

## Fewer European buyers in Phuket residential property market

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A healthy increase in tourism arrivals is not yet impacting on the residential real estate market in the Thai island of Phuket but experts predict an increase in Asian buyers will emerge.

Traditionally Europeans have been big buyers in the area but the continued eurozone crisis is affecting their desire to buy, according to the latest analysis report from CBRE Thailand.

It shows that the average asking price for a villa on the island in the first quarter of 2012 was THB75.3 million and five new projects were launched in the first three months of the year, of which most were in the entry level and mid price.

In the condominium and apartment sector the average price was THB16.2 million and there was only one new project launched in the quarter.

European, Canadian and Russian are buying at the entry price levels while the mid range is attracting buyers from Australia and the luxury sector wealthy individuals from Asia, its report says.

'We expect performance to continue to improve in the second quarter of 2012 and onwards over the rest of the year. Demand will continue for affordable villas and we expect the luxury segment, especially in view of the new launches, to be a low volume, high value segment,' said David Simister, chairman of CBRE Thailand.

'Despite healthy increases in tourism arrivals, we are not for now seeing proportional increases in sales in the resort property market. The traditional market of European expatriates in Asia and European buyers have less of an appetite to buy property. We believe this is in part due to European and global financial problems and in part concerns on investment in Thailand,' he explained.

'The rising tourism numbers are mainly from Asia who has yet to become resort property buyers. Over time repeat tourists will create new buying demand and in time new products will emerge to match their requirements,' he added.

Whatever the nationality, buyers prefer completed developments with completed units outperforming those under construction, the report reveals. Some 85% of completed units are sold compared to 54% of those still being constructed.

'Those only in planning stages do not give buyers the level of confidence they are looking for and as a result sales are poor,' said Simister.

'With growing tourism arrivals and the strong reputation of Phuket, we expect the overall performance of the condominium and apartment market to continue to improve in 2012,' he added.

