

VIEWS OF LEADING EXPERTS ON WORLDWIDE PROPERTY MARKETS, 2010-2011



http://seeker401.files.wordpress.com/2009/11/saupbad_commercial_real_estate2_5e4j.jpg

Dr.Sopon Pornchokchai
Editor

Dear Colleagues of real estate professionals.

Our Thai Appraisal Foundation would like to thank all the leading international and national experts who generously contributed their insights. All the interviews were first published at the ThaiAppraisal Journal, Vol.9 No.1, January – February 2010 and it is reprinted at this booklet.

Allow me to introduce to you that our Foundation has been a principal member of the FIABCI since 2002. With legal registration No.BMA.1075, it is one of the most active real estate organization with monthly forums since October 2002, bi-monthly journal, the ThaiAppraisal and occasional international real estate events. We now have some 700 members who are appraisers, bankers, financiers, officials, and other real estate professionals.

Our foundation believes that “KNOWLEDGE IS NOT PRIVATE PROPERTY”. It should be shared among professionals involved in real estate worldwide. The more we share, the more we win on the win-win basis. Distortion, exploitation and domination will no longer exist if professionals and the public are knowledgeable about the market situation.

Please enjoy reading this view and if anyone would like to contribute to our Journal, please contact us at sopon@thaiappraisal.org. Please help share your view.

Sincerely yours,

Sopon Pornchokchai, Ph.D., D.FIABCI, CRS, MRICS
President, Thai Appraisal Foundation
Bangkok, Thailand
May 20, 2010.

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Views on Worldwide Property Markets, 2010-2011

VIEWS OF LEADING EXPERTS ON WORLDWIDE PROPERTY MARKETS, 2010-2011

The Thai Appraisal Foundation interviewed 40 leading experts worldwide on the future of real estate markets in different countries as well as global trends on international markets. These are great contributions of the largest and rare gathering of leading experts which should be considered.

WORLD



Lisa Kurrass, CIPS, FIPC, FIREC
FIABCI World President, 2009-2010

First, I believe we need to stop focusing on the negative information which is reported throughout the world and embrace the idea that opportunity is everywhere for those of us who seek it.

Opportunity throughout the world exists but it requires new ways of thinking and searching to find it. Reaching outside our local boundaries is easy but requires some effort. And thanks to new technologies, the world is becoming a smaller playing field. Opportunity is there. The fluctuation in currencies and the advantages created as a result of exchange rates are enabling a strong emergence of new and increased business opportunities in different markets around the globe.

As the global financial crisis looms, there are many opportunities arising in specific property markets. According to billionaire real estate mogul, Sam Zell, Brazil, Egypt, Mexico and China provide some of the best opportunities for property investments. He also points out that the shortage of affordable housing and infrastructure that supports foreign investment is a reason for this positive success. Opportunity does exist.

Another trend I see is within the green sector of real estate i.e. green buildings, green mortgages, green designations. Along that same line I see an opportunity and new trend in the area of the

Sopon Pornchokchai, Ph.D., D.FIABCI, CRSMRICS

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building of eco-cities which will have a great impact on our health, our environmental resources and the world.

If you look around you will see that green technology is slowly being embraced throughout the world. Green technology is a science, a growth process, and a re-thinking of our existing actions and habits which in some cases need to be modified. As world leaders, although our cultures can be very different, there is one thing I am sure that we all agree on – each one of us has a responsibility to our children to take care of this world, and to preserve it for future generations.

A final trend which I see is also an opportunity is with technology. Technology is leading change in the real estate market throughout the world. Never before have we had an opportunity to connect with so many cultures, share our thoughts, voice our opinions and even make history. Real Estate opportunities are growing with the increased usage of Social Networks, Wiki's, Micro Blogging and online networks in the real estate industry.



Enrico Campagnoli
FIABCI World President, 2010-2011

In front of financial crisis, the International Real Estate Federation (FIABCI), representative of the RE private sector, has the responsibility to try to minimize the

effects of the crisis, to restore confidence in the financial products backed by RE assets, to propose the use of the RE market as a driving force for national economies. As soon as the document “Key framework of Real Estate Market components”, produced with the support of FIABCI, will become a UNECE (United Nations – Economic Commission for Europe) formal document, an instrument to help policy makers with advice to minimize the effects of financial crisis, FIABCI Chapter could consider it with local national RE policy makers. Also outside the UNECE region an appropriate consideration not only of the value, but also of the rating of RE assets backing financial products, could be useful to restore the confidence in the RE backed financial products. The development of the green RE markets could have a large impact of RE investments on GDPs and employment.

The role of FIABCI: FIABCI could lead an appropriate globalisation of RE Market, with global common rules and a World Arbitration

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Commission to try to enforce them. Common global rules could come from UN documents, supported by our organization and by common rules decided world wide by the FIABCI principal members associations operating in the same branch of RE private sector. An World Arbitration Commission, constituted mostly by FIABCI World Presidents, could have assigned the role to enforce among FIABCI members the global common rules and conduct FIABCI code.

Common global rules and the capacity to enforce them could allow to our organization to lead a globalisation of the RE market able to reduce the risk of international transactions and the risks of RE markets, with social and economical benefits for everybody, but also for RE private sector itself, that could become a driving force of the recovery, with a resulting completely new positive image.

The globalisation of the RE market, according common global rules, could help to avoid in future financial crisis, to increase the efficiency of RE market and the national GDPs.



