

DDproperty

Thailand Property

Market Outlook 2021





Introduction

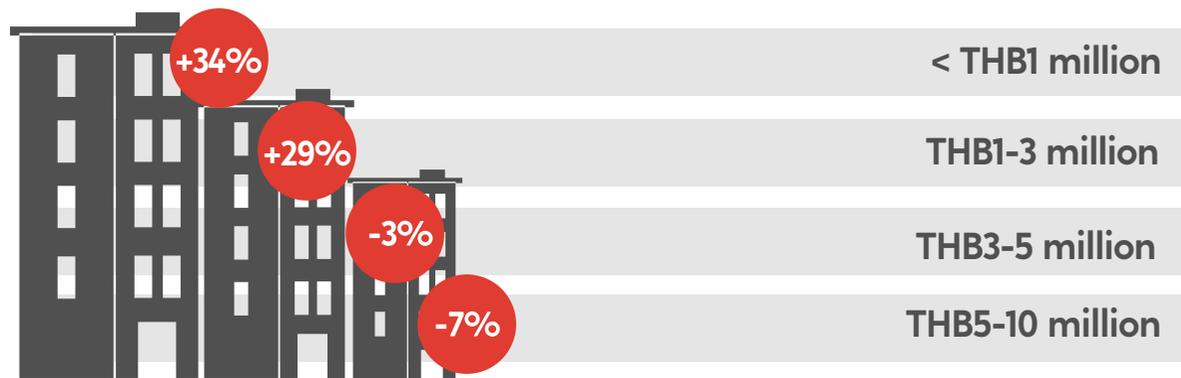
In 2020, the property market faced challenges due to several factors that stalled potential market growth. At the forefront is the COVID-19 pandemic that slowed the economy and increased household debt. As a result, many consumers delayed their decision to buy a house.

The property market slowdown compelled many developers to launch a variety of special campaigns and promotions to convince consumers that property prices were on a downward trend. Developers focused on real demand although most consumers delayed buying due to the economic outlook and high levels of household debt.

Looking ahead to 2021, prices and supply should balance out. The second half of 2021 should show signs of recovery depending on how the economic and political situation fares, how the COVID-19 outbreak pans out, and whether the government introduces a property market stimulus measure.

Overview

Supply Volume by Price Range (YoY)



Source: DDproperty

Khlong Maha Nak
Sub-District in Pom
Prap Sattruphai
District has the
highest price growth

63%
YoY



Source: DDproperty

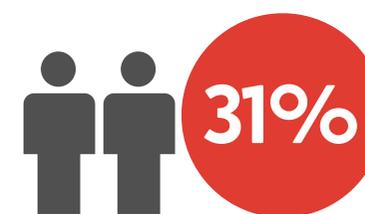
Impact of COVID-19 on consumer behaviour



Delay in property transactions



Higher uncertainty about property prices



Difficult in securing home loans

Source: DDproperty's Thailand Consumer Sentiment Study

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Looking Back

at 2020



A Game Changing Year for the Thai Property Sector

The Bank of Thailand's (BOT) loan-to-value (LTV) measure presented a challenge to home buyers wanting to invest in multiple properties or buy property over THB10 million due to the requirement of higher deposits. This group of buyers disappeared from the market, causing it to steadily slow down from the middle of 2019 till the beginning of 2020.

The COVID-19 pandemic caused businesses in Thailand to reduce employee numbers, cut salaries, and downsize to manage costs and avoid closure. The crisis also compelled consumers to reduce spending on luxury and household expenses.



Due to the overall property slump, most developers delayed launching new projects, especially of condominiums. Instead, they focused on selling existing inventory and offering discounts of up to 40% on top of other promotional strategies to stimulate sales and transfer ownership. This resulted in the Bangkok Housing Price Index decreasing from last year.

Developers are now looking beyond central locations towards the outskirts of Bangkok to develop projects, as these areas are known to have affordable housing projects. These locales also benefit from access to recently opened mass rapid transit lines offering residents convenient and seamless travel.

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Thailand records its lowest negative gross domestic product (GDP) in history, while the ongoing COVID-19 pandemic continues to affect consumer confidence and purchasing power.

However, other pricing factors including the lowest policy rate in history has caused housing interest rates to decrease, giving buyers a golden opportunity to buy properties in 2020.

