PROPERTY MARKET PERFORMANCE

1H 2026

(Klang Valley | Penang | Johor Bahru)

Malaysia Economy
Stronger Growth Momentum with External Risks in Focus

Key Economic Indicators, 1H 2026 [1]

GDP	Inflation	Trade Balance	Unemployment Rate [2]
RM445.90 billion ▲ **5.7%**	**1.8%** ▲ **0.4 pp**	**RM147.15 billion** ▲ **159.8%**	**3.0%** **Stable**

Abbreviation: pp – percentage points

Notes: 1. GDP and trade balance are cumulative for 1H 2026. Inflation represents the average rate for 1H 2026. Changes are year-on-year against 1H 2025.
2. Unemployment rate refers to 2Q 2026.

Source: Department of Statistic Malaysia (DOSM) and Bank Negara Malaysia (BNM)

Malaysia's gross domestic product (GDP) expanded by 6.0% y-o-y in 2Q 2026, strengthening from 5.4% in the preceding quarter. Growth was supported by sustained domestic demand and robust exports, with the Manufacturing and Services sectors expanding by 7.3% and 5.9%, respectively. This brought GDP growth for 1H 2026 to 5.7%, compared with 4.5% in the corresponding period of 2025, providing a firmer base for economic activity in 2H 2026.

Inflation remained manageable during the quarter. Headline inflation averaged 1.9% in 2Q 2026, up from 1.6% in 1Q 2026, mainly reflecting higher external cost pressures and fuel prices amid geopolitical developments in the Middle East. Inflation stood at 1.9% in June 2026, indicating that overall price pressures remained contained. For 2026, headline inflation is projected to average between 1.5% and 2.5%, although movements in global energy and commodity prices remain key risks to the outlook.

On the monetary front, the Overnight Policy Rate (OPR) remained unchanged at 2.75%, following the 25-basis-point reduction in July 2025. The prevailing monetary policy stance remains supportive of domestic economic activity while maintaining overall price stability.

The labour market remained resilient in 2Q 2026. Total employment increased by 1.1% y-o-y to 16.77 million persons, while the labour force reached 17.28 million persons. The Labour Force Participation Rate remained stable at 70.9%. Although the unemployment rate edged up to 3.0% from 2.9% in 1Q 2026, the number of unemployed persons declined on a yearly basis to approximately 0.51 million, from 0.52 million in 2Q 2025. Continued employment growth should support household income and consumer spending, providing a positive underlying base for property market demand.

Industrial activity maintained positive momentum, with the Industrial Production Index (IPI) expanding by 5.9% y-o-y in 1H 2026, compared with 2.0% in the corresponding period of 2025. Growth was supported by higher output across the Manufacturing (+6.5%), Electricity (+6.3%), and Mining (+2.9%) sectors. In 2Q 2026, the IPI expanded by a stronger 7.7% y-o-y, indicating an acceleration in industrial activity during the quarter.

Malaysia recorded net Foreign Direct Investment inflows of RM7.41 billion in 2Q 2026, moderating from RM22.81 billion in the preceding quarter. Nevertheless, inflows remained substantially higher than the RM6.81 billion recorded in 2Q 2025, indicating continued foreign investment interest despite quarterly volatility in capital flows.

Malaysia's external trade performance strengthened significantly in 1H 2026. Exports increased by 27.5% y-o-y to RM971.59 billion, while imports rose by 16.9% to RM824.44 billion. Consequently, total trade expanded by 22.4% to RM1.80 trillion, while the trade surplus widened to RM147.15 billion. Trade, exports, imports and the trade surplus all recorded their highest values for a January–June period. Export growth was driven mainly by manufactured products, particularly electrical and electronic (E&E) products, while higher imports reflected continued demand for intermediate and capital goods to support production and investment activities.

OUTLOOK

Looking ahead, Malaysia's economy is projected to expand by 4.0% to 5.0% in 2026, with growth potentially approaching the upper end of the range following the stronger-than-expected performance in 1H 2026. Growth is expected to remain supported by resilient household spending, sustained investment activity and continued tourism-related spending under Visit Malaysia 2026. While export growth may moderate from the strong momentum recorded in 1H 2026, domestic demand is expected to remain a key driver of economic activity.

External uncertainties remain the key downside risk to the outlook. Ongoing geopolitical tensions, shifts in global trade policies and potential supply chain disruptions could weigh on external demand, raise input costs and place upward pressure on inflation. Nevertheless, Malaysia's diversified economy, resilient domestic demand and continued public and private investment should provide some buffer against these external pressures.

Overall, Malaysia's macroeconomic outlook remains positive but cautiously balanced. Healthy domestic demand, stable labour market conditions and sustained investment are expected to support economic activity through the remainder of 2026. These conditions should provide a generally supportive operating environment for the property market, although performance is likely to remain sector- and location-specific amid continued external uncertainties.

CBRE | WTW

1H 2026

PROPERTY MARKET PERFORMANCE

Klang Valley

(Kuala Lumpur | Selangor | Putrajaya)

Klang Valley: Residential

Sector Performance

	2H 2025	1H 2026	2H 2026 ᵉ
Supply	▲	▲	▲
Txn Value	▲	▼	↔
Price	↔	↔	▲

Abbreviations: e – estimation; Txn – transaction
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

❑ Key Indicators

Overall	1H 2026	1H 2025	y-o-y
Supply	2.77 million	2.67 million	▲ 3.6%
Txn Volume	32,175	33,442	▼ 3.8%
Txn Value	RM22.18 billion	RM22.43 billion	▼ 1.1%
Avg. Txn Value	RM0.69 million	RM0.67 million	▲ 2.8%
Overhang	20,665	13,886	▲ 48.8%
Landed	**1H 2026**	**1H 2025**	**y-o-y**
Supply	1.16 million	1.14 million	▲ 2.0%
Txn Volume	15,663	17,074	▼ 8.3%
Txn Value	RM12.50 billion	RM13.36 billion	▼ 6.4%
Avg. Txn Value	RM0.80 million	RM0.78 billion	▲ 2.0%
Overhang	2,922	1,228	▲ 137.9%
High-Rise	**1H 2026**	**1H 2025**	**y-o-y**
Supply	1.61 million	1.53 million	▲ 4.9%
Txn Volume	16,512	16,368	▲ 0.9%
Txn Value	RM9.68 billion	RM9.07 billion	▲ 6.7%
Avg. Txn Value	RM0.59 million	RM0.55 million	▲ 5.8%
Overhang	17,743	12,658	▲ 40.2%

Abbreviation: Txn – transaction; Avg. – average; y-o-y – year-on-year
Source: National Property Information Centre (NAPIC), CBRE | WTW Research & Consulting

Residential market activity in Klang Valley remained mixed in 1H 2026. The high-rise segment was relatively resilient, supported by stable transaction activity and stronger transaction values. In contrast, the landed segment softened as buyers became more cautious and price-sensitive.

The differing performance suggests that demand remains present, but buyers are becoming more selective. Accessibility, pricing, product positioning and suitability to actual household needs are playing a greater role in purchasing decisions.

Residential overhang increased during the period, mainly driven by the landed segment, which recorded a 137.9% y-o-y increase, compared with a 40.2% y-o-y growth in the high-rise segment.

Notably, the increase in overhang was concentrated among properties priced below RM500,000, particularly 2–3 storey terrace houses and serviced apartment. This shows that affordability alone does not guarantee absorption. Location, product suitability, surrounding amenities and the depth of buyer demand remain equally important.

High-rise overhang was mainly concentrated in Mukim Bandar KL (27%), followed by Mukim KL (13%) and Mukim Petaling (12%). In comparison, landed overhang was more concentrated in Kuala Langat (20%), Hulu Langat (18%) and Kuala Selangor (16%). This indicates that overhang is location-specific rather than widespread across the Klang Valley, with high-rise unsold stock more concentrated in established urban areas, while landed overhang is more prevalent in selected outer districts.

New residential launches in 2026 continued to be dominated by high-rise developments, reflecting ongoing urbanisation and limited land availability in mature areas. Developers also remained cautious with new launches as buyers became increasingly price-conscious.

High-rise projects increasingly focused on practical and flexible layouts, accessibility and owner-occupier needs. Transit-oriented developments, integrated mixed-use projects and developments within established townships continued to attract interest due to their connectivity, convenience and access to existing amenities.

Lifestyle and wellness features such as co-working spaces, smart home systems, EV charging facilities and green building elements are also becoming more common as buyer expectations evolve.

Meanwhile, new landed developments remained concentrated in expanding townships where larger development sites are still available. These projects generally target owner-occupiers and multi-generational households, with greater emphasis on larger built-up areas, flexible layouts and gated-and-guarded environments.

Across both segments, developers are placing greater emphasis on functionality, connectivity, sustainability and lifestyle features to differentiate their products and improve long-term marketability.

OUTLOOK

The Klang Valley residential market is expected to remain cautiously positive in 2H 2026, supported by sustained owner-occupier demand, population growth, continued urbanisation and infrastructure development.

High-rise demand is expected to remain relatively resilient, particularly for well-connected projects with practical layouts, established amenities and competitive pricing. Landed activity may remain more moderate as affordability constraints and slower inventory absorption continue to influence purchasing decisions.

Developers are therefore expected to remain selective with new launches and focus on projects that closely match buyer demand and affordability. Projects with strong connectivity, appropriate pricing and clear product positioning are likely to achieve better take-up.

Klang Valley: Residential (cont'd)

Overhang remains an important area to monitor, particularly within the lower-priced segments. The recent increase in unsold stock below RM500,000 reinforces that price alone is not sufficient to drive sales. Product-market fit, location and the strength of the surrounding buyer catchment will remain critical to absorption.

Government measures are also expected to provide some support to housing demand. These include stamp duty exemptions for eligible first-time buyers, housing loan tax relief, affordable housing programmes and financing support under Skim Jaminan Kredit Perumahan (SJKP).

Refinements to the Malaysia My Second Home (MM2H) programme may also support selected higher-end residential markets with greater exposure to foreign demand.

Overall, the market is expected to remain selective rather than weak. Well-located and appropriately priced developments that respond to actual buyer needs should remain relatively resilient, while projects with weaker positioning or a mismatch between product and local demand may require longer periods to achieve absorption.

