

Key Findings

- The number of tourist arrivals in 2010 is expected to surpass 5 million, signifying the leadership of Pattaya among Asia's major beach resort destination
- Booming real estate sector at all fronts, including industrial estate, shopping malls, hotels and residential properties
- Market confidence returns as 12 new projects comprising 4,239 units were launched in H2/2010
- Beachfront property market is beginning to pick up with high take-up reported among local buyers
- Wongamat/Naklua is the prime area of Pattaya, where beachfront properties are going for an average of 124,124 baht/sq.m

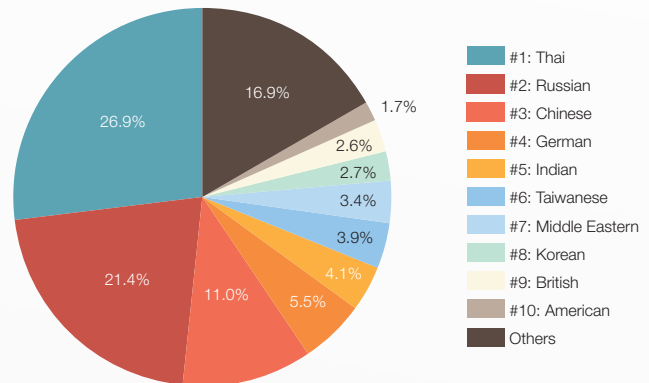
The City of Pattaya

Besides being known as a worldwide tourist destination ever since the 1960s, Pattaya has emerged as the center of life for those working and living on the Eastern Seaboard. Tax incentives, deep sea ports, and the Map Ta Phut project have attracted petrochemical, automotive and other export related industries to the region. Today, Pattaya is the second largest contributor to the Thai GDP, with the country's highest paid workers in need of a supporting service sector leading to local business registrations.



Tourism in Pattaya

Top 10 Nationality of Tourists (Q1-Q3/2010)



Source: Department of Tourism

Despite a downside in Q2 following the demonstrations in April, the market benefited from a strong high season. Although the Department of Tourism has not yet released Q4's data, Pattaya's tourism situation in 2010 has outperformed the situation in 2009 with projected tourist arrivals to surpass 5 million.

The top three nationalities of visitors from January to September 2010 are Thais (26.9%), Russians (21.4%) and Chinese (11%), accounting for almost 60% of the total. The Russians and Chinese markets remain strong with 600,000 and 311,000 visitors, respectively, in Q1-Q3 of 2010.

Undeniably, the Thai market is a key contributor to Pattaya's tourism sector and we expect the number of local visitors to continue growing along with the availability of the new National Highway #7, which reduces travelling time from Bangkok to just 90 minutes.

Asian tourists, led by Indians, Taiwanese and Koreans, have made their ways up on the top visitors list. Conversely, European countries, with the exception of the Germans, have gone the opposite direction. The diversity of visitors is reducing the seasonality of Pattaya tourism as the 'low season' is now boosted by Asian tourists and MICE (Meeting Incentive Conference and Event) programs.

The expansion of a new passenger terminal at U-Tapao Pattaya International Airport, which is to be completed by 2013, is expected to encourage more foreign tourists to Pattaya.

Currently, there are three daily Bangkok Airways flights and international charter flights from Russia, South Korea and Kazakhstan. The number is expected to increase significantly once the expansion is complete.

New Project Launches H2/2010

Project Name	Type	Location	No. of Units	Launch Date
Art on the Hill in Pratumnak	Inland	Pratumnak	135	Q3 2010
Beach Front Jomtien Residence	Beachfront	Na Jomtien	216	Q3 2010
Laguna Bay	Inland	Pratumnak	166	Q3 2010
Sunset Boulevard Residence II	Inland	Pratumnak	87	Q3 2010
The Gallery (Building C&D)	Inland	Soi 8 Jomtien	154	Q3 2010
The Koral Pattaya	Inland	Chaiyaphruek 2	1,572	Q3 2010
The View	Inland	Pratumnak	122	Q3 2010
A.D Bangsaray	Inland	Bangsaray	944	Q4 2010
Cosy Beach View	Inland	Pratumnak	257	Q4 2010
De Blue Resort & Condominium	Inland	South Pattaya	75	Q4 2010
The Peak Towers	Inland	Pratumnak	247	Q4 2010
Mövenpick Resort & Spa Condotel	Beachfront	Na Jomtien	264	Q4 2010
Upcoming Projects* - Q1/2011				
LK Legend Beach	Beachfront	Naklua	252	Q1 2011
The Axis	Inland	Thappraya	430	Q1 2011
The Palm	Beachfront	Wongamat	544	Q1 2011
Zire Wongamat	Beachfront	Wongamat	469	Q1 2011

