar integrates retail and hospitality with features like a Coach Coffee Shop and screen-printing services, appealing to younger, experience-driven consumers. ZUS Coffee at 1 Utama Shopping Centre further highlights this narrative with its flagship "Coffee Meets Pastry" concept, blending artisanal coffee and pastry artistry within a visually engaging space.

The emphasis on experience-driven retail extends to flagship store transformations, where spaces are being modernised to enhance customer engagement. Toys"R"Us Malaysia's revamped flagship at Mid Valley Megamall introduces a 5,500 sq ft Kiztopia Club with 18 interactive zones for children, merging retail and play. Metrojaya's redefined flagship store offers a streamlined 30,000 sq ft layout with convenience-focused features such as a cafe, private fitting rooms and a customer lounge. Sports Direct's first flagship store enhances its appeal with a 23,000 sq ft space showcasing concepts like gait analysis in its Running Concept, product education in its Outdoor Concept and a Fitness Studio for women's sports apparel, highlighting the increasing role of technology in retail.

Grocery retailers are also making significant strides to improve accessibility and convenience, catering to the Klang Valley's urban population. Village Grocer continues its strong performance with outlets in Bangsar Village and Pavilion Bukit Jalil, while Jaya Grocer expands into high-density residential and pedestrian-friendly hubs, including EcoWorld's Se.duduk D' Kajang project and Gamuda Land's Cove Centrum. These expansions reinforce the role of grocery retail as a community-centric pillar in the retail landscape.

Entertainment remains a key driver of innovation, blending technology with multi-generational appeal to enhance the retail experience. Golden Screen Cinemas (GSC) at KL East Mall demonstrates this with its eight halls, including an IMAX screen and a family-friendly Playpark. Meanwhile, Atria Shopping Gallery is set to debut a 60,000 sq ft theme park in collaboration with PeopleUp, offering physical, mental and sensory stimulation to cater to families. Such initiatives underscore the strategic integration of entertainment in creating destination appeal and extending consumer dwell time.

Retailers are also diversifying their offerings to create unique experiences and foster community engagement. CzipLee Bangsar Village II has doubled its space to include areas for workshops, pop-ups and collaborative events, blending tradition with modernity. Similarly, MPH Bookstore's new outlet at Alamanda Shopping Centre emphasises a refreshed, family-focused design with enhanced accessibility and customer experiences.

The Klang Valley retail sector continues its dynamic growth trajectory, driven by strategic expansions from global and local players. Prime malls are attracting a curated mix of brands to meet evolving consumer preferences. Established retailers are strengthening their presence, leveraging prime locations and diversified offerings. This adaptability underscores the resilience of the Klang Valley's retail landscape, solidifying its role as a key driver of Malaysia's retail sector growth.

Notable New Entrants in Selected Prime Retail Malls

Suria KLCC	TUDOR, Laderach Malaysia
Pavilion Kuala Lumpur	Louis Vuitton, Fuiyoh! Uncle Roger's, Urban Revivo, Lam Heung Ling*, Fei Fei Crab Restaurant, Siong Tong Gai, CLEF, Café Kitsune, Maison Guerlain
Mid Valley Megamall	Rightside, Le Labo, KolaBed, Jessanne, Frederique Constant, Lapisan Patisserie, Shae.co, ChaTraMue, Just Good Coffee, RAEA, Mothercare & The Entertainer, Diptyque, National Geographic, Udders, Givenchy
The Gardens Mall	A Store, flaaah with ONO, TOMS
Sunway Pyramid	YES 5G Store, Palsaik Korean BBQ, Benjamin Barker*, ChezChoux, Torii Teppanyaki, Bread History, H&M Home, Jaya Grocer, Lung Ngen, Mr Bean, VCR, Ben's Cookies, TANYU Grilled Fish, Gula Petite, Dandy, Pineyard Café, 108 Matcha Saro, Art Toys Café by Milolo, Hou Duck, Oga Tea & Dining, Kakatoo, Ra-men Bankara, Sanrio Gift Gate
One Utama	Beacon Mart, Decathlon, Lovns Coffee, Coffee Meets Pastry by Zus, Rich Baker, Mee Tarik Faizal Kong, W.P.S Café, Anta Superstore, Jynns, ilike&yogurt in a can, Cheevit Cheeva, Mil Toast House
The Exchange TRX	Rado, Golden Goose*, Descente*, Upper Palace, Shae.co, Gu On, Cartier, Undefeated, Dr Martens, Tudor, Vivaia*, Zenith*

Source: Knight Frank Research

Note: *Represents the brands' maiden entry into Malaysia

International and regional brands are making significant inroads into Malaysia's retail market. Tim Hortons marked its entry into Southeast Asia with its first two stores in Kuala Lumpur and plans to expand to 100 outlets across the region by 2025. Similarly, KKV launched its global flagship store in Kuala Lumpur and aims to open 10 outlets by year-end while introducing its sister brands, THE COLORIST and X11. Singaporean retail brand OH!SOME also debuted in Malaysia, establishing a presence in Johor Bahru, Perak and recently in Kuala Lumpur, where it occupies a 14,000 sq ft space, reflecting the growing demand for lifestyle-focused variety stores.

In the food and beverage sector, brands are scaling rapidly, leveraging innovative strategies to meet rising demand. HWC Coffee is expanding into the East Coast market with its first store at East Coast Mall, Pahang, in November 2024, while continuing its commitment to community initiatives through corporate social responsibility (CSR) programme. ZUS Coffee, backed by RM250 million in investment from KV Asia Capital, KWAP and Kapal Api Group, is aggressively growing both locally and internationally, with plans to enter Singapore and Brunei and diversify into fast-moving consumer goods (FMCG). Llao Llao, through its master franchise holder Woodpeckers Group, is preparing for an initial public offering (IPO) to fund further growth, including expanding its brands such as ChaTraMue across Malaysia.

Additionally, Heytea continues to expand across prime locations, while Milk & Barley's debut at Berjaya Times Square features a "fresh daily" bakery model with additive-free products that resonate with modern preferences. Paris Baguette has solidified its position in the premium bakery segment with its sixth outlet at IOI City Mall. Meanwhile, Hextar Retail is preparing to launch Tam Jai, a Hong Kong noodle chain, by 2025 to target the fast-casual dining market.

Convenience store chains are also seeing significant growth, with emart24 planning 17 new branches in Malaysia's East Coast region by the end of 2024 to cater to demand for halal Korean street food and drinks. Meanwhile, 99 Speedmart aims to grow its network to 3,000 outlets by 2025, following its Bursa Malaysia listing, while competitor KK Mart revisits its IPO plans to strengthen its position.

The fashion and lifestyle segments are evolving in parallel. Padini is refurbishing nine stores, opening four new outlets and investing in automation to streamline inventory management. Meanwhile, TGI Fridays Malaysia remains unaffected by its US parent's bankruptcy, progressing with new openings in Mid Valley Megamall, the reopening of its Sunway Pyramid outlet in December 2024 and a new outlet launch in Putrajaya planned for the first half of 2025.

Hybrid retail models are reshaping the sector, blending traditional formats with modern convenience. Lotus's Malaysia has introduced its first hybrid store at Lotus's Puchong, catering to diverse market segments, including business operators, Horeca (hotel, restaurant, and cafe) players and individual consumers, with dedicated payment lanes and bulk-purchase options. Similarly, Pos Malaysia Berhad has embraced the "Shop in Shop" concept, integrating postal services with retail convenience and small and medium enterprise (SME) partnerships to enhance service offerings and modernise customer experiences.

Adding a technological edge, Sangkaya has partnered with Masverse to pioneer a blockchain-enabled community-owned retail concept, aiming to enhance transparency and customer ownership through tokenomics. This initiative positions Sangkaya as a leader in adopting blockchain for retail innovation, setting a benchmark for community-driven retail models in Malaysia.

Despite these dynamic advancements, challenges persist. Cyberjaya's Malakat Mall, despite its community-focused concept, will cease operations after four years, citing post-pandemic struggles. Similarly, closures of iconic outlets like Rotiboy in Suria KLCC and GSC's strategic exits from underperforming locations reflect the industry's need to adapt to changing consumer behaviours and economic realities.

Notable Retailers' Expansion Plans

ChaTraMue	*Nationwide* **40 stores in 2024**
HWC Coffee	*Nationwide* **85 stores in 2024**
99 Speedmart	*Nationwide* **250 stores in 2024**
emart24	*Nationwide* **17 stores in 2024**
7-cafe format stores	*Nationwide* **212 stores by 2024(1)**
KKV	*Nationwide* **10 stores in 2024**
Pos Shop	*Nationwide* **33 stores in 2024**

Source: Knight Frank Research

Note: (1) mainly through converting existing stores

Prices & Rentals

In 2H2024, three significant retail mall transactions took place: Tropicana Gardens Mall in July 2024 and DPulze Shopping Centre and 163 Retail Park (rebranded as Sunway 163 Mall) in October 2024. These transactions underscore continued activity and confidence in the retail sector.

In July 2024, IOI Properties Bhd announced the acquisition of Tropicana Gardens Mall in Petaling Jaya for RM680 million from Tropicana Indah Sdn Bhd, a subsidiary of Tropicana Corp Bhd. The seven-storey mall features a gross floor area (GFA) of 2.95 million sq ft and an NLA of 1.05 million sq ft, with an occupancy rate of 77%. Strategically located, it is directly connected to the Surian MRT station and accessible via four major highways, enhancing its appeal as a prime retail destination. This acquisition aligns with IOI Properties' broader strategy to strengthen its presence in the retail sector within the Klang Valley, leveraging the mall's strategic location and connectivity.

In October 2024, KIP Real Estate Investment Trust (KIP REIT) secured shareholder approval to acquire DPulze Shopping Centre in Cyberjaya for RM320 million. This represents KIP REIT's largest acquisition since its listing on Bursa Malaysia in 2017. The seven-storey mall, located in Cyberjaya's prime commercial district and near the MRT Putrajaya line, is fully tenanted and offers an NLA of 0.31 million sq ft. The acquisition supports KIP REIT's strategy of focusing on community-centric neighbourhood malls and is expected to strengthen its position in the retail market.



Also in October 2024, Sunway Real Estate Investment Trust (Sunway REIT) Management Sdn Bhd, the Manager of Sunway REIT, completed the acquisition of 163 Retail Park in Mont' Kiara for RM215 million from YNH Property. The mall has since been rebranded as Sunway 163 Mall, reflecting its integration into Sunway REIT's portfolio. The seven-storey mall boasts a 99% occupancy rate and an NLA of 0.25 million sq ft, housing over 100 tenants and brands, making it a prominent retail asset in the Mont' Kiara area. Immediate plans include improving maintenance and traffic circulation to enhance the shopping experience. Longer-term strategies aim to optimise the tenant mix and reconfigure floor space, positioning Sunway 163 Mall as a premier lifestyle destination in North Kuala Lumpur. The mall's strategic location is further enhanced by the proposed Sri Hartamas station under the recently revived MRT3 alignment, which will significantly improve accessibility upon completion, further increasing the mall's appeal to shoppers and tenants.

These transactions demonstrate ongoing confidence in the Klang Valley's retail sector, with acquisitions focusing on strategically located and high-quality assets. Developers and investors continue to expand and enhance their portfolios, aligning with evolving consumer needs and urban development trends.

