

Bangkok Condominium Market Overview Q2 2021





HIGHLIGHTS

1

THE ACCUMULATED SUPPLY OF BANGKOK CONDOMINIUMS INCLUDED 652,081 UNITS AT THE END OF Q2 2021; A GRAND TOTAL OF 2,659 UNITS FROM 7 PROJECTS WERE LAUNCHED DURING Q2 2021. THE NEW SUPPLY IN Q2 2021 DECREASED BY 33.8 PER CENT, COMPARED WITH THE NEW SUPPLY IN Q2 2020.

2

ONLY 933 UNITS WERE SOLD FROM THE NEW SUPPLY DURING THE SECOND QUARTER OF THIS YEAR FROM 2,659 UNITS, REPRESENTING A 37.3 PERCENT SALES RATE – AND REFLECTING A 22.9 PER CENT INCREASE IN SALES WHEN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR, OR SALES RATE INCREASED 0.4 PERCENT COMPARED TO THE PREVIOUS QUARTER.

3

THE SALES RATE INCREASE REFLECTS THE 100 PER CENT (SOLD OUT) RESERVATION RATE OF A PROJECT LAUNCHED IN THIS QUARTER; REPRESENTING 73 PER CENT OF THE TOTAL UNITS SOLD IN Q2 2021.

4

THE SELLING PRICES OF CONDOMINIUMS IN BANGKOK DURING THE SECOND QUARTER OF 2021 DECREASED IN ALL AREAS, FROM THE FIRST QUARTER OF 2021 AS WELL AS FROM THE PREVIOUS YEAR.



NATTHA KAHAPANA

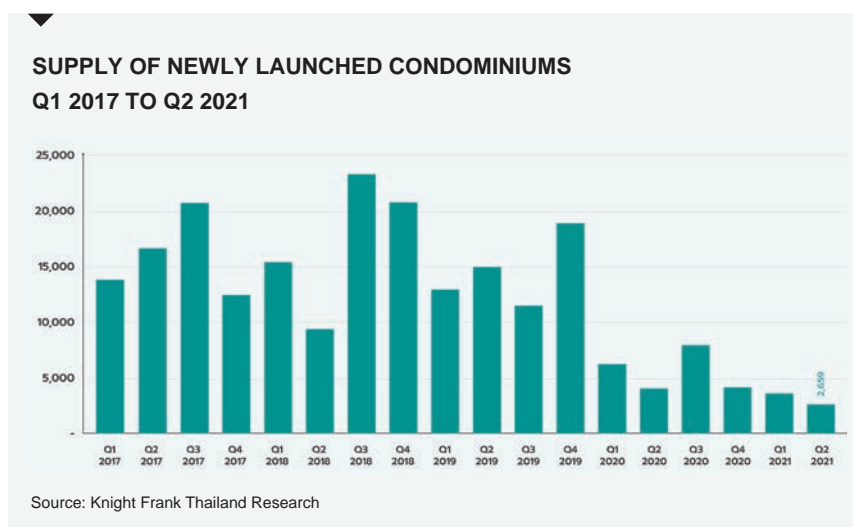
Deputy Managing Director and Head of Phuket Operation



The discount strategy is still being used by developers to drain the remaining inventory, and the project's launch plans remain, but the launch has been postponed to the fourth quarter of this year. Existing purchases buyers have also declined due to the virus outbreak continuously, requiring urgent purchasing decisions to be delayed.



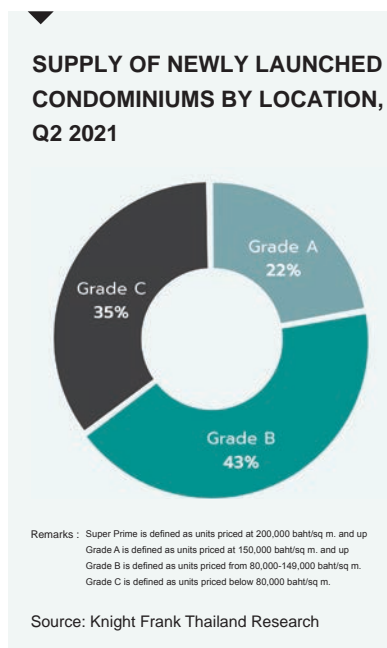
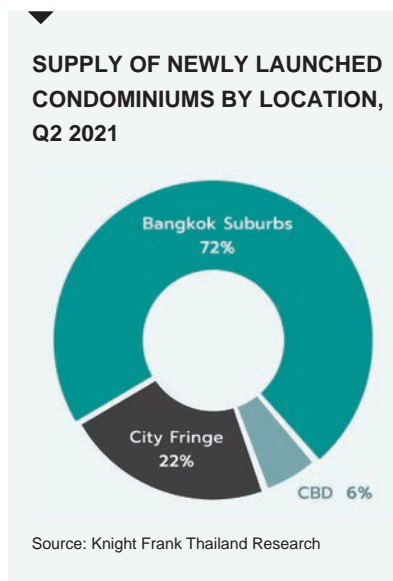
The Covid-19 epidemic continued to be severe, with the situation remaining out of control, in the second quarter of 2021. This was thus a negative factor that continued to put a damper on the growth of the condominium market in Bangkok. The severity of the epidemic increased since April, which significantly affected buyers and caused sales to below. Also, developers have had to increase their marketing and promotional budgets to stimulate sales. Large-scale developers can still support and propel their businesses forward, but small players may be facing more competition than before. It was also found that, at the same time, some projects launched this quarter enjoyed outstanding sales or were able to close out their sales quickly. Developed by large players, these projects are located in the suburbs and have low asking prices, which make them easily accessible by their intended main target group with limited income. Despite concerns about the currently unsuccessful epidemic controls, large-scale developers remain confident in investing in the development of projects. However, small-scale developers lack confidence in investing as they are at a disadvantage in terms of fewer investment resources and possible liquidity problems.



Supply Trend

The Bangkok condominium market in Q2 2021 contained a total supply of 2,659 units. The number of new units sold decreased by 33.8 percent compared to the same period last year, and by 26.8 percent compared to the previous quarter.

The number of newly launched condominiums located in the suburbs stood at 72 percent, or 1,915 units, representing an increase of 22 percent from the previous quarter. The City Fringe and Central Business District (CBD) areas accounted for 22 and 6 percent of the supply, respectively. Although the overall new supply decreased, most of the supply is located in the suburbs, reflecting the projects developed by large local groups of companies.



Newly launched condominiums are priced starting at less than one million to a few million baht, or about 30,000 to 80,000 baht per square metre, while smaller companies have developed condominium projects at the price of 85,000 baht per square metre or more. Grade B condominiums accounted for 43 percent, followed by Grade C condominiums at 35 percent and Grade A condominiums at only 22 percent. As for Super Prime condominiums, there have been no such new condominiums launched this past quarter.

SUPPLY, DEMAND AND SALES RATE OF CONDOMINIUM MARKET Q1 2017 TO Q2 2021



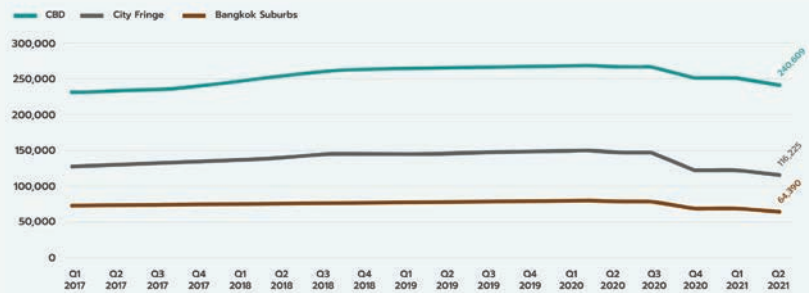
Source: Knight Frank Thailand Research

Demand Trend

During Q2 2021, the market for newly launched condominiums was affected by the epidemic that flared up in early April, and remains severe and uncontrolled. There were 993 new units sold in the quarter, from a total of 2,659 new units added to the supply in Q2 2021, representing a sales rate of 37.3 percent, or an increase of 22.9 percent compared to the same period last year. Also, the sales rate increased 0.4 percent compared to the previous quarter.

