

Bangkok Retail Market Bangkok and Surrounding Area

3Q 2020

Phoenix Property Development and Consultancy Co.,Ltd.



“The number of retail space completed and opened in 2020 is likely to be the least in the last 10 to 20 years”

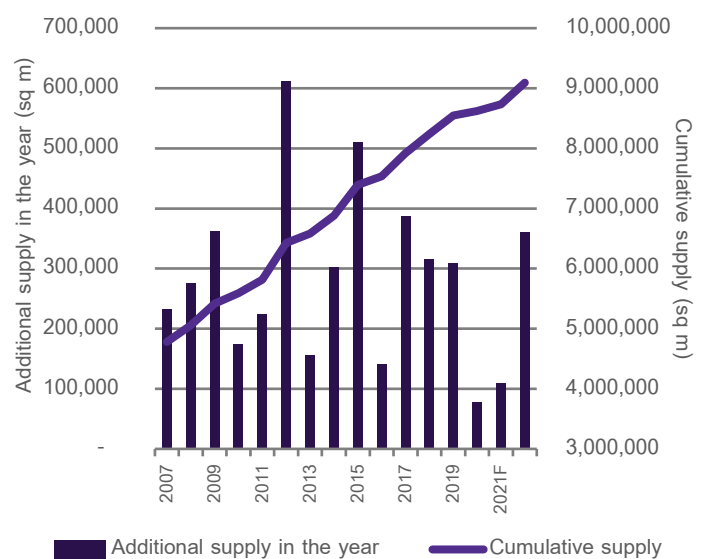
Surachet Kongcheep

Managing Partner



Supply

New and Accumulated Retail Areas in Bangkok and Surrounding Areas



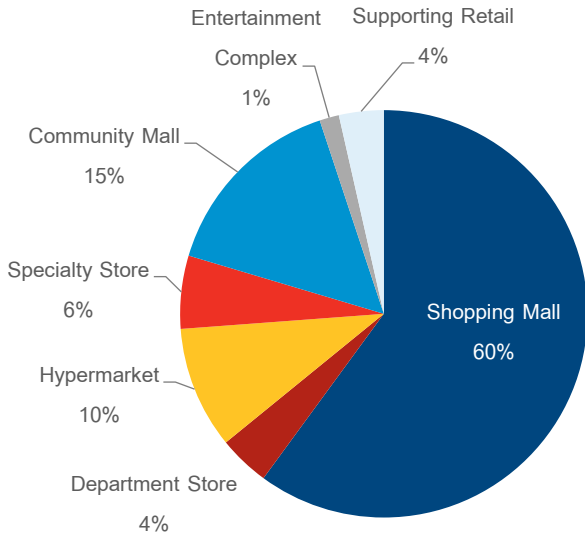
Source: Phoenix Property Development and Consultancy

Because of the economic slowdown, the lower purchasing power with no clear signs of recovery, and the rapid expansion of online shopping and delivery systems in the past 1 - 2 years. The retail developers have adapted by slowing down expansion or cancel some projects and choose to renovate the current project to reflect the buyer's lifestyle change, including the development of online systems to be up to date to reach more purchasing power.

Approximately 66,000 square meters of retail space was completed and opened in the past 3 quarters of 2020. As a result, Bangkok and surrounding areas have accumulated retail space of approximately 8.61 million square meters, 6.51 million of which are in Bangkok. Therefore, 2.1 million square meters is retail space in the area surrounding Bangkok. Many large shopping centers are located outside of Bangkok because of the lower land price, community expansion, and more connected transportation.

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Accumulated retail space in Bangkok and surrounding areas by type

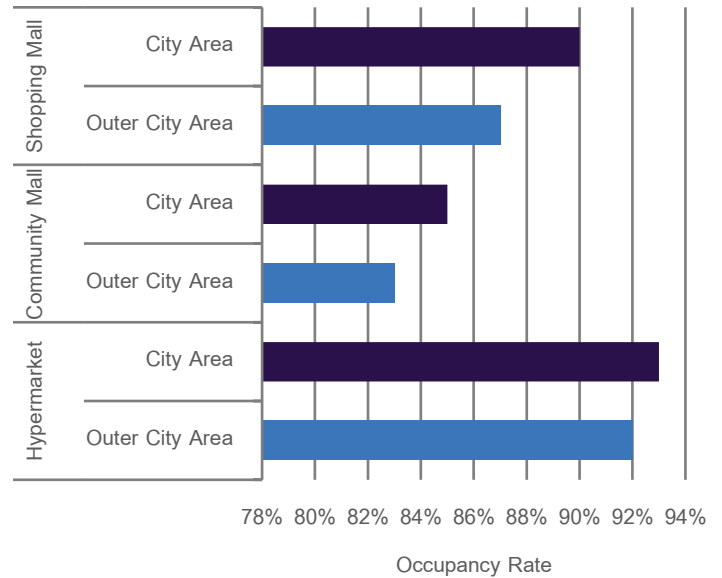


Source: Phoenix Property Development and Consultancy

The shopping mall is a retail space project that accounts for approximately 60% of the total retail space in Bangkok and surrounding areas (8.61 million square meters) as shopping malls are large retail projects. It is also a project category that has been opened continuously over the years. While some retail projects have not been launched for many years such as entertainment complex or retail space project with a cinema segment. The main reason is because the cinema is already in the shopping mall.

