

PROPERTY

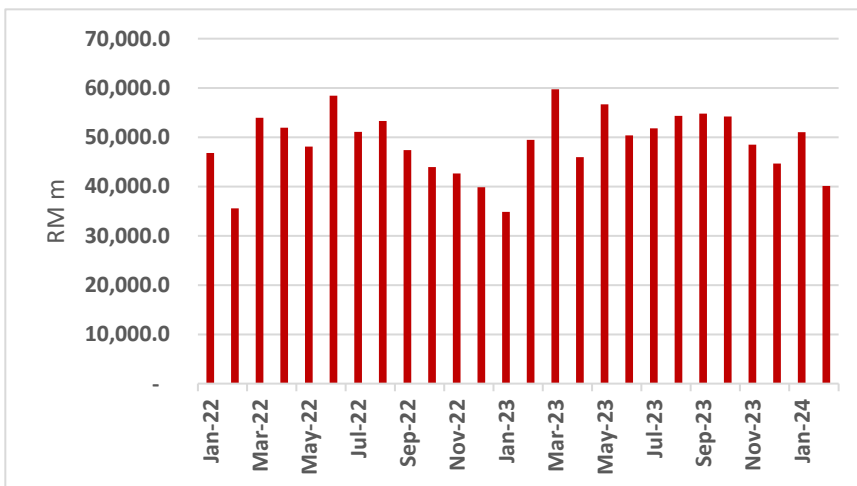
Loan application took a breather

KEY INVESTMENT HIGHLIGHTS

- Loan application took a breather in February 2024
- Approved loan declined in February
- Stable property price outlook in Malaysia
- Maintain POSITIVE on property sector
- Top picks for the sector are Mah Sing Group (BUY, TP: RM1.42) and Matrix Concepts (BUY, TP: RM1.91)

Loan application took a breather in February 2024. According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property was lower in February 2024 at RM40.1b (-21%mom) due to short month in February. On yearly basis, loan application in February 2024 was lower (-19%yoy) after strong growth of 46% in January 2024. Loan application declined on yearly basis for the first time in eight months as demand for property took a breather. Nevertheless, total loan application in first two months of 2024 was higher at RM91b (+8%yoy) which indicates stronger demand for property. We see that buying interest on property to grow stronger in 2024 as outlook for property sector is positive.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Approved loan declined in February. Approved loan for purchase of property was lower at RM17.4b (-14.5mom) in February 2024, in tandem with the lower loan application. On yearly basis, approved loan in February dropped by a milder 6%yoy despite steep drop of 19% in loan application, helped by higher percentage of total approved loan over total applied loan of 43% in February 2024 against 38% in February 2023. Cumulatively, total approved loan in the first two months in 2024 stood at RM37.8b (+14.2%yoy). The higher approved loan underpins expectations of better new sales of property developers.

COMPANY IN FOCUS

Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM1.42
Price @ 17th April 2024: RM1.23

- Management set higher new sales target of RM2.5b for FY24.
- Growing exposure to the improving Johor property market.
- Balance sheet remains healthy with low net gearing of 0.08x.

Share price chart



Matrix Concepts Holdings Berhad

Maintain **BUY** | Unchanged Target price: RM1.91
Price @ 17th April 2024: RM1.80

- Stable new sales of RM961m in 9MFY24, on track to meet management new sales target of RM1.3b.
- Landbank expansion in Labu will further buoy earnings growth.
- Attractive dividend yield of 5.4% based on dividend forecast of 9.8sen.

