

Industrial Estate Report

Q1 2021



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Summary & recommendations

"Overview of the industrial estate market in Thailand in Q1 2021, the Eastern Economic Corridor is still the most popular area of the industrial estate business. The Eastern Economic Corridor is still the most popular area of the industrial estate business. By Q1 2021, approximately 56% of the industrial estates in Thailand were still located there and about 38% were in the central zone. Other areas have very low supply of industrial estates by comparison. In 2021, it was found that there were large real estate developers such as Origin Property and Singha Estate starting to enter the industrial market.

There are still concerns about the situation of the Covid-19 outbreak, however, in terms of investment value, it has risen. It can be seen that the value of investment in industrial estates has increased exponentially due to the additional investment of existing customer base in the electric industry, electronics, scientific instruments, and the automotive and transportation industries. While there were approximately 4,655 industrial estates employed, a 42% drop from the previous year due to the modifications of most industrial estates that have brought technology to be used in the production process."



Demand

The industrial estate business in Q1 2021, although it is still affected by the Covid-19 outbreak, it was found that this did not result in reduced demand. The reduction in the demand mostly came from the foreign investors being unable to enter the country. The demand for land in industrial estates to set up factories was still high.



Supply

As of Q1 2021, the accumulated supply of industrial estates remained at 178,654 rai, with 118,362 rai being the land for sale/rent with more large real estate developers starting to enter the industrial market.



Occupancy

The average occupancy rate of industrial estates in Thailand as of Q1 2021 was 76.18%, with the remaining area for sale of approximately 28,195 rai, or 23.82%, with most of the new sales in Q1 2021 at approximately 85% being in the EEC area.



Price

In Q1 2021, it was found that the industrial estate business remained relatively competitive. With the new round of COVID-19 crisis at the end of 2020, the industrial estate operators had to decrease the price or retained the same price in order to maintain their customers.

MORE WELL-KNOWN LARGE DEVELOPERS STARTING TO ENTER INDUSTRIAL ESTATE MARKET

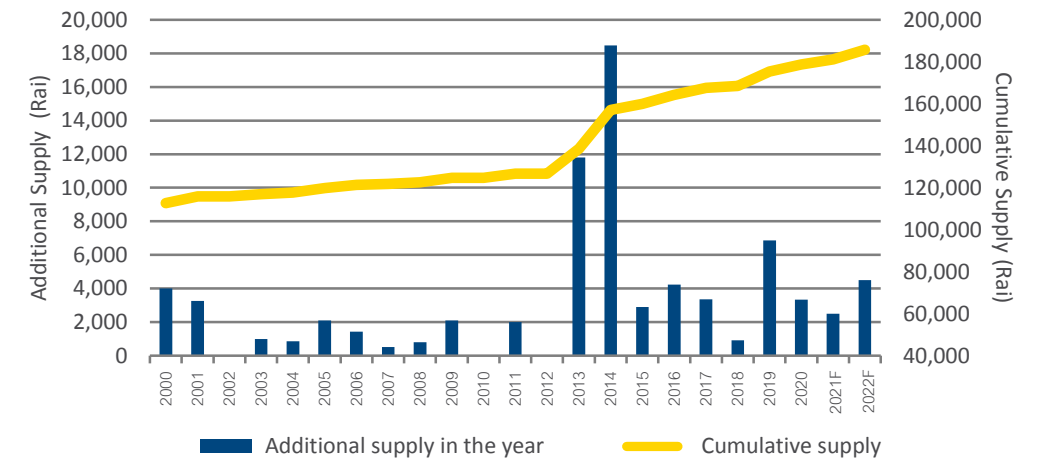
As of Q1 2021, the accumulative supply of industrial estates was approximately 178,654 rai, with 118,362 rai of land being for sale/rent, an increase of 0.015% from the 2H 2020. The outbreak of Covid-19 has severely affected the economy both in Thailand and around the world, and likely caused the investors to be concerned. As a result, many industrial estate developers revised their development plans and postponed their developments in 2021. In 2021, it was found that there were large real estate developers such as Origin Property and Singha Estate starting to enter the industrial market as other real estate market is still in a slowdown period.

More generally, the industrial estate business in Thailand has been relatively strong over the past 2-3 years and continues to improve. Sales of industrial estates in the past 2 years have continued to grow, especially in the Eastern Economic Corridor area (EEC) across three provinces: Chachoengsao, Chonburi and Rayong. This is due, in part, to the fact that industrial estates in the EEC area have received a lot of attention from foreign investors in Q1 2021. Industrial estates in these areas of more than 1,840 rai were sold which accounted for 85.59% of the total sales of all industrial estates in Thailand.

The Eastern Economic Corridor is still the most popular area of the industrial estate business. By Q1 2021, approximately 56% of the industrial estates in Thailand were still located there and about 38% were in the central zone. Other areas have very low supply of industrial estates by comparison.

