

PROVINCIAL TOWNS

Punters try to profit from ramped up land prices

Buying binge brings glut of resort projects

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The Nation

A sharp rise in holiday home demand has turned beach towns and once quaint locations into land speculation zones.

The good news for homebuyers is they have more choice to pick from.

After recording good numbers in the first quarter, many of the stronger listed property firms are heading out to tap the vacation home market.

According to a recent Plus Property report, Pattaya, Hua Hin, Phuket, Khao Yai and Chiang Mai rank as the top-five popular sites.

Its research shows that after last year's floods, more people in Bangkok are looking for a second home for use in case of emergencies.

Anukul Ratpitaksanti, deputy managing director of Plus Property, says most people prefer locations close to Bangkok.

Demand has almost matched supply in these areas. But now, distant resort cities are getting some attention.

Both Bangkok-based firms and provincial players are scrambling for a piece of this pie.

Recent research suggests Khao Yai has signs for growth. Detached homes remain a chief draw.

Of all Khao Yai projects on sale, about 50 per cent are new projects launched this year.

Most of them are in Kut Khla-Phan Suek zone, a connecting road between Mittraphap and Thanarat roads. There are also land plots for sale in various zones.

The major market remains detached houses priced lower than Bt5 million with land sizes of between 100 and 240 square wah.

Condos in 6-storey buildings are available on Thanarat Road near the entrance of Khao Yai National Park, stretching towards Pak Chong-Wang Namkhiao.

They offer studios to two-bedroom types of between 40 and 256 square metres and priced from Bt1.7 million to Bt11 million.

Resort condominiums built in the compound of a hotel continue to be in

favour. Buyers believe they hold better rental prospects and are able to yield between 3 and 5 per cent of their investments a year.

Phuket has also become a fast-growing market for floor areas priced lower than Bt50,000 per square metre.

In the first quarter, condominium supply grew by 17 per cent from the same period last year. They are mostly located in the central, eastern and western zones.

The condominium market in Cha Am, Hua Hin and Pranburi should continue to grow in the second half, say some listed builders.

According to Colliers International, the coastal area is deemed a trendy place to invest.

Speculators complain that there is a shortage of seaside land.

Ironically, they have themselves to blame for pushing up prices and accumulating land parcels.

Some developers have moved to punt at Phetkasem Road and in other inland areas near the coast of Hua Hin.

Mid-range units seem to be more popular as a shaky global market has made a lot of consumers rather careful about parting with cash.

A number of local buyers are now seeking a second home priced between Bt3 million and Bt4 million.

Condominium floor spaces of less than Bt90,000 per square metre are deemed reasonable.

Since Hua Hin town is highly congested and overcrowded on weekend, many people are opting to stay in Cha Am to escape the bedlam.

Less than half an hour's drive from Hua Hin, Cha Am is closer to Bangkok and it is less overbuilt as well.

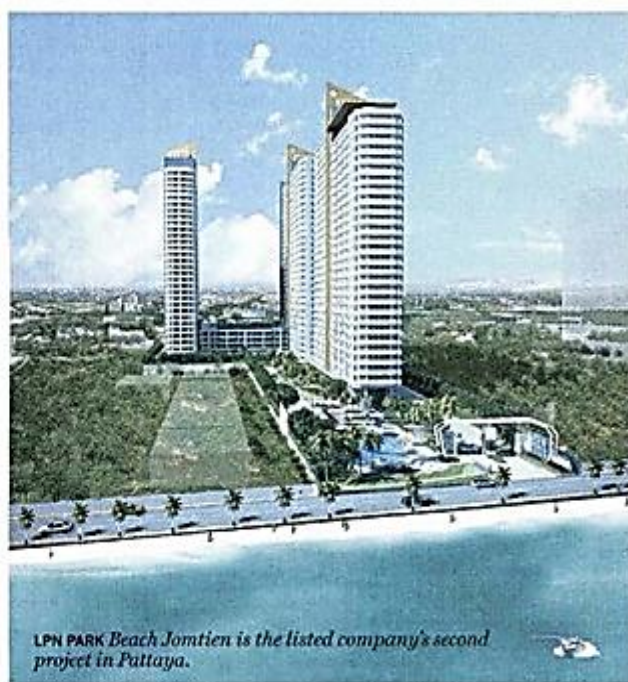
For many, Cha Am is preferable because it possesses a more sound environment, allowing residents to avoid the long queues, the gridlock traffic and discomfort of town centres.

In addition, there are more plots of land for sale along the coast.

Prices are not quite as overblown as Hua Hin, not are the views obstructed and spoilt by a glut of towering blocks.

For these reasons, several developers are settling for Cha Am projects.

In Pranburi, further down from Hua Hin, speculators are also on the



LPN PARK Beach Jomtien is the listed company's second project in Pattaya.

prowl. Once deemed too far to punt, this beautiful stretch is now attracting speculators who note it has potential for growth.

