

# PROPERTY

**Maintain POSITIVE**

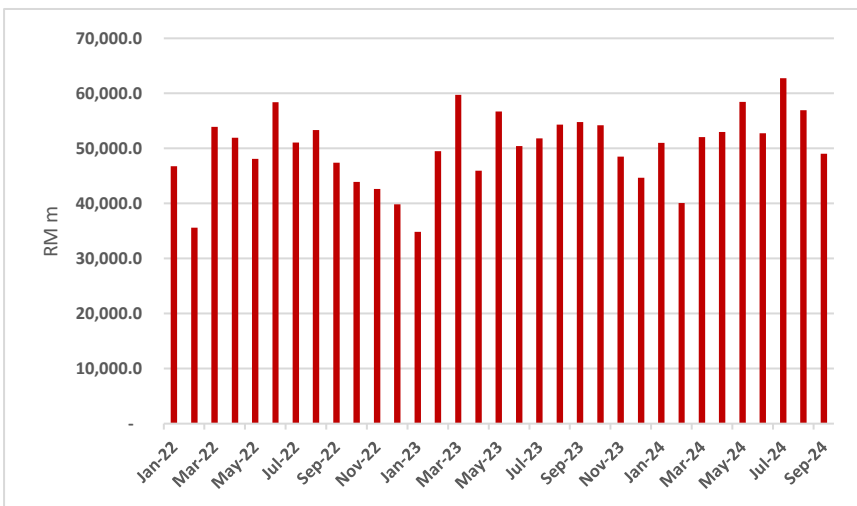
## Decent Loan Application Growth in 9MCY24

### KEY INVESTMENT HIGHLIGHTS

- Decent loan application growth in 9MCY24
- Higher approved loan in 9MCY24
- Bright prospect for industrial properties in Malaysia
- Maintain POSITIVE on property sector
- Top picks for the sector are Mah Sing Group (BUY, TP: RM2.03) and Matrix Concepts (BUY, TP: RM2.22)

**Decent loan application growth in 9MCY24.** According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property eased to RM49.1b (-13.8%mom) in Sept'24 from RM56.9b in Aug'24. Loan applications normalized in Aug'24 and Sept'24 after July'24 figures rose to the highest level since 2021. Besides, the lower figures could be due to public holidays and school holidays in Sept'24. On a yearly basis, loan application data in Sept 24 was lower (-10.5%yoy) following growth of +4.8%yoy in Aug 24. Cumulatively, total loan application in 9MCY24 was higher at RM476b (+3.95%yoy), indicating that buying sentiment on properties in Malaysia is stronger in 2024.

**Figure 1: Monthly total applied loan**



Source: BNM, MIDF Research

**Higher approved loan in 9MCY24.** Approved loan for purchase of property declined in Sept'24 to RM21.7b (-22%mom), in line with the lower loan application. On a yearly basis, approved loan was marginally higher (+0.2%yoy) despite the lower loan application as percentage of total approved loan over total applied loan was higher at 44.3% in Sept'24 against 39.6% in Sept'23. Meanwhile, the loan approval ratio in 9MCY24 remained stable at 44%, marginally higher than loan approval ratio of 43% in 9MCY23. Cumulatively, total approved loan in 9MCY24 was higher at RM213.3b (+7.4%yoy) which indicates better new sales prospect for property developers in Malaysia.

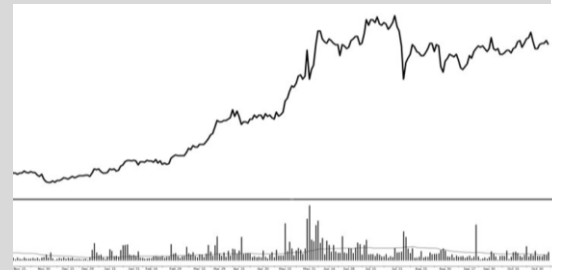
### COMPANY IN FOCUS

#### Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM2.03  
Price @ 7<sup>th</sup> Nov 2024: RM1.75

- New sales of RM1.66b in 8MFY24 are on track to meet management new sales target of RM2.5b for FY24.
- Diversification into data centre to increase recurring income.
- New sales prospect will be supported by strong

#### Share price chart

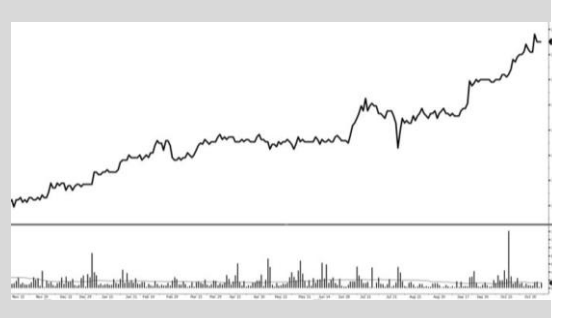


#### Matrix Concepts Holdings Berhad

Maintain **BUY** | Unchanged Target price: RM2.22  
Price @ 7<sup>th</sup> Nov 2024: RM2.15

- Positive earnings growth expected in FY25 due to resilient contribution from its property projects in Bandar Sri Sendayan township.
- New property sales of RM321.4m in 1QFY25 on track to meet new sales target of RM1.39b for FY25.
- MVV 2.0 land will property earnings growth beyond

