Property Sector – Neutral

News Update

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2Q22F housing presales remain strong

- **We estimate Bt47.7bn aggregate presales, up 11% y-y.**
- **Condominium sales recovery is key driver.**
- **Of coverage stocks, AP and SPALI are outstanding.**
- **Neutral on sector. AP and LH are top picks.**

- We estimate total presales of seven developers under our coverage to remain strong in 2Q22F at Bt47.7bn, grew by 11% y-y and 5% q-q.
- Condominium product is expected to drive total demand with condo presales of Bt11.5bn in 2Q22F, increasing by 60% y-y and 16% q-q. Besides the low base effect, we expect condo demand recovery is from resuming activities such as back to schools and offices that gradually boost domestic demand to buy condos as well as more active rental market, and a return of foreign buyers from those who are living in Thailand and those moving to Thailand. We see condominium demand picking up nicely for three quarters since 4Q21 which signals that the condo market reached the bottom last year.
- Low-rise housing demand growth in 2Q22F is expected to taper off to an organic growth of 2% y-y and q-q to Bt36.2bn from solid growth over the past two years during COVID spread in 2020-21. Despite slowing growth, 2Q22F low-rise demand is 13% above the average quarterly low-rise presales in the peak year in 2018 (stricter LTV caused falling demand in 2019). For condos, 2Q22F presales are only at 45% of average condo presales in 2018.
- We then forecast 1H22F presales to increase by 13% y-y to Bt93bn. Low-rise houses with a 5% growth y-y still dominate the market accounting for 77% of total demand (56% in 2018) whole condo should show a 50% growth y-y.
- Of coverage stocks, AP and SPALI are outperformers with 1H22F presales growth of 43% and 40% y-y, driven by their market share gains in low-rise housing market. LPN, despite a 16% presales growth, its 1H22F presales are pretty below its full-year target (1H22F = 37%).
- We maintain our Neutral view on property sector. Though we expect property demand to recover this year, a recovery is not broad base. Condo demand has shown a clear pick-up sign this year but still far from the glory year. Strong low-rise housing demand is more towards mid-to-high-end segment while low-end segment continues to face with weak purchasing power.
- Our top picks are AP as a market leader by presales for many years and it is the most active developer to launch new projects this year with a further market share gain and LH as a diversified developer that is seeing recovery in all of its businesses (residential property for sale, retail mall, hotels, serviced apartments).

Ex 1: Stock Rating And TP

	Rating	Price Current (Bt)	Price Target (Bt)
AP	BUY	9.35	13.50
LH	BUY	8.20	11.00
LPN	SELL	4.32	3.60
PSH	SELL	12.10	10.00
QH	HOLD	2.12	2.50
SIRI	SELL	0.98	0.88
SPALI	BUY	18.70	27.00

Source: Thanachart estimates

Ex 2: 2Q22F Presales

(Bt m)	2Q22F			% y-y			% q-q		
	Low-Rise	CD	Total	Low-Rise	CD	Total	Low-Rise	CD	Total
AP	9,774	2,798	12,572	7	292	28	(9)	29	(3)
LH	6,700	750	7,450	(9)	72	(5)	(9)	24	(7)
LPN	733	1,890	2,623	(13)	60	30	29	21	23
PSH	5,250	1,050	6,300	(11)	(21)	(13)	17	25	18
QH	1,700	330	2,030	(14)	81	(6)	(14)	400	(0)
SIRI	5,946	1,378	7,324	2	(34)	(8)	51	(33)	23
SPALI	6,102	3,262	9,364	34	165	62	(3)	27	6
Total	**36,205**	**11,458**	**47,663**	**2**	**60**	**11**	**2**	**16**	**5**

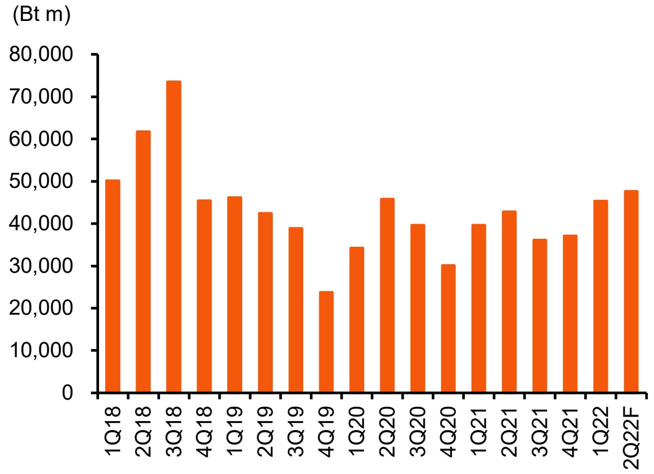
Sources: Company data, Thanachart estimates

