



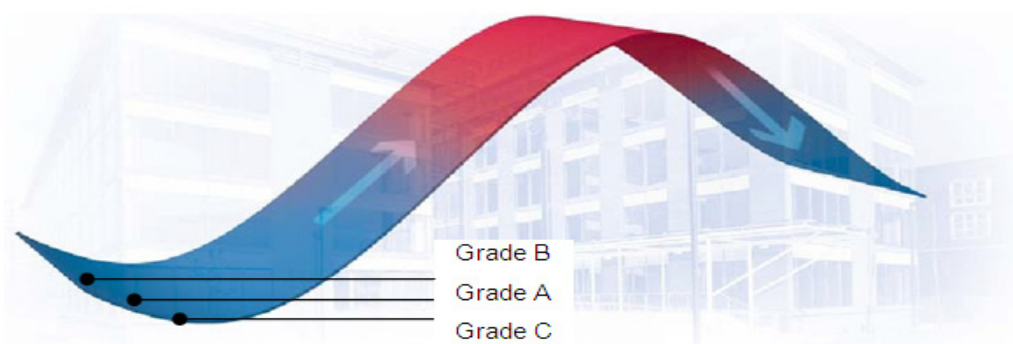
Q1 2010 BANGKOK OFFICE MARKET

Quarterly

Knight Frank

HIGHLIGHTS

- No change in office rents in Q1
- Vacancy rates continued to increase throughout all sectors in Q1 2010, despite no new supply entering the market.



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Supply and Demand

Our Q4 2009 report, described how the decay of occupancy rates slowed through the year in a trend that we have now observed continuing into 2010, despite no new supply entering the market.

Table 1
Vacancy rates Q1 2010

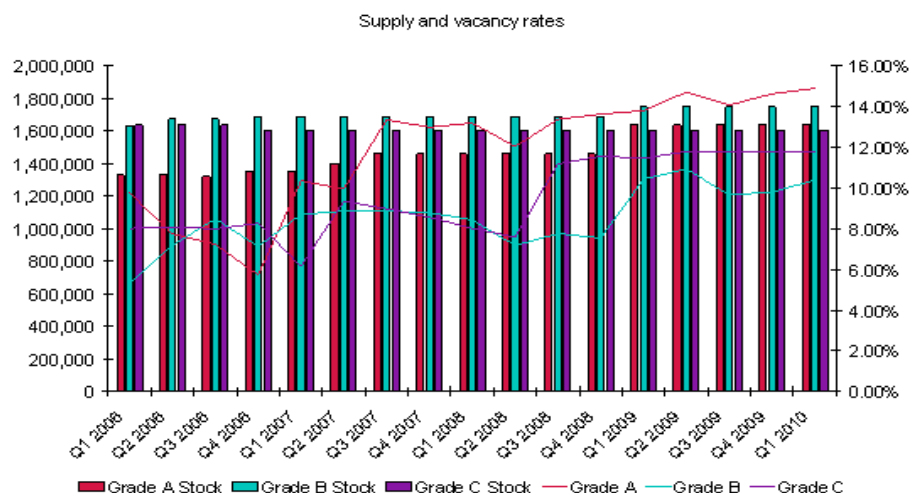
Quarter	Grade A	Grade B	Grade C	Overall Vacancy
Q1 2009	13.82%	10.44%	11.48%	11.91%
Q4 2009	14.64%	9.81%	11.76%	12.07%
Q1 2010	14.91%	10.40%	11.81%	12.37%
Quarterly Change	0.27%	0.59%	0.05%	0.30%
Annual Change	1.10%	-0.05%	0.32%	0.46%

Source: Knight Frank Research

Bangkok's overall vacancy rate now stands at 12.37%, up from 12.07% in Q4 2009, with the highest vacancy rates recorded in the market's second largest sector by size (Grade A), which is a now reporting an average vacancy rate of 14.91%.

This indicates that there is a decline in demand due, we believe, to the uncertainty created by ongoing political unrest, but the pace of this decline has been slowing.

Figure 1
Bangkok Office Market, Supply and Vacancy Rates



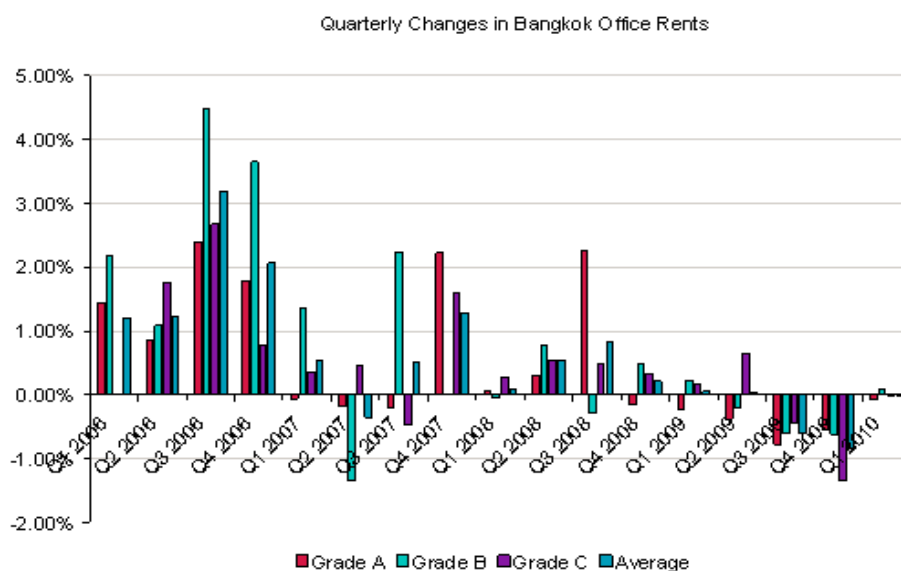
Source: Knight Frank Research



Rents

Grade A and Grade C rents showed very minor falls from Q4 2009, standing at 634 and 349.9 Baht per sqm respectively and even a very slight improvement in the resilient Grade B sector, which saw rents grow from 469.58 to 497 baht per square meter, effectively halting the decline in the overall average rental rates that we witnessed throughout 2009.

Figure 2
Bangkok Office Q-O-Q Rental Growth



Source: Knight Frank Research

Table 2
Bangkok Office Rents

Quarter	Grade A	Grade B	Grade C	Average
Q1 2009	645.53	503.64	353.97	501.04
Q4 2009	634.64	496.58	349.90	493.71
Q1 2010	634.14	497.00	349.80	493.65
Annual Change	-1.76%	-1.32%	-1.18%	-1.48%
Quarterly Change	-0.08%	0.08%	-0.03%	-0.01%

Source: Knight Frank Research

Q1 2010

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Conclusion

In conclusion there does seem to be an emerging trend of a deceleration in the decline of office rents and vacancy rates, which is encouraging and may even be an early indicator pointing towards a potential return to improving occupancies and rental growth, but this only possible if the service sector can enter a recovery phase.

In the immediate term, levels of new demand stemming from relocation, expansions and new start ups continues to fall as business confidence suffers from the on-going political turmoil.



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