

PROPERTY

Homebuilders see recovery

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The homebuilding market is expected to recover next year, driven by the country's anticipated economic recovery, the government's infrastructure development plans and higher purchasing power.

Pichit Arunepunlop, president of the Home Builder Association, said the government's accelerated infrastructure projects are further expected to spur private investment.

"The homebuilding market relies largely on the economy," he said. "We hope the overall economy next year will improve, as many negative factors begin to end, such as concerns over the referendum on Britain leaving the EU, the US presidential election and oil prices."

The self-built home market in Greater Bangkok is valued 45-50 billion baht a year. Of this amount, around 20% is shared by homebuilding firms and 80% by individual contractors.

The association expects the market value for homebuilders to grow by 10% next year to 11 billion baht from 10.2 billion this year, which rose slightly from 10 billion in 2015.

The 2016 value was below an earlier target of 12 billion baht.

He said the homebuilding market this year was weak with lower-than-expected overall market value due to several negative factors in the second half, including high household debt, a poor economy and the passing of His Majesty King Bhumibol Adulyadej.

"Demand remains strong but people have put off their buying decisions until next year," he said. "We expect demand will pick up and boost market growth in 2017."

Mr Pichit added that the market share from the provinces rose to 25% this year from 17% last year as available land plots in Bangkok are becoming limited with rising land costs.

This has also driven Bangkok-based homebuilding firms to seek new target buyers outside of the capital since last year. Currently, the association's members have a market share of 20% in the provinces.

He added the new land and buildings tax law, despite its enforcement being postponed until 2018, is still expected to encourage landowners to sell their land next year.