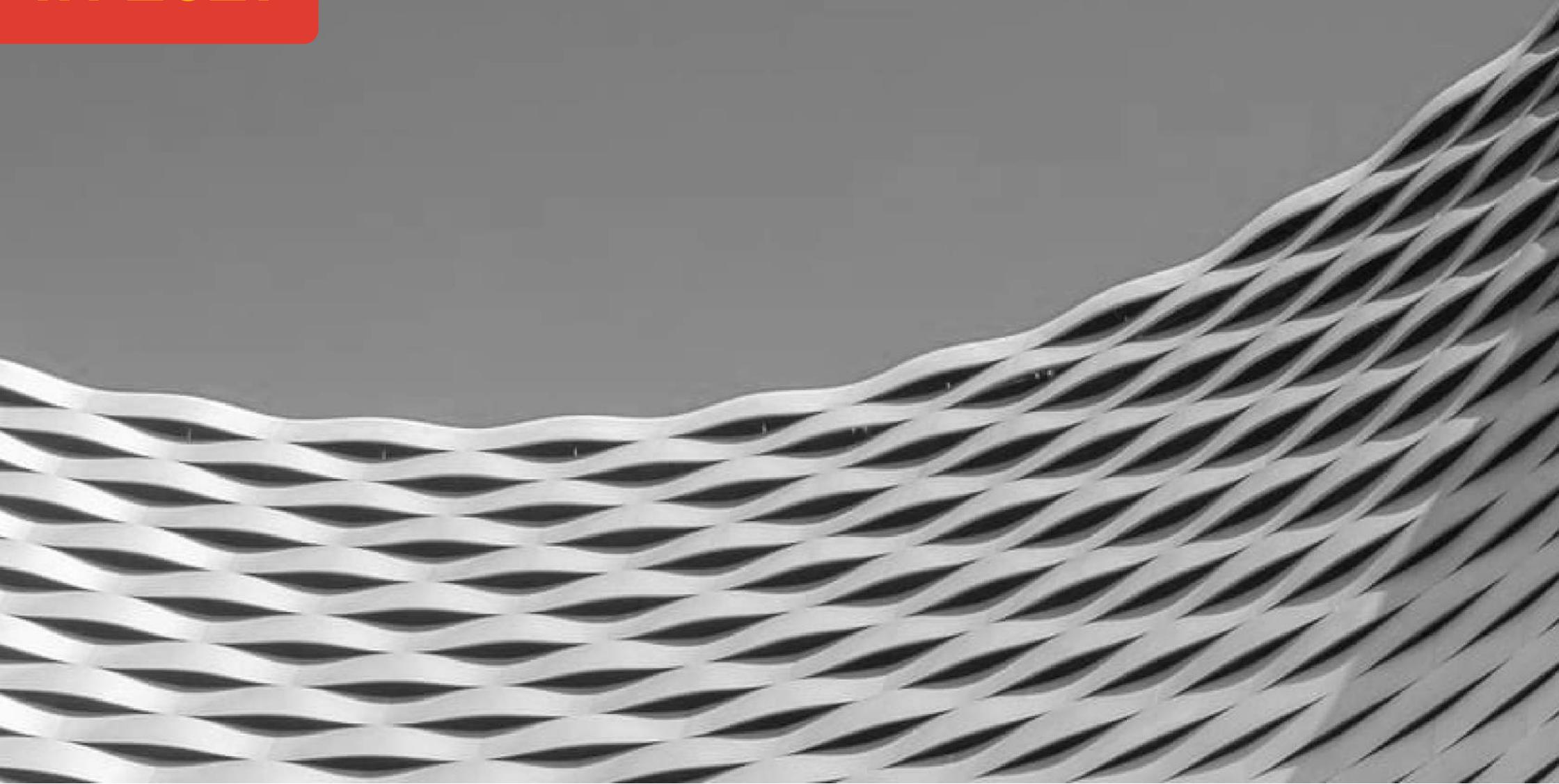
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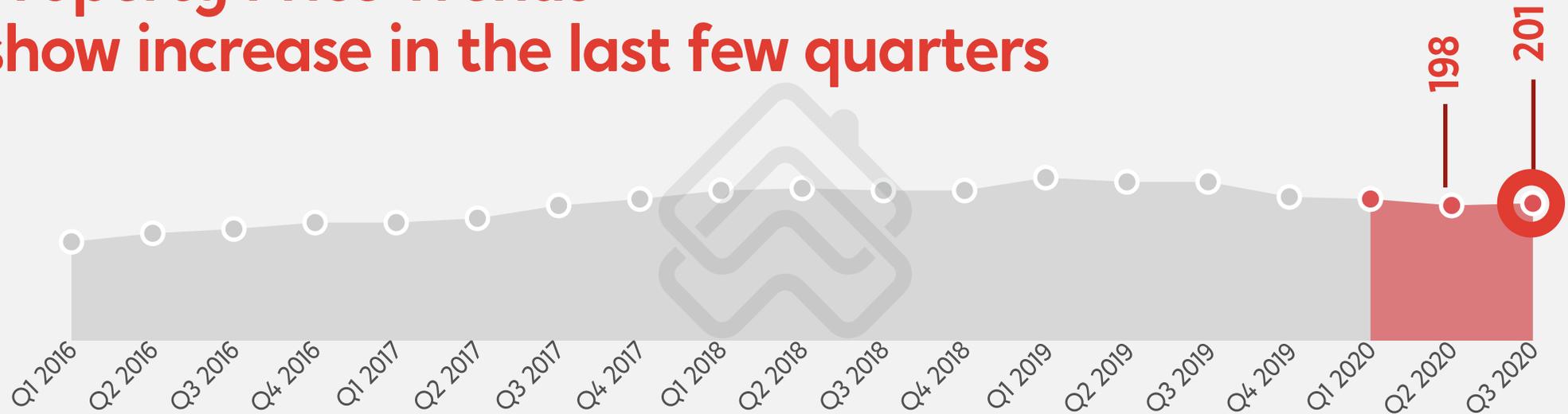
Country Manager of
DDproperty

