

Bangkok Condominium Market Overview Q1 2021



HIGHLIGHTS

1

THE ACCUMULATED SUPPLY OF BANGKOK CONDOMINIUMS INCLUDED 649,422 UNITS AT THE END OF Q1 2021; A GRAND TOTAL OF 3,634 UNITS FROM 13 PROJECTS WERE LAUNCHED DURING Q1 2021. THE NEW SUPPLY IN Q1 2021 DECREASED BY 41.8 PER CENT, COMPARED WITH THE NEW SUPPLY IN Q1 2020.

3

THE ASKING PRICE OF A CONDOMINIUM IN THE CENTRAL BUSINESS DISTRICT IS 251,158 BAHT PER SQ. M., DECREASING BY 0.1 PER CENT FROM THE FOURTH QUARTER OF 2020. CONDOMINIUMS IN THE CITY FRINGE AREA IS 123,250 BAHT PER SQ. M., DECREASING BY 0.2 PER CENT FROM THE FOURTH QUARTER OF 2020 AND CONDOMINIUMS IN THE SUBURBS OF BANGKOK IS 68,683 BAHT PER SQ. M. THEY WERE DECREASING BY 0.3 PER CENT FROM THE FOURTH QUARTER OF 2020.

2

ONLY 1,340 UNITS WERE SOLD FROM THE NEW SUPPLY DURING THE FIRST QUARTER OF THIS YEAR FROM 3,634 UNITS, REPRESENTING A 37 PER CENT SALES RATE – AND REFLECTING A 7 PER CENT INCREASE IN SALES WHEN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR, OR A 4 PER CENT INCREASE WHEN COMPARED WITH THE FOURTH QUARTER OF 2020.

4

THE TOTAL NUMBER OF UNITS REMAINING FOR SALE IN BANGKOK IS NEARLY 70,000 FROM 649,422 UNITS IN BANGKOK. MOREOVER, IT IS EXPECTED THAT IT MAY TAKE 1-2 YEARS TO DRAIN THE REMAINING UNITS, THE CONDOMINIUM MARKET WILL RETURN TO THE EQUILIBRIUM STATE.



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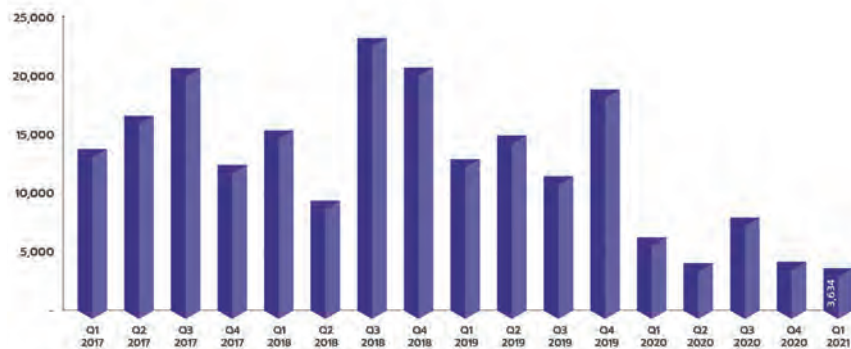


Demand in the condominium market has slowed as purchasing power has begun to soften. Because it has been affected in terms of income that continues for a long time, the newly launched condominium projects will have a price level lower than 100,000 baht per square meter to provide easy access to purchasing power and larger room styles, increasing the proportion of working at home to meet the needs of housing in the year 2021.



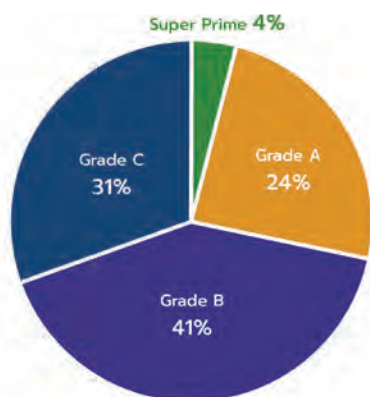
The overall condominium market in the first quarter of 2021 remained contracted, compared to the previous quarter. This is mainly due to concerns and economic impacts of the Covid-19 epidemic; the virus continued to spread throughout 2020 to the current new wave of infections. As a result, the purchasing power for condominiums from both Thai and foreign buyers has declined. Major operators have thus had to postpone or delay the launches of new projects. They turned their focus to the development of low-rise projects to increasingly cater to the buyer group with real demand for residences. Amidst an unfavorable situation, the management of vaccinations against Covid-19 marks an important factor that can reduce and control future outbreaks and bring the economy, including the real estate market, back to normal once again.

