

# PROPERTY

**Maintain POSITIVE**

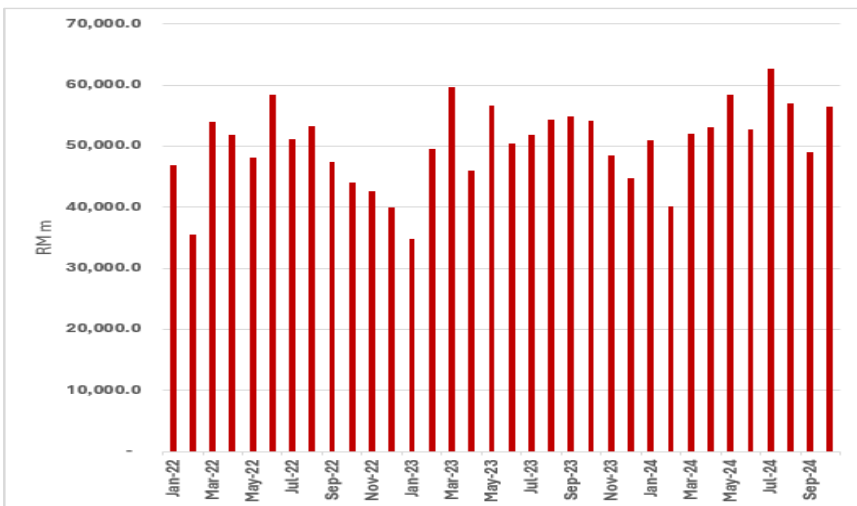
## Loan Application Rebounded

### KEY INVESTMENT HIGHLIGHTS

- **Loan application rebounded in Oct 2024**
- **Higher approved loan indicates better new sales prospect**
- **Mixed earnings in 3QCY24 but with overall better sales**
- **Residential property overhang at lowest level in 7 years**
- **Maintain POSITIVE on property sector**
- **The top picks for the sector are Mah Sing Group (BUY, TP: RM2.04) and Matrix Concepts (BUY, TP: RM2.48)**

**Loan application rebounded in Oct 2024.** According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property rebounded to RM56.4b (+15%mom) in October 2024 following a decline of -13.8%mom in September 2024 as the lower figures in September 2024 was likely owing to public holidays and school holidays. On a yearly basis, total loan application in October 2024 was higher (+4.1%yoy) after declining by -10.5%yoy in September 2024., bringing cumulative loan application in 10MCY24 higher at RM532.4b (+3.96%yoy). The growth in loan applications is positive to the sector as it indicates buying interest on property remains resilient.

**Figure 1: Monthly total applied loan**



Source: BNM, MIDF Research

**Higher approved loan indicates better new sales prospect.** Approved loan for purchase of property rebounded to RM24.3b (+11.3%mom) in October 2024 following decline of -21.5%mom in September 2024, in line with rebound in loan application. On a yearly basis, the approved loan recorded growth for four consecutive months, growing at +2.2%yoy in October 2024. That brought total loan approved in 10MCY24 higher at RM237.8b (+6.9%yoy). Meanwhile the loan approval ratio in 10MCY24 remains stable at 44%. Overall, the higher

### COMPANY IN FOCUS

#### Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM2.04  
Price @ 4<sup>th</sup> Dec 2024: RM1.76

- 9MFY24 core net income higher at RM179.7m (+22.3%yoy), lifted by cost savings.
- Diversification into data centre to increase recurring income.
- New property sales of RM1.85b in 9MFY24 on track to hit management new sales target of RM2.5b.

#### Share price chart



#### Matrix Concepts Holdings Berhad

Maintain **BUY** | Unchanged Target price: RM2.48  
Price @ 4<sup>th</sup> Dec 2024: RM2.30

- Earnings are expected to pick up in 2HFY25 as progress billing is expected to normalize.
- 1 for 2 bonus issue to reward shareholders.
- 1HFY25 new sales of RM663m in 1HFY25 on track to meet new sales target of RM1.39b for FY25.
- MVV 2.0 land will property earnings growth beyond FY27.

#### Share price chart



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approved loan in 10MCY24 indicates stronger new sales for property developers in Malaysia.

**Mixed earnings in 3QCY24 but with overall better sales.** Earnings of property companies were mixed in 3QCY24. Out of seven property companies that released earnings in November 2024, five reported earnings came in within expectations except for Sunway Berhad and S P Setia. Earnings of Sunway Berhad came in stronger than expected as earnings from property development division was boosted by lumpy earnings contribution from project in Singapore. On the flip side, earnings of S P Setia missed our expectation as progress billing was weaker than expected while tax rate was higher. Overall, earnings growth of property companies was largely positive, underpinned by stable new sales and progress billing from ongoing projects. Nevertheless, the higher expenses weighed on earnings of Matrix Concepts and S P Setia. On another note, new property sales of developers are mostly in line with management expectations of higher new sales in CY2024. Looking forward, we expect property developers to record earnings growth in CY25, driven by the stable new property sales.

