

Sunway REIT now has limited upside ahead as latest results meet expectations, say analysts

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KUALA LUMPUR (Aug 13): Sunway REIT (KL:[SUNREIT](#)) has probably run out of steam after recent rally, and the real estate investment trust will need to deliver stronger earnings for further upside, analysts said.

Latest quarterly results met market expectations, and at least two research houses downgraded Sunway REIT from “buy” calls. CGS International, which lowered its recommendations to “hold”, said further upside would have to come from higher rental reversions and strong hotel earnings.

“We expect earnings momentum to moderate” for the rest of 2025, as its hotel segment remains soft in the near term, said Maybank Investment Bank, which also cut its rating to “hold”.

Sunway REIT has climbed more than 16% on Bursa Malaysia so far this year, thanks to strong income from additions of new malls and hypermarkets. The trust has also started welcoming shoppers at its Sunway Carnival Mall in May, and fully opened its Oasis Wing

at its flagship Sunway Pyramid Mall.

The trust's unit price has also caught up with market expectations, with the latest average target price of RM2.23 offering less than 4% upside from current prices, according to *Bloomberg*. There are now eight "buy" and seven "hold" calls, as well as one "sell" call out of 16 research houses covering the trust.

While earnings are expected to improve from the new assets and cost savings from lower interest rates, further upside potential will depend on "stronger-than-expected rental reversion, higher occupancy rate, and higher yield returns from acquisitions," said CIMB Securities.

Further, the REIT's current 12-month forward distribution yield spread over the 10-year Malaysian Government Securities stands at 1.9%, in line with its 10-year historical average of 2.0%, the house noted and kept the trust on a "hold" call.

Edited By Jason Ng