

Phuket Condominium Market Overview 2021



HIGHLIGHTS

1

THE ACCUMULATED SUPPLY OF PHUKET CONDOMINIUM INCLUDED 26,068 UNITS AT THE END OF 2021; THROUGHOUT THE YEAR, THERE WERE NO NEW CONDOMINIUMS LAUNCHED FOR SALE AND ADDED TO THE SUPPLY.

2

AT THE END OF 2021, THERE WERE A TOTAL OF 20,376 CONDOMINIUMS SOLD OUT OF A TOTAL SUPPLY OF 26,068 UNITS, REPRESENTING A SALES RATE OF 78.1 PERCENT. THE SALES RATE INCREASED BY 2.4 PERCENT FROM 2020, WHICH STOOD AT 75.7 PERCENT.

3

NEARLY 90 PERCENT OF THE NEW UNITS WERE SOLD TO RUSSIAN BUYERS, WITH A FEW EUROPEANS AND SOME CHINESE BUYERS, WHO COME TO PHUKET ANNUALLY.

4

THE AVERAGE SELLING PRICE OF PHUKET CONDOMINIUMS WITH A SEA VIEW, AS OF THE END OF 2021, WAS 196,015 BAHT PER SQUARE METRE, INCREASED BY 1.6 PERCENT FROM THE END OF 2020. CONDOMINIUMS WITH A PARTIAL SEA VIEW HAD AN AVERAGE PRICE OF 97,541 BAHT PER SQUARE METRE, DECREASING BY 2.2 PERCENT FROM THE END OF 2020. WHILST THE CONDOMINIUM WITHOUT SEA VIEWS ACHIEVED AN AVERAGE SELLING PRICE OF 76,526 BAHT PER SQUARE METRE, INCREASED BY 0.45 PERCENT FROM THE END OF 2020.



NATTHA KAHAPANA
Managing Director



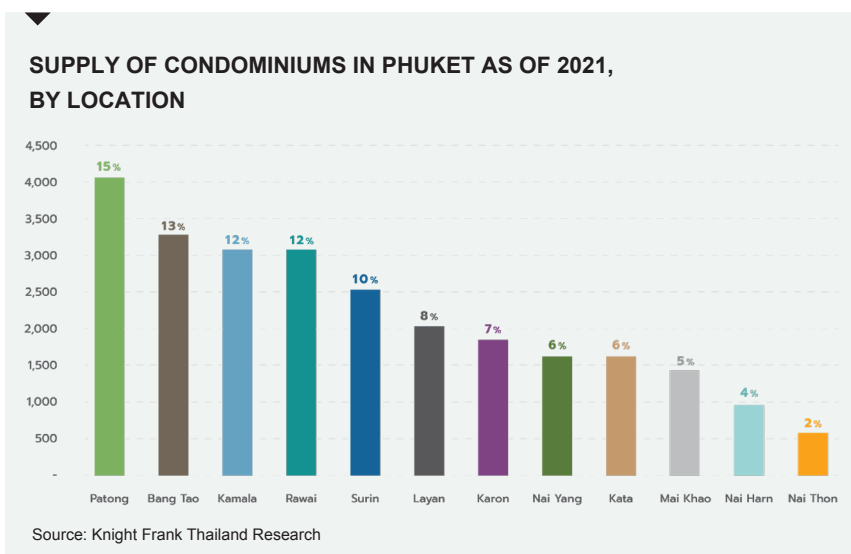
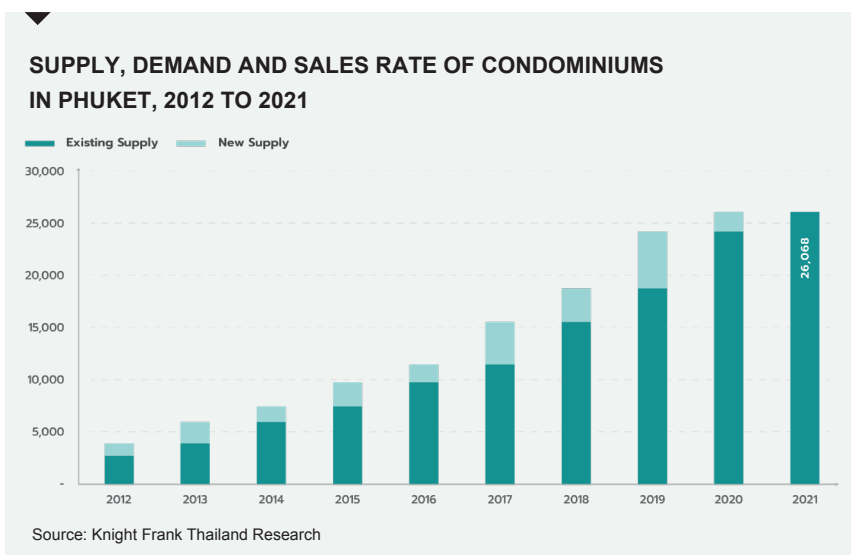
The condominium market is likely to improve. From foreign purchasing power, especially Russian investors who started buying back in late 2021, reflecting that the Russian group will be the main purchasing power during this period. In the past, it can be seen that the main purchasing power will be Chinese investors. But due to travel restrictions and the dwindling Russian market during the intensifying war This affects the condominium market that may have to wait for some time to recover.



