



## Q4 2010 BANGKOK CONDOMINIUM MARKET Quarter Knight Frank

### HIGHLIGHTS

- The influx of new condominium units last year increasing by 182 percent compared to 2009. With the influx of Suburban Bangkok Condominium supply in 2010 and the fears of oversupply in this segment will slow down the sales in 2011.
- Demand for condominium in the suburbs will grow after the extension of mass-transit lines from the central business district to outlying districts. Demand in 2010 was predominantly generated from Thais. Sales were still most prevalent in the low-end sector. Demand in affordable condominium developments was strong, especially the projects along planned new mass transit lines.
- Selling price rises up quarter to quarter. The selling price in the city area increased in the range of 2-5 percent from Q3. Whilst the selling price in the peripheral area was quite stable due to the majority of new supply added in this area during the second half of 2010.
- The condominium in the peripheral area still has opportunity in some particular locations where the supply is not tremendous. The unit size would be compact in order to maintain the unit price to be affordable by the buyers. The new supply of condominium in 2011 will

## MARKET OVERVIEW

Activities in the Bangkok condominium sector dominated the property market last year. Huge supply in 2010 will slow down the new launch of condominium in 2011. The new supply of condominium in the last quarter of 2010 was about 28,483 units. Even though interest rates are heading up and mortgages are capped at 90 percent of value. These is expected not to measure as dampening

demand for condos located close to mass-transit systems. Price is estimated to increase due to rising of land cost, construction cost and labor cost. The selling price of Grade A City Condominium was at THB 128,752 per square metre, increased in the range of 2-5 percent from Q3. The new supply of condominium in 2011 will be shifted to the city area with the proof of land sales transaction last year.

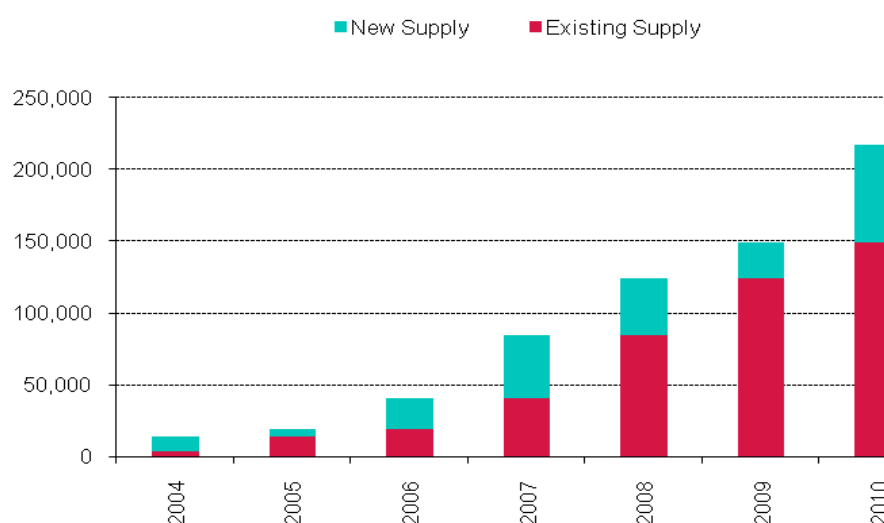
## SUPPLY TREND

The cumulative supply of Bangkok condominium was 217,731 units, the new supply added in the year 2010 was skyrocketing, with approximately 68,745 units. Previously, the inner city was the most popular area for condominium due to the land price in the inner city is expensive. City Fringe Condominium gained popularity in 2004 since the opening of the MRT underground. Peripheral Condominium were fabulous in 2010, espe-

cially in the second half of last year and December was the month of launching new supply in the area which may have been chilly in the rest of the world, but for Bangkok Condominium Market, it was sizzling, with the influx of about 28,483 condominium units launched during the last quarter of the year. The influx of new condominium units last year recorded increased by 182 percent compared to 2009.

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 ING THE CUMU-  
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 OF 217,731 UNITS.

Figure 1  
**Bangkok Condominium Stock and New Supply 2004 - 2010**  
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**2004 - 2010**



Source: Knight Frank Thailand Research

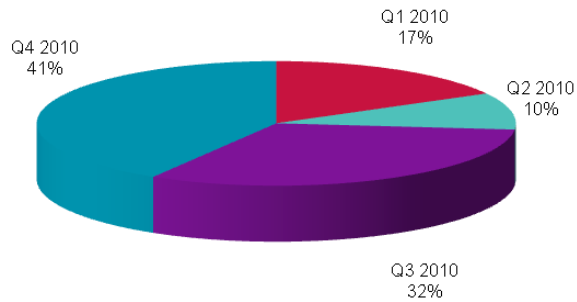
The majority of new condominium units in 2010 was launched in the last quarter, with approximately 41 percent of

total units launch last year, whereas the lowest number of units launch in Q2 was the lowest, with only 9 percent.



