



# THAILAND BANGKOK CONDOMINIUM MARKET REPORT



## Bangkok Condominium Market

### EXECUTIVE SUMMARY

The condominium market is booming in Bangkok, with prices rising and developers launching new projects to keep up with demand.

The city's expanding transport network is fuelling the boom, with extensions to the BTS skytrain and MRT subway lines making parts of Bangkok ever more attractive places for commuters to live.

More than 47,300 condominiums were launched in 2012, around 16,600 more than in the preceding year, bringing the total supply for the whole of Bangkok to around 335,300 units.

Several projects were delayed by a shortage of construction workers, and are expected to finish this year, with a total of 82,600 new units likely to come on the market in greater Bangkok in 2013.

Prices for condominiums were around 12% higher last year than they had been in 2011, and are set to rise by around 10% in 2013, driven by cost increases for labour and materials. Take-up for completed projects was high throughout 2012, especially in the last quarter.

The high cost and limited availability of land in Bangkok is forcing developers to build new projects further away from main roads, while continued uncertainty over what planning rules will be contained in the Bangkok Town Plan has led to some projects rushing to get started, while other developers are reluctant to invest in land before the plan is unveiled later this year.

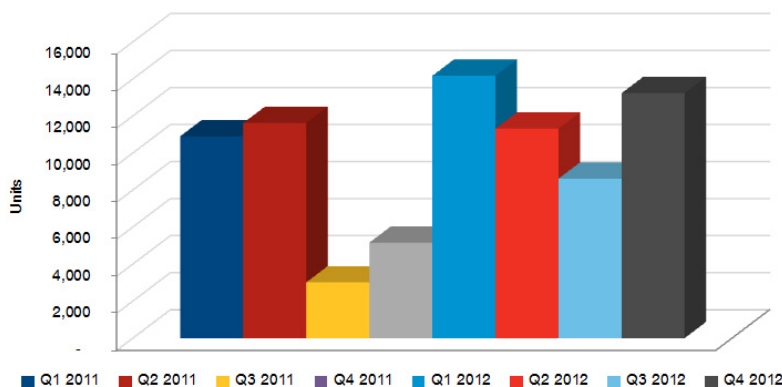
A number of developers are building successful condominium projects in other cities in Thailand. Several Thai developers are also looking at investments in other countries, although most of these projects have not yet progressed beyond the planning stages.

### MARKET INDICATORS

2011 / 2012

NEW SUPPLY	↑
LAUNCHES	↑
PRICES	↑
TAKE-UP	↑

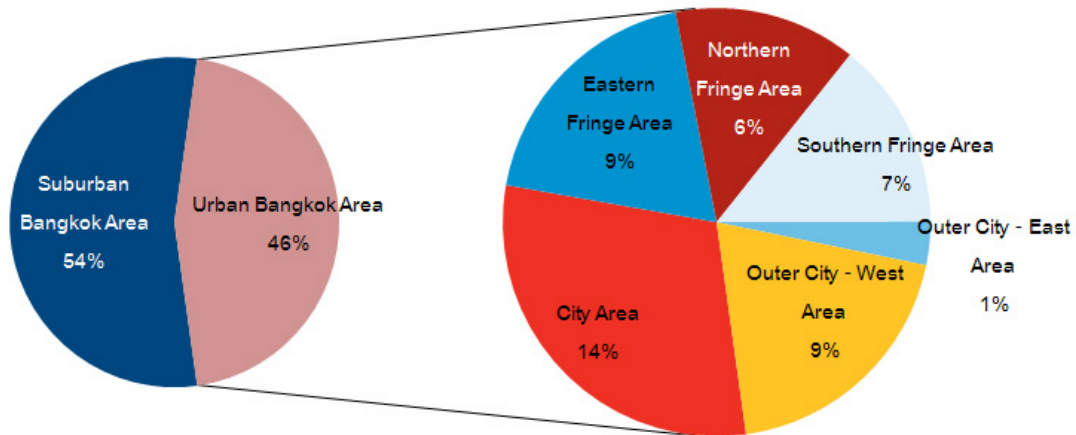
### NEW CONDOMINIUM UNITS LAUNCHED BETWEEN 2011 AND 2012 BY QUARTER



Source: Colliers International Thailand Research

Approximately 13,200 units were launched in the last quarter of 2012, pushing the grand total for 2012 to more than 47,300 units. This surpasses the 2011 data by 54%, or 16,600 units.

NEWLY LAUNCHED CONDOMINIUM UNITS IN Q4 2012 BY LOCATION

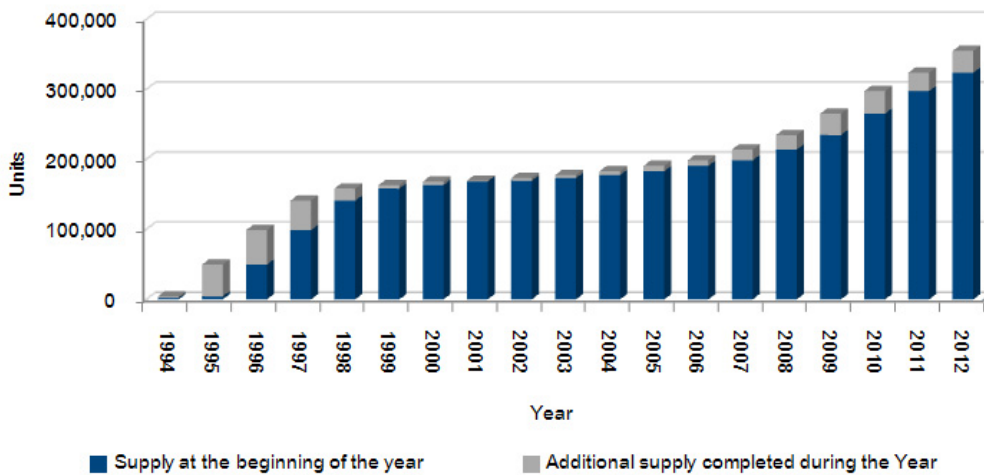


Source : Colliers International Thailand Research

Nearly 46% of the total units launched in Q4 were in the Urban Bangkok Area, and more than 1,800 units (or 14%) were launched in the City Area, with a high concentration in the Urban Bangkok Area. The Northern Fringe Area was most popular with developers in 2012, as evidenced by the fact that approximately 15% of the total number units launched in

2012 were located there. The City Area came in second, with nearly 10%, or around 5,000 units. Most of newly launched units in the City Area were not located on or close to the main roads in the area. Developers are more focused on plots of land on the sois and side streets, as their market price is considerably cheaper.

CUMULATIVE SUPPLY, 1994 - 2012



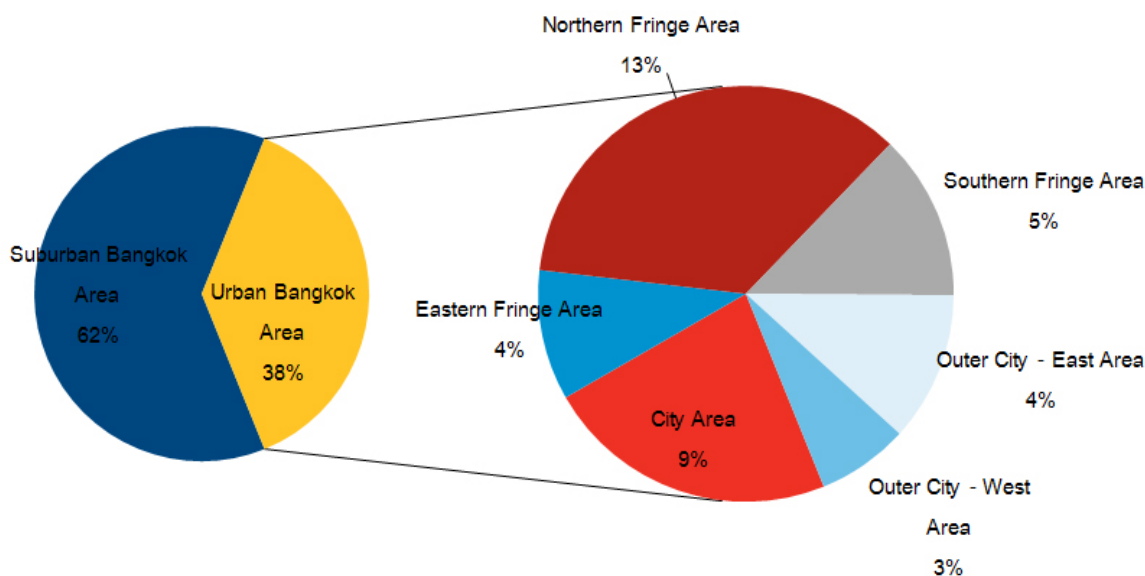
Source: Department of Land, Colliers International Thailand Research

Note: The number of units does not include projects from the National Housing Authority

Around 31,100 new condominium units were completed and registered at the Department of Land in 2012, a lower number than was expected. The labour shortage affected the progress of construction, and many

projects pushed back their completion dates to 2013. The total existing supply for the whole of Bangkok is approximately 354,900 units.

