



Bangkok Retail Market Q4 2019

Phoenix Property Development and Consultancy Co., Ltd.



“Bangkok Retail Market Facing a Tough Time”

Retail market in many countries, including Thailand, are facing a tough time. Although the Thai retail market still has room to grow, it may be only last the next few years. Online shopping is the main factor that directly affects the retail business. Many retail operator and developers are trying to increase their online market share by developing their own online platform.

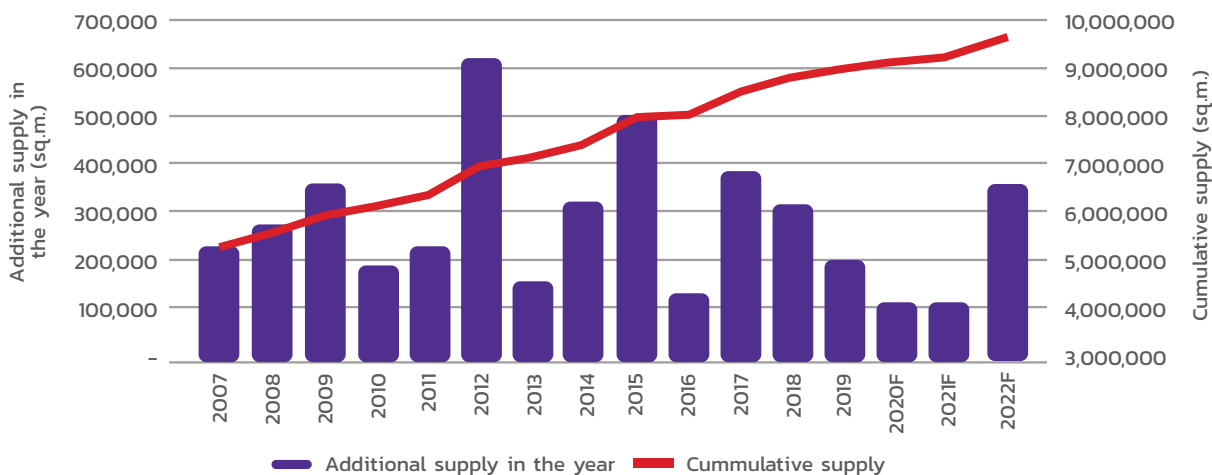
Surachet Kongcheep
Managing Partner



New retail supply in the future will not increase much compared to the past. The reason is because retail centers are not the first priority, if people are looking to buy something.

Supply

Cumulative Retail Supply and New Retail Supply by Year



Source : Phoenix Property Development and Consultancy Co., Ltd.

Approximately 204,200 sq.m. of new retail spaces were opened in Bangkok and Surrounding Area in 2019. Mostly, new retail supplies that were added in the market in past year was shopping mall. The shopping mall accounted for the largest proportion of 65% followed by community mall at 15%. Total retail supply in Bangkok and Surrounding Area was around 5,450,660 sq.m. and approximately 107,900 sq.m. of which is under construction and scheduled to be completed in 2020.

Approximately 59% of the retail supply in Bangkok and Surrounding Area is shopping mall, followed by

community mall at around 16%. Foreign tourists is another customer group of all retail centers in Bangkok city area, some retail centers in Bangkok city area have added the new global brand name and luxury shops to attract foreign tourists. In addition, outlet mall is another retail format which is in higher interest for some investors. Siampiwat and Central Group were the two big name that developed their outlet mall close to Suvarnabhumi International Airport. Retail market in 2019 was in the slowdown period, market grew around 2.8% in 2019 (referenced from Thai Retailers Association) from economic situation.