**Howard C. Gelbtuch, MAI, CRE, FRICS
Principal, Greenwich Realty Advisors**

Future of Real Estate Markets in the United States and Around the World: Investors will one day look back and realize what a unique buying opportunity current distressed economic conditions present. Over-optimistic buyers supported by over-eager lenders used overly aggressive assumptions in their analyses, resulting in what we now realize were inflated purchase prices. Many purchases were financed with several layers of loans that now collectively exceed the current market value of these properties, and likely cannot be refinanced. The result is that mortgage lenders will become the new owners, and will eventually have to dispose of these assets to get them off of their books. Prospective buyers have been accumulating cash and are waiting in the wings for lenders to accept the new reality and reduce their prices. Once this happens, the buyers will swoop in, and in a few years, when economic conditions have improved, will look like heroes.

Future of the Valuation Profession: In certain sectors, such as the residential (single-family) home markets, some unscrupulous appraisers were, unfortunately, part of the problem by preparing unsupported, inflated appraisals. This was less prevalent in the

commercial sector, as many appraisers actually did their job well, reporting the actions of buyers and sellers, just as they were supposed to do. That said, the environment is far more conservative now, with income in place being valued more highly than future income. Cash is king, and we all now recognize that trees don't grow to the sky!



**Iskandar Ismail, Ph.D.
Partner, Iskandar Associates**

I see two major developments on the horizon. First, debt financing will be jettisoned in favour of reduced leverage as a risk management strategy. This means that the days of hot money driving megaprojects in Dubai and elsewhere will disappear for a decade or more until a new generation that has not been burnt by the recent collapse repeats the cycle.

The second development is the globalisation of real estate demand. Cities in Australia will be competing with cities in other parts of the world for the same buyers. Already, marina units on Brisbane's Gold Coast are being offered at the same price levels as the marina units in Puteri Harbour in Iskandar Malaysia.

What this means for the valuation profession is the need to respond to this trend in terms of size, reach and capability of the real estate consultancies. More countries will liberalise practice controls and valuers will face a future where the only refuge of a successful practice is a great team of professionals with world class skill sets.



**Duane Kissic
Vice Chairman, AECOM International
Development**

As we have recently observed, the real estate industry and market underpin the global economy. At least in the short-term there will be a return to basics so that confidence in the financial system is restored. More emphasis will be on appropriate due diligence in loan underwriting. No doubt, when investors regain confidence in the quality of debt in the market, the real estate industry will rebound.

Given the global financial crisis, mass appraisal systems will play a

more significant role in the real estate industry both as a quality check on single property appraisals (to avoid the abuses we have just witnessed in the United States), and as a more cost effective way handle multiple data requirements (property tax, loan underwriting, etc.). The cost differential is two cents versus two hundred collars per plot. This is already happening in Denmark and Finland and more countries are following suit.

EUROPE



**Bertrand Wasels
Vice-Chairman, European Group of Valuers'
Association (TEGoVA)**

The crisis highlights the differences in Europe between national real estate markets that suffered from economic recession and those that experienced the bursting of a property bubble on top of that. That should not obscure the longer term trend, which is the increasing approximation of national real estate market conditions caused by the political and economic integration of the European Union. The euro, the EU regulation of financial services and specific legislation to facilitate real estate investment and service provision across the EU are powerful factors creating a level EU playing field for all aspects of the business.

This has a direct impact on the valuation profession, as the disappearance of borders and loss of national control needs to be compensated by European rules. TEGoVA is at the heart of this process. Its European Valuation Standards and a Recognised European Valuer (REV) scheme ensure common European valuation practice by valuers whose competence is recognised to high European standards."

AUSTRALIA



**James Baxter,
Assoc Professor, RMIT University**

All countries, including Australia, were hit by the Global Financial Crisis to a greater or lesser extent. Recovery has been quicker than initially feared, but it is

clear that the world is still very much in recovery-mode, and the crisis has not passed yet into history. As south-eastern Australia continues to struggle with one of its longest droughts in recorded history, and other parts of the continent are badly affected by floods and cyclonic storms, the Copenhagen talks are in the forefront of many people's minds. Forecasts of rising sea levels have big property and investment implications for many areas of coastal Australia – and it is on the seaboard that the majority of the population lives.

As its response to the global financial crisis, in February 2009 the Australian Government announced an AUD 42 Billion Nation Building and Jobs Plan to support jobs and invest in future long-term economic growth. That package was passed by the parliament late in 2009; with the Australian Property Council saying "Let's get building". It also urged governments Australia-wide to work with industry to fast track bidding and approvals processes. Important projects include social housing, schools and other community facilities.



**Geoff Guyett, FAPI, ANZV
Managing Director, Colin Porter –Property
Consultants (AUS) - CAP**

The future of real estate markets in Australia:

Australia was one of the few countries not to be affected by the Global "meltdown". Property values did retreat and property transactions declined, but not significantly. Government stimulus programs ensured that the housing sector maintained some momentum and continues to be in demand. Commercial and Industrial sectors have seen a slight easing in return rates, but are still sought after by Fund Managers who have a need to invest in real estate with an easing in the retail sector.

The future of valuation profession in Australia: The adoption of the International Accounting Standards will offer continued challenges for the valuation profession and a higher need for reporting which will flow through to employment opportunities into the coming years. There is a steady stream of graduates from the Universities that seem to be taken up in all fields of the property and financial industries and the valuation profession is looking to the future for continued growth.



Max Raine
Chairman, Raine & Horne Pty Ltd

Clearly there have been far stronger growth years but when you consider the latest Australian Bureau of Statistics analysis suggesting capital city house prices jumped 6.2% since September 2008, this is surely a ringing endorsement for residential property given the doom and gloom this time last year.

Nationally our Reserve Bank in December told us that house prices 'surged 10% in first 10 months of last year'. RP Data median prices in Sydney are highest at \$553,583 followed by ACT \$503,000, Perth \$490,541, Melbourne \$481,247.

Around the continent what underpins our market is the housing shortage and strong population growth. It is predicted by some that we are building 30,000 – 40,000 too few houses each year. There were approximately 31,000 starts a fall of 30% in 2008 low est level since 1991.



