

Knight Frank Malaysia Real Estate Highlights 2H 2014 *Key highlights and outlook of the Malaysian property market*

22 January 2015, Malaysia – Knight Frank Malaysia, the global property consultancy, launches the *Knight Frank Malaysia Real Estate Highlights 2H 2014*. The report looks into the market performance across the various property mix – **Residential, Office, Retail and Industry**; and highlights the trends and outlook in the four key markets in Malaysia, including **Kuala Lumpur, Klang Valley, Penang, Johor Bahru and Kota Kinabalu**.

Market drivers impacting the real estate sector

The recent plunge in crude oil prices and lower trade surplus could undermine Malaysia's economy and its property market especially if they are prolonged.

Judy Ong, Executive Director, Research and Consultancy, Knight Frank Malaysia, says, "Amid the gloomy economic outlook and plummeting crude oil prices, the slowdown in the Malaysian property market continues. Buyers' and investors' sentiments have turned cautious with many adopting the 'wait-and-see' approach while more developers are turning their focus on the affordable housing segment.

"Selected property sub-sectors (and locations) may undergo a period of consolidation in terms of slower market activities, pricing and rentals; impacted by the series of cooling measures, uncertainties surrounding the impending GST implementation, and a slowdown in the Oil & Gas sector and its related industries amongst others."

Highlights for 2H2014

Residential

- The series of macro-prudential measures have succeeded in cooling the residential property market.
- Slowdown in residential property market with noticeably fewer launches across the board.

Office

- Despite mismatch in supply and demand, the Kuala Lumpur office market remains resilient with both rental and occupancy rates holding firm.

Retail

- Prime and established shopping centres in Klang Valley and Penang continue to enjoy high occupancy in excess of 90%; and in Johor Bahru and Kota Kinabalu, more than 80% occupancy.
- Malaysia, which continues to be on the radar of overseas retailers, sees more new entrants, especially in the F&B segment as well as rapid store expansion of existing brands and outlets, both local and international.
- In Kota Kinabalu, a very exciting time is expected for the retail sector with the impending completion of several retail properties in 1H2015.

2015 Market Outlook

- The Government has revised its deficit target and GDP growth following the recent sharp decline in oil prices.
- Pro-active measures to sustain development and economic growth include free visa for tourists from China amongst others and increased frequency and duration of mega sales nationwide.
- More developers expected to launch their projects ahead of the GST, which is slated for implementation in April 2015, while widening their target catchment by marketing overseas.
- Continuous efforts by government authorities / agencies such as MIDA and InvestKL are expected to produce positive results and cushion the impact of a slowing economy and property market.

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To download the report, please visit: <http://bit.ly/15ctYqT>

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Notes to Editors

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