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# **Bangkok Condominium Market Overview Q3 2022**





# HIGHLIGHTS



HOUSING DEVELOPER'S SENTIMENT INDEX (HDSI) CONTINUES TO INCREASE PROGRESSIVELY WITH AN OVERALL AVERAGE INDEX AT 2.2%, WHILE NUMBER OF THE NEWLY LAUNCHED UNITS FOR SALE OF THIS QUARTER WAS ONLY 9,821 UNITS.



MOST OF THE NEWLY LAUNCHED PROJECTS TARGET SUBURBAN AREAS NEAR THE INDUSTRIAL ZONE THAT SUPPORTED BY GROUP OF LABORS.



AN AVERAGE ASKING PRICE IN THIS QUARTER SLIGHTLY INCREASED. AN AVERAGE ASKING PRICE IN ALL AREAS WAS AT 0.5%.



FOR THE FOLLOWING QUARTER, IT IS EXPECTED THAT READY TO MOVE IN CONDOMINIUMS WILL BE TRANSFERRED AT ACCELERATED PACE AS THE REDUCTION OF TRANSFER OWNERSHIP FEES FOR CONDOMINIUMS PRICED UNDER 3 MILLION BAHT MEASURES IS NEARLY EXPIRED. THAT WILL ENCOURAGE THE MARKET TO ACCELERATE MORE TRANSFERS OVER THE NEXT QUARTER IN COMPLETED PROJECTS. THUS, IT IS EXPECTED THAT SALE VOLUME OF NEWLY LAUNCHED PROJECTS WILL BE DECREASED.



THE MORTGAGE RELAXATION LTV MEASURES THAT WILL BE EXPIRED AT THE END OF THIS YEAR ARE THE MAIN FACTOR THAT CONCERNED BY INVESTORS AND CONDOMINIUMS WITH PRICES OVER 10 MILLION BAHT SEGMENT.



NATTHA KAHAPANA  
Managing Director



*The condominium market is still in a stable state due to the partial disappearance of purchasing power. There are still only groups of buyers who have limited purchasing power. While the development of entrepreneurs who expand project development to the industrial area is becoming popular in the market because it has received a relatively good response from labour groups and investors.*

