



1H 2011 BANGKOK SERVICED APARTMENTS

Knight Frank

HIGHLIGHTS

- In Q1 2011, a number of expatriates to Bangkok were recorded at 183,703 that increased from the same period of last year.
- A total supply of Serviced Apartments (all grade) within Bangkok in 1H 2011 has showed at 15,827 rooms from a rebranding serviced apartments that closed in 2H 2010.
- Sukhumvit is still be the main area for serviced apartment that represented share of 7,122 units or 47% of total supply in Bangkok as the Sukhumvit is the main area for the residential in Bangkok with fully facility supporting to the expatriates.
- Occupied rooms of serviced apartments (all grade) in 1H 2011, there is represented at 70.83% that increased from 68.55% in 2H 2010.
- Average room rate of the Serviced Apartments in Bangkok in 1H 2011 has dropped compare to 2H 2010, there is due to some serviced apartments have dropped their room rate to increase their occupancy rate.
- Knight Frank (Thailand) has an opinion that the demand in Bangkok Serviced Apartments market and Average Daily Rate will slightly recover after the clear situation of the political with less of the new supply in the market. However, the new policy of new government will be the main reason to indicate the serviced apartments market.

BANGKOK SERVICED APARTMENT OVERVIEW

Q1 2011, A
NUMBER OF
EXPATRIATES TO
BANGKOK WERE
RECORDED AT
189,703 THAT
INCREASED
COMPARED TO
Q1 2010.

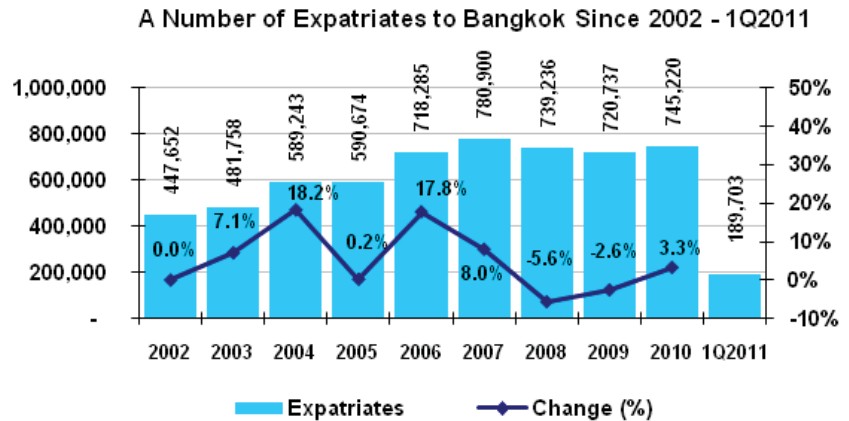
Zone Classification

Knight Frank Thailand has grouped locations of Serviced Apartments into 5-key areas such as:

1. CBD :
Sathon, Rajdamri, Langsuan,
Tonson, Wireless Road, Silom,
Ploenchit, Suanplu and Rama 4
2. Sukhumvit :
Sukhumvit Soi 1 – 65, and
Sukhumvit Soi 2 – 42
3. Rama III :
Yannawa, Chan Road and
Nanglinchee
4. Riverside :
Charoen Krung and Charoen
Nakhon
5. Others :
Ratchada Pisek, Phayathai,
Petchburi, Rajprarop,
Phaholyothin and Din Daeng

Number of Expatriates In Bangkok

Figure 1
A Number of Expatriates To Bangkok In 1Q 2011



Source: Knight Frank Thailand Research and Immigration Barea

- In Q1 2011, a number of expatriates to Bangkok were recorded at 189,703 that increased compared to Q1 2010.
- As the political situation seems soften since the beginning of 2011, the expatriates have more confident for Thailand.
- In the 2011, the political situation in Thailand is expected to be cleared that make confident to the expatriates, the number of expatriates in 2011 is expected to increase compare to the previous year.

