

Condominium

Q3 2023

An overview review of Bangkok's Condominium market in Q3 2023 by Knight Frank Thailand

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► Grade B condominium shine amidst Q3 2023 market challenges: supply decrease, demand shift and price adjustments

In the third quarter of the year, the overall condominium market for new developments has shown a gradual recovery, prompting developers to introduce new projects to meet the sustained market demand. Despite this positive signal, a slight adjustment in the confidence index of residential property developers has occurred amid ongoing challenges, including high-interest rates and elevated household debts set by the central bank. Consequently, specific segments of the condominium market are grappling with decreased

purchasing power in the mid-to-low-end real estate sector. Some individuals are opting to lease condominiums due to accumulated debt issues, leading to a resurgence in the rental market, appealing to both permanent residents and returning international tourists in select areas. The continuous flow of listings in the secondary condominium market adds to the heightened competition, aligning with developers' cautious sales expectations for the next six months in light of these challenging market conditions.

45.4%

decrease in the number of newly launched supplies for sale, accompanied by a moderate deceleration in demand for these new supplies.

Grade B

Emerged as the most favored among the recently launched supplies for sale,

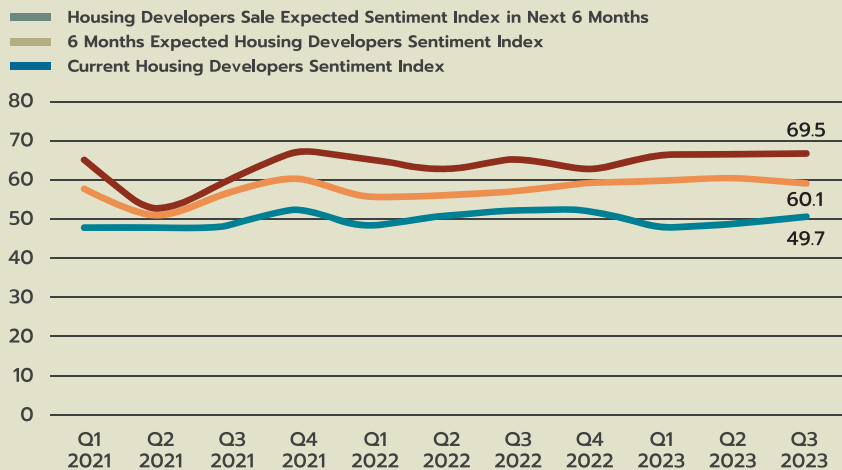
Slow demand

Demand slowed down because of higher interest rates and household debts. Additionally, there is a lack of definitive indicators pointing to a significant resurgence in Chinese buyer activity.

0.1%

Decrease in the average selling price across all areas as developers want to stimulate purchasing power.

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)

