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Bangkok is named the sixth most favoured Asia-Pacific investment destination for 2013. **B3**

Bangkok ranked sixth city in Asia-Pacific for investment

Tourism sector offers big potential, says PwC

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Bangkok has been named the sixth most favoured Asia-Pacific investment and development destination for 2013, ahead of Beijing and Taipei.

The PwC report "Emerging Trends in Real Estate Asia Pacific 2013" said Bangkok, like Kuala Lumpur, has emerged from the shadows this year, at least partly on the back of a newly vibrant real estate investment trust market and the opportunistic yields afforded by a growing economy.

It said Bangkok, which was ranked 14th in real estate investment and development for this year, has never been an easy place for foreign investors to make money.

In recent years, they have been whiplashed by an unstable political environment, a string of natural disasters and a lack of transparency in the legal and regulatory framework.

Bangkok's condominium sector has seen less supply emerge over the past

TOP 10 INVESTMENT DESTINATION RANKING

City	2013	2012	2011	2010	2009	2008	2007
Jakarta	1	11	14	17	20	20	19
Shanghai	2	2	2	1	5	1	2
Singapore	3	1	1	5	2	2	4
Sydney	4	3	6	6	14	15	16
Kuala Lumpur	5	17	15	15	10	11	15
Bangkok	6	14	17	19	18	18	8
Beijing	7	5	7	3	12	6	9
China - secondary cities	8	-	-	-	-	-	-
Taipei	9	8	13	11	8	16	5
Melbourne	10	7	9	9	11	17	6

Source: PwC

POSTgraphics

year as existing inventory was digested and developers diversified towards coastal resort destinations.

Unsurprisingly, the real potential in Bangkok and indeed Thailand lies in the tourism and hospitality sector, said the report.

The office market benefits from a lack of new supply, with no significant new facilities set to open until 2014.

But demand is problematic. One interviewee said: "I don't see [Bangkok]

as a big financial centre or a centre that would draw a lot of international business. Health tourism continues to be a big draw, with large numbers of foreign patients, especially from the Middle East, attracted to low-cost, high-value medical facilities."

As in Kuala Lumpur, rising consumer demand is expected to draw a significant number of international retail chains in the near term, helping to boost rents across the retail sector.

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Several second-tier cities have emerged as favoured investment and development destinations including Jakarta in particular but also Kuala Lumpur, Bangkok and secondary Chinese cities.

This is probably at least partly a result of ongoing yield compression in the bigger, more developed markets.

The report has Jakarta soaring to the top spot next year from 11th place this year, ahead of Shanghai and Singapore, due to its strong gross domestic product and controllable interest and inflation rates.

Jakarta, Singapore, Kuala Lumpur and Bangkok are ranked the most attractive Southeast Asian investment destinations for next year.

This will draw Western investors looking for a new deal and investment opportunities in Asia's emerging markets despite pressure from the EU and US crises.

However, while these second-tier locations may provide greater possibilities for opportunistic returns, market penetration is generally more difficult and opportunities are limited.

In addition, these locations usually carry a significantly higher degree of implied risk.