Property

NEUTRAL (Maintain)

Demand Holds Up Amid Uncertainty

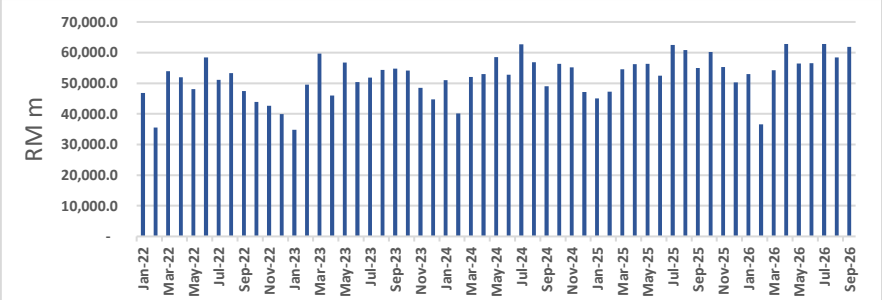
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HIGHLIGHTS

- Loan application rebounded in September 2026
- Loan approvals signal caution
- Earnings outlook remains mixed
- Valuations reflect muted outlook
- Maintain NEUTRAL on property sector with top picks for the sector are Matrix Concepts (BUY, TP: RM1.33) and Mah Sing Group (BUY, TP: RM1.15)

Loan application rebounded in September 2026. Total loan applications for purchase of property rebounded in September, increasing by +12.6%yoy after a decline of -4%yoy in August 2026. On a monthly basis, loan applications increased by +6%mom in September, after a decline of -7.2%mom in August 2026. The rebound in loan applications provides some relief, suggesting that property demand may be stabilising after the decline in August 2026, which had raised concerns about weaker buying interest. The data in the coming months will be useful in gauging market sentiment amid ongoing geopolitical uncertainties. Cumulatively, total loan applications in 9MCY26 increased by +2.6%yoy to RM502.7b, suggesting that overall buying sentiment remains relatively stable despite consumers remaining cautious amid the higher cost environment.

Figure 1: Monthly total applied loan



Source: BNM, MBSB Research

Loan approvals signal caution. Approved loans for property purchases rebounded by +7.2%yoy in September 2026 following a -13.3%yoy decline in August 2026. On a month-on-month basis, approved loan increased by +7%mom in September 2026 following a decline of -12.5%mom in August. The rebound in approved loan was mainly driven by higher loan application. Cumulatively, total approved loans remained marginally lower at RM211.2b (-0.6%yoy). This could indicate that property developers may face a more challenging sales environment ahead.

COMPANY *IN FOCUS*

Matrix Concepts Holdings

Maintain BUY | Unchanged Target Price: RM1.33
Price @ 2 Nov 2026: RM1.00

- 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 7.2%.

SHARE PRICE CHART



Mah Sing Group

Maintain BUY | Unchanged Target Price: RM1.15
Price @ 2 Nov 2026: RM0.95

- Stable earnings growth in 1HFY26 on higher progress billings from its development projects.
- Stronger balance sheet from land monetization.
- Growing presence in the industrial property segment will provide an additional growth avenue.

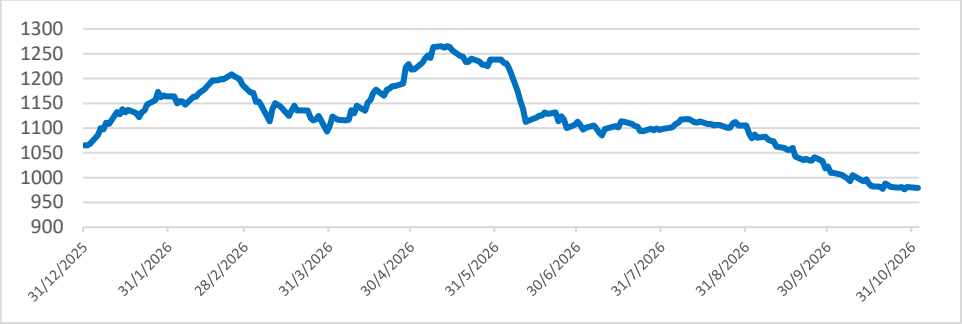
SHARE PRICE CHART



Earnings outlook remains mixed. We do not expect major earnings surprises in the upcoming 3QCY26 results, as there are no strong earnings catalysts in the near term. Recall that earnings performance in 2QCY26 was mixed. While some companies reported stronger profitability, this was largely driven by one-off gains such as land disposals, whereas others recorded weaker results due to margin pressures and operational challenges. Overall, there was no clear trend of broad-based earnings growth driven by underlying business operations. Looking ahead, we remain cautiously neutral on the sector's earnings outlook. Cost pressures are expected to remain elevated, while the higher cost environment may continue to weigh on homebuyer sentiment and affordability. Although developers with strong product offerings and well-located projects should continue to see decent demand, we expect earnings growth to remain selective rather than broad-based. As such, we see limited catalysts for a meaningful sector-wide earnings uplift in the near term.

