

# GREATER PHUKET CHAPTER

## PROPERTY REPORT SOUTH EAST ASIA

David Simister  
CB Richard Ellis

### EVENT PARTNERS



PHUKET



AMCHAM THAILAND





# What Now? What Next? Thailand's Resort Property Market Update

## Greater Phuket

Presented by:

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- The Phuket market from 2000 to 2008 was viewed as a bullet proof market with off-plan sales where investors could and did make significant capital gains. The market began to change from 2006 and stopped in 2008.
- Luxury villa sales in 2010 estimated to be a combined total of USD 95 million, with less than 20 transactions including primary sales and re-sales.

*Note: This presentation is done on a no name basis  
- not naming good and bad projects*

# Market Snapshot 2008-2010

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- In the quality market, very few projects have consistently matched sales with construction progress. Several have stopped or at least have a long pause.
- The sales dynamics do not allow projects to build on buyers' staged payments.

# Market Snapshot 2008-2010

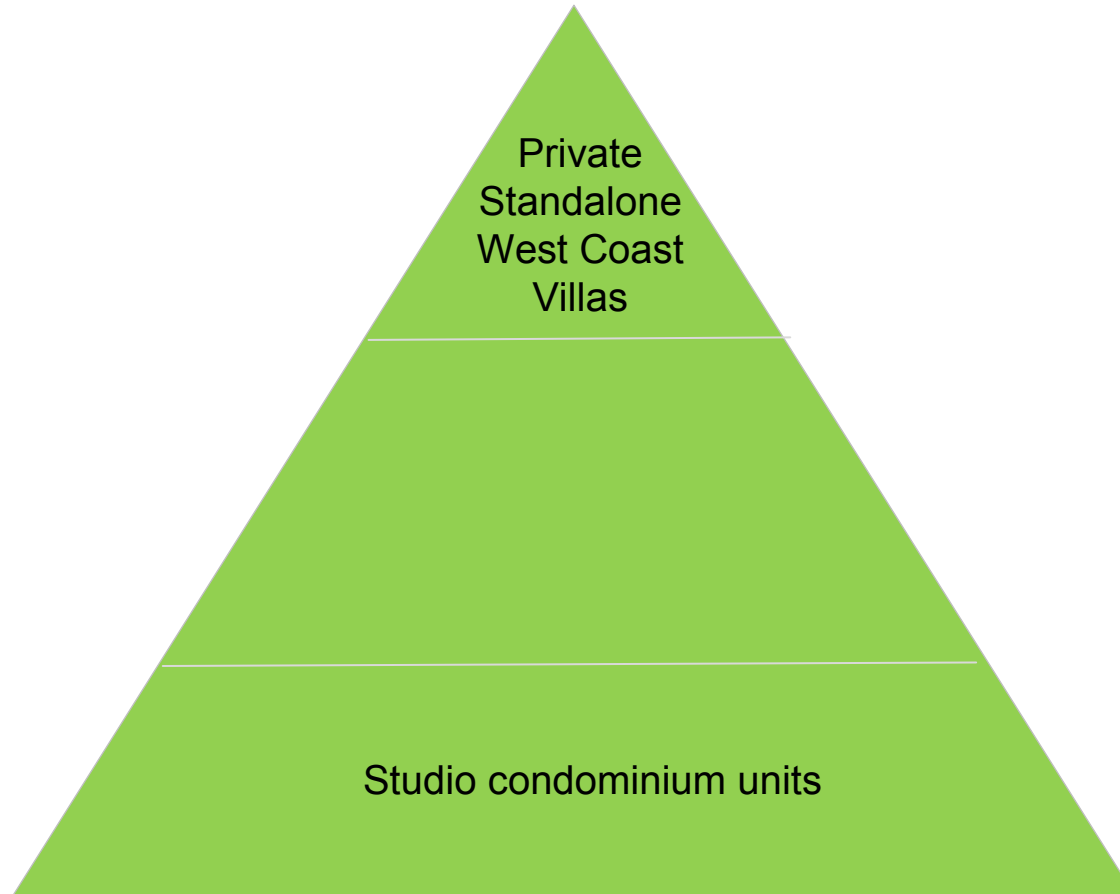
- Project failures
- Dearth of sales even from well established projects with a previously secured pipeline of sales
- Shrinkage in sales and enquiries
- Some projects have been taken over or re-capitalised, other projects effectively abandoned, failed or face litigation
- Greater Phuket shrunk back to Prime Phuket, and more specifically West Coast Phuket

