

Bangkok Condominium



Q1 2023

The demand for condominiums among foreign customers has increased. Because Thailand is a safe zone for storing assets, including long-term living space for families. This change shows that project groups near international factories will receive more attention. Including a group of projects that are close to facilities in the city center.

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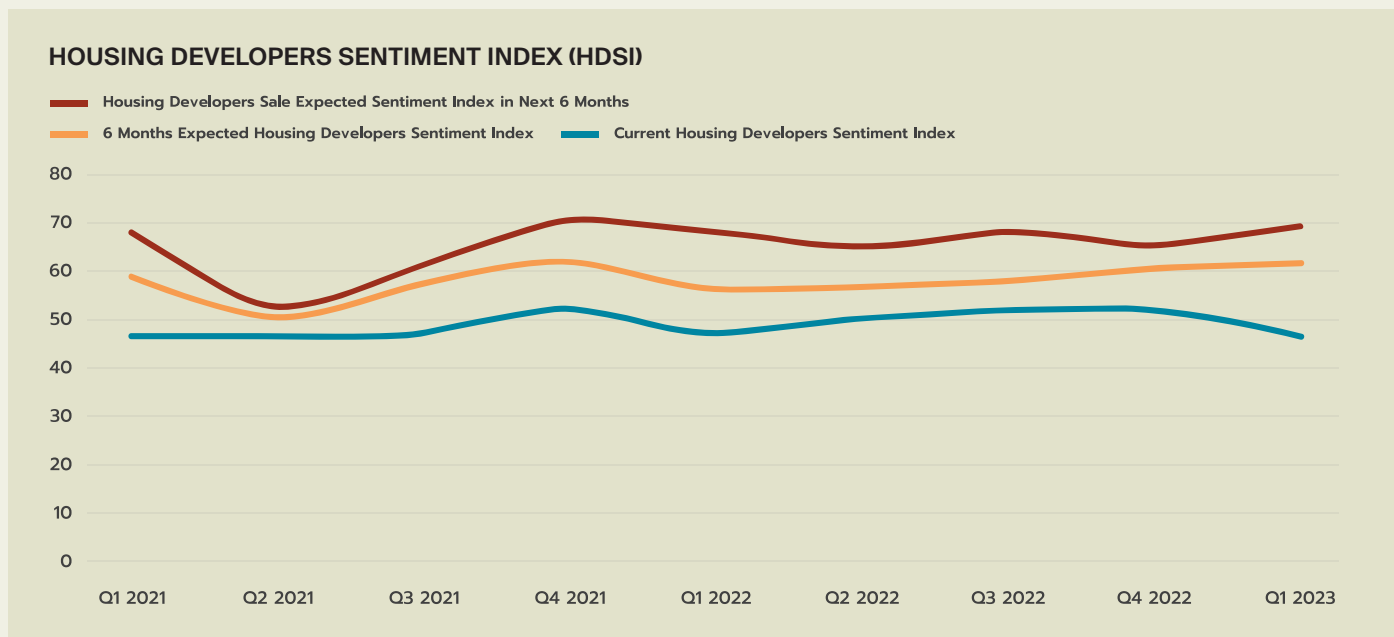
Market Overview

From the beginning of the year until the end of the first quarter, the overall condominium market remained stable, which in line with the overall economy (The Thai economy is still at risk from the uncertainty of global economy and high inflation). Additionally, domestic purchasing power seems to have decreased significantly, as reflected

by the decrease in the transfer of ownership in this quarter, partly due to the end of government stimulus measures.

On the other hand, there has been a partial recovery in foreign purchasing power, which is considered as a good sign indicating the recovery of foreign demand. Meanwhile, the launch of

new condominiums in this quarter also slowed down as business operators remain cautious about launching new projects into the market. They are uncertain about existing domestic purchasing power, which is in line with the decrease in the current housing developers' confidence index from the previous quarter.



REMARKS :

- Index score of 50 means "Maintain Confidence"
- Index score of Higher than 50 means "Increase Confidence"
- Index score of Lower than 50 means "Decrease Confidence"

