



THAILAND BANGKOK CONDOMINIUM MARKET REPORT



Bangkok Condominium Market

HIGHLIGHTS

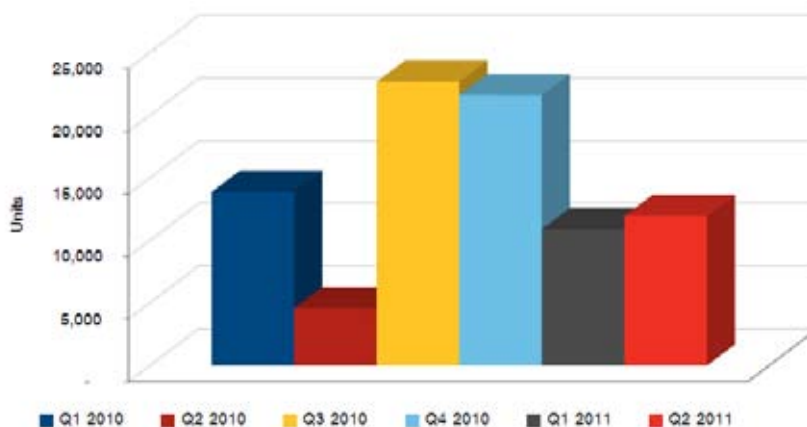
- New launches in Q2 2011 grew by only 9.6% q/q reflecting continued consolidation in the market.
- The number of condominium units under construction and scheduled to be completed in 2011 is the highest since the Asian Financial Crisis in 1997.
- Take up of newly launched units remains fairly robust at just over 40% considering uncertainty prior to elections.
- Lower income groups are still the main buyers but the high-end market is boosted by a large-scale project.
- Inflation leading to further interest rate hikes could affect repayments from existing buyers. Populist spending policies and potential higher construction costs will exacerbate this situation.

MARKET INDICATORS

Q1 2011 - Q2 2011

NEW SUPPLY	↓
LAUNCHES	↑
PRICES	↑
TAKE-UP	↓

NEWLY LAUNCHED CONDOMINIUM UNITS DURING THE YEAR 2010 – Q2 2011 BY QUARTER



Source: Colliers International Thailand Research

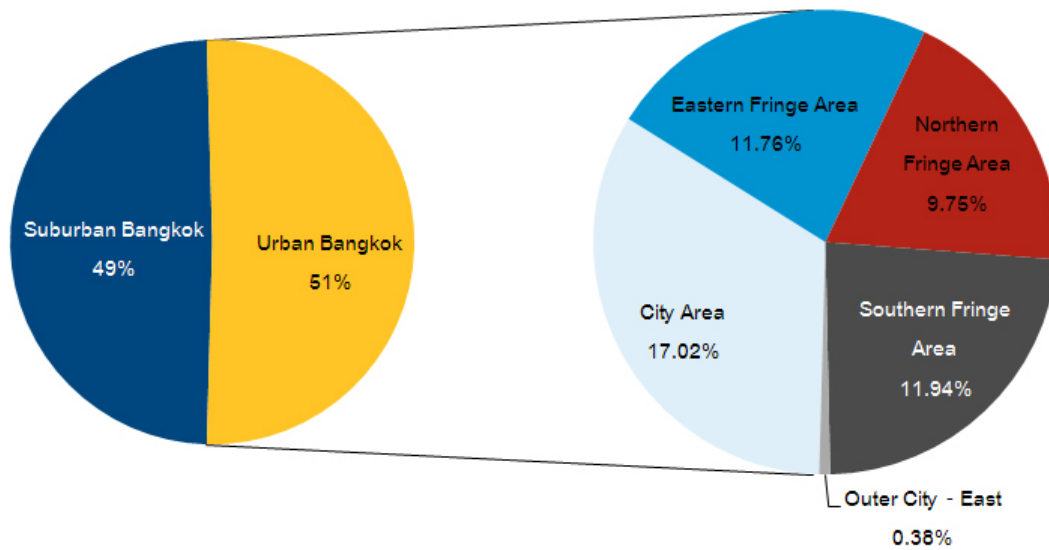


New launches for Q2 2011 increased by around 9.6% compared with Q1 2011 with approximately 11,900 units hitting the market. This represents a continuation of consolidation in the market after the dramatic number of launches in the second half of 2010.

The condominium market appears to be in a period of consolidation for a number of reasons. One is the Bank of Thailand's regulation limiting the maximum loan to value (LTV) to 90% for

condominiums priced below 10 million baht implemented at the end of last year. Another is the incremental increases in interest rates over the course of the past six months. Also for the general election, major political parties have as part of their election platforms proposals advocating various policies that aim to stimulate the market. Therefore, potential buyers and thus developers are delaying launches in order to wait until the election and the formation of the new government.

