Executive Summary

Chiang Mai’s condominium market has been booming on the last 5 years after the market slowdown most buyers in the area are locals and young people working or studying in Chiang Mai. But at present, Chinese are considered the most important investors in the condominium market in Chiang Mai. They have become a major buyer in the condominium market in Chiang Mai.

Supply

Historical supply by year

Source: Department of Land and Colliers International Thailand Research

Forecast at a glance

Demand
In the first five months of 2018, the average take-up rates of all condominium units in Chiang Mai was approximately 70% higher than in the past years, around 2%.

Supply
According to statistics from the Department of Land, approximately 32,630 condominium units were completed and registered at the Department of Land in Chiang Mai, and more than 3,000 condominium units were under construction and expected to be completed next year.

Newly Launched Units
Approximately 220 units were launched in the first five months of 2018 and are located in the city area.

Price
The average price of condominium units launched during the first five months of 2018 is around 5% higher than last year.

Chiang Mai is the main business city and educational centre of northern Thailand. Many people from around the country move to Chiang Mai for their education, which typically lasts from four to five years. The first condominium project in Chiang Mai City was registered in 1985 and had 103 units. More than 13,450 units, or around 72% of the total supply, were built from 1985 to 1996. The effects of financial liberalisation in the country from 1987 to 1995 made Thailand’s economy grow very rapidly, until the financial crisis in 1997. Prior to the crisis, real estate was an “in-style” business in Thailand. Condominiums were the best choice for developers and buyers, and therefore many condominium projects were launched during that period in the main cities of Thailand, including Chiang Mai.

After the crisis, from 1997 until 2012, only around 3,540 units were added to the market. This was partly because Thais prefer living on landed developments; but more than 785 units were completed and registered at the Department of Land in the first five months of 2018. As of May 2018, there are approximately 32,630 units in the market, according to statistics from the Department of Land. Condominiums have not been buyers’ first choice because there is still a lot of land available in Chiang Mai, but after the government announced the development of a high-speed train from Bangkok to Chiang Mai a few years ago, a lot of condominium developers have launched projects in provinces along the development lines, including Chiang Mai.
The total number of condominium units in the City area is the highest, and the first project there was completed in 1985 with 103 units. In the Outer City area, the first project was completed in 1991. Many developers in Chiang Mai were focusing more on condominium developments for the middle-income group in the City area from 1987 to 1995. After the economic crisis in 1997, the condominium supply increased slightly in both zones from 1998 to 2004 and many condominium projects were completed between 2013 and 2016. There are only 1,125 condominium units completed in Chiang Mai. More than 785 units were completed in the first five months of 2018.

Condominium units available for sale on May 2018

Of the 10,468 condominium units that were available for sale in May 2018, approximately 4,001 were in the City Area. Nearly 85% of these were launched between 2013 - May 2018. There were around 6,467 condominium units available for sale in the Outer City area and more than 70% of the total units were launched from 2013 to May 2018.

Condominium projects in the Outer City area regained popularity in 2018 when there were around 6,467 units launched from 2012 to the first five months of the year. This was due to increasing land prices, limited available plots of land with reasonable prices in the City area, and the extension of the road and transport system in Chiang Mai's Outer City area.

The most popular location for condominium development in Chiang Mai is along Khan Klong Chonlapathan Road, in the northwest of the city. During the past one to two years, the Chiang Mai–Lampang Road has become a new residential area. This is due to many local developers launching condominium and housing projects in this area.
One-bedroom units make up the majority of condominiums in Chiang Mai, the same as in other locations in Thailand. A one-bedroom unit in Chiang Mai is around 24 – 132 sq m, with an average unit size of approximately 38 sq m. Most buyers in the area are locals and young people working or studying in Chiang Mai. But at present, Chinese are considered the most important investors on the condominium market in Chiang Mai. It has become a major buyer in the condominium market in Chiang Mai since 2014.

Average unit size of condominium units launched from 2011 to May 2018

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Minimum Size (sq.m.)</th>
<th>Maximum Size (sq.m.)</th>
<th>Average Size (sq.m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>25</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>One-bedroom</td>
<td>24</td>
<td>132</td>
<td>38</td>
</tr>
<tr>
<td>Two-bedroom</td>
<td>46</td>
<td>208</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: Colliers International Thailand Research

The biggest target group for condominium projects in Chiang Mai is students or young adults working there who prefer to live in a one-bedroom unit of their own rather than leasing an apartment.

Although currently Chinese investors are the major player in the condominium market in Chiang Mai, they are focused on the purchasing for investment to rent to students and people working in Chiang Mai.

Some condominium projects launched in 2012 by listed developers sold out quickly after the official launch, including dcondo Campus Resort and d’Vieng Santitham by Sansiri Plc. and Supalai Monte @ Vieng Chiang Mai by Supalai Plc. In addition, Sansiri Plc. plans to launch a new condominium project in 2018.
Price

Average selling price of condominium units available for sale in Chiang Mai, May 2018

The average price in 2018 is 10% higher than in 2017, depending on location, developers and project concept. The average price of condominium units launched in the first five months of 2018 is approximately THB67,100 per sq m, an increase of around 5% over the average price of condominium units launched in 2017. The average selling price in the City area is 30% higher than in the Outer City area and most of the condominium projects launched in 2018 which have an average price higher than THB 95,000 per sq m are located in the City area. Most high price condominium projects are located on Nim Man He Min, Chang Khlan and the Khan Klongchonlapratarn Road, not far from Chiang Mai old town. The starting prices of some new condominium projects scheduled to be launched in 2018 were higher than THB80,000 per sq m, so the average price in the second half of 2018 and in the future will probably be 5 - 10% higher.

Outlook

Chiang Mai’s economy has grown over the last several years and it is an educational centre for the northern part of Thailand. There are more than 10 universities and more than 100,000 students in the province, as well as a lot of people who moved to Chiang Mai for their employment. In addition, the government plans to develop a lot of infrastructure in the province and build links to other provinces, such as a high-speed train from Bangkok to Chiang Mai, a second airport, a motorway from Chiang Mai to Chiang Rai to support logistics and a new industrial area in Chiang Khong. Chiang Mai will probably become a main business city for ASEAN, especially for Myanmar, Laos, Thailand and China.

There were some condominium projects launched in 2017 – May 2018 and some are planned for launch in the second half of 2018 and next year, most of which are in the Outer City area. This is because developers seem to target the middle-income market in Chiang Mai, not just students or the low-end market in the university zone. The average price of condominium units launched during the first five months of 2018 is around 5% higher than last year. The increase in the minimum wage and logistics costs over the past few years also affected the market.

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