❑ Selected New Launches in 1H 2026

Name of Development and Developer Tenure	Location	Type	No. of Unit	Land Area (Dimension)	Built-up Area (sq. ft.)	Price (per unit)	Sales Rate
Landed							
Erica @ Taman Setia Tropika LH by S P Setia	Kota Warisan, Sepang	2-TH	162	20' x 60'	1,405 – 1,445	RM587,000 – RM701,000	20%
Ixora Garden (Phase 4) FH by Amalan Setar	Sari Alamanda, Rawang	2-TH	130	20' x 60' - 70'	1,718 – 1,810	RM680,000 – RM956,000	30%
Serenia Baleria 2 FH by Sime Darby	Serenia City, Sepang	2-TH	174	20' - 22' x 70'	1,731 – 2,088	RM815,000 – RM1.38 million	25%
Aurora (Phase 1) FH by S P Setia	Setia Bayuemas South, Klang	2-TH	82	22' x 75	2,101 – 2,181	RM880,000 – RM1.42 mil	40%
Dimina FH by S P Setia	Musika Homes, Setia Alam	2-TH	100	22' x 75	2,398-2,611	RM1.34 mil – RM1.94 mil	30%
Seri Embun FH by Eastern & Oriental Bhd	City of Elmina, Shah Alam	2.5-TH 3-TH	360	23' x 75	2,982 – 3,339	RM2.12 mil – RM2.84 mil	40%
Damaira FH by S P Setia	Setia Mayuri, Semenyih	2-SD	54	40' - 49' x 80' - 94'	2,740 – 2,957	RM1.64 mil – RM2.52 mil	25%
High-Rise							
Pavilion Damansara Heights FH (Phase 2: Royal Suites) by Pavilion Group	Damansara Heights	Serviced Residence	490	N/A	452 – 1,679	RM754,000 – RM4.67 mil	5%
Centrix The Station LH by Intan Sekitar Sdn Bhd (s/o Crest Builder Holdings Bhd)	Jalan Ampang	Serviced Residence	857	N/A	564 – 1,039	RM 951,800 – RM1.94 mil	17%
Divine KLCC LH by Chin Hin Group Property Bhd	Jalan Saloma	Serviced Residence	1,033	N/A	502 – 982	> RM 968,000 RM17.80 mil (Penthouse)	30%
Vista @ Majestic Kiara FH by Mayland	Desa Sri Hartamas	Condominium	93	N/A	1,270 – 1,496	RM1.41 mil – RM 1.87 mil	25%
Eden Taman Duta FH by BRDB Developments Sdn Bhd	Taman Duta	Condominium	146	N/A	5,137 – 19,041	RM8.91 mil – RM32.99 mil	8%

Abbreviation: FH – freehold; LH – leasehold; s/o – subsidiary of; N/A – no info available; sq. ft. – square feet; TH – terraced house; SD – semi-detached
Source: Various sources, CBRE | WTW Research & Consulting

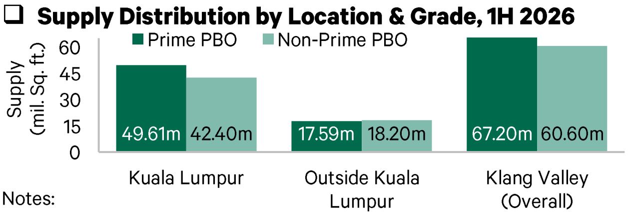
Klang Valley: Purpose-Built Office

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	▲	▲
Occupancy	▲	▲	▼
Rental	▲	▲	▲

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

❑ Supply Distribution by Location & Grade, 1H 2026



Notes:
1. Kuala Lumpur covers Golden Triangle and KL Fringe areas.
2. Outside KL covers Selangor, Petaling Jaya, Cyberjaya, and Putrajaya.
3. Prime PBO refers to Grade A and Premium A office buildings.
Source: CBRE | WTW Research & Consulting

The supply pipeline is expected to pick up in 2H 2026, with approximately 2.90 million sq. ft. of new office space scheduled for completion. Around 96% of the incoming supply comprises green-certified PBOs, reflecting the continued shift towards newer, higher-specification and sustainability-focused office buildings.

KL Midtown Signature Offices has secured approximately 16% pre-committed occupancy, with asking rents of around RM7.50 per sq. ft. per month. Meanwhile, The Capitol has achieved about 30% pre-committed occupancy, with asking rents ranging from RM6.00 to RM6.50 per sq. ft. per month.

For projects targeted for completion in 2027, several have already secured meaningful pre-commitments. PDH Corporate Tower 10, with approximately 215,000 sq. ft. of office space, is around 80% pre-committed, while DUO Tower B has secured approximately 40% pre-commitment.

Overall, the early leasing commitments across selected upcoming projects are encouraging and indicate continued occupier interest ahead of completion. However, with a sizeable volume of new office space entering the market, future absorption will continue to depend on occupier requirements, building quality, location, rental positioning and the ability of individual projects to differentiate themselves.

❑ Average Occupancy Rate by Locality

PBO All Grades	1H 2026	1H 2025	y-o-y
Klang Valley	81.4%	80.0%	▲ 1.4 pp
Kuala Lumpur	81.9%	80.8%	▲ 1.1 pp
Outside Kuala Lumpur	80.0%	79.9%	▲ 0.1 pp

Abbreviation: pp – percentage points difference
Source: CBRE | WTW Research & Consulting

The KL office market, particularly the Prime PBO segment, recorded stronger occupancy in 1H 2026.

Prime office occupancy increased by 3.9 percentage points y-o-y to 86.0%, while the CBD recorded a stronger improvement of 6.7 percentage points, reflecting healthier leasing conditions within the city centre.

The improvement was supported by both leasing activity and limited new supply. With no office completions during the period, new take-up translated more directly into higher occupancy. Available space was also reduced as selected buildings, including Menara Public Bank 2 and The Exchange Office Campus at TRX, remained unavailable for general leasing due to owners' strategic requirements.

At the same time, newer landmark developments such as Menara Merdeka Maybank and The Exchange 106 continued to improve occupancy as committed tenants moved into their premises. Notable occupier movements included Maybank and Bank of America at Menara Merdeka Maybank, as well as Edwards Lifesciences at TNB Gold Bangsar. These movements highlight continued occupier preference for modern buildings with good connectivity, stronger specifications and sustainability features.

Maybank's relocation also creates a potential change in future office availability. Menara Maybank is currently not available for lease but is expected to be introduced to the market in the near term. This could add a sizeable block of office space and increase leasing options for occupiers.

❑ Average Gross Monthly Rental Rate for Prime PBOs

Location	Grade	Monthly Average Gross Rent
KL	Premium A	RM10.00 – RM18.00 per sq. ft.
	A	RM6.50 – RM10.00 per sq. ft.
OKL	A	RM5.00 – RM7.50 per sq. ft.

Source: CBRE | WTW Research & Consulting

Rental levels continue to vary across Klang Valley depending on location, building quality and specifications. Prime offices are expected to maintain a rental premium, while older or less competitive buildings may see limited rental growth.The rental gap may widen further as occupiers increasingly favour better-quality, green-certified buildings with modern facilities and locations that meet their operational needs.

OUTLOOK

The office market outlook remains cautiously stable, although the sizeable supply pipeline in 2H 2026 may place temporary pressure on occupancy as new buildings take time to secure tenants.

Market performance is expected to become more differentiated. Well-located Prime PBOs with modern specifications, sustainability credentials and strong management are likely to continue attracting occupier demand. However, broad-based rental growth is expected to remain limited as new supply increases competition among landlords. Overall occupancy may soften slightly, while better-positioned buildings should remain relatively resilient.

Klang Valley: Purpose-Built Retail

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	↔	▲
Occupancy	▼	▲	▲
Rental	↔	↔	↔

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

Retail sales in Malaysia grew by 3.7% y-o-y in 1Q 2026, supported by festive spending during Chinese New Year and Hari Raya, as well as targeted government support measures. However, higher living costs continued to make consumers more price-sensitive, particularly for discretionary spending. Retail Group Malaysia revised its 2026 retail sales growth forecast from 4.0% to 3.8%.

Malaysia's tourism sector remained resilient in 1Q 2026. International visitor arrivals increased by 5.4% y-o-y to 10.65 million, supported by improved regional connectivity, easier entry requirements and continued promotion under the Visit Malaysia 2026 campaign. Domestic tourism also remained strong, with visitor numbers rising by 7.20% to 74.67 million and expenditure increasing by 15.8% to RM34.04 billion. This continued to support retail spending, particularly in major shopping and tourism areas.

As of 1H 2026, cumulative retail supply in Klang Valley stood at approximately 71.07 million sq. ft., with no new retail completions recorded during the period. Following the large increase in supply since late 2025, the market entered a period of stabilisation as newly completed malls focused on building occupancy and strengthening their market positioning.

The overall occupancy rate in Klang Valley continued to improve, supported by healthy leasing activity and the gradual absorption of retail space completed since late 2025. Leasing demand remained largely driven by the Food & Beverage (F&B) and Fashion & Accessories segments, supported by continued retailer expansion and tenant-mix adjustments within established shopping malls.

❑ **Average Occupancy Rate by Locality**

Locality	1H 2026	1H 2025	y-o-y
Klang Valley	84.3%	84.1%	▲ 0.2 pp
Kuala Lumpur	85.6%	83.7%	▲ 1.9 pp
Outside Kuala Lumpur	83.1%	84.5%	▼ 1.4 pp

Abbreviations: y-o-y – year-on-year changes; pp: percentage points
Note: Outside KL covers Selangor and Putrajaya areas.
Source: CBRE | WTW Research & Consulting

Approximately 1.92 million sq. ft. of retail supply is expected to enter the Klang Valley by the end of 2026:

- 118 Mall @ Merdeka 118 : 800,000 sq. ft.
- Ombak KLCC : 420,000 sq. ft.
- AEON Mall KL Midtown : 367,000 sq. ft.
- Coalfields Retail Park : 337,000 sq. ft.

The upcoming supply is spread across different locations and market segments, which should help reduce direct competition between the projects. However, the pace of tenant take-up will remain important as these malls enter the market.

Key Leasing Trends

Leasing activity remained selective, with mall owners focusing on tenant mixes that strengthen market positioning and improve the overall shopping experience.

Demand continued to be supported by flagship stores, new-to-market international brands and experiential retail concepts. Thematic campaigns, brand activations and loyalty programmes also remained important in attracting shoppers and supporting retail sales.

Key ESG Trends

Shopping malls are increasingly incorporating ESG initiatives into their operations and customer experience. Pavilion Kuala Lumpur introduced Malaysia's first shopping centre EcoHub, aimed at promoting recycling, sustainability awareness and consumer participation.

The government's requirement for shopping malls to provide recycling facilities is also expected to encourage wider adoption of sustainability initiatives across the retail sector.

Investment Market

Investment activity remained evident in the retail sector. Setapak Central Mall was acquired by KIP REIT, for RM435 million. The transaction reflected a net yield of approximately 7.2%, equivalent to about RM845 per sq. ft. based on a net lettable area of 514,777 sq. ft.

OUTLOOK

The Klang Valley retail market is expected to remain resilient in the near term, supported by healthy domestic consumption, continued tourism activity and government initiatives under Visit Malaysia 2026. The annual year-end sale is also expected to support retail spending by attracting both domestic and international shoppers, particularly to prime and tourist-oriented retail destinations.

However, competition is expected to increase as new retail supply enters the market over the remainder of the year. At the same time, higher operating costs, cautious consumer spending due to cost-of-living pressures and geopolitical uncertainties may continue to moderate retailer expansion and discretionary spending.

