



## PROPERTY SECTOR UPDATE

### Dejavu on Supercycle Commodity?

#### Marketing Sales Continue to Grow in 1Q21

- Property players managed to record strong marketing sales in 1Q21. CTRA recorded 67% YoY of marketing sales, followed BSDE 40% YoY, SMRA 50% YoY and PWON 17% YoY. The mid-low segment sales have become one of the triggers for the growth of marketing sales, continuing the trend in 3Q20 and 4Q20, which also experienced a positive trend.
- Property sales began to improve, mainly from the residential segment that contributes 65%-70% of total marketing sales and increased 13.95% YoY, even though the residential property price index grew flat at 1.35% YoY 1Q21.

#### Australia Case: Property Boom After Pandemic and Supercycle Commodity

- Australia's property market is experiencing a post-pandemic property boom. Property prices in Australia grew by 7.8% YoY in Apr-21, which was the highest growth in 32 years.
- All Australian states experienced growth in Feb-Apr 2021, such as Sydney 8.8%, Hobart 7%, and Canberra 6.7% which grew >5%, with Perth being the lowest region with 4.2% growth.
- Commonwealth Bank forecasts that Australian house prices will rise 16% over the next two years at 9%/7% YoY in FY21E/FY22F.
- Several factors that affect Australia's property value include: 1) Low-interest rates; 2) Optimism towards economic re-opening; 3) Fewer homes for sale, and 4) First time home buyers. We also assess a correlation between the increasing coal reference price and consumer purchasing power. Coal prices that increased >50% YoY to >USD100/ton support higher Australia's per capita income available to disburse in a real asset.
- As one of the export-oriented countries, Indonesia experienced a commodity boom in 2009, followed by a marketing sales growth of >50% YoY in 2010. We see Indonesia has the potential to experience the same story as Australia.
- Indonesia's home sales grew by 13.95% YoY in 1Q21 (vs -43.19% YoY in 1Q20), this is also supported by: 1) Lower interest rates in FY21; 2) PPnBM and LTV relaxation; 3) Ongoing vaccinations creates better economic recovery in FY21.
- In addition, property demand is also supported by a property backlog that reached >10 million in FY20 with an additional one million per year. We assess that marketing sales should grow organically at the level of 5%/7% YoY in FY21E/FY22F. We prefer stocks with a high residential portion as most property sales are skewed only on landed houses, such as BSDE, CTRA, and SMRA.

#### VAT will have an Impact on Society with Holding Purchases

The government has plans to increase VAT from 10% to 12% to maintain fiscal conditions. However, we see that the VAT hike can certainly put a burden on the public's purchasing power, especially on property.

#### OVERWEIGHT Recommendation for the Property Sector

We maintain the recommendation **OVERWEIGHT** outlook for Property sector in FY21E. The valuation is based on an average discount at the level of 55%-65% for NAV. It is also supported by positive catalysts from 1) Mortgage interest rates below 9%; 2) Implementation of the omnibus law. Our top choices are **BSDE (BUY; TP: IDR1,450)**, **SMRA (BUY; TP: IDR1,100)**, **CTRA (BUY; TP: IDR1,300)** and **PWON (BUY; TP: IDR660)**. We note that these companies still rely on residential sales as their backbone, with averaging 64% of marketing sales coming from landed houses.

Ticker	Market Cap (IDR bn)	PER (x)		PBV (x)		Rec.	Target Price (IDR)
		FY21E	FY22F	FY21E	FY22F		
BSDE	22,018	12.24	9.55	0.69	0.65	BUY	1,450
CTRA	18,375	12.17	11.45	1.19	1.11	BUY	1,300
PWON	22,828	15.72	13.30	1.43	1.30	BUY	660
SMRA	13,430	29.78	24.57	1.82	1.69	BUY	1,100

