

Thailand Real Estate

Local market likely to grow 3-5% this year

Thailand's property market should expand by 3% to 5% this year to about 200 billion baht in value, according to Prasong Owlarn, chairman of the committee for real estate development of the Thai Chamber of Commerce (TCC). Mr Prasong, also president of the Housing Business Association, said the growth would come from 75,000 newly built residential units added to the market, up from 73,000 in 2007.

But rising construction and transport costs would push sales prices up by 5-7% on average from the previous year. Low-priced housing units, priced between one million and three million baht each, would account for about 70% of total units. He said the property market could grow even more if the new government launched more effective policies to stimulate the economy.

He advised the government to move forward quickly with megaprojects, as it would help spur growth and offer new development potential. Lower interest rates would help promote the industry and raise consumer confidence in buying new houses. Last year, the number of new residential units fell 6-7% from 78,000 units in 2006, due mainly to weak public confidence, he added.

He also expected new private investments to resume in earnest by the second half of this year after the new government's policies are laid down. TCC vice-chairman Dusit Nontanakorn added that the business community wanted to see the new cabinet filled with ethical ministers with no conflicts of interest to help build confidence among the public and investors.

The Center for Economic and Business Forecasting of the University of the Thai Chamber of Commerce said that the consumer confidence index in December improved slightly for the second consecutive month to 77.3, from 76.2 in November.

Source: Bangkok Post
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CB Richard Ellis Reviews The Bangkok Property Market

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Medium priced condominiums continued to attract a new generation of purchasers in locations near mass transit stations. Luxury condominiums in the downtown area performed well with prices of newly launched projects increasing. Industrial properties were the other star performer, with 40% increase in land sales in the first nine months of 2007 and rental factories attaining high occupancy rates in 2007.

The office and retail markets were slow due to weak domestic demand. Bangkok hotels suffered lower-than-average occupancy rates. There was a 22.7% drop in the number of developer-built single-detached houses completed and a 15.7% drop in developer-built townhouses completed in the first six months of 2007.

According to Ms. Aliwassa Pathnadabutr, Managing Director of CB Richard Ellis Thailand, in 2008, the prospects for office property will principally rely on the economic prospects after the election and the new government's policies. There is latent demand for houses in good locations shown by high sales rate for new projects launched this year. The completion of the final section of the outer ring road will provide new areas for future residential development. There will also be more housing projects along the Airport Rail Link, which is scheduled to be opened next year or early 2009.

"Condominium prices in the downtown area will continue to rise next year. Prices of newly launched condominiums in mid-town locations will increase at a slower rate as end-users tend to choose newly completed condominiums rather than condominiums sold off-plan. The market for serviced apartments in downtown Bangkok will be competitive since there will be a number of new serviced apartments due for completion next year. The luxury hotel market in Bangkok will perform well next year if there are no more security issues in Bangkok. The market for industrial properties looks bright as the government's eco-car policy has already started to spur transaction activities," added Ms. Aliwassa.

Condominium Market

The overall performance of condominium market sector was outstanding given the unfavourable economy throughout the year. Completed downtown supply will be about 52,600 units at the end of the year. Occupancy rates of existing condominiums in the downtown area have been increasing steadily throughout the year to about 87% at present.

The average price of grade A condominiums rose from 110,000 baht per square metre in the first quarter to about 123,000 baht per square metre, and is expected to be over 126,000 baht per square metre by the end of 2007, rising by about 12% from the beginning of the year.

The emerging "Skytrain" generation and the changing lifestyle of city dwellers have been key drivers for the mid-range condominium market in secondary locations. The mid-range condominium market, mostly priced between 65,000 and 80,000 baht per square metre, has been active throughout the year. 1,656 mid-range units will have been completed in downtown Bangkok in 2007, representing a 13.4% increase y-o-y.

There will be approximately 8,700 new units due to be completed in 2008 as opposed to about 6,300 completed units this year. "CB Richard Ellis remains confident about the downtown luxury condominium market. We are still seeing strong demand from both Thai and foreign buyers," said Ms. Aliwassa.

