

**MARKET RATTLED**

The Chiang Rai quake brings land-price growth down to earth. B8

# Quake's wake-up call

Shaker brings Chiang Rai property boom down to earth, writes **Kanana Katharangsiporn**

**T**he May 5 earthquake and subsequent aftershocks in Chiang Rai have cooled land prices and a property buying spree, particularly in Muang district, where the property market has flourished over the past few years on an anticipated boom in border trade and new infrastructure development.

However, an earthquake and engineering expert suggests new buildings in the northernmost province adopt an earthquake-resistant design and engineering standards to withstand future seismic shocks.

Thanagorn Sroysuwan, an adviser to the Chiang Rai Chamber of Commerce, said the earthquake with a magnitude of 6.3 on the Richter scale in Phan and Mae Lao districts earlier this month has had no significant impact on land prices in Muang district.

"The earthquake didn't hit booming development areas, which are mostly in Muang district. The incidents were 40-50 kilometres away," he said. "Only shakes were felt with no damage in the booming property areas."

Phan and Mae Lao, the epicentre of the quakes, are agricultural districts not economic or major residential zones. But the earthquakes have reminded locals to strengthen the structure of their houses and buildings since the tremors mainly affected old buildings, which were built without earthquake-resistant design and construction techniques.

Land prices in Muang district, which

had escalated during the past few years after the opening of Central department store, have been stable since the recent earthquake and aftershocks.

Plans for a bridge across the Mekong, new highways, a second airport and mass transit have also attracted a number of Bangkok-based developers and new players.

Some large Bangkok developers entered Chiang Rai's condominium market last year — CP Land Plc, Sansiri Plc and Quality Houses Plc (QH), the last two SET-listed.

All of these are low-rise condominium buildings located on Phahon Yothin Road.

Late last year, SET-listed Land and Houses Plc (LH) also launched the Siwalee Sri Wiang-Chiang Rai single house project on 90 rai on Si Wiang Road.

Houses are priced from 4-6 million baht.

"There are no drops in land prices at the moment but landlords cannot raise the prices as they want, like in the past," Mr Thanagorn said. "The frequency of land price increases is not by month but longer than that."

Moreover, most land plots in prime or attractive locations are currently in the hands of major landlords or developers who can hold them for a long term.

Currently, the highest land prices per square wah were on Phahon Yothin Road near Central Plaza Chiangrai with an offering price of more than 100,000 baht per sq wah.

The home purchase situation has been still since the earthquakes, said Mr Thanagorn, also one of the major shareholders of Fine Home North Asset Co, a subsidiary of Bangkok-based property developer Fine Home Group.

"Most property developers and homebuyers are now evaluating the situation," he said. "But we believe everything will return to normal in the foreseeable future, as the earthquake is nothing new to local people."

He expected pent-up demand from real buyers will resume, adding the earthquake just delayed a decision on property purchase and investment.

However, some developers, particularly local property firms, took this chance to continue property development. When market sentiment recovers, their projects will be ready to meet demand.

"It's a good time right now for home buyers to visit housing project sites and see with their own eyes whether any sales office, houses or buildings have been damaged or have any cracks from the recent earthquake," he suggested.

The earthquake has proved the construction standards of each housing project, Mr Thanagorn said.

"The earthquake will not turn Chiang Rai into a deserted town. Like the Japanese, people here need to learn to stay with it by applying earthquake-resistant designs for building or renovating them to resist quakes to minimise damage or injuries."