NAWAWI TIE

DIGEST

KUALA LUMPUR 4Q 2025

2025 closes on firm footing as sentiment improves

4Q 2025 AT A GLANCE

Sectors	Key Indicators	(% Change) QoQ	(% Change) YoY
INVESTMENT	Total Sales: **RM3,313.9 million**	▲ 147%	▲ 226%
	Top 3 Major Deals: **RM2,215.0 million**	▲ 263%	▲ 188%
OFFICE	Average Prime Rents in KLGT: **RM7.07 psf**	0%	▲ 5.1%
	Supply Pipeline: **1.1 million sq ft** (2025-2027)	0%	▲ 22%
RETAIL	Occupancy in KV: **82.8%**	▼ -0.4%	▼ -0.1%
	Supply Pipeline in KV: **3.1 million sq ft** (2026-2029)	▼ -41%	▼ -27%
RESIDENTIAL	Average Price in KLCC (Completed): **RM1,421 psf**	▲ 4.7%	▲ 0.9%
	Incoming Supply in KLCC: **6,608 units**	0%	▼ -13.5%

KEY HIGHLIGHTS

Investment

Transaction activity strengthened, underpinned by a higher aggregate deal value, although a significant share was attributable to related-party transactions. The industrial sector remained the primary driver of market activity, while the hospitality segment recorded a notable uptick, supported by the continued recovery in tourism demand.

Office

In 2025, office demand in Kuala Lumpur was driven by a clear flight to quality, with occupiers prioritising ESG-certified, transit-oriented, and amenity-rich Grade A buildings. MNCs, financial services and tech firms continue to anchor take-up, attracted by KL's cost competitiveness when compared with regional gateways like Singapore. Demand remains selective, favouring modern assets, while older, non-compliant stock faces structural obsolescence rather than cyclical weakness.

Retail

The retail market stabilised in 2025 with positive occupancy trends and selective leasing momentum, particularly in F&B, fashion and experiential formats that are driving footfall in prime malls and suburban centres. Retailers, including new international entrants, are expanding as domestic consumer spending rebounded and tourism lifted demand. Vacancy pressures persist in weaker or aging assets. Modern, experience-led, and well-located retail destinations outperformed older centres.

Residential

High-end residential prices in the KLCC continued to trend upwards, reflecting sustained demand for prime city-centre assets. A new wave of suburban developments has broadened buyer choice through contemporary design and improved connectivity to amenities and public transport. The higher stamp duty for foreign buyers introduced under Budget 2026 is expected to foster a more balanced luxury market, reinforcing the role of domestic purchasers and supporting longer-term market stability.

INVESTMENT | Industrial and hospitality deals underpin a strong quarter

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Transaction activities in the fourth quarter closed the year on a strong note, with 22 deals amounting to RM3.31 billion, representing a 147% quarter-on-quarter increase in transaction value. Notably, the major jump is due to the year-end deal by Valiram Family Office acquiring a major stake of 40% and 60% in The Exchange TRX Mall and TRX Campus office worth RM1.1 billion from Lendlease which is undergoing a major restructuring over the last few years. However, a notable proportion of the other transactions comprised related-party sales involving both REITs and non-REIT entities, suggesting that headline volumes were partly driven by portfolio realignments rather than purely open-market demand.

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The industrial sector continued to dominate with 9 assets sold. The most prominent is the sale of Ann Joo Steel Factory in Prai, Penang, with a notable price of RM800 million, sold to Axis REIT on a lease-back basis with an entry yield of 6.24%.

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In the hotel sector, another major hotel, Impiana KLCC was sold at RM315 million, or an equivalent of RM607,000 per room. Three other hotels under the Bayview brand, located in Penang and Langkawi under the Boon Siew Group were injected into the publicly listed Oriental Holding Bhd. In anticipation of the Visit Malaysia 2026, hoteliers are relatively bullish, after finishing well in 2025, taking advantage of the swell in tourists from China as well as the country's chairmanship of ASEAN, whereby a host of major official meetings took place.

