



1H 2010 BANGKOK SERVICED APARTMENTS

Semi-annually
Knight Frank

HIGHLIGHTS

- First 5 months of 2010, the expatriates arrivals in Bangkok recorded at 307,638 people.
- Bangkok Serviced Apartments market in 1H 2010 had total supply of 15,872 units, having an increase over 2H 2009 at 9.2%.
- Occupied rooms in 1H 2010, there were total 10,325 units of rooms occupied from total supply of 15,827 units, representing an occupancy rate of 65.24% which dropped from 72.74% in 2H 2009.
- Average room rate of the Serviced Apartments in Bangkok in 1H 2010 has small percentage dropped from 1,976 Baht/night to 1,966 Baht/night about 0.5% dropped.
- In 1H 2010, Average Daily Rate of 5-star Serviced Apartments in CBD and Sukhumvit areas stood at Baht 2,760 and Baht 2,803. While Average Daily Rate of 4-Star Serviced Apartments in CBD and Sukhumvit were recorded at Baht 2,180 and Baht 2,223 respectively.
- Knight Frank (Thailand) has the opinion that the demand in Bangkok Serviced Apartments market and Average Daily Rate will gradually recover after the cleared situation of the political and the supporting in the investment by the government side include the small percentage of the new supply comes in 2H 2010 to 2011.

BANGKOK SERVICED APARTMENT OVERVIEW

Zone Classification

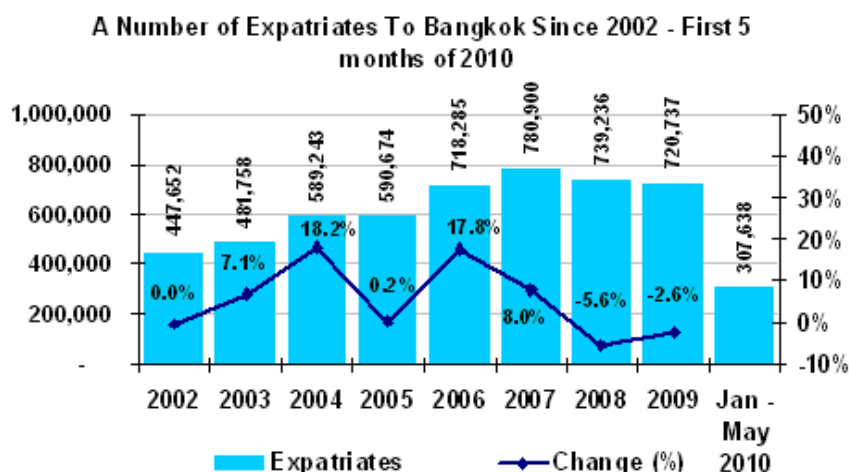
Knight Frank Thailand has grouped locations of Served Apartments into 5 key areas such as:

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 Nonglinchee
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

Figure 1: A Number of Expatriates To Bangkok In 1H 2010 (First 5 months)



Source: Knight Frank Thailand Research and Immigration Bureau

Note: This number is included only the temporary stay visitors, information is from Jan to May 2010

- The first 5 months of 2010, a number of expatriates to Bangkok were recorded at 307,638 people.
- By the affective of the political uncertainty and the extension of emergency of state in April and May that has a bit dropped in a number of the expatriates in Thailand.
- In the 2nd Half of 2010, the situation in Thailand is expected to be cleared in terms of the political and world economic, we have expected that expansion of investment and the number of expatriates will be increased as the gradual improvement in economic conditions and less political turmoil in Thailand.

