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# Bangkok Condominium Market Overview Q4 2021



## HIGHLIGHTS

1

THE CUMULATIVE SUPPLY THROUGHOUT 2021 INCLUDED 20,015 UNITS AT THE END OF Q4 2021; A GRAND TOTAL OF 11,252 UNITS FROM 25 PROJECTS WERE LAUNCHED DURING Q4 2021. THE NEW SUPPLY IN Q4 2021 INCREASED BY 62.7 PER CENT, COMPARED WITH THE NEW SUPPLY IN Q4 2020.

2

NEW CONDOMINIUMS LAUNCHED THIS QUARTER WERE PRICED IN THE RANGE OF 0.9 TO 3.5 MILLION BAHT.

3

ONLY 2,835 UNITS WERE SOLD FROM THE NEW SUPPLY DURING THE SECOND QUARTER OF THIS YEAR FROM 11,252 UNITS, REPRESENTING A 25.2 PERCENT SALES RATE – AND REFLECTING A 8.0 PER CENT DECREASED IN SALES WHEN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR, OR SALES RATE DECREASED 12.8 PERCENT COMPARED TO THE PREVIOUS QUARTER.

4

THE AVERAGE ASKING PRICE OF CONDOMINIUMS IN BANGKOK, AS OF Q4 2021, DECREASED SLIGHTLY FROM THE PREVIOUS QUARTER. CONDOMINIUMS IN THE CBD AREA IS 239,689 BAHT PER SQ. M DECREASING BY 0.4 PER CENT FROM THE PREVIOUS QUARTER. CONDOMINIUMS IN THE CITY FRINGE AREA IS 115,659 BAHT PER SQ. M., DECREASING BY 1.7 PER CENT FROM THE PREVIOUS QUARTER AND CONDOMINIUMS IN THE SUBURBS OF BANGKOK IS 63,258 BAHT PER SQ. M. THEY WERE DECREASING BY 2.1 PER CENT FROM THE PREVIOUS QUARTER.



NATTHA KAHAPANA

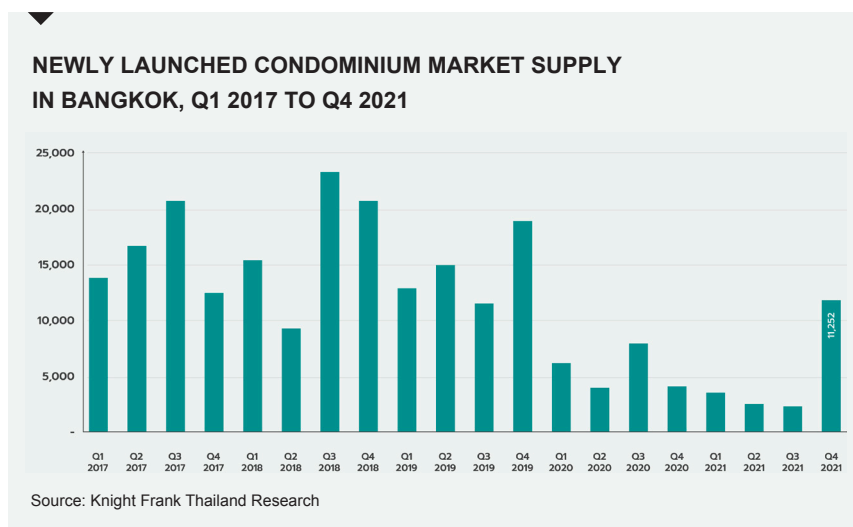
Deputy Managing Director and Head of Phuket Operation



The price range of condominiums that the real demand buyer group is interested in the range of not more than 3 million baht. It is considered a good opportunity for entrepreneurs to promote the price to comply with the transfer-mortgage reduction clause of the government to drain the remaining stock.

