

When infrastructure becomes the location

In industrial real estate, what the site offers is now as crucial as where it stands

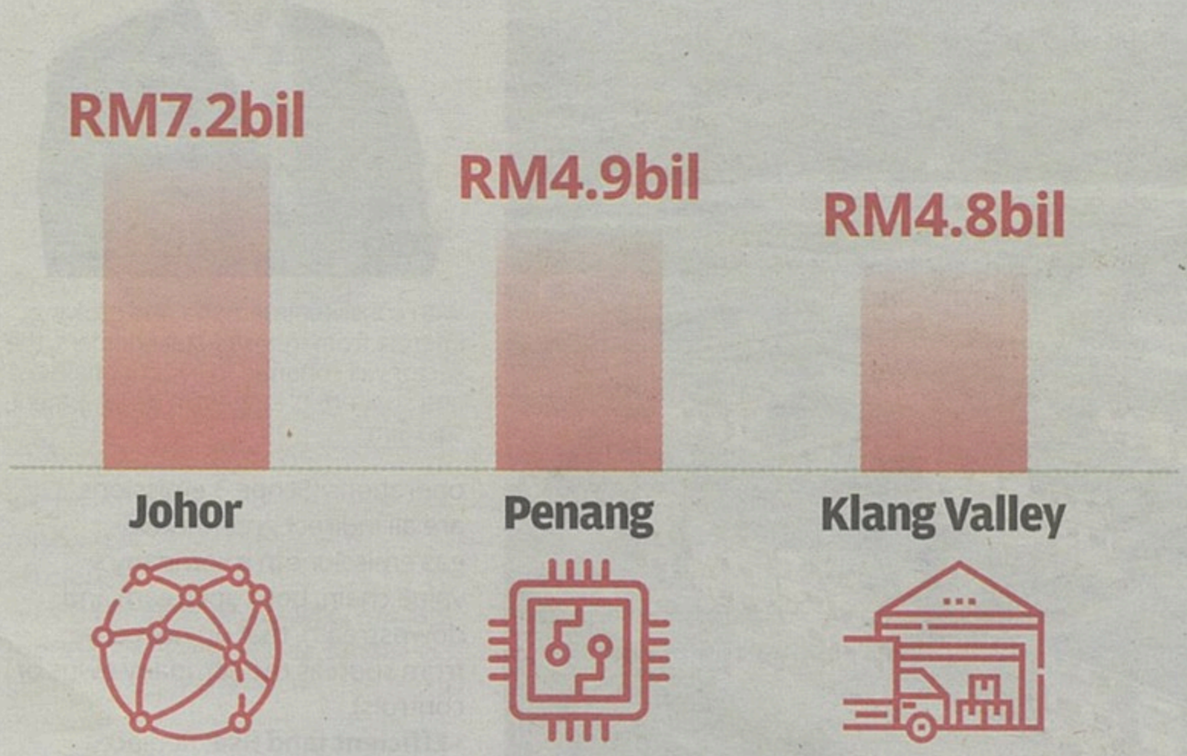
Malaysia continues to attract industrial and data centre investment but the definition of a competitive industrial location is changing. Land, logistics and connectivity now sit alongside power, water, automation and infrastructure capacity.

Industrial property has traditionally been a location business. Access to highways, ports, labour and established manufacturing clusters could determine whether one industrial address performed better than another.

Those fundamentals have not disappeared. But the requirements being placed on industrial land are becoming more demanding. A factory, automated logistics hub, cold chain facility and hyperscale data centre may all occupy industrial land but they do not ask the same things of it.

Three industrial engines, three different propositions

Approved manufacturing investment, 1Q2026



Key indicators, 1Q2026 / 1H2026

138.7
Industrial Production Index, 1Q2026

50.7
PMI, June 2026

3.71 mil TEUs
Port Klang throughput, 1Q2026 (+5.2% y-o-y)

3.6 mil sq ft
Warehouse space completed in Klang Valley, 1H2026

More space does not mean equal space

Approximately 3.6 million sq ft of warehouse space was completed in Klang Valley in 1H2026, with Shah Alam International Logistics Hub accounting for nearly 80% of new supply.

More stock gives occupiers more choice. It also means industrial property is no longer a one-size-fits-all asset class. Modern specifications, automation readiness and operational efficiency are increasingly influencing leasing and investment decisions while older or less functional stock faces a harder argument.

Not all industrial space does the same job

Industrial format	1H2026 signal	What it requires
Modern logistics	3.6mil sq ft of Klang Valley supply completed	Connectivity and efficient building specifications
Smart cold chain	RM500mil ALP facility	Temperature control, energy and specialised systems
Automated logistics	PTT Logistics Hub 2	Automation and intralogistics capability
Ready-built factories	Strong pre-launch take-up noted by Knight Frank	Faster occupier deployment
Worker accommodation	RM600 mil proposed CLQs / nearly 29,000 beds	Supporting industrial ecosystem
Data centres	Large industrial land acquisitions	Power, water, fibre and secured demand

Source: Knight Frank Malaysia, Real Estate Highlights 1H2026

Where industrial scale is building



Johor
2.5bil
industrial transaction value, 1Q2026 (+33.1% y-o-y)

Key development pipeline:
Nexus Sedenak
2,940 acres
RM15bil estimated GDV

Johor Tech Smart City
2,300 acres
RM80bil estimated GDV

Johor Bahru:
57.6% of transaction volume
79.1% of transaction value

Kulai:
16.6% of transaction volume
11.7% of transaction value



Penang
+19%
industrial transaction volume y-o-y
+67.8%
industrial transaction value y-o-y

Penang demonstrates another form of industrial advantage, depth of the ecosystem rather than sheer development scale.

RM4.9bil
approved manufacturing investment, 1Q2026

RM3.4bil
+128.7%
DDI growth to **RM1.5bil**

Source: Knight Frank Malaysia, Real Estate Highlights 1H2026