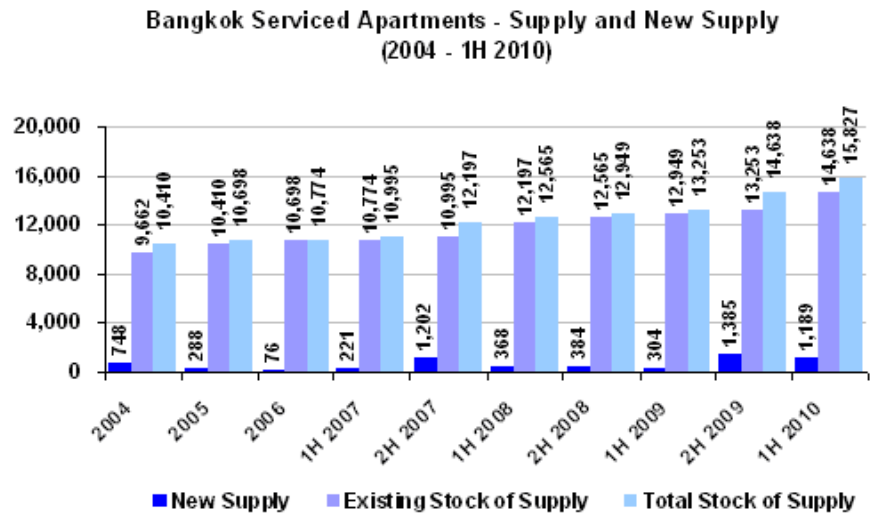


SUPPLY

A TOTAL SUPPLY OF SERVICED APARTMENTS (ALL GRADE) WITHIN BANGKOK HAS SHOWED AT 15,827 UNITS THAT HAVING NEW LAUNCHED SERVICED APARTMENTS UNITS OF 1,189 UNITS OR 9.2% INCREASED FROM 2H 2009.

Figure 2

Bangkok Serviced Apartments (All Grade)
Cumulative Supply and New Supply Since 2004 – 1H 2010

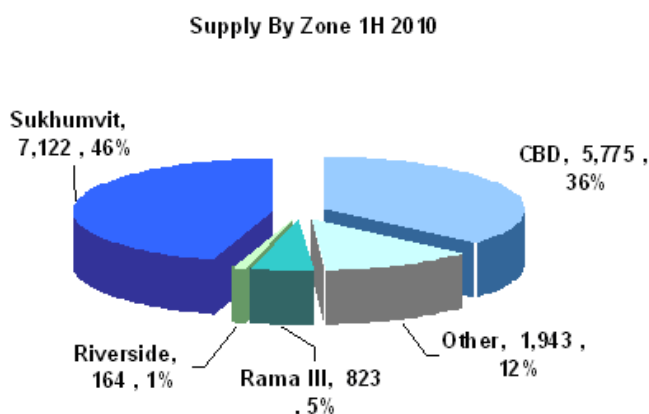


Source: Knight Frank Thailand Research

- A total supply of Serviced Apartments (all grade) within Bangkok has showed at 15,827 units that having new launched serviced apartments units of 1,189 units or 9.2% increased from 2H 2009.
- The new launched serviced apartments in 1H 2010 are located in Sukhumvit in majority.
- The increasing of supply was contributed by the openings of new projects in Sukhumvit such as Oakwood Trilliant Residence, Soi Sukhumvit 18, the Siam Kempinski Serviced Apartments, Rama I Road and a few number of 4-star serviced apartments.

THE MAJORITY SUPPLY OF SERVICED APARTMENTS (ALL GRADES) FOUND IN SUKHUMVIT AREA THAT REPRESENTED SHARE OF 7,122 UNITS OR 46% OF TOTAL SUPPLY IN BANGKOK

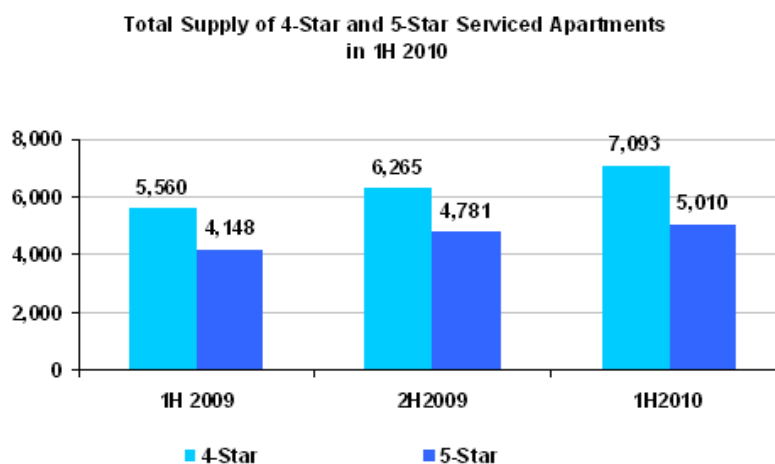
Figure 3
Bangkok Served Apartments (All Grade)
Supply Share Classified by Zone in 1H 2010



