

Phuket Villa

Market Overview 2022





HIGHLIGHTS



1

THE TOTAL SUPPLY OF VILLAS ON THE WEST COAST OF PHUKET AMOUNTED TO 4,375 UNITS. FOR THE YEAR 2022, THE NUMBER OF NEW SUPPLY UNITS INCREASED BY 8.1 PERCENT FROM PREVIOUSLY OF 4,047 UNITS.

2

THE HIGHEST NUMBER OF NEW VILLAS FOR SALE ARE LOCATED IN THE CHERNG TALAY AREA, AMOUNTED TO 267 UNITS OR ACCOUNTED FOR 85 PERCENT OF THE TOTAL NEWLY LAUNCHED UNITS IN 2022.

3

MOST OF THE NEW VILLAS LAUNCHED FOR SALE IN 2022 WERE IN THE 21-30 MILLION BAHT PER UNIT RANGE.

4

FOR THE YEAR 2022, THE NUMBER OF NEW VILLAS FOR SALE ON THE WEST COAST OF PHUKET AMOUNTED TO APPROXIMATELY 338 UNITS, INCREASED BY 1.8 PERCENT FROM THE PREVIOUS YEAR.

5

THE HIGHEST NUMBERS OF UNITS SOLD WERE LOCATED IN THE CHERNG TALAY AREA, AMOUNTING TO 195 UNITS.



NATTHA KAHAPANA
Managing Director



Foreigners are interested in purchasing a villa as their second home, while others prefer to rent a villa rather than a condominium, as they need a safe zone for their families. As a result, the annual rental yield in the villa market has increased by 10%, making it more popular in the affordable group for both renting and buying especially since the reopening of the Chinese border.



MARKET OVERVIEW

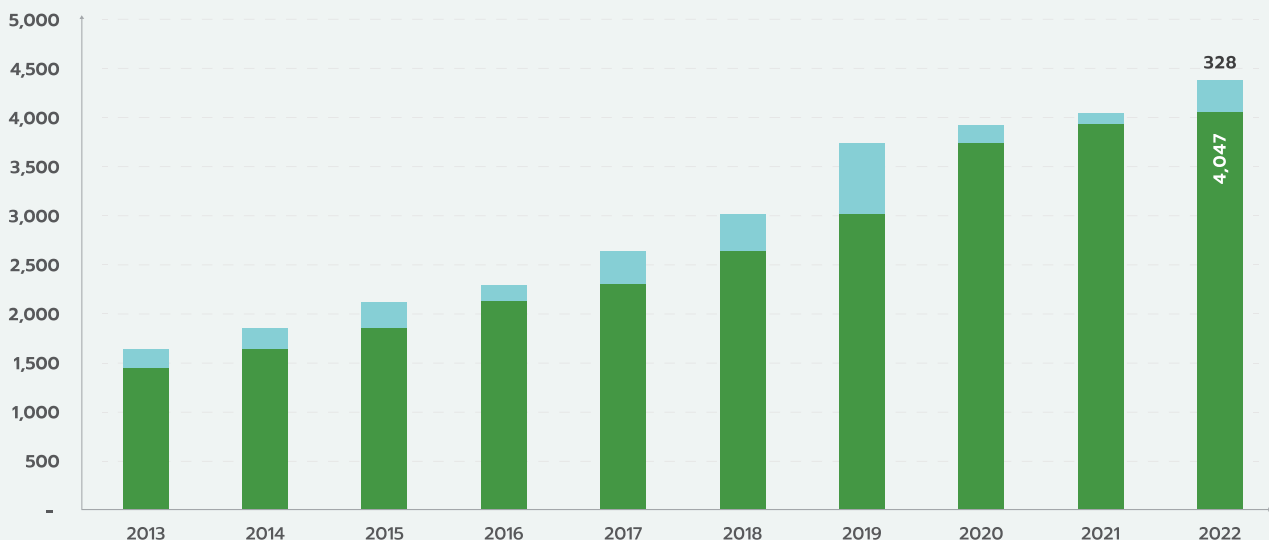
Villas remain popular among real buyers and investment buyers. The number of villa projects in Phuket is close to the number of condominium projects. The villa market has bright and vibrant direction from supply and demand for both rent and for buyout. Normally, foreign tourists come during the high season every year, including groups of Russian tourists. This year, the number of Russian tourists visiting Phuket has increased because of the war crisis causing many countries limit the issuance of visas to Russians while Thailand does not have visa restrictions. As a result, the overall villa market shows higher demand. New villa projects are launched constantly and most of them developed by local developers. The projects are being developed with the expectation that the main buyer, the Chinese, will return in 2023, which presents a good growth opportunity for developers.

