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**PETALING JAYA:** IGB Commercial Real Estate Investment Trust (IGB Commercial-REIT) anticipates “flight-to-quality” and “flight-to-sustainability” trends to drive leasing decisions in 2025.

The trends refer to the desire to seek out the best possible assets in terms of quality and/or sustainability.

With environmental, social and governance (ESG) becoming increasingly important, IGB Commercial-REIT joint deputy chief executive officer (CEO) (commercial) Irene Sin May Lin said it is essential for corporate real estate portfolios to offer a mix of core and flexible spaces, modern amenities and strong ESG credentials.

“The anticipated increase in the Klang Valley office supply from 2024 completions will likely fuel demand for green-certified buildings with flexible layouts and modern amenities, leading to higher occupancies and rents for Prime A+ and Grade A offices,” she told *StarBiz*.

Sin, who is also the CEO of IGB Property Management, said demonstrating a strong commitment to ESG principles is essential to attract and retain premium tenants and ensure long-term financial stability.

“The demand for sustainable and socially responsible real estate is rapidly increasing, driven by corporate ESG mandates, investor expectations and growing awareness of environmental and social issues.

“IGB Commercial-REIT recognises this shift and is taking a comprehensive approach to ESG integration.

“This includes implementing sustainable practices across its portfolio, such as upgrading building equipment and optimising building controls to enhance energy efficiency, reduce water consumption and minimise waste.”

Sin said integrating technology is also essential.

“IGB Commercial-REIT is actively evaluating automation platforms and new business solutions to drive operational efficiency, maximise productivity and

# Sustainability trend expected to drive growth

## IGB Commercial-REIT says ESG credentials crucial

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Going into 2025, Sin said the influx of new Grade A office space will intensify competition, potentially putting pressure on occupancy rates and rental prices, as companies increasingly prioritise sustainable and high-quality spaces.

“IGB Commercial-REIT’s strategy to address this includes refining business strategies to adapt to market dynamics, enhancing the tenant experience through asset enhancement initiatives (AEIs), proactive engagement and high-quality service, maintaining cost-effectiveness and efficiency, and differentiating ourselves through strengths in sustainability, location and tenant services.”

For the financial year ended Dec 31, 2024, IGB Commercial-REIT reported a net profit of RM62.69mil, compared with

RM65.24mil in the previous corresponding period, while revenue rose to RM230.99mil from RM215.15mil a year earlier.

Sin said IGB Commercial-REIT demonstrated a strong performance in 2024, exceeding the Klang Valley office market’s average occupancy rate.

“Occupancy averaged at 77.8% for the three buildings in Kuala Lumpur City Centre and 93.5% for the seven buildings in Mid Valley City. This positive performance supports rental growth and sustained occupancy.

“Key contributing factors include proactive building automation system upgrades and strategically implemented AEIs that improve functionality, appeal and energy efficiency.”

Sin said two of the group’s buildings have achieved GreenRE Gold certification,

while another had maintained its leading position in Malaysian sustainable building practices and subsequently secured a GreenRE Gold certification.

“IGB Commercial-REIT also prioritises tenant satisfaction and community engagement,” she said.

IGB Commercial-REIT’s assets, which are located within Mid Valley City and the Kuala Lumpur City Centre, include Southpoint offices and retail, The Gardens North Tower, The Gardens South Tower, Centrepoint North, Centrepoint South, Menara IGB and IGB Annexe, Boulevard offices and retail, G Tower, Menara Tan and Tan and Hampshire Place.

Sin said IGB Commercial-REIT emphasised tailored strategies for each asset, addressing specific market dynamics.

“A build-to-lease approach, particularly for fully furnished offices at the Kuala Lumpur hub, effectively captures market demand by providing flexible solutions.

“In Mid Valley City, the hub leverages its prime location and comprehensive amenities to achieve positive rental reversion through tenancy renewals. This is supported by attracting and retaining high-quality tenants and continuous investment in targeted AEIs.”

Sin emphasised that IGB Commercial-REIT’s competitive advantage lies in its strategic locations, focus on sustainability and commitment to tenant experience.

Going forward, Sin said the REIT is exploring diversification opportunities.

“We continuously evaluate potential acquisitions across various asset classes to strategically expand our portfolio and broaden service offerings,” she said.