



Q1 2013 BANGKOK CONDOMINIUM MARKET OVERVIEW

Knight Frank

HIGHLIGHT

- The accumulated supply of Bangkok condominiums as of Q1 2013 was 254,638 units, increasing by 7.5% from the end of 2012.
- The new launches of Bangkok condominiums during Q1 2013 was 17,869 units, of which 13,131 condominium units, or around 73% were located in the peripheral area of Bangkok, followed by the city area and the city fringe area, with about 14% and 13% of the total supply, respectively.
- The demand for Bangkok condominiums was 9,902 units during the first quarter of 2013, representing a take-up rate of around 55.4%.
- The average selling price of condominiums in the city area of Bangkok, as of Q1 2013, was around THB 161,314 per square metre, increasing by 7.1% from the end of 2012. The selling price of the peripheral area increased by 11.8%, whilst in the city fringe area, the price increased by 1.3%.

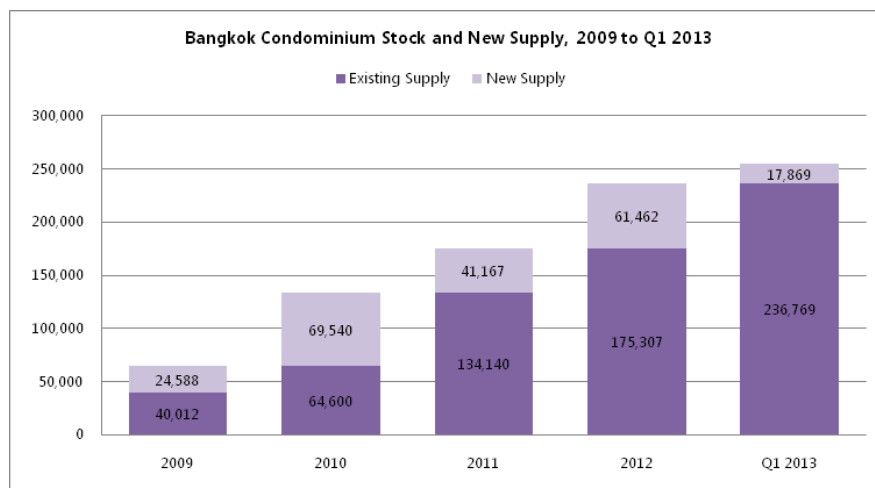
MARKET OVERVIEW

The Bangkok condominium market in the first quarter of 2013 continued to grow from the end of 2012. The condominium supply in the peripheral area dominated the Bangkok condominium market, with new launches constituting around 73% of the total supply. This is due to the peripheral area being a hot commodity, reflecting a rush by leading property developers to launch new projects in the area with the intent to tap strong demand from lower-income earners. Condominiums are considered the best choice for this segment, which displays the highest demand, as land prices along the planned routes have soared. On the whole, the average selling prices continuously grew at around 6.0%. In this quarter, we have seen the rise of new premium grade condominium projects, offering units with the price of over THB 150,000 per square metre in the city area. In addition, the average selling price per square metre for condominium projects in the peripheral area has also increased to around THB 60,286 in this quarter - from just THB 53,916 per square metre at the end of 2012.

SUPPLY TREND

Knight Frank Thailand has accumulated the figure for the Bangkok condominium supply from 2009 to Q1 2013. The cumulative supply at the end of Q1 2013 amounted to 254,638 units, increasing by 7.5% from the end of 2012. This increase in condominium supply significantly resulted from 17,869 newly launched condominium units from 48 projects during the first quarter of 2013, as shown in Figure 1.

