

*“Retail supply continuously grows, while purchasing power has not shown any sign of recovery since 1Q 2015.”*

## MARKET INDICATORS 2Q – 3Q 2015

New completed supply ↑ Rents ↔ Occupancy ↔

## Summary

**More than 165,690 sqm of retail space was added in the market in 3Q 2015.**

- Nearly 225,820 sqm of new retail centres are expected to open in the last quarter of 2015
- Most are located in the Bangkok suburban area.
- Many community mall projects are still under construction and are expected to be completed in 4Q 2015.

**The Thai Shopping Center Association (TSCA) and all retailers are still confident of the Thai’s purchasing power.**

- Retailers are trying to attract foreign tourists and Thais through many marketing campaigns and promotions.
- TSCA forecasted that the overall retail industry will grow by 10% at the end of 2015.
- The confidence index in 3Q 2015 showed positive sign, but only by a few percentages.

**Big retail players still dominate and have the largest share in the retail business.**

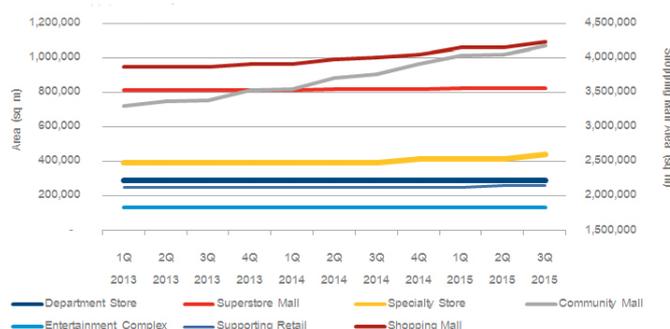
- Big retail developers/operators are continuing to increase the number of their stores in all formats.
- Other provinces around Thailand have also become new development locations for retail developers, especially bordering provinces.

**Occupancy and rental rates were still similar to those in the previous quarter and may be increasing at smaller growth rates in 2015.**

- There is strong demand from international and Thai brands. This demand will grow in 2015.
- Many large-scale shopping malls are expected to open during the period of 2015 – 2016. This will affect the average rental rates in the Bangkok suburban area, as most will ask for higher rents than those of other projects in the area.

- Retail rents have continuously increased during the past few years due to high occupancy rates, and many new projects have been added to the market. This trend will continue in 2015.

### Supply Cumulative Supply as of 3Q 2015



Source: Colliers International Thailand Research

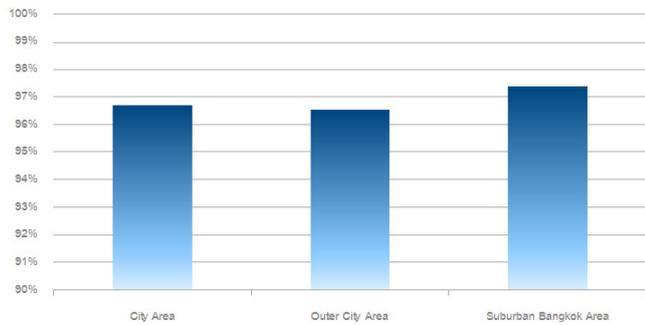
More than 165,690 sqm of retail supply was added in the market in 3Q 2015, which pushed total retail supply in Bangkok and surrounding areas to 7,250,820 sqm. In addition, more than 225,000 sqm is also expected to be completed in the last quarter of 2015. One mega shopping mall was completed in Bangkok suburban – West area, and many community malls opened their gates around Bangkok in 3Q 2015. Shopping malls had the largest share in the market, with approximately 4.23 million sqm in total, followed by community malls and superstore malls or hypermarkets with 0.82 million sqm. Some large-scale shopping malls are still in the pipeline and are scheduled to be completed in 4Q 2015 – 2019.

Community malls comprised the fastest growing category in the retail industry, starting from 300,000 sqm in 2007 and rapidly growing every quarter to 1,073,460 sqm in 3Q 2015. By the end of this year, the number will be up to 1,150,460 sqm. Nonetheless, many community malls were not successful and were less popular than in the first few months after they officially opened.

