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Column :

Headline : HEAD FOR THE HILLS : KHAO YAI MARKET STANDS TALL

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HEAD FOR THE HILLS: KHAO YAI MARKET STANDS TALL

For the past 15 to 20 years, Khao Yai has been one of the most popular destinations for people looking to escape the city. Chaiyam, Hua Hin, Pattaya and Bang Saen are the most popular beach spots for city dwellers, while Khao Yai offers a green, hilly atmosphere and fresh air just two hours from Bangkok.

Older Thais and retirees enjoy Khao Yai because it is recognised for having the seventh best ozone levels in the world, and cooler weather than Bangkok year round. Unesco recognised Khao Yai National Park as a world heritage site in 2005, which should guarantee that the area will remain in its natural state.

Residential and hotel development in Khao Yai has taken place in tandem, with most of the early residential projects close to a hotel or resort or within the same complex. But although some hotels started operations as early as 1987, the first residential project in Khao Yai emerged in 1995.

The majority of the residential projects in the first 10 years were land plots under development for sale. Some projects provided construction services and housing designs for their clients.

Thailand's economic crisis in 1997 had a huge impact on the property market in resort areas as well as urban, and activity stopped completely in Khao Yai for a long time. No new supply was added to the market until 2005. Since 2007, however, many residential projects have been launched, including some by well-known Bangkok-based developers.

PROPERTY SUPPLY

As of May, there were 3,680 condominiums, land property units and land plots in the Khao Yai area.

Land plots under development for sale still account for the majority of supply with 61% of the total, followed by villas and houses for sale at 30%. Condominiums make up only 9% of property supply.

The most fashionable location in Khao Yai is the area along Thanarat Road, which has 57% of total supply, followed by developments along both sides of Khao Yai-Wang Nam Khieo Road at 24%, and the area along Pansuk-Kudkila Road at 19%.

Of the total of 3,680 units, more than 3,000 — nearly 78% — have been launched since 2007. Approximately 2,500 of these units are houses, villas and land plots under development; only around 500 are condominium units.

DEMAND

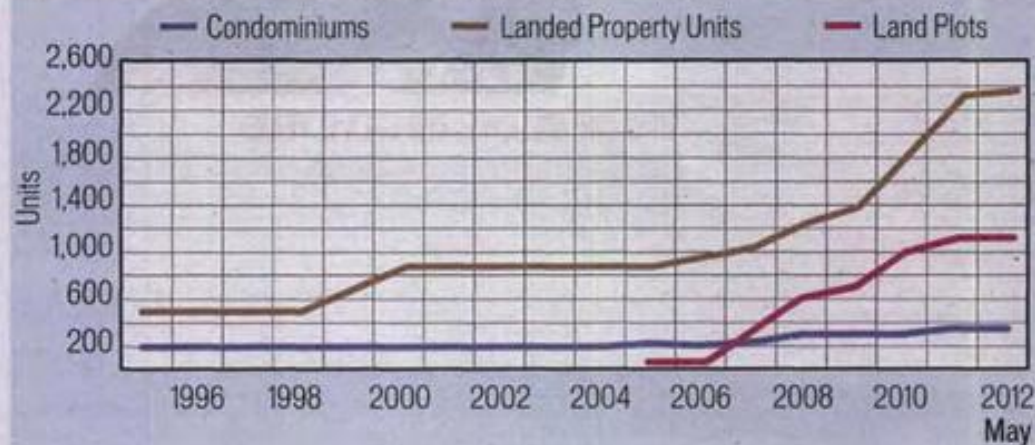
The main buyers in Khao Yai are people who live and work in Bangkok, many over 45 who visit Khao Yai with their families on weekends to escape from the hustle and bustle of Bangkok. In the past three to four years, however, the area has been attracting younger buyers looking for second homes. Since they generally have limited funds, they usually choose to buy a condominium rather than a villa or house.

As in other resort destinations, many developers in Khao Yai provide "made to order" houses, villas and other residences and construction only begins after the buyer has signed an agreement. The completion date is dependent on the developer.

In Khao Yai, an estimated 410 houses and villas are scheduled for completion this year and 670 units next year. Almost 260 condominium units are planned for completion this year and around 70 units next year.

Most of the residential projects launched

Residential development in the resort area is taking off thanks to its clean, crisp high-country air and proximity to Bangkok **By Surachet Kongcheep**



Source: Colliers International Thailand Research

POSTGraphics

between 2007 and 2011 have shown high take-up rates. The average take-up rate for all property types in all locations in Khao Yai is more than 60%, or nearly 2,550 units sold. The average rate for condominium units is approximately 65%, followed by 64% for land plots under development and 61% for houses or villas. Condominiums are a relatively recent phenomenon, with 2008 the first year of significant activity and nearly 300 units launched since then.

PRICE

The area along the road to Wang Nam Khieo is the most expensive in Khao Yai for all property types. This is because the area is farther away from the old community and closer to most of the luxury residential and

golf course projects. The average price for a condominium unit in Khao Yai is 62,700 baht per square metre. The highest average price is in the area along the Khao Yai-Wang Nam Khieo Road, which commands an average of 71,850 baht per square metre. Houses, villas and land plots under development in this area average 9.79 million baht per unit. Land plots under development for sale are approximately 2,300 baht per sq m.

OUTLOOK

The property market in Khao Yai has continued to grow since 2010 as many more Thais visit the area on weekends and some also buy second homes because of the good environment not far from Bangkok.

Well-known developers such as Vilaitul

Development Co Ltd and Magnolia Quality Development Corporation Co Ltd have already started their first projects in Khao Yai. Sansiri Plc has plans to launch a new mixed-use project that comprises a resort, a new branded villa and condominium this year. Several other developers are also taking their place in the market.

Khao Yai is well positioned to become a new destination for property developers seeking a less intensely competitive market, although demand in the area is still lower than in other markets and most of the demand is coming from buyers living outside the area. ■

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