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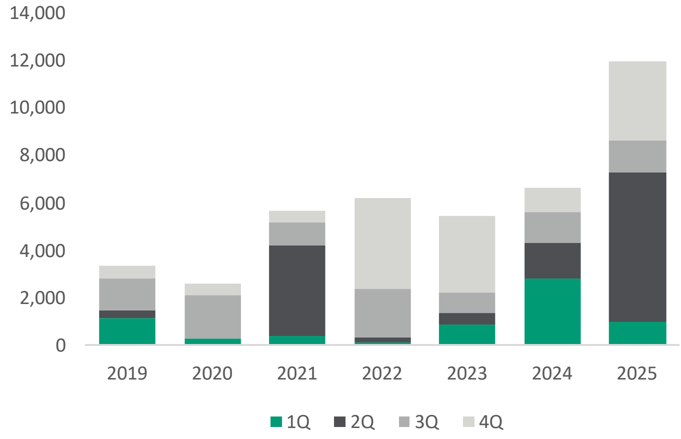
The IOI group is gearing up to undertake a major REIT listing of their portfolio in the coming year, comprising a mix of hotels, malls, and offices. This portfolio comprises a few major assets recently purchased in the last few years, as well as an injection from their various developments in Puchong and Dengkil. The most prominent is the IOI City Mall, which is one of the largest in the country. The indicative value of this IPO is in the range of RM6-7 billion.

Figure 1: Investment Sales (RM million)



Source: NAWAWI TIE Research

Table 1: Top Three Major Deals in 4Q 2025 (RM million)

Property	Purchaser	Vendor	Price (RM million)
The Exchange TRX Mall and TRX Campus Office	Valiram Family Office	Lendlease	1,100.0
Ann Joo Steel Factory	Axis REIT	Ann Joo Steel Berhad	800.0
Impiana KLCC Hotel	Magma Group & KLCC Holdings	Harum Aspirasi	315.0

Source: NAWAWI TIE Research

Outlook

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Investors have been broadly encouraged by the strong inflow of FDI, favourable GDP growth prospects and improving macroeconomic fundamentals, including a firmer Ringgit, sustained trade surplus, and ongoing tariff negotiations with the US. Looking ahead, supportive outlooks from the IMF and major rating agencies are expected to reinforce market confidence and underpin a gradual recovery, particularly if foreign capital returns in a more meaningful manner.

OFFICE

ESG-ready, transit-linked assets led a targeted recovery in 2025

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There were no new office completions in Kuala Lumpur in the final quarter of 2025. Total office completions for the year amounted to 0.9 million sq ft, lower than the 1.01 million sq ft completed in 2024.

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The average occupancy rate increased from 78.8% to 79.3% in 4Q 2025, mainly driven by tenant expansions and relocations, including a pharmaceutical and healthcare company at Vista Tower (20,000 sq ft of NLA) and a call centre operator at Menara Multi-Purpose (33,000 sq ft).

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In December, Exsim Development Sdn Bhd, in partnership with the Malaysian Basketball Association (MABA), commenced construction of MABA Suitez on the former Wisma MABA site. The 60-storey twin-tower development will offer office suites starting from 323 sq ft, with completion slated for 2031.

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In 4Q 2025, rental rates for prime office buildings in KLGT remained stable at RM7.07 psf per month, while rates in KL Sentral/Mid Valley stood at RM7.40 psf per month. Rentals for secondary office buildings were unchanged at RM5.00 psf per month.

Outlook

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In 2025, demand for office space has grown positively compared to the previous year, driven by key market trends. Most tenants prioritised ESG-compliant office buildings, making it a major factor influencing relocation decisions.

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Looking ahead, office rents in 2026 are expected to become more competitive, with ESG compliance remaining one of the most important factors among occupiers, supporting rental growth in newer and Grade A office spaces.

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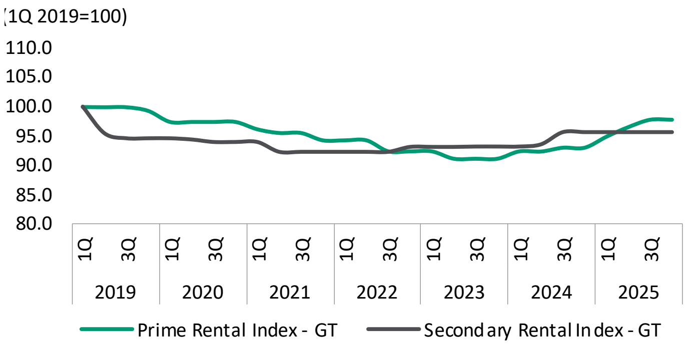
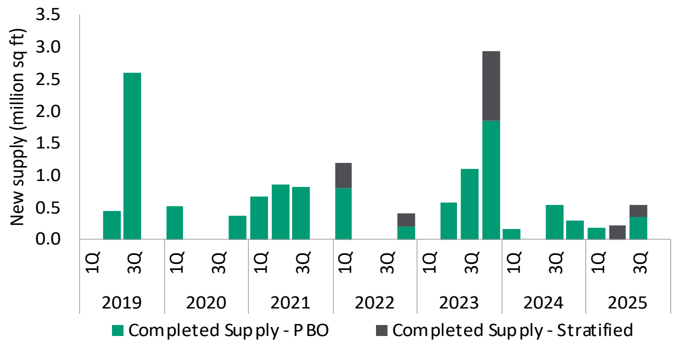
The co-working space market is expected to remain resilient and continue expanding in the Klang Valley. The hybrid working model adopted by companies has supported the growth of co-working spaces throughout the year, with operators achieving occupancy rates of more than 80% in prime locations. Hybrid and flexible working arrangements are expected to remain a long-term feature of Kuala Lumpur's work place landscape. While full remote work is limited, firms, especially in tech, corporate, and professional services, are adopting hybrid models, reducing average office footprints. This shift is driving demand for amenity-rich, flexible, and high-quality office spaces that support collaboration and talent retention.