NEWLY LAUNCHED CONDOMINIUM UNITS IN Q2 2011 BY LOCATION

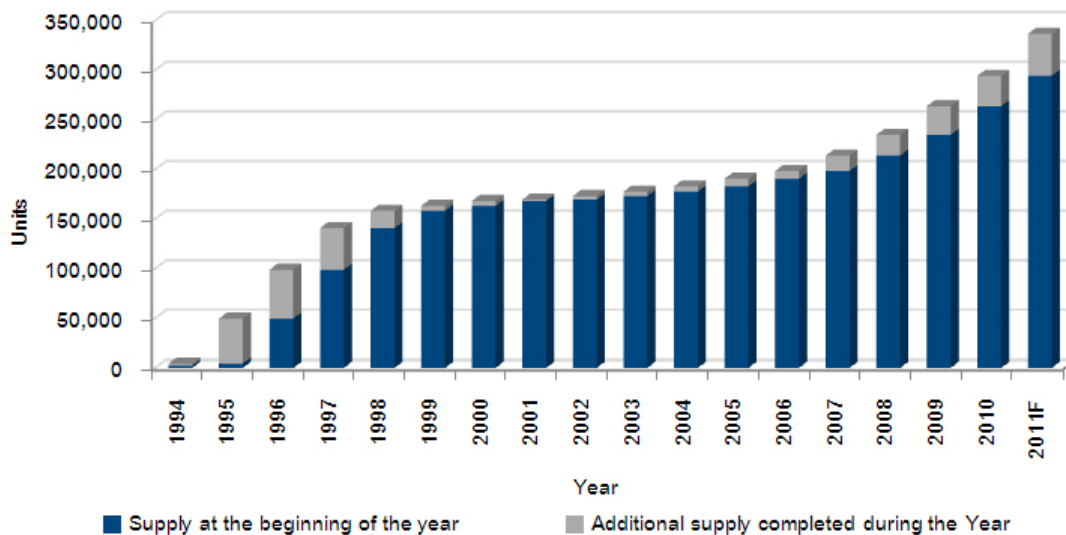


Source : Colliers International Thailand Research

In Q2 2011, approximately 51% of newly condominium units in Bangkok were located in the urban Bangkok area. Within the urban Bangkok area, the City area showed the highest numbers with approximately 2,050

units or 17.5% of the total followed by Southern Fringe and Eastern Fringe areas with 12% for each location. The City area number was on the back of one large-scale project, Noble Ploenchit.

HISTORICAL SUPPLY



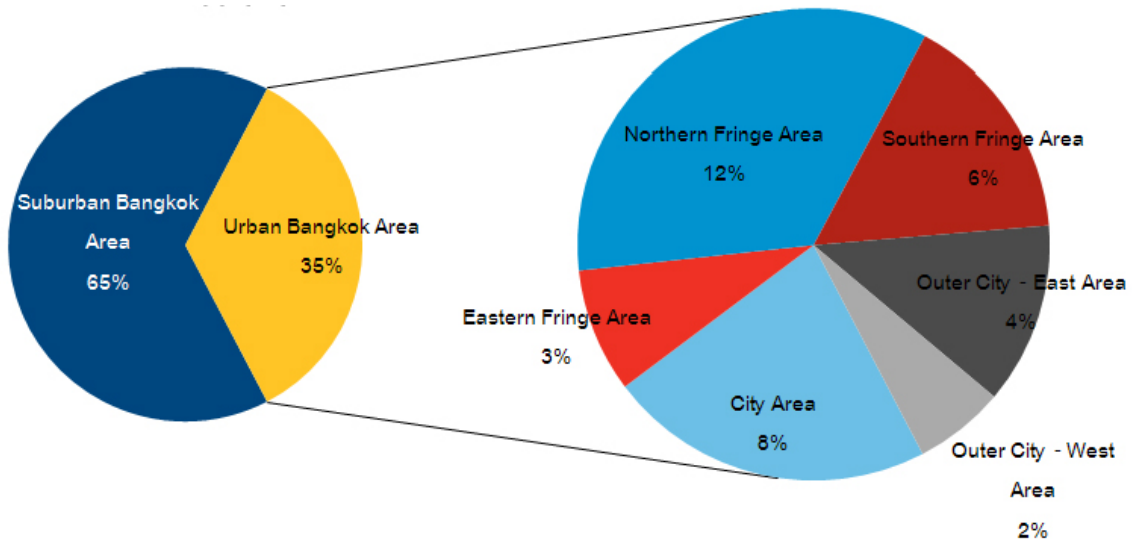
Source: Department of Land, Colliers International Thailand Research

Remark: The number of units does not include projects from the National Housing Authority

Around 2,700 new condominium units were completed and registered at the Department of Land in Q2 2011 and the total number of existing supply for the whole of Bangkok was nearly 304,000 units. More than 36,000 units are scheduled to be completed by the end of 2011. The

number of condominium units under construction and scheduled to be completed in 2011 is the highest since the Asian Financial Crisis in 1997.

