

# Luxury Housing

H2 2023

An overview review of Bangkok's Luxury Housing market in H2 2023  
by Knight Frank Thailand

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- The luxury housing market demonstrated positive trends, with a 90 percent selling rate for houses priced between 71-99 million baht. Although the absorption rate slightly declined, the market remained robust, especially in the 21-30 million baht range.

In the second half of 2023, 3,704 new units of the low-rise houses priced at 10 million baht or more were opened for sale, an increase of 38.6 percent compared to the first half of the year. The total cumulative supply stood at 30,974 units. The new units opened for sale in the second half of 2023 increased continuously, yet number of new units opened for sale decreased but still at a high rate compared to the second half of 2022. Developers still place an importance on developing low-rise houses rather than prime & super prime condominiums as there are limited plots of land to develop.

The most newly opened supply was still houses priced between 21-30 million baht, accounting for 46 percent, partly due to relatively less units for sale during the same period in 2022. As such, developers built more new units throughout 2023, mostly single house with large plots of land starting from 100 square meters. The second most newly opened supply was houses priced between 10-20 million baht, accounting for 29 percent, followed by houses priced between 41-50 million baht and between 31-40 million baht, accounting for 10 percent each. The least newly opened supply was houses priced over 50 million baht at 5 percent.

## 38.6% increase

in house units priced at 10 million baht or more, totaling 3,704 units, compared to the first half of the year.

## 21-30 MB. range

Demonstrated resilience in the face of rising interest rates, leading developers to shift their focus.

## 90%

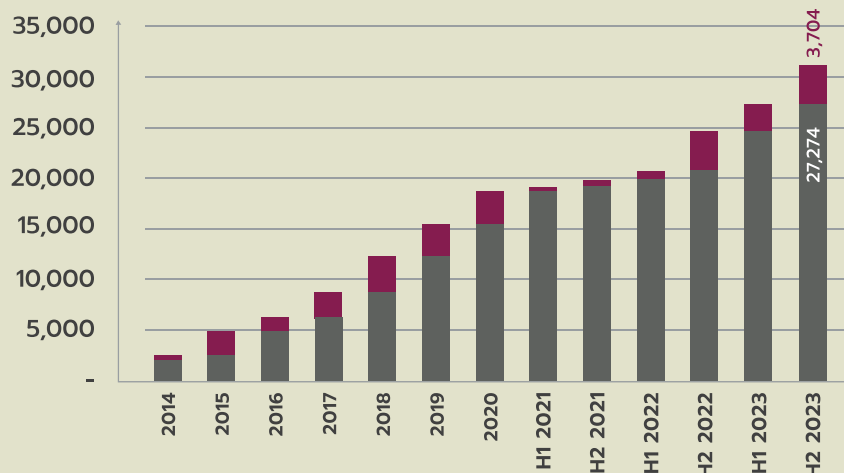
The luxury housing market's highest selling rate was for houses priced between 71-99 million baht.

## Slight dip in absorption rates

Due to increased supply, developers' confidence in the Bangkok luxury housing market persisted.

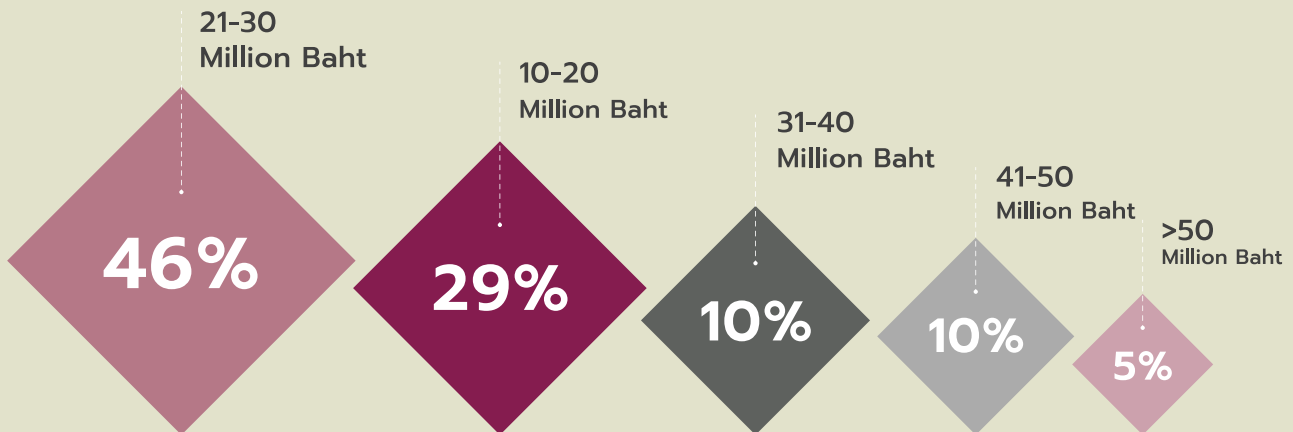
EXISTING AND NEW SUPPLY OF HOUSES PRICED AT 10 MILLION BAHT AND UP, 2014 TO H2 2023

