

# Bangkok Shopping Centre Business

2023

An overview review of Bangkok Shopping Centre Business Market in 2023 by Knight Frank Thailand

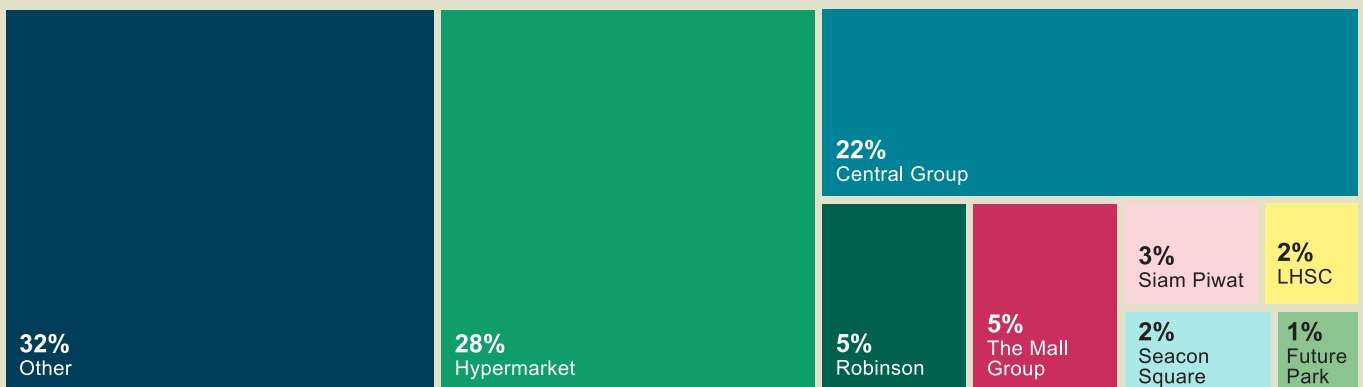
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## ► 9 Key Factors Driving the Strong Growth of Bangkok Shopping Centre Business

The disruption caused by the competition for market share from E-commerce businesses, compounded by the COVID-19 crisis, has presented significant challenges for the Bangkok Shopping Centre Business sector in Thailand. However, amidst these challenges, there are key factors that have enabled Bangkok Shopping Centre Business in the country to rebound and grow stronger than before the spread of COVID-19. These factors are outlined in the following report:

### BANGKOK SHOPPING CENTRE BUSINESS IN THAILAND ENCOMPASS APPROXIMATELY 15.3 MILLION SQUARE METERS OF GROSS FLOOR AREA (GFA)

