Property

NEUTRAL (Maintain)

Cautiously Steady Outlook

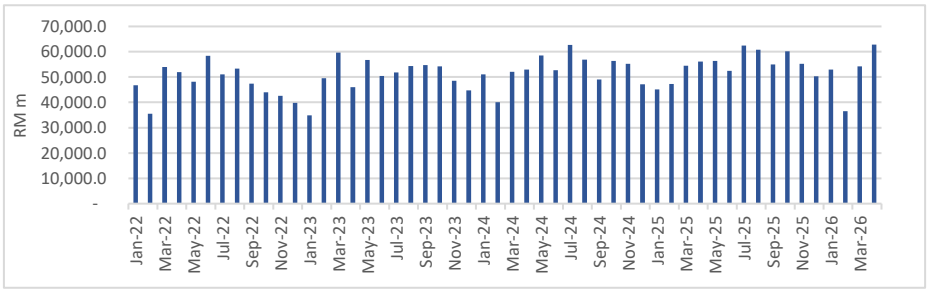
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HIGHLIGHTS

- Uptick in loan application in April 2026
- Higher approved loan albeit lower approval rate
- Earnings growth came in on the softer side
- Maintain NEUTRAL on property sector
- Top picks for the sector are Mah Sing Group (BUY, TP: RM1.25), Matrix Concepts (BUY, TP: RM1.55) and IOI Properties Group (BUY, TP: RM4.64)

Uptick in loan application in April 2026. Total loan application for purchase of property increased to RM62.8b (+15.9%mom) in April 2026 as loan applications picked up from the weaker levels seen in March due to the Hari Raya holiday. On a year-on-year basis, loan application was higher by +11.8%yoy in April 2026 following a marginal decline of -+0.5%yoy in March 2026. Cumulatively, total loan application in 4MCY26 was marginally higher at RM206.6b (+1.8%yoy). Overall, buying sentiment is still holding up well as Malaysia still maintains fuel subsidies for RON95 and logistics sectors. Nevertheless, we are slightly less sanguine on buying sentiment going forward as buying sentiment may moderate amid inflationary pressures.

Figure 1: Monthly total applied loan



Source: BNM, MBSB Research

Higher approved loan albeit lower approval rate. Approved loan for purchase of property increased to RM26.9b (+22.4%mom) in April 2026, underpinning by the increase in loan application. On a year-on-year basis, approved loan was also higher by +8.3%yoy in April 2026 due to higher loan application albeit loan approval rate declined to 40.6% in April 2026 from 44.3% in April 2025. We reckon that the lower approval rate could be due to banks adopting a more stringent stance amid geopolitical tensions. Cumulatively, total approved loans in 4MCY26 were marginally higher at RM86.9b (+2.5%yoy).

COMPANY *IN FOCUS*

Mah Sing Group

Maintain BUY | Unchanged Target Price: RM1.25
Price @ 8 June 2026: RM0.965

- Mah Sing sets new sales target of RM2.76b for FY26.
- Active land banking supports new sales prospects.
- Expanding industrial property exposure bodes well for new sales growth.

SHARE PRICE CHART

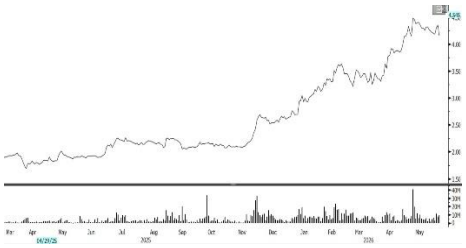


IOI Properties Group

Maintain BUY | Unchanged Target Price: RM4.64
Price @ 8 June 2026: RM4.16

- Strong earnings driven by land sales and Singapore assets.
- Unlocking of land value through active land monetization.
- Listing of IOIPG REIT by 2026 crystalizes value of investment properties.

SHARE PRICE CHART



Earnings growth came in on the softer side. For the recently concluded earnings reporting season, earnings of property companies were largely in line. Out of six property companies under our coverage, four reported earnings that were within expectations. Meanwhile, IOI Properties Group reported earnings that beat our expectation due to recognition of Malacca land sales in 3QFY26 which lifted 3QFY26 earnings substantially. On the other hand, Matrix Concepts reported earnings that missed expectations mainly due to lower-than-expected margin which dragged by recognition of Australia project with thin margin. Overall, earnings of property companies were mixed in 1QCY26, with three companies reported earnings growth while three companies reported earnings decline. IOI Properties Group recorded highest quarterly earnings growth of +134.7%yoy as earnings ballooned by land sales. Meanwhile, Mah Sing Group and Sunway Berhad reported moderate quarterly earnings growth of +6.8%yoy and +5.9%yoy. On the other hand, Matrix Concepts, UOA Development and S P Setia reported earnings decline. Overall 1QCY26 earnings of developers were somewhat softer than expected which partly dragged by the narrowing margin. Going forward, we see that earnings outlook to be slightly subdued going forward as cost pressures are expected to become more apparent in the coming quarters. On the other hand, property sales were largely subdued in 1QCY26 due to festive period but expected to pick up in the coming quarters.

