

Super Prime and Prime Condominium Market Overview Year-End 2019

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HIGHLIGHTS

1

GROWTH IN THE SUPER PRIME AND PRIME CONDOMINIUM MARKET SEGMENT IS RELATIVELY LOW AS DEVELOPABLE LAND IN PRIME LOCATIONS IS QUITE DIFFICULT TO SOURCE.

2

THE CUMULATIVE NUMBER OF SUPER PRIME CONDOMINIUM UNITS SOLD WAS 3,012 UNITS FROM A TOTAL SUPPLY OF 3,866 UNITS, WHICH REFLECTS A 78 PER CENT SOLD RATE. THE NUMBER OF NEW SUPER PRIME CONDOMINIUMS SOLD IN 2019 WAS 314 UNITS.

3

THE CUMULATIVE NUMBER OF PRIME CONDOMINIUM UNITS SOLD WAS 3,412 UNITS FROM A TOTAL SUPPLY OF 4,696 UNITS, REPRESENTING A SALES RATE OF 73 PER CENT. IN 2019, 361 OF NEW PRIME UNITS WERE SOLD.

4

THE AVERAGE ASKING PRICE OF SUPER PRIME CONDOMINIUMS AT THE END OF 2019 WAS 395,000 BAHT PER SQUARE METRE, UP 4.5 PER CENT FROM 2018, WHILST THE AVERAGE ASKING PRICE OF PRIME CONDOMINIUMS AT THE END OF 2019 WAS 295,000 BAHT PER SQUARE METRE, AN INCREASE OF 3.5 PER CENT FROM 2018.



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Director, Research and Consultancy



The possible 2020 outlook of the super prime and prime condominium market include the downward adjustment of selling prices of existing projects and the slowing of new project launches. This is all dependent on the duration of the COVID-19 pandemic as well as the economic prospects during the fourth quarter of this year.



Market Overview

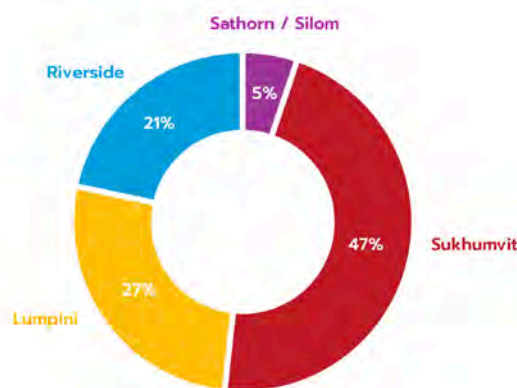
Bangkok's super prime and prime condominium market in 2019 is still good as the added supply has been low. The super prime and prime condominium market segment is small, comprising just 2 per cent of the overall condominium supply in Bangkok. Growth in this segment is relatively low as developable land in prime locations is quite difficult to source.

Supply of Super Prime Condominiums, 2009 - 2019



Source: Knight Frank Thailand Research

Supply of Super Prime Condominiums by Location, 2019



Source: Knight Frank Thailand Research

Supply of Prime Condominiums, 2009 - 2019



Source: Knight Frank Thailand Research

Supply Trend

For the super prime market, as of the end of 2019, there were 3,866 units from 28 projects. In 2019, three super prime condominiums were launched: Tonson One Residence (80 units), SCOPE Langsuan (152 units) and the Residence at Sindhorn Kempinski (231 units). The super prime condominiums are mainly located in the Sukhumvit area, which accounted for 47 per cent, followed by Lumpini and Riverside at 27 per cent and 21 per cent, respectively. The Sathorn / Silom area only boasted 5 per cent of the super prime condominiums.