TOTAL HISTORICAL SUPPLY BY LOCATION, AS OF Q2 2011



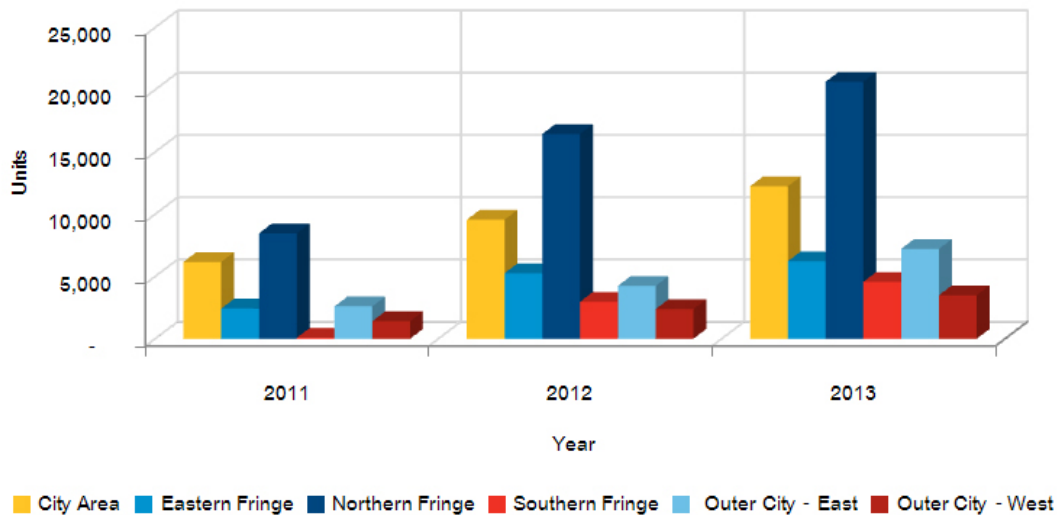
Source: Department of Land, Colliers International Thailand Research

Approximately 65% of total condominium units are located in Suburban Bangkok or just less than 200,000 units. Within the urban area, the

Northern Fringe contains the most units due to its proximity to the centre, lower land prices and mass transit connections.

FUTURE SUPPLY – URBAN BANGKOK

CUMULATIVE FUTURE SUPPLY SCHEDULED TO BE COMPLETED DURING 2011 – 2013 BY LOCATION IN URBAN BANGKOK, AS OF Q2 2011



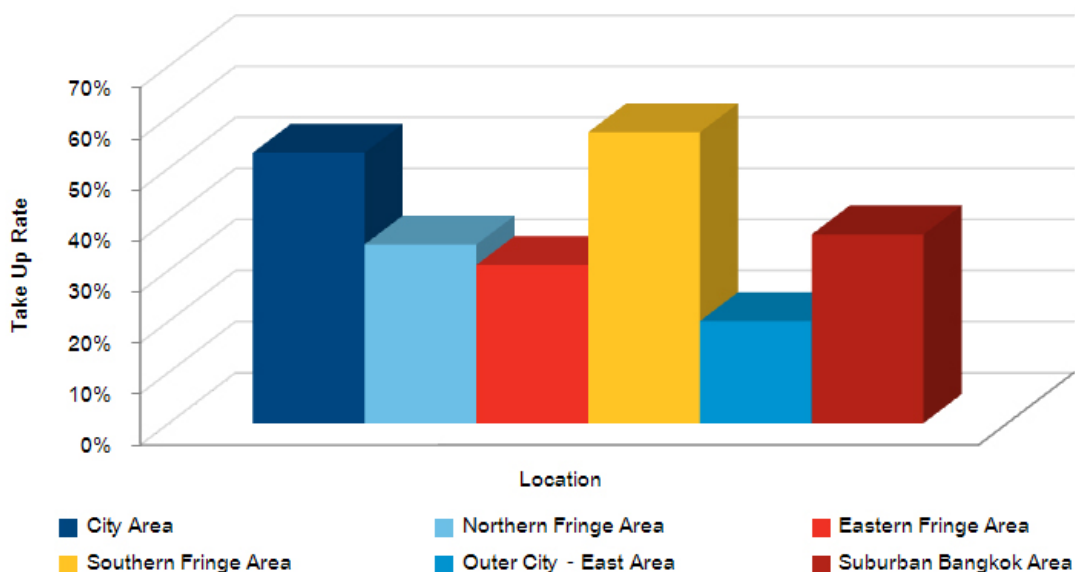
Source: Colliers International Thailand Research
 Remark: Supply does not included units in Suburban Bangkok

Approximately 35,900 units are scheduled to be completed during the second half of 2011. The Northern Fringe area continues to be the main player in urban Bangkok with approximately 8,500 units planned to be transferred in the second half of 2011 or an increase of around 7,000

units from the first six months of 2011. This anticipated surge in supply is the result of the significant rise in launches in 2009, which are now in the process of being completed.

