

S P Setia set to reach 2020 sales target

RM3.8bil figure in sight as buyers leverage on incentives

PROPERTY

PETALING JAYA: S P Setia Bhd is on track to achieve its 2020 sales target of RM3.8bil, considering that the company had already secured new sales and bookings of RM2.9bil and RM1.8bil respectively as at Oct 31, 2020.

TA Securities in a report yesterday said sales momentum has been encouraging, as buyers are taking advantage of the current low interest rate environment and incentives offered under the Penjana initiative.

"Demand for landed property remains resilient as we saw recent launches at Alam Impian and Setia Alam achieving commendable take-up rates of more than 90%.

"Meanwhile, management sees that there is pent-up demand for larger homes as remote working options gain traction after the movement control order (MCO)."

Similarly, TA Securities said the trend of opting for bigger space is also observed in Singapore, given the surge in buying interest at Daintree Residence, Singapore.

"Recall, this project was only 30% sold after two years since its launch.

"However, the take-up rate shot up to 90% when the sales gallery reopened after the circuit breaker was lifted."

Citing S P Setia's management, TA Securities said the impact from the two-week MCO could be less severe, compared with the first lockdown last year.

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"While sales galleries are closed during this period, we understand that potential buyers could reach S P Setia via its digital platforms and view property projects via virtual showrooms.

"The sales and customer service teams remain operational to facilitate the property buying process."

While S P Setia will only unveil its official sales target in February in conjunction with its fourth-quarter results announcement, its management has indicated that this year's sales target should not be far off from what it had achieved in 2020, said TA Securities.

"Moving forward, other than focusing on clearing the completed inventories, S P Setia will remain prudent with new launches, concentrating on the mid-range landed homes in established townships to cater to the demand of owner-occupiers."

Following a conference call with the company, TA Securities said cost rationalisation and cash conservation will be key priorities

for S P Setia in 2021.

"Amid a challenging market environment, clearing unsold stock to free up capital has become the common priority for developers nowadays. In line with peers, S P Setia is launching attractive incentive schemes to market its completed and on-going projects.

"Driven by its rigorous marketing efforts, the group's latest inventories eased to RM1bil, as it monetised RM462mil worth of inventories during the first nine months of 2020."

TA Securities said it is making no changes to S P Setia's 2020 to 2022 earnings forecast at this juncture.

"We continue to like S P Setia for its dominant presence in the local property market. As an established township developer, we believe the group has the flexibility in terms of product offerings and pricing for its new launches, thanks to its relatively low land cost.

"The group's latest unbilled sales stood at RM9.8bil, providing the group with more than two years of earnings visibility."