

PROPERTY

LH charting 21 new projects

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SET-listed developer Land and Houses Plc (LH) plans to spend 7 billion baht to buy new land and launch 21 projects worth a combined 40 billion baht in 2015.

The move is aimed at capitalising on an anticipated recovery in the property market.

Managing director Adisorn Thananarapool said Thailand's property market would "definitely" recover next year from this year's tepid performance.

However, outstanding growth is not likely, as the country's economic growth is estimated at only 3% in 2015, he said.

"The only risk factor next year will be the economy," Mr Adisorn said.

"Nonetheless, purchasing power is likely to improve, spurring upcountry markets to resume growth."

New provinces for LH next year will include Chiang Rai, Maha Sarakham and Udon Thani, where new single-house projects in the mid-range price segment will be built.

The company withdrew a new

single-house project in Udon Thani from this year's business plan and postponed it to next year, as upcountry housing markets were poor this year.

Combined value of projects launched in 2014 still rose to 41.3 billion baht from 35 billion last year, as the Udon Thani project was replaced by a condominium in Bangkok.

Despite mergers and acquisitions among property developers this year, market competition is not very intense, as evidenced by a slump of 30% in new housing supply launched in the first nine months, Mr Adisorn said.

Thanks to a market recovery in the second half, LH expects 28 billion baht in consolidated revenue by year-end, up slightly from 27.85 billion last year. The result will stem largely from 6 billion baht out of a total sales backlog of 22 billion being realised in the fourth quarter.

LH expects 32 billion baht in sales bookings this year, up from 30 billion last year. Nine-month sales bookings totalled 26.3 billion baht.

Also in the first nine months, consolidated revenue totalled 22.2 billion baht, up by 6.7% year-on-year, for a net profit of 5.13 billion, up by 4.5%. Revenue from home sales rose by 8.2% year-on-year to 20.2 billion baht, while that from other businesses fell by 42% to 311 million.

In a related development, LH will next month launch the LH Shopping Centers Leasehold Real Estate Investment Trust (LHSC) worth 6.23 billion baht. The LHSC will invest in assets related mainly to Terminal 21 shopping mall and the attached hotel, accessed from Asok skytrain station and Sukhumvit subway station and owned by subsidiary L&H Property Co.

LH owns 60% of the subsidiary and Singaporean partner Reco Resorts Pte 40%.

Terminal 21 opened in October 2011 with lettable area of 34,058 square metres. Annual rental rates have grown by 6.6% on average. Occupancy is now 98% with monthly rents of 1,717 baht per sq m.

LH shares closed yesterday on the SET at 10 baht, up 10 satang, in trade worth 133 million baht.