



BANGKOK CONDOMINIUM MARKET REPORT

BANGKOK CONDOMINIUM MARKET | 4TH QUARTER | 2009



Our Knowledge is your Property®

TABLE OF CONTENTS

Executive Summary	1
Supply	
▶ History	2
▶ Current supply	3
Condominium classification	
Geographical organisation	
Existing condominiums by geographical organisation	
▶ Future supply	12
▶ Unit types	15
▶ Suspended projects	16
Demand	
▶ Occupancy and take up	18
▶ Demand drivers	19
Mass transit	
Demographics	
Foreign demand	
Finance	
Hotel management	
Pricing	
▶ Launch prices	28
▶ Mass transit effect	29
SWOT analysis	30
Current Status of Selected Condominium Projects in Bangkok, As of December 2009	31

The Knowledge Report

BANGKOK CONDOMINIUM MARKET | 4TH QUARTER | 2009



I. EXECUTIVE SUMMARY

Rapid increase in supply

Q4 2009 witnessed a rapid increase in condominium units launched over previous quarters with approximately 13,700 units in total, over 9,000 of these in the suburban area. This represents a 5.8% increase in total supply q/q and a 10.7% increase y/y.

Rising in the east

The eastern fringe and the outer city east area recorded the highest price increases in Q4 y/y with 35% and 19.6% rises respectively. The preeminence of the Sukhumvit corridor as the most sought after area to live shows no sign of abating.

Mass transit on the march

Continued expansion of the new BTS lines dominates condominium growth in urban Bangkok. Q4 2009 witnessed continued development along the new BTS Silom line extension in Thonburi. The number of units completed along the extension will have risen over sevenfold from 2006 to the end of 2010.

New niche market

The new decade will herald in a significant increase of the relatively prosperous 50 to 60 age group. Developers should consider this an attractive but challenging niche market. In the next ten years there will be an additional 1.58 million people in this age category.

Cheap credit fueling growth

Interest rates remain low but rises loom in 2010. Continued low interest rates have energized the market but most forecasters predict limited increases in H2 2010.

The rebirth of suspended projects begins

Nearly 1,000 units are expected to be completed by the end of 2010 from previously suspended projects. Two more projects are slated for 2011.

The urbanization of Bangkok

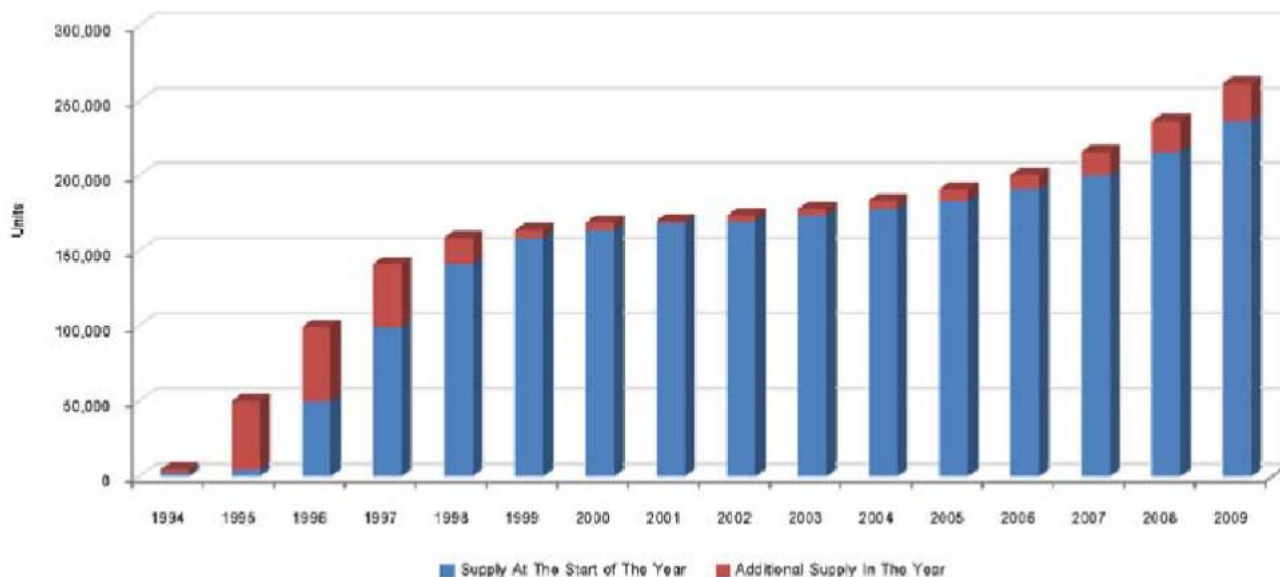
Mass transit development will expand the urban reach of the city with more condominium units to be supplied in the urban area than the suburbs for the next few years.

COLLIERS
INTERNATIONAL

2. SUPPLY

1. History

Figure 1: Supply of apartment units in Bangkok 1990-2009



Source: Department of Land, Colliers International Thailand Research
 Remark: The number of units does not include projects from the National Housing Authority

Figures 1 and 2 shows the growth of condominium supply over the past 15 years in Bangkok. The three year period from 1995 to 1997 witnessed a dramatic surge in condominium development in the city. A total of 136,642 units were built during this frenetic period which represents more than half of the current supply at the end of 2009. Over four-fifths of these units are located in suburban Bangkok and were mostly mid-end quality while the city condominiums were usually higher-end. The huge rise can be attributed to the rapid economic growth Thailand was witnessing due to surging exports and Foreign Direct Investment (FDI) as well as the concurrent increase in land prices which directed developers away from housing to condominium development. A significant proportion of demand was speculative based and therefore suffered with the onset of the Asian Financial Crisis in 1997.



SV City

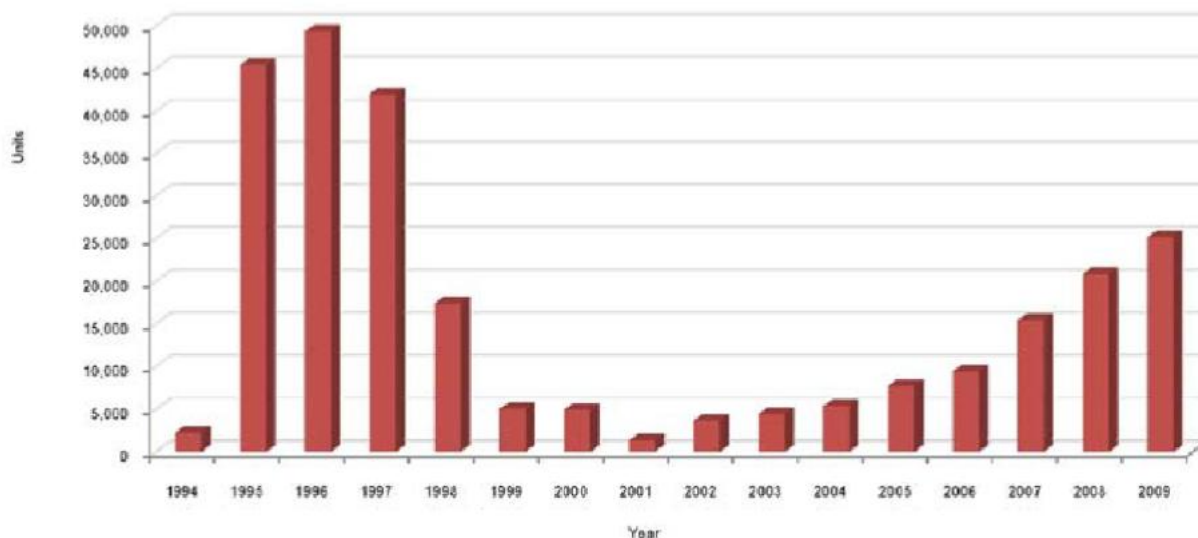


State Tower



Diamond Tower

Figure 2: Additional supply for each year



Source: Department of Land, Colliers International Thailand Research
 Remark: The number of units does not include projects from the National Housing Authority

Thailand's economic crisis in 1997 greatly affected the condominium market in Bangkok, as can be seen in the number of units completed in 1998 which decreased strikingly from 1997 and continued to decline until 2001. From 2001 supply of condominiums started an upward but sustainable trajectory. The construction of the BTS and MRT lines influenced the location and project design of the new developments. Proximity to mass transit became a key factor and a more modern style of design was introduced suitable for the city lifestyle of the new burgeoning middle classes in smaller sized households. Affordability, unit size, layout and design have become increasingly important for developers in marketing their products.

2. Current supply

a) Condominium classification

There is no official or officially recognized classification of condominiums. Colliers International Thailand scrutinizes every condominium project in Bangkok and provides a grade based on the criteria listed below.

Figure 3: Grading classification for condominiums

BUILDING CLASSIFICATION	GRADE A	GRADE B	GRADE C
Location	Close to BTS line	Close to BTS / MRT line and BTS extension line	Reasonable proximity to BTS / MRT line, BTS extension line
Surrounding	Easily accessible Tranquil atmosphere Peaceful surroundings	Easily accessible Good atmosphere Good surroundings	Hardly accessible Poor atmosphere Poor surroundings
Unit specification	Peaceful surround Good building design, layout and decoration Luxury materials and specifications	Good building design and decoration Moderate building specification	Basic design
Facilities	Comprehensive range of facilities	Limited facilities	No/limited facilities
Parking space per unit	≥ 100%	60 - 80%	< 60%
Property Management	Professional Management	Professional / Non Professional Management	Non Professional Management

b) Geographical organization

Bangkok is divided into more than 50 districts with an official population of approximately 6 million in 2009. The actual population is estimated to be more than 10 million due to Bangkok being the main target for people from the other provinces to find work.

For the purpose of this report, Colliers International Thailand has organized condominium locations into different areas, depending on the characteristics, function and prestige of each area. This is to achieve a relevant comparative basis for current and future projects.



• CITY AREA

The area covers four adjacent but competing sub-markets: the Sukhumvit section comprising Sukhumvit Road between Soi 1 and Soi 55 to the north and Soi 2 and Soi 38 to the south; the Central Lumpini section including Phloen Chit Road, Rama I Road, Soi Langsuan, Soi Sarasin, Chitlom Road Ratchadamri Road, Witthayu Road and Rachaprasong Road; the Silom / Sathorn section; and the Riverside section fronting the Chaophraya River along Charoenkrung Road and Charoennakorn Road, where several five-star hotels are located. The city area is convenient for businessmen, expatriates and tourists, because of its proximity to many office buildings, retailing and local attractions.

• CITY FRINGE AREA

This area covers three parts of Bangkok:

- o Northern Fringe: This section covers the BTS route starting from Ratchathewi Station to Mo Chit Station to the north and the MRT route starting from Petchaburi station to Bangsue station to the north.
- o Southern Fringe: This section covers Narathiwad Ratchanakarin Road, Chan Road, Sathupradit Road, Charoenkrung Road and Rama III Road along the Chaophraya River.
- o Eastern Fringe: This section covers the BTS route starting from Thong Lor Station to On Nut Station to the east, Rama IV Road and Petchaburi Road.

This area covers locations with their own local infrastructure and convenient transportation but require commuting to have access to the central business and entertainment areas.

• OUTER CITY AREA

The area covers two parts of Bangkok:

- o Outer City (East): This section starts from the extension of the BTS route at On Nut Station to the Bangkok boundary to the east.
- o Outer City (West): This section starts from the extension of the BTS route at Taksin Station to Bang Wa station which includes the area from Krung Thonburi Road to Ratchaphruek Road near Petchakasem intersection.

