

Sunway grows presence in industrial projects

Land buy expands potential size of proposed tech park

PROPERTY

PETALING JAYA: Sunway Bhd's latest acquisition of 99.6 acres of freehold land in Rawang, Selangor, for RM65.1mil is reasonable and fair, say analysts.

TA Research said the acquisition reflects Sunway's commitment to building a future-ready industrial tech park.

"While the land cost of RM15 per square foot represents a 39% premium over the RM10.80 per square foot paid for an earlier 245 acre parcel zoned for agricultural use, we view the pricing as reasonable," the research house noted.

Importantly, 66.2 acres of the 99.6 acre site had already been zoned for industrial use, thus eliminating the need for conversion costs, which typically involve a 25% premium.

TA Research said, on a project basis, the land cost translates to roughly 9.3% of the total gross development value (GDV).

For now, Sunway's earnings forecasts for this year to 2027 remained unchanged, as contributions from the project are expected to begin only in 2028, beyond its current forecast horizon, the research house added.

TA Research has maintained a "buy" call on the stock with an unchanged target price of RM5.68.

Meanwhile, Hong Leong Investment Bank (HLIB) Research said the newly

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MIDF Research

acquired land is directly adjacent to a parcel Sunway purchased in August 2023.

Post-acquisition, the group's total land holdings in the area will expand to 345 acres, with a combined GDV of RM2.7bil.

"We are positive on the acquisition as the expanded land holdings enhance economies of scale, allowing common infrastructure and marketing costs to be spread over a larger GDV, supporting operational efficiency and stronger return on investment," HLIB Research noted.

The latest move, which is part of its first full-fledged large-scale industrial park, also allows Sunway to diversify its portfolio, reducing reliance on the residential segment and providing a more balanced, resilient revenue stream, said HLIB Research.

The research house, which kept a "buy" call on the stock with an unchanged target price of RM5.90 said the group's widening exposure to the Malaysian economy provides a good proxy to the domestic econo-

my, which is currently entering a new phase of growth.

MIDF Research said it was also largely positive on the land acquisition as it allows the group to benefit from the booming industrial property segment in Malaysia, adding that Sunway was also solidifying its presence in Rawang.

The potential GDV for the land is RM700mil, which translates into an attractive land cost to GDV ratio of 9.3%.

While prospects for Sunway remains stable, with near-term catalyst from the listing of Sunway Healthcare Group Bhd targeted in the first half of next year, MIDF Research said it maintained a "neutral" call due to limited upside and most of the positives being largely priced in at this juncture.

The research house revised its target price to RM4.87 from RM4.86 previously, after factoring in the return on net asset value contribution from the latest land acquisition in Rawang.