Key trends

in 2021



Property Price Trends show increase in the last few quarters



Base index: 100.0 | Source: DDproperty

By the end of 2019, house prices were still decreasing due to an economic slowdown, a high level of household debt, and the new LTV requirements. Housing prices remain on a downward trajectory due to the same factors and even before the COVID-19 outbreak dampened the market further. The DDproperty Thailand Property Market Index has shown that the residential Price Index in Bangkok decreased in the final quarter of 2019 to 207 points before declining to 204 points in Q1 2020.

It slipped further to 198 points in Q2 2020 before slightly increasing to 201 points after the announcement to lift the lockdown. This 2% rise was the first time increase in six quarters since Q1 2019, but overall, the Price Index had decreased by 9% if compared with the same period in the previous year.

The overall Price Index increased because the Price Index of single-detached houses jumped 3% from the last quarter and rose 7% from last year. Additionally, for the same period, the Price Index of condominiums increased by 1% from the previous quarter but reduced by 6% from 2019.

Locations with the Highest Median Asking Price Increase

In Bangkok, the top five locations with the highest median asking price increase in 2020 include Khlong Maha Nak sub-district in Pom Prap Sattruphai district increasing 63% from the previous year; Khlong Ton Sai sub-district in Khlong San district where Icon Siam is located, which rose 14%; Lumpini sub-district in Patumwan district up 10%; Si Pra Ya sub-district in Bang Rak district increasing 9%; and Patumwan sub-district in Patumwan district increasing by the same amount.

5 Condominium Locations with the Highest Median Asking Price Increase

	District	Sub-district	YoY Growth
1	Bang Khae	Bang Phai	42%
2	Pathum Wan	Pathum Wan	15%
3	Khlong San	Khlong Ton Sai	14%
4	Bang Rak	Si Phraya	10%
5	Pathum Wan	Lumphini	10%

5 Single-Detached Locations with the Highest Median Asking Price Increase

	District	Sub-district	YoY Growth
1	Bangkok Noi	Arun Amarin	21%
2	Lak Si	Talat Bang Khen	18%
3	Saphan Sung	Saphan Sung	18%
4	Phasi Charoen	Bang Chak	17%
5	Taling Chan	Bang Prom	15%

