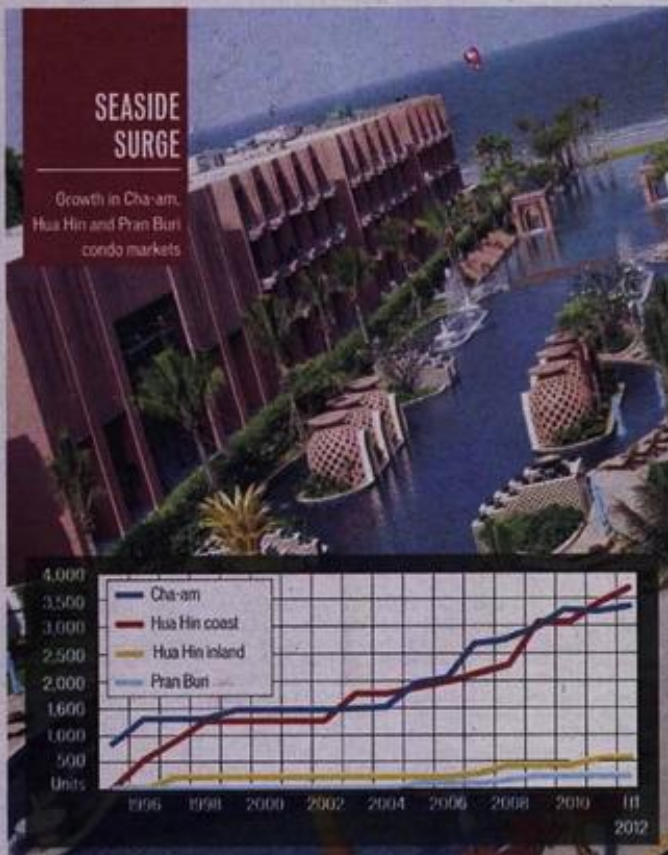


SUNNY OUTLOOK FOR CONDOS BY THE SEA

Bangkokians seeking an escape from city life are causing residential growth to continue to soar in Hua Hin, while quieter Cha-am is becoming an increasingly popular option *By Sunchai Koopakachai*



Source: Colliers International Thailand Research

POST graphics



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In the first half of 2012, the residential market in Cha-am, Hua Hin and Pran Buri showed good signs of growth, continuing from last year, especially in the condominium market in Cha-am and Hua Hin. Only a three-hour drive from Bangkok, these beach towns offer many support facilities for residents of the capital who need an escape from city life.

SUPPLY

The first condominiums were developed in Cha-am, Hua Hin and Pran Buri in 1995. Since then, Cha-am and the Hua Hin coastal area have been intensely competitive. The total supply of condominium units in Cha-am, Hua Hin and Pran Buri is 7,980, with around 47% of them in the Hua Hin coastal area.

Many developers were focusing more on the Cha-am area in 2011 and 2012 and some large-scale projects were launched there with more than 1,000 units; one had nearly 6,000 units. Over the next two to three years, based on current conditions, the Cha-am area will represent the biggest share of the market once all of the projects in the pipeline are completed. Most condominiums in the Cha-am area are larger than those in the Hua Hin coastal area, where limited availability of land has become a major obstacle to development.

UNITS LAUNCHED

More than 3,000 units were launched in the first six months of 2012, of which 2,350, or 77%, were in the Hua Hin coastal area. This reflected the addition of one big project with more than 1,000 units, but it was still less than the total of newly launched units in the first six months of 2011. More than 550 units were launched in the Hua Hin inland area by Sansiri Plc, a major developer based in Bangkok. More than 8,500 units were launched last year, the highest on record, and more than 70% of these were from one huge project in Cha-am.

Most large-scale condominiums launched in the past one to two years are located in Cha-am, due to the availability of land and lower land prices than in other areas. Some established developers are planning launches in the second half of 2012, while some from Bangkok are planning to make their debut in the beach towns before the year ends.

TAKE-UP RATE

The average take-up rate of all condominium units at the end of the first half of 2012 was approximately 61%, similar to that in the second half of 2011, although more than 3,000 units were launched in the first half of 2012. Some new projects had a high take-up rate.

The take-up rate in the Hua Hin inland area was significantly higher than in other areas at more than 74%, compared to 62% for Pran Buri. This reflected the high popularity of the projects launched by Sansiri, which were heavily marketed in Bangkok and elsewhere. The 560 units were almost sold out after the official

launch in April, 2012. The total supply in the Hua Hin inland area was only 2,120 units or 12% of the total for all locations, so the average take-up rate in the Hua Hin inland area was significantly higher than in other locations.

PRICE

The average selling price of all condominium projects in all locations at the end of the first half of this year was 61,820 baht per square metre, similar to the previous six months, although more than 3,000 units were launched in the first six months of this year.

The average selling price in the Hua Hin coastal area is the highest, at more than 70,000 baht per sq m, even after a small drop of 5% from the second half of 2011; this was due to some new projects being launched in the first half of 2012 at lower prices than the average of all projects in the past. In addition, the highest prices in the Hua Hin coastal area are at some completed projects which still have units for sale, with most luxury projects located in the Hua Hin coastal area. Some new condominium units this year were launched at lower prices, as developers want to cover all markets; most were not in prime locations or close to the beach.

DEVELOPERS

Cha-am, Hua Hin and Pran Buri are the most fashionable locations for condominium development, especially in the past two to three years. Many big-name developers are now active, led by Sansiri with more than 10 projects in the area and plans for more in the future. Charn Issara Development Plc has three projects in the Cha-am area; Major Development Plc has two condominiums; Land & Houses has one, and SC Asset just launched its first project in Hua Hin in the first half of 2012. Also planning its debut in the area is LPN Development Plc, the country's largest budget condo developer.

HOT LOCATIONS

When considering the appeal of condos as second homes, location is not the sole determining factor.

During the past few years, the Hua Hin coastal area has been the most fashionable area for condominiums as it already features many hotels, resorts, restaurants and shopping malls. However, Hua Hin is very busy and has had traffic jams every weekend, especially during long weekends. As a result, many Thais prefer to stay in the Cha-am area to escape the congestion in Hua Hin.

The Cha-am area has become a new, prospective location for second homes as it is more peaceful, while the town's amenities are improving. Some new shopping malls have already opened their doors and others are under construction. ■

Sunchai Koopakachai is a senior manager at Colliers International Thailand (Hua Hin branch). He can be reached at sunchai.koopkachai@colliers.com.