

Super Prime & Prime Condominium Market Overview, Year-End 2020



HIGHLIGHTS

1

GROWTH IN THE SUPER PRIME AND PRIME CONDOMINIUM MARKET SEGMENT IS RELATIVELY LOW AS DEVELOPABLE LAND IN PRIME LOCATIONS IS QUITE DIFFICULT TO SOURCE OBTAIN.

3

THE CUMULATIVE NUMBER OF PRIME CONDOMINIUM UNITS SOLD WAS 3,922 UNITS FROM A TOTAL SUPPLY OF 4,696 UNITS, REPRESENTING A SALES RATE OF 84 PER CENT. 510 OF NEW PRIME UNITS WERE SOLD IN 2020.

2

THE CUMULATIVE NUMBER OF SUPER PRIME CONDOMINIUM UNITS SOLD WAS 3,422 UNITS FROM A TOTAL SUPPLY OF 3,898 UNITS, WHICH REFLECTS A 88 PER CENT SOLD RATE. THE NUMBER OF NEW SUPER PRIME CONDOMINIUMS SOLD IN 2020 WAS 410 UNITS.

4

THE AVERAGE ASKING PRICE OF SUPER PRIME CONDOMINIUMS AT THE END OF 2020 WAS 382,301 BAHT PER SQUARE METRE, A DROP OF 3.2 PER CENT FROM 2019, WHILST THE AVERAGE ASKING PRICE OF PRIME CONDOMINIUM AT THE END OF 2020 WAS 278,330 BAHT PER SQUARE METRE, A DROP 5.7 PER CENT FROM 2019



NATTHA KAHAPANA

Deputy Managing Director and Head of Phuket Operation



The Super Prime and Prime condominium market continue to see demand amidst a sluggish economy plagued by concerns about the impact of Covid-19. Selling prices have decreased, which makes it easier for buyers to make decisions because they believe that, in the future, projects in good locations will command higher prices. Moreover, there are very few land plots available in those areas for future project development.



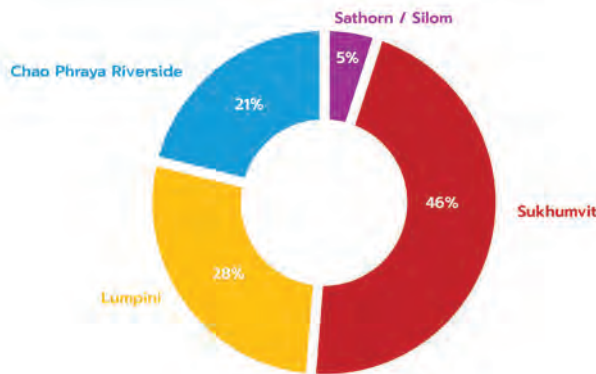
Although the overall economy in 2020 slowed down from the Covid-19 situation, the Super Prime and Prime condominium market remains active. This is because most buyers are high end customers who are not very affected by the situation. Moreover, there is not much additional supply on this segment. The supply of condominiums may not grow significantly due to the fact that the project must be located on a prime areas in Central Business District, convenient transportation, and a complete array of facilities; Which the land is quite difficult to source obtain.

