

Wednesday, October 17, 2007

## Govt-assessed land prices skyrocket

BANGKOK: Over the past four years, Phuket has recorded the highest land-price increase in Thailand, according to unofficial results of a nationwide land appraisal conducted by the Treasury Department.

A source in the Treasury Department told a *Prachachart Turakij* reporter that on average, land prices in Phuket had increased 157.7% due to sustained growth in the tourism, real estate and retail sectors. The increases were the highest recorded among Thailand's 76 provinces.

The Treasury Department conducts land appraisals every four years to set benchmark prices for land that are then used for reference by the Land Department when levying taxes on property transactions. In the last assessment Phuket land increased 65% on average.

The source said that Thalang District had experienced the largest increase, about 205% on average. Some plots of land located near the Laguna Phuket resort development increased from 5,000 baht per square wah in the last appraisal up to 30,000 baht per square wah in the latest appraisal, the figures for which will take official effect January 1, 2008.

Plots of land off main roads in tambon Pa Khlok showed typical increases from 250 baht per square wah to 950 baht per square wah in the latest assessment, while plots located inside residential developments in Thalang jumped from between 3,000 and 5,000 baht per square wah to between 13,500 and 30,000 baht per square wah.

Kathu District had an average increase of 144%, with premium land along the beach road in Patong almost doubling from 50,000 baht per square wah to 94,000 baht per square wah. Plots located off main roads also doubled in appraised value, from about 500 baht per square wah to 1,000 baht per square wah on average.

In parts of Muang District outside Phuket City, prices rose an average 124%. The highest recorded increase was at the Sun Palm Village residential housing estate in Chalong Village 9, where prices quadrupled to 32,200 baht per square wah from 8,000 baht per square wah. Plots inside property development projects in these areas increased from between 7,500 and 10,000 baht per square wah to between 12,500 and 32,200 baht/square wah, on average, the source said.

Land without easy development potential, such as for plots without road access in Rawai, experienced smaller increases from 800 baht per square

wah to 1,000 baht per square wah on average.

The source quoted Land Assessment Department Chief Klaew Thongsom as saying that foreign investment in tourism-related businesses was a main factor behind the boom in assessed prices. Other factors included the rapid expansion of road networks on the island and the introduction of numerous large retail outlets over the past four years.

He noted that land price increases in Chiang Mai, another province that relies heavily on tourism income, was only 10%.

Soon after the news was released, Dr Sophon Pornchokchai, president of the Agency for Real Estate Affairs valuation and research center, issued a press release entitled "Don't Worry About the New Government-Assessed Value".

He noted that the government-assessed values are not real market values and that there is "no typical ratio" between the two.

He described as inaccurate reports that the increases would lead to a huge rise in house prices, but predicted some very hectic days towards the end of the year when large-scale developers try to transfer units before the new rates take effect in order to "economize on tax and transfer fees".

However, this will not be a big problem for the general public, the statement read.