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KLCCP sees rental reversion to stay flat at 1-2% in FY19



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KUALA LUMPUR (March 20): KLCCP Stapled Group Bhd is anticipating rental reversion in the financial year ending Dec 31, 2019 (FY19) to stay at about 1% to 2% as in FY18, given the now challenging environment.

Speaking to reporters on the sidelines of the Invest Malaysia 2019 forum here today, KLCC Group of companies group chief executive officer Datuk Hashim Wahir said rental reversion holding up at about 1% to 2% is "already good".

Moving forward, he sees the net property income (NPI) for FY19 will be affected by the exit of one of its former anchor tenants — Parkson, whose lease in Suria KLCC has recently just expired last month.

He, however, believes that NPI will improve in FY20, on the back of better rental income as the exit of Parkson will enable KLCCP to break up the large space into smaller lots.

This year, KLCCP has set aside RM10 million for its asset enhancement initiative.

"Leasing out big spaces usually [comes with] low rental. So, we hope and we believe, as the mall management promises us, that with smaller lots we have better rental," said Hashim. Notably, the three-level outlet of about 120,000 sq ft opened in 1998.

"[With the exit of Parkson], this is actually an opportunity for us to enhance the mall to the next level, to bring in exciting new brands, and also speciality outlets," Hashim added.

"Today, essentially for Suria KLCC's leasing, we are actively engaging with the retailers. I'm quite sure that they have lined up retailers to ensure the new retail shop lots will be fully occupied," said Hashim, adding that KLCCP is expecting tenants to fill up the lots by year end.

Additionally, Hashim noted that KLCCP's outlook will remain "stable" this year on the back of long rental of its office segment, with credible tenants and also stable yield from its retail side.

KLCCP shares are untraded today. The counter last traded at RM7.71 yesterday, valuing the group at RM13.92 billion.

(Source : <https://www.edgeprop.my/content/1497832/klccp-sees-rental-reversion-stay-flat-1-2-fy19>)