



RHB Investment Bank Bhd says Mid Valley Megamall's prominent location, solid occupancy rates and high footfall make it well-placed to benefit from the strong retail momentum.

RM1.91 TARGET PRICE

RHB Research upgrades IGB REIT to 'buy'

KUALA LUMPUR: IGB Real Estate Investment Trust's (REIT) outlook remains positive, driven by the strength of its assets and stable domestic economy, according to RHB Investment Bank Bhd (RHB Research).

The research firm expects a mid-single digit rental reversion as the retail momentum is expected to remain strong, with further upside risks as IGB REIT has a higher-than-average proportion of turnover rent.

RHB Research said in a note yesterday in the first quarter, the

average rental rate per square feet at Mid Valley Megamall and The Gardens Mall was higher by 10.7 and 17.7 per cent, respectively, than its average last year.

This was attributed to the festive season and IGB REIT's high turnover rent portion of more than 10 per cent.

"But despite the strong first quarter, our rental reversion assumption is at four to six per cent for the financial years 2023 to 2025 to account for the lower base during the first quarter of its financial year 2022.

"On a macroeconomic scale, the country's easing inflationary pressure and improving labour market are positives for the retail market.

"We believe that Mid Valley Megamall and The Gardens Mall's prominent location, solid occupancy rates and high footfall make them well-placed to benefit from the strong retail momentum."

RHB Research has upgraded IGB REIT to "buy" with a higher target price of RM1.91 from RM1.88 previously.