# Pavilion REIT sees resilient consumer spending in 4Q

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PETALING JAYA: Pavilion Real Estate Investment Trust (Pavilion REIT) expects the consumer sector to remain resilient for the last quarter of the year, supported by stable labour-market conditions, government assistance to households and seasonal spending.

In a filing with Bursa Malaysia, the REIT said consumption growth is, however, likely to become more measured and increasingly selective as higher labour, food and logistics costs put pressure on household budgets and corporate margins despite manageable inflation.

For its third quarter ended Sept 30, 2026 (3Q26), Pavilion REIT's net profit dropped to RM92.91mil from RM94.58mil in the previous corresponding period, while revenue dipped marginally to RM227.29mil from RM227.88mil.

The REIT said the decrease was mainly due to lower advertising income at Elite Pavilion Mall.

“Total property operating expenses decreased by RM0.7mil or 0.8% as compared to 3Q325, mainly due to lower setup costs related to advertising income.

“This was partially offset by higher utilities cost, mainly due to higher global fuel prices resulting in an increase in the Automatic Fuel Adjustment rate imposed by Tenaga Nasional Bhd .”

Pavilion REIT said this resulted in higher net property income by RM0.1mil or 0.1% in 3Q26 as compared to 3Q25.

“The higher manager’s management fee by RM0.1mil was in line with the increase in total assets value and net property income.

“Other trust expenses increased mainly due to higher costs arising from the expanded scope of service tax on financial services imposed by the tax authority. Borrowing cost increased mainly due to additional borrowings drawn down to finance the acquisition of the two hotels in the previous year.”

Pavilion REIT said income before taxation was lower by RM1.7mil or 2% as compared to 3Q25.

“Distributable income for the quarter under review was RM96.5mil or 2.45 sen per unit, consisting of income after tax of RM92.9mil and non-cash adjustments for depreciation of RM0.2mil, amortisation of borrowing transaction cost of RM0.7mil, manager’s management fee payable in units amounting to RM2.9mil and accounting adjustment on deferred income of RM0.2mil.

For the nine-month period ended Sept 30, 2026, Pavilion REIT’s net profit rose to RM287.75mil from RM263.67mil in the previous corresponding period, while revenue grew to RM694.21mil from RM669.4mil a year earlier.

Going forward, Pavilion REIT said it will continue to collaborate with the tourism ministry and associations to support Visit Malaysia 2026 with proactive management of its properties to give its unitholders steady distributions.

“For the first half of the year, despite international tourist arrivals growth being only 2.5%, local tourism expenditure rose 12.3% year-on-year while the number of national tourists increased by 7.9%.”

It noted that domestic tourism is an important stabiliser due to spendings on local accommodation, food, fuel and retail sectors.

“Although geopolitical tensions, elevated airfares and jet fuel costs could weigh on inbound travel, Retail Group Malaysia still maintains its annual retail industry growth projection at 3.8% for 2026.”