

Hua Hin Condominium Market Overview 2020



HIGHLIGHTS

1

THE TOTAL ACCUMULATED SUPPLY LOCATED BETWEEN CHA-AM AND KHAO TAO FROM 2005 TO 2020 IS 27,569 UNITS, WITH ONLY TWO NEW PROJECTS (348 UNITS) LAUNCHING IN 2020.

2

THE KEY BUYERS IN CHA-AM, HUA HIN AND KHAO TAO ARE STILL THAIS LIVING IN BANGKOK, REPRESENTING BY 90 PERCENT OF TOTAL, WHEREAS THE FOREIGN BUYERS, REPRESENTING BY 10 PERCENT, WHICH ARE BUYERS FROM SCANDINAVIA, FRANCE, ENGLAND, GERMANY, SWITZERLAND AND CHINA.

3

AS THE END OF 2020, THERE WERE 20,685 CONDOMINIUM UNITS BEING SOLD OUT OF 27,569 UNITS, REPRESENTING THE SOLD RATE OF 75 PERCENT. DURING THE YEAR 2020, THE NEWLY UNITS BEING SOLD WAS AT 689 UNITS. THE AVERAGE NEW CONDOMINIUM UNITS BEING SOLD FOR THE PAST 5 YEARS WAS AROUND 1,400 UNITS.

4

THE AVERAGE ASKING PRICE OF SEA VIEW CONDOMINIUM UNITS AS OF THE END OF 2020 WAS 130,000 BAHT PER SQUARE METRE, DECREASING BY 1.1 PERCENT FROM THE END OF 2019. THE AVERAGE ASKING PRICE OF NON-SEA VIEW CONDOMINIUM AS OF THE END OF 2020 WAS 72,000 BAHT PER SQUARE METRE, DECREASING BY 2.3 PERCENT FROM THE END OF 2019.



NATTHA KAHAPANA

Deputy Managing Director and Head of Phuket Operation

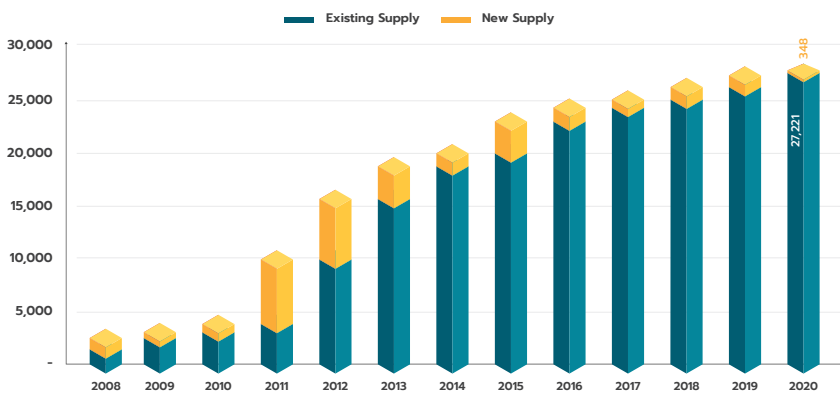


This should be a good time for Thais who hold cash to buy the condominium in this area as some developers have offered discounts in order to attract buyers.



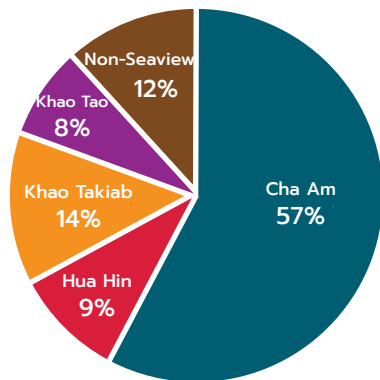
The overall condominium market in the area of Cha-am, Hua Hin and Khao Tao during the second half of 2020 remains slow, given the economic uncertainty from the Covid-19 pandemic and political protests. These have limited the purchasing power for condominiums to a group of Thais who hold cash. Such buyers consider condominiums in the Cha-am - Hua Hin - Khao Tao area as a second home that serves as a refuge from the unusual situations in Bangkok. Some operators have offered discounts in order to attract buyers as well as to boost sales and transfers and close out projects. However, some operators have not lowered their prices because they believe the market is still intact; they have instead held promotional campaigns to attract buyers. The slowdown of condo sales has also led operators to hold off on launching any new projects at this time.

