Property

POSITIVE (Maintain)

Resilient Buying Interest on Properties

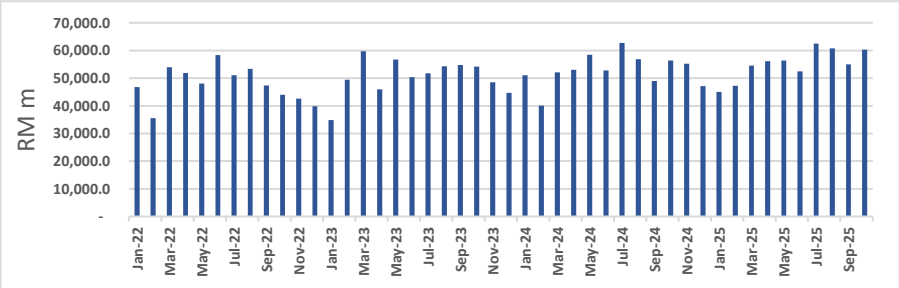
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HIGHLIGHTS

- Higher loan application amid stronger buying sentiment
- Double-digit growth in approved loan
- Decent earnings in 3QCY25 and positive prospect for new sales
- Stable residential overhang in key states
- Maintain POSITIVE on property sector
- Top three picks are Mah Sing Group, Matrix Concepts and UOA Development

Higher loan application amid stronger buying sentiment. Data released by Bank Negara Malaysia (BNM) shows that total loan application for purchase of property grew for third consecutive months in October 2025 to RM60.3b (+7%yoy) following growth of +12.2% and +6.9% in September 2025 and August 2025 respectively. On a monthly basis, total loan application was higher by +9.6%mom in October 2025, reversing decline of -9.6%mom in September 2025. The rebound in loan application was in line with our expectation of stronger loan application in October 2025 as weaker figure in September 2025 was due to school holidays and public holidays. Cumulatively, total loan application in 10MCY25 was higher at RM550.4b (+3.4%yoy), indicating overall buying sentiment on property remains robust.

Figure 1: Monthly total applied loan



Source: BNM, MBSB Research

Double-digit growth in approved loan. Approved loan for purchase of property was higher at RM27.3b (+12%yoy) in October 2025, following growth of +8.7%yoy in September 2025. The higher approved loan was due to higher loan application and higher loan approval ratio of 45.3% against 43.2% in October 2024. On a monthly basis, approved loan was higher (+15%mom), underpinning by the increase in loan application and higher loan approval ratio. That brought cumulative approved loan to show a marginal increase of +0.9%yoy in 10MCY25 which we think should bode well for new sales prospect for developers.

COMPANY *IN FOCUS*

Mah Sing Group

Maintain BUY | Unchanged Target Price: RM1.52
Price @ 11 Dec 2025: RM0.985

- New sales of RM1.88b in 1HFY25, on track to meet new sales target of RM2.65b for FY25.
- Active landbanking supports new sales prospects.
- Undemanding valuation, trading at 37% discount to latest NTA per share of RM1.57

SHARE PRICE CHART

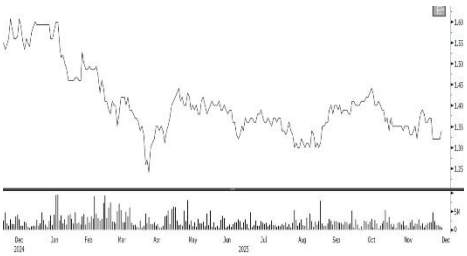


Matrix Concepts

Price @11 Dec 2025: RM1.34

- MVV City is the next growth earnings catalyst to Matrix Concepts.
- Proxy to economic growth of Negeri Sembilan.
- New sales momentum remains strong, supported by landed homes projects in Negeri Sembilan.