Connie Susilawati, Ph.D.
Queensland Univ of Technology

Home investment and ownership in Australia are highly dependent on the financing cost and availability. In 2010, many government stimulus packages will cease and it will impact the growth in housing sector. In Queensland, government has added more development constraints within planning mechanism and infrastructure charges which will restrain major development. Other government funded infrastructure projects will be dominated future development activities.

BRUNEI



Maslina Abu Bakar
Land Department
Ministry of Development

Real estate market is expected to remain the same in 2010 in all property sectors. Demand for medium to low cost housing remains high and preferences for landed housing continues to dominate the market particularly for young families for

own occupation. Commercial properties rental is also expected to remain stable in areas within 1-4 kilometers from the centre of the capital, Bandar Seri Begawan.

The official implementation of the Strata Titles Act in July 2009 enhances further the role of local valuers. The Act imposed land owners/developers to submit the Unit Entitlement Values of each strata unit prepared by a licensed valuer approved by the Board upon submitting the building subdivision application to the authorities.

CANADA



Paul D. Bender, MRICS, ASA, AACI
Senior Director, Altus Group

There is a prevailing consensus view that the Canadian economy has emerged from recession in the third quarter of 2009, with fairly gradual recovery continuing well into 2010. The impact of the recession has affected regional markets differently, with certain urban areas experiencing significant difficulties in the commercial and industrial real estate sectors and other cities having relatively stable conditions. Hospitality trade and manufacturing have been particularly hard hit by the economic downturn. On the other hand, the retail trade/ housing markets have benefited by historically low interest rates.

The turbulent economic conditions have created challenges for the real estate appraisal profession in Canada. There are fewer sales of certain property classes, which complicates a yield and capitalization analysis for similar investments. Significant regional differences also account for considerable variance in the selling values of property. As a result, a Canadian practitioner requires greater diligence in following current economic trends, performing reliable market research and competently analysing the available data. Going forward, there will be significant onus on the appraisal professional with respect to the opinions provided to clients, many of whom will undoubtedly seek legal remedy or litigation of losses resulting from reliance on such advice. Such liability can be mitigated by the appraiser in adhering to recognized standards of professional conduct and performing diligent and competent work.



Robert L. Brown
International Property Tax Institute

The Bank of Canada's stated policy of keeping very low interest rates until at least June 2010 continues to offer promise for the Canadian real estate market.

Although a backlog of inventory in commercial properties is keeping vacancy rates high, improvements in early 2010 are anticipated. The residential sector remains strong and the low interest rate commitment augurs well for 2010.

The distinctions between the mass appraisal and single property appraisal professions in North America continues to shrink. Linked education programs and mutual recognition of credentials are emerging. In mass appraisal, education standards for new entries continue to rise. The growing use of valuation and GIS models is resulting in a total restructuring of traditional assessment offices.



David Highfield
Vice President, BC Assessment
Chair, International Valuation Council,
Appraisal Foundation

The Canadian real estate market has shown remarkable resilience through the global economic downturn. Conservative Canadian banking regulations resulted in secure mortgages and low interest rates led to property values returning to pre 2008 levels in many regions of the Country.

Looking forward, the market is subject to a number of risks. Interest rates will likely increase significantly within 18 months. As incomes are unlikely to increase, this will limit demand. As oil prices rebound after the recession there will be reduced disposable income. For these reasons the indications are less optimistic in the mid-term.

Considering the future of the valuation profession in Canada, it has a limited window of opportunity to take its place among first tier professions globally. The non traditional areas of practice that directly relate to the valuers body of knowledge are not being assertively pursued by our profession in many places in the world. As new accounting standards and new valuation related products are being requested other professions are often prepared to offer

services despite this being within our area of expertise. This is a crucial time for international standards and advocacy. It is also the time for our profession to prove our value.

INDIA



Anil Dhope
Board Member, Practicing Valuers
Association India (PVAI)

Education levels have gone up and due to the boom in the IT sector, India has produced a generation of young engineers nearly 600,000 engineers every year, widely travelled abroad and with high aspiration levels. They earn good money and spend good money too. And good policies of the Reserve Bank of India have resulted in extensive development of the housing sector & other infrastructure facilities in most of cities. Lending is on the rise.

The demand will keep growing in coming times because of the large population of India which is close to 1,250 million. Also major houses have acquired businesses around the globe. Merger and acquisition activity has caught up in a big way.

JAPAN



Masahito Suzuki
International Relations Committee,
Japanese Association of Real Estate
Appraisal

The United Nations forecast that the world economy will bounce back in 2010 with a global growth rate of 2.4 percent. Economic growth next year will be stronger in developing countries, especially in BRICs. Recovery in USA, Japan and EU countries will be weaker. Generally speaking the real estate market will show the same tendency. However I forecast that factors of the market recovery will be complicated more than before and the situations of the recovery will be very different according to circumstances of every place. The individualization will become more remarkable concerning the recovery of real estate market.

Considering the future of appraisal profession, I forecast that the individualization will become more remarkable concerning the value of every real estate in every country and influences on the value of real estate will be more complicated. Therefore local information will be more important. In the appraisal of real estate, it will be more necessary to analyze local market changes and specific value influences that give real estate its individuality.

MALAYSIA



Y. Bhg. Dato' Mani Usilappan
President, Board of Valuers, Appraisers & Estate Agents, Malaysia

The valuation profession has grown from strength to strength in Malaysia and throughout the world. The growth areas are collateral valuations, valuations for accounting and development appraisals. The property sector, being risk dominated, requires the skills, knowledge and analytical abilities of a professionally trained valuer. Hence, it is foreseeable that the profession will grow.