This increase in the sales rate reflects the 100 percent (sold out) reservation rate of a project launched in this quarter; sales were of approximately 730 units, representing 73 percent of the total units sold in Q2 2021. The said project is located in the suburbs and by a large-scale developer. The asking price was not high, which grabbed the attention of buyers with real demand and investors, and they made decisions quickly. Most of the buyers include existing customers who are repeat buyers that already have confidence in the developer's reputation.

QUARTERLY ASKING PRICES OF CONDOMINIUMS, BY LOCATION Q1 2017 TO Q2 2021



Source: Knight Frank Thailand Research

Selling Price Trend

The asking prices of condominiums in Bangkok, as of Q2 2021, decreased in all areas from Q1 2021, with the asking price of condominiums in the CBD being 240,609 baht per square metre. This marks a decrease of 9.8 percent compared to the same period in the previous year, or a decrease of 4.2 percent compared to the previous quarter. The asking price of condominiums in the City Fringe area was 116,225 baht per square metre, reflecting a decrease of 21.1 percent compared to the same period last year.

The asking price of condominiums in the suburbs of Bangkok was 64,390 baht per square metre, a decrease of 19.5 percent compared to the same period last year, or a 6.2 percent drop from the previous quarter. Asking prices in Q2 2021 has declined, as many completed projects reduced their prices in order to close out sales. The pricing discount strategies focused on attracting real buyers, including the offer of zero expenses for everything in the project; at the same time, developers can better manage cash flow and maintain liquidity in their business operations.

Outlook

In the next six months, especially during Q3, the market will remain stable. The number of new projects launched in the next quarter will continue to slow. Developers will plan to launch projects in Q4 rather than Q3, which is believed to be the timeframe for the epidemic to be controlled. The number of new projects to be launched for sale is estimated to include no more than 5,000 units. The sensitivity of the economy to the epidemic remains an inevitable risk factor, and rising household debt could affect the purchasing power of the lower-middle segment of the market. Also, unresolved political issues can affect developers' confidence, hampering visions of growing their investments. The economy may need to extend its recovery period beyond initial expectations, which would heighten developers' concerns about the situation. For the remainder of the year, it is likely that around 70 percent of project launches in the market will be from large developers, as they have been continuously accumulating land for development and have a stronger capacity for cost management than the smaller players. They are also able to develop many projects simultaneously. Additionally, if the country is fully vaccinated and the situation can be controlled, along with other supporting factors, especially government measures to stimulate purchasing power, the country's economy will be able to recover faster 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 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 Sipraya 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/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 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 Chalermprakiat.

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, Rattana Thibet and Sanambin Nam.

Southern Bangkok : This is the area covering the followings roads: Petchkasem, Ratchapruk, Kalaprapruk, Charansanitwongse 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.



PHANOM KANJANATHIEMTHAO
Managing Director
+66 (0) 2643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



NATTHA KAHAPANA
Deputy Managing Director
& Head of Phuket Operation
+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



Thailand Real Estate
Highlight Market Overview
1H 2021



Bangkok Office
Market Overview
Q2 2021



Thailand Logistics
Property Overview
2H 2020



Bangkok Office
Market Overview
Q1 2021



Bangkok Luxury House
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 2021. 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 33/4, The 9th Towers, Grand Rama 9, Tower A, 31st Fl., Unit No. TNA 01-04 Rama 9 Road, Huaykwang District, Bangkok 10310 Thailand.