***But overall, prices have held, particularly for quality completed villas and prime land***

- Market improving, but not a resumption of pre-2008 market
- CBRE saw similar levels of transactions in Q1 2011 to 2010 whole year at lower average prices but a broader range of property
- Source of buyers is shifting with a new wave of post-2008 prosperous ex-pats working in the region and a more consistent presence of Russian and Indian buyers

# Developers' Biggest Mistake

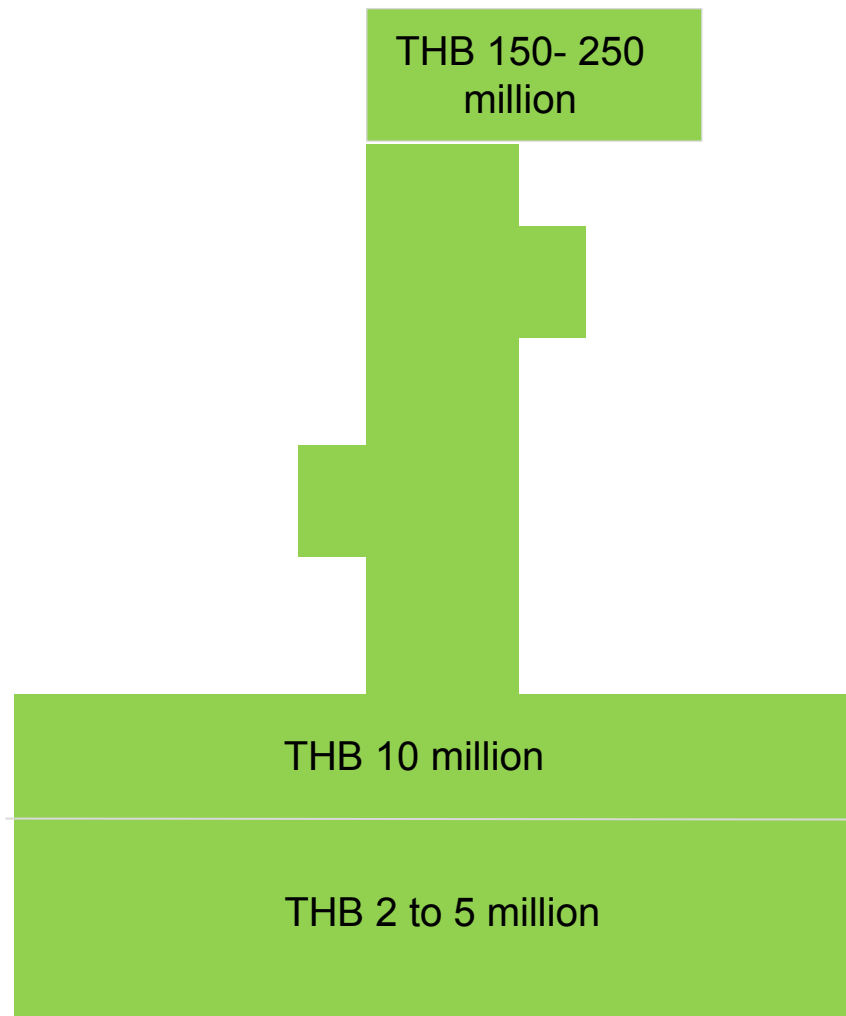
## Traditional Property Market



Phuket is not a traditional property market

# Phuket's Totem Pole Market

## My Phuket Model





# Lessons for Investment & Development

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## *Quality still sells*

- Quality property is the most secured form of investment
- Quality requires: Location  
Views  
Management, or  
Long-term contracted branded management

# Lessons for Investment & Development

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The market is looking for value properties and will consider the following factors:

- Common facilities
- No. of bedrooms
- Risk & security:

Investors need to know the development will be completed, hence the preference for properties which are completed before sale, substantially under construction or second hand completed properties

# Competition from other markets

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- Bali: 2010 showed a historical high of 2.5 million foreign visitor arrivals. An estimated of over 300 villas are currently for sale, with an average price of USD 765,000.
- Vietnam: Resort markets primarily driven by domestic demand. Da Nang is estimated to have 25 active villa projects, with an average price of USD 1.2 million/unit for quality sea-view properties.

