

MarketView

Bangkok Residential Sales

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Second Quarter 2009

Quick Stats

	Change in Q1 09	Change in Q2 09
Demand	↓	↓
Supply	↑	↑
Price	↓	↓

Quarterly Highlights

- During Q2 2009, the total supply of downtown Bangkok condominiums reached 60,501 units (+4.3% Q-o-Q and 14% Y-o-Y) an increase of 2,501 units (eight projects)
- In Q2 2009, the average asking price of off-plan condominium projects (high-end and above) in downtown Bangkok was 128,040 THB/m² declining from 139,436 THB/m², or 8.2% Q-o-Q and -16% since December 2008.
- The number of newly launched units in the peripheral area has increased to 3,185 units from 2,214 units in last quarter, or 44% Q-o-Q.
- The average achieved re-sale price of units in completed upscale and above buildings increased by 8.4% Y-o-Y from 102,875 THB/m² to 110,806 THB/m². Central Lumpini remained the area with the highest achieved re-sales price level (112,438 THB/m²)

The biggest change in Q2 2009 has been the nationality of purchasers. In 2008 up to 50% of primary sales purchasers for off plan sales were foreigners. In the second quarter of 2009 we saw that change to Thais making up 80% of purchasers both for primary sales from developers and resales in projects approaching completion. Thai purchasers believe that prices are not going to fall significantly. They also see property as a reasonable investment compared to equities or the fixed income market.

The second quarter saw a significant improvement in condominium sales. We believe that current buyers are either end-users or buy-to-rent investors. There is no incentive for speculators to buy off plan projects in the high-end sector (prices above 100,000 baht per square metre) as prices are not rising.

The second quarter of 2009 has seen a significant rise in the number of completed condominium units with 2,501 being built. This brought the total number of condominium stock to 60,507 an increase of 4.3% Q-o-Q and a marked increase of 14% Y-o-Y. The increasing condominium supply doesn't look like stopping with a further 8,389 units planned for completion by the end of 2009.

We believe that as many as 50% of new condominium units may have been bought by investors who want to rent out their units. Many of the new condominium units are small studio and one bedroom units. Competition will be greatest for those unit sizes.

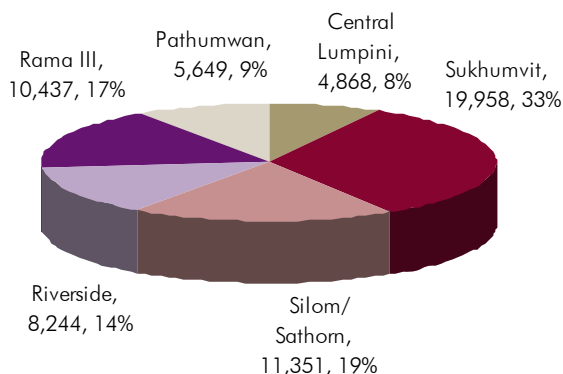
The overall occupancy rate slightly decreased by 11% from 84.4% in Q2 2008 to 73.4% in Q2 2009 this is mainly due to the increase in new completed supply.

In Q2 2009 the average asking price of off-plan condominium projects in the high end and above bracket in downtown Bangkok was 128,040 THB/m² declining from 139,436 THB/m² or 16% since December 2008.

The average achieved re-sale price of units in completed upscale and above units increased by 8.4% Y-o-Y from 102,875 THB/m² to 110,806 THB/m².

Supply

Existing Supply (Units) by Area, Q2 2009



Source: CBRE Research

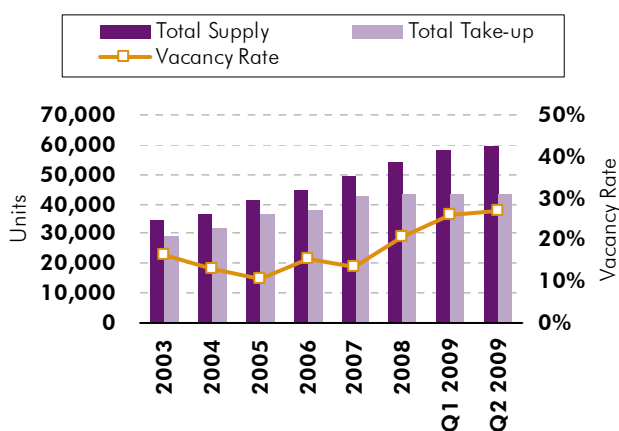
The existing supply in downtown Bangkok reached 60,507 units in Q2 2009, an increase of 4.3% Q-o-Q and 14.0% Y-o-Y. There were 2,501 units completed in this quarter, of these 278 units (The Rajdamri condominium) were leasehold. Another 8,389 units are scheduled to be completed in the rest of 2009 which will raise the total downtown condominium stock significantly to 68,340 units, or a rise of 22.4% Y-o-Y.

