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# BANGKOK RETAIL

## Q4 2019

### Summary & Recommendations

“Overview of the retail market in Q4 2019 seemed fairly optimistic though this is depending on the overview of the economic outlook of the country. The key factors behind this happening are from the unclear of infrastructure investment policy, unstable agricultural product prices and the consumer confidence affected by the current political situation. These factors will unavoidably impact the expansion of the retail business in the second half of the year. The factors behind the successful retail supply in this quarter are the locations and the concepts of each project. There were approximately 80,000 sq.m. of the new supply in Q4 2019.

Research Department of Colliers International Thailand estimates that the factors that may affect the retail business in 2020 are domestic economic trends, exports, tourism policies, as well as the number of tourists and the competition that continues to grow continuously from E-Commerce”



#### Supply

Newly launched retail supply in Q4 2019 were not only located in the CBD, a few projects have been spread outside the city areas. There are approximately up to 80,000 sq.m. of retail space completion in the end of 2019.

**Q4 2019**

**84,583 sq.m**
**Full Year 2019**

**279,703 sq.m**
**2019-21  
Annual Average**

**250,000 sq.m**


#### Demand

Demand from all international and Thai shops is strong in Q4 2019 with some projects having up to 100% occupancy rate. Locations and concepts of the projects are still the main factor for the developers to focus.


**77,610 sq.m**

**273,580 sq.m**

**250,500 sq.m**


#### Occupancy

The average occupancy rate is still stable. It may be predicted to be slightly decreased due to a lot of new upcoming supply. However, the average occupancy rate in the retail space business in 2020 has been stable especially in the city area.

**End Q4/QOQ**

**97%**
**End 2019/YOY**
**1PP**

**98%**
**End 2021/  
Annual Average  
Growth 2019-21**
**1PP**

**98%**


#### Rent

Rental rates have remain relatively stable in Q4 2019, however, are predicted to increase in the next year.


**THB3,300**
**5pp**

**THB3,300**
**5pp**

**THB3,500**

## Supply

### Historical Retail Supply (2007 – 2021F)

As of Q4 2019, the total retail supply in Bangkok reached 8,813,623 sq.m., increased by 84,583 sq.m. from the previous quarter. The current supply of retail expected to be completed within 2020 across Bangkok is approximately up to more than 373,662 sq.m. and up to approximately 138,527 sq.m. expected to be completed in 2021. New projects completed in Q4 2019 included the Vela sindhorn Village, Langsuan, with a total area of 4,500 sq.m. located in the CBD area.

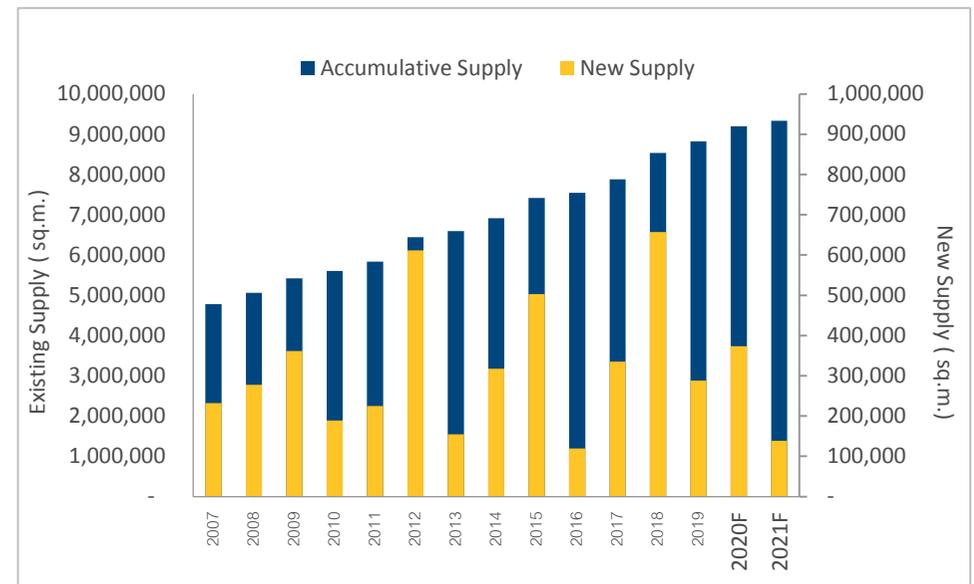
The other 2 projects located in the outer city area of Bangkok are I'm China Town and The Zone Town in Town comprising an area of 4,800 sq.m. and 7,680 sq.m. respectively. In addition, there are more projects completed in Q4 2019, such as People Park, a community mall with a total area of 6,603 sq.m. and Chao Khun Villa Community Mall, another community mall comprising 13,000 sq.m.