5 Townhouse Locations with the Highest Median Asking Price Increase

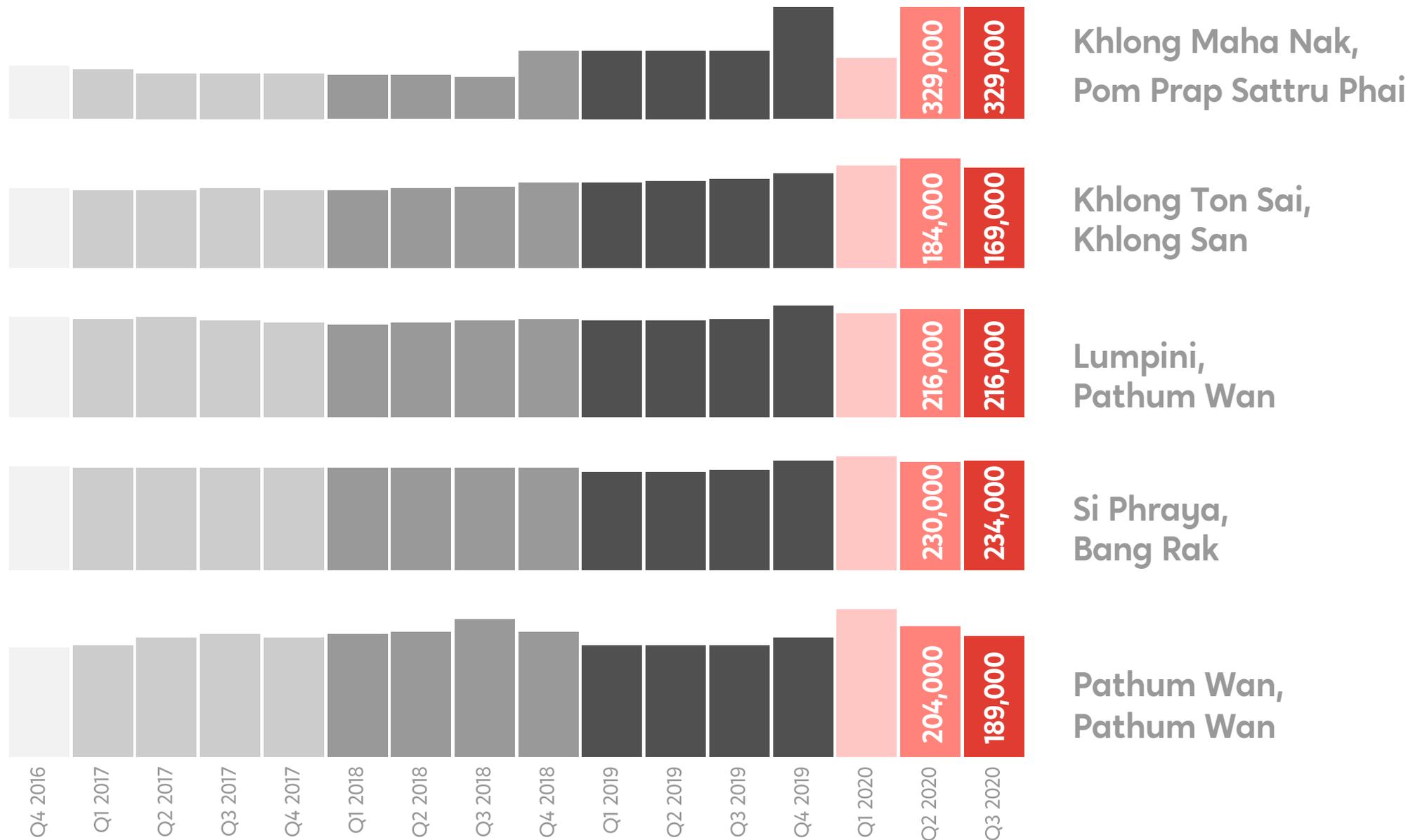
	District	Sub-district	YoY Growth
1	Nong Chok	Khu Fang Nua	41%
2	Nong Chok	Khok Faed	24%
3	Khlong Sam Wa	Sam Wa Tawan Ok	21%
4	Lat Krabang	Lat Krabang	19%
5	Bang Khae	Bang Phai	15%

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Even though condominium growth is concentrated in Bangkok's Central Business District, if we look at all residential property types, the most successful neighbourhoods are actually situated on the city fringe and outskirts suburbs.

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5 Locations with the Highest Median Asking Price Increase



Property Supply Trends indicate an oversupply in many areas



Base index: 100.0 | Source: DDproperty

Increase in supply in Bangkok is likely to slow down as developers delay new project launches, especially of condominiums. This corresponds with individual sellers wanting to sell up but have also delayed selling to avoid price wars and to wait for better returns.

In Q4 2019, the Supply Index continued to decrease to 336 points, and dropped to 335 points in Q1 2020.

