

PROPERTY

Maintain POSITIVE

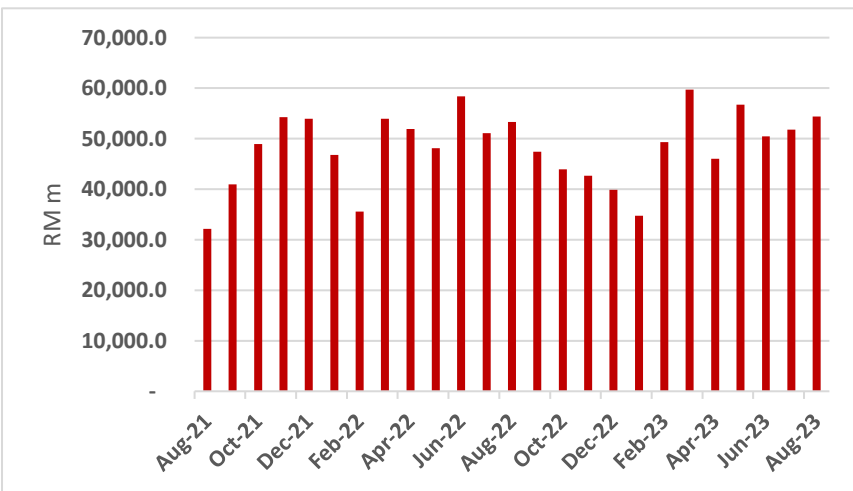
Uptrend in loan application

KEY INVESTMENT HIGHLIGHTS

- **Uptrend in loan application**
- **Healthy approved loan**
- **Marginal positive from Budget 2024**
- **Maintain POSITIVE on property sector**
- **Top picks for the sector are Mah Sing Group (BUY, TP: RM1.01) and Matrix Concepts (BUY, TP: RM1.86)**

Uptrend in loan application. According to data released by Bank Negara Malaysia (BNM), loan application for purchase of property was higher at RM54.4b (+4.9%mom) in August 2023 after recording increase of +2.7%mom in July 2023. On yearly basis, loan application in August 2023 is also on uptrend by climbing +2%yoy after increasing +by 1.5%yoy in July 2023. Loan application remains healthy and grew positively after OPR pause by BNM in July 2023. Cumulatively, total loan application in 8M2023 was marginally higher at RM403b (+1%yoy) which signal marginally stronger buying interest on properties.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Healthy approved loan. Total loan approved for purchase of property climbed +7%mom to RM24.8b in August 2023, reversing decline of 3.7%mom in July 2023. The higher approved loan was in line with higher loan application and further supported by higher percentage of total approved loan over total applied loan of 45.7% in August 2023 against 44.8% in July 2023. On yearly basis, total approved loan recorded four consecutive increases since May 2023, bringing cumulative total approved loan in 8M2023 higher at RM178.7b (+7.8%yoy). The higher total approved loan bodes well for new property sales outlook for property developers.

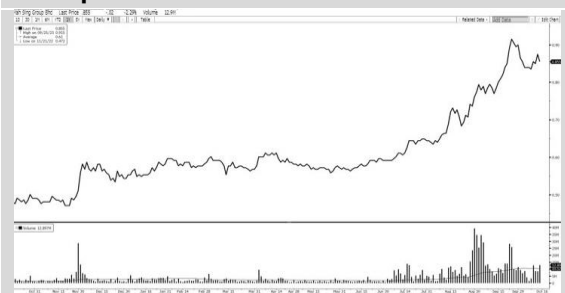
COMPANY IN FOCUS

Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM1.01
Price @ 13th Oct 2023: RM0.855

- Higher earnings in 1HFY23 due to higher revenue recognition from ongoing projects.
- Active land acquisition supports new property sales outlook.
- Setting up JV for industrial development due to strong demand for industrial assets in Malaysia

Share price chart

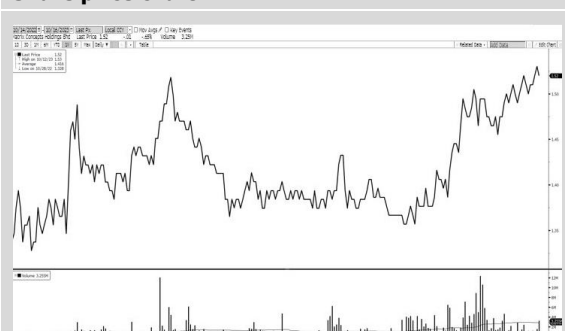


Matrix Concepts Holdings Berhad

Maintain **BUY** | Unchanged Target price: RM1.86
Price @ 13th Oct 2023: RM1.52

- Encouraging property sales from Bandar Sri Sendayan due to offering of affordable landed homes.
- Better earnings outlook for FY24 and FY25 as construction progress at project sites normalizes.
- Attractive dividend yield of 6.4% based on dividend forecast of 9.8sen.

Share price chart



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Marginal positive from Budget 2024. Based on Budget 2024 that was announced on last Friday, property sector is expected to benefit marginally from (1) easing conditions for Malaysia My Second Home (MM2H) applications which will improve buying interest on properties by foreigners, (2) RM10b allocation to expanding the Skim Jaminan Kredit Perumahan which will benefit 40,000 borrowers, (3) infrastructure projects namely LRT 3 and Penang LRT which will support demand for property in Klang Valley and Penang. Nevertheless, the announcement of 4% flat rate stamp duty on Memorandum of Transfer (MOT) by non-citizens and foreign-owned companies may negatively affect buying interest by foreigners marginally. Overall, we see that property sector to net positive from Budget 2024 announcement as positives of easing of MM2H and new infrastructure projects should offset the slight negative of stamp duty on Memorandum of Transfer (MOT) for foreigners.


Maintain POSITIVE on property sector. Overall, we maintain our **POSITIVE** stance on property sector as we expect demand for property to continue recover amid expectation that OPR to remain unchanged for the rest of this year. Besides, the improving property overhang in Malaysia further bodes well for near-term outlook for the sector. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.01)** and **Matrix Concepts (BUY, TP: RM1.86)** as we remain sanguine on property developers that focus on mid-market and affordable segment amid resilient demand for affordable homes. 

Figure 2: Peers comparison table

Stock	Rec.	Price @ 13-Oct-2023	Target Price (RM)	Core EPS (sen)		Core PER (x)		Net DPS (sen)		Net Dvd Yield		P/NTA (x)
				FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	
MAHSING	BUY	0.855	1.01	8.5	9.7	10.1	8.8	3.4	3.9	4.0%	4.6%	0.57
SPSETIA	BUY	0.97	1.25	7.0	8.1	9.2	7.9	1.6	1.7	2.5%	2.6%	0.28
IOIPG	BUY	1.81	1.94	12.7	16.0	14.2	11.3	5.0	5.0	2.8%	2.8%	0.45
GLOMAC	BUY	0.37	0.47	4.1	5.3	9.0	7.0	1.3	1.5	3.4%	4.1%	0.24
MATRIX	BUY	1.52	1.86	17.6	20.4	8.6	7.4	8.50	9.80	5.6%	6.4%	0.96
ECOWLD	NEUTRAL	1.07	1.14	9.1	9.0	11.8	11.9	6.0	6.0	5.6%	5.6%	0.65
UOADEV	NEUTRAL	1.72	1.79	8.8	9.0	19.5	19.1	30.0	10.0	17.4%	5.8%	0.74
SUNWAY	NEUTRAL	1.94	1.88	10.2	10.5	19.0	18.5	5.5	5.5	2.8%	2.8%	0.92

Source: MIDF Research

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology