

Hua Hin Condominium Market Overview 1H 2021



HIGHLIGHTS

1

THE TOTAL ACCUMULATED SUPPLY LOCATED BETWEEN CHA-AM AND KHAO TAO BEFORE 2008 TO 1H 2021 IS 27,919 UNITS, WITH ONLY ONE NEW PROJECT (350 UNITS) LAUNCHING IN 1H 2021.

2

THE MAJORITY OF CONDOMINIUM SUPPLY WAS LOCATED IN CHA-AM AREA, REPRESENTING 58% OF TOTAL, FOLLOWED BY KHAO TAKIAB AND INLAND AREA, REPRESENTING BY 14% AND 11%, RESPECTIVELY. THE CONDOMINIUM LOCATED IN HUA HIN, REPRESENTING BY 9% AND KHAO TAO BY 8% OF TOTAL.

3

AS OF 1H 2021, THERE WERE 23,605 CONDOMINIUM UNITS BEING SOLD OUT OF 27,919 UNITS, REPRESENTING THE SOLD RATE OF 83%. DURING THE FIRST 1H OF 2021, THE NEWLY UNITS BEING SOLD WAS AT 280 UNITS, WHICH IS RELATIVELY LOW. USUALLY, IN THE PAST 5 YEARS, AN AVERAGE OF APPROXIMATELY 1,600 NEW UNITS HAVE BEEN SOLD IN THIS AREA PER YEAR.

4

THE AVERAGE ASKING PRICE OF SEA VIEW CONDOMINIUM UNITS AS OF THE FIRST HALF 2021 IS 130,680 BAHT PER SQUARE METRE, AND THE AVERAGE ASKING PRICE OF NON-SEAVIEW CONDOMINIUMS AS THE FIRST HALF 2021 OF 2020 IS 71,928 BAHT PER SQUARE METRE.



NATTHA KAHAPANA

Deputy Managing Director and Head of Phuket Operation

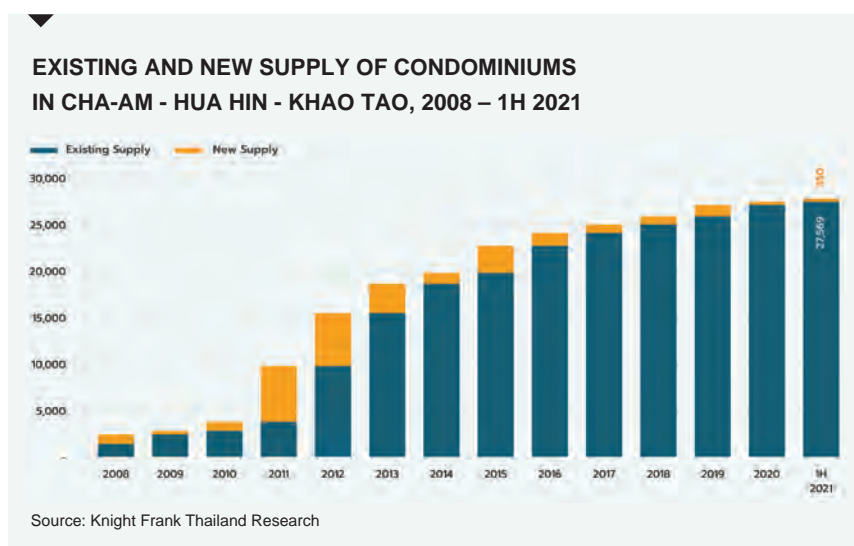


The main buyers of wealth are beginning to fade. Although the impact is relatively small but chooses to be cautious of costs. Because buying a condominium in Hua Hin is extravagant and uses it as a vacation home only, there is no need to rush to make a decision.