TOTAL SUPPLY BY LOCATION, Q4 2012

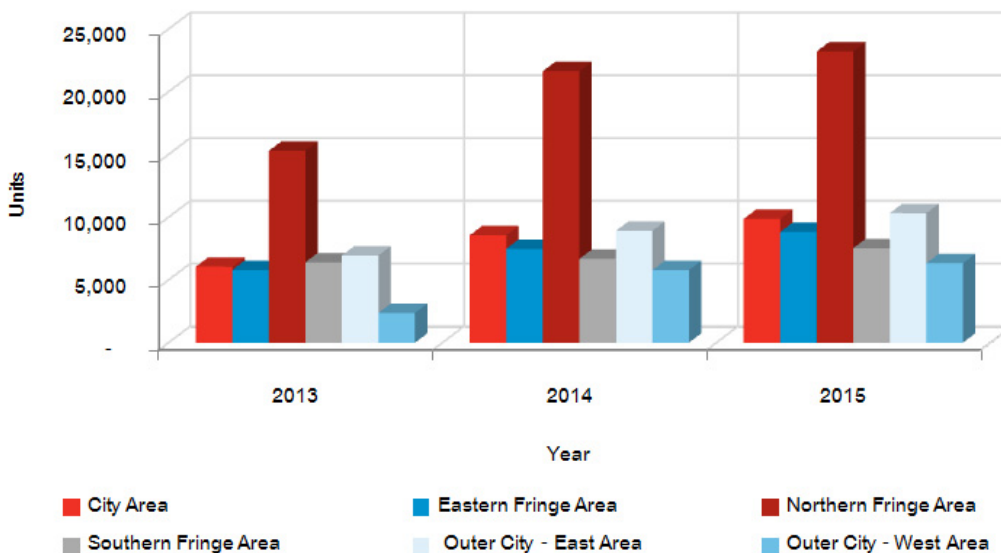


Source: Department of Land, Colliers International Thailand Research

Approximately 62%, or nearly 218,400 condominium units, are located in Suburban Bangkok. Within the Urban Area, the Northern Fringe contains the most units, followed by the City and Southern Fringe areas, because of their proximity to the centre and mass transit connections.

FUTURE SUPPLY – URBAN BANGKOK

CUMULATIVE FUTURE SUPPLY SCHEDULED TO BE COMPLETED FROM 2013 TO 2015 BY LOCATION IN URBAN BANGKOK, Q4 2012



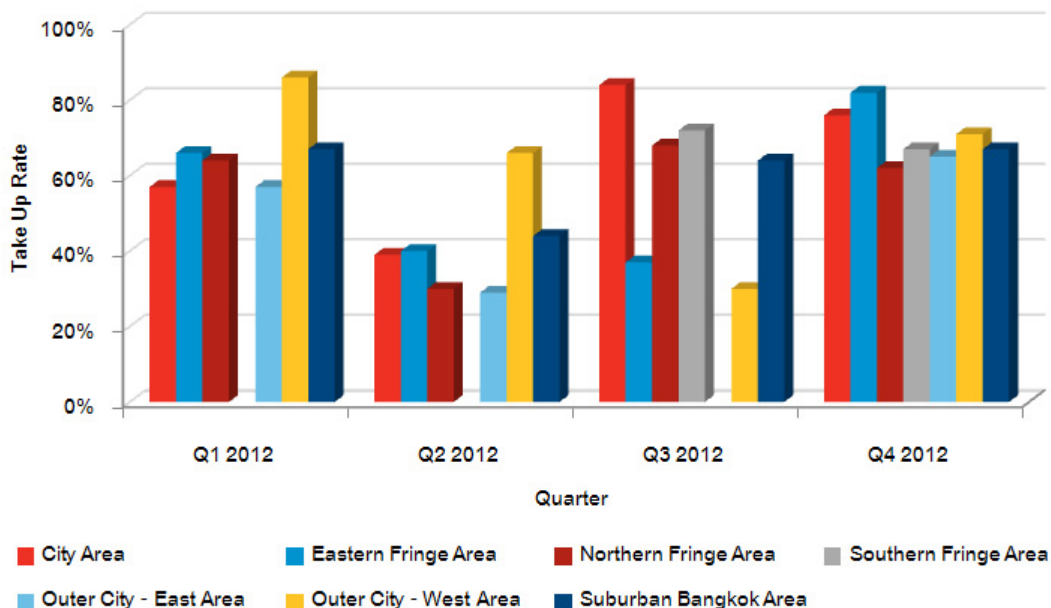
Source: Colliers International Thailand Research

Note: Supply does not included units in Suburban Bangkok

Approximately 42,900 units are due for completion in Urban Bangkok in 2013. Nearly 15,300 of those are in the Northern Fringe, followed by the Outer City – East Area, with around 6,900 units. More than 39,700 units also expected to complete in 2013 in suburban Bangkok. Developers schedule project completion dates themselves, and last year many condominium projects missed their schedules and were delayed to 2013, due to a lack of construction workers. All big-name developers are investing more in prefab technology by developing more new plants to support their projects.

TAKE-UP

AVERAGE SALES PROPORTION OF NEWLY LAUNCHED UNITS IN 2012 BY QUARTER



Source: Colliers International Thailand Research

Note: All take-up rates reflected in the figure were collected only from projects that launched in the quarter.