► Supply of Super Prime Condominiums, 2009 - 2020



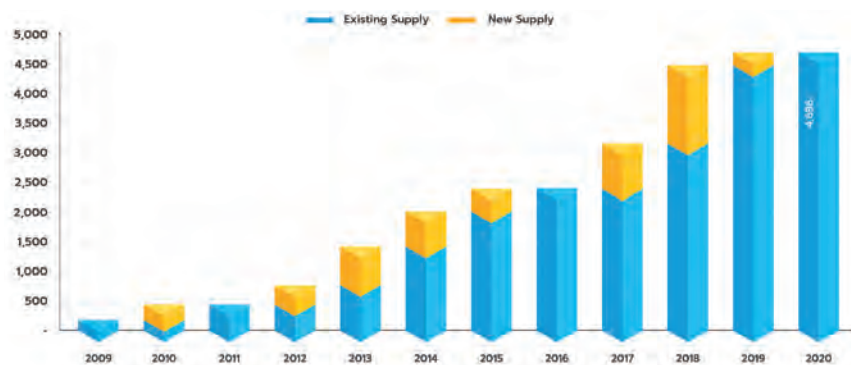
Source: Knight Frank Thailand Research

► Supply of Super Prime Condominiums by Location, 2020



Source: Knight Frank Thailand Research

► Supply of Prime Condominiums, 2009 - 2020



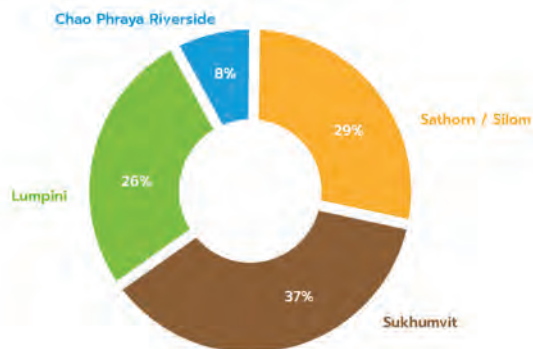
Source: Knight Frank Thailand Research

Supply Trend

For the super prime market, as of the end of 2020, the total supply included 3,898 units from 29 projects. In 2020, only one Super Prime condominium project was launched, namely, Baan Sindhorn, with a total of 32 units. The Super Prime condominiums are mainly located in the Sukhumvit area, which accounts for 46 per cent of the supply, followed by the Lumpini and the Chao Phraya Riverside areas, at 28 and 21 per cent, respectively. The Sathorn and Silom areas only house 5 per cent of the Super Prime condominiums.

For the prime market, as of the end of 2020, the total supply included 4,696 units from 21 projects, with no launches in 2020. The Prime condominiums are mainly located in the Sukhumvit area, accounting for 37 per cent, followed by the Sathorn and Silom area and the Lumpini area, accounting for 29 and 26 per cent, respectively. There is only 8 per cent of Prime condominiums situated by the Chao Phraya River.

► **Supply of Prime Condominiums by Location, 2020**



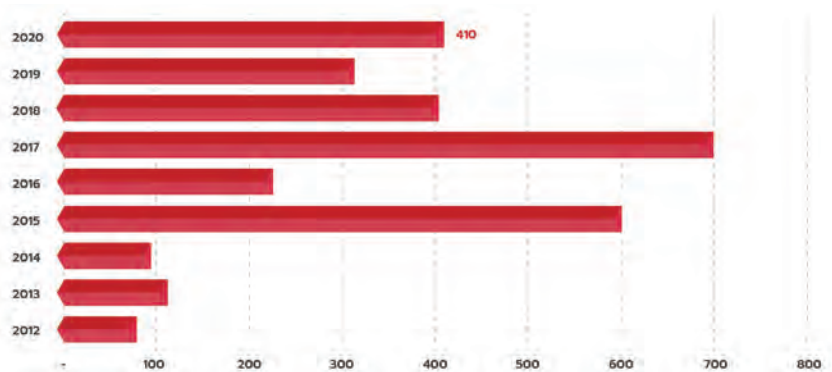
Source: Knight Frank Thailand Research

► **Supply, Demand and Sales Rate of Super Prime Condominiums, 2012 - 2020**



Source: Knight Frank Thailand Research

► **Number of Units Sold per Year of Super Prime Condominiums, 2012 - 2020**



Source: Knight Frank Thailand Research

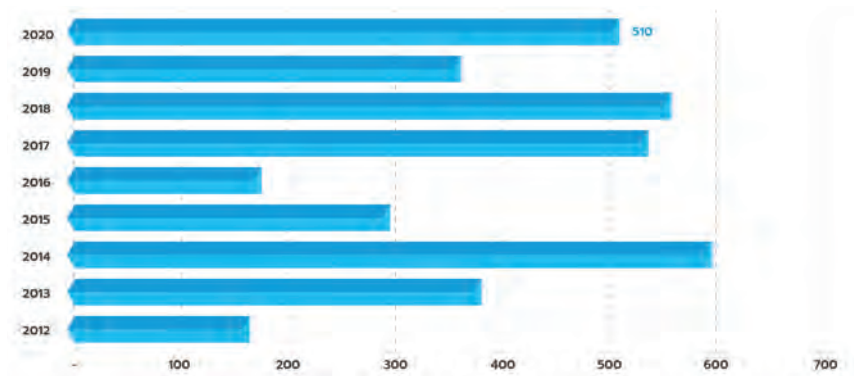
Demand Trend

That Super Prime and Prime condominium buyers include Thais with high purchasing power as well as foreigners from Japan, China, Hong Kong, Singapore and Europe. Most of Super Prime and Prime condominium located in key and important business areas of Bangkok and along the Chao Phraya River. Such locales are comfortable and convenient, close to amenities, shopping malls, tourist attractions and workplaces. Travel is easy, with connectivity to all major parts of Bangkok. In addition, foreigners also consider that the prices of condominiums of this segment in Thailand are still cheaper compared to those in their home countries.

Demand for Super Prime condominiums in 2020 continues unabated. However, there is only a slight increase in supply, with just 32 units added to the supply in 2020. The cumulative sales of Super Prime condominium units sold was 3,422 units from a total supply of 3,898 units, reflecting a sales rate of 88 per cent – an increase of 10 per cent from the previous year. There were 410 new Super Prime condominium units sold in 2020, which increased from the 314 new units sold in the previous year.

