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Thailand property market promising

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Skyline Bangkok Thailand

Thailand's property outlook continues to remain very healthy, especially in the residential housing market and the office building sector, according to international property analysts. Real estate analysts gathered at a seminar yesterday said that the Thai property sector continues to show healthy trends and growth would remain positive in the future.

Asian Property Development's chief executive officer Anupong Assavabhokhin said there are many factors that are supporting the growth of the residential sector in Thailand. About 33% of the Thai population is aged between 25-44 years, which is a very good demographic for the domestic housing market, especially in the middle-end sector, he said.

Anupong added that when compared with the figures for residential supply, it was only the high-end single detached housing segment that was close to the peak figure from before the 1997 Thailand crisis but in other sectors the level of supply was still low. Anupong further added that the increase in oil prices, interest rates and building prices in Thailand had affected developers, who should now ensure they had strict financial controls in place.

CB Richard Ellis (Thailand)'s executive director James Pitchon said that for the housing sector, there were many factors affecting its performance of the local property market, such as inflation, land and construction costs, and the level of tax and interest charges which will increase competition in the second half of this year, yet despite these factors, unit sales continue to increase.

In addition, in the case of condominium and resort style projects, demand in the Thai market depends on the right project, the right location and each project must have a unique selling point, James Pitchon said. He added that in the second half of the year, property developers in Thailand will spend more on marketing and advertising to boost sales and market share while launching many new projects.

Pitchon said that most developers are planning new projects in the Sukumvit area of Bangkok, **where demand is dominated by expatriates**. However, the average occupancy rate will remain stable, including the rents in the central business district of Sukumvit while serviced apartment rents in the central Lumpini area will increase due to the limited supply there, Pitchon said.

Pitchon said that in regard to the office market in Bangkok, the situation is positive for developers but negative for tenants because demand continues to grow but supply is still very low, thus rents will tend to further rise.

The hotel sector also showed a strong performance in the second quarter of this year with an **average occupancy rate of about 72%** at an average room rate of US\$119. This result was in line with the increase in tourist arrivals since the first quarter of 2004 and the growth in the airline sector, which recovered from the SARS impact last year.

There is also strong growth in provinces such as Phuket, Chiang Mai, Krabi and Samui, which has increased competition for new sites and brands such as Ritz Carlton and the Sheraton now building in those areas, Pitchon said.