PROPERTY

***Maintain* POSITIVE**

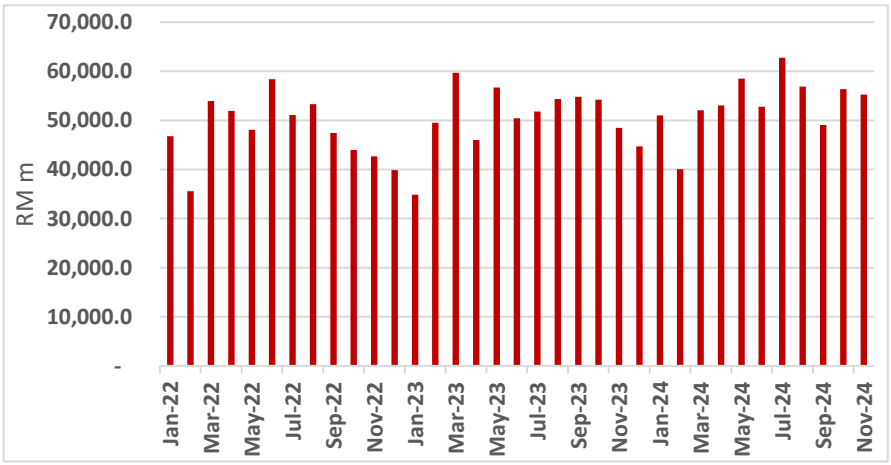
Stronger Buying Interest

KEY INVESTMENT HIGHLIGHTS

- **Higher loan application in 11M2024**
- **Higher approved loan in line with higher new property sales**
- **KL Property Index had a good run in 2024**
- **KL Property Index trading slightly above mean price to book**
- **Maintain POSITIVE on property sector**
- **Top picks for the sector are Mah Sing Group (BUY, TP: RM2.08) and Matrix Concepts (BUY, TP: RM2.60)**

Higher loan application in 11M2024. According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property declined marginally to RM55.3b (-2%mom) in November 2024 after an increase of +15%mom in October 2024. On a yearly basis, total loan application in November 2024 continued to grow at +14%yoy following an increase of +4%yoy in October 2024. That brought total loan application in 11M2024 higher at RM587.7b (+4.8%yoy). The higher loan application showed that buying interest on property was encouraging. Looking forward, we opine that buying interest in 2025 will remain healthy as OPR remains at 3% and outlook for property market in Malaysia remains positive.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Higher approved loan in line with higher new property sales. Approved loan for purchase of property declined by -10.8%mom to RM21.7b in November 2024 after an increase of +11.5%mom in October 2024. The steep drop in approved loans was mainly due to the lower loan approval ratio of 39.3% in November 2024 from 43.2% in October 2024. On a yearly basis, approved loans grew for fifth consecutive months, growing by +4.5%yoy in November 2024. That brought total loans approved in 11M2024 higher at RM259.6b (+6.7%yoy). The higher loans approved were in line with the generally better new sales of property developers. Meanwhile, the loan approval ratio showed little changed at 44% in 11M2024 from 43.3% in 11M2023.

COMPANY IN FOCUS

Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM2.08

Price @ 6th Jan 2025: RM1.87

- Increased property exposure in Johor due to booming property market in Johor.
- 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



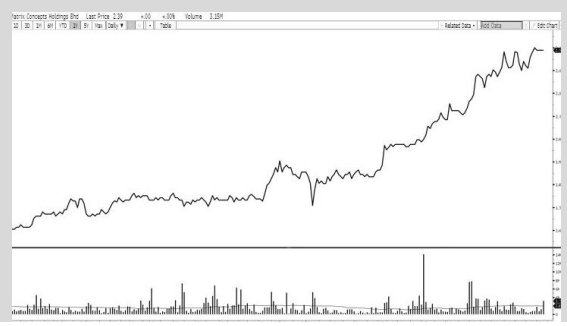
Matrix Concepts Holdings Berhad

Maintain **BUY** | Revised Target price: RM2.60

Price @ 6th Jan 2025: RM2.39

- MVV City land broke ground in December 2024.
- MVV 2.0 land will property earnings growth beyond FY27.
- 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.