■ Existing ■ New Supply



SOURCE: REAL ESTATE INFORMATION CENTER (REIC)

#### NEWLY LAUNCHED SUPPLY BY PRICE, AS OF H2 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

#### LUXURY HOUSING MARKET SITUATION IN BANGKOK

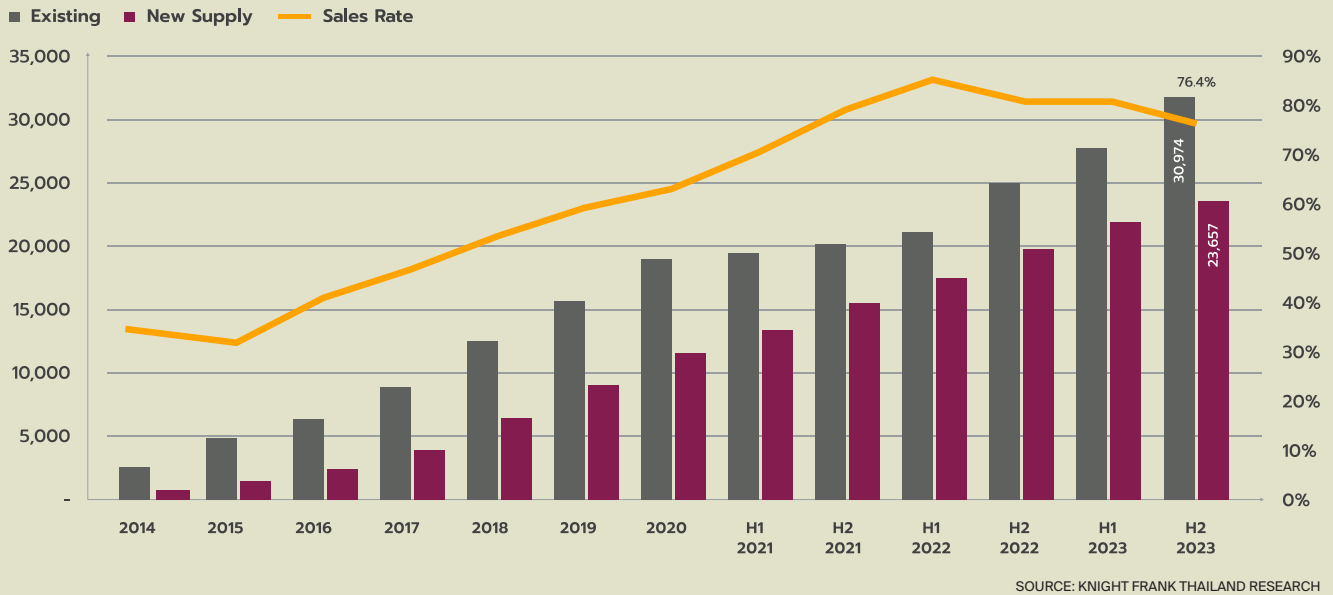
The housing market encountered numerous challenges in H2 2023, primarily driven by a peak in interest rates over the past decade. This has resulted in diminished purchasing power and increased household debt. Banks, responding to these conditions, have tightened mortgage restrictions, leading to a high rate of rejection, particularly for housing units priced from mid-range to below 3 million baht.