Vela Sindhorn Village is a luxurious, mixed-use development in central Bangkok a new landmark that will inspire modern, sustainable, urban developments. This has been an interesting project this quarter as it is located in the heart of city area, with the 100% of occupancy rate in the total area of 4,500 sq.m.

Another interesting new supply in Q4 2019 is Robinson Lifestyle Ladkrabang - a large shopping mall comprising 38,000 sq.m. with a 100% occupancy located in the suburban area of Bangkok.

Even though retail is booming in Thailand, operators are modernising their businesses by going online and developing new shopping locations outside of central Bangkok. The growth of residential projects in suburban Bangkok has prompted retail developers to build new shopping malls and community malls to serve them. Approximately 50,000 sq.m. of retail space is to expected to be completed within Q4 2019.

Historical Retail Supply in Bangkok, 2007–2021F



Source: Research, Colliers International Thailand  
 Note: F = Forecasted

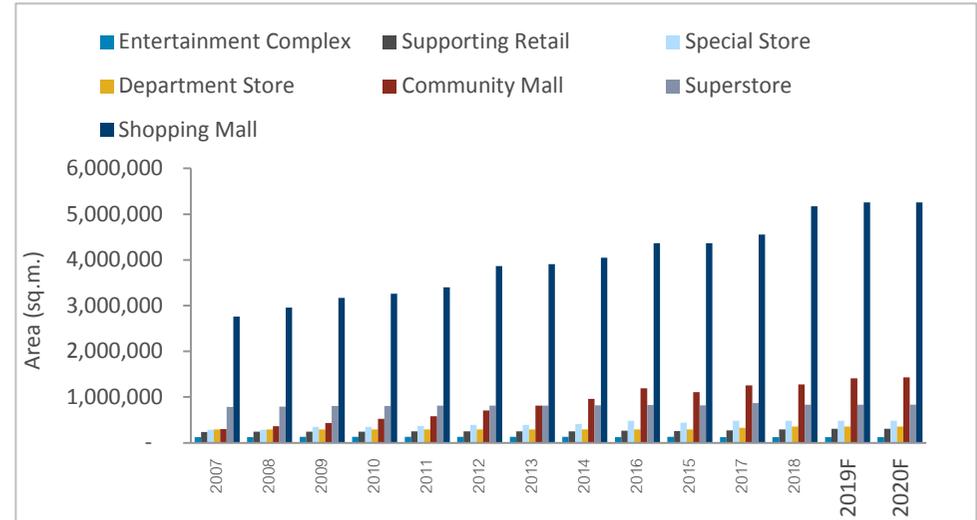
### Retail Supply by Type

The majority of retail supply in Bangkok is mainly shopping malls with a total of 5.328 million sq.m., accounting for up to 60% of the total supply in Bangkok with up to 30% located in the CBD. The second largest supply is community mall, accounting for 16% of the total supply in Bangkok. Many community mall projects have been completed in the past few years, and most of them are located in the fringe of CBD and also nearby large residential areas. However in late 2019, it shows the contraction of community malls as a lot of projects have not been successful because the rents and occupancy rates have shown lower than expected.

Approximately 51% of the total retail space in Bangkok is located outside the city area. As Suburban area in Bangkok is very residential, developers tend to therefore focus on retail projects in this area. Many large shopping malls and hypermarkets are located in Suburban area and the neighbouring areas in Nonthaburi, Pathum Thani and Samut Prakarn provinces, as an abundant supply of land is still available for large-scale retail projects there.