• SUBURBAN BANGKOK

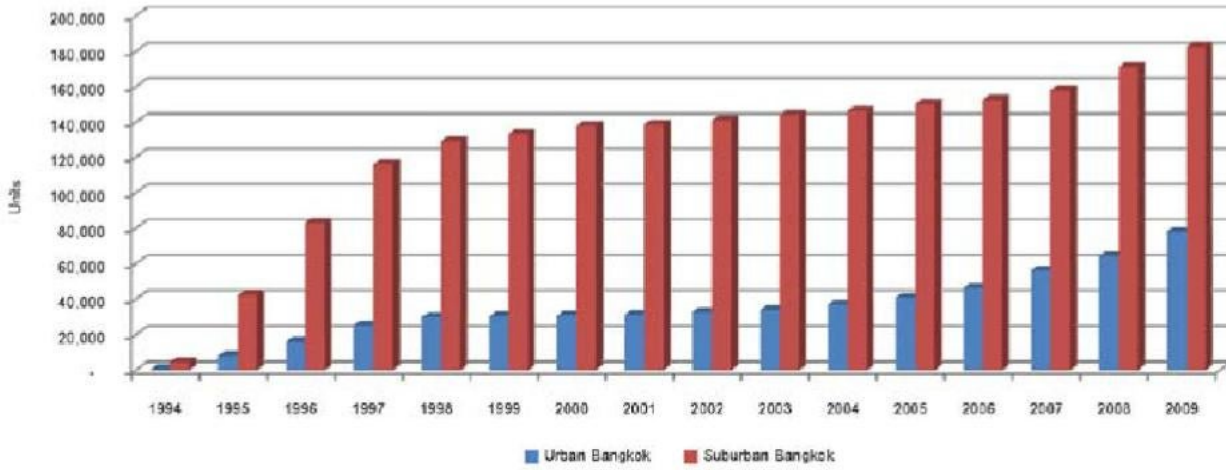
These are the environs outside the areas already mentioned. Expansion of the mass transit system is the main determinant for increasing future supply in a particular area. The expansion from On - Nut to Samut Prakarn is scheduled to be completed in 2011. The expansion of the BTS will benefit directly the surrounding condominiums, as it will considerably reduce transportation costs and time. This will encourage the development of new condominiums in this area. Suburban Bangkok represents the biggest area and for the purposes of this report includes Bangkok city old town (Koh Rattanakosin area and boundary area). This location has comprehensive town planning controls restricting building height, so there are no condominium projects in the area. As such the area cannot be considered as a separate fringe and has been grouped in the suburban category.

c) Existing condominiums in Bangkok and geographical organisation

Condominiums have become the highlight of the Bangkok property scene. The total supply of the condominium market was 261,435 units, as of Q4 2009, a 10.68% increase from 236,208 units in 2008. Additional condominium supply has increased for every year after 2001 until 2009.

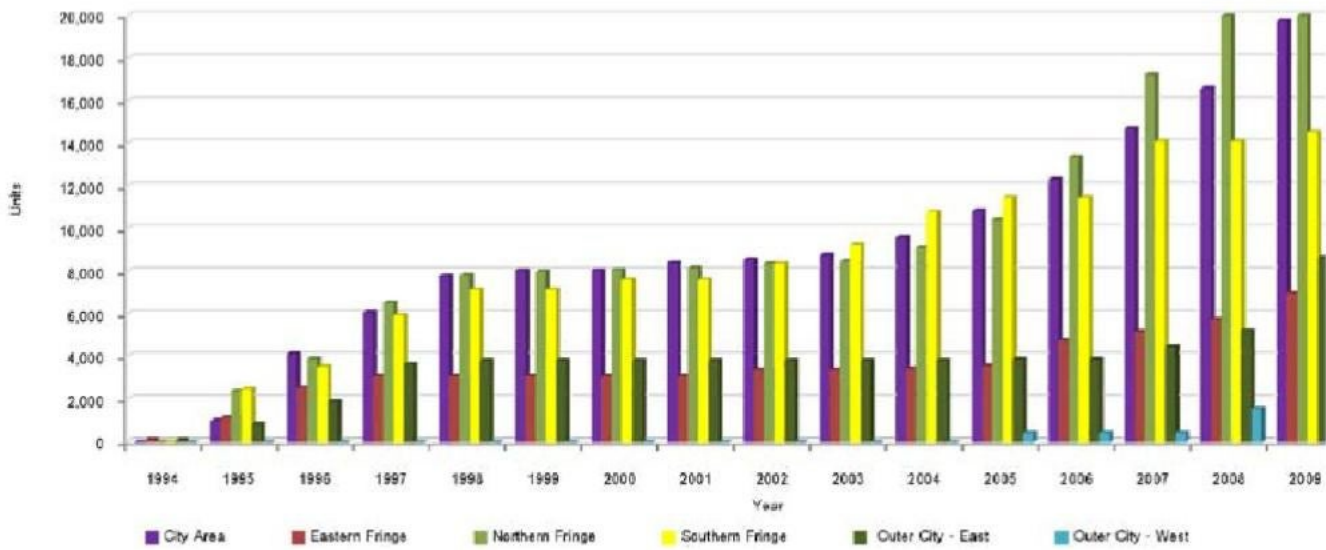
Suburban Bangkok accounts for the lion's share of condominium developments due to the total area and lower land prices leading to lower and middle income housing projects. The growth in urban development took root after the Asian Financial Crisis and was driven by the new mass transit lines that sprung up around the urban areas. For the purposes of this report a distinction has been between urban and suburban areas. There are two very basic comparisons that can be made; one is between urban and suburban development and the other between the various areas that constitute the urban area.

Figure 4: Current supply by urban and suburban area as of Q4 2009



Source: Colliers International Thailand Research

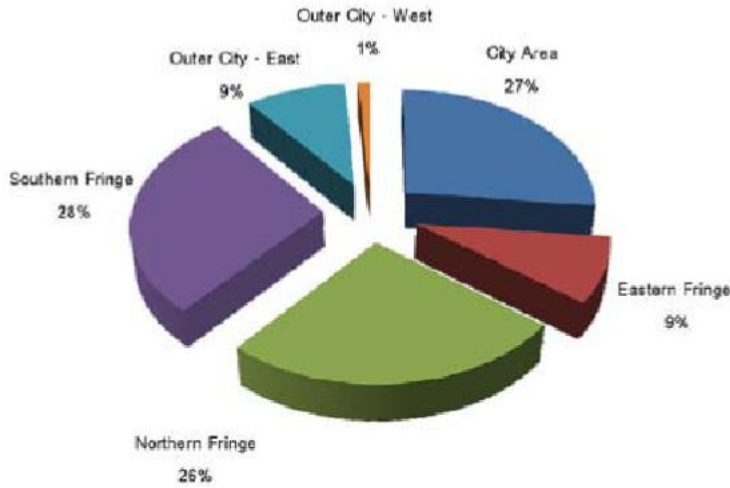
Figure 5: Breakdown of supply in urban Bangkok according to area



Source: Colliers International Thailand Research

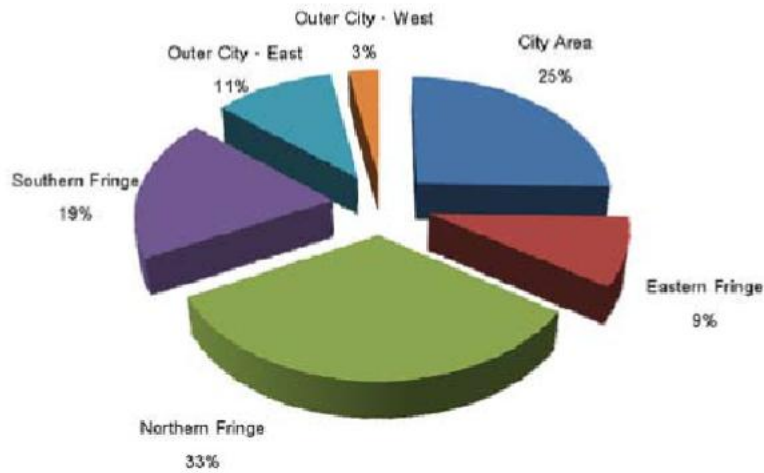
Figure 5 does not include units located in suburban Bangkok. From 2005 onwards supply in the northern fringe area outpaced other areas by some margin. The development of the BTS and MRT lines have been the predominant factor for this. While demand has shot up, land prices have increased making condominium development the most viable residential option. Very few developments have taken place in the outer city west as this is located across the Chao Phraya river and was previously excluded from the mass transit network. However the new BTS extension reaching Thonburi for the first time has begun to change this.

Figure 6: Breakdown of condominium supply in the urban area by location, as of 2005



Source: Department of Land, Colliers International Thailand Research

Figure 7: Breakdown of condominium supply in the urban area by location, as of 2009



Source: Department of Land, Colliers International Thailand Research

While the proportion of developments has remained steady for the city area, eastern fringe and outer-city east, the proportion of northern fringe has risen from a quarter to a third of all urban areas and the outer-city west has appeared on the radar screen with 3% in 2009. Growth in the southern fringe is slowest and now makes up less than a fifth of all supply.



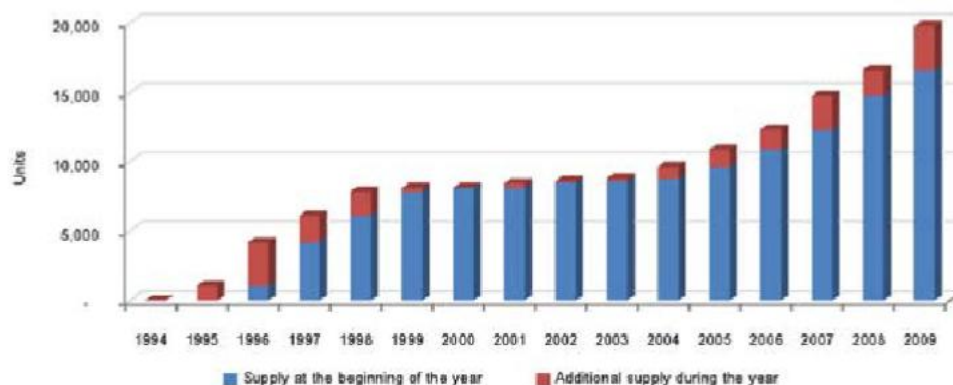
Chateau in Town Ratchada



Haven Phahonyothin

City Area

Figure 8: Condominium supply in city area by year

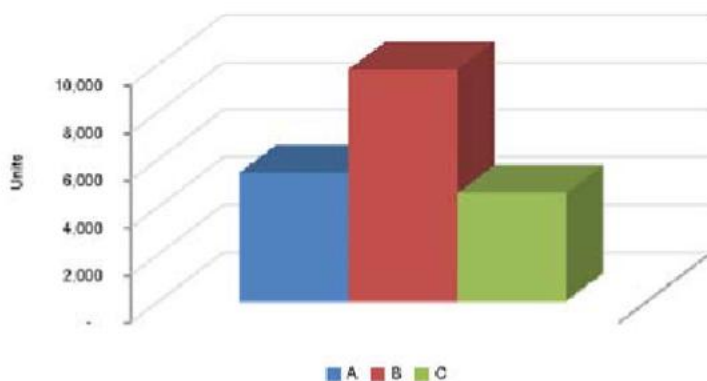


Source: Department of Land, Colliers International Thailand Research

The development of condominiums in the city area can be traced back to the boom that occurred in Bangkok prior to the crash that followed. A number of large condominium projects came online during that time reflecting the confidence and easy credit that supported the boom. In 1995 the 447 unit Omni Complex was added and in 1996 the Jewelry Trade Centre topped this with 628 units. The last of the big projects ended in 1998 with Sathorn Garden and Waterford Diamond accounting for over 1,000 units between them. Growth came to a halt in 2000 and then simmered for the next few years with smaller scale projects being developed. Interestingly the names of the condominiums changed from names ending in House, Garden or Place prior to the crisis to more eclectic names such as Baan Siri, The Height and The Trendy; reflecting the greater focus on design and branding in the less buoyant market.

Growth picked up significantly from 2004 with the development of a greater number of smaller scale projects reflecting the tentative nature of investors and limited credit at the time. The addition of The Trendy in 2007 with 734 units symbolized the new confidence in condo development in the city area. The Condo One X developments in Sukhumvit and Sathorn areas together added a further 760 units in 2008. Last year 3,156 units were released including the iconic The Met and The Millennium Residences.

Figure 9: Number of condominium units in city area by grade



Source: Colliers International Thailand Research

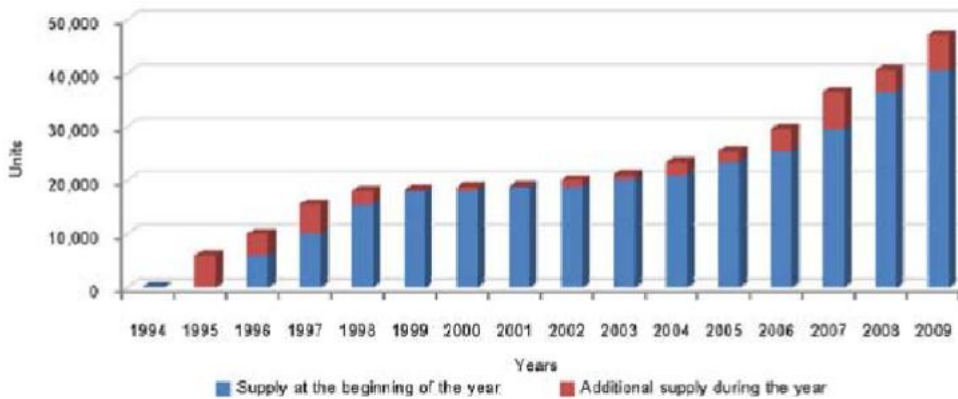
The majority of condominium units in the city area were of Grade B standard with a total of 9,773 units or 49.49% while Grade A and C record similar numbers. Clearly the attributes of the city area support the building of higher grade condominiums.



