

*“Poor export performance reflected the global economic slowdown and directly affected all manufacturing bases in Thailand, with lesser number of new land occupied in 1H 2015”*

## MARKET INDICATORS 2H 2014-1H 2015

New Supply ↘ Price ↔ Take-up rate ↔

### Summary

Thailand’s economic slowdown was a direct effect of poor export performance.

- Many factories that were manufacturing for export or ordering from foreign countries have shut down their systems in 1H 2015 due to lesser number of orders, especially SMEs.
- Most industrial estate developers also postponed the launching of their new phases or new projects in 1H 2015.

**Most industrial estate developers in Thailand are still keeping their sales target in 2015.**

- Only 1000 rai of land plots were sold in 1H 2015, and most are in the Eastern Seaboard Area.
- Most developers had a tough time in the first half of 2015.
- Many foreign investors postponed their investment in Thailand in 1H 2015.

**The average occupancy rate of all industrial estates in Thailand is approximately 89%**

- Around 17,500 rai (2,800 ha) is still available in the industrial estate market, but there is room for growth in the future.
- The Eastern Seaboard area is the most popular location for foreign investors in Thailand.
- Automobile and related industries are still the main players in the industrial estate market.

**The average price for land in industrial estates in 2015 was similar to that in 2014.**

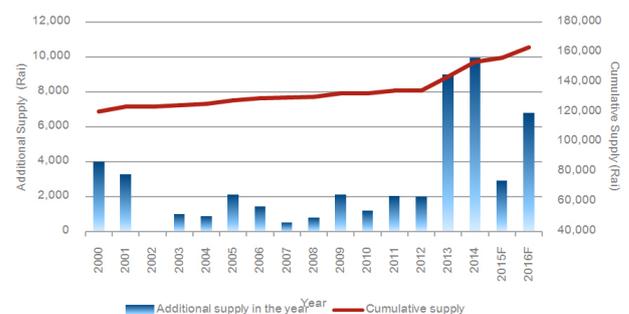
- Most tried to attract more investors during the market slowdown by maintaining their prices from 2014 or slightly increasing them, especially in the Eastern Seaboard area.
- Most industrial estates in Bangkok, Eastern Seaboard Area and the area around Bangkok are offering higher land prices compared to other areas.

**Many new and existing industrial estate developers are planning to develop new industrial estates in many locations in Thailand.**

- Many private sectors are interested in developing new industrial estates in Thailand, especially in the Eastern Seaboard area and in border provinces.
- The Industrial Estate Authority of Thailand (IEAT) is also expected to develop new industrial estates in many provinces around Thailand.
- IEAT is seeking the co-operation of corporations from the private sector to develop industrial estates around Thailand.

### Supply

Cumulative supply, as of 1H 2015



Source: Industrial Estate Authority of Thailand, and Colliers International Thailand Research

Note: 1 rai = 1,600 sq m

Many industrial estate developers postponed the launching of their new phases in 1H 2015 due to economic slowdown and decrease of foreign investors. Around 10,000 rai of land in industrial estates were launched in 2014, but new launches in 2015 may only be 3,000 rai. The total existing supply of industrial land plots in industrial estates is approximately 154,000 rai.

Many developers are planning to launch new industrial estates and industrial parks in the future. Some developers are preparing themselves for AEC in December 2015 by starting to develop new phases for industrial estates or new industrial estates, especially in the Eastern Seaboard Area, but most are still waiting for a better economic situation and investment atmosphere.

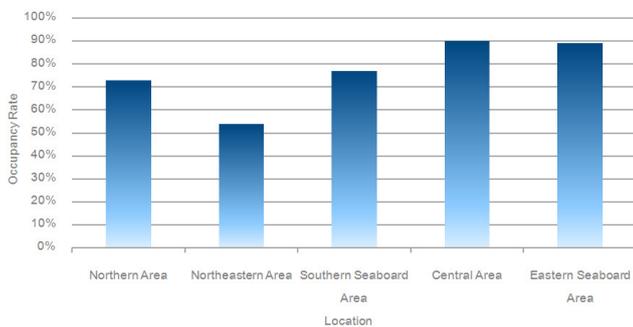
The Eastern Seaboard Area was the most popular zone for industrial estates because more than 66% of the total industrial estate supply was in the area. In particular, after the big flood in 2011 in the central part of Thailand, many developers have shifted their focus to the Eastern Seaboard Area.

Many movements were noted in some provinces along the border of Thailand, namely, those that are on the process of becoming special economic zones, such as Tak, Mukdaharn, Srakaew, Trad and Songkhla. However, the policies and other processes are still unclear.