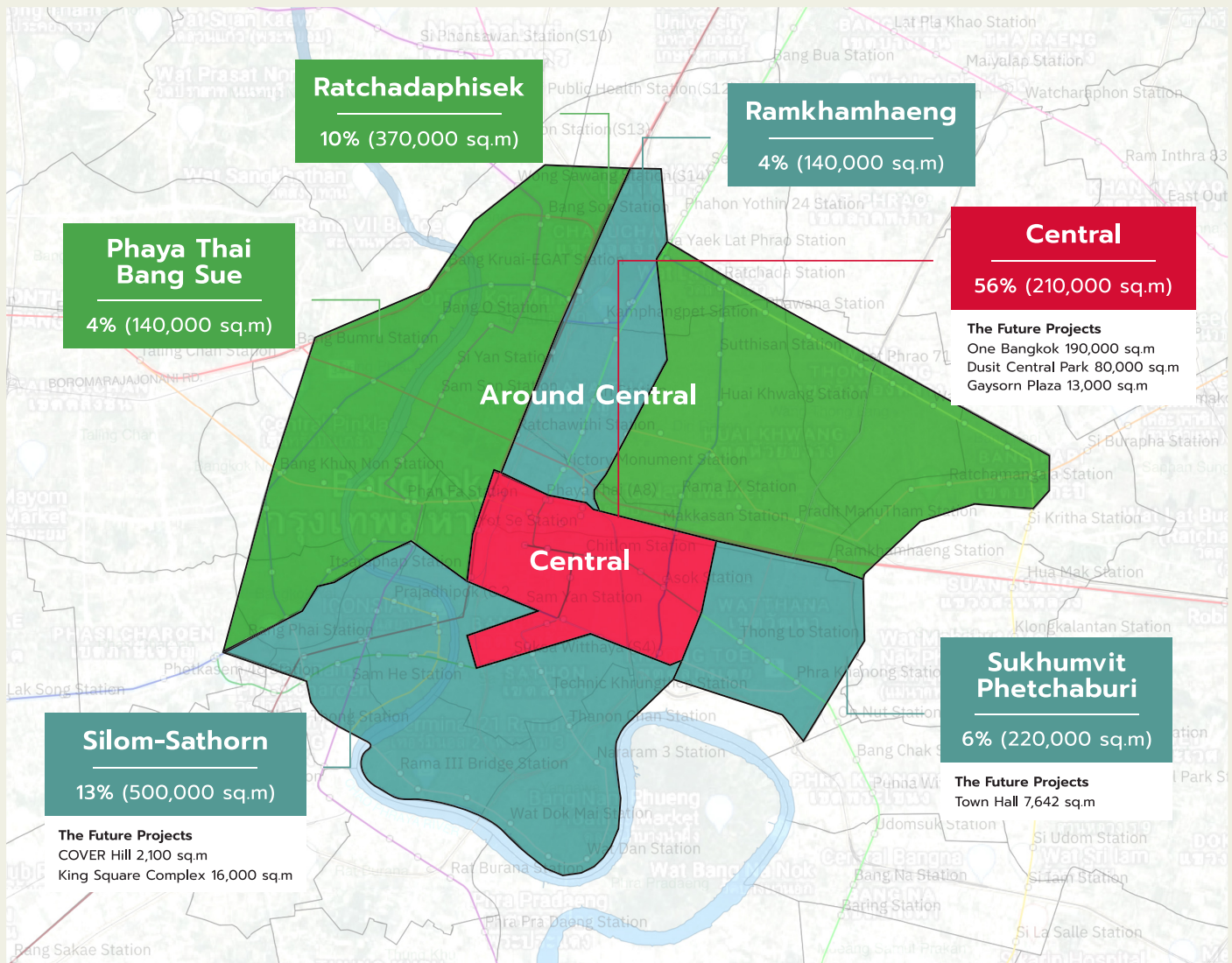
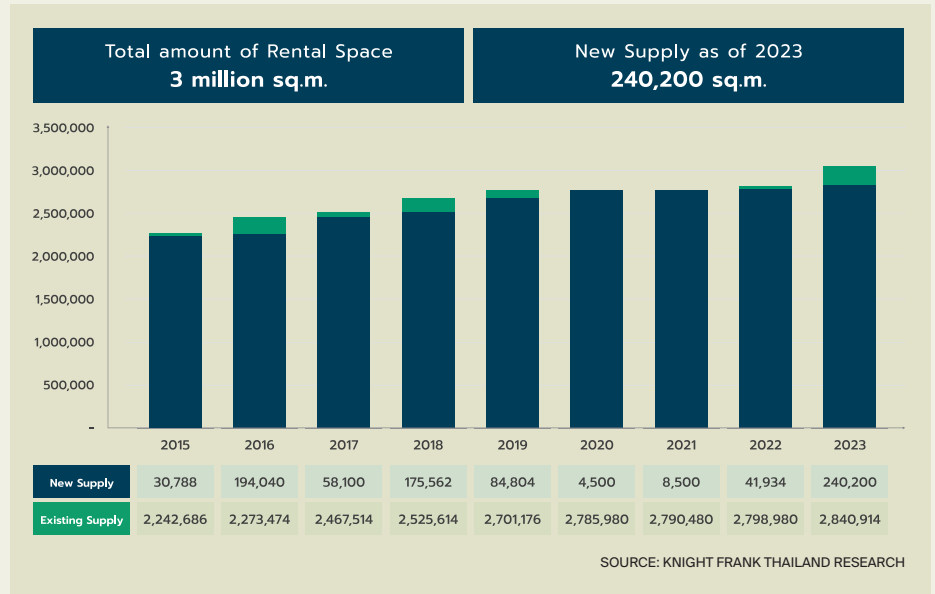
The overview of the Bangkok Shopping Centre Business in Thailand reveals that Bangkok Shopping Centre Business, including those operated by Central and Robinson groups, constitute approximately 27% of the market share, closely followed by hypermarkets with a share of around 28%. Major players such as The Mall Group hold a share of about 5%, while Siam Piwat holds 3%, LH Group, and Seacon Square hold around 2%, and Future Park, primarily owned by the Wanglee family hold around 1%. Other groups collectively account for approximately 32%.



