

THAILAND RESIDENTIAL

Condo projects in the works Fragrant and Alcove will commit B4.65bn

Two property developers, each owned by Thai-nationality foreigners, are continuing their investments in the Bangkok property market near mass-transit sites with a total project value of 4.65 billion baht in 2008. One of them, Fragrant Property Ltd, which is owned by Taiwanese investors, plans to spend 2.7 billion baht to develop the Circle condominium worth four billion baht on Phetchaburi Road in the Nana area, 600 metres from the Nana BTS station.

James Duan, the company's managing director, said the company spent 439 million baht to acquire a five-rai land plot, a non-performing asset of Bank of Ayudhya. However, it had no policy to buy suspended buildings to redevelop as its conceptual design would not match them.

"The real estate market in Thailand has potential to grow. Like other countries in Asia, Thailand is an attractive market where overseas investment will flow," he said.

Circle would have two buildings with 30 and 43 storeys, comprising 901 units priced between 2.7 million and 20 million baht, or 73,900 baht per square metre. Construction would start in July this year and be completed in 2011.

With registered capital of 450 million baht, Fragrant Property is held by 10 shareholders _ two Thais, four Thai-nationality Taiwanese and four Taiwanese.

Fragrant Group entered Thailand in 2004 with the development of the Fragrant 71 condominium on Sukhumvit 71, which is sold out. In 2006, it launched The Prime 11 condominium in Sukhumvit 11 which is 85% sold and scheduled for transfer next year.

On the three projects, the group has total equity of 800 billion baht in a total project valued at 5.65 billion baht. Circle has financial support from Krung Thai Bank.

Mr Duan said the company planned to launch two new condominiums with around two billion baht, targeting the middle-to high-end segment in the next two years.

Meanwhile, The Alcove Group, owned by Thai-Indian investors, yesterday signed a contract with the hotel chain Best Western International to operate The Alcove Hiptique Hotel Sukhumvit 13, which would open in December.

The hotel, worth 300 million baht would have 60 rooms at rates between 1,500 and 3,000 baht per night. The group targets an occupancy rate of 75% in the first year of operation.

Director Anand Singjirakul said the group placed more weight on the rental property business as prime locations were scarce and its first serviced apartment, The Alcove Thonglor 23, was successful with a full occupancy rate.

The group would develop The Alcove Thonglor 5 worth 350 million baht in April and expects to start operations in October 2009 with an occupancy target of 85% in the first six months and 95% afterwards.

"We focus only on the Sukhumvit and Thong Lo areas. The potential of the areas and value of the properties increases each year while the plots are very limited," said Mr Anand.

He said the group aimed to break even on the rental property business within seven years with profits from condominium development of around 15-20%.

Last year the group launched two condominiums _ The Alcove Sukhumvit 49 worth 250 million baht and The Alcove Thonglor 10 worth 750 million baht. Both were 85% sold.

Source: Bangkok Post
Posted: April 29, 2008

Sansiri set to develop more high-end housing projects **Company expecting robust 2008 growth**

The listed developer Sansiri Plc (SIRI) plans to develop 300 units of high-end single houses worth 5.4 billion baht next year with an investment of around 800 million baht for new land plots in the Srinakarin, Ekamai-Rarm Intra and Kallapapruek areas, says Samatcha Promsiri, the company's assistant vice-president for marketing.

Sansiri has very few high-end units for sale after it recently closed sales of the last 10 units worth 250 million baht at its Narasiri Pattanakarn estate. To cover all housing segments, the company needs more Narasiri units.

Mr Samatcha said the three plots would be bought in the third quarter of the year. They include a 35-rai site in the Srinakarin area, a 40-rai site in the Ekamai-Rarm Intra area and a 25-rai site on Kallapapruek Road. Each would have around 100 units priced between 10 million and 20 million baht a unit.

"Srinakarin has high potential for the high-end segment as the location is very close to Suvarnabhumi Airport with new transport routes such as Kanchanaphisek and the airport link," he said.

The location also has potential for single house rentals, proven by 30 rental units among the 177 units at the company's Narasiri Pattanakarn. The rental rate is now 180,000 baht a month for homes on lots ranging from 100 to 250 square wah with a usable area of 300 to 500 square metres. The annual yield is 6-7%.

"At first, we kept 15 units for rent and planned to hold them as recurring income. But finally we sold all of them as some customers and investors saw the potential to invest in single rental houses in the high-end segment," he said.

According to company research, Bangkok had a total of 4,200 single-housing units starting at 10 million baht a unit at the end of 2007. About 1,500 units were located in eastern Bangkok and 1,600 in western Bangkok.

In the Srinakarin area in eastern Bangkok, the cumulative take-up rate of the high-end single housing segment was 83% due to strong demand.

"The high-end single-housing segment was in its actual situation last year. The sales rate did not fluctuate. Sales have been stable since after the economic crisis. If the economy booms, the segment will also boom."

