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The Can-Do spirit readies Myeik for take off

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A strong, dynamic business community located in an area with abundant natural resources bodes well for the potential development of Myeik (formerly Mergui) both as a tourist destination supporting the beachfront islands of Myeik archipelago but more importantly as a future industrial centre focused on sea food production and processing. The region also holds great potential for commodity crops like rubber, palm oil and coffee.

Myeik Overview

Myeik is located in Tanintharyi, the southernmost region of Myanmar. Myeik is largest township by population in the region with 284,000 according to the 2014 census. The other significant townships are Dawei to the north and Kawthaung to the south bordering Thailand. Connectivity with the rest of Myanmar is challenging with around a 20-hour road journey to Yangon. A number of flights directly connect Myeik airport to Yangon. Myeik is not connected to the electric grid but is instead powered by large diesel generators meaning more consistent but very expensive supply, although a gas-powered power plant is being planned.



Tourism Development for Myeik Township

The prevailing view of Myeik city is as one of two jumping points (the other being Kawthaung) for exploration of the Myeik archipelago which contains a wide range of islands with pristine beaches. At present, there are very limited options for staying overnight in the archipelago and therefore Myeik city should remain as a popular place to stay for a few nights. Even with the development of upscale resorts over the coming years this will still mean that many visitors will find the high rates prohibitive, supporting further demand for hotel rooms in Myeik city. There is some potential for development of tourism in Myeik itself with a picturesque lake in the centre of the city as well as a number of streets that contain colonial buildings where some could be refurbished as restaurants, boutique hotels and shops. A walking tour consisting of around 40 properties has been created.

Land Prices and Ownership

Land prices in Myeik are highest in sea-front locations on Kannar Road, formally known as Strand Road. Prices gradually decrease as the location and land-use type shift, moving away from the port. Residential land maintains the highest rates per sq. m, followed by commercial, industrial and, finally, agricultural land - found on the fringes of the city.

Land in the Myeik area has been inflated in recent years due to an increase in local and foreign interest in the area. This investment being driven by the city's great potential as a launch point into the Myeik Archipelago.

Hotel Market

For the last decade, the hotel market in Myeik languished due to the country's isolation with only limited supply of poor quality rooms catering to very limited tourism traffic and some business travel, mostly local as well as from Thailand. The opening of the country, starting in 2011, led to a revival in the hotel market and visitors started to come to Myeik as a springboard for discovering the multitude of islands located in the Myeik archipelago. As a result, a trebling of supply took place in the three years from 2012 to 2014 and the quality of the rooms also significantly increased due to the demands from international visitors with three to four-star

hotels dominating supply, including the first resort style hotel. Currently there are around 400 rooms available in Myeik.

Myeik Hotel Supply Stock



Source: Colliers International Myanmar

The hotels are catering to the growing number of international visitors but the city is also a key regional commercial centre so are also being occupied by business travellers which help keep the hotels active in the rainy season.



Retail Market

Most retail activity takes place in the traditional shophouse and wet/dry market settings in similar fashion to other smaller cities and towns in Myanmar. However, two small shopping centres exist in the city, namely Grand Jade Shopping Centre in the centre and the Myeik Shopping Centre located on the northern edges of the city. Both are anchored by a local supermarket as well as a cinema but currently there are no globally recognised franchised shops or F&B outlets in Myeik.



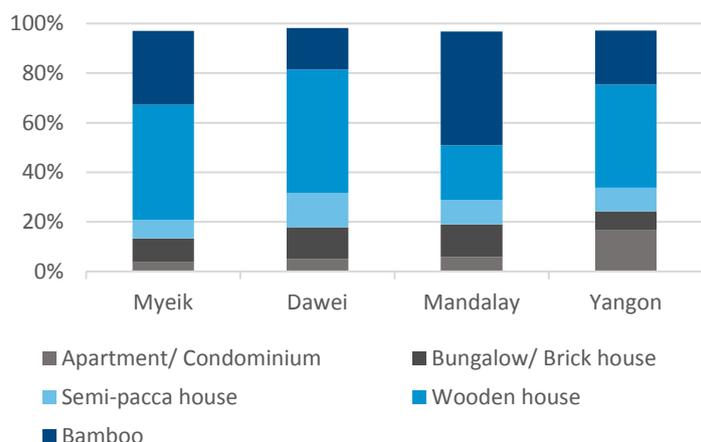
Although spending power is relatively high in this prosperous commercial centre of the south it may take a few years for foreign brands to look at cities like Myeik for the next phase of their expansion outside of Yangon and Mandalay. There are very limited F&B options for visitors outside of the hotels.

