

Bangkok Condominium

Market Overview Q2 2022





HIGHLIGHTS



CONFIDENCE INDEX OF HOUSING DEVELOPERS INCREASED FROM THE PREVIOUS QUARTER BY PERCENTAGE OF 2.7 POINT IN CORRESPONDING TO THE NEWLY OPENED SUPPLY OF 15,164 UNITS.



NEW PROJECT ARE LAUNCHES FOR SALE, FOCUSING ON SELLING IN SUBURBAN AREAS ALONG THE MRT EXTENSION LINE, WHICH ARE DISTRIBUTED IN PATHUM THANI, NONTHABURI AND MIN BURI AREAS.



MOST OF THE NEW PROJECTS LAUNCHED IN THIS QUARTER ARE LIKELY TO BE CREATE BY MAJOR OPERATORS, NAMELY ORIGIN, SANSIRI, SC ASSET, NOBLE, SENA, SUPALAI AND ASSETWISE.



THE PRICE THAT REFLECTS THE DEMAND OF CUSTOMERS IN THE MARKET WILL BE THE SELLING PRICE OF NEW CONDOS WITH THE SELLING PRICE RANGE OF 1.2 – 2.5 MILLION BAHT.



THE AVERAGE SELLING PRICE IN THIS QUARTER IS SLIGHTLY INCREASING. THE AVERAGE SELLING PRICE IN ALL AREAS IS BY PERCENTAGE OF 0.3.



NATTHA KAHAPANA
Managing Director



Entrepreneurs' confidence in project development tends to increase from the launching of projects by large operators. while buyers in the price range of 1-3 million baht will slow down. from the announcement of interest rate hikes to curb inflation of the Bank of Thailand This makes it possible to borrow loans in a smaller amount than the selling price.

