

New deal opens future growth for SimeProp

Developer ties up with SD Guthrie on Carey Island project

PROPERTY

PETALING JAYA: Analysts are mostly upbeat about Sime Darby Property Bhd's (SimeProp) strategic joint-venture (JV) with its sister company SD Guthrie Bhd to develop 2,000 acres of land on Carey Island, Selangor, into a future-ready industrial and logistics hub.

While details about the master plan remain limited, Kenanga Research said in a report: "We estimate a potential gross development value (GDV) of RM20bil to RM30bil over 20 years based on typical industrial benchmarks."

SimeProp and SD Guthrie plan to develop the land into standard industrial facilities such as single-storey warehouses, logistics hubs, and light industrial buildings, which generally command built-up values of RM200 to RM300 per square foot (psf), the research house said.

Kenanga Research noted that greenfield industrial parks typically require significant upfront infrastructure investment, which can range from RM30psf to RM50psf.

"This translates to an estimated total expenditure for infrastructure of RM1.5bil to RM2.6bil for the 2,000-acre Carey Island site, assuming approximately 60% net developable area.

"With progressive phasing, improved infrastructure, and clustering effects over time, we believe the GDV could reasonably grow toward RM25bil to RM30bil over the long term," it added.

Pending further details of the project, Kenanga Research maintained an "outperform" call on the stock with a target price of RM1.79.

The research house likes SimeProp for its diversified portfolio in both landed resi-

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dential, and industrial products that reduces its dependency on residential high-rise products, strong foothold in mature townships, and proactive initiatives to boost recurring income via strategic investments.

Meanwhile, RHB Research said in a note to clients that SimeProp's new joint industrial project on Carey Island is poised to be a new economic growth corridor, given the port amenities nearby in Klang, while the East Coast Rail Link's (ECRL) last station will be at Port Klang. In addition, the government has plans for a new port on Carey Island in the future.

The JV will further strengthen SimeProp's presence in the west of the Klang Valley, as it has already established a strong foothold in Bandar Bukit Raja, Subang Jaya and Elmina.

For now, RHB Research has made no changes to its forecasts and valuations for SimeProp, given the long-term nature of the latest development project that may only start in four to five years.

It has maintained a "buy" call on the stock at a target price of RM2.33.

RHB Research said SimeProp may be able to tap into more development oppor-

tunities with SD Guthrie over the longer term, given the latter's huge land holdings.

Hong Leong Investment Bank (HLIB) Research also viewed the strategic partnership between SimeProp and SD Guthrie positively, as it highlights both parties' willingness to collaborate on synergistic large-scale developments.

The JV is also underpinned by strong institutional alignment as SimeProp and SD Guthrie are sister companies with a shared major shareholder in Permodalan Nasional Bhd (PNB). Crucially, this lays the foundation for future collaborations between the two parties.

"As one of the largest landowners in Malaysia, SD Guthrie's vast land holdings could potentially open the door for SimeProp to tap into strategic parcels for future collaborative developments," HLIB Research added.

The research house kept a "buy" call on SimeProp with an unchanged target price of RM2.56.

Maybank Investment Bank Research said the latest collaboration will result in unlocking the value in Carey Island given its strategic location and future potential.