

# Super Prime & Prime Condominium Market Overview 1H 2021



## HIGHLIGHTS

1

THE SUPER PRIME AND PRIME CONDOMINIUM MARKET WAS LIMITED BECAUSE THE DEVELOPMENT OF SUCH PROJECTS WAS IN CHOICE LOCATIONS. FURTHERMORE, THE DEVELOPMENT OF FUTURE PROJECTS IN PRIME LOCATIONS IS BECOMING QUITE RARE AND LESS FREQUENT, AS LAND IS SCARCE.

2

THE CUMULATIVE NUMBER OF SUPER PRIME CONDOMINIUM UNITS SOLD WAS 3,438 UNITS FROM A TOTAL SUPPLY OF 4,080 UNITS, WHICH REFLECTS A 84 PER CENT SOLD RATE. THE NUMBER OF NEW SUPER PRIME CONDOMINIUMS SOLD IN 1H 2021 WAS 16 UNITS.

3

THE CUMULATIVE NUMBER OF PRIME CONDOMINIUM UNITS SOLD WAS 3,928 UNITS FROM A TOTAL SUPPLY OF 4,696 UNITS, REPRESENTING A SALES RATE OF 84 PER CENT. 6 OF NEW PRIME UNITS WERE SOLD IN 1H 2021.

4

THE AVERAGE ASKING PRICE OF SUPER PRIME CONDOMINIUMS IN 1H 2021 WAS 380,050 BAHT PER SQUARE METRE, A DECREASE OF 0.6 PERCENT FROM THE END OF 2020, WHILST OF PRIME CONDOMINIUMS IN 1H 2021 WAS 275,100 BAHT PER SQUARE METRE, WHICH DECREASED FROM THE END OF 2020 AT THE RATE OF 1.2 PERCENT.



NATTHA KAHAPANA

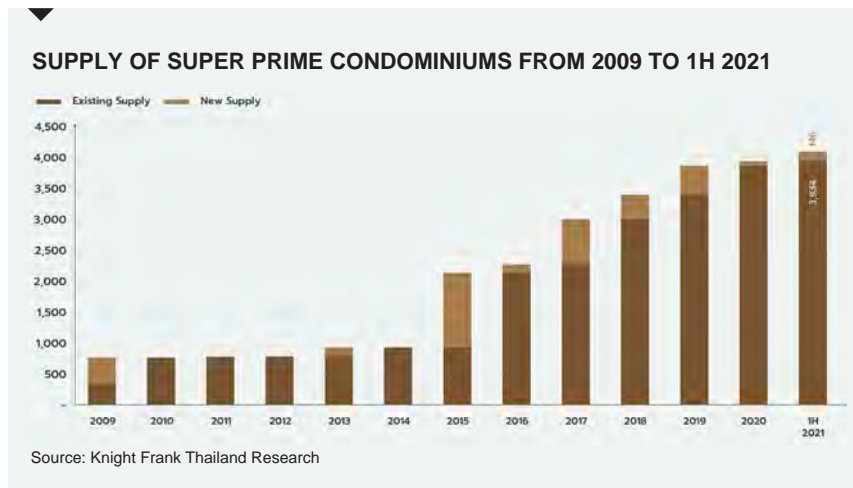
Deputy Managing Director and Head of Phuket Operation



The spread of COVID-19 still requires further control measures. Even though this segment of the condominium market was robust in terms of its purchasing power, such purchasing power is becoming increasingly sensitive, causing the demand for luxury condominiums to decline. Developers are willing to offer more discounts to increase sales in this challenging market environment.

