



## Condominium quality beginning to improve

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Recently completed condominiums have started to improve considerably with some now equipped with offerings considered limited in the past. Though the number of projects remain lacking, standard features such as fitness gym, swimming pool, 24-hour security, and 100%-back up power are becoming more apparent. Given such, Colliers sees keeping high standard property management as a necessary practice going forward and advises developers to plan ahead.

### Forecast at a glance



#### Demand

Given the high rental potential, demand for mid-end projects will likely become popular, being offered at competitive prices and at more flexible payment terms.



#### Supply

The total stock reached close to 6,000 units as at the end of Q2 2017. About 3,000 more units are slated for completion in the remainder of the year.



#### Take-up Rate

The cumulative sales take-up witnessed a slight uptick on a quarterly basis, perhaps driven by the lack of project launches. The rate is expected to remain generally stable in the next six months.



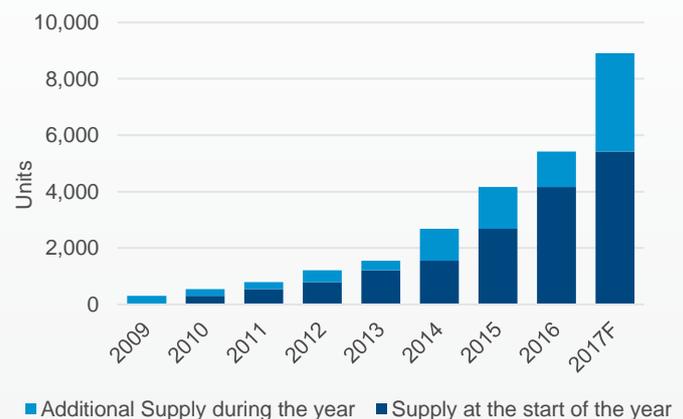
#### Selling Prices

The average selling price corrected further downwards. The trend is likely to continue with many buyers veering away from high-end and luxury developments.

## Developments shift towards the outer city zone

Sales launches declined substantially as a result of the continuing lacklustre market performance. During the first half of 2017, only 760 units were launched, down by almost three times compared to the same period in 2016. Nonetheless, launches over the past years were geared mostly towards the outer city zone amid the vast availability of land at relatively reasonable price. This has been at least evident with the increasing presence of large scale developments such as Star City, Diamond Inya Palace, The Gems Garden Condominium and Swae Daw City. The trend appears to continue with all of the recently launched projects being located in the same city zone. These include The Spring Line Residences (Shwe Oak Khai Construction) in Insein Township; Royal Maung Bamar Residence (Nay Ga Bar Myanmar) in Hlaing Township; Grand Wireless Condominium, as well as May Inya Condominium (Ocean Emerald Pearl Group), and Min Residences (Oxley Holdings Limited) in Mayangone Township. Colliers estimates that by the end of 2020, the Outer City Zone will represent more than half of the total market stock.

### Yangon Condominium Supply Stock



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Meanwhile, Yangon's total completed stock continues to rise which ended at more than 6,200 units as of Q2 2017. The number grew significantly by more than 50% YoY since 2014 or with an annual addition of 1,300 units. Of those completed during H1 2017, majority were in the Outer City area.

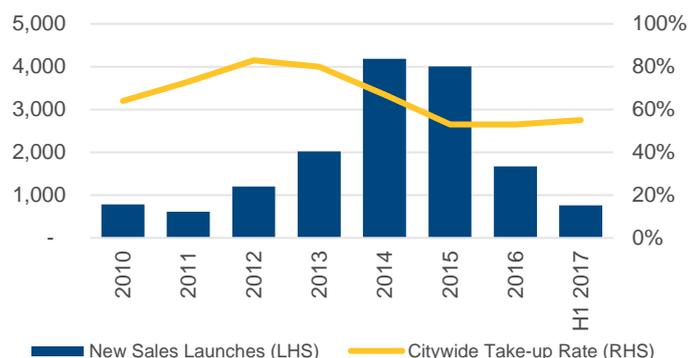
## Building upgrades require high standard property management

Besides the substantial rise in new developments, the building quality is also generally improving. Features such as swimming pool, fitness gym, 100 percent back up power and 24-hour security are now common installations which were widely unavailable in the past. Others have also integrated “nice-to-have” amenities namely indoor and outdoor pocket gardens, sky lounges, mini-theatres, play grounds, and barbecue pits. These offerings are seen in some projects such as Twin Centro, Crystal Residences, River View Point Yangon, Gems Garden Condominium, Hill Top Vista, Royal Sin Min Condominium, and Golden City to name a few. Given the building upgrades and amid the lowering levels of rental rates, some of these condominiums have in fact started attracting tenants especially expatriates veering away from lower tier apartments. Future developments also seem promising with additional features resembling that of a typical ASEAN city. While the trend of improving building quality is expected to be more pronounced in the long term, Colliers however sees high quality property management, being an uncommon market practice, to be problematic with many developers failing to meet proper standards. We then advise developers to think ahead even prior to the building turnover. The development design and structure, technology requirements, management structure, and routine operations are some of the major considerations. Given the limited number of service providers and the lack of skilled and capable local manpower, Colliers also recommend developers to take particular focus in to appointing experienced consultants who then can eventually provide proper staff trainings and seminars.

## New strategies prompted to stir up sales

Enhanced and well maintained condominium buildings are intrinsic marketing tools in portfolio building. Given current market uncertainties, buyers’ confidence are likely to shift towards proven quality and trusted projects. Repeat sales are probable towards reputable developers and should eventually facilitate project expansions going forward.

### Yangon Cummulative Pre-sales Take-up Rate



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In the meantime, the overall sales remains generally weak. The cumulative take-up rate witnessed a marginal uptick, perhaps owing to the lack of new launches. Developers remain quite pensive with regard to introducing new projects given the idle sales performance.

Following a substantial 15% decline in selling price in Q4 2016, the rate has increased albeit at a modest level in Q2 2017. Given the drastic changes in sales prices from Q4 2016 to Q1 2017 the four market segments have started to correct their prices. Upper mid-end and luxury dropped their prices slightly by three percent and six percent respectively; whereas mid-end and high-end increased their prices by eight percent and three percent. Proper project management would allow developers to market their already existing buildings as possible outcome of their upcoming developments in order to boost sales performance. Apart from this Colliers advises developers to introduce better payment options and more competitive pricing.

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