In the Kuala Lumpur city centre, iconic malls Suria KLCC and Pavilion Kuala Lumpur maintain strong positions in the market, with average monthly gross rentals of RM41.00 per sq ft and RM30.00 per sq ft respectively. This represents a modest increase compared to 2022 rates of RM39.00 per sq ft and RM28.00 per sq ft. Both malls reported high occupancy levels, with Suria KLCC achieving 96.0% and Pavilion Kuala Lumpur at 95.2%, reflecting their continued appeal among tenants and shoppers alike.

In the Kuala Lumpur fringe, Mid Valley Megamall and The Gardens Mall continue to command average monthly gross rentals of approximately RM18.00 per sq ft, a slight improvement from RM17.00 per sq ft in 2022. These malls maintain near-full occupancies at approximately 99.9%, underscoring their position as key retail destinations in the region.

In Selangor, Sunway Pyramid commands an average monthly gross rental of RM18.00 per sq ft, an increase from RM16.00 per sq ft in 2022, with an occupancy rate of 98.0%. Meanwhile, The Mines remains stable with average gross rentals at RM5.00 per sq ft, unchanged from 2022 and an occupancy rate of 80.0%.

While there are no new updates on 2024 rental performance due to the timing of annual reports being released, these figures provide an insight into the resilience and stability of retail assets in the Klang Valley, particularly for prime and well-located malls. Tenants continue to favour malls with established foot traffic and strong branding, driving occupancy and rental growth in key locations.

Market Outlook

The retail sector in Klang Valley remains cautiously optimistic, supported by government measures aimed at mitigating rising living costs and adapting to evolving consumer preferences.

Initiatives such as a 30% increase in cash handout allocations to RM13 billion through programs like Sumbangan Tunai Rahmah and Sumbangan Asas Rahmah are enhancing household income and supporting spending on essential goods. Complementary measures, including Employees Provident Fund (EPF) Account 3 withdrawals, a 13% wage adjustment for civil servants effective December 2024 and an increase in the minimum wage to RM1,700 starting February 2025, are expected to bolster private consumption further. These initiatives provide a stable foundation for sustained demand, particularly for staple products and essential goods.

Private consumption, the largest contributor to Malaysia's GDP, remains a key growth driver for the retail sector. However, inflationary pressures continue to challenge consumer purchasing power, encouraging a shift toward value-driven consumption. Retailers focused on essentials and value-oriented offerings are poised to benefit as households prioritise necessities.

The government's planned expansion of the Sales and Service Tax (SST) in May 2025 to include non-essential items, such as imported premium goods, will likely shift consumer demand toward cost-effective alternatives. Similarly, the excise duty increases on sugar-sweetened beverages, effective January 2025, and the rationalisation of RON95 fuel subsidies by mid-2025 will elevate operational and transportation costs, prompting retailers to revise pricing strategies and optimise supply chains.

The Klang Valley retail market is witnessing significant supply growth. Developments such as Bloomsvale Shopping Gallery, Elmina Lakeside Mall and 168 Park Mall exemplify a shift toward neighbourhood-centric and community-focused retail spaces. These projects, designed to integrate modern amenities with lifestyle elements, are attracting strong tenant interest, reflecting a sustained demand for curated retail experiences.

Investment activity in the Klang Valley's retail market remains robust, with notable acquisitions such as Tropicana Gardens Mall, DPulze Shopping Centre and Sunway 163 Mall in 2H2024 reflecting continued confidence in the sector. These transactions underscore the focus on strategically located assets with high-quality tenant mixes and strong footfall potential.

Looking ahead, retailers face a landscape defined by both opportunities and challenges. Technological advancements highlight the potential for innovation, creating avenues to improve transparency, enhance consumer engagement and boost operational efficiency. At the same time, evolving consumer behaviours, persistent inflationary pressures and changes in government policies will demand strategic flexibility and adaptability.

Focusing on experiential, community-centred and technologically integrated retail formats will be essential for maintaining growth and resilience in the Klang Valley's dynamic retail sector. By proactively addressing emerging challenges and aligning strategies with shifting consumer priorities, the sector can effectively position itself to capitalise on long-term opportunities.



JOHOR

Supply & Demand

As of 3Q2024, Johor Bahru's cumulative retail space supply remained steady at approximately 20.48 million sq ft, unchanged from 3Q2023. Despite the constant supply, the overall occupancy rate increased by 2.8%, reaching 71.5% in 3Q2024 compared to 68.7% in the same period last year. This growth reflects sustained demand for retail spaces driven by evolving consumer preferences and strategic developments in the region.

Key retail destinations such as Sutera Mall, Paradigm Mall and AEON Tebrau City Mall continue to attract a mix of established and emerging brands, including Oriental Kopi, HeyTea, Huawei, KKV and Watsons.

A notable addition to the retail landscape is Larkin Junction Mall by SKS Group, which officially opened its doors on 29 November 2024, further enhancing the diversity of retail offerings in Johor Bahru.

AEON Tebrau City Mall unveiled its AEON Tebrau City Food Hall, featuring 20 specialty shops, complemented by Japan's renowned Tsutaya Bookstore, making its debut in Johor and STAR KIDS, an indoor children's gym. These additions underscore the growing trend of integrating entertainment and retail to provide a comprehensive lifestyle experience. Paradigm Mall exemplifies this shift with key tenants such as KKV, China's leading lifestyle retail store and the Escape Challenge Park. Similarly, Sunway Big Box offers family-friendly amenities such as Jungle Gym and Laser Tag, reinforcing Johor Bahru's evolution into a lifestyle-centric retail hub.

Prominent malls like The Mall, Mid Valley Southkey are also diversifying their tenant mix. The opening of Regency Medical Care Centre within the mall adds a new dimension to its offerings. Additionally, the mall has nearly reached full occupancy, experiencing sustained demand, particularly from Singaporean shoppers who are drawn to its strategic location and curated retail experiences.

These developments reflect Johor Bahru's dynamic retail scene, which continues to evolve by blending traditional retail with innovative, entertainment-focused concepts, solidifying its appeal to both local and international consumers.



Tsutaya Bookstore

Source: JB City Guide



Regency Medical Care Centre

Source: visitJohor

Notable New Entrants in Selected Shopping Malls in Johor Bahru, 2H2024

Komtar JBCC
Expansion: Antipodean Gold, TeaGarden, Marrybrown
New set-up: Richeese Factory

Sutera Mall
Expansion: HeyTea, Huawei, Liho Tea(1), Watsons

Paradigm Mall Johor Bahru
Expansion: Oriental Kopi(1)
New set-up: Escape Challenge Park, KKV

Sunway Big Box Retail Park
Expansion: Subway
New set-up: Jungle Gym, Laser Tag

The Mall, Mid Valley Southkey
Expansion: MANGO, Regency Specialist Hospital
New set-up: HeyTea, MR D.I.Y. Plus

AEON Mall Tebrau City
Expansion: Kyochon 1991(2), Royce(2), Palsaik Korean BBQ Malaysia
New set-up: Tsutaya Bookstore, Eat Pizza Malaysia(2), STAR KIDS

Johor Bahru City Square
Expansion: Herbal Farmer

Toppen Shopping Centre
New set-up: JDT Direct Store

AEON Mall Bukit Indah
Expansion: Uniqlo, Decathlon, Oriental Kopi

Larking Junction
Expansion: Jollibee, ZUS Coffee, MR D.I.Y., Watsons, Burger King

Source: Knight Frank Research

Notes:
(1) Expansion within existing mall / location
(2) Situated within newly established AEON Tebrau Food Hall



Larkin Junction

Source: SKS Group

Market Outlook

Johor Bahru's retail market has shown significant improvement, marked by higher occupancy rates and increased foot traffic in malls. Retailers are responding to evolving consumer preferences by diversifying their offerings and incorporating entertainment and medical elements into mall environments. The retail landscape in Johor Bahru is expanding, with more brands entering the market, supported in part by the strong Singapore Dollar, which has driven increased retail spending in the city.



PENANG

Supply & Demand

As of 3Q2024, the total existing supply of shopping malls in Penang State recorded a moderate growth of 4.0%, rising from 20.1 million sq ft in 2Q2024 to 20.9 million sq ft. This increase was largely attributed to the completion of Sunshine Mall in Air Itam, which added 820,000 sq ft of net lettable area (NLA) to the market. The overall occupancy rate declined to 70.5% (2Q2024: 73.1%). However, in George Town, the overall occupancy improved by 0.6% quarter-on-quarter (q-o-q) to reach 80.5% (2Q2024: 80.0%), suggesting relatively stronger demand within the city's core retail areas.

The Sunshine Mall, part of the Sunshine Central mixed-use development, achieved its Certificate of Completion and Compliance (CCC) in July 2024. The project includes a 30-storey serviced apartment tower (Sunshine Residence), an 18-storey 4-star hotel (HARRIS Sunshine Penang) and an 18-storey office tower (Sunshine Tower). The 9-storey podium mall, offering an NLA of 820,000 sq ft, officially opened to the public on the 11 October 2024. Featuring 350 stores, the mall is anchored by the Sunshine Hypermarket, provided a well-rounded shopping destination for daily essentials.

On the horizon, The Waterfront Shoppes Phase 1 is slated for completion on Penang Island. With an NLA of 680,000 sq ft, this shopping mall is part of The Light City, a prominent mixed-use development in Gelugor. This addition is expected to further diversify Penang's retail offerings and enhance the shopping landscape within the region.

Notable New Entrants in Selected Shopping Malls in Penang State, 2H2024

Gurney Plaza
BMF x Svenson, New Balance, Uniqlo(1), Sushi Tei, OFFFFive COFFEE, Miniso, HEYTEA, Le Creuset, Skechers(2), VS Outlet, Grand senQ, Indie Batik, Ms. Read

Queensbay Mall
Sasa Malaysia(3), Daseo Malaysia(2), Madam Kwan's, Tudor Watch Boutique, Watches of Switzerland, JO's Cha, Polo Ralph Lauren, Switch(3), Dragon-i(3), Bath & Body Works(3), Gloo, 4Fingers Malaysia(3), Crocs(3), Urban Republic(2), Lacoste(2)

Gurney Paragon Mall
Picklemotion, Rituals Cosmetics Malaysia, Urban Living, Rock Life, FrenT, Anovia, HONOR, Saturday Club

1st Avenue Mall
Crocodile, FFS Luxury, Energized Sportswear, Jaemi Wonderland, Poney

Sunshine Mall
Urban Living, Maxis, Oppo Brand Store, Samsung Premium Store, A.S.A.P, Opera, Ai-Cha, Bingxue, Bread History, Bread R Us, daseo, Dragon Noodle, Ghee Hiang, Happy Potato, Hot & Roll, HWC Coffee, Koong Woh Tong, Leomag Waffle, Light Stone Restaurant, Restoran Sawara, Richeese Factory, Syok Aroi, Tai Ho Jiak, Talk Talk Kopi, Tealive, The Fruit Station, The Grass, WaaWaa Yogurt, S Foodhall, Miniso, Daiso Japan, MR DIY, Cincin Gold & Jewellery, Dzi Kingdom, Public Watch, ToyRus, Skechers, Space, Sports Direct, Sunshine Hypermarket

Sunway Carnival Mall
Salad Atelier, Cosas United, Loudspeaker, Tomei(2), Vinstella Jewellery(2), Switch, Bayu Somerset, Jo Malone London, BebeButterfly, Wah Chan, HEYTEA, Potato Corner, Zui Ma Tou Hot Pot

Source: Knight Frank Research

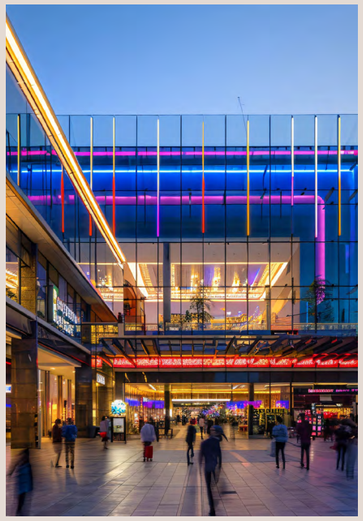
Notes:
(1) Expansion
(2) Relocated
(3) Reopened

Rentals

The monthly gross rental rates for ground-floor retail spaces in select prime shopping malls within George Town have remained stable, generally ranging from RM1.80 per sq ft to RM36.98 per sq ft. These variations are influenced by factors such as the mall's profile, strategic location and the size of individual retail units.

