

Phuket Villa

Market Overview 2020



HIGHLIGHTS

1

THE ACCUMULATED SUPPLY OF PHUKET VILLAS WAS ABOUT 3,871 UNITS AT THE END OF 2020, A GRAND TOTAL OF 162 VILLAS OF 11 PROJECTS WERE LAUNCHED DURING THE YEAR 2020, OR APPROXIMATELY 4.4% INCREASE.

2

THE CUMULATIVE DEMAND OF PHUKET VILLAS AS OF THE END OF 2020 WAS 3,056 VILLAS OUT OF A TOTAL SUPPLY OF 3,871 VILLAS, REPRESENTING A SALES RATE OF 79%. THE SALES RATE INCREASED FROM THE 77% THIS WAS DUE TO THE FACT THAT ONLY 162 NEW VILLAS ENTERED THE SUPPLY, WHICH IS VERY LOW.

3

MOST OF THE BUYERS IN PHUKET HAVE BEEN FOREIGNERS, MOSTLY LIVING IN ASIA, INCLUDING CHINA, SINGAPORE AND HONG KONG.

4

IN TERMS OF PRICE LEVELS, THE BEST-SELLING VILLAS IN 2020 WERE THOSE WITH A LOW SELLING PRICE, NOT EXCEEDING 20 MILLION BAHT PER UNIT.



NATTHA KAHAPANA

Deputy Managing Director and Head of Phuket Operation

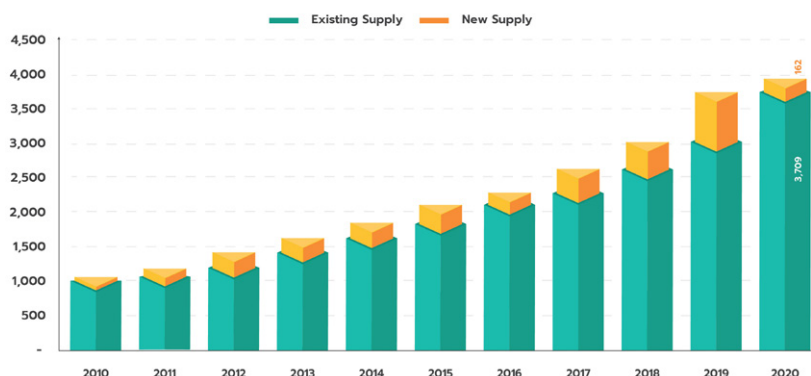


The development of new villa projects in Phuket this year is expected to slow. There are no new investments taking place. We expect that foreigners, especially the Chinese, will return to purchase villas in Phuket as their second homes.



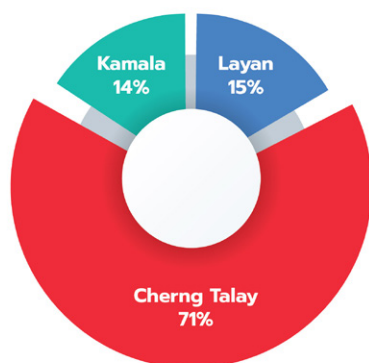
Although Phuket is a small island, it has been able to generate considerable revenue for Thailand. Villas in Phuket not only serve as holiday homes, but they are also investments with good returns for buyers, as the prices of villas in Phuket have continuously risen. In addition, villas are able to generate rental income for buyers when they themselves are not in residence. The western area of the island marks the most popular location for villas, as it boasts beautiful beaches. The land on the western side with sea views, however, are beginning to become scarce, which forces developers to look for land to develop in other areas that do not enjoy the proximity and convenience to many amenities. Even though the economic situation remains poor, the villa market in Phuket is far from being in oversupply, given that villas usually get constructed once there are buyers. If the economy has not picked up, developers have the option to cancel their construction plans. The villa market is thus relatively free of pressure, unlike the condominium market.

