

# **Bangkok Condominium Market Overview Q1 2022**







# HIGHLIGHTS



THE ACCUMULATED SUPPLY OF BANGKOK CONDOMINIUMS OF Q1 2022; A GRAND TOTAL OF 16,247 UNITS FROM 25 PROJECTS WERE LAUNCHED DURING Q1 2022. THE NEW SUPPLY IN Q1 2022 DECREASED BY 347.1 PER CENT, COMPARED WITH THE NEW SUPPLY IN Q1 2021.



ONLY 7,074 UNITS WERE SOLD FROM THE NEW SUPPLY DURING THE FIRST QUARTER OF THIS YEAR FROM 16,247 UNITS, REPRESENTING A 43.5 PER CENT SALES RATE – AND REFLECTING A 6.7 PER CENT INCREASE IN SALES WHEN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR, OR A 18.3 PER CENT INCREASE WHEN COMPARED WITH THE FOURTH QUARTER OF 2021.



THE ASKING PRICE OF A CONDOMINIUM IN THE CENTRAL BUSINESS DISTRICT IS 239,955 BAHT PER SQ.M., DECREASING BY 0.11 PER CENT FROM THE FOURTH QUARTER OF 2021. CONDOMINIUMS IN THE CITY FRINGE AREA IS 115,755 BAHT PER SQ.M., DECREASING BY 0.08 PER CENT FROM THE FOURTH QUARTER OF 2021 AND CONDOMINIUMS IN THE SUBURBS OF BANGKOK IS 63,435 BAHT PER SQ.M. THEY WERE DECREASING BY 0.28 PER CENT FROM THE FOURTH QUARTER OF 2021.



THE IMPACT OF THE RUSSIAN-UKRAINIAN WAR THAT WILL CAUSE INFLATION TO ACCELERATE, DIRECTLY AFFECTING THE PURCHASING POWER IN THE COUNTRY AS WELL AS COSTS IN THE BUSINESS SECTOR, SUCH AS FOR RAW MATERIALS USED IN CONSTRUCTION. ALSO, THE OVERALL ECONOMY OF THE COUNTRY REMAINS FRAGILE, WHICH CONTINUES TO AFFECT THE REAL ESTATE MARKET.



NATTHA KAHAPANA  
Managing Director



Affordable market is still going strong because there is still a market to support it. Purchasing power during this time will come from investors who see opportunities for leasing or speculation. The project location is also an important point in purchasing, investing and living.



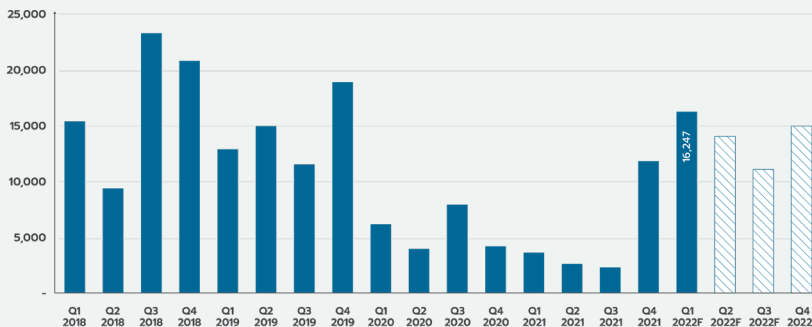
# MARKET OVERVIEW

The condominium market came back in 2022, thanks to the dramatic supply increase in the market during the first quarter of the year, signalling that developers are launching more new projects in contrast to last year's slowdown. The market supply is considered to be an indication of the options that sufficiently fulfil the needs of consumer groups. Even though the Covid situation continues, the epidemic has become classified as an endemic disease that is a part of normal, everyday life and a secondary concern. Developers are more worried about the impact of the Russian-Ukrainian war that will cause inflation to accelerate, directly affecting the purchasing power in the country as well as costs in the business sector, such as for raw materials used in construction. Also, the overall economy of the country remains fragile, which continues to affect the real estate market. At any rate, the real estate market in Thailand continues to draw interest from investors and foreigners.

