

“The number of new serviced apartments has continued to decrease over the past few years. Many serviced apartment buildings are more focused on renting on a daily basis for the higher income. High land prices are not suitable for serviced apartment development.”

MARKET INDICATORS 4Q 2014 - 1Q 2015

New Supply  Rents  Occupancy 

Summary

Only 450 serviced apartment units are scheduled to be completed in 2015 - 2016.

- Serviced apartments in Bangkok are facing intense competition with condominiums.
- Land prices in the inner city area of Bangkok is not suitable for the development of serviced apartment projects.

Serviced apartments are more focused on renting on a daily basis.

- The total income from daily clients is more than from monthly rentals, even at a similar occupancy rate.

- Some serviced apartments have applied for hotel licenses and are shifting their focus to daily accommodation.

The average occupancy rate and rental rate in all locations have continuously increased.

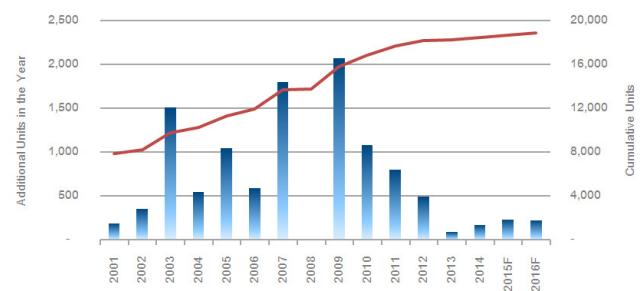
- Average occupancy and rents may slightly increase in 2015.
- The positive signs regarding the economy and the political situation are the major factors.
- Serviced apartments are still the most popular with foreigners, especially Japanese.
- The number of expatriates in Bangkok has increased every year.
- Political stability in Thailand has restored the confidence of foreign investors and businessmen.

The area along Sukhumvit Road is the main location for serviced apartments in Bangkok.

- More than 50% of serviced apartments in Bangkok are located along Sukhumvit Road.
- All future serviced apartments that are under construction also are located in this area.

Supply

Cumulative Supply as of 1Q 2015



Source: Colliers International Thailand Research

Notes: F = Estimated units expected to be completed in 2015 - 2016

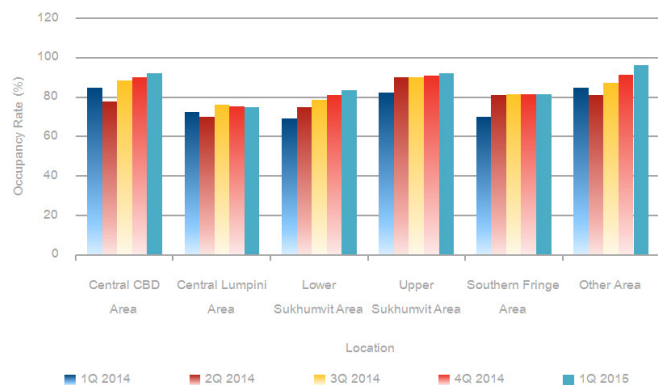
New serviced apartment projects that are scheduled to be completed in 2015 - 2016 have only approximately 240 units. Approximately 210 serviced apartment units were completed in the first quarter of 2015. New serviced apartment projects have gradually decreased each year since 2009 after a lot of condominium units were added in the market. There were approximately 18,640 total serviced apartments in Bangkok as of 1Q 2015.

Serviced apartments were intensely competitive with condominiums and luxury apartments during the past few years. Many foreigners moved from serviced apartments to condominiums in the same location, due to lower rents and similar facilities. Therefore, not many new serviced apartments were added to the market in the past few years or will be in the future.

More than 50% of the total serviced apartments or approximately 9,790 units are located in the area along Sukhumvit Road. This is due to this area's very convenient transport and the many supporting facilities in the area.

Demand

Average Occupancy Rate as of 1Q 2015



Source: Colliers International Thailand Research

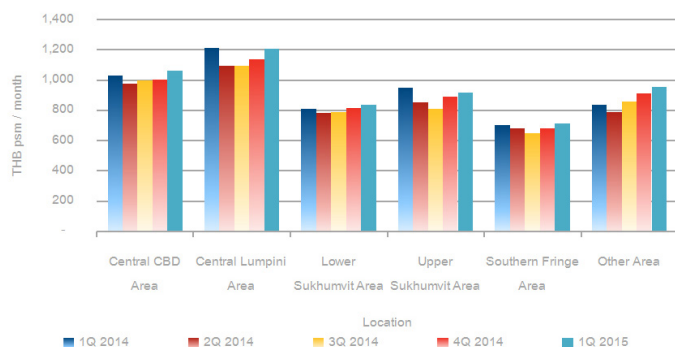
The main target group of serviced apartments in Bangkok is expatriates who work in Bangkok. Approximately 78,820 applied for work permits in Bangkok as of 1Q 2015 and the total number of expats in Bangkok has continuously increased over the past few years.

Many foreigners have decided to stay in condominiums or luxury apartments in the same location as serviced apartments, due to the cheaper rental rate. But the occupancy rates in all locations still have steadily increased and most are higher than 80%.

We expect that the average occupancy rate of serviced apartments in Bangkok in 2015 may be similar to 1Q 2015.

Rental Rates

Average Rental Rate of One-Bedroom Units by Location as of 1Q 2015



Source: Colliers International Thailand Research

The average rental rate in all locations continued to increase from 2014 and may slightly increase in 2015. This was due to the positive signs on the political and economic fronts, although the BOT forecasts that the GDP in 2015 will grow only 3 - 4%, but it will still be better than in 2014.

Most serviced apartment projects that are under construction in Bangkok are developed by small developers and not related to international or local brands. This is due to lower profits compared to other sectors.

Forecast

Land prices and a lot of competing condominium units in Bangkok are the major factors affecting serviced apartment development, due to lower profits and extreme competitiveness.

Average rents and occupancy rates in 2015 will continue to increase. However, the increase may be only a few percentage points, as most clients for serviced apartment projects are on long contracts.

Most serviced apartment projects in Bangkok are more focused on renting on a daily basis than monthly for the higher income from daily clients, even at a similar occupancy rate.

International serviced apartment brands are very limited in Thailand and no new brands have entered the market in the past few years, but some are looking for opportunities in the future.

FOR MORE INFORMATION

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