

## Asia's Riviera

The Phuket property market is on the up and reaching for the sky. Should we all be looking to invest?

BY DEREK DAVIES

There's a rumour going around Phuket that Thailand's billionaire Prime Minister Thaksin Shinawatra is buying up any land on the island that is over 80 metres above sea level. This is the present legal height limit for property developments, though the regulation may be relaxed in the future, perhaps while Thaksin is still prime minister.

Whether or not it is true, and wherever it originated, the rumour gives confidence to those involved in Phuket's property development. If the prime minister is buying land here, so the theory goes, he's not going to kill the golden goose.

Subscribing to this view, developer Graham Bibby of the Hong Kong-based Richmond Group has been steadily building his Phuket portfolio in the past few years with a focus on boutique residential resorts. Among other projects, he plans a contemporary makeover of the recently acquired Fishing Lodge on Chalong Bay, while The Residence on Bangtao Beach near the airport is a new,

upmarket villa complex in one of the fastest developing areas of the island. Twenty-one spacious villas are set within lush tropical gardens on a private estate. A two-bedroom villa sells for approximately US\$250,000, while a four-bedroom villa costs US\$500,000 or more. The villas are ultra-chic, with an open-plan living room leading out to a private pool, a rooftop *sala* (pavilion) and barbecue, and stylish water features throughout.

To walk round The Residence's villas is to marvel at the perfect blend of traditional style and modern design. Inside, "smart home" technology is standard, with wireless broadband internet access, plasma TVs and top audio components, and even remote lighting and security systems.

A second phase is planned which will add 20 luxury townhouses, also for sale to investment-minded people. Owners of these properties (and the original villas), when not using them for their own pleasure, can opt to place them into a rental pool scheme, which

**Luxury villas are springing up all over Phuket as the investment property market heats up.**

provides a healthy return on their investment. It seems like a great deal, if you have the capital to spare.

"Phuket is the most favoured location in Southeast Asia for retirement villas and holiday homes," says Bibby, "not only because of its climate and beautiful beaches but also because of its first-class hospitals and international schools." Bibby also cites the growing number of upmarket shopping facilities and sophisticated entertainment venues in Phuket's favour. For these reasons and more, Phuket and the surrounding area are increasingly referred to as "Asia's Riviera".

Bibby's group is just one of a growing number of players in the Phuket property game. Veteran of the scene, Wayne Red Graham, who has recently opened his own real estate business, Eastwest Properties, says that three years ago there were only 20 developers on the island, each with half a dozen villas or



more. Today, there are more than 100: "There are as many as 1,000 new luxury villas on the market in Phuket today, either completed or on plan," he says.

Red Graham is deeply involved in two of the most interesting luxury developments in Phuket. One is The Raffles Hotel project on a magnificent, as-yet-untouched, ocean-view headland south of Kata Beach on the southwest coast. Here clients will purchase villas (on a lease-the-land, own-the-house basis) for more than US\$2 million, with a minimum of 0.4 acres (1,600 square metres or one Thai *rai*) of land.

Management will be by the Raffles group, who will also build a boutique hotel that will service the private villas. Pre-sales advertisements for this project appeared in some quality magazines at the beginning of the year, and the sales campaign proper started in the summer. Property analysts believe that the name Raffles is almost a guarantee of success.

The development on Cape Yamu, on an isolated peninsula on the west coast, not far from the soon-to-be-opened, Jack Nicklaus-designed Mission Hills golf course, is similar in concept to the Raffles project. Here, some 60-odd two-*rai* beachfront plots — with prices in

the region of US\$2 million for house and land — offer stunning sea views overlooking the islands of Phang Nga Bay. Many of the properties have already been reserved, and a hotel is also being considered as part of the project.

The overall design of this development is by the French celebrity designer Philippe Starck, whose work includes the Peninsula Hotel restaurant in Hong Kong and the Asia de Cuba restaurant in New York. He has completed a whole clutch of projects in London and elsewhere, and scattered Japan with architectural *tours de force* that have made him the leading exponent of expressionist architecture.

According to his website, Starck "is tireless in changing the realities of our daily life". He designed the First Class Eurostar Lounge at Waterloo Station in London; he has created a bookshop in Paris and a beer hall in Tokyo; he even takes time out to change our way of thinking about anything from pasta to ashtrays, lamps to toothbrushes, or door handles to motorcycles. There is no doubt that a man of Starck's experience and flair will create something new and interesting for what is one of the most beautiful and peaceful spots on the whole of the island. Phuket residents look forward

