

# MARKETBEAT

## KUALA LUMPUR OFFICE REPORT

YY PROPERTY SOLUTIONS IN ASSOCIATION WITH CUSHMAN & WAKEFIELD

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION



3Q2010

### Overview

Weakening external demand, especially in light of slower emerging in China and the US, along with austerity drives in Europe, points to weaker economic activity in the second half of this year. Indeed, signs of softness appeared in June's trade report, which showed exports expanding at the slowest pace in 7 months.

With the recovery in the external sector losing momentum, this gives the central bank more time to pause its monetary tightening cycle and assess the soundness of the domestic by 25 basis points at each of the three meetings since March, owing to a robust domestic backdrop. Despite the deterioration in the external climate, 2010 growth forecasts have remained firm at 7.0% this month.

### Outlook

The Kuala Lumpur office market is expected to remain fairly stable until end of 2010. The near term outlook is supported by strong economic indicators such as the Government's Economic Transformation Programme which has identified 131 Entry Point Projects to generate business and job opportunities.

As at 3Q2010, the overall rental for Grade A buildings remained stable despite new completions and newly refurbished buildings in good locations.

Entering into 2011, the office market at KL CBD is expected to remain soft, with large incoming supply in the next two years. The situation is expected to create a very competitive environment among the existing and the new buildings.

#### ECONOMIC INDICATORS

		Latest Release		Average	
				FY 2009	FY2010
Real GDP Growth	2'Q2010	6.20%	4.50%	3.30%	-1.70%
Unemployment	2'Q2010	3.20%	3.30%	3.30%	3.70%
Prices (CPI)	2'Q2010	2.50%	-0.2%	2.50%	
Base Lending Rate	3'Q2010	6.35%	6.50%	6.00%	

Source: Statistics Department, Malaysia; Bank Negara Malaysia; Consensus Economics

#### GRADE A RENTS AS OF 3Q 2010

Location	Rent (Net Effective on NLA)			% Change from (Local currency)		6 mth
	RM	€	US\$	3	1	
	/sq.ft. /mth	/sq.m. /yr	/sq.ft. /yr	mth ago	yr ago	
Prime KL Centre	6.25	188.77	24.16	0.7%	+1.0%	→
KL Fringe	4.70	141.96	18.17	4.20%	-4.2%	→

Legend

Market Rising ↗ Market Stable → Market Falling ↘

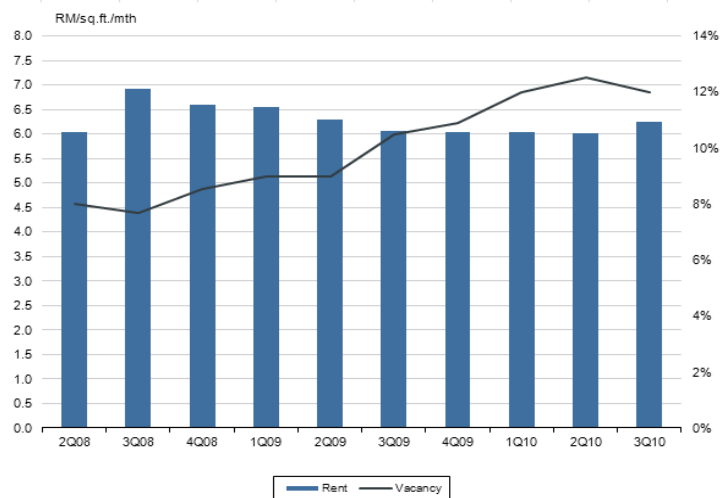
#### SIGNIFICANT NEW LEASE TRANSACTIONS

Building	Tenant	Sq. Ft.	Location
Menara Hap Seng	TGIF	4,500	KL
Menara Hap Seng	Club 21	6,500	KL
Vista Tower	Regus	10,000	KL
Icon	Samsung	36,000	KL
I First Avenue	Kraft	25,000	PJ

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

Building (Sq. Ft.)	Location	Office NLA	Completion Date
One Mont Kiara	Mont Kiara	200,000	4Q2010
MAIWP	KL City	340,000	1Q2011
Crest	KL City	258,000	2011
Glomac Tower	KL City	520,000	1Q2011
Menara Binjai	KL City	370,000	1Q2011

#### GRADE A RENT AND VACANCY



#### For further information, please contact

YY Lau - Real Estate Agency & Transactional Services  
([yylau@yypropertyolutions.com](mailto:yylau@yypropertyolutions.com))

Wong Wai Kun - Valuation & Asset Services  
([waiyun@yypropertyolutions.com](mailto:waiyun@yypropertyolutions.com))

Tiffany Goh - Corporate Consultancy & Advisory Services  
([tiffanygoh@yypropertyolutions.com](mailto:tiffanygoh@yypropertyolutions.com))

Telephone: (603)-7728 8116 or (603)-7728 4117  
Email : [info@yypropertyolutions.com](mailto:info@yypropertyolutions.com) or  
[valuation@yypropertyolutions.com](mailto:valuation@yypropertyolutions.com)

This report contains information available to the public and has been relied upon by Cushman & Wakefield on the basis that it is accurate and complete. Cushman & Wakefield accepts no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at [cushmanwakefield.com/knowledge](http://cushmanwakefield.com/knowledge) or [www.yypropertyolutions.com](http://www.yypropertyolutions.com)

©2010 Cushman & Wakefield. All rights reserved.