Proportion of retail supply by Category in Bangkok and Surrounding Area

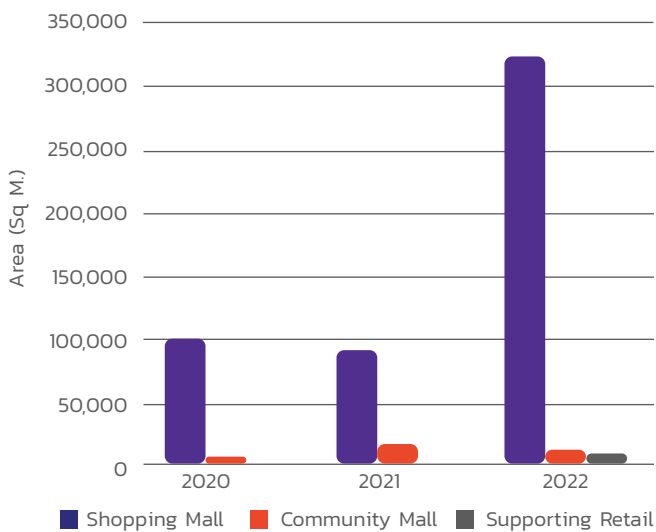
Category	City Area	Outer City Area	Suburban Bangkok East	Suburban Bangkok West	Suburban Bangkok North	Total
Shopping Mall	14.0%	13.1%	14.4%	6.4%	11.5%	59.3%
Department Store	0.7%	3.2%	0.2%	0.0%	0.0%	4.1%
Hypermarket	0.5%	2.4%	2.2%	2.4%	2.4%	9.9%
Specialty Store	0.1%	1.1%	1.2%	2.0%	1.5%	5.9%
Community Mall	2.3%	4.1%	2.7%	3.8%	2.8%	15.7%
Entertainment Complex	0.0%	0.7%	0.1%	0.1%	0.4%	1.4%
Supporting Retail	2.6%	1.0%	0.0%	0.0%	0.0%	3.6%
Total	20.2%	25.6%	20.9%	14.7%	18.6%	100.0%

Source : Phoenix Property Development and Consultancy Co., Ltd.

Shopping mall was accounted for 59% of total retail supply in Bangkok and Surrounding Area, most of which are in Bangkok City Area and Suburban Bangkok East Area with many largest scale shopping malls. The second largest retail type in the market is community mall. Most community malls are located in many locations around Bangkok, especially in the Suburban Bangkok Area similar to the hypermarket and specialty store. Almost 100% of supporting retail are in Bangkok City Area as supporting retail is the retail spaces that are in the office buildings.

Shopping mall and supporting retail in Bangkok City Area will be dramatically increased in the future, because many mixed-use projects are under construction and scheduled to be completed in the next few years. Entertainment complex is the retail format which has been stable for the past few years, because most of the new cinemas are in shopping mall and they have high number of options for customer.

Under Construction Retail Supply and Estimated Completion Year



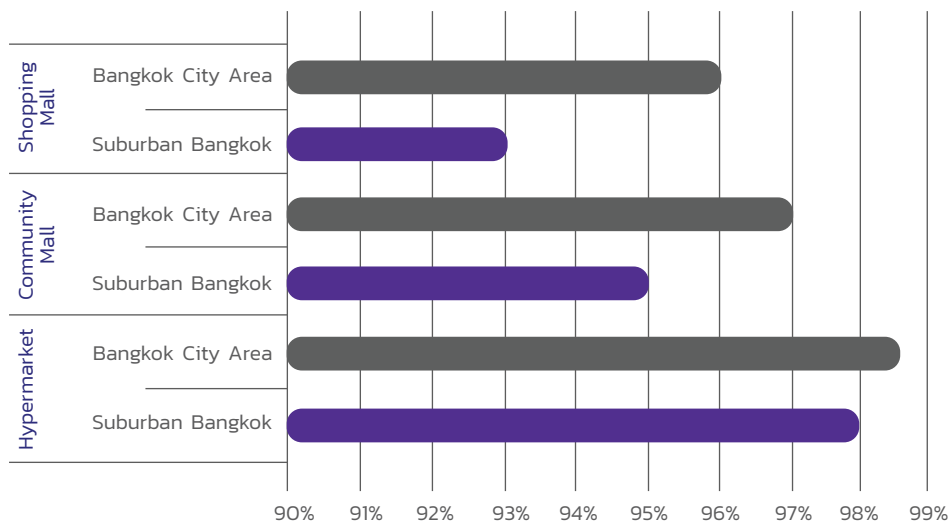
Source : Phoenix Property Development and Consultancy Co., Ltd.

