

Bangkok Condominium Market

“The total number of newly launched condominium units in Bangkok in 2018 was around 66,021 units which was the highest on record for the Bangkok condominium market.”

Forecast at a glance



Demand

In 4Q 2018, the average take-up rate of newly launched condominium units in Bangkok was approximately 56%, while more than 45,000 units are waiting to be absorbed by the market



Supply

Approximately 591,744 condominium units are completed and registered in Bangkok.



Newly Launched Units

In 4Q 2018, nearly 20,881 units were launched, which marks the highest influx of units during the past few years.

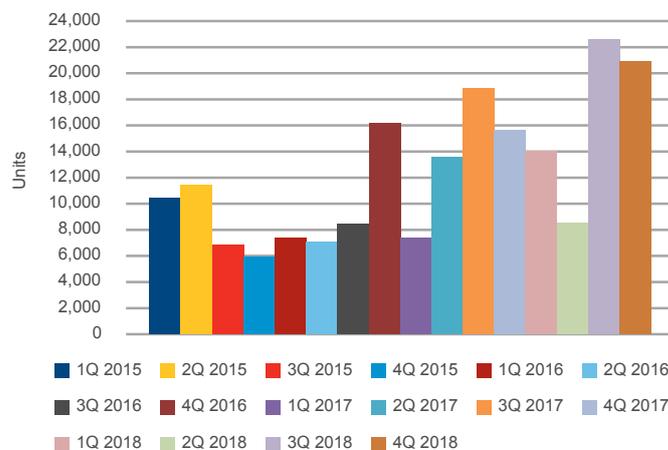


Price

The average selling price of condominium units launched in 2018 was increased from the previous year at approximately 8.2%

Supply

Newly launched condominium units from 1Q 2015 - 4Q 2018 by quarter



Source: Colliers International Thailand Research

Nearly 20,881 units were launched in 4Q 2018. That number is dramatically less than 7.5% of newly launched units in 3Q 2018. The Total number of condominiums launched in 2018 was 66,021 units which is 12.4% more than newly launched units in 2017.

Listed developers continue to be the principal players in Bangkok’s condominium market. In fact, 72% of all condominium units launched in 4Q 2018 were developed by listed developers. Roughly 58% of all condominium units launched were located along the BTS line especially along the Sukhumvit Road.

Approximately 20% of new condominium units launched in Q4 2018 in Bangkok were located in the City Area, The Suburban Bangkok Area showed the highest numbers with approximately 12,856 units or 62% of the total, followed by the City area with around 20%. Most condominium projects launched in the Suburban Bangkok Area are mostly located on existing or under-construction extension sky train and subway lines.

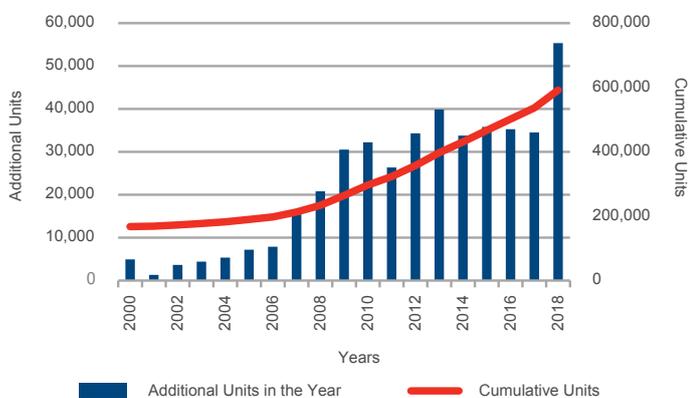
Although Thailand’s overall economic situation in 1Q – 4Q 2018 showed positive trends, the demand in the condominium market hardly increased. Unsold units exceed 45,000 in number and have become the chief concern of all developers. Since all developers need to show gains every quarter, they cannot postpone project launches and have attempted to sell unsold units first. All developers have sought to differentiate the project designs and project concepts of their units, for example, outstanding rooftop facilities or large-scale project facilities, in order to attract buyers. Moreover, they have tried to sell to foreign buyers and investors before selling to Thai buyers. Lastly, many condominium projects launched in the past few months have sold at above-average prices for their locations.

Bangkok’s condominium market has continued to grow in 2018 and will continue to do so in the future, given the many new mass transit lines and pipelines under construction. Although Thai’s demand remains limited and foreign buyer seeks for investment only, all developers should practise caution when selling to foreign buyers.