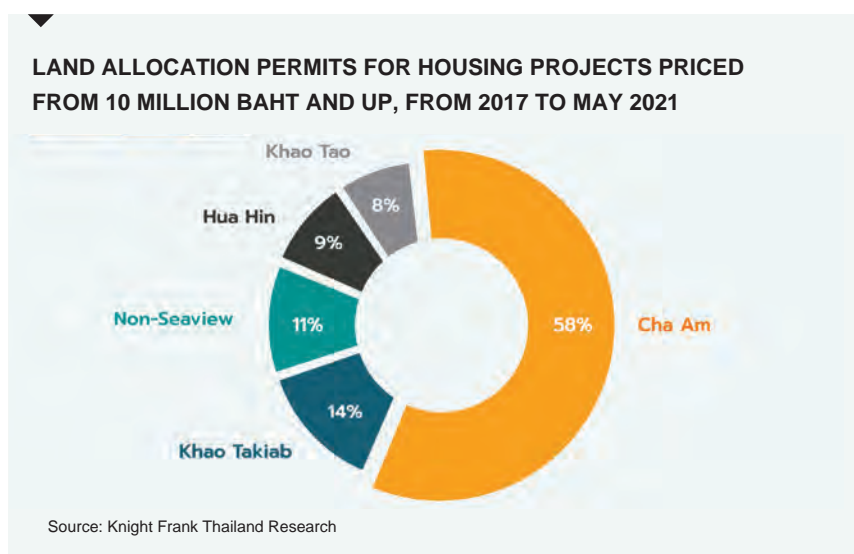
On the whole, the condominium market in the Cha-am - Hua Hin - Khao Tao area during the first half of 2021 continued its slowed pace from 2020, both in terms of demand and supply of new projects, due to the Covid-19 epidemic. The recent waves of infection, while vaccine distribution has not been far reaching, has exacerbated the situation. Consumers in the country have had to be cautious about investing, conserving their cash reserves for urgent expenditures.

The Hua Hin condominium market is comprised of two main groups: sea view condominiums, which have a small supply, and condominiums without sea views. Most buyers of sea view units are relatively affluent or those with cash on hand. This market segment enjoys constant selling activity, and it is not affected by the economic situation much. As for the market for condominiums without sea views, most buyers are middle-class people from Bangkok, other provinces or locals who buy the units as their second homes. Generally, the market for non-sea view condominiums keeps slowing down since 2020. Developers are still offering promotions to reduce prices in order to accelerate the closing of their project sales. Some have set aside units as part of a dedicated promotional campaign, offering around a 30% discount off the price, or possibly a 25% discount in conjunction with a free investment portfolio, to stimulate sales, accelerate the closing of sales, etc.



Supply Trend

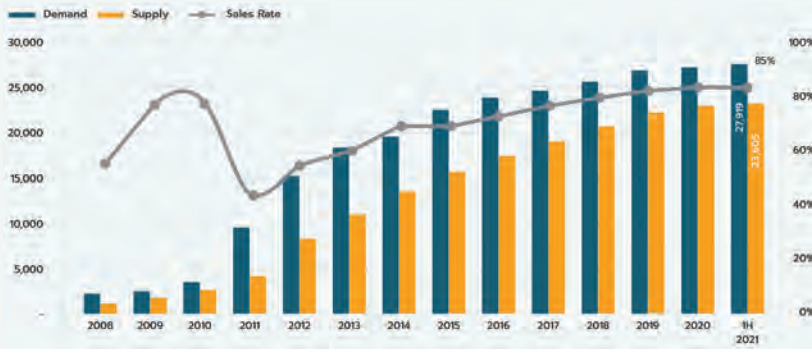
According to Knight Frank Thailand's research, the cumulative supply of condominiums in the Cha-Am - Hua Hin - Khao Tao area up until June 2021 includes a total of 27,919 units. During the first half of 2021, there were approximately 350 units added to the supply from 1 condominium project, which is The Rhine @Huahin. The condominium supply is mostly located in the Cha-Am area, accounting for 58 percent of the total; followed by Khao Takiab and inland areas at 14 percent and 11 percent, respectively. The supply of condominiums in the Hua Hin area make up 9 percent, while condominiums in the Khao Tao area account for 8 percent. For supply, There are no new project launches during this period, but two projects are in the works, already receiving their EIA approval: The Hamptons Condo project of 256 units in Khao Takiab and Vana Nava Residence project of 382 units located behind Vana Nava Water Park Hua Hin.



