

BANGKOK RANKS SIXTH IN POLL ON INVESTMENT DESTINATIONS

THE NATION

Bangkok has emerged from the shadows to rank sixth among second-tier Asia-Pacific cities that have become favoured investment and development destinations, at least partly on the back of a newly vibrant real-estate investment trust market and the opportunistic yields afforded by a growing economy, according to a survey.

The city moved up eight places from last year's survey.

The report on "Emerging Trends in Real Estate - Asia-Pacific 2013", completed by the Urban Land Institute and PricewaterhouseCoopers, also noted Jakarta, Kuala Lumpur and secondary cities in China. This is probably at least partly a result of ongoing yield compression in the bigger, more developed markets, it said.

"However, while these second-tier locations may provide more 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. In practice, therefore, most investors will find opportunities in these destinations restricted."

Previous investor favourites such as Shanghai and Singapore continue to attract attention. The industrial/distribution sector ranks highest for investment and development

prospects, while retail also scores highly.

The opinion poll placed Jakarta as this year's No 1 investment and development destination, despite the city's relatively low rankings in previous surveys, a lack of investment-grade building stock and an economy that may be growing rapidly but lacks the enterprise, scale and infrastructure of its more developed peers.

Last year, Jakarta attracted a modest US\$660.5 million (Bt20.2 billion) in commercial real-estate investment.

The report said Bangkok had never been an easy place for foreign investors to make money. The real potential in Bangkok and, indeed, Thailand lies in the tourism and hospitality industry.

The office market benefits from a lack of new supply - no significant facilities are set to open until 2014 - but demand is problematic. One interviewee said: "I don't see it as a big financial centre or a centre that would draw a lot of international business."

However, health tourism continues to be a big draw, with many foreign patients, especially from the Middle East, attracted to the low-cost/high-value medical facilities. As in Kuala Lumpur, rising consumer demand is expected to draw international retail chains over the near term, helping boost rents across the retail sector.

Shanghai, Singapore and Sydney were the preferred destinations.

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