

Pattaya Condominium Market

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“Only 2,100 units were launched in 2016, due to market slowdown and the large number of unsold units.”

Forecast at a glance



Demand

The market has still not recovered, especially among Russian buyers, while the Chinese and Japanese are becoming more prominent new buyers in the Pattaya condominium market.



Newly Launched Units

Only 2,100 units were launched in 2016, marking a significant decrease from 2015.



Completed Units

Approximately 7,400 units were completed and registered in 2016.

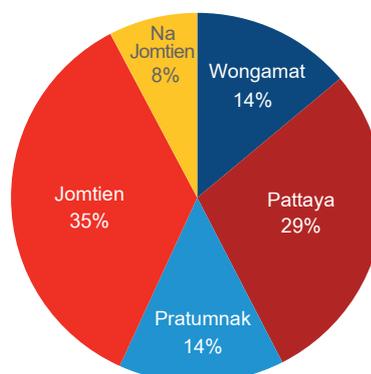


Price

The average sales price in 2016 increased only about 3 to 5% over the previous year.

Supply

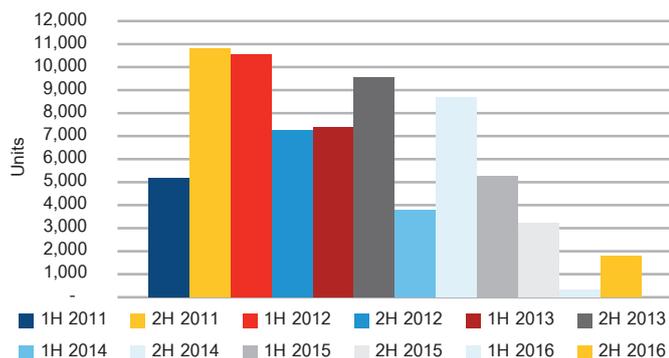
Current condominium supply completed and registered in Pattaya city 2H 2016



Source: Colliers International Thailand Research

The condominium market in Pattaya City has continued to grow over the past few years, with more than 7,400 units completed and registered at Department of Land for 2015 to 2016. Approximately 73,660 units were completed and registered in Pattaya City as of 2H 2016. The Jomtien Area has become the most fashionable area for condominium development, so a lot of condominium units were completed in this area, raising the total current condominium supply to the highest share in the Pattaya City condominium market. The Pattaya Area represents the second highest share of the market, although very limited land is available along the beach. Despite this, many developers have occupied land and launched new condominium projects in other areas further from the beach.

New units launched by half year and location as of 2H 2016



Source: Colliers International Thailand Research

Many developers postponed or reduced the number of newly-launched condominium projects in 2016, because of the market slowdown and the high number of available units in the market. Only 1,800 new condominium units were launched in 2H 2016, marking a dramatic increase over 1H 2016. This was primarily a result of many developers postponing the launch of new projects in 1H 2016 after a high number of units were still available in the market. Despite this increase, the number of new condominium units launched in 2016 was the lowest in a number of years.

Thailand’s economic slowdown and some associated negative factors have directly affected both foreign and Thai buyers. The shrinking value of the Russian Ruble in the past few years has had a particularly strong impact on Russian buyers. The number of Russian tourists arriving in Thailand in 2016 was over 1 million again, after only around 884,136 arrived in 2015. Despite this increase, most of these tourists are not interested in the condominium market.

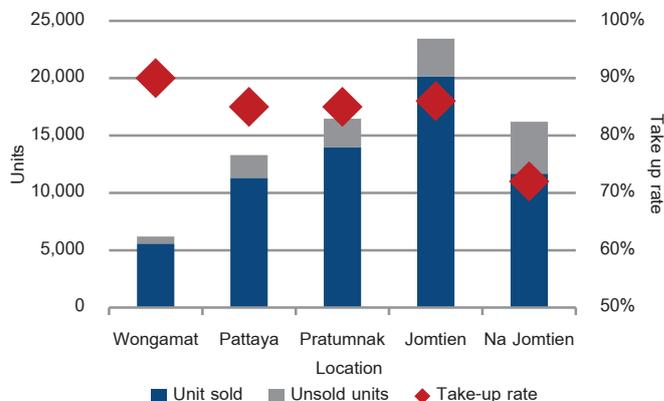
Additionally, the large number of condominium units launched in the past few years, at more than 15,000 units per year, has left many unsold units still in the market. Many negative factors have impacted the Pattaya condominium market over the past few years. Most developers decided to postpone to launch new condominium projects in 2016, so the number of new condominium units launched in 2016 was around 2,100 units.