\*Note: Retail area does not include parking spaces. Figures include both large and small Bangkok Shopping Centre Business, outlets, and duty-free stores. Central Pattana accounts for the entire project area and Bangkok Shopping Centre Business. Hypermarkets only count standalone stores, excluding hypermarkets in Bangkok Shopping Centre Business. Source: Central Pattana Development.

**THE NET LEASABLE AREA (NLA) OF BANGKOK SHOPPING CENTRE BUSINESS SPACE IN DOWNTOWN AND MIDTOWN AREAS OF BANGKOK TOTALED 3 MILLION SQUARE METERS AT THE END OF THE FISCAL YEAR 2023**

The overall picture of Bangkok Shopping Centre Business in downtown and midtown areas of Bangkok at the end of the fiscal year 2567 reveals a total NLA of 3 million square meters, with 56% concentrated in downtown areas and the remaining 44% in midtown areas such as Silom-Sathorn (13%), Ratchada (10%), Sukhumvit-Phetchaburi (6%), Ramkhamhaeng (4%), and Phaya Thai-Bang Sue (4%). Towards the end of the year, a major new project, “The EmSphere,” located near the BTS Phrom Phong Station, with a retail space of over 200,000 square meters, entered the market.



## ADAPTATIONS TO SURVIVE THE CRISIS IN THAILAND'S SHOPPING CENTRE BUSINESS:

During the years 2563-2564, Bangkok Shopping Centre Business faced significant changes due to the COVID-19 pandemic. Consumer behavior shifted, travel and spending were restricted, with online channels becoming the primary mode of consumption, resulting in a 30%-40% decrease in Bangkok Shopping Centre Business revenue.

In mid-2565, during the lockdown period, Bangkok Shopping Centre Business experienced severe impacts, necessitating rent reductions of approximately 30%-70% to ensure

survival. Business models shifted from fixed rent to Gross Profit (GP) arrangements, and vacant spaces were utilized for market events to generate additional revenue within the organization.

By the end of 2565, the situation began to improve as restrictions eased, borders reopened, and stores began to renovate in preparation for the New Year festival. Events and concerts were organized, with rental discounts not exceeding 15%. During this period, large downtown Bangkok Shopping Centre Business recovered quickly,

while midtown centres or suburban malls lagged behind, with overall rental rates remaining below 80%.

Since 2566, Bangkok Shopping Centre Business have shown significant recovery, driven by the return of international tourists, accounting for 71% of pre-crisis levels in 2566. Service usage has also returned to over 80%, with Bangkok Shopping Centre Business reducing and gradually discontinuing rental discounts, now remaining at no more than 4%.

