

## Tris sees slump continuing

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Tris Rating says that residential property developers in Thailand are expected to continue facing a sluggish market this year despite numerous government stimulus packages.

The local ratings agency forecasts the total number of new residential properties in 2009 will be lower than last year, with the slowdown particularly notable in single detached houses and townhouses, which have experienced sliding demand since 2007. The number of new condominium projects is also expected to decline.

Though the world economic recession is expected to bottom out later this year, Tris says the residential property market depends primarily on domestic factors, such as prospects for the domestic economy, consumer confidence and government policies. Those factors remain negative in Thailand.

The country's economic growth rates have been consistently revised downward by both public and private agencies. The National Economic and Social Development Board projected that real gross domestic product (GDP) in 2009 could plunge between 2.5% and 3.5%.

Tris Rating said that the credit worthiness of residential property developers depended mainly on the prospects of housing demand, developers' competitiveness, their management teams' capability and financial strength.

Amid the current economic downturn, credit rating analysis puts more focus on the flexibility of developers to adjust their business and financial profiles.

Other important rating factors are financial discipline of the management team, quality of liquidity management, and financial flexibility. Good relationships with banks and support from a stronger parent company are also important rating consideration factors.

Developers with condominiums will be scrutinised with regard to the ability to achieve the targeted number of transferred units and to maintain a competitive edge.