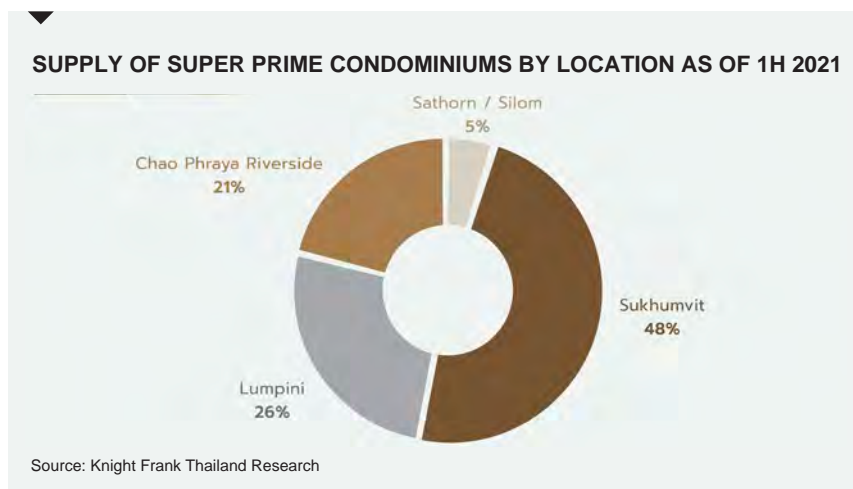


As the COVID-19 epidemic continues at full force, it is starting to affect the Super Prime and Prime Condominium market, despite the relatively strong purchasing power of this market segment. Previously, the purchasing power was not affected much and buyers in this group remained financially secure; however, at present, their purchasing power is wavering and the demand for luxury condominiums is dropping significantly. In addition, as the uncertainty surrounding the epidemic continues, developers have had to adapt and seek opportunities in market gaps that may be a suitable strategy to counter slowing demand. As for project development, developers have chosen to delay developing condominiums in this segment, and not many new Super Prime and Prime projects have been launched during the first half of the year.

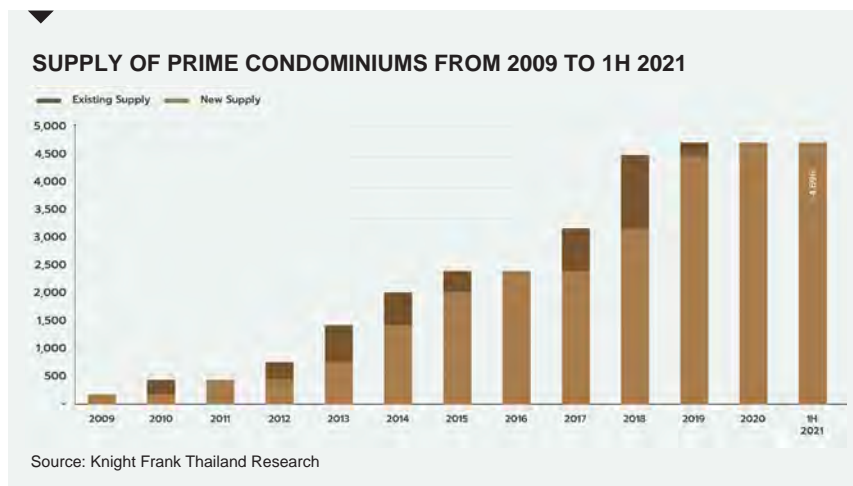


## Supply Trend

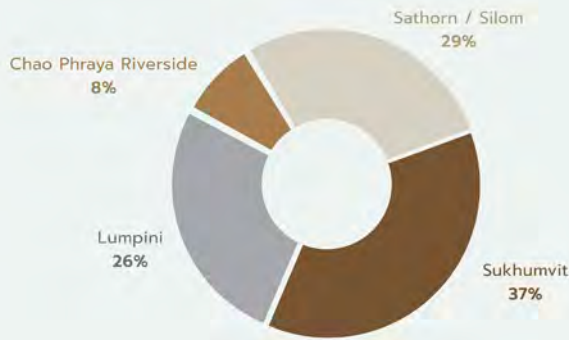
The Super Prime Condominium supply as of 1H 2021 encompassed a total of 4,080 units from 31 projects. In 1H 2021, only one super prime condominium project was launched, namely, the Scope Promsri, with 146 units. Most of the Super Prime units are located in the Sukhumvit area, accounting for 48 percent, followed by the Lumpini area and the area around the Chao Phraya River at 26 percent and 21 percent, respectively. There are only 5 percent of such units in the Sathorn/Silom area.



