

# Bangkok Luxury House Market Overview 2H 2022





# HIGHLIGHTS



TOTAL SUPPLY IN BANGKOK AND ITS VICINITY WAS 24,602 UNITS, WITH THE MAJORITY OF NEW LAUNCHES IN THE 10 - 20 MB SEGMENT (76%) AND THE 21 - 30 MB SEGMENT (12%).



THE AVERAGE SELLING RATE FOR THE MARKET WAS 79.2%, WITH THE HIGHEST RATES IN EASTERN BANGKOK (87%), BANGKOK DOWNTOWN (84%), AND SAMUTPRAKAN (82%).



HOUSES PRICED BETWEEN 10 - 20 MB HAD THE HIGHEST NUMBERS OF UNITS SOLD, ACCOUNTING FOR 61% OF THE TOTAL, FOLLOWED BY 21 - 30 MB AND THE ABOVE 50 MB SEGMENT.



**NATTHA KAHAPANA**  
Managing Director



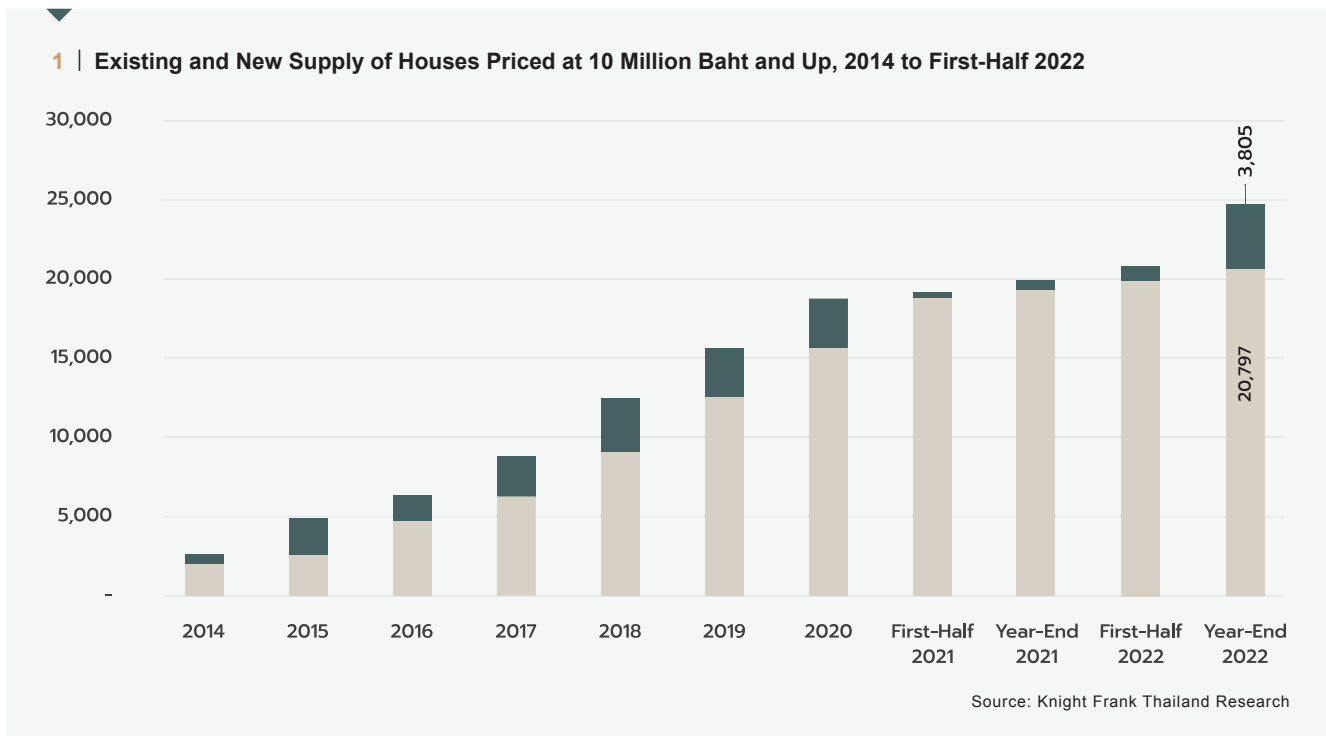
The demand for high-end homes continues to increase due to lifestyle changes. Environment and location are also important factors for buyers to decide. Developers still choose to develop houses of this level because they see the potential of buyers. Competition continues to rise due to the relatively limited pool of buyers in the market.



