
Rays of recovery - Bangkok property investment surpasses THB 3 billion in H1

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Bangkok Post reported that investment activity in Bangkok's property market remains robust, reaching THB 3.5 billion during the first 6 months of 2010 despite political unrest.

Mr Umpon Thepnumsommanus investment director at property consultant Jones Lang LaSalle said that the transactions concluded by the firm were for the sale of a portfolio of office condominium units at Sermmmit Tower for THB 1.5 billion early in the year and a number of prime land plots. Supply was in part fuelled by some corporations restructuring their portfolio by disposing of non core assets.

Demand came from property developers buying more land for future developments, while some investors remained keen to buy into income generating assets like office buildings, given the low interest rates. The narrower gap between the price expectations of buyers and sellers was another driver of demand.

Mr Umpon said that "As political unrest intensified between April and May, softening investor sentiment, sellers adopted a more compromising approach with their asking prices, allowing faster sales transactions."

He said that several sales in the second quarter were accelerated due to the expiration of the government's property stimulus package. Many sellers became more flexible during the negotiation process in order to complete the sale and have the property transferred before the tax breaks expired on June 30th 2010.

The acquisition of land and sites for redevelopment by property companies accounted for much of the investment in the first half. Land plots located no further than 200 metres from a BTS, MRT or Airport Rail Link station tended to receive especially high interest.

Mid priced condominiums with convenient access to mass transit systems remained very popular, as reflected by the fast sales rates achieved by many off-plan or newly launched projects in close proximity to mass transit systems. This has encouraged demand from property companies for land with potential for condominium development.

He added that "The trend of property development companies securing prime land for condominium development will continue. The recent issuances of debentures by a number of major listed residential property developers show that these companies have been well prepared for new investments."

However, the property markets in coastal holiday destinations like Pattaya, Phuket and Koh Samui remain subdued. Dominated by foreign buyers, investment activity has witnessed a marked slowdown since the global financial crisis escalated in the final quarter of 2008, he said.

Meanwhile, many parts of the world have seen signs of economic recovery, so some international investors are regaining their financial strength and expected to come back into Thailand's holiday property markets in the near future.

(Sourced from www.bangkokpost.com)

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