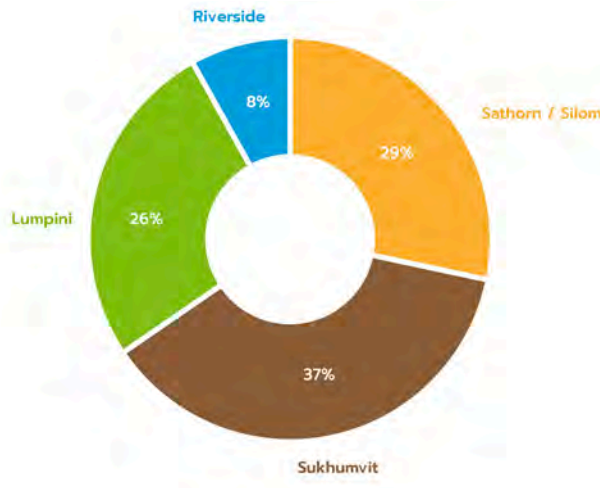
For the prime market, as of the end of 2019, there were 4,696 units from 21 projects. In 2019, only one condominium in this group was launched: Anil Sathorn 12 (222 units). The prime condominiums are mainly located in the Sukhumvit area, which accounted for 37 per cent, followed by Sathorn / Silom and Lumpini at 29 per cent and 26 per cent, respectively. The Riverside area only had 8 per cent of the prime condominiums.

Demand Trend

The customers who bought super prime and prime condominiums included wealthy Thais and expatriates, mainly Mainland Chinese, Hong Kong Chinese and Singaporeans. Buyers generally purchase condominiums in this segment as they are located in the Central Business District and along the Chao Phraya River, which are convenient, comfortable, and close to amenities, shopping malls, tourist spots and work sites. These locations also afford easy access to various parts of Bangkok.

Demand for super prime and prime condominiums in 2019 remained good, as the supply did not increase much. This caused the sales rate to increase slightly. The prime condominium market was still good despite the economic downturn, as they can still provide higher rental returns than super prime condominiums. Prime condominiums still yielded rental returns of around 4 to 5 per cent, while

Supply of Prime Condominiums by Location, 2019



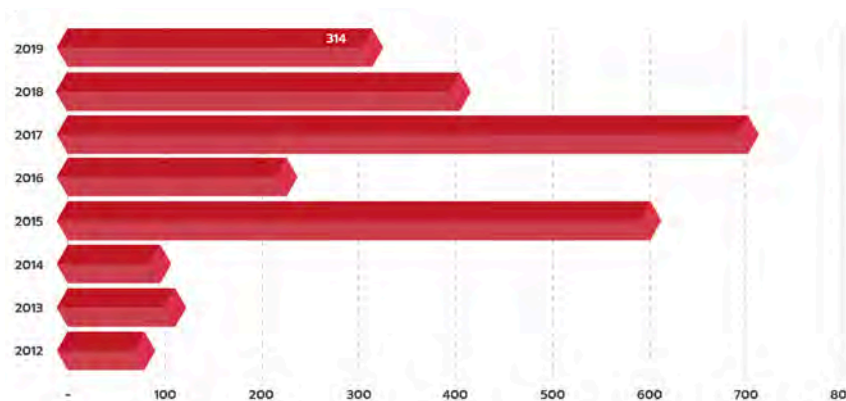
Source: Knight Frank Thailand Research

Supply, Demand and Sales Rate of Super Prime Condominiums, 2012 - 2019



Source: Knight Frank Thailand Research

Super Prime Condominium Units Sold Per Year, 2012 - 2019



Source: Knight Frank Thailand Research

super prime condominiums offered lower returns, estimated to be less than 3 per cent. In addition, it was found that, to boost sales, some prime project units have been presented for sale at a special price below the market rate. This piqued the interest of some groups of investors who have bought units in the prime segment to hold onto until the economy improves.

The cumulative number of super prime condominium units sold was 3,012 units from a total supply of 3,866 units, which reflects a 78 per cent sold rate. This marks a decrease of 1 per cent from the previous year. The number of new super prime condominiums sold in 2019 was 314 units, which was lower than the previous year where 404 such units were sold.

The cumulative demand for such condominiums, as of the end of 2019, was 3,412 units sold from a total of 4,696 units, representing a sales rate of 73 per cent. Sales increased from the previous year, which was at the rate of 68 per cent. In total, 361 new units were sold in 2019, which is a decrease from the 558 new units sold during the previous year.