## Competition from other markets

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- Malaysia: Langkawi is the most comparable market with the best resort hotels in Malaysia, but few villas and condominiums available for sale. Prime beachfront properties anticipated to range from USD 500,000 to USD 1 million.
- Cambodia: Unproven market with few resort developments at present, but the best foreign ownership structure compared to other resort markets in the region.

***Phuket is still capable of outperforming all of these markets***

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**CBRE**  
CB RICHARD ELLIS

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## PROPERTY REPORT SOUTH EAST ASIA

Tony Picon  
Colliers

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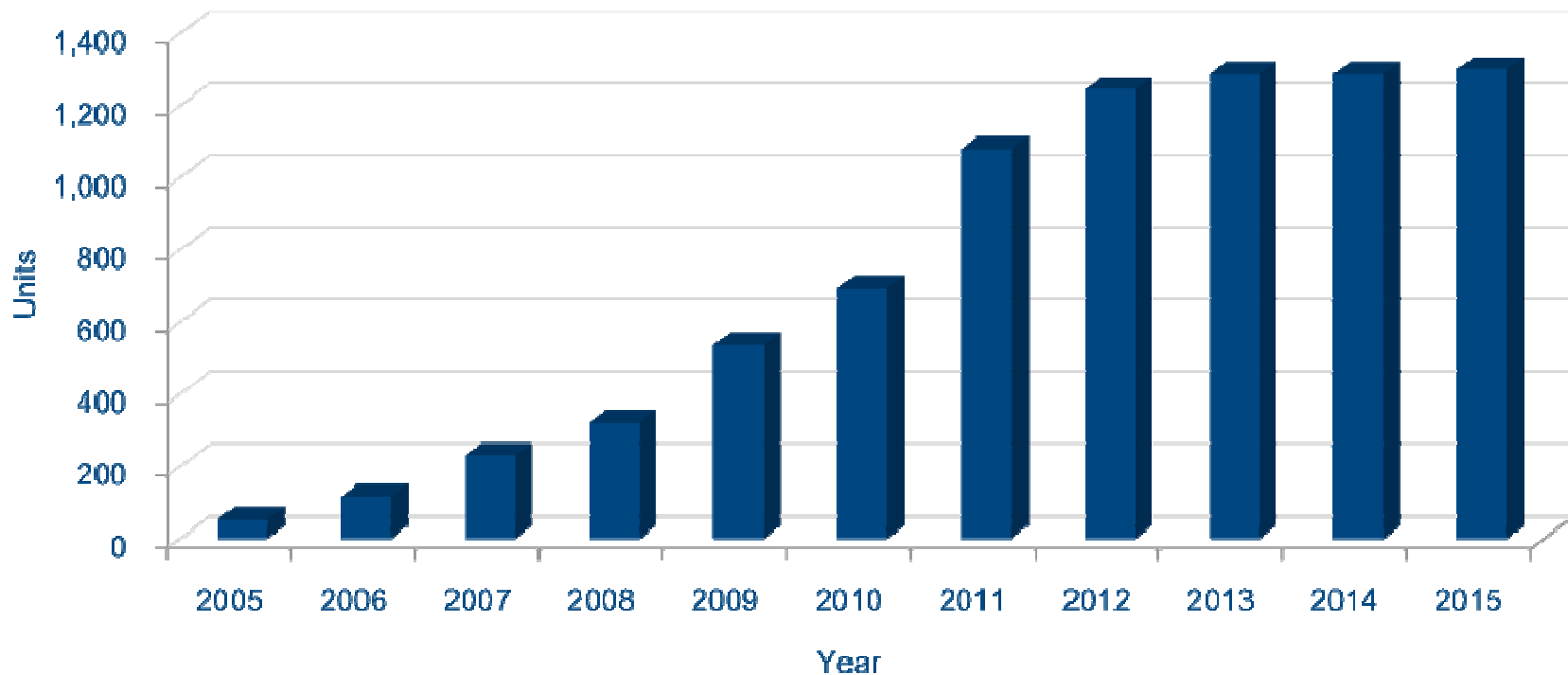
# Pattaya and Samui Property Markets

A summary from Colliers International Thailand

Accelerating success.

