

Condominium

Q1 2024

An overview review of Bangkok's Condominium market in Q1 2024 by Knight Frank Thailand

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► In Q1 2024, the condominium market saw a sharp 46.2% drop in new supply launched from the previous quarter, driven by weak purchasing power and high household debts. Demand remained low despite developers' promotional efforts, Developers are expected to reduce new project launches and focus on improving the absorption rate of existing supply.

The condominium market in Q1 2024 was weak in terms of purchasing demand as consumers were spending cautiously and household debts were continuously increasing, causing commercial banks to reject loans up to 50%. As a result, demand for residential units decreased even

though developers offered various promotional campaigns to stimulate sale. The housing developer sentiment index (HDSI) was below average. In this quarter, it was found that listed company developers launched fewer new projects than those of non-listed company developers.

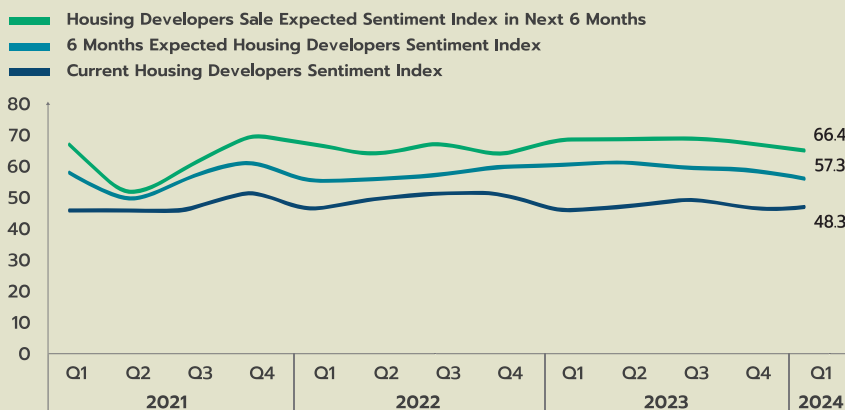
46.2%

drop in new supply launched from the previous quarter, driven by weak purchasing power and high household debts.

High Rejection Rate

The purchasing power of real demand group for price range of 1-3 million baht was still weak due to high household debts. Thus, loan rejection rate was also high.

HOUSING DEVELOPERS SENTIMENT INDEX (HDSI)



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)