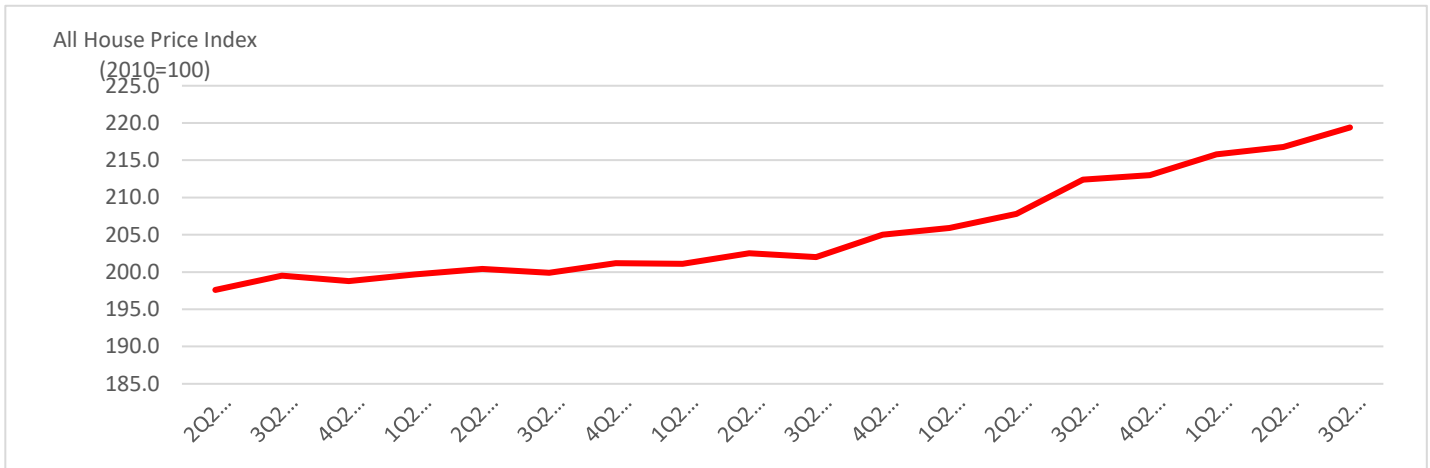
Share price chart



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Stable property price outlook in Malaysia. According to data from National Property Information Centre (NAPIC), House Price Index (HPI) in Malaysia resumed on uptrend since 2022 post reopening of economy. Note that HPI was subdued in 2020 and 2021 due to Covid-19 pandemic. HPI recorded growth since 4Q2021 with strong recovery seen in 2022 due to improving property market in Malaysia. Meanwhile, HPI in 3QCY23 stood at 219.4, higher than 216.8 in 2QCY23 and 218.0 in 3QCY22. Going forward, we see that property price outlook in Malaysia to remain positive as outlook for property market is improving. Besides, we think that the rising construction cost and inflationary pressure may drive property price marginally higher as developers pass on higher cost to homebuyers.

Figure 3: Malaysia House Price Index



Source: NAPIC


Maintain POSITIVE on property sector. We remain **POSITIVE** on property sector as we see that landscape for property sector is improving with (i) stable House Price Index outlook, (ii) unchanged OPR at 3%, and (iii) improving residential overhang. Besides, the upcoming infrastructure projects such as Johor Bahru-Singapore Rapid Transit System (RTS) Link and Penang LRT will further improve connectivity and support buying sentiments on property in Malaysia. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.42)** and **Matrix Concepts (BUY, TP: RM1.91)**. We like Mah Sing due to its exposure to affordable residential segment and growing presence in industrial properties segment. Besides, its growing property presence in Johor will further support growth of its property sales. Meanwhile, we like Matrix Concepts due to its stable outlook which is driven by its Sendayan township in Seremban that focused on affordable landed home. Besides, its landbank expansion in Labu will further support growth of its property development business. In addition, dividend yield of Matrix Concepts is attractive at 5.4%. 

Figure 4: Peers comparison table

Stock	Rec.	Price @ 17-April-2024	Target Price (RM)	Core EPS (sen)		Core PER (x)		Net DPS (sen)		Net Dvd Yield		P/NTA (x)
				FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	
MAHSING	BUY	1.23	1.42	9.8	11.2	12.5	11.0	4.0	4.2	3.3%	3.4%	0.81
SPSETIA	BUY	1.35	1.16*	6.7	8.1	9.2	7.9	1.7	1.8	2.5%	2.6%	0.39
GLOMAC	BUY	0.40	0.43	2.0	4.3	19.8	9.3	1.3	1.3	3.3%	3.3%	0.25
MATRIX	BUY	1.80	1.91	20.4	22.4	8.8	8.0	9.80	10.75	5.4%	6.0%	1.07
SUNWAY	BUY	3.35	3.01*	11.2	11.9	30.0	28.1	6.5	7.0	1.9%	2.1%	1.60
ECOWLD	NEUTRAL	1.40	1.51	9.5	9.6	14.7	14.5	6.0	6.0	4.3%	4.3%	0.86
IOIPG	NEUTRAL	2.15	2.15	11.6	13.3	18.6	16.2	5.0	5.0	2.3%	2.3%	0.52
UOADEV	NEUTRAL	1.87	1.82	8.5	8.3	22.0	22.6	10.0	10.0	5.3%	5.3%	0.86

*Under Review

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