



H2 2012 PATTAYA CONDOMINIUM MARKET OVERVIEW

Knight Frank

HIGHLIGHTS

- The accumulated supply of Pattaya condominiums by the end of 2012 was about 30,786 units, increasing by 82.88% from the end of 2011.
- Approximately 13,952 units of 28 condominium projects were launched during 2012.
- Jomtien area gained in popularity for condominium development in Pattaya, with approximately 4,616 units being launched during 2012, or around 33% of the total new launches.
- The take-up rate for units in 2012 was great, with approximately 7,621 units sold; the take-up rate has increased to 50.3% from 46.7% as of end of 2011.
- North Pattaya/Wongamart represented the area with the highest average selling price per square metre in the Pattaya condominium market; it was approximately THB 98,229 per square metre for low-rise building units, and THB 128,782 per square metre for high-rise building units, as of the end of 2012.

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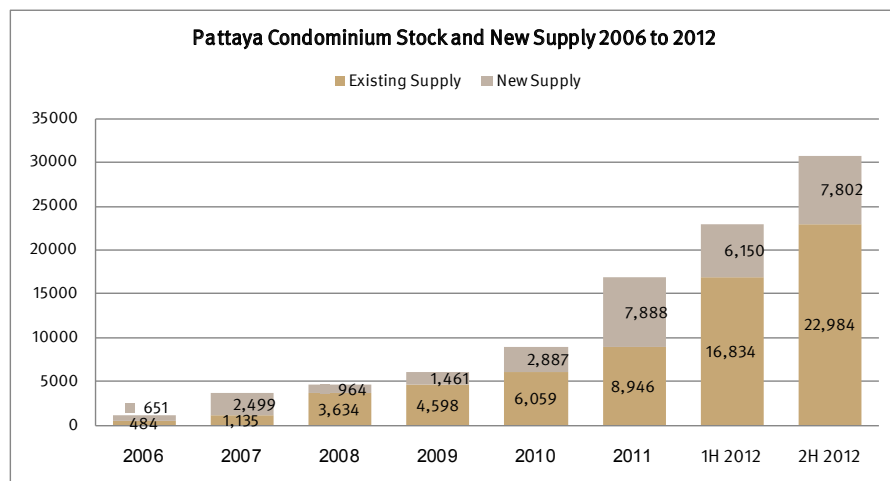
MARKET OVERVIEW

The trajectory of Pattaya's property market is clearly pointed upwards, with many positive developments afoot for Pattaya City. The new monorail project will be completed in 2014; it will link up some of the residential areas in Pattaya, such as Wongamat Beach and Pratumnak Hill, making them more accessible. Leading Bangkok developers have also launched many condominium projects both near the beach and in Pattaya City last year. In 2012, there were approximately 13,952 condominium units introduced to the market, with an accumulation of 30,786 units by the end of the year. The demand for Pattaya condominiums totaled 15,482 units as of the end of 2012, representing a take-up rate of 50.3%. Pattaya has become a bit of a "Moscow-sur-Mer", and the Russians that have settled there are spending and investing significant sums of money. The city is therefore getting an upgrade. Pattaya condominiums are among the most preferred residences not only for the Russians, but also for local Thais and expatriates who reside in Bangkok and desire a second home. It is also a choice locale for foreigners looking for retirement and holiday home destinations. Additionally, as Pattaya is a second business district outside of Bangkok, many industry estates have moved their manufacturing activities to the Eastern Seaboard. This in turn has sparked growing demand from corporate workers for residential property, significantly benefitting the Pattaya market.

SUPPLY TREND

Knight Frank Thailand has accumulated the condominium supply from 2006 to 2012. Note that the cumulative supply is in the North Pattaya/Wongamart, South Pattaya, Patamnak, and Jomtien areas. The Pattaya condominium market has grown accordingly, expanding at a rate of 82.9% last year with the number of new condominium units growing by 13,952 units during the whole 2012. The cumulative supply of Pattaya condominiums as of end of 2012 was recorded at 30,786 units.

