

CONSTRUCTION COST COMMENTARY

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The country of Thailand was full of incidents over the last few months, which have substantial negative impacts on the market, which was heading for recovery.

In December 2009, the Supreme Administrative Court upheld an Administrative Court Order in September 2009 that industrial projects in Ma Ta Phut (close to Pattaya) must undertake health and environmental impacts before being allowed to operate. With this ruling, 65 projects were effectively suspended. Investment sentiments were dampened.

The continuous political campaigns, which led to a bloody confrontation on 10th April 2010 aggravated the situation.

At the time of preparing this commentary, there is no clear sign when the turmoil can be cleared.

Many governments have issued warning signals for travelling to Thailand.

Business losses were counted in millions, if not billions.

The projected GDP growth has been adjusted downwards by at least 1%.

Thailand is definitely losing out to the neighbouring competing countries, at least in the short term, in attracting foreign investments and tourist arrivals.

The first quarter of the year however registered a substantial increase in property transfers as buyers rushed to complete the transactions before the expiry of tax incentive break by end March.

The situation will definitely not be sustained in the coming quarters.

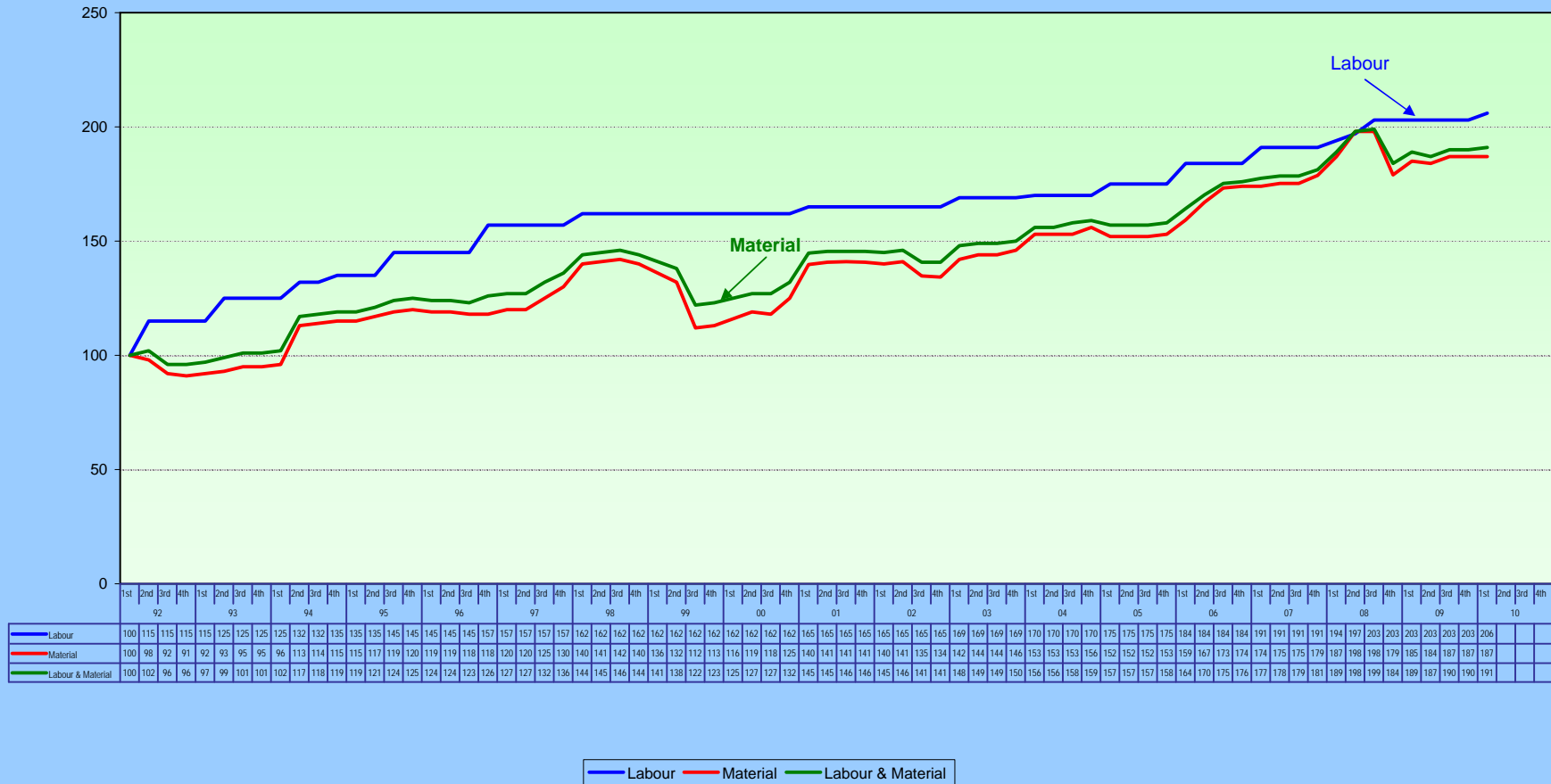
Building materials prices have been fairly stable over the last year but tender prices remain competitive.