The Prime Condominium supply, as of 1H 2021, included a total of 4,696 units from 21 projects. During 1H 2021, there were no Prime Condominiums launched for sale. Most of the Prime Condominiums are located in the Sukhumvit area, which accounted for 37 percent of the supply, followed by Sathorn/Silom and Lumpini, at 29 percent and 26 percent, respectively. The area along the Chao Phraya River only housed 8 percent of the Prime Condominiums.

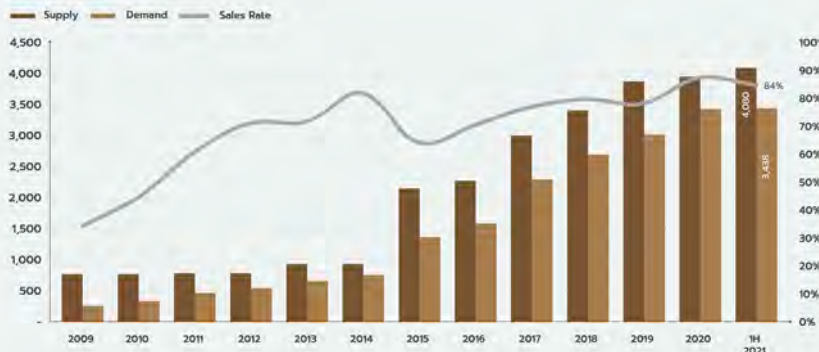


**SUPPLY OF SUPER PRIME CONDOMINIUMS BY LOCATION AS OF 1H 2021**



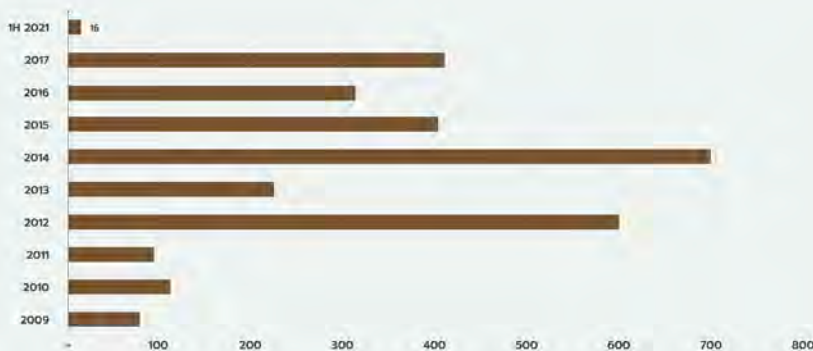
Source: Knight Frank Thailand Research

**SUPPLY, DEMAND AND SALES RATE OF SUPER PRIME CONDOMINIUMS FROM 2009 TO 1H 2021**



Source: Knight Frank Thailand Research

**ANNUAL SALES OF SUPER PRIME CONDOMINIUMS (IN UNITS) FROM 2012 TO 1H 2021**



Source: Knight Frank Thailand Research

**Demand Trend**

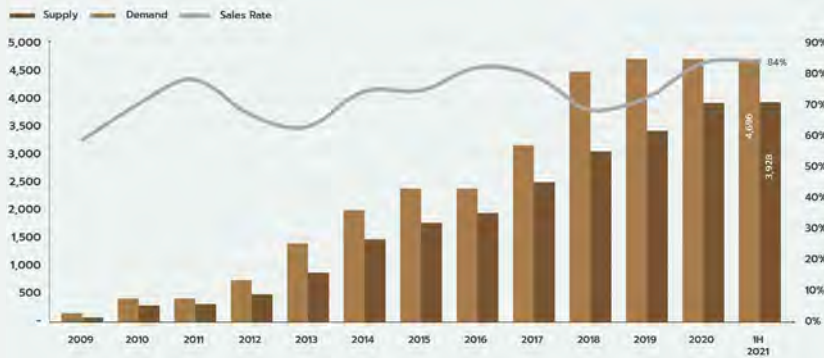
In the first half of the year, it was found that Super Prime and Prime Condominium buyers were comprised of mostly Thais with a stable financial base and cash on hand. They enjoy high purchasing power. There are also a few foreigners in this group; they mainly conduct business in Thailand or have families in Thailand. Foreign buyers residing abroad remain affected by international travel restrictions, making it difficult for them to view any local projects.