Market Outlook

The retail market in Penang is projected to remain stable in 2025, underpinned by several positive drivers, including increased retail spending, the entry of new brands, expanded flight routes and frequencies and growth in tourism-related activities. However, the recent opening of Sunshine Mall in October 2024 and the anticipated completion of The Waterfront Shoppes Phase 1 in 2H2025 are expected to heighten competition within the State's retail sector, particularly on Penang Island. This could exert downward pressure on occupancy rates and rental levels.



SABAH

Supply & Demand

As of 3Q2024, the retail space supply in shopping complexes, including shopping centres, hypermarkets and arcades in Kota Kinabalu remained steady at approximately 6.1 million sq ft. The occupancy rate also remained stable from the previous quarter, standing at 79.2%.

The average monthly gross rentals in selected shopping malls within the Kota Kinabalu Central Business District (KK CBD) ranged between RM1.01 per sq ft and RM28.50 per sq ft. Rental variations were influenced by factors such as mall location, unit visibility, size, floor level and rental structure, among other considerations.

During the review period, Imago Shopping Mall commenced renovations to expand its basement level, adding to its retail space. While this expansion will reduce parking capacity, it is expected to enhance the mall's overall retail offerings and improve its competitive positioning within the market.

Notable New Entrants in Selected Shopping Malls in Sabah, 2H2024

Shopping Mall	Retailer	Type of Trade	Status
Imago Mall	The Well Cafe	F&B	Expansion
	VINCCI	Fashion	Expansion
	Samsonite	Travel Essentials	New set-up
	Mia Beaute	Beauty Products	New set-up
	MOVON	Baby Products	New set-up
	Blue Tandoor Restaurant & Grill	F&B	New set-up
	Shuyi Grass Jelly	F&B	New set-up
Suria Sabah Shopping Mall	Celcomdigi	Telecommunication	Expansion
	Bath & Body Works	Beauty	Expansion
	Gam Tong	F&B	Expansion
	HLA	Fashion	New-set-up

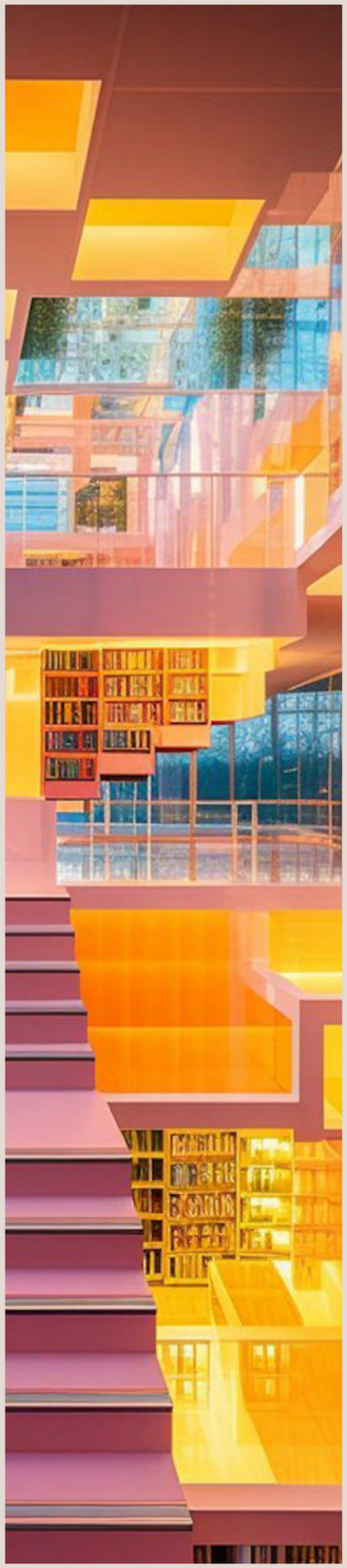
Source: Knight Frank Research

During the review period, several notable entrants in the retail sector strengthened Kota Kinabalu's market dynamics. Brands spanning travel, fashion, beauty, baby products and food and beverage categories made their mark, contributing to the city's evolving retail landscape. Positive retail performance also spurred brand expansions and relocations to larger spaces.

Imago Mall welcomed new tenants including Samsonite, an international luggage brand from the United States, alongside Mia Beaute, MOVON, Blue Tandoor Restaurant & Grill and Shuyi Grass Jelly, expanding its appeal with a diverse retail offering. Meanwhile, Suria Sabah Shopping Mall marked the entry of HLA, a leading menswear brand from China, further elevating its tenant portfolio and aligning with market demand.

Market Outlook

Looking ahead, prime shopping malls in Kota Kinabalu are expected to adopt strategic measures to optimise operations and strengthen their market position. Key focus areas include filling vacant retail spaces and enhancing tenant mix and performance. By carefully curating a balanced tenant mix that aligns with consumer preferences, these malls aim to attract increased foot traffic and drive consumer spending. This strategy is anticipated to contribute to higher turnover rents, further reinforcing the financial sustainability of these retail assets.



HOSPITALITY MARKET

The hospitality sector is experiencing a robust recovery, driven by the resurgence of international tourist arrivals and a strong rebound in domestic travel. Strategic infrastructure upgrades, enhanced connectivity and the opening of new hotels are strengthening Malaysia's appeal as a premier regional destination. Additionally, promotional campaigns and the growing demand for medical tourism are further solidifying the sector's growth, positioning Malaysia as a key player in the global tourism market.

MARKET INDICATIONS

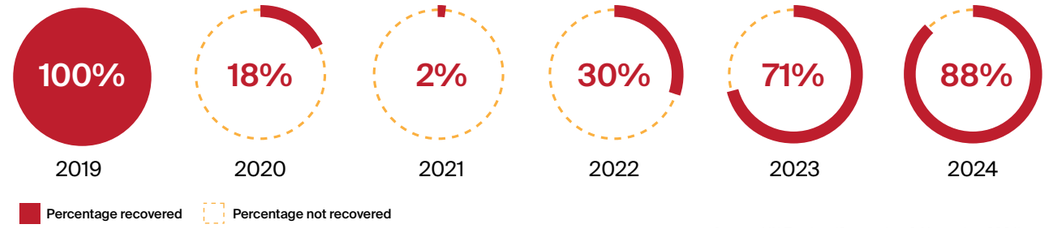
International Tourist Arrivals

International tourism has shown remarkable recovery, reaching 98% of pre-pandemic levels during the first nine months of 2024. This growth has been driven by robust demand in Europe and the reopening of key markets in the Asia-Pacific region.

The United Nations World Tourism Organization (UNWTO) World Tourism Barometer indicates that approximately 1.1 billion international tourists travelled during this period, reflecting an 11% increase from 2023 and just 2% below 2019 figures. This aligns with UN projections for a full recovery by the end of 2024, despite persistent economic and geopolitical challenges.

As of July 2024, the Asia-Pacific region recorded a rapid rebound in tourism, with arrivals reaching 82% of pre-pandemic levels. This momentum continued, rising to 85% in June and further to 86% in July. Sub-regional recoveries included South Asia at 92%, Southeast Asia at 88% and Oceania at 83%, highlighting the region's steady recovery.

Southeast Asia: Recovery of International Tourist Arrivals (2019 to July 2024)



Source: UN Tourism (September & November 2024)

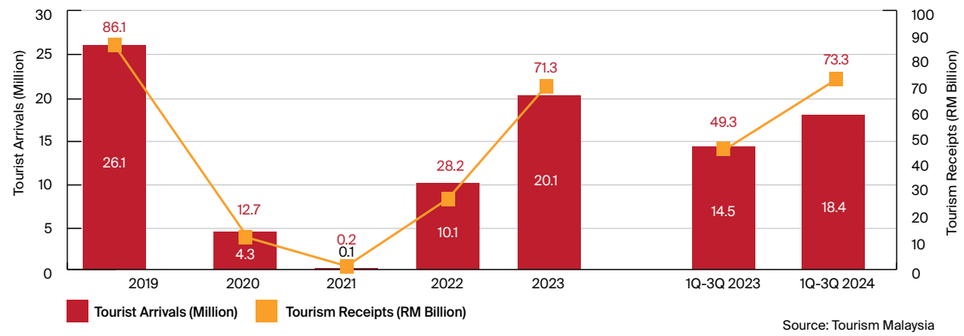
Notes:
(1) Base Year = 2019
(2) 2024 data are provisional.

Malaysia: Tourist Arrivals and Receipts

Malaysia experienced a robust recovery in its tourism sector during the first nine months of 2024, aligning with the strong rebound in international arrivals reported across Southeast Asia by UN Tourism. The country welcomed 18.4 million tourists during this period, marking a 27.0% increase compared to 14.5 million arrivals in the same period of 2023. This upward trend continued, with tourist arrivals rising by an additional 4.1 million, bringing the total to 22.5 million as of November 2024.

Tourism receipts also surged by 48.8%, generating RM73.3 billion compared to RM49.3 billion in the corresponding period of 2023. This substantial growth underscores Malaysia's continued appeal as a key destination in the region, benefiting from increased international travel and strong market demand.

Malaysia: Tourist Arrivals & Tourism Receipts (2019 to 3Q2024)



Source: Tourism Malaysia

The aviation sector played a pivotal role in driving Malaysia's tourism recovery during the first nine months of 2024. While passenger movements remained slightly below pre-pandemic levels, Malaysia Airports Holdings Berhad (MAHB) reported a 19.4% increase in net profit compared to the corresponding period in 2019, amounting to RM606.2 million.

Passenger traffic across MAHB's network of airports recovered to 96.3% of 2019 levels, with 101.2 million passengers recorded during the review period. In Malaysia alone, passenger traffic reached 89.5% of pre-pandemic levels, a notable improvement from 79.3% in the first nine months of 2023.

This growth was supported by enhanced connectivity, with 71 airlines currently operating in Malaysia, surpassing the 69 recorded in 2019 and an additional four airlines expected by year-end. Furthermore, the introduction of a 30-day visa exemption for tourists from China and India in December 2023 led to a significant surge in arrivals from these countries in 2024. Between January and August 2024, Malaysia welcomed 2.3 million Chinese tourists, marking a 160% increase compared to the same period in the previous year. Similarly, as of 1 December 2024, the visa exemption for Indian nationals contributed to a 223% rise in Indian visitors, up from 283,885 in 2023.

