Property

Positive (Maintain)

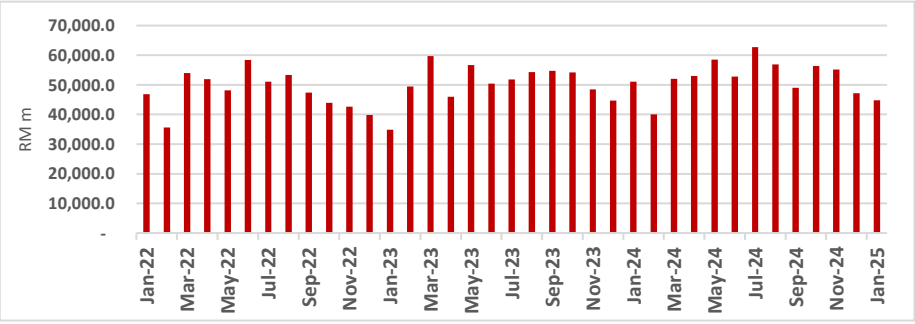
Loan Application Takes a Breather

HIGHLIGHTS

- Loan application off to a weaker start with lower loan application in January 2025.
- Approved loan for purchase of property declined in January 2025.
- Mixed earnings in 4QCY24 with three earnings surprises, two in line and two below expectations.
- Property overhang increased in 4QCY24 but remains healthy at below 3-year average.
- Maintain POSITIVE on property sector with top picks for the sector are Mah Sing Group (BUY, TP: RM2.09) and Eco World Development Group (BUY, TP: RM2.11)

Loan application off to a weaker start. According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property off to a weaker start in CY25 as loan application declined by -12.3%yoy to RM44.8b in January 2025 after three consecutive increases in October 2024 to December 2024. On monthly basis, loan application is lower by -5.1%mom in January 2025 which we think could be due to lower loan application amid school holidays and Chinese New Year public holidays. Looking forward, we expect loan application to be flattish in February 2025 due to short month in February and subsequently grow stronger from March 2025 onwards. Overall, we still expect buying interest on property to remain resilient in 2025.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Weaker approved loan. Approved loan for purchase of property eased -7.8%yoy to RM18.8b in January 2025 after +32%yoy surge in December 2024. Approved loan recorded first decline in seven months mainly due to lower loan application. On monthly basis, approved loan in January 2025 was lower (-20.7%mom), in line with lower loan application while loan approval ratio normalised from 50% in December 2024 to 42% in January 2025. Moving forward, we expect approved loan to remain subdued in February 2025 and subsequently grow higher in March 2025 onwards in tandem with higher loan application.

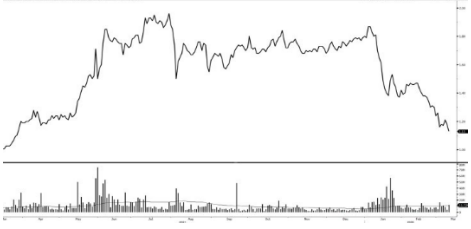
COMPANY *IN FOCUS*

Mah Sing Group Berhad

Maintain BUY | Target Price: RM2.09
Price @ 11 March 2025: RM1.13

- New sales target at RM2.65b for FY25 after hitting new sales of RM2.41b in FY24.
- Higher FY24 core net earnings of RM237.3m (+9.8%yoy) due to cost savings.
- Mah Sing DC Hub @ Southville City is expected to support recurring income growth.

SHARE PRICE CHART



Eco World Development Group

Maintain BUY | Target Price: RM2.11
Price @ 11 March 2025: RM1.74

- Decent earning growth of 29.7% in FY24.
- The data centre build and lease deal with Pearl Computing will drive recurring income growth.
- Active land monetization to unlock value of landbank.

SHARE PRICE CHART



Mixed earnings in 4QCY24 with three earnings surprises. Earnings of property companies were mixed in 4QCY24. Out of seven property companies under our coverage (excluding Glomac Berhad), three property companies (Sunway Berhad, UOA Development and Eco World Development Group) reported earnings that beat expectations, two property companies (Mah Sing Group and S P Setia) reported earnings that came in within expectations while two property companies (Matrix Concepts and IOI Properties Group) reported earnings that missed expectations. The positive earnings deviation was mainly due to the higher-than-expected progress billing. Overall, earnings growth in 4QCY24 was positive at average of +5%yoy while most of the property companies recorded earnings growth in CY24, underpinning by stable new progress billing and lower costs. On the other hand, new property sales were generally in line or higher than management expectation (due to land sales) in CY24 as buying interest on property is stronger. Looking ahead, property companies namely Sunway Berhad, Mah Sing Group and Matrix Concepts are setting higher new sales target for FY25 while S P Setia and Eco World Development Group set conservative lower new sales target for FY25 as new sales in FY24 were lifted by land sales.

