

Sunway-REIT plans to invest in small neighbourhood malls



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It said the properties were more resilient with their higher proportion of food and beverage and services offerings.

“Sunway-REIT’s ongoing acquisitions in this category such as the 163 Mall and Kluang Mall, offered more than 90% occupancy rates and a healthy 6.5% to 6.8% net property income yields. Going forward, management expects the malls to deliver mid-single digit rental reversions,” it said. The research house maintained its “buy” call on the counter, with a new dividend discount model derived target price of RM1.92 from RM1.85 which implies a 7% financial year 2025 (FY25) forecast yields.

Sunway-REIT is RHB Research’s sector’s top pick.

“It will refocus its efforts on its core strengths in retail, and foregoing its previous targets to strictly rebalance its portfolio with a higher mix of services, industrial, as well as adding foreign properties. “We are positive on the strategic change as we think this will provide the REIT more room to focus on yield-accretive acquisitions via organic and inorganic fronts,” it said.

The research house noted that Sunway-REIT would not be diversifying away from retail as its management emphasised that there are multiple categories within the retail segment to invest in. “The first is regional malls, with a target market of the population within 50km and net lettable area space of more than 500,000 sq ft.

“The highly successful Sunway Carnival Mall in Penang fits this category – Penang mainland was an underserved market as shoppers previously had to travel to Penang island for more shopping options,” said the research house.



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