

New completed supply up, Newly launched units up, Prices up, New take-up up

MARKET INDICATORS 1Q-2Q 2015

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

Summary

Most projects from listed developers had a high take-up rate.

- The average take-up rate of all condominium units launched in 2Q 2015 was approximately 76%, higher than that in the past few quarters.
- Listed and well-known developers are the largest shared in the Bangkok condominium market.
- Most condominium projects by listed and well-known developers have had a high take-up rate.

Decreased confidence is still the major factor impacting the take-up rate in the mid- to low-level market.

- The average take-up rate of newly launched units in 2Q 2015 that are selling for less than THB100,000psm is lower than the above high level.
- The Thailand economic slowdown has directly affected the confidence of the mid to low level group.
- The total number of condominium units that are expected to be launched in 2015 may not be over 50,000.

The number of newly transferred condominium units continued to decline in the past few quarters.

- Many buyers cannot transfer their condominium units, because banks are not approving their mortgage loans.
- Developers are more focused on the non-transfer units in their backlog, because it directly impacts their financial performance.
- Many speculators also do not want to transfer their units, because they need to wait until the last minute before transferring or selling them back to the developer.

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Many condominium units were launched in the past few years and many are waiting to be absorbed in the market.

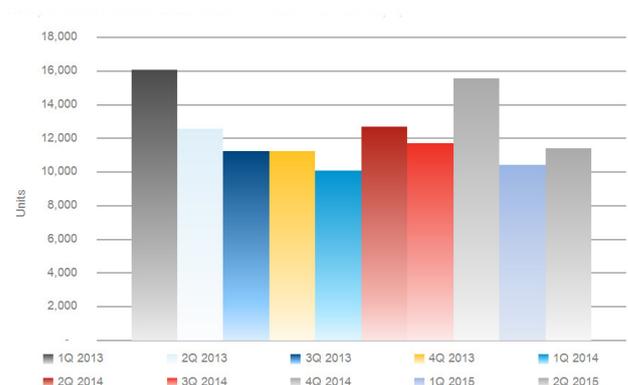
- The huge number of unsold units and units from speculators in the mid- to low-level market is the major factor forcing a freeze in the prices of mid- to low-level units.
- The increase in land prices in the past few years is the major factor in condominium prices.

Banks are tightening credit for developers and buyers.

- The market slowdown is affecting sales performance, and loans from banks cannot be secured.
- The bank rejection rate continuously increased to 30%, especially in the mid- to low-level group, which directly affected the transfer rate.

The condominium market will still continue to grow in the future, especially in the areas along the new mass transit lines.

Newly launched condominium units from 1Q2013-2Q 2015 by quarter



Source: Colliers International Thailand Research

More new condominium units were launched in 2Q 2015 than in the first quarter, by around 9.5%. Approximately 11,450 condominium units were launched in Bangkok in 2Q 2015, while nearly 8,750 units were launched in the area that connected to Bangkok along the new BTS extension lines, especially the area along the BTS Purple line, with nearly 5,000 units.

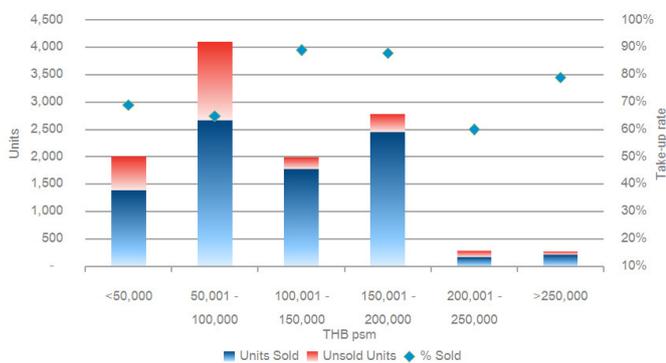
The Thailand property market still continued to drop in 2Q 2015, and most developers are concerned with the purchasing power of Thais. Despite this, many developers still launched their new projects in 2Q 2015, but they are more focused on the areas close to existing and under construction mass transit lines. In addition, most developers will set up property shows or exhibitions to sell their unsold units and offer their new projects at special prices.

More than 84,000 condominium units are scheduled to be completed in 2H 2015. That is highest in the past many years and may impact the market, if some cannot be transferred or buyers do not want to transfer their units.

Demand

The New Residence Buyer's Confidence Index, compiled from a survey by the University of the Thai Chamber of Commerce, continued to decrease from January to only 63.9 in June 2015, the lowest in the past year. This was due to Thailand's economic situation still not recovering and many negative factors that affected Thai confidence, so most Thais were spending less and do not want to buy any property that are become the long-term debt.

Average take-up rate of new condominium units launched in 2Q 2015 by price range.



Source: Colliers International Thailand Research

Note: The average take-up rate of all condominium units that were newly launched in 2Q 2015 only.

The average take-up rate of all condominium units launched in 2Q 2015 was approximately 76% higher than the prior quarter around 40%. This was because most condominium units from listed and well-known developers launched in 2Q 2015 had a high take-up rate. The condominium units that are selling at THB100,001 - 200,000 psm had the highest take-up rate at around 90%, the highest in the second quarter. Only around 65 - 69% of condominium units are selling at less than THB100,001 psm. The condominium units that are selling for more than THB250,000 psm also had a high take-up rate at 80%.

Many listed developers held property exhibitions for their new projects in other countries in Asia, especially China, Hong Kong and Singapore, because they need to increase the proportion of foreign buyers to replace Thai buyers.

Many internal and external negative factors still impacted Thailand's economic performance in 2H2015. Household debt, less spending by the government, export performance and the global economic slowdown continue to affect Thai confidence and control their spending in 2H2015.

Price

The average price of new condominiums launched in 2Q 2015 was around THB110,000psm, a decrease of approximately 12% from the past quarter, because there are many more new high-end projects than in the first quarter. The average price of condominiums in Bangkok has increased every quarter by around 3 - 5% depending on location and project position.

Most condominium units launched in 2Q 2015 are selling at between THB50,000 and 100,000 psm, while only 5% or approximately 550 units are selling at more than THB200,000 psm. Many luxury condominium projects selling at more than THB200,000psm had a high take-up rate in 1Q 2015, but developers are still not confident in the demand, so only three projects were launched in 2Q 2015.

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 2015.

After the first half of this year passed and demand in the condominium market still remained slow, developers are revising their plans and focusing more on housing projects as well as postponing the launch of some new projects. The number of newly launched condominium units in Bangkok in 2015 may be less than 50,000.

New condominium transfer units during the past three or four quarters has shown a declining trend, due to the economic slowdown and banks' stricter consideration of mortgage loan applications. In addition, many speculators do not want to transfer their units after cannot sell before transferring deadline, and this may impact the developers in the future.

Second-hand and ready to move in units are becoming more interesting than newly launched units in the market, due to the lower prices. Interested buyers can check the units and facilities before purchase.

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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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