

Sunway REIT posts 20% NPI growth in 1Q25

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KUALA LUMPUR: Sunway Real Estate Investment Trust (Sunway REIT) reported a 20% increase in net property income (NPI), rising to RM157.2mil in the first quarter ended March 31, 2025 (1Q25) from RM130.5mil in 1Q24.

Sunway REIT recorded a 23% year-on-year increase in revenue to RM218.9mil for 1Q25, compared to RM178.6mil in the year-ago quarter.

The growth in revenue and NPI was largely driven by a full-quarter contribution from assets acquired in 2024, as well as the reopening of the Oasis precinct in Sunway Pyramid Mall on Nov 1, 2024.

However, the overall performance was partially offset by softer results from the hotel segment, attributed to lower occupancy.

The retail segment saw strong growth in 1Q25, with revenue rising 33% to RM168.4 mil and NPI increasing by 34% to RM116.8 mil, compared to RM126.3 mil and RM86.9mil, respectively, a year ago.

Sunway REIT said the growth was primarily driven by contributions from assets acquired in 2024, namely Sunway 163 Mall, Sunway Kluang Mall and 6 Giant hypermarkets, and the completion of Sunway Pyramid Mall's Oasis precinct.

In 1Q25, the hotel segment saw a 16% decline in revenue to RM16.1mil, down from RM19.1mil in Q24, mainly due to softer occupancy levels. NPI also decreased by 18%, falling to RM15mil from RM18.1 mil in the same period last year.

Meanwhile, the office segment recorded a 4% decline in revenue to RM20.4mil in 1Q25, mainly due to lower occupancy at Sunway Putra Tower following the relocation of key tenants in 2Q24.

NPI fell 11% to RM12.4mil from RM13.9mil in 1Q24, as Sunway Tower had benefited from a vacancy allowance during the same period last year.

The services segment registered revenue and NPI of RM9.8mil for 1Q25, up 2% compared to 1Q24, following an annual rental reversion, in accordance with the master lease agreement.

Industrial & others segment delivered a strong performance in 1Q25, with revenue jumping 83% to RM4.2 mil and NPI increasing 61% to RM3.2mil.

Sunway REIT Management Sdn Bhd chief executive officer Clement Chen said Sunway REIT continued its strong growth trajectory in the first quarter of 2025.

He noted that performance was driven by the full-quarter contribution from assets acquired in 2024, with both revenue and NPI recording increases of at least 20%.

“We are also excited to inform that the final phase of refurbishment at Sunway Carnival Mall has opened two months ahead of schedule on May 7, 2025, instead of in July 2025.”

Chen said the completion of the final refurbishment phase was notable as it involved the largest number of tenants and was expected to further lift Sunway Carnival Mall’s NPI in the coming quarters.

It also marked the completion of a RM800mil, seven-year expansion and rejuvenation effort, firmly establishing the mall as a must-visit destination in mainland Penang.

“Looking ahead, we have strong conviction on Sunway REIT’s performance in financial year 2025 driven by the early completion of Sunway Carnival Mall’s refurbishment, improving occupancy at Sunway REIT Industrial – PJ1 which is aided by pivoting supply chains and the anticipated completion of the AEON Mall Seri Manjung acquisition in 3Q25,” he said.

“Nevertheless, Sunway REIT is mindful of the potential challenges posed by a volatile macro-economic environment including the possibility of a trade war, impending sales and service tax expansion and fuel subsidy rationalisation,” he added.

Sunway REIT has recently proposed the disposal of the Sunway university & college campus for RM613mil with two main objectives.

“Firstly, we are able to de-gear and preserve balance sheet strength while providing us with a war chest to capitalise on opportunistic acquisitions when they arise.

“Secondly, it aligns with Sunway REIT’s strategic asset recycling initiative to monetise capital gains and proactively redeploy capital into assets that offer higher yields, growth potential or stronger strategic alignment with our long-term objectives,” Chen said.