Many new players are interested in developing new industrial estates in the Eastern Seaboard area. Meanwhile, the Industrial Estate Authority of Thailand (IEAT) is also looking for new locations for industrial estates in Thailand, especially along the East - West and North - South Economic Corridors.

## Demand

### Average Occupancy Rate by Location as of 1H 2015



Source: Colliers International Thailand Research

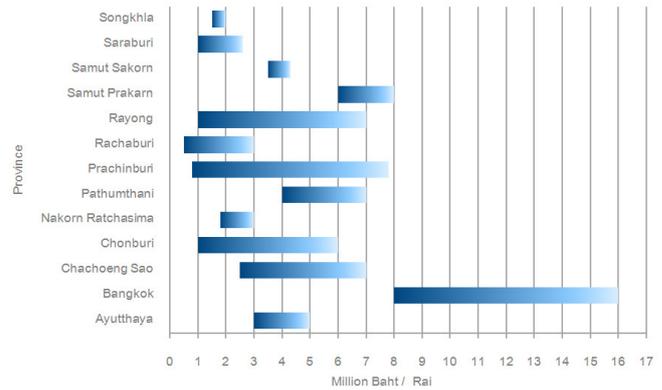
Average occupancy rate of industrial estates in Central Area was highest at approximately 90% and around 89% in the Eastern Seaboard Area, while the other locations remain similar to that in 2014. Most of the newly occupied land plots in 1H 2015 were in the Eastern Seaboard Area.

Thailand's economic slowdown and poor export performance are the main factors that affected the manufacturing industry; many factories reduced workers or shut down operations. Although only approximately 1,000 rai of land plots in industrial estates were sold in 1H 2015, this figure is still significantly higher than that in the same period in previous years.

Many foreign investors are still interested to invest in Thailand, especially Japanese investors, according to the statistics of the BOI. The total investment values of all applications approved by the BOI from January - May 2015 was approximately 391.72 billion baht, which is more than seven times higher than that of the same period in 2014. Approximately 22% of the total investment value was from Japanese investors, and is also higher than that of the same period in 2014.

The Thai Industries Sentiment Index in June 2015 was 84, and it continued to decrease from March 2015 (87.7) when it was at its lowest point in the past few years. The Manufacturing Production Index in 2Q 2015 was also the lowest in the past few years, reflecting that the export performance and Thailand's economic situation were not recovering.

## Land Prices in Industrial Estates by Province, 1H 2015



Source: Colliers International Thailand Research

The selling price of land in industrial estates 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 centre of transport, which includes the seaports and international airports. Ranking second and third are Samut Prakarn and Prachinburi provinces, respectively. The wide variation of prices in Bangkok and 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. Provinces such as Songkhla and Saraburi have much cheaper land prices due to their distance from Bangkok and port facilities.

## Forecast

Many logistics companies will explore opportunities in Thailand in 2015 and in the future, as Thailand benefits from being strategically positioned centrally within ASEAN for the logistics business.

Special economic zones in some border provinces such as Tak, Mukdaharn, Srakaew, Trad and Songkhla will be the main factor driving the industrial estate market in Thailand in the future, but there is still a long way to go.

The Industrial Estate Authority of Thailand (IEAT) is planning to develop new industrial estates in the border provinces to support the ASEAN Economic Community (AEC) on the last day of 2015, especially in border provinces. In addition, the IEAT is seeking the co-operation of corporations from the private sector to develop industrial estates around Thailand.

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

---

# 502 offices in 67 countries on 6 continents

United States: **140**

Canada: **31**

Latin America: **24**

Asia Pacific: **199**

EMEA: **108**

---

## MARKET CONTACT:

**Surachet Kongcheep**

Associate Director | Research | Thailand

+662 656 7000

surachet.kongcheep@colliers.com

**Colliers International Thailand**

Ploenchit Center Sukhumvit Rd/17

Klongtoey, Bangkok 10110, Thailand

+662 656 7000



---

## \$2.3

billion in  
annual revenue

## 1.7

billion square feet  
under management

## 16,300

professionals  
and staff

## About Colliers International

*Colliers International is a global leader in commercial real estate services, with more than 16,300 professionals operating out of 502 offices in 67 countries. A subsidiary of FirstService Corporation, Colliers International delivers a full range of services to real estate occupiers, owners and investors worldwide, including global corporate solutions, brokerage, property and asset management, hotel investment sales and consulting, valuation, consulting and appraisal services, mortgage banking and insightful research. Colliers International has been recognized and ranked by the International Association of Outsourcing Professionals' Global Outsourcing 100 for 10 consecutive years, more than any other real estate services firm.*

[colliers.com](http://colliers.com)

Copyright © 2015 Colliers International.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Accelerating success.