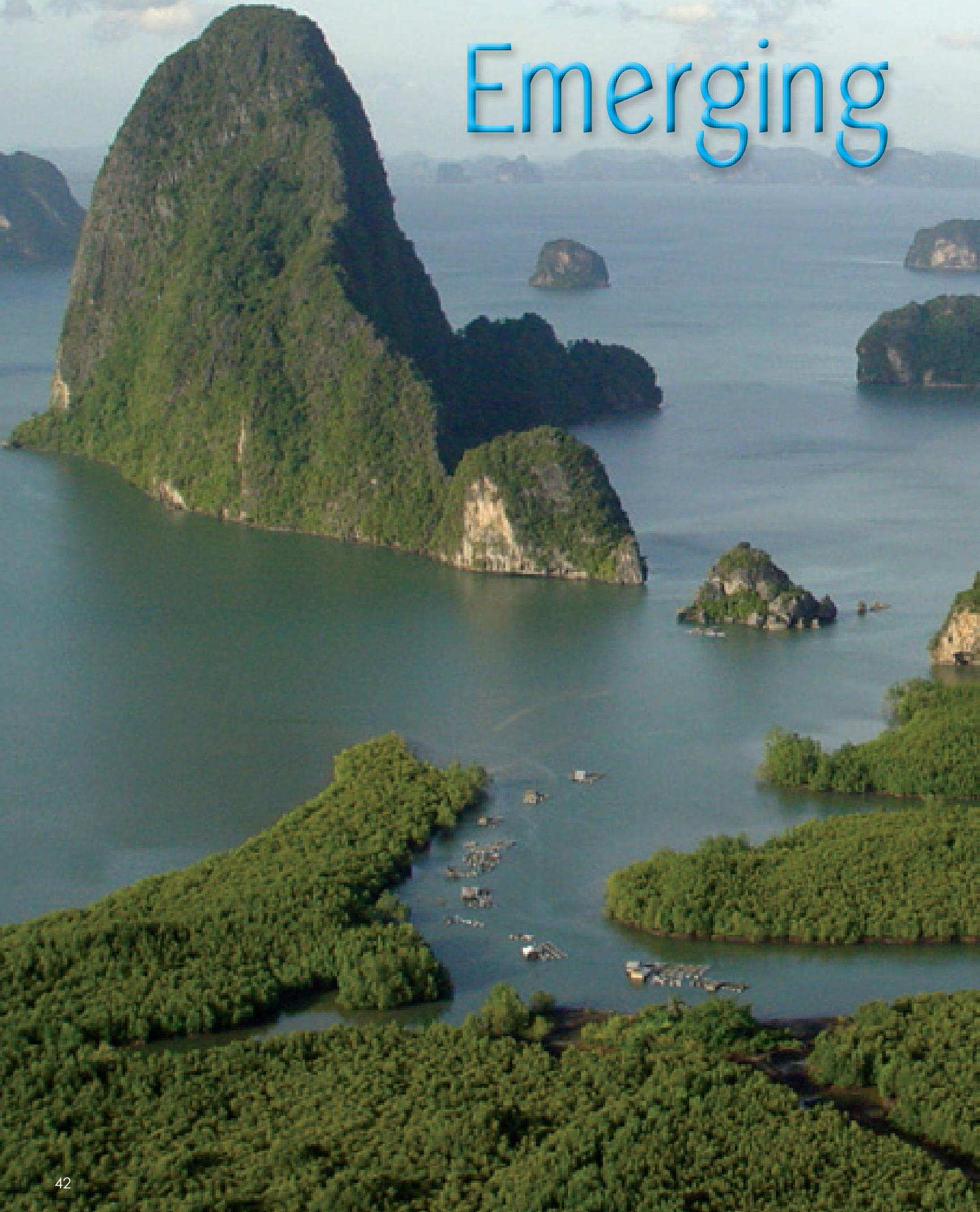


Emerging



Islands of Thailand

For this month's island theme issue, we explore some of the less developed islands of Thailand, to reveal some fantastic opportunities to own property at a fraction of the price offered at more developed resort locations. Highlighting three unique hideaways, Koh Lanta, Koh Phangan and Koh Mak, we discover dream destinations for all budgets and tastes.