A total of 19,958 units, accounting for 33% of existing units are located in the Sukhumvit area followed by Silom/Sathon (19%), Rama III (17%), Riverside (14%), Pathumwan (9%) and Central Lumpini (8%) respectively. The proportion of the existing units has not changed significantly from last quarter.

Future supply is going to level off in 2010 and 2011 with increases of 6% (4,149 units) and 5.1% (3,713 units) respectively, bringing the total number of downtown condominium units to 76,758 by the end of 2011.

Demand

Supply, Demand and Vacancy Rate in Downtown Bangkok (Freehold), 2003-Q2 2009



Source: CBRE Research

From our survey the total number of units occupied by owners or tenants increased to 43,246 in Q2 2009 from 42,954 in Q1 2009. The occupancy rate however fell from 77.1% to 73.4% because 2,501 new units were completed and have not yet been occupied.

There is a time lag of between 12-18 months from the time that a building has been completed to the time when units have been transferred to owners and owners have then to fit out their units or offered them for rent.

The riverside had the lowest occupancy rate because there were 234 new units completed in this location. We expect that vacancy rates will rise in some older buildings where there are units available for rent rather than owner occupied as tenants will choose to rent in new buildings.

Occupancy rate of Downtown Freehold Units by Area, Q1 2009-Q2 2009

Location	Q1 2009		Q2 2009		Change Rate in Occupancy (Q-o-Q)
	Units Occupied	Occupancy Rate	Units Occupied	Occupancy Rate	
Silom/Sathon	8,733	81.6%	8,371	76.7%	-4.9%
Central Lumpini	1,744	68.7%	1,964	69.1%	0.4%
Sukhumvit	15,006	76.0%	15,424	73.9%	-2.0%
Pathumwan	4,214	85.1%	4,367	77.3%	-7.8%
Riverside	5,631	70.3%	5,727	64.6%	-5.7%
Rama III	7,626	78.1%	7,393	75.7%	-2.4%
TOTAL	42,954	77.1%	43,246	73.4%	-3.7%

Note: These take-up figures were obtained by making phone calls to the juristic person of buildings in the specified areas

Source: CBRE Research

Future Projects

Sales Performance of Future Projects, Q2 2009

Area	No. of Projects			Total Units	% Sold	Units Available
	Available	Sold Out	Total			
Central Lumpini	7	0	7	1,216	77.4%	275
Pathumwan	2	4	6	2,317	80.2%	459
Rama III	4	0	4	1,444	82.2%	257
Riverside	3	0	3	1,304	61.1%	507
Silom/Sathon	8	2	10	2,104	77.7%	476
Sukhumvit	22	6	28	6,955	79.3%	1,439
GRAND TOTAL	46	12	58	15,340	77.8%	3,413

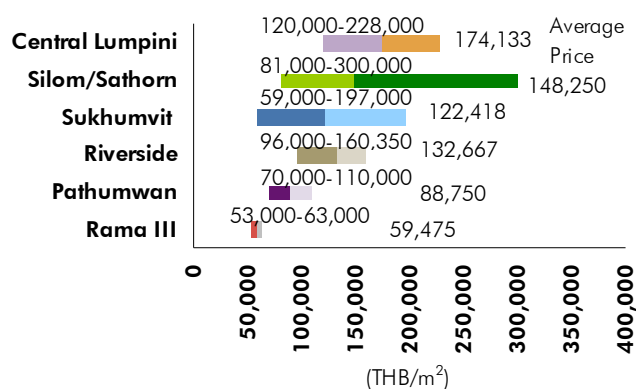
Note: Sales figures are provided by developers.

Source: CBRE Research

As of Q2 2009, 77.8% (15,340 units) of future units being marketed in downtown Bangkok have already been sold. 3,413 units are still available. 12 of all 58 future projects have already been sold out.

Price

Average Price of Future/Off-Plan Projects (All Grades) by Area, Q2 2009



Source: CBRE Research

In Q2 2009, the average asking price at off-plan condominium projects (high-end and above) in downtown Bangkok was 128,040 THB/m² declining from 139,436 THB/m², or 16% Y-o-Y. Central Lumpini has the highest overall asking price at 174,133 THB/m² however; the asking price fell 7.2% Y-o-Y

When projects in all grades are included in price calculations, the highest average asking prices were in the Central Lumpini area, at 174,133 THB/m², followed by Silom/Sathon at 148,250 THB/m². Pathumwan and Rama III are the most affordable areas, where average prices ranged between 53,000-63,000 THB/m².

Outlook

The amount of new supply due to be completed over the remaining months of 2009 and in 2010 means that the stress test will continue. We will see if developers are able to sell their unsold inventory and if speculative buyers can resell units where they do not want or are unable to make the final payment. The progress on these sales will determine both price levels and when we will see an increase in new launches. The growth in the number of Thai buyers is re-assuring and it will be the appetite of Thai purchasers to buy into buildings that are being completed that will determine the course of the Bangkok condominium market.

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