Global liberalisation and cross border investments and trade will broaden the professional involvement of valuation work. Already, there exist world brands being globally recognised moving into third world countries and making an impact. This trend will grow and the profession will be strengthened through higher standards of performance and quality services.

NEPAL



Om Rajbhandary
Chairman & CEO, Comfort Housing Pvt Ltd

Real Estate Sector is such an immense field where along with construction, buying and selling of residential /commercial real estate, selling raw land, managing or investing in properties, or putting money into real investment trusts (REITs) are just a few of the ways in which people become involved in this complex industry. It is a continuous and perpetual process where asset creation and up gradation process goes on in a cycle.

Sopon Pornchokchai, Ph.D., D.FIABCI, CRSMRICS

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A Valuator acts as a catalytic role between the buyer and the seller to decide for their interest. Thus, it can be said undoubtedly that the valuation profession and the Real Estate market run parallel, complementing each other.

Real Estate sector has tremendous potential. Government Policy should aid in attracting FDI & NDI by making certain changes in its policies for housing schemes. Introduction of "Master Developer Concept" will enhance more opportunity for all the international as well as domestic investors.

NEW ZEALAND



Ian Campbell, BSc MBA FPINZ
President, Property Ins. New Zealand

New Zealand's economy continues to recover but cautiously as markets reflect on world growth particularly activity in Australia and China, higher export commodity prices, government spending and housing strength. Given an improvement in business confidence, business spending still remains weak. A high New Zealand dollar currently hinders export receipts back.

The Official Cash Rate is forecast to remain at 2.5% until mid 2010. Annual CPI inflation is expected to remain below 2.0%. Unemployment rate remains at 6.5% currently below the OECD average. House prices have risen steadily during 2009 with the national average up 1.0% over the last 12 months. Increases have not occurred equally across the market. A modest increase in house pricing, volumes and strength are expected during 2010.



Geoff Guyett, FAPI, ANZV
Managing Director
Valuation and Management Services Limited (NZ) – VAMS

New Zealand is just recovering (very slowly – growth 0.1%) from six quarters of recession, and is expected to be a slow journey. Real estate has suffered and although there are national statistics to show a property recovery in prices (which are nationally still some 5%

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below their peak), economists are predicting a further slump in real estate prices in the last half of the year as interest rates increase due to the recovering world economy and the fight for local funds for the banking sector upon the world stage.

New Zealand previously had a serious shortage of graduates in the property profession which has now been addressed by the Institute. However with the downturn in the economy (with some redundancies) and very few take-ups of graduates there is a drift by graduates to other property related professions such as property and farm management instead of pure valuation. Time will hopefully correct this drift before the practitioners in the profession of valuation quickly age themselves into retirement.

NIGERIA



Roland Igbinoba
Owner, Pison Housing Company

The global housing market received the biggest plunge during the economic global crisis. The Nigerian real estate market hardly felt this fall as a result of the lack of access to housing finance which ironically served as an advantage to the Nigerian market during this period. Hence it is not all bleak and grim for the Nigerian real estate market. A few beneficial initiatives are being put in place such as the Public Private Partnership and the Central Bank of Nigeria's mortgage reforms are on-going. These will fortify the Nigerian real estate market and also increase access to housing finance in Nigeria.

PHILIPPINES



Florentino S. Dulalia, Jr.
National President, Chamber of Real Estate & Builders' Assoc and Chairman, FIABCI – Philippines

The nation faced the year with mixed feelings of apprehension and expectation. The economic turbulence caused by the global recession that began in the United States was quickly spreading to other countries, spawning social and political upheavals in its wake.

Sopon Pornchokchai, Ph.D., D.FIABCI, CRSMRICS

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Despite, however, the dire forecasts for the more fragile economies by the pundits, the Philippines was spared of the brunt of the global recession, thanks to emerging opportunities in key sectors such as tourism, mass housing, business process outsourcing, and the presence of a steady and empowered market provided by some 12 million Filipinos overseas that dutifully sent their dollar remittances to the homeland.

Our banking system remains stable, and this is due in no small way to the efforts of CREBA back in the decade of 60's and 70's to institutionalize a scheme for developers and home-buyers to use the Contract-to-Sell (CTS), instead of the mortgage, as loan instrument. This practice of conservatism has been a saving grace which insulated the Philippine economy to the very financial models which led to the failed investments of many financial institutions in emerging economies.

While the Philippines has not been completely insulated from the negative effects of the global meltdown, our country has been luckier than many others. And it has been real estate development through projects in housing, business process outsourcing, and tourism that has drawn continued investments and kept our economy going in these difficult times – not manufacturing nor agriculture nor services.

Yet, the full potential of these sectors has hardly been explored. Many more opportunities await investors in all the regions of the country. What is needed is a more committed, vibrant, creative, consistent, and mutually respectful and trusting working relationship between and among all sectors concerned, particularly the government and the national associations of business and industry stakeholders.



Bansan C. Choa
Chairman, Subdivision and Housing Developers Association

The industry growth soared within the last five years. But with the current global financial crisis and natural calamities industry undertook a minor slide. Real Estate market values remains the same, except for areas affected by the recent floods while those in non-flooded areas, prices increased. The housing supply increased for both the socialized and economic levels

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while simple subdivision and Open market supply decreased due to fall out from U.S. sub-prime crisis but is slowly gaining foothold after the recent floods. Overall, there is an increased market demand in the country because requirement for housing in the Philippines is a necessity not a luxury.

As long as country's banking industry, growth in domestic consumption and strong OFW remittances coupled with the full support of other the government agencies, the Philippine real estate developers see brighter prospects for the coming years. Thus, the Philippine housing industry is in the right direction towards the year 2010 and beyond.