Zenith Place

City Fringe Area

Figure 10: Condominium supply in city fringe area by year



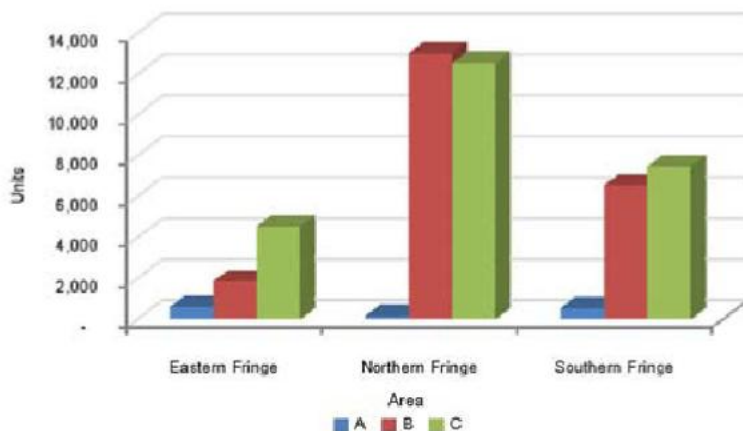
Source: Colliers International Thailand Research

Condominium development in the city fringes sprang into life in 1995 with many projects being completed including over 2,000 units being added at S.V. City in the southern fringe and over 800 units in Century Park in the Chatuchak area in the north. The overwhelming increase in supply coupled with the subsequent Asian Financial Crisis lead to low occupancy rates at both projects including a number of suspended buildings at S.V. City. The next year was highlighted by a larger number of developments but less units being added and supply occurred in all three fringe areas. 1997 saw another flood in supply especially in the north and south with a number a large scale launches; Bangkok Garden, Pathuwan Resort and Royal Towers 3 added over 2,100 units between them. Far fewer condominiums appeared in 1998 reflecting the crisis that befell Thailand the year before.

A limited number were added from that period until 2004 despite the completion of the BTS lines in December 1999. In fact most of the new supply during this fallow period occurred in the “mass transitless” south as a result of higher land prices in the BTS connected north, curtailing activity there. It was only after 2004 that the full effect of the BTS and the new MRT was felt and many condominiums were launched in the north along the MRT route due to lower land prices. A number of large projects were completed in the east and north in 2006 such as Lumpini Cultural Centre with 1,324 units and Lumpini Place Sukhumvit 77 with 987 units. The developer L.P.N Development continued to launch more large scale projects the following year. The vast majority of launches during the period from 2004 until now have been in the north and east while the south has suffered from the lack of mass transit connections.

Over 6,000 units were completed in 2009 including three project bearing the @life brand and two large projects named A Space Asoke – Ratchada.

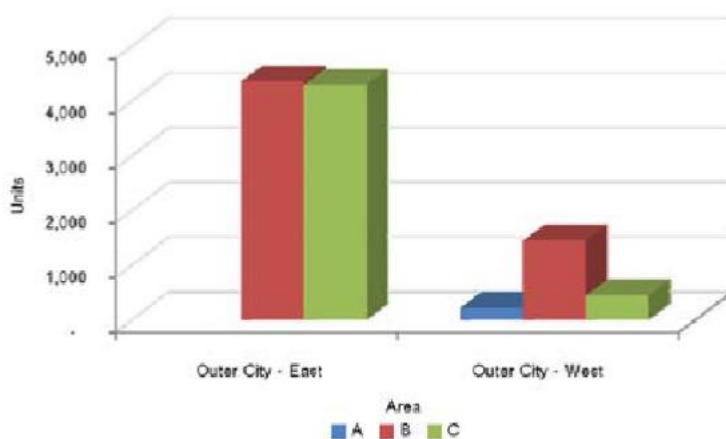
Figure 11: Condominium supply in city fringe area by grade



Source: Colliers International Thailand Research

The eastern fringe has proved popular for lower Grade C developments in the past but the area is in the process of gentrification especially around Thong Lor is this will lead to greater supply in A and B grade projects in the future. The rough 50/50 split between B and C for the northern fringe mostly reflects distance from the mass transit lines. Many older developments account for the high relative number of Grade C condominiums in the southern fringe. In all fringe areas there is a limited supply of Grade A as the city area still remains the main magnet for luxury developments.

Figure 12: Condominium supply in outer city area by grade



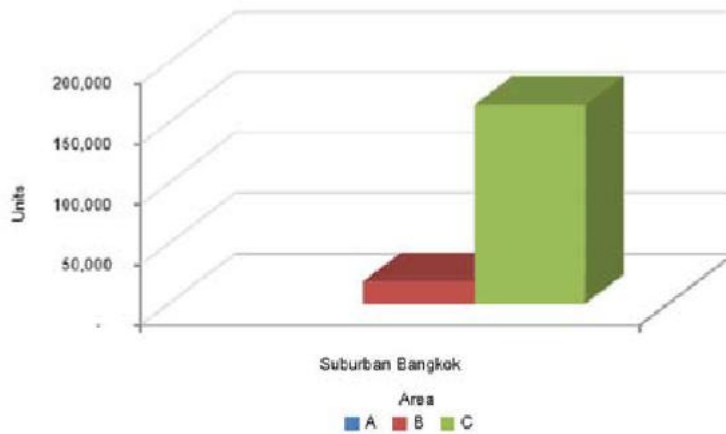
Source: Colliers International Thailand Research

The process of condominium growth in the outer city areas reflected the same pattern as suburban Bangkok due to the distance from the centre and lack of decent transportation links. From 1994 until 2007 the vast majority of condominiums catered for the low to mid end market and low land prices meant a consistent but limited pattern of growth for this period.

As progress was made towards the extension of the BTS from On-Nut and across the river to Thonburi, grade A and B condominiums appeared from 2007 reflecting higher land prices and a greater desirability as a residential area. The year 2009 saw a huge increase in new supply especially for the east due to lower land prices. In the west all launches bar one Grade A, were of Grade B status reflecting the proximity to the CBD.

Suburban Bangkok

Figure 13: Condominium supply in suburban Bangkok area by grade



Source: Colliers International Thailand Research

Due to the fact that suburban condominiums are located far from the centre of Bangkok, no developments can be given Grade A status. Also for this reason only a small number of developments are listed as grade B.

Over 90% of condominiums were listed in the Grade C category as the suburbs usually meet the demand for low to mid end units due to the distance from the centre and corresponding cheaper land prices. There are a small number of grade B condominiums scattered throughout the suburban area as there are very limited natural water features in the outskirts of Bangkok that would attract higher rise development such as West Lake in Hanoi. Attractive areas in the suburbs have hosted landed housing development due to the abundant and cheaper land available.

Within Suburban Bangkok Bangkok district hosts the highest number of condominium units, this is because two large universities are located in the area - Ramkhamhaeng University and Assumption University - but 75% was developed before 2005 and more than 85% was from small developers.

41,139 units or 23.02% of total units are located on the western side of Chaophraya River, for the reason that this area has developed into a low to mid end residential area due to the existence of plentiful and cheap land plots.

The eastern side of Bangkok (included Suan Luang, Phra Khanong, Prawet, Bang Na, Lad Krabang and part of Klong Toey District) account for approximately 41,300 units or 23 %, but nearly half of these units are located in Prawet District, due to its proximity to the BTS line (On – Nut station)



FourWings Residences



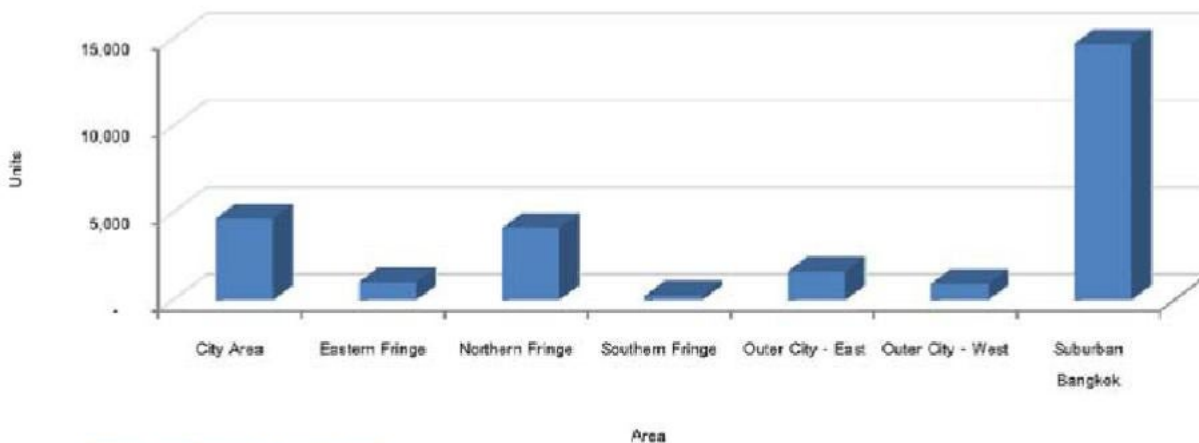
J.W. Boulevard Srivara



The Niche Ladprao 48

3. Future Supply

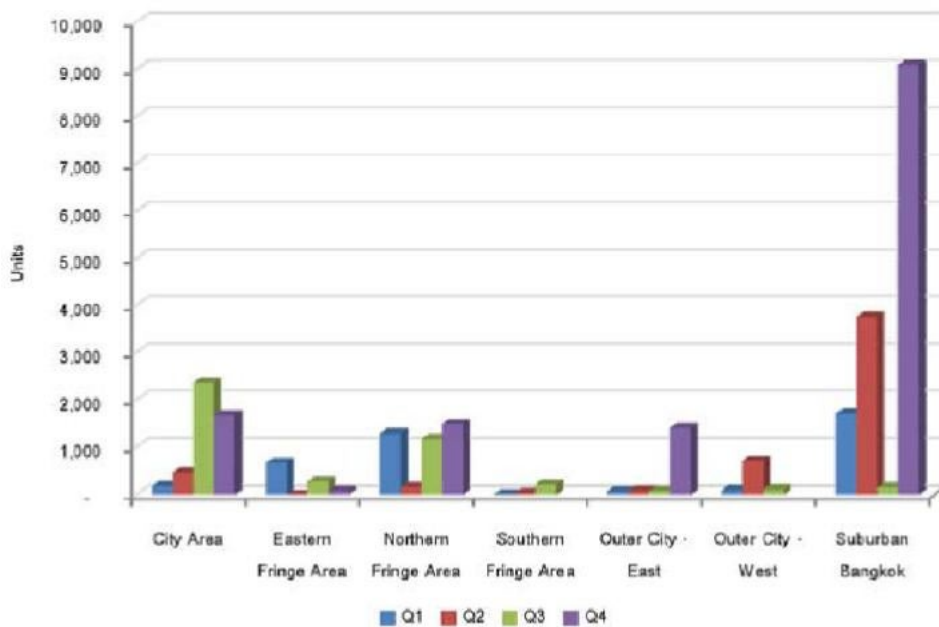
Figure 14: Newly launched condominiums in 2009 by area



Source: Colliers International Thailand Research

The city area still remains buoyant with newly launched projects based in the borders of the area and prestigious luxury condominiums in the centre. Three projects branded under the name The Address will consist of about 1,200 units together. Progress continues apace in the northern fringe with new launches still taking advantage of the BTS/MRT lines. Phase 2 of the LPN Rama 9-Ratchada project accounts for 1,200 units of the 4,089 total. The continual laggard remains the southern fringe due to the reasons stated earlier in the report.