# CONTINUOUS GROWTH

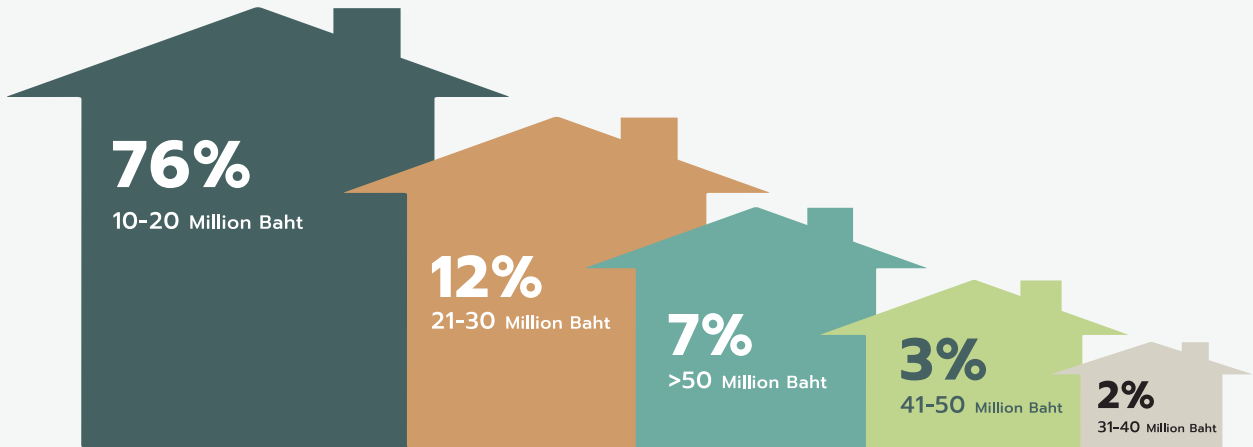
## IN THE LOW-RISE HOUSING MARKET

In the second half of 2022, 3,805 new units of the low-rise houses priced at 10 million baht or more were opened for sale, an increase of 303.5 percent compared to the first half of the year. The figure is the highest number of new units for sale compared to all previous years (since 2014). Additionally, it was found that the cumulative supply during the second half of 2022 stood at 24,602 units.



The most newly opened supply was still houses price between 10-20 million baht, accounting for 76 percent, followed by houses price between 21-30 million baht and over 50 million baht at 12 percent and 7 percent, respectively. As the banks became more stringent in lending, loans for low-price housing were highly rejected. Thus, developers shifted to launch more high-end projects as they foresaw an opportunity to expand the market with positive operating results.