SINGAPORE



**Kai Li, Ph.D. Candidate,
Nanyang Technological University**

The world real estate market will have fundamental change. So will the real estate valuation and appraisal.

The primary concern will certainly be the climate change, and the real estate market will response towards the associated policy move. The emerging green technology in building will be another area of concern to real estate sector. We also expect that world, in particular Asia, is having another boom in infrastructure development such as transportation and energy. All these will transfer the current real estate market towards low carbon and environmentally responsible practice. And such transformation will have impacts to cost, sales and income, in both residential and commercial properties.



**Jeffrey Foo
President, Institute of Estate Agents,
Singapore**

Surprisingly, 2009 turned out to be a year of bumper harvest for property developers in Singapore as the number of private new homes sales surged past 14,370 units by end November 2009, only 441 units shy of matching the vintage 2007 performance with the December's sales figure yet to be released. By

any measure, this was a very active year for real estate buyers, sellers and professionals alike.

Despite official intervention by way of increasing the residential sites in the government land sale (GLS) programme for 2010, there was no stopping buyers picking up both brand new and resale private homes in the prime districts – propping up prices along the way. Sales of new private homes in the Core Central Region (CCR) actually increased in November 2009 over the previous month; while in the resale arena, private home sales were generally brisker in all districts in November 2009 compared with October.

Going forward, the prospect of further invention by the government, following warning by the central bank that more might need to be done to ensure greater credit risk management by banks in Singapore, may counterbalance any drastic price movements in the next two to three quarters.

The good news is that with the continued strengthening of the open market value of public flats, which can be bought and sold freely in the market, demand for all types of mass market condominiums is expected to stay firm for 2010 and beyond.

SOUTH AFRICA



**Prof Valmond Ghyoot
FPD Business School**

South Africa has also suffered as a result of the financial crisis. Retail sales are down and expenditure on leisure and luxury items has decreased. In the real estate market, almost a half of all estate agents have left the industry over the past 18 months. Mortgage bonds are difficult to obtain and investment in commercial property has been affected seriously. However, there is a perception that the property market is turning, and in the residential market, there are more potential buyers and prices are creeping upwards.

The Soccer World Cup will be held here in 2010. Apart from short-term boosts to the hospitality industry and the rental accommodation industry, a small long-term effect on property purchases by foreigners is expected, along with a slight increase in general price levels.

TAIWAN



**Tsouy Calvin LIN
Department of Land Economics, National
ChengChi University**

After the subprime mortgage crisis, real estate markets in most countries tend to recover since mid 2009. Two major factors attributed to the significant growth of real estate markets. First, most countries employed the monetary policies to rescue the financial markets, i.e., low interest rates and increased money supply. For example, Taiwan and Japan used the "consumption coupon" to stimulate consumption, which was a form of money supply and indirectly fueled the inflation. Second, securities investors, especially CDOs, hurt in the subprime crisis fled from financial products to real assets, raising real estate prices to another elevated level. Therefore, most real estate markets in the world lead the performance of macro economy growth, causing the argument of real estate bubbles. If the subsequent economy growth picks up, then the real estate prosperity may continue. However, if the economy growth in the future is suffocated by the rising interest rates to curb inflation, then another real estate crunch may be expected. Investors and banking industry should be aware of the monetary policy and economy growth in the near future.



**Peddy Pi Ying Lai, Ph.D.
Associate Professor, National Pingtung
Institute of Commerce**

After suffering from the worst and deepest recession after War, the pace of global economic downturn has finally come to an end. Taiwan's economy is apparently in recovery.

The momentum of improving relations with the mainland will help Taiwan stage a stronger economic recovery than would otherwise have been the case. Relaxed transport and investment restrictions between the two long-time rivals should unleash synergies over the coming years, presenting attractive opportunities for investors.

Taiwan's economy will bounce back to enjoy a growth rate of 4.45 percent in 2010 after weathering the anticipated recession of 2.57

percent this year, Typhoon Morakot, which battered the island in early August 2009, has doubtless added a complicating factor, but is unlikely to throw the economy off course.

Considering property market, Taiwan's business environment is on a healthy trajectory, in no small measure due to the benign cross-strait dynamic but also the government's focus on bolstering the island's competitiveness amid fierce regional competition. Easing in monetary policy by the Central Bank of China appears to have placed under Taiwan's residential and commercial property markets.

Taiwan's office market will be the first to benefit, since China's public banks can set up representative offices in Taiwan and help boost the occupancy rate. On 23 Nov. in 2009, Cathy Life Insurance announced that it spent close to NT\$ 3 billion to purchase the Cashbox KTV building on Zhongxiao East Road. The purchase set a record on the land price paid per ping sold for NT\$ 10.59. Million

In the future, influenced by the interest rate decreasing policy in the whole world, Taiwan market interest rates have been seen a slightly downward less 1% in 2009. The government's strategic investments in the 12 development projects might largely push up the economic growth in 2010. Looking ahead, the global economy is recovering slowly. The booming Taiwan stock market will further help stimulate private consumption. However, the overarching theme of warming relations with China has provided a partial counterweight to the Taiwan's property market.

THAILAND



**Sopon Pomchokchai, Ph.D., D.FIABCI, CRS, MRICS
President, Thai Appraisal Foundation**

In 2010, the real estate markets in Bangkok is extraordinarily depressed due to politics. However, this is not in a long run. It happens like in the case of terrorist bomb in Bali in 2002 and 2005, the riot in Paris in 2005, the unrest in Beijing in 1988 and the like. This is expected to get over soon and would bring back the market in Quarter 3 and 4 of 2010.

In the past, there was some warning on the housing market appeared in 2009 and the investment in 2010 would need scrutiny. As of the end of 2009, there were 1,183 housing projects offered for

sale in Bangkok, of which 843 had over 20 units available per project. These were considered active projects. According to the overall survey of this ASEAN Region, Bangkok had the largest number of projects offered for sale in the market. Whereas, the market in the first 4 months of 2010, there appeared a sharp shrinkage due to politics.

