

# **Survey Results of Resale Condominiums, still Generating an Upside in the Covid-19 Crisis Market Highlight as of September 2021**

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## HIGHLIGHTS

1

SURVEY RESULTS OF CONDO SAMPLE RESALE NEAR A MASS TRANSIT STATION IN A DISTANCE OF NO MORE THAN 300 METERS, WITH A PROJECT LIFE OF FEWER THAN 3 YEARS AND MORE THAN 50% OF SALES. IN SEPTEMBER 2021, IT WAS FOUND THAT SOME CONDOS. THE SELLING PRICE IN THE RESALE MARKET IS HIGHER THAN THE DIRECT PURCHASE PRICE FROM THE OPERATOR. MOST OF THEM ARE LOCATED IN THE LOCATION OF THE BTS BLUE LINE.

2

CONDO OWNERSHIP TRANSFERS RESALE IN THE SECOND QUARTER OF 2021 RECOVERED EQUIVALENT TO BEFORE THE CRISIS IN TERMS OF THE TRANSFER VALUE.

3

THE MIDDLE-UPPER SEGMENT OF THE CONDOMINIUM RESALE MARKET IS LIKELY TO RECOVER POSITIVELY, WHILE CONDOMINIUMS. INEXPENSIVE GRADE RECOVERY IS SLOWER TO RECOVER. THIS IS DUE TO WEAK PURCHASING POWER AND BANKS BEING MORE STRICT WITH HIGH NPL AND SML NUMBERS DESPITE THE UPWARD TREND.

4

THE CONDO MARKET IS MORE BALANCED. THE YEAR 2020 - JUN 2021 FOUND 23 NEW PROJECTS SELLING WELL. WITH PRESALES ABOVE 80%, INDICATING THAT DEMAND IN THE CONDO MARKET, CONFIDENCE HAS INCREASED AND IS READY TO RECOVER AGAIN WHEN VACCINATION IS THOROUGH AND CAN CONTROL THE EPIDEMIC OF COVID-19. IT HAS BEEN SATISFACTORY.



NATTHA KAHAPANA

Deputy Managing Director and Head of Phuket Operation



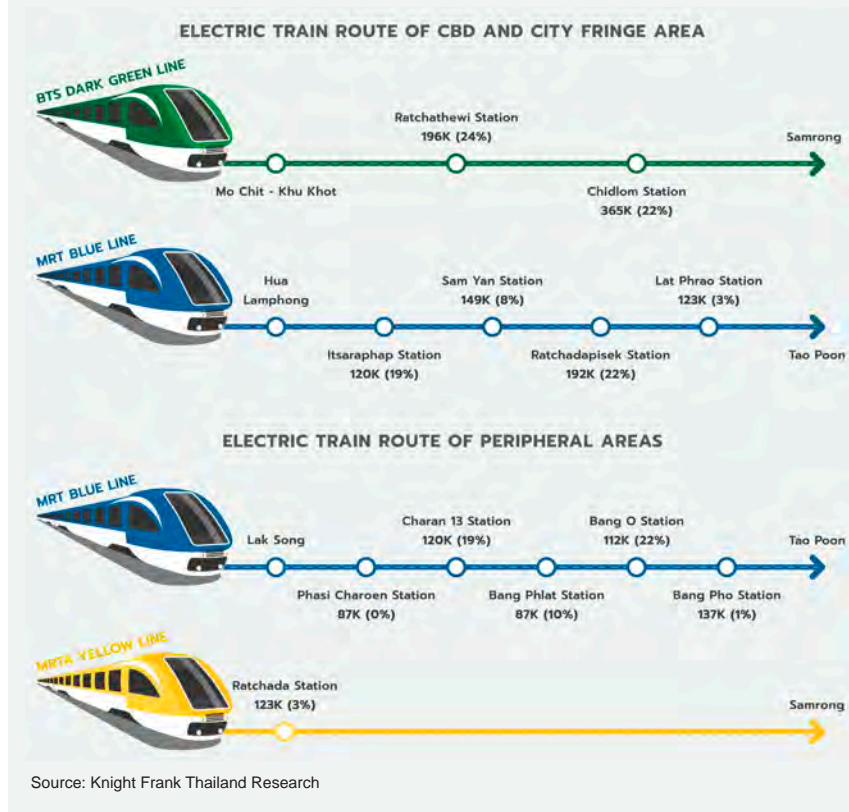
From our research, see that the condo market There is movement in the resale market. And the launch of new projects starts with entrepreneurs who make good presales. Including transfers that have recovered well in terms of value, the market is recovering from the confidence in the domestic demand after vaccination progress. And around the world, many countries are gradually adjusting to normal conditions. So this is a bit of good news that will likely continue to improve in the next year.