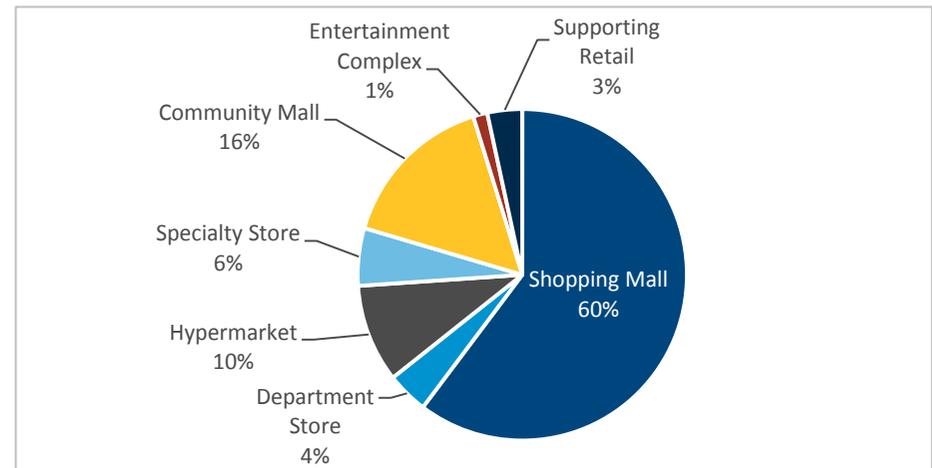
Many developers continue to develop retail projects both in Bangkok and upcountry. However, developers need to adjust their new developments to match the new consumers' behaviors and lifestyles. Many developers are interested in opening 24-hour retail centers to respond to consumer's lifestyles.

### Historical Retail Supply by Type, 2007 – 2020F



Source: Research, Colliers International Thailand  
 Note: F = Forecasted

### Retail Supply by Type as of Q3 2019



Source: Research, Colliers International Thailand

## Demand

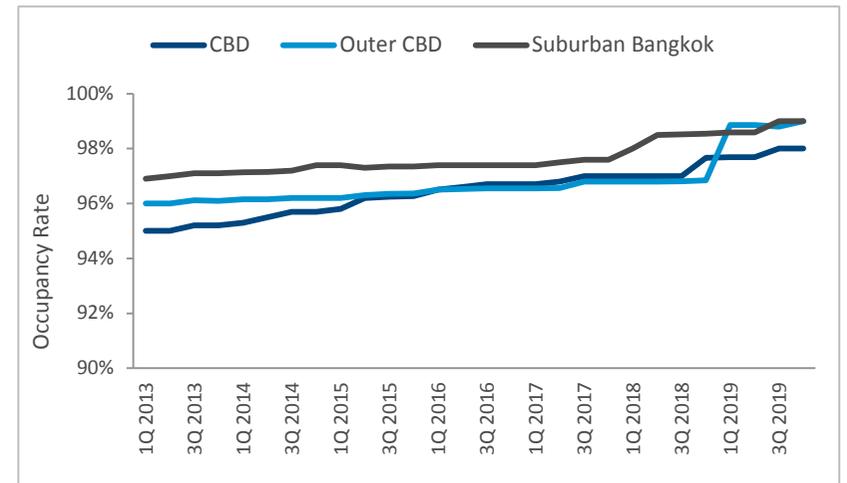
### Occupancy Rate by Location

In Q4 2019, the overall occupancy rate remained stable from the previous quarter. Some projects still have more space for rent available due to the accessibility of the project or low foot traffic, even in some retail centres on Rama 1 and Rama 4 roads. However for the new supply in Q4 2019, most projects have up to 100% occupancy rates due to the good locations and the clear concepts of the projects.

All retail centres in Bangkok that are over 10 years old have plans for renovation or re-arrangement of their tenant mix as well as adding new brands to their retail centres. This is because several recently completed retail centres have impressive designs and tenants. Old-fashioned retail centres need to improve themselves to become competitive.

Retail developers in Thailand are focusing more on online shopping, and a lot of large retail developers have started to launch their website in order to promote their brandings. They are also coordinating with commercial banks to encourage more spending from credit card users with cash rewards or points collection, as well as trying to increase the number of loyalty cards. Digital retail is expected to grow in 2020 onwards. This is due to the convenience, low operation and management costs as well as the suitability to the modern lifestyle.

Occupancy Rate by Location, Q1 2013-Q4 2019



Source: Research, Colliers International Thailand



Vela Sindhorn Village

## Occupancy Rate by Type

Average occupancy rates for all retail types were more than 97%, except for the rate of supporting retail, which was still lower than 90% and the community mall which was just less than 95%. Hypermarket had the highest occupancy rate up to 99.52% in Bangkok as most projects are either fully occupied or have very small spaces available for other tenants to rent.

