

MRT lines to boost occupancy

K. BEGUM

THE market for office space in the capital and surrounding regions has been under pressure due to oversupply, but this could change with the completion of the Sungai Buloh-Kajang MRT Line (MRT Line 1), according to Knight Frank Malaysia.

Its managing director Sarkunan Subramaniam said MRT Line 1, coupled with the ongoing construction for the Sungai Buloh-Serdang-Putrajaya MRT Line (MRT Line 2) would boost demand for office space in established and upcoming decentralised locations.

"The quality of office stock for both Kuala Lumpur and Selangor continues to be upgraded with the completion of more Grade A and dual-compliant (MSC+GBI) buildings that cater to the requirements of large corporations and multinational companies," he said, adding that refurbishment and redevelopment opportunities abounded for well-located older and lower-grade office stock.

Based on Knight Frank's "Real Estate Highlights for the First Half of 2017" report, the cumulative supply of purpose-built office space in Kuala Lumpur and Selangor stood at 99 million sq ft as of the first half of the year.

There were eight completions during the review period, adding some 2.63 million sq ft of space to the existing stock.

On the city centre, cumulative supply increased to 51.4 million sq ft following the completion of Menara Public Bank 2, a 40-storey newly completed Grade-A office tower with a net lettable area (NLA) of 420,000 sq ft in Jalan Raja Chulan.

In the fringes of the capital, the completion of Menara Ken @ TTDI, The Pillars @ KL Eco City and Menara SUEZCAP 1 has brought cumulative supply to 27.3 million sq ft.

Menara Ken @ TTDI, located in Taman Tun Dr Ismail, is a brand new 13-storey Grade-A office tower with an NLA of 300,000 sq ft. The MSC-compliant tower, certified with LEED Platinum, BCA Green Mark Platinum and GreenRE Platinum, offers typical floor plates of 25,000 sq ft.

In Selangor, the cumulative supply has increased to 20.2 million sq ft following the completion of SunGeo Tower, Block G and Block H of Empire City Damansara and Mercu Mustapha Kamal (Tower 1).

SunGeo Tower forms part of the Sunway Geo integrated development which also comprises retail shops, office suites and residential components. The 17-storey Grade-A tower, with an NLA of 161,000 sq ft, comprises 14 levels of office space, three levels

of retail space and a sky gym.

The report also mentions several buildings which will be completed in the second half of the year, adding more supply into the market. This includes JKG Tower in Kuala Lumpur; South Point Office and Setia Tower on the fringes of the capital; and Menara Star 2 and Block J of Empire City in Selangor.

Over the next three to four years, several more Grade-A towers will be completed.

This includes The MET Corporate Towers by Naza TTDI Sdn Bhd and partner Triterra Metropolis Sdn Bhd. The MET sits on a 0.99ha site identified as Met 8, one of the eight precincts within the 30.5ha integrated development in Jalan Duta.

The Met comprises a 42-storey tower and a second 30-storey tower, with net saleable area of 450,000 sq ft and 150,000 sq ft, respectively. The estimated gross development value (GDV) of the two buildings combined is RM650 million.

It is slated for completion by 2021. Tower A, targeted at retail buyers and investors, offers office suites ranging from 818 sq ft to 2,584 sq ft on its Executive levels, 3,606 sq ft to 4,231 sq ft on its Premier levels and 16,104 sq ft per floor on its Prestige levels, priced at about RM900 per sq ft.

The developer is looking to sell Tower B to a single buyer.

Sunrise Innovation Sdn Bhd, a wholly owned subsidiary of UEM Sunrise Bhd, will undertake a mixed development project on the site of the Malay College Old Boys Association (MCOBA) building in Jalan Seputeh, off the Federal Highway.

The proposed development, with a GDV estimated at more than RM750 million, will feature a new office building, a banquet hall with a capacity for 1,200 persons and two blocks of serviced apartments.

Anzo Holdings Bhd will develop a car showroom centre and four blocks of signature office towers on a 1.16ha commercial site in Petaling Jaya. Its wholly-owned subsidiary, Harvest Court Properties Sdn Bhd, has entered into a collaboration agreement with landowner Captive Max Sdn Bhd to jointly undertake the project, with an estimated GDV of RM420 million. It has an estimated gross floor area (GFA) and net floor area (NFA) of 500,000 sq ft and 350,000 sq ft, respectively.

Paramount Corp Bhd is developing a mixed use project at the former site of KDU University College in Jalan Universiti, Petaling Jaya. The 2.1ha Atwater project has an estimated GDV of RM730 million and will comprise two office towers, two residential towers and retail lots.

Building Name	Asking Gross Rental (RM per sq ft/month)
KL CITY	
Integra Tower	11.00
Menara Maxis	10.50
Vista Tower	7.50 - 8.50
G-Tower	8.00
Menara Darussalam	8.50
Menara Binjai	8.80
Menara Prestige	7.50 - 8.50
KL FRINGES	
Menara CIMB	8.00
The Gardens North & South Towers	7.80
Axiata Tower (formerly Quill 7)	7.50
Menara Allianz Sentral & Nu Tower 2	7.00
1 Sentrum	7.80
Menara BRDB	6.50
BEYOND KUALA LUMPUR (SELANGOR)	
1 First Avenue	6.00
Surian Tower	5.50
The Ascent @ Paradigm	5.50
The Pinnacle	5.50
Wisma Mustapha Kamal	4.50
Puchong Financial Corporate Centre (Tower 4 & 5)	4.50
Plaza 33	4.50

Source: Knight Frank Research

MRT Line 1 will boost demand for office space in established and decentralised locations.

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OCCUPANCY

According to the report, the overall occupancy rate for Kuala Lumpur was 80.7 per cent (compared with 82.8 per cent in the second half of last year) during the period under review as high supply pipeline and weak demand from its traditional occupiers in the oil and gas and banking sectors continued to impact the office market.

As for decentralised office locations on the fringes of Kuala Lumpur and Selangor, the overall occupancy rates remained fairly stable at 90.9 per cent (compared with 91.6 per cent in the second half of last year) and 77.8 per cent (compared with 78.6 per cent in the second half of last year).

Occupancy was supported by improved connectivity following the completion of the LRT extension and phase one of the Sungai Buloh-Kajang MRT Line 1.