**Resale condominiums are considered a good indicator of pricing in the condominium market, reflecting the state of the market at any given time period and amid any situation. There are different factors in play, such as location, condition of the project, project developer's brand, the lifestyle of residents, juristic person administration, and rental returns. For condominiums that are completed and ready for occupancy, the transactions reflect real demand and supply in the local market. As such, the selling prices aptly represent the needs of buyers and sellers.**

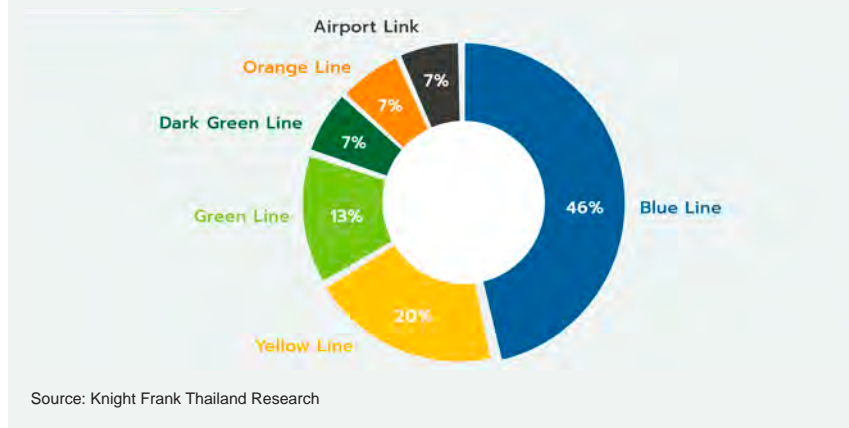
## RESALE CONDOMINIUM LOCATIONS ELECTRIC TRAIN ROUTE WITH PRICE UPSIDES, AS OF SEPTEMBER 2021



### Definition of Terms

Resales, in this report, refer to condominiums that have been sold over and over again, and the buyer has not purchased the unit directly from the developer. Condominiums used in the sample group are quite new, aged no more than 3 years from the date the project launched for sale; they also have presales of at least 50 percent as of June 2021 and are located within 300 metres from a Sky Train station. Upside refers to the difference between the asking price of a new condominium from the developer and the asking price of the re-seller; the price is expressed in terms of baht per sq m.

## RESALE CONDOMINIUM PROJECTS WITH PRICE UPSIDES, BY SKY TRAIN LINES



## PRICE AND UP-SIDE

From a September 2021 survey among a sample group of resale condos located no more than 300 metres from a Sky Train station and projects not older than 3 years with over 50 percent of the units sold, it was found that, in some cases, the asking prices in the resale market are higher than the initial prices offered by the developer. Most of these units are located near the Blue Line of the Sky Train, around Ratchadapisek Station; the resale asking price is 162,000 baht per sq m., an upside of 22 percent. In the vicinity of Bang Phlat Station, resale condos have asking prices ranging from 87,000 to 120,000 baht per sq m., representing an upside of 10 to 22 percent. Around Sam Yan Station, despite the fact that they are leasehold condominiums, there is also an upside of 8 percent, with an asking price of 149,000 baht per sq m. The Charan 13 Station area has a resale price of 130,000 baht per sq m., with an upside of 19 percent. The end of the Green Line at Pu Chao Saming Prai Station has resale condominium prices of 90,000 baht per sq m., which marks an upside of 14 percent. Around the Yellow Line at Thiphawan Station, the resale asking price is 111,000 baht per sq m., an upside of 16 percent. The presale prices of projects in these locations are not high compared to the Green Line locations in the Sukhumvit area. Also, a portion of the units were sold through promotions intended to speed up sales and help developers maintain their cash flow during the Covid-19 crisis, which is reflected in the resale market's moderate price upside. Additionally, many resale units tend to be quite well positioned within the projects. They have more selling points than other units in the same project as the customers who snap them up during the early sales stages tend to have the option to choose a good location first, for example. As for super luxury condos priced at 300,000 baht per sq m. and up, the upside has been quite limited. However, their target group of buyers are in a very niche market, so if there are products and services that cater to the needs of this group, it is believed that there would still be demand. This group possesses financial stability and has not been affected by the Covid-19 crisis.

