

Condominium

Q4 2023

An overview review of Bangkok's Condominium market in Q4 2023
by Knight Frank Thailandknightfrank.co.th/research

- The Bangkok condominium witnessed challenges, prompting strategic adjustments to clear outstanding supply. Projects below 3 million baht faced a 50% outstanding unit rate due to high loan rejection and slower sales. Developers shifted focus to the middle-upper market amid declining purchasing power and rising household debt.

Number of newly launched supplies for sale from the beginning of the year until the last quarter of 2023 less than last year. In addition, the decreasing demand in the market is contrary to the outstanding units in the market, reflecting to a tight market condition. From the first to third quarter of 2023, condominiums priced between 1.9 - 2.8 million baht were launched for sale at 43% of total newly launched supplies for sale this year. And projects at this price levels were found to have relatively high market risk factors in terms of deteriorating purchasing power due to rising household debt and loan rejection from commercial banks, together with outstanding supplies that have not yet been sold. As such,

newly launched supplies for sale priced lower than 3 million baht remain outstanding at approximately 50% of total outstanding units. As a result, the confidence index of residential property developer decreased by 2.1%. In the fourth quarter, developers altered themselves to cope with this situation by delaying the opening of projects lower than 3 million baht and launching more projects at the middle-upper price level (3.5 million baht and above) in order to capture groups with purchasing power and no credit problems which focusing on middle-upper income group and above. They also adjusted sales strategy to support lower-level projects so that it can be sold as quickly as possible.

50%

of outstanding units are comprised of projects priced below 3 million baht, encountering a high loan rejection rate and slower sales.

Below 3 MB

Has high loan rejections rate and sold slower than condominiums in other levels.

Middle-Upper Market

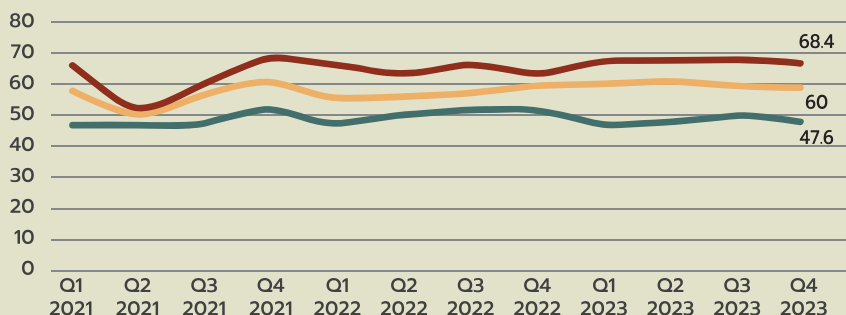
Adjust their development strategies and focus to capture buyer groups with purchasing power and no credit problems.

0.5% Downward

Developers want to sell outstanding units faster.

HOUSING DEVELOPERS SENTIMENT INDEX (HDSI)

— Housing Developers Sale Expected Sentiment Index in Next 6 Months
— 6 Months Expected Housing Developers Sentiment Index
— Current Housing Developers Sentiment Index



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)

