

PHUKET CONDOMINIUM

MARKET REPORT 2017

HIGHLIGHTS

- Phuket's condominium market supply and demand took a fall in 2017. The total number of new supply in 2017 decreased 29% to 1,736 units, compared to 2,478 units in the previous year. On the demand front, there were 1,147 condos sold in 2017, which plunged 36% y-o-y.

- Newly launched supply with seaview, partial seaview, and non-seaview accounted for 44%, 54%, and 2%, respectively. Majority of the new developments are in the high-end market segment, principally located in Karon, Naiharn, and Bangtao.

- Condominium projects launched in 2017 recorded an average take-up rate of 66%, which dropped by 6% y-o-y. However, certain projects commanding affordable pricing, attractive down payment packages, exceptional amenities, and convenient locations were able to achieve higher sales within weeks of their launch.

- Average asking prices per sqm of all new projects launched into the market in 2017 surged to THB 135,719, up by 2.5% y-o-y.



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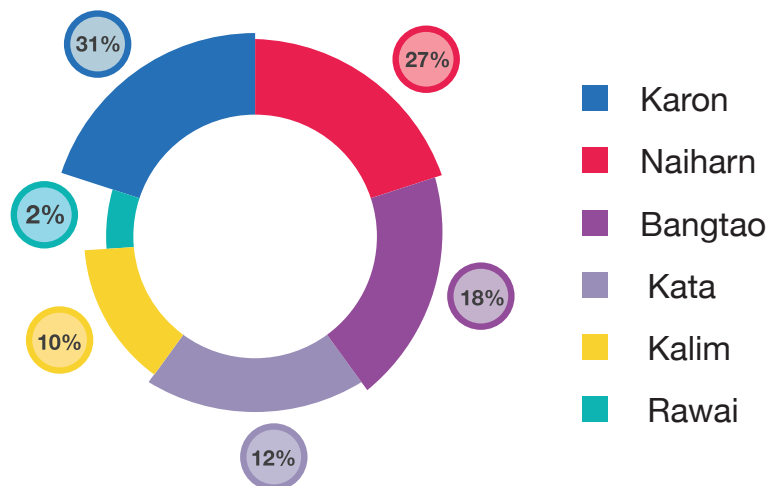
Supply

An estimated 1,736 units were launched in 2017; as a result, accumulated condominium stock in Phuket surged to 14,266 units, increasing approximately 14% y-o-y. However, the number of new units launched in 2017 slashed by 29% y-o-y from 2,478 units to 1,736 units since developers become more selective and exercise greater caution in their investment as well as product offered to the recent buyers' market.

Demand Trend

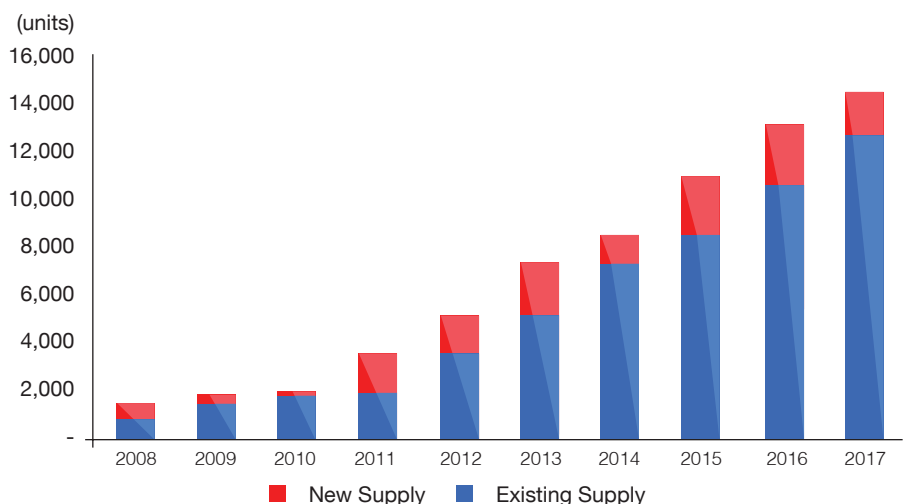
In 2017 alone, the market saw an average take-up rate of 66%, decreased 6% y-o-y while absorption rate dropped 35.8% y-o-y. Average take-up rate for the new partly seaview developments plunged to 65%, representing a decrease of 16.7% y-o-y. Over the same period, take-up rate for the new seaview and non-seaview units witnessed moderate declines of 3.4% and 2.5%, respectively. On customer profile front, the Phuket condominium market is

New Supply by Area 2017



SOURCE : KNIGHT FRANK THAILAND RESEARCH

Phuket Condominium Supply 2008 - 2017



SOURCE : KNIGHT FRANK THAILAND RESEARCH

predominantly driven by foreign buyers, especially those originated from Mainland China, Russia, and Australia. The buyers of these properties tend to buy them for own occupation or long-term capital appreciation.

