

# Influx of high-rise units into Iskandar Malaysia

## Serviced apartment segment starts on firm footing

### PROPERTY

**PETALING JAYA:** A significant influx of new high-rise residential units will be coming to Iskandar Malaysia, Johor from next year, according to CBRE|WTW.

In its Malaysia real estate outlook, it projected completions rising sharply from 2,375 units in 2026 to 9,551 in 2027 before peaking at 32,783 in 2029.

This sizeable pipeline could pressure absorption rates, potentially leading to slower sales and downward pressure on prices and rentals.

“However, positive momentum was seen in 2025, with residential overhang dropping 24% and absorption improving markedly,” it said.

The serviced apartment segment entered 2026 on a firm footing, supported by stable yields and rising occupant demand which is driven by tourism recovery, cross-border activity from Singapore and the upcoming Johor-Singapore Rapid Transit System.

“Well-located, modern developments, particularly those with strong transit connectivity, sustainability features and quality amenities are expected to outperform and drive sustained growth,” it added.

CBRE|WTW managing director Tan Ka Leong said the property sector is evolving from a “passive responder to market cycles into an active shaper of Malaysia’s built environment.”

He said the continued influence of infrastructure and connectivity, rising expectations on sustainability and efficiency as well as value-driven decision-making by occupiers and investors, would boost the property market.

Tan further noted that the property market is transitioning from a phase of resil-

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CBRE | WTW

ience to relevance driven by targeted urban regeneration, enhanced community well-being and strategic developments.

CBRE|WTW also placed emphasis on environmental, social and governance, which has become the baseline requirement especially across office and industrial sectors, noting green-certified buildings now dominate the new office units.

The agency highlighted the relocation of Bank of America to Merdeka 118, and Hyundai Motor Co Menara Affin in the Tun Razak Exchange in Kuala Lumpur.

At the same time, older assets are undergoing repositioning to remain competitive.

“Looking ahead, the Klang Valley is expecting over five million sq ft of prime offices which places immediate pressure on non-prime office buildings, as a result the underperforming offices are likely to be refurbished,” said CBRE | WTW.

It also said asset conversion from offices to hotels within the Klang Valley had been a trend in recent years.

CBRE | WTW said Malaysia’s lower hotel room rates compared with neighbouring Asian countries, are expected to spur the local hospitality sector.

Meanwhile, Penang’s office sector con-

tinues to demonstrate strong performance, driven by limited new supply and robust demand from the global business services sector.

It noted that multinational corporations increasingly favoured modern, sustainable spaces over older stock, supported by established electrical and electronics ecosystem in Bayan Lepas.

According to CBRE|WTW, Sarawak stands out as the primary driver of Malaysia’s residential property sector in 2026, offering a balanced mix of opportunities and risks.

Rapid industrial growth, fuelled by major investments in data centres and the semiconductor industry is accelerating demand and propelling stronger performance across the property market.

For the retail sector, CBRE|WTW projected that the Visit Malaysia Year 2026 campaign and relaxed entry requirements would significantly boost footfall at tourist-focused malls.

The increased traffic is expected to support stronger rental growth, higher occupancy rates, and improved performance for retail assets in key urban and tourist locations, it said.