SHARE PRICE CHART



Decent earnings in 3QCY25. Earnings of property companies were largely in line for the recently concluded earnings reporting season. Out of seven property companies under our coverage, four reported earnings that met expectation with three positive earnings surprises from IOI Properties, UOA Development and Eco World Development Group. Earnings of property companies generally met our expectation of earnings growth in 3QCY25. Earnings of IOI Properties beat expectations due to lower-than-expected financing cost and stronger than expected contribution from property investment division. Similarly, UOA Development earnings came in above expectations due to lower-than-expected cost and the higher-than-expected progress billing. Meanwhile, earnings of Eco World Development Group were stronger than expected due to better-than-expected margin and lower tax rate. Overall, earnings of property companies in 3QCY25 are largely positive with UOA Development reported highest earnings growth of +139.2%yoy, followed by IOI Properties Group (+117.3%yoy). On the other hand, Sunway Berhad recorded lower earnings in 3QCY25 due to high base earnings in 3QCY24 as well as start-up losses from two new hospitals.

Figure 2: Earnings summary of property companies in 3QCY25

	Quarter	Results	Earnings Summary
UOA Development	3Q25	Above	Earnings came in stronger than expected due to the lower-than-expected cost and the higher-than-expected progress billing. 3QFY25 core net income was higher at RM115.6m (+139.2%yoy) mainly due to higher margin achieved. Cumulatively, 9MFYFY25 core net income was higher at RM276.5m (+74.1%yoy), primarily driven by earnings recognition from ongoing projects
IOI Properties	1Q26	Above	The positive deviation was due to lower-than-expected financing cost and stronger-than-expected earnings contribution from property investment segment. 1QFY26 core net income more than doubled to RM162.3m (+117.3%yoy) mainly due to improved performance of property development segment and property investment segment.
Eco World Development	4Q25	Above	FY25 earnings came in above our expectation due to higher-than-expected margin in 4QFY25 and the lower-than-expected tax rate. 4QFY25 core net income was marginally higher at RM124.1m (+1.5%yoy), bringing FY25 earnings higher at RM417.7m (+17.8%yoy). Higher earnings underpinned by land sales recognition to Microsoft Payments and full consolidation of Paragon Pinnacle.
Mah Sing Group	3Q25	Within	3QFY25 core net income was flattish at RM64.4m (+1.8%yoy), bringing cumulative 9MFY25 core net income higher at RM195.1m (+8.6%yoy). The higher earnings were mainly driven by acceleration of progress billing of its ongoing projects in Klang Valley.
Matrix Concepts	2Q26	Within	2QFY26 core net income was higher at RM67.5m (+20.88%yoy), bringing 1HFY26 earnings higher at RM130.6m (+12%yoy). The earnings growth was underpinned by resilient contribution from Sendayan developments in Seremban, maiden contribution from Horizon L&L and earnings recognition from high-rise projects.
S P Setia	3Q25	Within	3QFY25 core net income was higher at RM100.9m (+20.2%yoy) due to lower financing cost (-20.5%yoy). On a cumulative 9MFY25 basis, core net income was lower at RM277.7m (-29.8%yoy) mainly due to high base effect in 9MFY24.
Sunway Berhad	3Q25	Within	3QFY25 core net income was lower at RM271.5m (-22.5%yoy) mainly due to lower contribution from property development division. Cumulatively, 9MFY25 core net income was lower at RM703.9m (-6.8%yoy) mainly due to lower earnings from property development division and healthcare segment.

Source: MBSB Research

Positive prospect for property sales. New property sales were mostly on track to meet new sales target set by management, indicating that sales momentum remain stable. Note that most of the developers registered higher sales in CY24 as buying sentiment on properties was strong. Meanwhile, most of the developers had set marginally higher sales target for CY25 in view of the stable outlook for property market. We see that the stronger sales secured in CY24 and CY25 to underpin earnings growth of developers. Going forward, we see that buying interest to remain resilient in CY26 as house price outlook in Malaysia is expected to support by The Johor Bahru–Singapore Rapid Transit System (RTS) and Johor-Singapore Special Economic Zone (JS-SEZ) which should lift overall demand for property in Malaysia.