Residential Market

The vast majority of Myeik township residents live in landed properties of varying quality. Only 4% of households live in high rise apartments in similar fashion to other regional cities while around 80% live in wooden or bamboo houses. With abundant land for development the landed housing trend is set to continue with a gradual increase in the quality of residential properties. However, the first condominium project has been launched located in the north of the city, close to Myeik Shopping Centre. The 30 storey, 12 tower Sea View Condominium is being developed by Hong Kong Future Group Co and Pyaw Phyo Tun International Co Ltd, a local-foreign joint venture.



Conventional household by type of housing unit



Source: Colliers International Myanmar / The 2014 Myanmar Population and Housing Census

Industrial Market

Tanintharyi region has an abundance of agriculture, fishing and raw materials that would enable a regional based SME industrial sector to thrive. Myeik is located in a region of significant commercial fishing activity plus an embryonic aquaculture sector, existing rubber plantations with enormous potential for further growth. The industrial sector in Myeik has been continually hampered by inadequate infrastructure with poor transport links that makes it very challenging for goods to be distributed both within the country and for export as well as expensive electricity provided by diesel generators creating high costs prohibitive for development of an industrial base. With improved electricity and transport connectivity, Myeik city has the DNA to be a key location for the drive from the government for import substitution and increased manufacturing for export.

Industries

Fisheries – With its long coastline Tanintharyi contains a significant fishing industry with just over 10,000 local inshore fishing vessels and just over 1,200 local and foreign offshore vessels registered with the Tanintharyi Region Fisheries Federation. It is estimated that around 90% of the catch ends up in Thailand, predominantly the border city of Rayong which has the electricity and transport infrastructure to support the industry. Myeik is poised to develop into a significant fish processing centre based on an expected dramatic improvement in the infrastructure over the coming years notably in cheaper and more regular electricity supply and better

road transport linking the area with Yangon and other Myanmar cities as well as Thailand; both are currently significant impediments to growth of the industry.

Areas of focus are sophisticated cold storage and cold-chain logistics, including a wholesale market. Other value production areas include filleting, canning, vacuum packing, fish feed and fish oil.

One major concern for the industry is the depletion of fish stocks in the area due to overfishing. However, a number of businesses have already embarked on aquaculture production currently for shrimp and soft-shell crabs. With an abundance of land this promises to continue to be a significant engine for future growth especially with expected improvements in infrastructure.

Rubber – Like its neighbours, Myanmar could be a major rubber producer in the future in the southern regions and states of Kachin, Mon and Tanintharyi. Around 80% of global rubber exports comes from Asia and Myanmar has good agricultural conditions for rubber tree cultivation. The development of value added industries holds much promise such as in the midstream sector such as ribbed smoked sheets as well as downstream products like tyres, engine parts, gloves, sports and medical supplies.