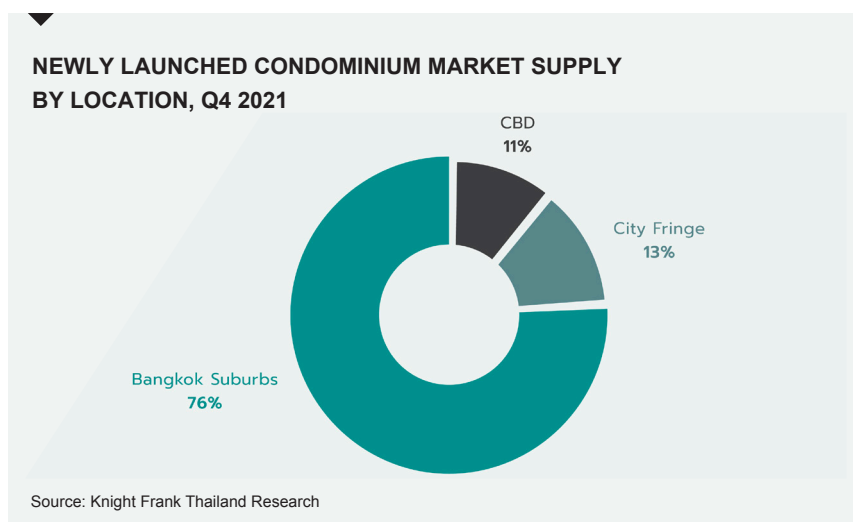


The condominium market in Q4 2021 showed more movement on the supply side. Previously, new project launches slowed throughout the year, but this quarter, developers started selling more of their projects. This can be attributed to the government’s more relaxed measures, including the cancelling of the lockdown and the opening of the country to tourists, particularly the reduction of the quarantine duration using Test & Go. In addition, the Bank of Thailand temporarily eased the LTV ratio until the end of 2022, which positively affects investors and homebuyers who benefit when applying for a mortgage or loan. Developers thus view this as a suitable time for launching new projects. Although the overall condominium market in Q4 showed signs of improvement, the Omicron variant of Covid-19 has forced developers to adapt strategies according to the situation, to capture real demand, which is the source of most of the purchasing power in the market.



## Supply Trend

As of Q4 2021, the supply of condominiums in Bangkok included a total of 11,252 units. The number of new units sold increased by 62.7 percent compared to the same period last year or by 79.5 percent compared to the previous quarter. In 2021, almost 56 percent of the total supply of 20,015 units remained. Of the newly launched units, 76 percent or 7,117 units were in the suburbs. The City Fringe and Central Business District (CBD) areas accounted for 13 and 11 percent, respectively. Up to 70 percent of the newly launched supply was from the large-scale developers; the rest included projects by mid and small sized developers. New condominiums launched this quarter were priced in the range of 0.9 to 3.5 million baht. If classified by grade, it was found that 63 percent were grade C condominiums and 37 percent were grade B condominiums, indicating that developers chose to sell condominiums at the average price of approximately 80,000 to 100,000 baht/square metre; such products are targeting the group with the most purchasing power during this period.



## Demand Trend

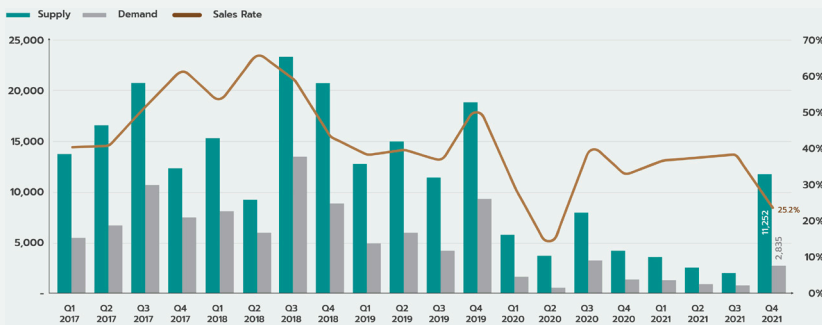
In Q4 2021, Thailand experienced a serious wave of the Covid-19 epidemic and the government’s recent acceleration in vaccinations has resulted in the reduction of deaths and severe cases to be below the critical point. This helped economic activities, including the condominium market, pick up as developers have gradually returned to launch more new projects. The number of new units sold in the quarter was 2,835 units from the newly launched supply in Q4 of 11,252 units, representing a sales rate of 25.2 percent. The sales rate