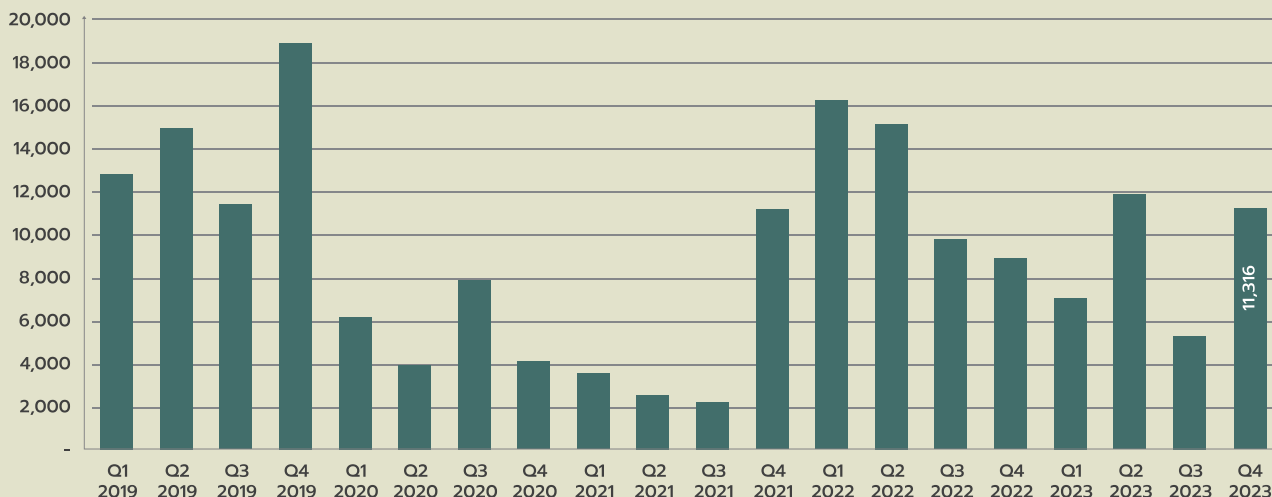
SUPPLY

Total accumulated supply of Bangkok and its vicinity stood at 747,357 units. In 2023, there were 35,761 newly launched units, a 33.3% decrease from last year. In the fourth quarter of 2023, new condominium projects were launched, totaling 11,316 units, increased from previous quarter and

stood at 52.6%. New projects launched are concentrated in suburban areas as high as 70%. Major developers continue to favor the development of Grade B condominiums, constituting 44% followed by Grade C at 32%, and super prime and Grade A at 16% and 8% respectively. Developers have

adjusted their strategies and targeting on middle-upper level and above. This is a result of buyers in the middle-lower segment still encountering high loan rejection rate. Meanwhile, middle-upper class buyers are the group with the highest potential in the market.

