

Bangkok Retail Market

“The launch of the mega project with the investment value over 5.4 billion baht along the Chao Phraya River at the end of last year has woken up the retail business along the Chao Phraya River and the surrounding area. As a result, many developers are looking for lands along the riverside to develop new projects in the future.”

Forecast at a glance



Demand

Many international and local brands have been looking to expand their space and open new shops in retail centres in Bangkok and the surrounding areas.



Supply

Most of the older malls will renovate their centres and relocate or re-mix their tenants and add new brands or shops that are suited to the modern lifestyle.



Occupancy rate

The occupancy rates in all categories are above 97% except for supporting retail, which is lower than 90%. Department Store have shown the highest occupancy rate in the Bangkok retail market.



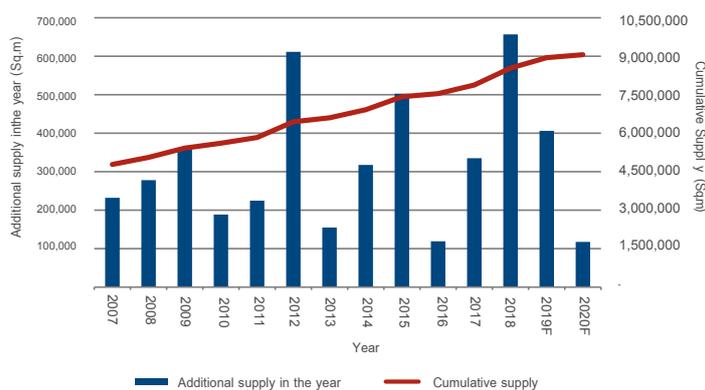
Rental rates

Rental rates in 2018 were still similar to the previous year, but in 2019, rents will probably be around 5-10% higher depending on location.



Supply

Cumulative and future supply as of 4Q 2018



Source: Colliers International Thailand Research

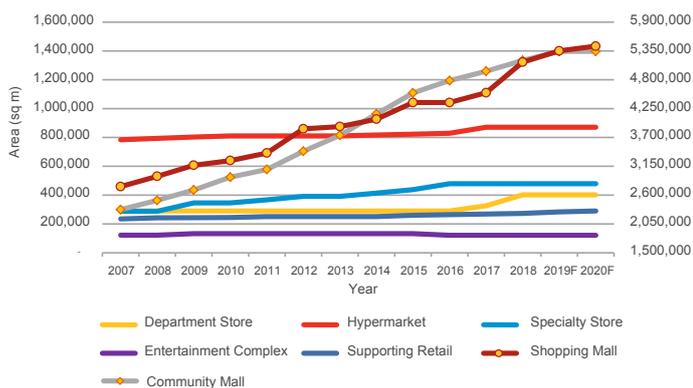
Note: F = Estimated area of all retail centres expected to be completed in 2018 – 2020

Approximately 567,100 sq m of retail space was supplied in the last quarter of 2018 and pushing total retail supply in Bangkok and Surrounding Area up to 8,535,426 sq m and around 406,118 sq m of new retail centres was added to the market in 2019. More than 117,500 sq m is scheduled to be completed in 2020. Most of the new retail centres which were opened in the past six months are shopping malls, followed by supporting retail in office buildings. Bangkok Outer City Area is the most fashionable location for new retail supply in the future, due to more than 60% of total future supply being located in this area.

Many large-scale shopping malls are opened in 4Q 2018, and most of the mixed-use projects are in the outer city area and along the Chao Phraya River.

Although Thailand’s economic situation has still not significantly grown or shown recovery, many retail developers are still continuing to develop new retail projects. This optimism is due to them looking to the future for long-term investments.