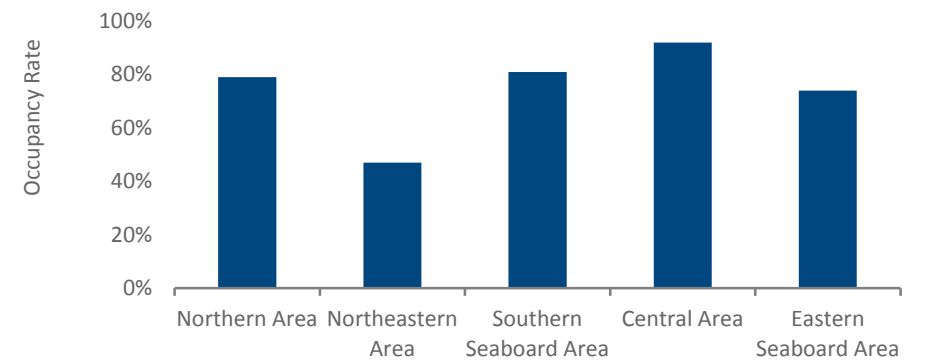
Colliers Thailand found the demand for land in industrial estates is still relatively high and can improved further once travel restrictions ease. The average occupancy rate of industrial estates in Thailand at the end of Q1 2021, was approximately 76.18%. The remaining area for sale was approximately 28,195 rai or 23.82%. The central region was still the area with the highest occupancy rate at about 92%. The new industrial estates sold in Q1 2021 benefited from the existing customers base in the industrial estates that have invested and expanded their businesses.

Occupancy rates of warehouses & factories by Location, Q1 2021



Source: IEAT, Research and Communication, Colliers Thailand
 Note: 1 rai = 1,600 sq.m. and 6.25 rai = 1 Hectare
 F= Forecasted new expansion areas for 2021–2022

Average Occupancy Rate by Location as of Q1 2021



Research and Communication, Colliers Thailand

THE EEC AREA IS STILL IN DEMAND AMONG FOREIGN INVESTORS IN THAILAND

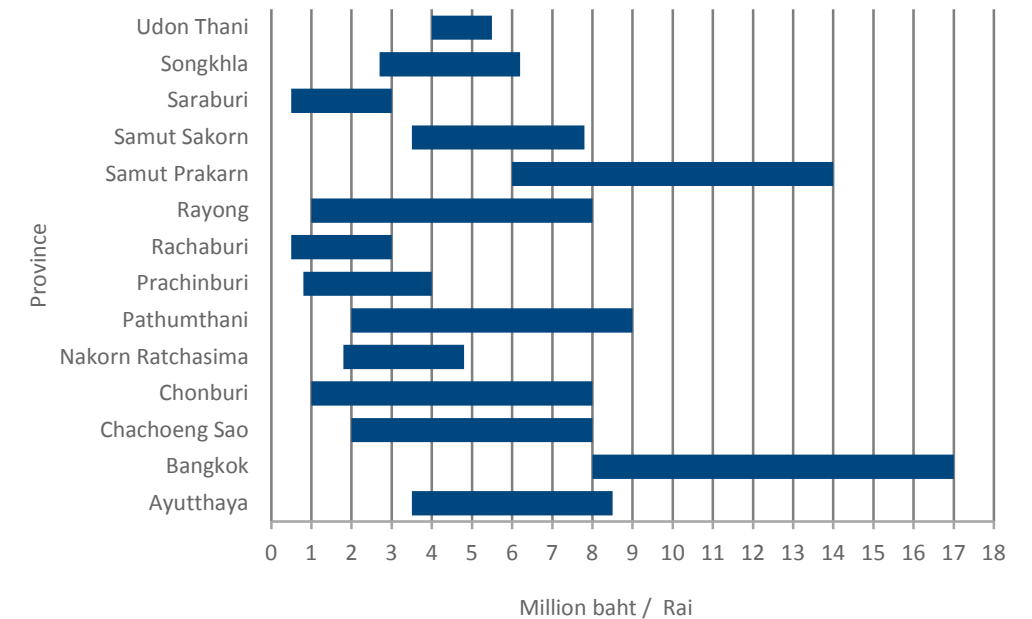
Colliers Thailand found that at Q1 2021, the prices in industrial estates in the Bangkok area were still the most expensive because they were the hub for logistics which has both ports and international airports. Plus, the land price in Bangkok in the past 5 years has changed quite high. Moreover, the vacant space for sale in Bangkok is currently very little.

For the industrial estate business in Q1 2021, although it is still affected by the COVID-19 but it did not result in reduced demand. The factor in the reduction in demand mostly came from the foreign investors being unable to travel into the country. The demand for land in industrial estates is still high. The average occupancy rate of industrial estates in Thailand, overall at the end of Q1 2021, was approximately 76.59%. The remaining area for sale was approximately 27,706 rai or 23.41%, which found that the central region was still the area with the highest occupancy rate at about 92% while other areas were still clearly lower.

There are still concerns about the situation of the Covid-19 outbreak, however, in terms of investment value, it has risen. It can be seen that the value of investment in industrial estates has increased exponentially due to the additional investment of existing customer base in the electric industry, electronics, scientific instruments, and the automotive and transportation industries. While there were approximately 4,655 industrial estates employed, a 42% drop from the previous year due to the modifications of most industrial estates that have brought technology to be used in the production process.

As for land sales / lease, as of Q1 2021, it was found that the sales was 473.75 rai, decreased from the previous year at 1,398.84 rai or a drop of 66.13%, within the EEC area of 394.42 rai, or about 83.25% and outside the EEC of 79.33 rai, or about 16.74%. Due to the Covid-19 situation that may have caused some delay of the investment due to the temporary suspension of international travel but the demand for land in industrial estates of foreign investors still continued to rise.

Land Prices in Industrial Estates by Province, Q1 2021



Source: Research and Communication, Colliers Thailand



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