Figure 1
Pattaya Condominium Stock and New Supply, 2006 to 2012



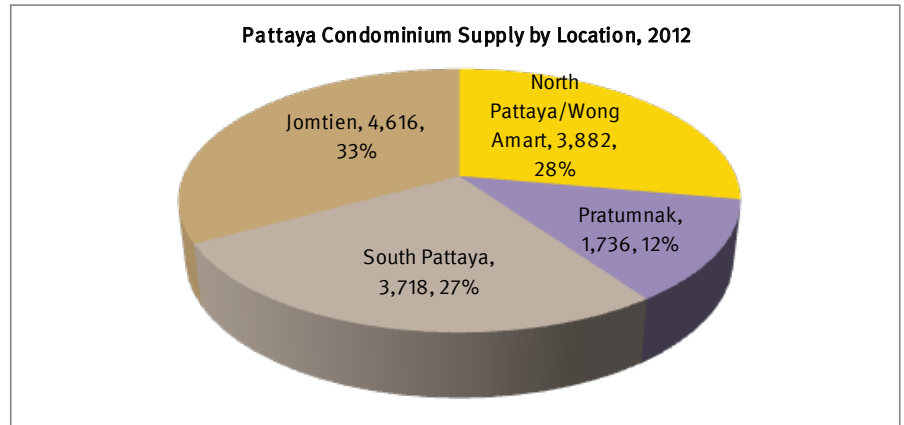
Source: Knight Frank Thailand Research and Consulting Department

The largest number of new launches was in Jomtien as of the end of 2012, a trend that continues from the previous year. This was due to the considerable amount of available land plots for condominium development. The total number of new launches in Jomtien at the end of 2012 was 4,616 units, or around 33% of the total supply. There were 10 new projects in Jomtien were launched during 2012, including Laguna Beach Resort - The Maldives, La Santir, Sea Max Condominium, and Acqua Condominium.

The second-most popular location was North Pattaya/Wongamart, with a total of around 3,882 newly launched units, representing 28% of the total units launched. This was followed by the South Pattaya and Pratumnak areas, respectively accounting for 27% and 12% of the total units launched in 2012.



Figure 2

Pattaya Condominium Supply by Location, End of 2012

Source: Knight Frank Thailand Research and Consulting Department

DEMAND TREND

A bulk of the visitors to Pattaya included domestic travelers from Bangkok and beyond who favour the vibrant lifestyle and excellent golf courses over the beach for their holidays. For the most part, it is the “ordinary” tourists from Southeast Asia, Australia and Europe who are drawn to the fine combination of sun, sea, sand, and shopping.

The demographic of Pattaya condominium buyers has changed dramatically since 2010. Previously, Pattaya was a favoured residential area for Europeans, including buyers from the U.K, Sweden, Norway, and Finland, working in the Asia Pacific region. However, from 2010 onwards, the make-up of buyers has changed to local Thais and expatriates who reside in Bangkok, as well as many tourists from Russia, Germany, the Middle East, Australia, and India who want to purchase a retirement or holiday home in this coastal city.

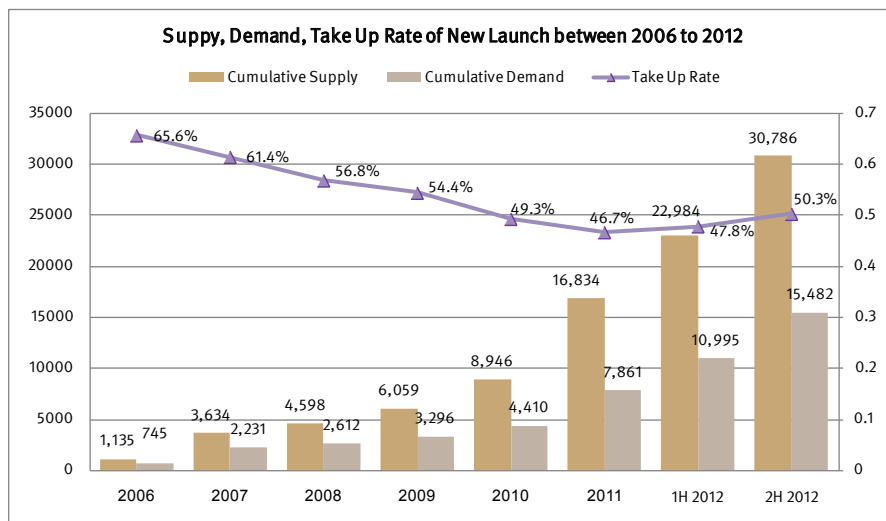
The demand for Pattaya condominium units as of the end of 2012 totaled 15,482 units, representing a strong increase from around 10,995 units during the middle of 2012. The take-up rate has grown from 47.8% in mid-2012 to 50.3% at the end of 2012. Purchases remained healthy throughout the Pattaya condominium market, so the demand during the second half of 2012 was being well absorbed, with over 4,487 units sold.

