

# Bangkok Luxury House Market Overview Q3 2020



## HIGHLIGHTS

1

THE MARKET FOR HOUSING PRICED AT 10 MILLION BAHT AND UP IS RELATIVELY SMALL, WITH NOT MUCH SUPPLY ENTERING THE MARKET EACH YEAR.

2

THE LAND ALLOCATION PERMITS FOR HOUSES IN THE PRICE LEVEL OF 10 MILLION BAHT OR MORE FROM 2017 TO Q3 2020 WERE IN THE RANGE OF 1,489 TO 2,669 HOUSES PER YEAR.

3

THERE ARE 257 HOUSING PROJECTS THAT HAVE UNITS AVAILABLE FOR SALES. THESE PROJECTS HAVE A TOTAL UNITS OF 17,933 UNITS, OF WHICH APPROXIMATELY 11,211 UNITS ARE BEING SOLD OUT OF 17,933 UNITS, REPRESENTING THE SOLD RATE OF 63 PER CENT.

4

IF CLASSIFIED BY PRICING LEVEL, IT HAS BEEN FOUND THAT HOUSES WITH A SELLING PRICE LEVEL BETWEEN 10 TO 20 MILLION BAHT HAVE THE HIGHEST ACCUMULATED NUMBER OF UNITS SOLD, AT 5,906 HOUSES, WITH A SALES RATE OF 59 PER CENT. THIS IS FOLLOWED BY HOUSES WITH A PRICE LEVEL BETWEEN 21 TO 30 MILLION BAHT AND 31 TO 40 MILLION BAHT, WITH TOTAL SALES OF 2,290 UNITS AND 1,625 UNITS OR A SALES RATE OF 69 PER CENT AND 67 PER CENT, RESPECTIVELY.

5

THE MARKET SITUATION IN THE LOW-RISE HOUSING CATEGORY HAS CONTINUED TO MAINTAIN A STEADY DEMAND OVER THE PAST 2 TO 3 YEARS, DESPITE A SHARP DROP IN THE CONDOMINIUM MARKET.



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Director, Research and Consultancy

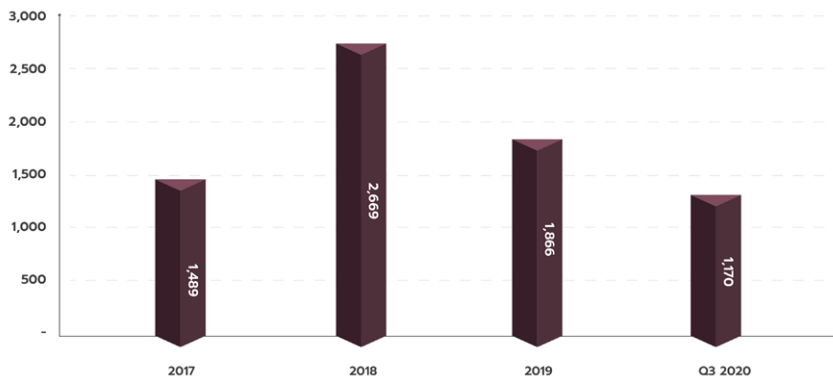
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For the new development of low-rise housing projects in the future, operators should consider the new lifestyle options, such as the division of space, to increase space for working from home. They could bring new innovations to the development of the home to further attract buyers, as well.

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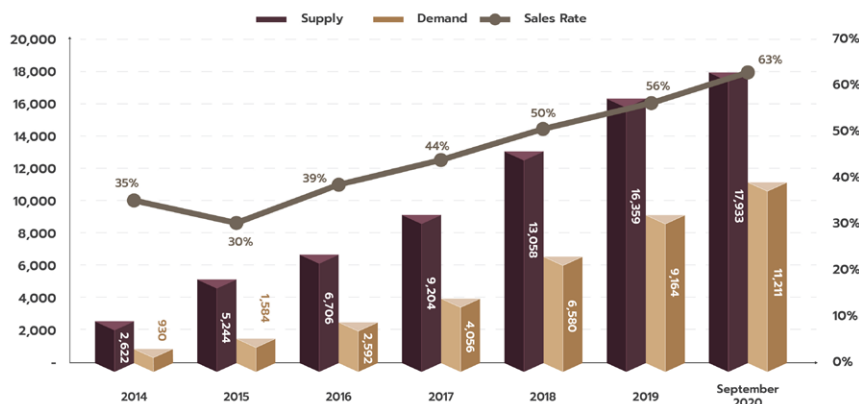
The year 2020 has been a difficult year for the condominium segment of the residential market. Developers of various projects have turned to the low-rise market for detached houses, semi-detached houses and townhouses. This is because such homes will play an important role in generating income for operators who are developing residential projects, given the Covid situation. The market for housing priced at 10 million baht and up is relatively small, with not much supply entering the market each year. At any rate, demand for houses at the price level of 10 million baht or more is also limited.