Figure 3: Property sales performance

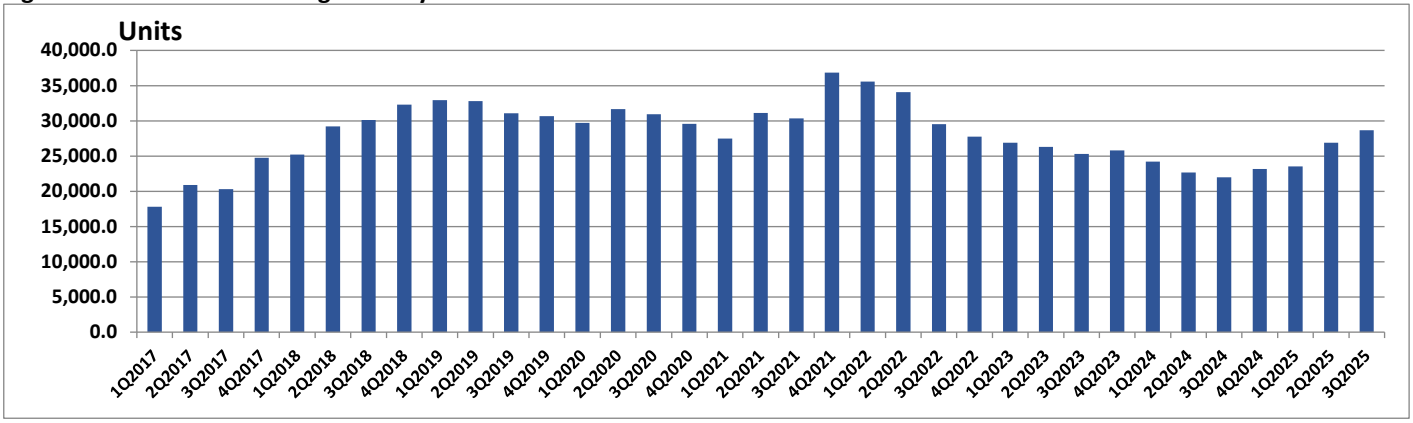
	FY23 (RM m)	FY24 (RM m)	FY25 new sales target (RM m)	9MCY25 new sales performance
Sunway Berhad	2,440	3,000	3,600	New property sales surged to RM1.8b in 3QFY25 from RM745.3m in 2QFY25, mainly due to launch of Otto Place (GDV: SGD 1bil) in Singapore. That brought total new sales to RM3.1b in 9MFY25, making up 86% of new sales target of RM3.6b.
S P Setia	5,100	5,020	4,800	S P Setia recorded new sales of RM1.59b in 3QFY25, higher than new sales of RM1.18b in 2QFY25. That brought total new sales to RM3.49b in 9MFY25. That makes up 73% of new sales target of RM4.8b for FY25.
Mah Sing Group	2,260	2,410	2,650	Mah Sing recorded new property sales of RM1.88b in 1HFY25, on track to meet management new sales target of RM2.65b for FY25.
Matrix Concepts	1,250*	1,450**	1,600***	New property sales increased from RM381m in 1QFY26 to RM406.9m in 2QFY26. That brought total new sales to RM788m in 1HFY26 which is well on track to meet management sales target of RM1.6b for FY26.
UOA Development	827	1,000	N/A	UOA Development recorded new property sales of RM152m in 3QFY25, flattish against new sales of RM148m in 2QFY25. That brought total new sales to RM564.6m in 9MFY25.
IOI Properties Group	2,140*	1,810**	N/A	New property sales declined to RM474m in 1QFY26 from RM670m in 4QFY25. New sales should remain within RM2b range for FY26 with projects in Malaysia contributing to new sales.
Eco World Development	4,070*	4,550**	4,000***	Eco World achieved total sales of RM4.55b for FY25, ahead of its new sales target of RM3.5b. Eco World set new sales target of RM4b for FY26.