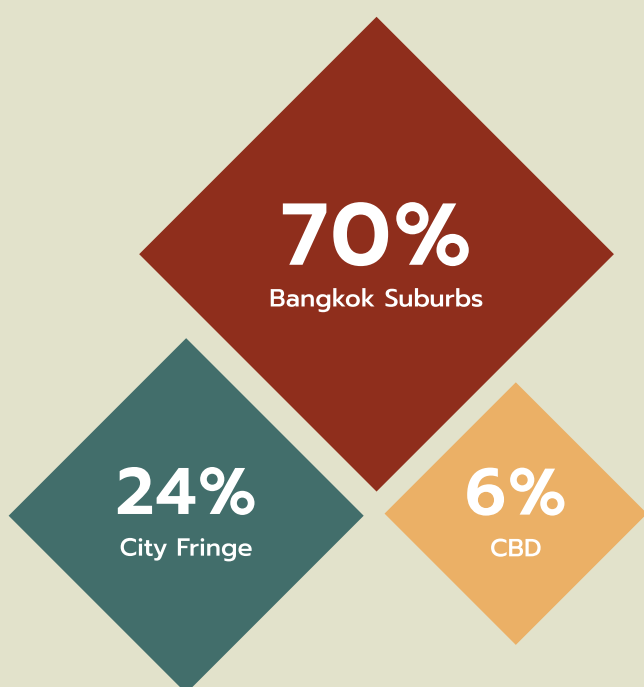
SUPPLY OF NEW LAUNCHED CONDOMINIUMS IN BANGKOK, Q1 2019 TO Q4 2023



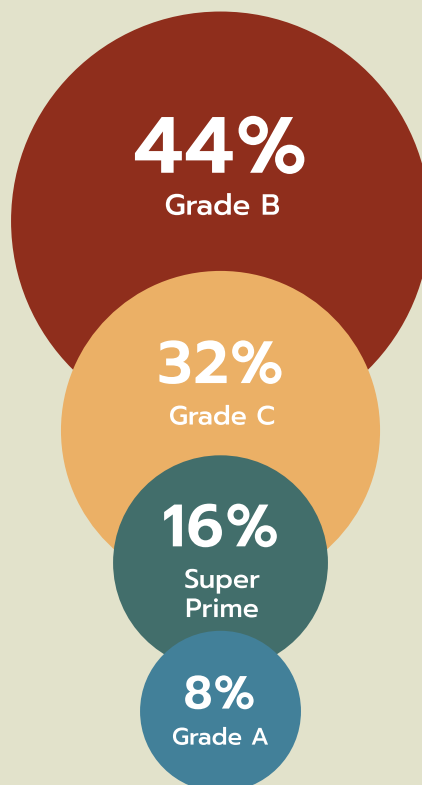
SOURCE: KNIGHT FRANK THAILAND RESEARCH

SUPPLY OF NEW LAUNCHED CONDOMINIUMS

BY LOCATION, Q4 2023



BY GRADE, Q4 2023



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

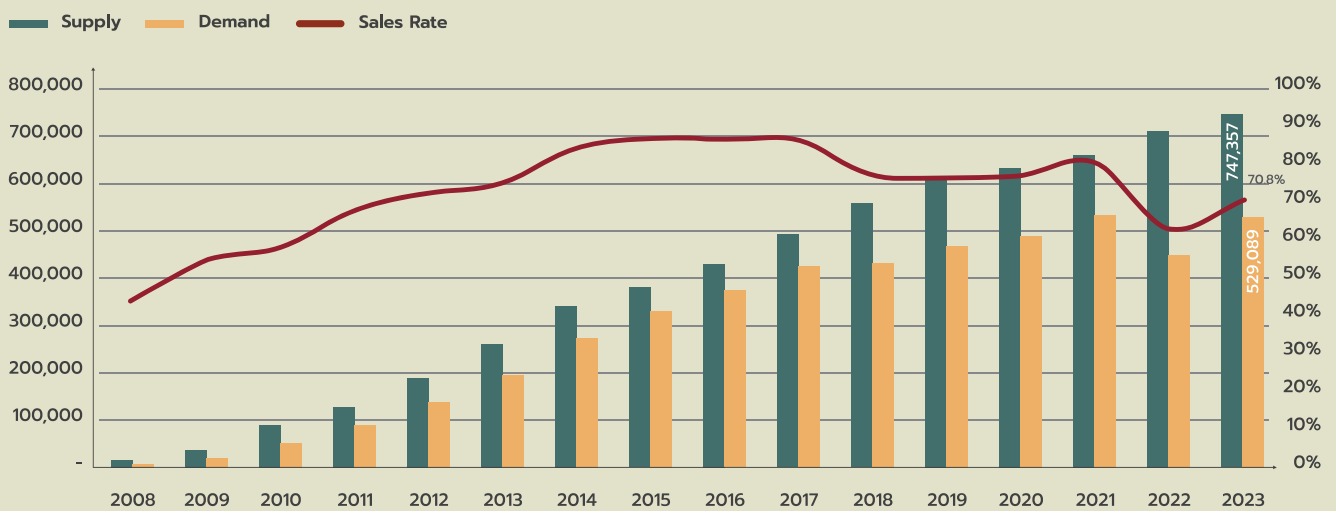
Total accumulated demand stood at 529,089 units from a total of 747,357 units launched for sale with overall demand of condominium market increased by 7.6% from the previous year. However, the overall demand slowed down and trying to catching up but still cannot keep up with the increasing new supply. Total number of outstanding units for sale stood at approximately 200,000 units. With current market situation, it may take

longer to sell outstanding units. If there is no new supply, it may take another 2-3 years to do so.

The sales performance for new units in this quarter indicates that 3,134 units out of a total of 11,316 units were sold or booked. The predominant buyers are local Thai who have stable incomes with no credit problems, who buy to live in or rent it out. They tend to choose a location that has potential

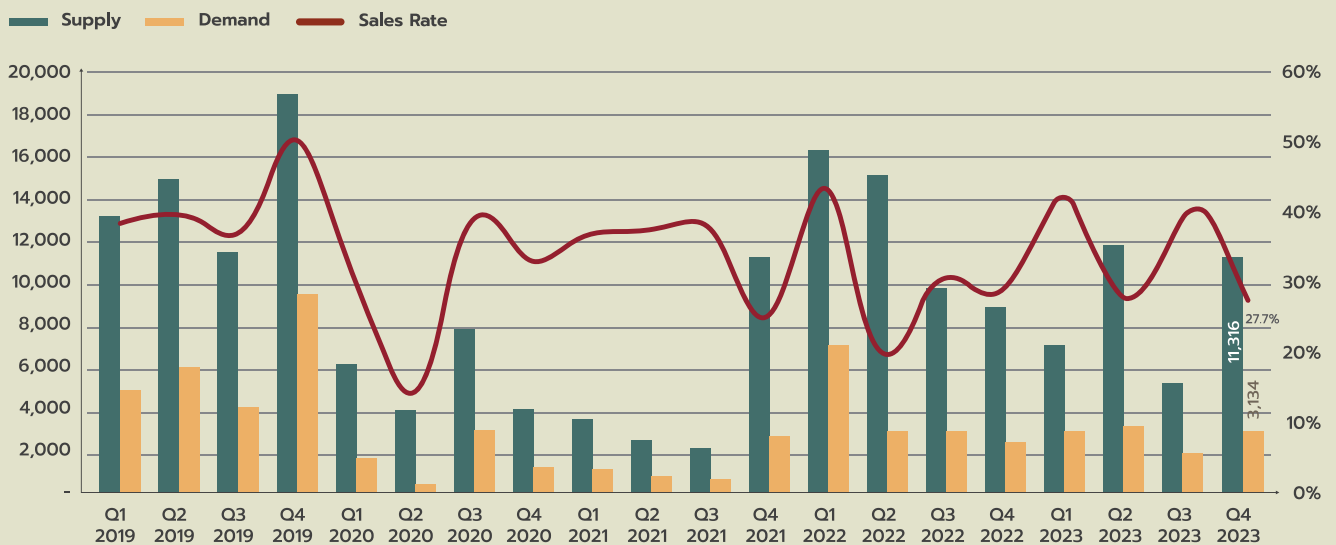
to make a profit in the future. There are also groups of foreigners from Singapore, Hong Kong and Burma. The Burmese started to buy condominiums in Thailand to keep as assets to diversify risk from political conflict. The price level that the Burmese interested in ranged from 3-5 million baht, while the Chinese rarely invest during this period as China economy is still slowing down.

