

MIDF Research maintains positive outlook on sector

KUALA LUMPUR: MIDF Research has maintained a positive stance on the property sector as it believes the sector's recovery will continue to drive new sales and earnings for property developers.

In a recent research note, MIDF Research said the property price outlook in Malaysia is expected to remain positive due to healthy buying interest.

Its top picks for the sector are Mah Sing Group and Matrix Concepts, with "buy" calls and a target price of RM1.23 and RM1.91, respectively.

"We like Mah Sing for its quick turnaround strategy and high exposure to affordable homes via its M series projects.

"Besides, its growing presence in the industrial property segment will support earnings growth in the medium to long term," it said.

Meanwhile, MIDF Research said it liked Matrix Concepts as the developer's new sales remain encouraging, while landbank expansion in Labu, Negri Sembilan will further buoy earnings growth.

"Dividend yield of Matrix Concepts is also attractive at 5.4%," it said.

Meanwhile, MIDF Research is also positive for the Selangor property market as data from the National Property Information Centre, House

Price Index for Selangor showed an uptrend for the state, supported by resilient demand for property in Selangor and recovery of the property sector in Malaysia.

It said the property landscape for Selangor is improving, evidenced by its lower residential overhang.

"Residential overhang in Selangor fell to 4,228 units in the fourth quarter (Q4) of calendar year 2023 from 4,500 units in Q3'23 and 5,258 units in Q4'22.

"We believe that the continuous decline in the residential overhang is positive for the property sector in Selangor as it eases concern about oversupply in residential properties.

"Overall, we see the outlook for the property sector in Selangor to be stable and positive, supported by the stable house price outlook and easing concern on residential oversupply," it said.

The research firm also highlighted Puchong as a mature town in the Klang Valley, largely due to its proximity to KL City Centre, which has attracted home buyers' buying interest.

MIDF Research added that it expects higher development density going forward for Puchong as its urbanisation is nearing maturity and with the increasing scarcity of land in Klang Valley. – Bernama