Going forward, mall owners and retailers are expected to place greater emphasis on experiential retail, digital integration and well-curated tenant mixes to attract shoppers and differentiate their offerings. Sustainability and ESG initiatives are also expected to become more important as mall owners seek to improve operational efficiency, strengthen asset performance and remain competitive over the longer term.

Klang Valley: Industrial & Logistics

Sector Performance

	2H 2025	1H 2026	2H 2026 [e]
Supply	▲	▲	▲
Occupancy	▲	▲	▼
Rental	↔	↔	↔

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

As of 1H 2026, the total industrial stock in Klang Valley stood at 49,205 units, representing a 1.5% y-o-y increase from 48,481 units in 1H 2025. The increase was mainly contributed by terraced, semi-detached factories, and detached factories.

The continued growth in these factory types reflects ongoing demand for a range of industrial formats. Cluster and semi-detached factories generally cater to SMEs and mid-sized occupiers, while detached factories are more suited to businesses requiring larger floor areas, dedicated facilities and greater operational flexibility.

Industrial transaction activity moderated in 1H 2026. Transaction volume declined by 13.2% y-o-y to 1,356 units, from 1,562 units in 1H 2025, while transaction value fell by 7.0% to RM6.60 billion, from RM7.10 billion a year earlier.

The decline in transaction activity indicates a more cautious investment environment. Buyers are likely to remain selective, with greater emphasis on location, property specifications, infrastructure availability and suitability for operational requirements.

Land transactions for data centre and IT-related developments continued to gain momentum in Klang Valley, reflecting strong demand for large industrial sites with suitable power capacity, infrastructure and connectivity.

Notable proposed and completed land transactions include:

- Bridge Data Centres Malaysia VII Sdn Bhd acquired approximately 136.03 acres of industrial land at IOI Industrial Park @ Banting from Fortune Growers Sdn Bhd, a wholly owned subsidiary of IOI Properties Group Berhad. The transaction was valued at approximately RM740.68 million, equivalent to about RM125 per sq. ft. over land area. The land is intended to support Bridge Data Centres' continued expansion.
- Global Data Infrastructure Sdn Bhd entered into a sale and purchase agreement with COMPASS IP Sdn Bhd to acquire the final 36 acres parcel at COMPASS @ Kota Seri Langat Industrial Park. The site is planned for a large-scale data centre with approximately 300 MVA of power capacity and 210 MW of IT load. The transaction also marked the full take-up of the 220-acre industrial park. The transaction consideration was not publicly disclosed in the sources reviewed.
- NCT World Sdn Bhd signed a term sheet for the proposed sale of approximately 100 acres within NCT Smart Industrial Park, Sepang to an unnamed global data centre operator. The proposed development is expected to support up to 800 MW of data centre capacity, subject to regulatory approvals and the execution of definitive agreements.

Property	Buyer	Seller	Price
A leasehold factory and office complex, Taman Sains Selangor 1, Kota Damansara (GFA: 167,294 sq. ft.)	Boon Koon Capital Sdn Bhd (s/o Chin Hin Group Property Bhd)	Signature Cabinet Sdn Bhd	RM66.0 million (RM395 per sq. ft. over GFA)
Two freehold industrial land parcels with an office, factory and warehouse, Batu 23½ Semenyih (BUA: 228,632 sq. ft.)	Jin Ye Ye Sdn Bhd	Seng Yip Furniture Sdn Bhd (s/o Mieco Chipboard Bhd)	RM57.0 million (RM249 per sq. ft. over BUA)
A leasehold industrial complex, Seksyen 16 Shah Alam (NLA: 120,177 sq. ft.)	Axis REIT	Rubicon Assets Sdn Bhd	RM38.0 million (RM316 per sq. ft. over NLA)
A leasehold distribution centre, Bandar Saujana Putra, Jenjarom (NLA: 355,023 sq. ft.)	Axis REIT	City-Link Express (M) Sdn Bhd	RM128.0 million (RM361 per sq. ft. over NLA)
A leasehold industrial property, Seksyen 15, Shah Alam (GFA: 140,404 sq. ft.) ** Related party transaction*	Melewar Steel Tube Sdn Bhd (s/o Mycron Steel Bhd)	Melewar Industrial Group Bhd	RM30.0 million (RM214 per sq. ft. over GFA)
3 plots of freehold industrial land, Batu 3½, Jln Kapar, Klang (LA: 14.58 acres/ 635,027 sq. ft.)	JT Development Sdn Bhd	Hai-O Enterprise Bhd (s/o Beshom Holdings Bhd)	RM85.8 million (RM135 per sq. ft. over LA)

Abbreviations: GFA – gross floor area; BUA – built-up area; NLA – net lettable area; s/o – subsidiary of
Source: Bursa Malaysia, CBRE | WTW Research & Consulting

Klang Valley: Industrial & Logistics

- WG Malaysia VIII Sdn Bhd, a DayOne-linked acquisition vehicle, proposed to acquire three adjoining freehold industrial land parcels totalling approximately 157 acres in Kapar, Klang. The parcels are being acquired from MBC Logistic Hub Sdn Bhd, Eonmetall Land Sdn Bhd and FerroNet Asia Sdn Bhd for a combined consideration of approximately RM687.89 million, equivalent to about RM101 per sq. ft. over land area. The combined site has been identified for IT infrastructure development.

Overall, these transactions highlight growing demand for large, infrastructure-ready industrial sites capable of supporting power-intensive data centre and digital infrastructure developments. Demand is increasingly concentrated in locations with access to sufficient electricity capacity, telecommunications infrastructure and major transport networks.

Asking rentals for industrial premises vary by location and building specifications.

Submarkets	Asking Rental
Shah Alam	RM2.00 – RM2.60 per sq. ft.
Bandar Bukit Raja	RM2.10 – RM2.50 per sq. ft.
Klang	RM1.40 – RM2.10 per sq. ft.

Source: CBRE | WTW Research & Consulting

Demand for modern warehouses continues to grow as occupiers place greater emphasis on operational efficiency, scalability and specialised facilities. This includes properties equipped for cold-chain operations, automation and other higher-specification requirements.

OUTLOOK

The Klang Valley industrial market is expected to remain cautiously positive in the near term, supported by continued demand from the logistics, manufacturing, data centre and e-commerce sectors.

A sizeable logistics pipeline is expected to enter the market over the next few years. More than 15.33 million sq. ft. of logistics space is expected to be completed by 2028, with approximately 81% comprising built-to-lease (BTL) facilities. Of this, around 7.21 million sq. ft. is scheduled for completion in 2H 2026, with about 93% being BTL space.

Demand for modern warehouses continues to grow as occupiers place greater emphasis on operational efficiency, scalability and specialised facilities. This includes properties equipped for cold-chain operations, automation and other higher-specification requirements.

At the same time, higher fuel, construction and transportation costs may raise operating expenses and place some pressure on developer margins and occupier expansion decisions. Land constraints and external economic uncertainties also remain key risks to monitor.

Overall, structural growth drivers remain supportive. Continued expansion in e-commerce, logistics, digital infrastructure and advanced manufacturing, together with initiatives such as the New Incentive Framework (NIF) and the Second Selangor Plan (RS-2), are expected to support investment and sustain demand for quality industrial and logistics space in Klang Valley.

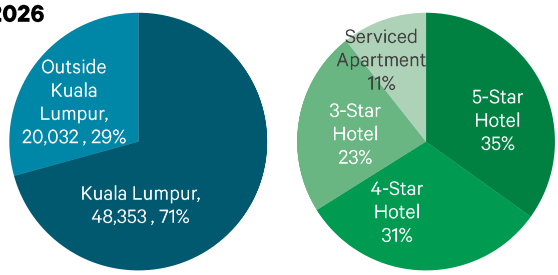
Klang Valley: Hotel

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	▲	▲
Occupancy	▲	▲	▲
Room Rate	▲	▲	↔

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

❑ Supply Distribution by Location & Star Rating, 1H 2026



Remark: Outside Kuala Lumpur (OKL) covers Selangor, Petaling Jaya, Cyberjaya, and Putrajaya areas.
Source: CBRE | WTW Research & Consulting

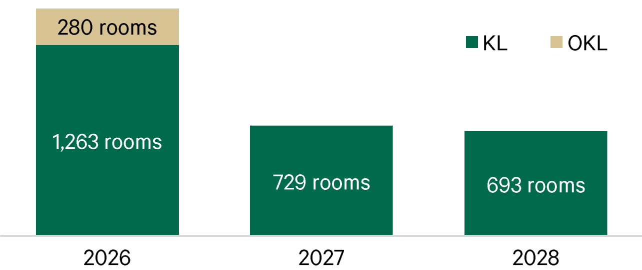
One notable completion in 1H 2026 was Hotel Irama Kuala Lumpur, formerly Grand Seasons Hotel, which reopened after refurbishment with 766 rooms.

Looking ahead, approximately 2,965 rooms are expected to enter the market between 2026 and 2028, with the largest share concentrated in 2026.

Around 1,543 rooms are expected in 2H 2026 alone, mainly in KL. The upcoming KL pipeline is concentrated in the 5-star segment, with key openings including SO Sofitel Kuala Lumpur, Regent Kuala Lumpur, Conrad Kuala Lumpur and YOTEL Kuala Lumpur. Outside KL, Courtyard by Marriott Subang is among the main upcoming completions.

Overall, the main supply pressure is concentrated in the near term, particularly within the 5-star segment. The pace of absorption will therefore be an important factor to monitor as new hotels ramp up operations.

❑ Incoming Supply, 2H 2026 – 2028



Source: CBRE | WTW Research & Consulting

❑ Average Occupancy Rate (AOR)

Location and Star Rating	1H 2026	Comparison of 1H 2026/ 1H 2025	Comparison of 1H 2026/ 1H 2019
KL 5-Star Hotel	71.0%	▲ 3.7 pp	▲ 8.1 pp
KL 3- & 4-Star Hotel	70.0%	▲ 2.3 pp	▲ 3.7 pp
OKL 3- & 4-Star Hotel	62.2%	▲ 3.3 pp	▼ 2.1 pp
Serviced Apartment	67.5%	▲ 4.9 pp	▲ 8.6 pp

Abbreviation: pp – percentage point difference
Source: STR and CBRE | WTW Research & Consulting

Hotel occupancy improved across all segments in 1H 2026, reflecting stronger demand conditions. KL 5-star hotels recorded an occupancy rate of 71.0%, while serviced apartments saw the strongest y-o-y improvement, reaching 67.5%.

❑ Average Daily Room Rate (ADR)

Location and Star Rating	1H 2026	Comparison of 1H 2026/ 1H 2025	Comparison of 1H 2026/ 1H 2019
KL 5-Star Hotel	RM705	▼ 2.4%	▲ 17.4%
KL 3- & 4-Star Hotel	RM320	▲ 1.2%	▲ 15.4%
OKL 3- & 4-Star Hotel	RM305	▼ 0.3%	▲ 10.2%
Serviced Apartment	RM385	▼ 2.7%	▲ 29.0%

Source: STR and CBRE | WTW Research & Consulting

Room-rate performance, however, was mixed. While occupancy improved, ADR declined slightly in selected segments, including KL 5-star hotels and serviced apartments. This suggests that operators are focusing on maintaining occupancy and market share, while room-rate growth remains competitive and uneven across the market.