The average take-up rates of newly launched units in all locations in the last quarter of 2012 was higher than for any other quarter in the year, and take-up of newly launched units in the last quarter was also high.

This is due to the fact that no significant negative factors affected the market in 2012, thereby boosting customer confidence.

LAUNCHES WITH HIGH-TAKE-UP RATES IN Q4 2012



Sansiri Plc. launched their most luxurious condominium project to date on Sukhumvit 39 Road. It contains 178 units and has experienced a high take-up rate, despite the fact that the average selling price exceeds THB 200,000 per sq m. The project comprises one- to three-bedroom units, and unit size ranges from 50 to 323sq m.

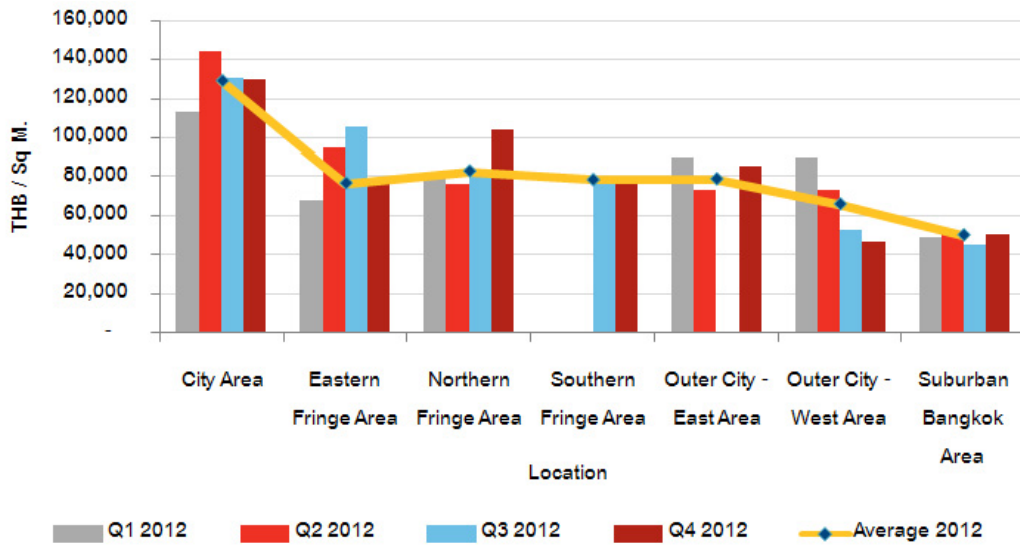


Following the success of the first projects on Phetkasem Road, Pruksa Real Estate Plc. launched a second condominium project on this road in the fourth quarter and enjoyed a high take-up rate. The Fuse Sense comprises studios along with one- and two-bedroom units ranging from 24 sq m to around 46 sq m.



Supalai Elite Sathorn – Suanplu is the latest condominium project by Supalai Plc. on Suanplu Road, which is connected to Sathorn Road in the City Area. It enjoyed nearly 100% take-up of its 180 units. The project comprises studios along with one- to four-bedroom units and penthouse units ranging in size from 50 sq m to 243 sq m.

AVERAGE SELLING PRICES OF NEWLY LAUNCHED PROJECTS BY LOCATION, 2012 BY QUARTER



Source: Colliers International Thailand Research

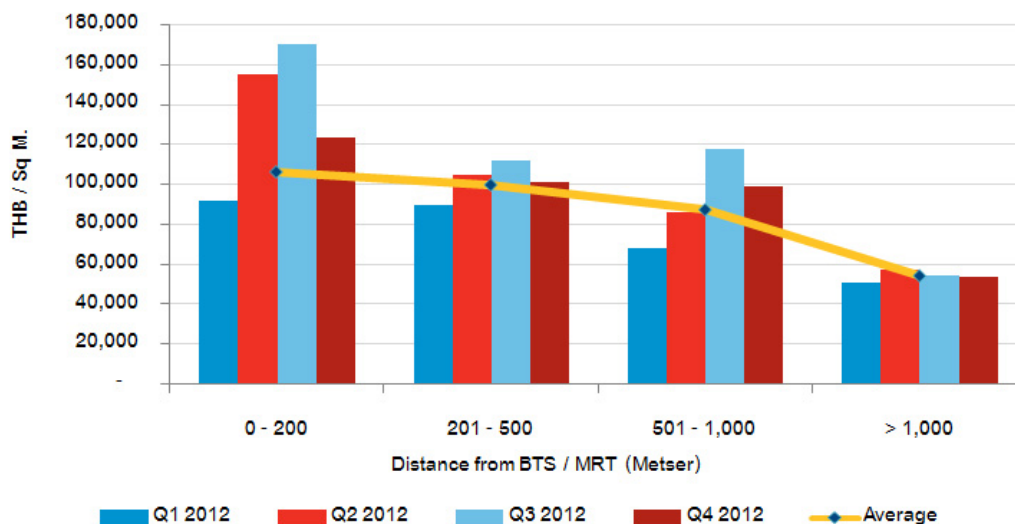
Note: All take-up rates reflected in the figure were collected only from projects that launched in the quarter.

