

Stability continues as markets adapt

3Q 2025 AT A GLANCE

Sectors	Key Indicators	(% Change) QoQ	(% Change) YoY
INVESTMENT	Total Sales: RM1,341.90 million	▼ -79%	▲ 4%
	Top 3 Major Deals: RM610.0 million	▼ -86%	▼ -39%
OFFICE	Average Prime Rents in KLGT: RM7.07 psf	▲ 1.3%	▲ 5.1%
	Supply Pipeline: 1.1 million sq ft (2025-2027)	▼ -33%	▲ 70%
RETAIL	Occupancy in KV: 83.4%	▲ 0.1%	▲ 1.3%
	Supply Pipeline in KV: 5.3 million sq ft (2025-2029)	▼ -9%	▲ 22%
RESIDENTIAL	Average Price in KLCC (Completed): RM1,358 psf	▬ 0%	▼ -1.3%
	Incoming Supply in KLCC: 6,608 units	▼ -15%	▼ -41%

KEY HIGHLIGHTS

Investment

Investment activity in 3Q 2025 remained healthy with 14 transactions amounting to RM1.34 billion, though overall value declined significantly from the previous quarter. The industrial sector continued to dominate, while the hospitality segment saw stronger interest supported by improving tourism.

Office

Leasing activities and flight-to-quality relocations continued to support market stability, reflecting occupiers' preference for modern, sustainable, and well-located office environments. Demand for ESG-compliant and co-working spaces remained resilient, while occupancy and rental remained stable.

Retail

Kuala Lumpur's retail sector remained steady in 3Q 2025, with occupancy improving to 83.4%. While the SST expansion on leasing and construction may prompt refinements in rental strategies ahead, the sector continues to be supported by strong F&B-led concepts and experiential offerings that drive footfall and reinforce long-term resilience.

Residential

The high-end market in the city centre saw stable growth in 3Q 2025, led by the completion of Oxley Towers. Non-KLCC prime areas will continue to sustain overall market confidence and are expected to drive moderate growth ahead. The KLCC luxury residential market remains oversupplied and with limited demand, reflecting a sustained supply-demand imbalance among a niche buyer segment.

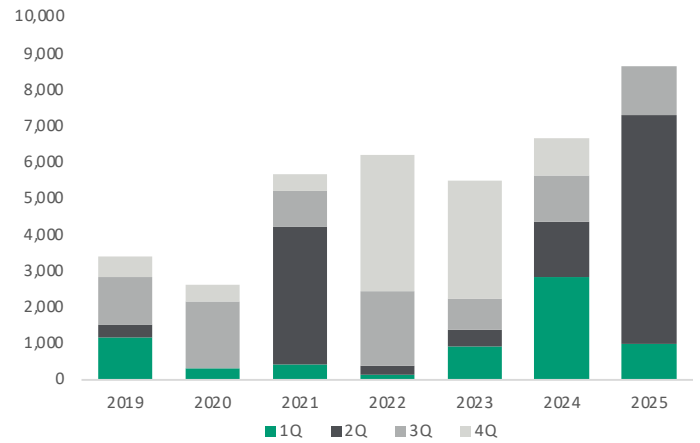
Investment momentum persisted in the third quarter, with 14 deals totalling RM1.34 billion. That said, activity eased notably from the previous quarter (2Q: 19 transactions), as total transaction value slipped sharply by 79% quarter-on-quarter, reflecting a temporary moderation in investor appetite.

Industrial assets continued to dominate investment activity, with a concentration of logistics and manufacturing facilities in Klang Valley, Johor, and Penang leading the way. A standout deal was the sale-and-leaseback of Scott Glass Factory in Kulim Hi-Tech Park to PHB, part of a RM247 million transaction that include the Maersk warehouse in Tanjung Pelepas, highlighting the growing appetite among funds for industrial exposure. Meanwhile, investors are showing increasing interest in data centres, drawn by the AI-driven growth trajectory and Malaysia’s emergence as a key regional hub for digital infrastructure.

