



Pattaya Condominium Market

“Only 3,563 new condominium units were launched in Pattaya during in 1H 2018 because many developers were trying to sell their completed units first.”

Forecast at a glance



Demand

The market in Pattaya City has still not recovered. Purchases by Thai and foreign buyers remain fewer than expected.



Newly Launched Units

As of the end of 1H 2018, more than 87,733 condominium units were registered as complete in Pattaya City.



Completed Units

Only 3,563 condominium units were launched in Pattaya during 1H 2018, and 2017's total number of condominium units launched may be similar to 2016.

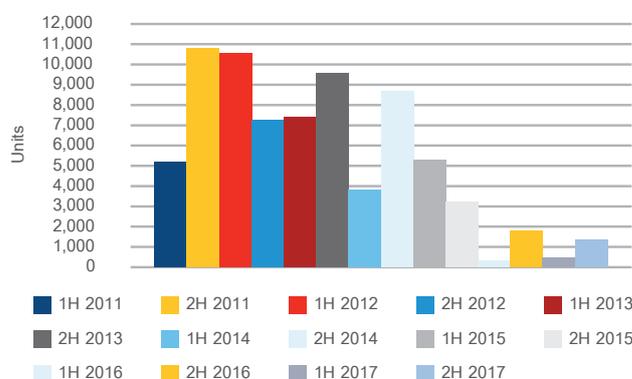


Price

The average sales price of condominiums in Pattaya City in 2H 2018 increased only from 3-5% over the previous year.

Supply

New condominium units launched in Pattaya city by half year and location, 1H 2011–1H 2018



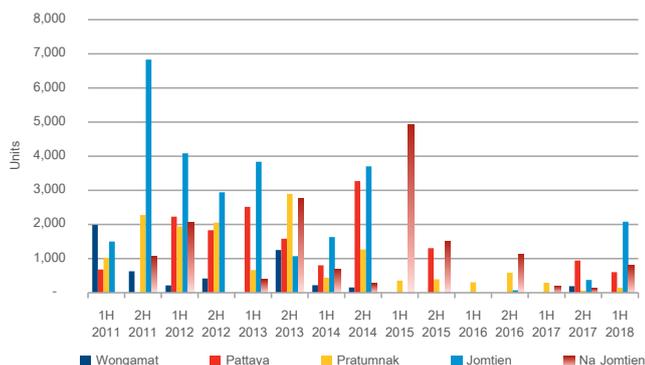
Source: Colliers International Thailand Research

Only 3,563 condominium units were launched in Pattaya City during the first half of 2018 more than the second half of 2H 2017 around 1,934 or about 53% but still less than the last 4-5 years. Because completed projects still remained available on the market. This was due to more than 15,000 condominium units were launched every year from 2011 to 2013, the figure decreased to approximately 12,000 units in 2014, to fewer than 10,000 units in 2015, and to only 2,100 units in 2016. The declining trend of condominium units launched in Pattaya City has reflected the market slowdown and the decreased purchasing power in the market.

Given the large quantity of condominiums launched during the past few years, many condominium units in Pattaya City remain to be absorbed in the market. More than 87,733 condominium units were launched in Pattaya from 1H 2011 to 1H 2018, and many medium and small Thai or foreign developers, as well as listed and well-known ones, have launched condominium projects in Pattaya City during the past few years in particular.

Pattaya's City condominium market differs from Bangkok's, for only 14.7% of the total condominium units have been developed by listed developers. Some condominium projects have been halted or postponed due to slow sales performance. Some new Chinese developers launched new condominium projects in Pattaya in 1H 2018, especially in Jomtien and Na Jomtien.

New condominium units launched in Pattaya city by location from 1H 2011–1H 2018



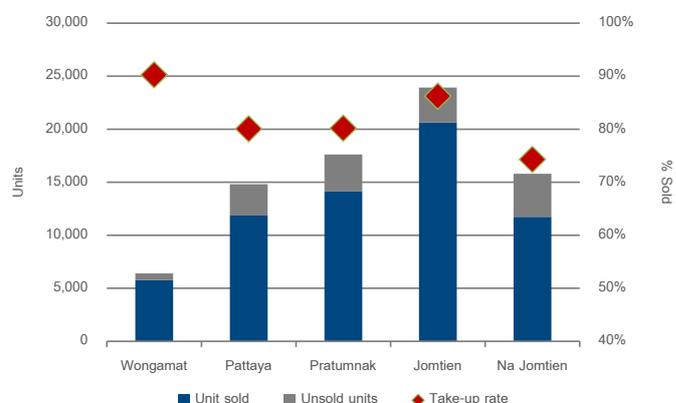
Source: Colliers International Thailand Research

Pratumnak is the only location where condominium projects have continued to be launched since 2011, even if most have been small or medium projects. In other locations, including Wongamat, Pattaya and Jomtien, no new condominium projects have been launched in the past 1–2 years, which is especially worrisome in Jomtien, the most popular location in Pattaya City for the condominium market. In Jomtien, the market downturn has been due to the construction of a new road (Jomtien Sai 2 Road) in the area whose adjacent areas became new locations for development, including of large-scale condominium projects, in Jomtien from during 2013–2014. However, since 2015, only 1 or 2 projects have been launched in the area due to the many unsold units still on the market.