Figure 15: Newly launched condominiums in 2009 by area



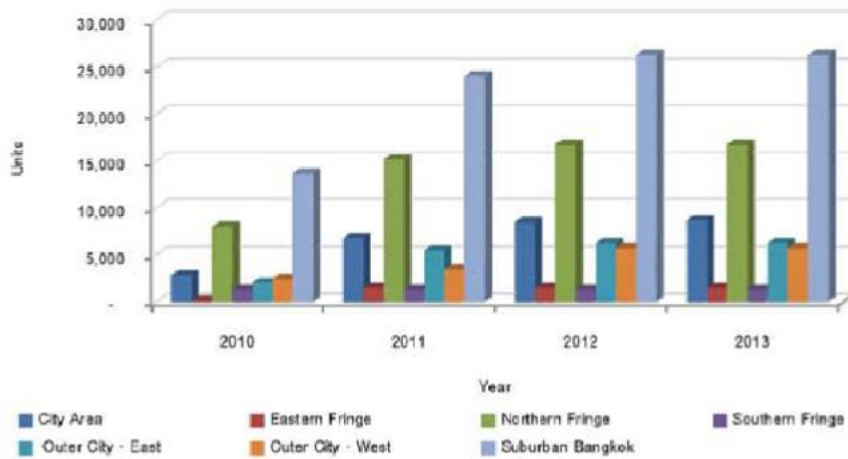
Source: Colliers International Thailand Research

Q4 was a booming time for condominium projects in 2009; 13,714 units were launched in this quarter, as the economy started to recover from the crisis coupled with an easing of the current political situation as well as government incentives relating to low cost housing, which accounted for the rapid new supply in suburban areas in Q4.

New units in 2009 are divided by quarter in Figure 15. In Q3 newly launched units in the city area showed the highest number at 2,360 units, 80% of which were being developed by publicly listed companies and most of them were located close to the BTS line, such as The Address Sukhumvit 28, The Seed Musee, The Seed Memories and Noble Refine, and average selling prices started from approximately 120,000 Thai Baht per sq m.

Over 27,190 units were launched on the market during 2009 with over half located in the suburban area.

Figure 16: Future condominium supply based on already launched projects by area

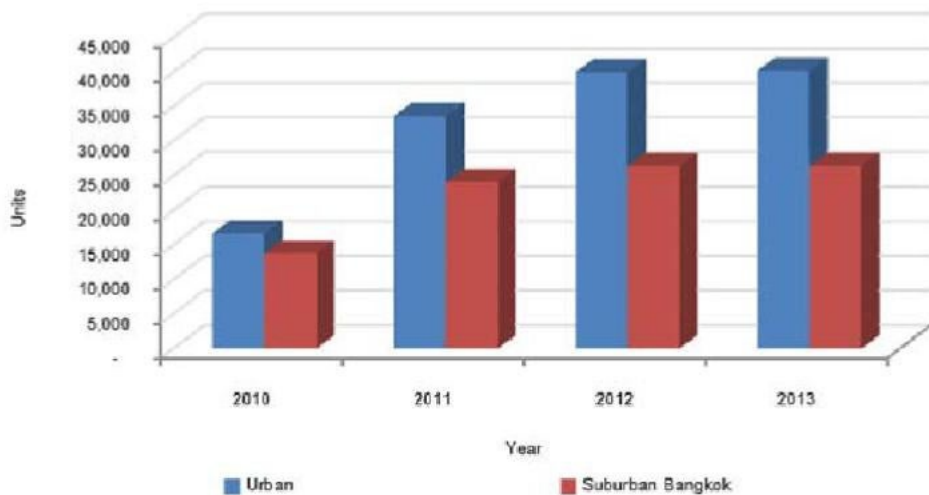


Source: Colliers International Thailand Research

Of 30,236 units planned to be completed in 2010, 13,659 units or 45.17% of the total are located in the suburban Bangkok area, 7,974 units or 26.41% are located in the northern fringe area and 2,788 units or 9.22% are in the city area. The northern fringe is set to continue its boom with over 15,000 units set to come online in the next two years. The BTS and MRT plus available land make this area the best location to consider development. The low level of development in the eastern fringe represents the opposite problem of limited and relatively expensive supply of land. The continual growth in the city area is mainly a result of expansion in the Sathorn area and the border of the city and eastern fringe.



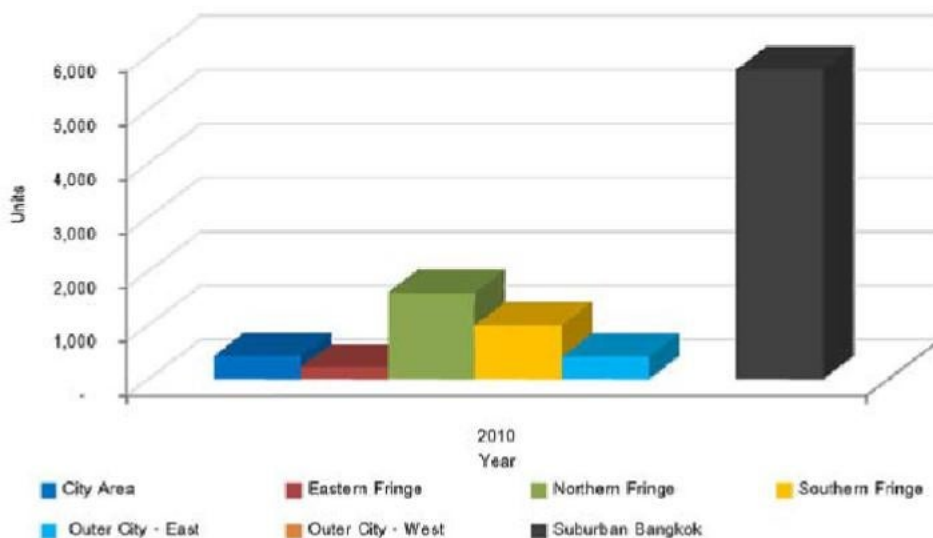
Figure 17: Condominium projects planned to be completed during 2010 - 2013



Source: Colliers International Thailand Research

The focus is clearly on the urban area as developers concentrate on smaller unit sizes for a public tired of the long commute to work from the suburbs. The increase in land prices in the urban area have lead to the suburban area focusing more on landed housing or low end multi level residential products. The overall pattern of residential development consists of an urbanization of the city aided by the expansion of this area through mass transit construction and this is likely to continue with the further completion of planned lines over the coming decade.

Figure 18: Future supply scheduled for launching in 2010 by location



Source: Colliers International Thailand Research
 Remark: Future supply scheduled for launch in 2010 by location, as of December 2009

4. Unit types

One bedroom units remain the favourite type for city condominiums. This is partly because the middle income segment of the market needs to live in the city not far from their work places and the trend has been for having fewer children and later. This has given rise to what was once referred to as DINKS (Double Income No Kids) or families with one or two children. In exchange for a convenient location, households are opting for smaller unit sizes in order to be affordable. LPN Development Plc. can design a 1 bedroom unit within just 28.5 Sq m. and other developers are moving in the same direction. Single people also often prefer 1 bedroom units to studios and investors are keen on these units for the rental market and capital gains. The focus now is on greater utilization of smaller space and new designs that give the apartment an appearance of being bigger.



Source: Lumpini Ville Ladprao - Chokchai 4, 1 bedroom unit 28.5 Sq m.

Figure 19 : Size of 1 bedroom units of condominium projects launched in 2009

ZONE	SIZE RANGE (SQ M)	AVERAGE SIZE (SQ M)
City Area	33.00 - 66.00	45.83
Eastern Fringe Area	32.00 - 43.00	37.00
Northern Fringe Area	28.50 - 48.00	33.66
Southern Fringe Area	N/A	N/A
Outer City – East	30.00 - 45.00	37.50
Outer City – West	34.00 - 45.00	39.17
Suburban Bangkok	28.50 - 50.00	33.60

Source : Colliers International Thailand

One bedroom units in the city area range from 33to 66 sq m and the average unit size is approximately 45.8 sq m which is considerably smaller than the average 1 bedroom unit size of 61.2 sq m in 2008. The reason is that most of those launched in 2008 were for luxury, grade A condominiums while in 2009 the focus was on Grade B level. However the city area still contains larger units due to the number of luxury developments. The smallest units can be found in the suburban area due to affordability while the northern fringe comes a close second due to the same reason coupled with higher land prices.



5. Suspended projects

Figure 20 : List of suspended projects

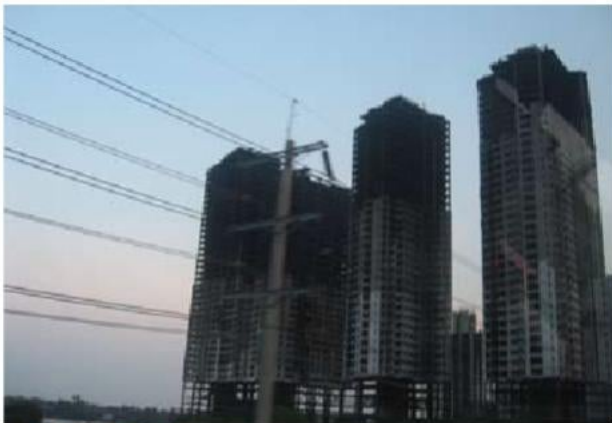
NO.	PROJECT NAME	LOCATION
1	Metro Avenue Ratchayothin	Phahonyothin Road
2	Metro Avenue Sukhumvit 66	Sukhumvit Road
3	The Charisma Sukhumvit	Sukhumvit 63
4	The Master Montara Sathorn - Rama 3	Rama 3 Road
5	Metropolis Rajaprasong	Petchburi Road
6	Sathorn Unique Tower	Charoen Krung Road
7	SV Garden Project	Rama 3 Road
8	SV Riverside	Rama 3 Road
9	SV Royal Park	Rama 3 Road
10	Oriental Suite	Somdej Chaopraya Road
11	Pimarn Mansion	Sathorn Road
12	Baan Rim Mae Nam	Charoen Krung Road
13	Le Metro	Ratchadapisek Road
14	River View Residence	Na Ranong Road
15	Durr International Complex	Sukhumvit 43
16	The Regent Residences	Sukhumvit Road
17	Phahonyothin Condominium	Phahonyothin Road

Source : Colliers International Thailand Research

Figure 21: Suspended projects by area

LOCATION AREA	APPROX NO. OF UNITS
City Area	1,310
Northern Fringe	650
Southern Fringe	4,590
Outer City - East	890
Suburban Bangkok Area	2,230
Total units	9,670

Source : Colliers International Thailand Research



SV Riverside & SV Royal Park

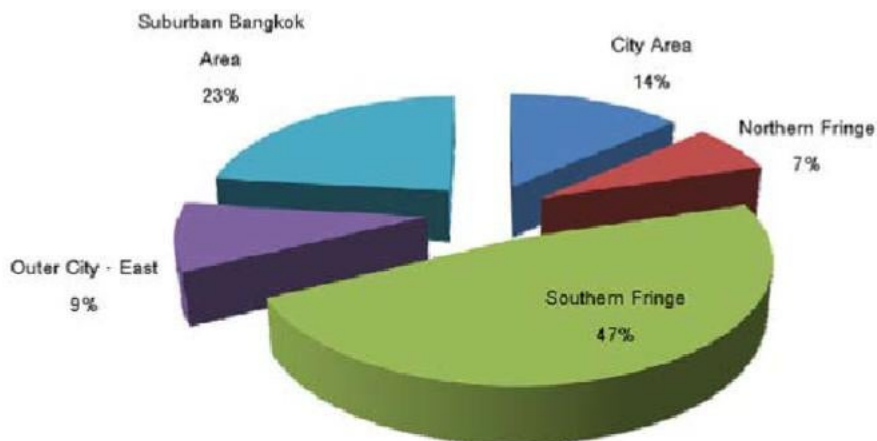


Pimarn Mansion



Sathorn Unique

Figure 22: Suspended projects by area



Nearly 69% of total suspended projects followed the economic crisis in 1997 and most of them were located in more remote locations far from BTS / MRT lines. Even some projects close to the BTS / MRT lines encountered problems and were suspended. Nearly half were located in the southern fringe area as this area had one huge project suspended from 1997 with a total of approximately 3,850 units.

Some projects have been on hold due to financial problems with banks refusing to provide loans as well as the spike in construction costs in 2006. Some projects have been on hold for other reasons such as Environment Impact Assessment (EIA) compliance.