**NEWLY LAUNCHED CONDOMINIUM MARKET SUPPLY BY GRADE, Q4 2021**



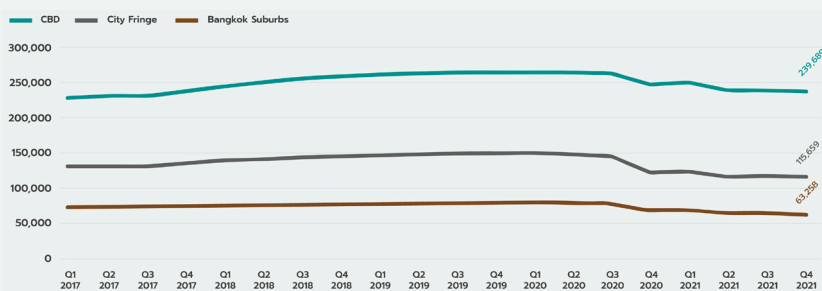
Source: Knight Frank Thailand Research

**SUPPLY DEMAND AND SALES RATE IN CONDOMINIUMS MARKET, Q1 2017 TO Q4 2021**



Source: Knight Frank Thailand Research

**QUARTER ASKING PRICES OF CONDOMINIUMS BY LOCATION, Q1 2017 TO Q4 2021**



Source: Knight Frank Thailand Research

decreased 8.0 percent when compared to the previous year and by 12.8 percent compared to the previous quarter. The decrease in the sales rate reflects the high number of newly launched units while the number of units sold dropped due to the projects that only booked pre-orders. Even if few units were sold, they reflect actual units whose sales would not be cancelled, as projects more closely assessed potential customers. As a result, the amount of loan rejections may decrease in the future. Most buyers possess moderate purchasing power with stable income. There are more such buyers than investors, as the projects that launched for sale are in the suburbs, which are main residential areas. This group of residential buyers have real demand, and they are interested in and ready to buy, especially units with a price level of not more than 3 million baht.

**Selling Price Trend**

The asking price of condominiums in Bangkok as of Q4 2021 decreased in all areas from Q3 2021. The asking price of condominiums in the CBD stood at 239,689 baht per square metre, a decrease of 4.6 percent compared to the same period last year or 0.4 percent compared to the previous quarter. The asking price of condominiums in the City Fringe was 115,659 baht per square metre, reflecting a decrease of 6.3percent compared to the same period in the previous year or 1.1 percent compared to the previous quarter. The asking price of condominiums in the suburbs of Bangkok was 63,258 baht per square metre, a decrease of 8.2 percent compared to the same period last year or 2.1 percent compared to the previous quarter. Prices in Q4 2021 decreased because some projects have been available for sale for a long time and they have not been able to close the sale phase, resulting in their having to lower asking prices along with offering various promotions. Alternately, some projects have reduced their prices in accordance with the drop in transfer and lending fees for units priced no more than 3 million baht, which is still an active market segment. As a result, such initiatives have helped to partially lower the stock of unsold units.

## Outlook

The condominium market throughout 2021 will be quite a heavy year for condominium developers. Compared to the year 2020. Due to the Covid-19 epidemic and the large number of infections, the government announced a lockdown that affected all sectors of the economy.

For 2022, the condominium market is likely to recover gradually and become more active, as large developers plan to launch more projects. It is estimated that there will be an average of 10,000 new units launched. In Q1 2022, however, the outbreak of the Omicron variant of Covid-19 remains a risk factor. If it is indeed severe, resulting in a significant rise in deaths and serious cases, the government could reinstate a lockdown order. Inflation poses another risk factor, increasing the prices of consumer goods, including the prices of construction materials, during an economic slowdown. For the real estate market, the government has implemented measures to support and stimulate purchasing power, such as reducing and extending the validity of transfer-lending fees. This helps activate buyers with real demand, which is a group that continues to have the most purchasing power during this period.

Overall, asking prices tend to increase as the cost of development, including land prices and costs of construction materials, starts to rise. In 2022, many projects may launch for sale at higher prices per square metre. Also, if such projects are in good locations, there will be fewer opportunities for buyers to bargain. Despite the higher selling price, however, the right development model and location can still pique buyers' interest. The residential housing development approach in 2022 is expected to include design that provides more privacy and focuses on health, including the use of technology that makes life easier.