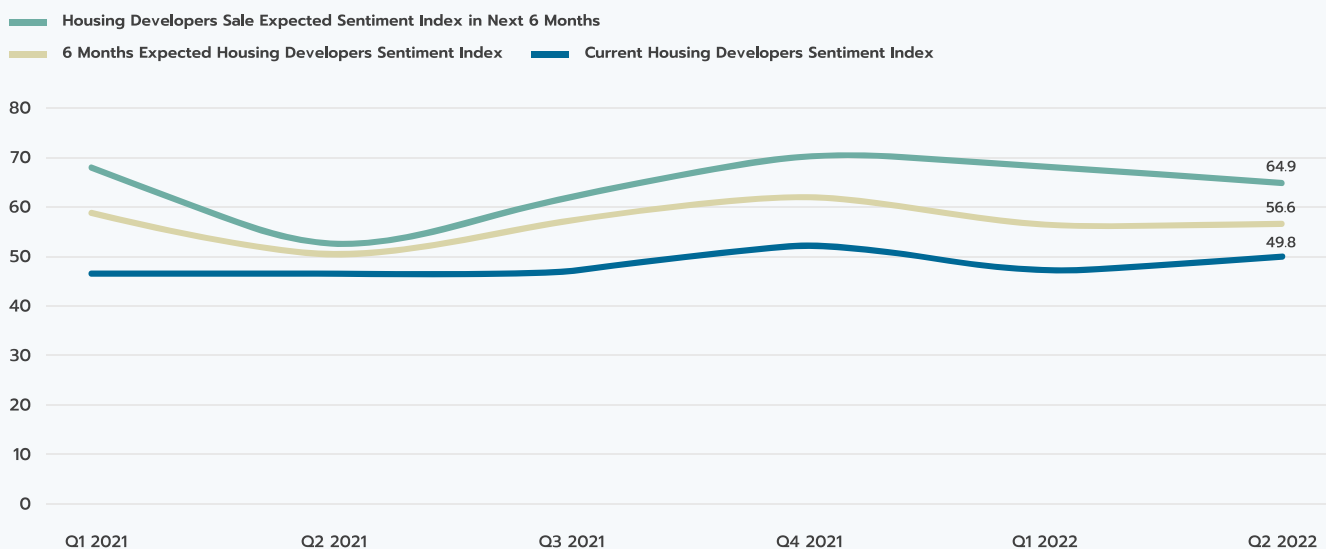


MARKET OVERVIEW

The condominium market in Q2 continues to struggle to recover in response to the slowly improving economy and facing higher construction costs. There is also the matter of inflation that continues to increase and does not show any signs of decreasing. Even though it is something that cannot be controlled, business operators are still gradually launching new projects continuously. This corresponds to the result found in confidence index of developers in the current housing development business, which was approximately 49.8 from the previous quarter at 47.1, reflecting that operators tend to have more confidence in project development.

The business operators also have a marketing strategy to close the sale of the project as quickly as possible. It can be seen that in this quarter, many projects are developed to capture the lower market segment and will focus mainly on cheap prices. In order to see the market response and guide the development of new projects in the future. For example, the projects that are completed and ready is currently having a marketing promotion for the first 1-3 years of pay instalment to help buyers to make the decision to buy easier. However, the higher cost of living may cause the lower market groups to be more worried and constrained by the budget to use for installments. This may result in a weakening of the purchasing power of Real Demand, but there are still investors who will be able to push the market to move during this period.

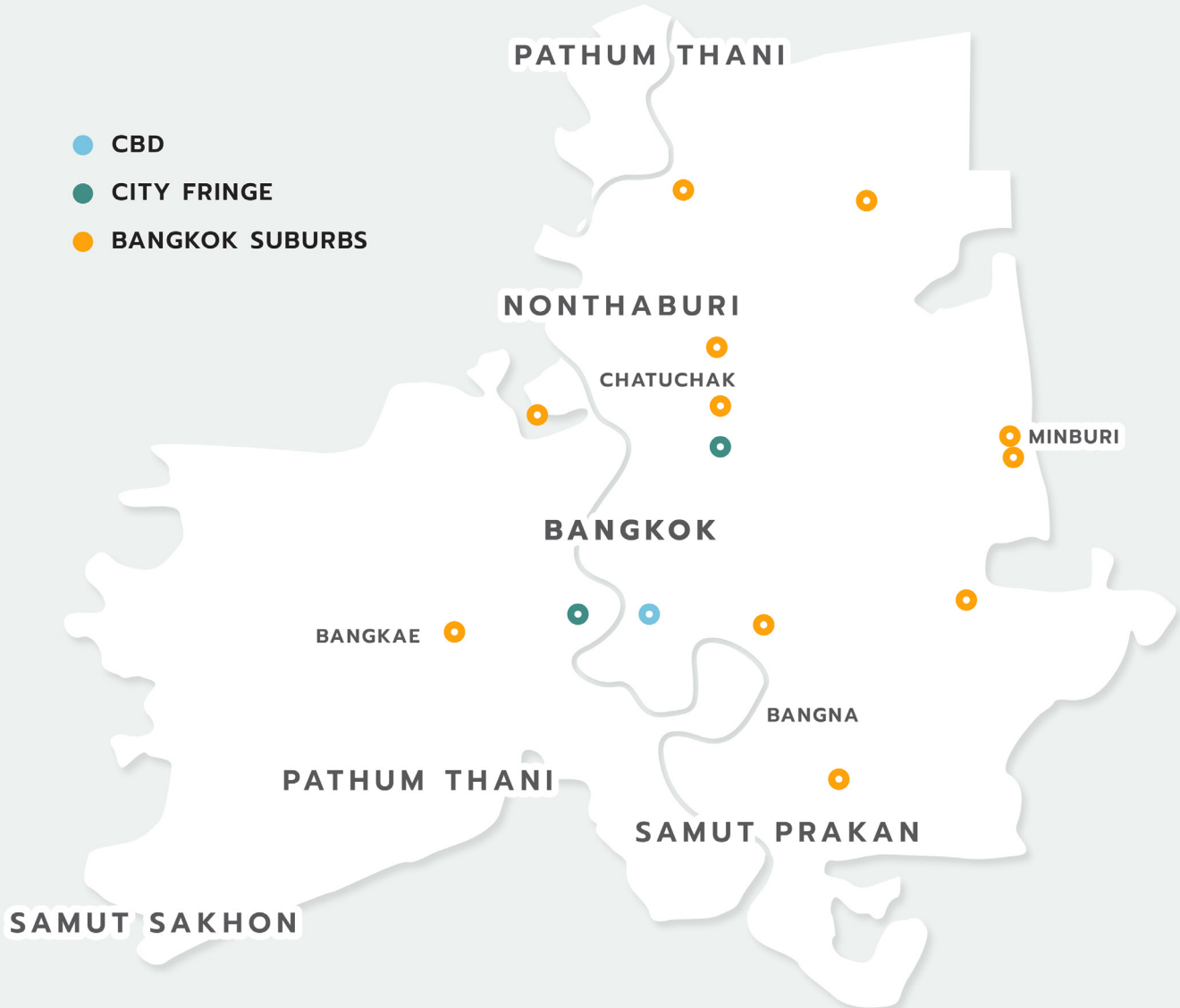
1 | Housing Developers Sentiment Index (HDSI)



