

# Research & Forecast Report

## Thailand | Cha Am, HuaHin and Pranburi Condominium Market 2H 2014



Accelerating success.

*“Most of the demand from Bangkokians slightly dropped in 2H 2014 as the economy turned sluggish. However, the demand seemed to have been pushed up at the end of 1Q 2015, thanks to heavy marketing and promotional campaigns by big-name developers. More foreigners are adding units for sale in the market as Baht currency has become stronger compared with the Euro.”*

### MARKET INDICATORS 3Q / 4Q 2014

New completed units ↑

Launched units ↑

Price ↔

Take-up rate ↔

### Summary

**New condominium units that are scheduled to be launched in 2015 may be similar to those in 2014.**

- Some listed developers are scheduled to launch new projects in Cha Am in 2015.

- Numerous unsold units in these areas are seen to be the main concern for developers.

**Average take-up rate for the condominium market in Cha Am, HuaHin and Pranburi Areas in 2015 will be similar to that in 2014.**

- Thailand's economic situation has still not recovered, especially export performance, which affects the whole economic picture.

- The main buyers in these areas are Thais who are looking to buy condominium units for their second home, so they may take more time to compare other projects in the area.

**Mid- to low-level brackets are the main targets in the condominium market.**

- Most new condominium projects that were launched in the past few years focused on this group.

- Condominium units with average price lower than THB4 million are more attractive than those with higher price.

- Housing projects in the area are the main competitors for higher-priced condominium units.

**The area outside Hua Hin Coast Area is becoming the new location for condominium development.**

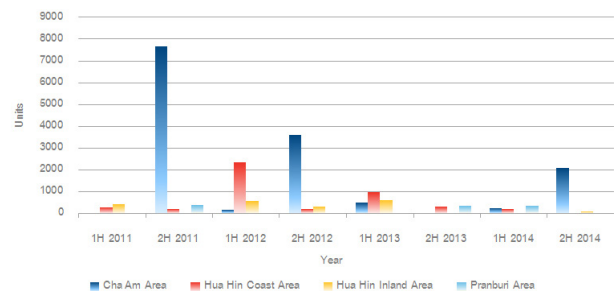
- Most areas in HuaHin Coast Area are already being developed into hotels, condominiums and other projects.

- Land price in the area is also higher than those in other locations that are not suitable for below high-level condominium projects.

- Many new condominium projects launched in the past few years are in Cha Am Area.

### Supply

**New Condominium Units Launched by Location as of 2H 2014**



Source: Colliers International Thailand Research

Only four new condominium projects were launched in the second half of 2014, for a total of 2,159 units. This figure is remarkably higher compared to that in 1H 2014 due to one large-scale project with approximately 1,500 units in Cha Am Area.

Numerous condominium projects were launched in 2011–2012, but the number gradually decreased in 2013–2014 because most developers postponed the launching of new projects after many unsold units were still waiting to be absorbed in the market. Most new projects launched in the second half of 2014 were on sale at the below middle-level condominium market, with average prices lower than THB60,000 per sq m. Many below middle-level condominium projects are also planned to be launched in 2015.

Cha Am Area is still the best location for condominium development due to lower land price and some supporting facilities, such as community malls, restaurants and new tourist attractions. Therefore, many developers are focusing on Cha Am Area these past few years.

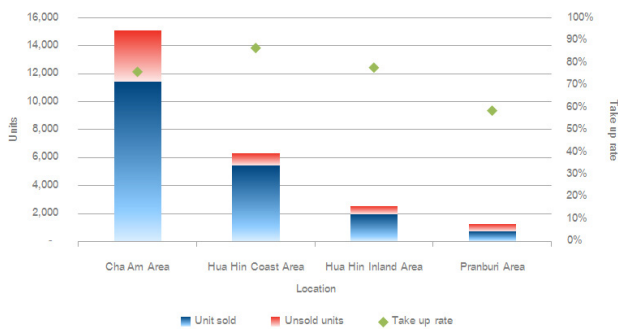
The residential areas in Cha Am and Hua Hin have expanded further to the southern part of Hua Hin and to the west of Phetkasem Road during the past few years. Some small roads that are planned for expansion are becoming the new hot locations for property development, such



as Hua Hin soi 112 and Hin Lek Fai Sub-District, as the Department of Public Works and Town & Country Planning is planning to expand the old town to cover Hin Lek Fai Sub-District.