Figure 2  
**New Launch of Condominium by Quarter during 2010**

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Source: Knight Frank Thailand Research

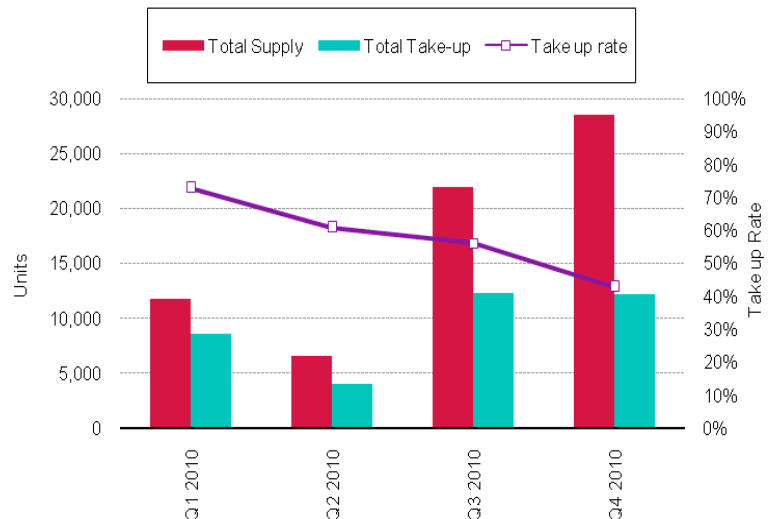
**DEMAND TREND**

THE TAKE UP RATE OF Q4 2010 WAS LOWEST, WITH ABOUT 42.8 PERCENT, HOWEVER THE NEW SUPPLY IN Q4 WAS 30 PERCENT HIGHER THAN IN Q3.

Demand of Bangkok condominium in 2010 was predominantly generated from Thais. Sales were still most prevalent in the low-end sector. Demand in affordable condominium developments was strong, especially the projects along planned new mass transit lines. The take

up units during the last quarter recorded at 12,189 units, only 1 percent reduction from Q3. The Q4 take up rate was lowest, with about 42.8 percent, however, the units launch in Q4 was 30 percent higher than the units launch in Q3.

Figure 3  
**Supply, Demand and Take Up Rate of New Launch in 2010 by Quarter**



Source: Knight Frank Thailand Research

## PRICING TREND

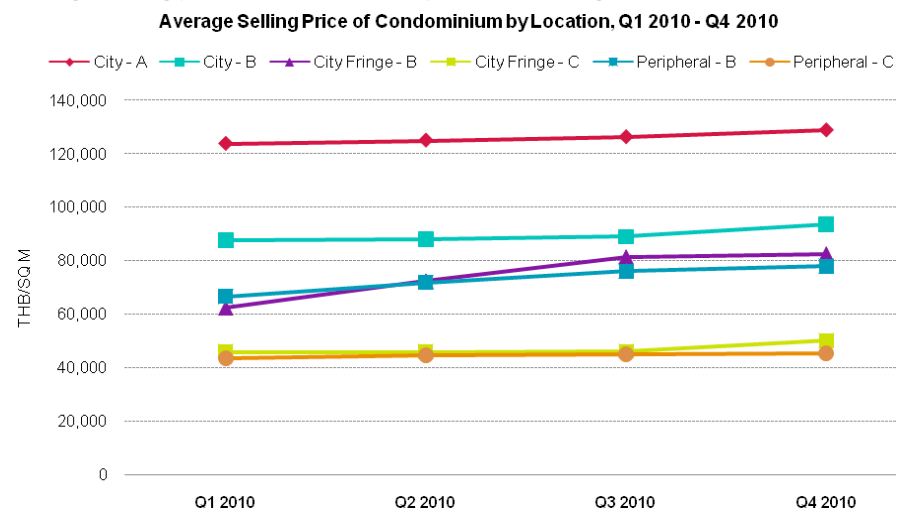
THE AVERAGE SELLING PRICE OF GRADE A WAS THB 128,752 PER SQUARE METRE, RISING 2-5 PERCENT FROM Q3.