2020-2021	1H 2022	2H 2022	1H 2023
<ul style="list-style-type: none"> <li>▶ Covid-19 severely impacted businesses.</li> <li>▶ Consumer behaviour changed and shifted to online shopping.</li> <li>▶ The number of tourists visiting Bangkok Shopping Centre Business decreased dramatically.</li> <li>▶ Consumer income decreased, mostly spending on necessity products.</li> <li>▶ Stores closed, both temporary and permanent.</li> <li>▶ Restaurants quickly adapted to delivery to survive.</li> <li>▶ The Bangkok Shopping Centre Business revenue decreased by 30-40%.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reduced rental prices by 30-70% so stores could survive.</li> <li>▶ Closed some sections to reduce management costs, marketing costs, and employee costs (used more robots).</li> <li>▶ Recruited new stores with business growth potential to replace existing stores and subsidized store decoration costs partially or fully.</li> <li>▶ Switched from Fix Rent to GP and accelerated sales by utilizing marketing channels and online platforms.</li> <li>▶ Tested new markets to create opportunities and reduce risks such as Go Wow, and Tops Food Hall.</li> <li>▶ Turned vacant space into a flea market. Thus, rental and parking income increased. The rental rate per store was approximately 5,000-10,000 baht/month.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reduced rental prices by 0-15%</li> <li>▶ Stores gradually renovated to open and welcome the New Year festival.</li> <li>▶ Restaurant tenants started to use robots to serve food and vending machines to sell products.</li> <li>▶ Recruited new stores with business growth potential to replace existing stores.</li> <li>▶ Hosted events and invited artists from overseas to celebrate the countdown.</li> <li>▶ Promoted online shopping via application.</li> <li>▶ Penetrated new markets to diversify risks, especially small grocery businesses such as the Star Shop or Buddy Mart.</li> <li>▶ ESG (Environmental, Social, and Governance) plays a role in the business plans of large Bangkok Shopping Centre Business.</li> <li>▶ Large city-centre Bangkok Shopping Centre Business have recovered quickly, while medium and small centres around the city centre, which have been slower to adapt, still have occupancy rates below 80%.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cancelled rental discounts or offered a discount of approximately 0-4% after the number of arrivals went back to 80% compared to the pre-Covid 19 period.</li> <li>▶ The number of foreign arrivals has begun to recover quickly. In 2019, there were 39.9 million foreign arrivals and expected to be 28-30 million arrivals in 2023.</li> <li>▶ The Bangkok Shopping Centre Business total revenue for the first quarter of 2023 increased approximately 20% from the previous year.</li> <li>▶ Celebrations were held for every festival.</li> <li>▶ New community malls have begun to be developed, especially nearby international schools.</li> <li>▶ Pushed mobile application at an accelerated rate, and stimulated sales through promotions and gamifying with various coin rewards.</li> <li>▶ Demand recovered and tenants returned to sign rental contracts in almost every segment, especially the beauty, health and wellness.</li> </ul>

