Tourism boost, new assets draw CIMB Securities to Pavilion REIT with highest target price to date

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KUALA LUMPUR (Oct 7): A rebound in tourism is boosting the outlook for Pavilion REIT's (KL:PAVREIT) shopping malls and hotels, according to the real estate investment trust's most bullish analyst.

CIMB Securities is restarting coverage of Pavilion REIT with a 'buy' call and target price of RM2.04, the highest among research houses tracked by *Bloomberg*. The house said it expects steady rental growth, better occupancy, and income from new hotels to drive earnings growth.

"We note encouraging developments" across Pavilion REIT's portfolio, CIMB Securities flagged.

Pavilion REIT, which owns Pavilion Kuala Lumpur in the heart of the 'golden triangle' in the capital city, has gained more than 30% in value on Bursa Malaysia so far this year amid an influx of international tourists and robust domestic consumer spending.

Still, analysts are unanimously optimistic with 11 ‘buy’ and no ‘hold’ or ‘sell’ calls. Including dividends, CIMB Securities’ target price would imply a potential total return of 14%.

An improvement in tourist arrivals in July-September, supported by the mid-year holiday, has lifted footfall at Pavilion Kuala Lumpur where foreign visitors typically account for around 30% of total traffic as well as Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, CIMB Securities said.

At Pavilion Bukit Jalil, occupancy may rise to about 93% by the end of 2025 supported by the opening of new tenants ahead of major festive seasons in the final months of 2025 and early 2026, the house noted.

Easyhome Mall, previously known as Da Men Mall In Subang Jaya, will also narrow its losses this year and return to the black next year, CIMB Securities added.