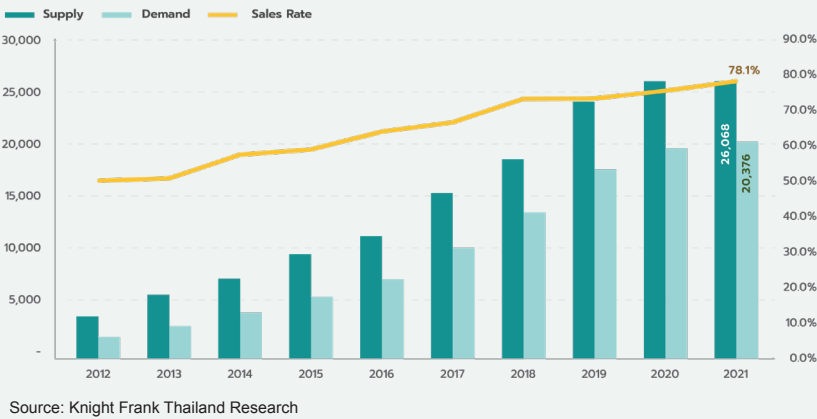
Investments in condominiums in Phuket have proved to be very popular with foreigners, as they are investments that can be used for both personal holiday and income-generation purposes, rented out during periods when owners have returned to their home countries. Phuket also serves as a destination of tourism and leisure that tourists know well. However, the Covid-19 epidemic that began around the end of 2019 deprived Phuket of tourists for almost two years. Given the fact that Phuket’s economy depends mainly on tourism, the real estate sector, including the condominium market, was directly affected and it became very sluggish. The country launched plans via the Phuket Sandbox in July 2021, to encourage tourists interested in Phuket, especially foreigners, to return. It was well-received but plans to further open the country remain restricted in terms of permitted activities. As such, Phuket’s economy has not revived as well as it should have, even though both foreigners and Thais have travelled to the island under the Sandbox scheme. On the whole, the condominium market is still in a state of recovery; developers chose not to launch new projects this year in order to sell the remaining units and wait for further assessment of the situation.

Supply Trend

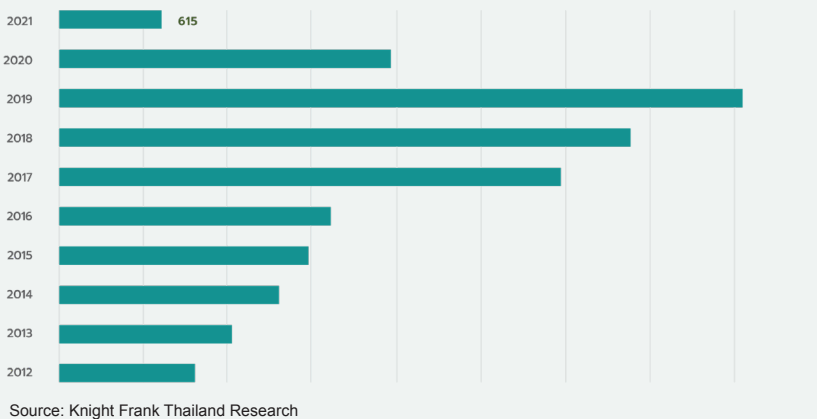
At the end of 2021, the total supply of condominiums in Phuket totalled 26,068 units. Throughout the year, there were no new condominiums launched for sale and added to the supply. The lack of new supply was due to developers waiting to see how the situation of foreign tourism and conflict between countries panned out; therefore, they delayed plans to launch new projects. Since there is no new supply for sale, Knight Frank Thailand Research has classified the supply of condominiums in each beach area as follows: most of the condominiums launched for sale from 2012 to 2021 are located in Patong, with 15 percent of the total, followed by Bang Tao at 13 percent, and Kamala and Rawai at 12 percent each. Surin, Layan and Karon accounted for 10 percent, 8 percent and 7 percent, respectively. As for Kata and Nai Yang, both accounted for 6 percent, while Mai Khao, Nai Harn and Nai Thon beaches had the fewest units at 5 percent, 4 percent and 2 percent of the total supply, respectively.



