

Property stocks rally on declining unsold units, new launches

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PETALING JAYA: Malaysia's property bull market continues to rage as the Property Index of Bursa Malaysia crossed the 1,000-point mark, a level that was last seen five and a half years ago.

As unsold properties decline and developers keep dishing out new launches, the property stock rally that began in mid-2023 has yet to lose steam.

In fact, the Property Index rallied by 10% in the past three weeks alone, closing at 1,004.97 points yesterday. The last time the index touched the 1,000-point mark was in September 2018.

Three out of the five largest property stocks have rallied by double-digits in the past three weeks.

One of those stocks, SP Setia Bhd, has

shot up by 56% since March 6, growing the property giant's market capitalisation by RM2.3bil in just three weeks.

Sime Darby Property Bhd, which is the biggest developer in terms of land bank, saw its stock surging by 22% since March 6.

Shares of UEM Sunrise Bhd also surged by over 17%.

Meanwhile, IOI Properties Group Bhd and UOA Development Bhd rose by 2.7% and 3.3% since March 6, respectively.

It is noteworthy that the five stocks control a weightage of almost 40% in the Property Index.

The property stocks rally has brought cheer not only to retail investors but also to government-linked entities that are substantial shareholders in a number of property companies, especially among the top five developers.

In UEM Sunrise, Khazanah Nasional Bhd

has a controlling stake of 69.56%, while in Sime Darby Property, Amanah Saham Bumiputera (ASB) is the single-largest shareholder with a stake of 43.95%.

ASB also owns an equity interest of 22.63% in SP Setia, according to *Bloomberg* data.

Meanwhile, in IOI Properties, ASB has a stake of 4.49% and the Employees Provident Fund is a substantial shareholder with a stake of 6.28%.

Amid the unabating strong investor appetite for property stocks, UOB Kay Hian Research called the Malaysian property sector "the next megatrend".

In a note last week, analyst Nazira Abdullah said the record-high investments in Malaysia in recent years would have positive effects on the property sector.

"With more record-high property transactions, reduced overhang, along with ris-

ing investments in real estate, we believe the property sector has turned a corner. Upgrade to overweight."

However, Clement Chua of Kenanga Research did not share the same optimism.

With a "neutral" call on the sector, Chua remained cautious due to oversupply, high household debt, elevated interest rates and weakened consumer sentiment, which could further be dampened by escalating living costs.

"There is optimism in the Johor property market, fuelled by the Special Economic Zone initiative and seamless public transport connectivity upon the completion of the Johor Baru-Singapore Rapid Transit System in 2026.

"Although developers continue to tread cautiously, we see a bright spot in the affordable housing segment," said Chua in a research note.