He added that the sales rate in the high-end housing segment is not as rapid as the middle-to lower-end segments. The take-up rate is normally four units a month and customers in this segment have high purchasing power.

To be successful in the high-end single-housing segment, Mr Samatcha said, firms must focus on location and price. Next customers care about the developer's history and relationship with the community.

"We will study more and go in deeper detail for each site before launching a high-end project. We will adjust unit sizes to be more efficient and increase functions in each square metre of the unit," he said.

"There will be no new Narasiri projects this year as we're selecting land plots and developing new housing designs."

Currently, Sansiri's high-end single-housing projects include The Emperor and The Gallery. But after learning that the brands confused consumers, the company decided to drop them.

"Our firm name and housing brand can be sellable. Housing brands followed by location name are easier to market," he said.

Of the 26 new projects scheduled for launch this year, seven would be single-housing projects worth 7.6 billion baht, which Sansiri would develop. The rest would be high-end condominiums by Sansiri; middle- to lower-priced condominiums and townhouses by its subsidiary Plus Property; and lower-priced single houses by another subsidiary, Prom Pattana.

The seven single-housing projects would be the expansion of a new phase in current projects, including The Emperor in Bang Khae; Sethasiri in the Pracha Chuen and Seri Thai areas; Saransiri in the Rarm Intra, Chaeng Watthana and Pracha Uthit areas; and Burasri Sanam Bin Nam.

Source: Bangkok Post

Posted: April 21, 2008

Siamnuwat to launch condos in Sam Yan

The condominium developer Siamnuwat Co plans to launch two new condominiums in the Sam Yan area with 1,000 units worth a combined six billion baht in mid-2008, said general manager Tarathorn Aksaranuwat.

The company recently acquired a three-rai site in the Sam Yan area, about 150 metres from the MRT station, at 400,000 to 450,000 baht per square wah. It plans to develop two rai for a high-rise condominium worth three billion baht under the brand Wish.

The 24-storey building would have 500 units sized at 27 square metres and up, the same as Wish@Siam, its first project near Asia Hotel. Unit prices would start at 90,000 baht per sq m.

"We're studying how to develop the remaining one rai for non-residential projects such as the Sam Yan area, which is close to Bangkok's major shopping areas and many educational institutions. It has high potential for commercial projects," said Mr Tarathorn. In the Sam Yan area, the company is also in talks with landlords to buy another three-rai site. It plans to launch another condominium in July this year. The project size, unit numbers and project value would be similar to the first one.

Construction is scheduled to start early next year, pending environmental impact assessment approval.

Revenue from the new projects would be realised in 2010 and would more than double from this year.

The company expects to realise 650 million baht from unit transfers of Wish@Siam.

Mr Tarathorn also said the company would increase its registered capital from five million baht to 20 million baht this year for business expansion.

Each year it targets to spend 300 million baht to acquire a new plot for condominium development.

Established in 2006, Siamnuwat Co is a subsidiary of the low-rise housing developer Aksara Property Co.

The group also has other businesses, including pneumatic equipment, compressors, VZIO-brand personal computers, notebooks and electrical appliances.

"We will focus building the Wish brand in the city before resuming low-rise projects in the outskirts. Our group has more than 5,000 rai of land for development. We will wait to see movement on megaprojects before deciding to develop each plot," he says.

After the megaprojects get under way, the first project would be a single-housing project in the Bang Bua Thong area where the Purple Line would pass.

At this location, the group is not a newcomer since it has developed 600 townhouses priced at 900,000 baht a unit. "The property market in the first quarter remained slow due to fewer new projects launched. Most investors are waiting and watching the political and economic situations," said Mr Tarathorn.

Source: Bangkok Post
Posted: April 21, 2008

Supalai plans big presence in Hat Yai Nine projects to launch across South

The listed developer Supalai Plc plans to launch nine new projects in Hat Yai and Phuket worth 3.7 billion baht due to strong demand in both destinations, said president Prateep Tungmatitham. He said the number of new projects being launched in both cities this year would be more than half of the company's 15 launches this year, which would be worth at least 10 billion baht.

"The residential market in these destinations is growing. We entered them last year but if we get a slowdown signal, we will freeze," he said.

The company would develop all types of residential units including single houses, duplexes, townhouses and condominiums in both locations as demand responds to all segments. Each project would have smaller units than projects in Bangkok.

"The two markets are only slightly different from Bangkok in terms of construction and construction materials. In Phuket, land is harder to acquire than in Bangkok so the piling process is different," said Mr Prateep who has developed residential units in both destinations for 20 years.

He adds that the company needed to source local construction materials to save transport costs.

In the past, he said both markets were similar, preferring one-storey houses, but since land prices in Phuket have soared, buyers in Phuket have changed to two storeys. Family sizes in Phuket are also smaller than in Hat Yai. "In both areas, expenses for marketing and advertising are lower than in Bangkok but transport costs are higher." Mr Prateep said residential development in Phuket was a bit more difficult as the province requires an Environmental Impact Assessment (EIA) for developments of more than 10 low-rise units. In

Hat Yai, the regulations are similar to Bangkok's, requiring an EIA report for more than 500 units.