Source: Knight Frank Thailand Research

- The majority supply of Served Apartments (all grades) found in Sukhumvit area that represented share of 7,122 units or 46% of total supply in Bangkok as the Sukhumvit is the main area for the residential in Bangkok with fully facility supporting to the expatriates.
- A supply in Sukhumvit in 1H 2010 has increased at 24.6% from 2H 2009.
- CBD is the second largest supply of Served Apartments, total supply was found at 5,775 units or 36% of total supply in Bangkok.
- However, the no new supply of the serviced apartments found in the Riverside, Rama III and Other.
- This is due to the main developments are located in Sukhumvit and CBD as the locations are completed with fully facilities, nice restaurants, day/night entertainment area, etc.

Figure 4
Bangkok Served Apartments
Supply Share of 4-Star and 5-Star Served Apartment In Bangkok in 1H 2010



Source: Knight Frank Thailand Research

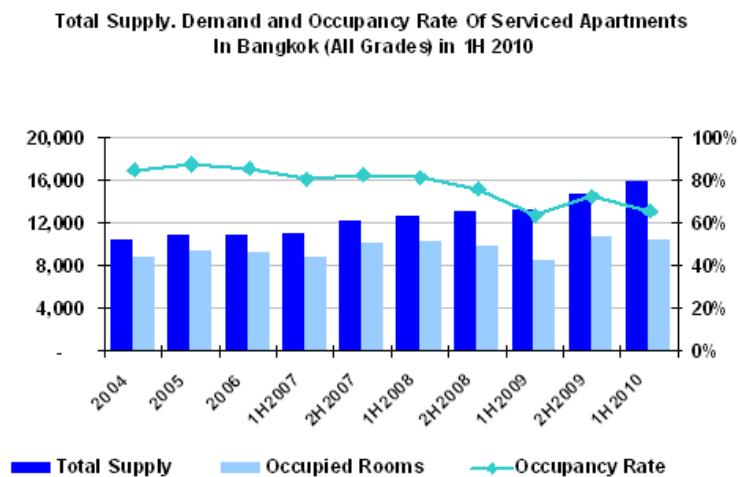


- 5-star Serviced Apartments market, total supply increased from 4,781 units in the 2H2009 to 5,010 units in 1H 2010, that increased only 4.6% or about 229 units came into the market.
- Supply of 4-star Serviced Apartments has increased about 828 units from 6,265 units in 2H 2009 to 7,093 units in 1H 2010.
- 4-Star Serviced Apartments which is a majority supply in the market has accounted for 44.8% of the total supply in market while 5-Star Serviced Apartments has recorded at 31.6% in the market.

DEMAND

OCCUPIED ROOMS IN 1H 2010, THERE WERE TOTAL 10,325 UNITS OF TOTAL SUPPLY OF 15,827 UNITS, REPRESENTING AN OCCUPANCY RATE OF 65.24%

Figure 5
Bangkok Serviced Apartments (All Grade)
Total Supply and Rooms Occupied (2004 – 1H 2010)



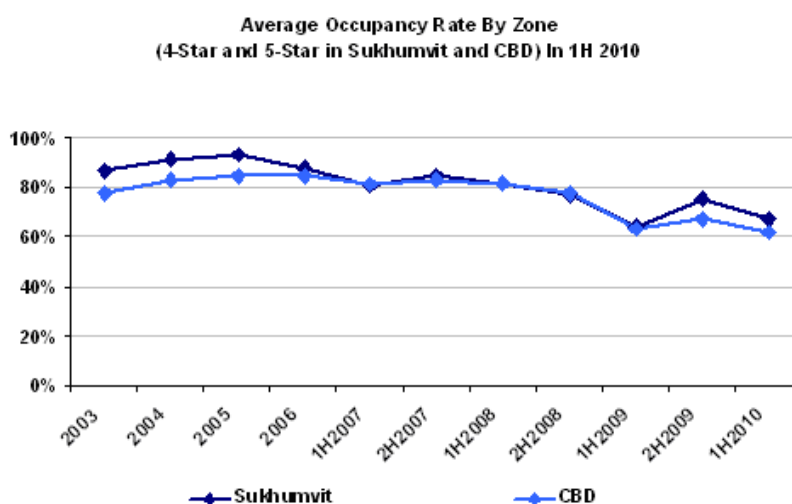
Source: Knight Frank Thailand Research

- Occupied rooms in 1H 2010, there were total 10,325 units of total supply of 15,827 units, representing an occupancy rate of 65.24% which dropped from 72.74% in 2H 2009.
- There is due to the effect from political uncertainty in centre of Bangkok on April that dropped the confidence of investment in Thailand and also the number of expatriates in Bangkok.