# Samui Residential Market (Condo/Villa units)

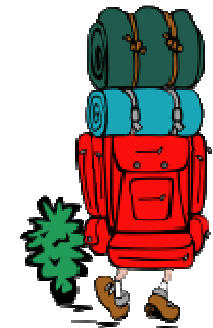
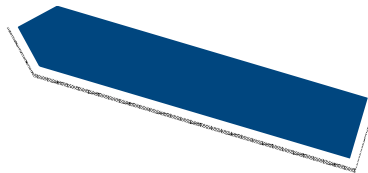
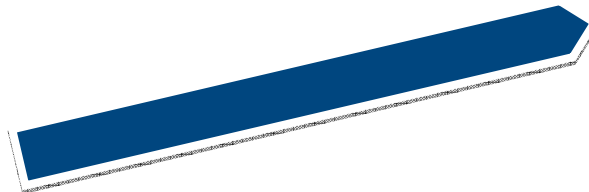
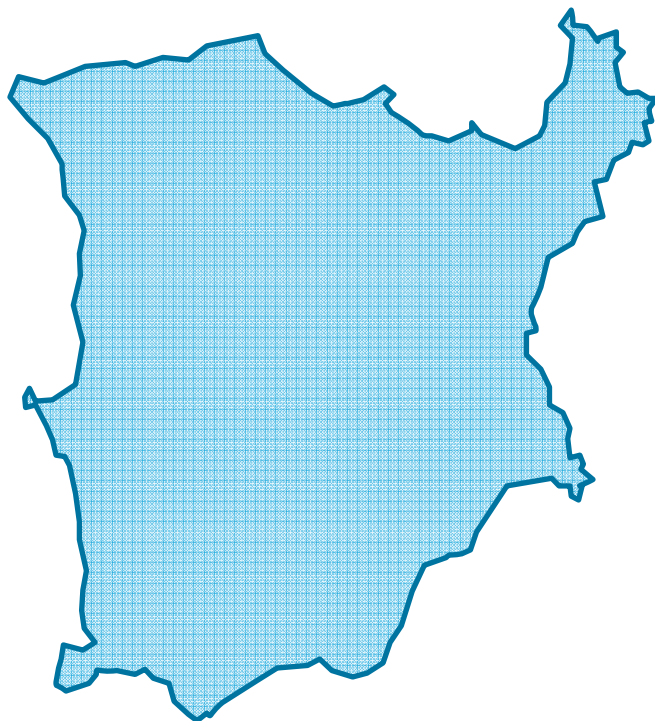
## Total Supply



Source : Colliers International Thailand Research



# Samui | A Question of Identity



# Samui | Not so great expectations

## Downside

- Samui Airport – Hampering mass tourism
- Phuket tsunami – A brief affair with Samui
- Infrastructure Improvements – Another set of problems
- Tourism base – Mish mash
- Koh Phangan/Koh Tao – Increased competition
- Invasion of luxury – At what price?