Selling price rises up quarter to quarter due to the fact that the increasing of oil price, construction material and labor costs. The inflation rate is effected the selling price of condominium units. On the other hand, the units with higher specification will cost higher than the one with lower specification, thus the selling price increased in every area in Q4 2010, compared with previous quarter. Another important factor is the location, though the project is located in the city area, the condominium price of the project locating on the main road

will be higher than those located in the Soi, with a distant to the main road. The selling price of Grade A City Condominium was at THB 128,752 per square metre which was the highest since there was no new supply of premium grade condominium in the year 2010. The selling price in the city area increased in the range of 2-5 percent from Q3. Whilst the selling price in the peripheral area was quite stable due to the majority of new supply added in this area during the last quarter of 2010.

Figure 4

### Average Selling price of Condominium by Location during 2010



Source: Knight Frank Thailand Research

## OUTLOOKS

THE NUMBER OF NEW SUPPLY IN 2011 IS ESTIMATED TO BE LESS THAN 2010.

The new supply of condominium in 2011 is forecasted to be shifted to the city area with the proof of land sales transaction last year. The condominium in the peripheral area still has opportunity in some particular locations where the supply is not tremendous. The number of condominium supply may be less than last year since developers are aware of competitions which will lead to price war. However, there will be some devel-

opments in the peripheral area due to some particular locations in the peripheral area are still in demand. The selling price per square metre is expected to increase due to the hike of construction cost and inflation rate, thus the condominium unit would be compact in order to maintain the unit price to be affordable by the buyers. The condominium buyers will be for their own usage rather than speculation or buy-to-rent.



## APPENDIX CONDOMINIUM LOCATION

- **City Area** : This is the area that surrounds the Central Business District as well as the area which is popular for expatriates, tourists and upper class Thais for both shopping and residential area. Another area in the City Area is the area along Chao Phraya River which lies on Charoen Nakorn and Rama III Road. The City Area can be divided into sub-area as followed:
  - Central Business District (CBD): This is the area that encompasses Sathorn Road, Silom Road and Wireless Road CBD corridors. It is an established business location with quick access to Sukhumvit, Rama 3 and the riverside areas.
  - Sukhumvit: This is the section of Sukhumvit Road between Soi 1 and Soi 63 to the north and Soi 2 and Soi 42 to the south. This popular area with expatriates and tourists spans includes the Asoke Intersection on the west to the Emporium Mall to the east.
  - Rama 3 and Riverside: This is the area that stretches along Charoen Na Korn Road of the Chao Phraya River southward just past the Sathorn Bridge and to the north of Sipraya Road as well as the area along both side of Narathiwas Ratchamakarin Road.
- **City Fringe Area** : The area is located on the edge of the City Area, provides easy access to the City Area. This area is an alternative for condominium buyers due to the close proximity to many shopping centers and also convenient for transportation. The City Fringe Area can be divided into sub-areas as followed:
  - Ratchada-Ladprao Area: This is the area where the MRT is opened. The area covered both side of Ratchadapisek Road and the beginning of Ladprao Road where there are MRT stations situated.
  - Phahonyothin Area: This is the area which has just started popular in a couple of years. The area covers between Phahonyothin Soi 1 and Soi 13 and Phahonyothin Soi 2 to Soi 14.
- **Bangkok Peripheral Area** : The areas which are not included in the mentioned area. Our analysis will explore three major areas in this locations which are:
  - Late Sukhumvit: This is the section of Sukhumvit Road both sides after the Sukhumvit Soi 63 stretch to the Bang na intersection.
  - Thonburi Area: This is the area where the new BTS extension from Saphan Taksin to Wongwian Yai already opened.
  - Other Areas: This area is the area outside the area already mentioned. Most of the remaining condominium areas are scattered across the city including Srinakarin, Chaengwattana, Kaset-Navamin, Petchkasem and etc.

## APPENDIX CONDOMINIUM CLASSIFICATION

- Premium:

The location is in Central Business District, Sukhumvit (Soi 1-63 and Soi 2-42) and along the area along the Chao Phraya River.

The selling price of the unit is above THB 150,000 per square metre.

The minimum unit size is 120 square metre.

The minimum ceiling height of the unit is 3 metre.

The unit decoration must provide high standard specification.

- Grade A:

The location is in the Central Business District, Sukhumvit (Soi 1-63 and Soi 2-42), the area along Chao Phraya River and the Pathumwan to Soi Aree (Paholyothin Soi 5).

The selling price of the unit must be in the range of THB 100,000 to 149,999 per square metre.

The minimum unit size start is 50 square metre.

The minimum ceiling height of the unit is 2.7 metre.

- Grade B:

Any location in Bangkok.

The selling price of the unit must be in the range of THB 60,000 to 99,999 per square metre.



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