

Thai developers up focus on overseas investments



Kiroro Ski Resort in Hokkaido, Japan, is now owned by Thai property firm Property Perfect Plc. This is one of the overseas property investments by the Thai property firm.

HIGHER POTENTIAL RETURNS SEEN ACROSS ALL SEGMENTS, ESPECIALLY IN ASEAN, EUROPEA AND US

SOMLUCK SRIMALEE
THE NATION

THAILAND'S LEADING property firms are interested in expanding their investment overseas, seeing an opportunity to generate high returns.

Developers are particularly interested in expanding in Asean, Europe and the United States.

For example, Singha Estate, the property arm of beverage firm Singha Corp, on October 10 joined with Fico Holding (UK) to purchase 26 Mercure hotels in the United Kingdom worth £154.77 million (Bt8.46 billion) from Jupiter Hotel Group.

Central Group acquired a 50.1-per-cent stake in the German premium department-store chain, The KaDeWe Group, in June, following up its purchase of la Rinascente in Italy in 2011, and Illum in Denmark, which was snapped up in 2013.

CP Land, the property arm of Charoen Pokphand Group, also plans to invest overseas this year through to the end of 2017, concentrating on Asean, Europe and New Zealand.

The company's first project will be to take over a Bt500-million office building in the former Myanmar capital, Yangon, by the end of the year.

TCC Land, owned by beverage tycoon Charoen Siriwattanabhakdi, has expanded its investment abroad by focusing on hospitality businesses.

The group now has such businesses in the UK, the US, Japan, Singapore and Australia.

It has also set aside Bt50 billion for next year with a view to acquiring property projects, both domestically and overseas.

Property Perfect, meanwhile, established Property Perfect

International in Singapore in 2012, and took a major stake in Kiroro Ski Resort in Hokkaido, Japan, the same year.

Land & Houses established Land & Houses USA in 2012 and took over two apartment buildings in California worth US\$100 million (Bt3.54 billion) later that year.

The residential developer is currently interested in acquiring other apartment blocks in the US this year and next.

Another leading developer, Sansiri, established Sansiri Global Investment in Singapore in 2009, with the unit holding 100 per cent in Sansiri Investment (2009), which is based in Guernsey.

Sansiri Investment (2009) has since bought residential projects in the UK, after the value of projects dropped due to the negative impact from the crisis that erupted in the US in 2008.

The projects it bought at the time have now sold out, and the company is now interested in further investment in the UK and US markets.

Pruksa Real Estate started to expand overseas in 2010 by focusing on the Asian market, with ventures in Vietnam, India and the Maldives.

The company has since withdrawn from Vietnam and the Maldives, but is still invested in Indian residential projects.

Singha Estate chief financial officer Methee Vinichbutr said the company estimated that the deal it had recently signed with Fico to invest in Jupiter Hotel Group would generate average revenue of £16 million a year, for a complete return on investment within 10 years.

"This will generate recurring income for the business in the long term," he said.

The company has also set aside a budget worth up to Bt16 billion for merger and acquisition activity in Thailand and overseas next year, he added.

Property Perfect CEO Chainid Adhyanasakul said that three years after taking over Kiroro Ski Resort, the project was expected to generate revenue Bt1.3 billion this year, against less than Bt1 billion before.

The company has also set aside Bt770 million this year to renovate the project, and has appointed US-based chain Starwood Hotel & Resorts Worldwide to manage the property from the end of the year.

Adisorn Thananan-narapool, managing director of Land & Houses, said earlier that his compa-

ny's investment overseas would generate a higher return than its domestic investment.

"We expect our sales from premium department stores in Europe to further double to 2.4 billion [Bt93 billion] in the next three years," Tos Chirathivat, chief executive officer of Central Group, said when the firm took a majority stake in Germany's The KaDeWe Group in June.

The group targets European sales accounting for about 40 per cent of its overall sales value in 2020, he said.

Meanwhile, Mark Collins, head of residential at CBRE UK, said earlier that Asian buyers had been particularly active in the new-building market and were inevitably the common factor in all of the fastest-selling schemes.

"Many buyers are entering their fourth year in the market, so are highly educated and astute. As a result, there may be a growing distinction between the best and the rest over the course of the next two years.

Significant Thai buying power

"Opportunities for central London residences are emerging in

new countries. Thai investors have significant buying power, but are still relatively new to the central London market so tend to stick firmly to the well-known 'Monopoly board' areas of Mayfair, Belgravia and Knightsbridge," he explained.

According to Supin Meechucheeep, managing director of JLL (Thailand), New York, Los Angeles, London, Tokyo, Shanghai and Beijing have all been on the list of attractive places for real-estate investment since the beginning of last year, as the populations and property values in these big cities will continue to grow because of urbanisation.

In the US, Supin suggests investing in commercial assets such as department stores, offices and hotels because of their constant pay-outs, while in London she favours high-end property because of the chance for a high capital return.

She said real-estate prices in east London had increased by 10 per cent year on year and would continue to rise.

In Japan, Supin said the demand for condominiums in Tokyo had been on the rise over the past year because of "Abenomics" – Prime Minister Shinzo Abe's economic-stimulus package.

Condo prices in high-end districts such as Minato and Shibuya have gone up by 11 per cent since the start of Abe's economic policies and will continue to increase this year.

As for China, she said that even though real-estate prices in Shanghai and Beijing had gone down slightly, by 2 per cent, the increasing population of millionaires in the country would continue to drive demand, keeping the two cities attractive for property investment.

A number of Thai property firms have expanded their investment overseas, including in the US, Britain, Australia, India and Vietnam, she said.

They include Land & Houses, which has invested in apartments in the US, and Sansiri, which has interests in condominiums in the UK.

Supalai, meanwhile, is expanding investment in Australia, while Pruksa Real Estate has developed residential projects for sale in India, she added.