

Bangkok Condominium Market

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“Higher take-up rate was a direct reflection of increased confidence.”

Forecast at a glance



Demand

Higher confidence in 1Q 2017, so average take-up rate in previous quarter higher than past year.



Supply

Many new condominium units were completed in 2016 and 2017, due to a lot of condominium projects were launched in the past few years.



Newly Launched Units

Approximately 10,380 units new launched in the 1Q 2017, dramatically less than in 4Q 2016.

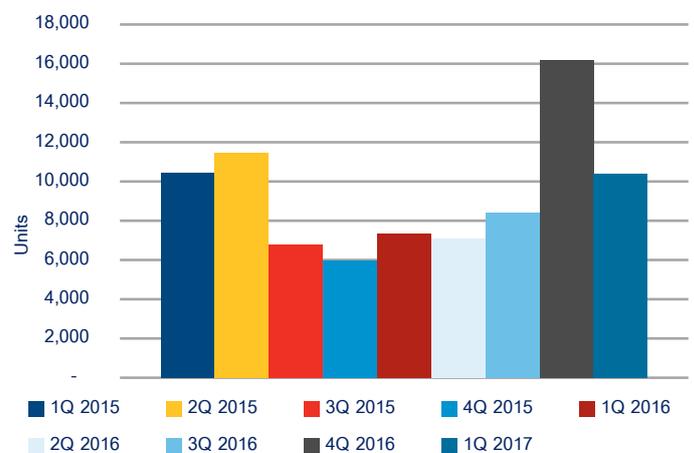


Price

The average selling price of condominium projects launched during the past few years increased by around 5 - 10% per year and will continue to increase in 2017.

Supply

Newly launched condominium units from 1Q 2015 - 1Q 2017 by quarter



Source: Colliers International Thailand Research

There were approximately 10,380 units newly launched in the first quarter of 2017, dramatically less than in 4Q 2016. This was due to some developers still not much confidence in the market and some were launched new projects in 4Q 2016 already, so new condominium units were launched in the last quarter of 2016 highest in the past many years.

Approximately 46% of new condominium were launched units in 1Q 2017 was located in Bangkok Suburban Area outside existing BTS and MRT lines, but still located along the under construction lines.

Developers are still not confident in the demand, so some of them are increasing the proportion of housing projects in 2017, as they can more easily generate revenue compared to condominium projects. But all developers are still keeping to launching new condominium projects in 2017 and will carefully monitor the market.

Some areas along new mass transit lines that are under construction have become the new hot locations which all developers try to launch new projects, especially the area that is still not far from Bangkok inner city area.

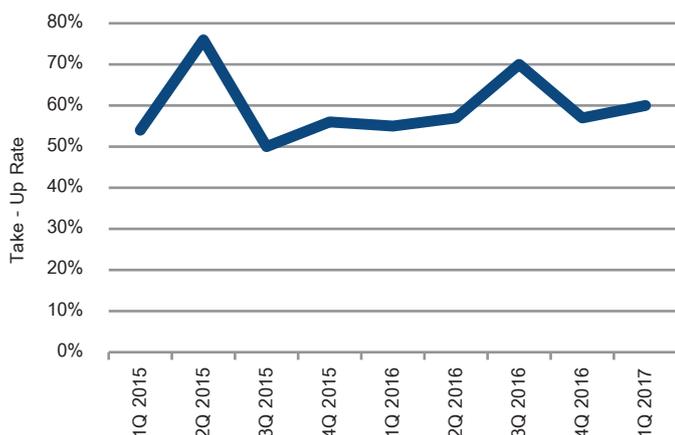
Total new condominium units launch in 2017 are not dramatically different from 2016 at approximately 40,000 units, but also depends on purchasing power in the rest of 2017 and economic situation.

The new mass transit lines are a positive factor for the condominium market, as many developers are looking for new locations for condominium development projects. Therefore, the area along the Blue and Orange lines will become new most interesting area for new condominium development in 2017 and next few years.

Demand

The New Residence Buyer's Confidence Index, compiled from a survey by the University of the Thai Chamber of Commerce, continued to increase from December 2016 (62.4) to only 68 in March 2017, the lowest in the past many months. This was due to Thailand's economic situation has shown the positive sign and some other negative factors in 2016 were not affected to 2017.

Average take-up rate of new condominium units launched by quarter



Source: Colliers International Thailand Research

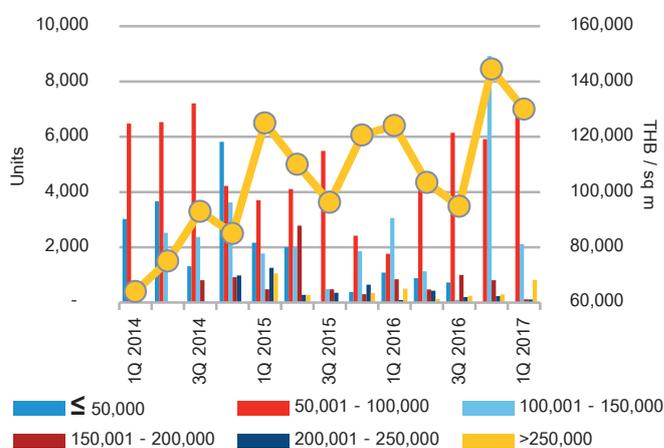
The average take-up rate of all condominium units launched in 1Q 2017 was approximately 60%, similar to the past few quarters, but lower than average take-up rate of newly launched units in 3Q 2016. Average take-up rate of new condominium units were launched in 1Q 2017 higher than the last quarter of 2016 that was reflection to high confidence of Thais in new-year.

Demand for residential units in 2017 has not dramatically increased from 2016, especially demand for newly launched condominium units. This was due to many available condominium units, which are still waiting for sale in the market. In addition to, many developers also try to release all available units as soon as possible. Therefore, many developers are discounting their selling price or offer special marketing campaign for all ready to move in units.

After the expiration date of government policy for property transferring rate and tax at the end of April 2016, the sentiment of Thais still continuing grow from previous grow, so many condominium projects launched in 3Q 2016 were got the high take-up rate.

Price

New condominium launched by quarter and price range



Source: Colliers International Thailand Research

New mass transit lines that are under construction and the limited available land plots in Bangkok prime area and the area around existing BTS and MRT stations are the main factor to raising land price in Bangkok. High land prices also directly affected to the selling price of new condominium units was launched in the past few years, so average selling price of newly launched condominium were higher in every quarters. But average selling price also depends on locations, developers and projects concepts.

New condominium projects in the areas close to BTS stations are already more expensive than THB250,000 psm and continue to increase every quarter. The average selling price of condominium projects launched during the past few years increased by around 5 - 10% per year and will continue to increase in 2017. The major factor directly affecting new condominiums in Bangkok is the many second-hand units that are still available in the market with lower prices, so new and second-hand units in the same location will compete for sales. Land prices also became a major factor affecting condominium prices.

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