Simultaneously, developers are grappling with pressures in the housing market, including escalating land prices and higher construction costs attributed to rising inflation and increased expenses due to higher interest rates. Consequently, housing prices have undergone upward adjustments, further diminishing the purchasing power of prospective homebuyers.

Despite these challenges, there is a silver lining in the luxury housing segment, which appears to be less affected by the rising interest rates. Therefore, real estate developers are increasingly shifting towards participation in the luxury housing segment in response to the long-term trend of rising interest rates. This shift has led to a surge in new supply for luxury housing, particularly in the 21-30 million baht price range, where homebuyers exhibit lower risks and maintain a stable financial status. It is found that high-end brands such as Setthasiri and Grand Bangkok Boulevard City had increased their average selling prices during 2023.

However, although the luxury housing market still maintains a reasonable absorption rate, there has been a slight decline from the previous period due to the presence of leftover supply and a significant increase in new supply in the second half of 2023. Nevertheless, this trend continues to influence the decision-making process for luxury homebuyers, diminishing the purchasing power of those reliant on loans.

## SUPPLY DEMAND AND SALES RATE OF HOUSES PRICED FROM 10 MILLION BAHT AND UP, 2014 TO H2 2023

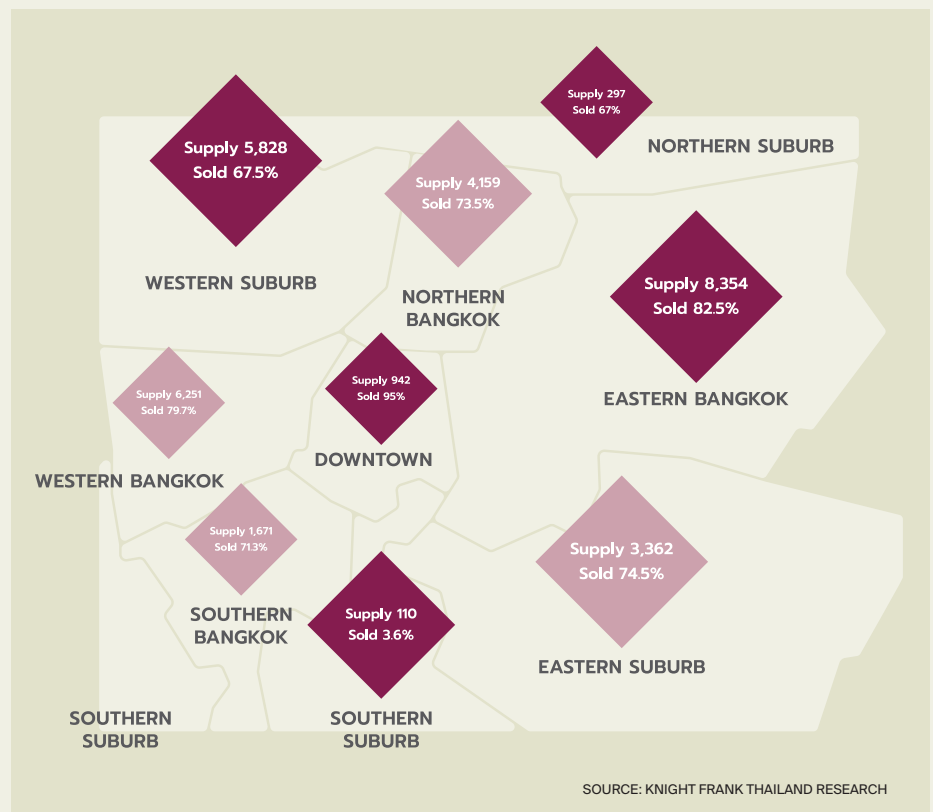


Total supply of houses priced over 10 million baht in the second half 2023 stood at 30,974 units, with accumulated of 23,657 units sold and an average selling rate of 76.4 percent. Total supply slightly decreased from the first half of the year as there were outstanding supply from the previous year and a lot of new supply opening up in the second half of the year.

