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Patong land hits up to 200m per rai



Repeat visitors yearn for beach property



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Land prices on Patong Beach in Phuket now reach 100 to 200 million baht per rai (250,000 to 500,000 per square wah), showing strong demand from high-end buyers, many of whom are repeat tourists, according to property consultant CB Richard Ellis (Thailand).



For prime beachfront plots, the land value has doubled from the levels in 2006 and yearly rises of 30-50% were not uncommon, said Khanitha Jarukirati, the company's associate director for Phuket investment and services.



Factors pushing up the land prices in Phuket include the scarcity of quality beachfront and sea-view land and sustainable growth in land prices. In addition to Patong, other prime locations with new developments are Karon and Kata beaches, where land prices stand at 40 million baht per rai.



According to the Phuket Land Office, 2,416 land transactions were recorded in the first quarter of 2008, a dip from 2,642 in the same period last year. Of those, 2,251 transactions were for land or land with buildings, 53 for buildings alone and 112 for condominiums.

She said Phuket's property market had grown continuously over the past few years. Developers are increasingly sophisticated, in line with buyers' demands, and come from both from Bangkok and

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abroad.

The property sector in Phuket heavily depends on repeat high-end tourists as most buyers were foreigners. Over 90% of all visitors to Phuket were there for leisure purposes, as reflected by the pattern of growth in infrastructure and entertainment options.

According to the Tourism Authority of Thailand, the number of tourist arrivals to Phuket almost doubled to 4.7 million in 2007 from 2.4 million in 2005. Total foreign tourist arrivals to Thailand in 2007 were 14.5 million, of whom one-fifth or 3.1 million went to Phuket.

In the hotel segment, a majority of upscale hotel rooms in Phuket were mid-range, followed by first-class or 37% of total supply. The luxury segment accounted for about 4% of upscale hotel supply in Phuket and is concentrated in the southern west coast.

Based on current information, the company estimated that 10 luxury hotels with over 800 rooms would be completed by 2010, along with over 2,100 first-class and 1,300 mid-range rooms.

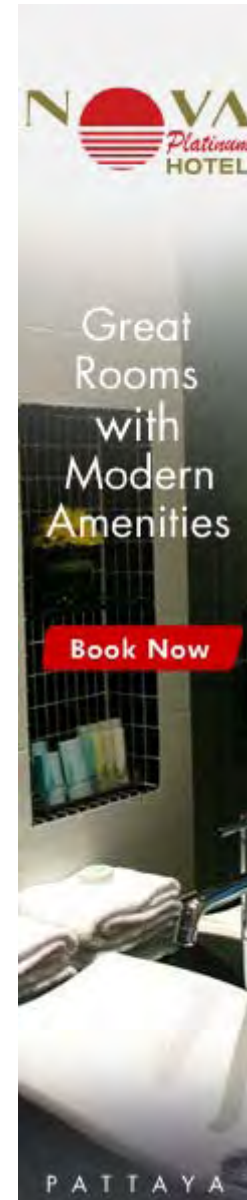
Condominium sales in Phuket are strongest on the central west coast and the southern west coast where there are the greatest number of launches. Roughly half of the total units under construction are sold while almost all completed units were taken up.

On the contrary, sales were the lowest in projects still in the planning stages where construction has not yet begun. For the villa segment, 32% of the total existing villa units in Phuket were located on the central west coast, followed by the southern east coast, with 19% of total units, and the northern east coast with 16%. The area with the least amount of supply was the northern west coast, with just over 100 units.

As of the first quarter of 2008, 64% of the total units at projects being marketed were sold, with the highest percentages seen for inland projects.

Ms Khanitha said Phuket property buyers did not depend much on debt to finance their purchase so the island is relatively isolated from the global slowdown.

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