

Ireka to launch RM1.8b properties

by AYISY YUSOF

IREKA Corp Bhd is expected to launch mixed development projects with a gross development value (GDV) of RM1.8 billion within the next five years amid challenging market environment.

Its group MD Lai Voon Hon said the property project would also benefit the company's construction division, Ireka Engineering and Construction Sdn Bhd (IECSB), which is targeted to generate about RM700 million worth of contracts.

"Despite the softer market condition, we are confident this is the right time for us to introduce our property projects.

"We were very cautious last year, as we have been looking at the progression of the property market," he told reporters after the group's AGM in Kuala Lumpur (KL) on Tuesday.

Lai said the company is expected to launch its property projects in the third-quarter (3Q) due to overwhelming demand from customers.

"Since the beginning of the year, we have noticed most developers have launched their property projects and demand has been very encouraging and that gives us the confidence to start launching our projects," he said.

He said Ireka's optimism is driven by its speciality in high-rise property development for both residential and commercial segments that is projected to grow at a healthier level spurred by continued demand, especially in city centres.

"Although the demand is more for landed property, we believe there's always potential for high-rise property develop-



Lai (centre) with ED Tan Thiam Chai (left), and group deputy MD Monica Lai after the group's AGM in KL on Tuesday

ment in the city as landed property is more expensive due to scarcity of land," Lai said.

Currently, the company is building a 60-storey KL Eco City residential tower and corporate offices in KL for developer SP Setia Bhd.

The construction contract for the project is worth RM298 million and the project is expected to be completed in the 1Q of 2017.

Meanwhile, Ireka is also building another project called the RuMa Hotel and Residences located at Jalan Kia Peng, KL. The construction contract is worth RM250 million and is set to be completed in late 2017.

Lai said Ireka would continue to tender for high-rise property projects as it sees high demand from developers for good quality work and timely completion.

He said the bulk of the company's revenue is contributed by the construction business. Soon, the company expects

equal earnings contribution from both property and construction sectors.

"We are working towards that because both segments are complementing each others. The construction sector is a very competitive market. We will continue to bid more for external projects for sustainable growth," Lai said.

Lai said the company will remain cautious with the current market condition, with the focus mainly on the mid-market residential segment.

The company is also in the middle of securing approvals from authorities for its mid-market developments in Kajang and Nilai.

"We plan to launch the projects in phases because we want to avoid any overhang. We are going to launch the first phase in the 1Q next year for our property project in Nilai. We'll proceed with the next phase of the launches, if the take-up rate is good," he said.

The company will also launch the Asta Enterprise

Park in Kajang with a GDV of RM80 million — the first project launch this year for industrial sector — with 18 units available for sale.

Lai said that about 45% or RM2.6 million in sales has been secured during its preview three months ago for the modern guarded industrial park.

Meanwhile, the first phase of Ireka's condominium project Dwi@Rimbun Kasia in Nilai, Negri Sembilan, valued at RM140 million, is also open for booking.

The project offers 382 of residential units that are priced between RM290,000 and RM400,000.

Lai said the property projects are expected to start contributing significantly to the company's earnings during the financial year ending March 31, 2018.

Other launches include the Serika Residences in Kajang and serviced apartments in Mont Kiara with 168 units, with a total GDV of RM580 million.