Retail developers/operators in Thailand are looking to invest in bordering provinces around Thailand, especially the provinces that are scheduled to become special economic zones. This is because they are also looking for foreign buyers from neighbouring countries in the future.

## Demand

### Breakdown of Historical Occupancy Rates of Retail Spaces by Location as of 3Q 2015



Source: Colliers International Thailand Research

The average occupancy rate at all locations in 3Q 2015 was similar to that in the previous quarter, which is higher than 96% in all locations. Average occupancy rate in all locations still did not decrease, although Thai purchasing power in 2015 continuously declined, reflecting the country's economic situation. Some retail spaces in large shopping malls in the City Area, and even in prime retail locations, are still available. The Bangkok suburban area has the highest occupancy rate, with many superstores and shopping malls in the area being almost fully occupied. However, some community malls are empty.

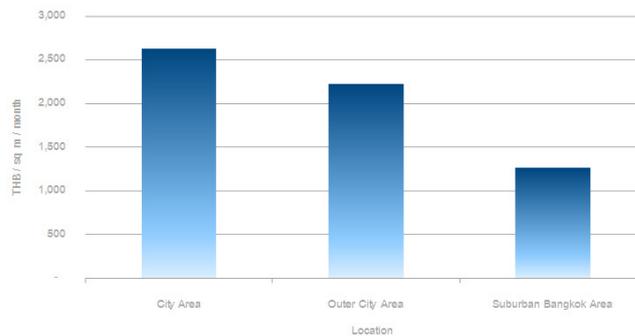
The Consumer Confidence Index in 3Q 2015 still continuously decreased from 2Q 2015 due to many negative factors that still directly affected Thai confidence. Although the confidence index showed positive sign in August, it increased only by a few percentages. Meanwhile, retail sales index also reflected the Thai's confidence, showing a declining trend from 1Q 2015. However, it has shown positive sign since June 2015 onwards. Most Thais are still not sufficiently confident of Thailand's economic overview, as many negative factors are still affecting the economy. Many private firms have been trying to push the government to spend more on infrastructure development in 2H 2015 in order to boost confidence in the existing government.

Some retailers are trying to develop their shopping malls into destination retail centres with large-scale shopping malls, especially in the Bangkok suburban area.

The Thai Shopping Center Association still has confidence in the Thai's purchasing power that could recover in the high season at the end of 2015. This will push overall market growth by 10%.

## Rental Rates

### Average Rental Rates as of 3Q 2015



Source: Colliers International Thailand Research

The average rental rates of all locations in Bangkok and the surrounding areas in 3Q 2015 are still similar to those of the previous quarter. However, many international brands and shops are still more focused on increasing the number of their stores, as Thailand still has room to grow in the long term. Therefore, rental rates have continued to increase during the past few years. The city area has the highest rental rates, which are probably higher than THB4,000 per sqm / month at some shopping malls in prime locations, or those with direct access to BTS stations. The rents in the Bangkok suburban area start at THB800 per sqm / month for retail space in some community mall projects.

Many large-scale shopping malls in the Bangkok suburban area are expected to open during 2015 - 2017 and may push up average rents in the near future.

## Forecast

Although, the confidence index and retail sales index showed positive sign in 3Q 2015, it was only by a few percentage of increase from 1H 2015. Therefore, minimal impact occurred in the retail industry, and improvement may be seen in the last quarter of 2015.

Retailers of International and Thai brands are still confident of the Thai's purchasing power in the long term. Many are still looking for new stores or shops, while existing retailers are increasing their retail centres in Bangkok, suburban Bangkok and other provinces around Thailand.

Community malls will grow, but with a declining trend in the future, because many projects have been unsuccessful in the past. As such, community malls would not be able to maintain their popularity in the long term.

Some major retailers in Thailand are planning to renovate their retail centres after more than 10 years in operation, adding some new brands/shops to increase the appeal of the centres, as well as relocate some of the tenants.

Foreign retailers and foreign retail developers are looking to develop their first retail centres in Bangkok and in the vicinity, as well as in other tourist destinations in Thailand.

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## \$2.3

billion in  
annual revenue

## 1.7

billion square feet  
under management

## 16,300

professionals  
and staff

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