**FY24, **FY25, ***FY26*

Source: MBSB Research

Stable residential overhang in key states. According to data release by National Property Information Centre (NAPIC), residential overhang in Malaysia increased for fourth consecutive quarters in 3QCY25 to 28,672 units from 26,911 units in 2QCY25, representing an increase of 1,761 units. The top five states that contributed to the residential overhang are Perak (3,300 units), Johor (3,292 units), Sabah (2,771 units), Selangor (2,757 units) and Penang (2,730 units). The increase in residential overhang was largely contributed by increase in Kedah (+1,172 unit) and Sabah (+804 units). Meanwhile, residential overhang in KL decreased by 1,356 units while residential overhang in Selangor saw marginal uptick of 292 units. On the other hand, residential overhang in Johor was flattish (+84 units). Overall, we are not overly concerned on this rising residential overhang in Malaysia as figures from key states remain stable. Note that 64% of residential overhang in Malaysia in 3QCY25 was contributed by houses below RM500k with houses priced at between RM200k-RM300k contributed to 29% of residential overhang. On another note, serviced apartment overhang in Malaysia was flattish at 17,892 units in 3QCY25 against 17,883 units in 2QCY25 as increase in serviced apartment overhang in KL was offset by the decline of serviced apartment overhang in Johor. In a nutshell, we see that the property overhang in Malaysia remains manageable.

Figure 4: Residential overhang in Malaysia



Source: NAPIC, MBSB Research

Maintain POSITIVE on property sector. We remain positive on the sector as buying interest on properties remain resilient as indicated by the growth in loan application. We are also not overly concerned on the rising residential overhang in 3QCY25 as residential overhang in key states remain healthy. We continue to see brighter earnings prospect for developers in 2026 due to the higher sales secured in CY24 and CY25. Besides, the growing exposure of developers in industrial properties development will partially support growth in new property sales going forward. **Our top three picks for the sector are Mah Sing Group (BUY, TP: RM1.52), Matrix Concepts (BUY, TP: RM1.65) and UOA Development (BUY, TP: RM2.01)**. For Mah Sing, valuation is undemanding, trading at 37% discount to latest NTA per share of RM1.57. Besides, the stable new sales prospect coupled with the active land banking should support earnings growth in the near-term. Dividend yield is also attractive at 4.9%. For Matrix Concepts, we see that it is a good proxy to economic growth of Negeri Sembilan due to its Bandar Sri Sendayan township while the development of MVV City will benefit from the booming economic growth in Negeri Sembilan. For UOA Development, we see that its maiden launch of project in Johor will lift property sales in FY26. Dividend yield of UOA Development is attractive at 5.5% while its balance sheet is healthy at net cash position.

Peers Comparison

Stock	Rec.	Price @ 11-Dec-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	0.985	1.52	10.2	11.5	9.7	8.6	4.8	5.2	4.9%	5.2%	0.63
UOADEV	BUY	1.83	2.01	13.9	14.6	13.2	12.5	10.0	10.0	5.5%	5.5%	0.85
MATRIX	BUY	1.34	1.65	10.8	14.2	12.4	9.4	7.95	7.50	5.9%	5.6%	1.10
SPSETIA	BUY	0.79	1.26	9.4	10.3	9.2	7.9	2.5	2.5	2.5%	2.6%	0.27
ECOWLD	NEUTRAL	2.10	2.21	13.7	19.6	15.3	10.7	7.0	7.0	3.3%	3.3%	1.03
SUNWAY	NEUTRAL	5.58	5.18	13.6	15.4	41.0	36.2	10.0	10.0	1.8%	1.8%	2.50
IOIPG	NEUTRAL	2.51	2.30	5.4	10.4	46.5	24.1	8.0	8.0	3.2%	3.2%	0.56

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