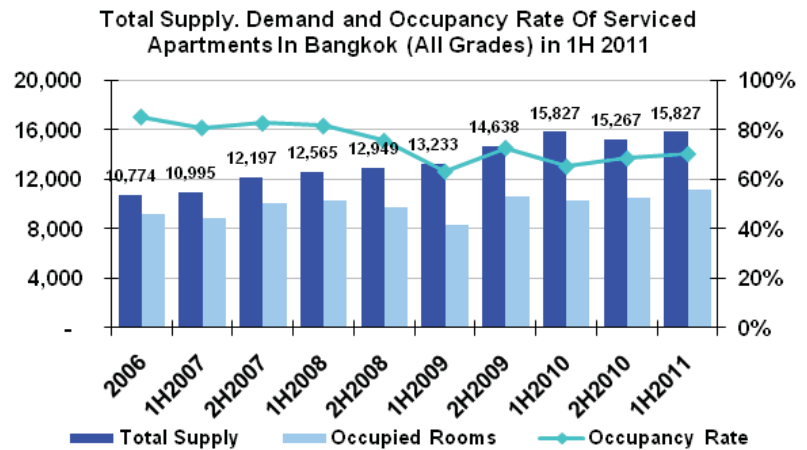


SUPPLY

A TOTAL SUPPLY OF SERVICED APARTMENTS (ALL GRADE) WITHIN BANGKOK IN 1H 2011 HAS SHOWED AT 15,827 ROOMS THAT INCREASED FROM 2H 2010 OR ABOUT 560 ROOMS OR ABOUT 3.54%.

Figure 2

Bangkok Serviced Apartments (All Grade)
Cumulative Supply and New Supply since 2006 – 1H 2011



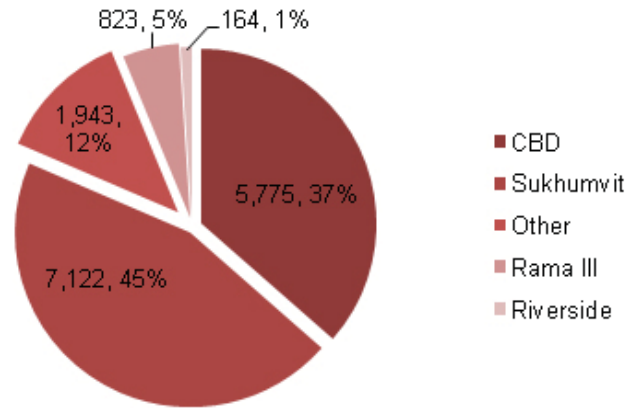
Source: Knight Frank Thailand Research

- A total supply of Serviced Apartments (all grade) within Bangkok in 1H 2011 has showed at 15,827 rooms that increased from 2H 2010 or about 560 rooms or about 3.54%.
- However, the new supply of serviced apartments was from the re-launched of rebranding serviced apartments that was closed in 2H 2011.
- In 1H 2011, we have not found the new serviced apartments have been launched in 1H 2011. There are due to the political in 2009 and 2010 that slowdown the serviced apartments in Bangkok. There is due to the situation of the political uncertainty that slowdown the new development of the serviced apartments sector.

THE SUPPLY OF SERVICED APARTMENTS (ALL GRADES) FOUND IN SUKHUMVIT AREA IN MAJORITY THAT REPRESENTED SHARE OF 7,122 UNITS OR 45% OF TOTAL SUPPLY

Figure 3
Bangkok Serviced Apartments (All Grade)
Supply Share Classified by Zone in 1H 2011

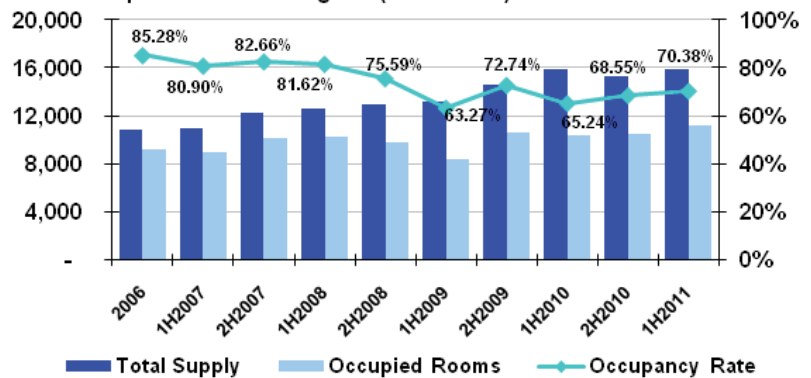
Serviced Apartment Supply By Zone in 1H 2011



- The supply of Serviced Apartments (all grades) found in Sukhumvit area in majority that represented share of 7,122 units or 45% of total supply in Bangkok as the Sukhumvit is the main area for the residential in Bangkok with fully facility supporting to the expatriates.
- CBD is the second largest supply of Serviced Apartments, total supply was found at 5,775 units or 37% of total supply in Bangkok.
- Only the Rama III area has increased the supply as the rebranding of serviced apartments within this area. While no new supply found in other areas in Bangkok.