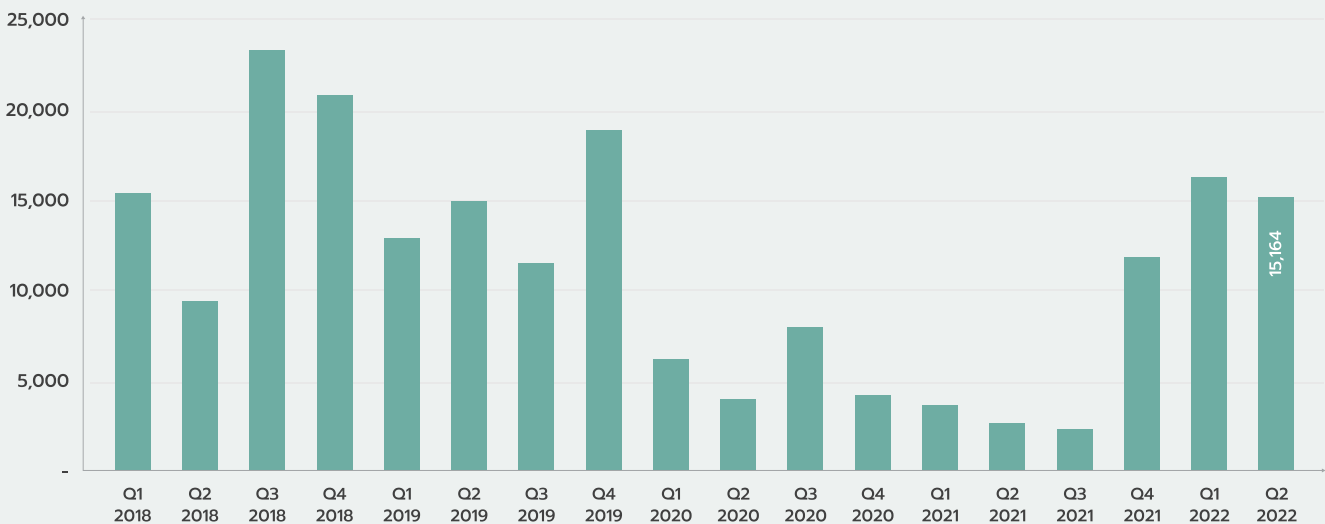
Remarks :
 - Index score of 50 means "Maintain Confidence"
 - Index score of Higher than 50 means "Increase Confidence"
 - Index score of Lower than 50 means "Decrease Confidence"

SUPPLY

2 | Forecast New Launch Condominium Supply



3 | Housing Developers Sentiment Index (HDSI)



