

Condo resales soar, survey finds

30-40% DISCOUNT ON NEW LAUNCHES BEHIND SURGE

THE NATION

CONDOMINIUM resales in Bangkok showed strong growth thanks to a price discount of 30 to 40 per cent on new launches, according to a survey by Plus Property, a property management arm of Sansiri Plc.

Meanwhile, the survey found

that retaining ownership of properties for more than 10 years has been found to generate 100 per cent returns on investment for owners. Moreover, no signs of a bubble have been found in the condominium market, with an 80-per-cent occupancy rate for condominiums in Bangkok, as well as a decrease in the sales of property booking, the company's managing director Poomipak Julmanichoti, said.

Normally resale transactions are most active just before ownership transfer of properties from the

developer to buyer. High-rise condos in the Central Business District (CBD) are the most popular in the resale market, and this type of property once accounted for 50-100 per cent of all condominium resales. However, after the 2008 sub-prime crisis, which affected Thailand's economy in subsequent years, the proportion of high-rise condominium resales dropped to about 30 per cent.

When considering ownership transfers to buyers after the completion of the property, it was found that the highest number of

resales occur within three years at a yearly rate of 5 per cent, compared to only 3 per cent after 3 years.

The resale market for properties surveyed by Plus from 2013-16 comprised 10,000 units, valued at about Bt50 billion. Resale of completed condos increased from 26 per cent, or about Bt1.5 billion, in 2014, to 68 per cent, or about Bt2.3 billion, in 2015. In comparison, total resales at the company were valued at Bt4.7 billion in 2014 and Bt4 billion in 2015.

When considering capital gains,

the company found that high-rise condos in the CBD provide good capital gains starting at 50 per cent during the first two years of ownership, and increasing to 65 per cent in the fourth year. If the property is retained for up to 10 years, it can generate a return on investment of up to 100 per cent for the investor.

However, condominiums in middle city districts are also becoming popular, and offer returns on investment of about 40 per cent for a 3-6-year ownership period, he said.