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# Bangkok Condominium Market Overview Q3 2021



## HIGHLIGHTS

1

THE ACCUMULATED SUPPLY OF BANGKOK CONDOMINIUMS INCLUDED 659,326 UNITS AT THE END OF Q3 2021; A GRAND TOTAL OF 2,312 UNITS FROM 7 PROJECTS WERE LAUNCHED DURING Q3 2021. THE NEW SUPPLY IN Q3 2021 DECREASED BY 13.05 PER CENT, COMPARED WITH THE NEW SUPPLY IN Q3 2020.

2

MOST OF THE NEW SUPPLY IS SOLD AT 34,000 TO 120,000 BAHT PER SQUARE METRE, AND ON AVERAGE, THEY WILL BE SOLD AT A PRICE OF ABOUT 75,000 BAHT PER SQUARE METRE.

3

ONLY 879 UNITS WERE SOLD FROM THE NEW SUPPLY DURING THE SECOND QUARTER OF THIS YEAR FROM 2,312 UNITS, REPRESENTING A 38.0 PERCENT SALES RATE – AND REFLECTING A 1.3 PER CENT DECREASED IN SALES WHEN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR, OR SALES RATE INCREASED 0.7 PERCENT COMPARED TO THE PREVIOUS QUARTER.

4

THE AVERAGE ASKING PRICE OF CONDOMINIUMS IN BANGKOK, AS OF Q3 2021, INCREASED SLIGHTLY FROM THE PREVIOUS QUARTER. CONDOMINIUMS IN THE CITY FRINGE AREA IS 117,666 BAHT PER SQ. M., INCREASING BY 1.24 PER CENT FROM THE PREVIOUS QUARTER AND CONDOMINIUMS IN THE SUBURBS OF BANGKOK IS 64,667 BAHT PER SQ. M. THEY WERE DECREASING BY 0.43 PER CENT FROM FROM THE PREVIOUS QUARTER.



NATTHA KAHAPANA

Deputy Managing Director and Head of Phuket Operation



Developers launch projects along mass transit lines that extend to suburban areas in growing locations. The projects that are open for sale will not have a small number of rooms. The price is easily accessible. Focus on targeting the middle-lower market by this kind of market condition. Most operators are testing purchasing power and seeking consumer confidence.

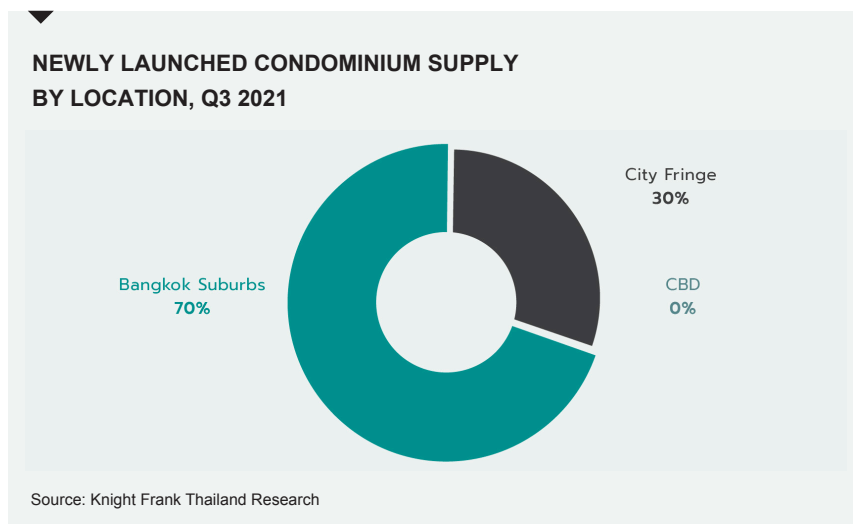


*In Q3 2021, given the intense and uncontrolled spread of Covid-19 that led to another lockdown imposed by the government, only publicly listed property development companies have been able to launch new projects. Also, they cautiously launched such projects, with a focus on testing the purchasing power in the market. In Q4, the condo market will start to have more positive news from the announcement of the reopening of the country and the easing of LTV measures, which directly affect the backlog of ready-to-transfer products. Going forward, however, high household debt remains a factor that must be closely watched.*