## Rent

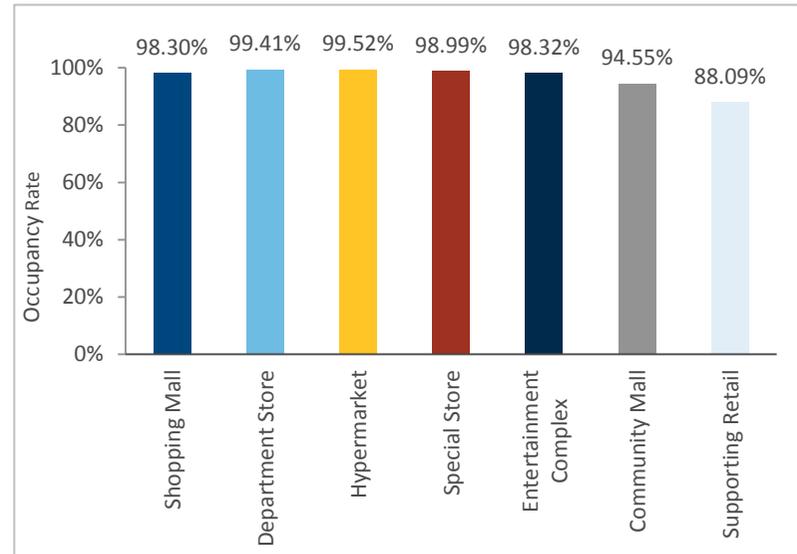
### Rent by Location

Rents remained stable from the previous quarter, indicating the stable confidence of the retailers in the retail market. Rent in outer Bangkok rose by 5–10% especially in large retail developments in good locations where rents increased higher than new projects or smaller projects in the same area. Additionally, there are more projects scheduled to be completed in 1–2 years.

CBD areas still had the highest rent with THB 3,000 - THB4,000 per sq.m., per month with some projects being up to THB 5,500 per sq.m. per month. Rents in the outer Bangkok area were approximately at THB800 - THB3,000 sq.m. per month. However, the rents for the community mall projects in outer Bangkok have gone low at approximately THB300 per sq.m. per month due to some projects being unsuccessful and the demand of the community mall space has gone relatively low.

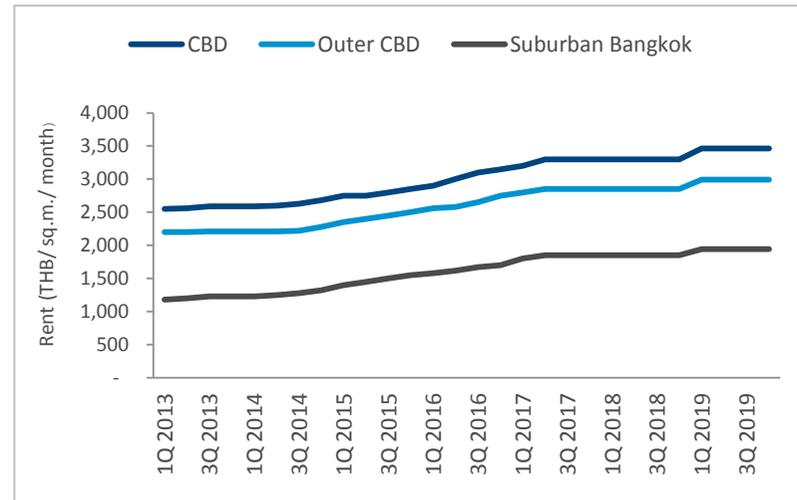
Rental rates in 2019 have increased by 3–5%, especially in large retail projects in good locations as the demand is high. However, the rental rate can vary depending on the location of each project. The retail market is expected to grow in the future, but the challenges will be the changes in technology, which also depends on the consumer’s behavior. The developers have to differentiate their developments in order to compete with the online retail format and to respond to the new consumer’s lifestyles.

Occupancy Rate by Type as of Q4 2019



Source: Research, Colliers International Thailand

Rent by Location, Q1 2013 – Q4 2019



Source: Research, Colliers International Thailand

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