

*“New demand from Russian is shorten in 2H 2014 due to falling Russia Ruble. However, Chinese tourist still expansion. Unit transfer period and numbers of unsold units are main concerning for year 2015.”*

### MARKET INDICATORS 1H -2H 2014

Newly completed units ▲    Newly launched units ▲    Prices ↔    Take-up rate ▲

## Summary

More than 19,300 units are still available for sale in the Pattaya City market.

- Approximately 10,000 units were sold per year in the Pattaya City condominium market.
- It took more than one year to absorb all unsold units in the Pattaya market.
- There may be more than 22,000 available units if all units of investors and speculators are included.

### Construction progress is slowing down.

- The market slowdown was directly affected by the financial performance of developers.
- Many developers have postponed or delayed their completion dates.

### New condominium prices may not significantly increase in 2015.

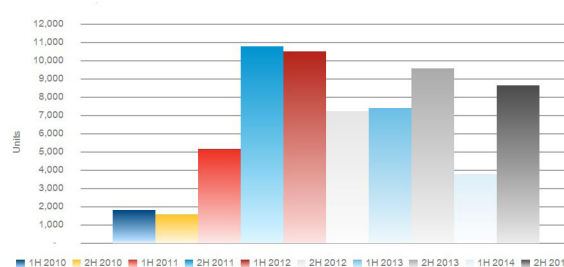
- Many unsold and second-hand condominium units are affecting the price of new condominium units that are new launched in 2015, except for luxury condominium projects.

### Demand in the Pattaya City condominium market may not recover in 2015.

- The Russian ruble decreased in value in 2014 and may not recover in 2015; this will directly affect the Pattaya City condominium and tourism markets.
- Most Thai buyers are also concerned with the over-supply situation, so have postponed making a decision to buy new condominium units in 2015.

## Supply

### Units Launched by Half Year and Location as of 2H 2014



Source: Colliers International Thailand Research

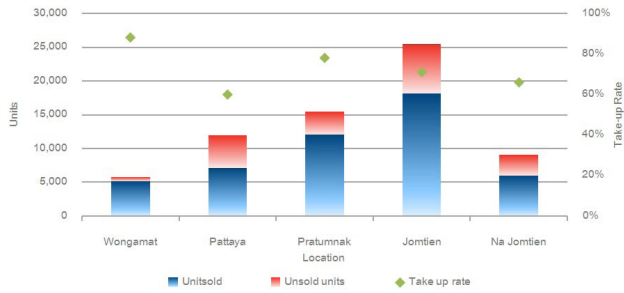
Approximately 16,916 units per year were launched during 2011 -2013 and more than 12,460 units in 2014, while only around 10,000 -14,000 units were sold each year. In addition, the political situation, economic slowdown and the weak ruble in 2014 are directly affecting the Pattaya City condominium market, so it is facing an over-supply situation.

Political issues in 4Q 2013 and the first few months of 2014 were a major concern for developers, and only around 3,800 units were launched in 1H 2014. After the new government was formed in August, Thai confidence was restored in 3Q and 4Q 2014. Thus, developers launched more new projects in 2H 2014 with a total of nearly 8,670 units, although the Pattaya City condominium market in 2014 showed signs of over-supply.

Some new Chinese developers are scheduled to launch new condominium projects in Pattaya City in 2015, especially in Jomtien and Na Jomtien, as well as some Thai developers from Bangkok who announced the launch of new projects in 2015. The Pattaya City condominium market is still not recovering and is directly impacted by the over-supply problems.

## Demand

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



Source: Colliers International Thailand Research

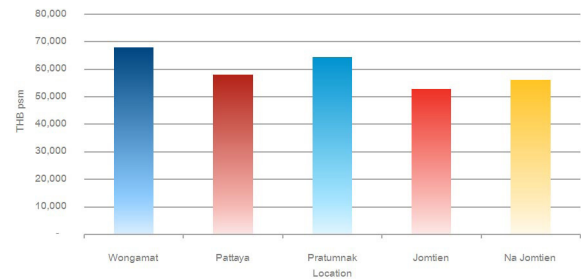
The average take-up rate of the Pattaya City condominium market as of the end of 2014 was approximately 72%. More than 19,300 unsold units are still waiting to be absorbed in Pattaya City and probably as many as 22,000 units if all units of speculators and investors are included. Jomtien has been the best location for condominium development during the past two to three years, due to the many available plots of land, which are lower in price than in other locations and in new areas after the opening of Jomtien Sai 2 Road. There were more than 7,360 unsold units in the Jomtien area or approximately 38% of all total unsold units. This is the highest in the Pattaya City market, due to the many condominium units that were launched in the area in the past two to three years; some projects have more than 2,000 units.

Thailand's economy is still not recovering and there was a decrease in foreign tourists arriving in Thailand in 2013 - 2014, especially Russians. In addition, the Russian ruble weakened in 2H 2014, which also directly affected the condominium market, as Russians are the main foreign buyers in Pattaya City. Many developers are revising their payment plans for Russian buyers.

More than 11,000 units with a selling price under THB60,000 psm are still available in the market, so developers will postpone launching mid- to low-level projects and focus more on the high-level to luxury market.

Russians are affected by their country's economic slowdown and this directly affects the Pattaya City condominium market. Chinese and some other Asian tourists are also becoming buyers in the market.

## Average Price as of 2H 2014



Source: Colliers International Thailand Research

Wongamat has the highest prices in the Pattaya City market, as many luxury and high-level condominium projects were launched in the area. Many low-level projects were added to the market in the Jomtien area in the past few years, so the average price in Jomtien was the lowest.

A lot of unsold units and second-hand units still available and ready to sell in the market are the major concern for developers. Therefore, some of them have postponed increasing their condominium prices, especially in below the middle-level market. The high level up may be increased by around 5% from 2014, depending on the market situation in 2015.

Many high-level condominium projects were also launched in the Pratumnak area in the past one to three years, which pushed up the average price in the Pratumnak area more than in the past few quarters.

### Forecast

Chinese developers are becoming the new group in the Pattaya City condominium market, after the flood of Chinese tourists that came to Pattaya City in the past few years.

Pattaya's condominium market was directly affected by the political unrest in the last quarter of 2013 and for the first few months in 2014. In addition, the Russian ruble problem also directly impacted the condominium market in Pattaya City and that may continue in 2015.

Some water park projects are under construction and expected to be completed in 2014 - 2016. When all of the projects have been completed, many Thai and foreign tourists will be attracted and the property market in Pattaya city should grow further in popularity.

Some developers may be more focused on specific clients or only some target groups, such as Chinese and Scandinavian tourists, replacing Russians.

Listed developers are postponing the launches of their new projects in Pattaya City and shifting to areas around industrial estates, and are directly targeting the workers there.

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