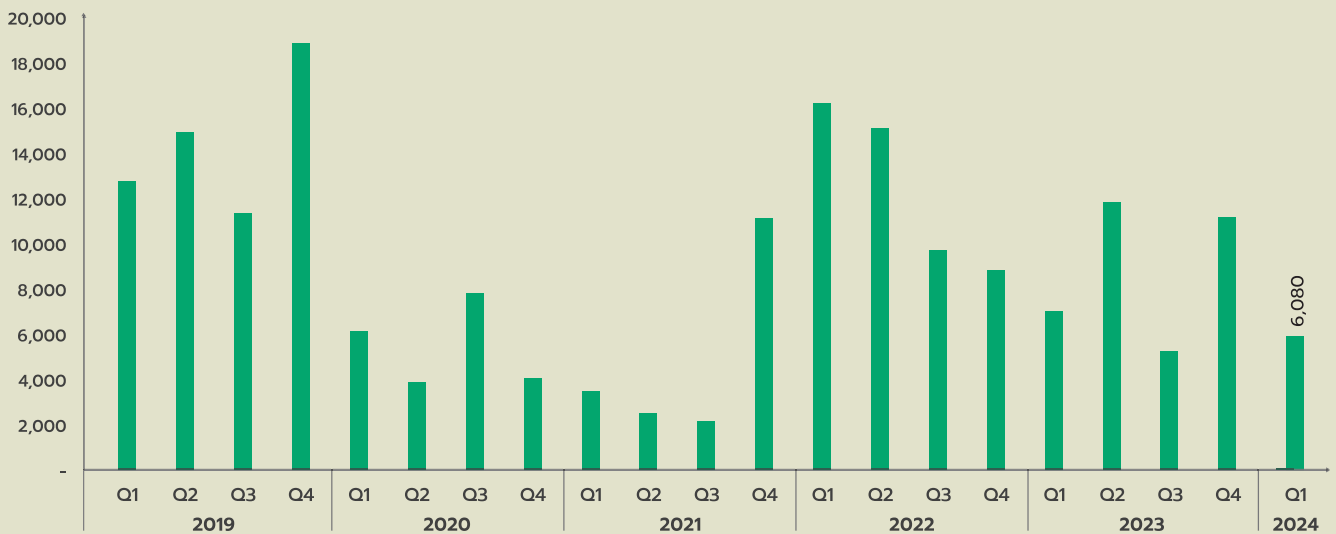
SUPPLY

During Q1 2024, the number of newly launched for sale dramatically decreased to 6,080 units, representing a decrease of 46.2% compared to the previous quarter and a decrease of 14.9% compared to the same period last year. There were only 17 new projects launched for sale, consisting of 2,240 units from listed company developers and 3,840 units from non-listed company developers.

The most popular new supply launched for sale was grade C, accounting for 68% of the total, followed by grade B accounting for 29%, super prime accounting for 3% and none from grade A segment. The total supply of newly launched condominiums in suburban areas of Bangkok accounted for 83%, an increase of 13% from the previous quarter. While areas around the central business district accounted

for 14% and Bangkok city center areas accounted for 3%. Launching a grade C project might be difficult as the group of real demand is non-investor buyers who are quite careful with their spending despite measures to stimulate the real estate sector such as reducing registration, transfer and mortgage fees in an amount not exceeding 7 million baht.

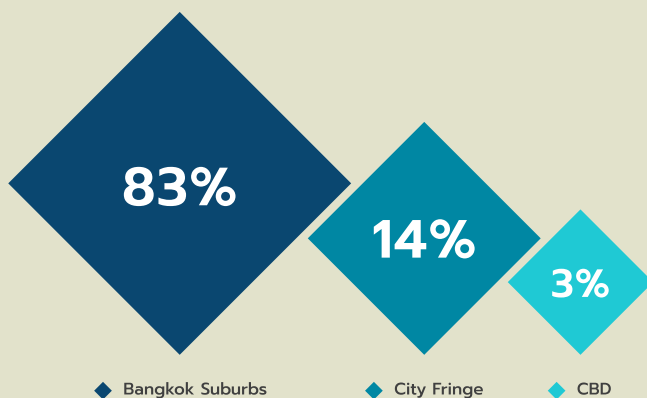
SUPPLY OF NEW LAUNCHED CONDOMINIUMS IN BANGKOK, Q1 2019 TO Q1 2024



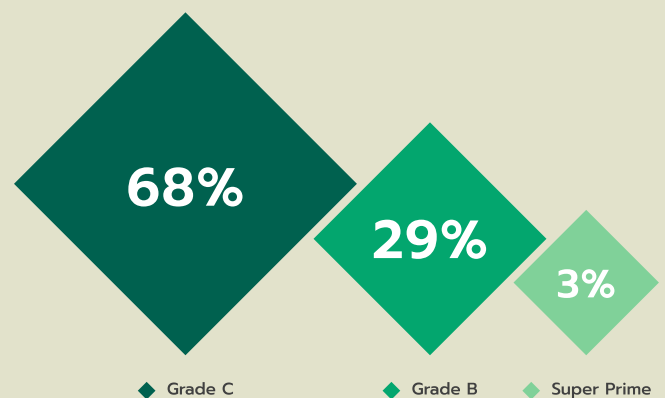
SOURCE: KNIGHT FRANK THAILAND RESEARCH

SUPPLY OF NEW LAUNCHED CONDOMINIUMS

BY LOCATION, Q1 2024



BY GRADE, Q1 2024



REMARK :

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.