TAKE-UP

AVERAGE SALES PROPORTION OF NEWLY LAUNCHED UNITS IN Q2 2011 BY LOCATION



Source: Colliers International Thailand Research

The take up rate for condominium projects in Bangkok for Q2 was approximately 41%. The take up rate in the Southern Fringe area is the highest followed by the City area and Suburban Bangkok area. The high

take up rate in the City area and Southern Fringe area was from two new projects by listed companies, Supalai Plc. and Noble Development Plc. in the Southern Fringe area and City area respectively.

LAUNCHES WITH HIGH TAKE UP RATES IN Q2 2011



Noble Development Plc. launched a new landmark project by BTS Ploenchit station in Q2 which has 1,442 units and recorded a high take-up rate of approximately 50% in one day or more than 700 units. Noble Ploenchit will provide private lift access for every unit, a first for Bangkok, with an average selling price starting from 148,000 per sq m for 1 – 3 bedrooms units. Many of the units are of one-bedroom configuration of around 40-50 sq m, which reflects that even in prime locations unit sizes are being reduced in order to attract greater demand from a wider range of income levels.

Lumpini Ville Pattanakarn - Phetchaburi by LPN Development Plc. launched a new project on Pattanakrn road in Suburban Bangkok area which resulted in a positive take up rate of more than 70% from a total of 1,605 units.

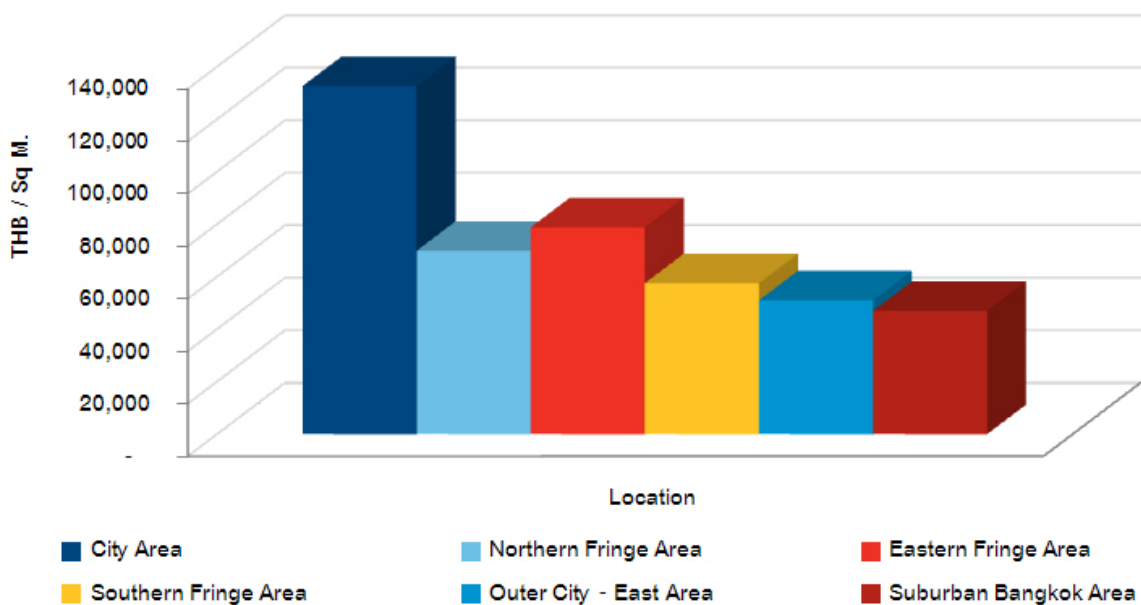


In the Southern Fringe area Supalai Prima Riva Rama 3 - Narathiwas by Supalai recorded a high take up rate of almost 80% out of 871 units with a selling price starting at 56,000 baht per sq m. The project is located on Rama 3 road overlooking the Chaopraya River.





