Property

NEUTRAL (Maintain)

Stable Outlook with Measured Optimism

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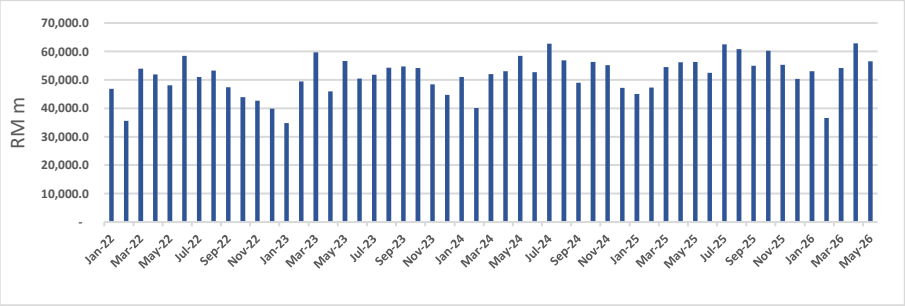
HIGHLIGHTS

- Stable buying sentiment in 5MCY26 but with moderating expectations
- Sluggish approved loan in 5MCY26
- Sector valuations slightly above historical mean
- Maintain NEUTRAL on property sector
- Top picks for the sector are Matrix Concepts (BUY, TP: RM1.55), IOI Properties Group (BUY, TP: RM4.64) and Mah Sing Group (BUY, TP: RM1.25)

Stable buying sentiment in 5MCY26 but with moderating expectations. Total loan application for purchase of property was weaker at RM56.5b (-10.1%mom) in May 2026 following strong growth of +15.9%mom in April 2026. The sequential decline was likely due to the public and school holidays in May 2026. On a year-on-year basis, total loan application was flattish at RM56.5b (+0.3%yoy) in May 2026 after strong growth of +11.8%yoy in April 2026. That brought cumulative 5MCY26 total loan application marginally higher at RM263b (+1.4%yoy). Overall, buying interest on property remains healthy, with inflationary pressures likely to have a modest impact on buying sentiment going forward.

Figure 1: Monthly total applied loan



Source: BNM, MBSB Research

Sluggish approved loan in 5MCY26. Approved loan for purchase of property declined to RM24b (-10.7%mom) in May 2026, in line with the decline in loan application. On a year-on-year basis, approved loan was weaker by -8.1%yoy in May 2026, mainly dragging by the lower loan approval ratio of 42.6% in May 2026 against 46.5% in May 2025. That brought cumulative approved loan to be muted at RM110.9b (-0.1%yoy) in 5MCY25. Overall, the lower approved loan was partially dragging by the lower approval ratio as banks are more stringent in loan approval.

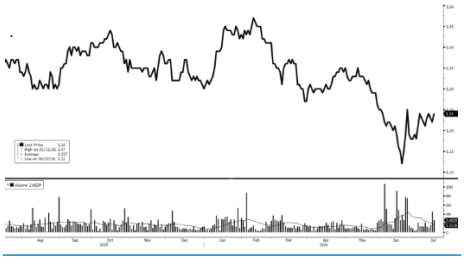
COMPANY *IN FOCUS*

Matrix Concepts Holdings

Maintain BUY | Unchanged Target Price: RM1.55
Price @ 16 July 2026: RM1.24

- New sales prospect and earnings outlook are expected to be better in FY27
- Long-term prospects for MVV City remain positive.
- Attractive dividend yield of 6%.

