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# Malaysia's REIT to benefit from reopening of economy

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**KUCHING:** The reopening of Malaysia's borders has been viewed as a boon to the real estate investment trust (REIT) sector, as it is expected to stimulate tourism activities in Malaysia.

"Malaysia is set to reopen its international borders from April 1, 2022. The reopening of country borders which have remained closed for two years is expected to stimulate tourism activities in Malaysia.

"As a result, we expect hotel industry to see light at the end of tunnel as hotel industry in Malaysia has been heavily reliant on tourism activities," said the research team at MIDF Amanah Investment Bank Bhd (MIDF Research) said in a report.

It said it expected REITs with

exposure to hotel industry namely Sunway REIT and KLCCP Stapled Group to see turnaround in hotel segment in the second half of 2022 (2H22).

Malls that are tourist hotspots such as Pavilion KL and Suria KLCC should also benefit from the reopening of country borders as shopper footfall at the malls is expected to improve.

"As Malaysia reopened more economic sectors and lifted more movement restrictions of people following the ramped-up Covid-19 inoculation programme, economy in Malaysia is expected to recover gradually in 2022.

"We expect retail REITs to benefit from economic recovery as footfall at shopping malls recovers," the research team said.

Nevertheless, it cautioned that the rental reversion of shopping mall to remain flatish

in 2022 as tenant sales take time to recover.

"We expect rental reversion to return to positive territory in 2023 for established malls in Klang Valley such as Mid Valley Megamall, Pavilion KL, Sunway Pyramid and Suria KLCC," it said.

All in, MIDF Research upgraded its view on the sector to 'positive' from 'neutral' as it expected the sector to benefit from the economic recovery brought on by the reopening of borders.

"We see the worst is over for the sector and the sector is poised for recovery in 2H2022.

"Despite the negative impact of Covid-19 pandemic, REITs have weathered the storm and outlook is expected to improve in the near-term. Besides, we think that the sector could be viewed as a safe heaven amid Russia-Ukraine tension," it opined.