



HOSPITALITY CONSULTING

# Bangkok

## Luxury Condominium Market Update

April 2017

### Record-breaking sales prices push Bangkok's luxury condominiums toward global competition

#### Riverside attracting a new generation of lifestyle offerings

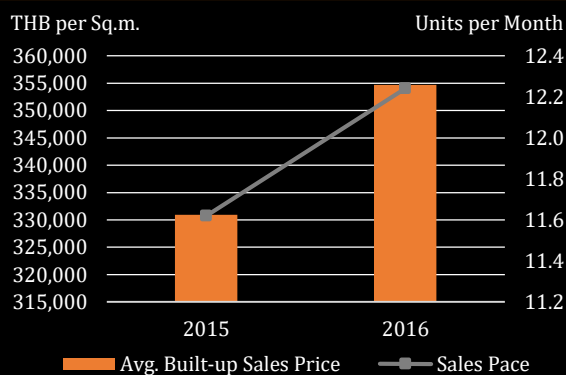
"Bangkok's luxury residential market has seen a sharp uptick in condominium supply. In 2015, there were a total of 3,071 units added to top-end inventory. This was followed by 1,407 new units introduced last year. The surge in high-end properties is largely due to the rising demand for luxury real estate led by a shift in investor confidence. This is coupled with a defined trend of wealthy Thai buyers who are seeking either more centrally located residences or lifestyle-oriented second homes.

Despite the heightened competition from new entries, the market-wide built-up sales price in the luxury segment rose by an impressive 7% last year, achieving an average of THB354,705 per square meter. The increase has been stimulated by demonstrated market demand and vastly rising prime prices, which have instilled a sense of urgency for property buyers and investors.

#### Trends

- Thai buyers of pure residential developments account for 95% of total demand, while foreign buyers for hotel residences represent 35% to 50% of transactions depending on location.
- New projects are increasingly focusing on brand alignments such as world renown architects, fashion designers and upscale retail offerings.
- Developers are shifting towards smaller units, with the average built-up area of one-bedroom and penthouse decreasing y-o-y by 34% and 37%, respectively.

#### Luxury Market-wide Average Built-up Sales Price and Average Sales Pace



Source: C9 Hotelworks Market Research

We expect the transaction volume for high-end developments to continue growing, especially from overseas demand. Thailand offers freehold condominium ownership to foreigners at considerably lower prices compared to Singapore, Hong Kong and other major global cities."

Bill Barnett, Managing Director, C9 Hotelworks

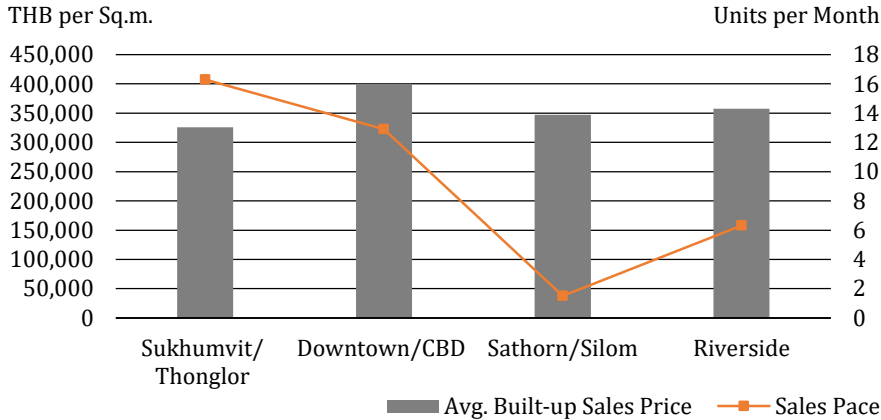
#### Forward Outlook

- Substantial supply in Sukhumvit/Thonglor is expected to enter the secondary market, as main buyers are short-term investors who will be motivated by completion transfers in 2019.
- Penthouse units will continue to be sought after by purchasers at premium pricing points, though unit sizing is expected to further diminish.
- The joint development between CPN and Dusit Thani as well as the completion of MahaNakhon CUBE are foreseen to increase demand for residential projects in Silom and Sathorn.

# MARKET OVERVIEW

- Currently, luxury condominiums in the market have a 71% take-up rate. Majority of the supply is concentrated in Sukhumvit and Thonglor (39%), followed by Sathorn/Silom (25%), downtown/CBD (22%) and riverside (14%).