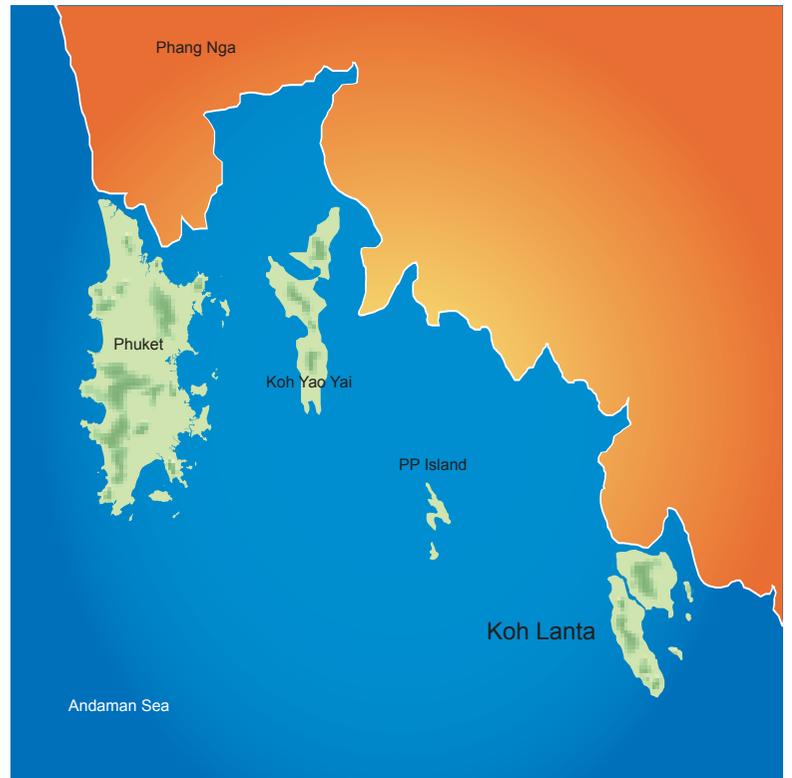
Koh Lanta Property Survey



Tropical Living last took a visit to Koh Lanta for the May 2008 issue when we reported of fast sales in the property market. Since then our contact on the ground, Iain Tiltman of Lanta Island Property, has been busy conducting a full survey of the island's property sales activities to date and assessing the current market situation.

Iain shares with us his findings regarding the type of property developments that are proving popular in Koh Lanta: "The extensive study was totally inclusive of every available and foreign owned property on the island going back to the start. The main research findings are:

- "Up to August this year, there have been 269 total property sales, which consist of a majority villas at 194 and just 75 apartments.
- "The average property sold has two bedrooms, a sea view with an average internal area of 121 sq m and was priced at THB 8.68 million.
- "Moving forward, we see a shift as there are many more apartments than villas for sale, almost at a ratio of 2.5 – 1, the average internal area has decreased and the average asking price has increased, both by around 8%.
- "There are over 300 properties available for purchase on Koh Lanta, with over 70 of these already constructed, I believe the market is starting to mature.



“This pre-sale construction has given integrity to the market, and allays most fear in buyers that the developer is underfunded or a fly by night operation. Combine this with the growing choice of resale property, including beach front and sea view villas – Koh Lanta has a property to suit nearly all buyer’s tastes.”

What kind of property buyers are attracted to Koh Lanta?

“Typically, over the last few years we have seen repeat visitors to the island finally make the plunge in to real estate here. Koh Lanta is seen as a ‘cult’ destination by some, where people really are in love with the island and its people, and would dearly like to relocate here. This buyer profile is now being joined by a different type of buyer, one looking at Thailand as a whole. These are now seeing Koh Lanta as a viable alternative to the more perceived popular areas in the Kingdom. This is, I believe, due to the value that property here represents, the natural surroundings and the scope for investment growth.”

Can you provide some examples of land prices around the island?

