



2H 2011 BANGKOK SERVICED APARTMENTS

Knight Frank

HIGHLIGHTS

- In 2H 2011, a number of expatriates to Bangkok were recorded at 789,981 that increased from the previous year.
- A total supply of Serviced Apartments (all grade) within Bangkok in 2H 2011 has showed at 15,995 rooms that increased from 1H 2011 or about 168 rooms or about 1.2%.
- Sukhumvit is still be the main area for serviced apartment 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.
- Occupied rooms of serviced apartments (all grades) has increased from 70.38% in 1H 2011 to 75.59% in 2H 2011 or about 5% increased.
- Average room rate of the Serviced Apartments in Bangkok in 2H 2011 has recorded at Baht 1,976 per night which was slightly dropped from 1H 2011, at Baht 2,029 per night or about 2.6% decreased.
- 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 direct 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 in this year.

BANGKOK SERVICED APARTMENT OVERVIEW

A NUMBER OF
 EXPATRIATES TO
 BANGKOK WERE
 RECORDED AT
 789,981 THAT
 INCREASED
 COMPARED TO
 2010 FOR 5.7%.

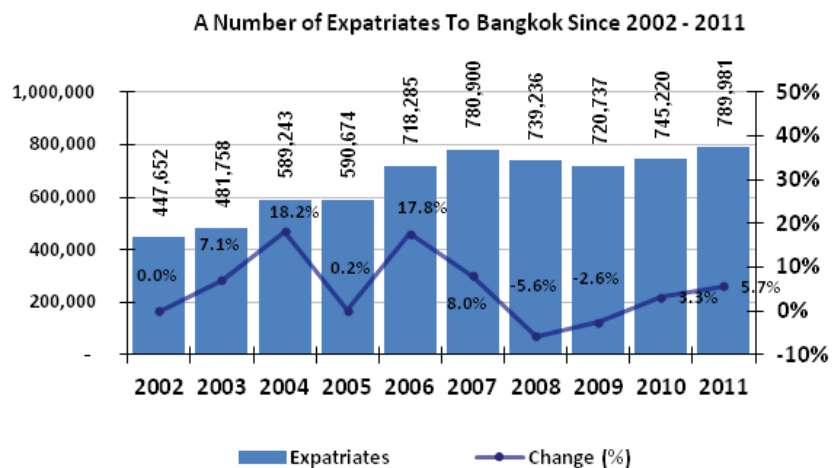
Zone Classification

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

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

Number of Expatriates in Bangkok

Figure 1
 A Number of Expatriates To Bangkok Since 2002 - 2011



Source: Knight Frank Thailand Research and Immigration Bera

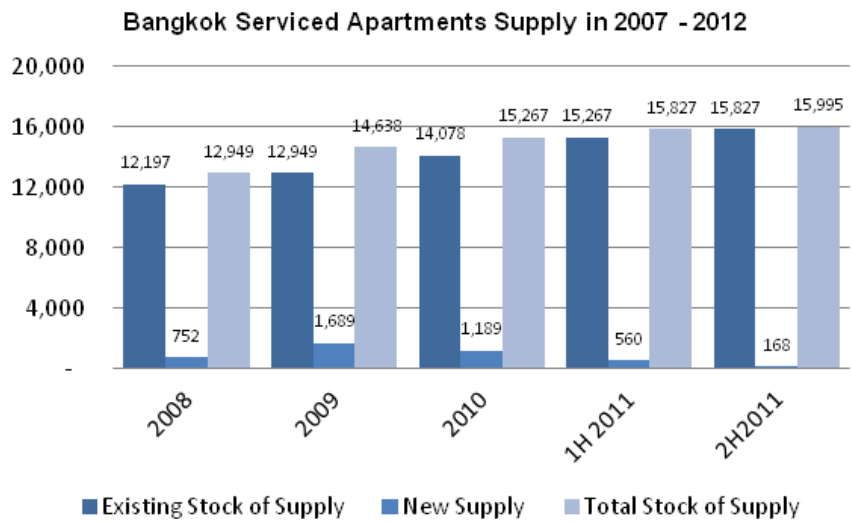
- In 2011, a number of expatriates to Bangkok were recorded at 789,981 that increased compared to 2010 for 5.7%.
- As the political situation seems soften since the beginning of 2011, the expatriates have more confident for Thailand.
- Even though Thailand has affected by the flood between October to November 2011, but the number of expatriates to Bangkok was still increased.
- In the 2012, the political situation in Thailand has been cleared that increased the confidential to the expatriates and the business in Bangkok and Thailand, the number of expatriates in 2012 is expected to increase in 2012.



