

PROPERTY

Maintain POSITIVE

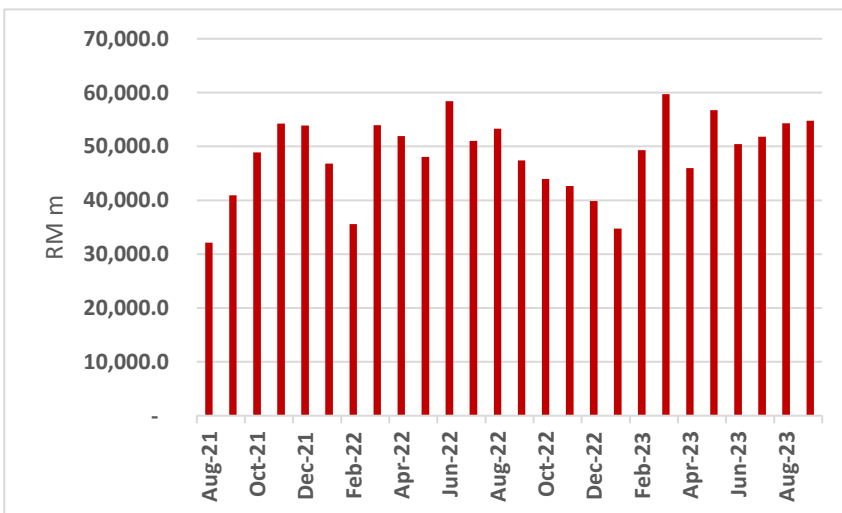
Positive outlook intact

KEY INVESTMENT HIGHLIGHTS

- **Healthy loan application**
- **Higher approved loan in 9MCY23**
- **Property sector may benefit from potential new infrastructure project**
- **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)**

Healthy loan application. According to data released by Bank Negara Malaysia (BNM), loan application for purchase of property remained healthy by growing at +0.9%mom in September 2023 after growth of +4.8%mom in August 2023. On yearly basis, loan application in September surged by 15.6%yoy, bringing cumulative loan application higher at RM457.9b (+2.6%yoy) in 9M2023 as buying interest on properties remained healthy post reopening of economy and country borders. Looking ahead, we expect loan application to remain in positive growth territory as BNM maintained OPR at 3% in Nov 2023.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Higher approved loan in 9MCY23. In contrast to the higher loan application in September 2023, total loan approved for purchase of property eased by -13%mom. The decline was mainly due to lower percentage of total approved loan over total applied loan of 39.8% in September 2023 against 46.1% in August 2023. Nevertheless, total approved loan grew on yearly basis by +5%yoy in September, recording fifth consecutive growth since May 2023. That brought cumulative approved loan in 9MCY23 to RM200.7b (+7.6%yoy) which signals better overall new sales outlook for property sector.

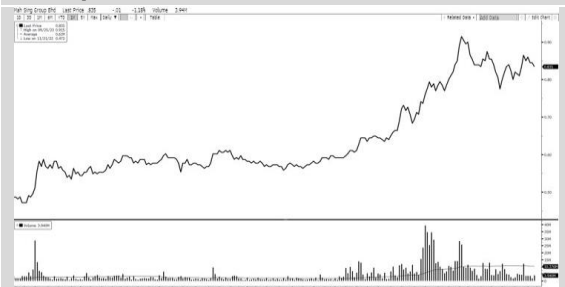
COMPANY IN FOCUS

Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM1.01
Price @ 14th Nov 2023: RM0.835

- 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 @ 14th Nov 2023: RM1.61

- 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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Property sector may benefit from potential new infrastructure project. According to news report, Perak infrastructure, energy, water and public transportation committee chairman Datuk Seri Mohammad Nizar Jamaluddin revealed that Ipoh-KL high-speed rail (HSR) is being reviewed. The project, if implemented, would be Malaysia's first HSR route in the country and would cut travel time between KL to Ipoh to 40 minutes. The proposal will need to secure approval from the transport ministry as well as consent from the Selangor government before conducting a feasibility study. We see that the potential new infrastructure project would benefit property sector in Malaysia as it improves connectivity between the two states. We think that if Ipoh-KL HSR is implemented, that will improve demand for property in Ipoh and benefit property developers that have exposure in Ipoh. In this context, we think **Sunway Berhad (NEUTRAL, TP: RM1.84)** may benefit as its Sunway City Ipoh has more than 300 acres of remaining landbank with remaining GDV of RM3.7b. Besides, Sunway Berhad is targeting to open new hospital in Ipoh by 2025.


Maintain POSITIVE on property sector. Overall, we maintain our **POSITIVE** stance on property sector as we see positive outlook for property sector remains intact. The latest data from BNM shows that demand for property remains healthy while higher approved loan should indicate better new sales outlook. Besides, the unchanged OPR is positive to the sector as demand for property will remain supported. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.01)** and **Matrix Concepts (BUY, TP: RM1.86)** as we think that property developers that focus on affordable home should see robust new sales as demand for affordable homes is resilient. 

Figure 2: Peers comparison table

Stock	Rec.	Price @ 14-Nov-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	0.835	1.01	8.5	9.7	9.8	8.6	3.4	3.9	4.1%	4.7%	0.56
SPSETIA	BUY	0.83	1.25	7.0	8.1	9.2	7.9	1.6	1.7	2.5%	2.6%	0.24
IOIPG	BUY	1.72	1.94	12.7	16.0	13.5	10.7	5.0	5.0	2.9%	2.9%	0.42
GLOMAC	BUY	0.37	0.47	4.1	5.3	8.9	6.9	1.3	1.5	3.4%	4.1%	0.24
MATRIX	BUY	1.61	1.86	17.6	20.4	9.1	7.9	8.50	9.80	5.3%	6.1%	1.01
ECOWLD	NEUTRAL	1.04	1.14	9.1	9.0	11.4	11.6	6.0	6.0	5.8%	5.8%	0.63
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	1.95	1.84	10.2	10.5	19.1	18.6	5.5	5.5	2.8%	2.8%	0.93

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 news flow.
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 news flow.

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