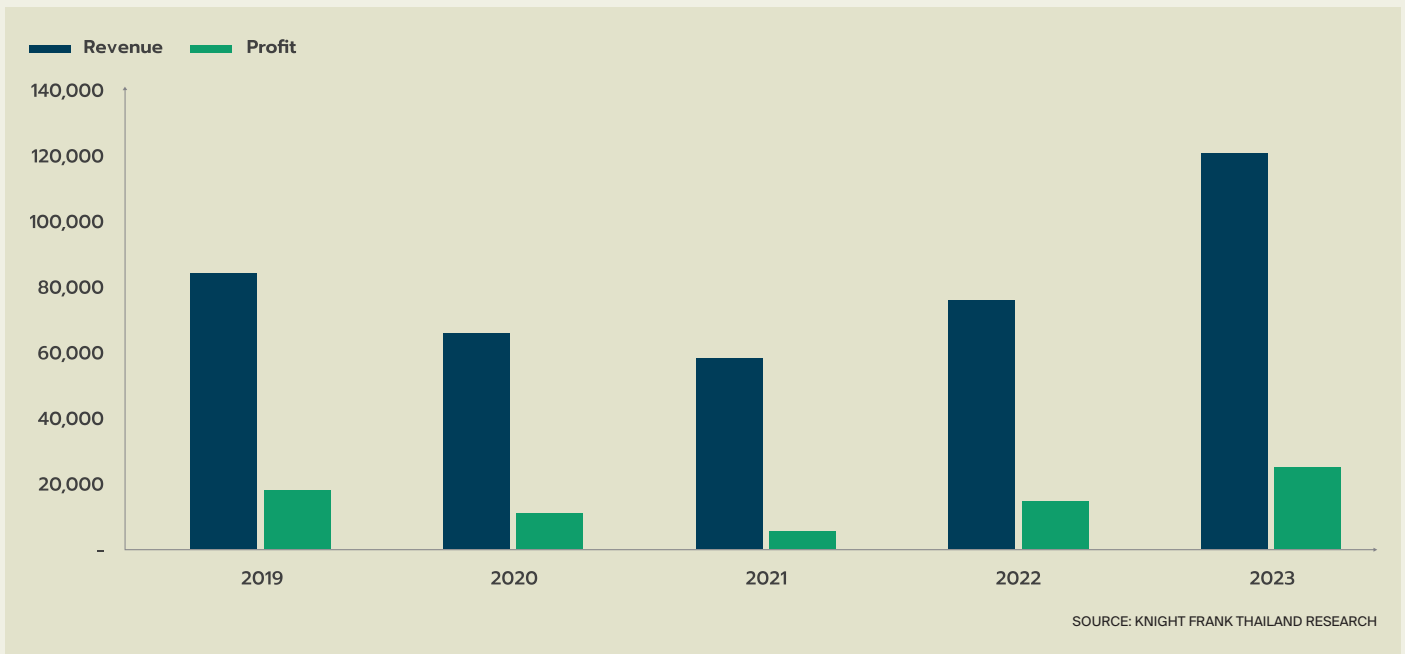
SOURCE: KNIGHT FRANK THAILAND RESEARCH

## SHOPPING CENTRE BUSINESSES HAVE SEEN REVENUE GROWTH OF APPROXIMATELY 43% SINCE BEFORE THE COVID-19 CRISIS, WITH PROFITS INCREASING BY 38%.

Based on disclosed revenue and profit data for Bangkok Shopping Centre Business, excluding hypermarkets, and estimated figures not yet disclosed by the research and consultancy team of Knight Frank Thailand Co., Ltd., total revenue for this group reached

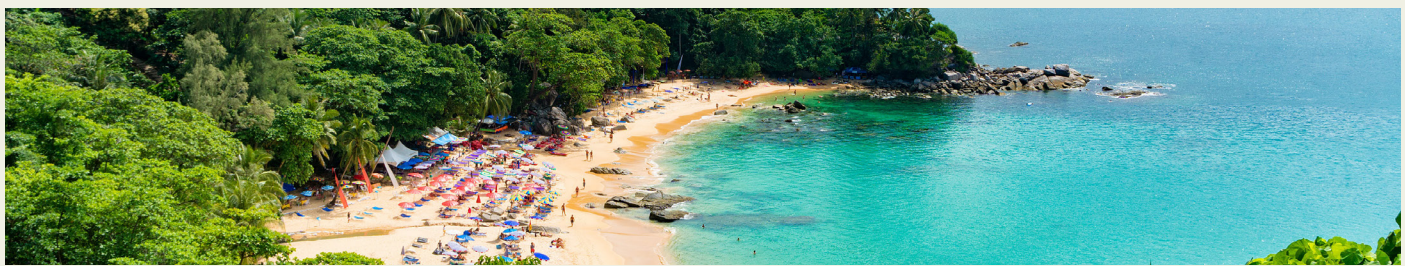
approximately 1.2 trillion baht by the end of the fiscal year 2566, showing a 43% growth compared to the pre-COVID-19 period of 2562, with profits totaling around 250 billion baht, representing a significant increase of approximately 38%.

This report highlights how the Bangkok Shopping Centre Business industry in Thailand has managed to navigate through the challenges posed by the COVID-19 pandemic and emerge stronger, showcasing resilience and adaptability in the face of adversity.



### 9 KEY FACTORS DRIVING THE STRONG GROWTH OF BANGKOK SHOPPING CENTRE BUSINESS

Based on the survey and analysis of the Bangkok Shopping Centre Business by the research and development consulting team of Knight Frank Charter (Thailand) Co., Ltd., which provides feasibility research services for all types of real estate development projects, we have identified 9 key factors that enable Thai Bangkok Shopping Centre Business to quickly rebound and grow robustly as follows:



Global Ranking  
**17**  
out of 46 Destinations

Destination Environment  
**36**  
out of 46 Destinations

Medical Tourism Industry  
**5**  
out of 46 Destinations

Quality of Facilities & Services  
**15**  
out of 46 Destinations

1. Over 70% of employees in departments that cannot work from home have returned to work in the office.

2. Establishing strong Brand Strategic Partners within the Bangkok Shopping Centre Business network leads to a rental rate of over 90%. This networking model involves either GP sharing or a suitable proportion of Fixed Rent + GP, fostering long-term business collaborations.

3. Most of the Bangkok Shopping Centre Business space has been converted into food and beverage categories, catering to consumer lifestyles favoring dining and shopping in malls, especially during holidays and midday breaks. Additionally, this attracts tourists who seek culinary experiences and enjoy better leisure experiences.