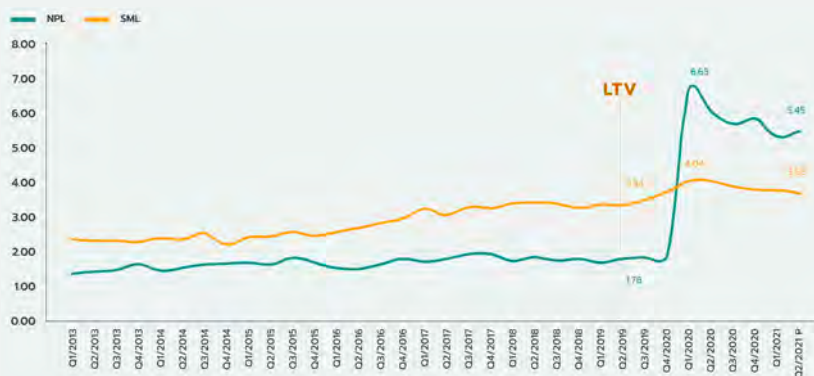
## TRANSFER OF OWNERSHIP OF CONDOMINIUMS IN BANGKOK AND ITS VICINITY TO ORDINARY PERSONS, 2018 TO Q2 2021 (MILLIONS OF BAHT)



Source: Real Estate Information Center (REIC), Government Housing Bank

The Bank of Thailand enforced the LTV measure while NPL was at 3.34; currently, NPL is at 3.66.  
SML (Special Mention Loans) refer to commercial bank loans or debts that are at risk, before being classified as NPL.

## NPL AND SML IN REAL ESTATE BUSINESS



Source: Bank of Thailand

Non-Performing Debt NPL and SML or Commercial Banks' Special Mention Loans or Debt at Risk of being Adjusted to NPL

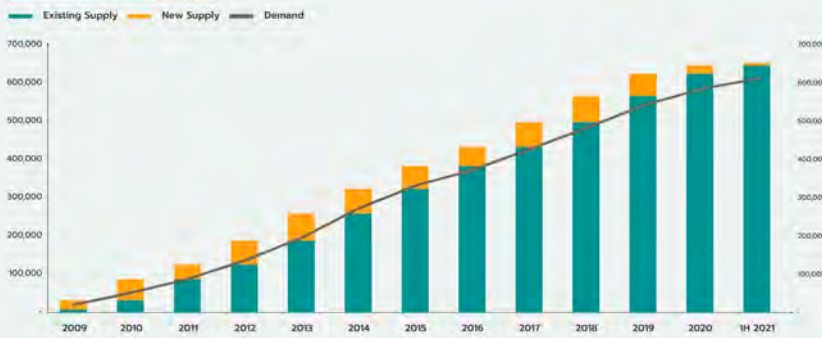
## TRANSFER VALUE RECOVERED TO PRE-CRISIS LEVELS

### Resale Condo Ownership Transfers in Q2 2021 Recovered to Pre-Crisis Levels in Terms of Value

Ownership transfers of condominiums in Bangkok and its vicinity among ordinary persons in 2019, before the Covid-19 crisis, amounted to 11.136 to 12.210 billion baht in value. During Q2

In 2020, the transfer value decreased to 7.576 billion baht; it then gradually increased until Q2 2021, to 11.359 billion baht, which is at the same level as during the pre-epidemic period. In terms of the number of unit transfers, it is still recovering but has surpassed its lowest point in Q2 2020. This recovery in transfer value shows that the middle to upper segment of the condominium resale market is likely to recover. Meanwhile, condos in the lower priced segment is showing a slower recovery due to weak purchasing power as well as commercial banks tightening their lending terms amidst high NPL and SML levels, despite any positive outlooks.

## EXISTING SUPPLY, NEW SUPPLY AND DEMAND IN THE CONDOMINIUM MARKET IN BANGKOK AND ITS VICINITY, 2009 TO H1 2021



Source: Knight Frank Thailand Research

## NEW CONDOMINIUMS PROJECT LAUNCHED WITH PRE-SALES EXCEEDING 80 PERCENT



Remark : Information as of January 2020 to June 2021

Source: Knight Frank Thailand Research

## MARKET HIGHLIGHT

**Condominium market was more balanced from 2020 to June 2021, with 23 new projects that sold well with presales of over 80 percent.**

Before the Covid-19 epidemic, the condo market was in an uptrend. The average new supply increase was 56,000 units per year, while demand increased by an average of 52,000 units per year as the supply continued to increase. This caused excess supply that required longer sales periods and oversupply concerns arose. In 2020, the launches of new projects slowed considerably due to concerns surrounding the Covid-19 epidemic. As a result, new project launches dropped by 60 percent to about 22,000 units - a dramatic shift from the past, which boasted an average of 56,000 new units launched per year amidst fairly stable demand. In the first half of 2021, developers offered promotions with significantly reduced prices so demand has been at 50,000 units per year, bringing demand and supply in the condo market back to a more balanced state. A survey conducted by the Research and Project Development Consultancy of Knight Frank Chartered (Thailand) Co., Ltd. found that, since 2020, there have been 23 newly launched condominium projects with 6,316 units that achieved presales levels higher than 80 percent. This implies that confidence in the market has increased, and it is on a path of recovery once mass vaccinations and virus controls are in place.

**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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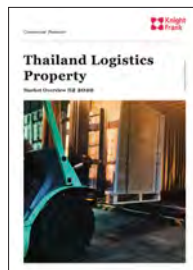
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