Figure 1
Bangkok Condominium Stock and New Supply, 2009 to Q1 2013



Source: Knight Frank Thailand Research and Consulting Department

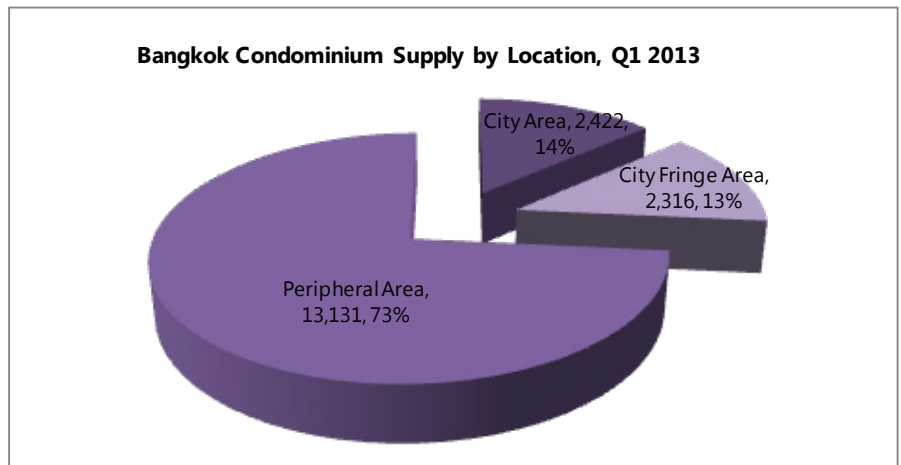


The majority of new launches were in the Bangkok peripheral area, representing 73% of total new launches, followed by the city area and the city fringe area, representing by 14% and 13%, respectively, as shown in Figure 2. The condo launch frenzy is concentrated along the mass-transportation lines and among those with many amenities. During the first quarter of 2013, there were approximately 13,131 units launch in the peripheral area, whereas there were 2,422 units launch in the city fringe area. Only around 2,316 units launched in the CBD due to the scarcity of land and thus skyrocketing costs. Selective buyers are opting for secondary properties that offer value for money, despite slightly inferior factors such as age and quality. The supply in the city area was dominated by the project of Fuse Chan – Sathorn with 1,225 units, whilst the largest project in the city fringe area was Noble Revolve Ratchada with 802 units.

Property firms are ready to expand their investments into the suburb of Bangkok, especially in locations close to the purple line mass-transit route from Bang Sue to Bang Yai. This route, together with the future line running from Bang Sue to Rat Burana, and the ongoing project of the MRT pink line which incorporates the new government centre in Chaeng Wattana Road to Minburi, has encouraged many listed and non-listed developers to launch their projects within this peripheral area during Q1 2013.

The large scale condominium projects in proximity to the MRT line include Aspire Rattana-thibet II, which is near the Nonthaburi junction station of the MRT Purple that is launching 1,428 units; ISSI condo Suksawat along the extension of MRT purple line, offering 892 units; and Lumpini Condotown Ramindra-Ladprakao II along the MRT pink line, offering 532 units.

Figure 2
Bangkok Condominium Supply by Location, Q1 2013

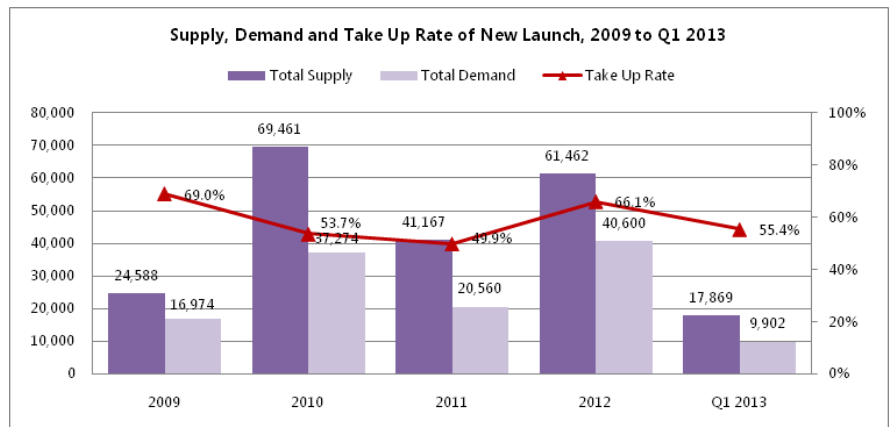


Source: Knight Frank Thailand Research and Consulting Department

DEMAND TREND

The demand for Bangkok condominiums was 9,902 units during the first quarter of 2013, representing a take-up rate of around 55.4%. The unit take-up in the peripheral area was significantly higher than the other areas, with a total of 7,207 units being sold during Q1 2013. The largest customer group was comprised of middle to low income earners, so developers are trying to keep unit prices below THB 3 million. Most of the projects were developed by renowned developers. Condominium projects are mostly located in the peripheral area of Bangkok along the extension of mass transit routes. Newly launched projects with excellent sales performance include dBura Pranok, dCondo Campus Resort Ratchapreuk-Charan 13 from Sansiri, and Lumpini Place Suksawas - Rama 2 from LPN Limited. The unit take-up in city fringe and city area accounted for 1,422 units and 1,273 units, respectively. The newly launched condominium projects in the city fringe area were mainly located along Ratchada Road, whilst the new projects in the city area were particularly luxury condominiums in the Asoke area, with a very high take-up rate.

