



## LUXURY CONDO DEVELOPERS LOOK OVERSEAS

As recorded sales in the overall residential market in Bangkok and suburban areas dropped 4.5% to Bt171.22 billion in H1 2016, according to research by Pruksa Real Estate, leading property developers are pushing their projects overseas.

Domestic demand at the top end seems to have weakened, so developers are looking to affluent markets outside Thailand, notably Hong Kong, Singapore and Taiwan, to take up the slack as they still hope to achieve on average 8% revenue growth for 2016.



The Ritz-Carlton Residences at MahaNakhon was reported as planning to roadshow in Hong Kong to sell out the remaining 30% of the project. Even before the sales drive, 70% of sales were to customers in Asian cities where condo prices are much higher than in Bangkok, along with Europe and the Middle East.

Sansiri, meanwhile, was heading to Singapore, Japan and Hong Kong in a bid to achieve its presales target of Bt42 billion for the full year.

"We are observing more interest from foreign buyers in super-prime and prime condominiums in Bangkok," Risinee Sarikapu-

tra, research director of Knight Frank Thailand, was quoted as saying.



"Two years ago, the proportion of foreign buyers was averaging around five to 10%; now we believe the number is around 10% to 15%."

However, according to JLL Thailand, most super-prime condo units are still being bought by Thais looking for a second home that serves their exclusive lifestyle.

Either way, Magnolia Quality Development Corporation (MQDC) thinks demand for luxury condominiums in Bangkok will remain strong as prices for downtown Bangkok land plots continue to increase and the supply of luxury and super-luxury units is limited.

MQDC has three luxury projects currently under construction. The mixed-use Magnolias Ratchadamri Boulevard will feature residential units as well as the Waldorf Astoria Bangkok hotel.



Magnolias Waterfront Residences at IconSiam has already closed sales while The Residences at Mandarin Oriental, Bangkok, has crossed the 40% sales threshold.

## TARGETING WHITE COLLAR WORKERS

In terms of focus on domestic demand, listed residential developers are targeting the middle-income segment comprising those with monthly income of Bt50,000-Bt100,000.

It is harder than ever for a lower-income applicant to get a mortgage approved by a commercial bank, especially if they are already carrying debt. The rejection rate is said to have risen from 5% last year to 7% this year. Most of those whose applications are rejected are earning less than Bt20,000 a month. Those with the purchasing power to buy a home costing Bt3-5 million are having more luck.

## EMBASSY LAND SALE PUT AT B18 BILLION

The British embassy's 23-rai property on Wireless Road is expected to fetch over Bt18 billion if it is sold, as rumoured.

The land is estimated to be worth more than 2 million baht a square wah. A nearby plot was bought last year for 1.91 million baht a sq w by SET-listed SC Asset Corporation Plc.

Around 10 years ago the British embassy sold a land plot of 9.5 rai on Phloenchit Road next to its current head office. Central Group of Companies paid 950,000 bath per sq w. for the plot and built Central Embassy and the Park Hyatt Hotel on it.