Shopping mall will have the largest market share in the future retail supply with around 567,500 sq.m. under construction in Bangkok and Surrounding Area. Community mall has been in the declining trends in the past few years. The trend will continue in the future because of the lack of popularity in some locations. Most of the community mall owners are not in retail business and can not understand the retail business; therefore, many community malls are unable to maintain popularity in the long run.

Around 515,000 sq.m. of shopping mall is expected to be opened in 2020 – 2022 , approximately 312,500 sq.m. of which is in Bangkok City Area. In 2022, 61% of the total shopping mall will be opened. Other retail categories projects are in locations around Bangkok.

Demand

Average Occupancy Rate in Bangkok and Surrounding Area by Category and Location



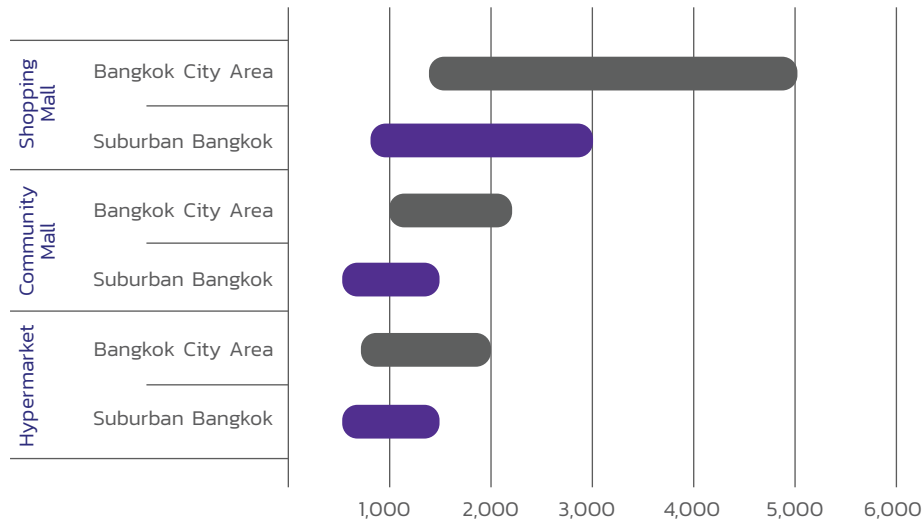
Source : Phoenix Property Development and Consultancy Co., Ltd.

Although occupancy rate of some retail categories is high, it is only a few percent change from the past year. The average occupancy rate of shopping mall in Suburban Bangkok Area is lower than that in the Bangkok City Area. Economic situation and online shopping

are the main factors that affect retail business. Many people decided to order their food and other product through online platforms. Many brands decrease the number of stores or shops in the retail projects and focus more on online platforms instead.

Demand

Average Rental Rate in Bangkok and Surrounding Area by Category and Location



Source : Phoenix Property Development and Consultancy Co., Ltd.

Average rental rate of retail spaces in Bangkok City Area were significantly higher than other areas, although only some spaces of some retail projects had reached the highest rate. The lowest rental rate of some community malls in Suburban Bangkok Area is lower than 500 Baht per Sq.m. per month because their retail projects cannot attract well-known brands/shops into

their project, which resulting in the lack of interest for some smaller shops. Low rental rate is the one of the options to boost up interest in tenants. Rental rates of retail supply in Bangkok and Surrounding Area has been stable in the past few years, because overall retail business and economic overview have not been in positive trends.

Conclusion

- > Retail market in Thailand is in the declining trend and will continue in 2020.
- > Shopping mall is continuing to expand in the future.
- > Shopping mall will be dramatically increased in Bangkok City Area in the next 2 – 3 years
- > Many community mall projects will shut down their operation and change to the other property category that can generate more income.
- > Online shopping is the important factor that pressure all shops and brands in all retail centers.
- > Entertainment complex is stable during the past many years and tend to be disappear from the market in the future because of the change in customer behavior.



PHOENIX PROPERTY DEVELOPMENT AND CONSULTANCY CO., LTD.

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