

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51666.8	(0.1)	(0.6)	2.1	7.5
S&P 500	7365.5	(1.4)	(1.9)	(1.4)	7.6
FTSE 100	10428.9	(0.1)	(0.6)	(0.4)	5.0
AS30	8988.3	(0.5)	(1.6)	1.3	(0.3)
CSI 300	4919.4	(2.8)	0.7	1.5	6.3
FSSTI	5205.7	0.0	1.7	2.7	12.0
HSCEI	7759.4	(2.0)	(5.8)	(9.3)	(12.9)
HSI	23336.3	(1.8)	(4.7)	(8.9)	(9.0)
JCI	6101.3	(0.3)	(2.5)	(1.0)	(29.4)
KLCI	1679.9	(1.2)	(1.8)	(1.9)	(0.0)
KOSPI	8203.8	(10.0)	(6.0)	4.5	94.7
Nikkei 225	69788.4	(3.5)	0.6	10.2	38.6
SET	1540.9	(2.1)	(3.0)	0.1	22.3
TWSE	47100.7	(1.3)	2.8	11.4	62.6
BDI	2667.0	(0.6)	(0.1)	(10.8)	42.1
CPO (RM/mt)	4551.5	0.0	1.8	2.3	15.7
Brent Crude (US\$/bbl)	77.1	(1.1)	(2.4)	(25.6)	26.7

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Presentation on Regional 2H26 Outlook and Strategy	Singapore	23 Jun	24 Jun
Virtual Meeting with Mr DIY Holding Thailand PCL (MRDIYT TB)	Thailand	01 Jul	01 Jul
Analyst Marketing on Singapore 2H Outlook & Strategy by Adrian Loh	Malaysia	01 Jul	03 Jul
Hybrid Post-results Luncheon with JBM (Healthcare) Ltd (2161 HK) & Jacobson Pharma (2633 HK)	Hong Kong	03 Jul	03 Jul
Small & Mid-Caps Corporate Day	Singapore	09 Jul	09 Jul
Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation	Malaysia	13 Jul	15 Jul

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
May. Customs Trade Balance (Export-Import)	Thailand	30 June

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The sector faces a double squeeze from an overall construction cost surge and high mortgage rejections. Therefore, inventory velocity and balance sheet strength are key differentiators. For our stock pick, we highlight AP as a market leader given its approach to inventory management. Maintain HOLD on AP with a target price of Bt8.50, due to its high asset turnover, low WIP (20%), minimal unsold stock risk, and aggressive 2Q26 launch pipeline to drive presales. Maintain MARKET WEIGHT on the sector.

Property

Decoding Landbank, Work-In-Process And Inventory Velocity

Highlights

- Our neutral stance reflects a double-squeeze environment: a) supply-side cost pressures; and b) demand-side headwinds, as mortgage rejection rates remain elevated, forcing developers to offer aggressive price promotions to liquidate finished goods inventory.
- We have analysed the sector's inventory across three tranches: land bank, WIP, and finished goods.
- Overall, we like AP as a market leader as it is the most agile operator with highest asset turnover velocity amid the double-squeeze environment.

Analysis

- **Maintain MARKET WEIGHT on the property sector.** Our neutral stance reflects a double-squeeze environment: a) supply-side cost pressures, driven by a 7.2% surge in construction material costs reported by the Trade Policy and Strategy Office under the Ministry of Commerce which are expected to compress gross profit margins in work-in-process (WIP) from 2Q26 onwards; and b) demand-side headwinds, as mortgage rejection rates remain elevated, forcing developers to offer aggressive price promotions to liquidate finished goods inventory. Under these conditions, inventory velocity and balance sheet strength are critical performance indicators. Consequently, we have analysed the sector's inventory across three tranches: land bank, WIP, and finished goods.
- **Land bank analysis:** Land bank accumulation underpins long-term project pipelines, carrying excessive land carries a high cost of carry due to interest expenses and the Land and Buildings Tax Act. This has prompted strategic realignments among developers. AP remains the most agile and efficient operator, focusing on a "just-in-time" strategy to launch projects within 6-9 months of land acquisition to optimise its cash conversion cycle, capping its new land acquisition budget at Bt15.0b. Meanwhile, SPALI continues to favour large-scale land plots in suburban and provincial areas, allocating Bt8.0b for land purchases this year. Conversely, QH and LPN are prioritising cash preservation by halting aggressive land acquisitions.
- **WIP analysis:** To assess financial viability and operational survival, we evaluated key turnover ratios. Overall, we favour AP and SPALI. AP holds a competitive advantage in construction velocity through its extensive use of precast technology, which accelerates cash generation and minimises capital locked up in WIP. Conversely, SPALI excels in low-cost, construction capabilities; although its assets remain in the WIP stage longer, they yield superior profit margins. Meanwhile, LPN exhibits a prolonged construction cycle compared with peers.