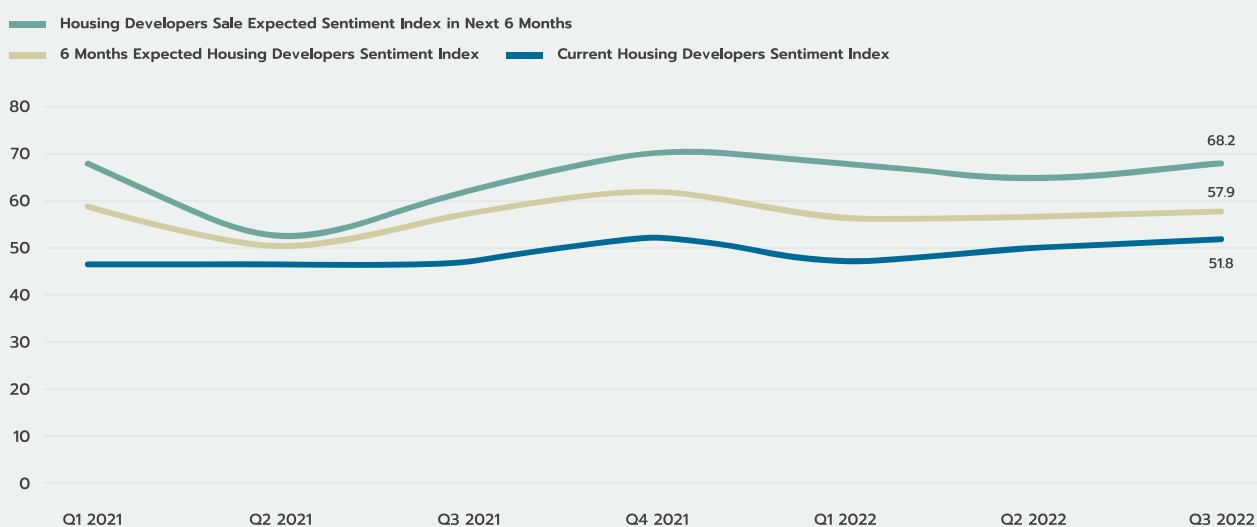


# MARKET OVERVIEW

Even though the real estate market overview marginally improved in accordance with the economic recovery, together with the Housing Developer's Sentiment Index and expectations of future sales with an average increase of 2.2% from the previous quarter; the main factor actually comes from the growing of low-rise residential market. The low-rise residential market is the only segment that supports the gradually improving direction of overall real estate market.

While the condominium market overview in Q3 2022 has slowed down especially in terms of demand. Although there are positive factors from tourists arrival which seems to be a supportive force, but still not enough to make the condominium market back and active. Furthermore, the interest rate adjustment and rising inflation lower the number of condominium buyers in the affordable segment and investors once again. Developers are still struggle in adjusting strategies to stimulate purchasing power as well as bearing an increase of land and construction costs, which is a huge obstacle in developing affordable condominiums segment.

## 1 | Housing Developers Sentiment Index (HDSI)

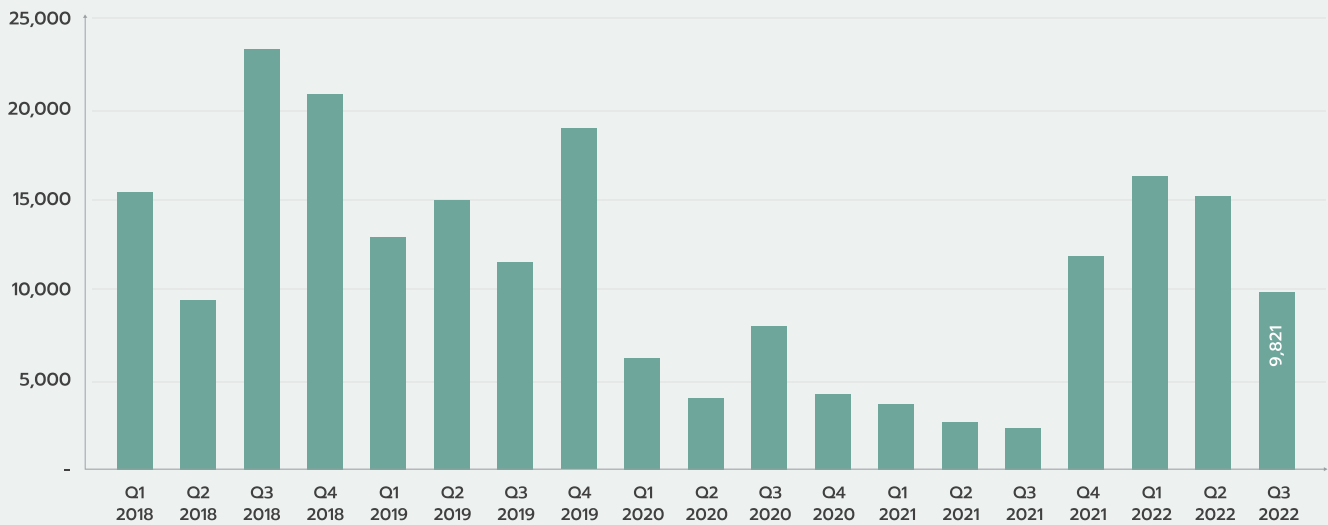


- Index score of 50 means "Maintain Confidence"
- Index score of Higher than 50 means "Increase Confidence"
- Index score of Lower than 50 means "Decrease Confidence"