The average selling price of newly launched units in 2012 was highest in the City Area, at approximately THB130,000 per sq m in some new high-end and luxury projects. This was followed by the Southern Fringe Area at approximately THB88,000 per sq m in some new projects on the

Chaophraya River bank and along Narathiwasratchanakarin Road. At approximately THB50,000 per sq m, the Suburban Bangkok Area has the lowest prices on the Bangkok market.

MASS TRANSIT EFFECT

AVERAGE SELLING PRICES OF NEWLY LAUNCHED UNITS BY PROXIMITY TO EXISTING MASS TRANSIT LINES, 2012 BY QUARTER

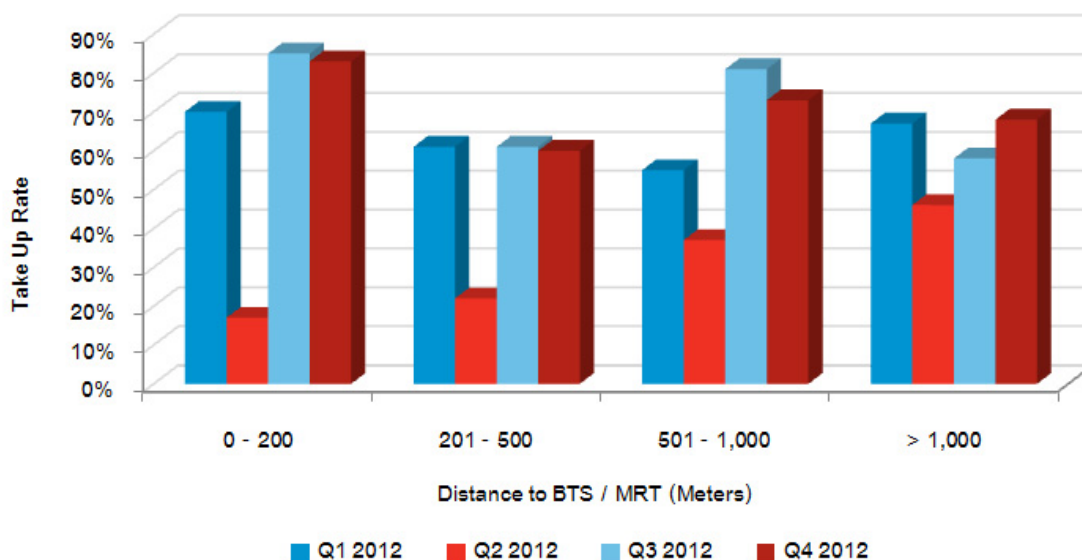


Source : Colliers International Thailand Research

The average selling price of all newly launched units in 2012 was approximately 12% higher than it was in 2011, especially projects located 201 to 500 m from the BTS and MRT stations, which have increased in price by around 19%. Some high-end projects are not located on the

main road or close to mass transit stations, which allows their average prices to rival those of less luxurious projects located inside the 200-m public transport radius.

AVERAGE TAKE-UP RATE OF NEWLY LAUNCHED UNITS BY PROXIMITY TO EXISTING MASS TRANSIT LINES, 2012 BY QUARTER



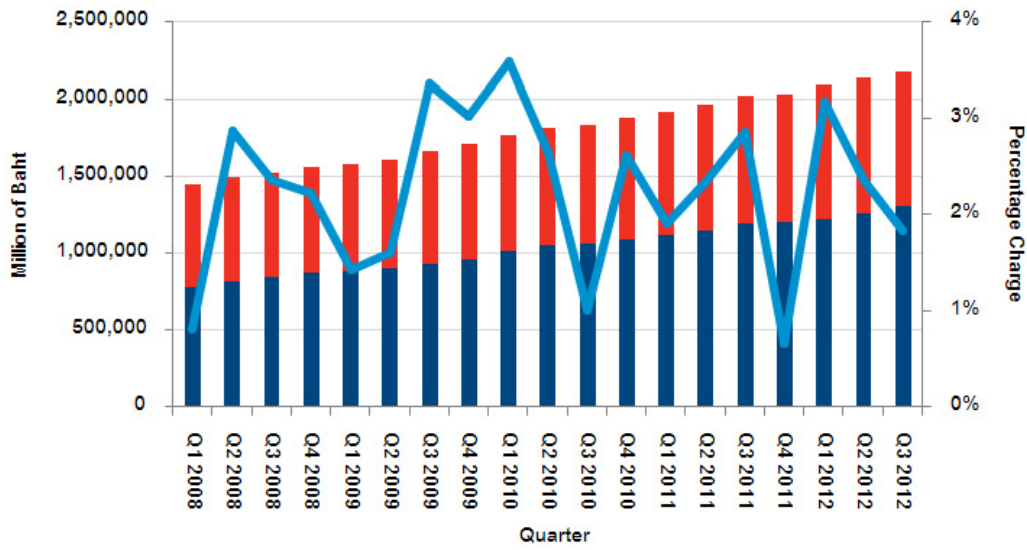
Source: Colliers International Thailand Research

The average take-up rates of newly launched units in Q3 and Q4 2012 in all areas was higher than during the first half of the year, and was in particular higher than the take-up rate during the second quarter. Due to

increasing confidence in the property market during the second half of 2012, developers also launched many projects during this time.