“I still believe that buying land on Koh Lanta will prove to be a very strong investment. Land sales throughout the global recession did slow slightly, though not as much as expected. Prices have held, although a few ‘fire sales’ were reported. Obviously, beach front land is prime real estate and west coast lots are available from between THB 5 – 15 million per rai, whilst great west coast sunset sea view land can be obtained from THB 2.5 million per rai. On the quieter east coast we would expect the prices to be around 50% of something similar on the west. We still get

offered from time to time land circa THB 600,000 per rai. Even at these prices the quality of land available here is easily as good as anything available elsewhere in Thailand."

Last time we reported about Koh Lanta prices for west coast beach front villas were selling for THB 5.5 million – how does this compare to today?

"At the time of writing there is actually one of these villas remaining, although the price is now at THB 5.8 million, I am confident that this will soon be sold. Currently, the only two other options to enjoy absolute west coast beach front living on Koh Lanta is the resale route or a choice from two property types within a single development project. Resale wise, there are two available properties with asking prices of THB 22 – 25 million. Otherwise, a prospective client can choose between an apartment (from THB 9.7 million), or a villa (from THB 24.7 million), construction is underway now. The value of property of this nature has increased significantly, although much less than other resort areas."



What advice do you have for buyers?

"Of course, firstly I am going to say use a reputable local agent! There is a reason for this, Koh Lanta is a reasonably small community, and local knowledge is a key factor with any investment. We have seen property developments launch with the aid of a single billboard, and disappear within six months, after the extensive marketing campaign failed to bring buyers. Secondly, and on the more positive side I mentioned



earlier that there are over 300 properties available for purchase on Koh Lanta. Clearly, only a percentage of this would suit each individual buyer, however after a slow 12 months I believe the prospective buyer is in a good position to negotiate. This can manifest in a variety of ways, free furniture, and price reduction etc, all giving the buyer more 'bang for their buck'."

How would you describe the lifestyle on Koh Lanta?

"Life on Koh Lanta really is how you would imagine a tropical island hideaway, except with a growing list of creature comforts a few minutes away. You can still find soft sandy west coast beaches to enjoy on your own, even at peak season. There is a mixture of easy going friendly people from around the world, enjoying the natural charm that the island offers. Relaxed is the key word here, as people often forget actually what day it is. I love living here and wouldn't change Koh Lanta for the world."

Iain Tiltman, Lanta Island Property,
www.lantaislandproperty.com

Total Sales Activity Pre-August 2009:

Total villa sales: 269
villas: 194 / apartments: 75
Average price: THB 8.68 million
Average price per sq m (built up space): THB 52,216
Average built up sq m: 166
Average internal space sq m: 121

Property breakdown

Beachfront: 26
Sea view: 139
Mountain view: 104
Private swimming pool: 102
Shared swimming pool: 21
No pool: 146
One bedroom: 34
Two bedroom: 129
Three bedroom: 72
Four bedroom: 32
Five bedroom: 1
Six bedroom: 1

Property Currently on the Market:

Total properties for sale: 323
(already built: 70) villas: 96 /
apartments: 227
Average selling price: THB 9.42 million
Average price per sq m: THB 53,500
Average built up sq m: 176
Average internal space sq m: 111

Property Breakdown:

Beachfront: 115
Sea view: 120
Mountain view: 88
Private swimming pool: 54
Shared swimming: 221
No pool: 48
One bedroom: 69
Two bedroom: 173
Three bedroom: 62
Four bedroom: 19

Key Prices:

Beachfront land:
THB 5 – 15 million per rai

Seaview land from:
THB 2.5 million per rai

East coast land from:
THB 600,000 per rai

New west coast beachfront villa:
THB 5.8 million

Beachfront resale villa:
THB 22 – 25 million

Beachfront under construction:
apartment from THB 9.7 million;
villa from THB 24.7 million