Source: Real Estate Information Center

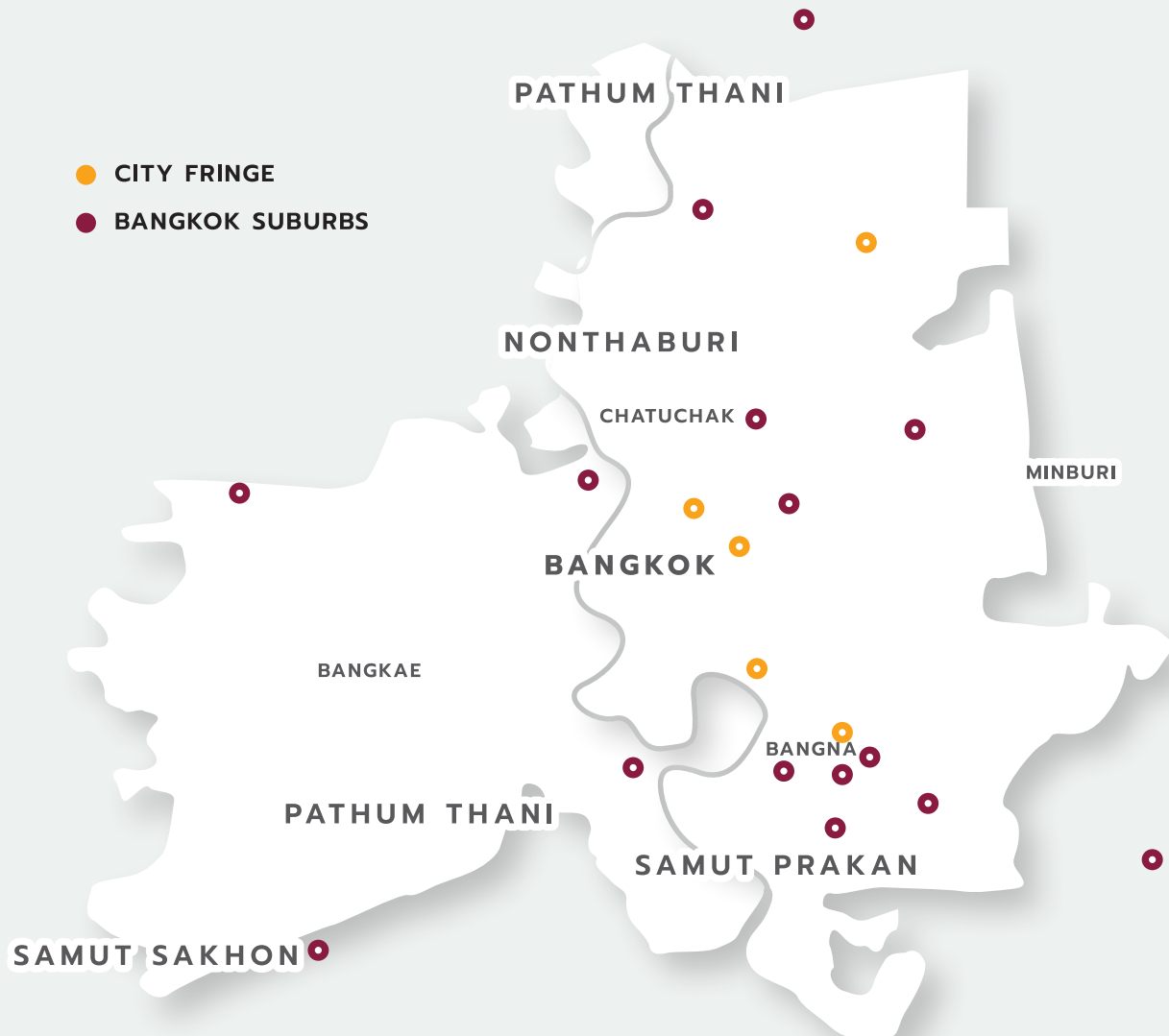
# SUPPLY

## 2 | Supply of New Launched Condominiums in Bangkok, Q1 2018 to Q3 2022



Source: Knight Frank Thailand Research

## 3 | New Launched Condominiums in Q3 2022

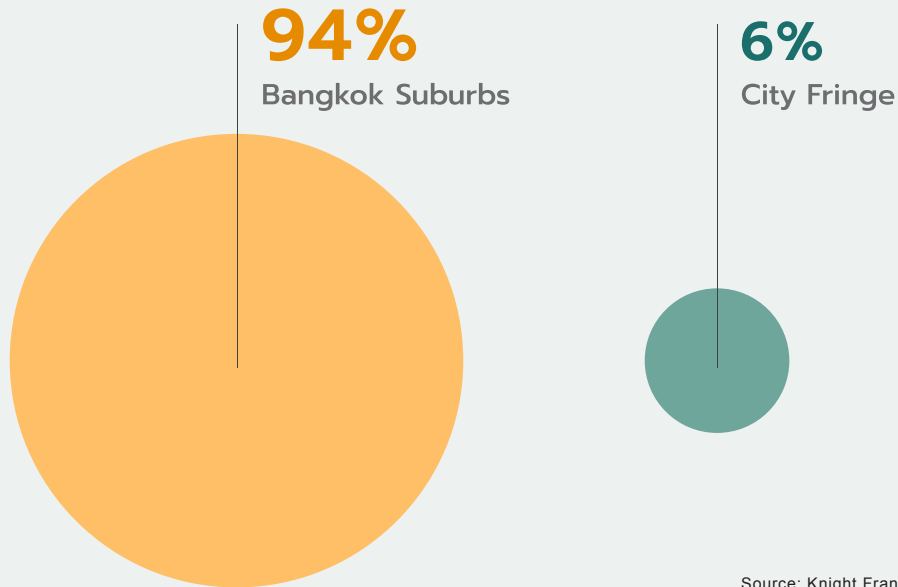


Bangkok's total supply of condominiums in Q3 2022 equaled to 9,821 units. The number of new units launched increased by 332.8% compared to the same period last year (new condominiums launched in Q3 2021 equaled to 2,312 units), but decreased by 35.5% compared to the