4. A significant portion of the Bangkok Shopping Centre Business space is dedicated to upper floors, partnering with tenants such as clinics and beauty

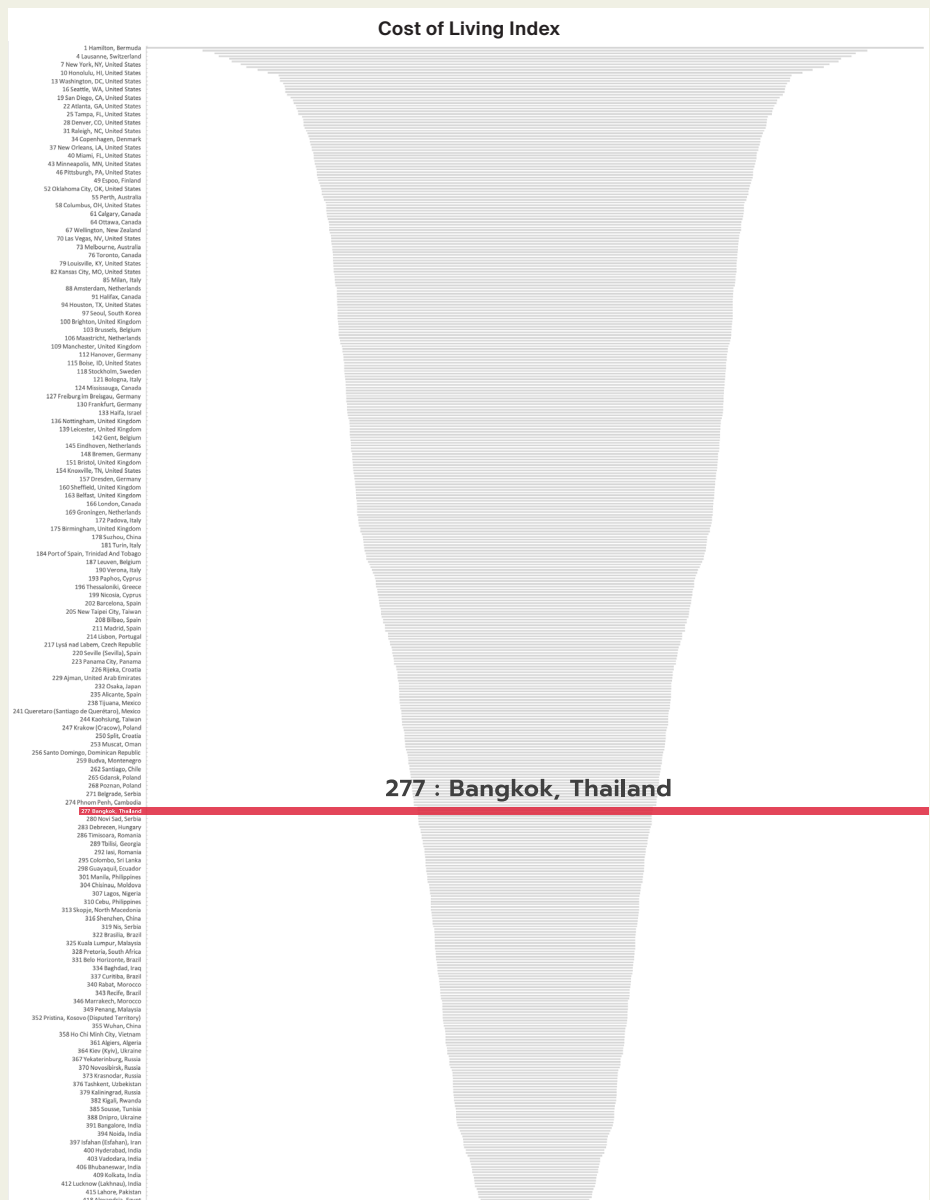
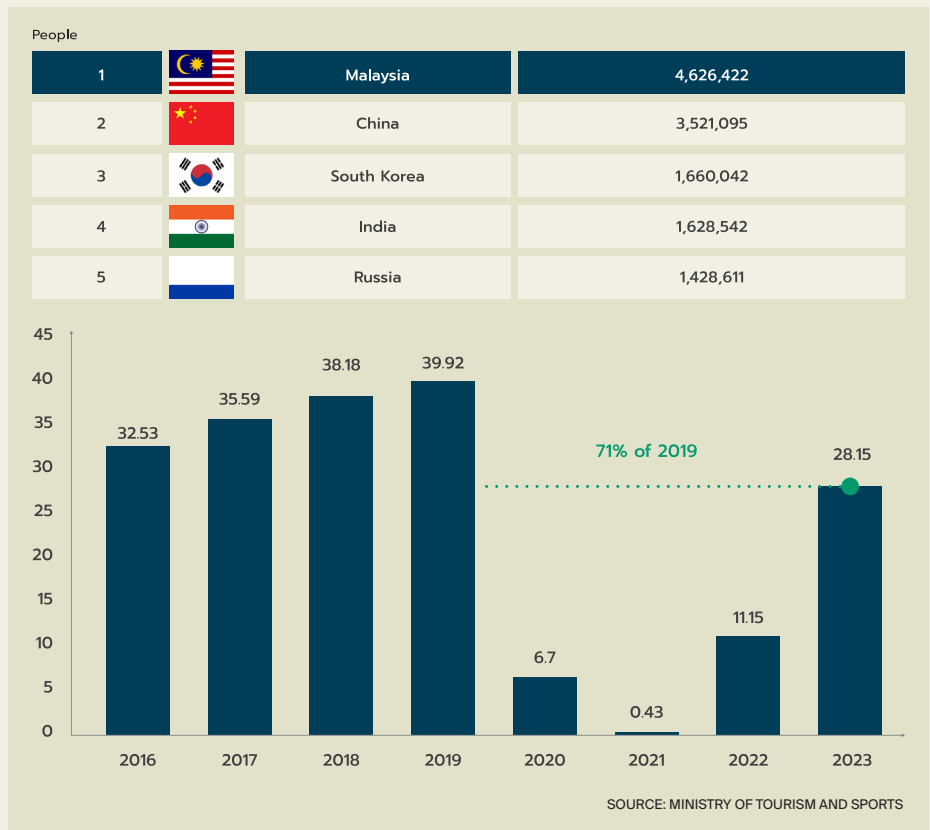
clinics. This trend aligns with the rise of Medical Tourism, leveraging Thailand's reputable healthcare system, which ranks 5th out of 46 countries in the Medical Tourism Index comparable to developed nations like the United States and Western Europe. Several hospitals in Thailand have received global accreditation, ensuring high standards in healthcare and patient safety protocols. Thailand has successfully attracted foreign investments in healthcare, leading to continuous improvements in medical technology and techniques.