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

RETAIL

New openings and experiential concepts set the pace

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Retail activity in Kuala Lumpur remained upbeat during 4Q 2025, supported by year-end promotions and festive spending. Seasonal campaigns continued to play a key role in driving footfall, with mall operators leveraging Christmas installations as experiential attractions. Notably, Suria KLCC drew public attention with its outdoor skating rink encircling an 80-foot Christmas tree, set against the backdrop of the Petronas Twin Towers.

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In December 2025, MPH Bookstores enhanced its flagship presence at The Exchange TRX by launching MPH Coffee on Level 2, reflecting a broader industry shift toward experience-led retail and lifestyle integration as bookstores evolve to attract footfall and deepen customer engagement in a competitive, hybrid-shopping era.

■

In the KL city centre, international and regional brands continued to make strategic market entries. Byredo opened its first Malaysian boutique at Suria KLCC while Longjing Restaurant, China's leading Zhejiang cuisine brand, launched its largest overseas outlet to date at Pavilion Kuala Lumpur.

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Retail supply expanded during the quarter with the opening of three malls across the Klang Valley, namely KLGCC Mall, Sunway Square and Hextar World, collectively adding 2.34 million sq ft of new NLA to the market.

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These developments underscore the ongoing shift towards experience-led retail, characterised by strong F&B offerings, activity-based concepts, and integration within mixed-use environments. Notable attractions include BUMP Bouldering at Sunway Square, HarborLand at KLGCC Mall, as well as ice-skating and indoor skiing facilities at Hextar World.

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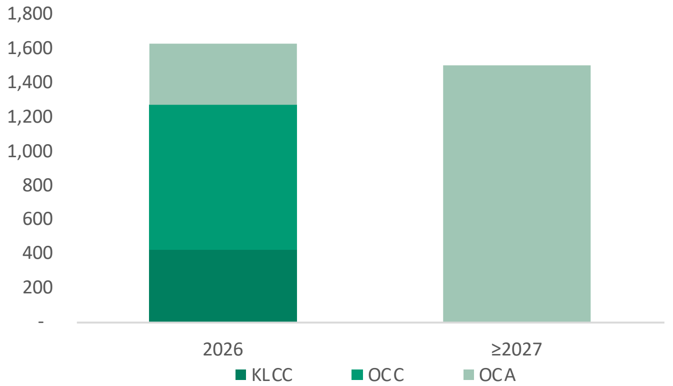
Beyond new openings, existing malls continued to enhance their offerings. The expansion of the F&B precinct at Sunway Velocity was completed during the quarter, further strengthening its positioning as a casual dining destination with a growing emphasis on Asian cuisines. Meanwhile, South Korean fast-food chain Lotteria debuted its first Malaysian outlet at The Curve, reflecting broader consumer preferences within the Klang Valley retail landscape.

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



Source: NAWAWI TIE Research

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

Upcoming Retail Developments	Net Lettable Area (sq ft)	Location
118 Mall	850,000	OCC
Ombak KLCC	420,000	CC
Coalfieds Retail Park	259,000	OCA
Destina Putrajaya	97,000	OCA

Source: NAWAWI TIE Research

Outlook

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Moving into 1Q 2026, Kuala Lumpur's retail market is expected to remain resilient while experiencing a seasonal normalisation following the year-end festive peak. Momentum will continue to be driven by experience-led concepts, F&B expansion, and international brand entries, particularly in prime and mixed-use malls, while new supply will keep competition elevated. Performance divergence will persist, favouring well-curated destinations with strong placemaking and lifestyle positioning over conventional retail formats.

■

As townships across Greater Kuala Lumpur continue to expand their resident populations, neighbourhood and community-centric retail formats serving immediate catchments are expected to record sustained growth. This trend is evident in emerging developments, such as Coalfields Retail Park and IOI Mall Rio, which are strategically positioned to meet the daily and lifestyle needs of growing suburban communities.