Figure 2: Earnings summary of property companies

	Quarter	Results	Earnings summary
Sunway Berhad	4Q24	Above	The positive deviation was mainly due to the stronger-than-expected earnings from construction division. 4QFY24 core net income was higher (+67.6%yoy). FY24 core net income higher at RM1.06b (+108%yoy). Earnings doubled in FY24 as all the business divisions recorded improved earnings contribution.
UOA Development	4Q24	Above	The positive deviation could be attributed to the higher-than-expected progress billing of its projects. 4QFY24 core net income was higher (+43%yoy). FY24 core earnings higher at RM242.1m (+15.2%yoy), underpinned by higher progress billing on its ongoing projects.
Eco World Development	4Q24	Above	The earnings surprise was mainly due to the higher-than-expected progress billing in 4QFY24. 4QFY24 core net income was higher (+38.1%yoy). FY24 core net income higher at RM354.2m (+29.7%), supported by higher earnings recognition from ongoing projects which include newly launched projects and on-going duduk projects.
Mah Sing Group	4Q24	Within	4QFY24 core net income was lower (-16.8%yoy) mainly due to higher cost of sales and higher finance cost. FY24 core net earnings at RM237.3m (+9.8%yoy), supported by cost savings from finalization of construction costs for construction contracts.
S P Setia	4Q24	Within	4QFY24 core net income was lower (-48.9%yoy) due to high base in 4QFY23. FY24 core net income higher at RM486.4m (+47%yoy), buoyed by land sales of RM1.35b in FY24.
IOI Properties	2Q25	Below	The negative deviation could be due to weaker than expected contribution from property development division which dragged by lower progress billing. 2QFY25 core net income was lower (-21.9%yoy). 1HFY25 core net earnings were lower at RM170.3m (-42.8%yoy) due to higher interest expenses and lower contribution from property development division.
Matrix Concepts	3Q25	Below	The negative deviation could be due to slower than expected progress billing of its ongoing projects. 3QFY25 net income was lower (-24.3%yoy). 9MFY25 core net earnings lower at RM159.9m (-14%yoy), mainly attributed to the slower than expected progress billing in 3QFY25 which we gather was owing to slower loan conversion process of buyers.

Source: MIDF Research

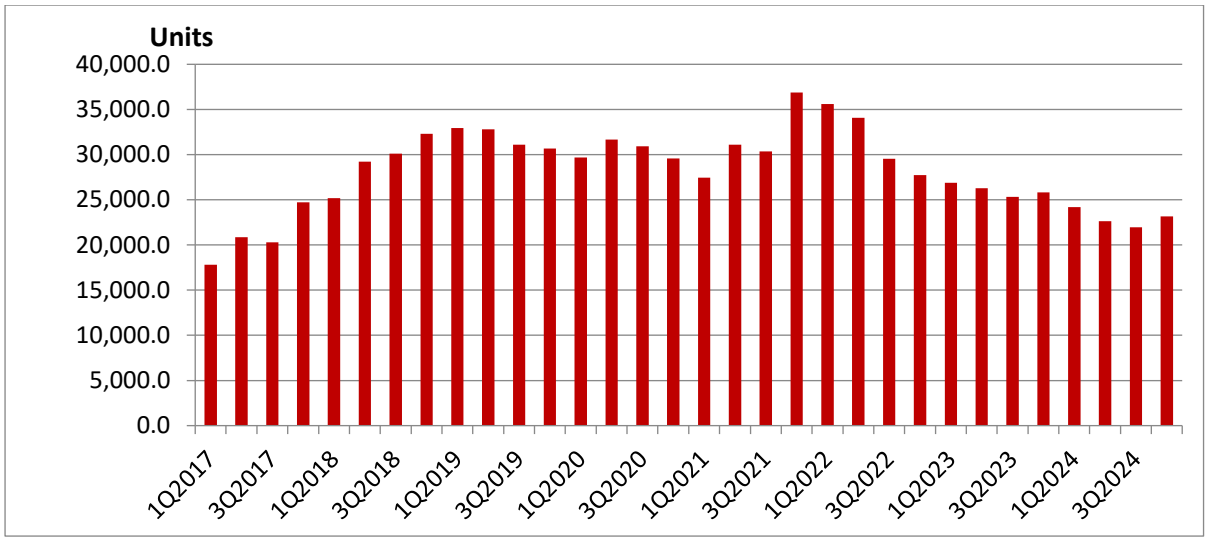
Figure 3: Property sales of property companies