► **Supply of Condominium Market in Cha-am - Hua Hin - Khao Tao, 2008 to 2020**



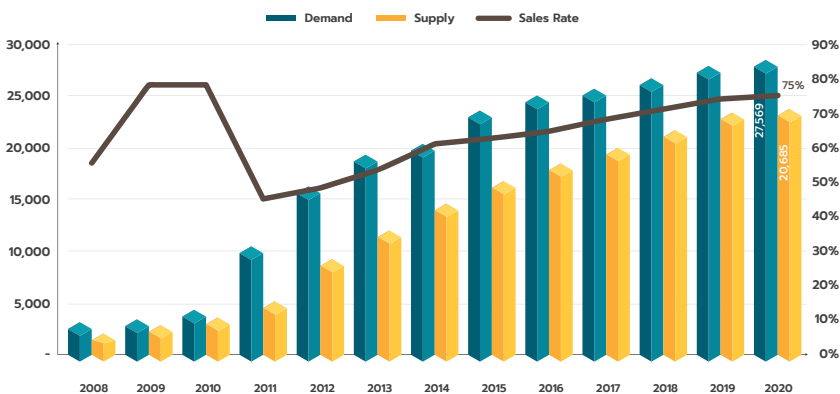
Source: Knight Frank Thailand Research

► **Supply by Location, 2020**



Source: Knight Frank Thailand Research

► **Supply, Demand and Sales Rate of Condominiums in Cha-am - Hua Hin - Khao Tao, 2008 to 2020**



Source: Knight Frank Thailand Research

Supply Trend

It was found that the accumulated supply of condominiums in the Cha-am - Hua Hin - Khao Tao area, from 2005 to 2020, included 27,569 units. In 2020 alone, there were 2 projects launched, with 348 units added to the supply; they include SASARA Hua Hin (110 units), situated in the Khao Takiab beach area; and InterContinental Residences Hua Hin (238 units).

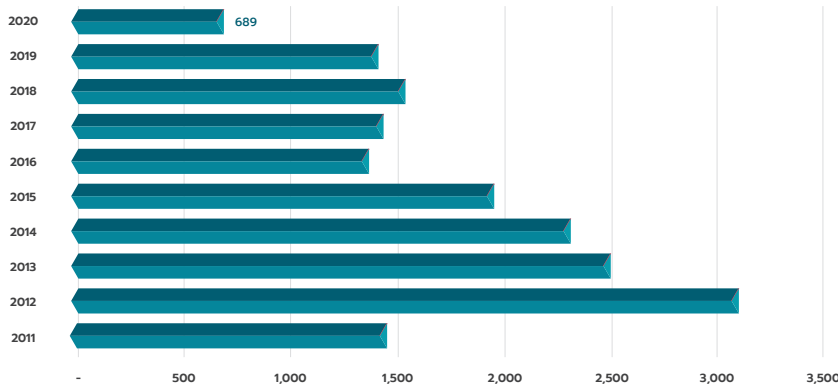
Cha-am accounted for the majority of the condominium supply at 57 percent of the total, followed by Khao Takiab and the non-seaview area at 14 percent and 12 percent, respectively. Condominiums in the Hua Hin area made up 9 percent of the supply, while those located in the Khao Tao area accounted for 8 percent.

Demand Trend

The group of condominium buyers in Cha-am - Hua Hin - Khao Tao are, on the whole, still comprised of Thais who reside in Bangkok; they make up 90 percent of all buyers while foreign buyers account for 10 percent. The foreign buyers mostly include Scandinavians from Norway, Sweden and Denmark. There are also some English, French, German, Swiss and Chinese buyers. Many of the foreign buyers of condominiums are those who have Thai spouses and wish to purchase a unit as their own residence for retirement or as a holiday home while they travel or as a long-term home for 3 to 6 month stretches. The Thai buyers in the area consider the condominiums as their second home, used for relaxation over the weekends.

