

# Bangkok Serviced Apartment Market

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“The serviced apartment is less interesting than other residences, due to the wide array of choices in residences for all expatriates in Bangkok.”

## Forecast at a glance



### Demand

The average occupancy rate in all locations was higher than 74% and above 90% in some locations.



### Current Supply

53% of total existing serviced apartment units in Bangkok were located in the area along Sukhumvit Road.

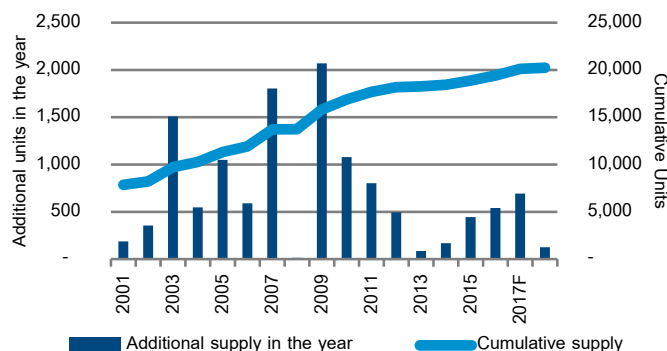


### Price

The average rental rate was more than THB850 per sq m per month in all locations except for “Southern Fringe Area”.

# Supply

## Cumulative supply as of 4Q 2016

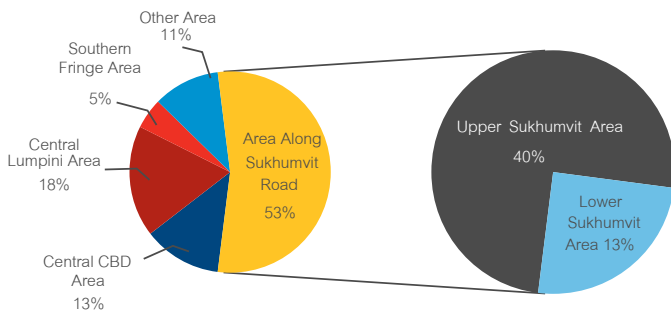


Source: Colliers International Thailand Research  
Note: F= Estimated area of all office buildings expected to be completed in 2017 - 2021.

The total number of serviced apartment units in Bangkok is approximately 19,420, with the area along Sukhumvit Road being the most fashionable for such development. Of the total existing serviced apartment units in Bangkok, 53% were located in this area, and more than 80% of future supply is also located in this area.

Approximately 540 units of new serviced apartments were completed in 2016. All of the new serviced apartment units in 2016 were located in the area along Sukhumvit Road. The area along Sukhumvit Road is still the most fashionable area for serviced apartment development. Some of the many positive factors contributing to interest in the area include convenient transportation for all foreigners, many facilities for living and other factors which make the area more appealing than other locations, as well as there being more entertainment facilities than in the Central Lumpini Area.

## Current supply by location as of 4Q 2016



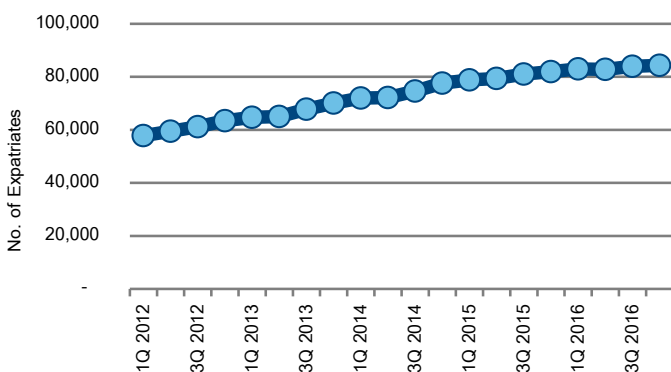
Source: Colliers International Thailand Research

The main clients of serviced apartment are foreigners who come to work in Bangkok or provinces close to Bangkok. Therefore, the majority of their concerns involve safety, convenient transportation, and convenience of living. The area along Sukhumvit has been the most suitable location for all foreigners for the past 20 years, due to the many positive factors previously mentioned.

Serviced apartment projects in the area of the outside inner city cannot ask for higher rates than the projects in the inner city area, and some projects are not successful-- particularly those that are far from mass transit systems.