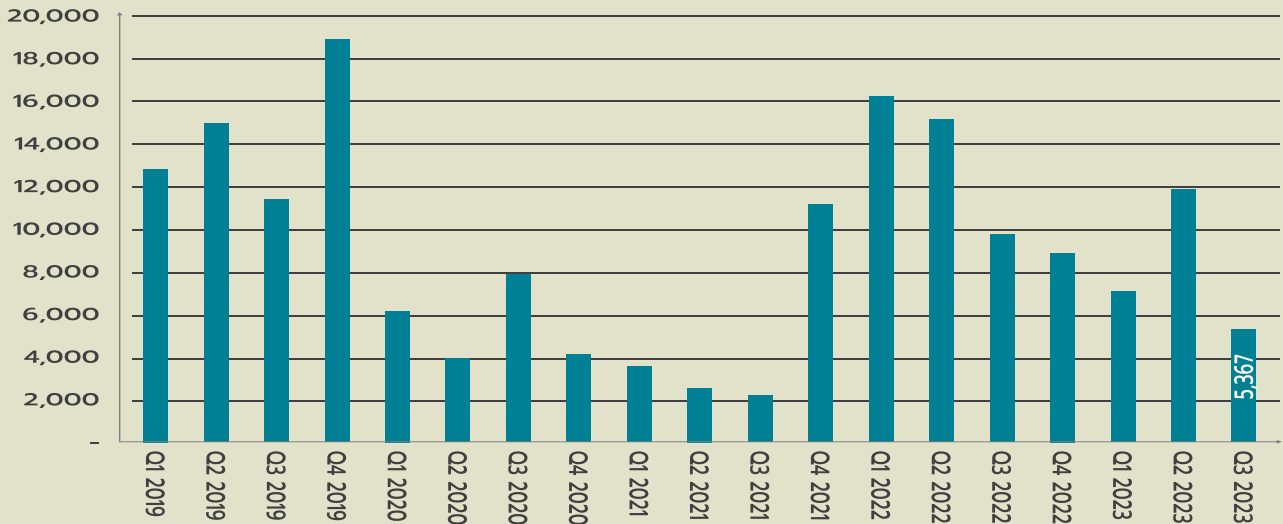
SUPPLY

In the third quarter of 2023, a new condominium project was launched, totaling 5,367 units. The number of newly launched units significantly decreased compared to the previous quarter, which stood at 45.4%. Furthermore, there was a substantial reduction of 122.3%

compared to the same period last year. The sales distribution showed that condominiums in the city center had the highest rate at 76%, followed by the inner-city area at 16%, and the surrounding city center at 8%. The new developments continue to favor the development of Grade B condominiums, constituting 52%,

followed by Grade C at 47%. Grade A developments, however, only accounted for 1%.

SUPPLY OF NEW LAUNCHED CONDOMINIUMS IN BANGKOK, Q1 2019 TO Q3 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

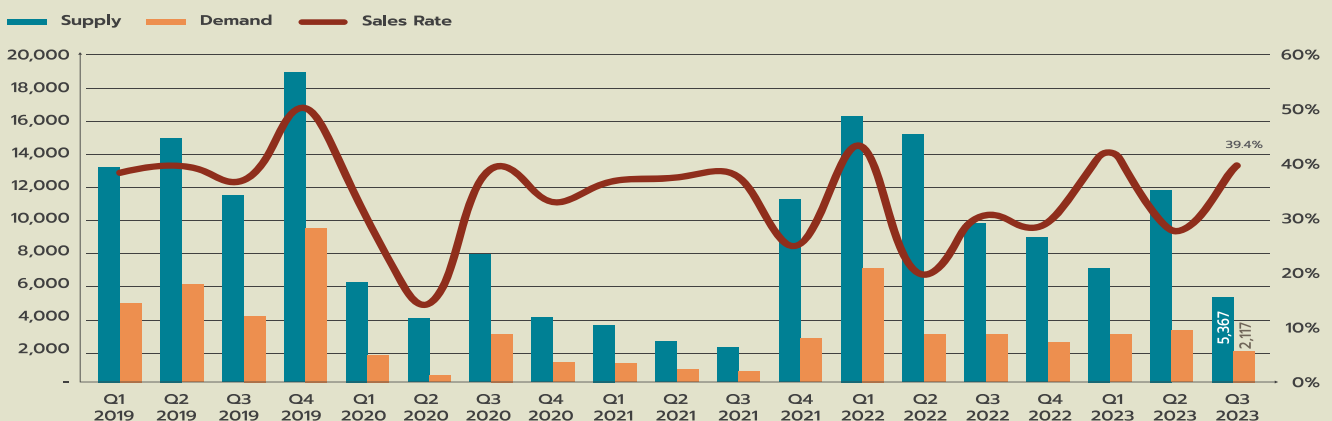
DEMAND

The sales performance for new units in the third quarter of 2023, as of September, indicates that 2,117 units out of a total of 5,367 were sold, resulting in a sales rate of 39.4%. This reflects an increase of 11.6% compared to the previous quarter and a further 8.7% compared to the same period last year. The predominant buyers are local Thai investors,

particularly in the high-end real estate segment while ability to allow physical inspections of unit layouts before purchase. The group of foreign buyers remains relatively small, primarily focusing on purchasing residential properties, particularly from individuals hailing from Taiwan, Singapore, and Europe. Meanwhile, the sluggish revival of the tourism sector,

coupled with a decline in Chinese tourist numbers, could potentially influence the overall sales rate. real demand buyers favored completed projects due to their

