



RUSH TO BUILD UP LAND BANKS >> 5B

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DEVELOPERS AMASS WAR CHEST OF BT50 BN TO SCOOP UP RESIDENTIAL SITES FOR PROJECTS WORTH BT200 BN AS COMPETITION INTENSIFIES

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THE NATION

LISTED PROPERTY firms have set aside more than Bt50 billion combined to purchase undeveloped land this year for the development of residential projects worth over Bt200 billion.

For example, Land & Houses has earmarked Bt8 billion to buy land for the development of 12 projects worth Bt14.9 billion.

Supalai has set aside Bt8 billion to purchase land for the development of 29 projects valued at Bt37 billion, while AP (Thailand) has budgeted about Bt8 billion to purchase undeveloped land this year, on which it will construct 20 projects worth Bt35 billion.

Sansiri, meanwhile, plans to spend

between Bt7 billion and Bt8 billion to buy land for the development of 19 projects worth Bt41.2 billion, and market-leading Pruksa Real Estate will outlay about Bt20 billion for the purchase this year of vacant land for the development of more than 50 residential projects worth between Bt50 billion and Bt55 billion.

"We will purchase land located close to the mass-transit system, both existing and planned routes on which construction is due to commence this year, such as the Dark Green Line from Thon Buri to Bang Wa and the Blue Line from Charansanitwong Road to Siriraj Hospital," Supalai managing director Tritetcha Tangmatithum said recently.

Land and Houses president

Naporn Soonthornchitcharoen said land prices in the central business districts and suburban areas of the capital, situated close to the new mass-transit routes, were still rising, which impacted on property firms seeking to buy land for both high- and low-rise residential projects.

However, growth in demand for homes, especially those costing less than Bt5 million, is still relatively slight due to the banks continuing to be very strict about the provision of mortgages for the lower-income market, he said.

Given the market trend, and while property firms have to be careful about buying too much undeveloped land for new residential projects this year, they are continuing to focus on snapping up plots in areas close to the mass-transit rail routes, Naporn explained.

Huge price rise in past 5 years

According to a survey by Modern Property Consultant, land prices



A perspective of Khun by Yoo, a luxury condominium in Sukhumvit 55 inspired by Starck. The area is one of a number of prime Bangkok locations facing rising land prices as residential developers continue to seek suitable plots for their investments.

around the mass-transit routes such as in the Ratchadaphisek Road area, located near to the new Orange Line and MRT route, have been recorded at between Bt800,000 and Bt1 million per square wah (4 square metres) – double the prevailing level five years ago.

Meanwhile, offer prices for land along Sukhumvit Road from Soi 1 to Soi 55 (Soi Thonglor) are even higher, at between Bt800,000 and Bt1.5 million per square wah.

For example, the latest deal for the purchase of a 2-rai (0.3 hectare) plot at Sukhumvit Soi 38 was more than Bt1 billion, or about Bt1.3 million per square wah.

Demand to buy land for developing both residential and commercial projects in the central business districts remains strong, driving land prices higher, said Modern Property Consultant's managing director, Wasan Kongchan.

When leading developers expand

their investment in land, it causes prices to rise due to the competition for the space available, he added.

According to a survey by the Agency for Real Estate Affairs (AREA), land prices in Bangkok and suburban areas will increase by between 3.5 per cent and 4 per cent this year, due to demand for plots on which to develop both residential and commercial buildings.

“Our study shows that from 1985 to 2015, land prices in Bangkok and its suburbs increased by 470 per cent, following strong property-market growth, especially in the 1996-1998 period, when the price of land rose by an average of 30 per cent a year.

“After that [three-year] period, price rises were 5 to 10 per cent a year, depending on the location,” AREA's research said.