

“Developers are still concerned with the demand, so they postponed or reduced the launching of new projects.”

MARKET INDICATORS 2Q-3Q 2015

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

Summary

Only 6,800 units were launched in 3Q 2015.

- The number of newly launched units in 3Q 2015 was lower than that in 2Q by around 40%.
- Most developers are still not confident on the purchasing power, so they have revised their plans for 2015.
- Listed and well-known developers took the largest share of the Bangkok condominium market.
- Approximately 38% of the newly launched supply in 3Q was located in areas along mass transit lines that are under construction.

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

- Approximately 80% of the newly launched supply in 3Q 2015 is for sale at prices between THB50,001 – 100,000 per sqm.
- Only one luxury project was launched in 3Q 2015.
- Most unsold condominium units that are waiting for absorption in the market are also in this price range group.

Most developers are more focused on units that are waiting to be transferred.

- Many buyers cannot transfer their condominium units because banks are not approving their mortgage loans.
- The bank rejection rate continuously increased to 30%, especially in the mid- to low-level group, which directly affected the transfer rate.
- Many developers also launched new marketing campaigns to attract buyers, especially free transfer and mortgage fees for all ready-to-transfer units.

The average take-up rate of all newly launched condominium units in 3Q 2015 was dramatically lower than in the previous quarter.

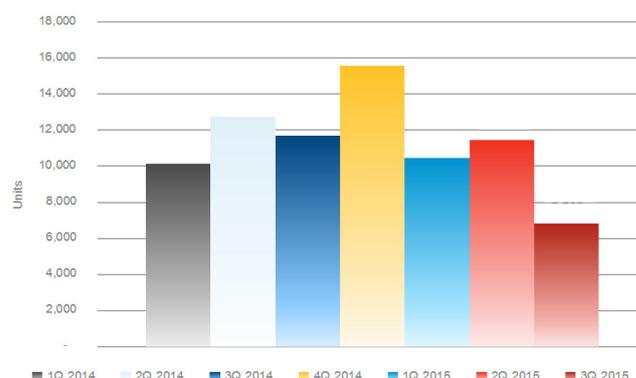
- Only 50% of the new condominium units launched in 3Q 2015 were already reserved.

- The average take-up rate of newly launched units in 3Q 2015 was around 34% lower than in the previous quarter.

- The market slowdown is affecting sales performance, and loans from banks cannot be secured.

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

Newly launched condominium units from 1Q 2014 – 3Q 2015 by quarter



Source: Colliers International Thailand Research

Only 6,810 units were launched in 3Q 2015. This number is 40% lower than the newly launched units in 2Q 2015. The significant decrease in the number of newly launched units was ascribed to the market slowdown, and most developers are still not confident to of the market situation, so they postponed the launching of new projects to 4Q 2015 or next year. In addition, many developers are still concerned on the transfer rate of completed units scheduled to be completed in 2015 because the number of transferred condominium units in January – July 2015 is lower than in the same period of 2014. This was due to the economic slowdown and stricter commercial banks, which led speculators to refuse to transfer their units.

Around 41% of the total newly launched units in 3Q 2015 are located in suburban Bangkok or in areas outside the coverage of the existing mass transit area More than 2,600 units are located

in areas along the mass transit lines that are under construction, such as Krungthep-Nonthaburi, Pracharat Sai 2 and Phahonyothin Roads.

The Thailand property market continued to drop in 3Q 2015, and most developers are now concerned with the purchasing power of Thais. Despite this, many developers still launched their new projects in 3Q 2015, but they focused more on areas close to existing and under-construction mass transit lines. In addition, many developers are still planning to launch new projects in the last quarter of 2015.