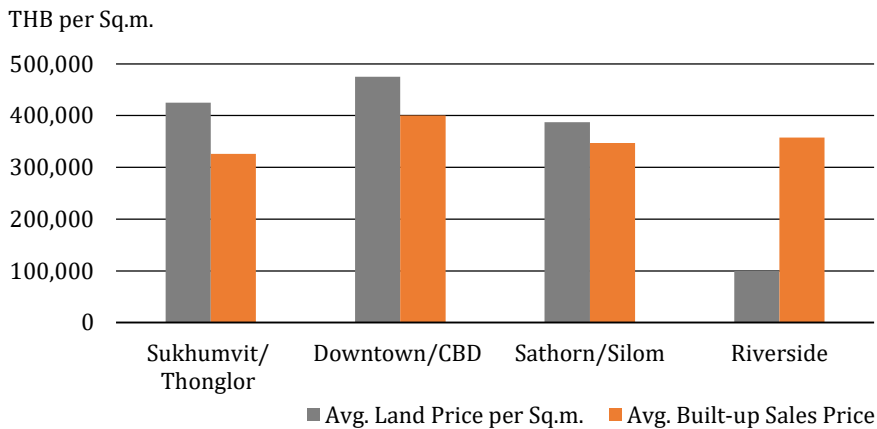
## Average Sales Pace and Average Built-up Sales Price by Location



Source: C9 Hotelworks Market Research

*Sukhumvit and Thonglor have the highest transaction volume, while supply has lower absolute unit prices*

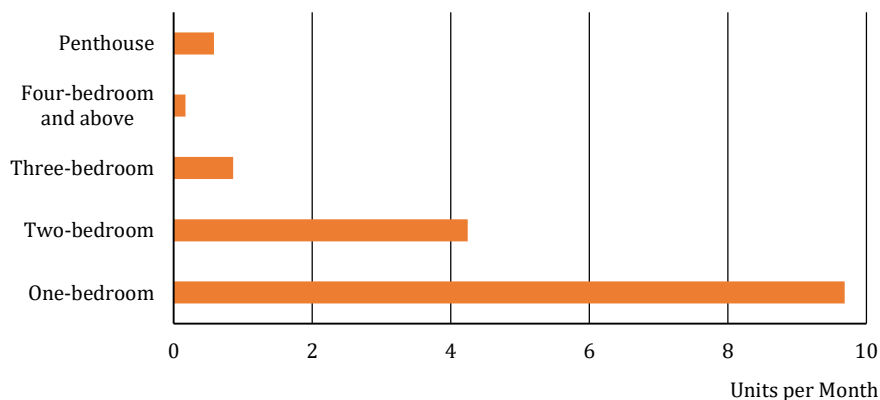
## Land Value vs. Average Built-up Sales Price by Location



Source: Agency of Real Estate Affairs (AREA) and C9 Hotelworks Market Research

*Brand premium of hotel residences has pushed average sales price of riverside projects higher when compared to land value*

## Average Sales Pace by Unit Type



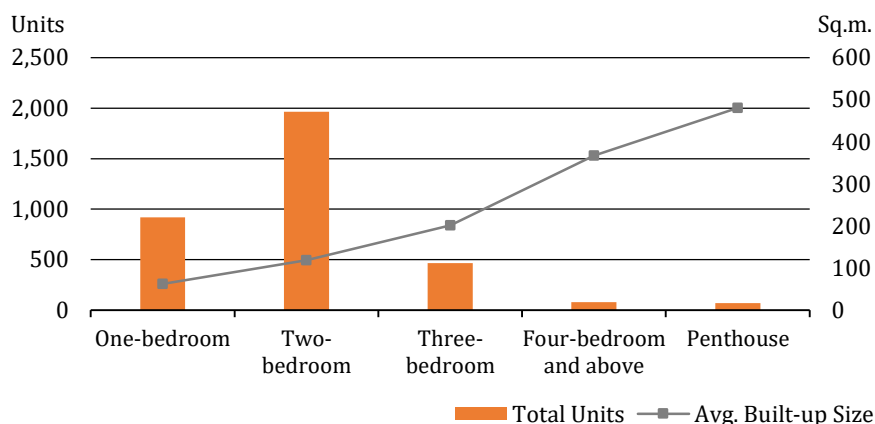
Source: C9 Hotelworks Market Research

*Penthouses have higher demand than four-bedroom units as both have similar ultimate sales prices*

# SUPPLY CHARACTERISTICS

## Unit Mix and Average Built-up Size by Unit Type

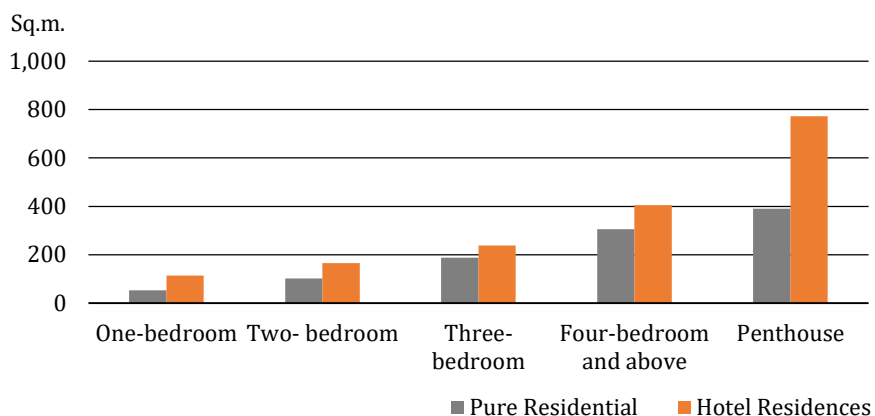
*Two-bedroom unit type commands the highest market share, with strong demand coming from families*