Sources: Bloomberg, MNCS



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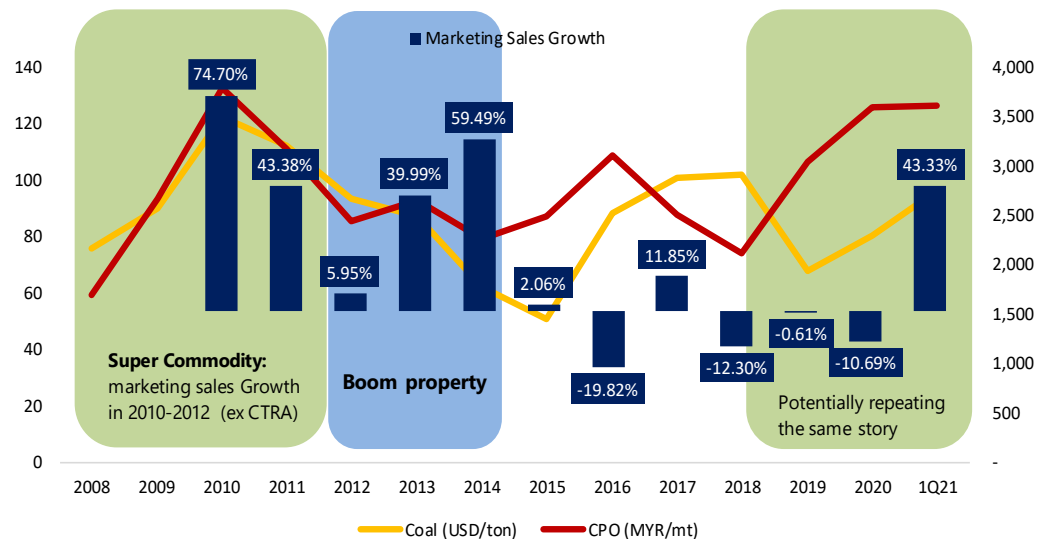
**Property Prices in Australia grew by 7.8% YoY in Apr-21, which was the Highest Growth in 32 years**

Exhibit 01. Change in Home Value Australia's in April 2021

Regions	Past Month	Past 3 Month	Past 12 Month
Sydney	2.4%	8.8%	7.5%
Melbourne	1.3%	5.8%	2.2%
Brisbane	1.7%	5.6%	8.3%
Adelaide	2.0%	4.3%	10.3%
Perth	0.8%	4.2%	6.7%
Hobart	1.0%	7.0%	13.8%
Darwin	2.7%	5.8%	15.3%
Canberra	1.9%	6.7%	14.2%

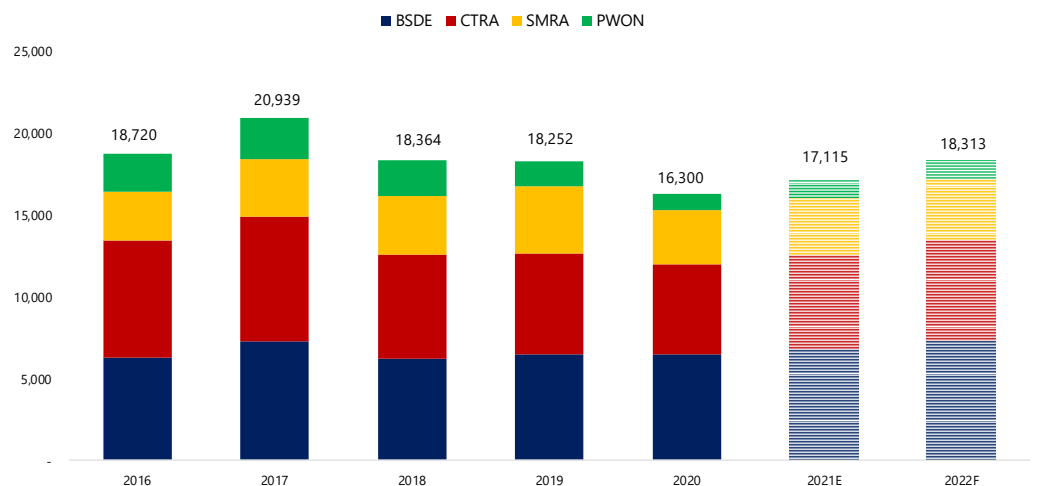
Source : Corelogic.com.au

Exhibit 02. Trend of Coal and CPO Price and the Trend of property in 2008-1Q21



Sources : Bloomberg, MNCS

Exhibit 03. Trend of Marketing Sales in FY16-FY20 and Estimated in FY21E-FY22F (idr bn)



Sources : Companies, MNCS

**We Estimate Marketing Sales BSDE, CTRA, SMRA and PWON has Potential to Increase 5%-7% in FY21E-FY22F**

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

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