Figure 23 : Re - launched condominium projects

NO.	PROJECT NAME	DEVELOPER	LOCATION
1	Belle Avenue	Belle Development Co.,Ltd.	Ratchadapisek Road
2	Movenpick Hotel & Residence	Apex Development Plc.	Phayathai Road
3	Eight Thonglor	Pacific Star International Co.,Ltd.	Sukhumvit 55
4	The Victory Condominium	Home Quick Co.,Ltd.	Sri Ayutthaya Road
5	Quad Silom	Quad Co.,Ltd.	Narathiwat Rajanakarin Road
6	The Inspire Place ABAC Rama 9	Ascon Construction Plc.	Rama 9 Road
7	The Ninth Place	Srisukrungsinda Group Co.,Ltd.	Srinakarin Road
8	My Resort Bangkok	Equity Residential Co.,Ltd.	Petchaburi Road

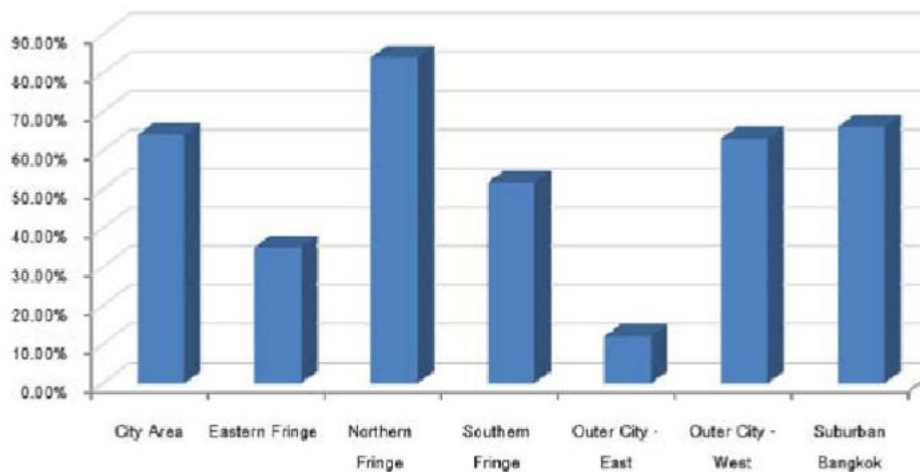
Source : Colliers International Thailand Research

Some suspended projects were able to be re-launched after being taken over by different developers. These were projects in good locations with a reasonable selling price. These include Eight Thonglor which was renovated from a suspended mixed use building project in 1997. Movenpick Hotel & Residence was originally constructed to be Rajawet Hospital but is being converted into a hotel and condominium.

3. DEMAND

1. Occupancy/take up

Figure 24: Sales proportion of newly launched units in 2009 by location



Source : Colliers International Thailand Research

In 2009, units in the northern fringe area showed the highest demand, with 84% sold, followed by the suburban Bangkok area and city area, with 66.01% and 64.01% respectively. The northern fringe still continues to benefit from both the MRT and BTS lines that operate in the area. Long after operations started, construction continues apace in order to benefit from proximity to mass transit lines.

The extension of the BTS line is an important factor for generating demand, as can be seen from outer city – east area (BTS line, Krung Thonburi – Wongwienyai) with a take up of 63%. However the outer city – east area registered only 12%, due to the BTS in this area being still under construction and planned to be completed in 2011. The BTS in the outer city – west area is already operating, so is more attractive than the outer city – east area at this time. Clearly this shows that only when mass transit lines are up and running will demand for residential products strengthen.



2. Demand drivers

a) Mass transit lines

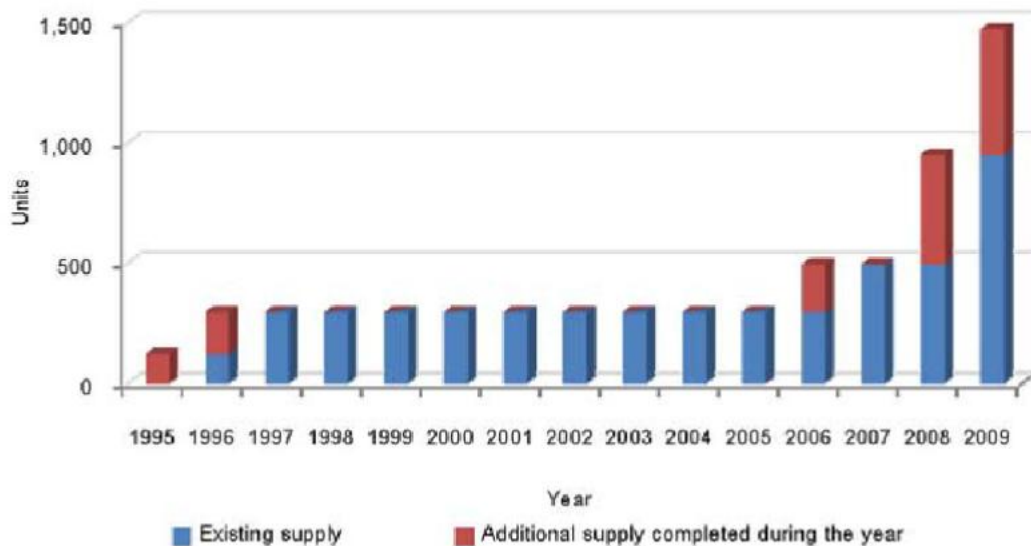
It has been estimated by the Expressway & Rapid Transit Authority of Thailand that commuting time now represents about one-quarter of the time Bangkok workers spend at work. This negatively impacts productivity and puts a strain on family life. The appeal of residing close to mass transit lines in Bangkok is powerful and the opening of the first BTS lines in 1999 and the MRT line in 2004 spurred property development in those areas. Therefore the recent developments regarding extensions to existing lines and the new airport link have realigned demand for housing in Bangkok.



Silom line extension

During 2009, BTSC added two new stations on the Silom line at Krung Thon Buri and Wongwian Yai. The line expansion provides a service for the first time across the river to the Thonburi area. This is the first Skytrain expansion in more than 12 years. According to BTSC, this extension should increase the number of daily Skytrain users by at least 50,000.

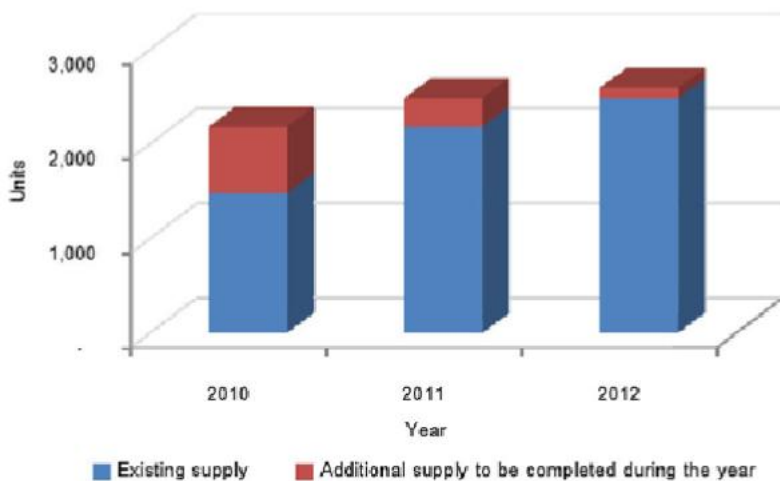
Figure 25: Supply of condominium units within 1 km from BTS Silom line extension, 1995 - 2009



Source : Colliers International Thailand Research

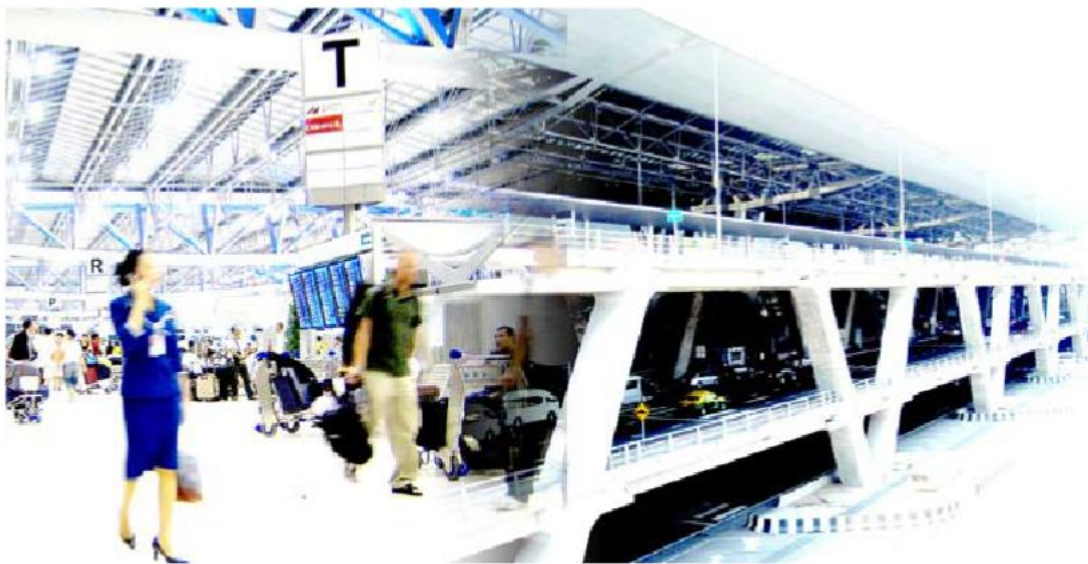
Supply of condominium units within one kilometre from the BTS Silom extension line started increasing from 2006 but no new supply was added in 2007 which reflected the political uncertainties that directly threatened the completion of this project. Once these were resolved suspended projects were completed in 2008 and 2009.

Figure 26: Future supply scheduled to be completed along BTS Silom line, 2010 - 2012



Source : Colliers International Thailand Research

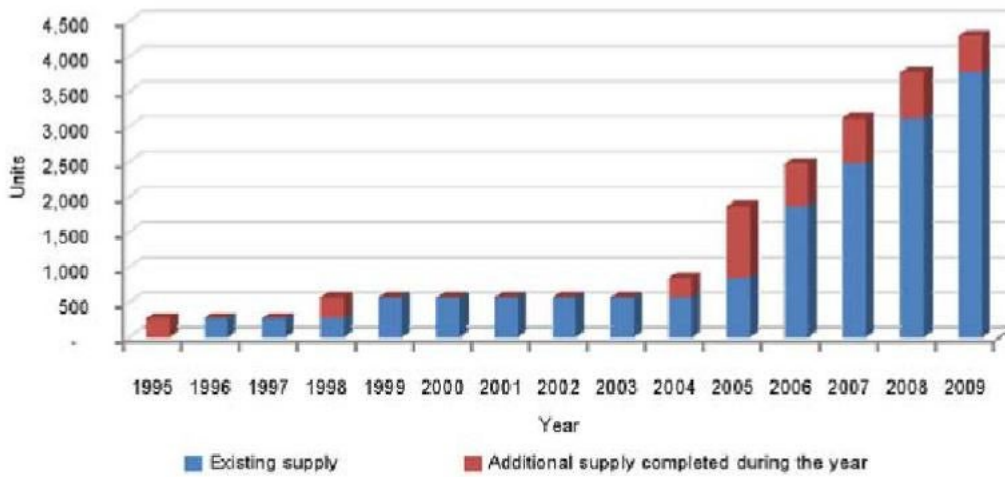
Significant supply will come online in 2010 with an almost 50% increase of existing supply in that one year. After that growth will moderate due to limited land plots available for construction.



The Suvarnabhumi Airport Rail Link

Construction began in July 2005 and is scheduled to commercially operate in April 2010 after numerous delays. The line is operated by State Railway of Thailand (SRT). The estimated cost of the project is 25.9 billion baht. The line will provide a non-stop service from the airport to Makkasan (City Air Terminal), taking approximately 15 minutes. There will also be a commuter rail services stopping at eight stations starting at Phaya Thai to the airport with a total journey time of about 27 minutes.

