

# Gateway provinces see **jump** in **land prices** ahead of AEC



# CHIANG RAI, UDON THANI AMONG THOSE REAPING BENEFITS OF PLANS TO LINK THAILAND WITH NEIGHBOURS

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LAND PRICES for residential development in key gateway provinces to neighbouring Asean countries have risen by between 20 per cent and 50 per cent, even though the Kingdom's Bt2.4-trillion mega-infrastructure projects will not get under way until next year.

The provinces witnessing such boosts are Chiang Mai and Chiang Rai in the North and Udon Thani and Nong Khai in the Northeast, where developers believe that despite the delay in mega-projects due to the political situation and the ruling junta's reassessment of state spending, there will be continued strong residential demand in locations to support the country's logistics system after the Asean Economic Community (AEC) comes into effect next year.

Meanwhile, demand to develop residential projects around the mass-transit routes in greater Bangkok remains strong, with developers confident that new and extended routes under construction will kick off in the next two or three years.

Land prices in the main provinces central to the country's logistics system connecting to neighbouring countries are increasing following rising demand for residential, retail and manufacturing development, despite the fact that the new investment in mega-infrastructure projects still awaits final approval by the next government.

Issara Boonyoung, director of the Business Housing Association, said that though investment in a double-track rail system will not start until next year, demand for land in gateway provinces had been on the rise since last year.

This is most pronounced in Chiang Rai, which is the gateway to Yunnan in China, and Udon Thani and Nong Khai – the gateways to the Lao capital.

Investment in these provinces is for residential, retail and warehouse development in support of the country's logistics-system links to AEC countries.

Kittipol Pramote Na Ayudhya, director of the Thai Real Estate Association, said the master plan for the infrastructure and logistics system would change the country's property business across all sectors – not *only residential projects*.

"We see retail businesses expanding their investment to support demand in the provincial market, which leads to residential, warehouse and manufacturing expansion to the provinces in the next stage," he said.

Infrastructure investment will change the country's demographics, and also expand development from Bangkok and its suburbs to the provinces in the future, he added.

However, most property firms continue to be in a wait-and-see mode.

If the ruling National Council for Peace and Order gives its approval to the Bt2.4-trillion master plan to develop the Kingdom's infrastructure and logistics system, a major part of

the investment will be for eight dual-track rail routes worth Bt858.7 billion as part of an eight-year transport development plan from 2015-22.

The bulk of the budget, at Bt741.4 billion, is for two high-speed rail routes running electric-driven trains at up to 160 kilometres per hour. The 737km Nong Khai-Map Ta Phut route will cost Bt392.5 billion, while the 655km Chiang Khong-Ban Phachi route will cost Bt348.8 billion. If approved, the routes would link up with networks in southern China, Laos, Malaysia and Singapore to facilitate expansion in trade and investment in the region.

### **New mass-transit routes**

Meanwhile, property firms are expanding their residential investment around the new mass-transit routes in greater Bangkok, and especially close to lines that are already being constructed.

The four new routes covering a total of 89km are: the 23km Purple Line from Bang Yai to Bang Sue, which is expected to commence operations in 2016; the 27km Blue Line route from Bang Sue to Tha Pra-Bang Kae, scheduled to open in 2017; the 12.8km extension to the Green Line from Bearing to Samut Prakan, due to be completed in 2017; and the next 26km of the Red Line from Bang Sue to Rangsit, which is targeted for completion in the same year.

The next seven lines where construction is yet to receive final approval are the 11.4km Green Line

extension from Mo Chit to Saphan Mai, and the 7km route from Saphan Mai to Khu Kot; the 20km Orange Line from the Thailand Cultural Centre to Min Buri; the 36km Pink Line from Kai Rai to Min Buri; the 30.4km Yellow Line from Lat Phrao to Pattanakarn; the 25.5km Bang Sue-Phaya Thai-Makkasan route; the 21.8km Airport Link extension from Phaya Thai to Don Mueang; and the Red Line from Rangsit to Thammasart University Rangsit Campus.

A survey by *The Nation* found that land prices around the four mass-transit routes currently under construction had increased by between 20 per cent and 50 per cent since last year.

The accumulated supply of condominium projects around the Purple Line route comprises 3,505 units from seven projects that have already opened for sales and where construction is under way.

When combined with new projects launched by Eastern Star Real Estate, whose Bt2-billion Amber condominium will contain 563 units, and the 1,232 units of AP (Thailand)'s Bt2.78-billion Aspire Ratchada-Wong Sawang, the total supply will be more than 5,300 units.

Along the Bang Sue-Rangsit extended Red Line route, more than Bt30 billion-worth of new condominium project launches comprise over 20,000 units.

This has boosted land prices in the area by more than 20 per cent compared with last year.