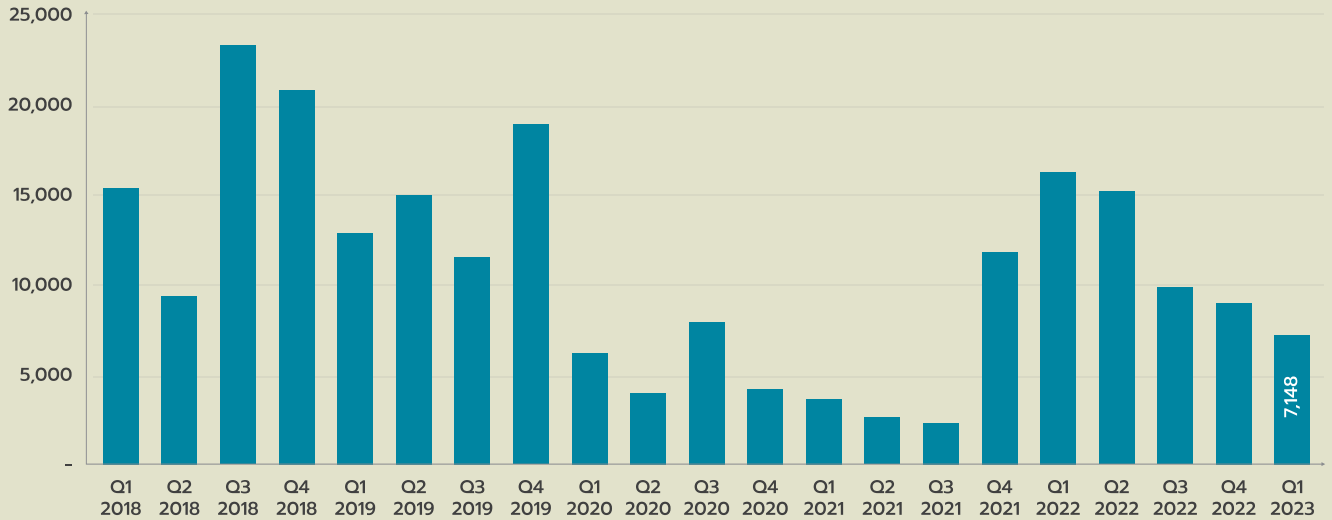
SOURCE: REAL ESTATE INFORMATION CENTER (REIC)

Supply

During Q1 2023, the number of newly launched for sale amounted to 7,148 units, represented a decrease of 25.3% compared to the previous quarter and a decrease of 56% compared to the same period last year. The total supply of condominiums in suburban areas of Bangkok accounted for 88%, while areas around the central business district accounted for 10% and the remaining 2% were located in Bangkok city center areas.

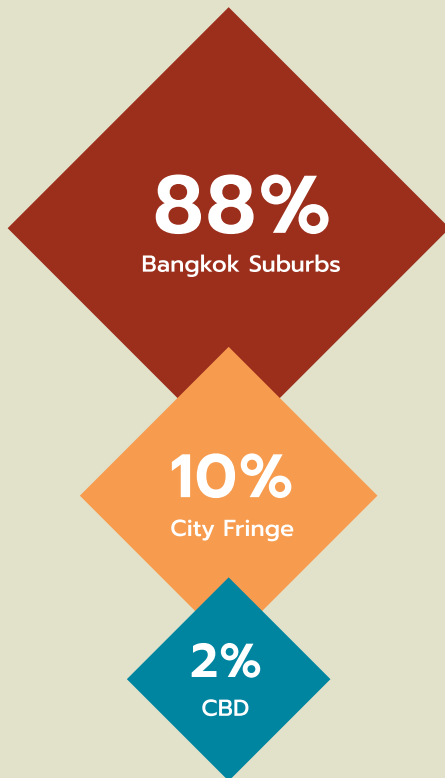
The most popular new supply launched for sale was grade C, accounting for 69% of the total, with an average starting selling price of 40,000 baht per square metre for a room size of 32 square metres. Grade B accounting for 29% while the super prime segment accounted for only 2%. Notably, there was no new supply launched for sale in the grade A segment during this quarter.

SUPPLY OF NEW LAUNCHED CONDOMINIUMS IN BANGKOK, Q1 2018 TO Q1 2023

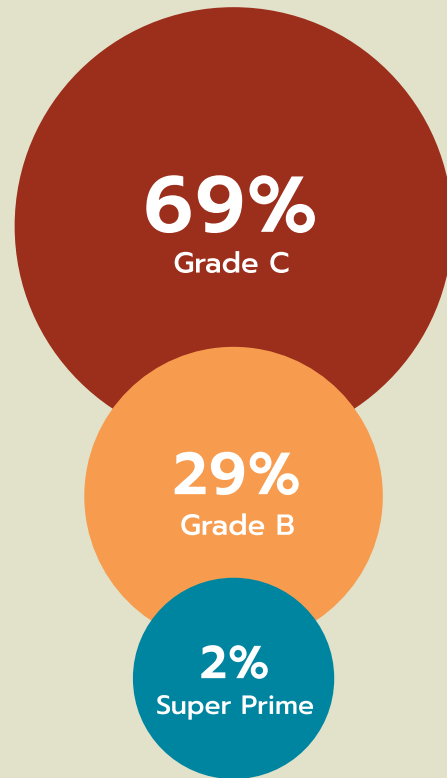


SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

SUPPLY OF NEW LAUNCHED CONDOMINIUMS, BY LOCATION, Q1 2023



SUPPLY OF NEW LAUNCHED CONDOMINIUMS, BY GRADE, Q1 2023



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

REMARK :

Super Prime The selling price of the unit must be above THB 200,000 per square metre.