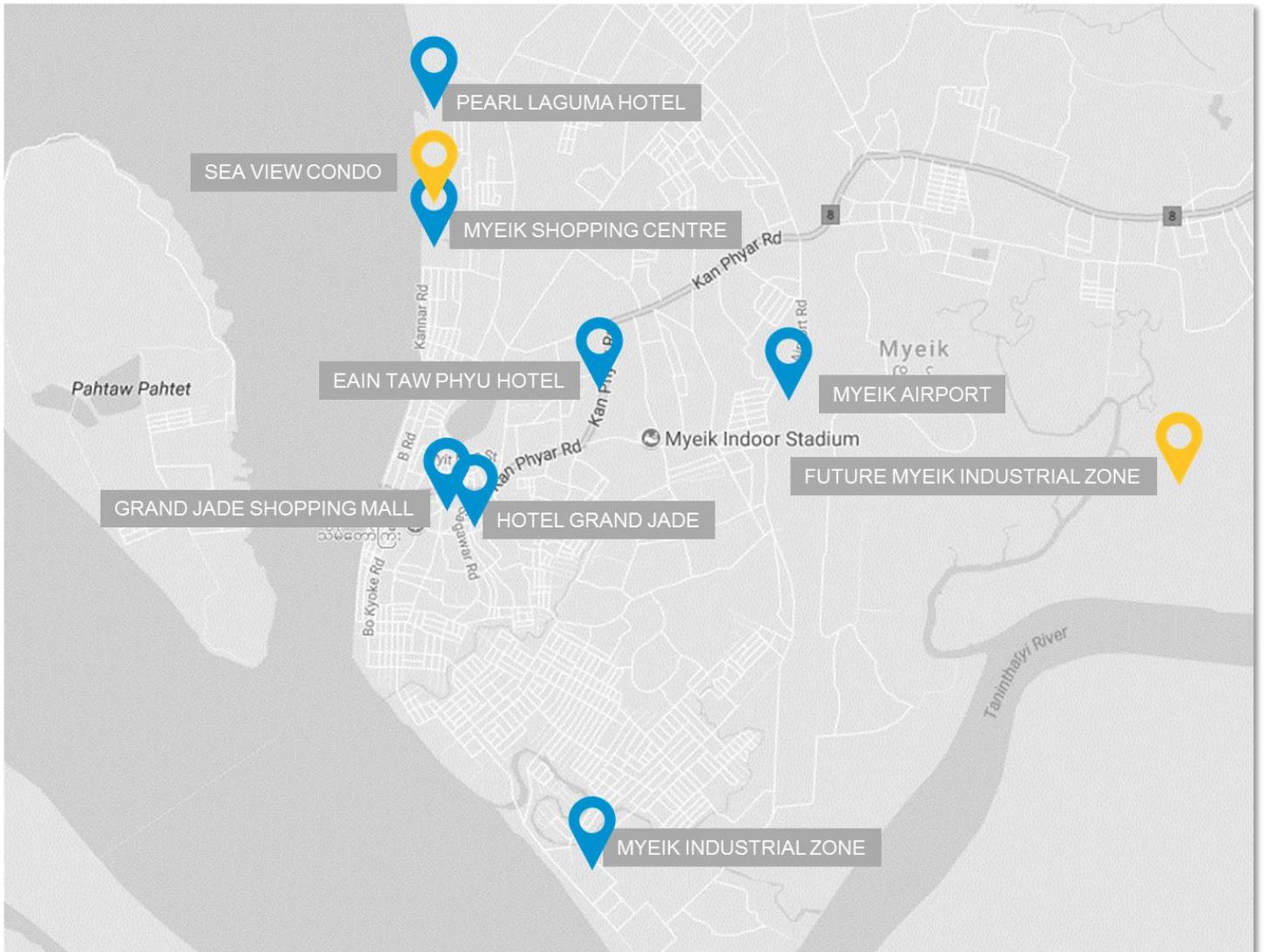
Other agricultural products in Tanintharyi can lead to food processing development such as palm oil, coconut products, fruits and cashew nuts.

Industrial Zones

Low quality industrial activity mostly takes place at the Innlay Myaing Industrial Zone to the south of the city by the existing jetties. The zone was established in 1995 with a total size of 318 acres containing 153 factories. Most are fish related but with very limited cold storage and fish processing activity.

A Myeik Economic Zone master plan has been proposed by The Myeik Future Development Public Company (MFDPC), a consortium of Myeik based businesses. It is estimated to eventually take up 1,000 acres to the east of Myeik airport and will have its own port as well as residential and commercial areas. Most of the occupiers are likely to be small and medium size enterprises focusing on food processing and distribution and other sectors adding value to the raw materials and agriculture in the region such as rubber.

Myeik Notable Developments



For more information:

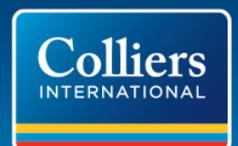
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