

**RECURSIVE EFFECT**

With a sluggish housing market forecast, developer Pruksa will beef up investment in recurring-income business. **B4**

# Pruksa signals caution in 2019



The 3-billion-baht Pearl Bangkok, a 25-storey LEED-certified green building at gold level, is owned by Thongma Vijitpongpun, group chief executive of Pruksa Holding Plc.

## Targeting B100bn in revenue within decade

### KANANA KATHARANGSIPORN

With a sluggish housing market forecast for next year, SET-listed developer Pruksa Holding Plc (PSH) aims to beef up investment in new recurring-income business and raise total revenue to 100 billion baht over the next decade.

Group chief executive Thongma Vijitpongpun said the company will be more cautious with business growth in 2019, due to an anticipated decrease in economic expansion, the central bank's new lending curbs and rising interest rates, all of which will affect housing demand.

"In 25 years in the property business, we have survived many crises," Mr Thongma said. "No matter big ones like the 1997 economic crash and the great floods in 2011 or the small ones. We are confident of achieving 100 billion baht in revenue within 10 years as targeted."

The company is preparing a second platform for investment in recurring-income property after jumping into the hospital business with the construction of Vimutti Hospital with an investment of 4.9 billion baht.

The hospital with 250 beds will tap the middle-end segment. Located on Phahon Yothin Road in the Saphan Kwai area, it is scheduled to start operation in 2020 and make a profit in its third year of operation.

The 100-billion-baht target was set twice before, in 2012 for 2017 and in 2017 for 2021.

Pruksa aims to have presales growth of 10% to 52.2 billion baht in 2018. Revenue is expected to grow by 3-5% from 43.92 billion baht in 2017.

"We want to achieve 100 billion baht, no matter sooner or later," said Mr Thongma, 60.

Supattra Paopiamsap, deputy group chief executive, said 2019 will be a challenging year in the residential business, largely due to many negative factors like the US-China trade war, which will affect the economy.

"The general election in 2019 will be a positive factor to the economy, as it will urge spending and build confidence," Mrs Supat-

tra said. "Housing demand remains strong in the middle- to lower-income segment, but it will grow at a lower rate, not as aggressively as before."

The company will revise all land bank plots on hand, particularly those with less potential or small pieces at existing projects that the company has held for a long time. They will be sold or developed as soon as possible.

From next year the company will buy only Grade A land plots for new residential development, not low-grade land as in the past.

Grade A land plots will be in locations attracting a large number of potential customers.

"A Grade A plot for a condo is like a plot on the main roads of the central business district like Silom, Sathon, Sukhumvit or Phahon Yothin," Mrs Supattra said. "If it's 400-500 metres inside, it will be Grade B. Grade C will be 800 metres or farther within a soi."

She said residential development will remain the company's core business in the next decade, which will see a focus on lifestyle, digital, technology and innovation.

“This year we revised business strategies to cope with rapid changes in the residential business,” Mrs Supattra said. “We decreased the number of residential brands from 48 to 14 to make it easier to remember and used rock star Artiwara ‘Toon’ Kongmalai as the brand presenter.”

The group will drive healthcare business with expansion of Clinic Baan Mo Vimutti branches and add facilities to capitalise on the ageing population in the future. Pruksa will also improve building solutions to meet customer demand through the use of IT and applications.

Pruksa on Monday opened its new headquarters, Pearl Bangkok, a LEED-certified green building at gold level owned by Mr Thongma himself.

Founded in 1993, Pruksa developed a total of 1,000 residential projects and delivered 20,000 units to customers each year. The first project, Baan Pruksa 1, was a townhouse development with units priced at 330,000 baht.

Townhouse development started from the load-bearing wall or tunnel form, a technology brought from France which took three months to complete. Precast construction started seven years ago with precast pieces produced at seven factories, which take 30 days to finish.

PSH shares closed yesterday on the Stock Exchange of Thailand at 17.60 baht, down 20 satang, in trade worth 9.86 million baht.