In 2009, 283 projects were launched. The number fell from 331 in 2008 and 375 in 2007. In terms of units launched in 2009, there were 57,604 units which fell 15% from 2008. However, the total of value of the development of housing projects launched in 2009 was the same as that in 2008.

One observation was that the offered prices of units launched during 2007-2009 increased over time at 2.289, 2.718 and 3.177 million Baht respectively. This implies that lower-priced units were not offered. There might have been some shrinkage of affordability of lower-middle households in Bangkok.

However, a warning indicator became apparent for development in 2010. First, 2009 was the first year since 2003 that the number of units launched (57,604) was smaller than the number of housing units completely built, which was 65,282. These were units offered by developers excluding individually self-built units. This is thus a sign of an over-built environment for the future. In 2010, cheap housing units of less than 1.2 million Baht were encouraged with a tax deduction from the Board of Investment. This would accelerate supplies into the market and oversupplies could be expected.

UNITED KINGDOM



Barry Gilbertson, FRICS
Owner, PCW, London,
Former President, RICS

Considering the level of business failures in the property sector, until it is clear whether we are in a market pricing bubble (and that bubble bursts) or that the property market is set for continued growth, the current market and economic uncertainty will lead to more business failures. There are no real economic fundamentals driving the current growth in capital values and, perversely, rents are still falling in many sectors and locations.

These factors will have a materially detrimental effect on cashflow, and that alone could trigger more business failures.

How will 2010 differ from 2009 for the property industry? Firstly, a less pessimistic attitude - one bubble may lead to another bubble, and that may lead to a more sustainable recovery, promoting confidence amongst the lending and borrowing communities.

Secondly, more tenant failures, particularly in retail (caused by the economy, consumer concern about the effects of the election outcome and the continued growth of internet retailing) could increase financial and cashflow pressure on landlords, causing high streets to have even more vacant units and, over time, those high streets will become more concentrated in their core, with secondary or tertiary property at the edges being converted into other uses, such as residential.

And thirdly, there must be the prospect of a new international banking accord, (perhaps Basel III) to discuss and determine a revised assessment of risk management for property lending throughout the world's largest and financially developed nations. As long as that unquantified capital adequacy and unmeasurable risk remain an issue, then it is hard to see how the property markets in the UK and internationally can really return to their traditional levels of activity, success and profitability.



Jeremy C. Green, BSc MRICS
Director, Capital Markets, Lambert Smith
Hampton

The UK commercial real estate investment market has suffered a severe downturn over the last two years, with transaction volumes reducing significantly and yields increasing to levels not seen since 2001. The last four months have, however, seen a turnaround that has seen values recovering in certain sectors of the market.

Overseas investors continue to be dominant in the marketplace, accounting for 43% of purchases in the year to date. Their focus continues to be on Central London and their interest in the market is enhanced by the continuing reduction in the value of sterling since the start of the credit crunch.

Market sentiment has improved across all sectors but the focus is

on good quality property let to a sound covenant with a long unexpired term. Debt continues to be difficult to secure and the cash buyers are therefore a dominant force, targeting either well let, secure stock or property with asset management opportunities.

A note of caution is that the occupier markets are under pressure and it is expected that rents will stagnate over the next few months. This will temper capital value growth in the short term.

UNITED STATES



Jim Amarin, MAI, SRA
Former President, Appraisal Institute

From what I'm seeing across the United States, I don't think it's safe to say the real estate market is out of the woods yet. There's a lot of uncertainty among investors that will continue into the future. Now, I constantly hear stories of people who have properties that are performing well. They have good tenants in place with long-term leases, and their tenants are paying. The borrower is able to make their debt service payments. But they've got a note coming due in the next year or two, and they are desperately searching to find somebody to refinance that note for them, and they're not having any success. So, to say we are out of the recession at this point is premature, and, unfortunately, I don't see that we're through the worst of it yet.



John Cirincione, SRA, CRE, FRICS
Director of Business Devt and Strategic
Alliances, JVI Solutions

We will see increased adoption of data standards in the US on the heels of Fannie Mae Announcement 09-14 to accept electronic appraisal reports via MISMO XML Standards.

I look for more education on how data standards can improve the contribution of the appraiser to collateral risk management and decision-making processes. And, new transparency and efficiencies from reducing data redundancies and eliminating the re-keying of data in different formats thereby enhancing interoperability among stakeholders in the areas of market data, ownership records, geo-

spatial information and geo-processing services encompassed in real estate appraisal.

Organizations involved with data standards are the Mortgage Industry Standards Maintenance Organization (MISMO); Real Estate Standards Organization (RESO); the Open Standards Consortium for Real Estate (OSCRE) and the Open Geo-Spatial Consortium (OGC).



Sandy A. Grigg, SRWA
President, International Right of Way
Association (IRWA)

As right of way professionals, our role is largely unknown and frequently not factored into the initial planning of a project. This means the issue of property rights may be overlooked until late in the schedule. Many infrastructure projects in the United States receive funding tied to a specific timeline, which puts increased pressure on obtaining property rights as soon as possible. However, when we are rushed and lack the time needed to establish a relationship of trust and professionalism, then equitable negotiations with the landowner are challenging at best. It becomes increasingly difficult to ensure that property owners are treated justly and fairly when the project timeline is the main priority. We represent both a body of knowledge and experience that cannot be duplicated outside our profession. In addition to our ethics and expertise, we bring perspective, problem solving and a multi-disciplined approach to any infrastructure project.