Selling Price Trend

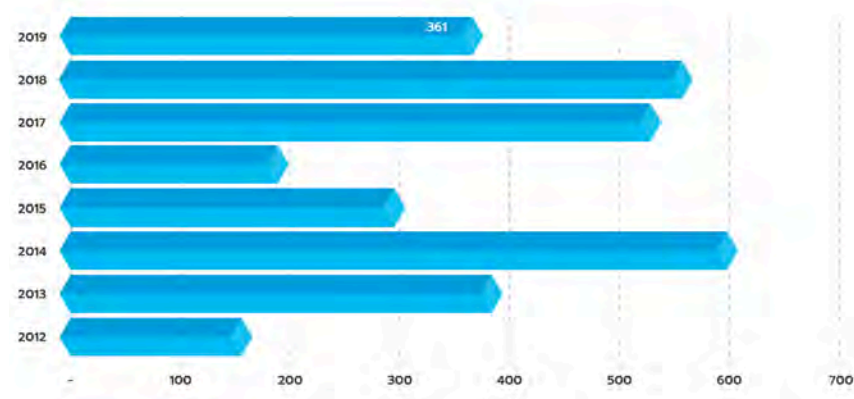
The average asking price of super prime condominiums at the end of 2019 was 395,000 baht per square metre, up 4.5 per cent from 2018; the average asking price of super prime condominiums in 2018 was 378,000 baht per square metre. Meanwhile, the average asking price of prime condominiums at the end of 2019 was 295,000 baht per square metre, an increase of 3.5 per cent from 2018, where the average asking price was 285,000 baht per square metre. The asking price increased sharply due to the high price of land required for super prime and prime condominium development. Aside from rising land prices, the construction costs of super prime and prime condominiums have also been rising because developers employ construction standards that use quality materials with a focus on energy saving and various innovations – helping to differentiating the projects. Therefore, new projects launched for sale have a much higher asking price than the average price of such condominiums.

Supply, Demand and Sales Rate of Prime Condominiums, 2012- 2019



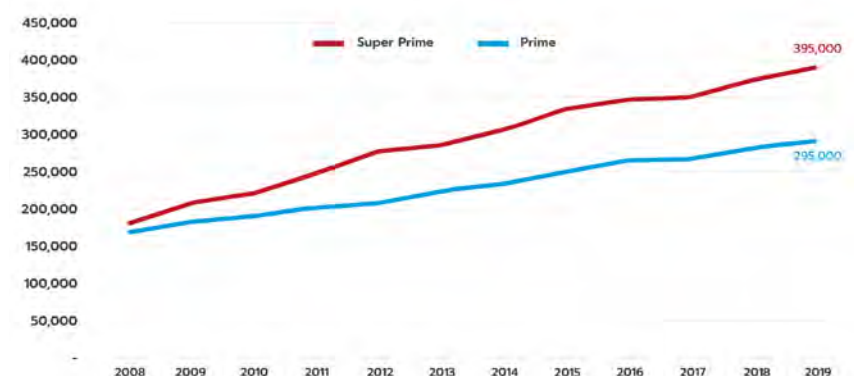
Source: Knight Frank Thailand Research

Prime Condominium Units Sold Per Year, 2012 - 2019



Source: Knight Frank Thailand Research

Average Asking Prices for Super Prime and Prime Condominiums, 2008 - 2019



Source: Knight Frank Thailand Research

Outlook

The prime and super prime condominium market appears as if the level of competition is not too high, as the land available for development of such condominiums is very hard to source. However, in 2020, the new supply may require close monitoring, as does the adjustments made by developers as well as the transformation of the market into a buyers' market. Also, it is worth watching the prices amidst the current economic situation in the country and the world that is poised for contraction and negative growth. The possible outlook includes the downward adjustment of selling prices of existing projects and the slowing of new project launches. This is all dependent on the duration of the COVID-19 pandemic as well as the economic prospects during the fourth quarter of this year. Demand for and the desire to purchase prime and super prime condominiums may decrease significantly, especially among foreign buyers.

Grading Classification

Super prime condominium

represents the top 1 per cent of the Bangkok condominium market. These condominium projects are often sold as lifestyle products where unit sizing is considerably more spacious than average and comprise of two bedrooms or larger as majority of the project. A number of super prime projects offer one-bedroom units but the smallest of these should be sold at a price above 15 million baht. The selling price for the majority of these shall be above 250,000 baht per square metre.

Prime condominium

represents the top 2 per cent of the Bangkok condominium market. These condominium projects are often sold as both lifestyle and investment products due to their superior location, which allows room for capital gain, and unit sizing that is smaller than what is being offered in super prime projects. Products often start from one-bedrooms with comfortable sizing (larger than 45 square metres) and sold within the range of 10-15 million baht. The selling price for the majority of the units shall be above 200,000 per square metre.

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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