



# 2H 2010 BANGKOK SERVICED APARTMENTS

Semi-annually  
**Knight Frank**

## HIGHLIGHTS

- In 2010, a number of expatriates to Bangkok were recorded at 750,994 that increase from 2009 about 4.0%.
- A total supply of Serviced Apartments (all grade) within Bangkok in 2010 has showed at 15,267 rooms that having new launched serviced apartments units of 1,189 units that increased from 2009 about 5.89%.
- 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 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 2H 2010, there were total 10,465 rooms of total supply of 15,267 units, representing an occupancy rate of 68.55% which increased from 65.24% in 1H 2010.
- The average occupancy rate in CBD has increased from 62.20% in 1H 2010 to 66.38% in 2H 2010 (about 4.18% increase). While the Serviced Apartments within Sukhumvit area also increased of 3.19% from 67.38% in 1H 2010 to 71.29% in 2H 2010.
- Average room rate of the Serviced Apartments in Bangkok in 1H 2010 has small percentage increased from 1,966 Baht/night to 2,075 Baht/night about 5.6% increased.
- Knight Frank (Thailand) has the opinion that the demand in Bangkok Serviced Apartments market and Average Daily Rate will gradually recover after the clear situation of the political and the supporting in the investment by the government side include the small percentage of the new supply comes in 2011 especially the lower grade serviced apartments.

## BANGKOK SERVICED APARTMENT OVERVIEW

IN 2010, A  
NUMBER OF  
EXPATRIATES TO  
BANGKOK WERE  
RECORDED AT  
750,994 THAT  
INCREASE FROM  
2009 ABOUT  
4.0%.

### Zone Classification

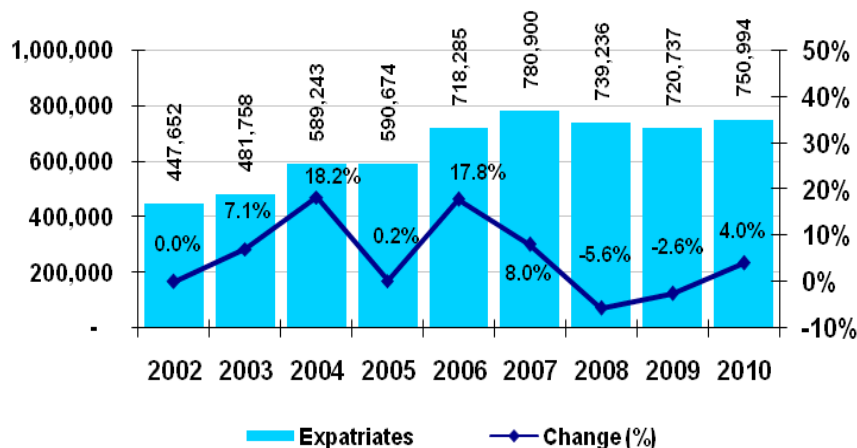
Knight Frank Thailand has grouped locations of Serviced Apartments into 5-key areas such as:

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

**Figure 1: A Number of Expatriates To Bangkok In 2H 2010 (First 5 months)**  
**A Number of Expatriates To Bangkok Since 2002 - 2010**



Source: Knight Frank Thailand Research and Immigration Borea

- In 2010, a number of expatriates to Bangkok were recorded at 750,994 that increase from 2009 about 4.0%.
- By the affective of the political uncertainty and the extension of emergency of state in April and May 2010 that has dropped a number of the expatriates in Thailand, but the total number of expatriates in 2010 is higher than the last two years (2008-2009). There is due to the political in Bangkok become softer than the 1H 2010 that increase the number of the expatriates.
- In the 2011, 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.