Figure 6

Bangkok Serviced Apartments

Average Occupancy Rate in CBD and Sukhumvit Areas (2003 – 1H 2010)



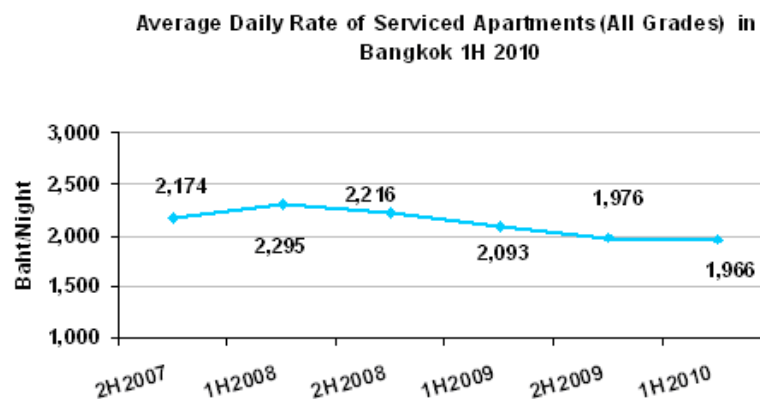
Source: Knight Frank Thailand Research

- As a result of the decreasing demand in the whole market and the political uncertainty in Bangkok, the average occupancy rate in CBD has dropped from 67.17 in 2H 2009 to 62.2% in 1H 2010.
- The rooms occupied of Serviced Apartments in Sukhumvit were also dropped by 8% from 75.43% in 2H 2009 to 67.38% in 1H 2010.
- It is cause of some serviced apartments in this area have directly affected by the anti-government protestors in terms of the secure confidential.

RENTAL RATE

Figure 7

Average Daily Rates of Serviced Apartments (All Grades) in Bangkok In 1H 2010



Source: Knight Frank Thailand Research

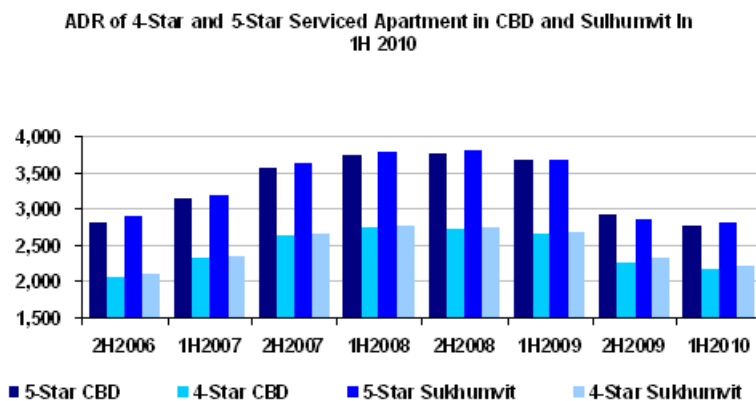


AVERAGE ROOM RATE OF THE SERVICED APARTMENTS IN BANGKOK IN 1H 2010 HAS SMALL PERCENTAGE DROPPED FROM 1,976 BAHT/NIGHT TO 1,966 BAHT/NIGHT ABOUT 0.5% DROPPED.

- Average room rate of the Serviced Apartments in Bangkok in 1H 2010 has small percentage dropped from 1,976 Baht/night to 1,966 Baht/night about 0.5% dropped.
- By chart, the average room rate was continuing dropped since 2H 2008 that affected by the closed international airport, 1H 2009 that affected by world economic and 2H 2009 to 1H 2010 were affected by the political uncertainty.