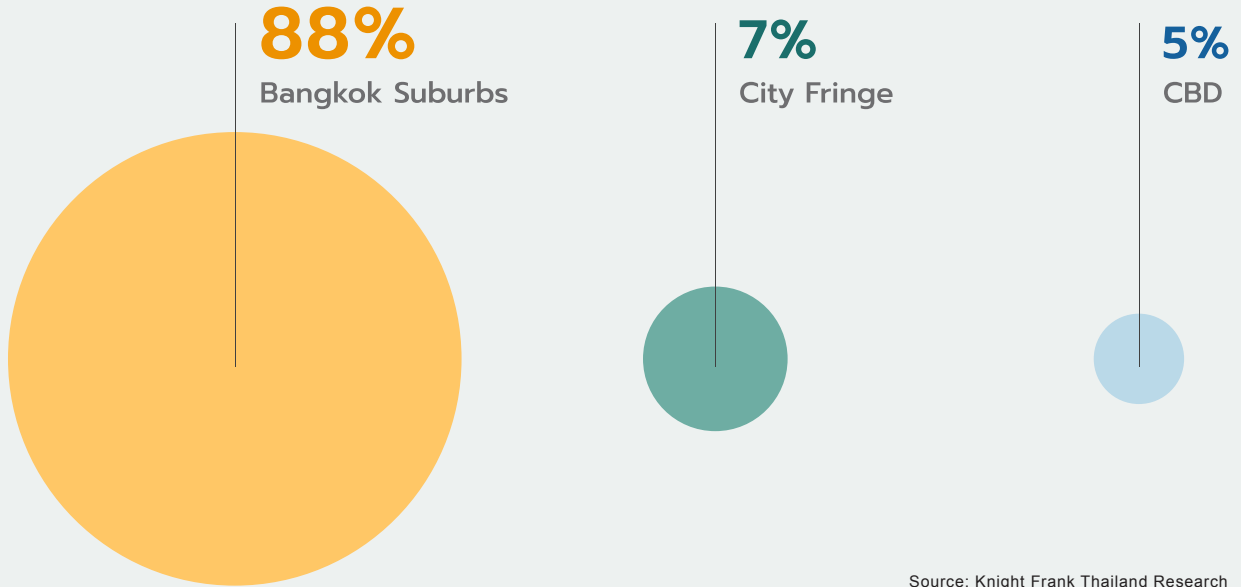
Source: Knight Frank Thailand Research

During Q2 2022, the supply of the condominium market in Bangkok amount to 15,164 units. The number of new units sold increased by 470.3% compared to the same period last year. (New condominiums launched in Q2 2021 were at 2,659 units) but decreased by 6.7% compared to the

previous quarter. The number of newly launched condominiums will have an average selling price of 40,000 – 75,000 baht per square meter. These were Grade C condominiums, accounting for 68% of the total number of condominiums opened for sale in this quarter, which are located