SUPPLY

At the end of 2022, the total supply of villas in Phuket amounted to 4,375 units. The number of new units increased by 8.1 percent from 2021 amounted to 126 units. In 2022, the new supply included 328 newly launched units from 25 projects; the new villas for sale are located in only two areas which are the Cherng Talay area at up to 85 percent of the total, followed by Bang Tao Beach at 15 percent. Most of the new villas launched for sale in 2022 were in the 21-30 million baht per unit range.

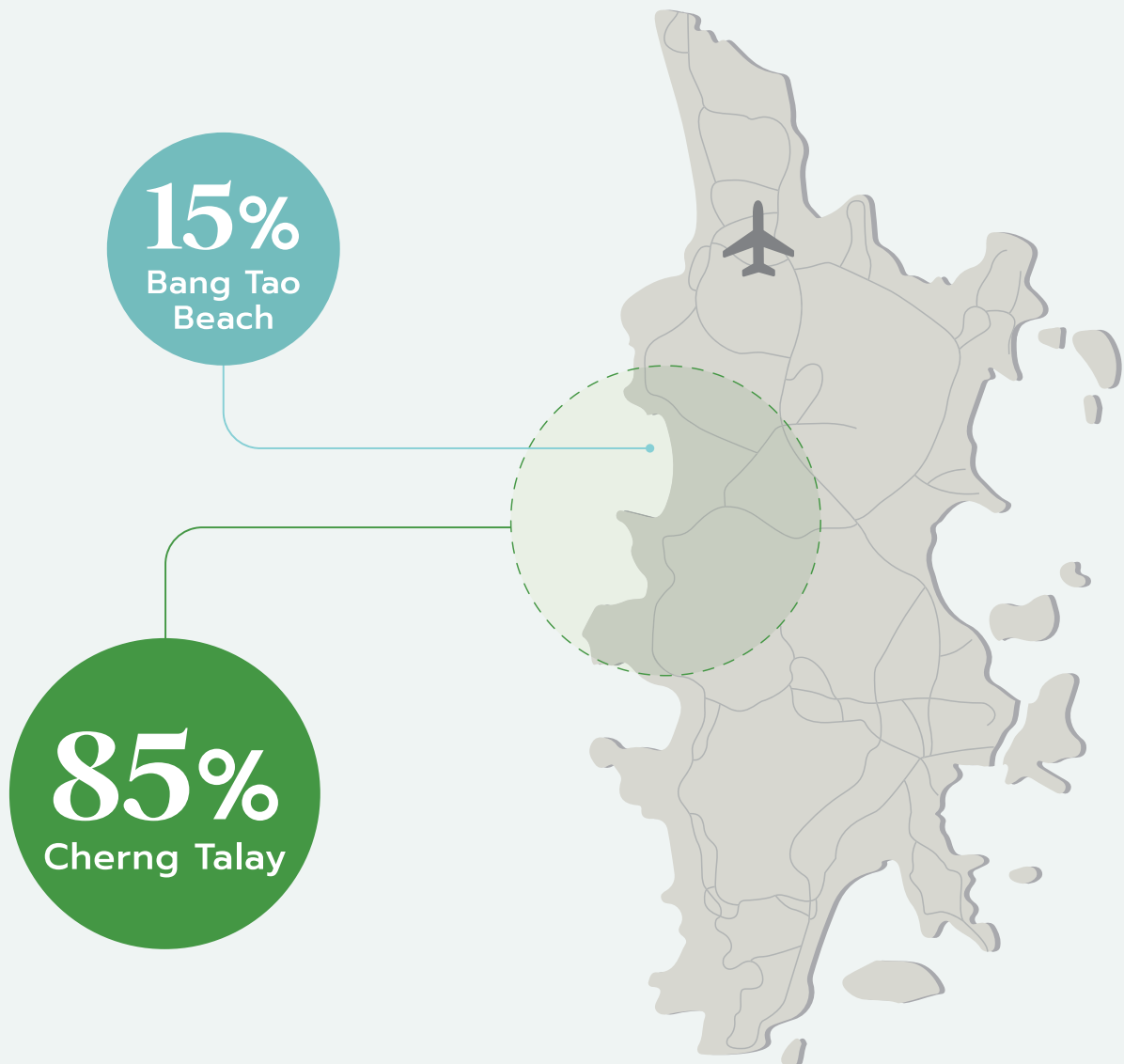
1 | Supply of Villas in Phuket, 2013 to 2022

