

Come Thai with me

Political and economic upheavals have left many in Thailand grim-faced over recent years, but developers and estate agents hope it will become the 'Land of Smiles' once again in 2010. TEXT: RICHARD WARREN

yooPhuket, apartment living rooms designed by Philippe Starck.

Coups, tsunami, terrorism, inter-communal conflict, street protests and airport blockades – the list of Thailand's political and natural disasters in recent years is long. This, coupled with economic turbulence following the credit crunch, hasn't done the Thai housing market any favours in the past couple of years. Prices for homes dropped 1.5 per cent in 2008 and seven per cent in 2009.

Recollecting images of thousands of stranded tourists at Bangkok's international airport, Suvarnabhumi, in 2008, following its occupation by anti-government protesters, you may wonder why anyone would want to holiday in Thailand, let alone buy a second home there. Protests and security clampdowns in recent months show the dispute that led to the airport occupation remains unresolved, while a separate, long-running conflict in the south of the country between Muslims and Buddhists has resulted in several thousand deaths and done little for Thailand's official "Land of Smiles" image.

The cumulative affect of these troubles has been a drop in tourist numbers and in sales of villas and apartments in the country's resort areas. Over-building in the boom years has made life harder for struggling vendors.

"The property market took quite a battering really," says Robert Green, director at estate agency Cluttons. "A lot of it comes down to the huge amount of property coming on that was mid-to-low quality which saturated the market. Resort developments at the top of the market were still ticking over, because there were transactions taking place above the US\$2 million [Dhs7.3 million] mark."

Thailand's woes have not put off everyone. Designer-developer yoo has launched its first scheme in the country, on the holiday island of Phuket, in a joint venture with Absolute Developments, the first of two projects in Thailand. Nestled on the shores of a lake, yooPhuket comprises 256 apartments on an estate surrounded by three golf courses, with apartments offered for sale either on a fractional or freehold ownership basis. Fractional prices start at Dhs233,000 for a quarter share of a property and use of the property for three months of the year, while freehold prices start at Dhs275,000. The open plan apartments designed by Philippe Starck feature oversized artworks, clean lined furnishings and simple colour schemes. Buyers can purchase furniture packages inspired by the designer from the developers.

Yoo's chairman, John Hitchcox, is confident holiday home buyers who invest in his company's scheme early will ride out Thailand's downturn, because prices



Clockwise from above: yooPhuket, apartment terrace; middle pics: Aqualina Samui, eco-friendly villas designed by architects Gfab on the island of Koh Samui; Banyan Tree Phuket, villa on the island of Phuket.



for apartments will rise as it gains in popularity. "An apartment at yooPhuket combines the benefits of an ideal holiday retreat with investment potential," he says. "The project is anticipated to take two years to build and off-plan buyers can expect to see at least a 30 per cent gain in the value of their property by the time the development is complete."

But Hitchcox is far from the only property professional talking up Thailand. Green believes the worst of Thailand's problems are over and that the toppling of Thaksin Shinawatra's government by the army in 2006 helped stabilise the economy and political situation.

"Confidence has come back and the last coup in 2006 was quite positive for the country," he says. "People who have been looking at what has been going on will realise it [the political conflict] is domestic, that it doesn't really affect tourists or visitors to Thailand. It is difficult to fully gauge, because no sooner were things starting to look good, than we had the whole global downturn and that did have a serious impact on Thailand, because a lot of people who were considering serious locations like Thailand and long haul destinations, started to reconsider and think of somewhere closer to home, of an established market where they knew it was safe. But I think that [interest] is coming back and people are starting to think of long haul destinations again."

Although sales transactions are likely to rise, Green warns that the boom-times of the early Noughties are unlikely to return any time soon. At best, prices will stay flat for the next year or two.

"I think that developers need to tread carefully and keep prices where they are," he says. "I know that a lot of buyers have been trying to negotiate 30 per cent discounts, but the prime resorts have been able to resist that largely. There is always room for negotiation, but I would say that, for a good resort, developers don't need to be offering a discount of more than five or 10 per cent or alternative incentives, whether it be a furniture pack or something along those lines."

Turbulent politics aside, Thailand has much to offer holidaymakers – snorkelling and diving in crystal clear waters to see exotic, colourful guppies, and dining out at beach-side restaurants to eat freshly caught red snapper, to name but two – so some visitors may decide they would like their own home there. If so, they may want to ponder the following points.



Clockwise from left: the master bedroom and pool area at the Residences at Six Senses Hiedeaway, Yao Noi island; Soneva Kiri resort features Six Senses spa on the island of Koh Kood, near the Cambodian border.



First, foreigners cannot own land freehold, except through a company that is 51 per cent owned by a Thai national. Overseas purchasers of brand new homes are usually offered leases of 90 to 120 years in length. Potential buyers ought to check on a property's location and accessibility to an international airport and the economic problems of the past couple of years have meant some international flights to smaller airports have been cut.

With off-plan purchases, a developer's credentials and their sources of funding ought to be checked – some projects are not being completed because developers have run out of money. Another problem for off-plan buyers is clarifying the size of the property they want – some developers include outside spaces like swimming pools and terraces in their measurements, while others include only indoor spaces.

For Thailand lovers who do decide to buy a home there, there are quite a few properties to choose from in popular resort areas. Aqualina Samui is a new development on the north side of Koh Samui, a holiday island which lies off southern Thailand's east coast. The estate's 18 villas have plenty of retractable floor-to-ceiling glazing, so indoor and outdoor spaces can be merged, and roofs are planted with grass because its thermal insulation qualities help keep rooms cool. Water features help draw air into the villas and the estate has plenty of vegetation to provide shade and privacy, according to Gfab, the architects of the

development. Two and three-bedroom villas are available for prices starting at Dh\$2.3 million.

Brand name developments include Banyan Tree Phuket, where two-bedroom pool villas are available from Dh\$6.6 million. As with its other resorts, Banyan Tree runs leaseback schemes on villas at this completed scheme. Buyers can choose between receiving a six per cent return fixed for six years or one-third of the actual rent and 60 days use of the villa each year. Meanwhile, Six Senses has launched two schemes. At Soneva Kiri on the island of Koh Kood, near the Cambodian border, the company will build a spa and 20 villas at prices starting from Dh\$16.5 million and at Yao Noi, on an island of the same name, near Phuket, nine villas will be built initially, with prices starting from Dh\$6.6 million. This project is located in Phang Nga Bay, where the James Bond film *The Man With The Golden Gun* was partly filmed.

Luxury rentals are also available. Quintessentially Estates is marketing The Tamarind, a set of villas set around a swimming pool, near Bangkok. Up to 20 people can be accommodated on the estate, which can be rented out in its entirety for from Dh\$6,000 per day. **ID**