Property

NEUTRAL (Maintain)

Mixed Earnings Visibility

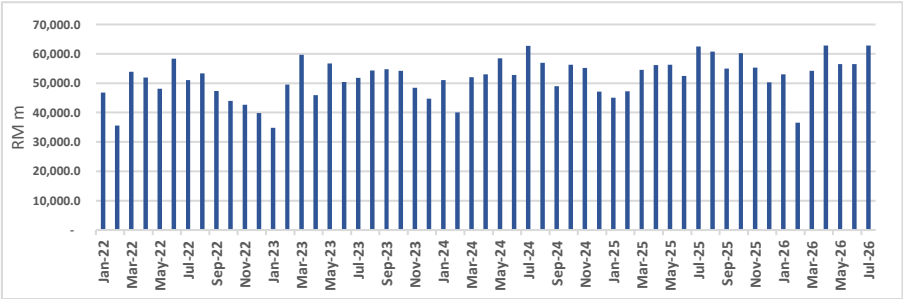
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HIGHLIGHTS

- Demand trends remained stable in July 2026
- Flattish approved loans in 7MCY26
- Mixed profitability across developers
- 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: RM1.40).

Demand trends remained stable in July 2026. Total loan application for purchase of property climbed to RM62.9b (+11.2%mom) in July 2026 after remaining largely flat in June 2026 with marginal growth of +0.1%mom. We believe the stronger performance in July 2026 reflects a normalization in loan application activity following the disruptions from school holidays and public holidays in May and June. On a year-on-year basis, total loan application was flattish (+0.6%yoy) in July 2026 after a decent increase of +7.8%yoy in June 2026. That brought cumulative total loan application in 7MCY26 to RM382.5b (+2.2%yoy). Overall, property demand remains on a relatively stable footing, though consumers remain cautious amid the current cost environment. We anticipate that lingering inflationary pressures will continue to temper buying sentiment going forward.

Figure 1: Monthly total applied loan



Source: BNM, MBSB Research

Flattish approved loans in 7MCY26. Approved loans for purchase of property increased to RM27.1b (+12.8%mom) in July 2026 following a flattish increase of +0.1%mom in June 2026. This trend mirrors that of loan applications, as the loan approval rate remained stable at approximately 43%. On a year-on-year basis, approved loans weakened by -3.3%yoy in July 2026 mainly due to lower loan approval ratio of 43.2% compared with 44.9% in July 2025. On a cumulative basis, total approved loans remained largely flat at RM162b in 7MCY26, growing by +0.4%yoy. This suggests a subdued outlook for developers' new sales in the near term.

COMPANY *IN FOCUS*

Matrix Concepts Holdings

Maintain BUY | Unchanged Target Price: RM1.55
Price @ 4 Sept 2026: RM1.20

- 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

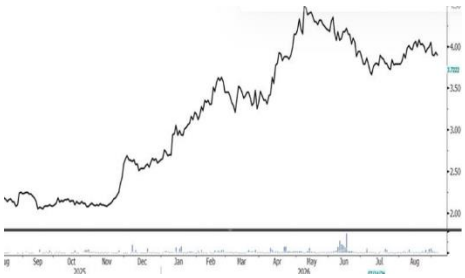


IOI Properties Group

Maintain BUY | Unchanged Target Price: RM4.64
Price @ 4 Sept 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



Mixed profitability across developers. For the recently concluded earnings reporting season, earnings of property companies were mixed. Out of seven property companies under our coverage, four reported earnings that came in within expectations, one reported earnings that beat expectation while two reported earnings that missed expectations. Notable, IOI Properties Group reported earnings that beat expectations as earnings were boosted by recognition of land sales in Ampang. On the contrary, S P Setia and UOA Development Group reported earnings that missed expectations due to margin contraction in 1HFY26. Generally, earnings of property companies accelerated on a sequential basis due to pick up of progress billing from a quieter 1Q. Similarly, property sales also accelerated in 2QFY26 following the quieter sales in 1QFY26 amid festive periods. Overall, earnings trends among property companies were uneven, with profitability for some companies boosted by land sale gains, while others reported weaker results due to contracting margins and operational challenges.