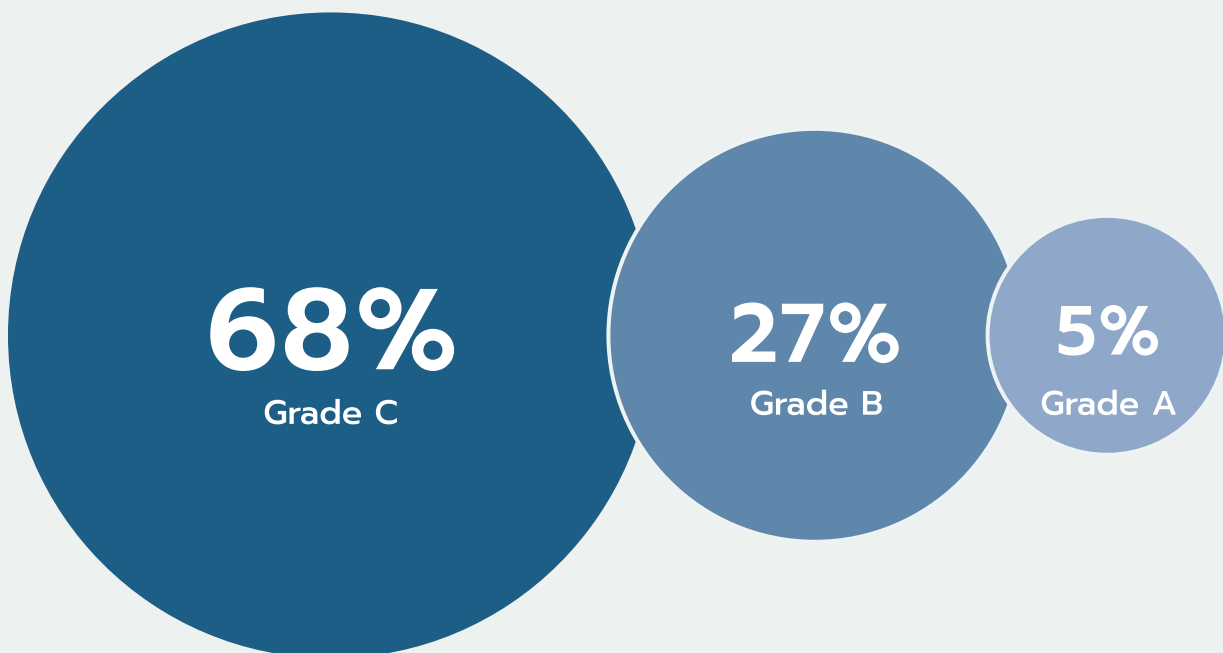
in suburban areas of Bangkok, accounted for 88%. Meanwhile the area around the City Fringe accounted for 7% and the CBD area only 5%.

4 | Supply of New Launched Condominiums, by Location, Q2 2022



Source: Knight Frank Thailand Research

5 | Supply of New Launched Condominiums, by Grade, Q2 2022



Remark :

Grade A The selling price of the unit must be above THB 150,000 per square metre.

Grade B The selling price of the unit must be within the range of THB 80,000 - 149,999 per square metre.

Grade C The selling price of the condominium must be in the range of less than 80,000 baht per square metre.

Source: Knight Frank Thailand Research

DEMAND

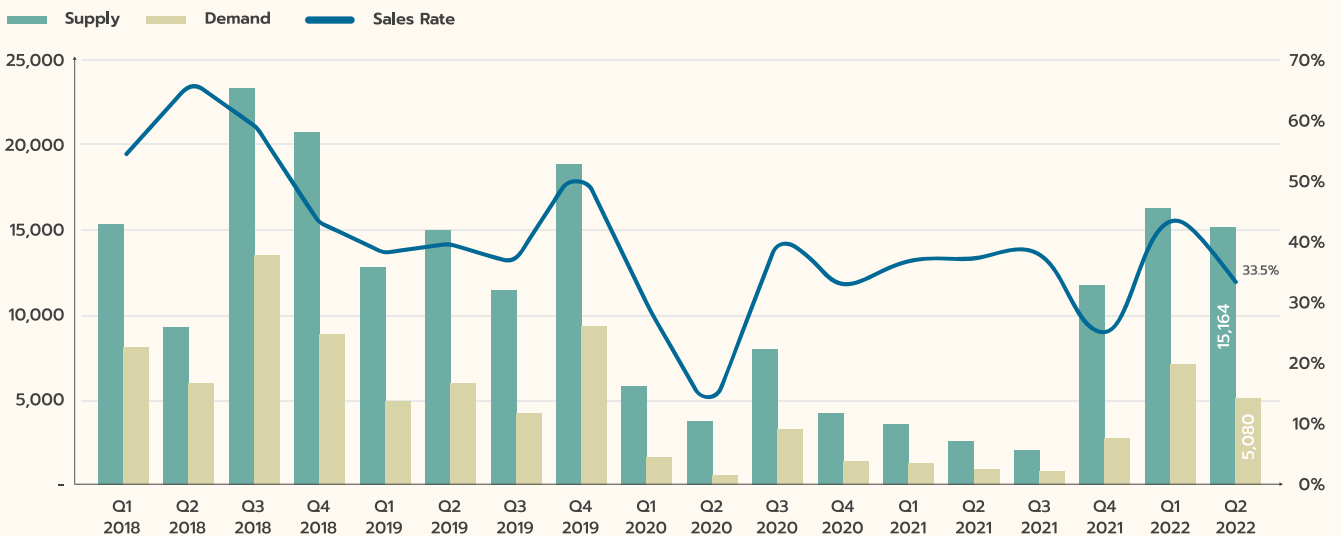
In the second quarter, it was found that the pre-sale projects that performed well were those located in potential locations close to amenities and the selling price per room was not very high. Projects located near educational institutions also had good revenue recognition, with the number of new units sold in the second quarter being

