

Real Estate

Retirees choose Thailand



EXPATRIATES FROLICK on a beach in Hua Hin.

■ Agence France-Presse
HUA HIN

VETERAN SWEDISH hotelier Sven Wermelin has travelled across Europe and Asia for his career, but also in search of a place to spend his retirement.

What he found was a 276-square-metre house in Hua Hin. "I sold my house in Spain, which is very expensive, to buy a house here where I get everything at a reasonable price. I can play golf and my wife can enjoy the beach, while my 15-year-old son can get very good education," said the 65-year-old, referring to the international schools in town.

"Hua Hin is my first home now. It is a perfect destination for those who

want to enjoy life after retirement." Wermelin is among the increasing number of foreigners buying property in resort towns as retirement homes.

Many are taking advantage of a new retirement visa, which Thailand began issuing in February to foreigners older than 50, even if they are still working in their home countries.

The move has spurred demand for property, said George Mastronikolis, managing director of Hua Hin property developer Regal Thailand.

"For the past few years, expats living in Asia were the main buyers. Now this is changing with more individuals, mostly retiring people with the majority of them northern Europeans, discovering the benefits of living in Thailand," he said.

"They sold their properties in

Spain and other European countries, which have become very expensive, to buy property here."

Foreigners cannot own land in Thailand, but they can own a condo or lease houses.

In Hua Hin, residential units run from Bt2 million to Bt30 million, but most of the demand is for mid-range homes costing Bt5 million to Bt10 million.

"Hua Hin has the bright future of a unique city... a perfect family and retirement destination," Mastronikolis said.

Patti Tomaitrichitr, property analyst at KGI Securities, said the demand among European expats and retirees is highest in the resort areas of Phuket, Pattaya and Hua Hin.

Phuket tends to attract higher-

income foreigners, with sales rebounding since late 2005, after a slump following the December 2004 tsunami.

Property prices in Phuket tend to be higher than the rest of Thailand. Condos built to western specification cost from Bt65,000 per square metre to more than Bt100,000 per square metre.

"Some residential units in Pattaya are moving upmarket with significant upswings in price," said Richard Ellis Thailand's chairman David Simister.

"Thailand is a very unique package because it has a good range of offerings - transportation, international food, ability to own a yacht, a reasonably priced lifestyle, and a genuinely hospitable population," he said.

HOUSING TRENDS

City condos IN VOGUE

Urban workforce moving into inner city to seek a more exciting, glamorous lifestyle

■ Agence France-Presse

YOUNG THAI professionals are turning their backs on tradition and choosing to move away from their families and live independently in central Bangkok condominiums, causing a boom in the sector.

Analysts say that despite a general decline in the property market this year - the first such drop since 2002 - condominiums located along Bangkok's skytrain and subway are selling well.

Sopon Pornchokchai, managing director of property consultants Agency for Real Estate Affairs, said office workers in their 30s were increasingly looking for property close to the action in the buzzing capital.

"In Thailand it is our culture to live with the family, but over time people have a new style of living, especially those aged around 30," he said.

"Buyers are those professionals working in the city. They have money so they can buy properties more for their own use, mainly places nearby the skytrain and the subway which are convenient for them to move around."

He said young Thais were searching out lower-middle priced properties, with a 30 to 50 square metre unfurnished condominium, selling at an average of Bt1 million to Bt2 million.

"They're selling very fast. Probably 40 per cent are sold within the first month of the launch of a new project, and they are usually sold out within a few months," Sopon said.

He estimated that prices of city condos had risen by about 25 per cent since 2003, but said plentiful supply now meant prices were likely to remain steady for the next few years.

"It may not go up that much in the future but it won't go down," Sopon said.

Rising interest rates and decreased consumer purchasing power because of high oil prices are behind the general drop in the property market, but these factors have not deterred the aspiring condominium dweller.