OUTLOOK

The hotel market is expected to remain supported by Visit Malaysia 2026, stronger international connectivity and continued growth in leisure, business and MICE travel. Malaysia recorded around 10.6 million international visitor arrivals in 1Q 2026, up 5.4% y-o-y, with China showing particularly strong growth. This should continue to support room demand, especially in KL and other major gateway markets.

However, competition is expected to intensify as new hotel openings and serviced apartments add to available supply. Room-rate growth may remain uneven as operators compete to maintain occupancy, while higher labour and operating costs could continue to pressure margins. Demand also remains exposed to external risks such as global economic uncertainty, geopolitical developments, airline capacity and currency movements.

Overall, the outlook remains stable to positive. Supply is expected to increase, while occupancy should remain supported by tourism and business travel demand. Room rates are likely to remain relatively stable, with limited near-term growth due to stronger competition.

1H 2026

PROPERTY MARKET PERFORMANCE

Penang

Penang: Residential

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	↔	▲	↔
Txn Value	↔	▼	↔
Price	▲	↔	↔

Abbreviations: e – estimation; Txn – transaction
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

Residential transaction activity in Penang softened in 1H 2026, reflecting more cautious buyer sentiment amid an increasingly selective market environment. Transaction volume declined by 12.4% y-o-y, from 8,197 units in 1H 2025 to 7,180 units in 1H 2026, while transaction value decreased by 9.6%, from RM3.693 billion to RM3.338 billion.

Condominiums, serviced apartments and SOHOs continued to dominate the residential overhang. The number of unsold units increased by 2.5% y-o-y, from 3,243 units in 1H 2025 to 3,325 units in 1H 2026, while the total overhang value declined by 17.9%, from RM2.119 billion to RM1.740 billion over the same period.

New launch activity remained active but selective in 1H 2026, with clear variations by location and product type. On Penang Island, launches were concentrated mainly in high-rise developments, including serviced apartments with compact to medium-sized layouts, supported by accessibility and proximity to established urban amenities.

In Seberang Perai, the launch profile was more diversified, comprising conventional landed housing, townhouses, cluster homes, affordable high-rises and serviced apartments. Landed developments continued to offer comparatively larger living spaces and more accessible price points, catering mainly to owner-occupier demand.

Batu Kawan remained a key mainland high-rise growth area, with several sizeable serviced apartment developments introduced in 1H 2026, supported by ongoing industrial and township development.

Housing provision remained an important component of Penang's development agenda. Under the Penang2030 initiative, the state targets the delivery of 220,000 housing units by 2030. As of June 2026, approximately 180,000 units were reported to be completed, under construction or at various planning stages, leaving around 40,000 units to be realised.

The residential market also received support from the MADANI Home Ownership Campaign, which remained in effect until 31 May 2026. The campaign introduced buyer and developer incentives aimed at supporting homeownership, facilitating property transactions and encouraging the absorption of qualifying unsold properties.

OUTLOOK

Penang's residential market is expected to remain stable but future developments will be selective in 2H 2026, supported by location-driven demand, ongoing housing initiatives and continued interest in appropriately priced and well-positioned developments.

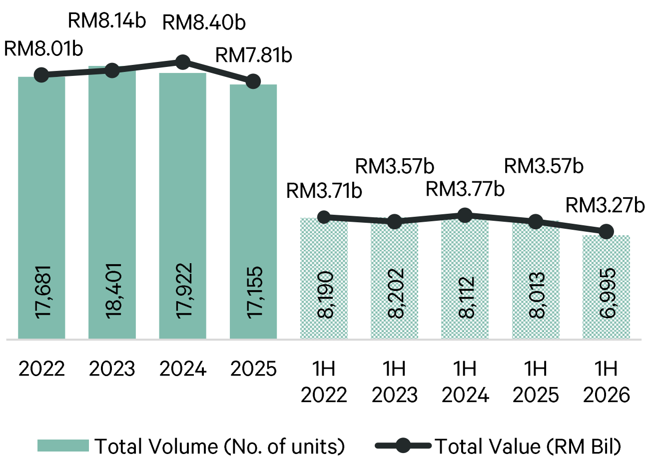
Demand for landed residential properties in Seberang Perai is expected to remain supported by township expansion, comparatively affordable pricing and owner-occupier demand. On Penang Island, the performance of serviced apartments and other high-rise developments will remain dependent on pricing, accessibility, rental prospects and proximity to established amenities.

In Batu Kawan, the absorption of new high-rise supply will depend on pricing, product differentiation, rental market depth and the pace of employment and population growth.

Nevertheless, elevated residential overhang, affordability constraints and cautious buyer sentiment are expected to weigh on selected segments. External uncertainties and rising construction, logistics and material costs may also place pressure on project margins, particularly for mass-market developments with limited pricing flexibility.

Developers are therefore likely to adopt more selective launch, pricing and phasing strategies, with greater emphasis on practical layouts, manageable unit sizes and locations supported by established infrastructure, amenities and employment nodes.

❑ **Residential Transaction**



Source: National Property Information Centre (NAPIC), CBRE | WTW Research & Consulting

Penang: Residential (cont'd)

❑ Selected New Launches in 1H 2026

Landed Properties

Name of Development Tenure	Location	Type	No. of Unit	Land Area (Dimension)	Built-up Area (sq. ft.)	Price (per unit)	Sales Rate
Seberang Perai							
La Casa Ara FH	Tasek Gelugor, SPU	2-TH	266	38' x 50'	1,285 – 1,482	> RM360,000	3%
The Rimbun FH	Bukit Mertajam, SPT	2-TH	664	24.5' x 43'	981 – 1,250	> RM400,000	N/A
Urban Rize FH	Butterworth, SPU	2-TH	39	18' x 95'	2,132 – 2,183	> RM848,000	18%
Taman Himalaya FH	Permatang Pauh, SPT	3-TH	78	20' x 40'	2,077	> RM868,000	0
Villa Ampang FH	Nibong Tebal, SPS	2-TH & Condo	30	22' x 80'	2,090	> RM578,000	N/A
Taman Acacia @ Pearl City FH	Simpang Ampat, SPS	2-TH	95	20' x 60'	1,991 – 2,540	> RM759,000	0
Sutera Kasih @ Setia Fontaines FH	Kepala Batas, SPU	1.5-B, 1.5-SD, 2-SD & 2-Cluster	108	2,239 – 4,252	2,251 – 2,813	> RM1,024,650	0

High-Rise Properties

Name of Development Tenure	Location	Type	No. of Unit	Built-up Area (sq. ft.)	Price (per unit)	Sales Rate
Penang Island						
AVEA FH	Andaman Island	Serviced Apartment	1,080	678 – 1,076	> RM683,000	33%
Keeperz Suites FH	Gelugor	Serviced Apartment	493	484 – 581	> RM832,600	2%
Esenview Residences FH	Batu Maung	Affordable Highrise	484	780 – 880	> RM150,000	11%
The Fount FH	Batu Uban	Condominium	280	945 – 1,420	> RM875,800	6%
M Amaya FH	Batu Maung	Serviced Apartment	833	721 – 1,432	> RM707,250	5%
Seberang Perai						
Villa Ampang FH	Nibong Tebal, SPS	Condominium	111	1,050	> RM375,000	N/A
Sevora FH	Bukit Mertajam, SPT	Affordable Highrise	420	950	> RM380,000	0
ViResidence @ Savantia Valley FH	Batu Kawan, SPS	Serviced Apartment	514	1,000 – 1,250	> RM550,000	18%
Vista Residence FH	Batu Kawan, SPS	Serviced Apartment	1,406	624 – 1,281	> RM518,400	< 1%
Mezon @ AVC FH	Batu Kawan, SPS	Serviced Apartment	602	862 – 1,410	> RM530,000	9%

Abbreviation: FH – freehold; LH – leasehold; N/A – no info available; sq. ft. – square feet; TH – terraced house; B – bungalow; SD – semi-detached; SPU – Seberang Perai Utara, SPT – Seberang Perai Tengah, SPS – Seberang Perai Selatan
Source: Various sources, CBRE | WTW Research & Consulting

Penang: Purpose-Built Office

Sector Performance

	2H 2025	1H 2026	2H 2026 ᵉ
Supply	▲	▲	↔
Occupancy	↔	↔	↔
Rental	▲	▲	▲

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

As at 1H 2026, total existing PBO supply in Penang stood at 10.83 million sq. ft., comprising 8.31 million sq. ft. on Penang Island and 2.52 million sq. ft. in Seberang Perai.

The completion of Ideal GBS @ Penang Airport (0.23 million sq. ft.) and The Light Exchange (0.18 million sq. ft.) added approximately 0.41 million sq. ft. of NLA to the stock. The Light Exchange recorded an estimated occupancy rate of approximately 80%, while Ideal GBS @ Penang Airport was 85% pre-leased prior to completion, reflecting continued demand for quality office space from Global Business Services (GBS) and technology-related occupiers.

Three office buildings remain in the pipeline, namely Capstone Corporate Suites (approx. 0.79 million sq. ft.), GBS @ Technoplex (approx. 0.40 million sq. ft.) and The Coast (approx. 0.40 million sq. ft.), all expected to enter the market over the medium term. GBS @ Technoplex has recorded approximately 20% registered interest to date.

The overall occupancy rate of PBOs stood at approximately 83% on Penang Island and 76% in Seberang Perai, with an overall occupancy rate of nearly 82% across Penang State.

Leasing activity reflected steady demand, with several tenant movements. Efinix, an FPGA and edge AI company, opened its new office at Ideal GBS @ Penang Airport, expanding its R&D operations after more than a decade in Penang. Quanterm Logistics also opened its new Penang office at Menara Boustead Penang. In addition, PE Land has committed to occupy 35,000 sq. ft. at the upcoming Capstone Corporate Suites to house its group regional office.

Monthly gross rentals for existing PBOs on Penang Island ranged between RM2.60 and RM5.50 per sq. ft. Prime PBOs in the south-eastern part of the island commanded higher rentals of RM4.00 to RM5.50 per sq. ft., while new prime PBOs are being marketed at asking rates of up to RM7.00 per sq. ft. per month.

In the co-working segment, The Hive Seafront at Jalan Sultan Ahmad Shah, Georgetown, commenced operations in January 2026. Operated by The Flexi Group, the operator of Common Ground, the facility represents the group's second co-working space on Penang Island.

The approximately 15,000 sq. ft. facility occupies a restored 1920s heritage building and can accommodate up to 250 members. The co-working space offers hot desks, dedicated desks, private offices, and meeting rooms, with membership plans starting from RM499 per month.

OUTLOOK

The Penang purpose-built office (PBO) market is expected to remain resilient in the near term, with occupier demand focused on prime, high-specification and digitally enabled buildings suitable for Global Business Services (GBS), technology and corporate occupiers.