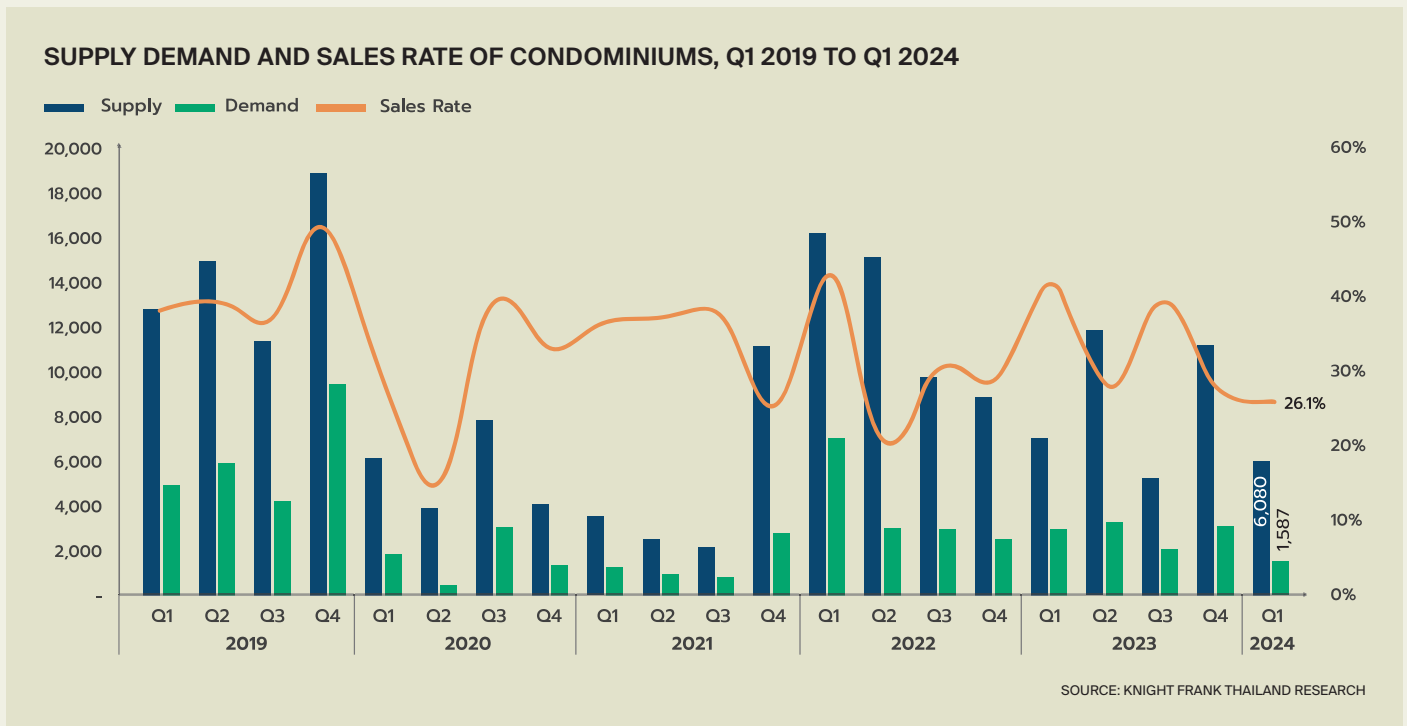
SOURCE: KNIGHT FRANK THAILAND RESEARCH

DEMAND

In this quarter, the demand for new units sold was contracted as the number of reservations or pre-sale units decreased to 1,587 units, accounted for 26.1% of total new supply and most units were

taken by investors. The group of buyers in the price range of 1-3 million baht generated highest demand. They are facing challenges to buy residential units due to high household debts and

low debt repayment ability, as well as financial hardship. As a result, housing loan rejection rate tends to be high among this group of buyers.

