PROPERTY

Slowdown in new housing launches

REAL ESTATE FOCUS

SAMMA KITSIN
DIRECTOR-GENERAL,
REAL ESTATE INFORMATION CENTRE

The number of new condominium units launched in Bangkok and nearby provinces last year was about 66,400 – the most since 1995-1996. About 54,200 new low-rise houses were also launched in 2010 – much more than in preceding years.

At the beginning of this year, the Real Estate Information Centre (REIC) forecast that 2011 would see many fewer condominiums launched in the primary market. The number of low-rise houses would drop as well, but to a lesser degree, and suburban townhouses would take a major share of this market.

We were surprised to see condominium developers continuing to pile up new units during the first half of this year. An additional 26,550 new condominium units entered the market off-plan in the first six months, even more than were launched in the first half of 2010. Closer analysis revealed that many of these were launched by the big SET-listed players as a result of their projects being postponed at the end of 2010. On the low-rise side, there was a just a slight drop.

In June we saw signs that developers were becoming more and more cautious, as units released into the market earlier in the year were receiving more lukewarm responses.

As we entered the seventh and eighth months of this year, we began to witness the long-awaited slowdown in new projects and units launched. Only 10 new condominium projects with a combined 1,200 units were announced. That brought the eight-month total to about 27,800 units, compared to 32,900 units in the first eight months of last year – a 15-per-cent decline.

About 4,000 new low-rise housing units were launched during July and August, bringing the total for the first eight months to about 30,500 units. This compared to 35,100 units launched in the first eight months of last year – down by about 13 per cent.

A significant influence in the mid-year launch slowdown was uncertainty over how and when the government would implement its promised housing-market stimulus scheme. Most developers we talked to confirmed that buyers were sitting idle in a wait-and-see mode.

Of all the accumulated units available for sale, about 60 per cent are in the under-Bt3 million price range. About 23 per cent are in the Bt3-million to Bt5-million bracket, while the rest are in the upper market.

The districts with the highest number of new condominium unit launches this year are Bueng Kum, Pak Kret, Yan Nawa, Watthana and Suan Luang. For new low-rises, the most popular districts are Lam Luk Ka, Bang Kruay, Thung Khru, Klong Luang, Saphan Sung and Bang Phli. A quick glance at the statistics book shows that, in terms of new launches, townhouses have overtaken single-detached houses since 2007.

Despite recent press statements by big developers that they will continue to launch new units later this year, we expect the market to remain soft in the final four months of 2011, barring any major government incentives.

The total number of condominium units launched in the whole of 2011 will probably be in the neighbourhood of 60,000 units, or a 10-per-cent plunge from last year. Low-rises will probably end up around 50,000 units, or a 7-per-cent drop.