Malaysia: Recent Government Policies, Initiatives and Infrastructure Developments

Government Policies and Incentives	Details
Budget 2025	• Approximately RM550 million allocated to boost tourism through cultural events, local arts promotion (e.g., handicrafts and batik) and marketing campaigns. • RM110 million is allocated to upgrade tourist sites, support ecotourism and enhance UNESCO nominations, with global partnerships emphasising sustainability. • RM600 million earmarked for restoring landmarks in Kuala Lumpur, aimed at preserving heritage and strengthening the city's cultural hub status.
Revamped Malaysia My Second Home (MM2H) Programme – Three-Tier System	• By June 2024, further revisions introduced by MOTAC aim to attract high-net-worth individuals (HNWIs) and address concerns over 2021 terms. • The three-tier structure and income requirements established in December 2023 remain. • The revision now allows individuals aged 25 and above to apply, offering greater flexibility for younger applicants.
Infrastructure Developments	**Details**
Kuala Lumpur International Airport (KLIA)	• Launched several initiatives to enhance passenger experience, positioning KLIA as more than just a transportation hub. • Introduced advanced solutions, including facial recognition technology, self-service bag drops kiosks and an excess baggage postal service to lower luggage delivery costs.
Sultan Abdul Aziz Shah Airport (LTSAAS)	• Six airlines resumed narrow-body aircraft operations in August 2024, marking the return of such operations after 22 years. • Airlines include AirAsia, Firefly, SKS Airways, TransNusa, Batik Air Malaysia and Scoot. • Part of the Subang Airport Redevelopment Plan (SARP), with Phase 2 scheduled to start in three years.
Penang International Airport (PIA)	• RM1.5 billion expansion project set to complete by 2028, including terminal and airside upgrades. • Installation of 10 auto gates in international departure and arrival halls began in November 2024. • Upon completion, PIA will become Malaysia's second-largest airport after KLIA.
Kota Kinabalu International Airport (KKIA)	• RM442.3 million upgrade approved, with a project timeline of 48 months starting pre-construction in 2024 and completion by 2027. • Expansion of the main terminal will increase capacity from 9 million to 12 million passengers annually. • Additional developments include a multi-storey parking facility, seven new aircraft parking bays and integration of Airport 4.0 technology to improve operational efficiency.



KLANG VALLEY

Supply & Demand

As of 3Q2024, Malaysia's hospitality market comprised 278,992 hotel rooms across 3,555 properties (Source: National Property Information Centre (NAPIC)). The pipeline includes 15,363 rooms from 75 upcoming hotels, with an additional 13,832 rooms from 68 planned hotels in various stages of development.

Kuala Lumpur leads the market with 47,177 rooms across 253 hotels and an incoming supply of 3,646 rooms from 16 hotels. Selangor and Putrajaya collectively account for 217 hotels with 27,858 rooms, though no incoming supply was recorded in these areas as of 3Q2024. Planned supply in Kuala Lumpur totals 1,432 rooms from 9 hotels, while Selangor and Putrajaya contribute 470 rooms from 2 hotels.

Kuala Lumpur features a balanced distribution of 3- to 5-star hotels, maintaining the highest total number of rooms in each category. Selangor has a strong presence in the 3-star segment, complemented by a notable offering in the 4- and 5-star categories. Putrajaya, in contrast, offers a limited selection of accommodations, primarily in the 4- and 5-star segments.

Existing Supply of Hotel Rooms by Star Rating in Klang Valley, 3Q2024

State	5-Star		4-Star		3-Star	
	No. of Hotels	No. of Rooms	No. of Hotels	No. of Rooms	No. of Hotels	No. of Rooms
Kuala Lumpur	36	14,288	41	12,262	36	8,291
Putrajaya	3	678	3	1,053	0	0
Selangor	19	6,528	24	7,389	35	5,009

Sources: National Property Information Centre (NAPIC) / Knight Frank Research

Following the trend observed in 2022 and 2023, the majority of new hotel openings and completions in 2024 are standalone, mid-scale, full-service properties with capacities exceeding 200 rooms.

Notable hotel openings in the Klang Valley in 2024 include:

Kuala Lumpur		
Development Name	**Description**	**Number of Rooms**
Courtyard by Marriott Kuala Lumpur South	Opened in June 2024 within the Bloomsvale @ OKR development on Jalan Puchong, this hotel features 278 rooms, ranging from standard to presidential suites. Key amenities include a restaurant, outdoor pool, fitness centre and 10 event spaces.	278
Holiday Inn Kuala Lumpur Bangsar	Strategically located at the intersection of Jalan Maarof and Jalan Bangsar, the property features the new-generation Open Lobby concept, seamlessly blending dining, relaxation, work and leisure spaces.	220
Hyatt Centric City Centre	Officially opened on 18 December 2024, the 5-star hotel on Jalan Sultan Ismail is the first Hyatt Centric-branded property in Peninsular Malaysia. A link bridge connects the hotel to Plaza Hap Seng, seamlessly integrating it into the complex.	312
Imperial Lexis Kuala Lumpur	A 53-storey hotel in the city centre, offering 275 rooms and suites with private pools. Amenities include an infinity Sky Pool, a 24-hour gym, a SkyDeck with glass floors and a ballroom.	275
Lloyd's Inn Kuala Lumpur	Located near TRX's Exchange 106 mall, this boutique hotel opened in April 2024, providing 110 monochromatic rooms with open-air showers, along with co-working spaces and meeting rooms, catering primarily to business travellers.	110
Selangor & Putrajaya		
Development Name	**Description**	**Number of Rooms**
ibis Styles Sepang KLIA	Conveniently located near Kuala Lumpur International Airport, this hotel offers 229 affordable and stylish rooms, including Biker and Family rooms, with live flight updates. Key amenities include the largest saltwater pool in the area, a fitness centre, spa, dining options and event spaces for up to 300 guests.	229
Moxy Putrajaya	Malaysia's first Moxy hotel, opened in February 2024 near IOI City Mall and Kuala Lumpur International Airport. With 480 rooms, it features locally inspired designs, a fitness centre, a pool and dining option.	480
CapsuleTransit MAX	Opened in September 2024 at KLIA2, this boutique transit hotel offers 46 luxury beds and a range of amenities, including a lounge, spa, gym, plant-based airport lounge, steam baths and a "runway suite" with airport views. It also provides meeting and event spaces as part of its Business Club facilities.	46

Sources: Various / Knight Frank Research

The incoming hotel developments in the Klang Valley reflect a balanced mix of luxury, premium and economy accommodations, with the majority being mid-scale properties featuring 200 to 400 rooms.

Klang Valley continues to attract international hospitality brands, demonstrated by notable openings in 2023, such as IHG Hotels & Resorts' debut of Crowne Plaza and Hotel Indigo and Hyatt Hotels' first Hyatt Place in Bukit Jalil. Looking ahead to 2025, several new hotels will be managed by globally recognised brands, including Accor Hotel Group, Hyatt Hotels, IHG Hotels & Resorts, Kempinski Hotels and Hilton Worldwide.

Approximately nine new hospitality developments, totalling around 3,145 rooms, are scheduled for completion in 2025. Key projects include:

Accor's Expansion with Worldwide Hotels Group: Accor is strengthening its partnership with Worldwide Hotels Group to launch two new properties in Kuala Lumpur in 1Q2025. These include the debut of the Grand Mercure brand in Malaysia and the addition of an ibis Styles hotel. The Grand Mercure, located between Bukit Bintang and Chinatown, will feature 325 rooms, dining venues, event spaces, a fitness centre and a pool. The ibis Styles in Bukit Bintang will offer 168 rooms, a bar, a laundromat and a fitness area, all conveniently near shopping and dining hotspots.

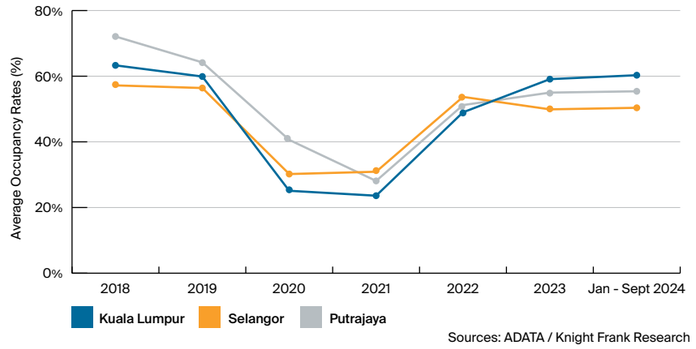
Park Hyatt Kuala Lumpur: Opening in 2Q2025, this hotel will occupy the top 17 floors of Merdeka 118, Asia Pacific's tallest skyscraper. It will offer 232 rooms, including 28 suites and 30 residential apartments, designed for an elevated guest experience.

Additional openings in 2025 include prestigious names such as Kempinski Hotel Kuala Lumpur, Kimpton Hotel Kuala Lumpur, Hyatt Regency Kuala Lumpur, Waldorf Astoria Kuala Lumpur, Marriott Executive Apartments and Citadines Montfort Shah Alam. These developments reinforce Klang Valley's status as a premier hospitality destination, catering to diverse traveller preferences and solidifying its position as a key regional hub for international tourism and business.

Occupancy and Room Rates

The Malaysian hotel sector continues its recovery trajectory, mirroring the resurgence of the broader travel and tourism industry. City-centre hotels, particularly those in the Klang Valley, have seen improved occupancy rates driven by rising international tourist arrivals. While current rates remain slightly below pre-pandemic levels, the upward trend is encouraging.

Average Occupancy Rate of All Star-Rated Hotels in Klang Valley, 2018 to 3Q2024



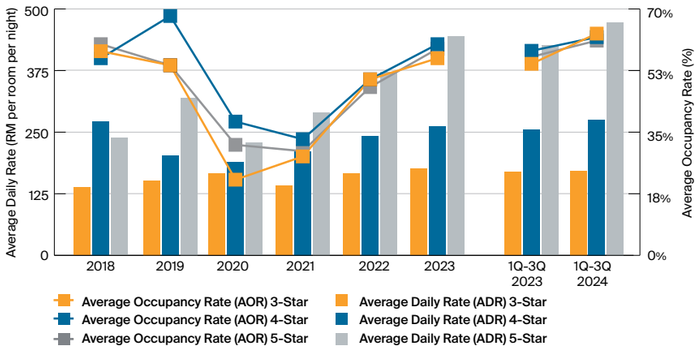
Sources: ADATA / Knight Frank Research

Since the reopening of international borders in April 2022, both the average occupancy rate (AOR) and average daily rate (ADR) for 3- to 5-star hotels in the Klang Valley have steadily improved. By 2023, occupancy rates approached pre-pandemic levels, while ADR surpassed pre-pandemic figures as early as 2022 and continued its upward trajectory throughout 2023.

In 3Q2024, the sector recorded modest yet steady gains in both AOR and ADR. Performance metrics for selected 4- and 5-star hotels in Kuala Lumpur city centre were particularly strong, with ARR reaching RM721, a 16.1% year-on-year (y-o-y) increase and occupancy rising by 2.3% y-o-y to 63.1%

These positive developments can be attributed to Malaysia's appeal as a top global tourism destination, ranked 6th by the Mastercard Economics Institute in May 2024. Contributing factors include the introduction of visa-free policies and expanded airline connectivity, such as the addition of Shanghai Airlines, AirAsia Cambodia and 9Air, which have collectively increased passenger traffic and boosted the sector's growth.

AOR & ADR of Selected 3-star to 5-star Hotels in Klang Valley, 2018 to 3Q2024



Sources: ADATA / Knight Frank Research

Market Outlook

In 3Q2024, Malaysia's economy demonstrated strong resilience, achieving a 5.3% growth rate driven by robust domestic demand, recovering exports and a thriving tourism sector. This momentum is expected to continue, supported by The Ministry of Tourism, Arts and Culture (MOTAC) which aims to attract 27.3 million international tourists and generate RM102.7 billion in revenue for 2024. By November 2024, Malaysia had achieved over 80% of this target, welcoming 22.5 million international visitors. The global tourism recovery has further strengthened Malaysia's position, enabling the country to attract even more tourists in the coming months.