2 | Newly Launched Supply by Price, as of First-Half 2022



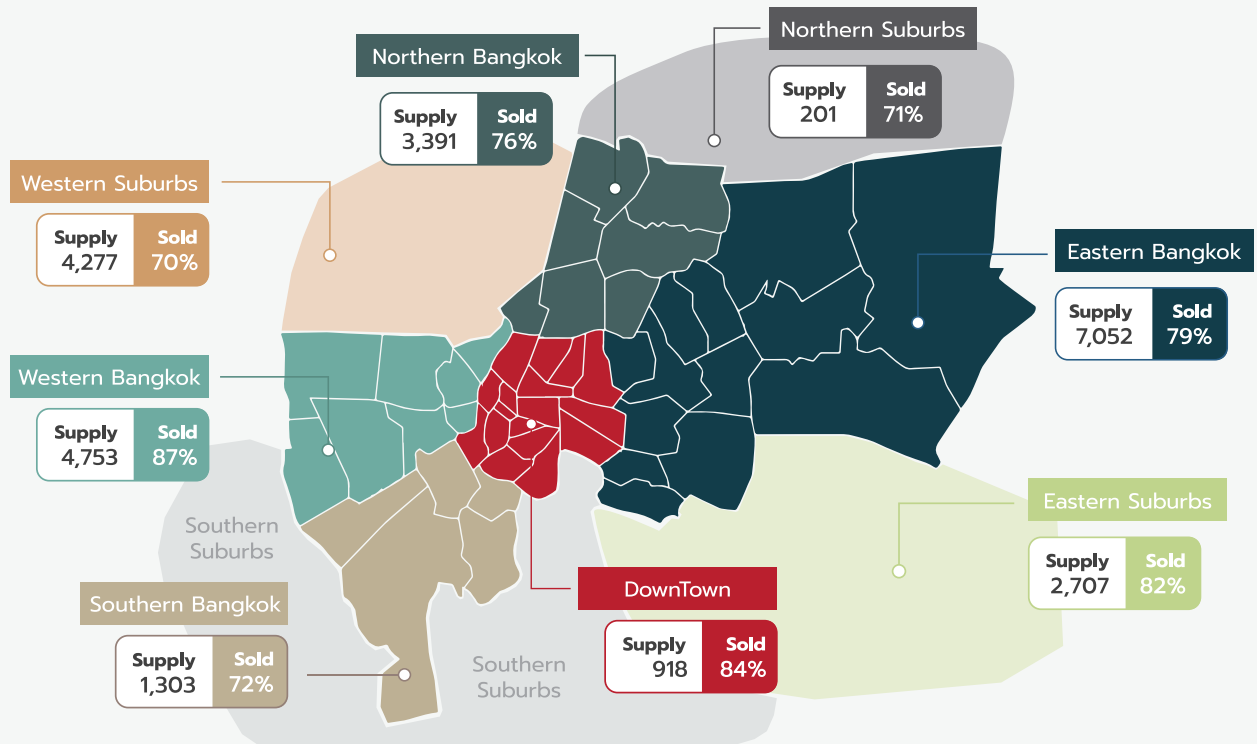
Source: Knight Frank Thailand Research

# SUPPLY AND SELLING RATE

According to the survey of high-end houses in Bangkok and its vicinity, the total supply stood at 24,602 units, with an average selling rate of 79 percent with the highest supply in 3 areas as follow;

1. Eastern Bangkok areas at 7,052 units
2. Western Bangkok areas at 4,753 units
3. Western Suburb areas at 4,277 units

3 | Supply and Sales Rate



Source: Knight Frank Thailand Research



# LIMITED DEMAND IN THE MARKET

19,476 units out of the total supply of 24,602 units, representing a 79.2 percent selling rate. The selling rate decreased by 3.9 percent from the first half of 2022, but increased by 1.9 percent compared to the same period last year. The selling rate decreased as the number of supplies increased during the second half of the year, doubling the remaining supply.

However, the number of new units sold in the second half of the year were 2,193 units, increased 12.8 percent from the units sold in the first half, reflecting that the market continued to grow continuously until it reaches equilibrium point.

The most demanding market was houses priced between 10-20 million baht, with a total of 1,340 units sold, accounting for 61 percent of the total new units sold. The main purpose of buying was to look for a new house with more space as well as to match the buyers' businesses. New entrepreneurs or self-starting business owners who are becoming wealthy tend

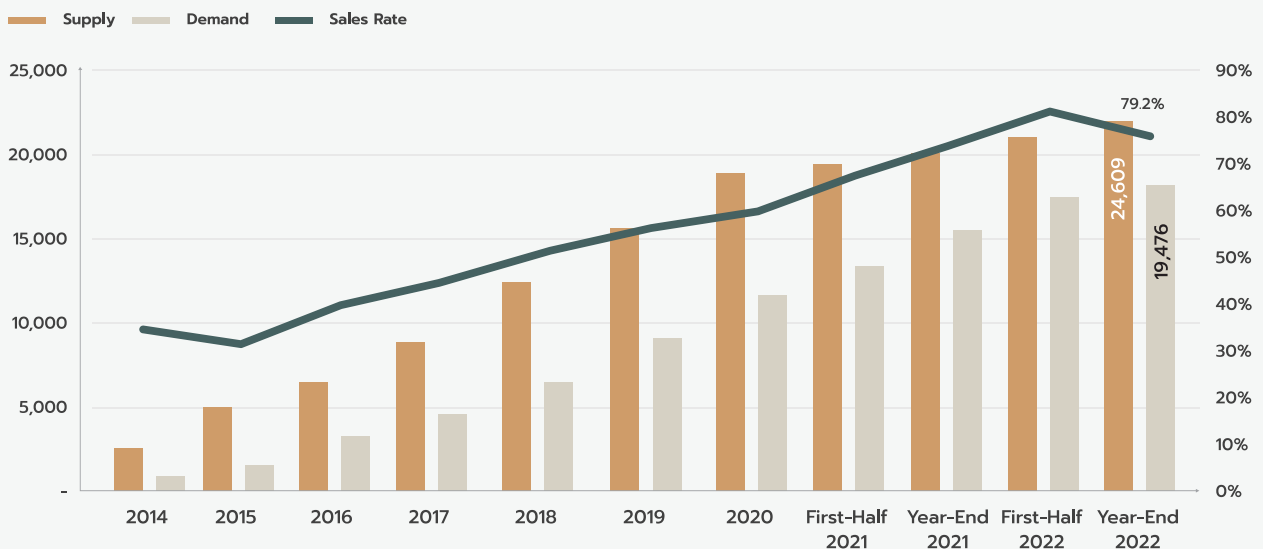
to look for houses in this segment as they can afford to pay installments or buy in cash. As such, this segment had the most wanted demand in the market.