Investor interest in Malaysia’s hospitality sector is gaining momentum, underpinned by strong tourist arrivals this year. Key transactions included the sale of Corus Hotel opposite KLCC to Mah Sing Bhd for RM260 million, signalling redevelopment potential at a land value of RM4,000 psf. Similarly, the 388-room Eastin Hotel on the Kuala Lumpur–Petaling Jaya fringe was acquired for RM200 million, or RM515,000 per room, with plans to relaunch under the Marriott brand. These transactions highlight the sector’s growing appeal, offering both strategic redevelopment opportunities and strong upside in line with Malaysia’s resilient tourism recovery.

In the office sector, two medium-sized buildings, Wisma Sentral Inai and South Bank (Block 6), were transacted for owner-occupation at RM579 psf and RM679 psf, respectively. Wisma Sentral Inai, previously owned by Sentral REIT, has been vacant for some time following the consolidation of its former anchor tenant, Technip, which previously occupied the entire building.

Figure 1: Investment Sales (RM million)



Source: NAWAWI TIE Research

Table 1: Top Three Major Deals in 3Q 2025 (RM million)

Property	Purchaser	Vendor	Price (RM million)
Corus Hotel	Suria Lagenda Development Sdn Bhd (Mah Sing)	Ming Court Hotel (KL) Sdn Bhd (MUI)	260.0
Eastin Hotel	Datuk Lim Kheng Yew	CP Group	200.0
Thistle Johor Bahru Hotel	YTL Hotels & Properties Sdn. Bhd	Guocoland SG	150.0

Source: NAWAWI TIE Research

Outlook

Whilst investors have been generally cautious in the midst of global political risks, the steady strength of the Malaysian economic growth has provided support to the real estate sector, and market liquidity remains promising with REITs and other local institutional players active.

Kuala Lumpur’s office market saw notable additions in 3Q 2025 with the completion of TNB Gold Bangsar, providing approximately 346,000 sq ft of net lettable area. Senada Office Tower, offering 195,000 sq ft NLA, also achieved its Certificate of Completion and Compliance (CCC) in July 2025, adding fresh, modern office space to meet growing demand in the city.

The average occupancy rate edged up slightly from 78.2% to 78.8% in 3Q 2025, reflecting a modest recovery as leasing activity remained cautious amid a balanced supply-demand environment. While new completions have added fresh space to the market, sustained demand from key sectors, such as professional services, finance, and technology has helped stabilise occupancy levels, indicating steady, but not yet robust, market absorption.

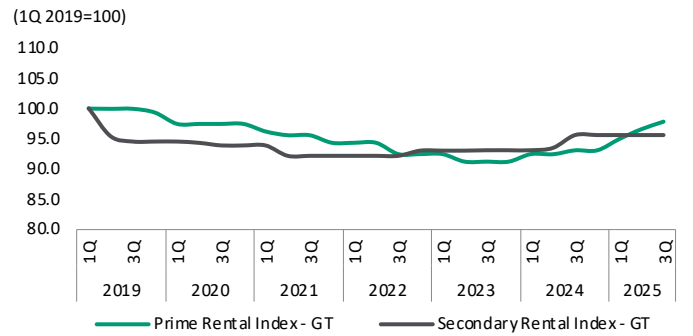
During the quarter, rentals for prime office buildings in KLGT increased from RM6.98 to RM7.07 psf per month, while rates in KL Sentral/Mid Valley remained stable at RM7.40 psf per month. Rentals for secondary office buildings were unchanged at RM5.00 psf per month.

Furthermore, it was announced that Exchange 106 at Tun Razak Exchange (TRX) has reached 75% committed tenancies, driven mainly by expansions of the existing tenants.

Demand for flexible and co-working spaces continued to strengthen during the quarter. In July, Common Ground launched its latest flagship outlet in KLCC at Menara Darussalam. Spanning 15,000 sq ft, this marked the brand’s 16th location in Malaysia. The space features a 20-seat boardroom, meeting rooms with digital tech, private offices that can accommodate teams of four to over twenty, and up to 50 hot desk spaces.