AVERAGE SELLING PRICES OF NEWLY LAUNCHED PROJECTS BY LOCATION, Q2 2011



Source : Colliers International Thailand Research

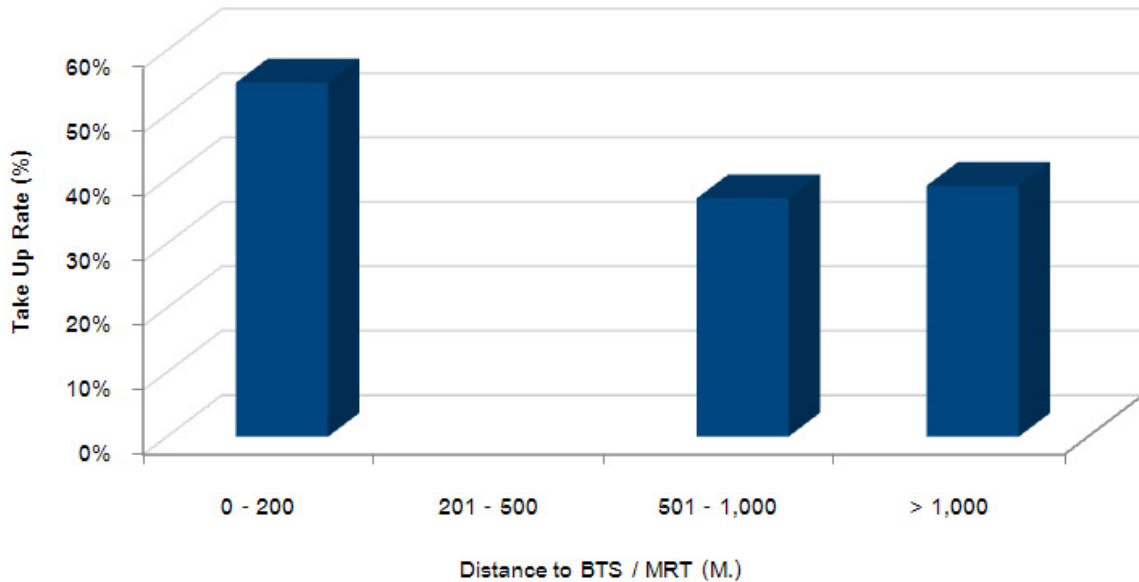
The average selling price in the City area is the highest at more than THB 130,000 per sq m, which is more than 45% higher than the average in Bangkok. The average selling price in the Eastern Fringe area came

second due to a new project by a listed company in the area which had an average selling price of more than THB 120,000 per sq m.

OTHER FACTORS

MASS TRANSIT EFFECT

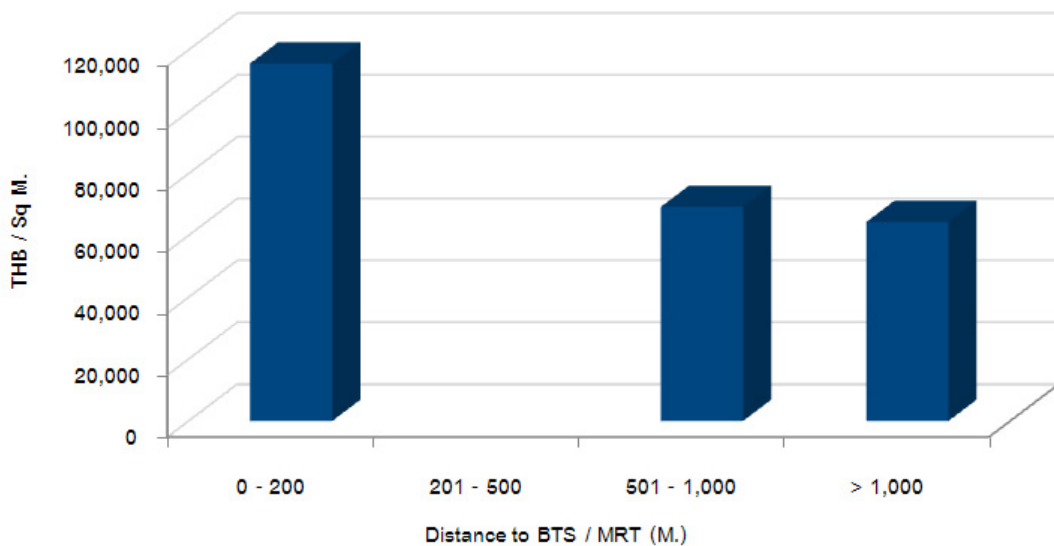
TAKE-UP RATE OF NEWLY LAUNCHED PROJECTS BY PROXIMITY TO EXISTING MASS TRANSIT LINES, Q2 2011



Source: Colliers International Thailand Research

The take-up rate of projects less than 200 metres from the BTS / MRT systems was the highest, at around 55% due in part to the strong opening launch of Noble Ploenchit in the centre. There were no launches in the 201-500 metres distance category for the quarter.

AVERAGE SELLING PRICES OF NEWLY LAUNCHED PROJECTS BY PROXIMITY TO EXISTING MASS TRANSIT LINES, Q2 2011



Source: Colliers International Thailand Research

The average selling price of projects not more than 200 metres from BTS / MRT lines was higher by between 67% - 127% compared to projects further away. However, the launch of Noble Ploenchit partially accounts for such a big difference.