The houses priced between 10-20 million baht had the highest demand at 11,153 units, followed by the houses priced between 21-30 million baht and 31-40 million baht, with demand at 3,575 units and 2,362 units respectively.

The highest selling rate of 94 percent was houses priced between 51-60 million baht as it had lowest outstanding supply, followed by houses priced between 31-40 million baht and 21-30 million baht

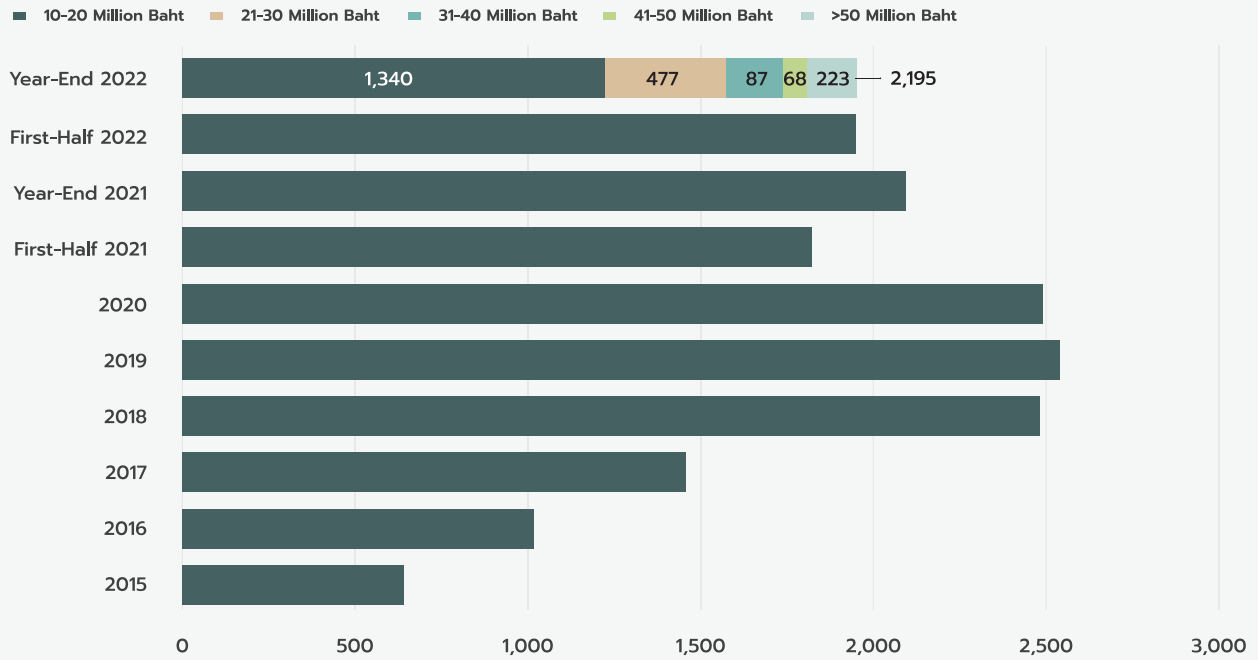
with selling rate of 90 percent and 87 percent, respectively. Previously, houses priced above 100 million baht had highest selling rate due to limited supply. But in the second half of the year, more projects were launched at this price level. As such, the selling rate decreased. Houses price between 61-70 million baht had the lowest demand.