► Supply of Villas in Phuket, 2010 – 2020



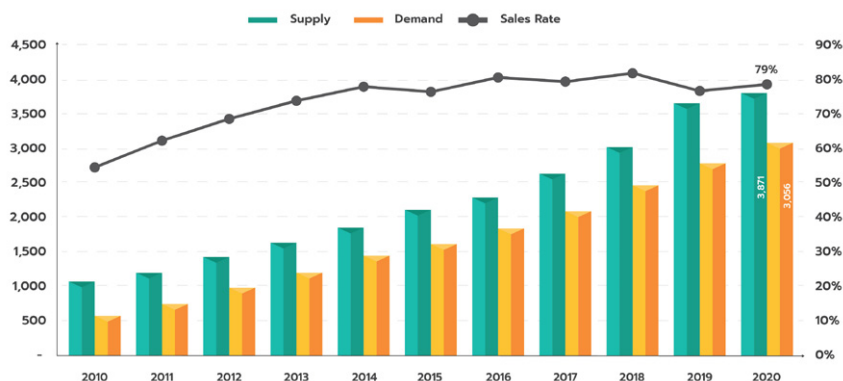
Source: Knight Frank Thailand Research

► Supply of Newly Launched Villas in Phuket in 2020



Source: Knight Frank Thailand Research

► Supply, Demand and Sales Rate of Villas in Phuket, 2010 - 2020



Source: Knight Frank Thailand Research

Supply Trend

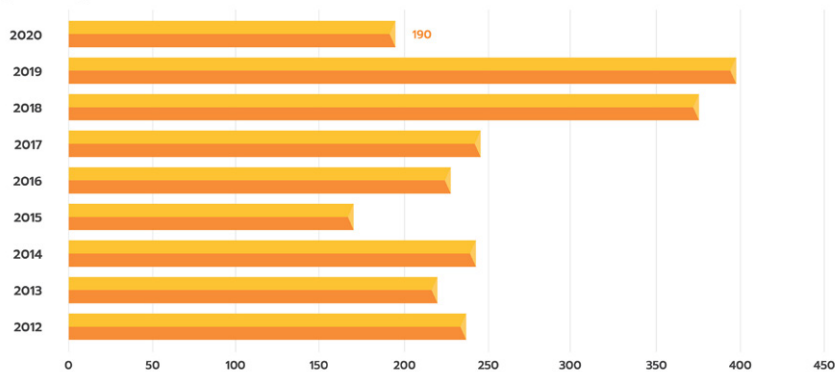
It was found that, at the end of 2020, the total supply of villas in Phuket stood at 3,871 units. The new supply increased by 4.4 percent from 2019, which saw the launch of up to 688 new villas from 16 projects. In 2020, there were 162 new villas launched for sale from 11 projects.

Up to 71 percent of the newly launched villas in 2020 are situated in the Cherg Talay area, followed by Layan and Kamala Beach areas at 15 percent and 14 percent, respectively. Newly launched villas in 2020 included villas priced between 10 to 20 million baht.

Demand Trend

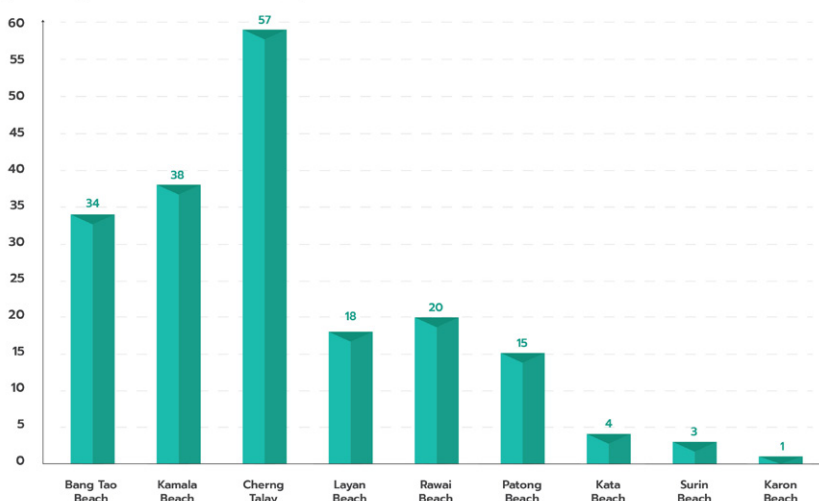
There have been 3,056 villas sold in Phuket out of a total supply of 3,871 units, representing a 79 percent sales rate. The sales rate increased from the previous year, which stood at 77 percent in 2019. This was due to the fact that only 162 new villas entered the supply, which is very low. There were fewer new villas sold in 2020 than in 2019; in 2020, there were 190 new units sold compared to up to 396 new units sold in 2019. In the past 9 years, there was an average of 256 units sold per year. The Covid-19 pandemic has had a clear effect on villa sales, as the majority of villa buyers in Phuket are foreigners who live in Asia, including China, Singapore and Hong Kong. In addition, there are also foreigners from Russia, the Middle East, Europe, Australia and New Zealand. When Covid-19 began spreading, foreigners were unable to travel into Thailand or Phuket, resulting in a significant drop in sales. Some projects turned to online sales and offered discounts in order to attract customers during the Covid-19 pandemic; this helped generate sales but not many. The group of buyers at this time included foreigners who have been to and viewed the projects; previously, they had not made the decision to buy but when selling prices