Industrial Property Market

2,611 rai (1,044 acres) of Serviced Industrial Land Plots (SILPs) were sold in the first nine months of 2007, a 40% increase on the same period in 2006. The market for Ready-built Factories (RBFs) has been performing well throughout the year, with 86% occupancy rate.

The market is expected to be active in 2008. With the total value of the Board of Investment (BOI)-approved projects increased by 99% y-o-y in the first three quarters of 2007, CB Richard Ellis is looking forward to more transactions in 2008. New supply of SILP of about 3,251 rai at the end of this year is expected to be quickly absorbed by the rising demand. The eco-cars are likely to be the next driver of the automotive sector, spurring the industrial property market in 2008. Favourable investment policies of the new government will be crucial to carry on the momentum into next year.

Source: PR Web

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Land prices surge in three areas

Bang Kho Laem, Sathon and Yannawa districts in Bangkok posted the highest increases in the Treasury Department's new land valuations effective from January until 2011. Property values in Bangkok rose 5.76% overall under the new assessment from the last survey. Silom Road, in the heart of the Bangkok business district, maintains its position as the most expensive property in the country at up to 650,000 baht per square wah.

The least expensive property in Bangkok was in Nong Chok district, at 260 baht per square wah. Besides Silom Road, the next most expensive properties were located on Yaowarat Road in Chinatown, at 550,000 baht per square wah, followed by Sampheng at 500,000 baht, Siam Square at 350,000 baht, Asok at 260,000 baht, and Ekamai at 170,000 baht.

Klaew Tongsom, the director of the department's Property Valuation Bureau, said the higher valuations for Bang Kho Laem, Sathon and Yannawa reflected municipal plans to position the three districts as the financial centre for Bangkok. Land values in Bang Kho Laem under the new 2008-11 framework rose 56.86% from the last valuation, while Sathon values increased 52.38% and Yannawa 50.94%.

The official valuations are used to assess property taxes and also serve as a benchmark for property transactions by the private sector. Mr Klaew said that valuations for another five Bangkok districts - Don Mueang, Bung Kum, Bang Kapi, Huai Khwang and Lat Phrao - would be adjusted further in 2008 for use in 2009 to reflect changes of more than 20% in prices. Bang Sue district also recorded a 33% increase in land values, mostly due to speculation of the area's increasing importance as a transport hub for the new Red and Purple mass-transit lines.

Puntip Surathin, the director-general of the Treasury Department, said the new valuations included assessments for more than 30 million plots nationwide. Of the total, 5.12 million plots were assessed on an individual basis, including 1.8 million in Bangkok and the rest in 23 provinces. The other 24.9 million plots were assessed on a block basis.

Upcountry land values rose on average by 26.97% in the new assessment.

The most expensive property values were recorded in Hat Yai in Songkhla province, at 400,000 baht per square wah. Southern property values increased by 85.79% on average from the last assessment, the highest increase of all regions. The cheapest property values were recorded for Ban Rai, Uthai Thani and Doi Lo in Chiang Mai.

In the eastern and central provinces, prices rose by an average of 11.71%, with Muang district in Samut Prakan the highest at 140,000 baht per square wah. Values in the North rose 15.43% overall, with Muang district in Chiang Mai quoted at 250,000 baht per square wah. For northeastern provinces, values rose by an average of 22.97%, with Muang district in Khon Kaen quoted at an average of 200,000 baht per square wah.

Surat Thani in the South had property values adjusted to 11,000 baht per square wah from 1,500 baht earlier. Officials said the sharp increase reflected higher land demand for agriculture. Udon Thani also recorded a sharp increase of 55% in the new valuation, reflecting the province's strategic location along the North-South Corridor running from southern China to the Laem Chabang Port as well as the East-West Corridor ending in Danang, Vietnam.

Source: Bangkok Post
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