



SUPER PRIME AND PRIME CONDOMINIUM

MARKET OVERVIEW, 1H 2015

HIGHLIGHTS

- There were approximately 1,814 units from nine of super prime projects, and 2,351 units from 11 prime projects in Bangkok as of the first half of 2015.
- Sukhumvit has the largest share of the super prime units, representing 32% whilst Sathorn has the largest share with 42% of the prime units.
- Super prime and prime condominium buyers are typically wealthy Thais and foreigners from Hong Kong, Singapore and Taiwan. The emerging demand will be from China and India.
- Prime condominium take-up rate was at 89% at the end of 1H 2015 with only 256 units left available for sale.
- The take-up rate of super prime at the end of 1H 2015 was at 67% due to one underperforming recently launched project. If we take out that project, the take up rate would reach 77%.
- The average selling price at the end of 1H 2015 for super prime and prime projects was THB 329,544 and THB 249,622 per sq.m. respectively.
- We expect to see transaction prices of super prime units going up to THB 500,000 per sq.m. by the end of this year.



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“Not all the newly launched super prime condominium projects will be able to sell at the premium prices. The super prime projects that can be sold are only the projects that match buyers’ expectations in terms of location, quality, design and specifications.”

Market Overview

The Bangkok Super Prime and Prime Condominium Market has recently commanded the spotlight. Accounting for less than 10% of the total Bangkok condominium supply, the super prime and prime condominium market enjoyed relatively good sales due to great locations, which are located in the heart of Bangkok, convenient for transportation, surrounded by facilities and amenities as well as located in the tranquil city areas. Also, given the scarcity of land in the CBD area, the new supply of condominiums in this category saw selling prices of newly launched projects increase sharply. For super prime units, the prices jumped from THB 310,450 per square metre last year to THB 329,544 per square metre during the first half of this year, whereas the selling price of prime condos increased from THB 237,988 per square metre in 2014 to THB 249,622 per square metre by the middle of this year. During the first six months of this year, there were approximately 852 units sold under both categories. The take-up rate of super prime and prime condominiums was 89% and 67%, respectively. It is forecasted that the average selling prices will keep increasing.

Supply

During the first half of this year, many of the larger developers focused on the super prime and prime condominiums located in the CBD, thus there were approximately 1,226 new condominium units launched during the first half of this year. The developers targeted upper-class condominium buyers who were less affected by the economic slowdown and the continued increase in household debt.

By the end of the first half of 2015, there were approximately 1,814 condominium units from 9 super prime projects.

Newly launched projects in this year were Diplomat 39 with 156 units, NIMIT Langsuan with 187 units and the Chao Phraya Estate, also known as the Four Seasons Private Residences, with 335 units and Q Sukhumvit with 273 units. Sukhumvit has been the area with the largest share of the super prime units, representing 32% of the total stock, followed by Central Lumpini and the Sathorn, which represent 28% and 22% respectively. Approximately 18% of the super prime units are located along the Riverside area.

There were 2,351 condominium units from the 11 prime projects in Bangkok. Newly launched in 2015 were Saladaeng

FIGURE 1
Super Prime & Prime Condo Supply & New Supply, 2008 - Q2 2015



SOURCE : KNIGHT FRANK THAILAND RESEARCH AND CONSULTING DEPARTMENT

One with 187 units, and Tela Thonglor with 88 units. Sathorn has the largest share with 42% of the prime units. This is unsurprising as Sathorn is a highly desirable area conveniently located within the heart of Bangkok's CBD.

Demand

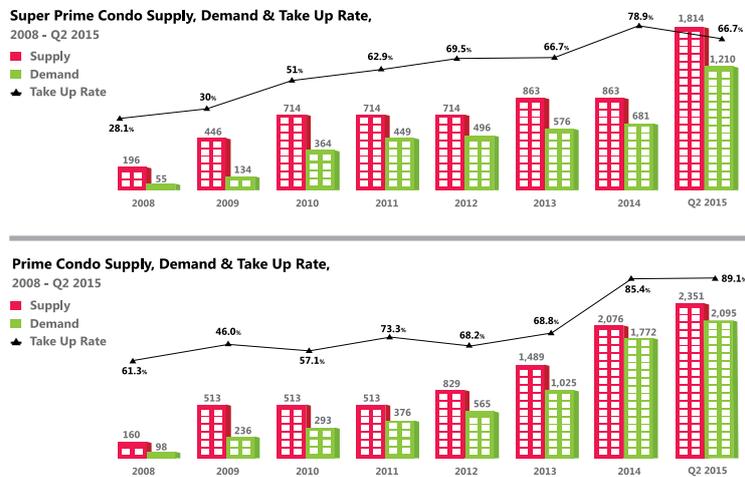
Super prime and prime condominium buyers are wealthy Thais and foreigners from Hong Kong, Taiwan and Singapore. They prefer to buy the super prime and prime condominiums located in the CBD area because the price is cheap compared with their home country. The emerging demand will be from China and India.