FINANCING

HOUSING LOANS FOR PERSONAL CONSUMPTION EXTENDED BY FINANCIAL INSTITUTIONS, Q3 2012



Source: Bank of Thailand and Colliers International Thailand Research

Note: Excludes negligible amounts of financing from other sources. Percentage change is comparable quarter-on-quarter.

The value of housing loans taken out increased by approximately 1.8% of 2012. This was attributable to the fact that the soft loan policy for flood victims during the first half of 2012 had already expired.



TRENDS

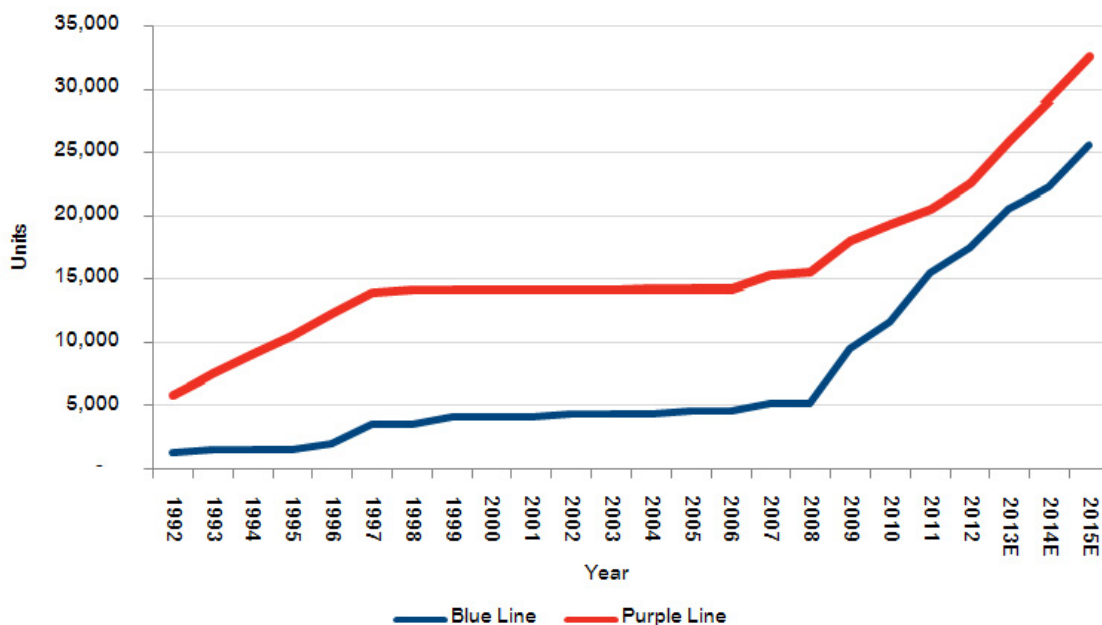
MASS TRANSIT EFFECT

The first skytrain in Bangkok officially started operations in 1999, connecting Silom, Sathorn, Sukhumvit, Ploenchit, Phayathai, Rama 1, and Phahonyothin Roads in the City Area, and the MRT underground line opened in 2004. Both lines were in the Urban Bangkok Area and boosted the condominium market with many projects launched alongside these roads, especially between 2001 and 2005, with some also in the Suburban Bangkok Area. The government plans to extend both lines to suburban Bangkok, and there was an official announcement in 2006 of five new extensions.

In the last quarter of 2006 the government announced official plans for five mass transit extension lines, starting with the construction of the Purple and Blue Lines in 2009 and 2011, respectively. The Purple Line

will start from Bang Sue station and run to Bang Yai in Nonthaburi. Most residential projects along this line are housing estates, with a few condominium projects launched in the past two years, most of them in the Bangkok Area. The Blue Line to western Bangkok will have two extension lines, the first starting from Bang Sue station and the second starting from Hua Lamphong station. Thapra station will be the terminus, but one line will continue on to Bangkae along Phetkasem Road.

After the official announcement, the condominium market along both of development lines changed significantly, and developers started launching condominium projects along the lines. According to statistics from Department of Land, cumulative historical supply from 1992 to 2012 and estimated condominium units scheduled to be completed between 2013 and 2015 are illustrated by the figure below.