previous quarter. It is divided into grade C condominiums, accounting for 64% and grade B condominiums, accounting for 36. Newly launched condominiums are located in Bangkok suburban areas represented 94 of total units, while in city fringe areas accounted for only 6%. None of any new

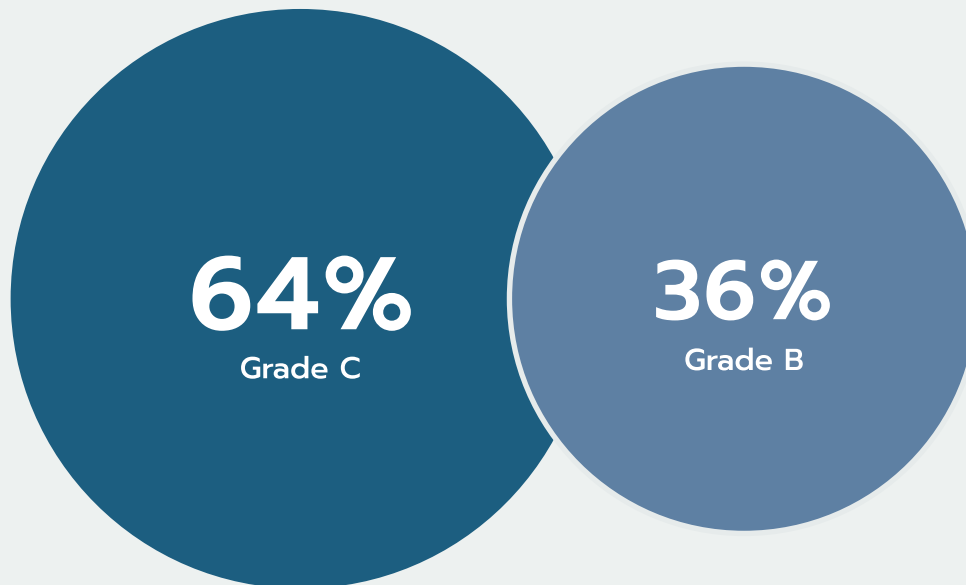
units launched in the CBD areas. The popular room size of the newly launched condominiums ranges between 24-29 square meters, accounting for 70%, with an average selling price of 70,000 baht per square meter.

