

Focus on foreign roadshows to offset sluggish domestic sales



Sansiri staff introduce the Bt2.8-billion Line Asoke-Ratchada project to Hong Kong investors early this month, in a roadshow that generated sales worth Bt1 billion in Hong Kong and Singapore. Roadshows are being used by developers as a way to boost sales during a period of low overall purchasing power and slight growth in the domestic market.

PHOTO/SANSIRI PLC

THAI CONDOS ATTRACT BUYERS FROM HONG KONG, SINGAPORE, AS LOWER PURCHASING POWER, TIGHT LOAN CRITERIA DAMPEN DEMAND AT HOME

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LEADING property developers have turned their attention to overseas roadshows as a means of generating sales at their residential projects, during a period of low overall purchasing power and only slight growth in domestic demand.

One of the main drags on the domestic market is the fact that the banks are continuing to severely restrict the approval of mortgages to potential buyers in the middle- to lower-income market, with rejection rates of up to 50 per cent at some institutions.

Despite the baht having appreciated 2.41 per cent from 36.07 per US dollar at the end of last year to around 35.20 currently, residential prices in Thailand still present an attractive proposition for foreign buyers, especially business investors from Hong Kong, Singapore, China, Taiwan and Europe, many of whom wish to expand their investment in Asean by using Thailand as the base for their head office in the region.

Some foreign buyers also see residential property in Thailand as a good investment for the long term, with prices in the Kingdom - especially in Bangkok - still lower than those in their own country.

Aliwassa Pathnadabutr, managing director of CB Richard Ellis (Thailand), said domestic residential demand had continued to expand only slightly in line with prevailing economic conditions in the first half of the year, as a result of which most developers were attempting to tap into new demand from foreign buyers interested in expanding their investment in Thailand and other Asean countries.

"Holding roadshows to introduce projects overseas is the new market strategy for driving presales, by focusing both on customers buying a second home and investors planning to buy a property to rent out for long term," she said.

Surachet Kongcheep, associate research director of Collier International (Thailand), said Thai residential projects were still priced lower than in Asian economies such as Singapore, Hong Kong and China, which made them attractive to buyers from these markets, as well as from other countries.

Meanwhile, the Thai government has a policy to develop the country's infrastructure and link the transportation system, not least in greater Bangkok via extended Skytrain and underground rail routes, expressways and motorways, all of which will boost residential prices in the future, he said. This is why foreign investors are very interested in projects close to the mass-transit system, he added.

"This presents a new market for property firms to introduce their projects, especially condominiums, to foreign buyers at a time when domestic demand has dropped," Surachet said.

Sansiri's senior executive vice president for high-rise business, Uthai Uthaisangsuk, said Thai condominium prices continued to be lower than prices in other key Asian markets. For example, Hong Kong has an average condominium price of Bt600,000 per square metre, while Bangkok's most costly condos cost Bt400,000 per square metre at most.

Sansiri is one of the leading developers to have opted for an overseas roadshow strategy to generate condominium sales,