Source: C9 Hotelworks Market Research

*Hotel residence sector typically has bigger unit sizes due to second home nature of buyers and the large volume of units on the riverside*

## Average Built-up Size - Pure Residential vs. Hotel Residences



Source: C9 Hotelworks Market Research

## Pipeline Projects

- Incoming developments are mainly in the CBD due to strong demand and developers can command higher sales prices as supply in the area is very limited. In 2017, there are 811 units projected to come on stream, 53% of which were launched in Q1 of this year.

Project	Units	Location	Developer	Launch Date
28 Chidlom -The Villa	184*	Chidlom	SC Asset	Dec-17
Unnamed	TBA	Silom	Dusit International & CPN	TBA
One Bangkok	TBA	Silom/Rama 4	TCC Group & Frasers Property Holdings	TBA
Unnamed	TBA	Sukhumvit 36	Singha Estate	TBA
The Bangkok Sukhumvit 38	67	Sukhumvit 38	Land and Houses	Q3 2017
Unnamed	TBA	Sukhumvit 38	Sansiri	TBA
The Monument Thonglor	127	Thonglor	Sansiri	Q3 2017

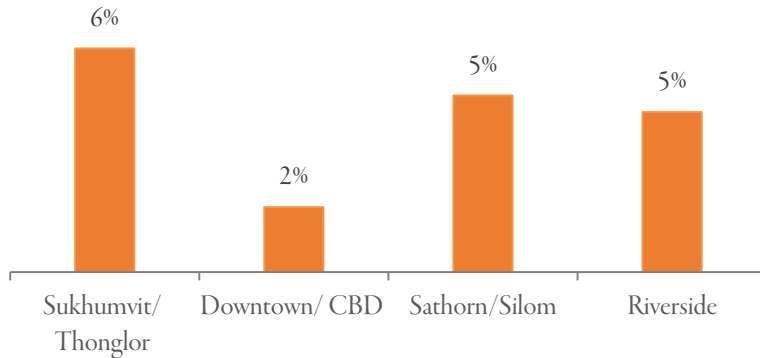
\*Additional phase for existing condominium project

Source: C9 Hotelworks Market Research

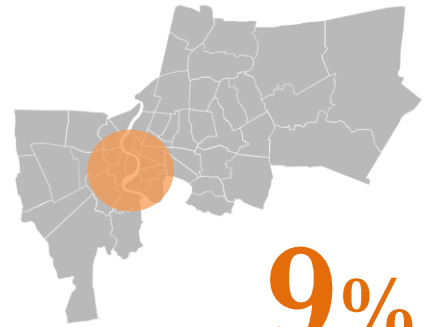
# 2016 OVERVIEW: BANGKOK LUXURY CONDOMINIUMS

## Pre-Sale Price Appreciation

Sukhumvit/Thonglor has the highest appreciation in average built-up pre-sale price due to large demand from short-term investors.



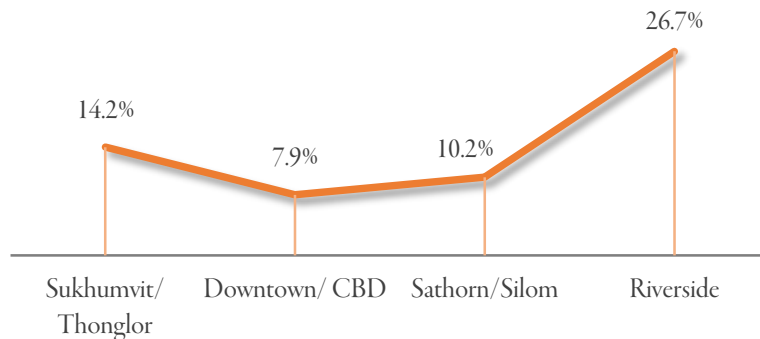
## Capital gains from resales averaged



**ALL** of the new projects launched last year were pure residential in **CBD & SUKHUMVIT**

## Land Value Annualized CAGR (2012-2016)

The riverside experienced the highest compound annual growth in land value due to developments of mega projects in the area.



Source: AREA and C9 Hotelworks Market Research



Pure Residential  
Projects sold

**3x**

faster than  
Hotel Residences



HOSPITALITY CONSULTING

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