Demand Trend

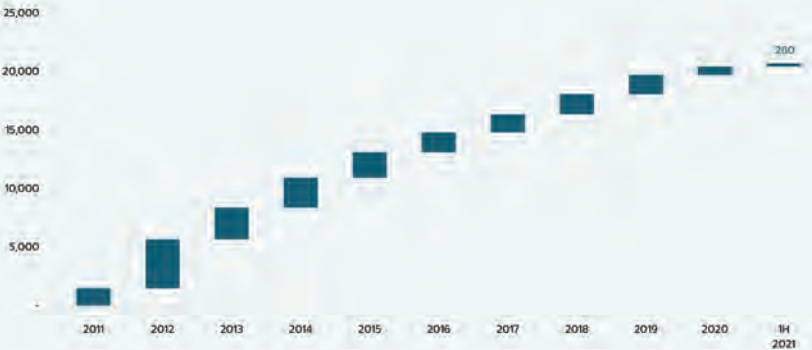
Condominium buyers in the Cha-Am - Hua Hin - Khao Tao area, under normal circumstances, are Thai residents who live in Bangkok. They account for 90 percent of the buyers, while around 10 percent consist of foreign buyers. During this period, most buyers include Thai investors with cash on hand who see opportunities amidst the promotions offered by developers to buy assets that would appreciate in value in the future. Alternately, such buyers are

SUPPLY, DEMAND AND SALES RATE OF CONDOMINIUMS IN CHA-AM - HUA HIN - KHAO TAO AREA, 2008 - 1H 2021



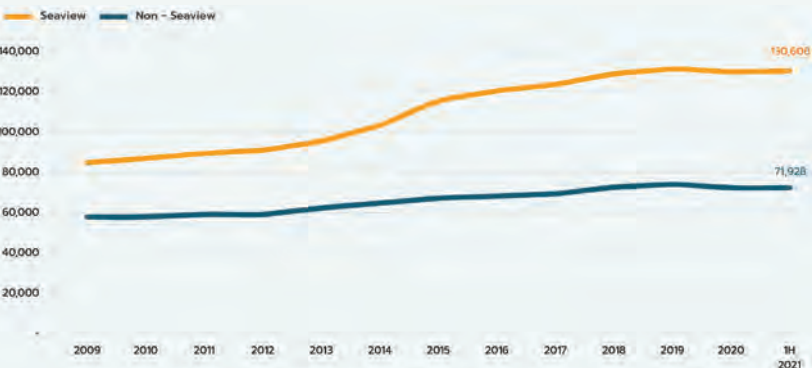
Source: Knight Frank Thailand Research

NEW CONDOMINIUM UNITS SOLD, 2011 – 1H 2021



Source: Knight Frank Thailand Research

AVERAGE ASKING PRICES IN THE AREA BY VIEWS, 2009 – 1H 2021



Source: Knight Frank Thailand Research

investing in projects managed by leading hospitality brands in anticipation of the turnaround in demand from the tourism sector after widespread vaccinations are achieved. Tourism in the country is expected to start improving from the end of this year.

In the first half of 2021, a total of 23,605 condominium units in the Cha-Am - Hua Hin - Khao Tao area have been sold out of a total supply of 27,919 units, representing a sales rate of 85 percent. The sales rate same as from the end of 2020, reflecting the demand in the Cha-Am - Hua Hin - Khao Tao area that signalled an existing slowdown made worse by the new wave of Covid-19 infections. Consequences have been broad. Some projects were in the midst of their promotional period and they have had to quickly clear their backlog in order to maintain cash flow. Currently, there are 4,314 units left for sale.

In the first half of 2021, there were a total of 280 units sold, which is relatively low. It is expected that the number of new units sold throughout the year will continue to decline from the previous year as the main buyers are the only ones who have cold cash and are not rushed to make decisions. In the past 5 years, an average of approximately 1,600 new units have been sold in this area per year. Due to the current situation, project developers are increasingly cautious, delaying the launches of new projects and focusing on market research to study the precise selling points of potential projects before making any decisions to invest in land.

Selling Price Trend

The average asking price of sea view condominiums in this area has been stable since the end of 2020, with an average asking price of around 130,608 baht per square metre. Sea view condominium projects, however, feature varying price points; for example, if a project boasts a stretch of land next to the beach in Hua Hin or Khao Takiab, is located near many amenities and/or is managed by a hotel chain, the project can be priced as high as 160,000 to 360,000 baht per square metre. Having a well-known hotel chain to manage the juristic person of the project will guarantee a certain standard of service and maintenance, which is good in the long term and helps build consumer confidence. Such a project is usually

divided into zones: no sea views, priced at approximately 160,000 baht per square metre; 45 degree sea views, priced at approximately 200,000 to 250,000 baht per square metre; and 180 degree sea views, priced at about 300,000 to 360,000 baht per square metre. The average asking price of condominiums without a sea view in the Cha-Am - Hua Hin - Khao Tao area is roughly 71,928 baht per square metre. This marks a slight decrease of 0.1 percent from the end of 2020, and the prices are still negotiable once the bookings have been made, as developers want to quickly sell any remaining units in order to close out project sales. Units have been set aside as part of the promotions to reduce the sale prices; most of them have been on the market for some time and are located in projects that have been completed.

