

# Thailand Industrial Estate Market

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“EEC and other SEZ are the main factors in increasing demand for land for industrial estates in the long term.”

## Forecast at a glance



### Demand

Demand for land in the industrial estate market shows increasing trends in 2017 and continuing into the future.



### Supply

Mostly industrial estate supply was in the Eastern Seaboard area that is the main industrial zone in Thailand.



### Occupancy rate

The average occupancy rate of all industrial estates in Thailand is approximately 89% and has continued to increase since 2016.

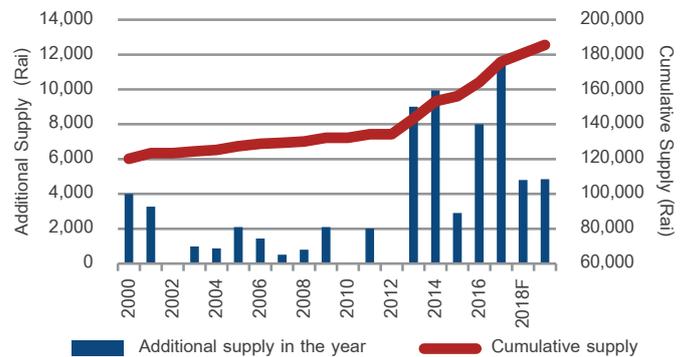


### Price

The average price for land in industrial estate in 2017 has increased slightly since 2016.

# Supply

## Cumulative and future supply as of 1H 2017



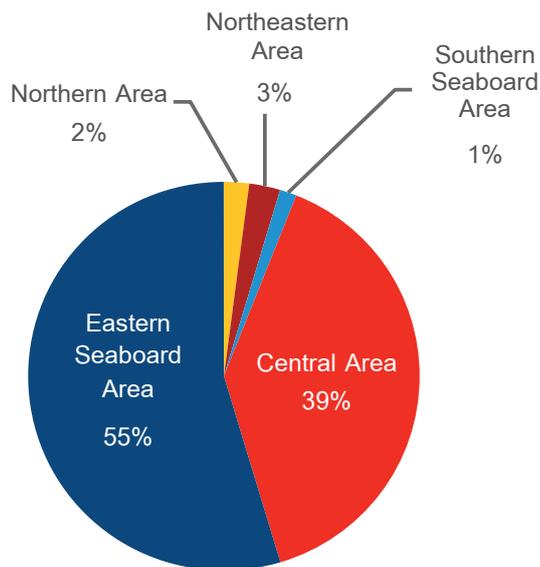
Source: Industrial Estate Authority of Thailand, and Colliers International Thailand Research  
Note: 1 rai = 1,600 sq m and 6.25 rai = 1 Hectare  
F= Forecasted new expansion areas for 2017–2019

The total existing supply of industrial land plots is approximately 164,120 rai. Many industrial estate developers have been postponing the launch of their new phases in 2015–2016 due to economic slowdown and a decrease of foreign investors. Nevertheless, the total new industrial real estate area in 2017 is approximately more than 10,000 rai, many developers and the Industrial Estate Authority of Thailand (IEAT) are starting to develop new industrial real estate areas and gradually sell their land in phases.

Since 2013, many new industrial zones were opened for sale in the Eastern Seaboard area due to the flood in Central area in 2011. As a result, very little new industrial development took place in the Central Area.

The Eastern Economic Corridor (EEC) is the new majority factor that will drive demand in the industrial sector. Additionally, new supply will also increase in the future, especially in the Eastern Seaboard Area, but this is may be more than 1–3 years out.

## Current supply by location as of 1H 2017



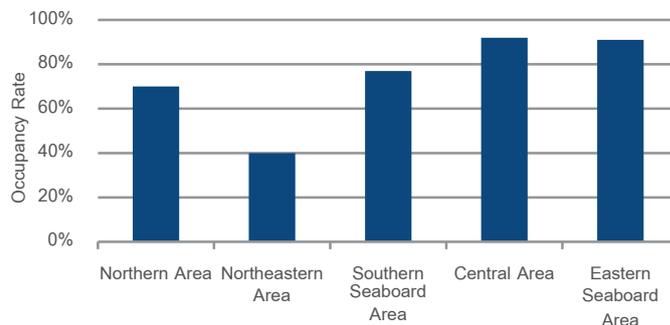
Source: Colliers International Thailand Research

The Eastern Seaboard Area was the most popular zone for industrial estate because approximately 55% of the total industrial estate supply was in the area. Around 39% was in the Central Area, which was the first industrial zone in Thailand. Other zones are still dramatically lower than the Central and Eastern Seaboard Areas.