**Figure 2: Earnings summary of property companies**

	Quarter	Results	Remarks
Sunway Berhad	3QFY24	Above	9MFY24 core net income above expectations due to stronger than expected earnings contribution from property development division which was boosted by lumpy earnings recognition from Parc Central Residences in Singapore which was completed in July 2024. 9MFY24 core net income higher at RM734.5m (+44.8%yoy).
IOI Properties	1QFY25	Within	1QFY25 core net income fell to RM74.7m (-57.3%yoy) due to higher interest cost which surged to RM109m in 1QFY25 from RM356k in 1QFY24. Interest expense for Central Boulevard is not capitalised from FY25 onwards following completion of the building in July 2024.
Mah Sing Group	3QFY24	Within	9MFY24 earnings higher at RM179.7m (+22.3%yoy) due to cost savings from finalisation of construction costs for certain construction contracts.
UOA Development	3QFY24	Within	9MFY24 earnings higher at RM158.8m (+4.5%yoy) due to earnings recognition from ongoing projects namely Aster Hill, Laurel Residence and medical centre in Bangsar South as well as higher hospitality income and rental income from its investment assets.
Matrix Concepts	2QFY25	Within	1HFY25 core net income lower at RM116.6m (-9.4%yoy) due to slower progress billing of its projects and higher administrative and general expenses.
Glomac	2QFY25	Within	1HFY25 core net income higher at RM11.3m (+147.5%yoy) as gross profit margin expanded to 30.3% in 1HFY25 from 24% in 1HFY24.
S P Setia	3QFY24	Below	9MFY24 earnings came in below expectation due to the slower than expected progress billing and higher tax rate in 3QFY24. 9MFY24 core net earnings higher at RM395.8m (+19.6%yoy), mainly contributed by land sales gain of RM634m.

Source: MIDF Research

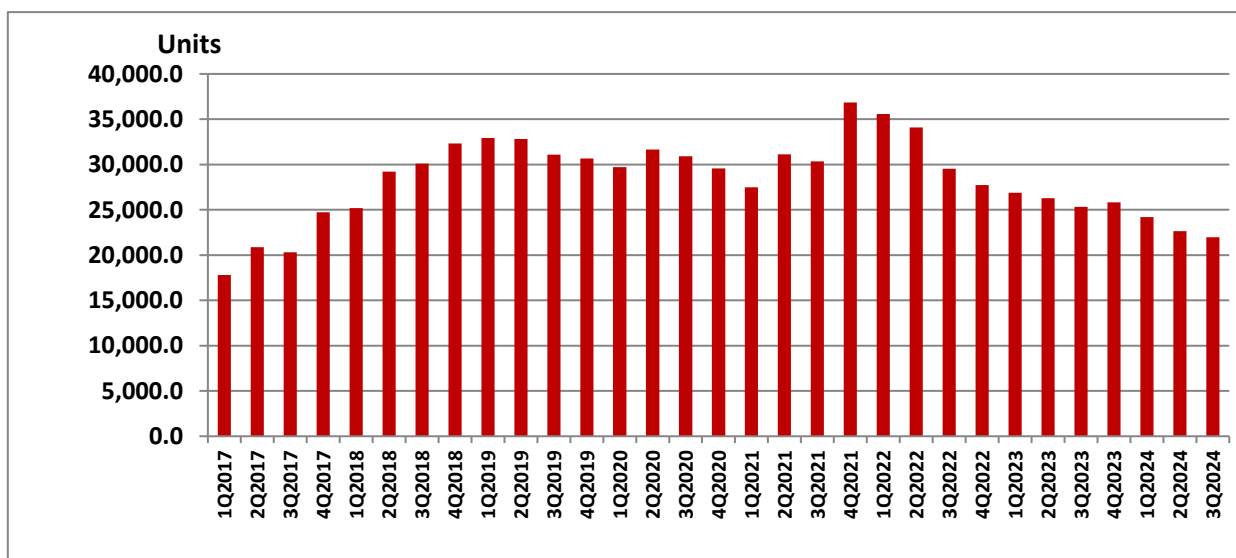
**Figure 3: New property sales performance of property companies**