## Demand

### Average Take-Up Rate as of 2H 2014



Source: Colliers International Thailand Research

Numerous condominium projects were launched in the past 3-4 years in Cha Am Area. Many projects were launched with more than 1,000 units, so more than 3,600 units are still waiting to be absorbed in the area. Although the average take-up rate in Cha Am Area was approximately 76%, more than 14,000 units were launched during the past few years. Most of the area along the beach in HuaHin Coast Area has been developed into hotels and other projects, so the limited availability of land in the area is pushing up the land price to be higher than that in other locations. Thus, most condominium projects launched in the past 1-3 years are located far from the beach, but close to the main road.

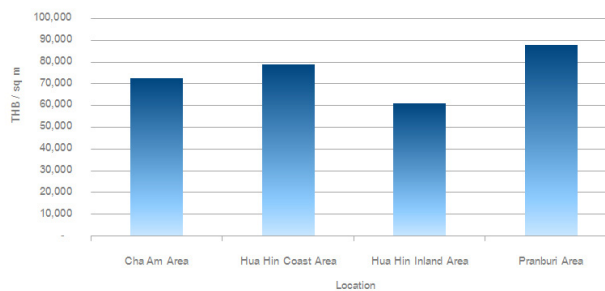
The average take-up rate in Cha Am, HuaHin and Pranburi Areas as of 2H 2014 is approximately 78%, which is still higher than the average rate in 1H 2014, although nearly 2,160 units were launched in 2H 2014. The property market in other resort destinations is facing problems related to decreasing demand. Meanwhile, demand in Cha Am, HuaHin and Pranburi is still slightly increasing.

Most developers in Cha Am, HuaHin and Pranburi Areas are trying to boost sales performance by launching many marketing campaigns, activities and promotions, as well as sale booths outside the area, especially in Bangkok.

Thai buyers are the main target group in the Cha Am, HuaHin and Pranburi property markets, especially the condominium market. Many Thais are looking to buy condominium units for their weekend homes or second homes in coastal cities.

## Prices

### Average Price as of 2H 2014



Source: Colliers International Thailand Research

The average selling price of newly launched units in the second half of 2014 was approximately THB50,000 per sq m, significantly lower than the average price of new condominium units launched in the first half of 2014. Most new condominium projects launched in the second half of 2014 are targeted to the mid- to low-level market, although most unsold units are also in this group level.

The increasing land price in HuaHin Coast Area is the main factor that affects the launching of new projects in other areas, especially Cha Am and Hua Hin Inland Areas, because most developers still need to keep the average prices of their condominium units to lower than THB4 million per unit.

## Forecast

All property markets in Thailand have been affected by the political situation and decreasing demand in the past year, but Cha Am, Hua Hin and Pranburi still continued to grow slightly during the crisis.

Most new condominium projects from listed and well-known developers that are expected to be launched in 2015 are also targeted to the below high-level bracket group.

Thai buyers have been the main target group, especially for the condominium market, in the past one to two years, with most developments focused on coastal areas. Most Thai Buyers are more interested in condominium projects selling for less than THB4 million because they are buying a second home and a condominium unit is the best choice.

Some Asian buyers are seeking to buy condominium units in Cha Am, Hua Hin and Pranburi market, especially the Chinese. In addition, some Chinese developers have attracted many Chinese buyers to Cha Am and Hua Hin Areas.

## Authors:

Surachet Kongcheep  
Associate Director | Research | Thailand  
surachet.kongcheep@colliers.com

Narin Phumviwattanasirikul  
Deputy Managing Director | Head of Agency | Thailand  
narin.phumviwattanasirikul@colliers.com

Colliers International (Thailand) 17/F Ploenchit Center Sukhumvit Rd.,  
Klongtoey, Bangkok 10110, Thailand TEL +662 656 7000



Accelerating success.