

MarketView

Phuket Residential

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Third Quarter 2011

Quarterly Highlights - Villa

- The average asking price (for primary sales) was THB 75.8 million per villa.
- The number of completed villas as at Q3 2011 reached 2,806 units up by 0.18% Q-o-Q.
- 74% of total villas (completed, under construction, and planned) have been sold. This quarter witnessed strong sales in completed developments.
- No new project was completed this quarter.

Quarterly Highlights - Condominium and Apartment

- The average asking price (for primary sales) was THB 14.2 million per unit.
- The number of completed resort condominiums as at Q3 2011 reached 3,600 units, up 36% Y-o-Y and 9% Q-o-Q.
- 71% of total resort condominium units (completed, under construction, and planned) have been sold.

Villa

For the villa market, sales activity slowed from the previous quarter, due in part to it being the traditional low season and due to fears over the global and European economy. Approximately 35 villas were reported as sold, an 18% decline from the previous quarter.

Statistically the mid-range segment (THB 15-35 million) performed best this quarter accounting for 80% of the total sales with individual villa sales in both the high-end (THB 35-90 million) and luxury (THB 90 million and above) segments of the market, while there was continued demand for entry level villas priced between THB 5-15 million.

In a bid to clear unsold inventory there is evidence of price reductions and some development have opted to change their product offering with Baan Rompho, choosing to focus on condominium development instead of villas while Nakatani Evergreen, located on the south-west coast will now operate as a hotel resort.

The re-sale market is active, with villas in high-quality developments receiving interest and some renowned developments such as Amanpuri reporting a waiting list for prime villas.

With steady but consistent demand for most luxury coastal sea view villas, we expect to see new high-end and luxury projects launched towards the end of the year or early next year.



There is little evidence this quarter to be able to say that the market will grow strongly, there are concerns over the global economy however the Phuket real estate market is largely driven by Asia-based buyers who are less likely to be affected by the troubles in the Euro zone.

With regards to the flooding in Bangkok, we do not see any significant impact on the Phuket market. Phuket has proven itself to be a resilient and somewhat insular market that remains largely unaffected by disasters elsewhere in Thailand. The diversion of tourists from Bangkok to beach areas can only improve visitor arrivals and the performance of the hotel and tourism market, which should have a positive knock on impact on the wider real estate sector.

David Simister, Chairman, CBRE Thailand

Total Completed Villa Supply, 2000 - 2012F



The total stock of villas increased to 2,806 units with no new completions this quarter.

We anticipate the completion of 374 villas by the end of the year and a further 840 villas in 2012. One new project was launched this quarter. The project is located in the North East Coast.

Completed developments continue to outperform off-plan primary sales with 90% of all completed units sold compared to only 52% of off-plan units sold.

Condominium and Apartment

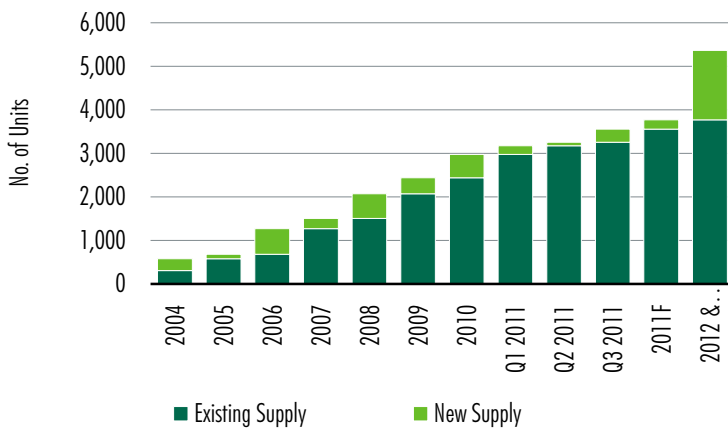
With regards to the condominium and apartment sector, this quarter, there was an increase in completions and new project launches including the re-launch of two projects that were previously on-hold/postponed.

Affordability is still a key consideration for buyers and demand continues to be strongest for condominiums priced at below THB 10 million. There have been many reports in the local and national press about the success and high levels of activity of inland mass market entry-level condominiums, especially by Bangkok listed developers such as Sansiri and Supalai. These developers offer small units with starting prices of around THB 1 million. CBRE believes the level of activity to be true, with Sansiri's first project dCondo in Kathu reportedly selling out in half a day, although we understand that demand is predominantly from Thai buyers. It is inevitable that the low cost will attract a limited number of foreign buyers. We expect to see further low cost domestic market developments launched as developers try to emulate the success of Sansiri.

Despite the affordability focus, the luxury condominium segment (THB 110,00 -200,000 per sq.m.) performed well this quarter, with sales of both completed and off-plan projects. Approximately 70% of the total luxury supply has been sold and the average price both in terms of unit and per square meter increased this quarter.

This quarter, there have been no signs of significant discounts, changes in prices or changes to guaranteed yields. Some projects have increased their marketing activities while others have changed their rental programme so that purchasers can use their free night allowance at other properties within the group, for example, Lofts at Laguna allow users to the use their free night allowance at other Laguna properties.

Total Completed Condominium Supply, 2004 - Beyond 2012

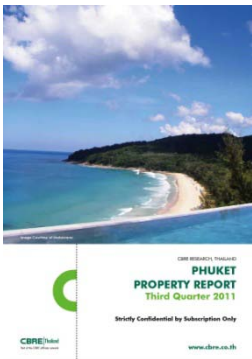


The number of completed resort condominiums as at Q2 2011 reached 3,600 units, up 36% Y-o-Y and 9% Q-o-Q.

We estimate that 71% of total resort condominium units (existing and future supply) have been sold.

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Phuket Property Report



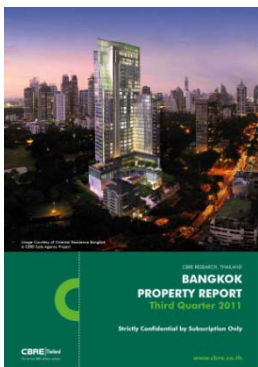
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The report provides detailed information and analysis from CBRE's comprehensive and unrivaled Phuket and overall Thailand database, combined with our own exhaustive market and property surveys.

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Bangkok Property Report



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