

AFTER FLOODS, CITY CONDO MARKET TO SEE TOUGH COMPETITION

THE NATION

The Bangkok condominium market will see fierce competition to attract buyers as buyers have turned their attention to resort residential projects to escape floods this year, said Phanom Kanchanathiamthao, managing director of Knight Frank Thailand.

Condominium buyers mostly buy as their living quarters rather than for speculation. The supply of condominium as of the third quarter of 2011 was 253,744 units, increasing by 2,417 units during the third quarter of six

projects. In the third quarter, there was a premium grade condominium added to the supply of Bangkok condominium supply. New supply has been slowed down after the dramatic number of launches last year.

Risinee Sarikaputra, associate director of the research and valuation department of Knight Frank, said that the supply in the peripheral areas of Bangkok has the lion's share of units. This quarter, all supply in the peripheral area was located on Chaeng Wattana Road. The launch of a few projects in Chaeng Wattana have been

postponed due to the flooding. However, the projects are expected to roll out next year. Surprisingly, there is one premium-grade condominium launching this quarter, located on Soi Thonglor, developed by Major Development Group.

The overall take-up rate has increased from 45.8 per cent in the first half of 2011 to 47.2 per cent in the third quarter of 2011. However, the unit sold has decreased from 14,907 units to 1,140 units.

Risinee pointed out that the overall condominium price has been

increased by 2.5 per cent in the third quarter of 2011. The difference between the selling price of condominium in the city fringe area and the city area became closer due to the selling price of land in the city area is very high since the land price is the major cost of development cost.

Phanom said that the new supply from the last quarter of this year to next year will climb up in the city fringe area due to the purchase of land by listed companies. Next year, will be the year of big developers such as MBK, LPN, Asian Property, Quality Houses,

Land and Houses, Supalai, Ideo, Pruksa, Noble, SC Asset, G Land Canal and Sansiri. There are also new developers in the construction industry so they will be able to control the construction cost such as Siamese Estate, Pre-built. The condominium market will be in cost-control mode hence it is difficult for small developers to enter the heated period next year. Many listed companies have also shifted to resort destinations such as Hua Hin, Phuket, Samui, Pattaya. TCC Capital Land sees Pattaya as a potential area for developing a residential project.

The favourite area for new launches will be on the Ratchada-Rama 9 intersection. Many mega-projects will be launched, including the construction of two office towers by G Land Canal, together with the completion of Central Rama 9 which will consist of retail and office spaces in this area. Many developers have acquired land plots in this area and plan to develop in the new coming year. However, we will see a big amount of supply by the end of this year as the projects launches have been postponed from the third quarter due to the flooding.