Property

POSITIVE (Maintain)

Decent Earnings Prospect

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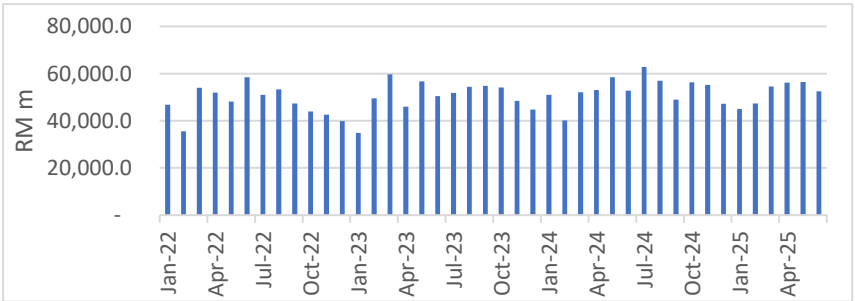
HIGHLIGHTS

- Weaker loan application in June 2025 but stronger loan application is anticipated in 2H2025
- Lower approved loan in June 2025 due to lower approval ratio
- Positive earnings growth expected due to stable progress billing from higher property sales
- Maintain Positive on property sector
- Top picks are Mah Sing Group, Matrix Concepts and UOA Development

Stronger loan application anticipated in 2H2025. According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property was flattish at RM52.5b (-0.5%yoy) in June 2025 following decline of -3.6%yoy in May 2025. On a sequential basis, total loan application for purchase of property declined by 6.9%mom in June 2025, the first decline in five months. We think that the weaker loan application in June 2025 could be due to school holiday in the month which led to lower activity on loan application. Cumulatively, total loan application in 1HCY25 stood at RM311.9b, increasing marginally by +1.5%yoy. The marginal growth indicates that buying interest on property remains strong considering decent growth of +4.9% in loan application in 2024. Looking forward, we think that loan application should grow stronger in 2HCY25 due to OPR cut of 25bps in July 2025.

Figure 1: Monthly total applied loan



Source: BNM, MIDF Research

Lower approved loan due to lower approval ratio. Approved loan for purchase of property declined by -4.3%yoy and -14.7%qoq to RM22.3b in June 2025. The decline in approved loan was mainly due to lower approval ratio of 42.5% in June 2025 against 44.2% in June 2024 and 46.4% in May 2025. Cumulatively, total loan approved in 1HCY25 is marginally lower at RM133.2b (-0.7%yoy). Nevertheless, we opine that approved loan should pick up in the coming months on the back of anticipation of stronger loan application going forward due to OPR cut.

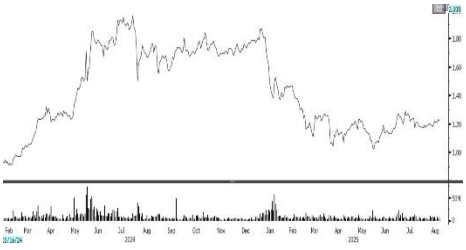
COMPANY *IN FOCUS*

Mah Sing Group

Maintain BUY | Unchanged Target Price: RM1.51
Price @ 20 Aug 2025: RM1.22

- New sales prospect is stable, underpinning by launches of affordable residential projects.
- New sales on track to hit new sales target of RM2.65b for FY25.
- Date centre ventures provide recurring income.

SHARE PRICE CHART



Matrix Concepts

Maintain BUY | Unchanged Target Price: RM1.65
Price @ 20 Aug 2025: RM1.31

- MVV City is the next growth earnings catalyst to Matrix Concepts.
- New sales target of RM1.6b for FY26.
- New sales momentum remains strong, supported by landed homes projects in Negeri Sembilan

SHARE PRICE CHART



Positive earnings growth expected due to stable progress billing from higher property sales. For the upcoming earnings release of property companies, we expect most the property companies to record earnings growth in 2QCY25 as progress billing of ongoing projects should pick up. Recall that earnings in 1QFY25 were largely positive with UOA Development, Sunway Berhad, Eco World Development Group and Mah Sing Group recorded earnings growth ranging 12%-63% in 1QFY25 due to higher progress billing of projects. We see earnings growth in 2QFY25 to be largely on track as we expect earnings growth to be driven by the higher sales achieved in FY24. Note that most of the property companies under our coverage recorded higher sales in FY24 which should underpin earnings growth in FY25 and beyond FY25. Besides, most of the developers are targeting higher sales in CY25 as market condition is favourable with stable demand for property. Hence, we see better earnings outlook for developers from CY25 onwards.

Maintain POSITIVE on property sector. We remain positive on property sector as new sales prospect of developers is expected to remain good with growing buying interest on property. The OPR cut should increase buying interest in 2HCY25 as it improves affordability of homebuyers. Hence, we maintain our **POSITIVE** stance on property sector. **Our top picks for the sector are Mah Sing Group (BUY, TP: RM1.51), Matrix Concepts (BUY, TP: RM1.65) and UOA Development (BUY, TP: RM2.04)**. We remain positive on Mah Sing as new sales prospect is stable, underpinning by launches of affordable residential projects. Likewise, we are positive on Matrix Concepts as the development of MVV City will serve as the earnings catalyst. Besides, new sales prospect remains stable, supported by resilient demand for landed homes projects in Negeri Sembilan. As for UOA Development, dividend yield is attractive at 5.7% while earnings prospect is expected to be supported by the profit recognition of its ongoing projects in Klang Valley as well as income from investment properties. Besides, UOA Development is slated to launch its maiden project in Johor by early of next year which will support new property sales.

PEER COMPARISON

Stock	Rec.	Price @ 20-Aug-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	1.51	10.2	11.5	12.0	10.6	4.8	5.2	4.0%	4.2%	0.80
UOADEV	BUY	1.76	2.04	12.3	13.0	14.3	13.6	10.0	10.0	5.7%	5.7%	0.81
MATRIX	BUY	1.31	1.65	11.4	14.2	11.5	9.3	7.95	8.20	6.1%	6.3%	0.87
SPSETIA	BUY	1.09	1.25	9.4	10.3	9.2	7.9	2.5	2.5	2.5%	2.6%	0.37
ECOWLD	NEUTRAL	2.12	2.15	12.7	13.0	16.8	16.4	6.0	6.0	2.8%	2.8%	1.28
SUNWAY	NEUTRAL	4.80	5.01	13.6	14.4	35.4	33.4	7.0	7.0	1.5%	1.5%	2.16
IOIPG	NEUTRAL	2.17	2.15	7.1	9.9	30.6	21.9	5.0	5.0	2.3%	2.3%	0.50

Source: MBSB Research

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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