Outlook

Condominium market trends in the Cha-Am - Hua Hin - Khao Tao area show that, for sea view condominiums, sales will continue but for a smaller number of units, which is not unusual in this type of high-end market. Buyers are typically affluent people who are executives or business owners; they are part of a group that likes to invest in real estate in resort towns, especially projects on the beach in Hua Hin or Khao Takiab. As there is almost no land left for project development, prices of such limited-supply condominiums have the opportunity to rise. For condominiums that do not face the sea, sales are expected to slow down and developers who have a large number of such unfinished condominium units for sale need to expedite promotions to close out their projects as quickly as possible to mitigate the risks tied to project management expenses.

However, in the future, if the Covid-19 situation returns to normal, there will be more opportunities for Thais and foreigners to resume purchasing condominiums in Cha-am - Hua Hin - Khao Tao. In addition to buying a space for their Workation or investing in rental properties for the recovering tourism market when the country reopens in 2022, they will have a safe place to live and avoid possible future epidemics. The condominium market in Hua Hin will be one of the target locations because of its proximity to Bangkok and hence short travel times, as well as its multitude of amenities. Moreover, the government has transportation infrastructure development

projects in the works, such as the elevated highway construction project on Highway No. 35 of Thonburi-Pak Tho (Rama 2 Road); the Nakhon Pathom - Hua Hin double-track railway project that has made 84.86 percent progress; the Bangkok - Hua Hin high-speed rail project that is expected to open for service in October 2031; and the expansion of Hua Hin Airport. The latter will be designated as an international airport that will be able to serve direct international flights into and out of Hua Hin, which would attract more foreign tourists. All these above factors will have a positive effect on the condominium market in Hua Hin in the future.

Non-Sea View Condominium : Is defined as a condominium project where less than 50% of total units have sea views.

Appendix

Location Definition

Cha Am : The area incorporating Petchkasem Road KM 210 to KM 225, as well as the sois in between.

Hua Hin : The area incorporating Soi Hua Hin 1 (next to Hua Hin Airport) to Petchkasem Road KM 235, as well as the sois in between.

Khao Takiab : The area from the road connected from Petchkasem Road KM 235 to the south for a distance of 14 km.

Khao Tao : The area incorporating the Khao Tao area, including Soi Hua Hin 126 to Soi Hua Hin 156, as well as the sois in between.

Inland : The area incorporating the northern side of Petchkasem Highway.

*Knight Frank Thailand research data is not inclusive of areas in Pranburi.

Condominium Type

There are two condominium types according to Knight Frank, which are:

Sea View Condominium : Is defined as a condominium project that is located on the beachfront with at least 50% of total units having sea views.

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



PHANOM KANJANATHIEMTHAO
Managing Director
+66 (0) 2643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



NATTHA KAHAPANA
Deputy Managing Director
& Head of Phuket Operation
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



FRANK KHAN
Executive Director, Head of Residential
+66 (0)2643 8223 Ext 105
frank.khan@th.knightfrank.com



SUNCHAI KOOAKACHAI
Director, Head of Research and Advisory
+66 (0)2643 8223 Ext 188
sunchai.kooakachai@th.knightfrank.com

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Bangkok Luxury House
Market Overview
Q3 2020



Bangkok Office
Market Overview
Q3 2020



Bangkok Condominium
Market Overview
Q3 2020



Phuket Villa
Market Overview
2020



Phuket Condominium
Market Overview
2020

Knight Frank Thailand Research, Reports are available at knightfrank.co.th/Research

Knight Frank Thailand Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice **customised to their specific needs**. Important Notice: © Knight Frank Thailand 2021. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Thailand for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Thailand in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Thailand to the form and content within which it appears. Our registered office is 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

