

Phuket Villas Market

Annual 2007

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Trisara, Luxury Residential Villas in Phuket

Executive summary

- During 2004 - 2007, there was a total cumulative of 1,966 villas launched for sales from a total of 118 projects.
- The average take-up rate of Phuket villas launched in 2007 improved and touched 22%, up from 14% recorded for villas launched in 2006.
- High-end villas had the most obvious change in price between villas launched in 2006 and villas launched in 2007, whilst other villa types showed a slight increase in price for villas launched in different period.
- The increase of charter flights to Phuket is believed to help increase the numbers of tourists and investors in Phuket and will result in the increasing demand for Phuket villas in the next few years.

Phuket Villas Market 2007

General

Knight Frank Thailand recently completed its year-end villas market research along the west and east coast areas in Phuket.

The area of research covers an area spanning from:

- Mai Khao to Rawai along the west coast
- Ao Por to Cape Panwa along the east coast

This report covers the following types of villas:

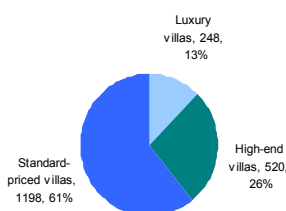
- Standard-priced villas which are priced at Baht 10 million – less than Baht 30 million
- High-end villas which are priced at Baht 30 million – Baht 50 million
- Luxury villas which are priced at over Baht 50 million

Additionally, this report covers both beachfront and non-beachfront villas.

Supply

Figure 1

Cumulative Supply of Villas in Phuket Classified by Type (2004 - 2007)



Source: Knight Frank Research

During 2004 - 2007, there was a total cumulative of 1,966 villas launched for sales from a total of 118 projects. The standard-priced villas have the bulk of market share, totaling 1,198 units coming from 73 projects. Standard-priced villas account for 61% of total supply and have been developed along the west and east coast area.

For the high-end villas, there were 520 villa units coming from 35 projects launched. High-end villas equate to 26% of total supply. Bang Tao is the most favorite location for high-end villas. Luxury villas which are priced over Baht 50 million have total of 248 units from a total of 18 projects. Supply of luxury villas accounts for 13% of total supply in Phuket. For the luxury segment, Kamala is the no. 1 location with the largest units of luxury villas. By location, the west coast area has traditionally been the most popular location for villa developments due to its long white sand beach and light blue sea.

There are currently around 1,161 units of villas developed along the west coast (these units include both being constructed projects and on sales projects), accounting a 59% of total supply. For the east coast area, Cape Yamu is the most crowded area for villa development with total of 154 units. Villas on the east coast totaled at 805 units, representing 41% of total villas supply in Phuket.

New Supply in 2007

In 2007, Knight Frank Thailand revealed that newly launched 160 units of villas came from over 10 villa projects. Most new villa projects launched in 2007 are located in Bang Tao area which is surrounded by 6-star and 5-star resort hotels in Laguna Phuket.

Total new supplies of 160 villas in 2007 were below the figures recorded in 2006 when 786 new villas were launched. This implies for a 79% year-on-year decrease in the new supply.

New Villa Supply Classified by Location - 2007

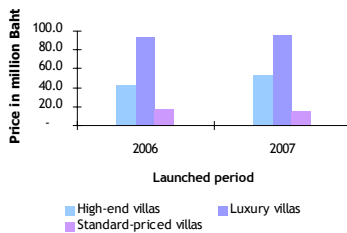
West Coast	East Coast
Anchan	Baan Rommai Phase 2
Baan Pratum	The Gardens Phuket
Baan Wana	The Yamu
Deva Yama	
Malaiwana	
Montra Kira	
Ocean Club 11	
Saisawan	
The Kiri Villas	
The Villas Overlooking Layan	

Source: Knight Frank Research

Pricing

Figure 2

Price Comparison of Villas Classified by Type



Source: Knight Frank Research

From the chart, it is apparent that high-end villas had the most obvious change in price between villas launched in 2006 and villas launched in 2007, whilst other villa types showed a slight increase in price for villas launched in different period. High-end villas had the price increase of 25% from year 2006 to year 2007. For luxury villas, the change of price was slightly at just 2%.

Comparing between standard-priced villas launched in 2006 and 2007, projects launched in 2007 appeared to have cheaper price than projects launched in 2006. The price difference of villas launched in each period depends on the location as well as the quality of the beach in the area.

Demand

In terms of demand, the average take-up rate of Phuket villas launched in 2007 improved and touched 22%, up from 14% recorded for villas launched in 2006. Our survey has revealed that all types of villas launched in 2007 experienced the improvement in take-up rate compared to villas launched in 2006.

The higher take-up rate of villas launched in 2007 was contributed from the sales of high-end villas with average take-up rate of over 30% whilst luxury villas and standard-priced villas had the average take-up rates of 16% and 21%, respectively.

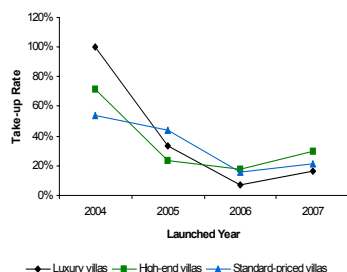
Factors supporting the underlying strength of average take-up rate of villas launched in 2007 were:

1. the increasing popularity of resorts in Phuket
2. the increase in numbers of visitors in Phuket that rose over 2006 by 8.7%
3. the full facilities provided by savvy developers which created more interests to buyers and investors.

“All types of villas launched in 2007 experienced the improvement in take-up rate compared to villas launched in 2006”

Figure 3

Take-Up Rate of Phuket Villas Classified by Type



Source: Knight Frank Research

From the result of Knight Frank's survey, villas that have more than 50% take-up rate are mostly located on the west coast area. These include projects like The Villas Overlooking Layan, Baan Wana, Two Villas Naya, and The Residence Phase 4. For the good selling project on the east coast, it has been found that The Yamu (The Club Villas) is the project which is the outperform one in the east area.

Market Outlook

In 2008, it is believed that new supply for villas will continue to be targeted on overseas investors. Beachfront villas along the west coast of Phuket will still be the main focus among villa developers.

Supply and demand is expected to continue growing in the next few years with new supplies contributing to the total supply in the market though probably at small units. Knight Frank's research has revealed that South East Asia (SEA) expatriates and overseas investors from Europe, Hong Kong, Korea, Singapore and Russia would be key markets of villas since these people desire to own villas either as their second homes or the accommodation reflecting relaxing vacation or holidays near the beach since Phuket is recognized as one of the world's famous resort destinations.

Price of villas is expected to have the increase in compliance with the changing of time period. Moreover, the increase of construction materials and the scarcity of beautiful land plot will cause the price of new villa projects that will be launched in the next few years to be more expensive. Our findings have shown that villa's price has the average increase about 10% year-on-year.

The increase of charter flights to Phuket is believed to help increase the numbers of tourists and investors in Phuket and will result in the increasing demand for Phuket villas in the next few years. Phuket will continue to command the high villa price especially for the beachfront area.



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