Figure 4
Bangkok Serviced Apartments (All Grade)
Total Supply and Rooms Occupied (2004 – 1H 2011)

Total Supply, Demand and Occupancy Rate Of Serviced Apartments In Bangkok (All Grades) in 1H 2011



Source: Knight Frank Thailand Research

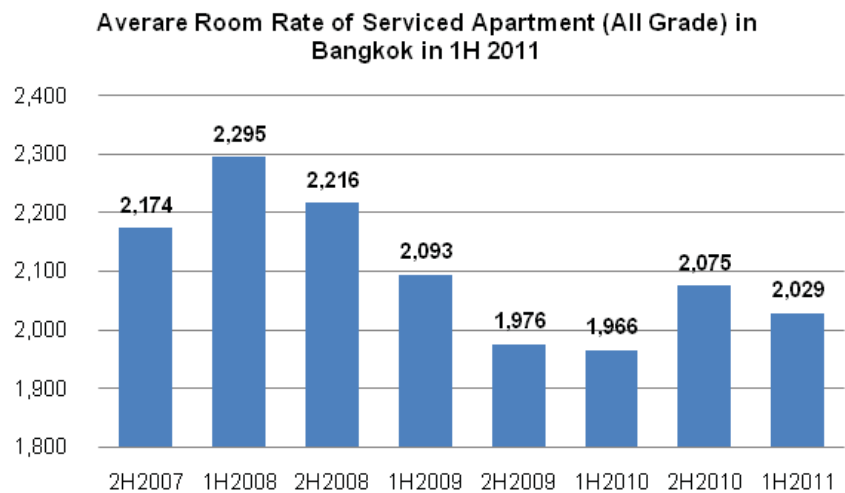


- Occupied rooms of serviced apartments (all grade) in 1H 2011, there were total 11,039 rooms that was increased from 10,465 occupied rooms in 2H 2010, that represented an occupancy rate of 70.38% that slightly increased from the 2H 2010 that showed at 68.55%.
- The occupancy rate of the serviced apartments within Bangkok has slightly increased since 2H 2011 due to some serviced apartments within Bangkok have dropped their room rat to boost the occupancy rate.
- Furthermore, the new supply of the serviced apartments has increased a few, only 2-3% of the total supply which the competition of the serviced apartments has been soften including the political situation in Bangkok have been cleared since 2H 2010.

RENTAL RATE

Figure 5

Average Daily Rate of Serviced Apartments (All Grades) in Bangkok In 1H 2011



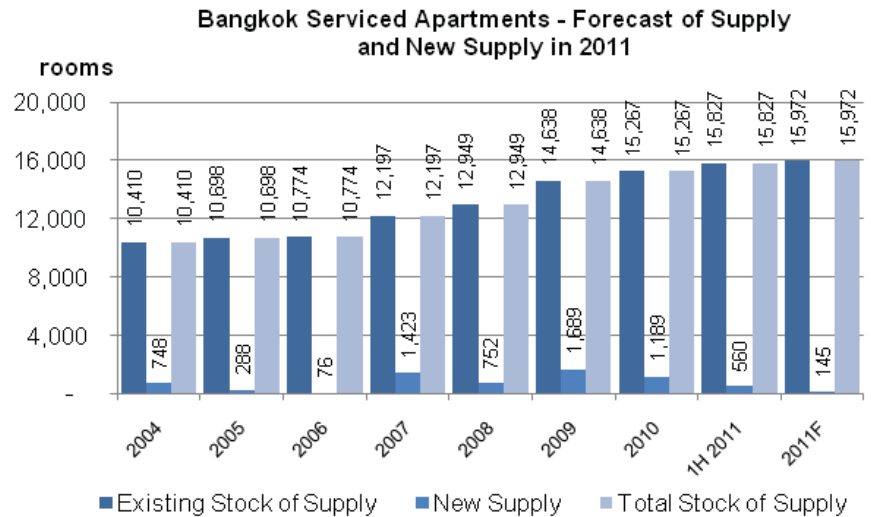
Source: Knight Frank Thailand Research

- Average room rate of the Serviced Apartments in Bangkok in 1H 2011 has recorded at Baht 2,029 per night which was slightly dropped from 2H 2010, at Baht 2,075 per night or about 2.27% decreased.
- There is due to some serviced apartments have dropped their rental rate to increase the occupancy rate to compete the market.
- Furthermore, the factor of the appreciate of Baht currency is slowdown the growth of average daily rate for the Serviced Apartments business in 1H 2011.