Source: Raimon Land Research
* Based on market announcement only

The second half of 2010 marked the revival of the Pattaya condominium market as 12 projects comprising 4,239 units were launched in just six months. The take-up rate of these launches was relatively low, standing at 32.5%. This is mainly due to the fact that half of the units were in large-volume projects such as The Koral Pattaya and A.D Bangsaray, both of which target the 'below 1 million baht' segment.

Due to the price differences based on locations, the Pattaya condominium market can be classified into two distinct segments: inland, where the access to the beach is less of a concern; and beachfront, another segment for holiday makers and weekend spenders where access to the beach and view are the main reason for buying.

In the 'beachfront' market, reports are encouraging as 2010 sales value of Raimon Land projects in Pattaya have reached 500 million baht, almost doubling the total sales value achieved in the same period the year before. Foreign demand remained unchanged, while the demand from Thais, particularly Bangkok residents, have increased significantly in 2010. Overall, based on Raimon Land's transactions, Thais were the top buyers of Pattaya properties in 2010, representing 65%, followed by the Euro Zone (25%) and Russians (7%).

New Project Completions H2/2010

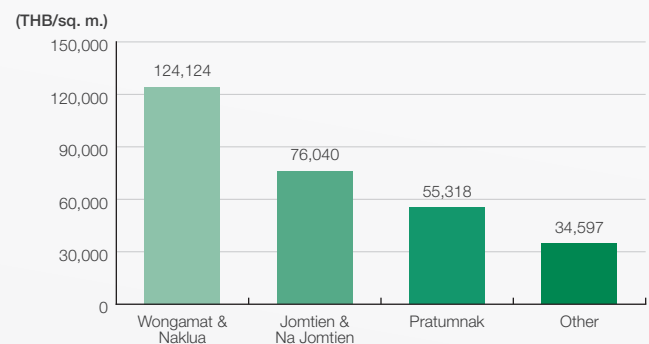
Project Name	Location	No. of Units	Completion Date
Lofts Pratumnak	Pratumnak	39	Q3 2010
The Park Jomtien	Jomtien	608	Q3 2010
The Urban Suites	Central Pattaya	189	Q3 2010
View Talay 7	Jomtien	2,400	Q3 2010
View Talay Marina Beach Condo 8	Jomtien	1,186	Q3 2010
APUS	Central Pattaya	158	Q4 2010
Emerald Place	Pratumnak	79	Q4 2010
Fifth Jomtien	Jomtien	76	Q4 2010
Hyde Park Residence	South Pattaya	171	Q4 2010
Pattaya City Resort (Building A & B)	South Pattaya	128	Q4 2010
The Sanctuary	Wongamat	200	Q4 2010
TW Jomtien Beach	Pratumnak	216	Q4 2010

Source: Raimon Land Research

A total of 5,450 units were completed in the second half of 2010. The majority of the projects are located in the inland areas, and only few are beachfront properties.

The pipeline of projects under development remains robust with an additional 7,252 units under construction, and over 5,000 units left to sell. We expect a total of 742 units are set to be completed in 2011, which would allow more time for the market to absorb inventories and planned new projects.

Average Price of Condominium Units Sold in 2010



Source: Raimon Land Research

Wongamat/Naklua is undoubtedly recognised as a premium area in Pattaya, where beachfront properties are going for an average of 124,124 baht/sq.m in 2010, of which a total of 110 units were sold.

The average price of units sold in Jomtien/Na Jomtien stands at 76,040 baht/sq.m since the area is partially beachfront and away from the city center.

In the Pratumnak area, dominated by seaview projects and within a short drive to the beach, condominium units are selling at an average price of 55,318 baht/sq.m. In other areas farther away from the seashore, the average selling price is 34,597 baht/sq.m.

While we can expect some pressure on selling prices from developers left with inventories, we are expecting new wave of developments to be launched in prime location to push overall prices up.