

Land & Houses budgets Bt12 bn to buy land

SOMLUCK SRIMALEE
THE NATION

LAND & HOUSES has budgeted Bt12 billion to buy undeveloped land this year and to acquire apartments and retail outlets in the United States and Thailand.

Up to Bt8 billion will be used to buy land for residential developments this year and in 2016. About Bt2 billion will be used to buy apartments in San Francisco, and the remaining Bt2 billion will be invested in similar ventures in Bangkok.

One local investment will be a new hotel on Soi Thong Lor, on which construction began last year. L&H also plans to buy other assets such as apartments or retail outlets that generate recurring income for the long term, managing director Adisorn Thananun-Narapool told a press conference on its business plan yesterday.

Part of the investment budget will come from the company's internal cash flow and from the Bt6.05-billion LH Shopping Centers Leasehold Real Estate Investment Trust (REIT) launched last year.

The firm will also issue debentures worth Bt10 billion, about Bt8 billion of which will be for a previous debenture that expires this year, with the rest for investment.

The company is also looking at launching a new REIT worth between Bt4 billion and Bt10 billion and selling its three Centre Point hotels on Ploenchit, Rajdamri and Asoke to this trust, he said.

Under the company's financial plan, it will increase its net debt ratio from 0.7:1 at the end of last year to 0.75:1, he added.

Meanwhile, the company plans to launch 17 new residential projects worth Bt34 billion nationwide this year, 12 of which will be detached-housing projects. Two will comprise townhouses, and the rest condominiums.

Add to existing projects

L&H expects presales worth Bt34 billion this year, up 8 per cent from last year's Bt31.5 billion, company president Naporn Sunthornchitcharoen said.

This year's launches will add to its existing 85 projects. The company aims to transfer Bt28 billion worth of homes to its customers this year, up 12 per cent of last year's transfer target of Bt25 billion. About Bt5 billion worth of this year's transfers will be from its backlog of homes already sold, which totalled Bt20 billion at the end of 2014, he said.

About 15 per cent of its residential transfers this year will be in the provinces, and the rest in Bangkok. Of the total, 65 per cent will be detached houses, next 30 per cent condominiums and 5 per cent townhouses.

The company targets about Bt1.5 billion in recurring income from its hotels and apartments this year, Adisorn said.

Naporn said the company believed the property market this year would see single-digit growth as the economy grows by 3-3.5 per cent. This is assuming implementation of the government's infrastructure projects and revived consumer confidence. However, the property market continues to face business risks as the commercial banks have tightened their provision of mortgages. Prospective L&H customers were hit by a mortgage rejection rate of 15-20 per cent last year, compared with just 12 per cent in 2013.

Similar caution by the banks is expected this year.

In the first nine months of last year, Land & Houses recorded revenue of Bt22.1 billion and net profit of Bt5.13 billion.