## Location definition

### Central Business District (CBD)

This is the Central Business District area as well as the area that surrounds it; it is popular for expatriates, tourists and upper class Thais for both for shopping and residences. It also includes areas along the Chao Phraya River on Charoen Krung and Rama III Roads. The CBD Area can be divided into sub-areas as follows:

**Silom / Sathorn** : This is the area that encompasses Sathorn Road, Silom Road and the sois in between such as Sala Daeng, Nang Linchee, etc.

**Prime Sukhumvit (Prime SKV)** : This is the section of Sukhumvit Road between Soi 1 to 63 (North side) and Soi 2 to 42 (South side).

**Central Lumpinee (CL)** : The area encompasses Ploenchit Road (end of Sukhumvit Road), to Rajdamri, Ratchaprasong, Wireless Road, Chidlom Road, Soi Tonson, Soi Langsuan, Sarasin Road, Rajdamri Road, Ratchaprasong Road, Rama 1 Road and Phayathai Road. The area is popular with expatriates, tourists and affluent Thais.

**Charoenkrung / Narathiwad / Rama 3** : This is the area that stretches along Charoen Krung Road of the Chao Phraya River southward just past the Sathorn Bridge, and to the north of Siphaya Road as well as the area along both sides of Narathiwad Road.

**Surawongse / Samyan / Siphaya** : This is the area on Surawongse Road, Samyan Road and Siphaya Road as well as some parts of Rama 4, which are located near the mentioned roads.

### City Fringe Area

The area is located on the edge of the CBD, and provides easy access to the CBD. This area is an alternative for condominium buyers due to the convenient access to many shopping and transportation centres. The City Fringe Area can be divided into the following sub-areas:

**SKV 44-70 SKV 65-103** : This area encompasses the edge of Sukhumvit Soi 65 to Sukhumvit Soi 77 as well as the edge of Sukhumvit Soi 44 to Sukhumvit Soi 50.

**Ratchada / Rama 9 / Ladprao** : This is the area along Ratchadapisek Soi 1 to Soi 17 and Soi 2 to 28; Ladprao along Ladprao Soi 1 to Soi 23 and Soi 2 to Soi 28; and Rama 9 Road, covering the Ratchada/Rama 9 intersection to Rama 9/Wattanatham Road.

**Phahonyothin / Phayathai** : This is the up-and-coming area that offers convenient access to many academic institutions and government agencies. The area covers Phahonyothin Road between Soi 1 to 15 and Soi 2 to 20.

**Petchburi Road** : This area covers Petchburi Road from Nikhom Makasan intersection to the intersection of Petchburi and the end Sukhumvit Soi 63.

**Charoen Nakorn / Thonburi** : This area stretches along the Chao Phraya River from Krungthep Bridge to Krungthonburi Bridge.

**Bangsue / Tao Poon / Pracharati** : This area covers Samsen Road, Thaharn Road, Pracharat Sai 1, Pracharat Sai 2, and Krungthep-Nonthaburi Soi 1-39 and Soi 2-50.

### Bangkok Peripheral Area

The three major areas under this classification are:

**Eastern Bangkok** : This covers the following roads: Bangna, Srinakarin, Ramkamhaeng, Theparak, Romklao and Chalermprakiat.

**Late Sukhumvit** : This is the section of Sukhumvit Road on both sides after Sukhumvit Soi 105 and 70, stretching to Samutprakran.

**Northern Bangkok** : This area covers the road along the northern part of Bangkok, which include Ngamwongwan, Chaengwattana, Rattanathibet and Sanambin Nam.

**Southern Bangkok** : This is the area covering the followings roads: Petchkasem, Ratchapruk, Kalaprapruk, Charansanitwongse and Wutthakart.

**Late Ratchada / Ratchayothin / Late Ladprao** : This area covers Ratchada from Soi 19 and Soi 30 to the end; Ladprao from Soi 25 and 30 to the end; Ratchayothin Road; and Kaset Navamin, Ramindra and Nuanchan Roads.

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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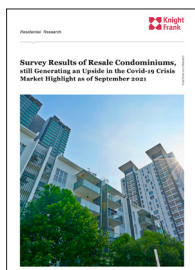


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