Grade A The selling price of the unit must be above THB 150,000 per square metre.

Grade B The selling price of the unit must be within the range of THB 80,000 - 149,999 per square metre.

Grade C The selling price of the condominium must be in the range of less than 80,000 baht per square metre.

SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Demand






The total number of new units sold in Q1 2023 amounted to 3,025 units out of a total supply of 7,148 units. The sales rate was 42.3%, increased by 13.5% from the previous quarter but decreased by 1.2% compared to the same period last year. Domestic investors were the main buyers, while the group of real demand has slowed down.

Although the newly launched projects offer price levels that meet

the demands of this group, but the increasing household debt and the unmatched between income and expenditure have resulted in insufficient purchasing power among these buyers. As a result, the market is still at a stable level.

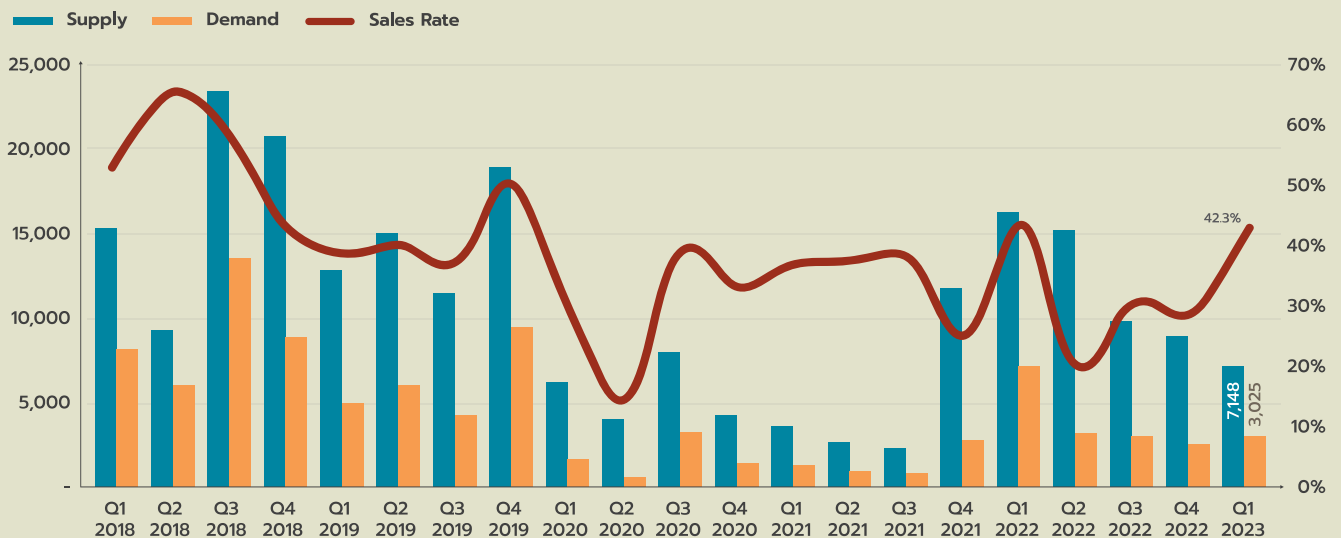
However, the return of foreigners has stimulated increased demand for condominiums in certain locations. The main buyers are Chinese, followed by Burmese, as evidenced by higher

transfer of ownership data in this quarter. Due to the political situation in Myanmar posing risk, Burmese buyers seek to transfer their assets to safer places. Additionally, French buyers are also slowing interest in condominiums by renting before deciding to purchase in the future.