"The EIA approval process is very slow. Sometimes, we have to wait for four or five months to get it," he said. Phuket's environmental regulations are also strict, and prices are 10-15% higher than in Bangkok.

The company is also developing the Asean Trade Center on a 52-rai site worth three billion baht with 300 commercial buildings in Hat Yai. "Demand in Hat Yai has increased every year due to violence in the deep south," he said. Many residents in the south have relocated to Hat Yai, but listed developers have not built residential projects to accommodate them.

In Hat Yai district of Songkhla, the property developer launched a condominium project last month and would launch three new projects including single houses, townhouses and duplex houses within the year under its subsidiary Hat Yai Nakarin Co Ltd.

The four projects would sell for about 1.2 billion baht and the company targets 450 million baht in sales by the end of the year, said Mr Prateep. In Phuket, after launching a condominium project in the first quarter, it plans to open four new projects comprising condominium units, single houses and townhouses. From a total value of 2.5 billion baht, it expects to have 600 million baht in sales this year. He said sales from both destinations would account for 6% of the total sales projected at 9.99 billion baht this year.

In the first quarter of the year, the company achieved 2.5 billion baht in sales, double the amount in the same period last year as the political situation and the economy had improved.

At the end of last month, it had a sales backlog of about 12 billion baht to be realised between 2008 and 2010. About 2.9 billion baht would be realised this year, combined with new revenue realisation of 4.4 billion baht expected this year. As a result, Supalai would realise at least 7.3 billion baht by the end of the year and expects to benefit from tax incentives, which would add about 4% to net profit. The company projects 10% market growth this year.

Source: Bangkok Post

Posted: 7 April 2008

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Supalai Plc plans to develop more condominium projects after spending 880 million baht to buy two non-performing assets last month, president Prateep Tungmatitham said yesterday. Last month, it acquired a 14-rai site, a non-performing asset of Krung Thai Bank, for 570 million baht.

The plot is located on Charoen Nakorn Road near the Chao Phraya River and next to the Marriott Hotel. Supalai plans to develop a middle- to high-priced condominium project on the land.

The company also bought a 10-rai site on Ramkhamhaeng Road near The Mall Department Store from Thailand Asset Management Corporation.

Supalai plans to develop condominium units under a new brand with higher prices than its City Home brand, which starts at one million baht a unit.

Mr Prateep said that during the first four months of the year, it had pre-sales of 3.1 billion baht, slightly higher than the target and double from the level of the same period last year as market sentiment improved.

Next Wednesday, the company will launch City Home Rattanathibet, with 1,236 units worth a combined 1.8 billion baht.

Unit sizes would range between 30.5 and 50 square metres, with prices starting at 35,500 per sq m. The condominium will be located on a seven-rai plot on Rattanathibet Road near Central Rattanathibet.

"The target group will be middle-income earners living in Ngam Wong Wan and Bang Yai," he said.

The company aims to have presales of one billion baht during the launch period. Construction would start within five months after it obtains Environmental Impact Assessment approval and would be completed by 2010.

Source: Bangkok Post
Posted: May 8, 2008

QH projects for 2008 worth nearly B20bn Developer believes luxury demand solid

The listed developer Quality Houses Plc (QH) planned to launch 13 new residential projects this year worth a combined 19.55 billion baht, targeting 12 billion baht in revenue by the end of the year. Rutt Phanijphand, the QH president and managing director, said the new projects being launched this year would comprise 11 low-rise developments worth 16.93 billion baht and two condominiums worth 2.62 billion baht. The economic outlook this year will be better than last year now that the new government has been formed, he said. The property market will also improve as demand remains strong, especially in the high-end segment with unit prices between 10 million and 20 million baht, where supply is very limited. Mr Rutt said QH's main revenue this year would come from sales of single houses at 10.5 billion baht while it would generate 1.5 billion baht from rental income of office buildings and serviced apartments.

Last year QH estimated it generated 10.6 billion baht in revenue from housing sales of nine billion baht and rental income of 1.2 billion baht from office buildings and serviced apartments. It expected to generate at least 2.4 billion baht in revenue in the fourth quarter of 2007. Net profit for the first nine months was 750 million baht, up from 600 million in the same period of 2006. The company plans to spend three billion baht to acquire 14 new plots of land for future development in 2009-10. As condominiums are booming, it plans to change its Centre Point Lang Suan serviced apartment to a condominium with 209 units worth a combined three billion baht. Unit prices would be 180,000 baht per square metre. Construction would finish by mid-2009.

Due to the higher cost of construction, the company expected to raise unit prices by 5% in the third quarter, said Mr Rutt. QH is also interested in overseas investment after studying the property market in China and Vietnam last year. The company will finalise an investment plan to develop a condominium in Ho Chi Minh City, a high-potential location for property, by the fourth quarter.

Source: Bangkok Post
Posted: April 2, 2008