Figure 3
Supply, Demand, Take up Rate of New Launch, 2009 to Q1 2013



Source: Knight Frank Thailand Research and Consulting Department

PRICING TREND

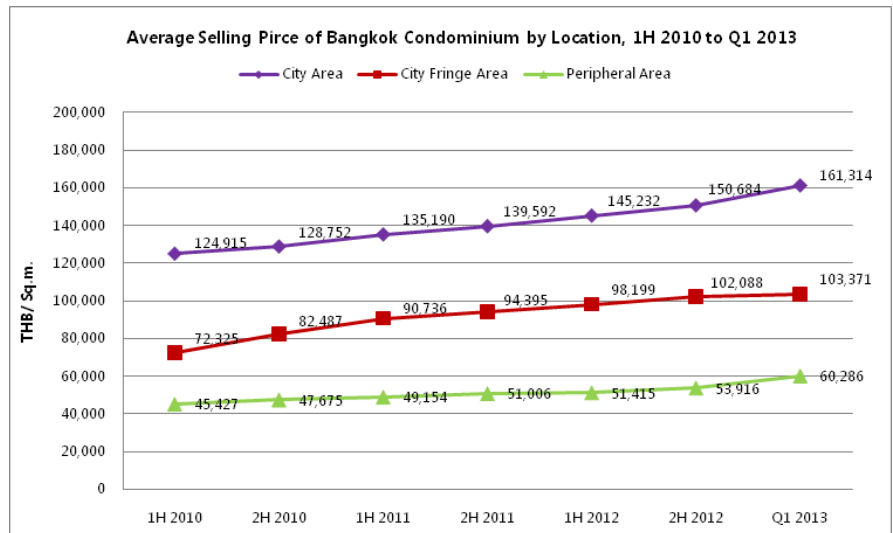
Prices of new condos, especially in the CBD, will continue to edge upward, due to the rising land and construction costs. These are the main barriers of entry for smaller developers, who will likely seek opportunities in the city fringe and the peripheral area of Bangkok. The appreciating baht is another concern, affecting raw material and land prices. Condo launches in the peripheral area has subsided during the first quarter of this year. The abundance of new supply last year in the peripheral area has forced developers to slow down in order to avoid bubble conditions in the peripheral area.

The average selling price of condominiums in the CBD was around THB 161,314 per square metre, increasing by 7.1% from the end of 2012. The increase in the average selling price was driven by the new launch of premium condominium projects in the city area around inner Sukhumvit.

The average selling price of condominiums in the city fringe area increased only 1.3%, from just THB 102,088 per square metre in 2H 2012 to THB 103,371 per square metre in 1Q 2013. Whereas the average selling price of condominiums in the peripheral area of Bangkok increased by 11.8%, reaching THB 60,286 per square metre, as of the end of 1Q 2013.



Figure 4
Average Selling Price per Sq m. of Bangkok Condominium by Location, 1H 2010 to Q1 2013



Source: Knight Frank Thailand Research and Consulting Department

OUTLOOK

Demand for condominiums in the city area will be high, whilst the supply has slowed down. Thus, the selling price of city condominiums is expected to increase sharply. The focus of many developers continued to be on locations in peripheral area where construction has begun on the new mass-transit routes, such as the Purple Line from Bang Sue to Bang Yai. In the latter, we thus have seen strong demand for land, with market prices rising by more than 50%. Land prices around the mass-transit system’s Purple Line, between Bang Sue and Bang Yai, have doubled since 2009. Land prices close to the Pink Line from Kae Rai to Pak Kret and Min Buri, passing along Chaeng Wattana Road, have reached THB 100,000 per square wah after being only THB 60,000 two years before. The majority of supply is expected to increase in the peripheral area, especially the areas that have recently benefited from the new mass transit routes, and there will be the high competition among condominiums in the peripheral area. The condominium projects in the city fringe area in the later quarter will be concentrated on Petchburi, Rama 9 and Ratchadapisek Roads, whilst the luxury condominium projects from leading listed developers will be launched in Central Lumpini and Sathon Road.

