

LEADING DEVELOPERS COMPETING FOR A SHARE OF THE UPCOUNTRY MARKETS

After the floods,
attention turns to
the provinces

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THE NATION

After the property market in Bangkok and its suburbs faced floods and high competition, many developers decided to expand upcountry, especially Pattaya, Chon Buri, Hua Hin, Phuket, Khao Yai and Chiang Mai.

Leading property firms planning to expand in the provinces include Pruksa Real Estate, Sansiri, LPN Development, Property Perfect, Land & Houses, Quality Houses, SC Asset Corporation, Sena Development, Charn Issarra Development, Supalai and NC Housing.

This will mean serious competition for developers based outside Bangkok. However, it will also mean that home-buyers upcountry will have more choice of quality residences at competitive prices.

According to a survey by *The Nation*, popular locations for expansion by leading firms are still the major tourist destinations. However, there is also growing interest in Khon Kaen, Udon Thani, Hat Yai, Ayutthaya, Nakhon Pathom and Nakhon Ratchasima, where top developers are likely to make inroads this year and next because those locations have sufficient population bases and lifestyles similar to Bangkok's.

Sansiri president Srettha Thavisin said that after its successful launch of the dCondo project in Phuket, it was looking to launch a second project



THE CONDO KATHU-PATONG project by Sansiri is its second condominium venture in Phuket after the success of the first dCondo in that province last year. This is one of the projects of leading firms that are changing the property market in Phuket.

there this year. Phuket is the second upcountry location for Sansiri after Hua Hin.

"Our dCondo Phuket focuses on local buyers rather than foreigners because many Thais from other provinces move to work in Phuket. They need to buy homes at reasonable prices," he said.

Land & Houses senior executive vice president Naporn Soonthornchitcha- roen said it had operated upcountry for more than 10 years but mostly in tourist destinations such as Phuket, Hua Hin and Chiang Mai. Now the company is interested in expanding into populous provinces with urban

lifestyles. It is looking into developing a residential project in Udon Thani province after the success of its projects in Khon Kaen.

Sena Development director Kessara Thanyalakpark said that after last year's flood disaster, demand for a second home east of Bangkok was growing strongly. As a result, the company decided to acquire land in Pattaya for a mixed-use project that combines housing, retail, a hotel, and serviced apartments.

Supalai managing director Atip Bichanond has said that the company aims to increase the proportion of upcountry sales to 10 per cent by 2015.

It is interested in developing residential projects in new destinations in both the South and the Northeast.

At present, Supalai is developing projects in Bangkok, Khon Kaen, Phuket and Chiang Mai.

FORCED TO CHANGE

A source at a property agency in Phuket said the expansion of leading Bangkok-based developers would directly affect provincial developers because of the top firms' greater cost efficiency, which would allow them to offer lower prices than local companies.

For example, Pruksa Real Estate launched townhouses in Phuket last year priced lower than Bt2 million per unit. The project sold out within three months. Sansiri's dCondo project offered prices below Bt3 million per unit in the fourth quarter of last year; this project sold out within one month. The success of these two projects shows there is strong demand in Phuket for homes costing less than Bt3 million. This will force the property market there to diversify beyond luxury homes.

A source at a property agency in Pattaya said that when LPN Development offered condos costing less than Bt2 million in the resort city's southern area last year they sold out within a month. This hit local developers that offered only luxury condos. As a result, in the fourth quarter of 2011 Raimon Land, up to then a luxury-home developer, launched a condominium project offering units at less than Bt2 million.

"We believe that the move of leading property firms to develop housing projects upcountry will force provincial firms to change their business model to face new, experienced competitors from Bangkok," the source said.
