

Bangkok Luxury House Market Overview 1H 2021



HIGHLIGHTS

1

THE HOUSING MARKET IS PRICED AT 10 MILLION BAHT AND UP THAT THE LUXURY HOME MARKET REMAINS A RELATIVELY SMALL SEGMENT WITH LIMITED DEMAND.

4

IF CLASSIFIED BY PRICING LEVEL, IT HAS BEEN FOUND DEMAND THAT HOUSES WITH A SELLING PRICE LEVEL BETWEEN 10 TO 20 MILLION BAHT HAVE THE HIGHEST ACCUMULATED NUMBER OF UNITS SOLD, AT 7,218 HOUSES, WITH A SALES RATE OF 61 PER CENT. THIS IS FOLLOWED BY HOUSES WITH SALES PRICES BETWEEN 21 AND 30 MILLION BAHT AND 31 AND 40 MILLION BAHT, WITH DEMAND AT 2,612 UNITS AND 1,871 UNITS, RESPECTIVELY. OR A SALES RATE OF 77 PER CENT AND 73 PER CENT, RESPECTIVELY.

2

THE LAND ALLOCATION PERMITS FOR HOUSES IN THE PRICE LEVEL OF 10 MILLION BAHT OR MORE IN THE FIRST FIVE MONTHS OF THIS YEAR, THERE WERE 578 LAND ALLOCATION PERMITS.

5

THERE WAS A TOTAL OF 1,610 NEW UNITS SOLD DURING THE FIRST HALF OF 2021, WHICH REPRESENTS A RELATIVELY HIGH NUMBER OF UNITS SOLD COMPARED TO THE PREVIOUS YEARS WHERE THE AVERAGE NUMBER OF NEW UNITS SOLD WAS ONLY ABOUT 2,500 UNITS PER YEAR.

3

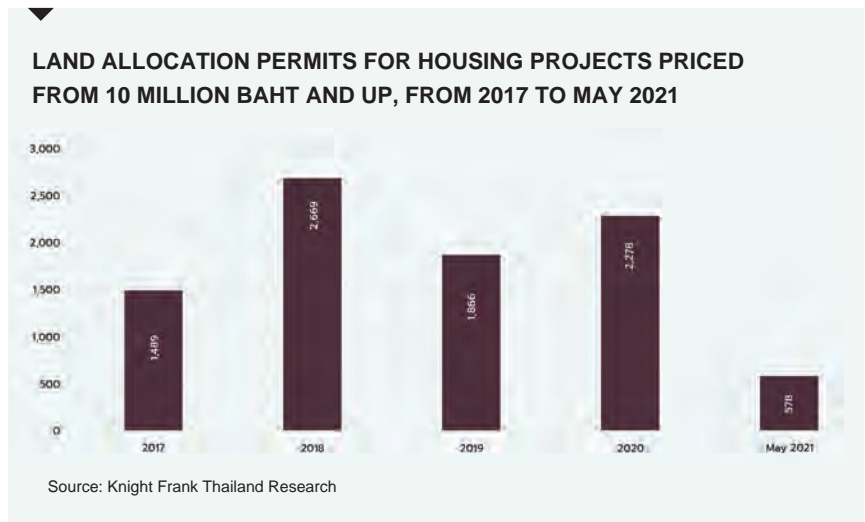
THERE ARE 224 HOUSING PROJECTS THAT HAVE UNITS AVAILABLE FOR SALES. THESE PROJECTS HAVE A TOTAL UNITS OF 20,018 UNITS, OF WHICH APPROXIMATELY 13,276 UNITS ARE BEING SOLD OUT OF 20,018 UNITS, REPRESENTING THE SOLD RATE OF 66 PER CENT.



