

Klang Valley and Melaka Study Trip - Moving South Along The North-South Expressway

Author: [kiasutrader](#) | Publish date: Fri, 13 Oct 2017, 09:30 AM

We recently organised a study trip which focuses on new developments that a moving further down south along the North-South Expressway. In Klang Valley, we visited Amverton Cove Golf & Island Resort in Pulau Carey by A&M (OP; TP: RM2.50) and Sunsuria City by SUNSURIA (OP; TP: RM1.55) while in Melaka, we saw Impression City by YONGTAI and Hatten Hotel and Hatten Place by Hatten Land Ltd (a SGX listed developer who is mainly based in Melaka). We note that Sunsuria City is seeing more population and traffic thanks to Xiamen University Malaysia, which now has 2,600 students or well ahead of their 5,000 students by 2020. This should bode well for SUNSURIA's upcoming launches, including the Monet Residence, which is one of the few landed strata housing developments in the area and will be priced at around RM700k/unit.

As for A&M's Amverton Cove, we are anticipating the launch of its affordable service apartments, which will be attached with a water park next year, which will be one of its bigger key property drivers from Pulau Carey. Admittedly, A&M is a beneficiary of the Pulau Carey ports development news-flow, which has somewhat lost steam over the year. Nonetheless, we remain confident that the Pulau Carey will eventually benefit from the port catalytic news as MMCCORP (OP; TP RM2.85) remains upbeat about it while the company's current earnings are driven by its Klang and Sungai Buloh projects while enjoying a low base effect.

We find Melaka interesting given favourable HPI growth trends and stronger residential supply absorption rate compared to other key states. Melaka enjoys high tourist traffic resulting in significantly higher tourist arrivals-to-hotel room ratio versus overall Malaysia. As a result, YONGTAI (NOT RATED) and HATTEN are among the main beneficiaries. However, we strongly believe that YONGTAI's positioning will be further strengthened once they are able to lock-in bulk sale tickets for Impression Melaka and we may re-look at the stock once they are able to lock this in.

Overall, we maintain our **NEUTRAL** rating on the sector as we believe that investors will be training their attention on sales targets delivery in 2H17 while the sector lacks near term catalysts- we will revisit stocks recommendations if there are: (i) positive surprises during Budget-2018 announcement or BNM policies, (ii) better-than-expected headline sales, (iii) more bullish 2018 sales targets, and (iv) more pull-backs in developers' share prices.

Source: [Kenanga Research](#) - 13 Oct 2017

Source: [i3investor.com](#)