As for demand for Super Prime Condominiums in the first half of the year, it was found that there were 3,438 units sold out of a total supply of 4,080 units, or an 84 percent sales rate. This marked a decrease of 3 percent from the previous year. There were 16 new units sold in the first half of 2021 – a decrease from the 410 units sold in the previous year.

As for demand for Prime Condominiums in the first half of the year, it was found that there were 3,928 units sold out of a total supply of 4,696 units, representing a sales rate of 84 percent, the same rate as the previous year. The number of new units sold in the first half of 2021 was only 6 units – a decrease from the 510 units sold in the previous year.

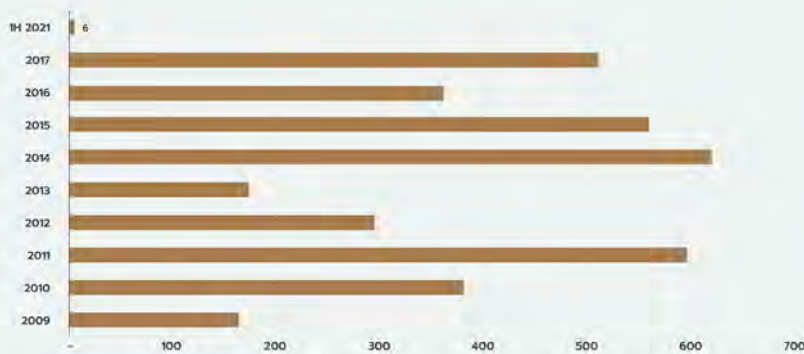
The number of units sold in the Super Prime and Prime segments decreased significantly, reflecting the worsening situation of the epidemic. Initially, there were relatively high bookings during the launch of new projects in the first half of the year. For customers who reserved units in late 2020, some paid more than half of the deposit. However, when the epidemic became more severe, many people decided to cancel their purchases. As a result, the number of ownership transfers decreased. While many projects were still able to make sales or reservations in the first half of the year, the new bookings have been in the same proportion as the canceled bookings, so it appears that the number of new units sold in the first half of this year is very few.

