


## Bangkok Retail, Q4 2014

# Despite sluggish recovery, retailers continue to invest

 Supply  
+6.3% y-o-y

 Demand (Occupancy)  
-1.9% y-o-y

 Retail Sales Index  
-4.3% y-o-y

## QUARTERLY HIGHLIGHTS

- In Q4 2014, the total Bangkok retail supply was 6.7 million sq.m., increasing by 6.3% Y-o-Y with six new retail centres.
- The overall occupancy rate stayed at 94%. The volume of occupied retail space increased to 6.3 million sq.m., up by 4.2% Y-o-Y.
- In November 2014, the retail sales index decreased by 1% Q-o-Q or 4% Y-o-Y.
- Overall retail sales grew by 3.2% to THB 928 billion in 2014, which declined from 2013 due to a slow economy and political problems. The Thai Retailers Associations (TRA) forecasted retail sales growth of 6.3% in 2015.
- New retail construction continued to grow. Bangkok is one of the hotspots for development in Southeast Asia with more than 1.7 million sq.m. of new retail space due to be completed in the next few years. Most of the new supply will be in suburban locations which are mostly in emerging residential areas on the extensions of mass transit systems.

There will be more competition between newer malls and existing malls in suburban areas, such as the upcoming Bangkok Mall which will be up against Mega Bangna and CentralPlaza Bangna. Mega Rangsit with the second IKEA as its anchor tenant will be up against Future Park Rangsit the current dominant retail centre in the area. The Central Group has also acquired a large land site in Rangsit area, but there are no further details available yet.

“Big Box” grocery retailers have been suffering poor sales and both Tesco Lotus and Big C are considering reducing the amount of space they occupy themselves and convert this excess space to rental space for third party tenants. This is a trend that is also being seen on other more mature markets such as the UK.

Retailers may have to grapple with emerging new shopping channels such as e-commerce. Thailand’s e-commerce market in 2014 was estimated to be USD 1 billion with half of its sales via mobile telecommunications equipment. Fashion and accessories were the most popular online shopping categories, followed by computers and electronic appliances.

**TOTAL SUPPLY, DEMAND AND VACANCY BY AREA, Q4 2014**

	TOTAL MARKET	DOWNTOWN	MIDTOWN	SUBURBS
Total Supply	6.7 million	1.4 million	2.2 million	3.1 million
Total Take -Up	6.3 million	1.3 million	2.0 million	3.0 million
Total Vacancy	0.4 million	0.1 million	0.2 million	0.1 million
% Vacant	6.0 %	7.8 %	7.1 %	4.5 %

Source: CBRE Research, Q4 2014

International retailers are interested in entering and expanding their business in the Thai market. Luxury and business, mid-range fashion, coffee and restaurant retailers were the most active in the market during 2014.

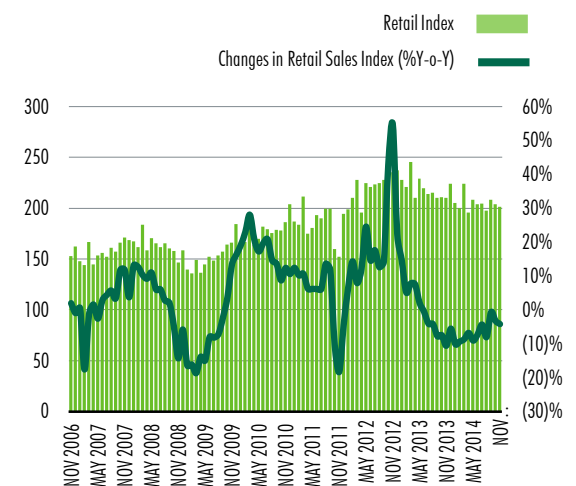
In Q4 2014, two new entries were international brands. American Eagle, a fashion brand from the United States, who opened their flagship store at Siam Square One in November 2014. Bath and Body Works also opened an outlet at Siam Centre in December 2014.

Thai retail and operators and developers are looking for opportunities to expand their business in the Asia Pacific Region partly because they see the Thai market as becoming saturated in the future.

Central Group signed an agreement to buy 49% stake in Nguyen Kim Trading Joint Stock Co., a Vietnamese electrical appliance chain, aimed at strengthening Power Buy's position as a top retailer of electrical appliances in the region.

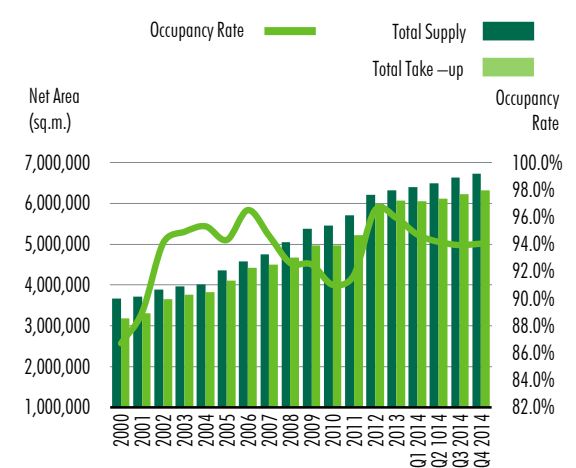
Index Living Mall Co. opened its first store in Malaysia at the IOI City Mall in Putrajaya through a joint venture with Aeon Malaysia.

Figure 1: Thailand's Retail Sales Index

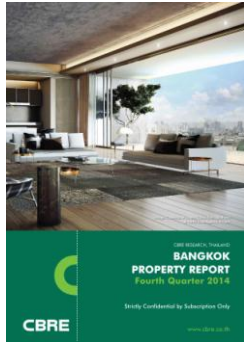


Source: Bank of Thailand

Figure 2: Bangkok Retail Market



Source: CBRE Research, Q4 2014

**QUARTERLY REPORTS**

**Bangkok Property Report**

The Bangkok Property Report, now in its 18<sup>th</sup> year, is CBRE Thailand's flagship quarterly subscription publication, with data from a tried and tested database reinforcing its reputation as Bangkok's definitive property sector source.

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The report covers all necessary topics which could be a part of your strategic future business plan. Retail supply, demand, take-up, occupancy, and other indicators that have an effect on the retail market such as retail sale index are all provided.

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