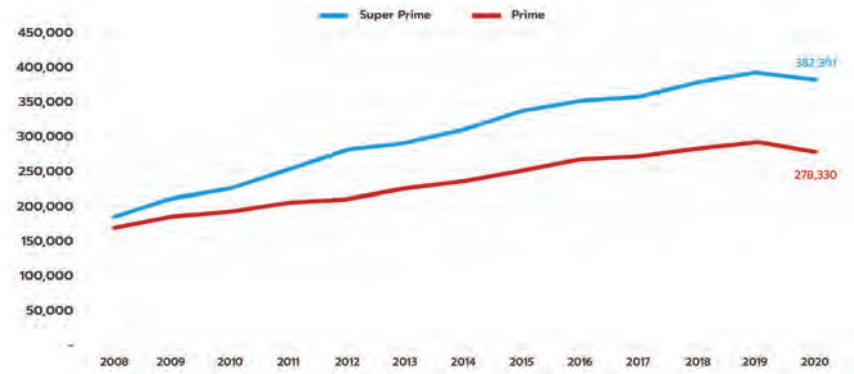
For cumulative sales of Prime condominium units sold was 3,922 units sold out of a total supply of 4,696 units at the end of 2020, accounting for a sales rate of 84 per cent. The sales rate increased from the previous year, which stood at 73 per cent. There were 510 new units sold in 2020, increasing from the previous year, where 361 new units were sold. As for the Prime condominium market, there has been relatively good performance amidst the economic slowdown due to the high purchasing power of both Thais and foreigners that have already been very interested in these projects. Moreover, during these crises, it is easier for buyers to negotiate on the selling prices; normally, prices of condominiums in this segment are seldom discounted. With the situation during this period, some developers have offered units for sale at a lower price than the market price, especially in leasehold projects. Super Prime and Prime condominium buyers decide to buy and keep the units as they believe the projects located in ideal locations are getting increasingly difficult to find.

► **Number of Units Sold per Year of Prime Condominiums, 2012 - 2020**



Source: Knight Frank Thailand Research

► **Average Selling Prices of Super Prime and Prime Condominiums, 2008 - 2020**



Source: Knight Frank Thailand Research

Sales Price Trends

The average selling prices of Super Prime condominiums at the end of 2020 was 382,301 baht per square metre, a 3.2 per cent drop from 2019; the average selling price in 2019 was 395,000 baht per square metre. The average selling price of Prime condominiums at the end of 2020 was 278,330 baht per square metre, a 5.7 per cent decrease from 2019; the average selling price in 2019 was 295,000 baht per square metre, reflecting the fact that the developers discounted their prices in order to close out sales, especially in projects that have been completed and are ready to be transferred. Meanwhile, some projects did not reduce their selling prices and only delayed increasing prices until their projects have been completed. Some project developers refused to reduce their prices because they see this as a period of uncertainty; should the economy recover in the future, selling prices would be able to rise in line with the increase in land prices as the project is in the best location in Bangkok. Also, the construction cost reflects that the project developer focuses on meeting construction standards that use quality materials imported from abroad, as well as on functional design to meet both external and internal uses. Also, project residence and building management are provided by international hotel brands, offering more comfort and convenience to buyers. Super Prime and Prime condominiums thus maintain their desirability amongst wealthy buyers with relatively high purchasing power.

Outlook

That the Super Prime and Prime condominium markets remain relatively unaffected by the economic downturn caused by Covid-19. Condominium buyers of this level are not impacted by the current situation. However, these buyers are being careful with their spending; they use less cash to buy and borrow about 50 to 70 per cent of the selling price from financial institutions because they want to retain cash for the expansion of their other businesses.

The growth of the condominium supply at this level was found to have slowed down, due to operators delaying any new investments. Also, land that can be developed for these types of project are limited and scarce, but that does not mean that the amount of these projects will be reduced or disappear altogether. If the economy improves, there will be a constant demand for condominiums at this level; selling prices tend to rise steadily too, due to the increase of land prices in prime locations, which are limited. As a result, demand from high income buyers still exists in the market. An important factor that will make condominiums of this level more attractive, in addition to their choice locations, is that developers cater to the needs of this customer group as much as possible, including the development of unit functionality, use of energy efficient building materials, employment of innovation and technology within the project, and the offer of special privileges for residents. Some developers even bring in a hotel chain to manage the project as a Branded Residence - to meet the lifestyle needs of residents as well as to strengthen the purchase as an investment. The latter is to be kept as an asset without the expectation of returns. There are not many such projects, and buyers of condominiums at this level comprise a small group.

Grading Classification

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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