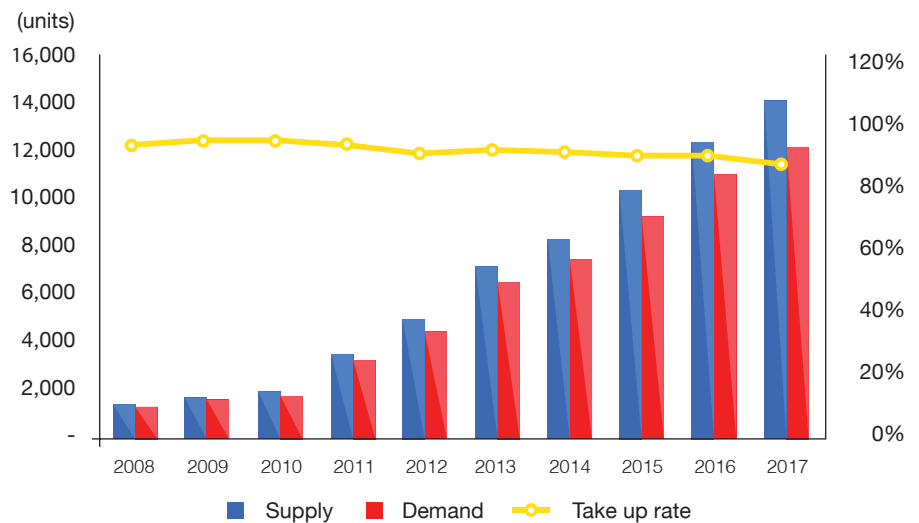
Selling Price

The average asking prices of all condominiums launched across the island in 2017 stood at THB 135,719 per sqm, representing an increase of 2.5% y-o-y. Average asking prices for seaview units were THB 181,522 per sqm, up 1.5% compared to the previous year. Driven by increasing selling prices of the new additions to the market, partly seaview units' average asking prices in 2017 reached THB 115,828 per sqm, approximately 5% higher than 2016. Over the same period, average asking price of non-seaview condominiums surged to THB 103,927 per sqm, up from THB 102,583 per sqm in 2016.

Market Outlook

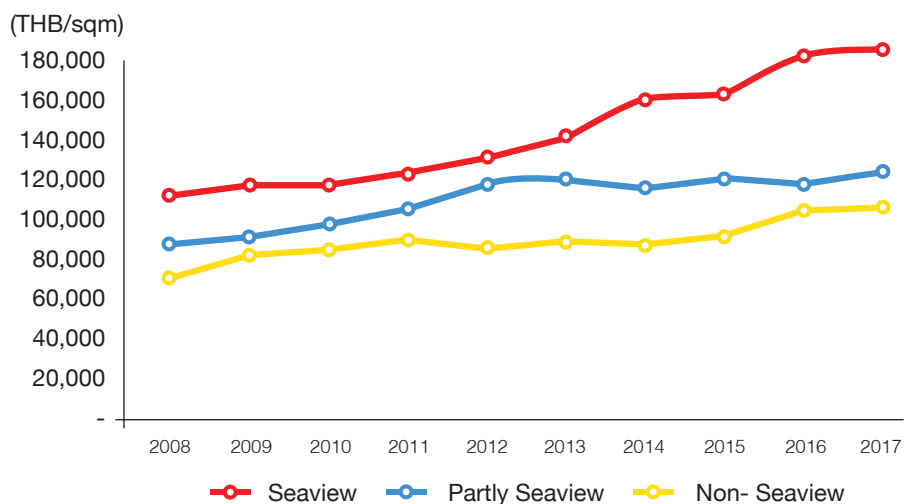
Looking ahead, Phuket condominium market is expected to perform better in line with brighter economic situation and growing population of the island. Increasing supply and higher selling prices will be the key drivers, while demand is forecasted to improve slightly. The number of new supply launched in Phuket is predicted to mount continuously and local developers as well as joint venture development companies will be key players in the market. Demand across the market will continue to be driven upwards by international homebuyers, investors, and expatriates, especially those from Mainland China, Russia, and Australia. Besides, we expected to see a larger portion of buyers from South Korea. Average asking prices per sqm is anticipated to rise

Cumulative Supply, Demand, and Take-up Rate of Phuket condominium 2008-2017



SOURCE : KNIGHT FRANK THAILAND RESEARCH

Average Asking Prices Phuket condominium 2008-2017



SOURCE : KNIGHT FRANK THAILAND RESEARCH

in all areas, while increasing demand for luxury condominium units may see prices approaching new high in 2018, especially those properties located by the sea. Furthermore, one factor that is forecasted to help boosting property market in the island is Phuket's Smart City project that aim to develop the province in terms of Smart Economy and Smart Living Community and to set the city

as the hub of digital industry in the region that will attract investors and tourists. The project is slated to be complete in 2020.



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Appendix

Phuket condominium classification

Seaview condominium

Is defined as a condominium project that has no beach frontage but with more than 50% of the units enjoying a direct view of the sea.

Partly seaview condominium

Is defined as a condominium project that has no beach frontage, and less than 50% of the units enjoy a direct view of the sea.

Non seaview condominium

Is defined as a condominium project that is located away from the beach and with most units having no sea view.

Oceanfront condominium

Is defined as a condominium project that has direct access to the beach and with many of the units enjoying a direct view of the sea.

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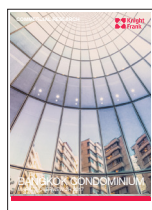
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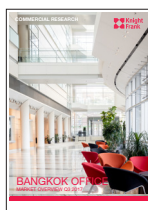
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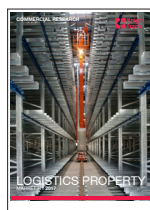
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