Penang's established semiconductor manufacturing ecosystem, together with the continued development of its integrated circuit design, research and development, and GBS sectors, is expected to provide underlying support for office demand. Nevertheless, occupier expansion and relocation decisions will remain influenced by global economic and geopolitical conditions, talent availability and overall business confidence.

The completion of new prime PBOs and future pipeline developments is expected to establish higher rental benchmarks for higher-quality office space. However, rental growth across the wider market is likely to remain measured as new supply increases occupier choice and competition among landlords.

The co-working segment may also expand gradually, supported by demand from start-ups, project teams, smaller businesses and corporations seeking flexible lease arrangements. Further growth will, however, depend on occupier take-up and the successful entry or expansion of workspace operators in Penang.

Ideal GBS @ Penang Airport

Penang: Purpose-Built Retail

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	↔	↔
Occupancy	↔	↔	↔
Rental	↔	↔	▲

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

Retail stock in Penang State stood at approximately 21.06 million sq. ft., comprising 11.98 million sq. ft. on Penang Island and 9.08 million sq. ft. in Seberang Perai.

The completion of The Waterfront Shoppes @ The Light Waterfront added approximately 0.68 million sq. ft. to Penang Island's retail stock. The mall is scheduled for a soft opening in October 2026.

The future retail pipeline remains limited, comprising Gem Megamall in Seberang Perai, with approximately 1.20 million sq. ft. NLA, and the proposed mall component within Penang International Commercial City (PICC) on Penang Island. Both developments remain at the planning stage.

The overall occupancy rate for retail malls in Penang State stood at 70%, comprising 76% on Penang Island and 63% in Seberang Perai. Prime shopping malls, including Queensbay Mall, Gurney Plaza, Gurney Paragon Mall and Sunway Carnival Mall, maintained occupancy rates of approximately 85% to 99%, supported by established catchments and resilient tenant demand. In contrast, secondary malls continued to face challenges in attracting footfall and sustaining tenant demand.

As of 2Q 2026, REIT-managed malls recorded revenue growth. Gross revenue at Gurney Plaza and Queensbay Mall increased by 1.4% and 2.4% y-o-y to RM41.32 million and RM31.80 million, respectively, while Sunway Carnival Mall recorded stronger y-o-y growth of 34%, reaching RM29.34 million. Festive-period spending likely supported retail activity, particularly in the F&B, fashion and lifestyle segments.

Major malls continued to refresh their tenant mix through the introduction of new-to-market brands such as Pop Mart, Top Toy and ISEIGUR, aligning their offerings with evolving consumer preferences. Retailers continued to favour malls with established footfall and differentiated offerings.

While retail market fundamentals remained stable, ongoing geopolitical tensions and associated cost pressures have raised concerns over inflation. These factors may affect consumer spending, particularly within non-essential retail categories.

OUTLOOK

Retail market activity is expected to remain stable, supported by newly completed retail space that will broaden Penang's retail offering and strengthen the appeal of key retail and lifestyle destinations.

Tourism-related spending is expected to provide underlying support to retail activity, aided by the nationwide Visit Malaysia 2026 campaign and visa exemption arrangements for selected source markets. However, the extent of the benefit will depend on actual tourist arrivals and expenditure in Penang. Ongoing geopolitical tensions, higher travel costs and cautious consumer sentiment may continue to moderate discretionary spending.

Overall occupancy is expected to recover gradually as recently completed developments progress through tenant absorption and operational stabilisation. However, market performance is likely to remain uneven, with established prime malls continuing to outperform newer and secondary retail developments.

❑ **Future Supply in Penang**

Development Name	Location/ Zone	Net Lettable Area	Developer
Gem Megamall	Seberang Perai	Approx. 1.20 million sq. ft.	Belleview Group
Proposed shopping mall at PICC	Penang Island	Planning stage	Hunza Group

Source: CBRE | WTW Research & Consulting

❑ **Notable New Tenants in Selected Prime Retail Malls, 1H 2026**

Retail Mall	Tenant
Gurney Plaza	Long Jing, Cinnabon, Every Wear, Pop Mart, Running Lab
Gurney Paragon Mall	ISEIGUR
1st Avenue Mall	Panda Eyes, Elixir De Luxe, Top Toy, Elgini, Info Trek x Quorse, Rest N Go Premium Outlet
Sunshine Central Mall	Lucky Cup, Cincau King, Viet Garden, Lu Brayzie
Queensbay Mall	So Do Fun, Zok Noodle, ChaPanda, Mr. DIY
Sunway Carnival Mall	Shabu-Yo, Hongyee, Four Spoons, Tang Tea, Osmanli Oud, Pop Mart, Decathlon
Design Village Outlet Mall	Giordano, Eichi Too, 361 Outlet, Denim Fever

Source: CBRE | WTW Research & Consulting

Penang: Industrial

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	▲	▲
Occupancy	↔	↔	↔
Rental	▲	▲	▲

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

Penang's industrial sector continued to demonstrate resilience during the first half of 2026, supported by sustained demand from the electrical and electronics (E&E) and semiconductor industries, ongoing expansion in logistics activities, and continued investment interest from both foreign and domestic investors.

Penang maintained its position as one of Malaysia's leading manufacturing destinations in 1Q 2026, attracting RM4.94 billion in approved manufacturing investments and ranking second nationwide. Investment activity was primarily driven by the electrical & electronics (E&E) and machinery & equipment sectors, which accounted for RM3.60 billion or 73% of total approvals. Although the overall investment value moderated from RM6.74 billion in 1Q 2025, investment activity remained robust, with the number of approved projects increasing significantly to 99 from 36 in the corresponding period a year earlier. Foreign direct investment (FDI) remained a significant contributor, amounting to RM3.44 billion or 70% of total approved investments, reflecting continued confidence in Penang's well-established manufacturing and industrial ecosystem.

Notable industrial investment announcements include:

- AIXTRON SE, a leading Germany-headquartered provider of deposition equipment to the semiconductor industry, announced the establishment of a new greenfield manufacturing facility on an 8.5-acre site at Bandar Cassia Technology Park (BCTP).

Complementing the strong investment pipeline, several notable industrial facilities commenced operations in Penang, reflecting sustained investment momentum across both established and emerging industrial locations.

Notable operational commencements include:

- Syntiant Corp., a global provider of low-power artificial intelligence (AI) solutions, officially opened its new manufacturing and research and development campus in Prai Industrial Park. The 220,000 sq. ft. facility supports a workforce of up to 800 employees and features advanced MEMS processing, IC preparation, and test and assembly capabilities.
- Congatec, one of the global leaders in embedded and edge computing technology, established its new subsidiary, Congatec Asia Embedded Design Sdn Bhd, in Prai Industrial Park.
- Chipbond Technology Corp., a leading global provider of semiconductor packaging and testing services, opened a new advanced facility in Valdor Industrial Park, representing an approximately RM800 million investment.
- TECO Group, through its subsidiary TECOBAR, opened its new RM46 million armoured busway manufacturing facility in Prai Industrial Park.
- Winner Sky Technology Malaysia Sdn Bhd commenced operations at its second facility in Batu Kawan Industrial Park, tripling its production footprint as part of a total investment commitment of RM70 million over five years.
- Galatek Technologies, a global provider of AI-enabled automation, semiconductor equipment and life science technologies, invested approximately RM9.4 million in its first manufacturing, assembly and delivery facility in Malaysia at Prai Industrial Park.
- MKS Inc. officially opened its MKS SuperCenter Factory at Bandar Cassia Technology Park, developed on a 17-acre site with approximately 350,000 sq. ft. of built-up space and an investment exceeding RM400 million, expected to create more than 1,000 jobs upon full completion.

The industrial development pipeline remains active across Penang, supported by ongoing expansion in Seberang Perai as well as the longer-term development of Penang Silicon Island situated off the southern coast of Penang Island. While mainland industrial parks continue to cater to immediate demand for manufacturing and logistics facilities, the proposed Green Tech Park on Silicon Island is expected to provide a significant source of future industrial land supply, offering opportunities for advanced manufacturing, semiconductor-related operations and technology-oriented investments.

❑ **Major Ongoing Industrial Parks**

Project Name	Total Area (Acres)
Bandar Cassia Technology Park	382
Batu Kawan Industrial Park 3	623
Penang Science Park South	174
Penang Technology Park @ Bertam	880
Northern TechValley @ BKE	176
Green Tech Park (Penang Silicon Island)	Phase 1: 100 Remaining: 600

Source: CBRE | WTW Research & Consulting

As of June 2026, approximately 400 acres (17%) of the Penang Silicon Island (PSI) project has been successfully reclaimed. The master developer, Silicon Island Development (SID), has unveiled Phase 1 of the 99-year leasehold Green Tech Park (700 acres). The first phase of land development is on track to accommodate the construction of the initial factories in 2027, with operations expected to commence as early as 2028.

Penang: Industrial (cont'd)

Other major industrial parks in the pipeline include:

- Setia Fontaines Industrial Park, a 509-acre development in Seberang Perai Utara, broke ground in June 2026.
- The Penang Development Corporation (PDC) was reported to be taking full control of the development of Batu Kawan Industrial Park 2 (BKIP2), approximately 1,300 acres of land in phases, following the earlier closure of the RFP process for the 559-acre Byram–Changkat parcel.

The Penang International Logistics Aeropark (PILA), a joint venture between the Penang Development Corporation (PDC) and Malaysia Airports Holdings Berhad (MAHB), has entered the implementation phase following planning approval. Scheduled to commence operations by 2029, the project is expected to enhance Penang's logistics ecosystem and support the continued growth of its semiconductor and advanced manufacturing industries. Upon full development, PILA is projected to handle up to 500,000 tonnes of cargo annually by 2050 and provide over 2 million sq. ft. of warehouse space.

Asking prices for industrial land in selected newer PDC parks in Seberang Perai, held on 60-year leasehold tenure, generally ranged from RM70 to RM105 per sq. ft., while Penang Technology Park @ Bertam, held on freehold tenure, carried asking prices of RM85 to RM95 per sq. ft.

Industrial space rental rates varied by location and specification, ranging between RM1.30 and RM3.50 per sq. ft. per month in Seberang Perai and RM2.50 and RM4.50 per sq. ft. per month in Bayan Lepas.

According to NAPIC, Penang's existing industrial property stock totalled 10,117 units as at 1H 2026. Penang's future industrial supply consisted entirely of incoming supply, totalling 403 units, with no planned supply recorded.

In 1H 2026, Penang registered 279 transactions worth RM1,141.01 million, compared with 214 transactions and RM865.76 million in 1H 2025, representing growth of approximately 30.4% in volume and 31.8% in value.