In addition, hypermarkets are also a form of retail space projects with very few launches in the past 10 years as hypermarkets have already covered all areas. In recent times, hypermarket operators have opted to expand into supermarkets and convenience stores to reach more communities. It is easier than hypermarkets which form large scale projects.

Average occupancy rate of retail spaces in Bangkok and surrounding areas classified by type and location



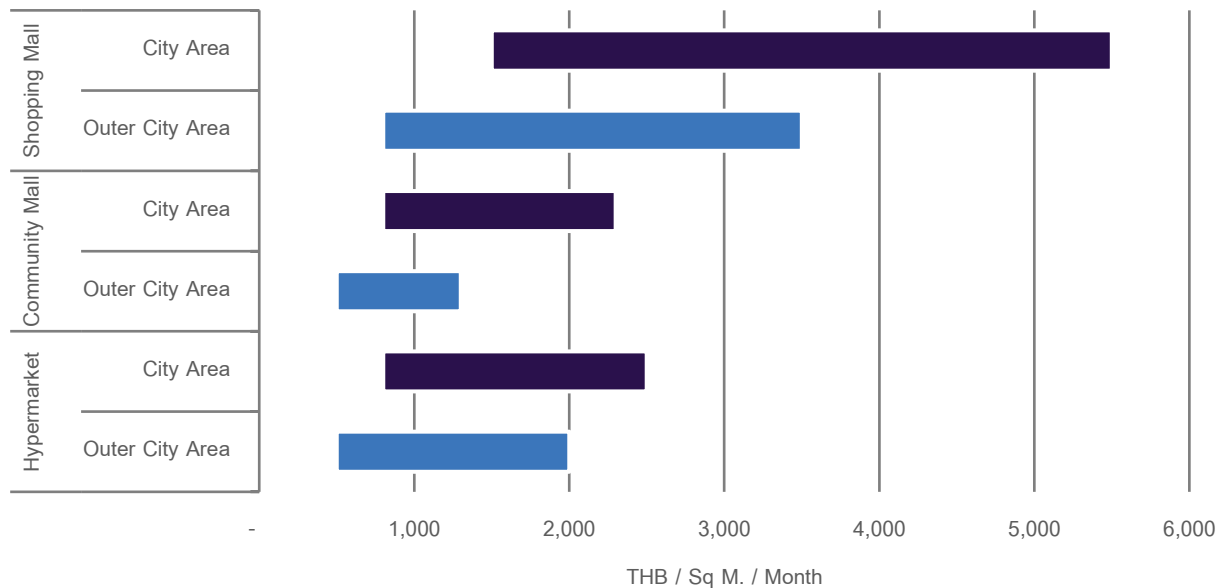
Source: Phoenix Property Development and Consultancy

Shops or tenants in various retail projects have faced financial problems due to the decline in purchasing power over the past several months and the disappearance of foreign tourists, which has a direct impact on tenants and shops in the retail project in the inner city of Bangkok. The lower income inevitably affects the renting of space.

Because of the lower income and the change in purchasing patterns, many small tenants or shops that are unable to stand for a period will be temporarily closed or be forced to terminate their rental contract. Moreover, the rented area has been reduced in some larger stores. The average occupancy rate for many retail projects has declined over the past several months. Overall, retail projects in Bangkok and surrounding areas showed a 5 - 15% decrease in average occupancy rate depending on the project category and location.

Rental Rate

Average Rental of Retail Spaces in Bangkok and Surrounding Areas by Category



Source: Phoenix Property Development and Consultancy

Renting space in various categories of retail projects has seen no obvious changes, although there was a rental rate reduction during 2 - 3 months of Bangkok lockdown. But it is only a temporary reduction, overall

rental has not decreased in any way. But if the economic situation doesn't improve by early 2021, it is possible that the average rental rate of retail space in 2021 will not increase from that of the year 2020.

Summary of Market Overview and Future Trends

- > Retail project in 2020 has shown the lowest expansion in the past 10-20 years.
- > 2021 was another year in which the retail space project continued to exhibit low expansion.
- > Economic slowdown affects Thai people's spending.
- > Declining rental rates resulted from lower purchasing power.
- > The disappearance of foreign tourists is another negative factor affecting the retail business.



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