Contractors' values of works in hand are continually dwindling. Projects put up for tendering are still limited and resurrection of shelved projects are deferred.

The types of projects in the coming year will principally be on middle and high income condominiums or houses which target at local demand or for long term investments which are relatively less affected by current situation.

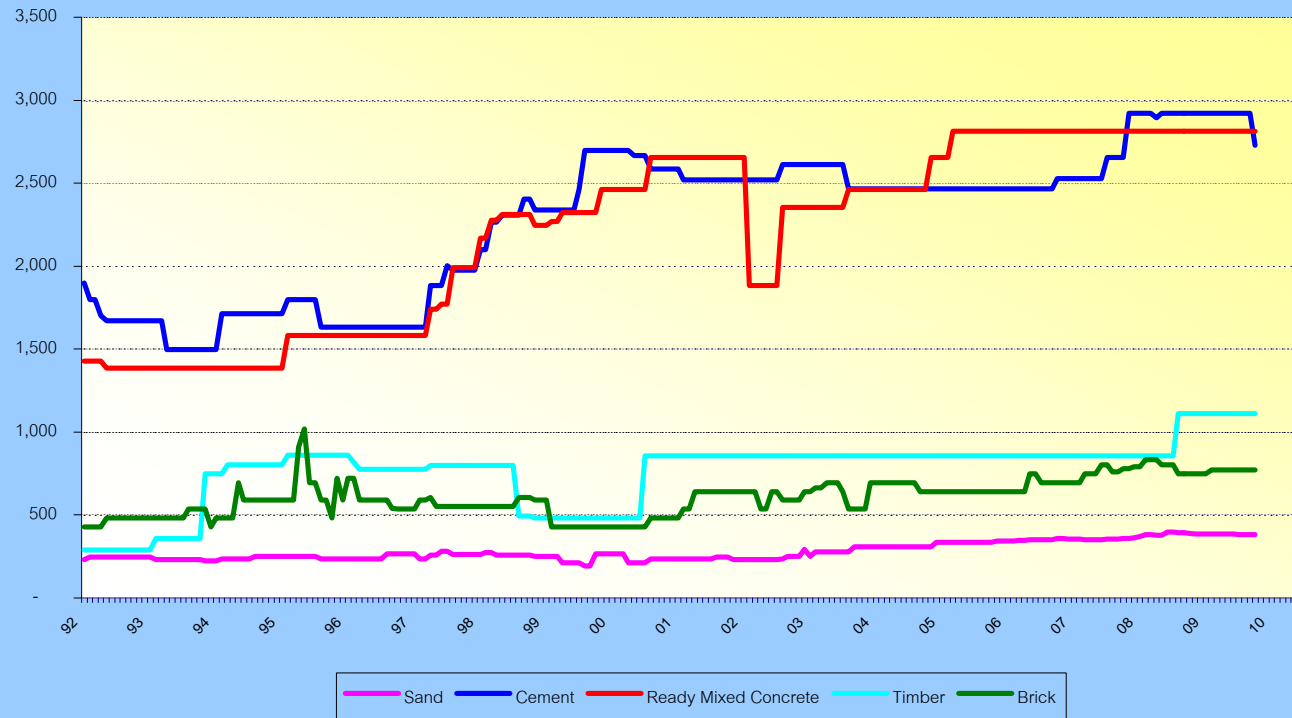
The overall building costs increase is estimated to be in the range of 3% to 5%.

Labour & Material Cost Indices



Notes : VAT rate between 3rd Quarter 1997 and 1st Quarter 1999 is 10%, the VAT rate is 7% otherwise.

Materials Cost Trends



Sand (Baht per cu.m)
 Cement (Baht per tonne)
 Ready Mixed Concrete (Baht per cu.m)
 Timber (Baht per cu.ft)
 Brick (Baht per 1,000 pcs.)

Source : Ministry of Commerce

Steel Cost Trends



Mild Steel Bar (Baht per tonne)

High Tensile Steel bar (Baht per tonne)

Source : Ministry of Commerce