MARKET WEIGHT (Maintained)

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Segmental Rating

Segment	Rating
Residential Property	MARKET WEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price 23 Jun 26	Target Price (Bt)
AP (Thailand)	AP TB	HOLD	7.15	8.50

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 23 Jun 26 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	Net Profit 2026F (Btm)	2027F (Bt m)	PE 2026F (x)	2027F (x)	Net EPS Growth 2026F (%)	P/B 2026F (x)	Yield 2026F (%)	ROE 2026F (%)
AP TB	HOLD	7.15	8.50	18.9	692	4,858	5,230	4.6	4.3	12.5	0.5	7.4	10.2
LH TB*		3.62	3.42	(5.5)	1,331	3,404	3,739	12.7	11.6	(9.8)	0.8	6.0	6.4
LPN TB*		1.55	1.43	(7.7)	69	116	135	19.5	16.6	5.9	0.2	4.2	1.0
ORI TB*		1.67	2.17	29.9	126	1,171	1,289	3.5	3.2	13.5	0.2	11.4	5.1
QH TB*		1.35	1.50	11.1	445	1,864	1,923	7.8	7.5	7.9	0.5	7.1	6.1
SPALI TB*		15.50	16.60	7.1	931	4,576	4,728	6.6	6.4	14.0	0.5	8.5	8.2
Sector					3,595	15,989	17,045	8.8	8.1	4.0	0.6	7.2	7.4

*Non-Coverage Source: Bloomberg UOB Kay Hian

- Finished goods analysis:** Looking at the broader picture, finished goods inventory in the real estate market is undergoing a structural fragmentation. Completed, ready-to-move-in units priced around the Bt3.0m threshold face severe sales headwinds and significantly higher mortgage rejection rates compared with the premium segment. In terms of breakdown, AP maintains a relatively low finished goods ratio of 20% alongside an efficient inventory turnover. Meanwhile, SPALI holds a finished goods ratio of 20-22% but its exposure is concentrated in the Bt3.0m-5.0m price bracket, mostly located in provincial areas, a segment highly susceptible to mortgage rejections. On the other hand, QH and LPN continue to carry substantial finished goods inventories, standing at 70% and 55% respectively.

Land-Bank, Work-In-Process and Finished Goods Analysis

Indicators / Asset Structure	AP	SPALI	LH	ORI	QH	LPN
1. New Land Budget 2026F (THB m)	15,000	8,000	5,000	Selective	Restricted	<1,000
2. New Launch Target 2026F (THB m)	95,000.0	35,000.0	23,000.0	20,000.0	< 5,000	Suspended
3. Inventory Breakdown (% as of 1Q26)						
◆ Land Bank & Pre-development	25%	40%	30%	20%	15%	10%
◆ Work-In-Process (WIP)	55%	38%	45%	52%	15%	35%
◆ Finished Goods (Ready-to-move-in)	20%	22%	25%	28%	70%	55%
Total Inventory Asset Base	100%	100%	100%	100%	100%	100%
4. Inventory Velocity Indicators						
◆ Days Sales of Inventory (DSI)	~730 Days	~850 Days	~920 Days	~960 Days	~1,100 Days	~1,460 Days

Source: UOB Kay Hian

Valuation/Recommendation

- Maintain MARKET WEIGHT on the property sector.** Overall, 2Q usually marks the initial acceleration phase for new project launches prior to the rainy season in 3Q, which should drive a qoq recovery in presales. However, the double-squeeze environment could compress margins in the upcoming quarters. All in all, we favour AP as our sector leader given its more aggressive project launch pipeline relative to peers. We maintain HOLD on AP with a target price of Bt8.50.

Sector Catalyst/Risk

- Catalysts:** a) Stronger-than-expected presales momentum, b) real estate stimulus measures, and c) front-loaded project launches in 2Q26 driving presales.
- Risks:** a) Stringent bank lending policies and weak purchasing power, b) weaker-than-expected economic growth, c) margin compression in WIP due to a surge in construction material costs, and d) aggressive price promotions to liquidate high finished goods inventory.

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