

Half of condo units in Chon Buri launched in early 2012 still unsold

DEMAND FROM RUSSIAN BUYERS HAS FALLEN SHARPLY SINCE DEVALUATION OF RUBLE; FOCUS NOW MORE ON THAI AND ASEAN BUYERS

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THE NATION
CHON BURI

MORE THAN half the units in condominium projects launched in Chon Buri province since the beginning of 2012 are still waiting to be sold, following a sharp demand drop-off in 2014 and so far this year, particularly on the part of Russian buyers.

Russians are the province's main customer segment, especially in Pattaya district, but more than half of those previously committed to buying have decided over the past 20 months to delay or cancel their purchases following the ruble's massive devaluation from 30 per US dollar to 60.

A survey carried out by *The Nation* early this week found there were 87 condominium launches worth over Bt200 billion combined and comprising 48,683 unit in Chon Buri province since the start of 2012 through to the end of March this year, with some 65 per cent or 31,914 of the units located in Pattaya.

Construction of nearly half of them will be completed this year, with the units ready to be transferred to customers in the second half. However, most of the nearly completed projects have only recorded presales of between 40 per cent and 50 per cent.

According to research by Plus Property, a real-estate agency arm of Sansiri – one of the developers having launched condo projects in Pattaya during the three-and-a-quarter-year period – new supply in Pattaya alone came in at 14,085 units last year, but only 6,857 units, or about 48 per cent, have been presold.

The research found that demand for condominiums in the resort-city had dropped by more than half last year, with the main



LPN Development's Lumpini Ville Naklua-Wong Amart project, launched last year, has psold 75 per cent of its 2,100 units.



The Plum Condominium at Laem Chabang by Prukka Real Estate, which is focusing on domestic demand, has sold 80 per cent of its 372 units since last year's launch.

customer target, Russia, which accounts for over 50 per cent of all condo demand in Pattaya, falling off sharply after the ruble exchange rate was cut in half when Russia faced an economic crisis in 2013.

Surachet Kongcheep, associate director of research at Colliers International (Thailand), said the company's research showed the supply of condominiums in Pattaya – in the areas of Jomtien, Wong Amart, Kho Pratumnak and Na Jomtien – totalled 67,801 units at the end of last year, with up to 72 per cent or 48,475 of the units already sold.

The research covered condo project launches since the beginning of 2010.

Meanwhile, other condominium projects in Chon Buri province, such as at Bang Saen beach, Bang Saray, Sri Racha and Laem Chabang, had fallen off slightly when faced with both Thailand's political uncertainty

last year and reduced domestic purchasing power as a result of rising household debt.

The main customer targets in the province outside Pattaya are Thais and foreigners who work in the nearby industrial estates.

"Some Russian customers decided to cancel their plan to buy condominiums since the start of last year, as they now have to pay much more following the ruble's devaluation," said a source from a Pattaya property developer.

Samma Kitsin, director-general of the Government Housing Bank's Real Estate Information Centre, said demand for buying condominiums in Chon Buri, especially in Pattaya, had declined since the start of 2013.

The trend caused some developers to delay further launches since the start of the fourth quarter of last year, while others have

also suspended their construction and paid back downpayments to customers, he said.

Business strategies revised

Amid the prevailing market sentiment, most residential developers launching condominium projects in Chon Buri, especially in Pattaya, have revised their business strategy from focusing on foreign investors, and Russians in particular, to concentrating on potential domestic buyers and those from elsewhere in Asean.

Sansiri's senior executive vice president for business development and project development division, Uthai Uthaisangasuk, said the company had launched its latest ready-to-stay condominium in Pattaya, the Bt2.3-billion Baan Plai Haad, this year with a focus on both domestic and foreign buyers, especially from Asean countries and China, to tie in with the Asean Economic Community (AEC) coming into effect this coming December.

"Although demand from Russia in this location has dropped, we are confident that demand from within Thailand, other Asean countries and China will recover this year, while our ready-to-stay project is an opportunity for home-buyers to purchase something ready-made rather than wait for a unit in a condominium still undergoing construction," he said.

Meanwhile, Pattaya will revise its city plan by the end of this year to support residential demand from AEC countries, which will be an opportunity to boost demand above last year's level, he added.

Pruksa Real Estate's managing director for condominiums, Prasert Taedullayasatit, said his company's launch of the Plum Condominium at Laem Chabang last year had received positive feedback from the market by focusing on domestic demand rather than foreign buyers.

Presales to date account for 80 per cent of the 372 units launched last year.

LPN Development managing director Opas Sripayak said the firm's condominium project in Wong Amart, the Lumpini Ville Naklua-Wong Amart, which was launched last year, had succeeded in selling some 75 per cent of the 2,100 units. Most of the customers are Thais, he added.