Figure 8

Average Daily Rates of 5-Star and 4-Star Serviced Apartments in Bangkok In 1H 2010



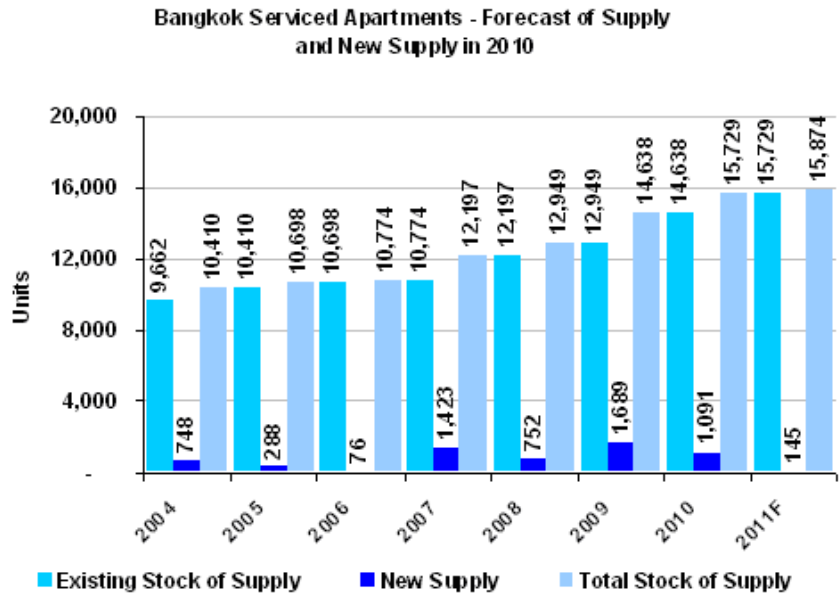
Source: Knight Frank Thailand Research

- Average Daily Rate in the 5-star and 4-star markets in both Sukhumvit and CBD showed a decrease from the 2H 2009 as a result of larger supply level in the market, higher market competition and slow demand. Furthermore, the political uncertainty dropped the confidence of business investment in Thailand.
- Since many Serviced Apartments in Bangkok have larger portion of short-term stay guests than long-term stay guests, rental rate reduction is the solution for most Serviced Apartments in stimulating occupancy rate under the slow market condition.
- Average Daily Rate (ADR) of 5-star Serviced Apartments in CBD and Sukhumvit areas stood at Baht 2,760 per day and Baht 2,803 respectively in the 2H 2010.
- There was 5.6% dropped for CBD and 2% dropped for Sukhumvit compared to 2H 2009.
- In same line, the 4-star Serviced Apartments market in CBD has Average Daily Rate in CBD showed at Baht 2,180, decreasing from Baht 2,259 in 2 half of 2009 or about 3% dropped. While Average Daily Rate of 4-star Serviced Apartments in Sukhumvit area decreased from Baht 2,320 in 1st Half of 2009 to Baht 2,223 in the 2nd Half of 2009, having a decrease of 4%.

FUTURE SUPPLY

THE NEW SUPPLY OF SERVICED APARTMENTS IN BANGKOK SEEMS SLOW-DOWN AS ONLY NEW 145 UNITS WILL COME IN THE MARKET IN NEXT YEAR.

Figure 9
Bangkok Serviced Apartments
Forecast of Supply and New Supply



Source: Knight Frank Thailand Research

- Serviced Apartments in Bangkok has added the new supply of 559 units entering the market in 1H 2010 that which will cause supply level to increase from 14,638 units in 2009 to 15,197 units in 2010.
- However, the new supply of serviced apartments in Bangkok seems slowdown as only new 145 units will come in the market in 2011.
- Sukhumvit is still being the main area of new supply of the serviced apartments development by located within sub-roads.
- Market competition is expected to be high in 2H 2010 and will cause many Serviced Apartments operators to continue offering price promotion to stimulate total rooms occupied as the effective of the political in the 1H 2010.
- However, only small percentage of new supply will come in the market between 2010 and 2011.
- The dropped of occupancy rate and Average Daily Rate was affected by the political situation that unclear in the 1H 2010, that will be the short term affected to the Serviced Apartments market.
- Knight Frank (Thailand) has the opinion that demand in Bangkok Serviced Apartments market will gradually recover after the cleared situation of the political and the supporting on the investment by the government side.
- We believe that the Average Daily Rate of many Serviced Apartments will anticipate to be slightly increased with Average Daily Rate offered in 2H 2010 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.



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