Newly Unit Sold, 2012 – 2020



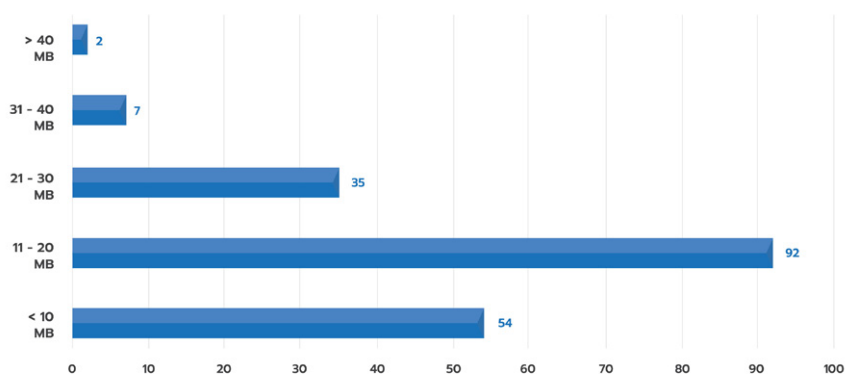
Source: Knight Frank Thailand Research

Newly Unit Sold in 2020, by Location



Source: Knight Frank Thailand Research

Number of New Villas Sold in 2020, by Price Level



Source: Knight Frank Thailand Research

Newly Unit Sold, 2012 – 2020

(Unit: million baht per villa)

Villa Type	Selling Prices in 2019		Selling Prices in 2020	
	Starting	Maximum	Starting	Maximum
Oceanfront Villa	292	370	292	370
Sea View Villa	6.9	54.7	5.9	56.7
In Land Villa	7.9	47.4	6.7	45

Source: Knight Frank Thailand Research

were lowered, they decided to make the purchase.

In 2020, Cherng Talay represents the area with the highest sales volume, with 57 units sold. This was followed by Kamala and Bang Tao, with 38 units and 34 units sold, respectively. Cherng Talay offers many amenities and conveniences for its residences and tourists, such as a new shopping mall called Porto de Phuket. Developed by the Central Group, it is the first open-style mall that features restaurants, pubs and places to drink and dine. Opened in 2019, it enhances comfort and convenience. Additionally, the Cherng Talay area houses a community mall, Boat Avenue Phuket. A section of Laguna is also situated in Cherng Talay, and Laguna provides many hotels operated by leading hospitality brands, restaurants and a golf course. Such facilities and amenities have thus created a comfortable, convenient lifestyle in Cherng Talay, which has boosted the popularity of villas in the area, especially the inland villas in Pasak. The Kamala area is especially popular for villas among foreigners because the area houses what has become known as the "millionaire range". Also, it is located near Patong, which has a comprehensive range of amenities.

In terms of price levels, the best-selling villas in 2020 were those with a low selling price, i.e., not exceeding 20 million baht per unit. The villas with the highest number sold were those in the 11 to 20 million baht per unit range. In 2020, there have been 92 such units sold, followed by villas priced under 10 million baht, of which there were 54 units sold.

