

“A fewer number of new projects were launched, but newly transferred units showed a growing trend in 4Q 2015.”

MARKET INDICATORS 3Q – 4Q 2015

Newly completed supply ▲ Newly launched units ▼ Prices ▲ New take-up ▼

Summary

Only 5,960 units were launched in 4Q 2015.

- The number of newly launched units in 4Q 2015 was lower than that in 3Q by around 13%.
- The total of newly launched units in 2015 was approximately 34,670 units lower than in 2014, which accounts for around 30%.
- Most developers are still not confident on the purchasing power, so they have revised their plans for 2016.

Most developers are still more focused on the below THB100,000 per sq m market.

- Approximately 50% of the newly launched supply in 2015 is for sale at prices between THB50,001 – 100,000 per sq m.
- Approximately 28% of the total of new condominium units launched in 2015 are sold at prices lower than THB50,000 per sq m.

The demand in the condominium market in 2015 is still lower than developers' expectation.

- The average take-up rate of all new condominium units launched in 4Q 2015 was around 56%.
- Many condominium projects launched in 2015 did not achieve a high take-up rate.

Some developers postponed the launching of their new projects in 2015.

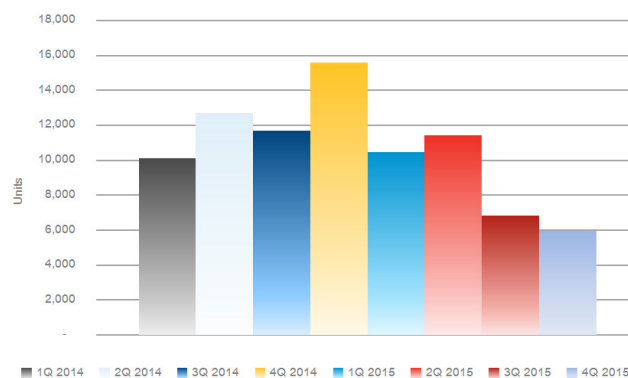
The luxury condominium market is still an interesting market for big developers.

- Many luxury condominium projects are scheduled to be launched in 2016, especially in the City Area.
- Most luxury projects are focusing more on foreign buyers, and many developers will sell in Hong Kong, Singapore, China and Malaysia.

The new extension mass transit lines are the main factors boosting the condominium market in Bangkok and in the suburbs.

- The land prices along the existing mass transit lines are extremely high and not suitable for the below mid-level market.
- Many developers are looking for land along the new extension lines.
- Some new locations are gaining the interest of developers.

Newly launched condominium units from 1Q 2014 – 4Q 2015 by quarter



Source: Colliers International Thailand Research

Only 5,960 units were launched in 4Q 2015, and the total of newly launched units in 2015 was approximately 34,670 units lower than that in 2014 by around 30%. The significant decrease in the number of newly launched units reflected the market slowdown, and most developers are still not confident of the market situation, so they postponed the launching of new projects in 2015. The government announced the tax and transfer rate deduction policy in 4Q 2015, and it will expire at the end of 1Q 2016 if the government will not extend. This policy aims to boost the transfer rate in the condominium and housing market in 4Q 2015, and it may be higher in 1Q 2016.

The number of new condominium units launched in 2016 may be similar to that in 2015, but this still depends on the economic situation. High-end and above level projects continue to grow in 2016,

and many condominium projects are scheduled to be launched in the area along Sukhumvit Road (Soi 21 - 55) with a starting price higher than THB200,000 per sq m. In addition, some developers are focusing more on the low-end market in the Bangkok suburbs and in other provinces around Bangkok.

The total existing supply for the whole of Bangkok is approximately 466,440 units.

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 57.5 in September to nearly 70 in December 2015, the highest in the past few months. The average take-up rate of new condominium units launched in 4Q 2015 was approximately 56%, showing a few percentage of increase from the prior quarter. The area along BTS / MRT lines has shown high take-up rate, especially the area along Phahonyothin and Ratchadapisek roads.

Demand in the condominium market still depends on confidence and is related to Thailand's economic overview. Therefore, demand for the condominium market in 2016 will be similar to that in 2015, especially in the first half of the year. It may be higher in the second half of 2016 if the economic situation gets better.

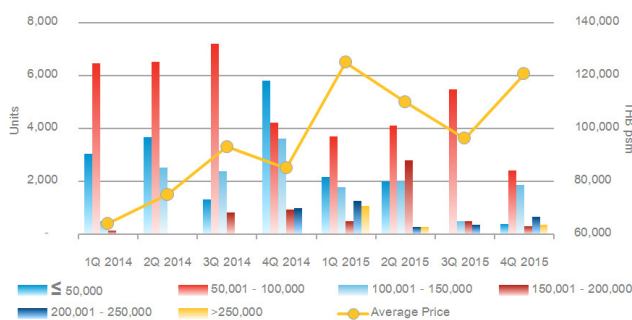
Most developers with condominium projects that are on sale at more than THB200,000 per sq m took their projects to Hong Kong, Singapore, China and Malaysia to attract more foreign buyers.

The developers are still concerned on the Thais' purchasing power in 2016. Nonetheless, the government forecasts that the GDP in 2016 may be better than that in 2015.

Many internal and external negative factors still affected Thailand's economic performance in 4Q 2015. High household debt, less spending by the government, poor export performance and the global economic slowdown continued to affect Thai confidence. Therefore, most Thais were spending less and did not want to buy any property that would create long-term debt.

New condominium units that were transferred during the last three months of 2015 showed a growing trend after the government announced a policy to aid the property market in 4Q 2015.

Price



Source: Colliers International Thailand Research

Note: For condominium units launched in that quarter only

The average price of new condominiums launched in 4Q 2015 was around THB120,600 per sq m, a significant increase of approximately 25% from the previous quarter, because there were many projects launched with prices of more than THB200,000 per sq m in 4Q 2015. Many developers are still focusing more on condominium projects that are sold at around THB50,000 - 150,000 per sq m, which are mainly suitable for Thai buyers.

The average selling price of new condominiums launched in 2014 - 2015 continued to increase. This was due to some developers that launched many new luxury projects with prices of more than THB200,000 per sq m and were less focused on the low-level market affected by household debt and with less purchasing power.

Many new extension lines are becoming the factors affecting the average price of condominium projects, especially new condominium projects that are expected to be launched in the future.

Forecast

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. Some projects are under construction and some new projects are expected to be open for bidding in 2016.

Many developers are still concerned on the demand and purchasing power in the condominium market, so some are focusing more on housing projects. Some developers might decrease their new condominium projects in 2016, but this still depends on the economic situation.

Luxury housing projects in areas close to the sky train and subway systems will be the new competitors for luxury condominium projects in the City Area. Although they are set at higher prices, the areas are more usable and those sold with land plots are highly attractive to buyers.

Second-hand and ready-to-move-in units are becoming more interesting than newly launched units in the market due to their lower prices compared to new projects.

Some interchanges of new mass transit lines will lead to some areas becoming interesting locations in 2016 after the construction has progressed considerably in 2015.

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\$2.3

billion in
annual revenue

1.7

billion square feet
under management

16,300

professionals
and staff

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