► **Newly Launched Condominium Supply, Q1 2017 to Q1 2021**



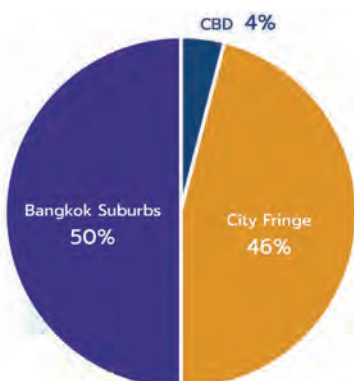
Source: Knight Frank Thailand Research

► **Newly Launched Condominiums Supply by Grade, Q1 2021**



Source: Knight Frank Thailand Research

► **Newly Launched Condominiums Supply by Location, Q1 2021**



Source: Knight Frank Thailand Research

Supply Trend

The condominium market in the first quarter of 2021 has slowed down in terms of the supply of new condominium units. There were 3,634 new condominium units launched, representing a decrease of 41.8 per cent compared to the same quarter of the previous year. This was mainly due to the Covid-19 epidemic that continues. Even though vaccinations against Covid-19 started this past March, the efforts are not enough to help lower the infection rates. As a result, operators decided to reduce the launch of new projects while trying to speed up the sales of their remaining units.

Most of the new condominiums launched in the first quarter of 2021 include Grade B condominiums with a selling price per sq. m. of 80,000 to 150,000 baht, which account for 41 per cent of the total launches. This is followed by Grade C condominiums with a selling price below 80,000 baht per sq. m. at 31 per cent, and Grade A condominiums with a selling price of over 150,000 baht per sq. m. at 24 per cent. Super Prime condominiums only comprise 4 per cent of the newly launched supply.

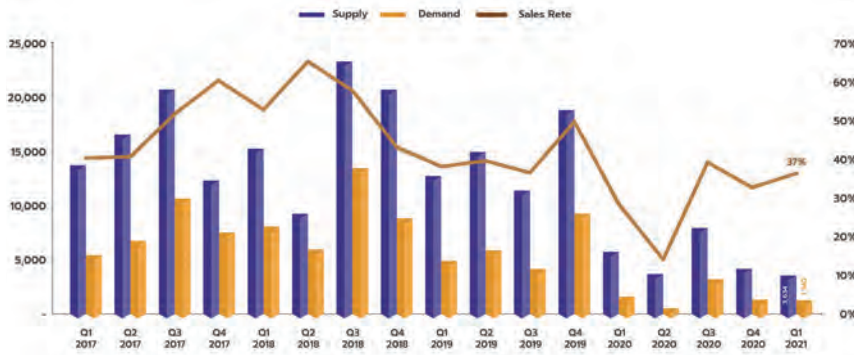
In terms of location, 50 per cent of the newly launched condominiums are located in the suburbs of Bangkok, followed by condominiums located in the City Fringe and the Central Business District (CBD) at 46 per cent and 4 per cent, respectively.

Demand Trend

During the ongoing Covid-19 epidemic to the first quarter of 2021, it was found that purchasing power remained sluggish as most buyers stayed more cautious about their spending. In the first quarter of 2021, there were 1,340 new units sold from a supply of 3,634 new units, representing a 37 per cent sales rate.

