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Knight Frank Thailand Shares Perspectives on Residential Market in Thailand; Bangkok's Super Prime Condominium Segment Continues to Attract Investors while in Phuket, Super Prime Villa Prices Increase Dramatically

Knight Frank Thailand reveals that Bangkok's super prime condominium segment will continue to attract investors with prime locations becoming rare, reflected in the high prices. The residential market in Bangkok, especially in the CBD, Sukhumvit, Ratchadapisek and Paholyothin areas will offer good performance in 2016. Meanwhile, Phuket's villa market showed a tremendous increase in price in 2015.

Mr. Frank Khan, Executive Director, Head of Residential, Knight Frank Chartered (Thailand) Co., Ltd. said the super prime market segment in Bangkok performed well in 2015 with 1,350 units sold thanks to a limited supply of only 1,814 units, representing a sold rate of 74.4 per cent. This market segment is popular among Thais, Taiwanese, Singaporean-Chinese and Hong Kong-Chinese, who purchased such properties for their capital appreciation. This year, it is expected that prices of super prime condominiums will increase at least 10 to 15 per cent. In addition, the areas near the central business area, such as Ratchada-Rama 9, Petchburi, Paholyothin and Ladprao, which boast access to the rapid transit systems, will continue to be desirable for the overall condominium market, said **Mr. Khan.**

In the future, it is expected that more leasehold condominiums will be launched for sale in the downtown area due to the fact that most of the remaining lands in downtown Bangkok are owned by the government, including the State Railway of Thailand, Chulalongkorn University, Crown Property Bureau and Port Authority of Thailand, among others.

Mr. Khan projected that the condominium market in such areas as the CBD, Sukhumvit, Ratchadapisek and Paholyothin will perform well in the year ahead. As for condominium projects along the mass transit routes, a few projects stretching along the Purple Line must exercise caution as there is a large number of stock. So, developers should be conscious with selecting a location. On the other hand, projects along the Blue, Green, and Orange Lines will have a good future as the existing stock is still low. Therefore, developers will have good prospects if they choose the right location and offer the right product and price. It is worth noting that the Ramkhamhaeng area, where the Orange Line will pass, however, falls short of proper parcels of land for development.

Mr. Khan also forecasted that Hua Hin's property market in this year will remain the same as 2015, showing no significant movement with supply way over demand. Meanwhile, Pattaya will see growth as the Chinese and Russian buyers are coming back. "We will start to see some movement in Pattaya in the second quarter of 2016," said **Mr. Khan**.

Regarding Phuket's residential market, it is not quite bright, said **Mr. Nattha Kahapana, Executive Director, Knight Frank Phuket Co., Ltd.**, adding that there was a total supply of 11,177 units, 1,654 of which were newly launched in 2015. Meanwhile, there has been a cumulative sales of 7,393 condominium units from 2007 to 2015, representing a 64.89 per cent sold rate. Mr. Nattha said that a drop in demand has been caused by the slowdown of the world's economy and the Ruble depreciation, making Russian buyers fade from the market.

Mr. Nattha pointed out that the villa market in Phuket also slowed, with only 176 villa units sold in 2015 compared to 220 to 250 units sold annually between 2012 and 2014. However, it is quite interesting that the average selling price of super prime villas launched in 2015 has jumped up as high as USD 7 to 10 million per unit in contrast to earlier launched units which were sold at USD 3 to 5 million each. These new super prime villas offer seaviews with 4 to 8 bedrooms. Each occupies land that is 2 rai or larger. These villas are also managed by international hotel chains.

Mr. Nattha added that Phuket is falling short of beachfront and seaview lands for future development of villas. Developers should take into account prime locations and unique selling points of their new projects.

For further information, please contact:

Chompoonud Phienpanij, Marketing Communication and PR Manager, +66(0) 26438223 Ext 138

Mobile: +66 (0)81-901-6333

Warin Pattarapatumthong, Assistant Marketing Communication and PR Manager, +66(0) 26438223

Ext 297 Mobile: +66 (0)86 -568 -8973

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Notes to Editors

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