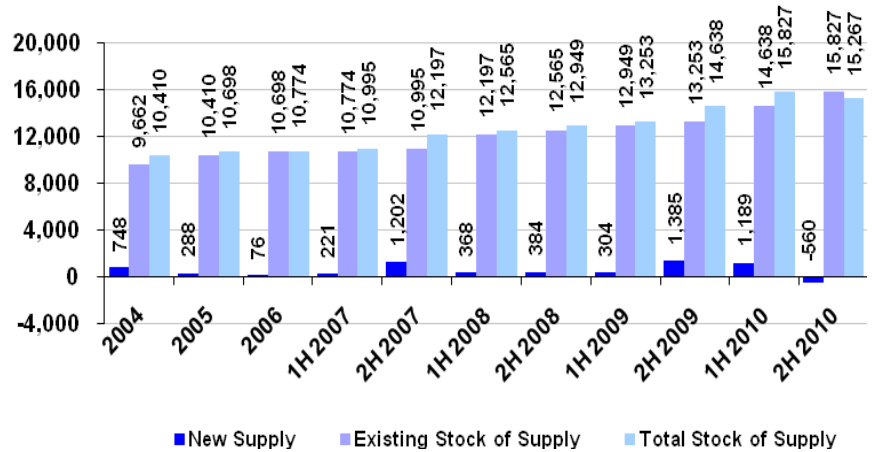
## SUPPLY

A TOTAL SUPPLY OF SERVICED APARTMENTS (ALL GRADE) WITHIN BANGKOK IN 2010 HAS SHOWED AT 15,267 ROOMS

Figure 2

**Bangkok Serviced Apartments (All Grade)**  
Cumulative Supply and New Supply since 2004 – 2H 2010

**Bangkok Serviced Apartments - Supply and New Supply**  
(2004 - 2H 2010)



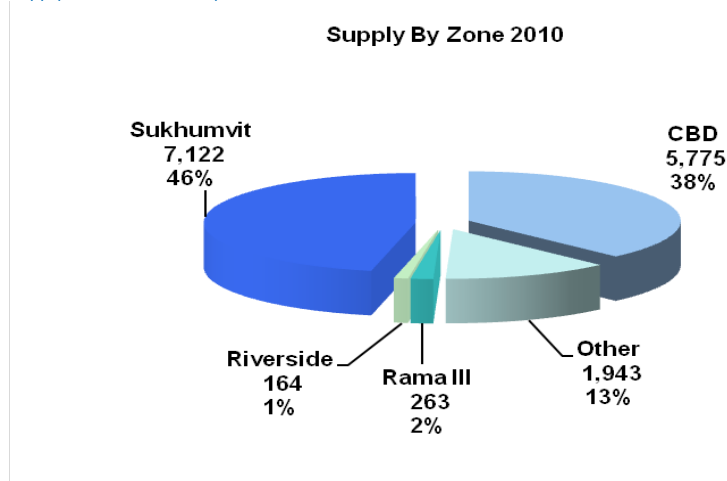
Source: Knight Frank Thailand Research

- A total supply of Serviced Apartments (all grade) within Bangkok in 2010 has showed at 15,267 rooms that having new launched serviced apartments units of 1,189 units that increased from 2009 about 5.89%.
- The new launched serviced apartments in 1H 2010 are located in Sukhumvit in majority. However, we found 560 rooms of serviced apartments have been removed to the market share as the project has no more the serviced apartment operation.

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

THERE IS DUE TO THE EFFECT FROM POLITICAL UNCERTAINTY IN CENTRE OF BANGKOK ON APRIL THAT DROPPED THE CONFIDENTIAL OF INVESTMENT IN THAILAND AND ALSO THE NUMBER OF EXPROPRIATES IN BANGKOK.

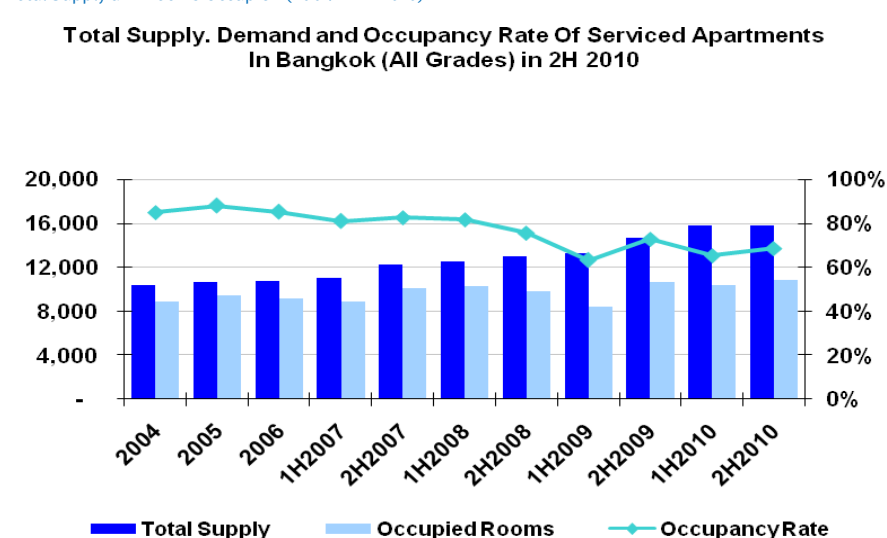
Figure 3  
**Bangkok Served Apartments (All Grade)**  
Supply Share Classified by Zone in 2H 2010



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.
- CBD is the second largest supply of Served Apartments, total supply was found at 5,775 units or 36% of total supply in Bangkok. Furthermore, CBD area has the highest increased units that have increased of 28% from the supply in 2009.
- This is due to the Sukhumvit and CBD are provided with the fully facilities, nice restaurants, day/night entertainment area, transportations, etc, it has no new supply of the serviced apartments found in the Riverside, Rama III and Other, but the supply in Rama III has decreased as a serviced apartments within this area has changed the purpose of the business to others.

