

Onwards and upwards

Prices of new condo units in downtown Bangkok are expected to rise 11 per cent, writes *Peter Hill*



THE MAHANAKHON SKYSCRAPER INCLUDES THE RITZ-CARLTON RESIDENCES. MAHANAKHON IS BEING BILLED AS THAILAND'S TALLEST AND MOST STRIKING ARCHITECTURAL LANDMARK.

Floods, political unrest and a military coup have failed to derail Thailand's luxury property market. Developers and analysts expect to see continued growth and rising prices in the sector due to limited supply and strong demand despite the kingdom's sluggish economy.

Land prices in Bangkok's central business district are expected to achieve new heights this year to surpass the 475,000 baht (HK\$105,000) per square metre achieved last year for a plot near Chitlom skytrain station.

The prime Phloenchit-Lumpini area saw land prices soaring by 567 per cent from 2002 to 2015, with the Silom-Sathorn and Sukhumvit areas not far behind. With those huge rises largely driven by condo development, average prices of new luxury condo units in prime

downtown locations are expected to rise by about 11 per cent to 320,000 baht per square metre this year.

Unlike the highly controlled Hong Kong and Singapore property markets, Bangkok remains a relatively free market for developers, while prices remain attractive for foreign buyers. Consultant CBRE estimates that 80 per cent of buyers are Thai, with foreign buyers mostly from mainland China, Hong Kong, Japan and Taiwan.

Sansiri is ramping up its high-end condo development this year. In March it unveiled its flagship 98 Wireless superluxury project, a 25-storey condo worth 8.5 billion baht with 77 units on exclusive Wireless Road in Bangkok. The most expensive units, all fashioned with exquisite craftsmanship, will cost 630,000 baht per square metre.



LOBBY LOUNGE AT 98 WIRELESS BY SANSIRI. THE 25-STOREY CONDO PROJECT IS WORTH 8.5 BILLION BAHT.



LIVING AREA AT THE RESIDENCES AT MANDARIN ORIENTAL IN BANGKOK. THE PROJECT IS ALREADY 40 PER CENT SOLD.

Cobby Leathers, Sansiri's head of international business, expects another strong year in Bangkok after selling out four city condos it launched last year.

"We expect a strong market response as multiple projects are in key city areas with attractive product designs and great mass-transit access," he says. "Hong Kong has been a strong market for Sansiri for several years and we expect the same positive response this year. Mainland China is developing well for us and the signs are positive based on

strong tourism from the mainland to Thailand."

Leathers says the market was boosted by the Thai government's property tax incentives, which reduced transfer and mortgage fees from 2 per cent and 1 per cent respectively to 0.01 per cent for a six-month period that ended on April 28. "Developers also added sales promotions that created a 'great time to buy' surge in the market," he says.

Pace Development Corporation also

intends to keep tapping the luxury segment with several ambitious projects. "Buyers in the high-end segment are not worried about the economy," says chief executive Sorapoj Techakraisri.

Pace's The Ritz-Carlton Residences, valued at 21 billion baht, is part of the MahaNakhon mixed-used skyscraper in Bangkok. With the project already 70 per cent sold, units are due to be transferred in June. Its most exclusive penthouses cost US\$17 million.

At 314 metres high, MahaNakhon is being billed as Thailand's tallest and most striking architectural landmark. It will have 77 storeys, a shopping complex and the luxurious residences.

Another project attracting great interest from Asian buyers is The Residences at Mandarin Oriental on the banks of the Chao Phraya River in

Bangkok. Developed by Iconsiam Superlux Residence, the first Mandarin Oriental-branded residences in Southeast Asia are due for completion in 2018 but are already 40 per cent sold.

The project, consisting of 146 waterfront residences ranging in price from US\$1.3 million to US\$11 million, will be part of the Iconsiam retail complex.

Ananda Development says Bangkok's luxury condos are attracting interest from foreign buyers as prices are lower than those in Singapore, Hong Kong and Japan. After it launched Ashton Silom worth 6 billion baht in February, it sold 60 per cent of the 48-storey condo's 428 units, which are priced at up to US\$700,000.



MAHASAMUTR COUNTRY CLUB AND VILLAS IN HUA HIN

Resorts eye Chinese arrivals

Developers in Thailand's resort areas are hoping to cash in on the huge growth in Chinese tourists, who now account for 27 per cent of foreign arrivals in the kingdom.

Phuket's condo market enjoyed 57 per cent year-on-year sales growth in the final quarter of last year, partly fuelled by Chinese customers buying individual units and Chinese investors buying up to 10 units at a time, according to consultant CBRE.

Pace Development's MahaSamutr country club and villas in Hua Hin is the most striking development on the Thai coast. The 81 luxury villas overlook a huge lagoon, while the country club offers sporting activities, classes, corporate entertainment, spas, play areas and dining options.

Sansiri, which has sold out its 270-unit The Deck condo development in Patong has stimulated sales in Phuket, Hua Hin, Cha-am and Pattaya with its rental yield guarantee of 6 to 7 per cent for up to five years.

"Resort areas traditionally move more slowly in terms of sales as the market is more seasonal," says Cobby Leathers, Sansiri's head of international business. "However, we will be closing out a few resort projects this year with limited units left at certain locations."