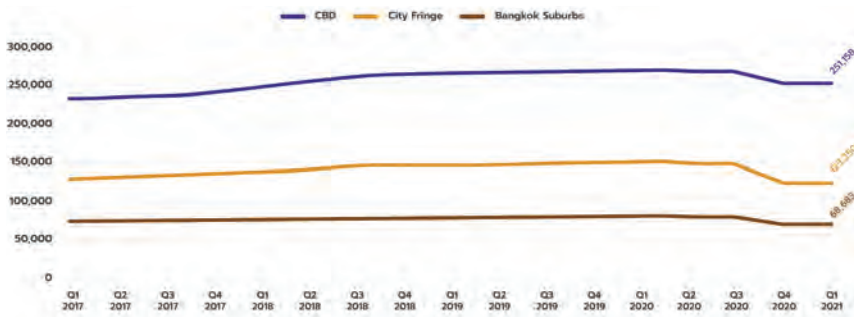
The sales rate increased by 7 per cent compared to the same period in 2020

► **Supply, Demand and Sales Rate of Newly Launched Condominiums by Q1 2016 to Q4 2020**



Source: Knight Frank Thailand Research

► **Asking Prices of Condominiums by Quarter and Location, Q1 2017 to Q4 2020**



Source: Knight Frank Thailand Research

and by 4 per cent compared to the fourth quarter of 2020. This quarter's increase in condominium sales rates was because the demand for condominiums has started to shift slightly due to the number of people who continuously visited the projects this past March. Along with the newly launched supply with relatively moderate prices, some projects have achieved sales of up 80 per cent (in some locations). This reflects that low-priced and attractive projects can still generate buyer demand.

Sales Price Trends

The asking price level of condominiums in the first quarter of 2021 remained relatively stable or slightly adjusted downward. As of the first quarter of 2021, the asking price of a condominium in the Central Business District is 251,158 baht per sq. m., decreasing by 6.3 per cent when compared to the same period in 2020, or by 0.1 per cent compared to the fourth quarter of 2020. The asking price of condominiums in the City Fringe area is 123,250 baht per sq. m., which dropped by 17.6 per cent compared to the same period in 2020, or by 0.2 per cent when compared to the fourth quarter of 2020. The asking price of condominiums in the suburbs of Bangkok is 68,683 baht per sq. m. It is down 15.3 per cent compared to the same period in 2020 or down 0.3 per cent compared to the fourth quarter of 2020.

While the asking prices in the first quarter of 2021 showed just a slight decline due to the situation that has not improved, we expect prices to remain unchanged in the second quarter as there are still a lot of units remaining. Although in the past, operators have tried to adjust their plans to offer attractive promotions to expedite sales and transfers, they will not be able to reduce the available units faster because the anticipated purchasing power is starting to become diluted due to the negative effects of Covid-19. The latter has continuously affected income for a prolonged period, and the economy cannot recover, which causes buyers to stop making purchases and investments in housing, including requesting to delay the transfer of ownership or, in some cases, to cancel the transfer because funds must be diverted to fulfil other necessary obligations.

Outlook

In the second quarter of 2021, the condominium market will continue to slow in terms of new demand and supply due to the Covid-19 epidemic, which remains the biggest negative factor. In the first quarter, some projects were able to generate good sales, but only in certain locations. The new projects launched in the second quarter of this year are expected to be similar to that of the same period in 2020, and there will be approximately 3,000 to 4,000 new condominium units launched by major property developers. Smaller operators may develop fewer new projects as they would be exposed to greater investment risks compared to the large operators. Newly launched condominium projects will have an asking price of less than 100,000 baht per sq. m., which represents a price level that operators are focusing on. They are interested in developing condominiums at a lower price level, with convenient transportation options, larger room sizes and increased work areas at home, in order to meet the housing needs of 2021. The asking prices will be set to make the units more accessible, with a focus on customer groups with real demand and a low salary base. The asking prices would be approximately 1 to 3 million baht, and new projects are expected to be mostly scattered throughout the suburbs. What is worrying about the completed condominium project is that, although operators will try to adjust their plans to offer attractive promotions, they may not sell their remaining stock more quickly because purchasing power is beginning to weaken. This is the reason that affects demand for condominiums, and it may take 1 to 2 years for the condominium market to return to a state of equilibrium as there are still almost 70,000 units remaining for sale in Bangkok. At any rate, the key market stimulus is the most widespread and rapid distribution of vaccinations. This would increase the chances that the country can open for inbound and outbound travel without worrying about the epidemic, as well as the chances of economic recovery, which would be an important factor for the revival of the condominium market.