4 | Supply of New Launched Condominiums, by Location, Q3 2022



Source: Knight Frank Thailand Research

5 | Supply of New Launched Condominiums, by Grade, Q3 2022



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

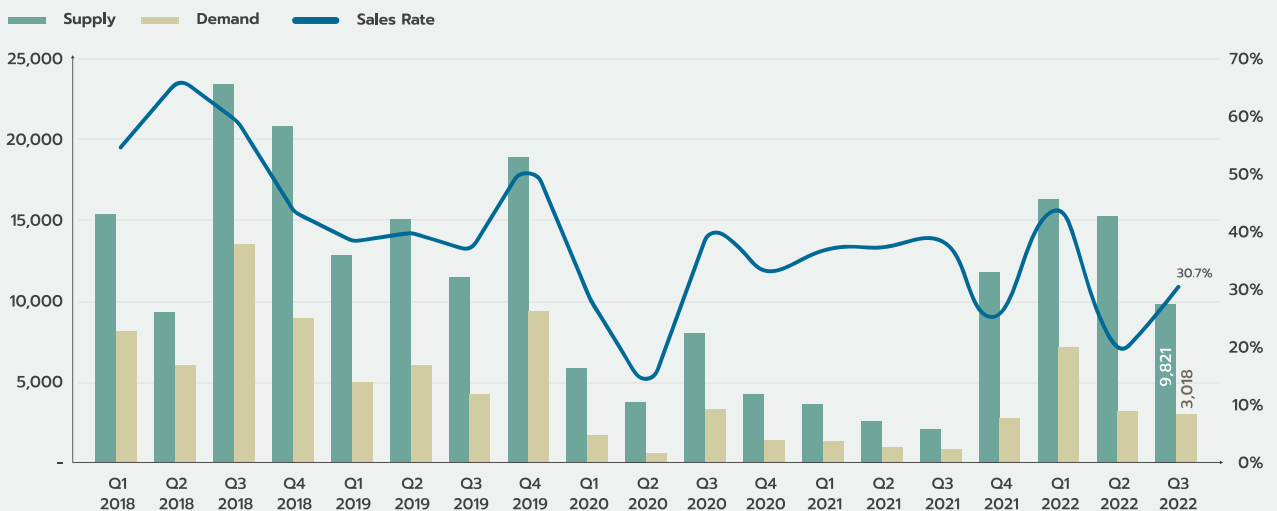
# DEMAND

Demand in Q3 was quite slowed from the slowdown of domestic purchasing power and the reduction of housing loan applications. The number of new units sold in Q3 was 3,018 units from total supply of 9,821 units, representing 30.7%. The sales rate decreased by 7.3% compared to the same period last year, but increased by 10.6% compared to the previous quarter. Although the sales rate of this quarter was higher than the previous quarter, it is found that new units sold have been contracted since

Q2 and continued into Q3. The data collected reveals that demand for condominiums remains high but rising inflation has made buyers in the middle to low segment hesitant and slowed down their decision-making as it affects income, which will create long-term debt obligations. Thus, it lowers number of buyers significantly even though developers have developed projects that are affordable for this segment. Projects located in suburban industrial areas still attract attention and most of buyers are

low-income workers. The condominiums price between 890,000-1,500,000 baht has had a good response while there are few numbers of investors in these areas.

6 | Supply Demand and Sales Rate of Newly Launched Condominiums, Q1 2018 to Q3 2022



