

## Mass transit to shape market



Construction continues for the MRT Green Line project linking Mor Chit-Saphan Mai-Khu Khot. PATIPAT JANThONG

Eleven new mass transit lines citywide spanning 480 kilometres will change the property landscape and urban lifestyles in the next decade, say property analysts.



Surapong Laoha-Unya, chief operating officer at Bangkok Mass Transit System Plc, operator of the skytrain, said new mass transit lines scheduled for the next decade will change the property landscape similar to the skytrain's effect the past 18 years.

The 11 new lines include the Orange Line running from Taling Chan-Thailand Cultural Centre-Min Buri, the Pink Line from Khae Rai to Min Buri, the Yellow Line from Lat Phrao to Samrong and the recently approved 22km Brown Line monorail from Khae Rai to Lam Sali.

"Land prices in locations along the skytrain and MRT rose by 10% per year on average, compared with an average increase of 3% in land prices in Bangkok," he said Wednesday at a seminar on mass transit lines.

In popular locations in the inner city like Nana, Asok, Phrom Phong and Ari, land prices increased higher than 10% per year.

Mr Surapong said the amount of new housing supply being launched in Bangkok each year was falling, but condos near mass transit lines are rising, with a sales rate exceeding 70% on average.

Ridership has risen by 9.1% per year since the skytrain started running in 1999. The Green Line averages 700,000 rides on weekdays and 800,000 rides on weekends now, up from 150,000 rides in the early years.

However, the number of rides on the Purple Line is only 50,000-60,000 a day.

Tritecha Tangmatitham, managing director of SET-listed developer Supalai Plc, said there were two factors that would help boost condominium demand: high land prices and heavy traffic.

"In locations along the Purple Line on Rattanathibet Road onwards, land prices are still low and traffic is not too heavy," he said.

"People usually prefer a single house or townhouse to a condo unit. This is why there are still several unsold condos there."

During the Purple Line's construction, condominium launches had a good sales rate. When it was completed and a slew of new condo supply launched, some consumers found living in a condo near the Purple Line was not to their liking, said Mr Tritecha.

"The Purple Line is not popular as it takes longer and is more expensive than using a passenger van," he said.

"Even when the missing link was connected, it did not matter."

Over the next seven years the amount of new mass transit lines is set to triple.

"The amount of new condo supply launched in the inner city was large during the past few years as development of mass transit lines disconnected after the Purple Line," said Mr Tritecha.

The Orange, Yellow and Pink lines will open new locations for property development, expanding to wider areas. Last year new condos launched in some locations where they had been lacking for several years, he said.

Chatchai Payuhanaveechai, chief executive and president of Government Savings Bank, said higher land prices, driven by mass transit lines, would change condo demand in inner city locations as prices soared.

"Foreigners will become a new market for the Bangkok property market as condos priced higher than 300,000 baht per square metre may not be mainly for Thais," he said.

"Many wealthy Thais still want to live in a single house on a large plot of land."

According to the bank's research, the new residential supply launched in Greater Bangkok rose 3.5% last year while residential demand increased 5.5%. Residential value increased 11% as residential prices rose.

In a related development, Deputy Commerce Minister Somkid Jatusripitak, who Wednesday chaired a meeting of the Commission for Management of Land Traffic, ordered related agencies to speed up 11 new mass transit developments in Bangkok and five light rail projects in Khon Kaen, Chiang Mai, Phuket, Phitsanulok and Nakhon Ratchasima to ease the traffic congestion.

All mass transit development projects should become operational by 2025, he said.