Budget 2025 highlights significant initiatives, such as upgrading entry port facilities and systems to accommodate large-scale MICE (Meetings, Incentives, Conferences and Exhibitions) events, including Malaysia's 2025 ASEAN Chairmanship. Additionally, strategic promotions for Visit Malaysia Year 2026 at global events like the World Expo, aim to restore tourist arrivals to pre-pandemic levels and reinforce Malaysia's status as a premier global destination.

In efforts to diversify tourism offerings, the Government revised the Malaysia My Second Home (MM2H) program, targeting high-net-worth foreign nationals for long-term residency. By offering favourable conditions for retirees, expatriates, medical tourists and foreign investors, this initiative is expected to generate positive spillovers in real estate, healthcare and education, enhancing Malaysia's appeal as a second-home destination.

Additionally, the Malaysia Healthcare Travel Council (MHTC) continues to expand the healthcare tourism industry, targeting markets such as China, India and Indonesia. With a globally recognised healthcare system, extensive medical expertise and Muslim-friendly facilities, Malaysia has positioned itself as a hub for medical tourism. In 2023, medical tourism revenue reached RM2.25 billion, nearly four times the 2021 figure. As of November 2024, over 80 medical facilities are listed on the MHTC website, with approximately 65% located in the Klang Valley. Strategic policies, including relaxed visa restrictions and investments in healthcare infrastructure, further strengthen Malaysia's position as a top destination for medical tourists.

The aviation sector also plays a pivotal role in boosting Malaysia's tourism growth. Malaysia Airports Holdings Berhad (MAHB)recorded 101.2 million passengers in the first nine months of 2024, recovering to 96.3% of 2019 levels. New international air links and expanded connectivity have significantly contributed to facilitating tourist arrivals. The introduction of direct flights, such as from Kenya to KLIA2, Singapore to Malacca and Ho Chi Minh City to Kota Kinabalu, in total, 20 new routes, including those from AirAsia, will be launched in the coming months, further strengthens Malaysia's connectivity. By 2025, Malaysia Airlines will resume its Kuala Lumpur-Paris route after a nine-year hiatus and expand its codeshare operations to the U.S., enhancing Malaysia's accessibility to key markets.

Malaysia's hospitality sector in Klang Valley has shown signs of recovery, with AOR and ADR steadily improving. The introduction of visa-free policies for Chinese and Indian tourists has been a key driver of these improvements. Notably, China extended its visa exemption for Malaysian citizens until 2025, while Malaysia will continue granting visa exemptions to Chinese visitors until 2026.

Looking ahead, the Klang Valley is set to see a wave of new luxury and upscale international hotel openings in 2025. Prominent brands such as Kempinski Hotels, Waldorf Astoria and Park Hyatt are expected to enter the market, driving strong growth in ADR. With rising tourist arrivals and active tourism promotion, the industry is well-positioned for sustained recovery, reflecting investors' confidence in the sector. This continued expansion, combined with Malaysia's robust tourism initiatives, improved connectivity, and strategic government efforts, underscores the resilience and growth potential of the country's tourism and hospitality sectors.

JOHOR

Supply & Demand

During the first ten months of 2024, Johor recorded 17.7 million tourist arrivals, reflecting a remarkable 31.8% increase compared to the same period in 2023 (13.5 million arrivals). This underscores a strong recovery in the tourism sector, driven by the stabilisation of the global economy post-pandemic. A key driver of this growth is Johor's strategic proximity to Singapore, which remained its leading source of international tourists, contributing approximately 79.4% of total arrivals (14.1 million visitors). This reinforces Johor's position as a preferred destination for Singaporean travellers. Indonesia ranked second with a 6.3% share, followed by China at 4.5%. Notably, tourist arrivals from China surged by over 200%, rising from 262,126 visitors between January and October 2023 to 802,131 during the same period in 2024 (Source: Tourism Johor).

As of 3Q2024, Johor's hospitality industry comprised 488 hotels, offering a total of 31,971 rooms, an increase of 0.8% in the number of hotels and 2.5% in room supply compared to 3Q2023 (484 hotels with 31,184 rooms). Approximately 53.5% of the hotel rooms are rated 3-star or above, with 4-star and 5-star hotels accounting for 23.8% (23 hotels, 7,607 rooms) and 7.8% (9 hotels, 2,506 rooms), respectively. Additionally, the latest statistics reveal that nine hotels are under construction and eight have received planning approval, collectively set to deliver 5,478 additional rooms.

The average occupancy rate (AOR) for 3- to 5-star hotels in Johor recorded a significant improvement, increasing by 8.5% from 61.4% in 3Q2023 to 66.6% in 3Q2024. This upward trend indicates a strong recovery in the hospitality sector, with occupancy levels surpassing pre-pandemic figures. Concurrently, the average daily rate (ADR) for selected 3- to 5-star hotels in Johor Bahru saw robust growth, rising by 19.5% year-on-year (y-o-y) to RM267 per night. This reflects growing demand for tourist accommodations as the industry rebounds.

During the review period, Tiong Nam Hospitality Group ventured into the marina industry with the addition of a 76-berth public marina at Pinetree Marina & Resort, Puteri Harbour. Plans are underway to introduce additional facilities, including a private marina and a mega yacht marina to accommodate a wide range of vessels. The newly established marina offers premium amenities such as a fuel dock, laundry and shower facilities, buggy transport, a customs, immigration and quarantine (CIQ) complex and a marine department office. These features position Pinetree Marina & Resort as a premier destination for yachting enthusiasts, leisure travellers and business visitors.

Meanwhile, Johor Bahru's hospitality sector is undergoing significant changes with the closure and redevelopment of two prominent hotels. Hotel Mutiara Johor Bahru, a well-known 4-star hotel with 80 rooms, is currently being demolished. Similarly, Hotel Sentral Johor Bahru, a 3-star hotel along Jalan Tenteram in the CBD, ceased operations and began demolition in 2H2024. With 138 rooms, it was popular among budget-conscious travellers due to its affordable pricing and strategic location near the Johor-Singapore Causeway. The site of Hotel Sentral will be redeveloped into a serviced apartment project named Gen Rise by Majestic Gen.

These closures and redevelopment projects reflect evolving market demands and priorities in Johor Bahru, signaling a shift in the city's hospitality and accommodation landscape.

Market Outlook

Johor Bahru remains a key tourist destination, with Singaporean visitors continuing to dominate international arrivals due to the city's strategic location and seamless connectivity to Singapore. The strong post-pandemic recovery, as evidenced by rising AOR and ADR, coupled with redevelopment and enhancement projects tailored to meet evolving traveller expectations, paints a positive outlook for Johor Bahru's tourism industry. Sustained growth and increasing regional popularity are expected in the years to come.



PENANG

Supply & Demand

As of 3Q2024, Penang State recorded a total of 248 hotels with 25,071 rooms, reflecting a 2.9% increase in the number of hotels and a 7.4% rise in total room supply compared to 3Q2023, which had 241 hotels and 23,337 rooms. Approximately 68% of the hotel rooms are rated 3-star or above, with 4-star hotels accounting for 33% (32 hotels, 8,364 rooms) and 5-star hotels comprising 22% (21 hotels, 5,568 rooms).

In terms of future supply, the development pipeline includes 11 hotels with 2,060 rooms currently under construction and another 11 hotels with 1,480 rooms that have obtained planning approval. These projects are expected to collectively add 3,540 rooms to the market.

Notable hotel openings in Penang in 2024 include:

Iconic Marjorie Hotel, Bayan Lepas: Officially opened on 7 December 2024, the Iconic Marjorie Hotel operates under Marriott International's Tribute Portfolio brand. Inspired by Peranakan heritage, this 5-star hotel offers 298 rooms along with modern amenities such as lounges, a restaurant, bar, fitness centre, outdoor pool and meeting spaces. It joins Lone Pine Hotel in Batu Ferringhi as the second Tribute Portfolio property in Penang.

Crowne Plaza Penang Straits City, Butterworth: The Crowne Plaza Penang Straits City, part of IHG Hotels & Resorts, commenced operations on 1 August 2024, becoming the first Crowne Plaza brand on mainland Penang. This 23-storey hotel features 343 rooms and amenities such as a rooftop swimming pool with panoramic views, a gym, restaurants and lounges.

lyf Georgetown Penang, George Town: Opened on 11 November 2024, the lyf Georgetown Penang by Ascott Limited provides studio to three-bedroom accommodations ranging from 151 sq ft to 603 sq ft. Amenities include co-working spaces, event venues, restaurants, a gym, a swimming pool and laundry facilities, aimed at fostering community engagement.

Citadines Connect Cecil Georgetown: The Ascott Malaysia portfolio expanded with the opening of its 13th property in the State, Citadines Connect Cecil Georgetown, opened on 21 November 2024. This 3-star hotel provides a total of 75 rooms and an array of amenities, including a fitness centre, indoor swimming pool, jacuzzi and a stylish lobby lounge, catering to business and leisure travellers.

The table below highlights the upcoming hotel projects in Penang State for the year 2025.

Development Name	Locality	Star Rating	No. of Rooms
The Millen	George Town	5-Star	146
Capri by Frasers Hotel	George Town	5-Star	255
JdV by Hyatt	Gelugor	5-Star	156
Hotel Equatorial Penang	Bukit Jambul	5-Star	662
InterContinental Penang Resort	Teluk Bahang	5-Star	355
Fifth Avenue Hotel	George Town	4-Star	241
Galaxy Minyoun Penang The Light City Hotel	Gelugor	4-Star	303
M Social Resort Penang	Tanjung Bungah	4-Star	318
Harris Sunshine Penang	Ayer Itam	3-Star	289
Citadines Tanjung Tokong Penang	Tanjung Tokong	3-Star	132

Source: Knight Frank Research

The average occupancy rate (AOR) for 3- to 5-star hotels in Penang rose significantly by 8.3%, from 66.4% in 3Q2023 to 71.9% in 3Q2024. Similarly, the average daily rate (ADR) increased modestly by 2.3%, moving from RM342 per night in 3Q2023 to RM350 per night in 3Q2024, reflecting steady recovery and growing demand in the hospitality market.

Market Outlook

The hospitality market in Penang is set for continued growth in 2025, supported by improved accessibility and rising tourist arrivals. The addition of upcoming hotel developments, along with the resumption and expansion of direct local and international flights from key cities such as Guangzhou, Xiamen, Hong Kong, Dubai, Singapore, Bangkok, Phuket, Medan, Jakarta, Surabaya, Banda Aceh, Taipei, Ho Chi Minh City, Shanghai and Shenzhen are expected to enhance the State's connectivity and strengthen its appeal to international travellers.

Penang is also well-positioned to maintain its leadership as Malaysia's top destination for medical tourism. In 1H2024, Penang contributed approximately 45% of the nation's medical tourism revenue, attracting significant international patients, primarily from Indonesia and China. The State's success in this sector is supported by its reputation for cost-effective, high-quality healthcare services, advanced medical technology, multilingual medical personnel and extended visa options, making it a preferred destination for medical tourists.



SABAH

Supply & Demand

Sabah is expected to surpass its 2024 target of 3.0 million tourist arrivals, with 2.4 million visitors recorded by September, representing 28.3% increase compared to the same period in 2023. Domestic tourists accounted for 59% (1.4 million arrivals), while international visitors made up 41% (991,629 arrivals).