## Demand

### Expatriates with work permits in bangkok as of 4Q 2016



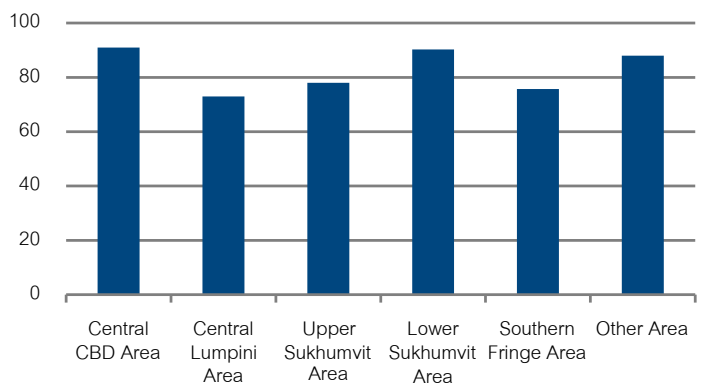
Source: Colliers International Thailand Research

Thailand is becoming the investment centre of the ASEAN, especially for foreign investors looking to invest in Cambodia, Myanmar and Laos. Many government agencies have forecast that more foreign investors will enter Thailand after the existing government tries to

attract more foreign investment. The number of expatriates in Bangkok has continued to increase during the past several years. Approximately 84,313 Bangkok-based expatriates had applied for work permits as of December 2016, continuing a trend of increasing numbers that has persisted for many years. However, not all expatriates in Bangkok are choosing to stay in serviced apartments, due to the availability of condominiums and luxury and high-end apartments in the area along BTS lines. Moreover, those rental rates are lower by at least 10% than those for serviced apartments in the same location.

Many foreigners who are familiar with the Bangkok lifestyle and the transportation system will decide to stay in condominiums or apartments outside of the inner city area. Therefore, many foreigners live in the area around the end stations of BTS, or in locations far from the CBD area along the MRT line. Some condominium developers also try to attract more foreign buyers by added more facilities or offering special services for foreign buyers. This is due to many foreigners choosing to buy condominiums instead rent them, because they are also looking for an investment in the condominium market.

## Average occupancy rate as of 4Q 2016



Source: Colliers International Thailand Research

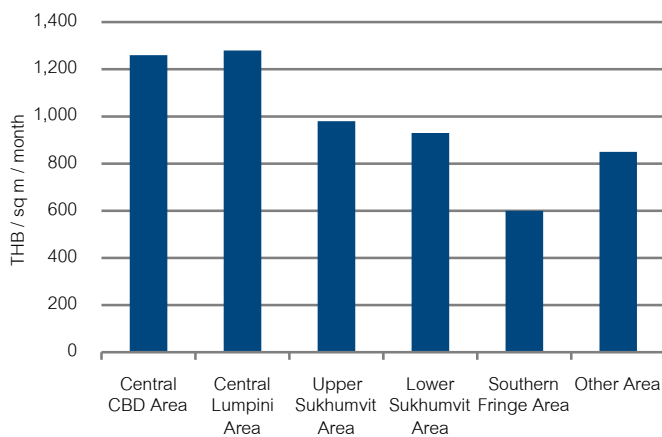
The average occupancy rate in all locations in Bangkok is around 84%, remaining similar to the previous quarter. The average occupancy rate was higher than 73% and more than 90% in some locations. The Central CBD and the area along Sukhumvit Road are still the most popular for expatriates in Bangkok, due to their convenience, transportation and easy access to the BTS systems. In addition, rental rates are not high compared to the Central Lumpini area, which has the highest rents in Bangkok. Thus, the Central Lumpini Area has shown the lowest occupancy rate over the past few months. In addition, the Central Lumpini Area has been the most directly affected by political protests over the past few years; so, many foreigners prefer to stay outside this area.

The Upper and Lower Sukhumvit Areas were the most fashionable locations for serviced apartments. Many serviced apartment projects were located in the area, but they also had a high take-up rate as compared to other locations.

The average occupancy rate in 2017 may not dramatically increase, or may be similar or only offer a 3 – 7% increase from 2016. There may be only a slight percentage increase, due to the wide array of choices of residency for all expatriates in Bangkok. Japanese expatriates, who are the main clients for serviced apartments, are also looking to rent condominium units in the area along Sukhumvit Road, due to lower rents and similar facilities and locations.

## Rental Rate

### Average rental rate of one-bedroom units by location as of 4Q 2016



Source: Colliers International Thailand Research

The average rental rate in all locations remained similar to that in the previous quarter. Serviced apartments in the Central Lumpini Area still showed the highest rents because of the many luxury projects with international and Thai brands in the area. The rental rate in the Central CBD Area is also higher than THB1,000 per sq m / month, as there are many high-end and luxury projects in the area.

Most serviced apartments are maintaining their rates to keep their existing clients and to try to attract new ones. Therefore, average rental rates did not significantly change. While daily rates of some projects fluctuated over the past few years, it has depended on the country's economic situation.

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

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