SUPPLY, DEMAND AND SALES RATE OF CONDOMINIUMS IN PHUKET, 2012 TO 2021

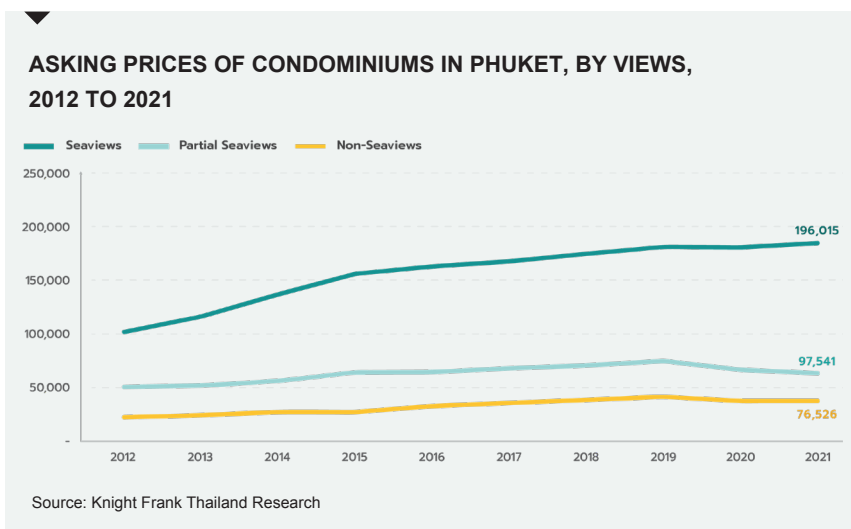


NEW CONDOMINIUM UNITS SOLD IN PHUKET, 2012 TO 2021



Demand Trend

At the end of 2021, there were a total of 20,376 condominiums sold out of a total supply of 26,068 units, representing a sales rate of 78.1 percent. The sales rate increased by 2.4 percent from 2020, which stood at 75.7 percent. At present, there are approximately 5,720 units left for sale. Only 615 new units were sold in 2021, which decreased from 2020, with 1,956 units sold. The number of new units sold has declined steadily due to the Covid-19 epidemic that has continued for 2 years. Although there are more tourists coming to Phuket, the numbers are still considered low when compared to tourist arrivals in 2020. In addition, the government's policy with the Phuket Sandbox project to help stimulate the economy was not enough to attract tourists to buy the remaining condominiums in the market. Nearly 90 percent of the new units were sold to Russians, with a few Europeans and some Chinese buyers, who come to Phuket annually. They bought the units through agents in Phuket who would recommend interesting and reliable projects. Such foreigners will choose to buy projects that can be managed by hotels and provide rental returns each year. The owners themselves can also stay in the property during their holidays. The remaining 10 percent of buyers were Thai people who purchased condos as their second homes for use during their holidays.



Selling Price Trend

The average asking price for condominiums in Phuket as of the end of 2021 depended on the views. Units with sea views commanded an average selling price of 196,015 baht per square metre, which has increased from 2020 at the rate of 1.6 percent. In 2020, the asking price of sea view condominiums was 192,758 baht per square metre. In 2021, the asking price of condominiums with partial sea views was 97,541 baht per square metre, a 2.2 percent decrease from 2020, with an average asking price of 99,745 baht per square metre. Condominiums that do not have sea views have an average asking price of 76,526 baht per square metre in 2021 - a 0.45 percent increase from 2020 where the average asking price was 76,184 baht per square metre. The asking prices of condominiums with sea views and without sea views have both increased a little as developers are seeing that the situation is starting to improve, although it may take some time. Also, many projects have plans to be completed, so the prices have slightly increased, and it is expected that if the situation returns to normal, the average asking price will increase by 10 to 15 percent, especially in the sea view category, where more units have been sold than other categories this past year. Some partial sea view condominiums even saw average prices drops. Although some new condominium projects being developed in this category are taking a positive direction and creating price hikes, other such projects have been in the market for a long time. They remained unsold and thus had to be discounted up to 40 percent; as a result, the overall average asking price for partial sea view units has dropped.