Despite a further decrease to 313 points in the following quarter, the indices rose 23% to 385 points in Q3 2020 when the lockdown was lifted.

This Supply Index increase illustrates how consumers wanted to sell post lockdown and how many buyers delayed their decision to buy due to the economic uncertainty.

5 Locations with the Highest Supply

	District	Sub-district	YoY Growth
1	Suan Luang	Suan Luang	47%
2	Khlong San	Khlong Ton Sai	23%
3	Khlong Toei	Khong Tan	22%
4	Watthana	Phra Kanong Nua	13%
5	Huai Khwang	Huai Khwang	11%

In 2020, Suan Luang sub-district had the highest condominium supply, increasing by 42%. For single-detached houses, Bang Na had the most supply rising a staggering 233% while Bang Chak sub-district and Phra Khanong district had the most supply of townhouses, growing by 78%.

Looking at prices, 34% of the supply was for properties less than THB1 million and 29% for the THB1 to 3 million bracket. The supply of properties priced between THB5 and 10 million decreased by 7% while those between THB3 and 5 million decreased by 3%.

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These figures reflect consumer needs, i.e., the lower end of the market has less appetite for property, while those with a budget of between THB1 and 5 million are still relatively active and helping to keep supply down.

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In Bangkok, condominiums accounted for 88% of residential supply, single-detached houses represented 7% of supply, and townhouses accounted for 5%. 31% of these condominiums were priced between THB5 and 10 million. 30% of single-detached house prices were in the THB5 to 10 million bracket. As for townhouses, the THB1 to 3 million bracket accounted for the most supply at 34%.

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Even though supply is increasing at the end of 2020, this rise represents sellers wanting to sell post-lockdown rather than new project launches that have slowed down. In the coming year, it is expected that price and supply will balance out as developers focus on selling unsold units in the CBD and launching new projects priced between THB1 and 5 million to target real demand which has the strongest purchasing power.

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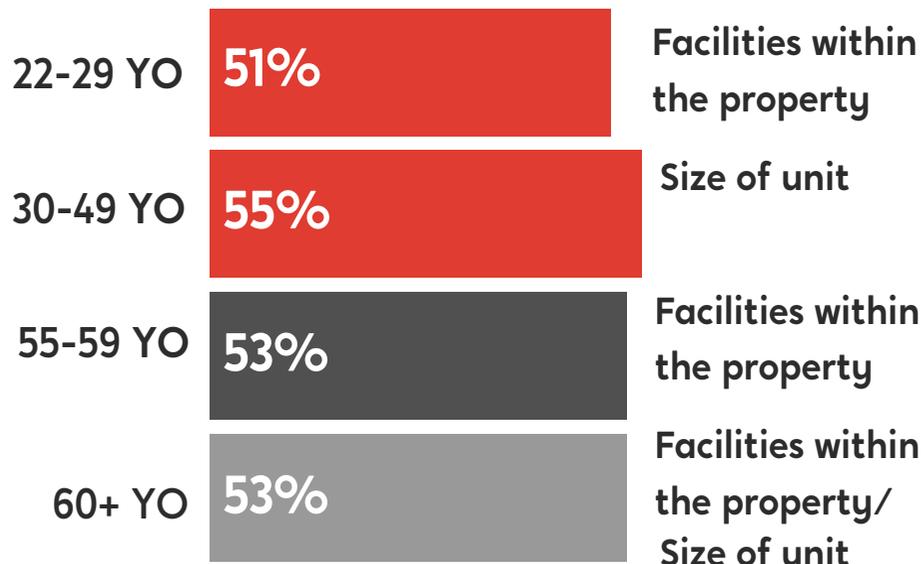
Changing consumer preferences shown in Consumer Sentiment Study



The global pandemic has impacted consumer buying decisions according to the latest DDproperty Thailand Consumer Sentiment Study. 75% of consumers delayed buying a house, while 32% had concerns about prices. 31% believed that it is a difficult time to secure a mortgage with loan approvals taking longer than usual, while 24% turned their attention to buying products focused on health and wellbeing. Lastly, 20% found it difficult to visit a project, hence delaying their investment.

Aside from prices, mortgage and locations are two other important factors that people consider when buying a property. Post pandemic, consumers want their properties to enhance their new lifestyles, especially in terms of many people's shift towards working from home.