at 5%. The sales rate declined at a rate of 3.8% compared to the same period last year and decreased by 10.0% compared to the first quarter of the year. Due to the decline in new units sold in this quarter. The number of units per project launched is higher and the opening of the project only choose to open for sale at some buildings

and on some floors only. Many projects have a positive sales trend. However, when comparing the proportion of units sold with the number of units in the whole project, the ratio of sales is low. During this period, the buyer group is likely to be of investors motive to buy, rent and speculate, which is equivalent to the group of Real Demand.



6 | Supply Demand and Sales Rate of Newly Launched Condominiums, Q1 2018 to Q2 2022



Source: Knight Frank Thailand Research

ASKING PRICE

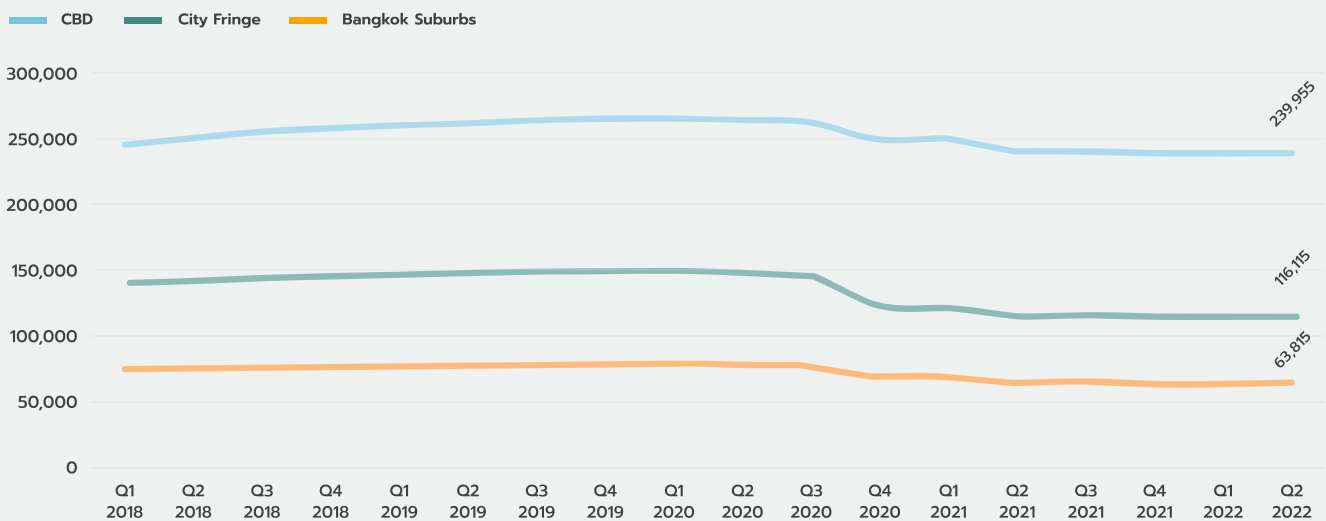
The selling price of condominiums in the second quarter of 2022 has slightly increased. The selling price of condominiums in the Central Business District was 239,955 baht per square meter, equivalent to the previous quarter. Meanwhile, the selling price of condominiums around the City Fringe was at 116,115 baht per square meter, an increase of 0.3% from the previous quarter, or an increase of 6.0% compared to the previous quarter

