

Raimon Land doubles prices

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High costs push tag to B300,000 per sq m

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Raimon Land plans to double the prices of its new luxury condominium to 300,000 baht per square metre in line with rising production costs, according to chief executive Nigel Cornick.

Construction costs alone have gone up by 20% to about 90,000 baht per square metre, and the company said it may raise prices of its future projects, starting with the 185 Rajadamri condominium on Rajadamri Road set to launch by year-end.

Prices of 185 Rajadamri were earlier expected to start at 150,000 baht per sq m. Mr Cornick said he was not concerned that the price increase would affect sales as most of its projects targeted high-end customers who were less price-sensitive.

It has already increased prices for The River, located on the bank of the Chao Phraya River, to 140,000 baht per sq m from 90,000 baht.

The company expects to realise revenue of two billion baht this year primarily from its previous projects, with a nine-billion-baht sales backlog carried over from last year.

Raimon Land has two condominiums under construction: the 4.8-billion-baht Northpoint in Pattaya and the 13-billion-baht project The River, its largest to date. They are due to finish in 2010 and 2011 respectively.

Raimon Land has secured a five-billion-baht project loan for the construction of The River, according to its statement. The loan is a syndicated facility provided by Standard Chartered Bank (Thai) as the lead lender, TMB Bank and Siam City Bank.

The company now has completed six new properties with a total sales value of six billion baht. Four of those are in Bangkok under three brands: The Lofts, The Lakes and The Legend. The other two are Northshore in Pattaya and Kata Gardens in Phuket.

Four projects to be launched this year include 185 Rajadamri in Bangkok, Amalfi in Phuket, The Lofts Soutshore and Edge in Pattaya. Their combined value would be at least 22.15 billion baht.

It expects to invest 1.3 billion baht in joint-venture projects in Bangkok, Phuket and Pattaya this year.

As of its earlier plan to raise its registered capital by 1.37 billion shares last month to support its future projects, Raimon Land is looking to offer its 770 million shares to Thai partners as the Foreign Business Act restricts foreigners from owning more than a 49% share. The remaining shares would be offered to its major shareholder IFA Hotels & Resorts of the United Arab Emirates.

The company has been in talks with Thai buyers, especially funds and institutions.

In order to expand into the mass market, Raimon Land yesterday announced a new marketing strategy to sponsor the reality TV show Superstar, produced by Orchestra Investor Group Co with a budget of 120 million baht.

It will feature the lives of 14 stars living together in Raimon Land's The Lofts Yennakart on Sathorn Road. The show is scheduled to air between Aug 9 and Oct 25 on Channel 9.

"It's an opportunity to grow our brand as there seem to be a lot of people that don't know about our projects," Mr Cornick said.

The show would target young people who could be potential customers of Raimon Land.

Shares of Raimon Land closed on Monday on the Stock Exchange of Thailand at 0.69 baht, down four satang, in trade worth 270,000 baht.