

# STEADY MOMENTUM

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# PROPERTY MARKET EXPECTED TO HOLD FIRM

Developers and investors to remain selective as headwinds weigh on overall sentiment, says JLL

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**T**HE property market should remain resilient in 2026, supported by diversified demand despite rising costs and global headwinds, according to an industry specialist.

JLL, however, said developers and investors are likely to remain selective as geopolitical tensions, elevated energy costs and supply chain risks weigh on overall sentiment.

The market maintained steady momentum across the residential, office, logistics and data centre segments in the first quarter of 2026 despite global uncertainty and rising cost pressures.

JLL managing director Jamie Tan said the market continues to be supported by resilient domestic demand, supply constraints in key asset classes and sustained investor interest.

He said the sector's strength lies in its diverse demand drivers.

## TOP SEGMENT

The residential segment remained the largest contributor, office demand shifted towards higher-quality spaces, industrial assets

benefited from supply chain diversification and data centres emerged as the fastest-growing segment.

Residential, which accounts for 62 per cent of total property transactions in Malaysia, remained stable in early 2026, with transaction volume declining by 1.5 per cent but transaction value rising 1.3 per cent, indicating a more selective but still liquid market.

Tan said buyer activity also remained healthy, with Kuala Lumpur recording its strongest quarterly residential performance in four years in the fourth quarter of 2025, with up to 4,734 transactions and a transaction value of RM5.8 billion.

Johor continued to post year-on-year growth, albeit at a slower pace after two years of rapid expansion, while Penang remained stable but less aggressive, with a flatter trajectory and signs of mild cooling after a stronger 2025.

Transaction activity in the first quarter was relatively muted due to the festive season, which slowed deal flow and limited price discovery in several sub-markets.

Despite this, Batu remained the Klang Valley's top-performing residential submarket, with average apartment and condominium prices at RM611 per sq ft, while service apartments in Kuala Lumpur led the



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market at RM758 per sq ft.

Georgetown prices normalised after a sharp rise in 2025, driven by high-end projects such as Middleton, The Light City and Skyview Residence.

In Johor Baru, service apartment prices continued to outperform, reaching RM738 per sq ft, overtaking both the Klang Valley's RM608 per sq ft and Georgetown's RM695 per sq ft.

In the office market, Kuala Lumpur recorded a stronger occupancy, positive net absorption and higher rents across all three major submarkets in the first quarter, signalling continued recovery in occupier demand.

Occupancy in the Greater Kuala Lumpur city centre rose to 82.5 per cent in the first quarter, while Kuala Lumpur fringe continued to lead the market at 93.5 per cent, while decen-

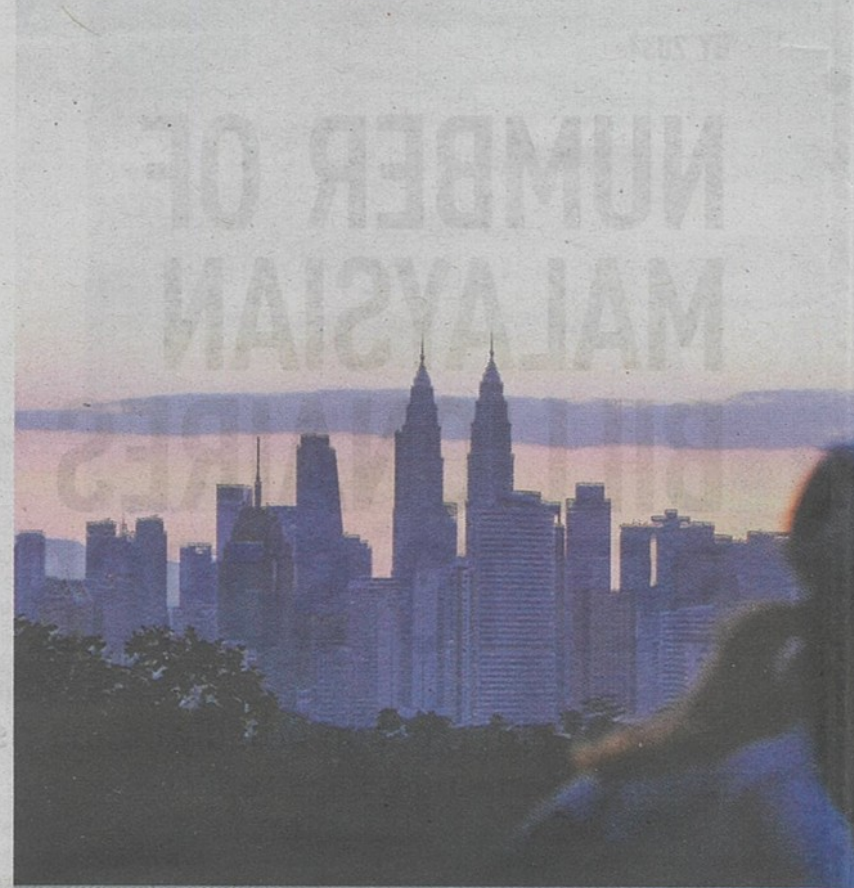
tralised areas also improved, reaching 78.3 per cent.

Average achievable rents also rose across all three submarkets, with city centre offices averaging RM7.45 per sq ft per month, Kuala Lumpur fringe at RM6.75 and decentralised locations at RM5.26.

## GREENER AND BETTER-CONNECTED BUILDINGS

JLL Malaysia head of office leasing advisory Quiny Lee said the market is increasingly being defined by a "flight to quality", with occupiers prioritising newer, greener and better-connected office buildings that support talent retention, operation efficiency and environmental, social and governance (ESG) targets.

Green-certified offices are outperforming older stock, commanding rental premiums of about 17 per



cent. Premium Grade A green buildings are achieving average rents of RM10.47 per sq ft per month, nearly double older non-green offices at around RM5.70.

Lee added that the widening gap between premium and ageing office stock is also creating stronger pressure for landlords to upgrade older assets or risk long-term obsolescence, making asset enhancement and ESG upgrades a growing theme in 2026.

The industrial and logistics sector remained firm in the first quarter, benefiting from the broader China-plus-X manufacturing shift, with Malaysia remaining a preferred destination for supply chain diversification, logistics expansion and industrial investment.

Demand remained strongest in electrical and electronics, logistics,

pharmaceuticals, automotive and medical manufacturing, with Johor seeing increased activity linked to cross-border logistics and data centre-related supply chains.

Data centres continued to stand out as the fastest-growing segment, with JLL describing Malaysia as one of Southeast Asia's most dynamic digital infrastructure markets.

Operational data centre capacity is expected to more than double from 900 megawatts at end-2025 to 2,055 megawatts by end-2026.

Johor remains the country's primary data centre growth engine, supported by its proximity to Singapore, cost competitiveness and large-scale hyperscale development, while Greater Kuala Lumpur continues to strengthen as a secondary hub led by Cyberjaya and northern Klang Valley.