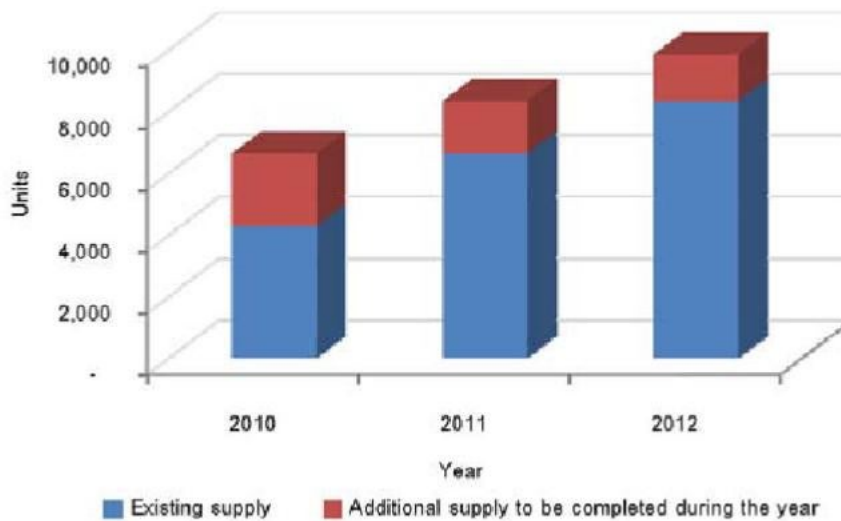
Figure 27: Supply of condominium units within 1 km of the Airport Rail Link line, 1995 - 2009



Source : Colliers International Thailand Research

Supply of condominium units within a one kilometre area from the Airport Rail Link line started to increase from 2004 and continuously increased to 2009, over this time supply has swelled by over seven and half times.

Figure 28: Future supply scheduled to be completed within 1 km of the Airport Rail Link line



Source : Colliers International Thailand Research

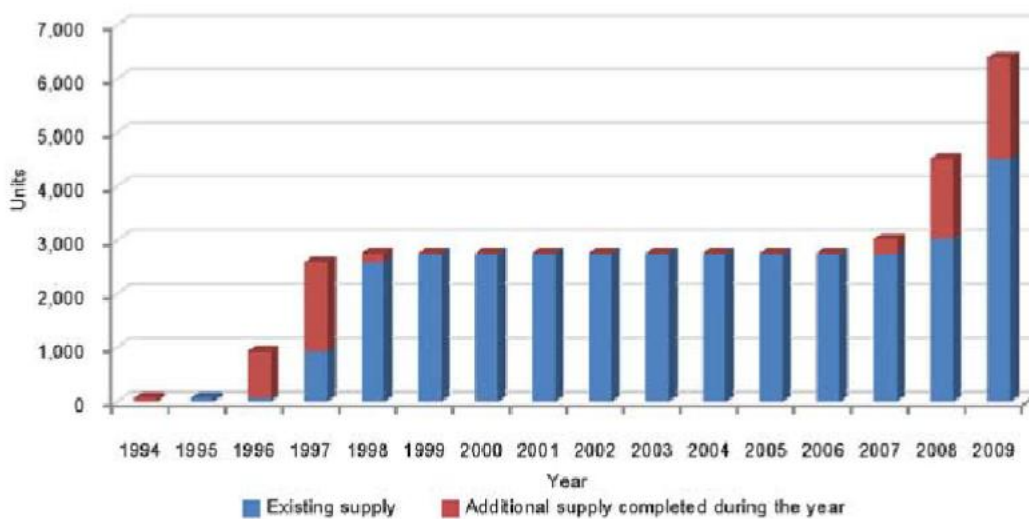
In 2010 2,349 units are expected to be added in this area, and by 2012 the area should accommodate nearly 10,000 units.



BTS Sukhumvit line extension

The 5.2 km extension from the existing On Nut station will connect five new stations, terminating at Bearing on the Bangkok Metropolitan Administration border. The line is currently under construction and is scheduled to open in late 2011.

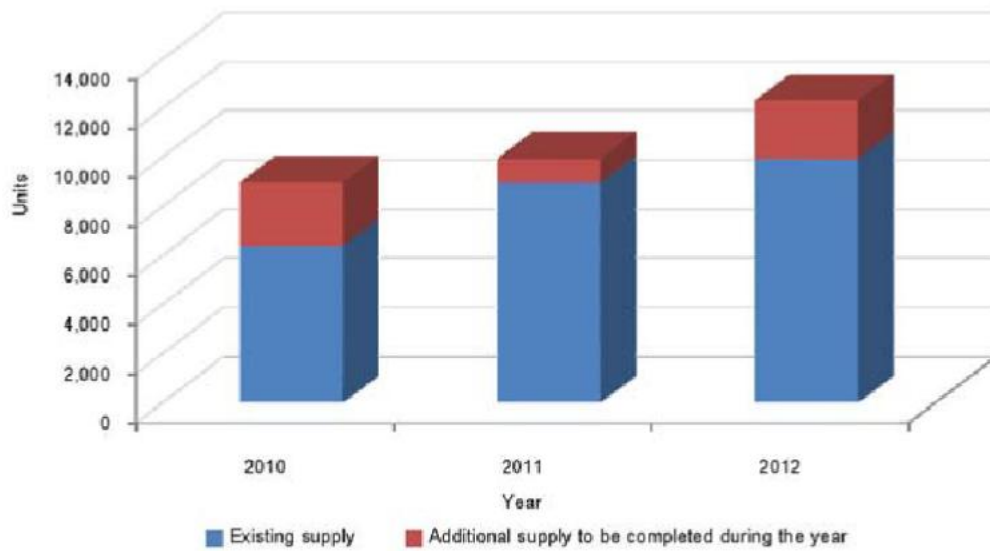
Figure 29: Supply of Condominium Units within 1 km of the BTS Sukhumvit Extension, 1995 - 2009



Source : Colliers International Thailand Research

Figure 29 clearly demonstrates the rapid development of the area around the BTS Sukhumvit extension during the boom of the mid nineties and the consequent slump after the Asian Financial Crisis. For nearly a decade hardly any new construction occurred only to be reignited in the latter part of the nineties due to the building of the new extension line. The area is being transformed with supply more than doubling in the past two years. Figure 30 shows that over the following three years supply is set to nearly double again with over 12,000 units in total by the end of 2012.

Figure 30: Future supply scheduled to be completed within 1 km of the BTS Sukhumvit Extension, 2010 - 2012



Source: Colliers International Thailand Research

In the year 2010 2,571 units are expected to be added in this area, the highest number since 1995, and the total in this area should top more than 12,000 units in 2012.



Other planned projects

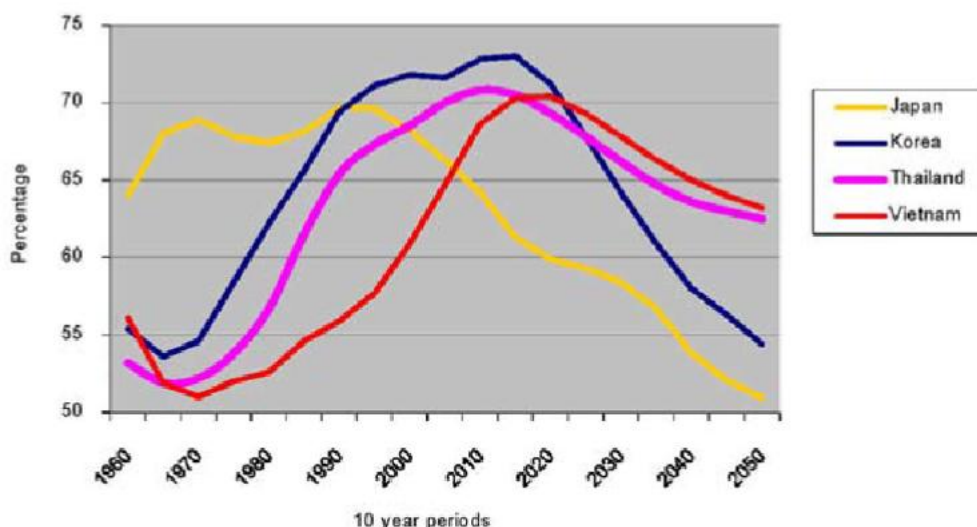
Other mass transit projects are being planned but tangible property development takes place only when there are clear signs of successful completion in the near future. Too many projects both in Thailand and around the world have been the subject of significant delays and outright cancellations for developers to risk construction. The process usually begins with land banking in anticipation of future progress, making the most of cheaper land prices.



b) Demographics

Bangkok, in similar fashion to other South East Asian cities, has a relatively young population. In fact figure 31 shows that a significant proportion of the population is between 15-64 years old. This age group is considered as the most productive as they are far less dependant than younger age groups in terms of rearing and education and older age groups in relation to pensions and health care. As witnessed in Korea, this period is often associated with rapid economic growth as considerable productive forces are released into the economy. In residential real estate terms this represents higher income but lower household sizes due to reduced fertility rates which can be translated into greater demand for both mid-end and high-end smaller unit sizes but with better facilities and design.

Figure 31: Percentage of population between 15-64 years old

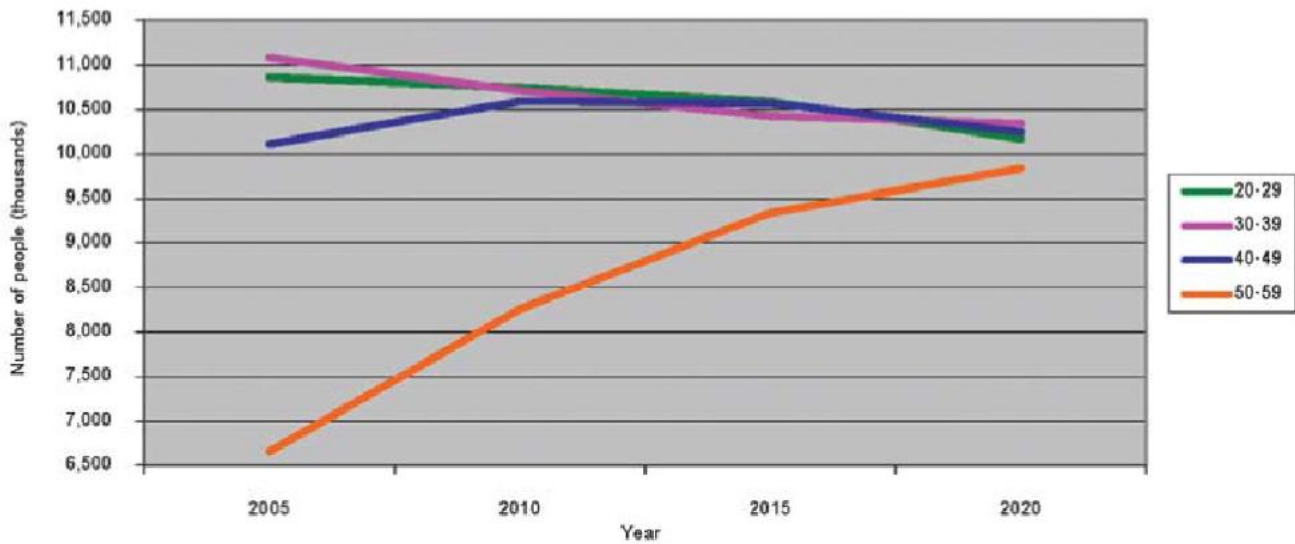


Colliers International Thailand Research
 Source: United Nations, Department of Economic and Social Affairs (DESA)

The development of this trend occurred in Europe in the eighties when the baby boomers started to leave education and enter the workforce. Terms such as Yuppies (Young Upwardly Mobile Professionals) and Dinks (Double Income No Kids) started to be commonly used in the press. Thirty years on, these baby boomers are consequently beginning to enter retirement age in Europe.

Thailand is more or less in the middle of this demographic trend and a further breakdown of this group as shown in figure 32 shows the surge of people entering their fifties. Over one and a half million more people will be in their fifties by the end of this decade. This is not called the golden generation for nothing; a whole range of features of this age group make it especially interesting for the residential market. Firstly they are likely to be free of dependant children, and could be referred to as Dinka (Double Income No Kids Again) as the wife is more likely to enter the workforce. It is also likely that they will be free from older dependants as well and even have capital inherited or due to inherit. Income levels are on average higher due to this age group being in more senior positions.