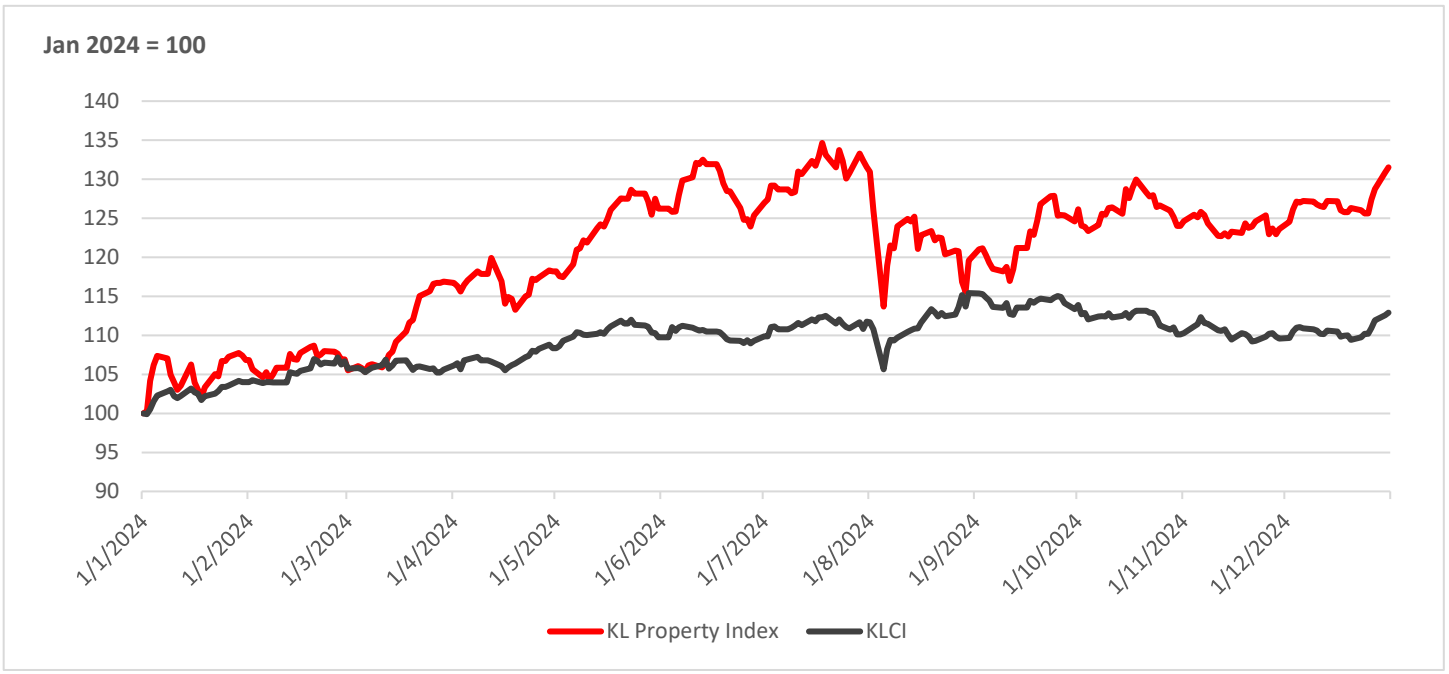
Share price chart



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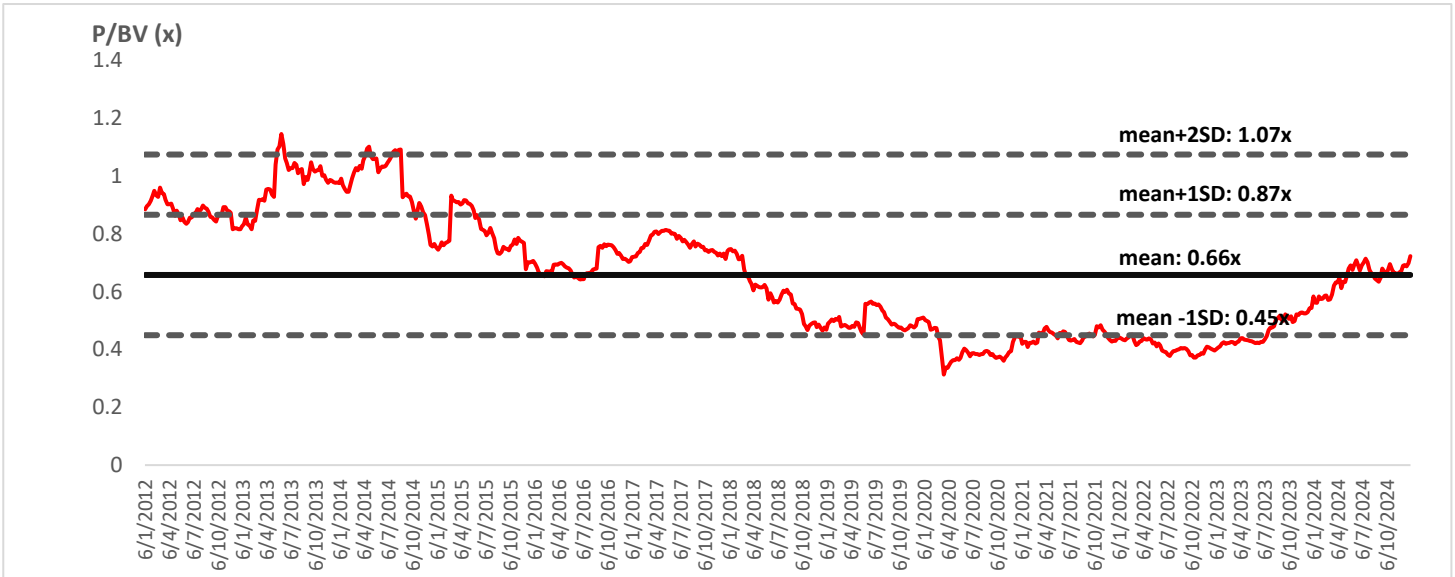
KL Property Index had a good run in 2024. Property companies had a good run in 2024 with KL Property Index chalked up gains of +31.5%, outperforming KLCI's gains of +12.9%. The positive performance was largely attributed to the declining property overhang in Malaysia, recovery in buying interest on property, better new property sales and earnings visibility, booming data centre ventures and industrial property development which unlock value of landbank as well as stable labour market. Besides, the upcoming Johor-Singapore Special Economic Zone (JS-SEZ) and the Johor Bahru–Singapore Rapid Transit System (RTS) Link have also boosted investors sentiment. Meanwhile, the top five performing property counters in 2024 are WMG Holdings Bhd (+275%), Tanco Holdings Berhad (+235%), Sime Darby Property Berhad (+177%), Mah Sing Group Berhad (+124%) and Crescendo Corporation Berhad (+116%). Other notable performers are Eco World Development Group (+110%) and S P Setia (+84%). Following the good run in property counters, valuation of KL Property Index progressed to slightly above mean. KL Property Index is trading at price to book of 0.72x, above long-term mean of 0.66x but below mean +1SD of 0.87x. Overall, we think that valuation of KL Property Index is fair at current level amid property upcycle which is supported by improving outlook and catalysts of JS-SEZ and RTS.

Figure 2: KL Property Index and KLCI



Source: MIDF Research

Figure 3: KL Property Index Price To Book



Source: NAPIC, MIDF Research

