

RHB Research keeps 'neutral' call on REITs

KUALA LUMPUR: Industrial real estate investment trusts (REITs) are likely to have the highest rental growth in the coming years, driven by the rapid growth in e-commerce.

RHB Investment Bank Bhd (RHB Research) said Malaysia ranked third behind Singapore and Vietnam as the logistics hub of choice in Southeast Asia.

"A few multi-national corporations have also chosen Malaysia to be their regional distribution centres, such as IKEA, Lazada, Nestle and BMW.

"Logistic facilities with smart systems, such as the automated storage and retrieval system, will be able to command a higher rental rate," it said in a note yesterday.

RHB Research said despite the rising popularity of the work-from-home trend over the past two years, offices remained important to companies as they pro-

vided a corporate image.

It recently met with Knight Frank, in which they discussed emerging trends for the property sector and touched on growth opportunities in niche sectors, such as workers' accommodation and data centres.

 ***For retail REITs, anchor malls in the Klang Valley will continue to remain relevant, with the rise in e-retailing having a more negative impact on mid-sized malls.***

RHB INVESTMENT BANK BHD

RHB Research said landlords who successfully reinvent their office space with better collaboration space and flexibility would likely attract more tenants.

"For retail REITs, anchor malls in the Klang Valley will continue to remain relevant, with the rise in e-retailing having a more negative impact on mid-sized malls.

"Compared with Lalaport, Pavilion Bukit Jalil mall seems to have better prospects given its design, location and the strength of its leasing team."

RHB Research has maintained its "neutral" call on REITs, with its top picks being Axis REIT and IGB REIT.