4 | Supply Demand and Sales Rate of Houses Priced from 10 Million Baht and Up, 2014 to First-Half 2022



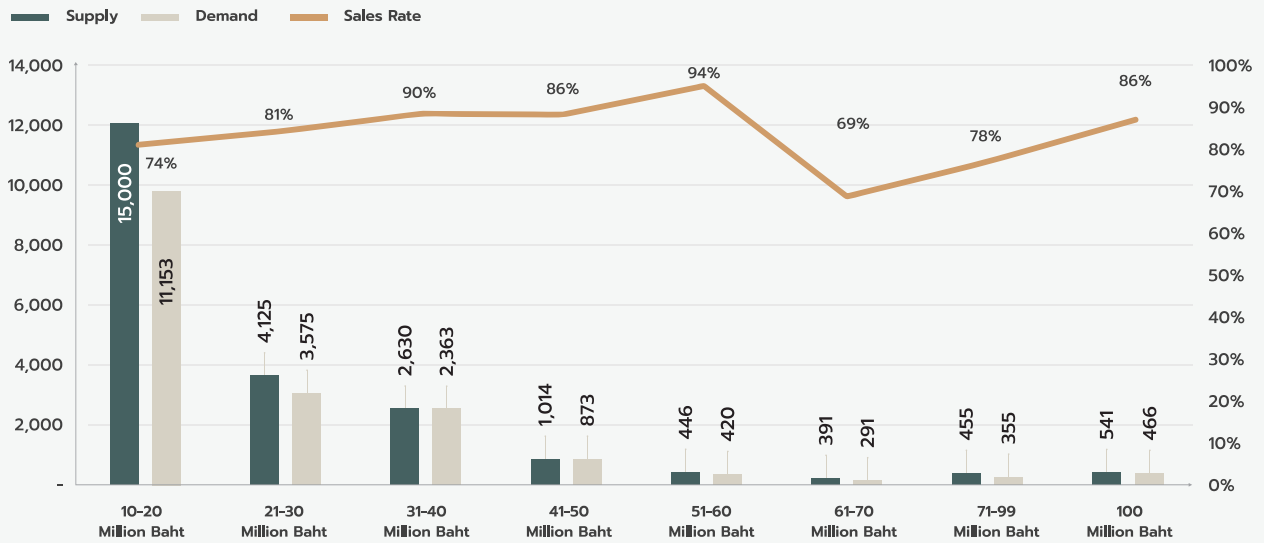
Source: Knight Frank Thailand Research

5 | Houses Priced from 10 Million Baht and Up Sold Per Year (Units), 2015 to Year-End 2022



Source: Knight Frank Thailand Research

6 | Supply Demand and Sales Rate of Houses Priced from 10 Million Baht and Up, by Asking Price Ranges as of Year-End 2022



Source: Knight Frank Thailand Research

# OUTLOOK

Throughout the year, the high-end housing market grew both in terms of supply and demand and able to gain confidence in developers' revenue recognition. The shift towards the high-end segment was due to the fact that houses priced less than 10 million had a relatively high credit rejection rate, and most importantly, the purchasing power of this group of buyers was not strong because their income were still recovering from previous economic problems. On the other hand, high-end homeowners had no problems with credit rejection even during economic downturns. Furthermore, developers were confident in this group of customers because they were mainly investors and real residents, whose potential to default on down payments was almost impossible, as it required a high amount of money for reservation and contract signing, and some of them chose to buy in cash.

# MARKET TREND

The demand for low-rise houses in the high-end segment is driven by buyers who seek properties that match their financial status. These buyers prioritize residences that offer a comfortable lifestyle in a desirable environment. In the past, many families placed importance on larger living spaces as well as convenient locations when looking for a new home. Although the number of buyers in this segment may be limited and niche, developer are still taking advantage of this opportunity by continuously developing low-rise houses. This is because it is expected that the market will continue to grow for another 1-2 years until reaching an equilibrium point. As such, developers are actively seeking suitable plots of land in popular locations to create unique selling points for their projects.

In 2023, the high-end housing market will be highly competitive, especially houses priced between 10-20 million baht, as there will be more options available for affordable buyers in the most developed housing segment. Most of these options will possess attractive locations as a selling point. However, unless the development model meets the residents' needs, the project may be overlooked. Developers must study customer behavior and include differentiated layout designs that align with their current lifestyles. These are the main factors that will make a housing project successful.

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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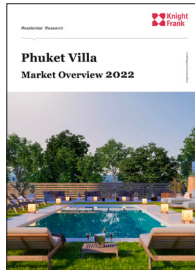


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