UOBKayHian

Sector – Update
Thailand
Wednesday, 24 June 2026

Property

Decoding Landbank, Work-In-Process And Inventory Velocity

Highlights

- Our neutral stance reflects a double-squeeze environment: a) supply-side cost pressures; and b) demand-side headwinds, as mortgage rejection rates remain elevated, forcing developers to offer aggressive price promotions to liquidate finished goods inventory.
- We have analysed the sector's inventory across three tranches: land bank, WIP, and finished goods.
- Overall, we like AP as a market leader as it is the most agile operator with highest asset turnover velocity amid the double-squeeze environment.

Analysis

- **Maintain MARKET WEIGHT on the property sector.** Our neutral stance reflects a double-squeeze environment: a) supply-side cost pressures, driven by a 7.2% surge in construction material costs reported by the Trade Policy and Strategy Office under the Ministry of Commerce which are expected to compress gross profit margins in work-in-process (WIP) from 2Q26 onwards; and b) demand-side headwinds, as mortgage rejection rates remain elevated, forcing developers to offer aggressive price promotions to liquidate finished goods inventory. Under these conditions, inventory velocity and balance sheet strength are critical performance indicators. Consequently, we have analysed the sector's inventory across three tranches: land bank, WIP, and finished goods.
- **Land bank analysis:** Land bank accumulation underpins long-term project pipelines, carrying excessive land carries a high cost of carry due to interest expenses and the Land and Buildings Tax Act. This has prompted strategic realignments among developers. AP remains the most agile and efficient operator, focusing on a "just-in-time" strategy to launch projects within 6-9 months of land acquisition to optimise its cash conversion cycle, capping its new land acquisition budget at Bt15.0b. Meanwhile, SPALI continues to favour large-scale land plots in suburban and provincial areas, allocating Bt8.0b for land purchases this year. Conversely, QH and LPN are prioritising cash preservation by halting aggressive land acquisitions.
- **WIP analysis:** To assess financial viability and operational survival, we evaluated key turnover ratios. Overall, we favour AP and SPALI. AP holds a competitive advantage in construction velocity through its extensive use of precast technology, which accelerates cash generation and minimises capital locked up in WIP. Conversely, SPALI excels in low-cost, construction capabilities; although its assets remain in the WIP stage longer, they yield superior profit margins. Meanwhile, LPN exhibits a prolonged construction cycle compared with peers.

MARKET WEIGHT
(Maintained)

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Segmental Rating

Segment	Rating
Residential Property	MARKET WEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price 23 Jun 26	Target Price (Bt)
AP (Thailand)	AP TB	BUY	7.15	8.50

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 23 Jun 26 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	Net Profit 2026F (Btm)	Net Profit 2027F (Bt m)	PE 2026F (x)	PE 2027F (x)	Net EPS Growth 2026F (%)	P/B 2026F (x)	Yield 2026F (%)	ROE 2026F (%)
AP TB	HOLD	7.15	8.50	18.9	692	4,858	5,230	4.6	4.3	12.5	0.5	7.4	10.2
LH TB*		3.62	3.42	(5.5)	1,331	3,404	3,739	12.7	11.6	(9.8)	0.8	6.0	6.4
LPN TB*		1.55	1.43	(7.7)	69	116	135	19.5	16.6	5.9	0.2	4.2	1.0
ORI TB*		1.67	2.17	29.9	126	1,171	1,289	3.5	3.2	13.5	0.2	11.4	5.1
QH TB*		1.35	1.50	11.1	445	1,864	1,923	7.8	7.5	7.9	0.5	7.1	6.1
SPALI TB*		15.50	16.60	7.1	931	4,576	4,728	6.6	6.4	14.0	0.5	8.5	8.2
Sector					3,595	15,989	17,045	8.8	8.1	4.0	0.6	7.2	7.4

**Non-Coverage   Source: UOB Kay Hian*

- **Finished goods analysis:** Looking at the broader picture, finished goods inventory in the real estate market is undergoing a structural fragmentation. Completed, ready-to-move-in units priced around the Bt3.0m threshold face severe sales headwinds and significantly higher mortgage rejection rates compared with the premium segment. In terms of breakdown, AP maintains a relatively low finished goods ratio of 20% alongside an efficient inventory turnover. Meanwhile, SPALI holds a finished goods ratio of 20-22% but its exposure is concentrated in the Bt3.0m-5.0m price bracket, mostly located in provincial areas, a segment highly susceptible to mortgage rejections. On the other hand, QH and LPN continue to carry substantial finished goods inventories, standing at 70% and 55% respectively.

Valuation/Recommendation

- **Maintain MARKET WEIGHT on the property sector.** Overall, 2Q usually marks the initial acceleration phase for new project launches prior to the rainy season in 3Q, which should drive a qoq recovery in presales. However, the double-squeeze environment could compress margins in the upcoming quarters. All in all, we favour AP as our sector leader given its more aggressive project launch pipeline relative to peers. We maintain HOLD on AP with a target price of Bt8.50.

Sector Catalyst/Risk

- **Catalysts:** a) Stronger-than-expected presales momentum, b) real estate stimulus measures, and c) front-loaded project launches in 2Q26 driving presales.
- **Risks:** a) Stringent bank lending policies and weak purchasing power, b) weaker-than-expected economic growth, c) margin compression in WIP due to a surge in construction material costs, and d) aggressive price promotions to liquidate high finished goods inventory.

Land-Bank, Work-In-Process and Finished Goods Analysis

Indicators / Asset Structure	AP	SPALI	LH	ORI	QH	LPN
1. New Land Budget 2026F (THB m)	15,000	8,000	5000	Selective	Restricted	<1,000
2. New Launch Target 2026F (THB m)	55,000.0	35,000.0	23,000.0	20,000.0	< 5,000	Suspended
3. Inventory Breakdown (% as of 1Q26)						
◇ Land Bank & Pre-development	25%	40%	30%	20%	15%	10%
◇ Work-In-Process (WIP)	55%	38%	45%	52%	15%	35%
◇ Finished Goods (Ready-to-move-in)	20%	22%	25%	28%	70%	55%
Total Inventory Asset Base	100%	100%	100%	100%	100%	100%
4. Inventory Velocity Indicators						
◇ Days Sales of Inventory (DSI)	~730 Days	~850 Days	~920 Days	~980 Days	~1,100 Days	~1,460 Days

Source: UOB Kay Hian