

Abundant liquidity positive for property sector

PETALING JAYA: The property sector outlook for 2026 is turning positive, supported by an easing rate cycle and ample liquidity.

CIMB Research said the upcoming state elections in Johor, Melaka, and Sarawak may trigger policy and infrastructure tailwinds that unlock land value and new development corridors.

It added that the property sector is set to benefit from an easing rate cycle in 2026 with low imminent risk of liquidity tightening.

Property transactions are expected to be bolstered by further monetary policy support with its inhouse economics team anticipating a 25-basis-point cut in May 2026.

It upgraded its sector outlook to “overweight” and favoured oversold property names with catalysts being UEM Sunrise Bhd, S P Setia Bhd and Eco World Development Group Bhd (EcoWorld Malaysia).

The research outfit said the property index remained a laggard and is under-owned. It suggested investors start accumulating oversold property names in the first half of 2026 ahead of policy and infrastructure tailwinds that could

emerge in the second half of 2026.

This is complemented by an expected revival of property pre-sales and take-up rates in 2026 as developers step up pre-sales momentum in the fourth quarter of 2025.

UEM Sunrise is its top property pick.

The stock offers direct exposure to sustained demand from Johor's landed property market (90% of the group's land bank and roughly 67% by gross development value or GDV).

Other stock “buys” include S P Setia, EcoWorld Malaysia and Mah Sing Group Bhd.

The key risks cited for the sector include sustained increases in key input and logistics costs and foreign labour shortage.

It said select developers have also been actively land banking. Mah Sing has acquired five new plots with a year-to-date combined GDV of RM4.1bil.

CIMB Research said while the absorption rate for residential homes has moderated in recent months, primarily owing to the “wait-and-see” approach of buyers, it believes the rising significance of new economic corridors will underpin firm demand for industrial properties.

The government is in the process of

drafting the Johor-Singapore Special Economic Zone blueprint.

The Negri Sembilan and Selangor governments have placed strong emphasis on Malaysian Vision Valley 2.0 and South Selangor Integrated Development Corridor as their new industrial growth engines.

It added the momentum for industrial land-banking activities remains solid.

As for recurring income streams, both EcoWorld Malaysia and Sime Darby Property Bhd have each ventured into build-and-lease agreements.

IJM Corp Bhd is starting to take equity stakes in selected industrial properties.

The Sime Darby Property-Logos joint venture is spearheading a RM1bil industrial development fund that is currently developing large-scale industrial/logistics assets at Bandar Bukit Raja.

The completion of the Johor-Singapore Rapid Transit System Link service (by end-2026) and other upcoming infrastructure upgrades (like the Johor Elevated Autonomous Rail Transit) will stimulate greater demand for residential and commercial properties within the Greater Johor Baru and Iskandar Malaysia growth corridors.