

CHANGE IN STRATEGY

DEVELOPERS' PROJECTS WOO THE RICH



Amid tough competition for residences priced at under Bt5 million, many of the top firms are branching out into the luxury segment

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THE NATION

With high competition in the residential segment priced at not more than Bt5 million per unit, listed property firms are challenged to develop high-end residences by focusing on design and creating categories to boost new demand in the market.

For example, Sansiri has revised its plan to launch four luxury single detached house projects under the Sretthasiri brand. It has also started construction of a luxury condominium at Wireless Road that will offer price not lower than Bt200,000 per square metre. The project is designed under the fashion condominium theme.

Asian Property Development has launched its premium condominium project, Galerie Rue De 39, at Sukhumvit Soi 39 that has only 88 units with a total project value of Bt3.2 billion. The project will offer prices at between Bt250,000 and Bt300,000 per square metre. This is higher than other luxury condominiums on Sukhumvit Road.

LPN Development, a market leader in developing condominiums priced at not more than Bt2 million per unit, is expanding its business in middle and upper condominium and townhouse projects with plans to launch a premium condominium project on Sukhumvit Road. It will be priced at between Bt100,000 and Bt150,000 per square metre, on Sukhumvit Soi 24. The company also plans to launch its townhouse project on Sukhumvit 62, priced at not lower than Bt5 million per unit.

Asian Property Development CEO Anuphong Asavabhokhin said the company had decided to develop condominiums priced at more than Bt200,000 per square metre after it saw demand in the aftermath of the 2011 floods.

"Most of the home-buyers who stay in the single detached houses at prices not more than Bt10 million per unit on the outskirts of Bangkok such as Rangsit and Ratchaphruk need to buy residences in the central business districts after the floods in 2011. Galerie Rue De 39 will be their choice because we are designing this project likely a gallery and only 88 families can buy into this project," he said.

He added that although this market is still limited but demand is still more than the supply in the market as most property firms are interested in developing middle-level residential projects.

However, when designing residences for the luxury market, the focus has to be on design.

Galerie Rue De 39 has been designed under the theme inside-out. There will be more than 30 pieces of art that will be decorated in the building under the gallery concept. This is added value for customers buying into this project.

LPN Development managing director Opas Sripayak said that when developing condominiums in the central business districts, especially on Sukhumvit Soi 24, the company has to redesign the project to match the customer

demand in this location. Units are priced at more than Bt100,000 per square metre in keeping with the demand of the upper income group. The project will offer units priced at more than Bt3 million per unit.

According to a survey by LPN Development's research and development department, only 18 projects with a total of 3,952 units in 2012 launched condominiums priced at more than Bt5 million per unit. This is only six per cent of the 140 condominium projects launched with 62,860 units in 2012. Most of the condominium projects priced at more than Bt5 million per unit are located on Sukhumvit, Sathorn and Silom Road.

They also succeeded in selling on average about 50 per cent after opening for presale and sold out completely when the project was completed.

"More than 50 per cent of the buyers in the

luxury market pay cash," according to a survey by *The Nation*.

CONCEPT DESIGN

When launching condominiums or single detached houses priced at more than Bt5 million per unit, developers have to design the project to be different from other projects in the market to meet the high expectations of buyers.

For example, Sukhothai Residence is the highest-priced condominium project at Bt280,000 per square metre while its penthouse unit – at Bt408,000 per square metre – commands the third-highest price in the market now. The project is designed in contemporary style but project value is added by the service from Sukhothai Hotel.

The River by Raimon Land, which has set

the highest price for a penthouse unit at Bt419,900 per square metre, is banking on its location of being close to Chao Phraya River.

Sansiri's new condominium project on Wireless Road is also designed under the fashion theme, using world fashion designers to decorate the project. This project will set a price not lower than Bt250,000 per square metre. The project will open for sale this year.

Sansiri president Srettha Thavisin said the project would be a masterpiece in Bangkok's central business district.

Although luxury condominiums and luxury single detached houses have limited demand, the market is strong and there is purchasing power if the developers design projects that match the demand. This will be a new market segment for property firms, especially amid the high competition in the middle market.