Figure 2: Earnings summary of property companies

	Quarter	Results	Earnings Summary
IOI Properties	4Q26	Above	The positive deviation was due to recognition of land sales. 4QFY26 core net income surged to RM277.7m from low base of RM15.5m in 4QFY25. That brought FY26 core net income higher at RM844.6m (+184.5%yoy). IOI Properties ended FY26 on a stronger note, driven primarily by the recognition of the Malacca and Ampang land sale.
Sunway Berhad	2Q26	Within	2QFY26 core net income increased to RM333.9m (+50.6%yoy), bringing cumulative 1HFY26 core net income higher at RM549.7m (+27.1%yoy). The earnings growth was driven by improved performance across all core divisions, namely property development, property investment, construction, and healthcare.
Eco World Development	2Q26	Within	2QFY26 core net income was higher at RM128.5m (+11.9%yoy) despite lower revenue (-9.2%yoy) as earnings were helped by lower tax rate of 23.1% in 2QFY26 from 34.7% in 2QFY25. That brought cumulative earnings to RM285.6m (+47.1%yoy) in 1HFY26. The higher earnings in 1HFY26 were mainly due to recognition of land sales in 1QFY26.
Mah Sing Group	2Q26	Within	2QFY26 core net income was marginally higher at RM67.4m (+0.5%yoy), bringing cumulative earnings in 1HFY26 higher at RM135.3m (+3.8%yoy). The stronger earnings were underpinned by higher progress billings from its ongoing development projects, which more than offset the increase in operating costs.
Matrix Concepts	1Q27	Within	1QFY27 core net income was marginally lower at RM60.2m (-4.4%yoy) despite topline was higher (+11%yoy) as earnings were mainly dragged by lower margin and lower other income.
UOA Development	2Q26	Below	The negative deviation could be attributed to lower-than-expected margin in 1HFY26. 2QFY26 core net income was moderately higher at RM94.8m (+4.7%yoy). That brought 1HFY26 core net income lower at RM141.6m (-17%yoy) despite topline was higher (+18.7%yoy). The lower earnings were mainly due to margin contraction in 1HFY26.
S P Setia	2Q26	Below	The negative deviation was mainly due to weaker-than-expected progress billings in 2QFY26. On a yearly basis, 2QFY26 core net income was lower at RM66.8m (-39.5%yoy) mainly due to the higher base in 2QFY25, which benefited from the recognition of Taman Pelangi land sales. Cumulatively, 1HFY26 earnings were lower at RM119m (-32.7%yoy), in line with the lower topline (-3.9%yoy). The weaker earnings were mainly due to the lower gross profit margin.

Source: MBSB Research

Figure 3: Property sales of property companies

	FY24 (RM m)	FY25 (RM m)	FY26 new sales target (RM m)	2QCY26 new sales performance
Sunway Berhad	3,000	3,800	4,200	2QFY26 new property sales at RM0.9b, lower than new sales of RM1.4b in1QFY26. That brought total new sales to RM2.3b, meeting 55% of new sales target of RM4.2b.
S P Setia	5,020	5,100	4,600	2QFY26 new sales at RM865m, up from RM555m in 1QFY26. This brought total new sales to RM1.42b in 1HFY26. Management maintained new sales target of RM4.6b for FY26.
Mah Sing Group	2,410	2,510	2,760	Mah Sing recorded new property sales of RM1.32b in 1HFY26, on track to meet new sales target of RM2.76b for FY26.
Matrix Concepts	1380*	1500**	2,000***	Matrix Concepts recorded new property sales of RM417m in 1QFY27, inching up from RM355m in 4QFY26. New sales in 1QFY27 were largely in line with new sales target of RM2b for FY27.
UOA Development	1,000	673	N/A	New property sales of RM131m in 1QFY26, higher than new sales of RM RM108.3m in 4QFY25. Aethera Residences in Johor which was launched in 1QFY26 was the main contributor to property sales, contributing 59%.
IOI Properties Group	1810*	3900**	N/A	IOI Properties Group recorded total sales of RM3.9b in FY26, more than doubled of new sales of RM1.8b in FY25. The strong sales performance was largely attributable to land sales of RM1.3b.
Eco World Development	4070*	4550**	4000***	Eco World recorded total new sales of RM3.28b in 7MFY26, making up 82% of new sales target of RM4b for FY26. The strong sales in 7MFY26 were mainly contributed by the decent sales from eco business parks segment.

**FY25 **FY26 ***FY27*

Source: MBSB Research

Maintain NEUTRAL on property sector. We remain NEUTRAL on the property sector given the lack of strong immediate catalysts that could significantly improve sector performance. Earnings visibility remains reasonably intact, underpinned by healthy project pipelines and unbilled sales. Nevertheless, persistent inflationary pressures and higher household expenses may dampen purchasing power, resulting in more measured property demand and slower sales momentum in the near term. 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: RM1.40).** We see value in Matrix Concepts as the MVV City development remains a key near-term catalyst, while ongoing contributions from its Sendayan and Klang Valley developments should provide a stable earnings base and support steady earnings growth. Besides, dividend yield is attractive at 6%. Meanwhile, earnings outlook for IOI Properties Group is expected to support by land monetization. The listing of IOIPG REIT should help reduce IOI Properties' net gearing from the relatively high level of 0.89x recorded in 4QFY26. We also like Mah Sing for as we see healthy earnings outlook for Mah Sing, underpinned by progressive revenue recognition from its robust sales of M Series projects.

Peers Comparison

Stock	Rec.	Price @ 4-Sept-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	1.12	1.40	10.9	12.0	10.3	9.3	5.0	6.0	4.5%	5.4%	0.70
MATRIX	BUY	1.20	1.55	11.5	14.4	10.5	8.4	6.10	7.20	5.1%	6.0%	0.95
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	0.80	0.86	6.5	7.3	9.2	7.9	2.0	2.1	2.5%	2.6%	0.27
UOADEV	NEUTRAL	1.65	1.66	12.5	13.6	13.2	12.1	10.0	10.0	6.1%	6.1%	0.76
ECOWLD	NEUTRAL	1.98	2.09	19.7	13.6	10.1	14.5	8.0	8.0	4.0%	4.0%	0.99
SUNWAY	NEUTRAL	4.96	5.36	16.4	16.6	30.3	30.0	6.0	6.0	1.2%	1.2%	2.24

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