FUTURE SUPPLY

THE NEW
SUPPLY OF
SERVICED
APARTMENTS
IN BANGKOK
SEEMS
SLOWDOWN
AS ONLY NEW
145 ROOMS
(ESTIMATE) WILL
COME IN THE
MARKET 2011.

Figure 6
Bangkok Serviced Apartments
Forecast of Supply and New Supply in 2011



Source: Knight Frank Thailand Research

- In 1H 2011, we have found only rebranding serviced apartments come to the market which having total of 560 rooms. However, it is no new branding serviced apartments launched within 1H 2011.
- According to the survey, we have found that only 145 rooms of serviced apartments comes in to the stock of serviced apartments. There is due to the high competition of serviced apartments market including the situation within the last year that slowdown the serviced apartments development in Bangkok.
- We have an opinion that the serviced apartments market will be stabilised or very slightly increased for this period. There is due to the crisis in some country in Europe including the situation in Japan that effected to the serviced apartment market.
- However, if the new government has a supporting policy in terms of economic and the industrial expansion, the serviced apartments market will be expected to be increased for this year.

MARKET OUTLOOK

- There is no new serviced apartment launched for 1H 2011 (expected the rebranding serviced apartment) as the developers have slowdown to invest the serviced apartments since last year by the cause of the political uncertainty.
- By the cause of no new supply in the serviced apartments market, market competition will be slightly softer than the previous year as the political situation has been cleared and the economic has slightly recovery, However, the cause of many serviced apartments operators to continue offering price promotion to stimulate total rooms occupied, the increase of the room rate may slowdown in this year.
- As the political was cleared and the economic has recovery since 2H 2010, the occupancy rate of serviced apartments in Bangkok has slightly increased from 2H 2010.
- However, the average room rate has dropped since 2H 2010 to 1H 2011 as the most serviced apartments have dropped the Average Room Rate to keep their occupancy rate.
- Knight Frank (Thailand) has the opinion that demand in Bangkok Serviced Apartments market will be recovery after very few supply will come to the market within this year. However, the serviced apartments market has to wait and see the new policy of new government in terms of the investment and economic sectors that indicate the future for the serviced apartment market.
- In long term, we believe that the Average Daily Rate of many Serviced Apartments will anticipate to be slightly increased with Average Daily Rate offered in 2011 after the expected positive sign of economic condition and investment, numbers of rooms occupied are expected to show a slight increase and average occupancy rate in the market will be pulled up though at a small percentage in the long term.



Americas

USA
Bermu da
Brazil
Caribbean
Chile
Australasia

Australia

New Zealand

Europe

UK
Belgium
Czech Republic
France
Germany
Hungary
Ireland
Italy
Monaco
Poland
Portugal
Russia
Spain
The Netherlands
Ukraine

Africa

Botswana
Kenya
Malawi
Nigeria
South Africa
Tanzania
Uganda
Zambia
Zimbabwe

Asia

Cambodia
China
Hong Kong
India
Indonesia
Macau
Malaysia
Singapore
Thailand
Vietnam

Thailand Contacts

Phanom Kanjanathiemthao

Managing Director
+66 (0)2643 8223 Ext 110
phanom.kanjanathiemthao@th.knightfrank.com

Chaturawit Wattanapruk

Executive Director
+66 (0)2643 8223 Ext 120
chaturawit.wattanapruk@th.knightfrank.com

Surasak Limpa-Arayakul

Director, Valuation Department
+66 (0)2643 8223 Ext 143
surasak.limpa-arayakul@th.knightfrank.com

Roong Sitthisankunchorn

Director, Property Management Department
+66 (0)2643 8223 Ext 144
roong.sitthisankunchorn@th.knightfrank.com

Marcus Burtenshaw

Director, Agency Department
+66 (0)2643 8223 Ext 121
marcus.burtenshaw@th.knightfrank.com

Frank Khan

Director, Head of Residential Department
+66 (0)2643 8223 Ext 280
frank.khan@th.knightfrank.com

Ulf Schaefer

Director, Premier Home & International Project Marketing
Residential Department
+66 (0)2643 8223 Ext 286
ulf.schaefer@th.knightfrank.com

Risinee Sarikaputra

Associate Director, Research and Consultancy Department
+66 (0)2643 8223 Ext 180
risinee.sarikaputra@th.knightfrank.com

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.

Knight Frank Research Reports are also available at www.knightfrank.com

© Knight Frank LLP 2011

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank LLP for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Research.

Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.