"I bought one condo even though the price was quite high at Bt5.4 million

because it is only 100 metres from the skytrain and also close to my office," said a 30-year-old employee of an international company who did not want to be named.

He said the high price of oil was one of the reasons he bought property in central Bangkok, as it meant he didn't have to drive to work.

"Also I want to live independently from my family," he said.

These young, professional consumers have spurred sales for property developers like Sansiri. They recently launched several lifestyle condominium projects, targeting young office workers who can afford condominiums priced at around Bt50,000 to Bt70,000 per square metre.

"All 734 units of our projects in six locations were sold out within a week," a Sansiri spokeswoman claimed.

Office workers who earn about Bt30,000 a month are the main target of Sansiri condos, which has properties ranging in price from Bt1 million to Bt3 million.

"We target a new generation people aged in their early 30s who want to live separately from their parents," she said. "And now because of high oil prices they want to live near the skytrain."

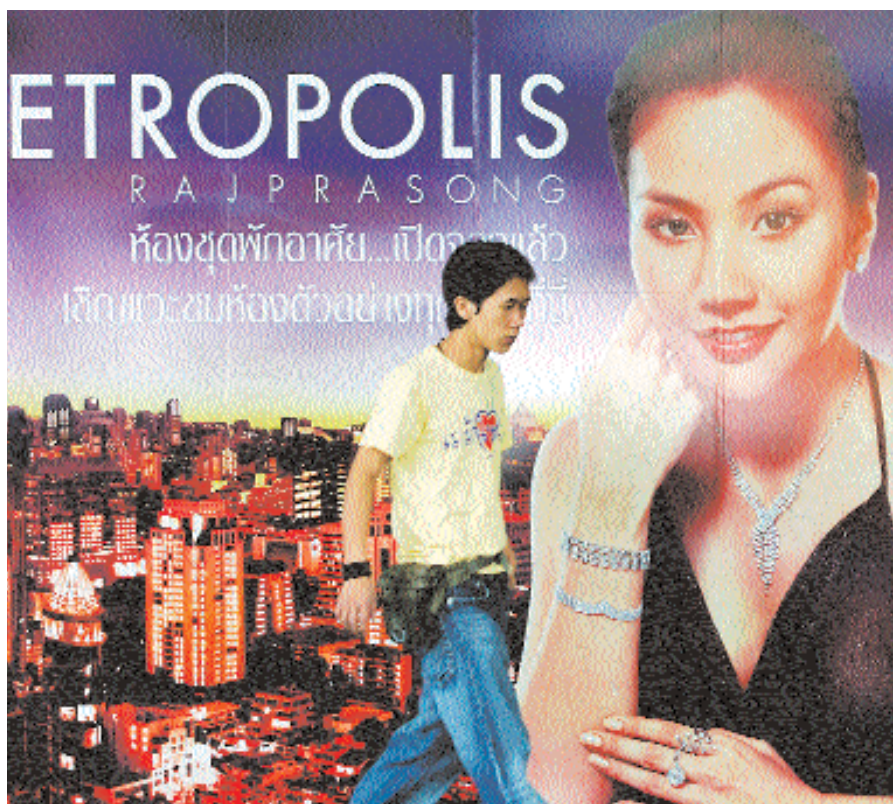
Kasikorn Research Centre said the property market expected a slump of unit sales this year, with the exception of the mid-income condominium segment.

"Given rising interest rates and declining consumer purchasing power, we expect a negative growth of 2 per cent of property sales this year, from 67,800 units sold in 2005," Pimonwan Mahujchariyavong, the centre's head of macro economic department, said.

The market dropped by as much as 6.7 per cent in the first three months.

"But for the condominium segment, the trend is clear that demand is driven by Bangkok people who tend to live where transportation is more convenient especially when oil prices go up," she said.

"Several condominium projects have been launched to serve this group. The market would continue to rise by roughly 10 per cent this year."



A SHOPPER walks past a billboard for a property project in Pratu Nam.