



The Regeneration of Pattaya City

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Pattaya has always been something of an enigma. Thailand's first beach destination, lauded and loved, but one that fell out of favour as international visitors moved on to the beaches of Koh Samui and Phuket – while locals' tastes changed too, preferring the creature comforts of Hua Hin.

However, the last decade has seen its steady regeneration, and especially since the opening of Suvarnabhumi International Airport, a gradual increase in tourism arrivals and business investment that has quietly turned Chonburi into the most wealthy province outside of Bangkok, and Pattaya into the envy of its rivals with a record eight million hotel guests expected in 2012, according to C9 Hotelworks' recently released Pattaya Hotel Market Update report.

Pattaya has been through more makeovers than it may care to remember. But, it has endured a period of evolution ever since its heady days as a former Vietnam War era hangout and is now reaching new heights once again.



From a tourism perspective it has really found a new lease of life over the last few years as European travellers have fallen away due to economic woes while travellers from Asia – particularly China, India and Russia – have more than replaced them

The thirst to travel combined with newly found wealth and disposable income has fueled the change in tourist demographics coming to Thailand in general – but it is in the new travel preferences of this group combined with the rapid growth in low cost carriers that has really driven the renaissance of Pattaya.

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Vacations in Asia rarely exceed a week – and most likely not any more than a long weekend or four nights – so speed of access is key. Shopping and eating top the itineraries of most Asian travellers, plus a great value stay that matches their needs of traveling as family. These are the new buzzwords and this is where Pattaya is ideally suited to meet the hordes of Asian families travelling looking for fun and entertainment – as well as and a bit of brand security.



Branded hotel offerings

According to C9 Hotelworks' study, which highlights a nine per cent surge in hotel occupancy last year, branded hotel offerings entering the market has further boosted demand with chain-operated properties hitting 74 per cent annualised occupancy for the year ending December. This equated to an eight per cent premium over the non-branded hotel inventory.

C9's managing director Bill Barnett said: "With the geographic shift away from long haul tourists to the Asian and domestic segments key demand generators such as large-scale retail, tourist attractions and a rising resort residential market has fueled positive sentiment."

One example of the new Pattaya is Centara Grand Mirage Resort which has successfully seen their experience-based themed property deliver a "no need to leave" factor for families and couples.

Centara Hotels and Resorts senior vice-president Sales and Marketing Chris Bailey said: "With three operating properties in Pattaya and three more in the pipeline, there are parallel opportunities in two distinct market segments.

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For those wishing for more value-driven offerings, customers want quality accommodation but not an extensive range of facilities. For them Pattaya as the destination is the main attraction.”

Theme parks

Looking to 2013, C9's report points to the major investment into internationally-affiliated theme parks in Greater Pattaya that will drive further growth.

With 49,348 rooms in registered tourism establishments, much of the build-up came in 2009 and 2010 when supply increased 28 per cent. This has flattened out with 1,779 keys now in the pipeline that equate to an upward swing of four per cent, according to the report.

One beneficiary in a shifting hospitality scene is the upscale international tier with Sheraton Pattaya ranking high. Here hotel developer Aswani Bajaj of Amburaya Hotel and Resorts cites that “the increasing demand of more affluent visitors is creating a strong sustainable financial business model for the hotel”.



According to a source at the Thai-listed Erawan Group who own the Holiday Inn resort, the new dynamic of Pattaya is that the city can serve both the corporate and leisure markets.

Appraising Pattaya's DNA, Bill Barnett added: “Comparing Pattaya to other resorts in the country such as Phuket, Chiang Mai and Koh Samui the former has less pronounced seasonality which results in mitigating volatility. Currently

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supply and demand remain balanced as limited prime land availability points to a future regime of hotel redevelopment versus new build properties.”

The focus and the rapid development in Pattaya has not been lost on the local Thai market – with domestic travel of young upwardly mobile Thais or Thai families making the short hour and a half drive down to Pattaya for the weekend. It’s about as long as it takes some of them to get to work in the morning on an average day, so clearly not much of an obstacle to travel.

But it is more than the convenience. The destination’s dining choices, shopping at places such as Central Festival and the options of watersports and golf are all part of a varied and vibrant lifestyle destination. It is more than that too – as savvy locals have business interests in a range of projects that a booming local economy is able to support.



Manufacturing

The manufacturing industries of the Eastern Seaboard are the main drivers of this – with their expansion underpinning and fueling substantial business growth and development in the residential as well as general business and entertainment sectors.

The massive Japanese auto plants for example are still there. There has been no talk of movement or relocation despite the political shenanigans in Bangkok. The only noise coming from these plants is new cars prepared for global export coming off the production lines.

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The close inter-dependent relationship of the tourism and industrial sectors is neatly illustrated by the interest in the tourism industry of listed industrial estate developer, Hemaraj Land and Development Plc (HEMRAJ).

The firm newly set up a property unit, Million Island Pattaya Co, which recently acquired 228.15 rai on Koh Larn with the view to oversee the master plan, infrastructure, utilities and environmental planning of an integrated resort project to serve the growing number of tourists travelling to the destination as well as cater to the residential and business needs of the expanding Eastern Seaboard.

The development will comprise several resort hotels, a marina, recreational areas, entertainment, private beaches, retail boutiques, dining and a convention centre.

Great show of faith

One Pattaya observer who has a long track record of development in the city is Nigel Cornick. Renown for taking the reins at Raimon Land when the company was in the bankruptcy courts in 2001 and leading them to become known as Thailand's most reputable luxury condominium developer, Mr Cornick has always shown a great deal of faith in Pattaya.

"It is the fundamentals that I have always liked about the destination," he said. "A very strong long-term backbone in manufacturing has created a formidable commercial centre, which is combined with quick access to and from Bangkok and Suvarnabhumi Airport and a diverse tourism destination with high quality supporting infrastructure."

Now as chief executive officer of Kingdom Property he is set to once again enter the residential property market in Pattaya. Having secured project financing from Krung Thai Bank, Kingdom Property will build a new condominium, called Southpoint, on a four rai freehold plot in the Pratumnak area

Opening for pre-sales in this third quarter, Southpoint will have a project value of Bt2bn with completion scheduled for 2015. Mr Cornick said he recognised the potential growth opportunities for real estate development in Pattaya as early as 2004, in particular quality condominium projects in prime locations. This resulted in the development of Raimon's Northshore and Northpoint, regarded as two of the leading developments in the city. "It was therefore a natural decision to focus on Pattaya for Kingdom Property's first development. In selecting the Pratumnak area for Southpoint we recognise the significant opportunity for quality development in a location just minutes from Pattaya's city centre," said Mr Cornick.

Pleasant environment

“There’s a marina under construction and the Royal Varuna Yacht Club nearby. It’s a very pleasant environment. I believe South Pattaya will become the city’s most prestigious and valuable real estate over the next 10 years.”

Mr Cornick added the burgeoning tourist arrivals and the fact that Thailand locals have embraced Pattaya bode very well for its future. “Rental yields in Pattaya are actually higher than those in Bangkok,” he said. “Some developments in the city have long waiting lists and rental yields stand at around six to eight per cent compared to around four per cent in Bangkok.” “Some nationalities are significantly increasing their presence; the number of Indian visitors has increased almost eight-fold from 300,000 in 2011 to an expected two million this year.” “When I first came here 20 years ago, the Russians were still behind a wall. So many nationalities visit Pattaya and every single one of them is a potential customer.”

The next 20 years are likely to break new ground for Pattaya as the destination embarks on another journey – as it moves to embrace a higher quality of lifestyle and a new era of development.