



# STANDING OUT FROM THE CROWD HELPS SUSTAIN CI

*Charn Issara group has been an initiator and a leader in property development in Thailand for more than three decades. The company also has experience in long-term leasing of office buildings, shopping centres, residential condominiums, single detached house projects, high-end hotel and property after-sale services. Managing director Songkran Issara discusses the company's strategy and outlook.*

**BUSINESS:**  
**What is CI's business model?**

Our company philosophy is to adapt and evolve with the current trends and try to anticipate the future trends of the property market in Thailand. We have successfully developed and managed offices, condominiums, housing and hotels over this period.

**How are Charn Issara's current buildings and projects progressing?**

In Bangkok we have the two office buildings, Charn Issara Tower on Rama IV Road and Charn Issara Tower 2 on New Phetchaburi Road, where we own and manage 34,688 square metres of lettable space, with current occupancies of 95%. On the condominium front we have Issara@42 Sukhumvit, a 500-million-baht project with 69 units with only four remaining to be sold. The Issara Ladprao is a large-scale residential project worth 2.5 billion baht on five rai between Lar Phrao Sois 12 and 14. Of the 560 units, we have already sold 80% and expect to transfer to our customers next year. In Phuket we have the Sri Panwa estate resort and housing project on 86 rai and our hotel occupancy rates for this year are about 60%. We also have three projects in Hua Hin: Baan Chaan Talay, a 1.4-billion-baht project that is 80% sold and transferred; Issara Village with 35 townhouses

launched in December 2010; and now in the planning stage is Issara United, a joint venture between ourselves, ICC and Sahapat group. It will be a beachfront lifestyle community with condominiums, a hotel and retail space on a 90-rai plot in Hua Hin.

**How does CI differentiate itself from its competitors?**

We adapt and modify ourselves in line with market conditions and future trends in the industry. We also aim to be more luxurious than most developers — for example, we outsource our designs to high-quality architecture firms such as UKD, Habitat, A49 and Tandem. This helps keep us up-to-date with international trends and provides our customers an experience that would otherwise not exist in Thailand. The quality of the product, construction, the building and minor details are extremely important. Taking Issara Ladprao as an example, it occupies five rai of land but with 65% open area and a 500-square-metre fitness centre. Another key differentiating factor is that when we entered into Lat Phrao, every condominium there was selling for 40,000 baht per square metre, but we launched at 80,000 baht because we saw a lot of demand for a good-quality project, that the market there was growing with very high-income residents, but they had no options to purchase condominiums unless they moved to Sukhumvit.

**With increasing costs reflected in the financial performance of property and construction companies, will CI look to increase prices in the near future?**

Increasing costs is part of the property business, something every company has to manage, so we counter the trends in rising prices in commodities and land by being very thorough and selective

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SONGKRAN ISSARA

with the projects we develop. The more time we spend going into detail for the construction, planning, design, marketing, understanding all of these elements, the better prepared we are and the better the final product will be.

We evolve and move around. Each time we start a new project, we resurvey all the necessary elements, we can't just repeat what we have done before.

**INDUSTRY:**  
**How does CI view the property market in Bangkok today?**

Land prices in Bangkok are incredibly high and expensive now and building in the city is becoming harder because of the required registrations, building permits, time limitations, and with all this increased competition, developers' costs can only rise and yet they are unable to increase their selling prices. It is because of these factors that we have continued to develop in Hua Hin instead because it's a booming market. We've been developing there for 20 years and are now on our sixth project so we understand the market there very well.

**What are your views on the increased number of developers in Thailand?**

In some markets the property industry is an oligopoly or a monopoly but in Thailand it's a free-for-all. Here there are very few limitations for developers, there is no land zoning. The banks do help

in limiting the competition but not much. And in the end this is bad for Thailand because if there are no restrictions on constant development. How can the country continue to supply the infrastructure necessary to support all

these developments, and then how can businesses compete with one another? In the end all the property and hotel developers will just continue to hurt each other unless the government imposes certain restrictions.

**MISCELLANEOUS:**

***What do you feel are the biggest risks facing your business today?***

As I mentioned earlier, it's just competition risk. All the problems that we are experiencing in the market are due to developers that keep building without knowledge, which hurts the customer and the country in terms of infrastructure. If there was one change that I would recommend to the government it would be to extend the 30-year land lease to 90 years as right now the 30-year concept is obsolete. With this simple change in ruling, Thailand's economy would benefit from companies willing to relocate here, an increase in tourism, and more importantly an increase in the confidence to do business in Thailand.

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