Important Factors Each Age Group Considers When Buying a Home



Source: DDproperty's Thailand Consumer Sentiment Study

These statistics correspond with information about 2020 property purchases that found that the sale of detached houses increased by 30%, townhouses rose by 10%, and condominium decreased by 2%.

There is still demand within Bangkok, but attention has turned towards outskirts according to 46% of respondents. Potential growth, access to the mass rapid transit system, and the desire for more space were cited as factors for looking out of the city centre.

This led to five areas in 2020 experiencing an increased appetite for these locales. According to DDproperty data in 2020, interest for Min Buri district increased by 74%, Phasi Charoen district by 61%, Sai Mai district by 58%, Bang Khae district by 58%, and Chatuchak by 38%.

Meanwhile, 79% of consumers expect the government to introduce measures to stimulate the market, such as cutting interest rates to influence buying decisions.

Macro trends indicate a two year recovery period



Even though the Thai economy has slightly recovered due to the successful control of the COVID-19 pandemic, the gradual recovery of the global economy needs to be considered. Overall activity is down and lower than before the outbreak.

The economy is forecast to grow by 3.6% in 2021 according to the Monetary Policy Committee, but assuming there is no new outbreak it will take two years to recover. The Monetary Policy Committee has also kept the policy rate at 0.5% per year, the lowest rate in history, to help on the road to recovery.

Aside from overall global performance, other factors that will affect the Thai economy are the ability to repay debt in the private sector, household debt, and tourism. The significantly low number of foreign visitors due to the pandemic and domestic political uncertainty will also continue to affect the economy.

Big Property Bets

in 2021



The Rise of Greater Bangkok Cities



The expansion of the mass transit network spanning Bangkok and greater Bangkok makes commuting within the city convenient and fast.

Current and future rail systems also boost the appeal of living in Bangkok outskirts, particularly in three greater Bangkok areas, Nonthaburi, Pathum Thani, and Samut Prakan. The opening of a new Skytrain line will make these areas attractive to live in due to low housing prices, while current residential developments continue to drive growth.

Nonthaburi

The proximity to BTS and MRT lines influences property prices in Nonthaburi, which are likely to continually increase due to rising demand.

The development of the mass rapid transit network caused prices of properties in Bang Rak Yai sub-district in Bang Bua Thong district to increase by 13% in 2010 due to their proximity to the new Purple Line. Similarly, prices in Bang Kruay sub-district/district grew by 16% as the area welcomed the Light Red Line.

Condominium prices increased by 6% in the vicinity of the MRT Ministry of Public Health Station of the Purple Line, by 4% in the vicinity of MRT stations Talad Bang Yai and Sam Yaek Bang Yai, and by 3% in the vicinity of Yaek Pak Kret of the Pink Line.





The area with the largest condominium supply, increasing by 52%, was Sao Thong Hin sub-district in Bang Yai district where the Talad Bang Yai and Sam Yaek Bang Yai stations of the MRT are located.

Samut Prakan

Samut Prakan is a province that takes advantage of the BTS Green Line which was extended between Bearing and Kheha, allowing it to connect to central Bangkok and Pathum Thani province via the new BTS Yellow Line–Lat Phrao to Samrong. Expected to be completed in 2021, the BTS Green Line has led to increases in residential property prices in areas near the train line, such as Thai Ban Mai sub-district in Mueang Samut Prakan district, which increased by 21%.



The highest price increase of condominiums were in Mueang Samut Prakan district, rising by 11%; Thai Ban Mai sub-district rising by 8%; and Thepharak sub-district, where the stations Sam Rong, Tippawan, Sri Thepa are located, increasing by 6%. Single-detached houses in Bang Chak sub-district in Phra Pra Daeng district rose in value by 43% and townhouses in Laem Fha Pa sub-district in Phra Samut Chedi district by 27%.

The supply in Bang Bo sub-district/district rose by 58%, Theparak sub-district in Mueang Samut Prakan district by 57%, Bang Kaew sub-district in Bang Phli district by 44%, Bang Phli Yai sub-district in Bang Phli district by 30%, and both Sam Rong Nuea sub-district and Mueang Samut Prakan district by 23%.



Pathum Thani

There are many factors that make Pathum Thani province an ideal area to live in, one of which is proximity to large department stores and the BTS Green Line running between Mo Chit–Sapan Mai-Kukot, as well as the extended line running between Kukot and Outer Ring stations.