Existing Supply New Supply



Source: Knight Frank Thailand Research

2 | Supply of Newly Launched Villas in Phuket, 2022



Source: Knight Frank Thailand Research

DEMAND

According to the research conducted by Knight Frank Thailand, it was found that there were 3,595 villas sold in Phuket out of a total supply of 4,375 units, representing a sales rate of 82.1 percent. The sales rate increased by 1.8 percent from the previous year. In 2021, the sales rate was 80.4 percent with a total of 341 new units sold. The sales rate increased due to an

unusual arrival of Russians because of the war and travelling during high season, as well as the concern about the country's policy that prohibits transferring money out of the country or frozen accounts do not permit any debit transactions that may happen in the future. Thereby, some groups of Russians choose to transfer money to rent and buy villas as a secondary residence.

Furthermore, the lower dollar value reduces decision-making time to buy faster. As a result, almost 100 percent of the units sold were purchased by Russians buyers.

The top three areas with the highest number of units sold include Cherg Talay, with 195 units sold; followed by Bang Tao Beach and Rawai Beach, with 98 and 18 units

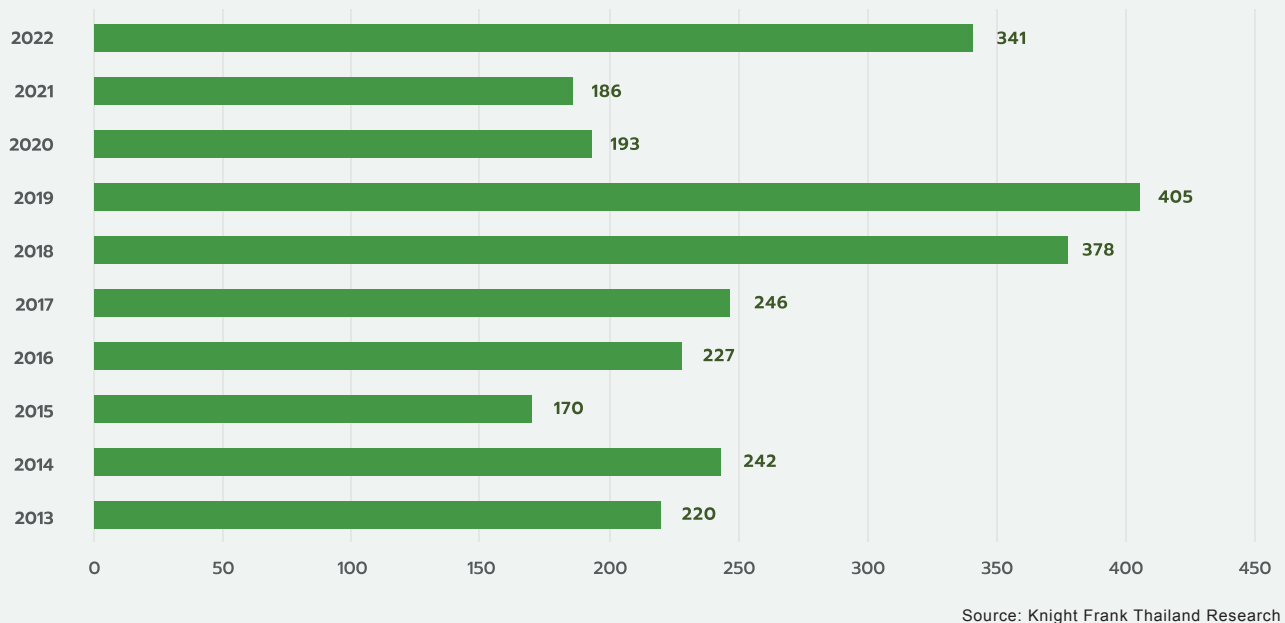
sold respectively. This year Cherng Talay is the most popular area for villa development although the area is not located by the beach, yet buyers place importance on mountain and forest surrounding environment which make this area very quiet and peaceful and suitable for relaxation according to the residents' preferences. Moreover, the villas in this area located near international schools and in terms of distance wise, Cherng Talay is a zone that closes to the city with easy amenities access.

