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PROPERTY REPORT

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THAILAND

Issue 52 JANUARY 2009

Thailand 150THB/Hong Kong 50HKD/Singapore 10SGD

The next Riviera

Investment grows in Prachuab Kiri Kan Province



Bangkok Bargains



Home Safety



Rural Penthouse



David Nardone

ISSN 1686-6055
9 771686 160500

A VERY DIFFERENT RIVIERA

Development in Prachuab Kiri Kan Province is slowly gaining momentum, spreading south from the well established resort town of Hua Hin. But the area's quiet and peaceful atmosphere remains very different from the exuberant growth that has gripped the Eastern Seaboard on the opposite side of the Gulf of Siam.

BY WILLIAM BARNES



“IT’S GOING TO BE VERY BIG, BUT IT WILL BE DEVELOPMENT IN THE RIGHT WAY.”

When Thailand's 19th Century King Mongkut wanted to confound his court astrologers and make a point about scientific method he chose Prachuab Kiri Kan as the place to observe, in 1868, an eclipse he had predicted.

The King triumphed when, surrounded by a great crowd of invited foreigners, his calculations proved to have been correct.

Might investors also find success, as the shadow of the global financial crisis falls across Thailand, in the palm fringed coves of the province?

The Gulf of Siam's western seaboard has long been connected with the Thai aristocracy and royalty in particular.

King Phrajadhipok was playing golf near the beachside palace "Far From Worry" he had constructed in Hua Hin when, in 1932, he received a message that the absolute monarchy had been overthrown by a coup. He is reported to have taken the news calmly, turning to his Queen to say "I told you so".

For many decades Thais who could afford to made the short journey south to places where "sand is so clean and fine it squeaks when walked upon, and a cool and soothing salt breeze comes in off the Gulf of Siam," in the words of one political history.

But Hua Hin is now pretty crowded, with prices to match. The best beachfronts have been taken.

Today development is gradually making its way south down towards Prachuab town and beyond.

"There are going to lots and lots of new developments over the next two decades. It's going to be very big," according to Supakorn Kijkanakorn, the managing director of KijDevelopment.

"But it will be development in the right way. There will be lots of foreigners here who are delighted to live happily among Thais," he added.

People with property projects to promote sometimes still optimistically refer to Hua Hin as having a fishing village atmosphere. Once this was true, no longer. »



Modena Beachfront Condominium
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EVEN THE SELF-CONSCIOUSLY HIP "THONGLOR CROWD" FIND THE LAND BY THE WHITE SANDS ENGAGING.

Critics have claimed the bustling town has acquired some carelessly crass and out of place buildings. Some of them, unfortunately, rather high for a "fishing village".

It remains to be seen how far down the Pattaya road the town will travel, away from its more bashful, leisurely origins.

The royal connection, and the lessons taught by the east coast's exuberant expansion, seem likely to act as a strong restraining influence for quite a time.

For the foreseeable future people who want what Pattaya and that frenetic region has to offer will gravitate there, but those wishing for a quieter, "saner" life will, in future, look at the beaches and plantations beyond Hua Hin.

That at least is the view of Jon Plate, the managing director of Centurion Capital and the ambitious Modena development in Pranburi, between the venerable Aleenta Resort and Evason Hua Hin.

"Pattaya's growth has been pretty ridiculous, although there's an obvious attempt at upgrading going on. Still the demographic there is old white guys, singles and Russians," said Mr Plate.

"We almost don't compete," he said.

There may be pockets of the Pattaya larva trying to establish themselves in Hua Hin, but certainly the seaboard going south could not be more different from "sin city" across the gulf: the burgeoning new communities appear to be exemplars of the gentle family resort destination.

"Thais of a certain class have been coming to this area for generations. They have fond memories of cooling winds, good seafood meals with tasty deserts. Developers are now just extending this long established tradition," said Jon Plate.

Pranburi, accessible via the Hua Hin bypass, has long been home to dozens of independent boutique resorts, numbers of private homes, including a smattering of aristocratic residence.

One doesn't come here to mosh at full moon parties or to explore an edgy nightlife. Yet the locals (who are of course biased) claim a remarkable number of attractions in the way of waterfalls, notable restaurants, national parks and princely homes.

"You can also get peace and quiet in Rayong (an hour past Pattaya) which is quite cute and quiet but there is nothing, absolutely nothing, to do there. You are stuck in a void, but here it is quite different. There is a lot to do," said Mr Plate.