PROPERTY MANAGEMENT

Many condominium property developers set up property management companies to manage the property for the juristic person. Buildings that are not maintained adequately often start to have problems and the external look of the building deteriorates. This situation can give the

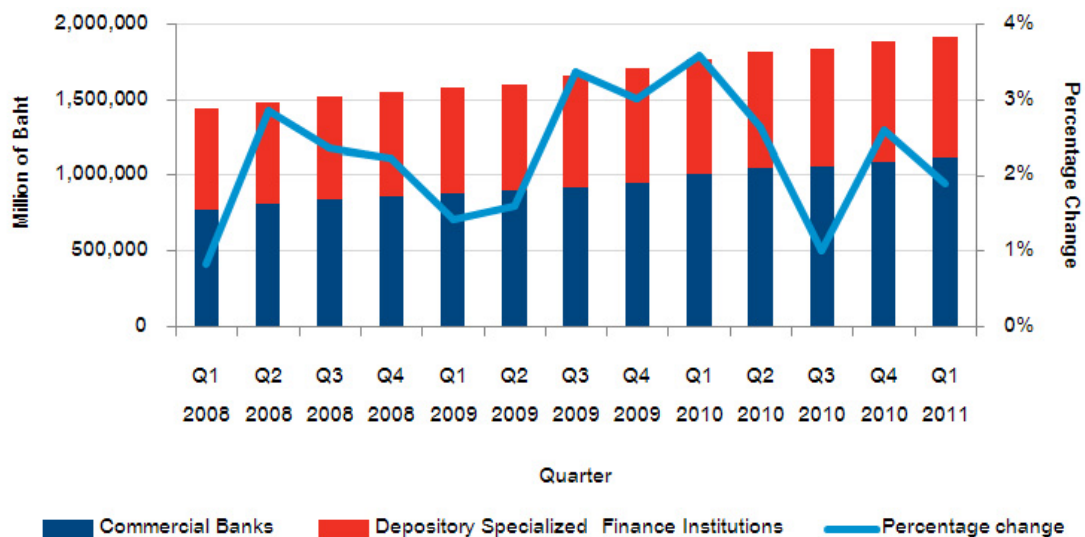
developer a bad image as well as making units unattractive on the resale market. Therefore the setting up of such management companies allows a small premium to be added to the price and buyers are reassured that the property will be well maintained.

NO.	COMPANY	MANAGEMENT COMPANY
1	LPN Development Plc.	Lumpini Property Management Co.,Ltd.
2	Sansiri Plc.	Plus Property Management Co.,Ltd.
3	Asian Property Development Plc.	Smart Service and Management Co.,Ltd.
4	Pre Built Co.,Ltd.	Built Heart Co.,Ltd.
5	Fragrant Property Co., Ltd.	Fragrant Property Management Co.,Ltd.
6	Narai Property Co.,Ltd.	Neo Club Co.,Ltd.



FINANCING

HOUSING LOANS FOR PERSONAL CONSUMPTION EXTENDED BY FINANCIAL INSTITUTIONS



Source: Bank of Thailand and Colliers International Thailand Research

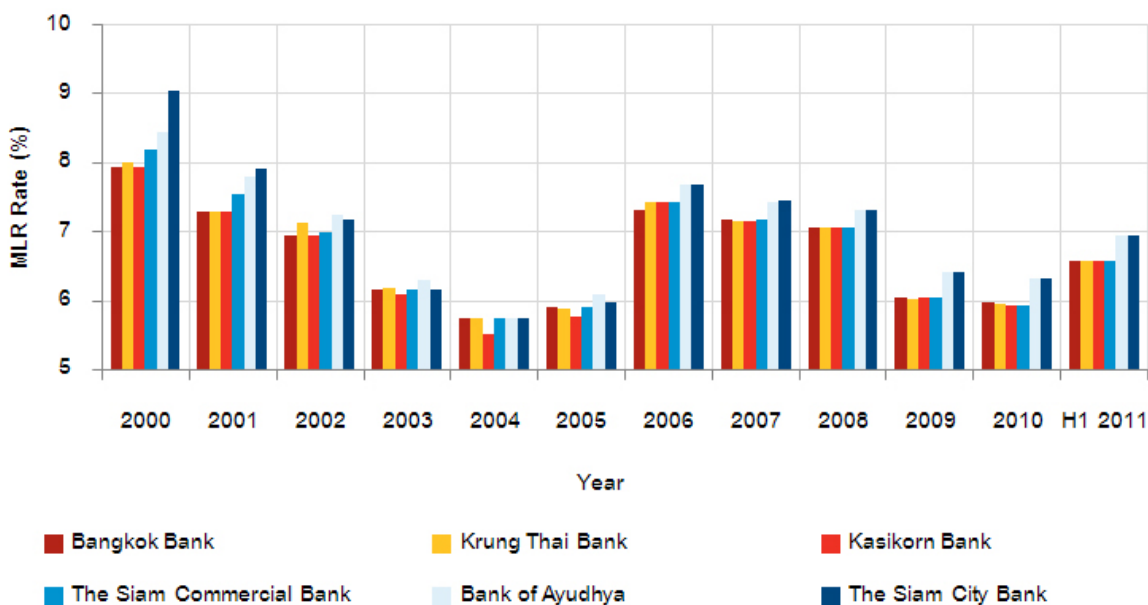
Note: Excludes negligible amounts of financing from other sources. Percentage change is comparable quarter-on-quarter.