The Changing Face of Koh Phangan



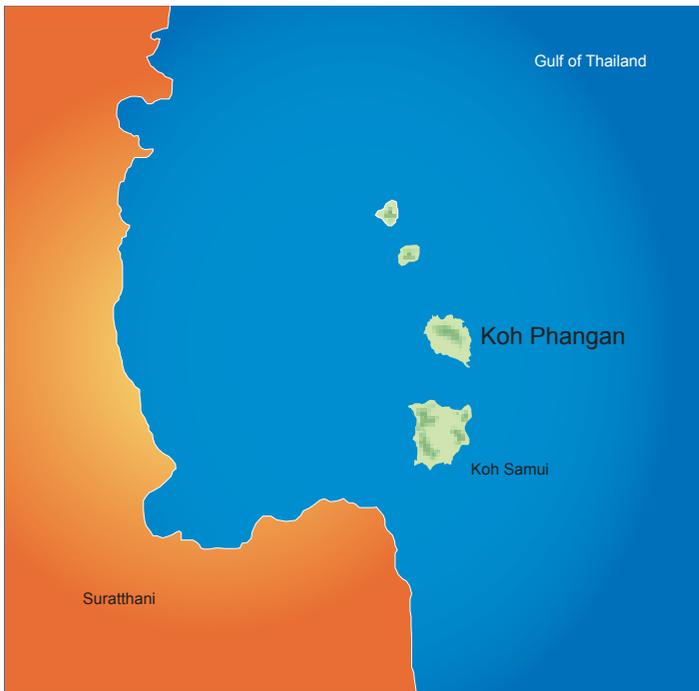
Koh Phangan is a small island, only 168 sq km, 55 km from the mainland and 15 km from Koh Samui in the Gulf of Thailand. Despite the world-wide economic recession it still has a thriving property market largely due to Westerners hoping to live a simpler life where their money goes further.

Eco Tourism vs Party People

With a laid-back lifestyle, increasing infrastructure with banks and a Western Union office in the main town of Thong Sala, as well as a local accident and emergency facility, it is becoming a popular choice for those who aren't attracted to the rampant commercialism of some of the larger islands in the region. The infamous Full Moon Party takes place every month and draws crowds of up to 30,000 but recently measures have been put into place to stop the reported excesses at these

parties so that it can be marketed as a more family-friendly destination.

Currently approximately 10,000 people live permanently on Koh Phangan, the majority based in Thong Sala. Most of the local population lives in small farming and fishing villages dotted around the island. As a designated eco-tourist destination, over 60% of Koh Phangan is a protected national park making it ideal for hiking and trekking. The array of white sandy beaches, many protected by beautiful coral reefs, provide excellent snorkeling and diving opportunities.



Favourite Hideaways

There are many property hot spots on the island. On the east coast of the island Thong Nai Pan, which consists of two bays linked together, caters for high-end real estate and also boasts many of the top resorts in Koh Phangan. The west coast is also popular. According to Charlie Solares, managing director of Sage Land and House, the west coast has some exciting new developments underway. He adds, "It has

lovely sea views, easy access, excellent infrastructure and it is close to all the amenities on Koh Phangan." Nik Parker from Koh Phangan Holiday Homes agrees: "The west coast beaches are tranquil and have great views of the Ang Tong Marine Park, along with Koh Phangan's legendary sunset." Commercial businesses tend to base themselves in Haad Rin, the home of the Full Moon Party.

The main buyers at the moment are European. They are investing not only in commercial businesses, but in a number of different types of developments. Nik says that two to four-bedroom villas are the most popular, whereas Charlie favours a wider range: "There are large and small housing developments appealing to families, older couples and investors alike. Thong Nai Pan is attracting families and investors wanting a high-quality villa to live in part-time and to rent as well."



Investment Opportunities

Prices are very competitive in Koh Phangan compared to similar locations in the region. Liam Bailey, chief market analyst from Property Abroad believes there are some great bargains to be snapped up. "Just as Koh Samui has been affected by the global situation, so Koh Phangan growth potential has been stunted, but this just makes it an even hotter investment destination.

"You can now buy 10 rai of tropical beachfront land, already divided into eight plots for £114,000 (approx THB 6.2 million). This will easily sell for three, four or even five times that (depending on how patient the owner is) during Asia's economic recovery."