Notable recent transactions include:

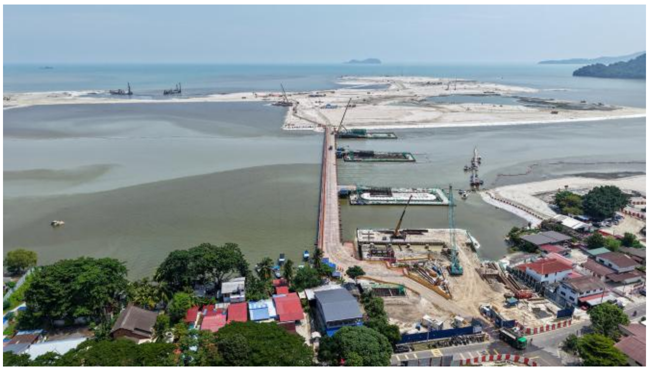
- SkyGate Solutions Bhd's (SkyGate) wholly-owned subsidiary, SkyGate Properties Sdn Bhd, acquired 100% equity interest in Dahlia Cemerlang Sdn Bhd, owner of an industrial complex on an 8.15 acres parcel of 60-year leasehold land in Prai Industrial Park, for RM75.9 million.
- UMediC Group Bhd, through its wholly-owned subsidiary UWHM Sdn Bhd, leased a 3.06 acres industrial land parcel in Batu Kawan Industrial Park 3 for 60 years from PDC at RM11.3 million (analysed at RM85 per sq. ft.).
- Karya Koperat Sdn Bhd, a wholly-owned subsidiary of ARK Resources Berhad, purchased three adjoining parcels of vacant industrial land totalling 26.45 acres in Pulau Jerejak from Boustead Penang Shipyard Sdn Bhd for RM28.0 million (analysed at RM24 per sq. ft.).
- UWC Industrial Sdn Bhd, a wholly-owned subsidiary of UWC Berhad, acquired a 1.65 acres parcel of 60-year leasehold industrial land with office and warehouse buildings in Batu Kawan Industrial Park from Ee-Lian Enterprise (M) Sdn Bhd for RM13.0 million.
- Coraza Integrated Technology Berhad, through its wholly-owned subsidiary, Coraza Systems Malaysia Sdn Bhd, acquired a 2.14 acres parcel of freehold land and a single-storey factory with an attached two-storey office building in Bukit Panchor Industrial Park from GB Plas Colours Sdn Bhd for RM13.5 million.
- Trilight Optics (Malaysia) Sdn Bhd purchased two parcels of industrial land totalling 6.31 acres with a 33kV electrical system and substation in Prai Industrial Park from YLI Holdings Bhd's wholly-owned subsidiary Yew Lean Foundry & Co Sdn Bhd for RM28.5 million.
- MTrustee Berhad, on behalf of Hektar REIT, completed a sale and leaseback of a Bayan Lepas factory property on a 1.89 acres parcel of land from Microlead Precision Technology Sdn Bhd for RM30.0 million.

OUTLOOK

Penang's industrial property sector is expected to maintain steady investment momentum, particularly in high-value manufacturing segments such as E&E and semiconductors. This reflects continued interest from multinational investors despite prevailing global trade uncertainties.

Prices and rentals in both established and newly completed industrial parks are projected to improve, supported by limited ready-built supply and better building specifications.

The progressive delivery of new major industrial parks across Seberang Perai, together with the longer-term Penang Silicon Island industrial area, presents opportunities for both new investments and reinvestments. However, stakeholders should remain vigilant amid global economic headwinds, geopolitical tensions, and evolving local policies to ensure balanced and sustainable growth.



Penang Silicon Island

Note: Penang Silicon Island site progress as of June 2026.
Source: CBRE | WTW Research & Consulting

Penang: Hotel

Sector Performance

	2H 2025	1H 2026	2H 2026 [e]
Supply	▲	▲	▲
AOR	↔	↔	↔
ADR	↔	▲	↔

Abbreviation: e – estimation; AOR – Average Occupancy Rate;
ADR – Average Daily Room Rate
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

During the first half of 2026, Penang's hotel market remained resilient, supported by healthy tourism demand and improving domestic and international air connectivity.

No new hotel completions were recorded in 1Q 2026. In May 2026, the 248-room Capri by Fraser, Penang commenced operations in George Town. As of 1H 2026, Penang's 3- to 5-star hotel supply stood at 72 hotels offering 17,018 rooms, comprising 58 hotels on Penang Island and 14 in Seberang Perai.

The development pipeline comprised approximately 13 projects with 2,983 rooms, including internationally recognised brands such as JdV by Hyatt, Le Méridien, Westin and Wyndham, which are expected to enhance Penang's hotel positioning. Separately, the existing 282-room Bertam Resort & Water Park Penang is scheduled to be rebranded as The Bertam, Penang, a Tribute Portfolio Hotel under Marriott International in 4Q 2026. The repositioning will strengthen Seberang Perai's branded hotel offering without materially increasing overall room supply.

Penang recorded approximately 2.17 million hotel guests in 1Q 2026, up around 11% y-o-y, comprising 1.21 million domestic and 0.97 million international guests. This placed Penang among Malaysia's five largest hotel guest markets during the quarter.

Between January and June 2026, the performance of selected 3- to 5-star hotels on Penang Island remained generally stable, although occupancy softened across both beach and city hotels.

Beach hotel occupancy eased to 65% from 67% in 1H 2025, while the average daily rate increased by approximately 8% to RM471 from RM436.

City hotel occupancy declined to 61% from 64%, while the average daily rate rose moderately to RM309 from RM300. Overall, beach hotels demonstrated stronger rate resilience, while city hotels faced more competitive and price-sensitive market conditions.

Air connectivity strengthened through new direct services to Shanghai, Guangzhou, Qingdao and Chongqing, supporting international leisure and business travel, particularly from China.

Penang International Airport recorded approximately 2.19 million passenger movements in 1Q 2026, up around 10% from 1.99 million a year earlier. Its expansion and upgrading works are targeted for completion in 2028, increasing annual passenger-handling capacity from 6.50 million to approximately 12 million.

OUTLOOK

Penang's hotel market is expected to remain resilient in 2H 2026, supported by improving international connectivity, established tourism demand and Visit Malaysia 2026. Performance may nevertheless vary by location and segment amid softer domestic aviation demand, rising operating costs and changing travel patterns.

Incoming supply is expected to intensify competition, particularly within the upscale and internationally branded segments. Operators will need to strengthen brand positioning, service differentiation, distribution and revenue management. Occupancy may also face short-term pressure if room supply expands faster than demand, particularly among older or less differentiated hotels.

Nevertheless, Penang's diversified tourism appeal, strengthening international connectivity and ongoing airport upgrades should continue to support the market. Future performance will depend on the pace of supply absorption, airline capacity, regional economic conditions and international tourism growth.

❑ **Notable Incoming Hotels in Penang**

Hotel Name	No. of Rooms
2026	
HARRIS Hotel & Conventions Sunshine Penang	284
JdV by Hyatt The Light City Hotel	156
Galaxy Minyoun Penang The Light City Hotel	303
2027	
Hompton Air-Port@Bayan Lepas	293
Le Méridien Penang Airport	200
Citadines Batu Maung Penang	200
Sunway Hotel Seberang Jaya (New)	192
2028	
Oakwood Hotel & Apartment Batu Maung	204
Wyndham Garden Penang World City	408
Ascott Residences Batu Ferringhi Penang	99
2029	
Westin Hotel, Penang	217
Penang Marriott Hotel Queens Waterfront	262
TBC	
Proposed Hotel along Jalan Anson	165

Source: CBRE | WTW Research & Consulting

CBRE | WTW

1H 2026

PROPERTY MARKET PERFORMANCE

Iskandar Malaysia

(Johor Bahru | Kulai | Pontian)

Iskandar Malaysia: Residential

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	▲	▲
Txn Value	▼	▼	↔
Price	↔	▼	↔

Abbreviations: e – estimation; Txn – transaction
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

Residential market activity in Iskandar Malaysia moderated in 1H 2026. Supply continued to expand despite softer transaction activity. Landed residential stock increased by 2.9% y-o-y to 468,894 units, while high-rise stock rose by 1.1% to 260,342 units. The increase in supply, alongside weaker transactions, suggests that the pace of absorption will be an important factor to monitor over the remainder of 2026.

❑ Key Indicators

Overall	1H 2026	1H 2025	y-o-y
Supply	729,236	713,423	▲ 2.2%
Txn Volume	13,391	14,520	▼ 7.8%
Txn Value	RM7.99 billion	RM8.93 billion	▼ 10.6%
Avg. Txn Value	RM0.60 million	RM0.62 million	▼ 3.0%
Overhang	12,276	11,661	▲ 5.3%
Landed	**1H 2026**	**1H 2025**	**y-o-y**
Supply	468,894	455,875	▲ 2.9%
Txn Volume	9,500	10,227	▼ 7.1%
Txn Value	RM6.13 billion	RM6.92 billion	▼ 11.4%
Avg. Txn Value	RM0.65 million	RM0.68 million	▼ 4.6%
Overhang	1,304	956	▲ 36.4%
High-Rise	**1H 2026**	**1H 2025**	**y-o-y**
Supply	260,342	257,548	▲ 1.1%
Txn Volume	3,891	4,293	▼ 9.4%
Txn Value	RM1.86 billion	RM2.01 billion	▼ 7.9%
Avg. Txn Value	RM0.48 million	RM0.47 million	▲ 1.6%
Overhang	10,972	10,705	▲ 2.5%

Abbreviation: Txn – transaction; Avg. – average; y-o-y – year-on-year
Source: National Property Information Centre (NAPIC), CBRE | WTW Research & Consulting

The average transacted price across Iskandar Malaysia declined by 3.0% to RM596,557. Landed homes averaged RM645,529, while high-rise units averaged RM476,991. However, this should not necessarily be interpreted as a broad decline in property values. Malaysia's House Price Index increased by 1.7% over the same period, suggesting that the lower average transaction price may partly reflect a greater share of lower-priced properties being transacted.

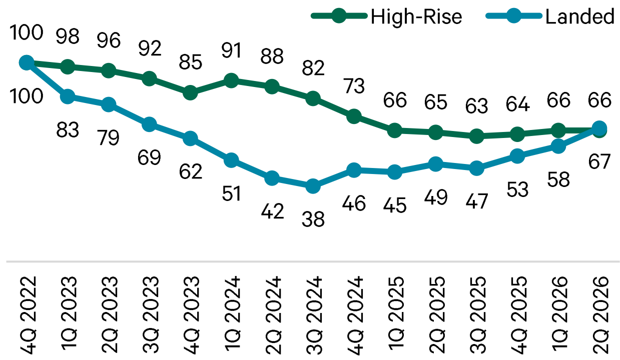
This trend was visible across both residential segments. Within the high-rise market, serviced apartment transactions declined by 11.3%, while condominium and apartment transactions fell by 23.3%. In contrast, transactions of flats increased by 36.0%, while low-cost flats rose by 10.5%.

A similar pattern was seen in the landed segment. Transactions of 2–3 storey terraces declined by 17.0% and detached homes by 0.9%. Meanwhile, single-storey terrace transactions increased by 11.9%, while cluster housing rose by 13.6%. Together with a national housing loan approval ratio of approximately 40.6% as at March 2026, the data indicates that buyers remain active but are becoming more price-sensitive, with stronger demand concentrated in relatively affordable housing segments.