Local Thais buyers have dominated the market as the biggest buyers of new project units located in North Pattaya and Wongamart area, which is also home to many retail outlets, fine dining restaurants, bars, and shopping malls. The projects that performed well in this area included Serenity Wonamart, with nearly 80% of units being sold, and Pattaya Posh, with around 57% of units being sold. The Jomtien area, especially around the new Jomtien second road extension (Jomtien Sai 2), included several medium-end condominium projects that are attracting more foreign buyers, such as Russians, Germans, and English, who prefer non-sea view condominium projects located in close proximity to the beach, with affordable unit prices as a second or vacation home.

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Figure 3

Supply, Demand, Take-up Rate of New Launches Between 2006 to 2012



Source: Knight Frank Thailand Research and Consulting Department

PRICING TREND

The selling price of condominiums was the highest in the North Pattaya/Wongamart area, with an average of around THB 98,229 per square metre for low-rise condominiums and THB 128,782 per square metre for high-rise condominiums - an increase by 4-5%. The average selling price of condominiums in the Pratumnak area increased by 1% for low-rise buildings, to around THB 66,300 per square metre, whereas the average selling of high-rise condominiums in Pratumnak area was THB 77,610 per square metre, an increase of 3%. The selling price is for sea view condominiums; we did not include the selling prices of partial sea view and non-sea view condominiums in this study.

Table 1

Location	Low-rise Building		Change %	High-rise Building		Change %
	2011	2012		2011	2012	
North Pattaya	94,451	98,229	+4%	122,650	128,782	+5%
Pratumnak	65,000	66,300	+1%	75,350	77,610	+3%



OUTLOOK

The condominium market in Pattaya is continuing to show strong growth as approximately 3,200 units in the pipeline are scheduled to launch during the first quarter of 2013. Jomtien is set to be a major location for condominium development in the Pattaya market, especially in the mid-range to low-end sectors. We expect that Pattaya condominiums will continue to be an attractive investment option for both Thai and foreign property investors. This is because the number of visitors to Pattaya is predicted to increase to approximately 9.02 million in 2013, from 8.20 million in 2012; this visitor surge will include good potential residential property investors in the Pattaya market.

Pattaya City recently launched a major marketing campaign, promoting Pattaya as having international standards by improving its infrastructure, service quality, convenience, and safety within seven years. Pattaya will also draw business and family groups, and those seeking cultural attractions. The Russian segment will continue to grow in Pattaya's condominium market; buyers from other nations, such as China, Australia and India, are also looking to buy an affordable holiday home in Pattaya.

The Pattaya condominium market is very dynamic and competitive. The one-bedroom unit hybrid, with a size of less than 40 square metres, is becoming popular for buyers. Given the rising construction costs, developers will eventually tone down the specifications and unit sizes in order to keep the prices stable.

The overall trend will be for non-sea view projects; this is due to the fact that the land plots on the Pattaya beachfront are becoming scarce. However, there is some availability of beachfront plots in Na Jomtien and Wongamart. These lands are relatively large with high prices, making them suitable for high-end condominium development. Medium to small developers will thus focus on inland locations for non-sea view project development.

APPENDIX

Location Definition:

North Pattaya/Wongamart	is the area to the north of Pattaya. This is considered a peaceful area and more up market location. It is quite a new area for condominium development.
South Pattaya	is the area where there is a mixture of commercial and entertainment venues. This area is quite busy due to the nightlife situated in the area. The area is crowded and not attractive for residential development.
Pratumnak	is the area covers the main thoroughfare connecting Pattaya and Jomtien Beach. This is considered a tranquil area where there are many condominium and hotel developments.
Jomtien	is the area that is about 1 km south of Pratumnak Hill. The area at the beginning of Jomtien is considered busy, whilst the area located at the end of this beach called Na Jomtien is peaceful and tranquil with less traffic passing through.

Condominium Type:

There are three condominium types according to Knight Frank, including:

Sea View Condominium	is defined as a condominium project that is located on the beachfront with most of units having a sea view.
Partial Sea View Condominium	is defined as a condominium project that has no beach frontage or is not located close to the beach, or less than 50% of the units have a sea view from the units.
Non-Sea View Condominium	is defined as a condominium project that is located away from the beach, with most units having no sea views.



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