Overall, the demand for super prime and prime condominiums has continued to be strong. For super prime, the take-up rate at the end of 1H 2015 was at 67%, a decrease from 79% due to the fact that there was a single project which underperformed during the first half of this year. If we take out that project, the take-up rate of super prime condominiums would reach 77%. Not all the newly launched super prime condominium projects will be able to sell at premium prices. The super prime projects that can be sold are only the projects that match buyers' expectations in terms of location, ownership structure, quality, design and specifications. The 2014 take-up rate was highest at 79% because there was no new supply in that year. 1H 2015 was the best performing period with 529 super prime units sold within six months, whereas only 105 super prime units sold in 2014. More notably, NIMIT Langsuan has sold the majority of its units within the first 48 hours of its launch. Out of the 1,814 super prime units, 604 units were available for sale.

Prime condominium take-up rate was at 89% at the end of 1H 2015, an increase from 85% at the end of 2014. 1H 2015 was a strong half year in terms of unit take-up at 323 units. In comparison, the take-up for the entire year of 2014 was 747. There were only 256 prime units available for sale out of the total of 2,624.

FIGURE 2

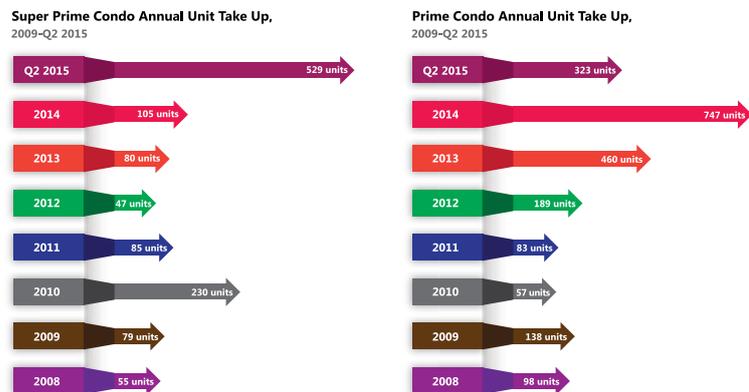
Super Prime & Prime Condo Supply, Demand & Take Up Rate, 2008-Q2 2015



SOURCE: KNIGHT FRANK THAILAND RESEARCH AND CONSULTING DEPARTMENT

FIGURE 3

Super Prime & Prime Condo Annual Unit Take Up, 2009-Q2 2015



SOURCE: KNIGHT FRANK THAILAND RESEARCH AND CONSULTING DEPARTMENT

Pricing Trend

The prices of the newly launched super prime and prime condominium projects continued to climb. The average selling price at the end of 1H 2015 for super prime and prime projects was THB 329,544 and THB 249,622 respectively. Super Prime condominiums saw a more significant average selling price increase at 6.2% over the period before, whereas prime has had a 4.9% increase. The climb in prices for super prime and prime condominiums in Bangkok was

consistent with the overall Bangkok condominium market, which has suffered from rising land cost due to limited space available for new development.

We have seen much activity in the resale of units in the completed projects of prime condominiums; the resale price of some projects increased by 5 to 9% Y-o-Y. This is due to the quality of the building. There are many buyers interested in buying the resale unit in completed super prime and prime buildings, but there is a lack of such units available from the seller.



FIGURE 4

Avg Selling Price of Super Prime and Prime Condominium, 2008 - Q2 2015

Avg Selling Price (per sq.m.) of Super Prime and Prime Condominium, 2008 - Q2 2015



SOURCE: KNIGHT FRANK THAILAND RESEARCH AND CONSULTING DEPARTMENT

Outlook

As Bangkok is quickly running out of available space for condominium development, many listed developers have justified their high land acquisition costs by developing projects that could be sold at a higher price range. They were often left with a dilemma: to develop premium high density projects with small unit sizes but high per square metre prices, or to develop high value super luxury projects. The former would appeal towards the upper-middle income buyers and the latter at ultra high net worth buyers. Either way, it is expected that the average selling price would still continue to rise given that the demand for these products remain strong. Anyone expecting super prime and prime CBD condominium prices to fall is likely to be disappointed. There is more chance of prices rising. Also, we will see the new supply of super prime launching at the price of over THB 500,000 per square metre in the near future. Moreover, the super prime and prime condominiums will adopt the concept of smart and energy saving to add high value to the condominium units, as people are moving into a digital and more eco-conscious lifestyle.

Appendix : Definition

Super prime condominium represents the top 1% of the Bangkok condominium market. According to Knight Frank's latest data, there were 8 super prime condominium projects. These projects are often sold as lifestyle products where unit sizing is considerably more spacious than the average and comprise of two bedrooms or more. A number of super prime projects carry one bedroom units but the smallest of these was sold at the price above THB 15 million. The selling price for the majority of these must be above THB 250,000 per square metre. The first condominium project qualified as super prime in Bangkok was the Sukhothai Residence on Sathorn Road launched in 2008.

Prime condominium represents the top 6% of the Bangkok condominium market. There were 12 projects under this category. These projects are sold as lifestyle products but often times also for investments due to smaller unit sizes. Products often start from one bedroom with comfortable sizing sold within the range of THB 10-15 million, whilst the selling price for the majority of the units should be above THB 180,000.

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