

## Modern homes in an **ancient land**



**Sarah Drane** examines the property market in Thailand, and asks how recent political events will impact the country

**I**f you could create the ideal holiday destination from scratch you'd probably want the perfect mixture of near-deserted white beaches, breathtaking scenery, year-round warm weather, sumptuous cuisine, a friendly native population and plenty to discover and explore. Fortunately this destination already exists in Southeast Asia in the shape of the Kingdom of Thailand; officially translated as the 'land of the free' but known to travelers the world over as 'the land of smiles'.

Thailand has an atmosphere of spirituality and enlightenment. The ruins of ancient kingdoms and inspiring temples are filled with the scent of wild flowers and incense and the Kingdom offers fascination, peace, joy and total calm.

Some 95% of Thai people follow the Buddhist religion, a religion that

promotes the qualities of graciousness, respect, tolerance and hospitality which are deep-rooted in the Thai people. They carry out a daily search for enlightenment and even the least religious visitor will find himself on the same course. The trappings of the modern world are forgotten as soon as you set foot on Thai soil.

### **How does the recent coup affect investors?**

Thailand has had a constitutional monarchy since 1932 - the present King, His Majesty King Bhumibol Adulyadej, has been on the throne for more than sixty years, making him the longest reigning Thai monarch and incredibly the longest serving monarch in the world. He is a symbol of national identity and also the anointed protector of Thai Buddhism.

Thailand is proud to be the only Southeast Asian country never to have been taken over by a European power, although that isn't to say that western influences have not been felt in terms of technology and hospitality.

Up until the events of 19 September 2006, Prime Minister Thaksin Shinawatra was the head of government, a position he had held since 2001. However, for a number of reasons Thaksin became unpopular amongst the Thai people and a peaceful, bloodless military coup took place in order to remove any remaining power from him.

Claire Brown, director of Claire Brown Realty (see [www.clairebrownrealty.com](http://www.clairebrownrealty.com)), specialists in investment property in South East Asia, comments: "Although the international community felt initial concern at the

footage of military tanks in the streets of Bangkok, the reality isn't so alarming. The Interior Minister has confirmed that there is no intention to take democracy away from Thailand, only to remove Thaksin from the position of Prime Minister.

"Thaksin had stepped down some months before, yet retained some control from the sidelines. In 2005 Thaksin sold off his Thai Telecom company to a Singaporean group in a deal worth a reported 1.9 billion US dollars yet seemed to avoid paying any tax on the proceeds of the sale. In spite of the excellent work Thaksin did to modernise Bangkok, largely through increased foreign investment, the general feeling was that if the people had to pay tax, he should too, and for many he had to go once and for all.

"The coup itself was peaceful, there was no state of emergency and the British Foreign Office has not asked people to stop travelling to the Kingdom."

#### Local conditions

With regard to the economy, it may come as some surprise that Thailand enjoyed the world's highest growth rate from 1985 to 1995, averaging almost 9% annually, and then promptly had a three year 'wobble' due to pressure on the 'baht' (the local currency).

The year 1999 signaled the start of a recovery phase, and growth in recent years has averaged a healthy 6% per annum.

The official language is Thai, which is pretty incomprehensible to the average visitor (it has its own alphabet), but English is widely understood and certainly spoken in major tourist areas. Tourism is a key component of the Thai economy - the Kingdom attracted 15 million visitors last year and the industry contributes to more than 6% of the national economy.

#### The property market

The property market is exhibiting the same bullish strength as the economy and tourist sector.

Andrew Howard, managing

director of The Village, Coconut Island (visit [www.thevillage-coconutisland.com](http://www.thevillage-coconutisland.com)), 500 metres off the eastern coastline of Phuket, comments: "The 'Tiger Economy' of Thailand has delivered consistent annual capital growth on good quality developments of between 20 and 25% over recent years, in fact Fortune Magazine quoted 18.6% capital growth in the year of the Tsunami.

"This trend certainly shows no sign of slowing. Rental yields are also above average at between 8 and 15% per year, dependent on location, and out-perform other popular second home markets such as Bulgaria and Turkey thanks to a year-round season, not just a few busy summer months."

#### The rise of luxury resorts

**Although long-known as a destination for backpacking students to spend a gap-year, many developers are now concentrating on luxury resorts dressed with a range of facilities.**

Paul Collins, online editor of property website NewSkys comments: "There is an established market for foreigners buying property in Thailand, particularly wealthy expats working in financial hubs such as Hong Kong and Singapore who are prepared to pay top money for lavish property. Add to this tourists and travelers from all over the world and there is a ready-made holiday rental market.

"Developments in resorts such as Phuket, Pattaya and Koh Samui are leading the way as they have direct access to immaculate beaches."

Phuket International Airport is reached in about 12 hours flying time from the UK with a selection of carriers such as Thai Airways, Lufthansa and British Airways serving the major UK Airports.

The best time to travel to Thailand is over the winter months between November and February, so as the UK gets dreary, pack your bags and consider the Land of Smiles as a possible investment location.

#### What's on the market?



The Jumeirah Barama Bay Island Resort ([www.baramabay.com](http://www.baramabay.com)) is an 80 hectare private island set in sheltered waters off the east coast of Phuket, which has been conceived to be the most exclusive resort in the world. Accessed only by water taxi or helicopter, Barama Bay offers a Six Star Boutique Hotel with Spa, a 73-berth yacht marina capable of mooring 70m, plus mega yachts with private yacht club and 30 waterfront residential estates for properties with up to 5,000m<sup>2</sup> of internal space.

An investment in Barama Bay also comes with a family lifetime membership at Blue Canyon Golf & Country Club across the water

in Phuket. Completion of the entire project is expected for early 2009 and prices start from \$3 Million US for an 800m<sup>2</sup> villa set on a 4,800m<sup>2</sup> plot.



The Village ([www.thevillage-coconutisland.com](http://www.thevillage-coconutisland.com)) is another unique island resort set on the shores of Coconut (Maphrao) Island 500 metres to the east of Phuket (see picture). The island, with a thick jungle interior and white sandy shores, will be home to 148 two to five bedroom pool villas designed

with roofs that resemble the Thai Longtail boats. The Village boasts an array of onsite facilities, from a spa and fitness centre to restaurants and bars. Prices start from £169,000 GBP for a two bedroom villa complete with pool.

YOO, a property development company headed by Philippe Starck and John Hitchcox, is creating Cape Yamu ([www.capeyamu.com](http://www.capeyamu.com)) set on a private peninsula with 3km of beaches and coves on the east coast of Phuket.

Comprising 38 villas in a choice of three designs, plus a 75 room five star boutique hotel with Spa, restaurants and leisure facilities, Cape Yamu is easily reached at just 20 minutes from Phuket International Airport. Construction is underway and the development expects to complete in March 2008, villas start from \$800,000 US.