	FY23 (RM m)	FY24 new sales target (RM m)	3QCY24 new sales performance
Sunway Berhad	2,440	2,600	New property sales of RM550m in 3QFY24, bringing total new sales in 9MFY24 to RM1.85b and on track to achieve new sales target of RM2.6b for FY24.
S P Setia	5,100	4,400	S P Setia registered total new sales of RM900m in 3QFY24, bringing total new sales to RM3.2b (including land sales) in 1HFY24 which is on track to hit management new sales target of RM4.4b for FY24.
Mah Sing Group	2,260	2,500	Mah Sing recorded new sales of RM1.85b in 9MFY24, on track to meet management new sales target of RM2.5b for FY24.
Matrix Concepts	1,250*	1,390**	Matrix Concepts recorded new property sales of RM341.7m in 2QFY25, bringing total new sales to RM663m in 1HFY24 and on track to meet management new sales target of RM1.39b for FY25.
UOA Development	827	N/A	New property sales surged to RM526.5m in 3QFY24 from RM142m in 2QFY24 due to sales recognition from Bamboo Hills Residence (GDV: RM1.4b) at Jalan Ipoh. That brought total new sales to RM790m in 9MFY24.
IOI Properties Group	2,140*	N/A	IOIPG registered new sales of RM550m in 4QFY24 against full year sales expectation of RM2b from Malaysia operations.

\*FY24, \*\*FY25

Source: MIDF Research


**Residential property overhang at lowest level in 7 years.** Property overhang in Malaysia continues to improve as residential overhang declined to 21,968 units in 3Q2024 from 22,642 units in 2QCY24, which is at the lowest level in 7 years. Residential overhang in 3QCY24 were mainly contributed by Kuala Lumpur (3,273 units), Perak (3,039 units), Johor (3,030 units), Penang (2,570 units) and Selangor (2,304 units). Meanwhile, serviced apartment overhang in Malaysia is also on downtrend as overhang declined to 20,158 units in 3QCY24 from 21,913 units in 2QCY24, led by decline in serviced apartment overhang in Johor (11,810 units in 3QCY24 against 12,618 units in 2QCY24) and Kuala Lumpur (4,315 units in 3QCY24 against 4,504 units in 2QCY24). The declining property overhang in Malaysia could be attributed to inventory clearing of property developers and stronger demand for property. Hence, we expect the declining property overhang to keep supply of property healthy and support buying sentiment on property.

**Figure 4: Residential overhang in Malaysia**

Source: NAPIC, MIDF Research

**Maintain POSITIVE on property sector.** We remain positive on property sector as the loan application data suggests buying interest on property remains healthy in 10MCY24 while the declining property overhang will further drive recovery of the sector. Meanwhile, The Johor-Singapore Special Economic Zone (JS-SEZ) and The Johor Bahru–Singapore Rapid Transit System (RTS) Link will remain the catalysts for property sector. In a nutshell, we maintain our **POSITIVE** stance on the property sector.

**Our top picks for the sector are Mah Sing Group (BUY, TP: RM2.04) and Matrix Concepts (BUY, TP: RM2.48).**

We like the Mah Sing Group as we are positive on the new sales outlook for Mah Sing as new sales will be driven by its strategy of selling affordable residential projects. Meanwhile, its JV with Bridge Data Centres at Mah Sing DC Hub @ Southville City will provide upside to earnings growth in the long-term. On the other hand, the long-term prospect for Matrix Concepts is positive with strong earnings visibility from MVV 2.0 land. MVV2.0 with total acreage of 2,382 acres and GDV of RM12b will propel property sales and earnings growth beyond FY27. Besides, the growing earnings contribution from its healthcare division will further support earnings growth. 

**Figure 5: Peers comparison table**

Stock	Rec.	Price @ 4-Dec-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	1.76	2.04	9.8	11.2	17.9	15.7	5.1	5.5	2.9%	3.1%	1.19
SPSETIA	BUY	1.40	1.67	11.9	12.0	9.2	7.9	1.5	1.7	2.5%	2.6%	0.47
UOADEV	BUY	1.88	2.06	8.6	9.0	21.8	21.0	10.0	10.0	5.3%	5.3%	0.88
MATRIX	BUY	2.30	2.48	19.0	21.1	12.1	10.9	10.00	10.60	4.3%	4.6%	1.31
SUNWAY	NEUTRAL	4.85	4.92	14.4	13.1	33.8	37.1	7.0	7.0	1.4%	1.4%	2.25
ECOWLD	NEUTRAL	2.03	1.84	10.2	10.4	19.8	19.5	6.0	6.0	3.0%	3.0%	1.22
IOIPG	NEUTRAL	2.10	2.04	8.9	11.8	23.5	17.7	5.0	5.0	2.4%	2.4%	0.50
GLOMAC	NEUTRAL	0.40	0.39	0.9	2.8	44.4	14.3	1.3	1.3	3.1%	3.3%	0.25

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