

Bangkok Retail, Q1 2015

Competition grows as supply increase

 Supply
+7.8% y-o-y

 Demand (Occupancy)
-1.6% y-o-y

 Retail Sales Index
-4.8% y-o-y

QUARTERLY HIGHLIGHTS

- In Q1 2015, the total Bangkok retail supply was 6.8 million sq.m., increasing by 2.7% Q-o-Q or 7.8% Y-o-Y with an additional 96,000 sq.m. of net lettable area.
- The largest new retail development in Q1 2015 was the 50,000-sq.m. EmQuartier luxury shopping mall on Sukhumvit Road.
- The volume of occupied retail space increased to 6.3 million sq.m., up by 0.4% Q-o-Q or 4.8% Y-o-Y. The overall occupancy rate was 93.1% but we are not certain if this can be sustained.
- In March 2015, Thailand's Consumer Confidence Index (CCI) decreased to 77.7, compared to an average of 80.2 in Q4 2014. The retail sales index was at 199.7 as of February 2015, falling by 4.7% Q-o-Q or 4.8% Y-o-Y.
- Benchmark indicators were the 3.3% Y-o-Y decline in Tesco's same store sales for the period of December 2014 to February 2015 and the 0.2% Y-o-Y decline in Q1 2015 same store sales for Big C. However, CP All's 7-Eleven same store sales slightly increased by 0.3% Y-o-Y in Q1 2015.

The weak economy has hit consumer confidence and spending; Thailand's Consumer Confidence Index was lower in Q1 2015 than Q1 2014. The Retail Sales Index fell 4.8% from Q1 2014.

Provincial retail markets appear to have been hit harder as consumers in these areas have less disposable income because of low agricultural prices, fewer government handouts and high personal debt levels.

The only bright spot was the 24% Y-o-Y increase in tourist arrivals in Q1 2015, driven by Chinese arrivals which grew by 96% and now make up a 26% share of total tourist arrivals. The increase in tourist arrivals will primarily help the Bangkok market.

Take up continued to grow with an additional 25,000 sq.m. occupied during the quarter. Some developers announced that they have been able to increase rentals for a few Central Bangkok properties, partly due to discounts given in the first half of 2014 when the political protests were taking place.

TOTAL SUPPLY, DEMAND AND VACANCY BY AREA, Q1 2015

	TOTAL MARKET	DOWNTOWN	MIDTOWN	SUBURBS
Total Supply	6.8 million	1.5 million	2.2 million	3.1 million
Total Take -Up	6.3 million	1.3 million	2.0 million	3.0 million
Total Vacancy	0.5 million	0.2 million	0.2 million	0.1 million
% Vacant	6.9 %	9.8 %	7.7 %	4.9 %

Source: CBRE Research, Q1 2015

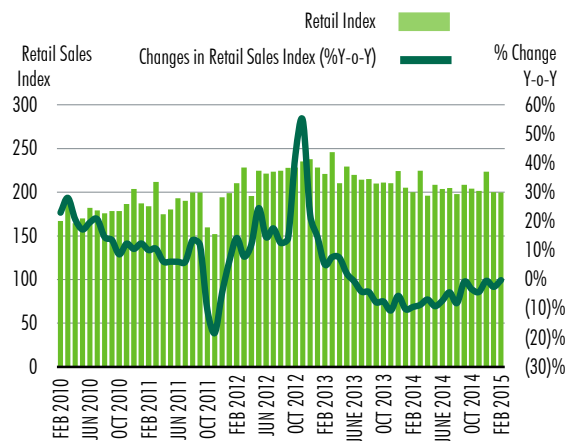
Overall it will be difficult to raise rents while consumer demand is weak except in the best performing centres. The performance of community malls, many of them developed by private investors on family land, is very mixed.

The 50,000 sq.m. EmQuartier shopping centre opened at the end of March 2015 and even though not all shops are open, it appears to be attracting customers due to its range of tenant mix.

Construction continued on many new centres that will add one million square metres of new supply to Bangkok's modern retail property stock over the next three years, a 15% increase.

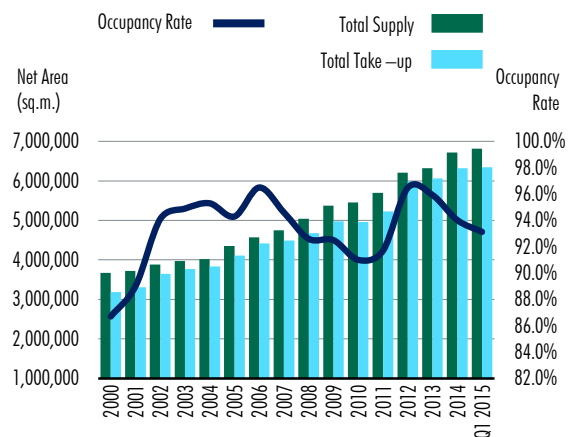
Competition in Bangkok is going to grow with the completion of new large scale shopping centres. New developments are going to put pressure on older developments especially if total spending power does not significantly increase. New shopping centres may cannibalize customers from existing shopping centres so not every new mall will be a winner and some older malls will suffer.

Figure 1: Thailand's Retail Sales Index

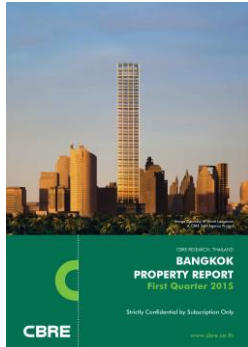


Source: Bank of Thailand

Figure 2: Bangkok Retail Market

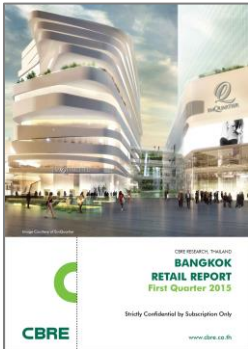


Source: CBRE Research, Q1 2015

QUARTERLY REPORTS

Bangkok Property Report

The Bangkok Property Report, now in its 18th 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.

The Bangkok Property Report provides in-depth analysis of the Bangkok real estate market, including property supply and demand, occupancy, take-up, prices, rental trends and other indicators.


Bangkok Retail Report

The CBRE's Bangkok Retail Report is produced quarterly by a professional retail research team who closely monitor the complex retail database so that our in-depth analysis will definitely be the most meaningful.

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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