**SUPPLY, DEMAND AND SALES RATE OF PRIME CONDOMINIUMS FROM 2009 TO 1H 2021**



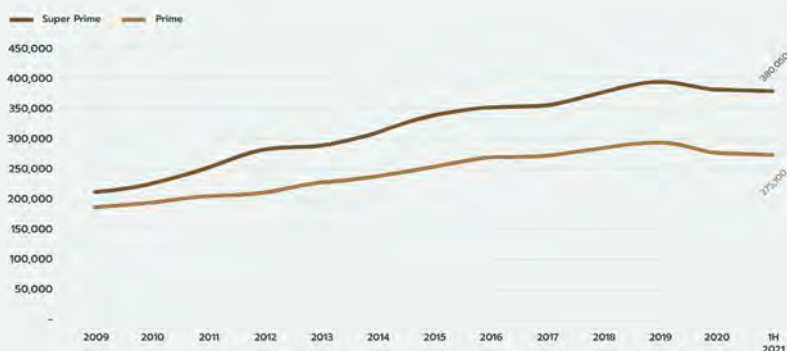
Source: Knight Frank Thailand Research

**ANNUAL SALES OF SUPER CONDOMINIUMS (IN UNITS) FROM 2012 TO 1H 2021**



Source: Knight Frank Thailand Research

**AVERAGE SELLING PRICES OF SUPER PRIME AND PRIME CONDOMINIUMS 2009 TO 1H 2021**



Source: Knight Frank Thailand Research

**Selling Price Trend**

The average selling price of Super Prime Condominiums in 1H 2021 was 380,050 baht per square metre, a decrease of 0.6 percent from the end of 2020. The average selling price of Super Prime Condominiums at the end of 2020 was 382,301 baht per square metre. The average selling price of Prime Condominiums in 1H 2021 was 275,100 baht per square metre, which decreased from the end of 2020 at the rate of 1.2 percent, where the average selling price was 278,330 baht per square metre. The price drop can be attributed to pricing promotions offered by many completed projects. Developers have had to provide more discounts to increase sales amidst these challenging market conditions. A selling price in the 250,000 to 320,000 baht per square metre range is one that enables buyers to easily make purchasing decisions. They also have more room to negotiate the selling prices, which resulted in a satisfactory price and flexible payment terms. In some locations, however, the average selling price remained higher, so their chances of selling were more difficult. And although there have been price reductions in many projects, not every project could close out their sales, reflecting the unstable economic conditions in the long run that caused some customers to cancel their reservations and forfeit their down payments. Some customer groups imparted importance to the stability of the developer as well.

New projects launched for sale in the form of off-plan sales, with prices of more than 200,000 baht per square metre, have been harder to sell than completed projects. This is especially true for projects where the concept or functionality remains unclear. Such issues have reduced the number of bookings in this market segment, and off-plan projects may have to wait for the market to recover and for completed projects to be sold first before they benefit in terms of sales flexibility.

## Outlook

In the past, the Super Prime and Prime Condominium market was limited because the development of such projects were in choice locations. Demand was in line with the available supply in the market, and buyers were willing to pay to acquire such desirable assets. However, should the epidemic situation remain out of control, the condominium market in this segment will slow down. During this difficult time, developers have been just as confounded as to how to proceed. Those trying to create a strategy to reduce prices to stimulate purchasing power were still unable to close their sales. Buyers appear to be more cautious in their decision making, despite having greater bargaining power. The condominium market in this segment is clearly experiencing purchasing power issues. In the second half of the year, the market pins its hopes on effective mass vaccinations, which would create herd immunity, free up restrictions and build confidence for all business sectors to recover. The domestic economy would then begin to gradually recover. During that time, developers may have to come up with strategies to support their projects to rebuild purchasing power. Going forward, however, risk factors will continue to put pressure on the recovery efforts, including mutations of the virus that would diminish the efficacy of the vaccine as well as even more intense political conflicts. At any rate, it is believed that this condominium segment will continue to draw demand from Thais and foreigners with stable financial standing, as this group of buyers tends to buy and hold property as long term assets, and they will continue to do so. The development of future projects in prime locations is becoming quite rare and less frequent, as land is scarce, which poses an additional challenge for developers.

## Grading Classifications

**Super Prime condominium** represents the top 1% of the Bangkok condominium market. These condominium projects are often sold as lifestyle products where unit sizing is considerably more spacious than the average and comprise of two bedrooms or larger as majority of the project. A number of super prime projects carry one-bedroom units but the smallest of these should be sold at the price above 15 million baht. The selling price for the majority of these shall be above 250,000 baht per square metre.

**Prime condominium** represents the top 2% of the Bangkok condominium market. These condominium projects are often sold as both lifestyle and investment products due to superior location which allows rooms for capital gain and unit sizing that is smaller than what is being offered in super prime projects. Products often start from one-bedroom with comfortable sizing (larger than 45 square metres) and sold within the range of 10-15 million baht. The selling price for the majority of the units shall be above 200,000 per square metre.

**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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