

Developers to step up launches of projects in latter half of year

BUOYED BY AN EXPECTED RECOVERY IN DEMAND DUE TO RISING GOVERNMENT SPENDING AND LOWER INTEREST RATES, COMPANIES PLAN BT215 BN WORTH OF NEW HOMES IN GREATER BANGKOK AREA

SOMLUK SRIMALAE
THE NATION

LEADING RESIDENTIAL developers, confident the property market will recover during the second half of the year, plan to launch projects worth more than Bt215 billion in Bangkok and its suburbs in the period, after witnessing growth of less than 5 per cent during the first five months.

According to a survey by The Nation early this week, 13 listed property firms plan to launch a total of 162 projects worth Bt202.55 billion in greater Bangkok during the period, while three leading non-listed developers intend launching seven projects worth a combined Bt14 billion between July and December.

Most of them are confident the property market will witness a recovery in the second half with the government's spending on infrastructure projects starting to pick up steam and drive the economy.

The market is also beginning to benefit from interest-rate cuts following the Monetary Policy Committee's combined reduction of 50 basis points in the benchmark interest rate so far this year.

The property market to date has grown relatively slowly, by less than 5 per cent, year on year.

Sansiri president Srettha Thavisin said that although the overall property market in the first five months had only grown by this amount, his company had experienced sales success at its new residential projects – both those developed on its own and those developed via a joint venture with BTS Holding Group.

"We will therefore revise our presales in the second quarter from Bt10 billion to Bt13 billion, which will drive our presales target for the first half to Bt19 billion, which is better than the early estimate we made," he said.

Sansiri also plans to launch 12 residential projects worth over Bt20 billion in the second half, which should boost full-year presales to Bt35 billion.

UPCOMING PROJECT LAUNCHES

Listed and major non-listed property firms plan to launch more than Bt215 billion worth of detached housing, townhouse and condominium projects in greater Bangkok in the second half of this year.



Source: The Nation

NATION GRAPHICS

"We have seen a recovery in demand in the market this month, thanks to lower interest rates and the government's investment spending entering the economy. This [government expenditure] will also be the engine boosting the economy during the second half," Srettha explained.

Quality Houses president and CEO Chudchart Sittipant said he expected the property market to recover in the latter half of the year, given that the cost of buying a home had fallen following the round of interest-rate cuts, while the cost of developing housing had dropped by between 2 per cent and 3 per cent as a result of lower oil prices and the cost of some construction materials having fallen.

"This is a good time to purchase for homebuyers, while it is also a good time for property developers to launch housing that matches what customers demand," he said.

Quality Houses plans to 14 residential projects

together worth about Bt10 billion over the course of the second half, down from the company's early business plan to launch 18 projects in the period.

"We had to revise down our new project launches when we saw only slight demand growth early year. However, if the market shows a strong recovery in the second half, we are ready to revise our plan because we have four projects, whose launches we delayed, but which have the land and design ready for development as quickly as possible," said the company chief.

Meanwhile, Golden Land Property Development president Thanapol Sirithanachai said his company intended launching eight residential projects worth Bt7.8 billion in the second half of the year, after recording presales worth Bt4.1 billion in the first half.

"We are confident the property market will recover in the second half of this year, given the interest-rate cuts and purchasing power start-

ing to recover following the government's speeding up of its spending, which will drive the economy. The economy will also be boosted by improving exports due to the baht's baht weakness," he said.

Kensara Thanyalakpark, executive director of Sena Development, said that although the company had delayed the planned launch of two condominium projects worth Bt800 million combined in the second half, it was pressing ahead with 11 other new projects worth Bt10 billion on the back of an expected demand recovery in the period.

"Although high household debt is still the main factor impacting on residential demand, it has a negative effect on the middle- to lower-income market, but none at all on the upper-income market. As a result, our new projects launched in the second half of this year will focus on the middle- to upper-income segment, where there is still solid purchasing power," she said.