Jomtien and Na Jomtien were the most interesting locations for many developers over the past few years, due to the high number of available land plots still in the market. Developers launched many below mid-level condominium projects in the Jomtien Area, while the Na Jomtien Area is the only remaining location where developers can find beachfront land plots in Pattaya market.

Some projects have delayed their construction progress and postponed their completion date.

Demand

Average take-up rate as of 2H 2016



Source: Colliers International Thailand Research

The Pattaya condominium market slowed in 2015 – 2016, reflecting the over-supply problem. Other factors affecting the market were the lower purchasing power of Russian tourists and the fact that Thailand’s economic overview has still not met government expectations. The average take-up rate of the Pattaya condominium market was approximately 83% at the end of 2016. Approximately 10,000 unsold units remained in the market and many of the condominium units were sold in 2016 were “ready to move in” units, which means that buyers received a benefit from tax and transfer fee redemption as was government policy in the first four months of 2016.

The fewest available units in the Pattaya market were in the Wongamat Area, due to the fact that only a few condominium projects were launched in that area. Some completed projects garnered high interest from many buyers due to its beachfront location. The Jomtien Area still shows a high average take-up rate, although a larger number of new condominium projects were launched in the area over the past few years.

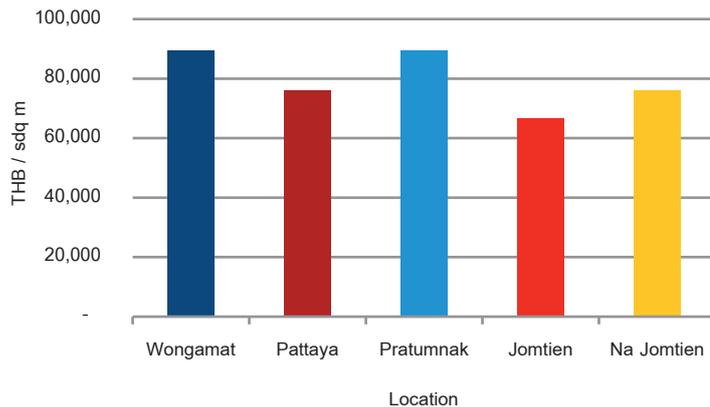
During the past couple of years, many condominium projects were launched in the Na Jomtien Area, with some projects including 900 to 1,000 units. Due to the market slowdown, the number of unsold units was highest in this area.

Demand has still not dramatically recovered in 2016 - 2017, and developers remain focused on releasing their completed units. Although many Chinese and some Japanese buyers expressed increased interest in buying condominium units in Pattaya, these buyers still cannot replace the Russian buyers, who represent the largest foreign buyer group over the past years.

The Wongamat and Pratumnak Areas report the highest prices in Pattaya condominium market, and some beachfront condominium projects in Wongamat sold at higher than THB130,000 per sq m. The average price in the Pratumnak Area was significantly increased from the past two years, due to some new projects were launched with starting sales prices higher than THB100,000 per sq m.

Price

Average price as of 2H 2016



Source: Colliers International Thailand Research

The average price of all locations in the Pattaya market was around THB82,500 per sq m, which represents a 5% increase from 2015. Most developers are still trying to attract buyers during the market slowdown by maintaining prices similar to previous year or increasing prices by only 3 to 5%

The average price in all locations in 2017 will be similar to or slightly higher than in 2016 as many projects were completed, but the market has still not recovered.

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