SUPPLY

A TOTAL SUPPLY OF SERVICED APARTMENTS (ALL GRADE) WITHIN BANGKOK IN 2H 2011 HAS SHOWED AT 15,995 ROOMS THAT INCREASED FROM 1H 2011 OR ABOUT 168 ROOMS OR ABOUT 1.2%.

Figure 2
Bangkok Serviced Apartments (All Grade)
 Cumulative Supply and New Supply since 2008 – 2H 2011



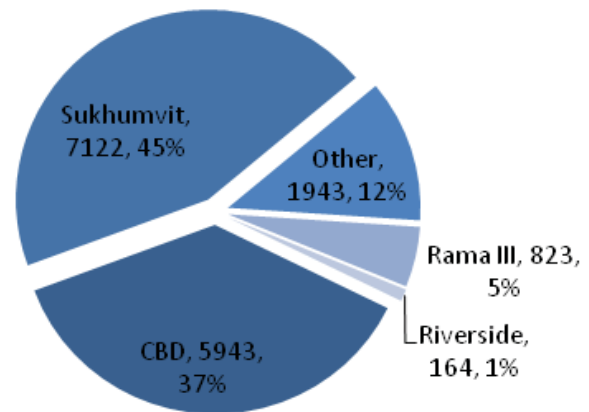
Source: Knight Frank Thailand Research

- A total supply of Serviced Apartments (all grade) within Bangkok in 2H 2011 has showed at 15,995 rooms that increased from 1H 2011 or about 168 rooms or about 1.2%.
- The supply of serviced apartments was slowdown as the serviced development has slowdown since 2011.
- There is due to the political between 2009 and 2011 that hold the serviced apartments investment in Bangkok.
- Furthermore, the flood situation in Bangkok in 2H 2011 is also reduced the confident of investment level in Thailand.

CBD IS ONLY AN AREA THAT HAVING THE NEW SUPPLY OF SERVICED APARTMENTS LAUNCHED IN 2H 2011 THAT SHOWED AT 168 ROOMS.

Figure 3
**Bangkok Serviced Apartments (All Grade)
Supply Share Classified by Zone in 2H 2011**

Serviced Apartment Supply By Zone in 2H 2011



Source: Knight Frank Thailand Research

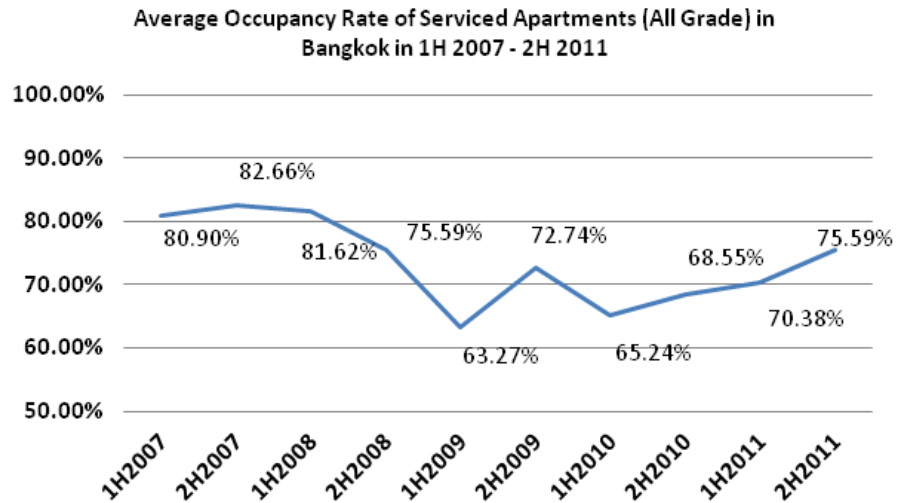
- The supply of Serviced Apartments (all grades) found Sukhumvit area in majority that represented share of 7,122 units or 45% of total supply in Bangkok as the Sukhumvit is the main area for the residential in Bangkok with fully facility supporting to the expatriates.
- CBD is the second largest supply of Serviced Apartments, total supply was found at 5,775 units or 37% of total supply in Bangkok.
- CBD is only an area that having the new supply of serviced apartments launched in 2H 2011 that showed at 168 rooms.



DEMAND

OCCUPIED ROOMS OF SERVICED APARTMENTS (ALL GRADES) HAS INCREASED FROM 70.38% IN 1H 2011 TO 75.59% IN 2H 2011 OR ABOUT 5% INCREASED.