SHARE PRICE CHART

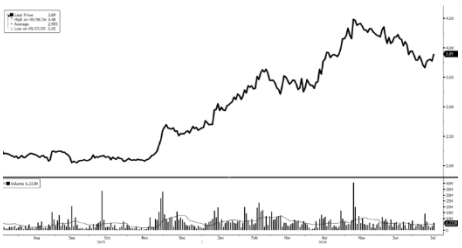


IOI Properties Group

Maintain BUY | Unchanged Target Price: RM4.64
Price @ 16 July 2026: RM3.89

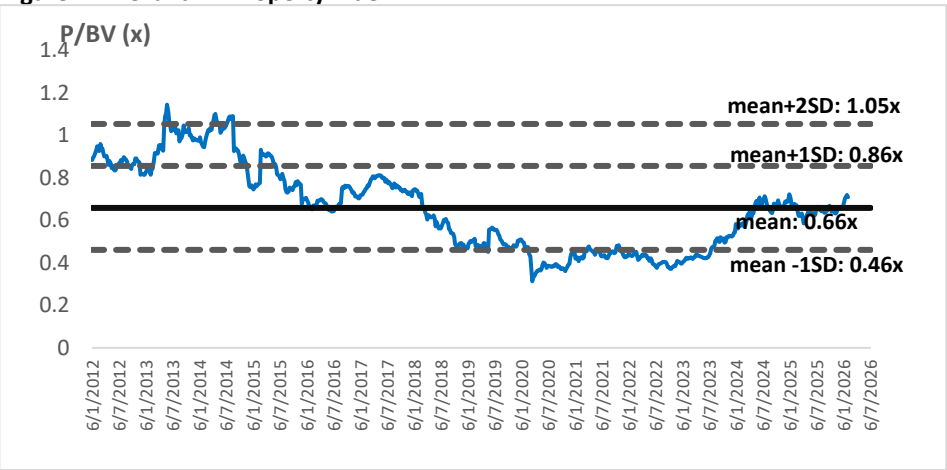
- Strong earnings driven by land sales and Singapore assets.
- Unlocking of land value through active land monetization.
- Listing of IOIPG REIT by 2026 crystalizes value of investment properties.

SHARE PRICE CHART



Sector valuations slightly above historical mean. KL Property Index gained +4.5% in 1H2026, outperforming KLCI marginal losses of -1%. The top five gainers of property companies are MKH Berhad (+91.2%), Guocoland Malaysia Berhad (+86.3%), Bedi Berhad (+66.7%), IOI Properties Group Berhad (+49.2%) and S P Setia Berhad (+32.9%). Notably, the strong gain of MKH Berhad was on the back of Mandatory General Offer by Batu Kawan Berhad while strong gains of GuocoLand Malaysia was due to privatisation process initiated by its controlling shareholder, GLL (Malaysia) Pte Ltd. Meanwhile, performance of KL Property Index was largely unchanged month-to-date. KL Property Index is trading at price to book 0.68x which is slightly above its long-term mean of 0.66x. Hence, we believe the KL Property Index is fairly valued, with limited upside following the reversion of valuations to slightly above their historical average.

Figure 2: KLCI and KL Property Index



Source: Bloomberg, MBSB Research

Maintain NEUTRAL on property sector. We maintain our NEUTRAL stance as we expect a more measured outlook going forward. We see that the higher electricity costs, fluctuating fuel prices and rising logistics costs may gradually increase living costs. While the impact has been manageable so far, these factors could lead to more cautious spending by households going forward. Despite our neutral outlook on the sector, we continue to see selective buying opportunities in stocks such as **Matrix Concepts (BUY, TP: RM1.55), IOI Properties Group (BUY, TP: RM4.64)** and **Mah Sing Group (BUY, TP: RM1.25).** We see value in Matrix Concepts given its expected earnings recovery in FY27, attractive valuation and compelling dividend yield of 5.8% for FY27, with the recent share price weakness providing a buying opportunity. Meanwhile, IOI Properties Group is well-positioned to unlock the value of its extensive landbank through active monetisation of non-core assets, while the proposed IOIPG REIT listing could improve balance sheet. On the other hand, we continue to favour Mah Sing, supported by its focus on affordable housing and healthy sales momentum.

Peers Comparison

Stock	Rec.	Price @ 16-July-2026	Target Price (RM)	Core EPS (sen)				Core PER (x)				Net DPS (sen)
				FY26F	FY27F	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F	
MAHSING	BUY	0.970	1.25	10.9	12.0	8.9	8.1	5.0	6.0	5.2%	6.2%	0.62
MATRIX	BUY	1.24	1.55	11.5	14.4	10.8	8.6	6.10	7.20	4.9%	5.8%	1.00
IOIPG	BUY	3.89	4.64	12.8	13.1	30.5	29.6	8.0	8.0	2.1%	2.1%	0.86
SPSETIA	NEUTRAL	0.92	0.98	8.7	9.6	9.2	7.9	2.5	2.9	2.5%	2.6%	0.32
UOADEV	NEUTRAL	1.71	1.86	14.6	15.3	11.7	11.2	10.0	10.0	5.8%	5.8%	0.76
ECOWLD	NEUTRAL	2.12	2.09	19.7	13.6	10.8	15.5	8.0	8.0	3.8%	3.8%	1.25
SUNWAY	NEUTRAL	5.34	5.28	16.4	16.6	32.6	32.2	6.0	6.0	1.1%	1.1%	2.46

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