Figure 2: 1QCY26 earnings summary of property companies

	Quarter	Results	Earnings Summary
IOI Properties	3Q26	Above	The stronger than expected earnings were due to recognition of land sales in 3QFY26. 3QFY26 core net income jumped to RM260.6m (+134.7%yoy), bringing 9MFY26 core net income higher at RM566.8m (+101.5%yoy). Earnings growth driven by Malacca land sales and contribution from assets in Singapore.
Sunway Berhad	1Q26	Within	1QFY26 core net income climbed to RM215.8m (+5.9%yoy), driven mainly by property development segment and construction segment.
S P Setia	1Q26	Within	1QFY26 earnings declined to RM52.2m (-22.3%yoy) despite higher topline due to higher cost of sales which narrowed gross profit margin to 29.4% in 1QFY26 from 36.5% in 1QFY25.
Mah Sing Group	1Q26	Within	1QFY26 core net income grew to RM67.9m (+6.8%qoq), lifted by cost savings from finalisation of construction costs.
UOA Development	1Q26	Within	1QFY26 core net income was lower at RM46.8m (-41.7%yoy), dragged by lower progress billing from ongoing projects namely Bamboo Hills Residences, Aster Hill and Duo Tower as well as completion of construction of medical centre.
Matrix Concepts	4Q26	Below	The negative deviation could be attributed to the lower-than-expected progress billing and lower than expected margin. 4QFY26 core net income was lower at RM34.9m (-18.3%yoy) mainly due to lower margin and higher tax rate. FY26 core net income was moderately higher at RM215.4m (+6.2%yoy).

Source: MBSB Research

Figure 3: 1QCY26 new property sales

	FY24 (RM m)	FY25 (RM m)	FY26 new sales target (RM m)	1QCY26 new sales performance
Sunway Berhad	3,000	3,800	4,200	New property sales of RM1.4b for 1QFY26, making up 33% of new sales target of RM4.2b for FY26. New sales in 1QFY26 were mainly contributed by projects in Singapore which makes up 70% of total new sales.
S P Setia	5,020	5,100	4,600	New sales of RM555m in 1QFY26, making up 12% of new sales target of RM4.6b for FY26. Management remains committed to the new sales target.
Mah Sing Group	2,410	2,510	2,760	New property sales of RM978m for 5MFY26, broadly on track to meet new sales target of RM2.76b for FY26.
Matrix Concepts	1380*	1500**	1,800***	New property sales of RM355m in 4QFY26, bringing total new sales to RM1.5b in FY26 which is slight below management sales target of RM1.6b for FY26. Matrix Concepts set new sales target of RM1.8b for FY27.
UOA Development	1,000	673	N/A	New property sales of RM131m in 1QFY26. Aethera Residences in Johor which was launched in 1QFY26 was the main contributor to property sales, contributing 59%.
IOI Properties Group	2140	1810	N/A	Strong sales of RM1.7b in 3QFY26, lifted mainly by total land sales of RM1.35b. Note that IOI Properties Group signed agreement for the disposal of land in Banting, Iskandar Malaysia and Jalan Ampang. That lifted total sales to RM2.71b in 9MFY26.

**FY25, **FY26, ***FY27*
Source: MBSB Research

Maintain NEUTRAL on property sector. While the loan application data in April 2026 indicates that buying sentiment remains steady in 4MCY26, we think that buying sentiment may moderate going forward if inflation trends higher. Besides, we see that cost pressure may weigh on earnings of property companies in 2HCY26. Hence, we maintain our **NEUTRAL** stance on the sector. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.25), Matrix Concepts (BUY, TP: RM1.55) and IOI Properties Group (BUY, TP: RM4.64)**. We remain sanguine on outlook for Mah Sing Group, supporting by the resilient sales of affordable homes. Besides, dividend yield is attractive at 5.2%. For Matrix Concepts, the MVV City development remains the near-term catalyst while contribution from Sendayan developments and Klang Valley developments will keep earnings growth stable. For IOI Properties Group, the active land monetization of non-core landbank will unlock value of its landbank and support earnings growth. That coupled with the listing of IOIPG REIT is expected to reduce net gearing of IOI Properties Group.

Peers Comparison

Stock	Rec.	Price @ 8-June-2026	Target Price (RM)	Core EPS (sen)		Core PER (x)		Net DPS (sen)		Net Dvd Yield		P/NTA (x)
				FY26F	FY27F	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F	
MAHSING	BUY	0.965	1.25	10.9	12.0	8.9	8.0	5.0	6.0	5.2%	6.2%	0.62
MATRIX	BUY	1.21	1.55	11.5	14.4	10.5	8.4	6.10	7.20	5.0%	6.0%	0.98
IOIPG	BUY	4.16	4.64	12.8	13.1	32.6	31.7	8.0	8.0	1.9%	1.9%	0.92
SPSETIA	NEUTRAL	1.01	0.98	8.7	9.6	9.2	7.9	2.5	2.9	2.5%	2.6%	0.35
UOADEV	NEUTRAL	1.78	1.86	14.6	15.3	12.2	11.6	10.0	10.0	5.6%	5.6%	0.79
ECOWLD	NEUTRAL	2.01	2.09	19.7	13.6	10.2	14.7	8.0	8.0	4.0%	4.0%	1.18
SUNWAY	NEUTRAL	5.25	5.26	16.4	16.6	32.1	31.7	6.0	6.0	1.1%	1.1%	2.42

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