The highest supply were located in Eastern Bangkok areas at 8,354 units, followed by Western Bangkok and Western Suburb areas at 5,910 and 5,730 units respectively. The highest new supply were located in Western Bangkok areas at 721 units, followed by Western Suburb and Eastern Bangkok areas at 653 and 648 respectively. Western Bangkok and Suburb areas are becoming more popular due to a new road construction project, Phran Nok - Phutthamonthon Sai 4 route, which will facilitate convenience transportation in and out of Bangkok city center. Furthermore, newly opened Central Westville may cause higher plots of land price in this area and it is one area worth focusing for developing a luxury house in the future.

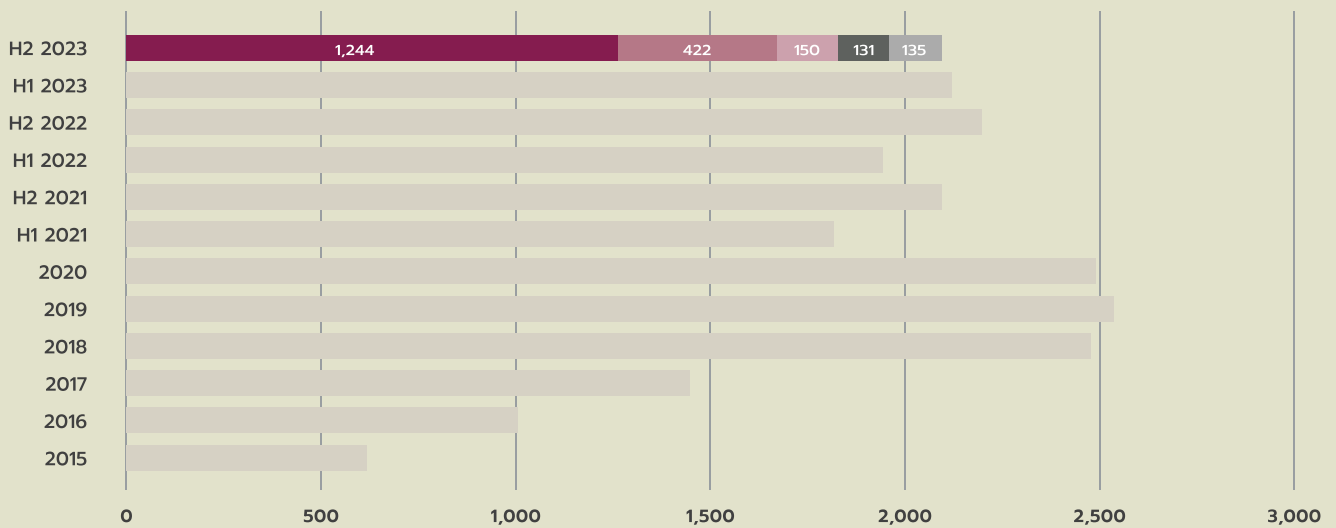
However, total number of units sold in the second half of 2023 was 2,082 units, a slight decrease of 0.8 percent compared to the beginning of the year. This is partly due to the impact of interest rates rising to the highest level in 10 years, making more difficult decision to buy a house for people who need a loan. Nevertheless, this does not have much impact on houses priced over 30 million baht.

The top 3 most demanding market was houses priced between 10-20 million baht, with a total of 1,244 units sold, followed by 21-30 million baht and 31-40 million baht with a total of 422 units sold and 150 units sold respectively.



## HOUSES PRICED FROM 10 MILLION BAHT AND UP SOLD PER YEAR (UNITS), 2015 TO H2 2023

■ 10-20 MB. ■ 21-30 MB. ■ 31-40 MB. ■ 41-50 MB. ■ >50 MB.

