

“The government’s tax deduction policy during the last seven days of 2015 boosted Thai spending and increased the retail business growth rate.”

MARKET INDICATORS 3Q - 4Q 2015

New supply ▲ Rents ↔ Occupancy ↔

Summary

The tax deduction policy was very successful.

- The Thai Retailers Association (TRA) announced that the retail industry in Thailand last year grew by around 3.05% over 2014, especially from 25 to 31 December.
- The TRA also forecast that the industry in 2016 will grow around 3.2 - 3.5%.

Retail supply continued to increase in 2015.

- A total of 502,580 sq m of new retail space was added to the market in 2015.
- More than 316,500 sq m was at shopping malls.
- New space at community malls was similar to 2014 at approximately 146,550 sq m.

The number of shopping malls will continue to grow in the next few years.

- Many new, large-scale shopping mall projects are under construction and expected to be opened in 2016 -2017 with a total of more than 830,000 sq m.
- Community mall projects will continue to increase in the next two years, but less than in the past one to two years.

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

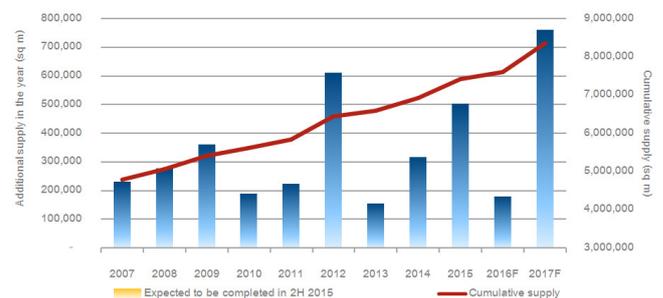
- Big retail developers and operators are continuing to increase the number of their stores in all formats.
- Other provinces around Thailand have also become new development locations for retail developers, especially border provinces.
- Some large, foreign retail developers are also entering the Thailand market and will develop shopping malls in the next few years.

Occupancy and rental rates in 2016 were similar to 2015 and may be increasing at smaller growth rates.

- There is strong demand from international and Thai brands, and this will continue to grow in 2016.
- 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 4Q 2015



Source: Colliers International Thailand Research

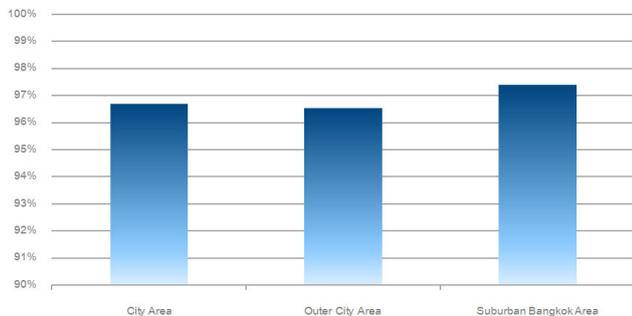
More than 167,800 sq m of retail space was added to the market in 4Q 2015 and 502,580 sq m of new retail space was added to the market in 2015, which raised the total retail supply in Bangkok and surrounding areas to 7,418,600 sq m. In addition, more than 178,870 sq m is also expected to be completed in 2016. All large-scale shopping malls are expected to be opened in 2017, so only community malls and some retail projects are scheduled to be completed in 2016. Many large-scale shopping mall projects are scheduled to be completed in 2017 with a total of more than 760,900 sq m.

Shopping malls will become the most successful format in the retail market in Bangkok and Thailand, especially for operators, The Mall and CPN Group. Both are continuing to grow in every location around Thailand, with small retail formats to large-scale shopping malls. While there were only a few superstore malls projects added to the Thailand market in the past one to two years. Community malls are in a declining trend after being the most fashionable for the past three to four years.

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 Occupancy Rates of Retail Spaces by Location as of 4Q 2015



Source: Colliers International Thailand Research

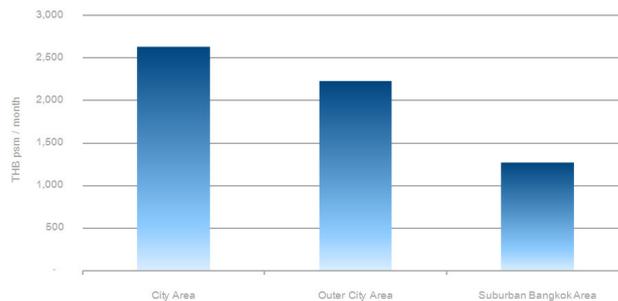
The average occupancy rate at all locations in 4Q 2015 was similar to that in the previous quarter, at more than 96%. The average occupancy rate in all locations did not decrease although many retail projects opened in the past few months because most space was already occupied before the official openings.

The Consumer Confidence Index in 4Q 2015 also continued to increase from 3Q during the Christmas and New Year seasons. In addition, the government announced that all shoppers will get a tax deduction on selected purchases of goods and services from 25 to 31 December 2015 up to a maximum of THB15,000. This policy motivated many Thais to spend money during the holiday season. The TRA announced that the retail industry in Thailand last year grew around 3.05% over 2014 and they forecast growth in 2016 at around 3.2 -3.5%.

The Bank of Thailand forecast only 3 - 3.5% GDP growth next year, a minimal improvement over 2015. Some economic experts are also concerned about economic growth in 2016, due to many negative factors still directly affecting the economic situation, especially export performance. All Thai and international brands and shops are still continuing to expand in Thailand, particularly in Bangkok and tourist destinations where they can focus more on foreign tourists.

Rental Rates

Average Rental Rates as of 4Q 2015



Source: Colliers International Thailand Research

The average rental rates in all locations in Bangkok and the surrounding areas in 4Q 2015 were still similar to those of the previous quarter. However, some new retail projects opened their doors in 2015 and most have higher rental rates than existing retail centres in the same location. The City Area has the highest rental rates, at more than THB4,000psm / 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 psm / month for retail space at some community mall projects.

The average rental rates in all locations in 2016 may continue to increase with similar rates to 2015 of around 3 -5%. This is due to many international and Thai brands or shops continuing to increase the number of branches or stores in all retail centres around Thailand. Although there are no positive signs for Thailand’s economic situation, they are looking at the long term.

Forecast

The TRA forecast that the retail industry in Thailand will grow around 3.2 -3.5% in 2016, but this mostly depends on Thailand’s economic situation and government expenditures on public development projects.

The number of community malls will grow, but at a slower rate in the future, because many projects have been unsuccessful in the past.

Retail developers in Thailand still continue to expand to all areas of Thailand. Some foreign retail developers are also entering the Thailand market to develop their first shopping malls in the next few years and will expand to other countries in ASEAN.

Retail developers in Thailand try to develop shopping malls as destinations with large-scale projects and significant design, with services and shops suitable for the mass market.

Online and mobile shopping will become the new competitors of retail centres in the future, so most new retail centres and all shops and brands will try to attract customers with a different shopping experience.

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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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