Most of the villas that sold in 2022 were in the 21-30 million baht per unit range, accounted for 45 percent of total units sold; followed by villas in the 10-20 million baht range, accounted for 40 percent of total units sold.

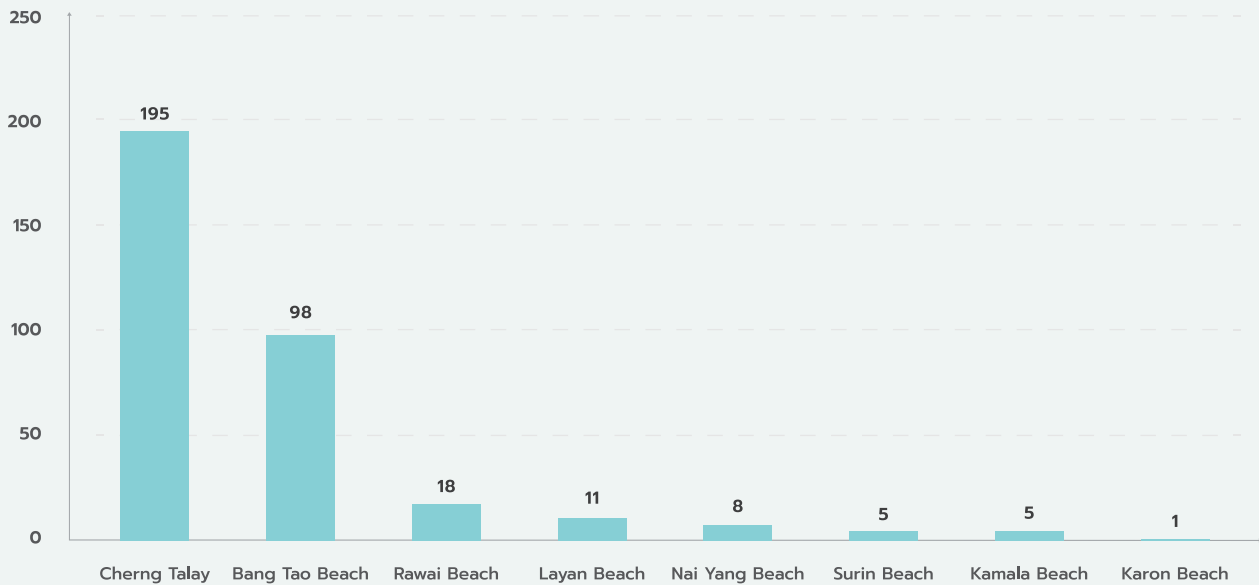
3 | Supply, Demand and sale rate of Villas in Phuket, 2013 to 2022



