

Ireka bids for projects worth RM2b to beef up orderbook

Contribution from property development expected to make up 50% of total revenue within 5 years

by FARAH SAAD

CONSTRUCTION company Ireka Corp Bhd has submitted bids for projects totalling RM2 billion over the past 12 months as it looks to beef up its orderbook.

As at August 2011, Ireka's construction orderbook stood at RM1.2 billion, of which about RM370 million is outstanding until the end of 2012.

"In the near to medium term, Ireka's construction orderbook will be boosted by the construction works derived from the increased property development activities within the group," said Ireka group executive director Lai Voon Hon after the company's annual general meeting in Kuala Lumpur yesterday.

Lai expects returns from property development to be seen from 2013 onwards, with the contribution from property development to make up 50% of total revenue within five years' time.

Currently, Ireka's bread and butter is construction, which

contributes up to 90% of the company's total returns.

Ireka has three projects lined up for launching in 2013 as it prepares to re-enter the property development sector after an absence of several years.

Earlier this month, the company had acquired parcels of land in Kajang and Nilai, Seremban, with a gross development value of RM430 million and RM260 million respectively, which it will develop into residential and commercial properties.

Lai believes Ireka has hit a sweet spot in the mid-market segment, as the company targets its residential properties at the younger market.

"The mid-market segment, especially the landed property side that we are going into, is still very much in demand. The younger population will provide a lot of opportunities for developers in these areas."

On speculation that the property market would soften in the near future, Lai said the situation is true in certain areas of Kuala Lumpur where property prices are over-inflated.

"If you look at the acquisitions that we made (in Kajang and Nilai), they are situated in areas where there is still strong growth and we are confident that there is still potential."