Whereas Jomtien and Na Jomtien are primary locations for large-scale condominium projects, many small condominium projects have been launched in Pratumnak, due to the availability of land plots and the less restrictive laws and regulations. Some Scandinavian developers have focused on Pratumnak and continued to launch projects in the area during 2011–2017. The launch of Terminal 21 Pattaya Shopping Center Developed by Siam Retail Development Co.,Ltd in 2018 at a cost of Bt7 billion, It is located at the intersection of Second Road and North Pattaya Road which operates a total of 396 hotel rooms, totalling area over 161,000 square. As a result, the condominium market in Pattaya city will re-energized again in 2018.

Demand

Average condominium take-up rate in Pattaya city as of 1H 2018 by location



Source: Colliers International Thailand Research

Pattaya City's condominium market has decelerated since 2015, largely because so many condominium projects were launched in the years prior. Many unsold units remain available on the market and have directly affected the confidence of developers and buyers, especially Russians, who are the primary buyers of condominiums in in Pattaya City. Furthermore, since condominium units in Pattaya City are second or weekend homes for Thai buyers and thus not their priority, purchases by Thai buyers have been postponed as economic expectations remain unmet. At the end of 1H 2018, despite an average take-up rate in Pattaya's City condominium market of approximately 82%, more than 14,000 condominium units remain on the market waiting to be sold.

Of all locations in Pattaya City's market, Na Jomtien has had the greatest number of unsold condominium units, for some projects launched in the area during the past 1–3 years introduced more than 1,500 units per project into the market. The least number of unsold condominium units in Pattaya City has been Wongamat, due to the highly limited availability of land plots in the area, meaning that very few projects have been launched there during the past 1–3 years.

In 2017, popular condominium projects can achieve sales targets in pattaya Most of the projects are rental guarantee program projects. Selling with a rental guarantee program is a way for the owner of the project in addition to the options available to non-existing customers, condominiums can be acquired. The owner of the project will act as a tenant and caretaker. This strategy in foreign countries is very popular. When considering the sales model, this model will see that

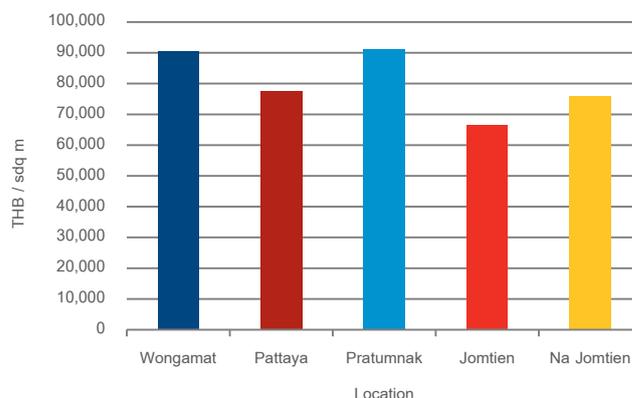
earnings are at an attractive level, such as 5% 3 years, 6% 5 years or 7% 3 years etc. However, some Pattaya developers, such as the new Nordic group, have guaranteed 10% to 10 years of rental yields, which has made it a popular choice for investors and foreign buyers. Rental guarantee program return on rent will give a better return than the return on deposit in the bank.

Pattaya City's condominium market has continued to decline in 1H 2018, due to the many unsold units on the market and that developers, in continuing to focus on selling available units, have decided to postpone launching projects in 2018. It could take more than a year for all unsold units to be sold if the market remains as slow as during the past 1–2 years. Although Chinese and Japanese have become new foreign buyer groups in Pattaya City's condominium market, their numbers remain significantly lower than those of Russian buyers in the past few years.

The Thai government has consistently promoted eastern economic corridor (EEC), which includes Chonburi, Rayong and Chachoengsao provinces. Although Pattaya City is also in the EEC, this may have a positive impact on Pattaya property market. The positive factor is the development of the eastern economic corridor (EEC). This caused a new round of investment expanded investment in various businesses, as employment increased. As a result, the demand for residence increased. The industrial sector has projected that, after the opening of the eastern economic corridor (EEC) and the eastern economic corridor of Innovation (EECI) there will be demand for engineer level and skilled labour of more than 100,000 people in the next 5 years. But it is a long-term policy, and prioritised infrastructure development projects in the area continue to remain incomplete. Therefore, demand in the residential market in all three provinces and in Pattaya City has not dramatically increased in 2018.

Price

Average price of condominium units in Pattaya city in 1H 2018 by location



Source: Colliers International Thailand Research

The average selling price of condominium units located on the beachfront is greater than that of other projects farther from the beach. At their least expensive, beachfront units sell for more than THB 150,000 per m² in Wongamat, whereas they sell for THB 130,000 per m² in other beachfront areas. The average price of condominium units in Jomtien has been the lowest in Pattaya City market, due to the many less-than-middle-level projects launched in the area, especially in the area along Jomtien Sai 2 Road, with starting prices lower than THB 50,000 per sq m, whereas some beachfront project sell for more than THB 100,000 per sqm. The average price of condominium units in all locations in Pattaya City in 2H 2018 will be similar to or slightly higher than that of 1H 2018 since many projects have been completed, although the market has not recovered and many ready-to-move-into units wait to be absorbed by the market. Therefore, many developers are trying to maintain their selling prices in 2018.

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