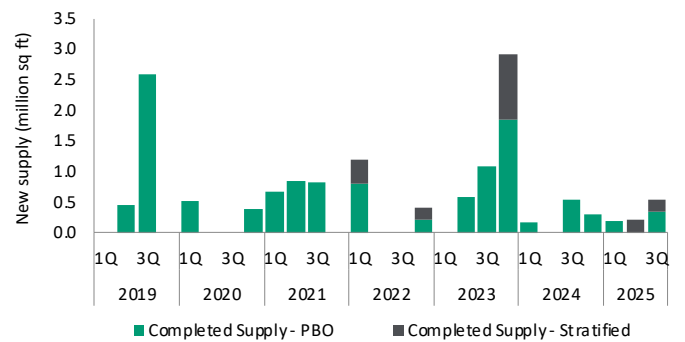
In August, INFINITY8 announced that its new outlet, INFINITY8 Reserve TRX, located on Level 23 of Exchange 106, has achieved almost 100% occupancy rate. Spanning 30,000 sq ft, it offers private suites (from RM1,200 per person) and hot desks (RM699–RM799 per person). Moving forward, INFINITY8 plans to expand further with 24,000 sq ft INFINITY8 Reserve Sunway Square, scheduled to open in 4Q 2025 at Sunway City.

Figure 2: Prime & Secondary Rental Indices - KL Golden Triangle



Source: NAWAWI TIE Research

Figure 3: Completed Office Supply in KL (sq ft, million)



Source: NAWAWI TIE Research

Table 2: Upcoming Office Developments in Kuala Lumpur

Upcoming Development	Net Lettable Area (sq ft)	Location	Expected Completion
Menara Golden Eagle by Multibay	120,000	Golden Triangle	1Q 2026

Source: NAWAWI TIE Research

Outlook

NTL anticipates that office rental rates will continue to see a gradual increase over the coming quarters, supported primarily by sustained demand for quality office spaces.

Following the implementation of the expanded SST on 1st July 2025, some tenants may resist rental adjustment during lease renewals, which could temper near-term rental growth.

Looking ahead, flight-to-quality trend is expected to remain in the coming quarters as occupiers continue to prioritise ESG-compliant and well-located office spaces.

3Q 2025 followed two festive quarters, marking a more moderated yet resilient retail landscape. Klang Valley’s overall occupancy rate rose marginally to 83.4% from 83.3% in the previous quarter.

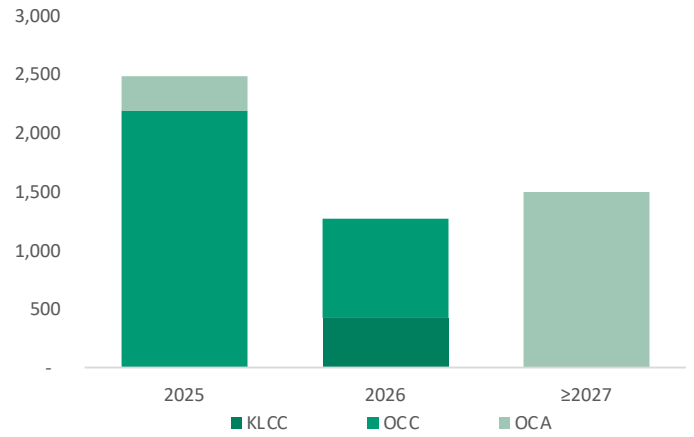
The period began with key policy changes, including the expansion of the SST, which introduced an 8% tax on commercial property leasing and a 6% SST on previously exempt construction work services. These adjustments are expected to raise operating costs for retailers and developers, prompting some to review rental and leasing strategies.

KL Fashion Week, held from 4–10 August at the Esplanade, KLCC Park, drew over 15,000 visitors and featured over 55 designers and brands. Beyond a fashion showcase, the event reinforced the city centre’s role as a premier experiential retail destination, where events and luxury retail continue to sustain steady footfall and visibility.