#### Share price chart

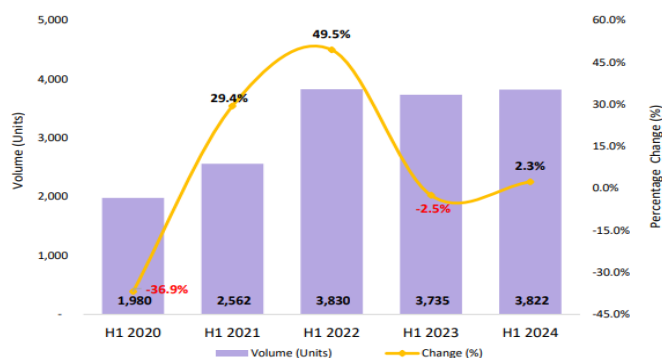


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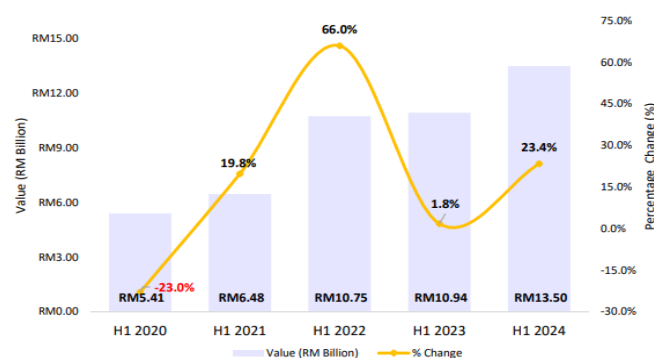
**Bright prospect for industrial properties in Malaysia.** Demand for industrial properties in Malaysia is healthy due to influx of FDI to Malaysia. According to data from the National Property Information Centre (NAPIC), transaction volume for industrial properties surged to 3,830 units in 1HCY22 from 2,562 units in 1HCY21. Subsequently, the transaction volume was stable at above 3,700 units level in 1HCY23 and 1HCY24. Meanwhile, industrial transaction value increased to RM13.5b in 1HCY24 from RM10.94b in 1HCY23 despite the marginal increase in volume which could be due to price appreciation of industrial properties and sale of larger size industrial properties. The higher demand for industrial properties has led to higher exposure to industrial property development of property companies such as S P Setia, Eco World Development and Mah Sing. Meanwhile, with Donald Trump elected as US president, Malaysia may benefit from the intensification of US-China trade war as highlighted in our [Thematic Report: Return Of Trump?](#) as Malaysia is one of the destinations to relocate operations of China companies as part of the China + 1 strategy. That will underpin demand for industrial properties in Malaysia and benefit property companies with exposure to industrial properties.

**Figure 2: Industrial Transactions Volume and Value**


Industrial Transactions Volume H1 2020 – H1 2024



Industrial Transactions Value H1 2020 – H1 2024



Source: NAPIC

**Maintain POSITIVE on property sector.** Despite the lower loan application data in Sept'24 which could be due to seasonal factors, we see that the overall higher total loan application and approved loan in 9MCY24 are positive to property sector as it indicates demand for property is stronger and new sales prospect for developers is better. Besides, OPR is maintained at 3% in latest BNM meeting which will keep buying sentiment on property supported. In a nutshell, we maintain our **POSITIVE** stance on the property sector. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM2.03)** and **Matrix Concepts (BUY, TP: RM2.22)**. We remain positive on Mah Sing as it is aggressively expanding its M-Series products via land banking as demand for affordable residential projects is resilient. Meanwhile, its data centre JV with Bridge Data Centres at Mah Sing DC Hub @ Southville City will provide recurring income in the long-term. We are also positive on Matrix Concepts due to the exciting earnings prospect from landbank in MVV2.0. MVV City of Matrix Concepts is set to groundbreaking in December 2024 while the first project launch is expected in 2HFY26 which is expected to propel earnings growth beyond FY27. 

**Figure 3: Peers comparison table**

Stock	Rec.	Price @ 7-Nov-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	1.75	2.03	9.8	11.2	17.8	15.6	5.1	5.5	2.9%	3.1%	1.17
SPSETIA	BUY	1.43	1.72	15.1	12.4	9.2	7.9	1.7	1.8	2.5%	2.6%	0.43
UOADEV	BUY	1.85	2.06	8.6	9.0	21.4	20.7	10.0	10.0	5.4%	5.4%	0.87
MATRIX	BUY	2.15	2.22*	19.0	21.1	11.3	10.2	10.00	10.60	4.7%	4.9%	1.24
SUNWAY	NEUTRAL	4.60	4.15	12.6	12.6	36.6	36.5	6.5	7.0	1.4%	1.5%	2.15
ECOWLD	NEUTRAL	1.81	1.84	10.2	10.4	17.7	17.4	6.0	6.0	3.3%	3.3%	1.09
IOIPG	NEUTRAL	2.31	2.04	8.9	11.8	25.9	19.5	5.0	5.0	2.2%	2.2%	0.53
GLOMAC	NEUTRAL	0.43	0.39	0.9	2.8	47.8	15.4	1.3	1.3	2.9%	3.0%	0.27

\*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