Tourism receipts from January to September 2024 totaled RM5.62 billion, reflecting a strong year-on-year (y-o-y) growth of 36.5%. China remains Sabah's largest international tourist market, contributing 262,070 arrivals and generating approximately RM1 billion in tourism receipts between January and July, according to the Sabah Tourism Board (STB).

To further enhance capacity, a RM442.3 million has been allocated to upgrade Kota Kinabalu International Airport (KKIA). Funded by Malaysia Airports Holdings Bhd (MAHB) through an investment-recovery model, the four-year project will expand the terminal's capacity to accommodate 12 million passengers annually (up from 9 million), construct a multi-storey parking facility and add seven aircraft parking bays. Surrounding infrastructure will also be improved with green technology and Airport 4.0 innovations to optimise efficiency.

The aviation sector in Sabah continues to grow, with new flight routes launched by AirAsia and Jeju Air during the review period. Destinations include Subang, Manado, Kaohsiung, Ho Chi Minh City, Ningbo, Kunming, Shantou and Busan, enhancing connectivity and boosting tourist inflow.

Sabah's hospitality sector is experiencing notable developments. Borneo Beach and Mangrove Resort Sdn Bhd has partnered with Hilton Group USA to develop two resorts in Tuaran, involving a total investment of RM500 million. This project includes a 5-star Hilton Resort and a 4-star Hilton Garden Inn Resort, revitalising the site of the former Mimpian Jadi resort and enhancing the state's upscale tourism offerings.

Wyndham Hotels & Resorts, the world's largest hotel franchisor, has partnered with Goldstone Holdings to introduce Wyndham Semporna Resort, formerly known as Borneo Semporna Resort. Scheduled to open in 2026, this large-scale overwater villa resort will feature 188 luxurious villas equipped with modern amenities, infinity pools, multiple dining venues, a fitness centre and sightseeing platforms. As the first internationally branded resort of its kind in Semporna, it aims to attract global travellers by leveraging Wyndham's extensive network and loyalty programs.

Market Outlook

Sabah's tourism market is expected to sustain its strong recovery, driven by a strategic focus on China as the primary international source market. Growth will be further supported by the comprehensive upgrades at KKIA and the introduction of new flight routes, enhancing the state's connectivity. The hospitality sector is also set to benefit from growing interest by renowned international brands, with planned hotel developments reflecting continued confidence in Sabah's tourism potential and its appeal as a prominent global travel destination.



EAST COAST

New Hotel Completions

The East Coast of Malaysia witnessed several notable hotel openings by international hospitality brands in 2024, signalling the region's growing appeal as a tourism destination:

Fairfield by Marriott Kuala Besut: In 2H2024, Fairfield by Marriott opened its third hotel in Malaysia, located in Kuala Besut, Terengganu. The hotel offers 98 rooms, including standard, deluxe and premium options, as well as a Solo Traveller's Pod designed for solo travellers. It caters to both business and leisure travellers visiting the East Coast.

Perhentian Marriott Resort & Spa: In April 2024, Marriott Hotels has opened the Perhentian Marriott Resort & Spa on Perhentian Kecil Island, Terengganu. Located within the stunning Perhentian Island Marine Park, this resort marks the flagship brand's first property in Terengganu. The resort offers 200 deluxe rooms and 17 villas, each providing breathtaking sea views and a peaceful atmosphere, combining modern elegance and comfort.

1001 Nights Hotel: In July 2024, NCT Group launched the 1001 Nights Hotel at Grand Ion Majestic (GIM) in Genting Highlands, Pahang, under the Trademark Collection by Wyndham. The hotel is scheduled for a soft opening in December 2024. Additionally, GIM will include 178,000 sq ft of retail space, featuring a variety of shopping and dining options.

Port Infrastructure Developments

Malaysia is focusing on enhancing its port infrastructure to attract cruise tourism and expand its hospitality sector. Strategically located on the East Coast, Kuantan Port holds significant potential to become a key cruise destination. With the East Coast currently lacking dedicated cruise terminals, Kuantan Port is well-positioned for future development.

By becoming a homeport, Malaysia could capture significant economic benefits by encouraging cruise passengers to utilise local airports, stay in nearby hotels pre- and post-cruise and contribute to local spending. This strategic initiative aims to strengthen Malaysia's cruise tourism sector while enhancing the East Coast's attractiveness as a tourism and investment hub.the East Coast's attractiveness as a tourism and investment hub.

RESIDENTIAL MARKET

The residential market sees renewed activity, particularly in the high rise segment, support ed by targeted government initiatives and stable economic conditions. Affordable housing programs and innovative developments cater to evolving buyer preferences and market needs.

MARKET INDICATIONS

Malaysia's residential sub-sector remained dominant, accounting for 61.8% of total property transactions nationwide. In the first nine months of 2024, 192,484 transactions were recorded, collectively valued at RM78.17 billion, an increase from 183,525 transactions worth RM73.14 billion in 9M2023. This represents a year-on-year (y-o-y) growth of 4.9% in sales volume and 6.9% in sales value.

House price growth is slowing, as indicated by the Malaysian House Price Index (MHPI), which rose by only 2.7% y-o-y to 223.1 points in 9M2024 (9M2023: 217.3 points). On a quarterly basis, the index declined by 2.4% (3Q2024: 220.2 points vs. 2Q2024: 225.7 points), despite sustained demand for housing.

On the supply side, the total number of completed residential units offered nationwide stood at 236,899 units as of 3Q2024, marking a 4.8% decline y-o-y (3Q2023: 248,952 units). Property overhang showed notable improvement during the review period with the number of unsold completed properties declined by 11.2% to 42,126 units in 3Q2024 (3Q2023: 47,463 units).

KLANG VALLEY

Residential Property Market Performance

During the first nine months of 2024, the residential sub-sector in the Federal Territory of Kuala Lumpur (WPKL) saw improved market activity, recording 10,291 transacted units worth RM8.82 billion, compared to 9,938 transactions valued at RM8.29 billion in 9M2023. This represents a 3.6% increase in sales volume and a 6.4% rise in sales value, mirroring the national trend.

Stratified high rise residential properties, including apartments, condominiums and serviced apartments, drove the growth, with 8,356 units valued at RM7.60 billion transacted, marking annual increases of 12.2% in volume and 25.2% in value (9M2023: 7,446 transactions worth RM6.06 billion). The high rise unit price index for Kuala Lumpur rose by 1.3% y-o-y to 229.1 points (9M2023: 226.1 points), although it declined by 2.1% on a quarterly basis (3Q2024: 227.5 points vs. 2Q2024: 232.4 points).

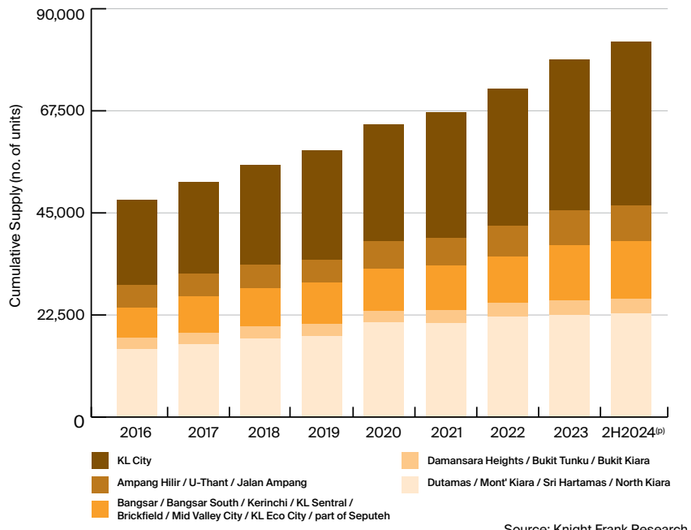
New residential launches across all types totalled 50,716 units in 9M2024, representing a 4.6% annual decline (3Q2023: 53,186 units), as developers remained cautious due to market challenges and high levels of unsold stock. Property overhang improved, with the number of unsold completed units declining by 4.0% to 7,588 units in 3Q2024 (3Q2023: 7,903 units).



Supply of High-End High Rise Residential

As of 2024(p), the supply of high-end condominiums and residences in selected areas of Kuala Lumpur totalled 82,679 units. During 2H2024, four projects were completed, contributing an additional 1,167 units to the cumulative stock. An additional 3,625 units from several active developments are slated for completion by 1H2025.

Projected Cumulative Supply of High-End Condominiums / Serviced Apartments, 2016 to 2H2024(p)



Source: Knight Frank Research

Note: (p) = Preliminary

Completions of High-End Condominiums / Serviced Apartments, 2H2024

Project	Location	Area	Total Units
Core Residence @ TRX	Tun Razak Exchange	KL City	580
The Atrium	Jalan Ampang Hilir	U-Thant	241
Alfa Bangsar	Jalan Maarof	Bangsar	178
KaMi Mont' Kiara	Jalan Duta Kiara	Mont' Kiara	168

Source: Knight Frank Research

There were several notable projects launches and previews during the review period, offering approximately 4,208 units in Kuala Lumpur.

Notable Launches / Previews, 2H2024

Name of Development	Type(1)	Developer	Area	Total Units	Unit Sizing (Min - Max) (sq ft)	Average Gross Selling Price (RM per sq ft)
CloutHaus Residences KLCC	SA	TA Global	KLCC	857	549 – 1,216	2,700 – 3,250
Hanaz Suites KLCC	SS	Exsim Development Sdn Bhd	KLCC	270	327 - 657	1,750– 2,350
Pavilion Square	SA	Pavilion Group	Bukit Bintang	960	504 – 1,272	2,300 – 2,700
Lofthill Residence	SA	Armani Group	Kg. Baru	653	610 – 1,917	1,300 – 1,400
Skyline Embassy	SA	TS Law Land	Ampang Hilir	1,296	521 - 976	1,500 – 1,800
Southpoint Residence	SA	Tan & Tan Developments	Mid Valley City	172	1,119 - 6,878	1,100 – 1,550

Source: Knight Frank Research

Note: (1) SS = Serviced Suites; SA = Serviced Apartment

CloutHaus Residences KLCC by TA Global Berhad, located on Jalan P. Ramlee near the iconic Petronas Twin Towers and Suria KLCC, is a luxurious freehold mixed-use development comprising two towers. Tower 1 features 242 private residences and 548 hotel rooms under the Paradox KLCC brand, Malaysia's first Paradox Hotel, while Tower 2 offers 615 serviced apartments. The development includes premium amenities such as an infinity pool, rooftop lounge, fitness centre and co-working spaces. Committed to sustainability, CloutHaus aims to achieve GreenRE Provisional Certification, incorporating eco-friendly features like siphonic rainwater systems, pneumatic waste collection and an automated car park system.

Hanaz Suites KLCC by Exsim Development Sdn Bhd, a 45-storey development located close to Kuala Lumpur's key business and entertainment districts, offers 270 serviced apartments sized between 327 sq ft and 657 sq ft, alongside office suites. Amenities include a Sensu-inspired pool, sakura-themed pool, meeting spaces and a rooftop party lounge. Managed by Mana Mana Hospitality, the development provides attractive rental return options, including a 4% annual return with an 80/20 profit-sharing model or a guaranteed 6% annual return, appealing to both investors and city dwellers.

Pavilion Square by Pavilion Group, strategically located at Jalan Raja Chulan, redefines luxury living in Kuala Lumpur with easy access to Bukit Bintang. This 67-storey mixed-use development features 960 studios and 3-bedroom suites alongside office suites. The project boasts over 70,000 sq ft of amenities, including the city's highest gym on Level 63A, a 118-metre rooftop infinity pool and a Sky Deck offering stunning skyline views. Residents benefit from an elevated bridge connecting directly to Pavilion Bukit Bintang, as well as seamless access to major transportation networks, including the Bukit Bintang MRT station, Monorail and nearby highways, enhancing connectivity and convenience.