NATTHA KAHAPANA
Deputy Managing Director and Head of Phuket Operation

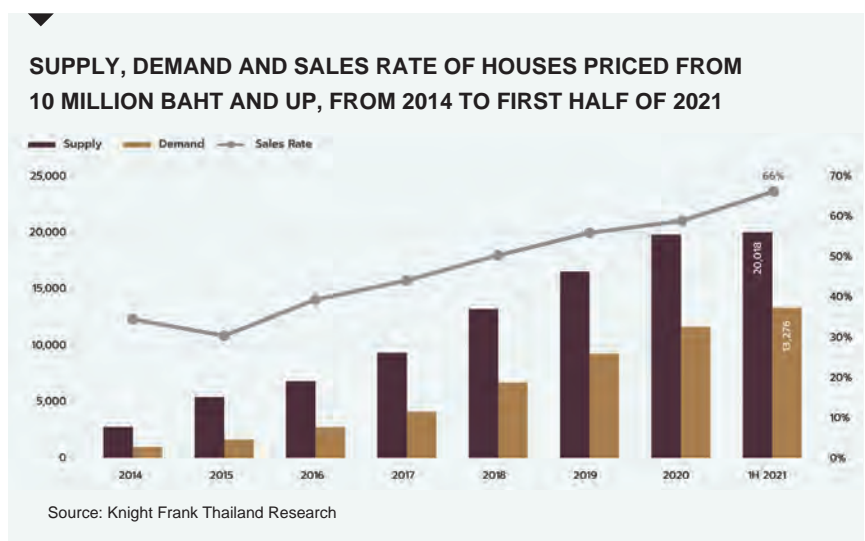
“ The demand of the buyer group to still continuously. As a result, the supply has increased, causing high competition. Therefore, developers should create a highlight for the project to meet a limited number of target groups. ”

The market for houses priced from 10 million baht or more, considered to be the luxury home market segment, performed quite well during the first half of 2021, fuelled by the constant and unabated demand from consumers with high purchasing power despite the unfavourable economic circumstances. As a result, some projects have been able to close sales within a short period of time, which has encouraged developers to keep investing in single, detached house and townhome projects. The new supply, however, exceeds demand and may cause the market to slow, given that the luxury home market remains a relatively small segment with limited demand.



Supply Trend (Land Allocation Permits in Bangkok and its Suburbs)

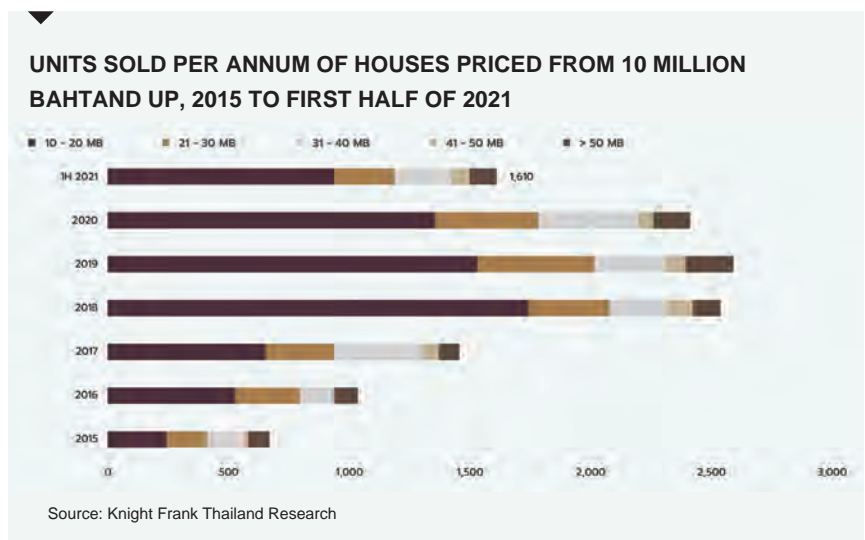
The supply of houses in the price range of 10 million baht or more is comprised those that have been granted land allocation permits (for the entire project). From 2017 to May 2021, the supply ranged from 1,489 units to 2,278 units per year. The number of permits was at its highest in 2018, at 2,669 units. In first five months of this year, there were 578 land allocation permits granted for houses with a price tag of 10 million baht or more.