The quarter also saw notable store openings. Chaumet launched its second Malaysian boutique at Pavilion Kuala Lumpur, designed as an immersive showcase of craftsmanship. Meanwhile, Kinokuniya opened a second outlet in the new wing of Pavilion Damansara Heights, expanding beyond the city centre to reach new audiences.

KLGCC Mall is the first among three new malls scheduled to open by year end. With 90% of space committed, the mall will cater to nearby affluent communities with tranquil golf course views and a strong F&B mix, while featuring local brands.

Figure 4: Retail Pipeline Supply (NLA) In Klang Valley (sq ft, million)



Source: NAWAWI TIE Research

Table 3: Upcoming Retail Developments in Klang Valley (2025-2026)

Upcoming Retail Developments	Net Lettable Area (sq ft)	Location
118 Mall	850,000	OCC
Ombak KLCC	420,000	CC
Sunway Square Mall	300,000	OCA
Hextar World at Empire City	1,800,000	OCC

Source: NAWAWI TIE Research

Outlook

Looking ahead, year-end festivities and the opening of new malls are expected to reinvigorate retail spending, while F&B-led concepts and experiential retail offerings continue to underpin sector resilience. These trends suggest that despite broader market pressures, innovative formats and lifestyle-driven experiences will remain key drivers of footfall and consumer engagement.

High-end condominium prices in 3Q 2025 posted modest gains, with Mont’ Kiara rising 9.7% and Damansara Heights edging up 1.1% from the previous quarter. KLCC remained the city’s most premium address, recording an average of RM1,358 psf—up slightly from RM1,340 psf, or 1.3% year-on-year—reflecting steady demand among niche buyers despite a mature and selective market.

Oxley Towers, among the last freehold mixed-use developments in KLCC, has completed its flagship residential components – SO Sofitel Residences and Jewel by Oxley KLCC. SO Sofitel Residences comprises 590 units with prices starting at RM1.38 million for studios and duplex penthouses spanning 566–5,059 sq ft. Jewel by Oxley KLCC comprises 267-unit exclusive residential units and a 213-room branded hotel, with residences priced between RM1.5 million and RM3.4 million per unit (678 – 2,185 sq ft). Together, these developments present a rare premium opportunity in Kuala Lumpur’s most sought-after precinct.

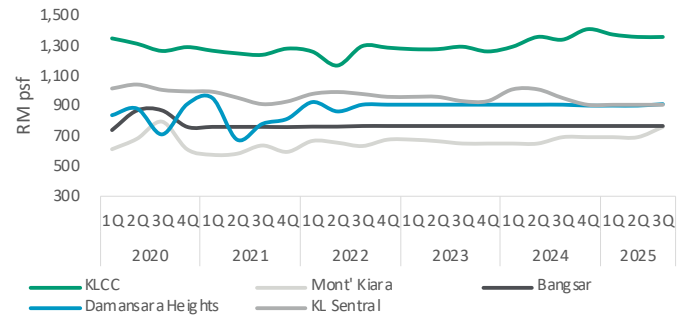
Situated outside the city centre, Idaman Sejiwa (a subsidiary of Radium) has relaunched Chancery Ampang, located next to Jalan Ulu Klang and sits 500m from the proposed Tasik Ampang MRT3 station. This 51-storey building will comprise 944 SoHo units and with prices between RM455,000 and RM1.86 million.

Outlook

Although the expanded SST does not apply to residential property sales, some indirect costs may rise due to higher service charges in construction, legal, and property management. While this could place pressure on developers’ margins, it may also encourage greater efficiency, product differentiation, and value-driven design across new launches.