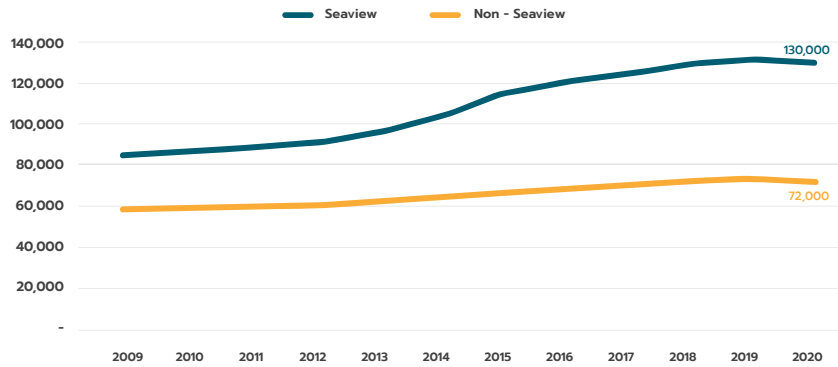
In 2020, there were 20,685 condominiums sold in the Cha-am - Hua Hin - Khao Tao area from a total supply of 27,569 units, or a sales rate of 75 percent. The sales rate increased from 2019, which had a rate of 73 percent, as the supply only grew by 348 units. There are 6,884 remaining

► **Number of New Condominium Units Being Sold, 2011 to 2020**



Source: Knight Frank Thailand Research

► **Average Asking Prices of Condominiums in the Area, 2009 to 2020**



Source: Knight Frank Thailand Research

units for sale in the area. In case that there will be no new supply, the remaining units might take around 5 years to sell off the remaining supply. As for the number of new unit sales each year, it was found that, in 2020, there have been 689 units being sold. This marks a decrease from the previous year where there were up to 1,414 units sold. In the past 5 years, this figure stood at an average of around 1,400 units per year. The number of new units sold in 2020 decreased because of the weakened purchasing power of Thais and foreigners. Specifically, the purchasing power of Thais declined because a portion of such buyers lost income. Only Thais comprise the group of buyers who have cash on hand; while some are still able to make purchases, the number of buyers has dropped. Projects that sell are those that are managed by 5-star hotel chains such as InterContinental Residences. Completed projects are also able to sell as the operators have offered discounts to speed up the transfer process and close out sales as quickly as possible.

Selling Price Trend

The average asking price of condominiums with sea views in the area is around 130,000 baht per square metre, which reflects a decrease of 1.1 percent from the end of 2019. The average asking price of condominiums without sea views in the area is around 72,000 baht per square metre, which marks a decrease of 2.3 percent from the end of 2019. This is due to operators wanting to sell off remaining units and close sales by offering promotional prices and discounts; on the whole, these operators have units that have been up for sale for some time in projects that have already been completed.

Outlook

The area's condominium market outlook, saying that the Cha-am - Hua Hin - Khao Tao area is in the oversupply stage; as there are many remaining units for sale, operators have delayed any new launches. Also, the average selling prices are likely to drop as completed projects are discounting their prices in order to close out sales. In the future, if the situation surrounding the Covid-19 pandemic returns to normal, the chances that foreign buyers will purchase condominiums in Thailand will increase greatly, as they will be seeking a residence

where they are safe from future epidemics. The condominium market in Hua Hin should be one of the more interesting markets, given its proximity to Bangkok and the ease of travel to and from the capital. Also, Hua Hin features a variety of amenities to suit a range of needs. In addition, it will boast an even more convenient transportation system, as there is an elevated highway construction project underway for Highway 35 Thonburi - Pak Tor (Rama 2 Road). It begins at the Bang Khun Thian intersection to Wang Manao

junction, and has an entrance-exit point at Samut Songkram, which affords easy access to Hua Hin (Phase 1 of the elevated Bang Khun Thian - Ekachai interchange will be completed in 2022). These factors will benefit the condominium market in the Hua Hin area in the future; the positive developments from such transportation enhancements will attract more foreign travellers to the area.

Location Definitions :

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.

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



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