Maintain POSITIVE on property sector. Moving into 2025, we see outlook for the property sector to remain positive, underpinning by the continuous recovery in buying sentiment, catalysts from JS-SEZ and RTS, influx of FDI which spurred data centre development and industrial property development, and expectation of OPR being maintained at 3%. **Our top picks for the sector are Mah Sing Group and Matrix Concepts.** We have **BUY** call on Mah Sing with **target price of RM2.08**. We are positive on Mah Sing as new property sales should remain solid on the back of healthy demand for affordable residential projects. Besides, Mah Sing expanded its landbank in Johor which will help the company to benefit from the booming Johor property market. Meanwhile, we maintain our **BUY** call on **Matrix Concepts** but revise our target price to **RM2.60** from RM2.48 as we narrow RNAV discount from 22% to 18% in view of the better earnings visibility from MVV City. Matrix Concepts has broken ground for the first phase of MVV City in December 2024. Note that MVV City has total acreage of 2,382 acres and GDV of RM12b which will propel property sales and earnings growth beyond FY27.

Figure 4: Peers comparison table

Stock	Rec.	Price @ 6-Jan-2025	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	1.87	2.08	9.8	11.2	19.0	16.7	5.1	5.5	2.7%	2.9%	1.26
SPSETIA	BUY	1.45	1.67	11.9	12.0	9.2	7.9	1.5	1.7	2.5%	2.6%	0.48
UOADEV	BUY	1.75	2.06	8.6	9.0	20.3	19.6	10.0	10.0	5.7%	5.7%	0.82
MATRIX	BUY	2.39	2.60	19.0	21.1	12.6	11.3	10.00	10.60	4.2%	4.4%	1.37
SUNWAY	NEUTRAL	4.67	4.92	14.4	13.1	32.5	35.7	7.0	7.0	1.5%	1.5%	2.16
ECOWLD	NEUTRAL	2.15	2.01	12.0	12.6	17.9	17.1	6.0	6.0	2.8%	2.8%	1.30
IOIPG	NEUTRAL	2.21	2.04	8.9	11.8	24.7	18.7	5.0	5.0	2.3%	2.3%	0.53
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 *rise* 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 *fall* 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