Source: Department of Land and Colliers International Thailand Research  
 Note: E = estimated figure

Many condominium projects were launched along the Purple Line. Developers started launching projects along the purple line from 2005 and they gradually started completing from 2007 onwards. Approximately 22,600 units have already been completed and registered, which is an increase of more than 8,700 units since 1997. Meanwhile, nearly 10,000 units are under construction and scheduled to be completed by the end of 2015. In addition, some developers still plan to launch new projects along the line in 2013.

development plans. There were approximately 3,500 condominium units along the line in 1997. A slight increase in development was noted from 1999 to 2008. Then, between 2009 and 2012, more than 12,300 units were completed and registered at the Department of Land. A total of 17,500 condominium units have been completed along the Blue Line in that time, with more than 8,000 units still under construction and scheduled to be completed by the end of 2015. Furthermore, many projects are also waiting to launch along the line in 2013.

The area along the Blue Line started booming two years later than the Purple Line, but it grew just as rapidly after the government announced



## SUMMARY 2012 AND FORECAST 2013

The condominium market in the second half of 2012 showed continuous growth compared to the first six months of the year, although the total number of condominium units launched in Q3 2012 was lower than the number launched in Q2. However, more new units were launched in Q4 than in any other quarter in 2012.

In 2013, the condominium market is expected to grow at rate similar to that of 2012. The average selling price in 2013 should be higher than it was in 2012 by roughly 10%, due to several factors affecting construction costs, including the increase in the minimum daily wage and increased costs for construction materials.

As there is limited available land at suitable prices in the City Area, especially on both sides of Sukhumvit Road, some developers are setting their sights on low-rise condominium projects on smaller plots of land along smaller sois. The number of low-rise condominium projects will continue to grow in the future in the sois off Sukhumvit Road and other locations. In addition, the unclear situation regarding the new Bangkok Town Plan is pushing developers with plots of land along smaller sois in the City Area to start to developing their projects on those plots before the official launch of new town plan in 2013.

Some listed developers have launched condominium projects outside of Bangkok with better feedback than expected from local people, allowing them to focus on these new markets in the future while maintaining a market share in Bangkok. Chiang Mai, Pattaya, Hua Hin, Phuket, Khon Kaen, Khao Yai and Hat Yai are the main business cities in Thailand, and

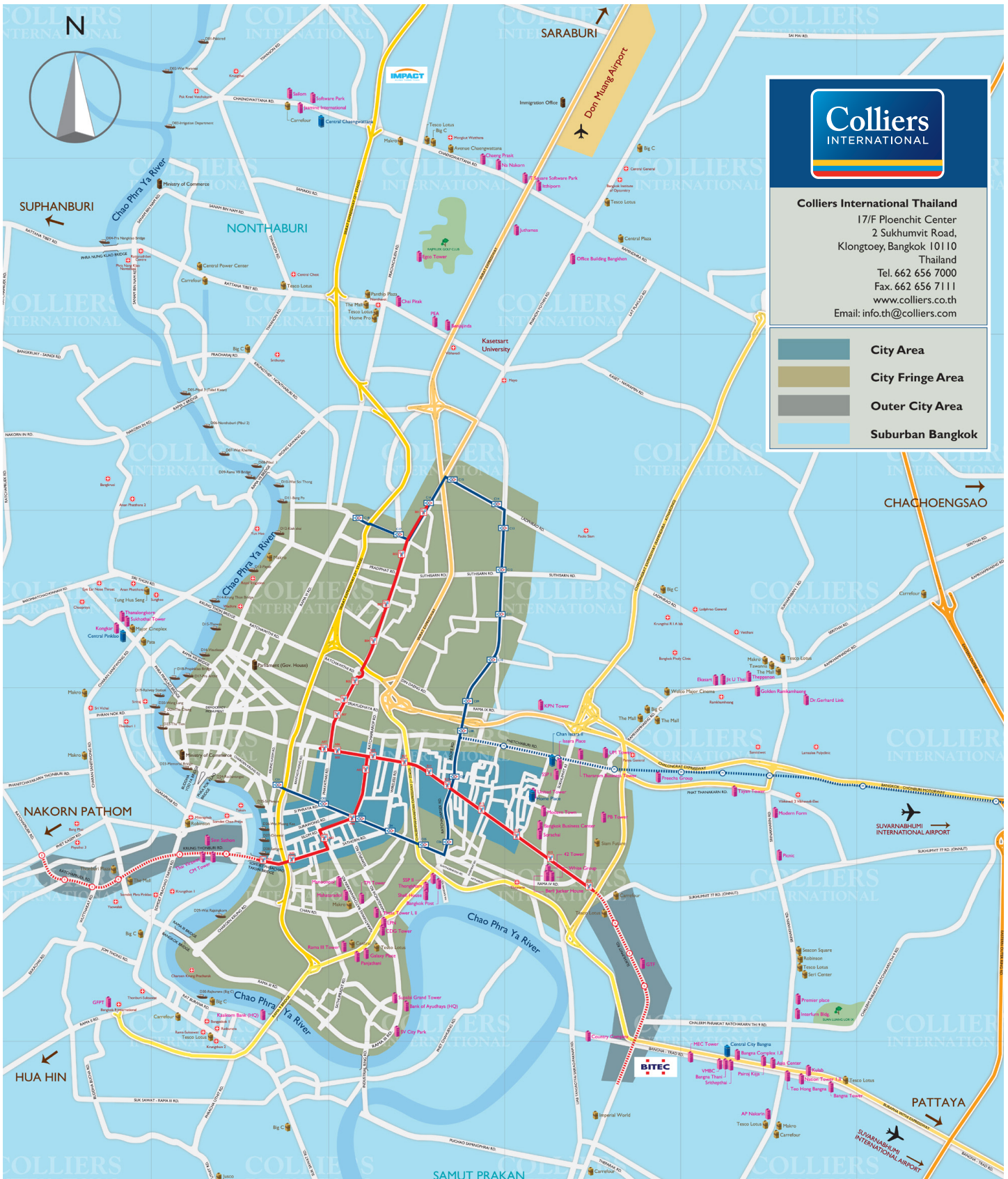
they have become new areas of competition outside of Bangkok. In 2013, all listed developers had projects in other cities around Thailand, especially tourist destinations and the main business provinces in each part of Thailand.