Cumulative retail supply by category and year



Source: Colliers International Thailand Research

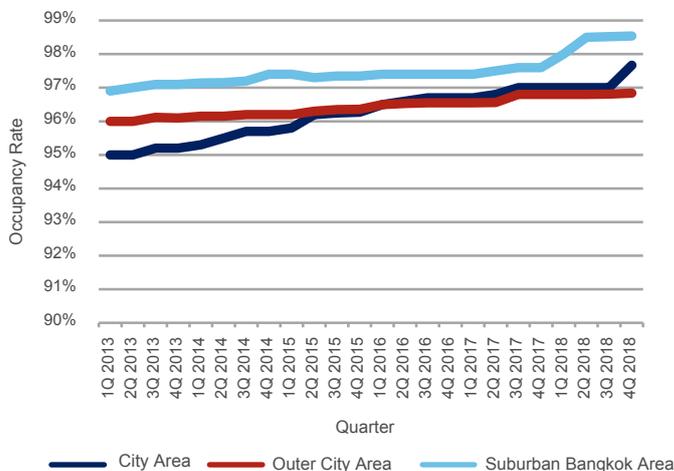
Shopping malls represent 61% of the market with more than 5.176 million sq m of space; more than 29.7% of shopping mall space is in the Outer City area, and approximately 22.1% is in the City area. Community malls represent the second largest share of the retail market as of Q4 2018 after a lot of new community malls were completed during past few years, Twenty - Six percent of all community malls in Bangkok and surrounding area are located in the Outer City Area and the areas in other provinces that are connected to Bangkok, because many new residential projects were launched and changed some locations become to the new large residential community.

Shopping malls are also continuing grow in the past few years and still occupy the highest share in future retail supply that are expected to be completed in 2019-2020.

All the big players in the retail business will continue to increase the number of their shopping malls in Thailand, especially in some of the major Thai cities. On the other hand, some retailers are still expanding their portfolios outside Thailand.

Demand

Breakdown of historical occupancy rate of retail space by location as of 4Q 2018



Source: Colliers International Thailand Research

The take-up rate in all areas in Q4 2018 increased slightly from Q3 2018. The average occupancy rate in all locations continued to grow during the past few years, although many retail centres were completed and added to the market. Many international brands opened their stores in shopping malls in the past few quarters and the average occupancy rate rose, especially in the City area. Some areas in the famous shopping malls in the City area are still available; due to some spaces is difficult access, which leads to low traffic in the area, even at some of the shopping malls on Rama 1 Road. Demand from all international and Thai shops is strong in the last quarter of 2018 and will be next year, so the average occupancy rate in the retail business will grow 3 - 5% in 2019, especially in the City area.

Average occupancy rate by category, 4Q2018



Source: Colliers International Thailand Research

The occupancy rates in all categories are above 97% except for supporting retail, which is lower than 90%. Department store have shown the highest occupancy rate in the Bangkok retail market. Most of the space in superstore malls is occupied by their own supermarkets, with limited space for other tenants.

Rental Rates

Average Rental Rate by Location as of 4Q 2018



Source: Colliers International Thailand Research
 Note: The average rental rate is based on the rental rate of the ground floor of the building.

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In Q4 2018, compared to the previous quarter, rental rates in the City Area posted a slight but marked increase, reflecting the growing confidence of retail centres there. The rents of other locations also increased slightly compared to the previous quarter. Since the end of 2018, the rental rates in the Suburban Bangkok Area have increased by more than 5 - 10%. Large shopping malls in prime locations that increased their rates higher than those of other new or smaller centres due to the higher demand for space there compared to the demand for space in smaller projects primarily caused this activity. In addition, many new retail centres will open this year.

The City Area has the highest rental rates, which are probably more than THB3,000-4,000 per sq m per month at some shopping malls in prime locations. The rates for malls with direct access to BTS stations may be just as high, but some community malls not on the main roads cannot ask such high rents. The rents in the Bangkok Suburban Area are around THB800-3,500 per sq m per month, but some community malls ask for rents starting at just THB300 per sq m per month

Rental and occupancy rates in 2018 were still similar to the previous year, but in 2019, rents will probably be around 5 -10% higher depending on location.

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