

## Asia Property Report

### November 2005 Analysis: Pattaya Land

#### **Pattaya's land prices are on the move By Clayton Wade, Managing Director of Premier Homes Real Estate Co., Ltd**

Pattaya's land prices are no longer 'dirt-cheap'! Even though land prices have gone up considerably over the past couple of years, many local and foreign speculators are banking on them becoming even more expensive, with further sharp rises expected over the coming months.

Most real estate professionals familiar with the Eastern Seaboard's Pattaya area are very well aware that the entire area has been experiencing a steady increase in residential and commercial development, which has driven the present boom in land sales. The frenzy to build has brought the area a good number of new condominium buildings and many new residential housing developments, both of which have experienced positive sales and movement, thus pushing vacant land prices higher and higher.

The construction and development momentum found throughout Pattaya and the entire Eastern Seaboard has not slowed down at all, in fact, it is continuing to pick up its pace. This great rise in foreign investment and vacant land pricing over the past couple of years has occurred in spite of SARS, the Iraqi Occupation, terrorists in the south of Thailand and even the tsunami. These major calamities have given way to an even more powerful influence: the strategic planning and financial support being given by the Thai Government within the ESB industrial and tourism sector.

The area is teeming with tremendous signs of progress. The new Suvarnabhumi airport is ten times larger than Bangkok's Don Muang airport, less than an hour from Pattaya and it is one of the larger airports in the world. Opening very soon, this fabulous addition to an already thriving tourist business is a sure bet for increased interest in the area. Also, on the drawing boards and scheduled for construction are a new sports stadium and complex, world class horse racing facility and if that is not enough, how about the 'C Word' on everyone's lips, which has been only a rumour for the past several years: yes, Thailand will no doubt at all have a few casinos in the very near future.

Having gone from idle gossip to a reality, Thailand's plan to have several casinos within the ESB hit the international press in a big way in September when Prime Minister Thaksin Shinawatra assigned the Thai Government Lottery Office to conduct a feasibility study that is scheduled to be completed by the end of this year. In response to Prime Minister Thaksin's announcement of the areas first legal casinos, Pracha Maleenont, Thailand's Tourism and Sports minister said, "Thailand needs a new tourism magnet to lure more international tourists and local travellers."

So, whether you are considering buying a small building plot to build your



own dream home or a serious developer looking to purchase a large beachfront land parcel for a luxury condominium or housing project, you might strongly consider looking to buy your land now. Why now? Looking back just a few years in and around the greater Pattaya area will help you understand how land prices have arrived at this point and just where they are heading. Following the Asian Economic Crash in 1997 much of the areas land, house and condo sales became very sluggish, to a point that the Thai Government implemented several new laws to make title transfer less expensive and foreign ownership more attractive. These new tax and ownership laws took a few years to stimulate activity within the real estate sector, but by about 2002, we started to see signs of recovery and by 2003, it was obvious, the ESB land, house and condo sales were on the move.

One of the early development areas was around East Pattaya's Mabprachan Reservoir, which had very attractive pricing for vacant land about ten years ago. From 1997 to about 2002, you could buy small parcels of vacant land (less than 20 rai) on access roads and with utilities for around 400,000 to 500,000 baht per rai. By 2003, small parcels went from 400,000 to 500,000 baht per rai to about 800,000 baht per rai and are currently fetching prices starting around 1.2 million Baht and up - it has tripled in price in less than eight years.

Another area that has seen a phenomenal price increase is Pattaya's Jomtien Beach, where small beachfront parcels went from about 7 million baht per rai from 1997 to about 2002 and then up to about 10 million baht per rai by 2004. Today, around the Jomtien area, they are selling small land parcels on the beach for around 12 to 15 million baht per rai and we are already seeing even higher asking prices. Going south from Pattaya along the ocean is where so much of the development is starting to appear. There are several luxury housing developments on the ocean (Pattaya and Najomtien) featuring beachfront homes at prices as high as 80 million baht and there is purchasing and building activity happening all the way down to the Bangsaray Beach area. Land parcel prices have risen in Bangsaray at the very same rate, with small beachfront parcels priced starting around 5 million baht per rai from about 1995 to 2002 and currently priced at about 8 million Baht per rai. These Bangsaray Beach area land parcels rose steadily in price to about 8 million Baht per rai by 2004. Currently we are seeing prices of 10 to 12 million Baht.

Another outstanding area to watch very closely is just east of Bangsaray Beach, the Buddha Mountain and Buraran areas. Just behind Buddha Mountain there is a spectacular new resort, a luxury housing estate and a winery overlooking Silver Lake and down the road just a bit is a very serious investment project within the Buraran Estate. Land with no sea views throughout the area could be purchased for as low as 250,000 baht per rai in 1997 and it has risen from about 400,000 baht per rai in 2003 and currently is selling well at 800,000 baht per rai. One of the great success stories that is developing fast is the spectacular sea view land up against the Buraran Hills. Gorgeous sea view land parcels that were selling as low as 250,000 baht per rai around 1997 rose to around 600,000 baht per rai in



2004. Currently, we are seeing prices appear at around 1.2 million baht.

Yes, there are those 'special investments' that we all love to hear about. Like the foreigner that bought 17 rai of land near the Huay Yai Temple area from one of the local banks for 197,000 baht per rai just after the crash in 1998 and just sold the 17 rai parcel a few months ago in May for seventeen million Baht. That's a 3,349,000 baht investment less than seven years ago that yielded a profit of 13,651,000 baht in less than seven years. Dream deals aside, one thing that is obvious is that the Pattaya-Eastern Seaboard area is experiencing unprecedented increases in land prices and everything points to a robust interest continuing to come from abroad, making foreign investment in vacant land extremely attractive here in Pattaya and throughout the Eastern Seaboard and that's an investment you can bet on.