Figure 5  
**Bangkok Served Apartments (All Grade)**  
Total Supply and Rooms Occupied (2004 – 2H 2010)



Source: Knight Frank Thailand Research

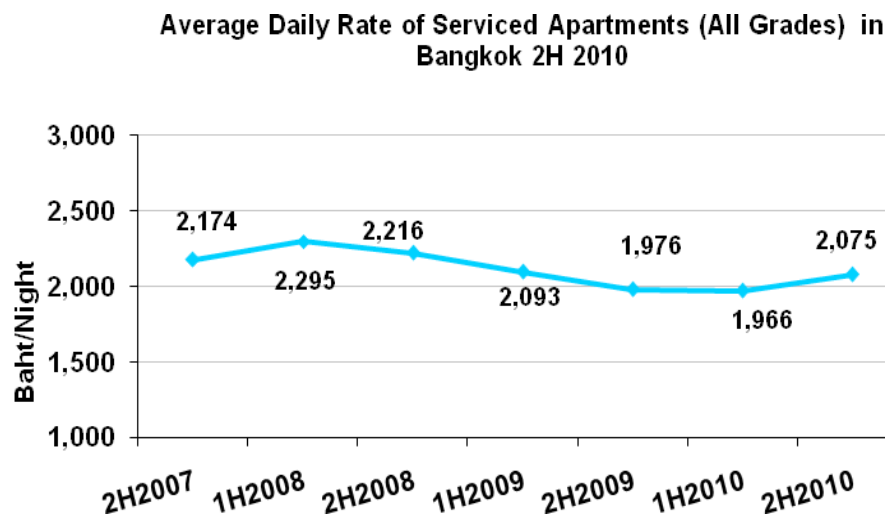


- Occupied rooms of serviced apartments (all grade) in 2H 2010, there were total 10,465 rooms of total supply of 15,267 units, representing an occupancy rate of 68.55% which increased from 65.24% in 1H 2010.
- For all year 2010, the average occupancy rate is recorded at 66.7% that dropped from 68.24% occupancy rate in 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. The stabilised of political is still be the key issue that much affected to the serviced apartments market.

## RENTAL RATE

Figure 5

### Average Daily Rate of Serviced Apartments (All Grades) in Bangkok In 2H 2010



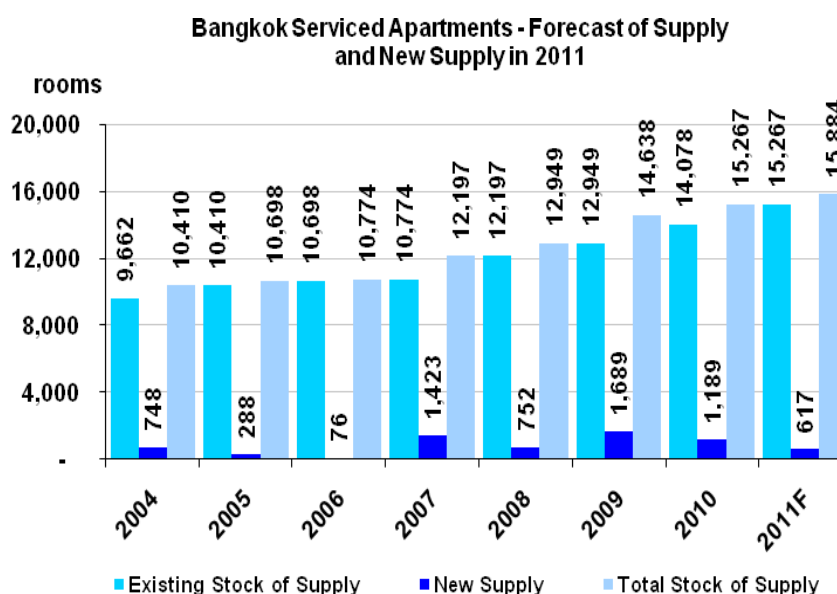
Source: Knight Frank Thailand Research

- Average room rate of the Serviced Apartments in Bangkok in 1H 2010 has small percentage increased from 1,966 Baht/night to 2,075 Baht/night about 0.55% increased.
- By chart, the average room rate was rebounded from 1,976 Baht/night in 2H 2009 to 2,075 Baht/night that caused by the internal political seems to be solved and the world economic has recovery. However, the factor of the appreciate of Baht currency is slow down the growth of average daily rate for the Serviced Apartments business in 2H 2010.

## FUTURE SUPPLY

THE NEW  
SUPPLY OF  
SERVICED  
APARTMENTS  
IN BANGKOK  
SEEMS  
SLOWDOWN  
AS ONLY NEW  
617 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 2010, serviced apartments in Bangkok has increased of 1,189 rooms to 15,267 (less the existing stock of 560 rooms) that increase of 7.8% from the total supply.
- Sukhumvit is still being the main area for the new supply due to the facilities services are mostly provided within this area.
- However, the new supply of serviced apartments in Bangkok seems slowdown as only new 617 rooms (estimate) will come in the market 2011.

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## MARKET OUTLOOK

- 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 2010, that will be the short term affected to the Serviced Apartments market. Furthermore, the market is just recovery from the 1H 2010 that 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 gradually recover after the cleared situation of the political and the supporting on the investment by the government side.
- We also have the opinion that the political and strong currency will be a short term factor that affected to the Average Room Rate and Occupancy Rate of the serviced apartments market. at a small percentage in the long term.
- 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.



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## 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, Valuation 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, Residential Department  
+66 (0)2643 8223 Ext 280  
frank.khan@th.knightfrank.com

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