

1H21 BANGKOK RETAIL SNAPSHOT

MARKET OVERVIEW

BANGKOK RETAIL MARKET

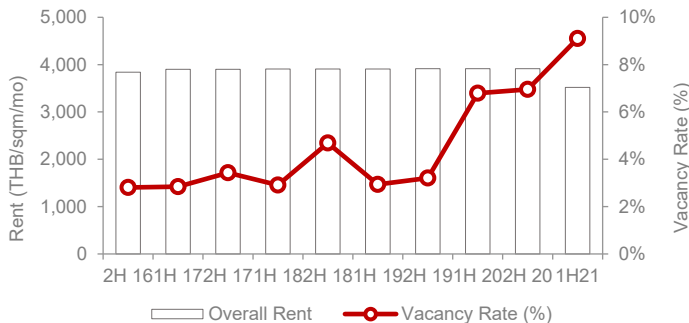
	Q4 20	Q1 21	12-Month Forecast
GDP Growth	-4.2%	-2.6%	▲
CPI Growth	-0.8%	-0.5%	▲
Unemployment	1.9%	2.0%	■

Source: NESDB

Prime Rent

	H2 20	H1 21	12-Month Forecast
Overall Rent	THB3,915	THB3,517	■
Vacancy Rate	6.95%	9.1%	▲

Overall Rent and Vacancy Rate



Source: NEXUS

Outlook

The retail market faces short-term challenges, with some tenants experiencing liquidity problems or forced to close. However, it is hoped that the market will regain ground rapidly once the COVID-19 situation eases. Rental levels should recover along with a resumption of full private sector consumption. However, retailers who shifted promptly to online sales models have reduced their physical presence in retail shopping areas. Overall growth in e-commerce will eat into demand for physical retail space, and mall operators will need to carefully manage their tenant bases.

Economy

Thailand's economy contracted by 2.6% in Q1 2021, an improvement on the 4.2% decline of the previous quarter. Performance was boosted by a continued increase in agricultural production, recovery of non-agricultural production, acceleration in domestic investments, rise in government consumption expenditure, and improvement in exports of goods. On a quarterly basis, gross domestic product (GDP) rose by 0.2% in the first quarter, compared to 1.1% in the fourth quarter of 2020. However, the new wave of COVID-19 infections at the end of 2020 and early April 2021 adversely impacted private consumption expenditure. The National Economic and Social Development Council (NESDC) lowered its economic growth forecast for a second time, down to 1.5-2.5% from the 2.5-3.5% forecast made in February. This compares to the 3.5-4.5% growth achieved in November last year.

Market Overview

Overall retail market sentiment was hit by the third wave of COVID-19 cases at the end of 2020, followed by a fourth wave starting in early April 2021. The latest outbreak has accounted for over two-thirds of Thailand's total infections and is further damaging sentiment. According to the Bank of Thailand (BOT), household debt hit an 18-year high after rising to 90.5% of GDP in Q1, while consumers' reduced spending power resulted in a drop in shopper footfall. Malls were seriously affected by social distancing measures, including domestic travel restrictions, reduced opening hours, suspended sales of non-essential items, and the closure of some rental spaces; together with collapse of inbound tourism numbers. These factors resulted in the average asking rate falling from THB3,915 to THB3,517 per sq m per month, with the occupancy rate softening to 90.9% in the quarter. It is the first time for the market to see lower asking rents from operators.

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SUBMARKET	INVENTORY (SQM)	VACANCY RATE	UNDER CONSTRUCTION (SQM)	GRADE A ASKING RENT		
				THB/SQM /MO	US\$/SQM /MO	EUR/SQM /MO
GRADE A CRD						
Siam Square	242,825	2.8%	-	3,825	US\$ 11.22	€ 101.31
Ratchaprasong & Ploenchit	292,420	16.5%	-	3,350	US\$ 9.83	€88.73
Phrom Phong	121,000	4.0%	60,000	3,375	US\$ 9.90	€ 89.39
BANGKOK GRADE A CRD TOTAL	656,245	9.1%	60,000	3,517	US\$ 10.32	€ 93.14

* Only Grade A Shopping Center

1 US\$ = THB 31.6789; 1 € = THB 37.757

Key Lease Transaction H1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SQM
Central World	CRD Ratchaprasong & Ploenchit	SUSHIRO	800
Central Chidlom	CRD Ratchaprasong & Ploenchit	Muji	1,800
Siam Square One	CRD Siam Square	Adidas Brand Center	1,050

Significant Projects Under Construction

PROPERTY	SUBMARKET	OWNER / DEVELOPER	SQM	COMPLETION
Siam Scape	CRD Siam Square	PMCU	4,500	2021
Terminal 21 Rama 3	Non-CRD Rama III	LHMH	43,200	2021
Marketplace Thonglor	Non-CRD Sukhumvit	Siam Future Development	7,115	2022
EmSphere	CRD Phrom Phong	The Mall Group	60,000	2023
One City Center	CRD Ratchaprasong & Ploenchit	Raimon Land & Mitsubishi Estate	4,000	2023
Bangkok Mall	Non-CRD Bangna	The Mall Group	80,000	2023
One Bangkok	Non-CRD Rama IV	TCC Assets & Fraser Property	N/A	2023
The Forestias	Non-CBD Bangna	MQDC	N/A	2023
True Digital Park Phase 2	Non-CRD Sukhumvit	MQDC	N/A	2023
Dusit Central Park	Non-CRD Rama IV	Central Group	80,000	2024
Central Bangkok	CRD Ratchaprasong & Ploenchit	Central Group	70,000	2026

CONTACT US



TEERAWIT LIMTHONGSAKUL
Managing Director
Tel: +662 286 8899
E-mail: teerawit@nexus.co.th

About Nexus

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Nexus Real Estate Advisory Co., Ltd.
31st Fl., BKI Building/ Y.W.C.A. 25 South Sathorn Road,
Thungmahamek, Sathorn, BKK 10120, Thailand

For further information, please visit NEXUS.CO.TH