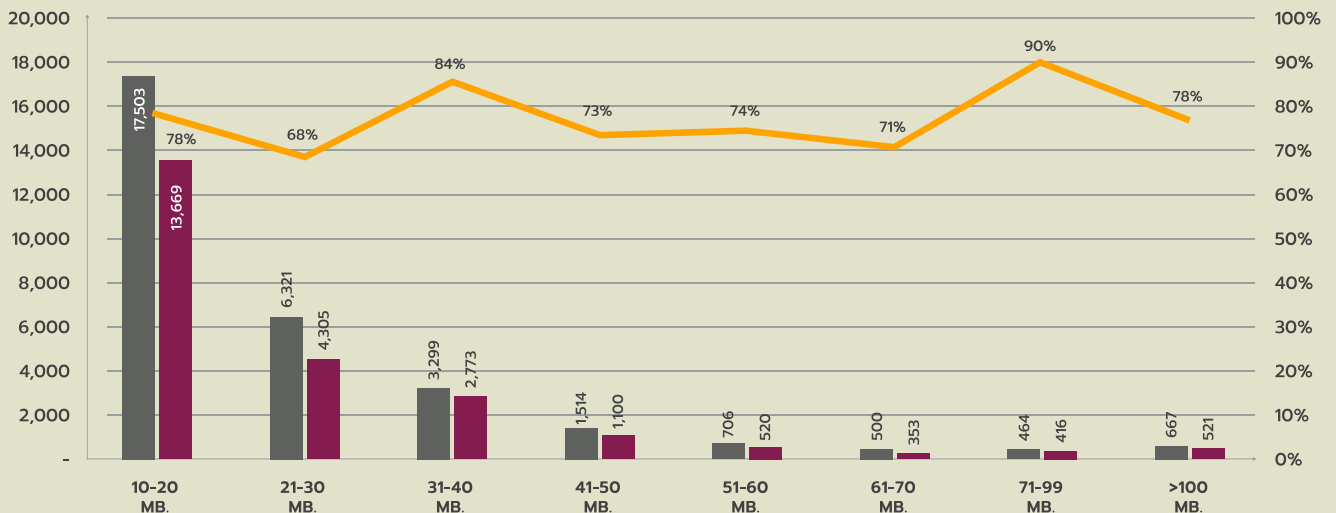


SOURCE: KNIGHT FRANK THAILAND RESEARCH

The highest selling rate of 90 percent was houses priced between 71-99 million baht, followed by houses priced between 31- 40 million baht, 10-20 million baht and over 100 million baht with selling rate of 84 percent, 78 percent and 78 percent respectively. This indicates that the luxury home market trend is still positive despite slightly decreased selling rate as there was high new supply during the end of the year, especially houses priced between 21 - 30 million baht.

## SUPPLY DEMAND AND SALES RATE OF HOUSES PRICED FROM 10 MILLION BAHT AND UP, BY ASKING PRICE RANGES AS OF H2 2023

■ Existing ■ New Supply — Sales Rate



SOURCE: KNIGHT FRANK THAILAND RESEARCH

## MARKET TREND

The Bangkok luxury housing market is expected to be positive as it is least affected by various negative economic factors. However, there is still concern about the increased accumulated supply and a relatively slow absorption rate. This may result in gradually adjusting in the next half year. Nevertheless, developers still have confidence in the market. As a result, there were many new projects opened for sale during the second half of the year.

The key buying factors are proximity to amenities, quick and easy travel to the city, good after-sales service, and functions that align with homebuyers' lifestyle. As the competition in the market is relatively high, developers must search for land in prime locations that are popular with absolute convenience to create selling points and respond to customers' needs. The survey found that houses that are close to international schools are in high demand. Investors foresee returns from renting out as high as investing in condominiums. This selling point is a good motive to develop a luxury house in a location that responds directly to market needs.

It is also found that there was a greater distribution of luxury houses in the suburb areas, especially in the Western Bangkok. There has been noticeable growth in the luxury home market in the second half of this year due to the development of new transportation routes. As a result, this area is becoming more popular and worth watching in the future for further development. In addition, there will be a lot of changes in Bangkok new city planning zone, especially in Bang Khae and Taling Chan areas. There is a color change from the diagonal green area to the yellow area. This change will have an impact on the luxury home market. Previously the smallest house could be built on an area of 100 square meters, which is a large area. After the new city plan was announced, it would be possible to build houses on smaller plots in this area. As a result, there will be a great variety of house types for sale, whether it is semi-detached houses or townhomes.

## Recent Research



Thailand Market Half Year 2023

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