Location Definitions :

Central Business District (CBD) :

This is the Central Business District area as well as the area that surrounds it; it is popular for expatriates, tourists and upper class Thais for both for shopping and

residences. It also includes areas along the Chao Phraya River on Charoen Krung and Rama III Roads. The CBD Area can be divided into sub-areas as follows:

Silom / Sathorn :

This is the area that encompasses Sathorn Road, Silom Road and the sois in between such as Sala Daeng, Nang Linchee, etc.

Prime Sukhumvit (Prime SKV) :

This is the section of Sukhumvit Road between Soi 1 to 63 (North side) and Soi 2 to 42 (South side).

Central Lumpinee (CL) :

The area encompasses Ploenchit Road (end of Sukhumvit Road), to Rajdamri, Ratchaprasong, Wireless Road, Chidlom Road, Soi Tonson, Soi Langsuan, Sarasin Road, Rajdamri Road, Ratchaprasong Road, Rama 1 Road and Phayathai Road. The area is popular with expatriates, tourists and affluent Thais.

Charoenkrung / Narathiwad / Rama 3 :

This is the area that stretches along Charoen Krung Road of the Chao Phraya River southward just past the Sathorn Bridge, and to the north of Siphaya Road as well as the area along both sides of Narathiwas Road.

Surawongse / Samyan / Siphaya :

This is the area on Surawongse Road, Samyan Road and Siphaya Road as well as some parts of Rama 4, which are located near the mentioned roads.

City Fringe Area :

The area is located on the edge of the CBD, and provides easy access to the CBD. This area is an alternative for condominium buyers due to the convenient access to many shopping and transportation centres. The City Fringe Area can be divided into the following sub-areas:

SKV 44-70 SKV 65-103 :

This area encompasses the edge of Sukhumvit Soi 65 to Sukhumvit Soi 77 as well as the edge of Sukhumvit Soi 44 to Sukhumvit Soi 50.

Ratchada / Rama 9 / Ladprao :

This is the area along Ratchadapisek Soi 1 to Soi 17 and Soi 2 to 28; Ladprao along Ladprao Soi 1 to Soi 23 and Soi 2 to Soi 28; and Rama 9 Road, covering the Ratchada / Rama 9 intersection to Rama 9 /Wattanatham Road.

Phahonyothin / Phayathai :

This is the up-and-coming area that offers convenient access to many academic institutions and government agencies. The area covers Phahonyothin Road between Soi 1 to 15 and Soi 2 to 20.

Petchburi Road :

This area covers Petchburi Road from Nikhom Makasan intersection to the intersection of Petchburi and the end Sukhumvit Soi 63.

Charoen Nakorn / Thonburi :

This area stretches along the Chao Phraya River from Krungthep Bridge to Krungthonburi Bridge.

Bangsue / Tao Poon / Pracharat :

This area covers Samsen Road, Thaharn Road, Pracharat Sai 1, Pracharat Sai 2, and Krungthep-Nonthaburi Soi 1-39 and Soi 2-50.

Bangkok Peripheral Area :

The three major areas under this classification are:

Eastern Bangkok :

This covers the following roads: Bangna, Srinakarin, Ramkamhaeng, Theparak, Romklat and Chalermprakit.

Late Sukhumvit :

This is the section of Sukhumvit Road on both sides after Sukhumvit Soi 105 and 70, stretching to Samutprakran.

Northern Bangkok :

This area covers the road along the northern part of Bangkok, which include Ngamwongwan, Chaengwattana, Rattanathibet and Sanambin Nam.

Southern Bangkok :

This is the area covering the followings roads: Petchkasem, Ratchapruk, Kalaprapruk, Charansanitwongse and Wuthakart.

Late Ratchada / Ratchayothin /

Late Ladprao :

This area covers Ratchada from Soi 19 and Soi 30 to the end; Ladprao from Soi 25 and 30 to the end; Ratchayothin Road; and Kaset Navamin, Ramindra and Nuanchan Roads.

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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