



The Nation	Section: Business/Business				
	Date: March 25, 2016				
	The Nation	Vol.: 41	Issue No.: 54717	Page: 3B (Top)	
	Circulation: 68,200	Col.Inch: 44.37	Ad Value: 90,958.50 baht	PR Value: 272,875.50 baht	Color: Full Color
Ad Rate: 2,050	Headline: Impact of mass transit on developers, occupiers and end-users				

PROPERTY SCENE



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Impact of mass transit on developers, occupiers and end-users

BANGKOK CURRENTLY has 96.8 kilometres of mass-transit lines with 64 stations. A further 103km with 70 stations is under construction, and plans for an additional 128km are supposed to be in the government's fast-track approval programme.

Mass transit has changed the way that Bangkok residents work, live and play.

The current mass-transit system has had a huge impact on property development patterns – and future lines will continue to do so.

The number of passengers on each line determines the popularity of the line's route for property development, but it does not mean that every line or station is equally attractive.

Currently, the BTS Skytrain system's two lines carry over 700,000

passengers per day, the MRT line more than 300,000 passengers and the Airport Rail Link about 60,000, mainly commuters rather than incoming or outbound airport users.

Of the lines under construction, the Purple Line – due to open in August this year from Tao Poon to Klong Bang Pai in the northwestern suburbs – has had the biggest impact on property development with a wave of both low- and high-rise residential development, as well as retail centres such as Central Westgate.

The Dark Blue Line, Dark Red Line and the two Light Green Line extensions to Samut Prakan in the

southeastern suburbs, plus the recently started extension to Khu Khot in the north, have not yet seen significant property development.

New line extensions may also change the relative position of each line where it completes the network loop and increases passenger numbers on existing lines.

For example, the Dark Blue Line from Hua Lamphong to Tha Phra together with the existing underground Dark Blue Line effectively forms a central circular route where, once completed, passenger numbers could rise significantly.

This could raise the potential for property development close to stations along this line.

Land prices

Mass-transit line extensions also have a direct impact on land prices. Upon the announcement of new lines or stations, land prices tend to rise immediately.

However, in reality we have only seen real buying activity for condominium or housing units once construction of the line is well under way and buyers – whether speculators, investors or end-users – can be reasonably confident that the completion date is two to three years away.

On the other hand, for office tenants, the promise of a possible future station is insufficient. Tenants typically require an existing station or one that is within six

to 12 months from completion of their move-in, and preferably with direct covered access to the building.

Mass transit has changed and will continue to change land use and property development patterns in Bangkok, and this will present opportunities for developers, buyers and tenants of residential, office, retail and hotel developments.

The number of mass-transit stations is likely to double between now and 2020. However, not every line or every station will be equally attractive.

Residential demand will also not only depend on being near a station, but also on the size and wealth of the population in the area and to what extent their housing demands have already been satisfied.