	FY23 (RM m)	FY24 (RM m)	FY25 sales target (RM m)	4QCY24 new sales performance
Sunway Berhad	2,440	3,000	3,600	Sunway Berhad recorded strong sales of RM1.16b in 4QFY24, bringing total new property sales to RM3b which is ahead of its sales target of RM2.6b. New sales target is set at RM3.6b for FY25.
S P Setia	5,100	5,020	4,800	S P Setia recorded new sales of RM1.8b in 4QFY24. That brought total new sales to RM5.02b in FY24 which is ahead of management new sales target of RM4.4b as new sales lifted by land sales of RM1b. New sales target for FY25 is set at RM4.8b.
Mah Sing Group	2,260	2,410	2,650	Mah Sing secured new property sales of RM560m in 4QFY24, bringing total new sales to RM2.41b in FY24. New sales target for FY25 is set at RM2.65b.
Matrix Concepts	1,200	1,250	1,390	New property sales remain stable in 3QFY25 at RM354m, bringing total new sales to RM1.01b in 9MFY25, well on track to meet management new sales target of RM1.39b for FY25.
UOA Development	827	1,000	N/A	New property sales in 4QFY24 were recorded at RM213m, bringing total new sales higher at RM1b in FY24 from RM827m sales in FY23. The higher new sales in FY24 were mainly contributed by Bamboo Hills Residence at Jalan Ipoh which made up half of total new sales.
IOI Properties Group	1,964	2,140	N/A	New property sales in 2QFY25 increased to RM361m from RM332m in 1QFY25, bringing total new sales to RM693m in 1HFY25. Full year sales expectation from Malaysia operations remains at RM2b.
Eco World Development	3,600	4,070	3,500	Eco World achieved total new sales of RM4.07b in FY24, surpassing its new sales target of RM3.5b. The strong sales in FY24 were mainly driven by land sales of RM626m. Management set new sales target of RM3.5b for FY25.

Source: MIDF Research

Property overhang increased in 4QCY24 but remains healthy at below 3-year average. According to data released by National Property Information Centre (NAPIC), residential overhang in Malaysia increased to 23,149 units in 4QCY24 from 21,968 units in 3QCY24. The higher residential overhang in 4QCY24 was mainly due to increase in residential overhang in KL which grew to 4,234 units in 4QCY24 from 3,273 units in 3QCY24. Note that KL contributed to the highest residential overhang in 4QCY24 at 4,234 units, followed by Johor (2,964 units) and Perak (2,844 units). Despite the increase in residential overhang in 4QCY24, we opine that property overhang in Malaysia remains healthy as residential overhang remains below 3-year average of 27,000 units. Meanwhile, property overhang in Johor continues to improve with lower residential overhang which fell from 3,030 units in 3QCY24 to 2,964 units in 4QCY24. Similarly, serviced apartment overhang in Johor declined to 10,624 units in 4QCY24 from 11,810 units in 3QCY24 due to improving sentiment on Johor property market.

Figure 4: Residential overhang in Malaysia



Source: NAPIC, MIDF Research

Maintain POSITIVE on property sector. We maintain our positive stance on property sector as the sector is expected to benefit from Johor-Singapore Special Economic Zone (JS-SEZ), The Johor Bahru–Singapore Rapid Transit System (RTS), growing demand for data centre and industrial property in Malaysia which will unlock value of landbank of property developers. Besides, OPR is unchanged at 3% which should remain supportive to buying interest on property. **Our top picks for the sector are Mah Sing Group and Eco World Development Group**. We have BUY call on Mah Sing with target price of RM2.09. We remain positive on Mah Sing as new sales prospect is positive which is underpinned by resilient demand for affordable residential projects while Mah Sing DC Hub @ Southville City will provide recurring income in the near-term. Meanwhile, we have BUY call on Eco World Development Group with a target price to RM2.11. We see positive prospect for its industrial property development segment while data centre build-and-lease deal for Pearl Computing supports growth of recurring income.

PEER COMPARISON

Stock	Rec.	Price @ 11-March-2025	Target Price (RM)	Core EPS (sen)		Core PER (x)		Net DPS (sen)		Net Dvd Yield		P/NTA (x)
				FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	
MAHSING	BUY	1.13	2.09	10.2	11.5	11.1	9.8	5.5	6.0	4.9%	5.3%	0.73
SPSETIA	BUY	1.21	1.67	12.0	10.9	9.2	7.9	2.5	2.5	2.5%	2.6%	0.40
UOADEV	BUY	1.75	2.09	10.3	10.8	17.0	16.2	10.0	10.0	5.7%	5.7%	0.81
MATRIX	BUY	1.35	1.69	11.4	14.2	11.8	9.5	6.70	7.80	5.0%	5.8%	0.77
ECOWLD	BUY	1.74	2.11	12.7	13.0	13.8	13.4	6.0	6.0	3.4%	3.4%	1.05
SUNWAY	NEUTRAL	4.42	4.73	13.6	14.4	32.6	30.7	7.0	7.0	1.6%	1.6%	2.02
IOIPG	NEUTRAL	1.85	2.04	7.1	9.9	26.1	18.6	5.0	5.0	2.7%	2.7%	0.43
GLOMAC	NEUTRAL	0.35	0.39	0.9	2.8	38.9	12.5	1.3	1.3	3.6%	3.7%	0.22

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise 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	The stock price is expected to fall 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