OVERVIEW OF CONDOMINIUM MARKET SUPPLY, DEMAND, AND THE SALE RATE IN BANGKOK AND METROPOLITAN AREA FROM 2008 TO 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

SUPPLY DEMAND AND SALES RATE OF CONDOMINIUMS, Q1 2019 TO Q4 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

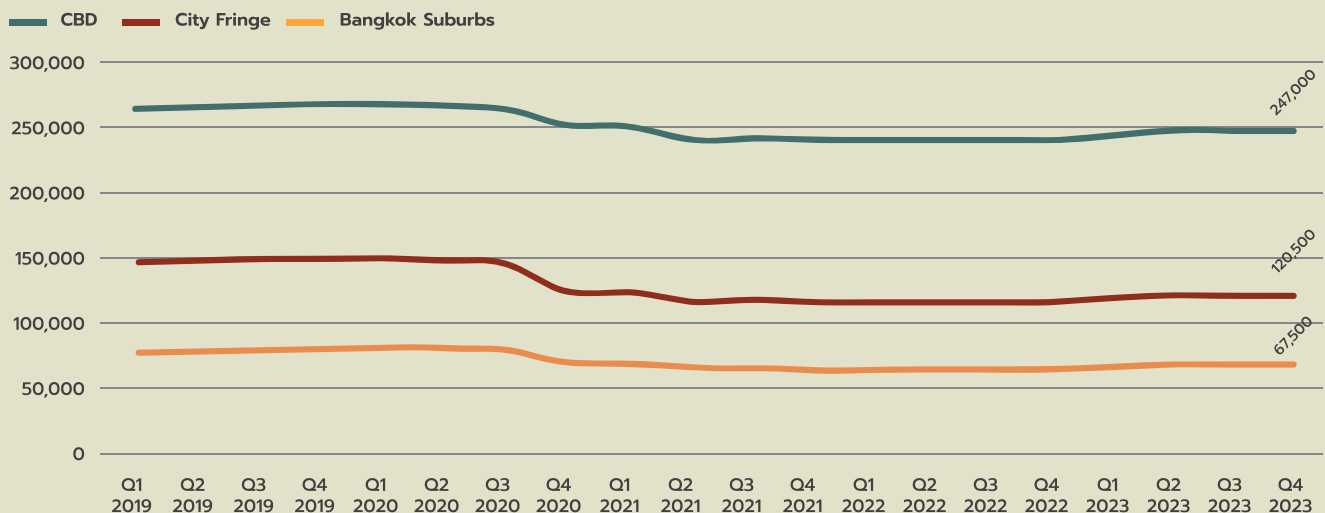
ASKING PRICE

Condominium asking prices in all areas have experienced a downward adjustment in the fourth quarter of 2023. The condominium asking price in the Central Business District (CBD) is approximately 246,000 Baht per square meter, reflecting a decrease of 0.61% from the previous quarter. In the City Fringe area, the condominium asking

price is around 120,200 Baht per square meter, showing a reduction of 0.66% compared to the previous quarter. Meanwhile, the condominium asking price in the central area of Bangkok is approximately 67,950 Baht per square meter, marking a decrease of 0.22% from the preceding quarter. The overall average asking price for condominiums

has seen a decrease of 0.5% due to many projects lower the price to clear outstanding supply as it was built when the construction costs were not as high as now, including 5-10% cash discounts in some projects.

AVERAGE ASKING PRICES OF CONDOMINIUMS, BY LOCATION, Q1 2019 TO Q4 2023



SOURCE: KNIGHT FRANK THAILAND RESEARCH

FORECAST 2024

- The selling price of condominiums being sold or completed units are not expected to increase much while new condominiums that will be launched for sale next year are likely to be higher at every level. Factors that will cause price adjustments include land prices, construction material costs, labor costs, petrol costs, and interest rates that are still in a high side.
- 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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Thailand Market Half Year 2023

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