APPENDIX: CONDOMINIUM LOCATION

- **City Area** : This is the area that surrounds the Central Business District as well as the area that is popular for expatriates, tourists and upper class Thais for both shopping and residence. It also includes the area along the Chao Phraya River on Charoen Nakorn and Rama III Roads. The City Area can be divided into sub-areas as follows:
 - Central Business District (CBD): This is the area that encompasses Sathorn Road, Silom Road and Wireless Road CBD corridors. It is an established business location with quick access to Sukhumvit, Rama 3 and the riverside areas.
 - Sukhumvit: This is the section of Sukhumvit Road between Soi 1 and Soi 63 to the north and Soi 2 and Soi 42 to the south. The popular area with expatriates and tourists runs from the Asoke Intersection on the west to the Emporium Mall to the east.
 - Rama 3 and Riverside: This is the area that stretches along Charoen Nakorn Road of the Chao Phraya River southward just past the Sathorn Bridge, and to the north of Sipsaya Road as well as the area along both side of Narathiwat Ratchamakarin Road.
- **City Fringe Area** : The area is located on the edge of the City Area, and provides easy access to the City Area. This area is an alternative for condominium buyers due to the close proximity to many shopping centers and also convenience for transportation. The City Fringe Area can be divided into the following sub-areas:
 - Ratchada-Ladprao Area: This is the area where the MRT station is located, covering both side of Ratchadapisek Road and the beginning of Ladprao Road.
 - Phahonyothin Area: This is the area that has just started to become popular in the past few years. The area is between Phahonyothin Soi 1 and Soi 13, and Phahonyothin Soi 2 to Soi 14.
- **Bangkok Peripheral Area** : The three major areas under this classification are:
 - Outer Sukhumvit: This is the section of Sukhumvit Road on both sides after Sukhumvit Soi 63, stretching to the Bangna intersection.
 - Thonburi Area: This is the area covered by the new BTS extension from Saphan Taksin to Wongwian Yai.
 - Other Areas: These areas are outside the areas already mentioned. Most of the remaining condominium areas are scattered across the city, including Srinakarin, Chaengwattana, Kaset-Navamin, Petchkasem, etc.



APPENDIX: CONDOMINIUM CLASSIFICATION

Premium:

- The location is in Central Business District, Sukhumvit (Soi 1-63 and Soi 2-42) and along the Chao Phraya River.
- The selling price of the unit must be at least THB 150,000 per square metre.
- The minimum unit size must be at least 120 square metres.
- The ceiling height of the unit must be at the minimum of 3 metres.
- The unit decoration must provide high standard specifications.

Grade A:

- The location is in the Central Business District, Sukhumvit (Soi 1-63 and Soi 2-42), along the Chao Phraya River, and from Pathumwan to Soi Aree (Paholyothin Soi 5).
- The selling price of the unit must be in the range of THB 100,000 to 149,999 per square metre.
- The minimum unit size starts from 50 square metres.
- The ceiling height of the unit must be at the minimum of 2.7 metres.

Grade B:

- Any location in Bangkok.
- The selling price of the unit must be in the range of THB 60,000 to 99,9999 per square metre.

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Indonesia
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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

Executive Director, Head of Valuation and Advisory
+66 (0)2643 8223 Ext 143
surasak.limpa-arayakul@th.knightfrank.com

Roong Sitthisankunchorn

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

Marcus Burtenshaw

Executive Director, Head of Commercial Agency
+66 (0)2643 8223 Ext 121
marcus.burtenshaw@th.knightfrank.com

Frank Khan

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

Risinee Sarikaputra

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

Phuket Contact

Nattha Kahapana

Executive Director, Knight Frank Phuket
+66 (0)7631 8151 Ext 300
nattha.kahapana@th.knightfrank.com

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