In 2012, big-name developers in Thailand were looking for new opportunities in foreign countries, especially in ASEAN countries like Indonesia, the Philippines, Vietnam and Myanmar, but most of them have not started construction yet. So far, they are only conducting research, studying markets and filing surveys, while seeking suitable partners in each country. However, in 2013, they may start work on their development projects outside of Thailand. Some developers who have already begun projects in foreign countries already have plans to expand their portfolio outside of Thailand in 2013.

The new Bangkok Town Plan is still the primary concern for developers. It affects the land market in Bangkok as well, since developers are reluctant to buy land in Bangkok, especially along the smaller sois in the city, before the launch of the plan, which is scheduled for 2013. However, some developers who already have plots in that area will launch their projects early.

# APPENDIX

ZONING



### • CITY AREA

The area covers four adjacent but competing sub-markets: the Sukhumvit section comprising Sukhumvit Road between Soi 1 and Soi 55 to the north and Soi 2 and Soi 38 to the south; the Central Lumpini section including Phloen Chit Road, Rama I Road, Soi Langsuan, Soi Sarasin, Chitlom Road, Ratchadamri Road, Witthayu Road and Rachaprasong Road; the Silom / Sathorn section; and the Riverside section fronting the Chao Phraya River along Charoenkrung Road and Charoennakorn Road, where several five-star hotels are located. The City area is convenient for businesspersons, expatriates and tourists, because of its proximity to many office buildings, retailing and local attractions.

### • CITY FRINGE AREA

This area covers three parts of Bangkok:

#### Northern Fringe:

This section covers the BTS route starting from Ratchathewi Station to Mo Chit Station to the north and the MRT route starting from Petchaburi station to Bangsue station to the north.

#### Southern Fringe:

This section covers Narathiwad Ratchanakarin Road, Chan Road, Sathupradit Road, Charoenkrung Road and Rama III Road along the Chao Phraya River.

#### Eastern Fringe:

This section covers the BTS route starting from Thong Lor Station to On Nut Station to the east, Rama IV Road and Petchaburi Road.

This area covers locations with their own local infrastructure and convenient transportation. However, commuting is required to have access to the central business and entertainment areas.

### • OUTER CITY AREA

The area covers two parts of Bangkok:

#### Outer City (East):

This section starts from the extension of the BTS route at On Nut Station to the Bangkok boundary to the east.

#### Outer City (West):

This section starts from the extension of the BTS route at Taksin Station to Bang Wa station, which includes the area from Krung Thonburi Road to Ratchaphruek Road near Petchakasem intersection.

### • SUBURBAN BANGKOK

These are the environs outside the areas already mentioned. Expansion of the mass transit system is the main determinant for increasing future supply in a particular area. The expansion from On Nut to Samut Prakarn is scheduled to be completed in 2011. The expansion of the BTS will benefit directly the surrounding condominiums, as it will considerably reduce transportation costs and time. This will encourage the development of new condominiums in this area. Suburban Bangkok represents the biggest area and for the purposes of this report and includes Bangkok city's old town (Koh Rattanakosin area and boundary area). This location has comprehensive town planning controls restricting building height, so there are no condominium projects in the area.

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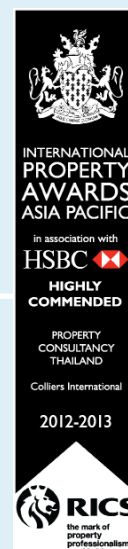
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