County	Number of units	Value in million baht	Average price per unit
 China	945	5,825	6.2
 Myanmar	67	485	7.2
 Taiwan	78	423	5.4
 France	42	382	9.1
 United Kingdom	49	332	6.8

SOURCE: REAL ESTATE INFORMATION CENTER (REIC)

SUPPLY DEMAND AND SALES RATE OF CONDOMINIUMS, Q1 2018 TO Q1 2023



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

Asking Price

The selling price of condominiums in Q1 2023 increased in all areas. The selling price of condominiums in the central business district (CBD) was approximately 243,800 baht per square metre, representing a 1.4% increase from the previous quarter. Similarly, the selling price of condominiums around the city fringe was 119,100 baht per square metre, a 2.4% increase from

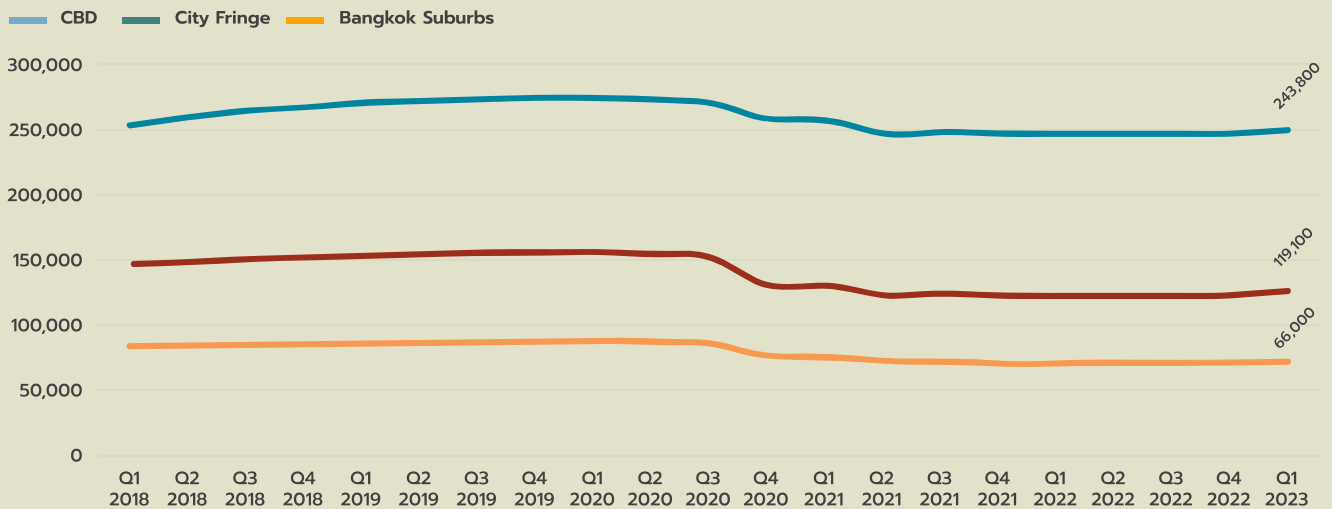
the previous quarter. In the suburban areas of Bangkok, the selling price of condominiums reached 66,000 baht per square metre, indicating a 2.8% increase from the previous quarter.

The average selling price across all areas experienced a slight increase of 2.2%. This can be attributed to the rise in development costs, driven by higher construction material prices that

have been continuously increasing. However, business operators have not been able to fully adjust the prices.

Moreover, the domestic purchasing power has slowed down due to the inflation, prompting the Bank of Thailand to raise interest rates. This has resulted in smaller loan amounts and longer installment periods.

AVERAGE ASKING PRICES OF CONDOMINIUMS, BY LOCATION, Q1 2018 TO Q1 2023



SOURCE: KNIGHT FRANK (THAILAND) – OCCUPIER STRATEGY & SOLUTIONS

What Next?

- Condominiums are expected to gradually recover, and the supply of new units is anticipated to slow down from sluggish domestic demand, although foreign demand has shown partial recovery.
- The selling price of condominiums is expected to continuously increase in the future, primarily due to rising costs, especially the prices of construction materials. Furthermore, some business operators who are closing the project have adjusted the price down because there are not many units left, which has a positive effect on investors and real demand buyers where they can negotiate the selling price of these projects.
- Thai buyers are showing increasing interest in projects located near international schools, prioritizing larger units with two bedrooms or more. The areas of interest include Sukhumvit and Rama 3 zones for both ready-to-move-in and second-hand condominiums.
- The positive factor that causes the condominium market to recover is the increasing number of tourists and the negative factor is rising interest rates. While the supply of condominiums in the 3-5 million price range will experience slower sales, as this group of buyers tends to have higher levels of bad debt.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Phanom Kanjanathiemthao
Chairman
+66 (0) 2 643 8223 Ext 124
phanom.kanjanathiemthao@th.knightfrank.com



Nattha Kahapana
Managing Director
+66 (0)2643 8223 Ext 300
nattha.kahapana@th.knightfrank.com



Frank Khan
Executive Director, Head of Residential
+66 (0)2643 8223 Ext 105
frank.khan@th.knightfrank.com



Sunchai Kooakachai
Director, Head of Research and Advisory
+66 (0)2643 8223 Ext 188
sunchai.kooakachai@th.knightfrank.com