## ◆ Supply Trend

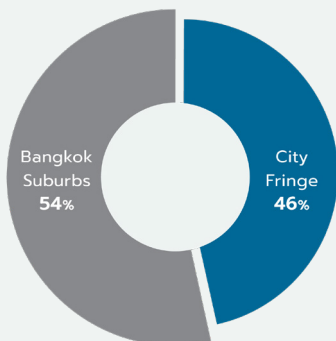
As of the first quarter of 2022, the supply of condominiums in Bangkok totalled 16,247 units. The number of new units sold increased by 347.1 percent compared to the same period last year (there were 3,634 new condominium units launched in the first quarter of 2021). This marks a 44.4 percent increase compared to the previous quarter (where 11,252 new condominium units were launched in the fourth quarter of 2021). The number of newly launched condominiums located in the suburbs of Bangkok stood at 54 percent or 8,711 units, while the City Fringe area accounted for 46 percent. As for the CBD, there was no new supply launched this quarter. If classifying the condominiums by grade, this quarter saw the highest number of Grade B condominiums, accounting for 45 percent of the total launches, followed by Grade C condominiums and Grade A condominiums at 43 and 12 percent, respectively. The new supply is mostly from large scale developers, with such units accounting for as much as 94 percent of the total new supply that was launched.

**Supply of New Launched Condominiums in Bangkok, Q1 2018 to Q1 2022**



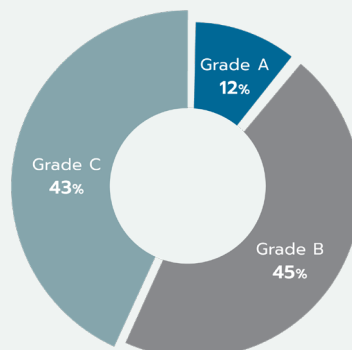
Source: Knight Frank Thailand Research

**Supply of New Launched Condominiums, by Location, Q1 2022**



Source: Knight Frank Thailand Research

**Supply of New Launched Condominiums, by Grade, Q1 2022**



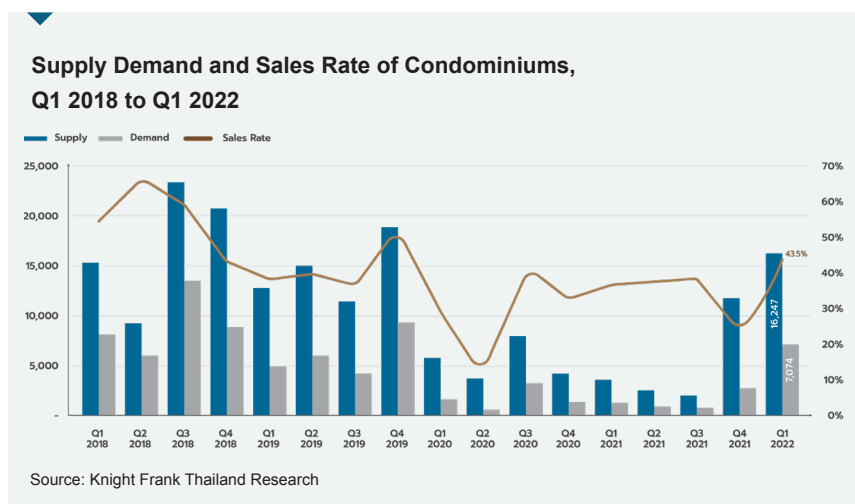
Source: Knight Frank Thailand Research

## ◆ Demand Trend

Demand in the first quarter of the year was generally quite brisk, as developers continued to launch projects in Bangkok, the outskirts of the city, and along the suburban metro train lines. They also continued to tap into the purchasing power in the “Affordable” category, with moderate, easily accessible prices per unit which do not affect buyers’ expense payments. In some projects, developers have been able to plan and anticipate their target buyers’ purchasing power accordingly, resulting in a good response from the market. This has been reflected in their sales rates in the first three months of the year (for condominiums that were in the pre-sales process). Some projects enjoyed bookings of over 50 percent, which is considered good. Moreover, some projects had reservations as high as 90 percent; these are projects launched in community areas with an asking price per unit of 0.99 to 1.2 million baht. They boast a relatively large room size, including furniture, and are ready to be occupied once the project is completed.

