

Golf Property - An Exciting Market

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There are some 25 existing golf projects with housing potential within an hour of Pattaya with more underway. These were mainly built in the early 1990s as large housing estates surrounding golf courses. Many "went under" with the property and currency crashes of the mid-late 1990s, reverting to banks and financiers. It is only in the past two years that the property aspects of these projects are starting to get back on track.

A house or condo by a golf course is considered by many to be the best realty in the world. This has been constantly proved time and time again. Spanish-style houses overlook the best collection of courses in the world on the Monterey Peninsula, mansions set into the Wentworth Estate forests in Surrey or properties that snuggle into the rolling sand dunes besides Royal Sydney are all in the top echelon of desirable residences. It was this luxury factor (together with the explosion of the game) that encouraged Thailand developers to create many new golf projects all over the Kingdom. Sadly, they made some basic mistakes. Most developers assumed that all land lots should be large, meaning that the high land prices placed on the formed lots immediately limited purchasers to those with a very large budget. Perhaps a bigger mistake was to not provide the actual housing component for most estates. Often, this also extended into not providing costed house designs as well—leaving the whole development onus on buyers. At the time, there were few builders around who had the skills to design and build a house from scratch on a one-off basis. Most in the development field were the larger building contractors who were only interested in doing the larger projects. Finally, many land buyers were speculators, not end-users.

Once the downturns hit, there were few golf projects that had made much headway on housing or condominium construction. The banks that now held most of the golf projects had no finance nor development expertise to continue on with development. Indeed, many land lots had been sold and this meant that the estates had been fragmented—making it hard to instigate new composite schemes. Just about the only bank-held project around Pattaya to resume any sort of development in the troubled late 1990s was Phoenix. Building an unusual series of small houses aimed at the Bangkok weekend market, they were not very successful (eventually these did move but often with a greatly modified design). The only projects to show any sort of success on the property front were such as Eastern Star, Green Valley and Burapha who had the draw card of international schools. Even then, other property development on these estates was limited given the total available development land available. Panya Resort (now Crystal Bay) was one exception, being one of the older estates who did have some housing completed, but again of a limited nature. Laem Chabang could be regarded as a success, but only for the owner. Both the near-clubhouse condos and most of the land lots had managed to sell before the market crashed. However, there has been very little housing built and the many plot owners must be disgruntled for deciding to buy into a land-only project.

With the two factors of management companies/new owners taking over projects and the resurgence of the property market since 2002, things are looking much better on the golf property front. Phoenix's excellent location near Pattaya has spurred development both within the estate and nearby. Recently, a major parcel of land by the clubhouse is to be turned into a luxury condominium project which will greatly help the ongoing development of the estate. Rayong Green Valley is continuing to build more housing, Burapha has a new hotel underway and new golf projects have opened. Of the latter, both Pattana Sports and Wangjuntr demonstrate a different approach to golf project development. With strong funding by affluent Thai companies, both have bitten the bullet on the property front. Understanding that the land plot strategy well away from existing housing just does not work, they are building a variety of property elements from hotels, golf lodges and sports facilities. Adding-in housing for rental and sale, they are taking the correct position of being the estate developer over the long term. Although these projects are massive and will take a long time to derive meaningful profits, it is likely that they will succeed due to their long-term commitment and funding.

Close to Pattaya there is a choice of over a dozen great golf courses to live besides. As above, both existing and new owners are starting to get to grips with the property elements. However, many still remain with big land lots (typically one Rai) and most are blighted by fragmented ownership. The writer believes that these two main problems can be overcome. With the recent upsurge of the property market there are now many new successful developers hungry for new projects. In particular, there are many who are now quite prepared to take over part or all of existing projects, pumping-in fresh capital and drive. The profile of the typical developer has changed from being a land lot-seller to a full-blown developer, who will complete all aspects from house construction through to landscaping and ongoing management. It will not be surprising if some of them wade into existing undeveloped golf estates, buying-up vacant land lots en masse. Then they can design suitable housing and possibly even resize land lots before launching major marketing efforts. As Pattaya expands and the Eastern Seaboard infills, the many partially-developed golf projects will start to look more and more attractive. This will obviously take time but all the positives are there. It may even be better to start afresh and build new golf courses with houses and condominiums, leaving existing estates to gradual property infilling by smaller developers.

Surprisingly, the Western Seaboard around Hua Hin and Cha Am is looking more progressive on the golf property front than Pattaya. This may well be linked to higher green fees than Pattaya has, making the golf course owners more bullish. The relatively new owner of Palm Hills there has really bitten the bullet and is doing a deal of attractive property development that is selling well. Despite high property prices, this 18-hole estate is going great guns and is becoming one of Thailand's most-developed golf estates. This has encouraged other golf courses to recommence development and there are now two new projects underway with high levels of actual property elements rather than just land plots. Bangkok is also starting to complete her many golf estates with housing.

After a very shaky start on the golf property front in the Kingdom, the corner is starting to be turned. The game continues to boom and now we have many aggressive developers looking for new houses and condominiums to build. One clear field for them is that of golf property. It will

not happen overnight, but it reasonable to expect that many of the thousands of undeveloped land lots by golf courses on the Eastern Seaboard will be turned into prime housing over the next few years. Best of all, the market is no longer limited to speculators. Realistic end-occupiers include both Thais and expats – mainly (but not limited to) golfers who have both the desire and resources to occupy some of the best property available.