4 | New Villa Units Sold, 2013 to 2022

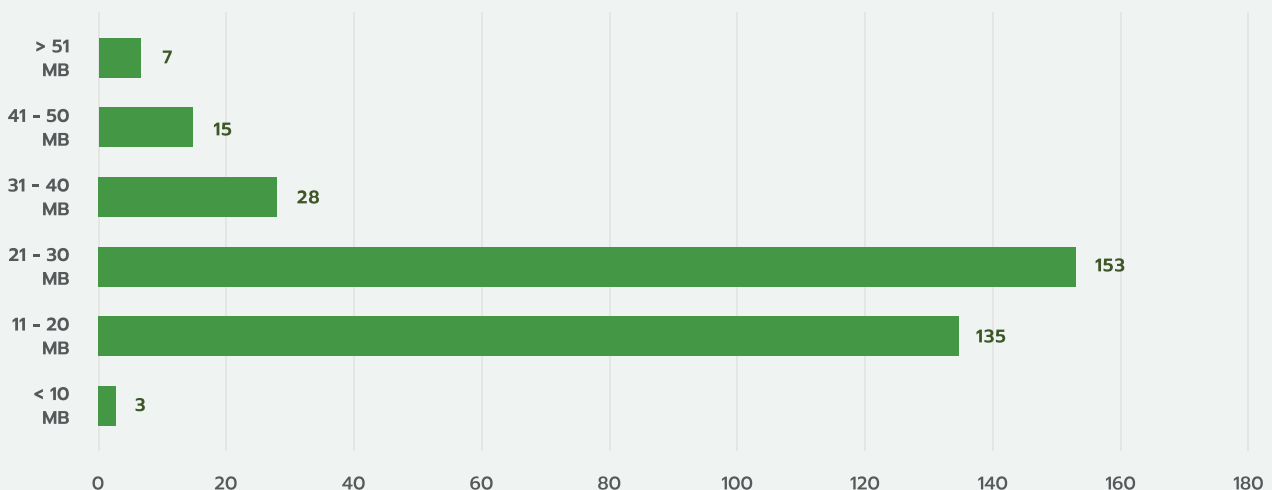


5 | Number of Units Sold, by Location, as of 2022



Source: Knight Frank Thailand Research

6 | Number of Units Sold, by Price Range, as of 2022



Source: Knight Frank Thailand Research

MARKET OUTLOOK

The villa market in Phuket in 2023 is tending to grow steadily. Villas will still maintain their popularity together with support from foreigners who love and prefer to live and travel in Phuket. There will be more new villa developments added to the market than condominium developments. Buyers turn their attention to buy villas for investment

and renting out as the return per year is better than condominiums. Knight Frank Research expected that next year investment in villas will keep coming due to the arrival of foreigners to Phuket and a group of Chinese investors will definitely return and buy villas for speculation and may buy more than one unit. Foreign currencies

appreciation causes foreigners to invest more than before as they are confident in Phuket real estate market, where tourists keep visiting all the time.

On the other hand, the land prices have increased in parallel with the growth of villas. The land prices appraised value increased at an average rate of 8-10%

per year, resulting in higher selling price in response to land prices, especially villas located by the beach in the Laguna area tend to have a high price. As the current land prices per rai is about 25 million baht with small amount of land available, villa developments set high selling price. Cherng Talay area will be a more popular

for villa development as there are still lots of lands available, not far from the city and close to international schools. In addition, its peaceful environment surrounded by mountains attracts foreigners who come to live as families as they are looking for these atmospheres and environments during their time of stay. However, the villas

development in Phuket still depends on the support of foreign tourists. Moreover, it is an important factor that will keep the villa market growing continuously in the future.

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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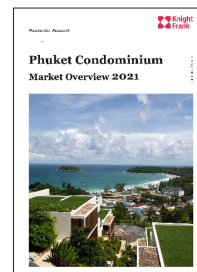
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