Source: Knight Frank Thailand Research

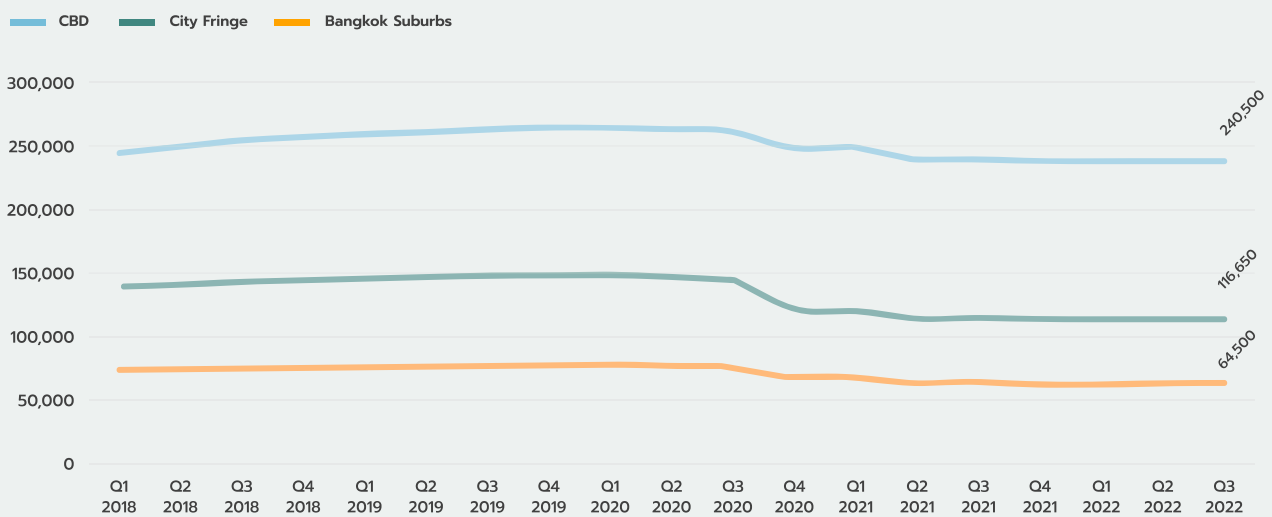
# ASKING PRICE

The asking price of condominiums in Q3 2022 slightly increased. The asking price of condominiums in the CBD was about 240,500 baht per square meter, increased by 0.23% compared to the previous quarter. The asking price of condominiums in the city fringe was about 116,650 baht per square meter, increased by 0.46% compared to the previous quarter. The asking price of condominiums in Bangkok suburbs

was about 64,500 baht per square meter, increased by 1.07% compared to the previous quarter. The average asking price in all areas was only 0.59%. We could see that the asking price in this quarter did not increase much despite additional costs from an increase of inflation rate, construction costs and labor costs. On the other hand, purchasing power and transferred rate was relatively stable. Thus, developers have to

maintain the current asking price and try to develop strategies to sell remaining stock before the end of this year. So this period is a good opportunity for ready buyers and long-term investors.

7 | Quarterly Asking Prices of Condominiums, by Location, Q1 2018 to Q3 2022



Source: Knight Frank Thailand Research

# MARKET OUTLOOK

For the last quarter of 2022, it is expected that new condominium sales will be at the same level as Q3, while the overall economic recovery remains fragile. As a result, demand remains at a level that has not fully returned due to decreasing domestic purchasing power as well as purchasing power of returned foreigners is not as much as expected. For foreign main buyers like Chinese, most of units transferred are still from them but the number continued to decrease due to the lockdown according to China's zero-covid measures. In addition, China economy slowed down tremendously. It is projected that Chinese buyers will not be able to return fully this

year. However, condominiums in Bangkok and its vicinity remain a preferred destination for Chinese buyers, especially for investment and living.

For the following quarter, it is expected that developers will offer various promotional campaigns to promote the sale of remaining stock and utilize government measures that will be expired the end of this year. The non-renewing LTV housing loan relaxation measures is a concerning factor, as it will cause the condominium market to slow down again. Developers have also diversified risks by forming a joint venture with other businesses such

as hotels, industries and warehouses, etc.

The project development trend in growing areas is expected to expand to suburban areas where industrial factories located which still have purchasing power. The asking price range should be in line with the worker group in that area. Attractive promotional campaigns will better attract such buyers.

# MARKET TO WATCH

## Tourism Sector

Foreigners will be the group that supports the tourism market and number 1 is still the Chinese. This will benefit the condominiums for rent segment.

## Foreign Investment

Domestic investment causes more foreign workers to enter the country for work which will benefit the residential market in the future.

## Interest areas for project development

Suburb areas with industrial factories have potential to grow well.



**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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