Figure 32: Number of people in different age categories from 2005-2020



Colliers International Thailand Research
 Source: United Nations, Department of Economic and Social Affairs (DESA)

The middle and high income segment of this group will therefore create significant demand for smaller unit sizes in exchange for high quality condominium and housing units in quiet locations but with access to mass transit lines. Free from children they are more likely to prefer to be in proximity to people of a similar age. In many ways this could be considered a very lucrative niche market. Also with high disposable income and potentially sizeable capital, expect a swell in demand for second homes in resort towns, especially along the Hua Hin corridor.



c) Foreign demand

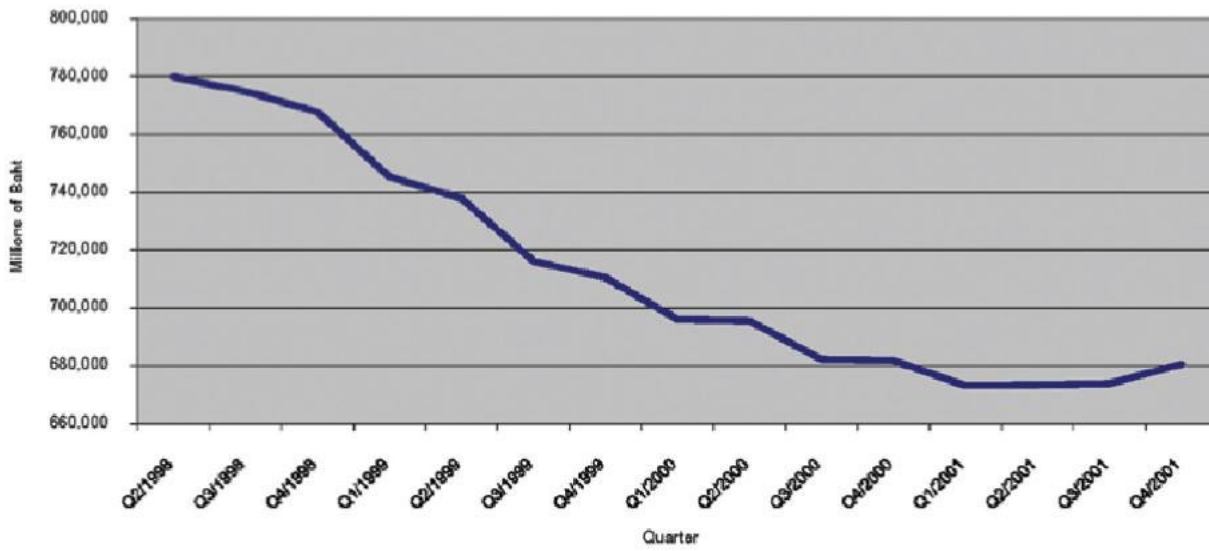
Foreign demand for residential products remains weak due to the ongoing global economic situation coupled with the prevailing domestic uncertainties after the airport blockade in December 2007 and the unrest during Songkran festival in April 2009. Many potential buyers are waiting for clearer indications that the situation will improve. However many new developments are increasingly catering for the Thai market and the 49% foreign ownership limit for freehold units does not present a problem at this stage except for high end developments and some developments in resort markets outside Bangkok.



d) Financing

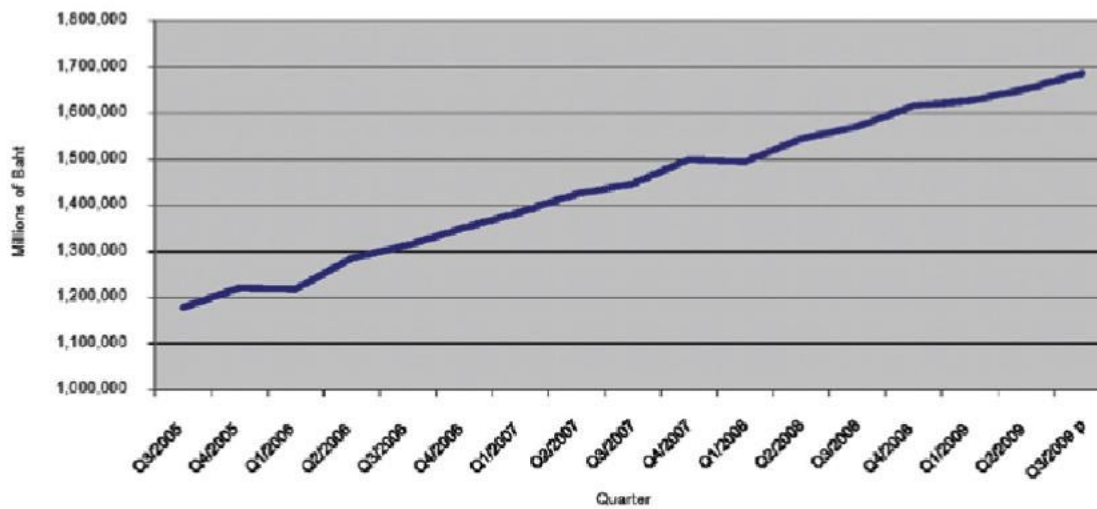
Thailand has a relatively comprehensive housing finance structure that caters for low to high income earners. Figures 33 & 34 demonstrate how the residential sector remained resilient to the economic downturn in contrast to the period of the Asian economic crisis a decade ago. The charts refer to outstanding housing loans for owner occupiers in housing and condominiums in Thailand. The provision of more mid end apartment units by developers and the extension of loan provisions by the Government Housing Bank, other public institutions and commercial banks are the main factors behind this trend.

Figure 33: Outstanding housing loans for domestic consumption in Thailand 1998 -2001



Colliers International Thailand Research
Source: Bank of Thailand

Figure 34: Outstanding housing loans for domestic consumption in Thailand 2005-2009

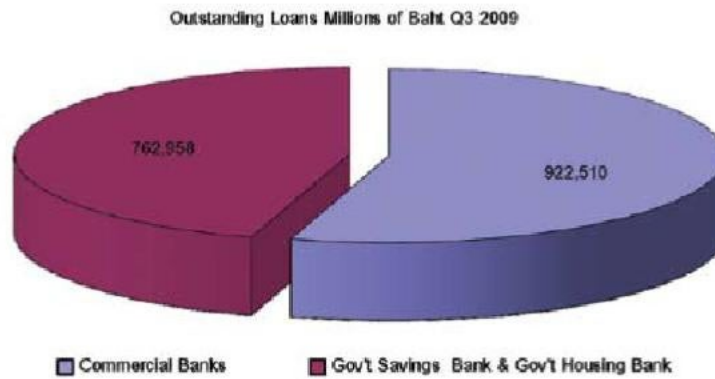


Colliers International Thailand Research
Source: Bank of Thailand



Figure 35 shows the dual sources of supply of credit for residential buyers. While commercial banks continue to be the main player, the role of the government backed Government Savings Bank (GSB) and Government Housing Bank (GHB), both being profit making organizations, underpin financing for the low and mid income segment of the market while commercial banks finance the mid to high end segment.

Figure 35: Outstanding loan amounts for housing for domestic consumption

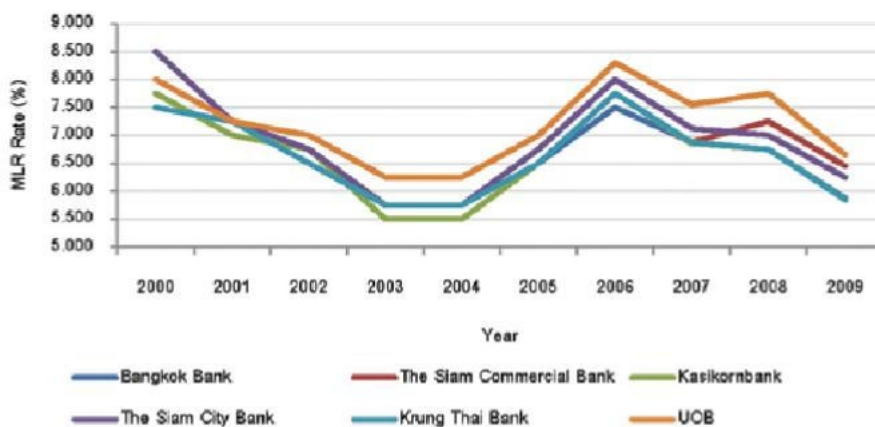


Source: Bank of Thailand

Interest rates

Interest rates continued to fall during 2009 in response to the economic slowdown and low core inflation as well as a fall in headline inflation on the back of declining oil prices. As of Q1 2010 commercial loan repayment rates hover in the 6% region. This low rate environment is obviously positive for the residential market for both individual buyers and property developers. With construction material prices also falling the time for rapid expansion in condominium development is nigh.

Figure 36: Minimum lending rates by commercial banks



Source: Bank of Thailand

e. Hotel management

A number of developers are enlisting the services of hotel management companies to enhance the attractiveness of their luxury projects as well as increasing the value. Figure 37 lists current projects.

Figure 37: Condominium projects with hotel management

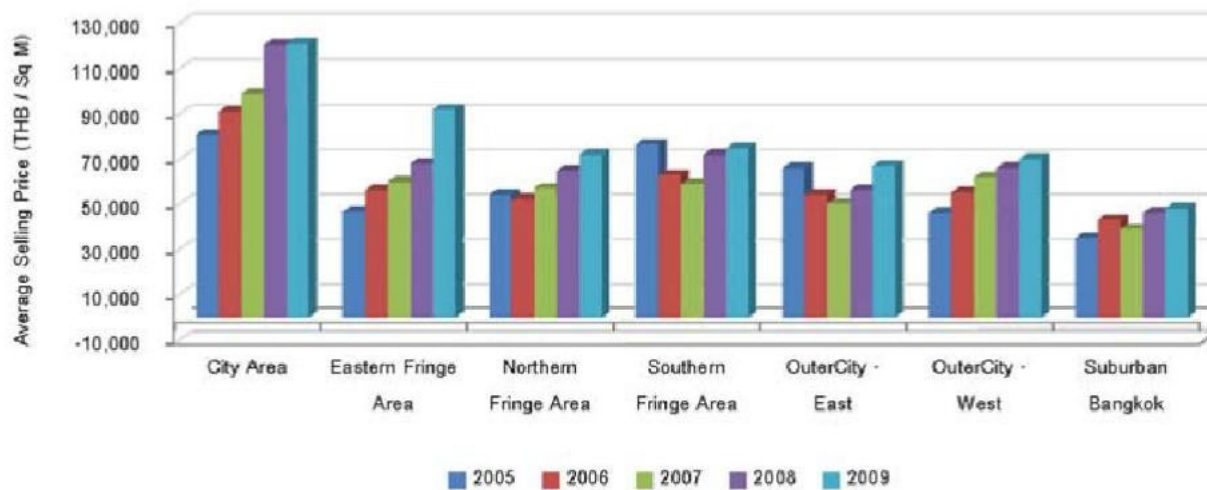
NO.	PROJECT NAME	MANAGEMENT FIRMS	UNITS	STATUS	ESTIMATED COMPLETION DATE
1	Ritz - Carlton Residences	The Ritz – Carlton Hotels & Resorts	200	Under Construction	2013
2	Hansar Rajdamri	Alila Hotels & Resorts	196	Completed	2009
3	The Residence at The St. Regis Bangkok	St. Regis Hotels & Resorts	53	Decoration	2010
4	Movenpick Hotel & Residence	Movenpick Hotels & Resorts	NA	Under Construction	2011
5	Capella Residences	Capella	25	Planning	2014
6	Jumeirah Residence	Jumeirah Hotels & Resorts	60	Planning	2014

Colliers International Thailand Research

4. PRICING

1. Launch prices

Figure 38: Selling prices of newly launched projects by location 2005 - 2009



Colliers International Thailand Research

The launch price of condominium projects in the city area, eastern fringe area, northern fringe area, outer city – west area and in the suburban Bangkok area have increased year by year, but in southern fringe area and outer city – east area prices decreased from 2005 to 2007 and then rose in 2009.

The average selling price in the city area in Q4 2009 was the highest in Bangkok at 121,000 Baht per sq m. This represents a 49% increase on the figure in 2005 which stood at 81,000 Baht per sq m. In 2009 the Eastern Fringe area witnessed a significant price increase of 35% y/y due to limited supply coming onto the market at the time along with the continued popularity of the Sukhumvit area with immediate access to shopping and entertainment as well as mass transit stations.

The volatility of the southern fringe is on account of the area being located far from mass transit connections and therefore the desirability of living here has been reduced, however a number of high-end developments have been launched over the past few years that have raised the price; however take up has been slow to materialize and therefore prices have dropped to attract buyers. The southern fringe suffers from a “so near and yet so far” identity which will likely keep price movements volatile. All in all prices still remain lower than in 2005 and with no mass transit lines being planned except for an untested special dedicated bus service, this area is likely to be the laggard in Bangkok.

