

## 10-04-2008: KL lacks Grade A offices

by Rosalynn Poh

[Email us your feedback at fd@bizedge.com](mailto:fd@bizedge.com)

KUALA LUMPUR: Malaysia is in danger of losing its competitive edge due to lack of Grade 'A' office space in Kuala Lumpur, even if it is still inexpensive by regional standards, with some commanding RM7 per sq foot.

"It would be ironic if Malaysia lost out in attracting multinational regional operations simply through having insufficient quality of office space," Regroup Associates executive chairman Christopher Boyd said.

**EdgeDaily Exclusives**

On the local front, the increasing demand for Grade 'A' offices in the past 12 months might even see Kuala Lumpur losing out to Petaling Jaya.

Regroup's latest survey revealed Grade 'A' office buildings in KL are now 94.5% occupied. He added that brave developments in untried locations such as Menara Axis and Jaya 33 in Petaling Jaya have had good response.

Boyd said unoccupied space increased after the Asian financial crisis and in 2001, an estimated 13.5 million sq ft were available. City Hall then imposed a freeze on the approval of buildings more than 20-storeys in the Golden Triangle.

This resulted in the lack of interest in constructing new buildings, as it was not economically justifiable.

"A shortage has crept up on us and caught us almost unaware. Major corporations which might otherwise have been located in the city have been squeezed out due to planning restrictions and traffic congestions," Boyd said.

For the past nine years, it has been difficult letting empty office space in the Golden Triangle due to low demand and the preferred letting of KL Sentral, where 1.3 million sq ft were pre-let in four new buildings in two years.

Boyd said the service sector was growing at 9.7% a year, and 200,000 new graduates emerged annually to seek employment. New office supply may not meet demand over the next three years and rents are likely to continue to rise.

Regroup urged KL City Hall to review the current position and to issue clear guidelines on new office building approvals that would allow for moderate growth.

[Printable Version](#) | [Email to a Friend](#)

- 29-07-2008: Dow falls 2.1% as financials lead decline
- 28-07-2008: TA's IB ambition back on agenda
- 28-07-2008: Govt to co-invest in RM15.2b HSBB project
- 28-07-2008: Goldman downgrades MBC and other Asia bulkers
- 28-07-2008: Kimble slips again
- 28-07-2008: Making CSR work for your brand
- 28-07-2008: TSM cautiously optimistic about FY09
- 28-07-2008: KLCI up on plantation, select blue chips
- 28-07-2008: Orisoft sees sustained growth
- 28-07-2008: Cagamas unlikely to go Fannie and Freddie way
- 28-07-2008: Fear of OPR hike impacting bonds eases
- 28-07-2008: Why a change in NAP is unlikely
- 28-07-2008: TA aims to boost hotel division
- 28-07-2008: F&B and sin stocks thrive despite bleaker outlook
- 28-07-2008: Unchanged OPR may impact ringgit, equities
- 28-07-2008: Seven dream homes win awards
- 28-07-2008: Another auditor to clear Oilcorp mess?
- 28-07-2008: Oil rises towards US\$124, rebounds from 7-week low
- 28-07-2008: KLCI up 6.14 pts at mid-morning

[About Us](#) | [Terms of Use](#)

©All rights reserved. 2006. The Edge Communications Sdn Bhd. (266980-X)