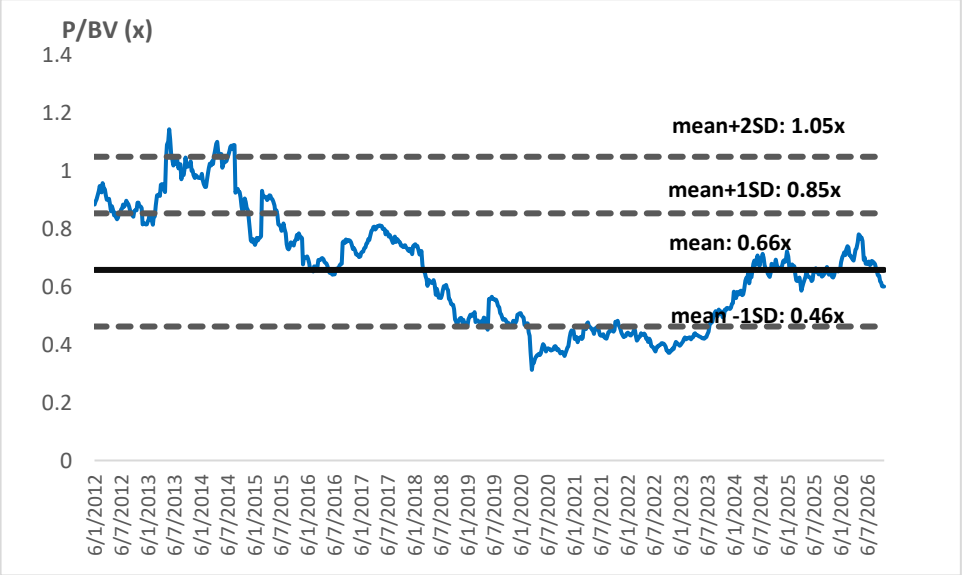
Valuations reflect muted outlook. Performance of KL Property Index was lacklustre in October 2026, losing -4.1% against KLCI's decline of -2.2%. Year-to-date, KL Property Index remains a laggard, declining by -7.9% against KLCI's decline of -3.8%. The decline in the KL Property Index was mainly owing to geopolitical tensions in the Middle East, which pushed oil prices higher and raised cost concerns. Investor sentiment was also weighed down by rising bond yields which increased market uncertainty, as well as concerns over potentially weaker property buying sentiment amid higher fuel prices. With the decline in the KL Property Index, sector valuations have eased and are now trading below their historical mean. The KL Property Index is trading at price-to-book ratio of 0.6x, which is below its long-term mean price-to-book ratio of 0.66x but remain above -0.5 standard deviation and -1 standard deviation of 0.56x and 0.46x respectively. We view the sector' s below-mean valuation as justified, given the muted earnings outlook and absence of strong near-term catalysts. Although demand remains stable, cautious consumer sentiment and a lack of significant new growth drivers are likely to cap valuation expansion in the near term.

Figure 2: KL Property Index (year-to-date)



Source: Bloomberg, MBSB Research

Figure 3: Price-to-book of KL Property Index



Source: Bloomberg, MBSB Research

Maintain NEUTRAL on property sector. We maintain a neutral outlook on the property sector as demand remains relatively stable. However, the absence of strong near-term catalysts and continued consumer caution amid cost pressures are likely to limit sentiment and valuation re-rating in the near term. Our top picks for the sector are **Matrix Concepts (BUY, TP: RM1.33)** and **Mah Sing Group (BUY, TP: RM1.15).** The recent Johor landbank expansion strengthens Matrix Concepts long-term growth prospects beyond Sendayan, while its 7.2% dividend yield provides attractive returns. On the other hand, we remain positive on Mah Sing's earnings outlook, underpinned by steady progress billings from its strong M Series developments. The group's growing industrial property footprint also serves as an additional growth driver, complementing its residential segment and supporting future earnings growth.

Peers Comparison

Stock	Rec.	Price @ 2-Nov-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	0.95	1.15	10.9	12.0	8.7	7.9	5.0	6.0	5.3%	6.3%	0.60
MATRIX	BUY	1.00	1.33	11.5	14.4	8.7	7.0	6.10	7.20	6.1%	7.2%	0.79
IOIPG	BUY	3.18	3.96	12.8	13.1	24.9	24.2	8.0	8.0	2.5%	2.5%	0.71
SPSETIA	NEUTRAL	0.685	0.75	6.5	7.3	9.2	7.9	2.0	2.1	2.5%	2.6%	0.23
UOADEV	NEUTRAL	1.52	1.54	12.5	13.6	12.1	11.2	10.0	10.0	6.6%	6.6%	0.70
ECOWLD	NEUTRAL	1.92	1.85	19.7	13.6	9.8	14.1	8.0	8.0	4.2%	4.2%	0.96
SUNWAY	NEUTRAL	4.37	4.62	16.4	16.6	26.7	26.4	6.0	6.0	1.4%	1.4%	1.98

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