The Eastern Seaboard Area will be the most popular area in the future due to the Economic corridor's (EEC) projected growth of the industrial estate supply in the Eastern Seaboard Area in the future. Although the government and IEAT's recent attempts to promote 10 Special Economic Zones (SEZ) in the Thailand's border provinces.

## Demand

### Average occupancy rate by location as of 1H 2017



Source: Colliers International Thailand Research

The average occupancy rate of industrial real estate in the Central and Eastern Seaboard Areas was the highest at approximately 90%, and the other locations are significantly lower than these two main industrial locations. Most of the newly occupied land plots in 1H 2017 were in the Eastern Seaboard Area.

Thailand's economic slowdown and poor export performance are the main factors that have affected the manufacturing industry in the past 1–3 years; many factories reduced workers or shut down operations. However, in 2017, economic and export performance are getting better as compared to previous years.

Although more than 1,500 rai of land plots in industrial estates were sold in 1H 2017, this figure is still significantly higher than that in the same period in previous years. Most of the parcels of land that were sold were in the Eastern Economic Corridor (EEC), especially the Chonburi and Rayong provinces.

According to the statistics of the BOI, many foreign investors are still interested in investing in Thailand, especially Japanese investors. The total investment values of all applications to BOI from January–June 2017 was approximately 291.8 billion baht, which is similar to the same period of 2016. Approximately 90% of the total investment value was in the EEC.

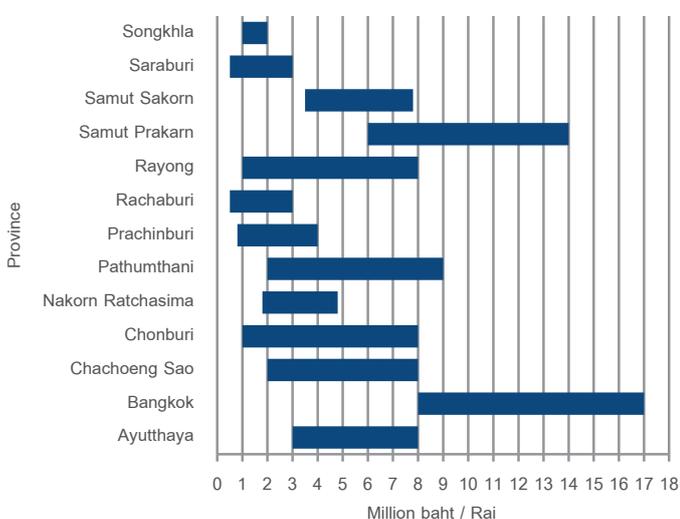
The Thai Industries Sentiment Index in June 2017 was 84.7, which marks a continued decrease from March 2017 (87.5) when it was at its lowest point in the past few months, reflecting the confidence in the industrial sector although export performance and Thailand's economic situation were showing increasing trends.

Many logistics companies will continue to explore opportunities in Thailand, as they have since 2016, as Thailand benefits from being strategically positioned centrally within ASEAN for the logistics business.

Thailand is likely to continue the change towards high-technology manufacturing, replacing the labour-intensive manufacturing base, due to higher labour costs as compared to other countries in the region.

## Price

### Land prices in industrial estates by province, 1H 2017



Source: Colliers International Thailand Research

The selling price of land in industrial areas or industrial parks is based on factors such as location, proximity to transport facilities, infrastructure, and a supplier base. Bangkok commands the highest land prices, as it is a shipping centre, which includes the seaports and international airports. Ranking second and third are the Samut Prakarn and Pathumthani Provinces, respectively. The wide variation of prices in Bangkok and the Samut Prakarn Province is due to a number of industrial estates being located close to Bangkok, while others are located farther away from the capital.

The Eastern Economic Corridor (EEC) is directly impacted by the land price in the area and is driving up land prices in all industrial estate available in these three provinces. Provinces such as Songkhla and Saraburi have much cheaper land prices due to their distance from Bangkok and its port facilities; they also have a lot of the available land plots. (For more information please contact the Board of Investment: BOI and IEAT)

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