5. The increased spending by international tourists following the reopening of the country and government initiatives promoting visa-free policies has resulted in a rise in footfall at Bangkok Shopping Centre Business. Online shopping is not a convenient option for tourists due to limited time for delivery. Consequently, offline spending has boosted Bangkok Shopping Centre Business revenues, allowing Bangkok Shopping Centre Business to collect full rental fees and experience growth in Gross Profit (GP) shares. It is estimated that the number of international tourists visiting Thailand in the fiscal year 2024 will reach approximately 38.5 million, representing around 98% of pre-COVID-19 tourist numbers.

6. Organizing celebratory events at Bangkok Shopping Centre Business that invite world-renowned artists and personalities to travel to Thailand has expedited the promotion of tourism in the country, making it swiftly recognizable and accessible to global tourists. Furthermore, the influx of Micro-Influencer groups, particularly from China and South Korea, to create TikTok content in Thailand, due to Thailand's relatively low cost of living with abundant tourism content creation opportunities or what could be termed as cost-effective content creation hubs. According to the Cost of Living Index 2024 by Numbeo, Bangkok ranks 277th out of 418 cities, indicating its relatively affordable living expenses, Phuket ranks 296 and Chiang Mai ranks 351.

7. Developing mobile applications supporting the Bangkok Shopping Centre Business online shopping experience with features such as coin rewards, parking privileges, and discounts attracts consumers without the need to join E-Commerce platforms like Shopee and Lazada.

8. Expanding business ecosystem partnerships between Thai and international Bangkok Shopping Centre Business through various online benefits and gamified point accumulation encourages consumer engagement. For example, Siam Piwat Group has collaborated with partners like Hyundai Bangkok Shopping Centre Business from South Korea,



PARCO from Japan, TAIPEI 101 from Taiwan, Hong Kong Times Square from Hong Kong, ION Orchard from Singapore, Pavilion Kuala Lumpur from Malaysia, and Plaza Indonesia from Indonesia. On the other hand, Central Group has acquired the operations of 12 brands comprising 46 outlets across 8 European countries.

