

Foreign demand drives spurt of luxury project launches

OVER BT60 BILLION TOP-END PROJECTS LAUNCHED OR PLANNED THIS YEAR AS FOREIGN BUYERS LEAD WAY IN STRONG MARKET SEGMENT

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THE NATION

THE RETURN of foreign investors wishing to buy luxury residences has driven leading developers to launch a host of top-end projects this year.

According to a survey by The Nation early this week, the country's top property companies plan to launch luxury residential projects worth more than Bt60 billion combined over the course of the year.

For example, SC Asset Corp plans to launch two projects worth a total of Bt5.85 billion during the first half: a luxury detached-housing project, the Granada Pinklao-Phetkasem, worth Bt2.15 billion; and a luxury condominium, the Saladaeng One, worth Bt3.7 billion.

The projects will offer homes priced between Bt10 million and Bt200 million a unit.

Country Group Development has unveiled a Bt32-billion project development on the north bank of the Chao Phraya River, consisting of a luxury residential block - the Bt19-billion Four Seasons Private Residences Bangkok at Chao Phraya - and two hotels. Bookings for the condominium are being taken during the current quarter.

KPN Group, meanwhile, has unveiled the Bt3.6-billion Diplomat 39 condominium on Sukhumvit Soi 39, with unit prices ranging from Bt15 million to Bt185 million.

Krungthep Land plans to launch two luxury single-family home estates, together worth up to Bt5 billion.

A perspective of the Bt19-billion Four Seasons Private Residences Bangkok at Chao Phraya, a luxury condominium launched earlier this year. The project is aimed for both local and foreign buyers, as demand for luxury residences rises.



Another leading developer, Sansiri, plans to launch luxury detached housing and condominium projects worth up to Bt10 billion this year, the first being the Bt3.2-billion Sretthasiri Charan-Pinklo.

Quality Houses will introduce a luxury condominium worth more than Bt6 billion at soi Nana, at a price of Bt250,000 per square metre.

Land & Houses plans to launch three detached-housing projects with homes costing between Bt10 million and Bt57.4 million.

The combined value is Bt20.65 billion for the Nantawan Bang Na Km 7, worth Bt12 billion; the Nantawan Udonthani, worth Bt1.65 billion; and the Ladawan Rama 2, worth Bt7 billion.

SC Asset Corp's chief operating officer, Nuttaphong Kunakornwong, said demand to buy luxury residences was still strong, especially in the detached-housing market.

"We are confident the luxury detached-housing market will grow between 15 per cent and 20 per cent this year, and that this will contribute to overall property market growth of 5 per cent to 10 per cent," he said.

Sansiri president Srettha Thavisin also expressed optimism that the luxury market would continue to expand,

and said the challenge was for property firms to launch residential projects focusing on this segment.

"During a period of rising household debt, launching products to serve the upper-income market will be safe for property firms because that segment of the market has greater purchasing power than the middle- to lower-income market," he said.

Ben Taechaubol, director and chief executive officer of Country Group Development, said during last month's introduction of its luxury Four Seasons Private Residences Bangkok at Chao Phraya riverside condominium that the project targeted both domestic and foreign buyers, including those from Singapore, the United Kingdom, Hong Kong and Dubai.

"Demand to buy luxury residences in Thailand is still strong from both local and foreign buyers," he said.

Prices set to rise further

"If the demand for luxury residences remains strong this year, CBRE believes prices will hit Bt400,000 per sqm, with land prices in the central business districts rising and demand growing strongly," said CB Richard Ellis (Thailand) manag-

ing director Aliwassa Pathnadabutr.

Up to 18 per cent of CBRE's sales of luxury residences – those priced over Bt170,000 per square metre – last year were to foreign investors seeking homes in which to stay or for investment purposes, she said.

More than half of them were from the Asian market, including buyers from Hong Kong, Singapore, Taiwan, China, Japan and Malaysia, with the remainder largely from Germany, the UK, other European countries and Australia.

Luxury homes snapped up by foreigners were mainly condominiums comprising more than 50 square metres per unit, and located in or close to the capital's central business districts (CBDs), she added.

According to a survey by CBRE, demand for luxury condominiums in the Sukhumvit area is still strong, driving prices up to Bt250,000-Bt300,000 per square metre for some properties.

Aliwassa said that in the past 10 years, the average price of new downtown condos had more than doubled from Bt78,000-Bt105,000 to Bt160,000-Bt220,000 per square metre.

In the Sukhumvit area, the average rise has been from about Bt84,000 to about Bt180,000, due to higher CBD land prices.

New luxury and super-luxury condos are now fetching Bt250,000-Bt300,000 per square metre, so developers need to differentiate themselves through details in such areas as design and materials to ensure the projects are well accepted by high-end customers, she said.

“We can see product development that is targeting high-end customers, shifting the standard of high-end condominiums to the world-class standard similar to those in other Asian big cities and in Europe, while there is still much room for improvement ahead,” she added.

The highest-priced residential units last year, at Bt340,000 per square metre, were at Pace Development's Ritz Carlton Residences on Sathorn Road.