Performance also varied by district. JB recorded the largest decline, with residential transaction volume excluding serviced apartments falling by 9.3% and transaction value by 14.7%. Pontian recorded a marginal decline of 0.2% in volume, while value rose by 7.7%.

Kulai was comparatively more resilient. Transaction volume rose by 4.2% and transaction value by 8.1% (average RM509,633). It was the only district within Iskandar Malaysia where both transaction volume and value increased rather than falling materially. This may partly reflect housing demand supported by employment growth and industrial development within the Kulai–Sedenak corridor.

❑ Overhang Index in Iskandar Malaysia (4Q 2022 =100)



Note: Overhang remains below 4Q 2022 levels, although landed residential has recorded a notable build-up since 3Q 2024, while high-rise overhang has broadly stabilised.
Source: National Property Information Centre (NAPIC), CBRE | WTW Research & Consulting

Residential overhang in Iskandar Malaysia stood at 12,276 units in 1H 2026, representing a 5.3% y-o-y increase. However, the headline figure should be viewed in context, as serviced apartments accounted for approximately 80% of total overhang. The indexed chart, with 4Q 2022 set at 100, helps illustrate how each component has changed over time regardless of its absolute size. For example, an index reading of 31 indicates that the overhang has fallen by 69% from the base quarter.

Overall, the recent increase in overhang does not indicate a broad-based deterioration across the residential market. The main inventory pressure remains concentrated in serviced apartments, while the overhang for conventional residential properties is smaller and has generally improved from earlier levels.

Iskandar Malaysia: Residential (cont'd)

OUTLOOK

High-rise supply is expected to increase more noticeably in the second half of 2026, with none of the six identified schemes scheduled for completion in 1H 2026.

Major upcoming projects include Centro Residences, with 2,432 units scheduled for 3Q 2026, and Aville Residence, with 1,046 units expected in 4Q 2026.

Around 5,042 serviced apartment units are expected to enter the market at a time when serviced apartment transactions have declined by 11.3% y-o-y. This could place further pressure on inventory and absorption.

Nevertheless, much of the incoming supply is priced between RM157,000 and RM604,000, below the RM800,000–RM900,000 price range where a large share of existing overhang is concentrated. The relatively lower pricing may support better absorption compared with older unsold stock.

For the landed segment, demand is expected to remain relatively stable, although affordability will continue to influence purchasing decisions. Completed units priced below RM800,000 recorded a take-up rate of 91.5%, compared with 79.3% for units priced between RM800,000 and RM1.5 million. This suggests that demand remains stronger within the more affordable price range.

Developers are also responding to this trend. About 62.1% of newly launched serviced apartment units are within schemes priced entirely below RM1 million, indicating greater emphasis on affordability.

A key project to monitor is Arden @ One Bukit Senyum, launched at an indicative RM1,353 to RM1,456 per sq. ft. Its sales performance will provide an indication of buyers' willingness to pay a premium for proximity to the RTS Link, particularly as operations are expected to begin in early 2027.

Kulai is expected to remain relatively resilient, supported by expanding industrial and employment activity associated with the Johor–Singapore Special Economic Zone. Its performance in 1H 2026, when it recorded the strongest growth in residential transaction value among the three districts, provides an early indication of this demand support.

Iskandar Malaysia: Purpose-Built Office

Sector Performance

	2H 2025	1H 2026	2H 2026 ^{e}
Supply	↔	↔	↔
Occupancy	▲	▲	▲
Rental	↔	↔	▲

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

As of 1H 2026, the cumulative supply of purpose-built offices in Iskandar Malaysia remained unchanged at 6.86 million sq. ft. Despite the absence of new supply, market performance improved modestly, with the vacancy rate easing from 45.0% in 1H 2025 to 44.0% in 1H 2026. The gradual improvement reflected continued absorption of existing office space, supported by leasing activity in better-quality office developments and improving occupier sentiment.

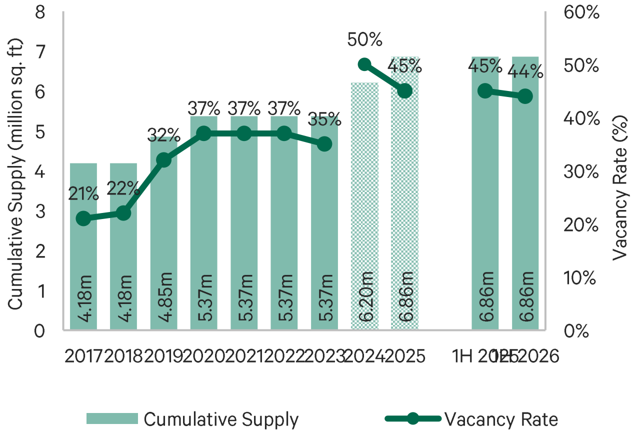
Leasing activity remained concentrated in higher-quality office buildings, with notable absorption recorded at MVS North Tower, MVS South Tower and Menara IIB. Demand was supported by professional services firms such as Grant Thornton and PwC, alongside a broader occupier mix comprising aesthetic clinics, bridal galleries and flexible workspace operators. The expansion of Co-labs and INFINITY8 also reflected continued demand for flexible workplace solutions.

Asking rents remained resilient in 1H 2026, particularly for well-located Grade A office developments. Premium Grade A offices generally recorded asking rents ranging from RM4.00 to RM6.00 per sq. ft., while offices in Medini ranged between RM2.40 and RM5.10 per sq. ft. Recent Grade A transactions in Medini reached approximately RM5.00 per sq. ft. Transacted rentals remained broadly stable due to competitive leasing conditions and the relatively high level of available office space.

Looking ahead, future supply is expected to include developments such as Menara MX within Medini CBD. Medini 10 remains under observation pending further updates on its development status. Tropicana Corporation's Lido Waterfront Boulevard is also expected to introduce approximately 1.19 million sq. ft. of Grade A office space.

Demand is expected to be supported by increasing cross-border business activity and occupiers' continued preference for modern Grade A offices. These trends could further strengthen Johor Bahru's role as a regional business location and support the development of its office market across both the established City Area and emerging suburban business nodes.

❑ **Supply and Vacancy Rate in Iskandar Malaysia**



Source: CBRE | WTW Research & Consulting

OUTLOOK

Iskandar Malaysia's office market is expected to remain on a gradual recovery path, supported by stronger cross-border connectivity, continued investment activity and improving business sentiment. The implementation of the Johor–Singapore Special Economic Zone (JS-SEZ) and the upcoming Rapid Transit System (RTS) Link are expected to improve Johor's connectivity with Singapore and strengthen its appeal to regional and Singapore-linked businesses.

Office demand is expected to remain focused on modern and well-located buildings. Occupiers are increasingly placing greater emphasis on building specifications, sustainability features, accessibility and flexible workplace solutions. Grade A offices that meet these requirements are therefore expected to remain better positioned to attract and retain tenants.

However, the market is likely to remain favourable to tenants due to the relatively high vacancy rate and competitive supply environment. Older and less competitive buildings, particularly those lacking modern facilities, sustainability features or flexible leasing options, may continue to face pressure on occupancy and rental performance.

Landlords may therefore need to undertake building upgrades, improve amenities and offer more flexible leasing packages to remain competitive.

Overall, Iskandar Malaysia's office market is expected to record steady but gradual improvement. Future performance will be increasingly influenced by building quality, location, connectivity and the ability to meet changing occupier requirements.

Iskandar Malaysia: Purpose-Built Retail

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▼	▼	▲
Occupancy	↔	▼	↔
Rental	↔	↔	↔

Abbreviation: e – estimation
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

As of 1H 2026, the total supply of purpose-built retail space in Iskandar Malaysia declined from approximately 18.56 million sq. ft. in 1H 2025 to 18.13 million sq. ft. The decline was mainly due to the closure and demolition of Plaza Sentosa for a proposed mixed-use redevelopment. This was partly offset by the opening of SKS City Mall in May 2026, which added approximately 281,125 sq. ft. of retail space and is directly connected to Sheraton Johor Bahru.

The overall retail occupancy rate eased slightly from 75% in 1H 2025 to 74% in 1H 2026. This was partly due to new supply entering the market and ongoing upgrading works at selected malls. Nevertheless, established and well-positioned malls continued to perform relatively well.

Mid Valley Southkey achieved full occupancy as of June 2026. Other established malls, including AEON Tebrau City and Paradigm Mall Johor Bahru, continued to maintain occupancy levels of above 80%. This reflects sustained demand for malls with good accessibility, established surrounding catchments and a relevant mix of retail, F&B and lifestyle offerings.

Retail activity during 1H 2026 was also supported by ongoing asset enhancement and repositioning initiatives. Johor Bahru City Square commenced a phased refurbishment, while KIP Mall Tampoi completed its upgrading works and reopened in February 2026 with improved facilities and a refreshed tenant mix. Capital City Mall also entered a reactivation phase, with renovation and fit-out works for Mustafa Centre commencing in April 2026.

Recent and upcoming developments also point to greater focus on neighbourhood and community-based retail. These malls are generally designed to serve nearby residential catchments, with an emphasis on grocery, F&B, daily services and family-oriented offerings. Horizon Mall, for example, is positioned as a neighbourhood lifestyle mall serving Horizon Hills and the surrounding areas.

However, the performance of these smaller retail centres will depend on the size and spending profile of their surrounding population, accessibility, tenant mix and their ability to differentiate from nearby competing malls.

Cross-border visitors remained an important driver of retail activity, particularly for city-centre malls and commercial developments with convenient access to the Causeway. Johor recorded approximately 6.08 million visitor arrivals between January and March 2026, slightly higher than 5.96 million during the same period in 2025.

Singapore remained the largest source market, contributing approximately 4.70 million visitors, or around 77% of total arrivals. The sustained flow of visitors continued to support spending on shopping, F&B, entertainment and other lifestyle activities across Johor Bahru.

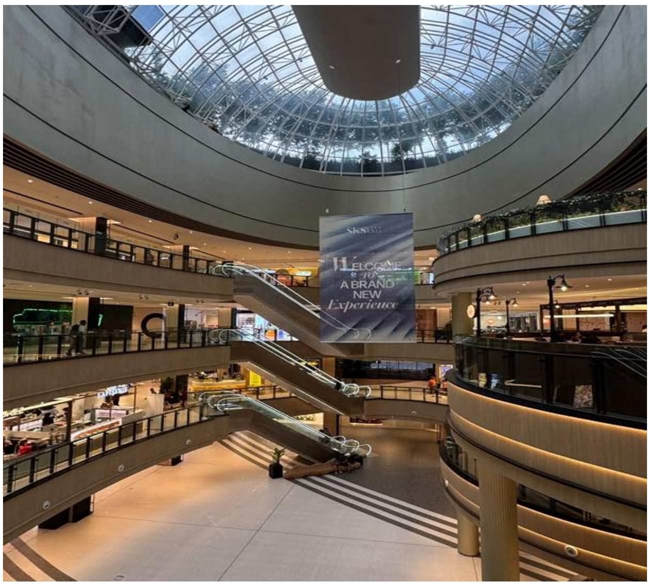
OUTLOOK

The retail outlook for Iskandar Malaysia remains broadly positive for 2H 2026, supported by sustained cross-border visitation, the Visit Johor 2026 campaign and continued tenant expansion within established malls. Prime malls are expected to maintain healthy shopper traffic, while well-managed suburban and neighbourhood malls with strong convenience and daily-needs offerings should remain resilient.

