

Headline	Property index climbs to 1-year high despite weak sentiments		
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## Property index climbs to 1-year high despite weak sentiments

by S BIRRUNTHA

**BURSA** Malaysia's Property Index extended gains into a third consecutive session yesterday, with the index climbing to a new one-year high of 788.15 points, although sentiments on the property market remain weak.

The index has been making steady gains since the end of last month, rising by 4.5% or 33.88 points from 754.27 points on March 31, driven by share price gains made by the majority of its constituents.

Year-to-date (YTD), the property index has risen by 8% or 61.5 points.

Malacca Securities Sdn Bhd head of research Loui Low attributed the gains to expectations of a pent-up demand for residential

properties and increased buying from households with extra cash to spend.

"There are still a lot of homebuyers and if developers can give extra rebates to bring home prices down further, we will see more properties being purchased.

"Another catalyst could be that some households may have managed to save some cash as they stayed at home for a significant portion of last year. The savings could be enough to pay for a down payment for those looking to buy a home.

"That could be the narrative over the next few quarters with travel restrictions likely to remain in place," Low told *The Malaysian Reserve (TMR)*.

Names like Eco World Develop-

ment Group Bhd, SP Setia Bhd, Bina Darulaman Bhd, LBS Bina Group Bhd, Sentoria Group Bhd, Guocoland (M) Bhd and Sime Darby Property Bhd have attracted investors interest.

EcoWorld's shares have climbed 50% YTD to close at 72 sen yesterday from 24 sen on Jan 4, after hitting a 52-week high of 74 sen and low of 69 sen in intraday trade.

SP Setia's share price has gained 23.7% YTD to close at a one-year high of RM1.20 yesterday, while LBS Bina has risen by 34% YTD to as high as 55 sen before ending one sen lower at 54 sen yesterday.

GuocoLand is up by 32% YTD to 82 sen, while Legend Properties Bhd has rallied by 28% YTD to RM1.65.

Centre for Market Education

CEO Dr Carmelo Ferlito believes the share price gain is driven by optimism on the country's vaccination rollout programme.

He said property stocks are benefitting from the general positive momentum generated by growing expectations of economic recovery and vaccine rollout and efficacy.

"We do not have the first quarter's property data yet, but if we look at 2020, it was obviously a weak year for the market, with a decline in transaction volume and value.

"I believe that these stocks are purely benefitting from the general market mood and positive expectations about the future," he told *TMR*.

Ferlito said it may be misleading to look at property stocks outside of

a more general context, as negative sentiment still lingers for the year ahead.

According to recent data released by the Valuation and Property Services Department, Malaysia's property market performance declined significantly in 2020, falling by 99% YoY in volume and 15.8% in value.

Its 2020 report stated that there were 295,958 transactions worth RM119.8 billion.

The residential property market reported 191,350 transactions worth RM65.86 billion, which was an 8.6% decrease in volume and 9% decrease in value, while the commercial property market reported 20,255 transactions worth RM19.53 billion (a 21% decrease in volume and 32.6% decrease in value).