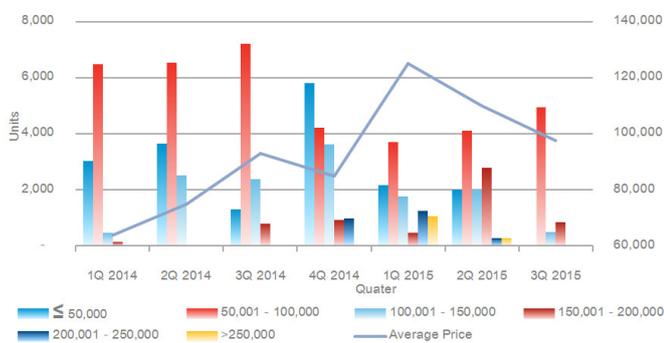
Demand

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 60 in August 2015, the lowest in the past year. This was because Thailand's economic situation has still not recovered and many negative factors are still affecting Thai confidence. Therefore, most Thais were spending less and did not want to buy any property that would create long-term debt. The average take-up rate of new condominium units launched in 3Q 2015 was approximately 50%, a dramatic decrease from that in 2Q 2015.

The average take-up rate of all condominium units in Bangkok is around 78%, and approximately 30,000 units are still waiting for absorption in the market. Around 48% or most available units are for sale at prices ranging from THB50,001 - 100,000 per sqm. This is because many projects launched in the past few years are sold under this price range group. The condominium projects that are for sale at more than THB200,000 per sqm had the lowest take-up rate compared to other price range groups with around 70%. This is because most buyers in Bangkok cannot afford them. Therefore, most developers that developed condominium projects with prices higher than THB200,000 per sqm are conducting road shows in other countries, especially Singapore, Hong Kong and China, because they need to increase the proportion of foreign buyers to replace Thai buyers.

Many internal and external negative factors will still affect Thailand's economic performance in 4Q 2015. High household debt, less spending by the government, poor export performance and the global economic slowdown will continue to affect Thai confidence.

Price



Source: Colliers International Thailand Research
 Note: For condominium units launched in that quarter only

The average price of new condominiums launched in 3Q 2015 was around THB97,500 per sqm, a decrease of approximately 11% from the previous quarter, because there were less luxury projects launched in 3Q 2015. However, the average price of completed or under - construction condominiums in Bangkok has increased every quarter by around 5%, depending on location, project position and construction progress.

Most condominium units or around 81% of total units launched in 3Q 2015 are selling at prices between THB50,000 to 100,000 per sqm, while only 5% or approximately 350 units are selling at more than THB200,000 per sqm. Although many luxury condominium projects which are on sale at more than THB200,000 per sqm were launched in the past 3 - 4 quarters and got high take-up rates, most developers are still not confident on the demand for luxury projects. Thus, only one luxury project was launched in 3Q 2015.

Developers are trying to push the government to announce some policies to boost the property market, especially a reduction in transfer and mortgage fees to 0.01% for 6 - 12 months. However, there was no action from the government in 3Q 2015. Although the government has not announced any policy to aid the real estate market in 3Q 2015, many developers launched their own marketing promotions to attract buyers, such as excluding the transfer and mortgage fees for all ready-to-transfer units.

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 past nine months 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. Although many developers are still planning to launch new projects in 4Q 2015, the number of newly launched condominium units in Bangkok in 2015 may be less than 50,000.

New condominium units that were transferred during the past seven months have created 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 if they cannot be sold before the transfer deadline, and this may impact 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 their lower prices compared to new projects.

If the government announces a policy to aid the property market in 4Q 2015, it will boost demand in the condominium and housing markets as well as help all developers that have completed units in their stock or that are scheduled to be completed in the next few months.



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MARKET CONTACT:

Surachet Kongcheep
Associate Director | Research | Thailand
+662 656 7000
surachet.kongcheep@colliers.com

Colliers International Thailand
Ploenchit Center Sukhumvit Rd/17
Klongtoey, Bangkok 10110, Thailand
+662 656 7000



\$2.3

billion in
annual revenue

1.7

billion square feet
under management

16,300

professionals
and staff

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