Nik Parker offers a broader range of THB 1 million for coconut land with no views to THB 25 million for beach side property. As Charlie Solares says: "Factors to be considered in the price include infrastructure, access and

location on the island. For example, rocky coastal land starts at THB 2.5 million per rai or beachfront land for THB 5.5 million per rai." Making sure that underground drainage and water and electricity supplies are in place is an integral part of the buying process. Many property buyers purchase land assuming it is ready to be built on, only to find they have a lengthy and expensive process ahead in order to put in the necessary infrastructure. Both Nik and Charlie recommend talking to a real estate agent that is not only reputable but who knows the island. Charlie also suggests: "be patient and do your research. Include due diligence and get a lawyer to review the property before you buy."

The Simple Life

So although the property market has hit a slump overall, those with cash and patience are snapping up villas and homes in Koh Phangan where the price of property is, in most cases, less than 30% of the price elsewhere in the

region. With the island boasting less traffic, fewer commercial buildings and a smaller population than many surrounding islands, it is a magnetic draw for those searching for a new start or a simpler life, with developments and properties available to suit every lifestyle and most pockets.

www.sagelandandhouse.com
www.kohphanganholidayhomes.com

Key Prices:

Coconut land with no views:
THB 1 million per rai

Rocky coastal land:
from THB 2.5 million per rai

Beachfront land:
from THB 5.5 million per rai

Beach side property:
up to THB 25 million

Investor opportunities:
10 rai beachfront land THB 6.2 million
(predicted up to 5 times return on investment over time)

Koh Mak

Thailand's Family Island



Photo by Christian G

Koh Mak is located in the Gulf of Thailand approximately 20 km south of Koh Chang and is the third largest island in this area, after Koh Chang and Koh Kood. Viewed from the air the island is the shape of a cross, roughly 5 km from north to south and 8 km from east to west with the main beaches running the length of the northwest and southwest shores of the island.

For many visitors, Koh Mak looks how they imagine a tropical Thai island should look. Long swathes of beachfront with very little development, no ugly high rise buildings, no traffic as the only vehicles on the island belong to the resorts, plus family friendly accommodation and no crime. Bicycle and scooter are the preferred means of transport for most visitors. Whilst the island isn't accessible by car ferry, there are regular speedboat and slowboat services from the mainland throughout the year and from Koh Chang from October to June.

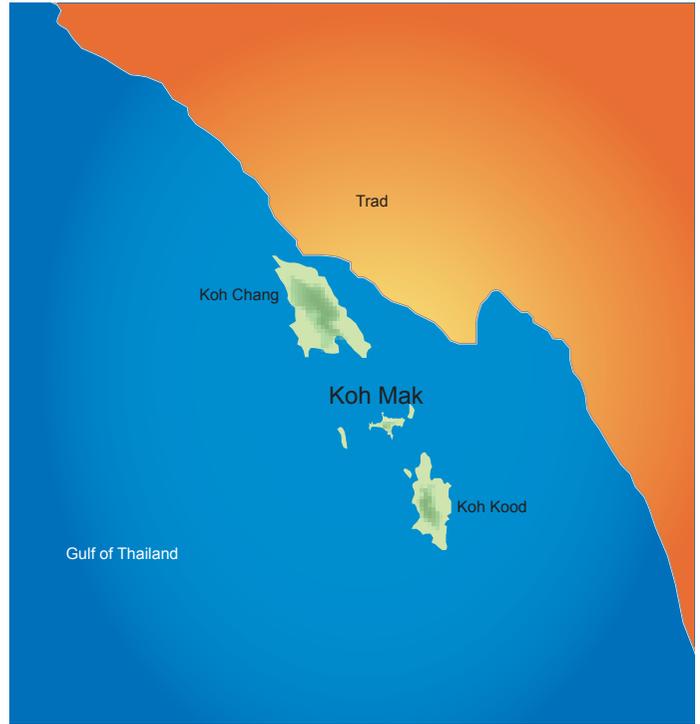
Natural Charms

Unlike virtually all other islands in Thailand the current landowners are all descendants of two wealthy businessmen who settled on the island. This handful of extended families still own virtually all the land on the island and as such control the way the island develops. Members of these families were educated well in Bangkok and overseas and so as time passed the landowners saw how progress was affecting other once pristine areas of Thailand and made a conscious decision