Josephine Lim, Ph.D, RI
President, International Association of
Assessing Officers (IAAO)

Not surprisingly, the performance of real estate markets depends on the location and can vary between city and city, and town and town. Some states in the United States are severely affected by the mortgage and financial crisis, and four states are acknowledged to be the hardest hit by the crisis. They are Florida, California, Nevada and Arizona. I attended the IAAO Legal Seminar in early December 2009 in Las Vegas NV and the mortgage defaults in this city at that time are extremely high (quoted to be over

60 %). In Canada, the mortgage crisis has had less effect because of conservative banking and mortgage practices, but the economy is overall depressed. The housing market in Vancouver and Victoria in British Columbia has, since October, recovered in that the sales volumes are up and prices are reported to be up from October 2008. These increases are attributed to low mortgage rates and pent-up demand and may not be sustained in 2010. In my opinion, markets will remain volatile for at least the next six months, but I am sure the markets will recover eventually, though maybe over a longer time period than in previous years.



**Randall Kopfer, SR/WA
Chair, Int'l Valuation Committee, IRWA**

Appraisers who work for the United States government could see an increase in business opportunities stemming from stimulus funds that were allocated to infrastructure projects. For the private sector, there has been rapid growth in the expansion of electric transmission lines from coast to coast. Some projects are related to connecting new "green" or wind-generated energy to the grid, while other projects emerge from an increasing demand for electricity. New rights of way are required for expanding the grid, and as permitting is approved, the expansion of electric transmission rights of way should continue to grow for the next several years.

Several positive developments are proposed for appraisers in the near future. The Appraisal Foundation is establishing an appraisal practices board to issue voluntary timely guidance on emerging valuation issues in the marketplace. As the appraisal profession becomes more globally interconnected, international valuation standards will become more important in expanding the role of the International Valuation Standards Council.



**David Layne, ASA, IAO, SR/WA
Layne Consulting Services, N.Y.**

In the United States, the economy is showing signs of stabilization. Despite this, concerns remain about its sustainability due to slow growth and high unemployment.

In regard to real estate activity, the housing market shows signs of improvement as prices rise modestly and inventories shrink. However, in the commercial market, value losses continue. Specifically; in the apartment market, vacancy rates are increasing somewhat and both rents and prices are falling, again due to increased inventories. In the office market, vacancy rates continue to increase, as well, due to an imbalance of supply as measured against demand.

For both the apartment and office real estate sectors, tenants are in a more powerful negotiation position. The retail real estate market was, unfortunately, an early leader in a generally declining total real estate market. This decline occurred early as consumers reduced their spending on consumer goods. Finally, the industrial market, while usually a more stable real estate market, is not escaping the general malaise of the other investor areas. While the above paragraph might lead a person to conclude that the real estate market is pessimistic, there is, instead, cautious optimism.



**Dan Owings
Senior Director, BOMI International**

The U.S. real estate meltdown appears quickly moving from residential properties to commercial real estate. The spate of foreclosures and loan defaults could cause a collapse in that part of the bond market which is backed by commercial real estate and construction debt. Add to that banks' reluctance to refinance commercial mortgages and the mood in this country is less than cheery. Daniel Tishman, chairman and CEO of the Tishman Construction Corporation is only one person to speak gloomily of prospects for commercial real estate.

At best, uncertainty plays a key role in how quickly the real estate markets will recover. If the worldwide recession continues, businesses will contract or close, and the buildings housing them will stand underutilized or vacant. This gloom and doom scenario sounds dire, and it is – except that facility owners and managers with sophisticated training will know how to weather this perfect storm by reducing costs without sacrificing infrastructure integrity, positioning themselves and their companies advantageously for the recovery.



**Wayne Thorburn, Ph.D.
Former President, Association of Real Estate License Law Officials**

The diversity of the U.S. real estate market results in certain areas - California, Nevada, Arizona, Florida, Ohio, Michigan - experiencing a high level of foreclosures, short sales, and residential home price depreciation. Other areas of the country, where prices never ballooned, are witnessing a slow-down in home construction and a shortage of mortgage financing. The overall economic recession and high levels of unemployment discourage many individuals from purchasing homes also. This economic situation also has impacted commercial real estate, especially retail as several major chains have closed and vacated shopping malls and strip centers. For those with cash to invest for the long-term future, opportunities exist for excellent purchases, both commercial and residential, in areas where population growth and an economic rebound will provide future price appreciation.

Major changes are occurring in the appraisal profession in the U.S. with increased educational requirements for certification, an aging population of current certified appraisers, and the increased use by lenders of appraisal management companies who can underbid the traditional appraisal firms. With these and other changes, it is likely that the appraisal profession will be significantly different in five years from what it has historically been in the U.S.

VIETNAM



**Tony Milton, MRICS, SIOR
General Director, Indochina Chartered Appraisers Realtors Valuers & Auctioneers**

In the short term, the real estate markets both of Vietnam and "the world" will be hindered by the lack of liquidity / bank loans. Also, as the West gets "poorer" I would expect rentals to either fall over time or grow at substantially reduced levels. Indeed, there is talk of new Capital Gains Taxes to prevent bubbles. However, with regards to Vietnam things are different with long-term upward trends fed by increasing GDP / capita, although the office

markets are in free-fall by virtue of the supply – demand gap closing (there is far too much, not too little accommodation now).



**NguyenThe Phuong, MBA
Dean of Valuation Faculty
The Finance & Marketing University,
Vietnam**

Vietnam's economy in 2009 has achieved positive results, GDP increased 5.32% , CPI increased 6.52% and the spectacular growth of the stock market: the stock index increased in the end of the year increased 50% over the beginning of 2009. But the economy in the last months of the year also appears not good signs as: the balance of payments deficit, stress on the foreign exchange market, strong credit growth may lead to renewable high inflation in 2010 .