The falls registered in the outer-city east were a result of significant supply entering the market in a short space of time which led to pricing pressures.

The fall and then rise of the outer city west area was due to concerns over the BTS extension in 2005 but the subsequent construction of the main infrastructure for the lines has increased confidence in the project being completed and this has translated into significant price increases over the past two years.

Outer city west prices have risen by more than half in the past four years on account of the new BTS extension being put into service, thus allowing Thonburi to have far better access to the city centre and transforming this previous backwater into a new commuter destination.

2. Mass transit effect

Considerable mention has been made of the effects on demand and consequently supply of condominiums located close to mass transit lines. Figure 39 examines in more detail the effect on pricing of proximity to these lines.

Figure 39: The average selling price of condominium units by distance from BTS/MRT stations

AREA / DISTANCE (M.)	0 - 200	201 - 500	501 - 1,000	> 1,000	AVERAGE SELLING PRICE / SQ M.
City Area	150,000	120,000	105,000	-	125,000
Eastern Fringe	110,000	88,000	73,000	-	90,000
Northern Fringe	84,000	76,000	48,000	44,000	63,000
Southern Fringe	-	-	-	-	-
Outer City - East	-	74,400	60,000	40,000	58,000
Outer City - West	78,000	67,500	54,000	-	66,500
Suburban Bangkok	-	-	45,150	37,000	41,000

Source : Colliers International Thailand Research

In all locations the closer the distance to mass transit lines the higher the price for condominium units. Even a distance of 500 metres can deter a buyer due to the walk involved in the Bangkok heat and taking a motorbike or taxi would seem prohibitively expensive in relation to the distance. It would appear that the difference of about 600 metres from mass transit between one condominium development and another translates into roughly a 50% price premium. Properties in the city area can command prices in the plus 150,000 Baht per square metre if located a couple of minutes walk from a station.

5. SWOT ANALYSIS

Strengths

Affordability - Smaller unit sizes and new developments in locations with cheap land have increased the number of units that buyers can afford, tapping into the market of the burgeoning middle class.

Activity from local developers - More and more developers are investing or showing interest in the condominium market and this is set to continue.

Investor activity - Investors will continue to focus on condominium projects as a good long term investment compared to equities.

Weaknesses

Transport gridlock - The never ending Bangkok traffic threatens to turn the residential market into a "us and them" situation with sought after locations along mass transit lines eclipsing areas not connected to convenient transport links.

Land prices - Increases in land prices could hamper development and feasibility of new projects.

Property ownership - Continued restrictions on foreign ownership of freehold condominium projects and 30 year leasehold tenures will continue to deter foreign investors and end user buyers of high end condominiums. Extension of the leasehold term would positively affect pricing levels and thus development in certain leasehold only areas in the centre.

Opportunities

Mass transit lines - The development of mass transit lines herald a new era for condominium development in newly emerging urban areas of Bangkok. Development continues apace around existing lines.

Demographics - The growth of the ratio of people of working age in Bangkok will act as an enormous catalyst for growth. The middle classes will continue to be the key demand driver for the condominium market.

Threats

Domestic issues - The continuing political stalemate casts a long shadow over Thailand's future prospects. Key events this year will test nerves and any further unrest will negatively affect sentiment and therefore confidence in the real estate market.

Global economic stagnation - The global economy is not out of the woods yet with many leading economies struggling to cope with crippling public sector deficits. Indications are that Asia is has not decoupled with the west so future shocks will reverberate to Thailand.

Interest rates - Low interest rates have spurred condominium development but emerging inflation coupled with rising interest rates in the latter part of 2010 could dampen the residential market.

Current Status of Selected Condominium Projects in Bangkok,
As of December 2009



1. BELLE AVENUE



Developer : Belle Development Co.,Ltd.
Location : Rama 9 Road
Units : 1,992
Unit Type : 1 – 3 Bedroom and Duplex
Unit Size : 42 – 200 Sq m.
Estimated Completion Date : 2015

2. CHATEAU IN TOWN PHAHONYOTHIN II



Developer : Chaopraya Mahanakorn Co.,Ltd.
Location : Phahonyothin Road
Units : 79
Unit Type : 1 – 2 Bedroom
Unit Size : 30 – 59 Sq m.
Estimated Completion Date : 2011

3. THE NICHE RATCHADA – HUAYKWANG



Developer : Sena Development Co.,Ltd.
Location : Prachasongkro Road
Units : 203
Unit Type : 1 – 2 Bedroom
Unit Size : 35 – 47 Sq m.
Estimated Completion Date : 2010

4. THE ROOM RATCHADA – LADPRAO



Developer : Land & House Plc.
Location : Ladprao Road
Units : 801
Unit Type : Studio, 1 – 3 Bedroom
Unit Size : 40 – 60 Sq m.
Estimated Completion Date : 2009

5. THE SEED MUSEE



Developer : Pruksa Realestate Plc.
Location : Sukhumvit Soi 26
Units : 138
Unit Type : 1 – 2 Bedroom
Unit Size : 33 – 67 Sq m.
Estimated Completion Date : 2011

6. TRUE THONGLOR



Developer : Pool Asset Co.,Ltd.
Location : Sukhumvit Soi 55
Units : 515
Unit Type : 1 – 2 Bedroom
Unit Size : 31 – 65 Sq m.
Estimated Completion Date : 2012

7. BANGKOK HORIZON RAMKHAMKAENG



Developer : Chaopraya Mahanakorn Co.,Ltd.
Location : Ramkhamhaeng Road Road
Units : 596
Unit Type : 1 – 3 Bedroom and Penthouse
Unit Size : 31 – 171 Sq m.
Estimated Completion Date : 2010

8. BLOCS 77



Developer : Sansiri Plc.
Location : Sukhumvit 77 Road
Units : 467
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 30 – 64 Sq m.
Estimated Completion Date : 2011

9. DIAMOND RATCHADA



Developer : City Plus Real Estate Co.,Ltd.
Location : Ratchadapisek Road
Units : 691
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 26 – 60 Sq m.
Estimated Completion Date : 2010

10. HIVE TAKSIN



Developer : Sansiri Plc.
Location : Krungthonburi Road
Units : 367
Unit Type : Studio, 1 – 3 Bedroom
Unit Size : 30 – 95.5 Sq m.
Estimated Completion Date : 2011

11. HIVE SATHORN



Developer : Sansiri Plc.
Location : Krungthonburi Road
Units : 363
Unit Type : 1 – 3 Bedroom
Unit Size : 40 – 99.5 Sq m.
Estimated Completion Date : 2010

12. IDEO RATCHADA – HUAYKWANG



Developer : Ananda Development Two Co.,Ltd.
Location : Rama 9 Road
Units : 398
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 26 – 64 Sq m.
Estimated Completion Date : 2010

13. IDEO VERVE SUKHUMVIT



Developer : Ananda Development Two Co.,Ltd.
Location : Sukhumvit Road
Units : 490
Unit Type : 1 – 2 Bedroom
Unit Size : 31.89 – 63.74 Sq m.
Estimated Completion Date : 2011

14. IDEO SATHORN - TAKSIN



Developer : Ananda Development Two Co.,Ltd.
Location : Krungthonburi Road
Units : 349
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 28.5 – 80.5 Sq m.
Estimated Completion Date : 2010

15. IVY THONGLOR



Developer : Pruksa Real Estate Plc.
Location : Sukhumvit 55 Road
Units : 447
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 35.2 – 85.8 Sq m.
Estimated Completion Date : 2011

16. MORNINGSIDE HEIGHTS



Developer : Ace – Con Property Co.,Ltd.
Location : Ratchadapisek 30 Road
Units : 66
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 29 – 58 Sq m.
Estimated Completion Date : 2010

17. Q SATHORN



Developer : Quality House Plc.
Location : Krungthonburi Road
Units : 533
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 28 – 84 Sq m.
Estimated Completion Date : 2010

18. TREE CONDO SUKHUMVIT 42



Developer : Big Tree Estate Co.,Ltd.
Location : Sukhumvit Soi 42
Units : 73
Unit Type : 1 – 2 Bedroom
Unit Size : 43 – 69 Sq m.
Estimated Completion Date : 2010

19. THE RIVER



Developer : Raimon Land Plc.
Location : Charoennakorn Road
Units : 838
Unit Type : 1 – 3 Bedroom, Duplex and Penthouse
Unit Size : 62 – 899 Sq m.
Estimated Completion Date : 2011

20. THE PANO



Developer : Riverside Homes Development Co.,Ltd.
Location : Rama 3 Road
Units : 397
Unit Type : 1 – 3 Bedroom, Duplex and Penthouse
Unit Size : 52 – 56 Sq m.
Estimated Completion Date : 2010

21. VILLA SATHORN



Developer : TCC Capital Land Co.,Ltd.
Location : Krungthoburi Road
Units : 660
Unit Type : Studio, 1 – 3 Bedroom
Unit Size : 38 – 155 Sq m.
Estimated Completion Date : 2010

23. IDEO LADPRAO 5



Developer : City Plus Real Estate Co.,Ltd.
Location : Ladprao Road
Units : 485
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 26 – 63.40 Sq m.
Estimated Completion Date : 2011

24. LUMPINI PLACE RAMA 9 - RATCHADA



Developer : LPN Development Plc.
Location : Rama 9 Road
Units : 1,165 (Phase 1)
Unit Type : Studio, 1 – 2 Bedroom
Unit Size : 33.50 – 72 Sq m.
Estimated Completion Date : 2011

26. THE VICTORY CONDOMINIUM



Developer : Home Quick Co.,Ltd.
Location : Sri Ayutthaya Road
Units : 504
Unit Type : Studio, 1 – 2 Bedroom and Duplex
Unit Size : 4 – 147 Sq m.
Estimated Completion Date : 2010

27. THE SPIRIT SRINAKARIN



Developer : Pirom Land Co.,Ltd.
Location : Srinakarin Road
Units : 79
Unit Type : 1 – 2 Bedroom
Unit Size : 39.69 – 59.63 Sq m.
Estimated Completion Date : 2010

28. IDEO MORPH 38



Developer : Ananda Development Two Co.,Ltd.
Location : Sukhumvit 38 Road
Units : 261
Unit Type : Studio, and 1 Bedroom
Unit Size : 23.49 – 37.55 Sq m.
Estimated Completion Date : 2012

29. CIRCLE CONDOMINIUM



Developer : Fragrant Real Estate Development Co.,Ltd.
Location : Phetburi Road
Units : 901
Unit Type : Studio, 1 – 2 Bedroom and Penthouse
Unit Size : 37.62 – 161.11 Sq m.
Estimated Completion Date : 2011

30. MY RESORT BANGKOK



Developer : Equity Residential Co.,Ltd.
Location : Phetburi Road
Units : 206
Unit Type : 1 – 3 Bedroom
Unit Size : 39 – 221 Sq m.
Estimated Completion Date : 2010

31. THE RITZ CARLTON RESIDENCE



Developer : Pace Development Co.,Ltd.
Location : Narathiwat Rajanakarin Road
Units : 194
Unit Type : 2 – 5 Bedroom and Duplex
Unit Size : 120 – 800 Sq m.
Estimated Completion Date : 2013

480 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

US\$ 1.9 BILLION IN ANNUAL REVENUE

1.1 BILLION SQUARE FEET UNDER
MANAGEMENT

15,000 PROFESSIONALS

CONTACT INFORMATION

THAILAND:

Patima Jeerapaet
Managing Director
patima.jeerapaet@colliers.com

Antony Picon
Senior Manager | Research
antony.picon@colliers.com

Surachet Kongcheep
Manager | Research
surachet.kongcheep@colliers.com

Colliers International Thailand

Bangkok Office : 17/F Ploenchit Center, Klongtoey
Bangkok 10110 Tel: 662 656 7000 Fax: 662 656 7111
Email : info.th@colliers.com

Pattaya Office : 492/2 Thappraya Road, Nongprue,
Banglamung Chonburi 20150 Tel: 6638 364 411-2
Fax: 6638 364 414 Email : info.pattaya@colliers.com

This report and other research materials may be found on our website at www.colliers.co.th. Questions related to information herein should be directed to the Research Department at the number indicated above. This document has been prepared by Colliers International for advertising and general information only. Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. Colliers International is a worldwide affiliation of independently owned and operated companies.

**COLLIERS
INTERNATIONAL**