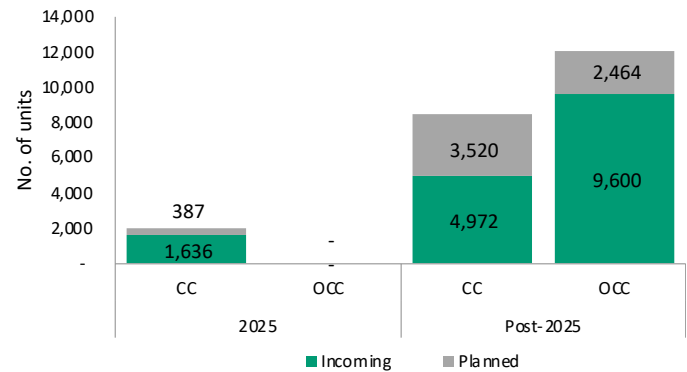
In the KLCC luxury segment, the market is expected to remain stable, supported by a niche pool of discerning buyers. Absorption and price growth may be gradual

Figure 5: Average Price Movements for Completed High-End Condominiums in KL



Source: NAWAWI TIE Research

Figure 6: Future Supply of High-End Condominiums in KL



Source: NAWAWI TIE Research

Table 4: Upcoming High-End Condominiums in the City Centre

Upcoming Development	No. of Unit
Branniganz Suites	759
Kyliez Suites	346
Dawn Residence	960
Times Square 2	629
CloutHaus Residence	1,405
Hanaz Suites	98
Armani Hallson	775

Source: NAWAWI TIE Research

in the near term, but well-positioned projects with strong branding, distinctive architecture, curated lifestyle amenities, and high service quality are likely to outperform. At the same time, suburban markets are set to see continued momentum, driven by sustained owner-occupier demand and ongoing upgrades in connectivity and township planning.

DEFINITIONS

Development pipeline/ potential supply:	Comprises two elements: <ol style="list-style-type: none">1. Floor space in the course of development, defined as buildings being constructed or comprehensively refurbished.2. Schemes with the potential to be built in the future, having secured planning permission/development certification.
Net absorption:	The change in the total occupied or let floor space over a specified period of time, either positive or negative.
Net supply:	<p>The change in the total floor space over a specified period of time, either positive or negative. It excludes floor spaces that are not available for occupation due to refurbishment or redevelopment, but includes new supply.</p> <p>New supply refers to total floor space/units that are ready for occupation. Ready for occupation means practical completion, where either the building has been issued with a Temporary Occupation Permit (TOP) or Certificate of Completion and Compliance (CCC).</p>
Prime office rent:	<p>The highest rent that could be achieved for a typical building/unit of the highest quality and specification in the best location to a tenant with a good (i.e. secure) covenant.</p> <p>(NB. This is a gross rent, including service charge or tax, and is based on a standard lease, excluding exceptional deals for that particular market).</p>
Stock:	<p>Total accommodation in the private sector both occupied and vacant:</p> <ol style="list-style-type: none">1. Purpose-built office buildings with Net Lettable area (NLA) of at least 150,000 sq ft.2. Purpose-leased shopping centres, excluding hypermarket and stratified retail.3. Non-landed residential projects with at least 10 strata dwelling units.
Take-up:	<p>Floor space acquired for occupation or investment, including the following:</p> <ol style="list-style-type: none">1. Offices let to an eventual occupier.2. Developments pre-let or sold. <p>(NB. This includes subleases)</p> <p>Take-up also refers to units transacted in the residential market.</p>
Occupancy rate:	Total space currently occupied or not available to let as a percentage of the total stock of floor space (NB. This excludes shadow space which is space made available for sub-leasing).
KL Golden Triangle (KLGT)	An area bordered by Jalan Tun Razak – Jalan Ampang – Jalan Maharajalela.
KL City Centre (KLCC)	An area bordered by Jalan Tun Razak – Lebuhraya Sultan Iskandar – Jalan Damansara – Jalan Istana.
Outer City Centre (OCC)	An area that refers to the Federal Territory of Kuala Lumpur, excluding the area of KL City Centre.
Klang Valley (KV)	<p>Comprises:</p> <ol style="list-style-type: none">1. Wilayah Persekutuan Kuala Lumpur2. Wilayah Persekutuan Putrajaya3. Selected districts in Selangor (Petaling, Klang, Hulu Langat, Gombak and Sepang)

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