Lofthill Residence by Armani Group redefines urban living with its modern design, exceptional convenience and unobstructed views of the Kuala Lumpur city skyline. Strategically located in Kampung Baru near key healthcare institutions like Hospital Kuala Lumpur and Institut Jantung Negara as well as the tranquil Taman Tasik Titiwangsa, it offers easy access to the Raja Uda MRT station. This 51-storey development features 653 serviced apartments with sizes ranging from 610 sq ft to 1,917 sq ft. Designed for first-time homebuyers and investors, Lofthill Residence includes premium amenities such as co-working spaces, fitness centres and landscaped gardens, setting a new benchmark for modern urban living.



Pavilion Square

Source: pavilionsquare-kl.com

Located in Ampang Hilir's prestigious Embassy Row, Skyline Embassy (formerly Agile Embassy Garden) by TSLAW land Sdn Bhd, offers 1,296 units ranging from 521 sq ft apartments to 976 sq ft dual-key units. With rooftop facilities such as a Sky Infinity Pool, Sky Jacuzzi, and Sky Terrace, the development provides breathtaking views of the Kuala Lumpur skyline. Promising strong rental yields and potential capital appreciation, it offers an attractive investment opportunity for both investors and homeowners.

Southpoint Residences, by Tan & Tan Developments, is the final residential component in Mid Valley City, offering unparalleled connectivity with easy access to major roads, highways, bus networks and train stations. Integrated with The Gardens Mall and Mid Valley Megamall, it provides direct access to shopping, dining and entertainment. Part of the 59-storey Menara Southpoint mixed-use development, it includes 27 floors of office space and 22 levels of serviced apartments. Designed with a Built-To-Sell concept, Southpoint Residences offers 172 units of spacious serviced apartments with built-up areas ranging from 1,119 sq ft to 6,878 sq ft, catering to professionals and families. The development features world-class amenities, including a fitness centre, swimming pool and landscaped gardens.

Demand for Luxury Homes in Kuala Lumpur

Kuala Lumpur's prime residential segment has rebounded post-pandemic, driven by improving economic conditions, positive market sentiment and government initiatives such as the Malaysia Premium Visa Programme (PVIP) and Malaysia My Second Home (MM2H) programme. Under the revised MM2H guidelines, applicants are required to purchase a residential property priced between RM600,000 and RM2 million, depending on the visa category (Silver, Gold, and Platinum). While this requirement benefits the high-end residential segment, it may discourage prospective applicants who prefer renting homes.

During the first nine months of 2024, the sales volume and value of stratified high rise residential properties, including apartments, condominiums and serviced apartments, rose by 12.2% and 25.2%, respectively.

In the high-end residential segment, specifically high rise properties priced at RM1 million and above within Kuala Lumpur City Centre, a total of 941 units worth RM1.86 billion were transacted in 1H2024. This represents an increase from 591 units valued at RM1.14 billion transacted in 2H2023.

The overall average transacted price for high-end condominiums and serviced apartments in the reviewed localities remained relatively stable, with a modest 0.4% increase in 2H2024 compared to the preceding half-year period.

Average Transacted Prices of Selected Existing High-End Condominiums / Serviced Apartments in Kuala Lumpur, 1H2024 and 2H2024(p)

Locality	1H2024	2H2024(p)	Price Trend
KL City	1,120 – 1,290	1,160 – 1,290	▲
Ampang Hilir / U-Thant	740 - 750	740 – 750	◀▶
Bangsar	880 - 990	910 - 970	▲
Damansara Heights	840 - 890	850 - 900	▲
Kenny Hills	630 - 690	630 - 690	◀▶
Mont' Kiara	680 - 830	680 - 800	▼
Overall	**820 - 910**	**830 - 890**	◀▶

Sources: Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

Notes:
(1) (p) = Preliminary – Analysis based on preliminary data
(2) The price analysis is calculated by weighted average approach based on recorded transactions of selected schemes.

Meanwhile, take-up rates for selected newly launched and ongoing projects have been promising, ranging between 30% and 50%, with developments like Lofthill Residence and Skyline Embassy showing strong performance. Additionally, several soft-launched schemes have recorded encouraging booking levels, reflecting healthy market interest.

Rentals

The residential rental market for high-end high rise properties in Kuala Lumpur remains tenant-driven, with supply consistently outpacing demand. Tenants hold a strong negotiating position for both new leases and renewals. Rental trends in areas like Damansara Heights and Mont' Kiara declined during the review period, influenced by factors such as evolving tenant preferences, lifestyle changes, increased choices in the rental market and heightened competition from alternative accommodations.

Average Asking Rentals of Selected Existing High-End Condominiums / Serviced Apartments, 1H2024 and 2H2024(p)

Locality	1H2024	2H2024(p)	Price Trend
KL City	2.20 - 6.00	2.20 - 6.00	◀▶
Ampang Hilir / U-Thant	2.40 - 3.10	2.20 - 3.30	◀▶
Bangsar	2.00 - 4.30	2.00 - 4.30	◀▶
Damansara Heights	2.30 - 4.90	2.00 - 5.10	▼
Mont' Kiara	2.10 - 4.50	2.00 - 4.40	▼

Source: Knight Frank Research

Notes:
(1) (p) = Preliminary – Analysis based on preliminary data
(2) The analysis is based on asking rentals due to limited concluded rental data.

Market Outlook

Malaysia's residential property market is set for stable growth in 2025, driven by its recovery post-pandemic and supported by government initiatives to promote homeownership and address affordability challenges. Bank Negara Malaysia (BNM) has maintained the Overnight Policy Rate (OPR) at 3.00% since May 2023, creating a stable environment for borrowers and property investors. This steady rate has provided certainty for first-time homebuyers, stimulating demand for residential properties.

Under Budget 2025, the government introduced the Housing Credit Guarantee Scheme (SJKP), offering tax relief of up to RM5,000 for first-time homebuyers purchasing properties priced between RM500,000 and RM750,000, supporting homeownership among the middle-income group. Meanwhile, the Residensi Madani initiative, under the MADANI Economy framework, aims to build 8,000 affordable housing units in the Federal Territories by 2027. Priced between RM150,000 and RM200,000, these homes target the B40 income group, addressing housing affordability in Kuala Lumpur.

The private sector is complementing these efforts with innovative campaigns. Maybank's Green Home Financing initiative offers 95% + 5% financing for certified green properties, covering upfront costs such as insurance, legal fees and stamp duty, while providing preferential interest rates for eco-friendly homes. Developers like Sunway Property have introduced packages like 'Dream Home Dream Phone,' which include MOT subsidies, free kitchen cabinets and legal fee waivers, alongside enhanced after-sales services such as Handyman services under the Sunway Property+ (SP+) programme. Similarly, Sime Darby Property's 'The Perfect 10' campaign offers attractive deals, including early bird privileges, cash rewards, free MOT, stamp duty and free 12-month maintenance fee, across multiple developments in prime locations.

Looking ahead, the prime residential market in Kuala Lumpur is expected to remain stable, with gradual growth reflecting the broader resilience of the Asia-Pacific real estate sector. The city offers investment opportunities for both locals and foreigners, with property prices among the most affordable in Asia. Progress in road and rail infrastructure is further promoting suburban townships and transit-oriented developments (TOD) along key transit lines, catering to shifting buyer and investor preferences.

However, challenges remain due to global inflationary pressures, geopolitical tensions and economic instability, which may temper market sentiment and broader recovery efforts. Despite these uncertainties, Malaysia's strategic location, cultural richness and supportive government policies continue to enhance its real estate appeal, positioning the market for resilience and long-term growth.



CloutHaus KLCC Source: clouthaus.com.my



Skyline Embassy Source: skylinembassykl.com

JOHOR

Residential Property Market Performance

In the first nine months of 2024, Johor's residential sub-sector showed improved market activity with 31,268 units transacted, totalling RM14.84 billion in value. This represents a 4.9% increase in transaction volume and a significant 13.3% rise in transaction value compared to 9M2023 (29,794 units worth RM13.10 billion).

The high rise residential market in Johor Bahru experienced robust demand, with transaction volumes and values increasing across the condominium / apartment and serviced apartment categories. Transactions of condominiums / apartments rose by 13.6% in volume and 23.2% in value (9M2024: 2,299 units valued at RM993.48 million / 9M2023: 2,023 units worth RM806.72 million). Meanwhile, the serviced apartment category recorded exceptional growth with transacted volume and corresponding transacted value surging by 80.3% and 100.2% respectively (9M2024: 3,531 units worth RM2,227.33 million / 9M2023: 1,958 units worth RM1,112.33 million).

As of 3Q2024, the cumulative supply of high rise residential properties in Johor Bahru totalled 167,789 units, reflecting an annual increase of 8.0% from 155,419 units in 3Q2023.

Supply and Demand for High Rise Residential

Several notable high rise residential projects were launched or previewed, primarily in the fringe of Johor Bahru City, evident of growing interest in the area.

Notable Launches / Previews, 2H2024

Name of Development	Type(1)	Developer	Area	Total Units	Unit Sizing (Min - Max) (sq ft)	Average Gross Selling Price (RM per sq ft)
Gen Rise @ JBCC	SA	Majestic Gen	Johor Bahru City Centre	732	497 – 1,930	1,108 – 1,328
The Asteriaz @ Kebun Teh	SA	Exsim Development	Johor Bahru City Fringe	848	560 - 915	710 - 804
Parkland by The River	SA	Parkland Group		1,078	562 - 1020	680 – 755
A - SOHO	SOHO	Axteria Development		474	449 - 618	622 – 825
Permas Heights	SA	MB World		1,950	650 – 948	540 – 640
Arden @ One Bukit Senyum	SA	Astaka Padu		600	750 – 1,650	1,300 – 1,500
Nadi Residences	SA	Southkey City		395	649 – 1,050	650 – 660
Waterway Peaks	SA	Senibong Cove Development		491	930 – 1,426	590 – 660
Verte Medini Residence	SA	CJ Invesco	Iskandar Puteri	1,106	614 - 935	589 - 730

Source: Knight Frank Research

Note: (1) SA = Serviced Apartment

During the review period, there were several notable announcements relating to the high rise residential sector in Johor Bahru.

Paragon Globe announced a new serviced apartment project with a gross development value (GDV) of RM1.5 billion, comprising 2,552 units across four 36-storey towers in Johor Bahru.

Chin Hin Group Property Bhd, in collaboration with Atlan Holdings Bhd, plans to develop a high rise project featuring 1,260 units of serviced apartments across two blocks, with a GDV of RM478.4 million.

Tropicana Corp Bhd has commenced construction of the RM34.0 billion Lido Waterfront Boulevard project, a 163-acre integrated development, starting with the Skypark Kepler luxury serviced apartments. The latter, a joint venture with Banyan Group, will deliver 856 units across two 54-storey towers.



The Asteriaz @ Kebuh Teh Source: exsim-asteriaz.com



Arden @ One Bukit Senyum Source: Arden OBS

Meanwhile, the average asking prices for high rise units in Johor Bahru City Centre showed an upward trend, while prices in Johor Bahru City Fringe and Iskandar Puteri & Medini remained relatively stable with nominal increments compared to the previous period. These developments highlight the increasing activity and resilience of Johor Bahru's high rise residential market.