The growth rate of housing loans increased by more than 3% in Q3 2009 – Q1 2010 due to government’s incentives, attracting buyers to purchase and transfer by the second quarter of 2010. This boosted housing loans in that period compared to other periods. Since then the growth in loans for the past four quarters has averaged around 2% due to the introduction of the loan to-value requirement and slowdown in the market.



INTEREST RATES

MINIMUM LENDING RATES (MLR) BY COMMERCIAL BANK



Source : Bank of Thailand

Interest rates fell significantly in 2009 and also decreased slightly in 2010 in response to the economic slowdown and low core inflation as well as a fall in headline inflation on the back of declining oil prices. Thailand's economy bounced back in 2010 and with it an uptick in inflation. From July 2010 the Monetary Policy Committee (MPC) of the Bank of Thailand steadily increased the benchmark repurchase rate from a low of 1.25% to 3% as of the end of Q2 2011. Therefore commercial banks rates have increased in the first half of 2011 although every commercial bank currently offers MLR minus 1 – 2% in the first few years.

Inflation still ranks as a concern with core inflation at around 2.5% in June and headline inflation standing a touch above 4% due to increases in oil prices. With high spending during the election and populist handouts expected to follow there are concerns that inflation could tick up further prompting higher interest rates that could start to make a significant effect on mortgage payments.



FORECAST - MARKET STILL BRIGHT BUT DARK CLOUDS IN THE DISTANCE

Approximately 22,900 units were launched in the first half of 2011 and around 20,000 units are scheduled to be launched in the second half according to developers' announcements during H1 2011. As other developers are expected to launch in H2 2011 without making a pre-announcement, it is estimated that launches will be higher in H2 compared with H1.

The tapping of demand from lower income groups is set to continue as there are a significant section of the population without their own dwellings or in rental accommodation. The higher income segments will still be driven by the convenience of the up-and-coming mass transit lines. As they extend further from the city centres prices will become affordable to more albeit with a longer commute. Eventually, like London for example, the mass transit system will eventually extend much further into the suburbs and beyond and commuters will begin to make a trade off between distance of the station from the centre of the city and the price and size of their dwelling.

The high-end residential market was invigorated by the launch of Noble Ploenchit in Q2 which sold over 700 units. However, the relatively small sizes of the units meant that the development could reach a greater demand as most units were around 10 million baht. That said with the increasing land prices in the centre and absorption of demand from Noble Ploenchit the success of future projects remain highly uncertain. The differentiation between projects in the centre of the city and along

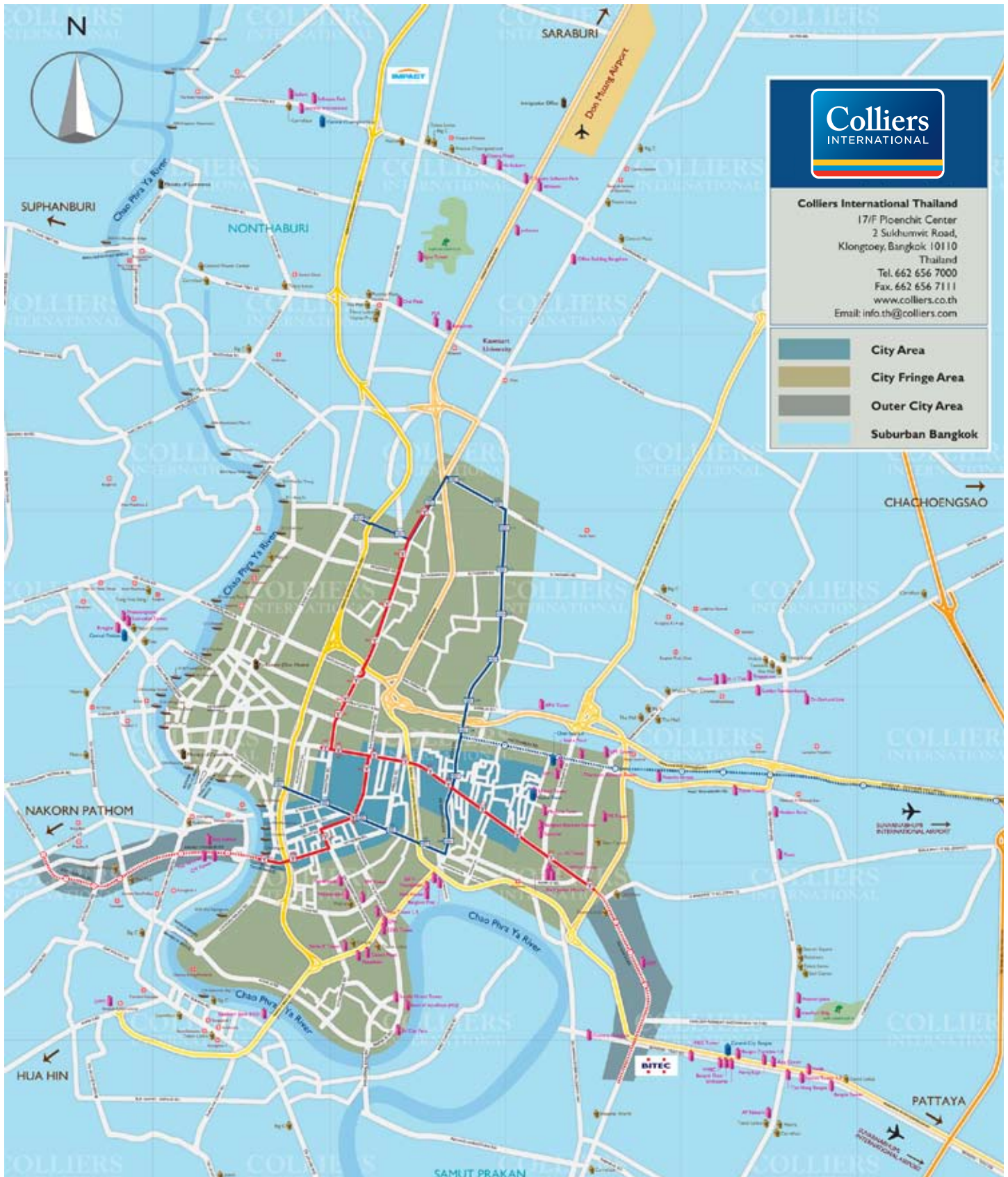
Sukhumvit road are becoming blurred. Only residences that can command very special views such as Lumpini Park as well as good transport access can command the sort of prices that high net worth individuals would be willing to pay. Even then, many of these developments are constrained by restrictive leasehold terms.