Demand Trend

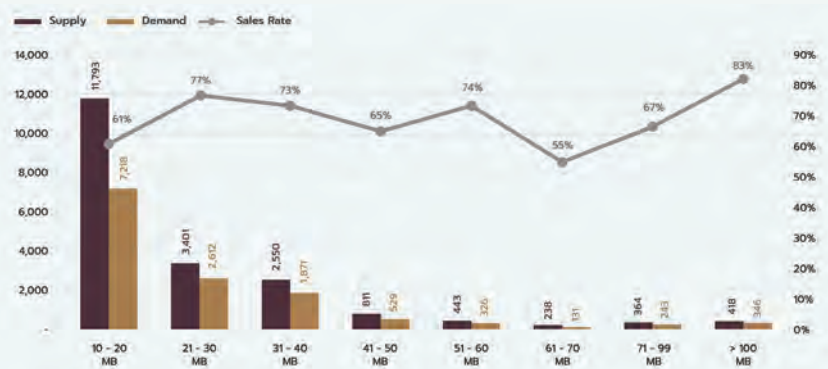
The housing projects priced from 10 million baht or more per unit, as of the first half of 2021, included 224 projects with a total of 20,018 units. Of this amount, 13,276 units have been sold, representing a sales rate of 66 percent in the first half of 2021. The sales rate has continuously increased every year since 2015, when it was 30 percent.

There was a total of 1,610 new units sold during the first half of 2021, which represents a relatively high number of units sold compared to the previous years where the average number of new units sold was only about 2,500 units per year. In the second half of 2021, it is expected that the number of new units sold will increase to almost 3,000 units.



The most demand was for homes with selling prices between 10 and 20 million baht, increasing to 7,218 units, followed by houses with sales prices between 21 and 30 million baht and 31 and 40 million baht, with demand at 2,612 units and 1,871 units, respectively. Given their limited supply, homes priced above 100 million baht enjoyed the highest sales rate of 83 percent; this was followed by the sales rate of houses priced between 21 to 30 million baht and 51 to 60 million baht at 77 and 74 percent, respectively. Houses with prices between 61 and 70 million baht had the lowest demand and sales rates.

SUPPLY, DEMAND AND SALES RATE OF HOUSES BY PRICES, FIRST HALF OF 2021



Source: Knight Frank Thailand Research

Outlook

For the second half of 2021, the market segment for homes priced at 10 million baht or more still looks promising, compared to other real estate market segments. The core group of homebuyers for this segment has not been affected by the economic contractions caused by the Covid-19 epidemic; they have also remained immune to the tightening of bank credit terms. On the whole, these buyers are financially secure and can normally afford to buy homes, and most of them can purchase with cash rather than relying on a loan, despite the lower interest rates. During the second half of the year, large-scale developers are expected to be more cautious in launching new projects. They also tend to expand their development of low-rise projects in suburban areas such as the northern and western zones of Bangkok, which still have spaces to develop at land prices that are not very high compared to the city. Also, such suburban areas tend to grow steadily given the development of new train routes, large mixed-use projects, shopping centres, office buildings, etc. As a result, buyers have more choices in the locations of their residences that can cater to their needs.

In addition to house style, location and quality, which affect buyers' decisions, developers must consider the on-site setting and facilities as well as the environment in front of the project. These will be the factors differentiating the project from others, helping buyers to make their decisions faster.

The increased number of developers who have ventured into and continuously launched low-rise type projects, however, has caused the supply to increase and exceed the demand of a relatively limited number of buyers. This has intensified competition and widened the variety of buyer options. However, if developers are able to put out projects with outstanding features, including a design that meets the needs of residents, their project would be able to achieve success.

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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