The Bangkok condominium market continued to slow down with a decrease in demand from buyers, including both locals and foreigners. Property developers are exercising caution when launching new projects, and have been adjusting their plans to better suit the economic conditions. Many listed developers reported a decrease in the value of condominium presales during the first half of 2019. The speculative demand will decrease due to the market cooling. Demand from foreigners is weak due to the rise of the baht against the yuan and US dollar, the unpredictability of the US-China Trade row and the global economic slowdown. We do not expect the selling prices of condominiums to drop, as we do not see the possibility of a decline in land prices.

**MARKET OVERVIEW**

**SUPPLY TREND**

The Bangkok condominium supply during the first half of 2019 amounted to 594,453 units, of which around 27,870 units were launched in the first half of 2019, decreasing by 19% compared to the newly launched during the same period last year. It is estimated that the new condominium launches for the full year will probably level off at 50,000 units, down 27% from the previous year. Approximately 74% of all newly launched units are from listed developers.

The majority of new launches were still in the peripheral Bangkok area, representing 53% of 1H 2019’s new supply, followed by the city fringe and CBD areas, representing by 32% and 15%, respectively. Of all condominium units launched in the first half, 55% were in areas along the operating mass-transit lines, whilst 42% were in areas along mass-transit lines under construction. This reflects a tendency of developers to stick to areas with good infrastructure and amenities where chances of sales are reasonably good. As well, high land costs along transit lines make any kind of development other than high-rise buildings economically unviable. Areas along under-construction transit lines or extensions are becoming more attractive to developers and buyers, as land costs are still reasonable, and quality condominiums can be had for less than THB 120,000 per square metre.
DEMAND TREND

There were approximately 501,638 condominium units sold out of 594,453 units, representing the sold rate of 84%, which is stable from the end of 2018. Meanwhile, the number of unsold condominium units continues to climb; there are approximately 92,815 unsold units. For the newly launched of 27,870 units during the first half of 2019, there were only 5,257 condominium units sold, representing the sold rate of only 19% of total newly launched during the first half of 2019. The second-quarter sales rate for newly launched condominium dropped from 22.6% in the first-quarter of 2019 to 15.7% in the second quarter—was an all-time low. The sales rate for new condominium launched in Bangkok during the first half of 2019 fell to historic lows as loan-to-value (LTV) limits, a weak economy and stronger baht dampened demand. The normal quarterly sales rate for new condominium launches is around 40-50%. Tougher loan-to-value (LTV) requirements from the Bank of Thailand are also starting to have an impact. The appreciation of the baht against the US dollar and the yuan had also impacted demand for residential properties from foreign investors, resulting in a drop in bookings during the second quarter of this year. The property market is going through a hard period with both domestic and overseas demand dropping as a result of the LTV coming into effect and the baht appreciation. The LTV policy that Bank of Thailand hoped would put a brake on condominium speculators had a strong impact on real buyers in not just Greater Bangkok, but also in the provinces. Developers have shifted to launching more low-rise residential projects like single detached houses, semi-detached houses and townhouses, as condominium activity plummeted in the first half. Developers that keep launching new condominiums into the supply will find it more difficult, as the sales rate is not as good as expected and will result in a large amount of inventory.

PRICING TREND

The asking prices of condominium projects continued to climb throughout Bangkok but at different paces, depending on the location. The average selling price of condominiums in the CBD was at THB 267,281 per square metre, increasing by 2.5% from the end of 2018. This was followed by the average selling price of city fringe condominiums, increasing by 2% to THB 148,466 per square metre, and the average selling price of condominiums in the...
The outlook of Bangkok condominiums for the rest of the year is still unclear. To boost sales in the second half of the year, most property firms have launched promotional campaigns and collaborations with strategic partners to offer purchasers more for their money. There are still opportunities for new developments, but it will be a much more challenging environment driven by end user purchasers. The situation will diminish buy-to-rent purchasers, given low rental yields and the lack of growth in expatriate tenant numbers. However, we believe that the introduction of the new land tax, which will be effective in 2020, will have less effects on condominium buyers due to the fact that the tax charge is not that much. We expect the number of new condominium launches in 2019 will slow down as developers will delay new project launches as well as slow new development site acquisitions to focus on clearing unsold condominium units. Several developers will offer discount and special offer campaigns to sell both completed units as well as the units under construction.

APPENDIX

Condominium Location

Central Business District (CBD):
This is the Central Business District area as well as the area that surrounds it; it is popular among expatriates, tourists and upper class Thais for both shopping and residential purposes. It also includes areas along the Chao Phraya River on Charoen Krung and Rama III roads. The CBD area can be divided into the following sub-areas:
- Silom/Sathorn: This is the area that encompasses Sathorn Road, Silom Road and the sois in between Saladange, Nanglinchi, 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, Chidlim 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 comprising Surawongse Road, Samyan Road, Siphaya Road and some parts of Rama 4 that are located near the aforementioned roads.

City Fringe Area:
The area is located on the edge of the CBD area, and provides easy access to the CBD area. 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: The area encompasses the edge of Sukhumvit Soi 65 to Sukhumvit Soi 103 as well as the edge of Sukhumvit Soi 44 to Sukhumvit Soi 70.
- 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 an 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: The area covers Petchburi Road from Nikhom Makasan intersection to the intersection of Petchburi and the end of Sukhumvit Soi 63.
- Charoen Nakorn/Thonburi: This area stretches along the Chao Phraya River from Krungthep Bridge to Krungthonburi Bridge.
CONDOMINIUM CLASSIFICATION

Super Prime & Prime:
- The location is in the City Area and the area along the Chao Phraya River.
- The selling price of the unit must be at least THB 200,000 per square metre.
- The one bedroom unit price should be above THB 10 million.
- The common facilities and unit decoration must be of very high standard or iconic.

Grade A:
- The location is in the City or City Fringe areas.
- The selling price of the unit must be above THB 150,000 per square metre.

Grade B:
- Any location in Bangkok
- The selling price of the unit must be within the range of THB 80,000 – 149,999 per square metre.

Grade C:
- Any other condominium projects that do not qualify for the classification mentioned earlier.

The common facilities must be of high standard.

CONDOMINIUM BUILDING TYPE

High-rise:
- A building with the height of over 23 metres.

Low rise:
- A building with the height of no more than 23 metres or around 7 to 8 stories.

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