Selling Price Trend

The selling prices of villas in Phuket depend on several factors such as views from the unit. It is therefore necessary to segment the villas into 3 types: 1) Oceanfront Villa situated on the beach or on a mountain by the sea; 2) Sea View Villa located away from the immediate beach area or on a mountain with sweeping views of the ocean; and 3) In Land Villas with no ocean vistas. The Oceanfront Villa commands the highest price per unit. The selling prices in the below table are from projects with remaining units for sale; it shows that Oceanfront Villas in the sales process start at 292 million baht, going up

to 370 million baht. As for Sea View Villas in the sales process, prices start at 5.9 million baht and go as high as 56.7 million baht. In Land Villas start at 6.7 million baht and go up to 45 million baht. The starting price of In Land Villas exceeds that of Sea View Villas as the In Land Villas that are in the process of being sold are of a larger size than the Sea View Villas.

Aside from the views, the selling prices of villas in Phuket are affected by other factors such as distance to the beach, the surroundings of the villa and whether amenities are within easy reach, the size of the land and the size of the villa's construction area.

Outlook

The villa market in Phuket in 2021 to continue its slowdown throughout the year, due to the effects of the new wave of Covid-19. New investments in property development in the first half of 2021 will likely be slow, and there is no new investment expected. In the first half of 2021, the economy of Phuket is not expected to improve because of the dearth of tourism income. Foreign tourists still cannot travel to the country, and while the economy has not improved, there is an effect on the real estate sector as well as the development of villas for sale. At any rate, we expect Phuket's economy to pick up in the second half of 2021. Developers should start investing in new project launches, especially those that are targeting foreign buyers from the Chinese market. This is certain to happen and there will be more buyers than before the Covid-19 outbreak; we are seeing many signs that Chinese buyers would like to purchase property in Thailand and Phuket as second residences rather than as investments as they did in the past. Chinese people are of the view that, should there be a spread of an infectious disease such as Covid-19, Thailand, including Phuket, would be a safe, liveable place, with good public health systems and measures against the spread of infection diseases. In normal circumstances, Chinese people enjoy travelling to and vacationing in Phuket, and have always been interested in investing in Phuket's real estate. As such, the Chinese market is likely to return to the island in the latter half of this year.

Appendix Villa Location

The survey area for this report covers the area starting from Mai Khao beach and lie down along the western coast of Phuket. The area covers the following beaches:

Mai Khao is located just north of the airport, which is an incredibly long and deserted stretch of sand. There are only a few tourist developments such as JW Marriott Resort & Spa, Anantara Mai and to name a few. Mai Khao is the longest beach on the island and also the most deserted.

Nai Yang is just a ve-minute drive south of the airport and is very popular with Thai locals. Here you will find what beach life is all about. Fringed with casuarina trees providing picnic areas for locals, it is a shady spot for souvenir and food vendors.

Nai Thon lies about 15km south of the airport. This pristine beach is a great place to get away from the crowds. Nai Thon is fairly undeveloped and is a nice quiet place to sit in the sun or take in a swim. Although its quiet, the beach is not completely deserted and there are a few sun beds available for hire. There are also a few small restaurants that serve fresh seafood and local dishes.

Layan is a small and relatively unknown beach, nestled in a shadow bay at the north end of Bang Tao. Layan is more like a bay than a beach, the beach is too shallow for swimming.

Bangtao is another location for luxurious residential area in Phuket. The area is called "Laguna" since there are many hotel facilities serve the residential projects in the area.

Surin is another peaceful and tranquility area for foreigners and expatriates from Hong Kong and Singapore.

Kamala is considered as the millionaire range. There are many projects under construction but sold out already. The well-known project in this area is Andara Signature which is the most luxurious villa project.

Patong is considered as dirty area, however there are some locations in this area is considered as a tranquility area which Amari Phuket is situated. Amari offers a stunning location and modern style.

Karon is the area which is considered the beachfront residential projects. It is also famous for its beautiful long beach, and a wide variety of restaurants.

Kata is another attractive area for foreigners. It is located south of Karon.

Naiharn is one of the island's most beautiful locations and most popular places with in-the-know locals. Naiharn is a quiet little spot at the southern end of Phuket. This quiet and tranquil place has only a few hotels including the Le Royal Phuket Yacht Club and is a favorite anchorage for boats during the high season.

Rawai holds the distinction of being very busy tourist beach on Phuket. Years ago, people from Phuket Town would drive the 17km to Rawai on weekends to while away the afternoon underneath the beach's casuarina trees rather than risk the dangerous drive over the hill to Phuket's west coast.

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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