Horizon Mall is expected to commence operations by the end of 2026, adding approximately 150,000 sq. ft. of retail space. Confirmed retailers include Village Grocer, CHAGEE, Padi House, ChaTraMue and Jungle Gym, reflecting its positioning as a neighbourhood and lifestyle-focused mall.

The expected commencement of RTS Link operations in December 2026, together with longer-term growth from the Johor–Singapore Special Economic Zone, is expected to support visitor flows, employment and retail demand.

Nevertheless, new and reactivated retail supply may increase competition for both tenants and shoppers. Mall performance will increasingly depend on clear market positioning, a relevant tenant mix and the ability to offer a differentiated shopping experience.



SKS City Mall
Source: CBRE | WTW Research & Consulting

Iskandar Malaysia Industrial & Logistics

Sector Performance

	2H 2025	1H 2026	2H 2026 [e]
Supply	▲	▲	▲
Occupancy	↔	▲	▲
Rental	↔	▲	▲

Abbreviations: e – estimation; Txn – transaction
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

The Johor–Singapore Special Economic Zone (JS-SEZ) continued to transition from its initial establishment stage into the implementation phase during 1H 2026. This supported further investment in industrial development, logistics, advanced manufacturing and digital infrastructure, while strengthening Johor's position as a regional and cross-border investment destination.

Johor recorded approximately RM16.94 billion in approved investments in 1Q 2026, down 44.8% from RM30.68 billion in 1Q 2025. The number of approved projects also declined from 373 to 191. However, the average investment value per project increased slightly. Foreign investments remained the main contributor at RM13.15 billion, while domestic investments were broadly stable at RM3.79 billion.

As of 1H 2026, Johor's industrial property supply increased by 0.9% y-o-y to 19,706 units compared to previous period at 19,533 units. Demand continued to be supported by data centres, semiconductors, advanced manufacturing, automotive and aerospace activities, logistics operations and the expansion of Singapore-linked businesses into Johor.

Major Industrial Developments and Activities

Johor continued to attract a broad range of industrial investments during 1H 2026, particularly in advanced manufacturing, semiconductors, automotive, logistics and related high-technology sectors. Key developments included:

- The introduction of Eco Business Park 8 within the JS-SEZ.
- The commencement of Lincotec Technology Malaysia's advanced semiconductor facility at Senai Airport City Free Zone.
- An approximately RM148.42 million infrastructure contract for Southern Ibrahim Technopolis in Kulai.
- The development of the 47-acre PGB-GSP AutoPark in Iskandar Puteri, with an estimated development value of RM1.50 billion.
- IJM Land and Southern Catalyst's proposed 307-acre industrial and commercial development, with an estimated gross development value of RM1.96 billion.
- The launch of Nexus Sedenak, a 2,940-acre integrated industrial, innovation and supply-chain district with an estimated gross development value of RM15 billion.

Major Industrial Land and Property Transactions

Industrial land transactions remained active, particularly for sites with sufficient power, water and telecommunications infrastructure. Major transactions included:

- EcoWorld's cumulative industrial land sales to data centre operators reached approximately RM907 million over two years, including the disposal of the remaining QUANTUM Edge parcels in Kulai for approximately RM280.80 million.
- Paragon Globe's proposed disposal of land in Tanjung Kupang to DayOne Data Centers Malaysia for approximately RM398.11 million.
- AME Elite's acquisition of two industrial land parcels in Senai for approximately RM101.18 million.
- SDS Group's acquisition of approximately 35.40 acres in JB for RM101.70 million for a new manufacturing facility.

These transactions reflect sustained demand for large, infrastructure-ready industrial sites with good access to major expressways, airports, ports and established industrial clusters.

Data Centre Development

Data centre development remained one of the key drivers of Johor's industrial market during 1H 2026. Growth continued to be supported by Johor's proximity to Singapore, availability of large industrial sites and expanding digital infrastructure.

Major developments included AirTrunk's proposed RM12 billion investment in two additional hyperscale campuses, Racks Central's planned 510 MW campus, TM Nxera's AI-ready facility in Iskandar Puteri and Alibaba Cloud's second Malaysian cloud region in Johor. The continued expansion of the data centre sector is also expected to generate demand from supporting technology, engineering, construction and supply-chain businesses.

OUTLOOK

Johor's industrial and logistics market is expected to remain resilient in 2H 2026, supported by the continued implementation of the JS-SEZ and investment in data centres, advanced manufacturing, automotive, semiconductors and logistics. Demand is expected to remain concentrated in established industrial locations with good connectivity to major expressways, ports, airports and Singapore. Infrastructure availability will also become increasingly important, particularly for power-intensive industries such as data centres and advanced manufacturing.

Investors and occupiers are expected to become more selective, favouring industrial properties with confirmed electricity and water capacity, modern building specifications and access to skilled labour. However, rising industrial land prices, higher rentals, increasing operating costs, labour shortages and competition for suitable sites may slow investment decisions and moderate the pace of future development.

Overall, well-located and infrastructure-ready industrial properties are expected to remain the most sought-after assets, while the JS-SEZ and growing high-technology investment pipeline should continue to support Johor's longer-term industrial growth.

Iskandar Malaysia: Hotel

Sector Performance

	2H 2025	1H 2026	2H 2026 e
Supply	▲	▲	▲
AOR	↔	↔	↔
ADR	↔	↔	↔

Abbreviation: e – estimation; AOR – Average Occupancy Rate;
ADR – Average Daily Room Rate
Note: Arrow indicates year-on-year changes
Source: CBRE | WTW Research & Consulting

Johor records more than 24 million international border entries, although a large share comprises frequent same-day commuters and shoppers from Singapore. Visit Johor Year 2026 (VJY2026) is therefore focused on attracting higher-value and overnight visitors who generate stronger tourism spending and hotel demand. The campaign targets 12 million visitors and RM42.48 billion in tourism receipts, supported by more than 100 tourism-related events. As of 1Q 2026, Johor had recorded over 6.07 million visitor movements, reflecting encouraging tourism activity during the early part of the year.

Johor's tourism offerings are also expanding. New attractions include Night Zoo Johor and Danga Park, while Kompleks Sultan Abu Bakar and Muzium Tokoh Johor are expected to open in the future. Existing recreational facilities such as Hutan Bandar MBJB and Taman Tasek Merdeka are also being upgraded. In addition, the proposed Johor Tourist Bus is expected to improve connectivity between major attractions. Together with the continuation of the Visit Malaysia campaign into 2027, these initiatives are expected to support visitor growth and hotel demand.

Johor recorded more than 24.70 million international visitor arrivals in 2025. Singapore remained the largest source market, contributing 19.39 million visitors (79%). This was followed by Indonesia at 1.51 million (6%), China at 1.29 million (5%), India at 621,764 (3%), the Philippines at 419,628 (2%), Europe at 241,104 (1%), and others at 1.23 million (4%).

Tourism momentum remained positive in 2026. As of May, visitor arrivals reached 10.52 million, representing a 4.1% increase compared with the same period in 2025. Singapore continued to dominate, accounting for 78.0% of total arrivals, followed by Indonesia at 6.0%, China at 5.7%.

The continued growth in visitor arrivals supported hotel demand across Iskandar Malaysia. In 1H 2026, the Average Daily Room Rate (ADR) for upscale hotels stood at RM351, slightly lower than RM361 in 1H 2025. Meanwhile, the Average Occupancy Rate (AOR) remained stable at 64.7%, compared with 64.9% a year earlier.

Overall, the hotel market remained stable and healthy during the review period. Sustained tourism activity, business travel and ongoing tourism initiatives are expected to continue supporting hotel demand over the remainder of 2026.

Several hotel openings and repositioning exercises took place in Johor during 1H 2026, strengthening the state's hospitality offering. Mandarin Oriental Desaru Coast, a 5-star hotel, commenced operations under its new branding in February 2026, offering 44 suites and a villa. In Iskandar Malaysia, Four Points by Sheraton Johor Bahru opened in Bandar Seri Alam in March 2026 with 150 rooms.

More hotel openings are expected in 2H 2026. 1975 Avenue & Hotel in Kempas is scheduled for a soft launch in 3Q 2026, offering 38 rooms, including 18 suites housed within two retired Boeing 747 aircraft. GreenTree Hotel in Permas Jaya and TUI Blue Medini Johor are also expected to commence operations in 2026, adding 206 and 214 rooms, respectively.

Meanwhile, the former Thistle Johor Bahru is undergoing refurbishment and will be rebranded as JW Marriott Hotel Johor Bahru. The 410-room hotel is scheduled to open in December 2026 and will mark the entry of the JW Marriott brand into Iskandar Malaysia.

Beyond 2026, the hotel pipeline remains active. Tower 6 at Mid Valley Southkey, comprising 375 rooms, is targeted for completion in 1H 2028. This will be followed by Ascott Coronation Square Johor Bahru, a 207-room five-star hotel expected to open in 2H 2029. In Mount Austin, Richmond Mayor is planned to include 300 hotel suites operated by Frasers Hospitality, with operations targeted to commence in 2030.

OUTLOOK

Iskandar Malaysia's hotel market is expected to remain resilient in 2H 2026, supported by Visit Johor Year 2026, continued growth in visitor arrivals and sustained leisure and business travel. Several hotel openings are expected over the remainder of the year. While the additional supply may increase competition, continued tourism growth should support gradual absorption. Overall, hotel occupancy and room rates are expected to remain relatively stable in the near term. Performance is likely to vary by location and hotel positioning, with well-located properties and established international brands better placed to capture growing leisure and business demand.

❑ **Number of Visitor Arrivals to Johor**

Country	Jan – May 2026	Jan – May 2025	y-o-y
Singapore	8,207,859	7,911,768	▲ 4%
Indonesia	630,891	622,503	▲ 1%
China	596,268	520,760	▲ 14%
Philippines	171,524	167,608	▲ 2%
India	279,527	271,261	▲ 3%
Japan	41,729	40,043	▲ 4%
South Korea	73,619	77,455	▼ 5%
Vietnam	62,558	63,259	▼ 1%
Thailand	46,668	43,327	▲ 8%
Europe	95,451	98,170	▼ 3%
Australia	30,389	31,637	▼ 4%
Brunei	2,491	2,387	▲ 4%
Others	280,098	249,855	▲ 12%
Total	**10,519,072**	**10,100,033**	▲ 4%

Source: Tourism Johor, CBRE | WTW Research & Consulting

For more information about this report, please contact:

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