

MARKETBEAT

KUALA LUMPUR OFFICE REPORT



3Q08

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AT A GLANCE

Economy

- The Deputy Prime Minister, also the newly appointed Finance Minister is confident that the country economic fundamentals has the capacity to weather the current financial turbulence.
- The country's international reserves were high at US\$119bil with a large current account surplus.
- Foreign direct investments, amounting RM31bil in the first half year, also remained significant. Funding to private sector which grew 13% in August 2008 continues to expand.
- Beginning September 2008, the government will review the fuel price on a monthly basis based on global market price, after a massive fuel hike to RM2.70 per litre in August 2008. The current fuel retails at RM2.45 per litre.

MSC Malaysia companies' revenue up to RM17billion in 2007

- The revenue generated by MSC Malaysia-status companies bloomed up to RM17bil last year, announced by Prime Minister in the recent World Congress on IT (MICT) held in Kuala Lumpur. Currently, there are 2,170 MSC Malaysia-status companies, within 15 MSC Cybercities and Cybercentres nationwide.
- Simultaneously, the following areas have been awarded MSC Cybercentre status:
 - The Gardens North & South Tower, Mid Valley City
 - Bandar Utama City Centre, Selangor
 - Bandar Utama Technology Park, Selangor

MARKET HIGHLIGHTS IN 3Q 2008

SIGNIFICANT NEW LEASE TRANSACTIONS

BUILDING	TENANT	SQ FT (APPROX)	BUILDING CLASS
The Gardens North Tower	BHP Billiton	48,000	A
UOA Damansara II	EMT	36,000	A
UOA Damansara II	Intel	13,000	A

SIGNIFICANT SALE TRANSACTIONS

BUILDING	BUYER	SQ FT (APPROX)	PURCHASE PRICE (RM)
Kenanga International	Tower REIT	367,511	277.5mil

* The purchase price of RM277.5mil is inclusive of acquisitions of RM78mil Junior Bonds (for a total purchase consideration of RM157.5mil), a Call Option for RM1 and the Kenanga International building. The direct purchase of the building at RM120mil, which is conditional upon the acquisition of the Junior Bonds and the Call Option.

SIGNIFICANT CONSTRUCTION COMPLETIONS

BUILDING	MAJOR TENANTS	SQ FT (APPROX)	COMPLETION DATE
PJ8 (Block A)	-	100,000	4Q 2008
PJ8 (Block B)	-	100,000	4Q 2008
Menara Batu Kawan	-	132,000	4Q 2008

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANTS	SQ FT (APPROX)	COMPLETION DATE
G Tower	-	500,000	1Q 2009
Quill KL Sentral	-	350,000	1Q 2009
The Icon	-	507,265	2Q 2009
Surian Tower	-	340,000	3Q 2009

PRIME & FRINGE GRADE A OFFICE RENTS

District	Achievable Rent (Net Effective)			% Change From (in RM)				
	US\$ /SqFt/Yr	Euro /SqM/ Yr	RM /SqFt/ Mth	Last month	3 months ago	From Bottom (Mar 2000)	Peak (Q4 '97)	Short Term Trend
Prime KL Centre	21.65	167.87	6.36	0.5	5.0	66.9	24	↗
Fringe KL	15.97	123.79	4.69	4.5	7.2	70.5	4	↗

Note: Sample of buildings modified on 1 July 2007 for buildings in fringe area, therefore some adjustments will occur in % change in the rental trends in immediate corresponding months.

With effect from Jul '07, the sample size is based on 16 buildings respectively for Prime KL Centre and Fringe, for size of 10,000 sq. ft.

ECONOMIC INDICATORS – SEPTEMBER 2008

	Latest Release		Average 2007	Average 2008F	Average 2009F
Real GDP Growth	2Q08	6.3%	6.3%	5.5%	5.1%
Unemployment	2Q08	3.5%	3.2%	3.4%	3.1%
Real Prices (CPI)	2Q08	4.8%	2.0%	5.7%	4.5%
Prime Rate	As of June 2008	6.75%	End Dec '07 6.8%	End Dec '08 6.7%	End Sep '09 7.0%

Source: Statistics Department, Malaysia; Bank Negara Malaysia; Consensus Economics Mar 2008



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