Even the self-consciously hip "Thonglor crowd" find the land by the white sands engaging, intimate and friendly enough to eschew the merrier madneses elsewhere, he added.

None of this was likely to have happened, or at least not to this extent, without better transport links.

When Mongkut organised the eclipse expedition 140 years ago the senior guests avoided what was a very tedious land journey by taking boats. The carefully



THERE IS A NATURAL PROGRESSION OF DEVELOPMENT TRIGGERED BY SIGNIFICANT IMPROVEMENTS IN ROAD LINKS.

chosen observation site, probably in what is now the three-hundred peaks national park, was described as a "jungle wilderness".

Mongkut – the "King and I" monarch – caught malaria and died soon after returning to Bangkok. Today's visitors should have a better time of it.

"There is a natural progression of development - triggered by significant improvements in road links. We have multilane highways – so you really don't have to fly here from Bangkok airport. When you arrive in the capital you are only a couple of hours or so from your doorstep. It is a relief not to have to get on another plane," argued Mr Plate.

The recent advantage that Pattaya had of being just two hours from Bangkok (albeit after slow years of road-works) has been nearly, but not quite, eroded.

No one tries to claim that the global financial crisis, combined with the seizure of Bangkok's two international airports by anti-government protestors in November, does not hurt.

"Lots of people have frozen their investment decisions. If this wipes out a lot of smaller cowboy developers – the little shop house operations - then maybe that won't be such a bad thing," said Supakorn.

He is still building; but expects to rent out quite a lot more of his properties in the near future.

Even rents on villas are booking at 40 percent below the normal rack rate.

During this period of stringency developers will depend on the customers themselves coming up with investment funds, noted Supakorn. Thai banks being particularly loath to lend for anything that is not freehold.

The Europeans who seem to particularly like the Prachuab region are a "superior, better-educated class of people", according to Sunchai Kookachai, at the Hua Hin-based real estate agents Engel & Volkers.

If at all possible buyers want a "tropical style" house on the beach or on a nearby hill. "The preferred style is nothing too fancy – lots of doors and windows to let the breeze in and high ceilings, said Sunchai.

Investors "seem quite understanding", he added, about getting around Thailand's laws against foreigners owning land directly by taking multiple 30-year leases (for »

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a total of 90 years) or by setting up a "Thai" legal entity to own a house. Foreigners can of course own up to 49 percent of a condominium development outright.

The consensus among developers and agents is that the prices in the Prachuab area are unlikely to plumb the cheaper end of the "holiday" market, but neither are they likely to climb beyond a million dollars for the foreseeable future. Buyers do not seem willing to contemplate Phuket level high prices.

"We have some villas going for around 20-22 million baht and I consider that the absolute maximum achievable," said Jon Plate.

"You can find pockets of two or three million dollar properties in Phuket and Bangkok, but these are very specific markets. It would be absurd to think this market will follow," he added.

The Tourist Association of Thailand is commencing a new campaign to encourage people to visit the area, which currently attracts 6 million people a year, 4 million of them being Thais.

Steady tourist numbers are important to investors because many rent out for the majority of the year, especially Scandinavians who have "discovered" this coast in a remarkable way.

"Scandinavians love coming here over the long, cold northern winter. It is now so much better than Spain which is expensive and overdeveloped," said Ann-Christine Leidstedt, KijDevelopment's sales manager.

She argued that an increasing number of visitors and home buyers will look south, beyond Pranburi even.

KijDevelopment's Nishaville at Hua Yang, by Thap Sakai village, is still very much that fishing community that Hua Hin, 120 kilometres to the north, perhaps was many decades ago. The cove is rapidly becoming a mini-Scandinavia.

"When you are a tourist for two or three weeks then it is fine to stay in a busy resort. But when you want to live in an ordinary community where the beaches are clean and you don't have to watch your purse all the time," said Ms Leidstedt.

Many Scandinavians who came as visitors ended up investing in properties that they rent out part of the year and hope to live in on retirement.

So might not this coastline end up being as "spoilt" as much of the Spanish seaside now that it is rapidly (give or take a global financial crisis) discovered?

No, said Ms Leidstedt: "Spain is too close to the rest of Europe for its own good. Thailand is still a long journey. So no, I can't see it getting spoilt like Spain." ■

PRANBURI HAS LONG BEEN HOME TO DOZENS OF BOUTIQUE RESORTS.