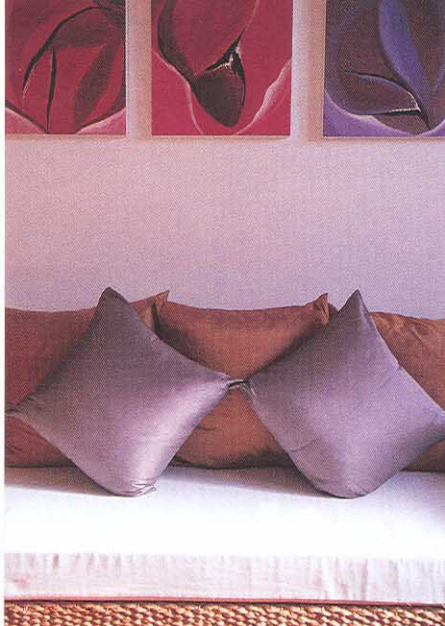
**Above: Phuket is now the leader in Southeast Asia's retirement villa market. Following page: The Residence, one of the island's newest developments.**

to seeing what he comes up with.

Bob Andrews, Managing Director of Phuket Land Search, agrees that resort-managed projects — which were pioneered by Amanpuri and the more recent Trisara development on Phuket — are very attractive. He quotes as an example Villa Santi, just north of Patong, due to be completed by the end of 2006, which he says "is selling extremely well".

Andrews believes that Phuket is far from the top of its property cycle and that "land speculation — within the parameters of Thai ownership rules — is definitely a way to make real money. Land by Mai Kao Beach has almost doubled in value during the past year, as has land over the bridge (connecting Phuket to the mainland)."

Property values will increase on Phuket, Bob Andrews says, partly because local financing is beginning to become available to foreign buyers in certain circumstances. Thai financial institutions are showing a willingness to lend when they can use land title as security. Says Andrews, "Once a developer can



# CEPA Report

## CEPA starts to bear fruit

Hong Kong companies are starting to see tangible benefits from the implementation of CEPA, the agreement between the mainland and Hong Kong governments giving benefits to Hong Kong companies in trade, services and investment facilitation.

By 30 June 2004, a total of 1,240 Certificate of Hong Kong Origin applications had been received, of which 1,147, or 92.5 percent, had been approved — 34 percent of these in the textiles and clothing industry. (According to a MOFCOM spokesman, Hong Kong-origin goods to the value of HK\$330 million entered China under the zero-tariff pact in the first five months of 2004.)

At the same time, some 407 applications for Certificate of Hong Kong Service Supplier had been received, of which 350, or 85.9 percent, had been given the green light. Of these, a whopping 53.7 percent were from the transport and logistics services sector. Liberalisation in services access is demonstrated in developments such as Hong Kong residents being eligible to sit for the State Judicial Examination in Guangdong for the first time this year. This will take place on 18-19 September.

Meanwhile, time is of the essence for Hong Kong companies wishing to take advantage of CEPA. The grace period for China's accession to the World Trade Organization expires in November this year, heralding the lifting of most foreign investment restrictions and across-the-board lessening of import duties.

But while CEPA may be a useful forum for China to experiment with selected liberalisations prior to fully-fledged WTO membership, and the inevitable dilution of original CEPA benefits that entails, those taking advantage of CEPA now can still find themselves stealing a march on the opposition in the short term. □

offer financing, he will get an enormous increase in the number of buyers."

Red Graham says that demand for sea-view land and property remains high. "Sea-view and beachfront property in Phuket, with good title, might be hard to come by, but it will always appreciate in value." He's probably right. An island is finite in size, and one day the prime land will all be spoken for. With its climate, natural beauty and increasingly impressive infrastructure all in its favour, Phuket will always be a hot destination — especially if you can live your holiday dream and make money from it at the same time. □

If you are interested in learning more about property investment in Phuket, contact the following companies:

**The Richmond Group:**

[www.richmondth.com](http://www.richmondth.com),

[mking@ghc.com.hk](mailto:mking@ghc.com.hk)

**Eastwest Properties:**

[www.eastwest-properties.com](http://www.eastwest-properties.com),

[red@eastwest-properties.com](mailto:red@eastwest-properties.com)

**Phuket Land Search:**

[www.phuketland.com](http://www.phuketland.com),

[bob@phuketland.com](mailto:bob@phuketland.com)

**Dragonair flies three times a week to Phuket.**

## “ Enough Said ”

Classic quotes on business and travel

**I**t is unfortunate we can't buy many business executives for what they are worth and sell them for what they think they are worth

— Malcolm Forbes

**I**n the business world, the rearview mirror is always clearer than the windshield

— Warren Buffet

**T**ravel is only glamorous in retrospect

— Paul Theroux

**A** journey of a thousand miles begins with a single step

— variously attributed to Confucius or Lao-Tzu

**F**ailing organisations are usually over-managed and under-led

— Warren G. Bennis

**I** love to travel, but hate to arrive

— Albert Einstein