

# Home&Living Buying overseas

Last year's coup sent property prices tumbling. **Graham Norwood** investigates the drive to attract British buyers back to the market

## Is it safe to buy Thai?

**A**s foreign holiday home destinations go, Thailand ticks all the boxes: tropical sunshine, tranquillity, low property prices and bullish estate agents. But on September 19 last year, a coup and declaration of martial law sent the country and its economy into flux. Holiday homes dropped in price due to the volatility of the baht, Thailand's currency, and confidence levels followed suit.

Yet the property industry is not easily deflated and a year later a post-coup charm offensive is being launched to resuscitate British interest in Thailand. One estate agent selling in the region has thrown champagne receptions in cities across the UK, offering invitations to Thailand to look at new schemes in Phuket and Koh Samui.

So what is the current state of the market?

"Demand for property definitely cooled off as a result of the coup, almost up to 50 per cent," admits Robert Green of Cluttons Resorts, which has started selling properties on the Banyan Tree Resort in Phuket. "But sales are moving relatively slowly again and although prices

have remained static in the past year, they are picking up.

"Ninety per cent of our enquiries are for two- to three-bedroom villas in managed top-end resorts, which offer rental returns," says Robert.

"Buyers are still looking for properties as an investment as well as for their own use."

Robert Collins, head of Savills's Thailand office, describes sales as "subdued" and warns that "the strengthening of the baht is having a negative impact on the economy". Foreign buyers, he says, are taking a "wait and see attitude".

His colleague, Charles Weston



Baker, Savills's head of international sales, however is confident that buyers will return. "Thailand is an incredibly beautiful area, few places in the world compare to it, and the coup has not unduly affected interest," he says. "It is a two-tier market, both regional – from Singapore and Hong Kong – and European, so there is good demand. People still see Thailand as a top holiday area and rightly so."

Others have commented that the military government's promise of a general election before the end of the year could bring an end to the political uncertainty. "As coups go, this has not been the worst," says Robert Collins. "The market will hopefully stabilise and if a

**Koh Samui, Dhevatarra Cove: A gated community of six homes with five to six bedrooms, infinity pool and outdoor jacuzzi. From £975,000, Dhevatarra Properties, www.dhevatarra.com. Inset, tanks on the streets last year; below, Neil and Emma Redcliffe outside their Thai home**

democratic government comes to power, controls on foreign ownership will be relaxed," he predicts. "The biggest problem is the complicated ownership laws."

Foreigners can buy a freehold or leasehold property in Thailand, but are not allowed to buy a freehold plot of land. If you plan to buy a house or villa, then you must set up a Thai limited liability company jointly with Thai nationals who have to prove they can take over your payments should you default. Start-up costs are £1,000, with ongoing fees of about £50 a month.

Claire Brown, whose company Claire Brown Realty specialises in Thai middle- to top-end property, believes there is a better way than this "back-door" method of buying,



**ONLINE**

To see more overseas property visit  
[telegraph.co.uk/property](http://telegraph.co.uk/property)

"You don't need a separate company to buy a house if you buy leasehold," she says. You can usually only buy for a total of 90 years, via three "rolling" 30-year leases. "It's a more legally robust system which doesn't try to circumvent the law," she says. "It is straightforward to sell on, as the developer will renew the 30-year lease and it is cheaper with stamp duty at 1 per cent as opposed to 6-6 per cent for freehold."

But other agents warn of the potential pitfalls associated with leasehold purchases. "The 90-year lease idea simply loses value year by year," warns Julian Cunningham of Knight Frank. "A buyer must be very careful who he buys from, and what and where he buys."

Stephen Owen, of Dhevatarra Properties, who sells top-end villas in a gated beachfront community on Phuket, warns against buying a leasehold property. "A foreigner can legitimately set up a company to buy a property. If freehold, there is no problem selling on; if leasehold, the developer can always turn around and not renew the lease. This happened at a top residential resort here which was given notice after

only 14 years. There was a legal battle to extend to 30 and nothing longer has been promised."

All of which begs the question, for a country which is so keen on foreign investment, shouldn't the laws be made easier? "The government is under increasing pressure to open up the market and make it less complicated," says Robert Green, "but it will be a good few years before the regulations ease up."

Certainly the political and economic turmoil of the past year and complicated buying procedure hasn't deterred longer-term owners such as Londoner Neil Redcliffe. Shortly before the coup, he bought a villa on Coconut Island at Maphrao, an island just east of Phuket, after visiting Thailand frequently over the past 25 years.

"It's a beautiful country where the quality of everything – furniture, building, service – is five star, just as those qualities are going down in areas like the Caribbean," says Neil, head of a foreign exchange firm.

"Through my job I'm aware of what's been happening. The effects of the coup won't last long. The former government was on a track unpopular with Thai people, so I see the military involvement as a sign of strength," he says. "Thailand is superbly positioned. The culture and the food are fantastic, and I love it."

The target for Thailand, now, is to persuade the rest of us to love it too.

### FOR SALE TROPICAL HIDEAWAYS



**Phuket** Three-bed villas at the Banyan Tree, far left, a five-star resort with a rental guarantee scheme. £732,000 to £1,465 million, Cluttons, 020 7584 3050.

**Koh Samui** 65 one-to four-bed flats on a private beach, left. £141,177 to £572,322, Savills, 020 7016 3740

