

# Buying a private piece of paradise

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No man is an island. But plenty of people fancy the idea of owning one.

It may seem that Asia would be a magnet for "islomaniacs." Indonesia is the largest archipelago in the world, with 17,000 islands. The Philippines has about 7,100 or so, depending on the tides. Malaysia, Thailand, Cambodia and Vietnam all have extensive coastlines.

But real estate laws do not make it easy for foreigners to own property in Southeast Asia, and most islands either do not have clear ownership rights or are already settled. Also, the few places that do come on the market can have prohibitive costs, thanks to demand from hotel developers.

Given all those difficulties, several new developments are selling villas on private islands that are adjacent to high-end hotels. Owners can have their island retreat without having to absorb the total cost of keeping it habitable.

Aman Resorts is selling villas that start at \$3 million on a private island in the Philippines. Owners have unfettered access to the resort's facilities and can live at their property, use it as a holiday home or include it in the company's rental pool.

Similarly, Soneva Kiri, a resort run by Six Senses on the Thai island of Koh Kood, is selling villas starting at \$4.5 million. There also is a private island for sale nearby at \$38 million.

And the Jumeirah Private Island project in Phuket, Thailand, is selling private residential villas and estates next to a resort, with prices starting at \$3.2 million.

The developers of all these projects say it is too early to tell how the global real estate slump and credit crisis will affect sales - or whether persistent political problems in Thailand will take a special toll on that country's projects.

There are options for buyers with smaller budgets, like The Village at Coconut Island, a private island just off Phuket, with prices starting around \$610,000. Also, a startup called Barefoot Investments is beginning its first project on a private island in the Philippines, the Cacao Pearl in Palawan, with homes starting at \$210,000.

"There's a wide selection of interest for private islands that would support a development that's a hop skip and a jump from a five-star resort," said David Simister, chairman of CB Richard Ellis for Thailand, Vietnam and Cambodia. "It's the ideal balance."

Marlon Brando's experiences in the South Pacific while shooting the 1962 movie "Mutiny on the Bounty" inspired him to buy Tetiaroa, an atoll surrounded by 13 smaller islands, which he owned until his death in 2004.

In recent years, Dick Bailey, an American hotelier based in Tahiti, has been trying to develop a luxury hotel, The Brando, at Tetiaroa. But the controversial project has faced legal wrangling over Brando's will and wishes for the atoll as well as delays.

Brando had many ideas for his sanctuary, but few came to fruition - a common problem for island owners. Getting enough potable water is a significant problem. So is access, if the island is remote. And owners have to import all their household goods and building materials.

"If the island is too small, just a palm tree and a beach, you can't do anything with that because there is no water," said Charlotte Filleul, general manager of resort property for CB Richard Ellis in Thailand. "It has to be a certain size, and once it is a certain size it is impractical. It is not easy to make it work."

But, with enough money, there are ways to get around the problems.

Six Senses is offering the Thai island of Koh Raet, with a 10-bedroom villa and full management services, for \$38 million. It says the spot, opposite Koh Kood and the Soneva Kiri resort, has drawn interest from potential buyers in the Middle East, Taiwan and Russia, but no one has committed.

"There are only so many private islands you can buy, and this one is fully managed and serviced by Soneva," said Adam Taugwalder, the sales and marketing director for the company's residences division.

As required by Thai law, it would be sold on a 30-year lease, with two extensions of the same duration; the company promising additional extensions, if possible.

Six Senses made its name with its flagship resorts in the Maldives, Soneva Fushi and Soneva Gili. The expansion into private property is something of a gamble for the company, but the founders - the chief executive, Sonu Shivdasani, and his wife and creative director, Eva Shivdasani - say they started their hotels so they could have their own house at Soneva Fushi. Now, they are offering such access to others.

The TGR Group is developing a similar project with Jumeirah Private Island, which the owners had originally planned for their own use.

"It grew from the idea that it would be fantastic to have a private island in this region," said Anthony Franklin, a TGR partner and its marketing director. "And then once you start to work on the logistics, you realize you need service."

TGR is a syndicate of European investors that started looking at Thai property, particularly Koh Samui, after the 2004 tsunami. They took on a local partner in Dilokpol Sundaravej, the former Thailand manager of Bovis Lend Lease and nephew of Samak Sundaravej, who stepped down as Thai prime minister in September.

The partners decided Phuket had the international schools and amenities they required, and, with undeveloped beachfront in very short supply there, they decided to expand to nearby islands. But few are suitable, and most are controlled by the Thai Navy.

Jumeirah Private Island sits in Phang Nga Bay, just northeast of Phuket and near its international airport. TGR drilled a tunnel under the seabed to put in fiber-optic cables, electricity and water pipes, to turn the island - also called Koh Raet - into a developable site. It also dredged the marina, put in roads and hired the Jumeirah Group, best known for running the sail-shaped Dubai hotel Burj Al Arab, to operate the resort, which is due to open in 2010.

The project has three types of private property for sale: 15 estates that start at \$6 million, 34 large residences and several smaller, two-bedroom villas.