Outlook

The revival of the condominium market in Phuket still faces challenges from economic factors tied to tourism. However, the tourism situation has started to improve from the government's policy to open the country to welcome tourists with the Test & Go system, which has resulted in foreign tourists being able to enter the country more easily, stimulating the economy of Phuket to take another step forward. This has had a positive effect on the island's real estate business. It is

expected that, in the first half of 2022, the condominium market will see an upward trend from foreign purchasing power, especially Russian investors who started to return in late 2021 and constituted the main purchasing force during this period. However, the overall condominium market may need some time to recover. In the past, the main purchasing power was from Chinese investors but due to travel restrictions and the dwindling Russian market during the escalating conflict,

including restrictions on international money transfers, these tourists and investors have almost disappeared. However, if these buyers return, they will bring confidence back to developers because they have the potential to help the condominium market recover faster. In the future, if there is an international conflict situation, we may have to wait to further re-assess the situation.

Location Definition:

The survey area for this report covers the area starting from Mai Khao beach and lie down along the western coast of Phuket. The area covers the following beaches:

Mai Khao

is located just north of the airport, which is an incredibly long and deserted stretch of sand. There are only a few tourist developments such as JW Marriott Resort & Spa, Anantara Mai and to name a few. Mai Khao is the longest beach on the island and also the most deserted.

Nai Yang

is just a ve-minute drive south of the airport and is very popular with Thai locals. Here you will find what beach life is all about. Fringed with casuarina trees providing picnic areas for locals, it is a shady spot for souvenir and food vendors.

Nai Thon

lies about 15km south of the airport. This pristine beach is a great place to get away from the crowds. Nai Thon is fairly undeveloped and is a nice quiet place to sit in the sun or take in a swim. Although its quiet, the beach is not completely deserted and there are a few sun beds available for hire. There are also a few small restaurants that serve fresh seafood and local dishes.

Layan

is a small and relatively unknown beach, nestled in a shadow bay at the north end of Bang Tao. Layan is more like a bay than a beach, the beach is too shallow for swimming.

Bangtao

is another location for luxurious residential area in Phuket. The area is called "Laguna" since there are many hotel facilities serve the residential projects in the area.

Surin

is another peaceful and tranquility area for foreigners and expatriates from Hong Kong and Singapore.

Kamala

is considered as the millionaire range. There are many projects under construction but sold out already. The well-known project in this area is Andara Signature which is the most luxurious villa project

Patong

is considered as dirty area, however there are some locations in this area is considered as a tranquility area which Amari Phuket is situated. Amari offers a stunning location and modern style.

Karon

is the area which is considered the beachfront residential projects. It is also famous for its beautiful long beach, and a wide variety of restaurants.

Kata

is another attractive area for foreigners. It is located south of Karon.

Naiharn

is one of the island's most beautiful locations and most popular places with in-the-know locals. Naiharn is a quiet little spot at the southern end of Phuket. This quiet and tranquil place has only a few

hotels including the Le Royal Phuket Yacht Club and is a favorite anchorage for boats during the high season.

Rawai

holds the distinction of being very busy tourist beach on Phuket. Years ago, people from Phuket Town would drive the 17km to Rawai on weekends to while away the afternoon underneath the beach's casuarina trees rather than risk the dangerous drive over the hill to Phuket's west coast.

Condominium Classification:

Sea View Project

is defined as a condominium project that has more than 50% of the unit enjoy a direct view of the sea.

Partly Sea View Project

is defined as a condominium project that has less than 50% which enjoy a direct view of the sea.

Non-Sea View Project

is defined as a condominium or villa project with most units have no sea view.

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
 Chairman
 +66 (0) 2643 8223 Ext 124
 phanom.kanjanathiemthao@th.knightfrank.com



NATTHA KAHAPANA
 Managing Director
 +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

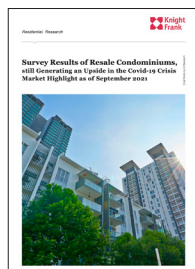
RECENT MARKET- LEADING RESEARCH PUBLICATIONS



FDI Supports Investment Opportunities in Industrial Factories and Warehouse



Bangkok Office Market Overview Q3 2021



Bangkok Resale Condominium Market Overview September 2021



Thailand Logistics Property Market Overview H1 2021



Super Prime & Prime Condominium in Bangkok Market Overview 1H 2021

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 2020. 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 65/192 23rd Floor Chamnan Phenjati Business Center Rama 9 Road Huaykwang District, Bangkok 10310 Thailand.