Figure 4
**Bangkok Serviced Apartments (All Grade)
Rooms Occupied (2007 – 2H 2011)**



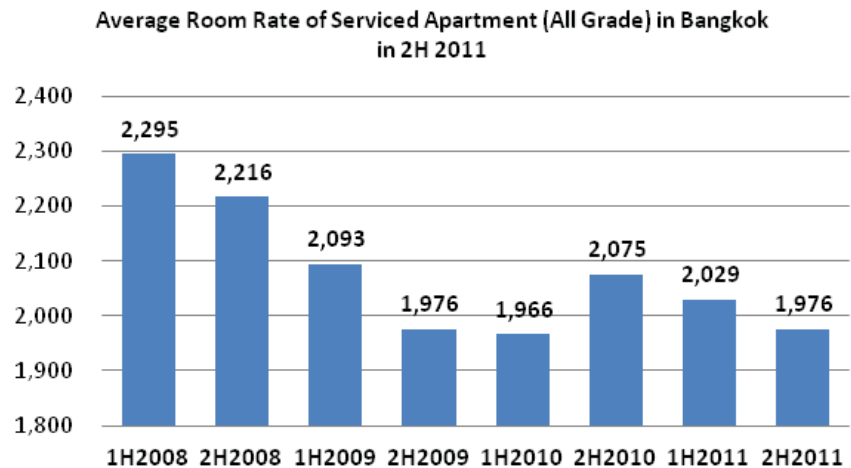
Source: Knight Frank Thailand Research

- Occupied rooms of serviced apartments (all grades) has increased from 70.38% in 1H 2011 to 75.59% in 2H 2011 or about 5% increased.
- The occupancy rate of the serviced apartments within Bangkok has increased due to the local Thai people who lived in the flood area have moved to inner Bangkok that fulfilled the vacant rooms for the serviced apartments especially the 4-Star and below serviced apartments.

RENTAL RATE

AVERAGE ROOM RATE OF THE SERVICED APARTMENTS IN BANGKOK IN 2H 2011 HAS RECORDED AT BAHT 1,976 PER NIGHT WHICH WAS SLIGHTLY DROPPED FROM 1H 2011.

Figure 5
Average Daily Rate of Serviced Apartments (All Grades) in Bangkok In 1H 2008 – 2H 2011



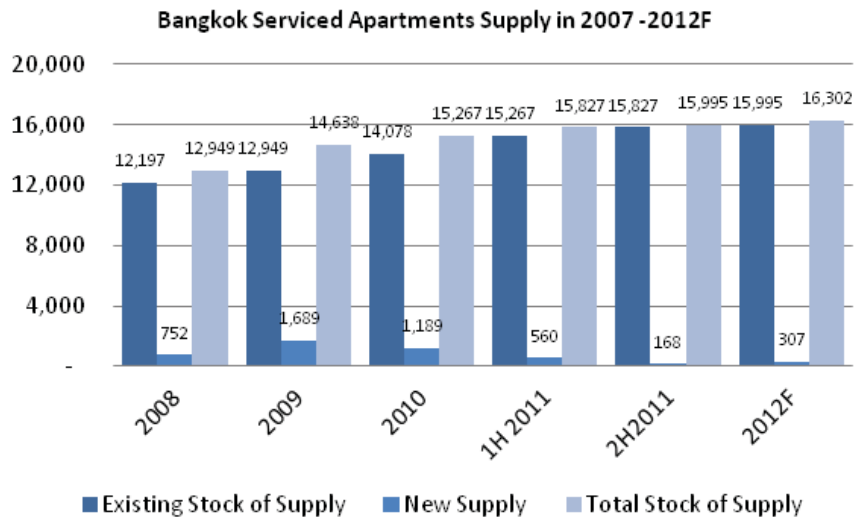
Source: Knight Frank Thailand Research

- Average room rate of the Serviced Apartments in Bangkok in 2H 2011 has recorded at Baht 1,976 per night which was slightly dropped from 1H 2011, at Baht 2,029 per night or about 2.6% decreased.
- There is due to some serviced apartments have dropped their rental rate to help the guests who moved from the flood area to inner Bangkok especially 4-Star and lower star serviced apartments.

FUTURE SUPPLY

WE HAVE FOUND THAT ONLY 307 ROOMS OF SERVICED APARTMENTS COMES IN TO THE STOCK OF SERVICED APARTMENTS IN 2012.

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 307 rooms of serviced apartments comes in to the stock of serviced apartments in 2012. 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 are few new launched serviced apartments in 2H 2011 as the developers have slowdown to invest the serviced apartments since 2009 by the cause of the political uncertainty in last few years and also the flood situation in 2011.
- By the cause of few 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.
- However, the average room rate has dropped since 2H 2010 as the most serviced apartments have dropped the Average Room Rate to keep their occupancy rate. Furthermore, some serviced apartments have held their average room rate to help the people who moved from the flood area.
- 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 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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