Projects with over 50 percent bookings are located in the outskirts of Bangkok, close to universities and job sites outside the city. There is still a lot of demand from this group of buyers, and reasonable prices are incentives for them to make a purchasing decision in a short amount of

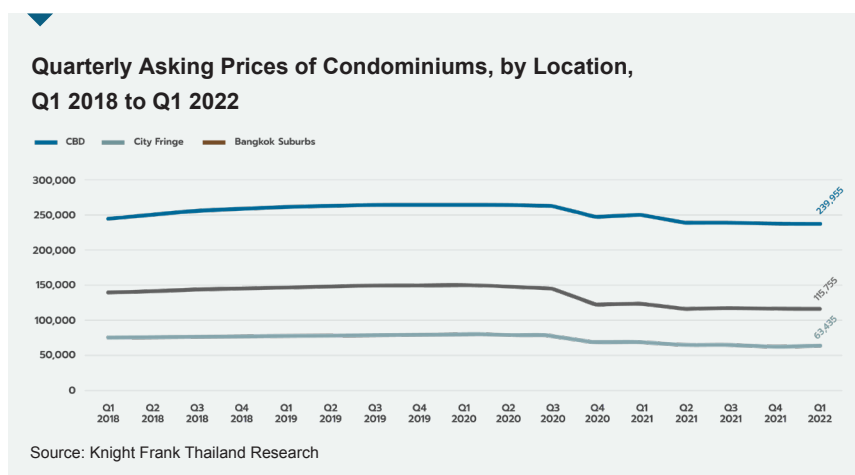
time. In the first quarter of this year, 7,074 newly launched units were sold out of a total of 16,247 such units, representing a sales rate of 43.5 percent, an increase of 6.7 percent compared to the same period last year and an increase of 18.3 percent compared to the previous quarter.