To achieve the goals set for 2010: GDP growth was 6.5%, CPI rise less than 10%, the government continued to implement some positive measures operating macroeconomics such as: performing a second stimulus demand package; more to accelerate the equitization of state enterprises and make the IPO these shares on the stock market; simultaneous tighten credit growth, especially not to encourage lenders to invest in stocks and real estate, except for loans to buy houses for medium and low-income persons.

These things opened up opportunities, and also lead to challenges for the properties valuation activities in Vietnam in 2010. Vietnam's economy continues to recover and develop ,the impulsion to equitize state enterprises will create favorable conditions for the properties valuation service. But the tightening in credit growth and limit lending for investment in real estate and stock sectors will be affected as narrow scope of the properties valuation service. In addition, lessons on estimating the expected value of the properties too high, contributing to the past global financial and economic crisis is also a big challenge, requiring the valuers must very careful in estimating the expected value of the property, especially in the situation of the economy was showing signs of recovery and development in future.



Dr.Sapon Pornchokchai
Ph.D., D.FIABCI, CRS, MRICS
sapon@thaiappraisal.org

- Board Member, International Advisory Board, the Appraisal Foundation, USA
- FIABCI Representative at the UN ESCAP Region
- Representative in Thailand, Int'l Association of Assessing Officers
- Course Organizers, BOMI International (Building Owners and Managers Institute International)
- Focal Contact, United Nation Global Compact for Thailand
- CRS Instructor, Council of Real Estate (CRS), National Association of Realtors (NAR)
- Board Member, Thai Chamber of Commerce in Real Estate
- Founder and Board Member, FIABCI Thailand
- President, the Appraisal Foundation
- Director, Thai Real Estate Business School
- President, Agency for Real Estate Affairs, the largest real estate information centre with the most extensive surveys in the ASEAN.

He has been a consultant to the the World Bank, ESCAP, UN-Habitat, International Labour Organization and other international organizations. His research master pieces include the discovery of 1,020 slums (1985), CAMA (computer-assisterd mass appraisal) modeling (1990), forecast of 300,000 unoccupied housing units (1995 and 1998), study for property information centre (2000), the roadmap for valuation profession (Ministry of Finance Vietnam, 2006) and the consultancy service to Ministry of Finance, Indonesia (2008).



Sun - Wed, May 9-12, 2010
World Bank Project, Jakarta, Indonesia
Dr.Sapon Pornchokchai as a consultant of the World Bank to conduct some survey and presentation on property valuation for land acquisition in Jakarta



Wednesday, April 21, 2010
Real Estate Panel in Batam Real Estate Indonesia (RE) at Batam Chapter organized an annual conference.



Sat - Sun, March 27 - 28, 2010
Teaching Valuation in Phnom Penh
Dr.Sapon Pornchokchai went to teach real estate valuation in Phnom Penh for two full days organized by the Ministry of Finance, Cambodia and National Valuers Assoc of Cambodia.



Friday, March 26, 2010
FIABCI Asia Pacific Meeting
Dr.Sapon Pornchokchai, a co-founder of the FIABCI Thailand and currently the FIABCI Representative to the UN ESCAP was at the FIABCI Asia Pacific Meeting at the Arnoma Hotel, Bangkok.



Friday, March 19, 2010
Real Estate Speaking in Penang
Dr.Sapon Pornchokchai was invited to speak on the ASEAN real estate market at the Malaysian Institute of Estate Agents in Penang, Malaysia.



February 14-19, 2010
Real Estate Training in Nepal.
Dr.Sapon Pornchokchai in corporation with Brihat Investment Ltd., the largest education centre in Nepal organized a 6-day training on the Real Estate Marketing Agency in Kathmandu.



Monday - Friday, February 1-5, 2010
International Training Course: CRS
An international real estate course on the Certified Residential Specialist (CRS) by the Real Estate Brokers Association, Dr.Sapon Pornchokchai was an interpretater as well as a

judge for the training the trainer. Some 44 participants participated at this course.



Saturday, December 12, 2009
Real Estate Presenting in Yangon
Dr.Sapon Pornchokchai was invited to speak about investing in Bangkok's real estate at the Sedona Hotel, Yangon which was

invited by Mr.James Duan, Chief Executive Office of the Fragrant Property Co., Ltd



Mon-Tue, September 28-29, 2009
CSR Workshop, Bali
Dr.Sapon Pornchokchai, as a representative of the Employers' Confederation of Thailand, went to present a paper on Corporate Social Responsibility (CSR) and SMEs in Bali by the ILO.



Septemer 10-20, 2009
IAAO Annual Conference, USA
Thai Appraisal Foundation joined the 75th International Annual Conference of the International Association of Assessing Officers held in Louisville, Kentucky.



August 16-18, 2009
Honorary Member of Indian Valuers
Dr.Sapon Pornchokchai received a honorary membership from the Practising Valuers Association of India and gave two lectures in Vadodara City.



June 25 - July 5, 2009, Indianapolis
International Right of Way Association
Thai Appraisal Foundation joined the 75th International Conference of the International Right of Way Association held in Indianapolis.

www.thaiappraisal.org

The screenshot shows the website for the Thai Appraisal Foundation. It features a navigation bar with links for Home, About Us, International Real Estate Situation, Thai Real Estate Situation, Costs of Construction, Lighthouse for News Digests, Journal, Webboard, and Contact Us. The main content area is divided into several sections: International Conferences, Seminars-Training (listing Abu Dhabi, Singapore, and Jeddah), Monthly Forum, Publications (listing CITYSCAPE 2010 and REZI: Financial Feasibility Studies), and Our Activities. There are also promotional banners for a Study Visit and Business Leisure Tour to Thailand and an Essay Competition in Thai.

Your gateway to
Thai real estate business and profession.