Goodtime Resort



Photo by Christian G



not to allow that to happen to their island. Thus the idea of 'Thailand's Family Island' was born. Many beach resorts and islands in Thailand are well known for their bars, nightlife, huge resorts and shopping malls. You won't get any of that on Koh Mak. What you will get is an environment which is safe, where you won't be disturbed by karaoke at 3 am and where you can walk along a beach without tripping over a gap year student crashed out after a party. Move to the island and within a week or two you will probably have met most of the inhabitants.

Island Hot Spots

There are two beaches that are popular with tourists visiting Koh Mak. On the northwest there is a long swathe of sand that is home to Koh Mak Resort and a couple of smaller bungalow establishments. But the busiest beach is on the southwest of the island. This beach is lined with a dozen small and mid size bungalow resorts. However, developers have not built on the beach, where land prices are high, but a few minutes walk inland in areas that provide privacy but also

great views across the island and across the sea to outlying islands. As the island is relatively small, you are never more than a few minutes walk or bicycle ride from the beach wherever you live.

At the moment property development is still in its early stages. The first development, marketed under the name 'Goodtime Resort', only began construction in mid-2006. This unique development of brick and teak wood homes proved to be very popular and within a couple of years 30 homes had been built for mainly European buyers. The success of Goodtime led to two



Koh Mak Property Co., Ltd.

additional developments springing up in 2008, Koh Mak Residence and Sea View Villas, both focusing on buyers looking for family homes but in a more modern Thai style.

Property Price Guide

Despite its charms Koh Mak hasn't been immune to the global economic crisis and prices for land and houses have fallen in the past year. In comparison to property on Koh Chang, buyers will, on the whole, get more for their money on Koh Mak. Another result of the downturn that I have noticed is that potential buyers are now looking far less at buying off plan and more at buying pre-built homes.

With that in mind, these are some examples of completed homes, ready to move into now. Anyone with a lower budget who is looking for a good rental return may want to check out the teakwood bungalows at the Goodtime Resort development, which can be bought for THB 2.5 to 2.8 million. These bungalows can be rented out through the popular Goodtime Resort and rental income shared between the owner and developer.

Moving up in size and budget THB 6.9 million will get you a 175 sq m, Italian designed, two bedroom villa on over 700 sq m of land. The Sea View Villas have great sunset sea views and one minute walk to the beach. Koh Mak Residence, a small development of luxury pool villas all with panoramic views south to Koh Rayang and Koh Kood, can offer fully furnished two bedroom pool villas ready to move into for THB 13 million. And, if you are looking for a business to run on the island, there can't be many islands in Thailand where THB 21 million will get you a well known bungalow resort on three rai of prime Chanote titled land with over 100 metres of beachfront.

Future Developments

Developers are keen to attract professional couples and families looking for spacious homes in small, well managed developments rather than providing cookie cutter housing estates for the mass market. Anyone who loves the lifestyle that Koh Samui or Phuket provide, probably won't consider buying on Koh Mak, and that's a good thing as attracting buyers who share the same

vision for the island as the locals and developers is key to ensuring the island's future. There again, I don't expect anyone to be marketing million dollar homes on the island anytime soon, homes will tend to be in the THB 5-15 million range for the foreseeable future as the infrastructure required to attract the super rich isn't yet in place.

KohChangRealEstate.com & KohMakProperty.com are online property agencies established to showcase the emergence of Koh Chang and Koh Mak for homebuyers seeking alternatives to Thailand's better known beach locations. The websites are run by English/Thai partners, Ian and Mam, who have lived on Koh Chang since 2003.

Key Prices:

Goodtime Resort Teak Bungalows:
THB 2.5 to 2.8 million

Seaview two bedroom villa:
THB 6.9 million

Furnished two bedroom pool villa:
THB 13 million

Business opportunities:
Beachfront bungalow resort
THB 21 million