

# RELATIONSHIPS BETWEEN LOCATIONS VS BUILDING CHARACTERISTICS ON SERVICED APARTMENT RENT: BANGKOK CBD CASE STUDIES

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## ABSTRACT

*This research investigates and compares relationships between both locations and building characteristics on rent of apartments and serviced apartments. The 3 case studies investigated are in Bangkok CBD (Central Business Districts). Instead of using focused analysis on either location or buildings with mass data analysis, the study applies case studies which allow the benefit of cross investigation of both factors. The results show that to judge for rents, one cannot use either location or number of amenity types alone. Moreover, there is a need to consider maintenance, conditions, buildings, and atmosphere of buildings at different price level as factors that can have influence on rent.*

## INTRODUCTION

Apartments and serviced apartments are two types of popular property developments in the real estate business. In Bangkok, there are still rooms available for both businesses, as the city is part of the global business development. Investments in new and existing types of projects are widespread throughout the city. Each project is built at different locations, with different mix of amenities and services, and with different levels of luxury and rent.

Past researches analyzed the determinants of market rent through various approaches, one of which is by using property-specific factors. Many research studies focused mainly on amenities, services, and physical characteristics, while others focused mainly on location and distance from township centers.

### Rationale

As each apartment or serviced apartment is built differently in terms of both location and other physical characteristics, amenities that are normal at one location might not be needed at the other location. Location is an important determinant of rent. City development in one part of the town has a different character and surrounding from other parts.

Analysis of mass data collected in numerous projects located from different areas can benefit, for

example in increasing investor's confidence. However, this mass data analysis can overpass insight as to location specific differences.

### Objective

The aim of this research is to investigate the relationships of location on rents by comparing the relationships of location versus building characteristics on rents. The investigation uses Bangkok cases to study both factors.

## LITERATURE REVIEW

### Location Variables

Many researches have been conducted on location variables to determine rents. Related studies explored relevant approaches including: proximity variables (Guntermann and Norrbin, 1987; Sirmans et al, 1990; Asabere and Huffman, 1996; and Frew and Wilson, 2002), market segmentation techniques (Smith and Kroll, 1989; and Des Rosiers and Thériault, 1996), and spatial autoregressive (Pace et al, 1998).

These various modeling approaches use specific location data for research analysis. Valente et al (2005) used a spatial process to explore data collected from Atlanta by special association between pairs of