9. The establishment of new Bangkok Shopping Centre Business, particularly the development of large-scale townships within Thailand, is considered a crucial factor in supporting the economic transition of Thailand towards its goal of becoming a significant industrial city. These developments encompass eight key categories:

1. Thailand as a hub for tourism,

2. A centre for medical and healthcare services, 3. A culinary hub, 4. An aviation hub, 5. A regional transportation hub, 6. A future automotive manufacturing hub, 7. A digital economy hub, and 8. A financial centre.

Foreign investor influx into these ventures is expected to lead to the establishment of offices and various production bases. Within the context of Bangkok Shopping Centre Business, revenue can be generated from other businesses strategically integrated within the project, such as office spaces, data centres, hotels, residential areas, schools, or hospitals. These businesses will mutually support each other, resulting in sufficient revenue for the Bangkok Shopping Centre Business to meet the accurately

calculated demand. The development of Bangkok Shopping Centre Business integrated into large-scale township projects aims to deliver products and services directly to consumers' hands at all times, whether during leisure time in residential areas, while working in office spaces, or while visiting hotels in the area. Every activity will be immediately supported by products and services without the need to order through other channels. Furthermore, for high-value items, direct purchases from stores offer higher security by reducing the risk of damage during transportation. The development of these large-scale township projects is one of the key strategies in addressing the challenges posed by the surge in E-commerce competition for Bangkok Shopping Centre Business operators.

## EXAMPLES OF LARGE-SCALE TOWNSHIP PROJECTS UNDER DEVELOPMENT OR PLANNED FOR THE FUTURE INCLUDE:



### ONE BANGKOK

with approximately 190,000 square meters of Bangkok Shopping Centre Business space.



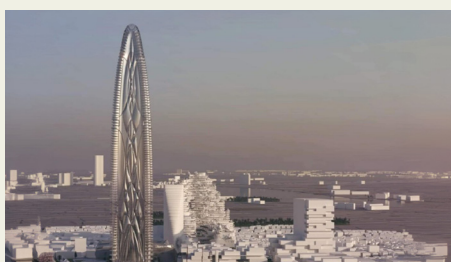
### THE FORESTIAS

with around 180,000 square meters of Bangkok Shopping Centre Business space.



### DUSIT CENTRAL PARK

with approximately 90,000 square meters of Bangkok Shopping Centre Business space.



### ASIATIQUE THE RIVERFRONT PHASE 2

with about 190,000 square meters of retail space.



### SAPPRAWUT DEVELOPMENT ON THE ROYAL LAND

is expected to cover about 95,000 square meters of retail space.



### PROJECTS UNDER NEGOTIATION

such as those with EMAAR, the developer of the Burj Khalifa in Dubai, discussing plans for the tallest building in the world in Thailand, which will include a large shopping mall, office tower, financial centre, hotel, and comprehensive entertainment complex, expected to attract a significant number of tourists. The group of companies will study the feasibility of investment to propose future plans.

## OUTLOOK

The business trend of Bangkok Shopping Centre Business in the Bangkok area that has gradually entered the market since 2024 is expected to have a total sales area of no less than 650,000 square meters. The growth of this business will mostly expand in the form of large-scale township projects, which include various types of real estate businesses under the same master plan. Some areas will grow in the form of Bangkok Shopping Centre Business space businesses supporting office buildings. Meanwhile, commercial centres like community malls will grow according to international schools, private hospitals, and high-purchasing power communities.

In addition, the adaptation of fresh markets and modern flea markets may become indirect competitors to Bangkok Shopping Centre Business due to lower management and energy costs, greater flexibility in negotiating with tenants, and often having established locations known to customers. The characteristics of modern markets are of interest to both Thai and foreign tourists who prefer to travel to enjoy a variety of renowned ready-to-eat foods in one place.

For e-commerce businesses, which have suffered from the exemption of goods with a value of less than 1,500 baht from China through the Free Trade Zone channel in the

past, the latest joint operation of the Customs Department and the Revenue Department has amended laws for value-added tax (VAT) collection without an exemption for goods valued at less than 1,500 baht. This cancellation on the side of entrepreneurs will benefit from increased fair competition, while consumers may feel somewhat disadvantaged by higher-priced goods and services. Overall, this will help the government increase revenue from this tax, benefiting the country.

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The Waterfront Living in Thailand

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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