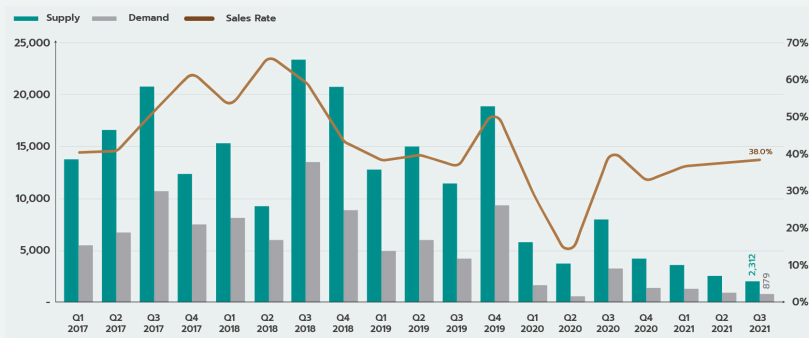
## Supply Trend

The supply of new condominium project launches during Q3 2021 totalled 2,312 units, a decrease of 70.8 percent compared to the same period last year. It also decreased by 13.05 percent compared to the previous quarter. The number of newly launched condominiums located in the suburbs stood at 77 percent, or 1,608 units, while the City Fringe area housed 30 percent of the newly launched units. The Central Business District (CBD) had no new launches in this quarter. All the new project launches have been by large operators from public companies such as LPN, ORI, SENA, SIRI, PS and PRIN. Most of the supply is sold at 34,000 to 120,000 baht per square metre, and on average, they will be sold at a price of about 75,000 baht per square metre or at a package price not exceeding 2.5 million baht per unit. These projects each include no more than 600 units.



The launch locations are along the newly operating train lines such as the Blue Line from Bang Sue - Tha Phra, East Orange Line, Red Line in the Rangsit - Thammasat area, and the airport link area of Phayathai - Suvarnabhumi; this is the same case for projects currently under construction. The launch of projects with a small number of rooms with easily accessible price points is aimed at the middle-lower market segment, with locations that are growing and have future potential. It is very clear that most developers are in a testing phase where they are gauging consumers' purchasing power and confidence; if there is good demand, that is a positive signal for developers to keep investing in the market.

**SUPPLY, DEMAND AND SALES RATE OF CONDOMINIUMS IN BANGKOK, Q1 2017 TO Q3 2021**

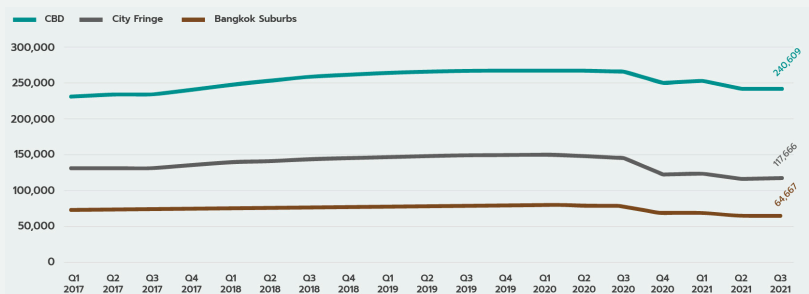


Source: Knight Frank Thailand Research

**Demand Trend**

During Q3 2021, there was a severe and uncontrolled Covid-19 outbreak that led to the announcement of another lockdown from the government on July 21, 2021. Restrictions included department stores only being able to operate their super-markets, and pharmaceutical and medical supplies outlets until 8pm. Naturally, almost every business was affected, including condos. The number of units sold from new projects in Q3 was approximately 879 units, representing a sales rate of 38 percent, which is close to the 37 percent sales rate in the previous quarter. Demand mostly came from the group of people whose incomes have not been affected much, and they enjoyed the opportunity to purchase units in projects with good locations. Also, they were able to buy the most well situated units within the projects. Usually, projects will only have 10 to 15 percent of such units. Moreover, these buyers benefitted from very good promotions, such as discounts, giveaways or secret promotions that developers often disclose only when the customer is ready to make their purchasing decision.

**ASKING PRICES OF CONDOMINIUMS BY QUARTER AND LOCATION, Q1 2017 TO Q3 2021**



Source: Knight Frank Thailand Research

**Selling Price Trend**

The average asking price of condominiums in Bangkok, as of Q3 2021, increased slightly from the previous quarter. Around the City Fringe area, the asking price was 117,666 baht per square metre, a decrease of 19.4 percent compared to the same period last year, or an increase of 1.24 percent when compared to the previous quarter. The asking price of condominiums in the suburbs of Bangkok was 64,667 baht per square metre, a decrease of 18.5 percent from the same period last year, or an increase of 0.43 percent from the previous quarter. As for the CBD, no new project launches were found during this period; the average asking price in the previous quarter was 240,609 baht per square metre.



## Outlook

In the next 6 months, it is expected that the condominium market will go in a better direction, especially from the demand of foreigners. The latter will gradually re-enter the country after receiving positive input such as the more widespread vaccination rates and the government's plans to open the country to tourists from 46 countries without quarantine on November 1, 2021. This is positive news for the group of foreigners who are due to transfer their condos but have been unable to travel to conduct their unit inspections. The government's temporary relaxing of the LTV ratio, or the ceiling of credit provided based on the total value of a home, is also good news for domestic buyers that want to purchase condos but were unable to do so because of the credit limitations imposed by the government that did not allow them to borrow 100 percent of their total home value. This measure will be effective until December 31, 2022. Going forward, the high level of household debt remains a factor that must be monitored. From the latest figures, the household debt level in Q2 dropped to 83.9 percent per GDP. Despite the decrease, such debt remains at a worrying level and there are default risks, especially for the middle-lower level product segment of the 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 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/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 Krungthoburi 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.**



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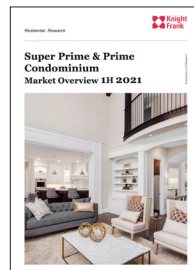
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