Prices are, of course, not the maddening levels of Hua Hin or Cha Am, but they could soon change that.

Saving the site from an avalanche of land grabbers is the poor infrastructure.

Due to limited support facilities and its distance from Cha Am and Hua Hin, the cost of petrol may force punters to rethink their ambitions.

In the first six months of this year, more than 360 residential units were supplied in the Hua Hin, Cha Am and Pranburi.

About 98 per cent of these projects are condominiums.

Most condo developers were focused more on Hua Hin, which account for nearly 77 per cent of the new new supply.

The average take-up rate of all types of housing is about 60 per cent.

Coastal locations have always been most sought after, commanding high-

er prices.

The total supply of residential units in the three seaside towns was recorded at 11,610.

The Cha Am area has the highest number with 4,330 units.

On the Hua Hin coast, there were 3,800 units while further inland there were 3,000 units.

Pranburi recorded 520 units.

The total supply of condominium units is approximately 7,980 with 47 per cent on the Hua Hin coast.

SC Asset Corporation plans to launch a second residential project worth nearly Bt2 billion in Hua Hin in the second half.

It was successful in selling its pilot project in Hua Hin called the Crest Santora earlier this year.

Punters trading down in Pattaya

The Pattaya market is also attracting its fair share of punters.

According to Colliers, the most popular segment is in the affordable range of between Bt1 million and Bt3 million. The next three years could see

thousands of condos coming on the market.

From 2012 to 2015, Jomtien could see 14,000 new units.

The glut will be in Jomtien with 41 per cent of the supply followed by central Pattaya with 31 per cent.

Developers say 5,900 units were scheduled to be completed and transferred during the second half.

Knight Frank Chartered Thailand's research noted new trends emerging from the seaside town.

Risinee Sarikaputra, associate director at the agency, said 54 per cent of sales this year actually came from less expensive, non-seafront projects.

Meanwhile, the demand for sea view condos was about 5,110 units or 48 per cent of the total, it appears more buyers are not too concerned about seafront views anymore.

Risinee says punters are not blind to the risk in buying costly beachfront property that few homebuyers can afford.

The average floor space of inland projects was about Bt43,700 per square metre, half that of luxury sites.

Those inland plots closer to coast could command a bit more, it noted. But generally, buyers are sobering up to the downside of luxury living.

Sopon Pornchokchai, president of Agency for Real Estate Affairs (AREA) recently presented new findings about Pattaya's real estate sector.

He says many punters were largely still at Jomtien and Pratumnak, south of Pattaya.

NC Housing is now building a low-rise project called Baan Fa Greenery project on Sukhumvit Highway.

Located on a 41-rai plot near central Pattaya, it comprises 48 detached house with prices starting from Bt4.2 million.

It also has 158 duplexes selling for Bt3.24 million.

Blue Sky Group has launched Grande Caribbean Condo Resort Pattaya as its second condominium project here. Construction should start next year and be completed by 2015.

Located in Pratumnak, it will offer 1,112 units housed in four 8-storey buildings and a 30-storey tower.

They range from 34.5 to 85 square

metres with prices starting at Bt1.59 million.

The developer says buyers have have booked 60 per cent of the project.

It plans to invest in Cha Am and Phuket after this venture.

LPN Development's managing director Opas Sriphayak says the firm will launch two more condo projects in Pattaya and in the Cha Am-Hua Hin area this year.

Pandinthong Development recently signed a pact with Savills Thailand to develop The Chezz Metro Life Condo worth Bt400 million.

Located in central Pattaya, it offers 169 units ranging from 29-60 square metres with a price starting at Bt1.29 million.

Sansiri continued to expand projects in Pattaya as well as Hua Hin, Phuket, Khon Kaen, Chiang Mai, and Khao Yai.

Last month, it launched its first project in Khao Yai called 23-Degree Estate worth Bt1.2 billion.

The mixed use project contains condos, villas and a hotel on a 37-rai plot.

Apichart Chutrakul, CEO of Sansiri, says bookings were strong.

In all, they will build 161 condominium units, 9 villas, 48 hotel rooms and 5 pool villas.

It will have 7 condominium buildings, all rising four floors.

Its one-bedroom condos of 50 square metres sells for Bt3.29 million.

Sansiri has launched its sixth Phuket project called The Base Downtown. It has 311 units and is valued at Bt800 million.

While property agencies note the surge in speculative buying in Khao Yai, few recall the tragic downturn in the hill resort when the 1997 financial crisis struck.

Housing in Khao Yai was dormant until last year when punters took advantage of Bangkok's floods to promote sales.

Young buyers with no memory of the real estate meltdown 12 years ago became gullible punters. How this second "Khao Yai boom" will end holds few surprises, however, for the more astute investor.

"If you get caught when the tide goes out, you could be stuck there for decades," says one punter who failed to flip his condo in time and lost money.