

PROPERTY

Confident Sansiri doubles new projects this year

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Despite a spate of challenges, SET-listed developer Sansiri Plc (SIRI) remains bullish on its sales prospects and will almost double its number of new projects to 21 worth 50.5 billion baht this year.

It aims at having 42 billion baht in presales this year, up 50% from last year.

President Srettha Thavisin said 2016 would be a challenging year due to several negative factors including the political and economic situations.

"The government's initiatives, particularly investment in infrastructure nationwide, can help boost market sentiment," he said.

"Other positive factors include low interest rates, which raise housing affordability, declining oil prices, which reduce development costs, and property tax incentives, which can boost housing demand in the first half."

Seven of Sansiri's 21 new projects will be single houses in Greater Bangkok, Udon Thani and Phuket, where demand remains strong.

Three projects will be townhouses, mainly with unit prices of more than 3.1 million baht.

It will also develop 11 condo projects worth 23 billion baht, with six under a joint venture with Bangkok Mass Transit

System Plc.

One of the five projects developed by Sansiri alone will be 98 Wireless, where it will introduce its highest-ever price per

square metre at 630,000 baht.

With a sales value of 8 billion baht, the project on Wireless Road in Bangkok will have 440 units that will be launched in the

fourth quarter.

"There were no bank rejections in the high-end segment last year because the segment rarely got an impact from the

economic slowdown," Mr Srettha said. "The low-end segment was hit by lower purchasing power, high household debt and decreasing prices of agricultural products."

Most projects this year will focus on the middle- to upper-end segment, where condos priced higher than 100,000 baht per sq m account for 86% of the market and single houses priced higher than 5 million baht represent 88%.

Sansiri aims to achieve 42 billion baht in presales, up from 28.5 billion in 2015, which increased from only 8.8 billion in 2014.

Revenue will decrease to 36 billion baht from last year's record 38 billion. As of the end of 2015, Sansiri had a sales backlog of 38.1 billion baht.

It also had an inventory worth 9 billion baht, with about half of units qualifying for property tax incentives.

The company will continue overseas investment, aiming for gross profit of about 28% from residential development in London.

It plans to renovate a three-storey office building of 3,000 sq m near Oxford Street into residential units for sale in the next three years after rental contracts with tenants expire. It bought the building last year for 10 million (513 million baht).

SIRI shares closed yesterday on the SET at 1.45 baht, down one satang, in trade worth 117 million baht.