The residential locations with the highest price increase this year were developments near the extended BTS line from Kukot to Outer Ring. Property prices in Khlong Hok sub-district in Khlong Luang district increased by 18% and those in Khlong Si sub-district in Khlong Luang district by 16%.

As for residential properties, it was found that the location of condominiums with the highest price increase this year were those near the BTS line. These include properties in Bang Yi To sub-district in Thayaburi district (near Rajamangala University of Technology Thanyaburi-Dream World) which climbed by 17%, properties in Lak Hok sub-district in Mueang Pathum Thani (near Rang Sit University) which increased by 13%, properties in

Kukot sub-district in Lam Luk Ka district which went up by 14%, and properties in Khlong Nueng sub-district in Khlong Luang district which increased by 3%.

On the supply side, it was found that supply of most condominiums was located in Kukot sub-district in Lum Luk Ka district which grew by 49%, supply of most detached houses was in Lat Sawai sub-district in Lum Luk Ka which rose by 38%, and supply of most townhouses was in Khlong Sam sub-district in Khong Luang district which increased by 21%.



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The range of residential prices in the three provinces is between THB 1 and 3 million, while most detached houses are priced between THB 5 and 10 million. Condominiums and townhouses are priced at a similar level (between THB1 and 3 million), which means there is less demand for condominiums as buyers opt for houses over lateral living.

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**Should you buy or sell
property in 2021?**



Should you buy or sell property in 2021?

For Buyers

- Q1 2021 will be an attractive time for buyers and investors as property prices will remain sluggish.
- Despite a fairly low home loan interest rate that suits those looking to get a new mortgage, buyers will need to have financial discipline so that they can weather a possible second wave of COVID-19 and Thailand's political instability.



For Sellers

- The large existing market supply, particularly in many central locations, runs the risk of oversupply. Sellers who own properties within these locations should postpone selling and wait for a more attractive time with the potential for better returns.
- Consumers will pay more attention to landed housing, such as detached houses and townhouses, as they desire more usable area and discover transportation options that offer convenient access to central Bangkok via mass rapid transport systems.



Considering Factors

- A COVID-19 vaccine will stimulate Thailand's economic recovery and drive property purchasing power worldwide.
- Continued political uncertainties will affect the economy and erode local and foreign investor confidence.

Conclusion



Thailand Property Market in 2021 - A Road to Recovery

In 2021, the property market will start showing signs of recovery in line with the increased Price Index and news of a successful COVID-19 vaccine. Additionally, the economy is expected to fare better than anticipated.

However, there are still many challenges that need to be overcome before the economy bounces back, household debts to level off, and COVID-19 outbreak repercussions to be surpassed. Market oversupply, especially in the condominium market, and stringent requirements to get credit must be considered amongst developers when planning their next development. Therefore, new project launches in Bangkok and the metropolitan area are expected to shrink or increase only marginally.

Buyers will continue to be motivated by campaigns and promotions and encouraged to transfer ownership swiftly to help developer liquidity.

Developers have adopted new marketing strategies to attract demand as property prices are forecast to remain stagnant for the first half of 2021 and rise only in the second half of the year. The market next year is also expected to be driven by real demand as opposed to speculative investors.

Prices are forecast to fall into the THB1 to 5 million bracket aimed at the middle-high market. Less attention will be given to the lower end of the market where buyers typically have high household debt and have trouble meeting strict home loan lending criteria.

Another factor that could affect the property market in 2021 is the government introducing a policy or stimulus package to help boost the market. This could influence first-time buyers and include tax breaks, reduced ownership transfer fees, and the relaxing of LTV measures to help create a more attractive marketplace for buyers and sellers.

About DDproperty

DDproperty is Thailand's No.1 property portal and helps over 3 million people find and own their dream home in Thailand every month.

The company is part of the PropertyGuru Group, Asia's leading property technology company and the preferred destination for over 25 million property seekers to find their dream home every month.

PropertyGuru and its group companies empower property seekers with the widest option of more than 2 million homes, in-depth insights and solutions that enable them to make confident property decisions across Singapore, Malaysia, Thailand, Indonesia and Vietnam.

Over the last decade, the group has grown from a regional property media powerhouse to a high-growth technology company with a robust portfolio of No.1 property portals, award-winning mobile apps, the best-in-class developer sales enablement platform, and a host of industry-leading property offerings including awards, events and publications across Asia.

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With Thanks

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