

PICK OF THE WEEK

The Office Market Situation in Malaysia



Malaysia's stock of purpose-built office (PBO) space as at end-2016 was 20.8 million sqm spread over 2,462 buildings with an average occupancy rate of 82.3%. In recent years, the office property market especially in Klang Valley has not been faring so good compared to historical performance. This is due to high incoming supply and low absorption rate. In Kuala Lumpur, office building completions were recorded at 320,643 sqm, subsequently the take-up rate is low at only 24,646 sqm. Furthermore, the occupancy rate of office building hinges heavily on location. Locations such as KL Sentral and Mid Valley are exceptional due to its good connectivity. More recently, the investment prospect for office buildings is becoming less appealing; in which it is becoming difficult to achieve a benchmark occupancy rate of 80% for new buildings, while the effective rental is declining. Alternatively, warehousing and logistics building yields are more attractive.

-Source: The Edge Property-

BREAKING NEWS

Risk of Property Investment

08/05/2017

Common risks faced by Property Investors:-

- 1) *Unable to find tenants or have to lower their rental to below market rate;*
- 2) *Lack of holding power;*
- 3) *Unable to dispose their property quickly;*
- 4) *Unforeseen circumstances such as lack of capital appreciation or desertion of development projects.*

-Source: The Property Guru-

China's Wanda in talks to develop Bandar Malaysia

09/05/2017

Malaysian government's negotiation with Dalian Wanda Group to take the role as master developer is now at an advanced stage and the deal is awaiting approval from the Chinese government's financial regulators.

-Source: The Star Property-

EPF sells London office property for RM985 million

11/05/2017

EPF sold its London office property to Hong Kong-based Chinese Estate for £175 million (RM985 million). The 80,000 sq ft building at St James' Square was sold at a net initial yield of 4.45%.

-Source: The Edge Property-