Expected Condominium market in 2019 in terms of supply is expected to increase more than 45,000 - 50,000 units in city area and outer city area. New supply in 2019 is expected to be less than the new supply in 2018 around 24%. It depends on the government’s policy that is beneficial to the Real Estate business. In 2019, there will be a joint venture between Thai developers and international developers more than in 2017. Especially China, Japan, Hong Kong and Singapore, Because Property market in Thailand still has demand from foreign investors although there is a tendency to decrease since the end of last year.

Supply

Historical supply, 4Q 2018



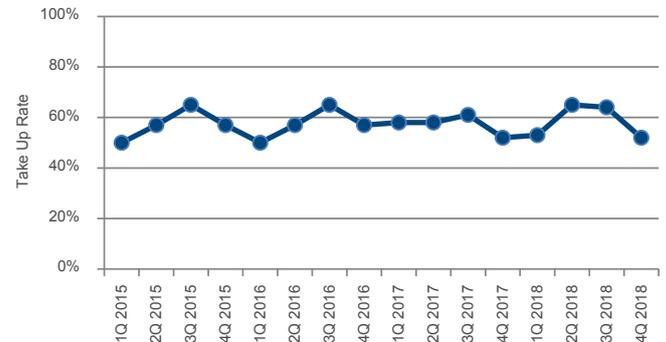
Source: Source: Department of Land, Colliers International Thailand Research

Around 16,059 new condominium units were completed and registered at the Department of Land in the last quarter of 2018 and approximately 55,325 units were completed and registered in 2018 the highest on record for the Thailand condominium market. The total existing supply for the whole of Bangkok is approximately 591,744 units. More than 50,000 units are scheduled to be completed in 2018.

Demand

The New Residence Buyers’ Confidence Index, compiled from a survey by the University of the Thai Chamber of Commerce, shows an increase of 66.2% from January to December 2017 which is the lowest in the past few years. The increase reflects lukewarm confidence in Thai’s long-term economic situation. Although the Thai economy has shown positive signs of growth in 2017, such growth has not affected the average Thai citizens, and confidence in the domestic economy remains low as a result.

Average take-up rate of newly launched condominium units in bangkok by quarter.



Source: Colliers International Thailand Research

The average take-up rate of all condominium units that are launched from 2015 until 4Q 2018 was approximately 80%. New condominium units were launched in 4Q 2018 also sold out by around 52% of total 20,881 units and some projects from listed developers in the good locations were almost 100% sold out within only few days after the official launched. But many condominium projects which are launched in the previous quarter also cannot achieved to 50% sold. This was due to not only economic situation and purchasing power, but some projects were located in the area not attractive or selling price which is higher than average selling price in the area.

The average take-up rate of condominium units with the prices less than THB 200,000 per sq m was approximately 57%, and the rate of condominium units selling more than THB 200,000 per sq m was similar (53%). However, condominium units that sold for less than THB 200,000 per sq. m remain dramatically high in number.

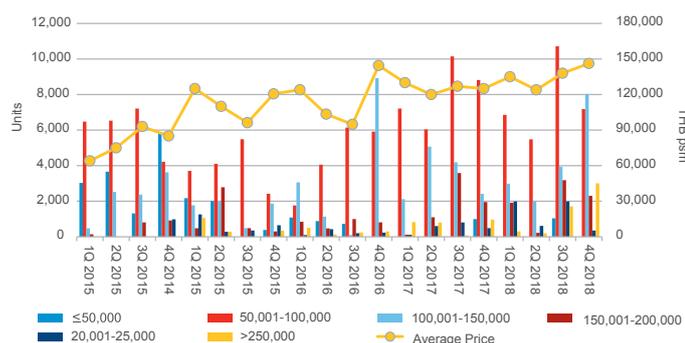
The number of condominium projects selling for more than THB 200,000 per sq m in 1Q – 4Q 2018 exceeds that of 1Q – 4Q 2017. Some projects have been launched in Bangkok's central business district, whereas others have been re-launched after having been launched in the past years.

Since most condominium projects launched in 4Q 2018 are selling for higher than THB 100,000 per sq m, the average selling price of condominium units launched in 4Q 2018 was increased from 3Q 2018 at approximately 6% and increased by 8.2% over the previous year

Condominium prices in the city area in 2019 is expected to increase at least 8-10%, while the Outer City Area market, The price will increase by 5-8%, resulting in the average price increase of at least 8-10%

Price

New condominium launched by quarter and price range



Source: Colliers International Thailand Research

During the past 1–2 years, the average selling price of new condominium units has continued to increase at approximately 10 – 15% annually and has been even higher in some locations. Many developers have focused on constructing units with selling prices of THB 50,001–100,000 per sq m, especially in 2018, for roughly 52% of units launched in 4Q 2018 are located in areas along mass transit lines currently under construction, whose land prices remain less than those in the inner city.

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