Property

NEUTRAL (Maintain)

Neutral Outlook Amid Limited Catalysts

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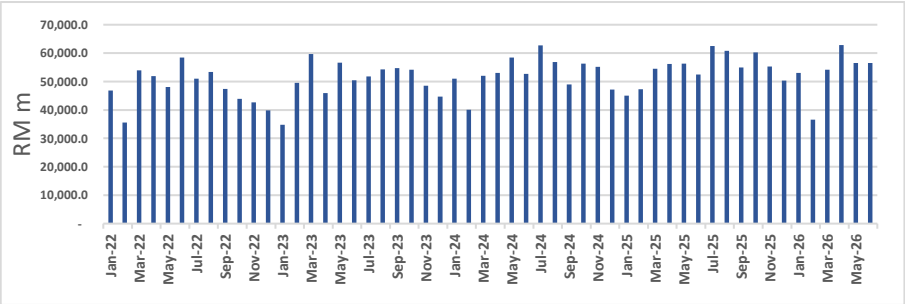
HIGHLIGHTS

- Lukewarm buying sentiment in June 2026
- Marginally higher approved loan in 1HCY26
- Earnings recovery ahead despite cost pressures
- 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)**

Lukewarm buying sentiment in June 2026. Total loan application for purchase of property was flattish at RM56.6b (+0.1%mom) in June 2026 following a decline of -10.1%mom in May 2026. The buying sentiment was tepid despite the lower figures in previous month figure in May 2026 was likely due to public holidays. On a year-on-year basis, total loan application was higher (+7.8%yoy) in June 2026 after a marginal increase of +0.3%yoy in May 2026. That brought cumulative 1HCY26 total loan application marginally higher at RM319.6b (+2.5%yoy). Overall, property buying interest remains relatively stable, although demand continues to face some pressure from the prevailing cost environment. Looking ahead, we expect inflationary pressures to weigh modestly on buying sentiment.

Figure 1: Monthly total applied loan



Source: BNM, MBSB Research

Marginally higher approved loan in 1H2026. Approved loan for purchase of property was flattish at RM24.1b (+0.1%mom) in June 2026 following a decline of -10.8%mom in May 2026, in line with the flattish applied loan and loan approval ratio. On a year-on-year basis, approved loan was higher by +7.8%yoy in June 2026, driven mainly by the higher loan application while loan approval ratio was flattish at 42.5%. Cumulatively, total approved loan in 1HCY26 was marginally higher at RM134.9b (+1.2%yoy), suggesting new sales outlook for developers should be largely stable.

COMPANY *IN FOCUS*

Matrix Concepts Holdings

Maintain BUY | Unchanged Target Price: RM1.55
Price @ 12 Aug 2026: RM1.18

- 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 6.1%.

SHARE PRICE CHART

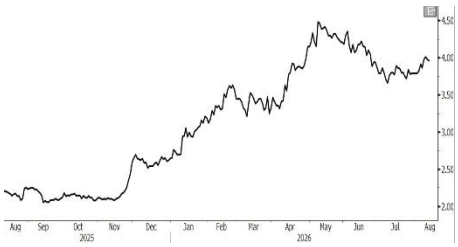


IOI Properties Group

Maintain BUY | Unchanged Target Price: RM4.64
Price @ 12 Aug 2026: RM3.96

- 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 recovery ahead despite cost pressures. For the upcoming results announcement of property companies, we expect developers' 2QCY26 earnings to improve from 1QCY26. We expect earnings to recover from the seasonally weaker 1Q, as progress billings were affected by the festive period. We also expect new property sales to pick up in 2QCY26, after weaker sales in 1QCY26 due to the festive season. This should provide better visibility on future earnings and support the overall performance of developers. However, we remain cautious on the earnings outlook for 2026, as cost pressures are expected to become more apparent in the coming quarters. Higher construction and operating costs could put some pressure on margins, although this may be partly offset by better sales and progress billings. Overall, we expect a more modest earnings growth outlook for property developers in 2026.

Maintain NEUTRAL on property sector. We remain **NEUTRAL** on the property sector, as we see limited near-term catalysts. Earnings should remain stable, although rising costs may put some pressure on margins. Buying sentiment may also soften slightly due to higher living costs. Overall, we expect a neutral earnings outlook for developers, with better sequential earnings in 2QCY26 but largely flattish earnings for the full year. Our 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).** We see value in Matrix Concepts, underpinned by an expected earnings recovery in FY27, attractive valuation and a compelling FY27 dividend yield of 6.1%. The recent share price weakness also provides an attractive buying opportunity. Meanwhile, IOI Properties Group is well-positioned to unlock value from its sizeable landbank. The group is actively monetising its non-core assets, which should support cash flow generation. Meanwhile, the proposed IOIPG REIT listing could further strengthen its balance sheet and provide additional financial flexibility. We also like Mah Sing for its focus on affordable housing, which should support new sales and its earnings outlook. In addition, potential land sales could help unlock value from its sizeable landbank.

Peers Comparison

Stock	Rec.	Price @ 12-Aug-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	1.11	1.25	10.9	12.0	10.2	9.3	5.0	6.0	4.5%	5.4%	0.71
MATRIX	BUY	1.18	1.55	11.5	14.4	10.3	8.2	6.10	7.20	5.2%	6.1%	0.95
IOIPG	BUY	3.96	4.64	12.8	13.1	31.1	30.2	8.0	8.0	2.0%	2.0%	0.88
SPSETIA	NEUTRAL	0.895	0.98	8.7	9.6	9.2	7.9	2.5	2.9	2.5%	2.6%	0.31
UOADEV	NEUTRAL	1.64	1.86	14.6	15.3	11.2	10.7	10.0	10.0	6.1%	6.1%	0.73
ECOWLD	NEUTRAL	2.08	2.09	19.7	13.6	10.6	15.2	8.0	8.0	3.8%	3.8%	1.22
SUNWAY	NEUTRAL	5.20	5.36	16.4	16.6	31.7	31.4	6.0	6.0	1.2%	1.2%	2.40

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