Ex 3: 1H22F Presales

(Bt m)	1H22F			*% y-y*			2022 target	1H22F/2022 target (%)
	Low-Rise	CD	Total	*Low-Rise*	*CD*	*Total*		
AP	20,572	4,959	25,531	*25*	*258*	*43*	50,000	51
LH	14,093	1,353	15,446	*(3)*	*57*	*0*	31,000	50
LPN	1,301	3,456	4,757	*(9)*	*30*	*16*	13,000	37
PSH	9,756	1,888	11,644	*(15)*	*(30)*	*(18)*	31,000	38
QH	3,669	396	4,065	*1*	*51*	*4*	9,200	44
SIRI	9,878	3,420	13,298	*(6)*	*(0)*	*(5)*	35,000	38
SPALI	12,387	5,829	18,216	*22*	*104*	*40*	28,000	65
Total	**71,656**	**21,301**	**92,957**	***5***	***50***	***13***	**197,200**	**47**

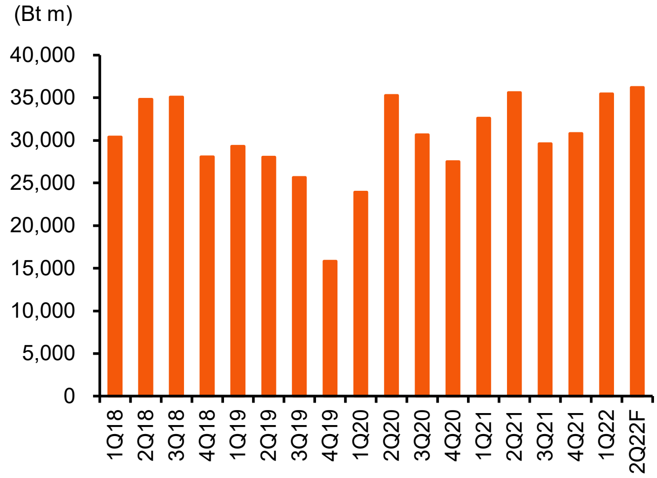
Sources: Company data, Thanachart estimates

Ex 4: Quarterly Presales



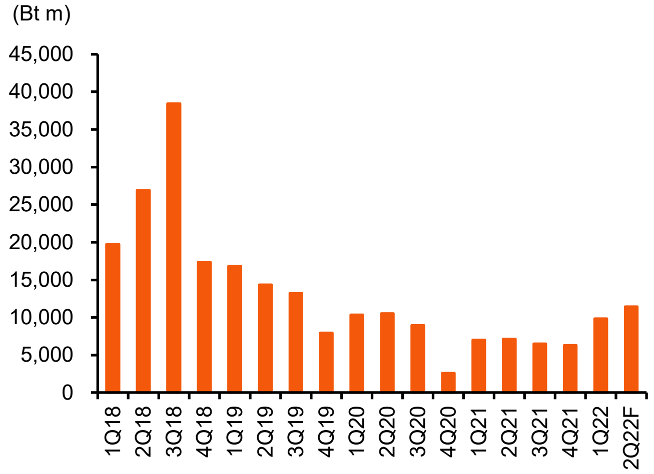
Sources: Company data; Thanachart estimates

Ex 5: Low-rise Housing Presales



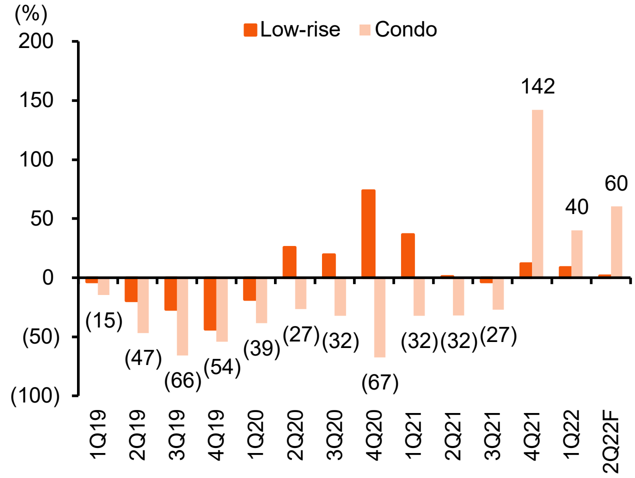
Sources: Company data; Thanachart estimates

Ex 6: Condominium Housing Presales



Sources: Company data; Thanachart estimates

Ex 7: Presales Growth



Sources: Company data; Thanachart estimates

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