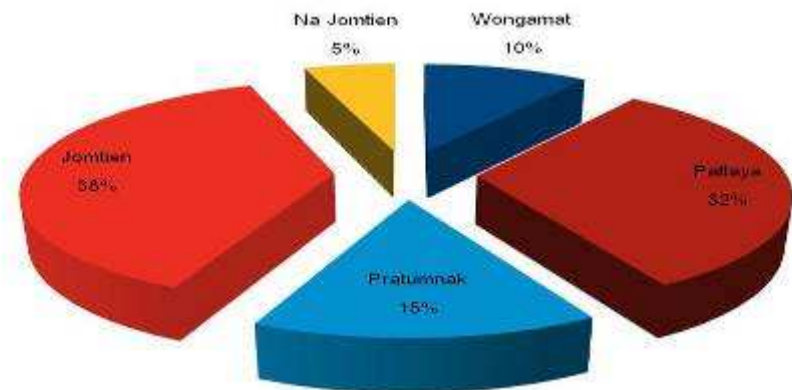
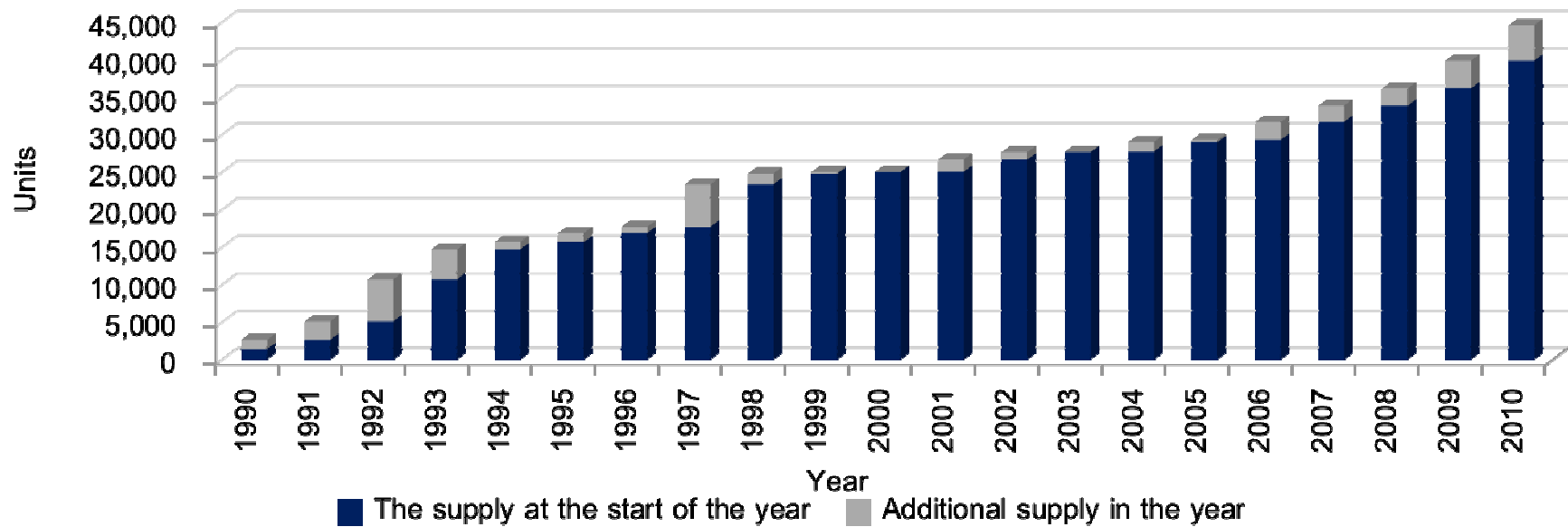
## Upside

- Samui Airport – Future plans?
- Seasonal weather – Not so wet
- Resorts to remember – Eclectic hotels define Samui
- Not the same but different – A real identity



# Pattaya Condominium Market

## Historical Supply



Source : Department of Land, Colliers International Thailand Research

# Pattaya | Reaching new heights

## **Upside**

New launches matched by robust sales  
A price to suit nearly every pocket | The frugal pensioner to playboy  
Sun, sea and ....shopping | A new image of Pattaya  
The Russians have come | And the Indians are coming too  
A road less travelled | Bangkok to Pattaya in 90 minutes  
Solid foundations | The players in Pattaya's development  
Eastern Seaboard growth | A future Office market report?

## **Downside**

Too much of a good thing? | A future stampede looms  
Left behind | The unloved older resale



The background of the advertisement is a photograph of a high-speed train in motion, blurred to convey speed. The train is white with a blue stripe and a thin red and yellow stripe. The text "FASTER FORWARD" is overlaid on the right side of the image in a large, white, sans-serif font.

# FASTER FORWARD



## Accelerate success.

Leading businesses around the globe have come to rely on Colliers International to advance their interests in real estate. With a greater sense of drive, coupled to teams of specialists around the world, we'll help you move swiftly along the right track—to accelerate your success.