Average Asking Prices of Selected Existing Condominiums / Serviced Apartments, 1H2024 and 2H2024(p)

Locality	Average Asking Prices (RM per sq ft)		Price Trend
	1H2024	2H2024(p)	
Johor Bahru City Centre	760 – 1,150	830 – 1,170	▲
Johor Bahru City Fringe	480 - 650	490 - 650	◀▶
Iskandar Puteri & Medini	530 – 750	560 – 750	◀▶

Sources: Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

Note: The range of asking prices depends on location, scheme, unit sizing, floor level and other factors

Market Outlook

The outlook for the high rise residential sector in Johor Bahru remains one of optimism with numerous project launches in the pipeline. Developments near the upcoming RTS Link station are particularly appealing due to enhanced connectivity, often commanding premium pricing.

While land scarcity in the city centre may limit future projects, increased activity is expected in fringe areas. In Iskandar Puteri, improved market sentiment is driving new launches, further strengthening the region's property market.

PENANG

Residential Property Market Performance

Penang's residential sub-sector experienced mixed performance in the first nine months of 2024. Transaction volume saw a slight decline of 0.8%, with 13,210 units sold, compared to 13,323 units in the same period of 2023. Despite this, the value of transactions increased by 4.0%, reaching RM6.14 billion in 9M2024, up from RM5.91 billion in 9M2023.

The high rise residential market faced challenges, with transaction volume dropping by 15.7%, from 3,130 units in 9M2023 to 2,638 units in 9M2024, while the corresponding transacted value declined by 9.5%, from RM1.19 billion to RM1.72 billion.

As of 3Q2024, Penang's total cumulative supply of high rise residential properties reached 122,271 units, an annual increase of 7.8% (3Q2023: 113,394 units). Condominiums and apartments make up the majority of the supply at 92.1%, while serviced apartments account for the remaining 7.9%. These figures highlight a shift in market dynamics amid increasing supply and changing demand patterns.

Supply and Demand for High Rise Residential

During the review period, there were several notable projects launches and previews in Penang, offering circa 846 units in total, reflecting strong developer activity and market potential.

On 13 July 2024, Chin Hin Group Property Berhad introduced its first Penang project, Crown Penang, in collaboration with Stellar Platinum Sdn Bhd, Thirupathi Capital Sdn Bhd and Ivory Meadows Sdn Bhd. Located at Jalan Seri Tanjung Pinang 1, this freehold serviced apartment development features 588 units ranging between 614 sq ft and 1,851 sq ft, priced from RM1,150 per sq ft. Residents will enjoy premium amenities, including a sky lounge, gymnasium, swimming pool, sky park and zen garden.

Eastern & Oriental Berhad launched The Lume, a luxury condominium project within its 760-acre Andaman Island masterplan development on 8 August 2024. Situated in the Shoreline District of the project's first phase, The Lume offers 261 units across a 50-storey tower, with built-up areas ranging between 1,722 sq ft and 2,874 sq ft and priced from RM2.2 million. With a gross development value (GDV) of RM689 million, the project features extensive facilities, including landscaped pools, co-working spaces and pet-friendly areas and has earned GreenRE Platinum certification for its sustainable design.

Notable Launches / Previews, 2H2024

Name of Development	Type(1)	Developer	Area	Total Units	Unit Sizing (Min - Max) (sq ft)	Average Gross Selling Price (RM per sq ft)
The Crown Penang	SA	Chin Hin Group Property Berhad	Seri Tanjung Pinang	588	614 – 1,851	From 1,150
The Lume	C	Eastern & Oriental Berhad	Seri Tanjung Pinang	261	1,722 – 2,874	From 1,100
Bayan Suites	SA	Mutiara Biopolis Developments Sdn Bhd	Bayan Mutiara	326	592 – 1,184	From 800
Central Residences	C	Major Development Sdn Bhd	Jelutong	298	1,177 – 1,421	From 600

Source: Knight Frank Research

Note: (1) C = Condominium; SA = Serviced Apartment

The Ascott Limited, in partnership with Instant Icon Sdn Bhd, announced plans for Ascott Residences Batu Ferringhi, the first branded residence under the Ascott name in the region. This landmark development will offer 99 exclusive residences ranging between 2,000 sq ft and 4,000 sq ft, with a penthouse exceeding 8,000 sq ft. Slated for completion by January 2028, the project promises premium facilities such as a swimming pool, gym and dedicated concierge services. Its official launch is anticipated in 2H2025.

In terms of market trends, the average asking prices of selected high rise properties in Tanjung Tokong and Tanjung Bungah rose in 2H2024, driven by developments like Marinox Sky Villas, City Residences and Springtide Residences. However, average prices in George Town and Gelugor remained stable during the review period. These developments highlight the continued demand for high-quality residential properties in Penang's prime areas.

Average Asking Prices of Selected Existing Condominiums / Serviced Apartments, 1H2024 and 2H2024(p)

Locality	Average Asking Prices (RM per sq ft)		Price Trend
	1H2024	2H2024(p)	
George Town	650-950(2)	650-950(2)	◀▶
	1,050-1,350(3)	1,100-1,350(3)	◀▶
Tanjung Tokong / Tanjung Bungah	550-1,000(4)	650-1,050(4)	▲
Gelugor	550-1,100(5)	600-1,100(5)	◀▶

Sources: Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

Notes:
(1) (p) = Preliminary - Analysis based on preliminary data
(2) Refers to units with built-up areas of 4,000 - 4,200 sq ft
(3) Refers to units with built-up areas of 2,200 - 2,800 sq ft
(4) Refers to units with built-up areas of less than 2,000 sq ft
(5) Refers to units with mixed built-up areas of less than 2,000 sq ft and the bigger built-up areas more than 4,000 sq ft

Market Outlook

The high rise residential market in Penang is expected to maintain its upward momentum, supported by the State's robust economy, a stable Overnight Policy Rate (OPR) set by Bank Negara Malaysia (BNM), continued labour market improvements and a moderate increase in median wages. Additionally, key infrastructure developments, including the commencement of construction for the Penang LRT Mutiara Line in 4Q2024 and ongoing Penang International Airport (PIA) upgrade works, are anticipated to further boost the overall property market, enhancing connectivity and supporting demand in the high rise residential segment.



The Crown Penang

Source: Penang Property Talk



The Lume

Source: Penang Property Talk



SABAH

Residential Property Market Performance

As of 3Q2024, the existing supply of residential units in Greater Kota Kinabalu (covering the districts of Kota Kinabalu, Penampang, Putatan, Tuaran, and Papar) stood at 137,985 units, reflecting a marginal increase from 137,981 units in 2Q2024.

Transaction Volume and Value by Residential Property Type, 1H2023 and 1H2024

Type of Residential Property	Transaction Volume (No. of Units)		Y-o-Y Growth
	1H2023	1H2024	
Terraced Houses	435	502	15.4%
Semi-Detached Houses	162	191	17.9%
Detached Houses	64	105	64.1%
Condominium / Apartment	566	612	8.1%
TOTAL	**1,227**	**1,410**	**14.9%**

Type of Residential Property	Transaction Volume (RM Million)		Y-o-Y Growth
	1H2023	1H2024	
Terraced Houses	181.78	237.27	30.5%
Semi-Detached Houses	121.45	141.61	16.6%
Detached Houses	69.43	117.83	69.7%
Condominium / Apartment	200.25	223.63	11.7%
TOTAL	**572.91**	**720.34**	**25.7%**

Sources: National Property Information Centre (NAPIC) / Knight Frank Research

In 1H2024, Greater Kota Kinabalu recorded 1,410 residential transactions valued at RM720.34 million, reflecting a 14.9% increase in volume and a 25.7% rise in value year-on-year (y-o-y). Condominiums / apartments continued to dominate the market, accounting for 43.4% of transaction volume, followed by terraced houses with a 35.6% share among selected residential property categories.

Supply for Residential Properties

During the review period, new launches of both landed and high rise residential schemes were introduced, as outlined in the following table.

All newly launched landed schemes offered double-storey terraced houses and are predominantly located in the outskirts of Greater Kota Kinabalu, except for developments in Penampang. Most of these are smaller-scale projects, with the exception of Taman Lagun Ria.

In Penampang, two newly launched apartment projects feature lift facilities, enhancing vertical access.

In Papar, Parklane Residences (Tower A) offers a variety of amenities, including a swimming pool, jogging track and a playground, providing convenience for its residents.

Asian Pac Holdings Berhad (KL: ASIAPAC) plans to redevelop the former Kendara Court Condominium site at Jalan Bukit Temasu, Luyang. The redevelopment, led by its subsidiary Ambience Acres Sdn Bhd, is in the preliminary planning stages and will follow the demolition of the existing building.

Additionally, two high rise developments, Forest Hill Residences by Peak Sunrise Development Sdn Bhd and Residensi Seri Akasia by KTI Sdn Bhd, were recently completed and have received their respective Occupation Certificates (OC).

Selected Residential Launches / Previews, 2H2024

Locality, District	Scheme Name	Property Type[1]	Typical Unit Size (sq ft)[2]	Approximate Land Area (sq ft)	No. of Units
Kibabaig, Penampang	Prima Sumundu (Phase 3)	DST	1,427 - 1,574	2,000 – 5,529	37
Novoung, Papar	Taman Seri Novoung (Phase 1A)	DST	1,093	1,030 - 2,645	20
Jalan Kelanahan, Papar	Taman Desa Kelanahan (Phase 2)	DST	977 – 1,097	1,092 – 4,570	65
Mengkabong, Tuaran	Taman Lagun Ria (Phase 1)	DST	1,483 - 1,588	1,028 - 2,220	188
Laya-Laya, Tuaran	Taman Bayu	DST	1,190 - 1,320	1,083 - 2,250	78
Gunsing, Penampang	Grand Height Apartment	A	813	-	56
Jalan Dimpoukon, Penampang	Residensi Dimpoukon	A	1,016	-	144
Benoni, Papar	Parklane Residences (Tower A)	C	600 – 1,100	-	215

Source: Knight Frank Research

Notes:
(1) Property Type: C: Condominium; A: Apartment; DST: Double storey Terraced.
(2) Typical unit size excludes penthouses.

Rentals

In 2H2024, the rental market experienced a slight decline in several localities, including KK City Centre & Fringe Areas, Bundusan/Kobusak, Damai/Luyang and Kolombong/Inanam. However, Kepayan recorded a modest increase in its average asking gross rental, while Likas maintained stable rental levels during the review period.

Average Asking Rentals of Selected Existing Condominiums, 1H2024 and 2H2024[(p)]

Locality	1H2024	2H2024[(p)]	Price Trend
KK City Centre & Fringe Areas	1.80 - 4.45	1.90 - 4.30	▼
Bundusan / Kobusak	1.30 - 2.95	1.55 - 2.60	▼
Damai / Luyang	1.30 - 3.25	1.55 - 3.15	▼
Kepayan	1.45 - 2.60	1.50 - 2.65	▲
Kolombong / Inanam	1.25 - 2.65	1.20 - 2.55	▼
Likas	1.35 - 3.00	1.40 - 3.00	◀▶

Sources: Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Knight Frank Research

Notes:
(1) (p) = Preliminary – Analysis based on preliminary data
(2) The analysis is based on asking rentals due to limited concluded rental data.

Market Outlook

Looking ahead, the residential market in Greater Kota Kinabalu is expected to see fewer new launches, as many developments progress through multiple phases. High rise residential projects are anticipated to grow steadily in mature or strategically located neighbourhoods, while the momentum for landed residential launches continues to build.



We like questions.
If you've got one about our research, or would like some property advice, we would love to hear from you.

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