Overall, the market remains positive but dangers lurk. With the high number of launches comes the need for construction and with the significant amount that is due to take place over the coming years; this is likely to create pricing pressures for construction materials and labour, the latter compounded by the intended introduction of a 300 baht minimum wage. Inflation remains a concern and the implementation of populist policies is likely to exacerbate this. Interest rate rises are expected, and as commercial bank loans edge up towards the 8% mark, this will create a serious financial burden on borrowers and defaults may be a possibility. Many buyers are offered one or two year interest free periods which means that when the full interest is accrued it will bite even harder as the principal has not been reduced. The threat of increasing construction costs and financial problems of buyers could mean the next few years are a testing one for developers.



APPENDIX

ZONING



• CITY AREA

The area covers four adjacent but competing sub-markets: the Sukhumvit section comprising Sukhumvit Road between Soi 1 and Soi 55 to the north and Soi 2 and Soi 38 to the south; the Central Lumpini section including Phloen Chit Road, Rama I Road, Soi Langsuan, Soi Sarasin, Chitlom Road, Ratchadamri Road, Witthayu Road and Rachaprasong Road; the Silom / Sathorn section; and the Riverside section fronting the Chao Phraya River along Charoenkrung Road and Charoennakorn Road, where several five-star hotels are located. The City area is convenient for businessmen, expatriates and tourists, because of its proximity to many office buildings, retailing and local attractions.

• CITY FRINGE AREA

This area covers three parts of Bangkok:

Northern Fringe:

This section covers the BTS route starting from Ratchathewi Station to Mo Chit Station to the north and the MRT route starting from Petchaburi station to Bangsue station to the north.

Southern Fringe:

This section covers Narathiwad Ratchanakarin Road, Chan Road, Sathupradit Road, Charoenkrung Road and Rama III Road along the Chao Phraya River.

Eastern Fringe:

This section covers the BTS route starting from Thong Lor Station to On Nut Station to the east, Rama IV Road and Petchaburi Road.

This area covers locations with their own local infrastructure and convenient transportation. However, commuting is required to have access to the central business and entertainment areas.

• OUTER CITY AREA

The area covers two parts of Bangkok:

Outer City (East):

This section starts from the extension of the BTS route at On Nut Station to the Bangkok boundary to the east.

Outer City (West):

This section starts from the extension of the BTS route at Taksin Station to Bang Wa station, which includes the area from Krung Thonburi Road to Ratchaphruek Road near Petchakasem intersection.

• SUBURBAN BANGKOK

These are the environs outside the areas already mentioned. Expansion of the mass transit system is the main determinant for increasing future supply in a particular area. The expansion from On Nut to Samut Prakarn is scheduled to be completed in 2011. The expansion of the BTS will benefit directly the surrounding condominiums, as it will considerably reduce transportation costs and time. This will encourage the development of new condominiums in this area. Suburban Bangkok represents the biggest area and for the purposes of this report and includes Bangkok city's old town (Koh Rattanakosin area and boundary area). This location has comprehensive town planning controls restricting building height, so there are no condominium projects in the area.



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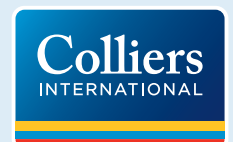
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