RESIDENTIAL | Prime locations and lifestyle-driven developments sustain demand

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While most areas maintained stable quarter-on-quarter transaction prices, the KLCC area recorded a continued price increase of approximately 4.7% compared to the previous quarter. This underscores the sustained appeal of the KLCC location in attracting high-end buyers, despite relatively limited transaction demand.

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In the city centre, Multibay Development Sdn Bhd has a planned condominium development known as Golden Crown Residence, located along Jalan Tun Razak. The 60-storey high-rise comprises 490 residential units of between 624 sq ft and 1,023 sq ft, with prices ranging from RM1.35 million to RM3.17 million. Boasting its luxury vertical-living concept and location close to TRX, Golden Crown Residence is well-positioned to capture spillover demand from Kuala Lumpur's growing financial and lifestyle hub.

■
This quarter, several planned developments are located beyond the city centre, including One Seputeh, Imperial Residences @ Pavilion Damansara Heights and Sunway Cochrane. This underscores a growing shift towards suburban-centric development, as developers target buyers seeking a premium lifestyle supported by strong connectivity and access to key urban amenities.

■
Sunway Cochrane exemplifies this trend through its contemporary design and strategic positioning near major transport links and established lifestyle hubs. The upcoming development comprises 1,296 serviced apartment units, located opposite IKEA Cheras and MyTown, with direct connectivity to the MRT station via a 60-metre covered link bridge, offering residents high level of convenience and accessibility. Indicative prices are expected to start from RM950,000, with unit sizes ranging from 650 sq ft to 1,001 sq ft.

Outlook

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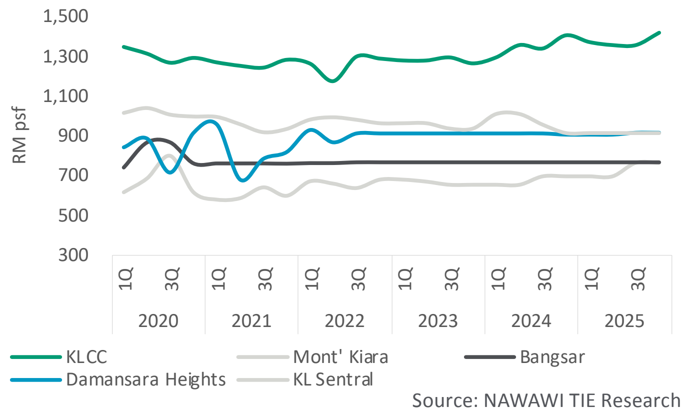
In 1Q 2026, the high-end residential market in Kuala Lumpur is expected to remain selectively resilient, with pricing strength sustained in prime city-centre locations such as KLCC and TRX-driven precincts, amid measured transaction volumes. Demand for well-located, lifestyle-led, and transit-connected developments is likely to continue, both within the city core and emerging upscale suburban nodes. Overall market activity is expected to be steady rather than expansive, with developers prioritising product differentiation, branding, and connectivity to capture discerning, end-user, and investor demand.

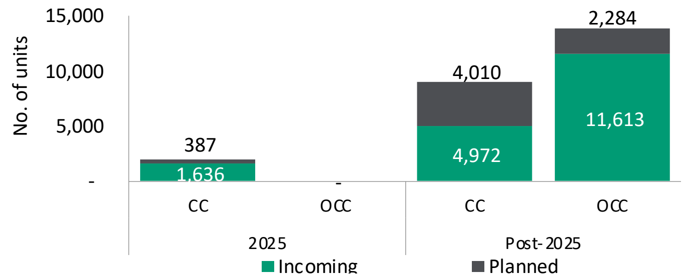
■
Budget 2026 introduces a significant policy change by increasing the stamp duty rate for foreign buyers of residential property from 4% to 8% effective 1 January 2026. This may lead to a slightly moderation in transactions and longer selling periods for luxury developments, while giving local buyers more negotiation power. Developers targeting foreign investors may need to adjust pricing or offer incentives to sustain interest.

Figure 5: Average Price Movements for Completed High-End Condominiums in KL (1Q 2020 - 4Q 2025)



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

DEFINITIONS

Development pipeline/ potential supply:	Comprises two elements: 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:	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. 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).
Prime office rent:	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. (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).
Stock:	Total accommodation in the private sector both occupied and vacant: 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:	Floor space acquired for occupation or investment, including the following: 1. Offices let to an eventual occupier. 2. Developments pre-let or sold. (NB. This includes subleases) Take-up also refers to units transacted in the residential market.
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)	Comprises: 1. Wilayah Persekutuan Kuala Lumpur 2. Wilayah Persekutuan Putrajaya 3. Selected districts in Selangor (Petaling, Klang, Hulu Langat, Gombak and Sepang)

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