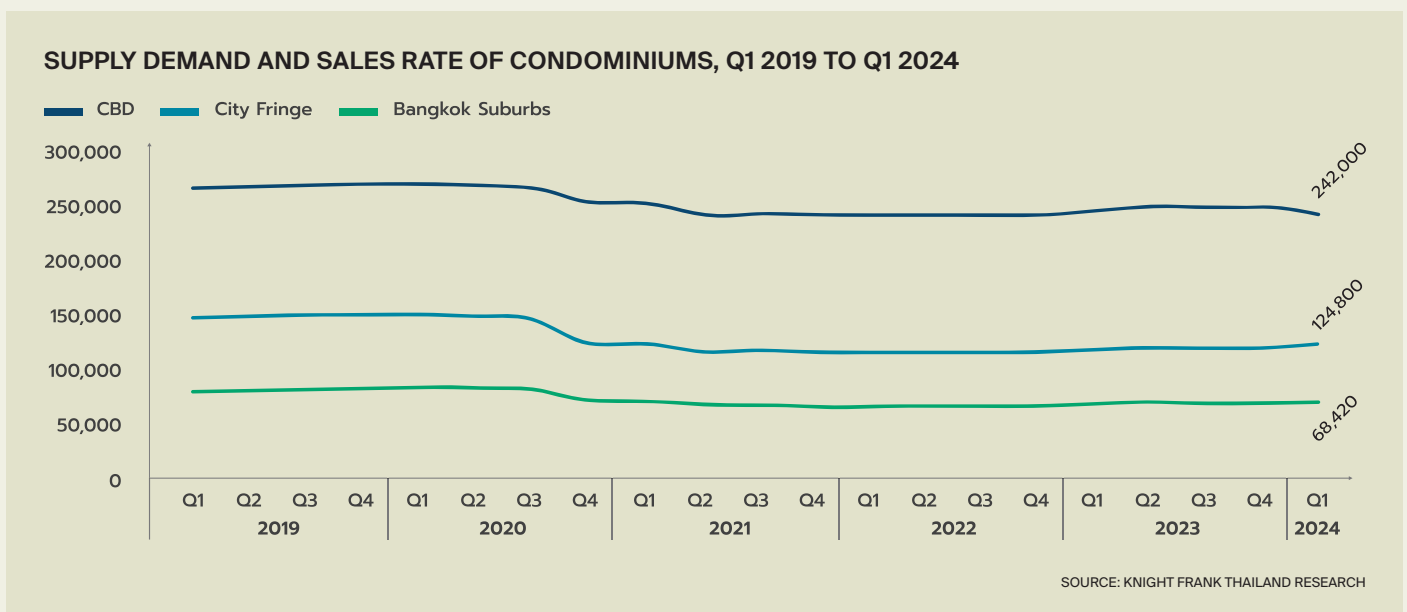


ASKING PRICE

The selling price of condominiums in Q1 2024 slightly increased in some areas. The selling price of condominiums in the central business district (CBD) was approximately 242,000 baht per square metre, representing a 2.02% decrease from the previous quarter. On the other hand, the selling price of condominiums around the city fringe was approximately

124,800 baht per square metre, a 3.57% increase from the previous quarter. In the suburban areas of Bangkok, the selling price of condominiums was approximately 68,420 baht per square metre, indicating a 1.36% increase from the previous quarter. The average selling price across all areas experienced a slight increase of 0.47% due to the rise in land

prices and construction costs. Thus, developers have not been able to lower the price, especially newly launched and under construction projects. The selling price has to be adjusted and increased. As such, the selling price of newly launched projects has increased. While the absorption rate of ready to move in projects was pretty high.



OUTLOOK

- The housing developer sentiment index (HDSI) in housing priced below 5 million baht tends to decrease as the main group of condominium buyers at the price range of 2-5 million baht still takes more time to make a decision to reserve or buy.
- The number of units sold continues to grow in Bangkok and its vicinity areas and expected to be similar to 2023 figure.
- The middle to lower markets are expected to recover more slowly than other groups as their purchasing power may deteriorate due to high chance of being rejected for loans from banks, including interest rates that may obtain fewer loans than the selling price.
- Announcement of the new city plan may causes more development in terms of transportation networks expanding outward to the suburbs, resulting in more land for project development.
- Government stimulus policies regarding foreign tourism, especially catering to the Chinese may increase the condominium selling rate and facilitate supply clearing.

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