Property

Higher Loan Application in 1QCY25

Positive (Maintain)

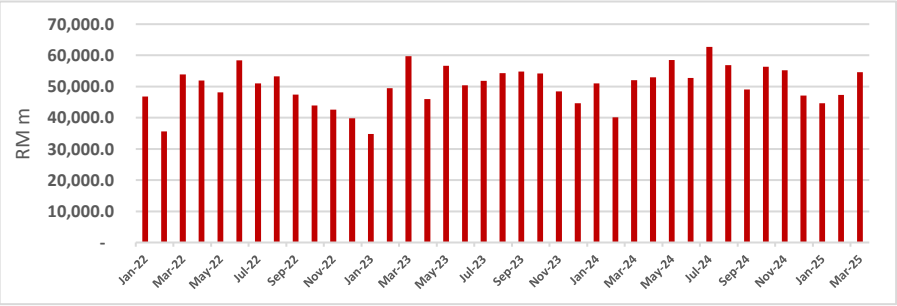
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HIGHLIGHTS

- Total loan application for purchase of property is higher in 1QCY25, indicating buying interest on property remains healthy
- Approved loan for purchase of property jumped in March 2025 due to higher approval ratio
- KL Property Index on roller-coaster ride in April 2025, declining -3.2% in April 2025 vs. KLCI's gain of 1.8%
- Outlook for property market in Malaysia remains stable especially for Johor
- Maintain **POSITIVE** on property sector with top picks for the sector are **Mah Sing Group (BUY, TP: RM1.49) Eco World Development Group (BUY, TP: RM2.05) and UOA Development (BUY, TP: RM1.93)**

Higher loan application in 1QCY25. According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property increased to RM54.6b (+15.3%mom) in March 2025 following increase of +6.1%mom in February 2025. On yearly basis, loan application improved by +4.9%yoy in March 2025 following a jump of +18%yoy in February 2025. The stronger loan application in March 2025 is in line with our expectation of recovery of loan application following weaker figures in January 2025 which is believed to be dragged by school holidays and Chinese New Year public holidays. Cumulatively, loan application in 1QCY25 is higher at RM146.6b (+2.4%yoy), indicating buying interest on property remains healthy amid stable property sector outlook.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Flattish approved loan in 1QCY25 due to lower approval ratio. Approved loan for purchase of property surged to RM23.3b (+31.6%mom) in March 2025 as loan approval ratio increased to 42.7% in March 2025 from 37.4% in February 2025. On yearly basis, approved loan up by +4.9%yoy in March 2025 after marginal growth of +0.5%yoy in February 2025. That brought total approved loan to RM59.8b (-0.6%yoy) in 1QCY25. The marginally lower approved loan was mainly due to lower approval ratio of 40.8% in 1QCY25 against 42% in 1QCY24. Going forward, we expect approval ratio to normalise and support growth of approved loan and new property sales of developers in 2025.

COMPANY *IN FOCUS*

Mah Sing Group Berhad

Maintain BUY | Target Price: RM1.49
Price @ 7 May 2025: RM1.22

- 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 supports recurring income growth.

SHARE PRICE CHART



Eco World Development Group

Maintain BUY | Target Price: RM2.05
Price @ 7 May 2025: RM1.95

- 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



KL Property Index on roller-coaster ride in April 2025. KL Property Index was volatile in April due to announcement of reciprocal tariff U.S President Donald Trump on 2nd April 2025. KL Property Index tumbled to a low of 890.23 points on 9th April 2025, declining -11.5% since 1st April 2025. Subsequently, KL Property Index managed to regain some lost ground and closed at 973.54 points on 30th April 2025. Overall, KL Property Index declined -3.2% in April 2025 against KLCI's gain of +1.8% as the less optimistic economic outlook is expected to adversely impact the buying sentiment on big ticket items such as property. Nevertheless, we see that outlook for property market in Malaysia should remain stable especially for Johor mainly due Johor-Singapore Special Economic Zone (JS-SEZ) and The Johor Bahru–Singapore Rapid Transit System (RTS). The positive prospect of Johor property market prompted developers to increase its exposure in Johor namely Mah Sing Group and Sunway Berhad. Recently, UOA Development which is a developer focused on Klang Valley made its foray to Johor Bahru after acquiring stake in a JV to undertake service apartment project on 1.22 acres land with walking distance to Bukit Chagar RTS station.

Maintain POSITIVE on property sector. Overall, the higher loan application data in 1QCY25 signals that buying interest on property remains healthy. Meanwhile, we see better earnings prospect for property developers in the upcoming 1QCY25 results as earnings of developers should support by the decent property sales recorded in CY24. On the other hand, the recent acquisition of 157.42 hectares of land in Port Dickson by Google-linked Pearl Computing Malaysia Sdn Bhd for data centre project bodes well for data centre development in Malaysia. In a nutshell, we maintain our **POSITIVE** stance on property sector. **Our top picks for the sector are Mah Sing Group (BUY, TP: RM1.49), Eco World Development Group (BUY, TP: RM2.05) and UOA Development (BUY, TP: RM1.93)**. We remain positive on Mah Sing as new sales prospect remains resilient which driven by solid demand for affordable residential projects. Meanwhile, we like Eco World Development Group for its growing contribution from industrial property development segment. Eco World Development Group is also aiming to increase recurring income contribution while its data centre build-and-lease deal for Pearl Computing will drive growth of recurring income. We also like UOA Development for its healthy balance sheet of net cash position and strong cash flow from its investment properties which makes its relatively shielded from market uncertainty. Besides, its recent venture to Johor property market is expected to support new property sales growth. Dividend yield is also attractive at 5.8%.

PEER COMPARISON

Stock	Rec.	Price @ 7-May-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	1.22	1.49	10.2	11.5	12.0	10.6	5.5	6.0	4.5%	4.9%	0.79
UOADEV	BUY	1.73	1.93	10.3	10.8	16.8	16.0	10.0	10.0	5.8%	5.8%	0.80
MATRIX	BUY	1.42	1.59	11.4	14.2	12.4	10.0	6.70	7.80	4.7%	5.5%	0.81
ECOWLD	BUY	1.95	2.05	12.7	13.0	15.4	15.1	6.0	6.0	3.1%	3.1%	1.17
SPSETIA	NEUTRAL	1.17	1.21	12.0	10.9	9.2	7.9	2.5	2.5	2.5%	2.6%	0.39
SUNWAY	NEUTRAL	4.76	4.70	13.6	14.4	35.1	33.1	7.0	7.0	1.5%	1.5%	2.17
IOIPG	NEUTRAL	1.82	1.84	7.1	9.9	25.7	18.3	5.0	5.0	2.7%	2.7%	0.42
GLOMAC	NEUTRAL	0.345	0.32	2.2	2.1	15.9	16.8	1.3	1.3	3.6%	3.8%	0.22

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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	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