

### MARKET INDICATORS 1H -2H 2014

New supply down 

Prices 

Take-up 

## Summary

**The Eastern Seaboard area is the main location for the industrial estate sector in Thailand.**

- Approximately 70% of the total industrial estate area in Thailand is in the Eastern Seaboard area.
- Many new and existing industrial estates are expanding as well as new industrial estates being developed in this area.

**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 border provinces.
- The Industrial Estate Authority of Thailand (IEAT) is also expected to develop new industrial estates in many provinces around Thailand.

**The average occupancy rate of all industrial estates in Thailand is approximately 88%.**

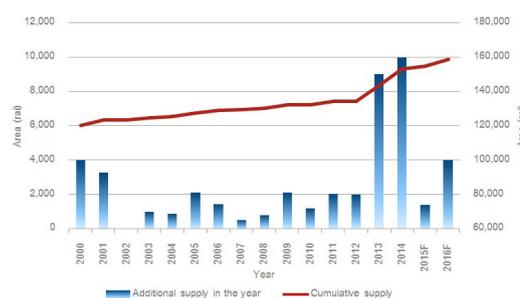
- Around 18,380 rai (2,940.8 ha) is still available in the industrial estate market, but there is room to grow in the future.
- The Eastern Seaboard area is the most popular location for foreign investors in Thailand.
- Automobile and related industries still are the main players in the industrial estate market.
- The AEC in 2015 is another factor that is likely to boost the FDI in Thailand, as many foreign investors are looking for a manufacturing base with good facilities and logistics systems.

**The average price for land in industrial estates in 2014 was similar to 2013.**

- Most tried to attract more investors during the political crisis by maintaining their prices from 2013 or slightly increasing them, especially in the Eastern Seaboard area.
- Prices in 2015 may be around 5 - 10% higher than in 2014, particularly at some industrial estates in the Eastern Seaboard area.

## Supply

### Cumulative supply, as of 2H 2014



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

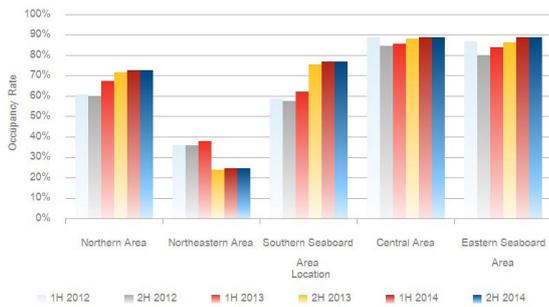
Around 10,000 rai of land in industrial estates were launched in 2014. The total existing supply of industrial plots in industrial estates is approximately 153,200 rai. Many industrial estate developers postponed the launches of their new phases in 1H 2014, due to the political turmoil in 4Q 2013 and 1H 2014. But after the new government take place in August 2014 and started to approve BOI applications, most industrial estate developers also launched more new phases of their industrial estates / parks.

Many developers are planning to launch new industrial estates and industrial parks in 2015 and in the future. In particular, in Chonburi and Rayong in the Eastern Seaboard area, approximately 9,400 rai are scheduled to be opened for lease and sale in 2015. Other provinces outside the flooded area in 2011 are also more interesting, such as Prachinburi and some border provinces. Many developers that are already invested in the Central area and were affected by the flood also launched new projects outside the flooded area, especially in Prachinburi Province.

Many new players are interested in developing new industrial estates in the Eastern Seaboard area, while 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 from 2012 to 2014 by Location



Source: Colliers International Thailand Research

Political issues in the first half of 2014 directly affected the confidence of foreign investors, so many postponed their investment plans in Thailand in 1H 2014.

The average occupancy rate of all industrial estates in 2H 2014 was approximately 89%, and the government tried to attract more foreign investors. Many foreign investors applied for more privileges through the BOI, and the total BOI approval in 2H 2014 was dramatically higher than in 1H 2014 by more than THB347 billion; around 66% was in the Eastern Seaboard area. This was because the BOI did not have a board in 1H 2014 and therefore could not approve projects over THB200 million.

Many foreign investors are still more interested in Thailand than in other countries in ASEAN, if they are more focused on exporting their products to other ASEAN countries. Moreover, the BOI will change their privilege policy in 2015, so many foreign investors accelerated their applications for approval in 2014.

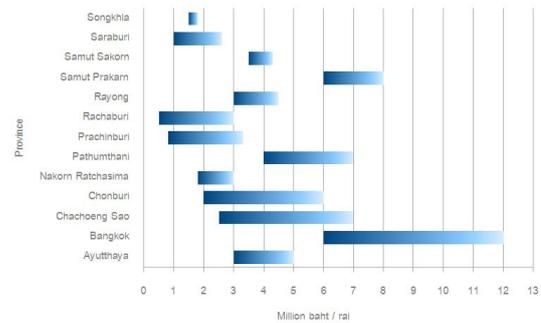
The new BOI investment strategy for 2015 - 2021 will cancel investment zones and change to regional industrial clusters. The BOI will promote technology, value-added industries and eco-friendly projects, and focus on seven sectors: agro-industry and agricultural products; minerals, ceramics and basic metals; light industry; metal products, machinery and transport equipment; electrical and electronics; chemicals, plastics, paper and services; and infrastructure. BOI's move away from geographical zoning might result in greater demand for industrial land closer to Bangkok.

The Thai Industries Sentiment Index in 3Q and 4Q of 2014 increased from 2Q 2014 when it was the lowest in the past one to three years.

The number of new factories permitted continued to increase from 1Q 2014 with more than 1,000 -1,300 factories each quarter.

The Manufacturing Production Index in 2014 was lower than in 2013 reflecting that the export performance and Thailand's economic situation were not recovering.

## Land Prices in Industrial Estates by Province, 2H 2014



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 sea ports and international airport. Second and third are Samut Prakarn and Pathumthani Provinces, respectively. The wide variation of prices in Bangkok and Chachoeng Sao Provinces is due to a number of industrial estates being located close to Bangkok, while others are located farther away from the capital.

The average asking price for land in industrial estates in 2H 2014 was still similar to 1H 2014. Most tried to attract more investors during the political crisis by maintaining their prices from 2H 2013 or slightly increasing them, especially in the Eastern Seaboard area.

### Forecast

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

Special economic zones in some border provinces will be the main factor driving the industrial estate market in Thailand in the future, but there is still a long way to go.

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

The Industrial Estate Authority of Thailand (IEAT) is planning to develop new industrial estates in the neighbouring 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 for SME businesses.

All industrial estates developers are try to increase their revenue by developing their power plants to serve their industrial estate clients. directly targeting the workers there.

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