► **Land Allocation Permits for Houses Priced at 10 Million Baht and Up Granted, from 2017 to Q3 2020**



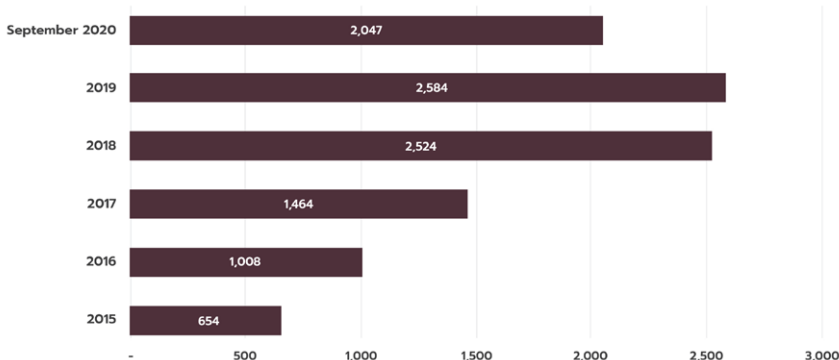
Source: Knight Frank Thailand Research

► **Supply, Demand and Sales Rate for Houses Priced at 10 Million Baht and Up, from 2014 to September 2020**



Source: Knight Frank Thailand Research

► **Units Sold per Year for Houses Priced at 10 Million Baht and Up, from 2015 to September 2020**



Source: Knight Frank Thailand Research

**Supply Trend  
(Land Allocation Permits in Bangkok and its Suburbs)**

The data from the Department of Land shows that, the land allocation permits for houses in the price level of 10 million baht or more from 2017 to Q3 2020 were in the range of 1,489 to 2,669 houses. The highest number of land allocation permits was found in 2018, with approximately 2,669 houses. In the first 9 months of this year, it was also found that the land allocation permits in the housing priced segment of over 10 million baht were for 1,170 houses.

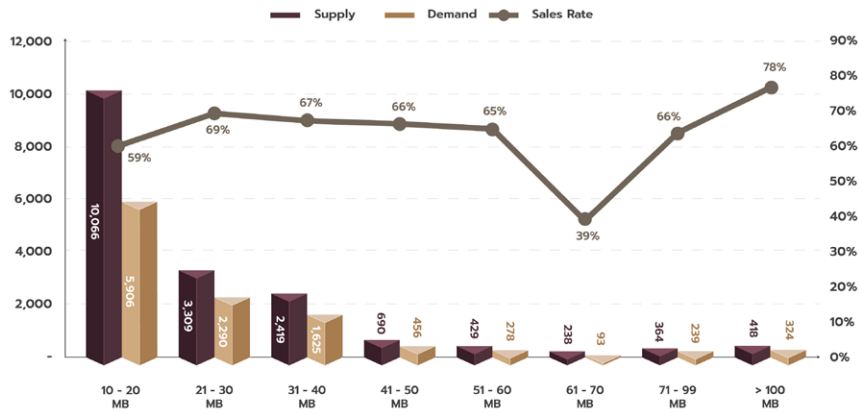
**Demand Trend**

Knight Frank Thailand has measured the demand from the housing projects that currently have units available for sale, as of September 2020. There are 257 housing projects that have units available for sales. These projects have a total units of 17,933 units, of which approximately 11,211 units are being sold out of 17,933 units, representing the sold rate of 63 per cent.

From the survey, it was discovered that the number of units sold has increased each year since 2015. In 2016, there were 1,008 houses sold, while in 2018 and 2019, there were about 2,500 units sold per year. In the first 9 months of this year, there were 2,047 units sold. In 2020, it is expected that number of units sold will be slightly more than in the past year; the quantity of new units sold in 2020 is likely to be higher than 2,600 units.

If classified by pricing level, it has been found that houses with a selling price level between 10 to 20 million baht have the highest accumulated number of units sold, at 5,906 houses, with a sales rate of 59 per cent. This is followed by houses with a price level between 21 to 30 million baht and 31 to 40 million baht, with total sales of 2,290 units and 1,625 units or a sales rate of 69 per cent and 67 per cent, respectively.

► **Supply, Demand and Sales Rate for Houses by Price Levels, as of September 2020**



Source: Knight Frank Thailand Research

The houses with the highest selling rates are those priced above 100 million baht, with a sales rate of 78 per cent – due to limited supply (only 418 units) in the market.

**Outlook**

The market situation in the low-rise housing category has continued to maintain a steady demand over the past 2 to 3 years, despite a sharp drop in the condominium market. The housing market is one that reflects the needs of real occupants. In addition, the buyers of residential houses priced over 10 million baht are a group that is not affected much by the credit stringency from the commercial banks and the Covid situation. Also, the coronavirus outbreak may make consumers decide to buy more houses than condominiums, to reduce the risk of exposure to the masses. In addition, the new mass transit development network will facilitate travelling to and from the city centre, which will play an important role in increasing demand for houses in this group.

At any rate, for the new development of low-rise housing projects in the future, operators should consider the new lifestyle options, such as the division of space, to increase space for working from home. They could bring new innovations to the development of the home to further attract buyers, as well.



**We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.**



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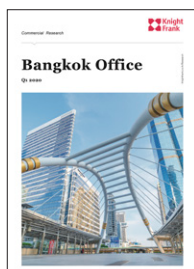
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