of the same period in the previous year. As for the offering price of condominiums in the suburban areas of Bangkok, it was 63,815 baht per square meter, an increase of 0.6% from the previous quarter, or a 6.8% increase compared to the same period last year. The average price in all areas is only 0.3% because some projects have adjusted the selling price in some room units. But the average selling price for most of the projects is still the normal

selling price as set by the developer company from the beginning. Therefore, the average selling price in this quarter did not have much adjustment. It is expected that selling prices in the third quarter are likely to rise by 2-3 % due to inflation, causing an increase in material prices, and resulting in higher construction costs. This leads to a situation where operators have to bear all the costs.



7 | Quarterly Asking Prices of Condominiums, by Location, Q1 2018 to Q2 2022



Source: Knight Frank Thailand Research

MARKET OUTLOOK


In the second half of this year, real estate developers are likely to gradually launch projects continuously. By continuing to develop high-rise projects and low-rise projects concurrently. The key factor that will drive condominium developments to grow is the positive response from buyers in every segment. As for the location of the project development in Bangkok will be getting less and rarer. But if it's the land where infrastructure connected to the east coast or land located in suburban areas and have the expansion of train routes, including areas near new expressways that will be emerging in the future, even though the project would be located in the suburban of Bangkok but if these facilities are accessible, that will result in demand for housing. The land with such potential at present has pushed up the price. And may result in a lot of competition for project

developers because they have to bear the cost in many ways. As a result, the selling price per room has to be increased, which may affect the recovery of the real estate sector.



While the announcement of the interest rate rise to curb inflation by the National Bank may cause those who decide to buy condominiums will be directly affected. Because the loan can be borrowed in a reduced amount in contrast to the high selling price of the housing. Due to the increase in interest, the borrower will have to bear the burden of paying more per period. This may result in a slowdown in demand for housing, including causing the transfer of ownership to be negative. Nevertheless, the government sector has given importance and is trying to find various measures. Whether it is a measure

to reduce transfer fees and mortgage fees for homes in the first payment of three million baht, the excess is calculated at the normal rate of 2%, and the price ceiling has to be monitored accordingly. Including the LTV easing measures that will be extended from the original to end at the end of 2022. However, this is a great opportunity for local buyers during this period. Such measures will help to stimulate domestic purchasing power to make the real estate market move forward and can continue to drive on while waiting for foreigners to return to the country in full. The hope of reviving the economy of the real estate sector is the purchasing power of foreigners. As a result, the condominium market is likely to come back brighter and more flexible.

Market to Watch

Loan	Project Competitors
<p>Bank of Thailand interest rate hike trend In the near term, this may put pressure on the affordable purchasing power to slow down.</p> 	<p>The remaining units for new projects in the market are still waiting to be drained. Meanwhile, the demand for second-hand projects has increased in the market, which has led to an increase in housing options.</p> 

Focus Area

Eastern Connectivity Zone (EEC)	Location Neighborhood University
<p>Connectivity infrastructure to the East Coast will enable job site activity. It will be popular with foreigners doing business or expats, as evidenced by the increase in condominium projects in the Bangna-Trad area. This is a project open for sale by a major developer and the project has a high demand from buyers.</p> 	<p>The housing market in the neighborhood of the university is also a rental hub and is popular with students.</p> 

Source: Knight Frank Thailand Research

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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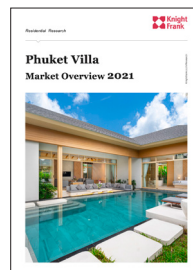
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