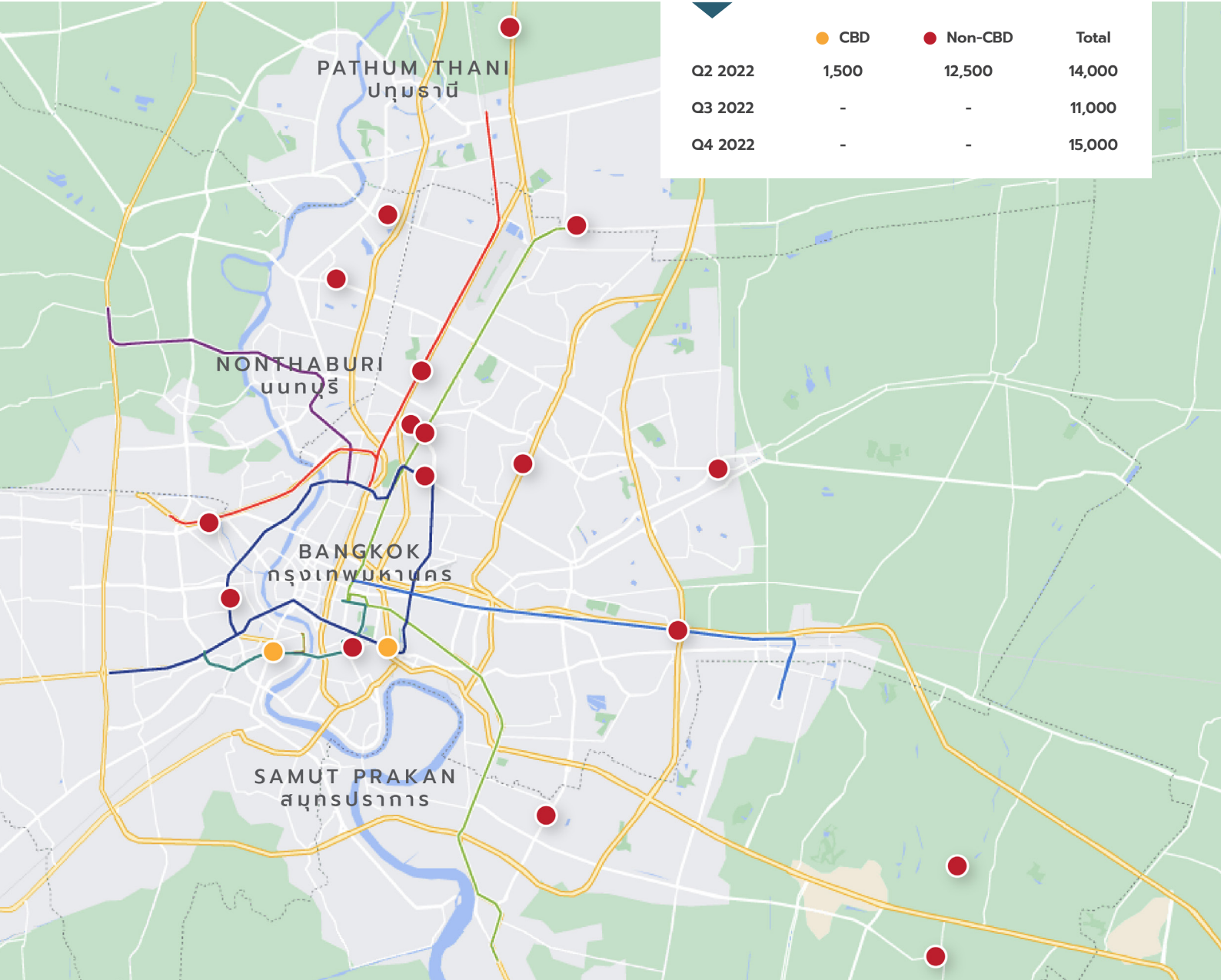
## ◆ Selling Price Trend

The asking price of condominiums in the first quarter of 2022 remains stable or slightly increased. As of Q1 2022, the selling price of condominiums in the Central Business District (CBD) stood at 239,955 baht per square metre, reflecting an increase of 4.46 percent compared to the same period in the previous year, or an increase of 0.1 percent compared to the previous quarter. The asking price of condominiums in the area around the CBD (City Fringe) was 115,755 baht per square metre, an increase of 6.0 percent compared to the same period last year, or an increase of 0.08 percent compared to the previous quarter. The asking price of condominiums in the suburbs of Bangkok was 63,435 baht per square meter, an increase of 7.6 percent compared to the same period last year or an increase of 0.2 percent compared to the previous quarter. The asking prices of condominiums in the first quarter of 2022 increased slightly.

However, during the second quarter onwards, the prices of newly launched projects in the CBD and City Fringe tend to increase in accordance with rising land values and construction costs.



◆ Forecast New Launch Condominium Supply



◆ Market to watch

<b>Foreign Buyers</b>	China eases covid restrictions lock down and travel restriction lift which expected to happen in the third quarter this year will bring back purchasing power from chinese group. Attraction locations are Rama 9, Bearing.
<b>Investor Buyers</b>	Investors are interested in projects priced below 100,000 baht per square meter. Location remains an important factor in driving pre-sales quickly due to group demand. Tenants are starting to return to the market.
<b>Real Demand Buyers</b>	The ready to move in the project will attract from real demand especially pricing below 2 Million baht per unit.

## ◆ Outlook

For the remaining nine months of this year, there is an increasing number of new condominiums launched for sale, compared to the past two years. This is especially apparent in condominium projects from developers listed in the stock exchange and with more joint ventures with foreign companies. The condominiums are from mid to lower price levels, with a focus mainly on home buyers and investors, as this group is expected to have continuous demand. There will be more competition in the launch of new projects, and developers must leverage their strategies to close sales with customers as quickly as possible. This year will also see developers offering projects with larger room sizes and layouts; some projects will even be pet friendly, which remain limited in the market. In addition, many developers will approach projects with a health and wellness style, to consider and support the lifestyles of a range of generations of residents.

It is expected that approximately 50,000 new condominiums will be launched for sale this year, based on developers' continuous launch plans. This will result in the condominium market's recovery, despite the global risk factors that still need to be assessed, such as the Russian-Ukrainian war, supply disruptions in both the manufacturing and transport sectors due to zero covid policies and the economic sanctions placed on Russia, and the tightening of the monetary situation from the world's major banks that have

raised interest rates or reduced liquidity in the system. The latter may have broad implications and will certainly affect the condominium market. However, the purchasing power in the country is still apparent, and the measures and extension period for the waiver of transfer and mortgage fees will be an important factor to motivate buyers and send a positive signal to developers. Although the situation is not back to the previous levels of foreign buyers as in the past, developers have a clearer view of and can better assess the situation. If the full opening of the country takes place, it is certain that the condominium market will bounce back in popularity, receiving more positive feedback from foreigners.

## ◆ Location definition

### 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 Narathiwad 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/Wat-tanatham 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 Nihom 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 / Pracharati** : 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, Romklao 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, Chaeng-wattana, Rattanaibet and Sanambin Nam.

**Southern Bangkok** : This is the area covering the followings roads: Petchkasem, Ratchapruk, Kalaprapruk, Charansanit-wongse and Wutthakart.

**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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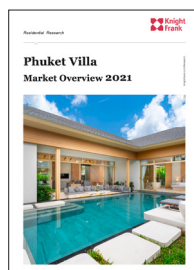
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