SUPPLY DEMAND AND SALES RATE OF CONDOMINIUMS, Q1 2019 TO Q3 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

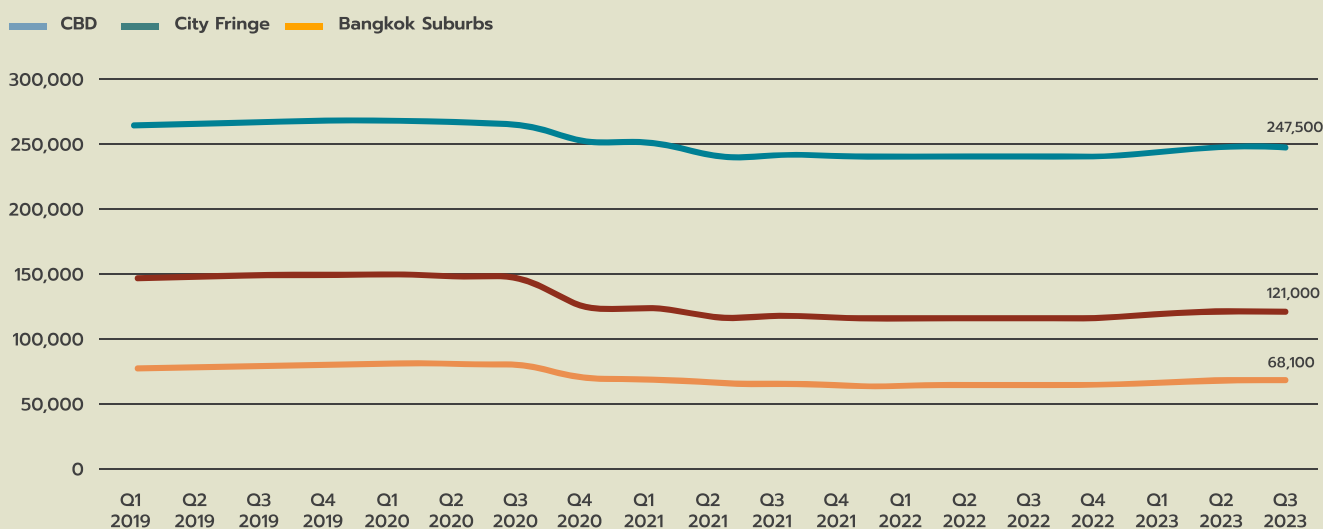
ASKING PRICE

Condominium asking prices in specific areas have experienced a downward adjustment in the third quarter of 2023. The condominium asking price in the Central Business District (CBD) is approximately 247,500 Baht per square meter, reflecting a decrease of 0.20% from the previous quarter. In the City Fringe area, the condominium asking price is around 121,000 Baht per square meter, showing a reduction of 0.25% compared to the previous quarter.

Meanwhile, the condominium asking price in the central area of Bangkok is approximately 68,100 Baht per square meter, marking an increase of 0.15% from the preceding quarter. The overall average asking price for condominiums has seen a decrease of 0.1%. This decline is attributed to the increased interest rates, including household debts that remain high, negatively impacting purchasing power. Consequently, many projects

with completed construction have had to accept price reductions to implement promotional strategies and stimulate purchasing activity.

AVERAGE ASKING PRICES OF CONDOMINIUMS, BY LOCATION, Q1 2019 TO Q3 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

What Next?

- The elevated risk of a high inflation rate could result in increased living costs and household debts for the low-income group, consequently affecting condominium buyers within specific market segments.
- If the government were to announce LTV measures in the future, it could guide the distribution of the condominium market in a more positive direction.
- The asking price tends to remain stable due to the higher interest rates and household debts. However, there is a potential for an increase of approximately 3-5% during the first quarter of next year.
- The global economy remains sluggish, marked by a reduced influx of tourists from China. Concurrently, the number of condominium buyers from other countries is not as substantial as those from China. This may result in a decrease in the proportion of foreign purchasing power.

Recent Research



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



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